

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. As of this date, this Preliminary Official Statement has been deemed "final" by the City for purposes of SEC Rule 15c2-12(b)(1) except for the omission of certain information permitted by SEC Rule 15c2-12(b)(1).

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 16, 2024

**NEW ISSUE – Book-Entry-Only
BANK QUALIFIED**

**S & P GLOBAL RATINGS†[1]:
AA (Assured Guaranty Insured)
A+ (Underlying Rating)**

In the opinion of Miller, Canfield, Paddock and Stone, P.L.C., Bond Counsel, under existing law, assuming compliance with certain covenants by the City, the interest on the Bonds is excludable from gross income for federal income tax purposes and the Bonds and interest thereon are exempt from all taxation by the State of Michigan or by any taxing authority within the State of Michigan, except estate taxes and taxes on gains realized from the sale, payment or other disposition thereof. See "TAX MATTERS" and "Appendix D - FORM OF LEGAL OPINION" herein for a description of certain provisions of the Internal Revenue Code of 1986, as amended (the "Code"), which may affect the tax treatment of interest on the Bonds for certain Bondholders. The Bonds have been designated as "Qualified Tax-Exempt Obligations" for purposes of deduction of interest expense by financial institutions pursuant to the Code.



\$7,410,000*
CITY OF ALLEN PARK
County of Wayne, State of Michigan
2024 CAPITAL IMPROVEMENT BONDS
(Limited Tax General Obligation)

Dated: Date of Delivery

Due: May 1, as shown below

The 2024 Capital Improvement Bonds (Limited Tax General Obligation) (the "Bonds") are being issued by the City of Allen Park, County of Wayne, State of Michigan (the "City"), pursuant to Act 34, Public Acts of Michigan, 2001, as amended ("Act 34"), and a certain resolution adopted by the City Council on August 27, 2024 (the "Resolution") for the purposes of (i) acquiring, constructing, furnishing and equipping certain capital improvement projects within the City, including necessary rights of way, site improvements and ancillary facilities therefor, consisting generally of constructing, reconstructing, renovating, expanding, furnishing, and equipping the fire station facility in the City and related street, water system, and sewage disposal system improvements in the surrounding area (the "Project"); and (ii) paying the costs of issuing the Bonds. The City has pledged its limited tax full faith and credit for the prompt payment of the Bonds. The City shall, each year budget the amount of the debt service coming due in the next fiscal year on the principal of and interest on the Bonds and shall advance as a first budget obligation from its general fund available therefor, or, if necessary, levy taxes upon all taxable property in the City, subject to applicable constitutional, statutory and charter tax rate limitations, such sums as may be necessary to pay such debt service in said fiscal year.

THE BONDS WILL BE DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" AS DESCRIBED IN SECTION 265(b)(3) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED. See "QUALIFIED TAX-EXEMPT OBLIGATIONS" herein.

The Bonds are issuable only as fully registered bonds without coupons and, when issued, will be registered in the name of Cede & Co., as Bondholder and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of beneficial interests in the Bonds will be made in book-entry-only form in the denomination of \$5,000 or any integral multiple thereof. Purchasers of beneficial interests in the Bonds (the "Beneficial Owners") will not receive certificates representing their beneficial interest in Bonds purchased. So long as Cede & Co. is the Bondholder, as nominee of DTC, references herein to the Bondholders or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Bonds. See "THE BONDS – Book-Entry-Only System" herein.

Principal of and interest on the Bonds will be paid by the corporate trust office of U.S. Bank Trust Company, National Association, Detroit, Michigan (the "Transfer Agent"). So long as DTC or its nominee, Cede & Co., is the Bondholder, such payments will be made directly to such Bondholder. Disbursement of such payments to DTC's Direct Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of DTC's Direct Participants and Indirect Participants, as more fully described herein. Interest will be payable semiannually on May 1 and November 1, commencing May 1, 2025, to the Bondholders of record as of the applicable record dates as stated in the Bonds.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by **ASSURED GUARANTY INC.**



(Base CUSIP\$: _____)

Maturity	Interest	Yield	CUSIP\$	Maturity	Interest	Yield	CUSIP\$
May 1*	Rate			May 1*	Rate		
2026	\$225,000			2036	\$365,000		
2027	235,000			2037	385,000		
2028	245,000			2038	405,000		
2029	260,000			2039	420,000		
2030	270,000			2040	445,000		
2031	285,000			2041	465,000		
2032	300,000			2042	490,000		
2033	315,000			2043	515,000		
2034	330,000			2044	540,000		
2035	350,000			2045	565,000		

THE BONDS MATURING ON OR AFTER MAY 1, 2035* ARE SUBJECT TO OPTIONAL REDEMPTION BEGINNING MAY 1, 2034*, IN THE MANNER AND AT THE TIMES DESCRIBED HEREIN. See "THE BONDS – Optional Redemption" herein.

The Bonds will be offered when, as and if issued by the City and accepted by the Underwriter subject to the approving legal opinion of Miller, Canfield, Paddock and Stone, P.L.C., Detroit, Michigan, Bond Counsel. Certain legal matters will be passed upon for the Underwriter by Varnum LLP, Grand Rapids, Michigan. It is expected that the Bonds will be available for delivery through DTC on or about November 13, 2024.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.



The date of this Official Statement is October __, 2024.

† For an explanation of the rating, see "RATINGS" herein.

[1] As of the date of delivery.

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* Preliminary, subject to change.

No dealer, broker, salesperson or other person has been authorized to give any information or to make any representation other than as contained in this Official Statement in connection with the offer made hereby and, if given or made, such other information or representation must not be relied upon as having been authorized by the City or the Underwriter. This Official Statement and the information contained herein are subject to completion and amendment. These securities may not be sold nor may an offer to buy these securities be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

Information herein has been obtained from the City, The Depository Trust Company and other sources believed to be reliable. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information (except for information under the section captioned "UNDERWRITING" which was obtained from the Underwriter).

Assured Guaranty Inc. ("AG") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AG has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AG supplied by AG and presented under the heading "BOND INSURANCE" and "Appendix F - Specimen Municipal Bond Insurance Policy".

Upon issuance, the Bonds will not be registered under the Securities Act of 1933, as amended, or any state securities law and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state, municipal or other governmental entity or agency will have passed upon the adequacy of this Official Statement, or, except for the City and the Department of Treasury of the State of Michigan, approved the Bonds for sale.

IN CONNECTION WITH THE OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE INFORMATION PRESENTED IN THIS OFFICIAL STATEMENT CONCERNING THE CITY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

CITY OF ALLEN PARK
15915 Southfield Road
Allen Park, Michigan 48101
313.928.1400
www.cityoffallenpark.org

CITY OF ALLEN PARK OFFICIALS

Mayor

Gail McLeod

City Council

Nancy Knick, Mayor ProTem
Matthew E. Valerius
Dennis Marcos
Gerald Barr, Jr.
Gary Schlack
Dan Loyd

CITY ADMINISTRATION

Mark A. Kibby, City Administrator⁽¹⁾
Vacant, Finance Director⁽²⁾
Michael Mizzi, City Clerk
Tim Estheimer, City Treasurer

BOND COUNSEL

Miller, Canfield, Paddock and Stone, P.L.C.
Detroit, Michigan

MUNICIPAL ADVISOR

Robert W. Baird & Co.
Lansing, Michigan

TRANSFER AGENT AND REGISTRAR

U.S. Bank Trust Company, National Association
Detroit, Michigan

- (1) The City Administrator's last day with the City is October 19, 2024; his replacement is to be determined.
- (2) Vacant at this time; however, the City has posted the position with the Michigan Municipal League recruiter and will be posting on other sites.

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OFFICIAL STATEMENT
relating to
\$7,410,000*
CITY OF ALLEN PARK
County of Wayne, State of Michigan
2024 CAPITAL IMPROVEMENT BONDS
(Limited Tax General Obligation)

INTRODUCTION

The purpose of this Official Statement, which includes the cover page and Appendices, is to furnish information in connection with the issuance and sale by the City of Allen Park, County of Wayne, State of Michigan (the “City”) of its 2024 Capital Improvement Bonds (Limited Tax General Obligation) (the “Bonds”) in the principal amount of \$7,410,000*.

PURPOSE OF THE BONDS

The proceeds of the Bonds shall be used for the purposes of (i) acquiring, constructing, furnishing and equipping certain capital improvement projects within the City, including necessary rights of way, site improvements and ancillary facilities therefor, consisting generally of constructing, reconstructing, renovating, expanding, furnishing, and equipping the fire station facility in the City and related street, water system, and sewage disposal system improvements in the surrounding area (the “Project”); and (ii) paying the costs of issuing the Bonds.

AUTHORITY AND SECURITY

The Bonds are being issued pursuant to the provisions of Act 34 of the Public Acts of Michigan of 2001, as amended (“Act 34”) and a bond authorizing resolution (the “Resolution”) adopted by the City Council on August 27, 2024.

The City has pledged its limited tax full faith and credit for the prompt payment of the Bonds. The City shall, each year budget the amount of the debt service coming due in the next fiscal year on the principal of and interest on the Bonds and shall advance as a first budget obligation from its general fund available therefor, or, if necessary, levy taxes upon all taxable property in the City, subject to applicable constitutional, statutory and charter tax rate limitations, such sums as may be necessary to pay such debt service in said fiscal year.

QUALIFIED TAX-EXEMPT OBLIGATIONS

THE BONDS WILL BE DESIGNATED AS “QUALIFIED TAX-EXEMPT OBLIGATIONS” AS DESCRIBED IN SECTION 265(b)(3) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Assured Guaranty Inc. (“AG”) will issue its Municipal Bond Insurance Policy (the “Policy”) for the Bonds. The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an appendix to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, Maryland, California, Connecticut or Florida insurance law.

*Preliminary, subject to change

Assured Guaranty Inc.

AG is a Maryland domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. (“AGL” and together with its subsidiaries, “Assured Guaranty”), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol “AGO.” AGL, through its subsidiaries, provides credit enhancement products to the U.S. and non-U.S. public finance (including infrastructure) and structured finance markets and participates in the asset management business through ownership interests in Sound Point Capital Management, LP and certain of its investment management affiliates. Only AG is obligated to pay claims under the insurance policies AG has issued, and not AGL or any of its shareholders or other affiliates.

AG’s financial strength is rated “AA” (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”), “AA+” (stable outlook) by Kroll Bond Rating Agency, Inc. (“KBRA”) and “A1” (stable outlook) by Moody’s Investors Service, Inc. (“Moody’s”). Each rating of AG should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AG in its sole discretion. In addition, the rating agencies may at any time change AG’s long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AG. AG only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AG on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Merger of Assured Guaranty Municipal Corp. Into Assured Guaranty Inc.

On August 1, 2024, Assured Guaranty Municipal Corp., a New York domiciled financial guaranty insurance company and an affiliate of AG (“AGM”), merged with and into AG, with AG as the surviving company (such transaction, the “Merger”). Upon the Merger, all liabilities of AGM, including insurance policies issued or assumed by AGM, became obligations of AG.

Current Financial Strength Ratings

On July 10, 2024, Moody’s, following Assured Guaranty’s announcement of the Merger, announced that it had affirmed AG’s insurance financial strength rating of “A1” (stable outlook).

On May 28, 2024, S&P announced it had affirmed AG’s financial strength rating of “AA” (stable outlook). On August 1, 2024, S&P stated that following the Merger, there is no change in AG’s financial strength rating of “AA” (stable outlook).

On October 20, 2023, KBRA announced it had affirmed AG’s insurance financial strength rating of “AA+” (stable outlook). On August 1, 2024, KBRA commented that, following the closing of the Merger, AG’s insurance financial strength rating of “AA+” (stable outlook) remains unchanged.

AG can give no assurance as to any further ratings action that S&P, Moody’s and/or KBRA may take. For more information regarding AG’s financial strength ratings and the risks relating thereto, see AGL’s Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

Capitalization of AG, AGM and Pro Forma Combined AG

	As of June 30, 2024 (dollars in millions)		
	<u>AG</u> <u>(Actual)</u>	<u>AGM</u> <u>(Actual)</u>	<u>AG</u> <u>(Pro Forma Combined)</u>
Policyholders' surplus	\$1,649	\$2,599	\$3,960 ⁽¹⁾
Contingency reserve	\$421	\$910	\$1,331
Net unearned premium reserves and net deferred ceding commission income	\$355	\$2,078 ⁽²⁾	\$2,433 ⁽²⁾

(1) Net of intercompany eliminations.

(2) Such amount includes (i) 100% of the net unearned premium reserve and net deferred ceding commission income of AGM or pro forma combined AG, as applicable, and (ii) the net unearned premium reserves and net deferred ceding commissions of Assured Guaranty UK Limited ("AGUK") and its 99.9999% owned subsidiary Assured Guaranty (Europe) SA ("AGE").

The policyholders' surplus, contingency reserves, and net unearned premium reserves and net deferred ceding commission income of AG, AGM, and the pro forma combined AG were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGUK and AGE were determined in accordance with accounting principles generally accepted in the United States of America.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AG and AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2023 (filed by AGL with the SEC on February 28, 2024);
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2024 (filed by AGL with the SEC on May 8, 2024); and
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2024 (filed by AGL with the SEC on August 8, 2024).

All information relating to AG and AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at <http://www.sec.gov>, at AGL's website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Inc.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AG and AGM included herein under the caption "BOND INSURANCE – Assured Guaranty Inc." or included in a document incorporated by reference herein (collectively, the "AG Information") shall be modified or superseded to the extent that any subsequently included AG Information (either directly or through incorporation by reference) modifies or supersedes such previously included AG

Information. Any AG Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AG makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AG has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AG supplied by AG and presented under the heading “BOND INSURANCE.”

ESTIMATED SOURCES AND USES OF FUNDS

SOURCES

Par Amount of the Bonds
[Net] Original Issue Premium
Total Sources.....

USES

Deposit to Construction Fund.....
Underwriter’s Discount
Estimated Costs of Issuance
Total Uses.....

THE BONDS

Description and Form of the Bonds

The Bonds will be issued in book-entry-only form as one fully registered Bond per maturity, without coupons, in the aggregate principal amount for each maturity set forth on the cover page hereof and may be purchased in denominations of \$5,000 or any integral multiple thereof. The Bonds will be dated as of and bear interest from the date of issuance. Interest on the Bonds shall be payable semiannually each May 1 and November 1 to maturity or earlier redemption, commencing May 1, 2025. Interest on the Bonds shall be computed using a 360-day year with twelve 30-day months, and the Bonds will mature on the dates and in the principal amounts and will bear interest at the rates as set forth on the cover of this Official Statement.

The corporate trust office of U.S. Bank Trust Company, National Association, Detroit, Michigan, or its successor, will serve as the bond registrar and transfer agent (the “Transfer Agent”). Interest on the Bonds shall be payable when due by check or draft to the person or entity who or which is, as of the fifteenth (15th) day of the month preceding each interest payment date, the registered owner of record, at the owner’s registered address. For a description of payment of principal and interest, transfers and exchanges and notice of redemption on the Bonds, which are held in the book-entry-only system, see “Book-Entry-Only System” below. For a description of transfers and exchanges on the Bonds if the Bonds cease to be held in book-entry-only form, see “Transfer Outside Book-Entry-Only System” below.

Book-Entry-Only System

The information in this section has been furnished by The Depository Trust Company, New York, New York (“DTC”). No representation is made by the City, the Transfer Agent or Raymond James & Associates, Inc. (the “Underwriter”) as to the completeness or accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof. No attempt has been made by the City, the Transfer Agent or the Underwriter to determine whether DTC is or will be financially or otherwise capable of fulfilling its obligations. Neither the City nor the Transfer Agent will have any responsibility or obligation to Direct Participants, Indirect Participants (both as defined below) or the persons for which they act as nominees with respect to the Bonds, or for any principal, premium, if any, or interest payment thereof.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934 (the "Exchange Act"). DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has an S&P rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission (the "Commission"). More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal and interest and redemption amounts, if any, on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the City or the Transfer Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Transfer Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments of principal, interest and redemption amounts, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are the responsibility of the City or Transfer Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the City or Transfer Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered to DTC.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

Transfer Outside Book-Entry-Only System

In the event that the book-entry-only system is discontinued, the Transfer Agent shall keep the registration books for the Bonds (the "Bond Register") at its corporate trust office. Subject to the further conditions contained in the Resolution, the Bonds may be transferred or exchanged for one or more Bonds in different authorized denominations upon surrender thereof at the corporate trust office of the Transfer Agent by the registered owners or their duly authorized attorneys; upon surrender of any Bonds to be transferred or exchanged, the Transfer Agent shall record the transfer or exchange in the Bond Register and shall authenticate replacement bonds in authorized denominations; during the fifteen (15) days immediately preceding the date of mailing of any notice of redemption or any time following the mailing of any notice of redemption, the Transfer Agent shall not be required to effect or register any transfer or exchange of any Bond which has been selected for such redemption, except the Bonds properly surrendered for partial redemption may be exchanged for new Bonds in authorized denominations equal in the aggregate to the unredeemed portion; the City and the Transfer Agent shall be entitled to treat the registered owners of the Bonds, as their names appear in the Bond Register as of the appropriate dates, as the owners of such Bonds for all purposes under the Resolution. No transfer or exchange made other than as described above and in the Resolution shall be valid or effective for any purposes under the Resolution.

Optional Redemption

The Bonds or portions of the Bonds in multiples of \$5,000, maturing on or after May 1, 2035*, are subject to redemption prior to maturity at the option of the City in such order as the City may determine and by lot within any maturity, on any date occurring on or after May 1, 2034*, at par plus accrued interest to the date fixed for redemption.

Notice of Redemption and Manner of Selection

Notice of redemption of any Bond shall be given not less than thirty (30) days prior to the date fixed for redemption by mail to the registered owner at the registered address shown on the registration books kept by the Transfer Agent. The Bonds shall be called for redemption in multiples of \$5,000 and Bonds of denominations of more than \$5,000 shall be treated as representing the number of Bonds obtained by dividing the face amount of the Bond by \$5,000 and such Bonds may be redeemed in part. The notice of redemption for Bonds redeemed in part shall state that upon surrender of the Bond to be redeemed a new Bond or Bonds in an aggregate face amount equal to the unredeemed portion of the Bond surrendered shall be issued to the registered owner thereof.

If less than all of the Bonds of any maturity shall be called for redemption prior to maturity, unless otherwise provided, the particular Bonds or portions of Bonds to be redeemed shall be selected by lot by the Transfer Agent, in the principal amounts designated by the City. Any Bonds selected for redemption will cease to bear interest on the date fixed for redemption, whether presented for redemption, provided funds are on hand with the Transfer Agent to redeem said Bonds. Upon presentation and surrender of such Bonds at the corporate trust office of the Transfer Agent, such Bonds shall be paid and redeemed.

So long as the book-entry-only system remains in effect, in the event of a partial redemption the Transfer Agent will give notice to Cede & Co., as nominee of DTC, only, and only Cede & Co. will be deemed to be a holder of the Bonds. DTC is expected to reduce the credit balances of the applicable DTC Participants in respect of the Bonds and in turn the DTC Participants are expected to select those Beneficial Owners whose ownership interests are to be extinguished or reduced by such partial redemption, each by such method as DTC or such DTC Participants, as the case may be, deems fair and appropriate in its sole discretion.

LITIGATION

There is no litigation pending or, to the best knowledge of City officials, threatened in any court (either state or federal) which seeks to restrain or enjoin the issuance or delivery of the Bonds, or which questions (i) the proceedings under which the Bonds are to be issued, (ii) the validity of the Bonds, (iii) the pledge of any portion of the security for payment of the Bonds, (iv) the legal existence of the City, or (v) the ability of the City to operate, or which may materially affect the financial condition of the City.

The City is currently a defendant in two consolidated lawsuits brought by City retirees challenging actions of the former Emergency Manager of the City increasing retirees' co-payments and deductibles for their health insurance coverages as of July 1, 2013. The cases are *Allen Park Retirees Association Inc. v. City of Allen Park* (Wayne County Circuit Court No. 14-003826-CZ; Court of Appeals No. 357955), and *Covert v. City of Allen Park* (Wayne County Circuit Court No. 18-004458-CZ; Court of Appeals No. 357956). Each case was certified to represent a class of retirees as encompassing all retirees and dependents contractually eligible for health insurance coverage (the "Classes") under several collective bargaining agreements. The plaintiffs are seeking money damages in an unspecified amount as compensation for their increased prescription and medical service co-payment costs and increased deductibles on the insurance policies in excess of the costs for the same coverage prior to the increases taking effect on July 1, 2013. The Classes seek to recover from the City all increased costs incurred from the time the City exited emergency management on January 27, 2017. The Class also seeks to have health insurance coverages restored to pre-July 1, 2013 levels for all retirees and dependents.

*Preliminary, subject to change

The plaintiffs in each case filed motions for summary disposition on the breach of contract claims. The City moved the trial court for summary disposition in its favor in light of the Michigan Supreme Court's ruling in *Kendzierski v. Macomb Co.*, 503 Mich 296,931 NW2d 604 (2019). The trial court (i) granted the Classes' motions for summary disposition, finding that the applicable collective bargaining agreements contained explicit language that conferred vested, lifetime benefits to the retirees and (ii) denied the City's motion on the same grounds. The City appealed both holdings to the Michigan Court of Appeals, which affirmed the trial court's orders.

The Michigan Supreme Court denied the City's Application for Leave to Appeal. The City has filed a Motion for Reconsideration in the Michigan Supreme Court in light of a decision by Judge Mark Goldsmith of the Eastern District of Michigan in *Sekmistrz v. City of Melvindale*, No. 22-cv-11438, 2024 WL 3940697 (ED Mich., Aug 26, 2024).

Unless the Motion for Reconsideration is granted by the Michigan Supreme Court, the cases will return to the trial court for resolution of the remaining claims and a determination as to damages. The City has and will continue to vigorously defend itself. At this time, the potential dollar damages cannot be quantified.

TAX MATTERS

In the opinion of Miller, Canfield, Paddock and Stone, P.L.C., Bond Counsel, under existing law, the interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that, under existing law, the Bonds and the interest thereon are exempt from all taxation by the State of Michigan or by any taxing authority within the State of Michigan except estate taxes and taxes on gains realized from the sale, payment or other disposition thereof. Bond Counsel will express no opinion regarding any other federal or state tax consequences arising with respect to the Bonds and the interest thereon.

The opinions on federal and State of Michigan tax matters are based on the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the City contained in the transcript of proceedings and which are intended to evidence and assure the foregoing, including that the Bonds are and will remain obligations the interest on which is excludable from gross income for federal and State of Michigan income tax purposes. The City has covenanted to take the actions required of it for the interest on the Bonds to be and to remain excludable from gross income for federal and State of Michigan income tax purposes, and not to take any actions that would adversely affect that exclusion. Bond Counsel's opinion assumes the accuracy of the City's certifications and representations and the continuing compliance with the City's covenants. Noncompliance with these covenants by the City may cause the interest on the Bonds to be included in gross income for federal and State of Michigan income tax purposes retroactively to the date of issuance of the Bonds. After the date of issuance of the Bonds, Bond Counsel will not undertake to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other matters coming to Bond Counsel's attention, may adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds or the market prices of the Bonds.

The opinions of Bond Counsel are based on current legal authority and cover certain matters not directly addressed by such authority. They represent Bond Counsel's legal judgment as to the excludability of interest on the Bonds from gross income for federal and State of Michigan income tax purposes but are not a guarantee of that conclusion. The opinions are not binding on the Internal Revenue Service ("IRS") or any court. Bond Counsel cannot give and has not given any opinion or assurance about the effect of future changes in the Internal Revenue Code of 1986, as amended (the "Code"), the applicable regulations, the interpretations thereof or the enforcement thereof by the IRS.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, corporations (as defined in Section 59(k) of the Code) subject to the alternative minimum tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers

who may be deemed to have incurred (or continued) indebtedness to purchase or carry the Bonds. Bond Counsel will express no opinion regarding any such consequences.

Tax Treatment of Accruals on Original Issue Discount Bonds

Under existing law, if the initial public offering price to the public (excluding bond houses and brokers) of a Bond is less than the stated redemption price of such Bonds at maturity, then such Bond is considered to have "original issue discount" equal to the difference between such initial offering price and the amount payable at maturity (such Bonds are referred to as "OID Bonds"). Such discount is treated as interest excludable from federal gross income to the extent properly allocable to each registered owner thereof. The original issue discount accrues over the term to maturity of each such OID Bonds on the basis of a constant interest rate compounded at the end of each six-month period (or shorter period) from the date of original issue with straight-line interpolations between compounding dates. The amount of original issue discount accruing during each period is added to the adjusted basis of such OID Bonds to determine taxable gain upon disposition (including sale, redemption or payment on maturity) of such OID Bonds.

The Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of OID Bonds who purchase such OID Bonds after the initial offering of a substantial amount thereof. Owners who do not purchase such OID Bonds in the initial offering at the initial offering prices should consult their own tax advisors with respect to the tax consequences of ownership of such OID Bonds.

All holders of the OID Bonds should consult their own tax advisors with respect to the allowance of a deduction for any loss on a sale or other disposition of an OID Bond to the extent such loss is attributable to accrued original issue discount.

Amortizable Bond Premium

For federal income tax purposes, the excess of the initial offering price to the public (excluding bond houses and brokers) at which a Bond is sold over the amount payable at maturity thereof constitutes for the original purchasers of such Bonds (collectively, the "Original Premium Bonds") an amortizable bond premium. Bonds other than Original Premium Bonds may also be subject to an amortizable bond premium determined generally with regard to the taxpayer's basis (for purposes of determining loss on a sale or exchange) and the amount payable on maturity or, in certain cases, on an earlier call date (such bonds being referred to herein collectively with the Original Premium Bonds as the "Premium Bonds"). Such amortizable bond premium is not deductible from gross income. The amount of amortizable bond premium allocable to each taxable year is generally determined on the basis of the taxpayer's yield to maturity determined by using the taxpayer's basis (for purposes of determining loss on sale or exchange) of such Premium Bonds and compounding at the close of each six-month accrual period. The amount of amortizable bond premium allocable to each taxable year is deducted from the taxpayer's adjusted basis of such Premium Bonds to determine taxable gain upon disposition (including sale, redemption or payment at maturity) of such Premium Bonds.

All holders of the Premium Bonds should consult with their own tax advisors as to the amount and effect of the amortizable bond premium.

Market Discount

The "market discount rules" of the Code apply to the Bonds. Accordingly, holders acquiring their Bonds subsequent to the initial issuance of the Bonds will generally be required to treat market discount recognized under the provisions of the Code as ordinary taxable income (as opposed to capital gain income). Holders should consult their own tax advisors regarding the application of the market discount provisions of the Code and the advisability of making any of the elections relating to market discount allowed by the Code.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid after March 31, 2007, on tax-exempt obligations, including the Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or unless the recipient is one of a limited class of exempt recipients, including corporations. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing the Bonds through a brokerage account has executed a Form W-9 in connection with the establishment of such account, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's federal income tax once the required information is furnished to the IRS.

Future Developments

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds and, unless separately engaged, bond counsel is not obligated to defend the City in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Bonds, under current IRS procedures, the IRS will treat the City as the taxpayer and the beneficial owners of the Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit.

NO ASSURANCE CAN BE GIVEN THAT ANY FUTURE LEGISLATION OR CLARIFICATIONS OR AMENDMENTS TO THE CODE, IF ENACTED INTO LAW, WILL NOT CONTAIN PROPOSALS WHICH COULD CAUSE THE INTEREST ON THE BONDS TO BE SUBJECT DIRECTLY OR INDIRECTLY TO FEDERAL OR STATE OF MICHIGAN INCOME TAXATION, ADVERSELY AFFECT THE MARKET PRICE OR MARKETABILITY OF THE BONDS, OR OTHERWISE PREVENT THE HOLDERS FROM REALIZING THE FULL CURRENT BENEFIT OF THE STATUS OF THE INTEREST THEREON.

FURTHER, NO ASSURANCE CAN BE GIVEN THAT ANY ACTIONS OF THE INTERNAL REVENUE SERVICE, INCLUDING, BUT NOT LIMITED TO, SELECTION OF THE BONDS FOR AUDIT EXAMINATION, OR THE COURSE OR RESULT OF ANY EXAMINATION OF THE BONDS, OR OTHER BONDS WHICH PRESENT SIMILAR TAX ISSUES, WILL NOT AFFECT THE MARKET PRICE OF THE BONDS.

INVESTORS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE BONDS, INCLUDING THE IMPACT OF ANY PENDING OR PROPOSED FEDERAL OR STATE OF MICHIGAN TAX LEGISLATION.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approval of Miller, Canfield, Paddock and Stone, P.L.C., Detroit, Michigan, Bond Counsel. A copy of the opinion of Bond Counsel will be provided with the Bonds, which opinion will be in substantially the form set forth in Appendix D. The legal fees of Bond Counsel in connection with the issuance of the Bonds are expected to be paid from Bond proceeds. Except to the extent necessary to issue its approving opinion as to the validity of the Bonds, Bond Counsel has not been retained to examine or review and has not examined or reviewed any financial documents, statements or materials that have been or may be furnished in connection with the

authorization, issuance or marketing of the Bonds, and accordingly will not express any opinion with respect to the accuracy or completeness of any such financial documents, statements or materials.

Certain legal matters will be passed upon for the Underwriter by its counsel, Varnum LLP, Grand Rapids, Michigan.

APPROVAL BY MICHIGAN DEPARTMENT OF TREASURY

The City has received a letter from the Michigan Department of Treasury stating that the City is in material compliance with the criteria identified in Act 34, Public Acts of Michigan, 2001, as amended for a municipality to be granted qualified status. The City may therefore proceed to issue the Bonds without further approval from the Michigan Department of Treasury.

RATINGS

S&P is expected to assign its municipal bond insured rating of “AA” (stable outlook) to the Bonds with the understanding that, upon issuance and delivery of the Bonds, a bond insurance policy insuring the payment when due of the principal of and interest on the Bonds will be issued by Assured Guaranty Inc.

S&P will assign, as of the date of delivery of the Bonds, its underlying municipal bond rating of “A+” to the Bonds.

No application has been made to any other ratings service for ratings on the Bonds. The City furnished to S&P certain materials and information in addition to that provided herein. Generally, the rating agencies base their ratings on such information and materials, and on investigations, studies and assumptions. There is no assurance that such ratings will prevail for any given period of time or that they will not be revised downward or withdrawn entirely by S&P if, in their judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds. Any ratings assigned represent only the view of S&P. Further information is available upon request from S&P.

UNDERWRITING

The Underwriter has agreed, subject to the terms of the Bond Purchase Agreement, to purchase the Bonds from the City. The Bond Purchase Agreement provides, in part, that the Underwriter, subject to certain conditions, will purchase from the City the aggregate principal amount of Bonds for a purchase price as set forth therein. The Underwriter has further agreed to offer the Bonds to the public at the approximate initial offering prices as set forth on the cover hereto. The Underwriter may offer and sell the Bonds to certain dealers and others at prices lower than the offering prices stated on the cover hereto. The offering prices may be changed from time to time by the Underwriter. The aggregate underwriting fee for the Bonds equals _____ percent of the aggregate principal amount of the Bonds.

The Bond Purchase Agreement provides that the obligations of the Underwriter are subject to certain conditions, including, among other things, that (i) no event has occurred which impairs or threatens to impair the validity of the Bonds or the status of the Bonds or the interest thereon as exempt from taxation in the State and interest on the Bonds is excluded from gross income for federal income tax purposes (except as described under the heading “TAX MATTERS” herein) and (ii) proceedings relating to the Bonds are not pending or threatened by the Commission.

The Bond Purchase Agreement further provides that the City will provide to the Underwriter within seven business days of the date of the Bond Purchase Agreement an electronic copy of the Official Statement to enable the Underwriter to comply with the requirements of Rule 15c2-12(b)(4) under the Exchange Act.

MUNICIPAL ADVISOR’S OBLIGATION

Robert W. Baird & Co., Inc. (the “Municipal Advisor”), has been retained by the City to provide certain municipal advisory services to the City in connection with the issuance of the Bonds. In assisting with the

preparation of this Official Statement, the Municipal Advisor has relied upon the City, and other sources, having access to relevant data to provide accurate information for this Official Statement. To the best of the Municipal Advisor's knowledge, the information contained in this Official Statement is true and accurate. However, the Municipal Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of such information.

The Municipal Advisor's duties, responsibilities, and fees in connection with this issuance arise solely from the services for which it is engaged to perform as municipal advisor on the Bonds. The Municipal Advisor's compensation for serving as municipal advisor on the Bonds is conditional on the successful closing of the Bonds and will be paid from Bond proceeds.

CONTINUING DISCLOSURE

Prior to delivery of the Bonds, the City will execute a Continuing Disclosure Undertaking (the "Undertaking") for the benefit of the Beneficial Owners (as defined in the Undertaking) of the Bonds to send certain information annually and to provide notice of certain events to certain information repositories pursuant to the requirements of section (b)(5) of Rule 15c2-12 (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and the other terms of the Undertaking, are set forth in "Appendix E – Form of Continuing Disclosure Undertaking," to this Official Statement.

A failure by the City to comply with its Undertaking will not constitute an event of default under the Resolution and Beneficial Owners of the Bonds are limited to the remedies described in the Undertaking.

A failure by the City to comply with its Undertaking must be reported by the City in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

Except as disclosed below, the City has not, in the previous five years, failed to comply in any material respect with any previous continuing disclosure agreement or undertaking executed by the City pursuant to the Rule.

The City failed to include the table "Retirement Systems - Retirement System Schedule of Funding Progress" (the "Retirement Table") in its annual financial information and operating data filed for the City's fiscal years ended June 30, 2019, 2020, 2021 and 2022 for the City's Limited Tax General Obligation Refunding Bonds, Series 2019A, dated May 28, 2019 (the "2019A Bonds"), the City's Limited Tax General Obligation Refunding Bonds, Series 2019B (Federally Taxable), dated May 28, 2019 (the "2019B Bonds"), the City's Unlimited Tax General Obligation Refunding Bonds, Series 2019, dated June 3, 2019 (the "2019 Bonds") and the City of Allen Park Brownfield Redevelopment Authority Limited Tax General Obligation Redevelopment Refunding Bonds, Series 2019 (the "BRA Bonds"). The City has now filed the Retirement Table and a Failure to File Notice for the 2019A Bonds, the 2019B Bonds, the 2019 Bonds and the BRA Bonds for the fiscal years ended June 30, 2019, 2020, 2021 and 2022.

The City failed to file a Notice of Financial Obligation - Incurrence or Agreement relating to the City's Installment Purchase Agreement, dated January 31, 2020 (the "2020 IPA") and the City's 2020 Capital Improvement Bond (Limited Tax General Obligation), dated February 27, 2020 (the "2020 CIP Bond") for the BRA Bonds. The City has now filed a Notice of Financial Obligation - Incurrence or Agreement and a Failure to File Notice for each of the 2020 IPA and the 2020 CIP Bond for the BRA Bonds.

The City failed to file a Notice of Financial Obligation - Incurrence or Agreement relating to the City's 2022 Capital Improvement Bond (Limited Tax General Obligation), dated September 1, 2022 (the "2022 CIP Bonds"), and the City's Michigan Transportation Fund Bond, Series 2022 (Limited Tax General Obligation, dated September 1, 2022 (the "2022 MTF Bonds") for the 2019A Bonds and the BRA Bonds. The City has now filed a Notice of Financial Obligation - Incurrence or Agreement and a Failure to File Notice for each of the 2022 CIP Bonds and the 2022 MTF Bonds for the 2019A Bonds and the BRA Bonds.

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APPENDIX A

**GENERAL FINANCIAL, ECONOMIC & STATISTICAL INFORMATION
CITY OF ALLEN PARK, COUNTY OF WAYNE, STATE OF MICHIGAN**

APPENDIX A
GENERAL FINANCIAL, ECONOMIC & STATISTICAL INFORMATION
CITY OF ALLEN PARK, COUNTY OF WAYNE, STATE OF MICHIGAN

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APPENDIX A
GENERAL FINANCIAL, ECONOMIC & STATISTICAL INFORMATION
CITY OF ALLEN PARK, COUNTY OF WAYNE, STATE OF MICHIGAN

GENERAL INFORMATION

Description

The City of Allen Park (the “City”) encompasses an area of approximately 7.42 square miles located in southeastern Wayne County, in the State of Michigan. It is one of several municipalities south of the City of Detroit and south of the Detroit River that is commonly referred to as the “Downriver” area. The City is bisected by the east-west Interstate 94.

The City is located the following distances from these commercial and industrial areas:

- 15 miles south of Detroit
- 28 miles east of Ann Arbor
- 74 miles southeast of Lansing

Population by Age

The City’s population count (established by the U.S. Census) determines its legislative apportionment in the U.S. House of Representatives and the State Legislature and has a direct impact on federal and State programs allocated in whole or in part on a *per capita* basis. The 2020, 2010 and 2000 U.S. Census estimate of population by age for the City is as follows:

Table 1 - Population in the City by Age, 2000, 2010, & 2020

	<u>2000 Population</u>		<u>2010 Population</u>		<u>2020 Population</u>	
Total Population	29,376	100.00%	28,210	100.00%	28,638	100.00%
0 through 17 years	6,509	22.16	6,112	21.67	7,704	26.9
18 through 64 years	16,731	56.95	17,252	61.15	15,980	55.8
65 years and over	6,136	20.89	4,846	17.18	4,954	17.3
Median Age	41.0 years		41.7 years		43.5 years	

SOURCE: Website <https://www.census.gov/quickfacts/fact/table/allenparkcitymichigan>

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Income

The U.S. Census 2018-2022 American Community Survey estimates of household income within the City are as follows:

Table 2 - Household Income in the City

	Number	Percent
HOUSEHOLDS BY INCOME	11,854	100.0%
Less than \$10,000	481	4.1
\$10,000 to \$14,999	281	2.4
\$15,000 to \$24,999	692	5.8
\$25,000 to \$34,999	889	7.5
\$35,000 to \$49,999	1,136	9.6
\$50,000 to \$74,999	2,563	21.6
\$75,000 to \$99,999	1,660	14.0
\$100,000 to \$149,999	2,394	20.2
\$150,000 to \$199,999	983	8.3
\$200,000 or more	775	6.5
Median Income	\$73,792	
Mean Income	\$91,552	

SOURCE: U.S. Census 2018-2022 American Community Survey
 Website: <https://data.census.gov/>

Employment Characteristics

The following table lists employers with 100 or more employees located in the Allen Park region.

Table 3 - Employment Characteristics*

Allen Park Region	Product/Service	Approx. No. Employed*
Ford Motor Company	Automotive Manufacturing	2,000
Roush Industries	Manufacturing	1,118
Allen Park Schools	Education	447
Lowe's Home Centers, Inc.	Retail	201
Meijer	Grocery; Retail	200
City of Allen Park	Local Government	194
Target	Retail	150
The Home Depot	Retail	150
Ventcon, Inc.	Manufacturing	145
Siemens PLM Software	Computer Software	130
The Detroit Lions, Inc.	Facility	100
Best Buy	Retail	100

SOURCE: 2023 Michigan Manufacturers Directory, MEDC website <https://www.michiganbusiness.org>, and individual employers.

* The approximate numbers of employees shown above are as reported in the sources indicated above. Because of reporting time lags and other factors inherent in collecting and reporting such information, the numbers may not reflect recent changes in employment levels, if any.

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Employment Breakdown

The U.S. Census 2018-2022 American Community Survey estimates the occupational breakdown of persons 16 years and over in the City as follows:

Table 4 – Employment by Occupation

	Number	Percent
TOTAL PERSONS BY OCCUPATION	13,966	100.0%
Management, Business, Science, and Arts	5,939	42.5
Service Occupations	1,755	12.6
Sales & Office Occupations	2,766	19.8
Natural Resources, Construction & Maintenance	1,349	9.7
Production, Transportation & Material Moving	2,157	15.4

SOURCE: U.S. Census 2018-2022 American Community Survey

Website: <https://data.census.gov/>

The U.S. Census 2018-2022 American Community Survey estimates the breakdown by industry for persons 16 years and over employed in the City as follows:

Table 5 - Employment by Industry

	Number	Percent
TOTAL PERSONS BY INDUSTRY	13,966	100.0%
Agriculture, Forestry, Fishing, Hunting & Mining	24	0.2
Construction	809	5.8
Manufacturing	2,361	16.9
Wholesale Trade	345	2.5
Retail Trade	1,424	10.2
Transportation, Warehousing, and Utilities	881	6.3
Information	206	1.5
Finance, Insurance, & Real Estate	814	5.8
Professional & Management Services	1,329	9.5
Educational, Health & Social Services	3,478	24.9
Arts, Entertainment, Recreation & Food Services	1,249	8.9
Other Professional and Related Services	580	4.2
Public Administration	466	3.3

SOURCE: U.S. Census 2018-2022 American Community Survey

Website: <https://data.census.gov/>

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Unemployment

The Michigan Department of Technology, Management, and Budget reports local area unemployment statistics for the City, Wayne County and the State of Michigan as follows:

Table 6 - Unemployment

	City of Allen Park	County of Wayne	State of Michigan
2014 Annual Average	6.3%	9.6%	7.2%
2015 Annual Average	4.5%	6.8%	5.4%
2016 Annual Average	4.0%	6.2%	5.0%
2017 Annual Average	3.6%	5.5%	4.6%
2018 Annual Average	3.4%	5.2%	4.2%
2019 Annual Average	3.2%	5.0%	4.1%
2020 Annual Average	9.1%	13.6%	10.0%
2021 Annual Average	5.1%	7.8%	5.7%
2022 Annual Average	3.0%	4.7%	4.1%
2023 Annual Average	2.8%	4.4%	3.9%

SOURCE: Website <https://milmi.org/DataSearch/LAUS>

NOTE: Not Seasonally Adjusted.

Building Permits

The City reports the number of new building permits for commercial, industrial, and privately owned residential properties and the dollar value on the permits are as follows:

Table 7 - Building Permits

Fiscal Year	Commercial and Industrial	Residential	Value of Permits
2019	292	2,801	\$81,961,113
2020	323	2,593	56,678,331
2021	286	2,330	236,622,597
2022	290	2,375	58,992,974
2023	311	2,161	27,715,497
2024*	47	643	5,004,055

SOURCE: City of Allen Park

* Fiscal year to date data as of September 30, 2024

Economic Development

A healthy and diverse business landscape is a vital part of Allen Park. This diversity allows for job opportunities for all types of people and helps create a well-balanced and productive workforce. The Ford Motor Company has constructed a \$200 million wind tunnel complex for aerodynamic testing of their vehicles and has been operational since January of 2022. This facility primarily serves as a research and design operation center for Ford Motor Company. Belle Tire and APAC Paper & Packaging are a few of the other nationally recognized companies that have seen the value and opportunities that the City provides.

Small business owners ranging from doctors, lawyers, specialty shops and restaurants make up the heart of the business community. With this new investment and growth within the City, multiple developments have begun construction or have already been completed within the City.

The Allen Park Downtown Development Authority (“DDA”) has continued in its efforts to attract and enhance the quality of businesses within the 250-acre central business district, home to 450+ businesses. DDA design projects such as the Ecorse Road streetscape and façade improvement program are devised to

create a safe and inviting environment for shoppers, workers, and visitors. Marketing programs such as the Classic Car Show and Downtown Farmers Market bring the community downtown and renew its pride in the district.

Historical data regarding new issued certificates of occupancy for industrial and commercial buildings for the City are as follows:

Table 8 - Certificates of Occupancy

Fiscal Year	No. of New Issued Certificates
2019	44
2020	34
2021	34
2022	45
2023	53
2024*	33

SOURCE: The City of Allen Park

*Fiscal year to date data as of September 30, 2024

Housing Characteristics

Trends in the housing stock of the City have a direct impact on the City’s levy and collection of *ad valorem* property taxes. The U.S. Census reports housing inventory from 2020 and the 2018-2022 American Community Survey estimates housing inventory in the City as follows:

Table 9 - Housing Inventory

Occupancy Status	2020	2022
Owner-occupied	9,960	10,219
Renter-occupied	1,827	1,635
Vacant	<u>465</u>	<u>580</u>
Total housing units	12,252	12,434

SOURCE: U.S. Census 2018-2022 American Community Survey

Website: https://data.census.gov/profile/Allen_Park_city,_Wayne_County,_Michigan

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The U.S. Census 2018-2022 American Community Survey estimates the household breakdown by type in the City as follows:

Table 10 - Households by Type, 2022

Type of Household	Number	Percentage
Family		
Married-couple	<u>5,544</u>	46.8%
Single male head	<u>529</u>	4.5%
Single female head	<u>1,483</u>	12.5%
Total	<u>7,556</u>	
Non-family		
Living alone	<u>3,783</u>	<u>31.9%</u>
Other	<u>515</u>	<u>4.3%</u>
Total	<u>4,298</u>	
Total Family and Non-Family	11,854	100.0%

SOURCE: U.S. Census 2018-2022 American Community Survey
 Website: https://data.census.gov/profile/Allen_Park_city,_Wayne_County,_Michigan

GOVERNMENTAL STRUCTURE

Executive Branch

The Mayor is the chief executive of the City, subject to certain limitations under the City Charter; however, many of the Mayor’s powers under the Charter are shared by the City Council. The Mayor shall have a vote and voice in all proceedings of the Council equal with that of members of the Council but shall have no veto power. The Mayor shall be the presiding officer of the Council. The current Mayor of the City is Gail McLeod.

The City Administrator is responsible to the Council for the efficient administration of all administrative departments and services of the City, except City Attorney and City auditor. The City Administrator shall report to the Council on any and all matters pertaining to the administration and coordination of the City departments and services and such other matters that require the Council’s attention and action. The City is actively searching to fill the City Administrator position. No interim replacement has been named at this time.

Legislative Branch

The City Council constitutes the legislative and governing body of the City and has power and authority, except as otherwise provided in the Charter or by statute, to exercise all powers conferred upon or possessed by the City and has the power and authority to adopt such ordinances and resolutions as it shall deem proper in the exercise thereof. The City Council is comprised of seven members, consisting of six Councilpersons and the Mayor, who shall be deemed a member of the Council for all purposes.

The current City Council members and their titles are listed below:

- Gail McLeod, Mayor
- Nancy Knick, Mayor Pro-Tem
- Matthew E. Valerius, Councilman
- Dennis Marcos, Councilwoman
- Gerald Barr Jr., Councilman
- Gary Schlack, Councilman
- Dan Loyd, Councilman

Emergency Management

On October 26, 2012, the Local Emergency Financial Assistance Loan Board, upon direction from Governor Rick Snyder, appointed an emergency manager (the “Emergency Manager”) to manage a financial emergency (the “Financial Emergency”) determined to exist in the City pursuant to the provisions of the then-effective Act 72, Public Acts of Michigan, 1990, as amended (“Act 72”). The Emergency Manager’s appointment was confirmed by the Governor on March 26, 2013 pursuant to the provisions of Act 436, Public Acts of Michigan, 2012 (“Act 436”), which replaced Act 72. The Financial Emergency stemmed from a failed project to purchase and develop a movie studio in the City and a deteriorating general fund budget and fund balance.

During their appointment, the Emergency Manager took several steps to eliminate the City’s structural and cumulative deficits and to rectify the Financial Emergency. As a result, the Emergency Manager’s appointment was terminated in September 2014 and a Receivership Transition Advisory Board (the “RTAB”) was appointed. The City operated under the RTAB’s oversight from September 2014 through January 2017. Since January 2017, the Mayor and the City Council have resumed complete local control of the operation of the City.

Elected Officials

The City also has an elected City Clerk and City Treasurer. The City Clerk attends and maintains the minutes of all City Council meetings, maintains records of all ordinances, resolutions and regulations of the City Council, and is the custodian of the City seal. In addition, the City Clerk performs any other duties required of them by the City Charter. The City Treasurer is responsible for collection and deposits of all money belonging to the City, including taxes, assessments, charges for water services, and other charges payable to the City and collects taxes on behalf of the State, the County, and schools.

District Court

The 24th District Court is responsible for adjudicating certain legal matters that arise within the City, including State felony arraignments and preliminary examinations, State misdemeanor and City ordinance violations, civil litigation for claims of \$25,000 or less, and landlord/tenant disputes. The City is responsible for funding of the 24th District Court in excess of fines collected by the Court, except for judicial salaries, which are funded by the State.

Other Authorities Created By the City

Certain Michigan statutes authorize a city or other local governmental units to establish entities known as a Downtown Development Authority (“DDA”) and a Brownfield Redevelopment Authority (the “Authority”). The City has a DDA and an Authority, which are described under the next two captions below. Districts established by such entities are authorized to formulate tax increment financing plans for public improvements, economic development, neighborhood revitalization and historic preservation within the districts.

Tax increment financing permits a DDA or Authority to capture tax revenues attributable to increases in value of real and personal property located within an approved development area while an applicable tax increment financing plan is in effect for an established district. These captured revenues are used by the district and are not passed on to the local taxing jurisdictions.

Downtown Development Authority (“DDA”)

A DDA was established within the City in 1990, under the authority contained in Act 197 of the Public Acts of Michigan 1975, as amended, commonly referred to as the Downtown Development Authority Act. The DDA’s fiscal year 2024 total captured taxable valuation is \$55,700,355. As of October 16, 2024, the DDA has \$355,000 in outstanding debt, which is additionally secured by a general obligation limited tax pledge of the City.

Table 11 - DDA Captured Revenue and Outstanding Debt

Tax Year	Fiscal Year	Total Captured Revenues (1)	% Change in Total Captured Revenues	Series 2003 Total P&I	Series 2005 Total P&I	Series 2020 Refunding Total P&I (2)	Total DDA Debt Service	Revenue Debt Coverage (3)
2010	2011	\$1,220,375	-%	\$255,578	\$285,805		\$541,383	2.25x
2011	2012	1,159,416	(5.00)	252,500	291,430		543,930	2.13
2012	2013	953,478	(17.76)	253,860	291,705		545,565	1.75
2013	2014	1,220,988	28.06	244,680	301,455		546,135	2.24
2014	2015	954,430	(21.83)	-	380,643		380,643	2.51
2015	2016	1,090,923	14.30	-	381,643		381,643	2.86
2016	2017*	531,125	(51.31)	-	387,268		387,268	1.37
2017	2018	458,828	(13.61)	-	391,933		391,933	1.17
2018	2019	523,700	14.14	-	395,733		395,733	1.32
2019	2020	769,181	46.87	-	398,785		398,785	1.93
2020	2021	928,035	20.65	-		377,775	377,775	2.46
2021	2022	1,005,678	8.37	-		379,720	379,720	2.65
2022	2023	1,089,435	8.33	-		379,824	379,824	2.87
2023	2024	1,089,435	0.00	-		379,860	379,860	2.87
2024	2025	1,089,435	0.00	-		359,828	359,828	3.03

SOURCE: City of Allen Park

- (1) “Captured Revenues” are projected amounts for years after fiscal year 2023, assuming no growth in captured taxable value starting after fiscal year 2022. Captured revenues shown above exclude revenue related to the capture of the Police and Fire millage (6.7500 mills out of the total captured mills of 6.7500 for fiscal year 2022), which are remitted to the City's General Fund each year.
 - (2) On March 27, 2020, the City of Allen Park sold its LTGO Series 2020 Refunding Bonds. The proceeds were used to fund an escrow account to refund the City’s Series 2005 Downtown Development Bonds.
 - (3) Pursuant to Emergency Manager Order Number 37, the City’s Downtown Development Authority is required to maintain a fund balance equivalent to 2.0x the following year’s debt service, which is not included or factored into the above revenue coverage projections.
- * A large portion of the decrease in captured valuation for fiscal year 2017 and projected captured tax revenue thereafter can be attributed to the exemption of certain personal property from taxation under legislation that was approved by Michigan voters in August 2014. See "Michigan Property Tax Reform" below for more information.

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Brownfield Redevelopment Authority (The “Authority”)

The Authority was established within the City in 2003, under the authority contained in Act 381 of the Public Acts of Michigan, 1996, as amended. The Authority is funded primarily by captured property tax revenues and is governed by a seven-member board, appointed by the Mayor and confirmed by the City Council. The Authority’s fiscal year 2024 captured taxable valuation is \$43,092,279.

The Authority is obligated to reimburse the Clay Park Development for a development project amounting to \$10,715,702, plus interest at 5 percent per year. This reimbursement is dependent upon the capture of future tax revenues. The Authority and Clay Park Development entered into a certain Reimbursement Agreement dated September 12, 2003 (the “Original Agreement”), which was amended on August 14, 2014 (the “Amendment,” and together with the Original Agreement, the “Reimbursement Agreement”). In accordance with the Reimbursement Agreement, the Tax Increment Revenues are applied in the following order of priority:

(1) first, to pay Authority administrative costs attributable to the Property in an amount not-to-exceed \$100,000;

(2) second, to pay current principal of and interest on the Limited Tax General Obligation Redevelopment Bonds, Series 2007 (the “Prior 2007 Bonds”) and the Limited Tax General Obligation Redevelopment Refunding Bonds, Series 2019 (the “2019 Bonds”);

(3) third, to pay the City an amount up to \$250,000 per year (through fiscal year 2023) for the costs of providing police and emergency services related to the Project;

(4) fourth, to deposit funds in a debt service reserve for the Prior 2007 Bonds and 2019 Bonds (the “Reserve Fund”) (which Reserve Fund is not pledged as security on the Prior 2007 Bonds or the 2019 Bonds), until the balance thereof is in an amount equal to the following year’s principal and interest payments on the Prior 2007 Bonds and 2019 Bonds; and

(5) fifth, to be paid to Clay Park and Meijer for the payment of the Reimbursement Obligations.

Table 12 - Authority Captured Revenue and Outstanding Obligations

Tax Year	Fiscal Year	Total Captured Taxable Valuation (1)	Total Captured Revenues (2)	Estimated Authority Admin Costs	Bonds Debt Service (3)	Police and Emergency Services	Reimbursement Obligations (4)	Total Payments
2017	2018	\$37,578,465	\$2,346,455	\$64,547	\$1,051,282	\$250,000	\$1,004,000	\$2,369,829
2018	2019	38,160,358	2,369,123	65,900	1,028,968	250,000	1,033,000	2,377,868
2019	2020	38,529,206	2,396,299	74,071	912,954	250,000	1,157,000	2,394,025
2020	2021	38,079,303	2,364,356	70,488	911,750	250,000	1,133,000	2,365,238
2021	2022	38,345,264	2,380,927	70,128	913,750	250,000	1,152,000	2,385,878
2022	2023	39,960,445	2,476,037	65,000	909,750	250,000	1,495,650	2,720,400
2023	2024	39,960,445	2,476,037	100,000	909,950	-	1,247,000	2,256,950
2024	2025	39,960,445	2,476,037	100,000	914,150	-	1,464,000	2,478,150
2025	2026	39,960,445	2,476,037	100,000	912,150	-	613,625	1,625,775
2026	2027	39,960,445	2,476,037	100,000	914,150	-	-	1,014,150
2027	2028	39,960,445	2,476,037	100,000	909,950	-	-	1,009,950
2028	2029	39,960,445	2,476,037	100,000	909,750	-	-	1,009,750
2029	2030	39,960,445	2,476,037	100,000	913,350	-	-	1,013,350
2030	2031	39,960,445	2,476,037	100,000	910,550	-	-	1,010,550
2031	2032	39,960,445	2,476,037	100,000	910,800	-	-	1,010,800

SOURCE: City of Allen Park

- (1) “Total Captured Taxable Valuation” is the taxable valuation within the property, net of the initial captured value of \$1,645,800, and assumes no growth in FY2024 and thereafter.
- (2) “Total Captured Revenues” are projected amounts for FY2024 and thereafter, assuming no tax base growth.
- (3) Includes the actual debt service related to the BRDA’s Limited Tax General Obligation Redevelopment Bonds, Series 2007 in FY2018 and FY2019, and the debt service for the \$9,215,000 Limited Tax General Obligation Redevelopment Refunding Bonds, Series 2019 for FY2020 through FY2032.
- (4) Amounts represented as Reimbursement Obligation are estimated numbers subject to annual review and adjustment based on the priority of payment under the Reimbursement Agreement detailed above the table.

GENERAL FINANCIAL INFORMATION

Property Valuations

Article IX, Section 3, of the Michigan Constitution provides that the proportion of true cash value at which property shall be assessed shall not exceed 50% of true cash value. The Michigan Legislature by statute has provided that property shall be assessed at 50% of its true cash value, except as described below. The Michigan Legislature or the electorate may at some future time reduce the percentage below 50% of true cash value.

On March 15, 1994, the electors of the State approved an amendment to the Michigan Constitution permitting the Legislature to authorize ad valorem taxes on a non-uniform basis. The legislation implementing this constitutional amendment added a new measure of property value known as “Taxable Value.” Beginning in 1995, taxable property has two valuations -- State equalized valuation (“SEV”) and Taxable Value. Property taxes are levied on Taxable Value. Generally, Taxable Value of property is the lesser of (a) the Taxable Value of the property in the immediately preceding year, adjusted for losses, multiplied by the lesser of the inflation rate or 5%, plus additions, or (b) the property’s current SEV. Under certain circumstances, therefore, the Taxable Value of property may be different from the same property’s SEV.

When property is sold or transferred, Taxable Value is adjusted to the SEV, which under existing law is 50% of the current true cash value. The Taxable Value of new construction is equal to current SEV. Taxable Value and SEV of existing property are also adjusted annually for additions and losses.

Responsibility for assessing taxable property rests with the local assessing officer of each township and city. Any property owner may appeal the assessment to the local assessor, to the local board of review and ultimately to the Michigan Tax Tribunal.

In addition to limiting the annual increase in Taxable Value, the Michigan Constitution also mandates a system of equalization for assessments. Although the assessors for each local unit of government within a county are responsible for actually assessing at 50% of true cash value, adjusted for Taxable Value purposes, the final SEV and Taxable Value are arrived at through several steps. Assessments are established initially by the municipal assessor. Municipal assessments are then equalized to the 50% levels as determined by the county’s department of equalization. Thereafter, the State equalizes the various counties in relation to each other. SEV is important, aside from its use in determining Taxable Value for the purpose of levying ad valorem property taxes, because its role in the spreading of taxes between overlapping jurisdictions, the distribution of various State aid programs, State revenue sharing and in the calculation of debt limits.

Property that is exempt from property taxes, e.g., churches, government property, public schools, is not included in the SEV and Taxable Value data in this Appendix A. Property granted tax abatements under either Act 198 of the Public Acts of Michigan, 1974, as amended (“Act 198”), or Act 255, Public Acts of Michigan, 1978, as amended, is recorded on separate tax rolls while subject to tax abatement. The valuation of tax abated property is based upon SEV but is not included in either the SEV or Taxable Value data in this Appendix A except as noted.

Michigan Property Tax Reform

On March 28 and April 1, 2014, Governor Snyder signed into law a package of bills amending and replacing legislation enacted in 2012 to reform personal property tax in Michigan. Commercial and industrial personal property of each owner with a combined true cash value in a local taxing unit of less than \$80,000 became exempt from ad valorem taxes beginning in 2014. Beginning in 2023, the exemption for commercial and industrial personal property of each owner with a combined true cash value in a local taxing unit was increased to \$180,000. All eligible manufacturing personal property purchased or put into service beginning in 2013 and used more than 50% of the time in industrial processing or direct integrated support became exempt beginning in 2016. The legislation extended certain personal property tax exemptions and tax abatements for technology parks, industrial facilities and enterprise zones that were to expire after 2012, until the newly enacted personal property tax exemptions became effective. Pursuant to

voter approval in August 2014, the 2014 legislation, as subsequently amended, also includes a formula to reimburse local governments for lost personal property tax revenue. To provide the reimbursement, the legislation reduced the state use tax and created a Local Community Stabilization Authority which levies a local use tax component and distributes that revenue to qualifying local units. The final impact of this legislation cannot be determined at this time.

The ultimate nature, extent and impact of any other future amendments to Michigan's property tax laws on the City's finances cannot be predicted. Purchasers of the Bonds should consult with their legal counsel and financial advisors as to the consequences of any such legislation on the market price or marketability of the Bonds, the security therefor and the operations of the City.

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Historical Valuation

Table 13 - State Equalized Valuations and Taxable Valuations

Tax Year	Fiscal Year Ended June 30	Taxable Real Property Valuation	Taxable Personal Property Valuation	Taxable Valuation	Total Assessed (SEV) Valuation
2015	2016	\$664,689,615	\$87,043,591	\$751,733,206	\$812,736,755
2016	2017	665,202,566	55,016,753	720,219,319	817,432,718
2017	2018	679,086,280	56,943,630	731,075,499	861,758,600
2018	2019	709,860,811	61,981,364	771,842,175	902,899,065
2019	2020	739,185,380	66,384,471	805,569,851	1,016,819,224
2020	2021	759,442,959	75,042,192	834,485,151	1,082,393,300
2021	2022	775,931,515	62,942,643	838,874,158	1,132,674,483
2022	2023	816,099,243	63,468,920	879,568,163	1,210,268,250
2023	2024	872,593,136	66,686,978	939,280,114	1,327,679,071
2024	2025	931,114,152	93,092,261	1,024,206,413	1,459,485,300

Total 2024 Taxable Valuation	\$1,024,206,413
Plus: 2024 Industrial Facilities Taxable (“IFT”) Valuation	\$0
Total Equivalent Value	\$1,024,206,413
Less: 2024 DDA Captured Value ⁽¹⁾	\$55,700,355
Less: 2024 Authority Captured Value ⁽²⁾	\$43,092,279
Net 2024 Valuation	\$925,413,779

SOURCE: Wayne County Equalization Report and the City of Allen Park

- ⁽¹⁾ Reflects Net DDA Captured Value of real and personal property within the DDA. Gross captured value of real and personal property (\$115,579,290) less Base Taxable Value of real and personal property (\$59,878,935).
- ⁽²⁾ Reflects Net BRDA Captured Value of real property; Gross Captured Value of real property (\$44,738,079) less Base Taxable Value of real property (\$1,645,800).

Table 14 - 2024 Taxable Valuation Breakdown by Property Type

<u>By Class</u>	<u>2024 Taxable Value</u>	<u>Percentage of Total</u>
Real Property	\$931,114,152	90.81%
Personal Property	<u>93,092,261</u>	<u>9.09</u>
TOTAL	\$1,024,206,413	100.00%
 <u>By Use</u> 		
Real Commercial	\$151,372,010	14.78%
Real Industrial	73,763,824	7.20
Real Residential	705,978,318	68.93
Personal Commercial	35,822,900	3.50
Personal Industrial	3,158,600	0.31
Personal Utility	<u>54,110,761</u>	<u>5.28</u>
TOTAL	\$1,024,206,413	100.00%

SOURCE: Wayne County Equalization Report

Using the City’s 2020 Census population of 28,638, Table 16 provides the per capita valuation by type of valuation.

Table 15 - Per Capita Valuation

2024 Per Capita Taxable Valuation	\$35,763.89
2024 Per Capita State Equalized Valuation	\$50,963.24
2024 Per Capita Estimated True Cash Valuation	\$101,926.48

Industrial Facilities Tax

Act 198 of the Public Acts of Michigan, 1974, as amended (“Act 198”), provides significant property tax incentives to industry to renovate and expand aging plants and to build new industrial facilities in Michigan. Under the provisions of Act 198, qualifying cities, villages and townships may establish districts in which industrial firms are offered certain property tax incentives to encourage restoration or replacement of obsolete industrial facilities and to attract new industrial facilities.

Property tax owners situated in such districts pay an Industrial Facilities Tax (“IFT”) in lieu of ad valorem taxes on the facility and equipment for a period of up to 12 years. For rehabilitated plant and equipment, the IFT is determined by calculating the product of the SEV of the replacement facility in the year before the effective date of the abatement certificate multiplied by the total mills levied by all taxing units in the current year. New plants and equipment receiving their abatement certificate prior to January 1, 1994 are taxed at one-half the total mills levied by all taxing units, other than mills levied for local and intermediate school district operating purposes or under the State Education Tax Act, plus one-half of the number of mills levied for school operating purposes in 1993. For new facility abatements granted after 1993, new plants and equipment are taxed at one-half of the total mills levied as ad valorem property taxes by all taxing units except mills levied under the State Education Tax Act, plus the number of mills levied under the State Education Act. For new facility abatements granted after 1993, the State Treasurer may permit abatement of all, none or one-half of the mills levied under the State Education Tax Act. It must be emphasized, however, that ad valorem property taxes on land are not reduced in any way since land is specifically excluded under Act 198.

The 2024 taxable value for all IFT abated property within the City’s boundaries is \$0.

Major Taxpayers

The top ten taxpayers in the City and their 2024 Taxable Valuations and Industrial Facilities Tax Valuations are as follows:

Table 16 - Top Ten Taxpayers

Taxpayer	Product/Service	Taxable Valuation	IFT Valuation	Total Valuation
Ford Motor Company	Automotive	\$46,470,086	\$0	\$46,470,086
DTE Gas Company	Utility	36,152,300	0	36,152,300
Fairlane Green LLC	Retail Development	18,425,281	0	18,425,281
DTE Electric Company	Utility	11,846,552	0	11,846,552
Outer Drive 39 Development Co	Retail Development	9,327,621	0	9,327,621
ARG FGALPM1001 LLC ⁽¹⁾	Retail Development	6,875,900	0	6,875,900
GC Net Lease Investors LLC	Investment	6,837,300	0	6,837,300
Meijer	Grocery/Retail	6,645,571	0	6,645,571
Ford Motor Land Dev Corp	Real Estate	6,306,900	0	6,306,900
Belle Tire Distributors	Distribution	6,221,800	0	6,221,800
TOTAL		<u>\$155,109,311</u>	<u>\$0</u>	<u>\$155,109,311</u>

SOURCE: City of Allen Park and Michigan Tax Tribunal

⁽¹⁾ The Taxpayer currently has a tax appeal pending for tax year 2024. The tax appeal has the potential to reduce the taxable value within the City of Allen Park by a total of \$3,175,900.

The Taxable Valuations of the above taxpayers represent 15.14% of the City’s 2024 Taxable Valuation of \$1,024,206,413.

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Tax Rates (Per \$1,000 of Valuation)

Each school district, county, township, special authority and city has a geographical definition which constitutes a tax district. Since local school districts and the county overlap either a township or a city, and intermediate school districts overlap local school districts and county boundaries, the result is many different tax rate districts.

Table 17 - City of Allen Park Tax Rates

Tax Year	Operating Millage ⁽¹⁾	Rubbish	Library	Police & Fire ⁽²⁾	Debt Service Millage ⁽³⁾	Total City Millage
2014	10.5985	2.5436	0.8479	6.7500	4.7110	25.4510
2015	12.5000	2.5436	0.8479	6.7500	3.7398	26.3813
2016	12.5000	2.5436	0.8479	6.7500	3.8847	26.5262
2017	12.5000	2.5436	0.8479	6.7500	3.1864	25.8279
2018	12.3788	2.5189	0.8397	6.6845	2.5557	24.9776
2019	12.3751	2.5181	0.8394	6.6825	2.2442	24.6593
2020	19.0576	2.5181	0.8394	0.0000	1.5541	23.9692
2021	19.0576	2.5128	0.8376	0.0000	1.5007	23.9087
2022	19.0576	2.4901	0.8300	0.0000	1.3291	23.7068
2023	19.0576	2.4901	0.8300	0.0000	1.2850	23.6627

SOURCE: The City of Allen Park.

- (1) Prior to a City Charter Amendment in 2020, the charter tax rate limitation was 12.5 mills plus a Headlee override millage (as defined on page A-15), which was approved by voters on November 3, 2015, and amounted to 1.9015 mills to be dedicated to road capital improvements, which is included in the Operating Millage beginning in tax year 2015. On November 3, 2020, the voters approved an amendment to the City Charter to increase the charter tax rate limitation to not exceed 20 mills. In addition to this proposal, the voters also approved an amendment to provide that not less than 1.9015 mills of the annual millage limitation will be dedicated for road capital improvements and not less than 6.75 mills of the annual millage limitation will be dedicated to police and fire services. Both the police and fire and road dedicated millages are included in the Operating Millage beginning in tax year 2020.
- (2) The City Charter was amended on August 6, 2013, to increase the Police and Fire levy to 6.75 mills from 2013 through 2022, however beginning in 2020, this is now included within the annual millage limitation as described in footnote (1) above.
- (3) Includes community center and sewer debt service millage rates.

Table 18 - Other Tax Rates

Tax Year	Wayne County Millage ⁽¹⁾	Allen Park Public School Millage ⁽²⁾ (Homestead)	Allen Park School Millage ⁽²⁾ (Non-Homestead)*	Wayne County Community College	Wayne RESA	Huron Clinton Metro	Total City ⁽³⁾ and Other Millage (Homestead)	Total City ⁽³⁾ And Other Millage (Non-Homestead)
2014	9.1220	14.8800	32.8800	3.2408	3.4643	0.2146	56.3727	74.3727
2015	8.8200	12.5700	30.5700	3.2408	3.4643	0.2146	54.6930	72.6930
2016	8.8220	12.0000	30.0000	3.2408	5.4643	0.2146	56.2679	74.2679
2017	8.8220	12.0000	30.0000	3.2408	5.4643	0.2140	55.5690	73.5690
2018	9.1220	12.0000	29.0640	3.2408	5.4643	0.2140	55.0187	72.0827
2018	9.1220	12.0000	29.0640	3.2408	5.4643	0.2140	55.0187	72.0827
2019	9.1220	12.0000	28.8950	3.2408	5.4643	0.2129	54.6993	71.5943
2020	10.4926	12.0000	30.0000	3.2408	5.4643	0.2140	55.3809	73.3809
2021	9.0972	12.0000	30.0000	3.2378	5.4520	0.2089	53.9046	71.9046
2022	9.0655	12.0000	30.0000	3.2202	5.4275	0.2070	53.6270	71.6270
2023	9.0655	12.0000	30.0000	3.2202	5.4275	0.2070	53.5829	71.5829

SOURCE: The City of Allen Park

- (1) Rates for Wayne County including the County's operating, jail, parks, veteran, zoo, art, transit authority millage rates and judgments, if any.
- (2) Includes operating (for non-homestead) and debt millage rates only.
- (3) City total millage set forth in Table 17, above.

* Pursuant to a ballot proposal approved by the electors of the State of Michigan on March 15, 1994, the State levies 6.00 mills for school operating purposes on all homestead and non-homestead property located within Michigan school district, which is not included in the millage rates outlined in the table above. School districts levy 18.00 mills of voted operating millage on non-homestead property and a school district’s electors may authorize debt millage on all homestead and non-homestead property located within the school district, which is included in the non-homestead millage rates outlined in the table above.

Other Tax Rate Limitations and Expiration Dates

The City is authorized by its Charter to levy 20.0000 mills, inclusive of not less than 1.9015 to be dedicated for road improvements and not less than 6.7500 mills to be dedicated for police and fire services as approved by voters on November 3, 2020. For fiscal year 2025, which is tax year 2024, the City was authorized to levy 19.7585 mills after roll-backs under Article IX, § 31 of the Michigan Constitution.

Table 19 - Tax Limitations

	Date of Election	2024 Rate Per \$1,000 of State Equalized Value	2024 Maximum After Headlee Rollback ⁽¹⁾	Expiration
General Operating	11/2020	19.0576	19.7585	N/A
Refuse Collection and Disposal	NA	2.4876	2.4876	N/A
Library	NA	0.8291	0.8291	N/A
Community Center	01/2003	0.4045	0.4045	09/2033
Sewer	08/2008	0.7617	0.7617	04/2032

SOURCE: City of Allen Park

⁽¹⁾ Maximum levy under City Charter is 20.0000 mills prior to Headlee Rollback, of which 1.9015 mills is dedicated for road capital improvements and not less than 6.7500 mills of the annual millage limitation are dedicated to police and fire services.

Constitutional Millage Rollback

Article IX, Section 31 of the Michigan Constitution (also referred to herein as the “Headlee rollback”) requires that if the total value of existing taxable property (State Equalized Valuation) in a local taxing unit, exclusive of new construction and improvements, increases faster than the U.S. Consumer Price Index from one year to the next, the maximum authorized tax rate for that local taxing unit must be reduced through a Millage Reduction Fraction unless new millage is authorized by a vote of the electorate of the local taxing unit (the “Headlee override”).

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Tax Levies and Collections

The City’s fiscal year begins July 1 and ends June 30. Property taxes are levied by the City on July 1 and December 1 and become an enforceable lien at that time; the tax is based on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed.

A history of tax levies and collections for the City are as follows:

Table 20 - Tax Levies and Collections - Tax Years 2014-2024

Tax Year	Tax Levy ⁽¹⁾	Collections to March 1 of the Following Year ⁽¹⁾	
2014	\$17,928,710	\$17,272,826	96.34%
2015	21,113,340	20,769,011	98.37
2016	20,488,750	20,166,620	98.43
2017	20,265,666	20,158,129	99.47
2018	20,536,237	19,775,535	96.30
2019	20,305,190	19,772,259	97.38
2020	20,001,938	19,313,273	96.56
2021	20,011,343	19,514,654	97.52
2022	20,791,948	20,293,883	97.60
2023	22,225,608	21,552,914	96.97
2024	24,110,554	In Process of Collection	

SOURCE: City of Allen Park

(1) Beginning in Tax Year 2015 and thereafter, the Tax Levy amounts and related Collections to March 1 shown above include revenues from all City millages.

Revenues from the State of Michigan

The City receives revenue sharing payments from the State of Michigan under the State Constitution and the State Revenue Sharing Act of 1971, as amended. The revenue sharing payments are composed of two components – a constitutional distribution and a statutory distribution.

The constitutional distribution is mandated by the State Constitution and distributed on a per capita basis to townships, cities and villages. The amount of the constitutionally mandated revenue sharing component distributed to the City can vary depending on the population of the City and the receipt of sales tax revenues by the State.

The statutory distribution is authorized by legislative action and distribution is subject to annual State appropriation by the State Legislature. Statutory distributions may be reduced or delayed by Executive Order during any State fiscal year in which the Governor, with the approval of the State Legislature’s appropriations committees, determines that actual revenues will be less than the revenue estimates on which appropriations were based.

On July 24, 2024, Governor Whitmer signed into law the budget for fiscal year 2025. The budget includes a constitutional revenue sharing distribution to cities, villages and townships of approximately \$1.073 billion. An additional \$333.5 million has been appropriated for revenue sharing distributions, of which \$299.1 million will be distributed pursuant to the State Revenue Sharing Act and \$34.4 million will be distributed in 1/3 increments to cities, villages, and townships: (i) according to a statutory formula based on the per capita taxable valuation of each city, village, or township in proportion to the State-wide per capita taxable valuation; (ii) to each unit type according to its population; and (iii) pursuant to a formula that provides a yield equalization payment to each unit that is sufficient to provide the guaranteed tax base for a local tax effort, not to exceed 0.02.

The City anticipates receiving \$515,416 in total statutory revenue sharing for fiscal year 2025.

Purchasers of the Bonds should be alerted to further modifications to revenue sharing payments to Michigan local governmental units, to potential consequent impact on the City’s general fund condition, and to the potential impact upon the market price or marketability of the Bonds resulting from changes in revenues received by the City from the State.

The following table is generated from data on the State’s revenue sharing webpage, as referenced as the source below. The site represents revenue sharing based on the State’s fiscal year ending September 30th, but the bi-monthly data has been used to derive the totals based on the City’s fiscal years ended June 30, 2015, through June 30, 2024, and the estimated revenue sharing payments to be received by the City for the fiscal year ending June 30, 2025.

Table 21 - State Revenue Sharing Payments

Fiscal Year Ended June 30	Revenue Sharing Payments ⁽¹⁾	Constitutional Amount	Statutory EVIP/CVTRS
2015	\$2,542,984	\$2,156,629	\$386,355
2016	2,517,807	2,129,534	388,273
2017	2,640,811	2,252,538	388,273
2018	2,720,473	2,313,115	407,358
2019	2,834,194	2,423,110	411,084
2020	2,921,208	2,502,264	418,944
2021	2,951,495	2,601,065	350,430
2022	3,436,562	3,009,033	427,529
2023	3,597,215	3,146,841	450,374
2024	3,572,181	3,094,067	478,114
2025 (Estimated)	3,569,257	3,053,841	515,416

SOURCE: Website <https://treas-secure.state.mi.us/apps/findrevshareinfo.asp>

(1) Projected amounts may change based on changes made by legislature and/or changes in the economy. Projections are as of September 2024.

Note: Amounts do not include state gas and weight tax distributions or fire reimbursement monies.

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Labor Force

A breakdown of the number of budgeted full-time positions of the City of Allen Park and their affiliations with organized groups is as follows:

Table 22 - Labor Force Organized Groups

Bargaining Unit	As of June 30, 2024	Contract Expiration
Allen Park Police Officer’s Association	30	06/30/2027
Allen Park Firefighters Local 1410 of IAFF	24	06/30/2026
Allen Park Lieutenants/ Sergeants Assoc.	11	06/30/2027
General Employees- TPOAM Local Unit	25	06/30/2027
Appointed/Elected- Exempt (no bargaining unit)	<u>24</u>	N/A
TOTAL	<u>114</u>	

SOURCE: City of Allen Park

Compensated Absences

It is the City’s policy to permit employees to accumulate earned but unused sick and vacation pay benefits. Sick pay is accrued for the estimated amount that the City will pay upon employment termination; vacation pay is accrued when incurred. A liability for these amounts is reported in governmental fund only for employee terminations as of year-end. Generally, the fund that report each employee’s compensation (the General Fund and Water and Sewer Fund, primarily) are used to liquidate the obligations.

Table 23 - Accumulated Compensated Absence Liability for Governmental and Business-type Activities

Fiscal Year Ended June 30	Compensated Absence Liability
2019	\$1,893,212
2020	2,041,153
2021	2,000,772
2022	1,844,315
2023	1,713,444

SOURCE: City Audited Financial Statements

Retirement Systems

The City provides a monthly retirement benefit to employees who meet the eligibility requirements, including age and years of service. The benefits are provided through the Employee’s Retirement System (the “Plan”), a cost sharing multiple employer defined benefit pension plan administered by a board of trustees. There are two participating employers in the Plan, the City and the 24th District Court.

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Table 24 - Retirement System Schedule of Funding Progress

Actuarial Valuation Date as of December 31	Actuarial Accrued Liability (a)	Plan Fiduciary Net Assets (b)	Unfunded Actuarial Accrued Liability (UAAL) (a-b)	Ratio of Net Assets to Pension Liability (b/a)	Covered Payroll	Ratio of UAAL to Covered Payroll
2018	\$112,448,284	\$82,867,182	\$29,581,102	73.7%	\$6,495,009	455.4%
2019	111,835,081	96,088,915	15,746,166	85.9	6,514,824	241.7
2020	119,037,083	102,634,588	16,402,495	86.2	6,526,884	251.3
2021	121,185,385	113,931,166	7,254,219	94.0	6,440,955	112.6
2022	122,013,674	91,933,692	30,079,982	75.4	5,924,938	507.7

SOURCE: City of Allen Park Audited Financial Statements

Table 25 - Pension Payments

Actuarial Valuation Date As of December 31	Actual Employer Contributions	Annual Required Contributions
2018	\$2,665,764	\$2,665,764
2019	3,000,105	3,000,105
2020	2,709,942	2,709,942
2021	3,062,884	3,062,884
2022	2,727,656	2,727,656

SOURCE: City of Allen Park Employees Retirement System Actuarial Valuation & Audited Financial Statements

Other Post-Employment Benefits

In addition to providing pension benefits, the City provides certain health care benefits to eligible retired employees. The City provides these benefits to 270 retired employees. The expense is recognized by the City as the payments to employees are made. This is a pay-as-you go plan where the City is not required to make any advance contributions prior to when insurance premiums are due for payment. The City made an advance contribution of \$500,000 to the retiree healthcare trust fund during the fiscal year ended June 30, 2023.

For the fiscal year ended June 30, 2023, the City estimated the cost of providing retiree healthcare benefits based on an actuarial study that followed the requirements of GASB No. 45. The computed annual contribution, if paid on an ongoing basis, is projected to fulfill normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

Table 26 - Retiree Insurance Benefit Expenditures

Fiscal Year Ended June 30	Retiree Insurance Benefit Expenditure*
2019	\$2,637,395
2020	2,468,353
2021	2,739,085
2022	2,135,182
2023	1,979,266

SOURCE: City audited financial statements

*In addition to the payments identified above, the City also made an advance funding contribution of \$500,000 to the retiree healthcare trust fund in each of the above listed fiscal years.

Debt Statement

Table 27 - Direct and Indirect Debt

As of October 16, 2024 (Includes the Bonds described herein)

City Direct & Indirect Debt	Security	Dated Date	Gross	Self-Supporting	Net
Indirect/SS Debt					
Wayne County Sewer ⁽⁴⁾	LTGO	Various	\$ 290,715	\$ 290,715	\$ -0-
Indirect/SS Debt Total			<u>\$ 290,715</u>	<u>\$ 290,715</u>	<u>\$ -0-</u>
Direct Debt					
City of Allen Park					
UTGO Sewer Judgment Bonds, Series 2009 ⁽¹⁾	UTGO	09/28/2009	\$ 5,865,000	\$ -0-	\$ 5,865,000
GOLT Refunding Bonds, Series 2015B ⁽²⁾	LTGO	11/18/2015	16,305,000	-0-	16,305,000
LTGO Refunding Bonds, Series 2019A	LTGO	05/28/2019	1,605,000	-0-	1,605,000
UTGO Refunding Bonds, Series 2019	UTGO	06/03/2019	2,915,000	-0-	2,915,000
LTGO 2020 Capital Improvement Bonds	LTGO	02/27/2020	1,150,000	-0-	1,150,000
LTGO Refunding Bonds, Series 2020	LTGO	03/27/2020	370,000	-0-	370,000
Michigan Transportation Fund Bonds, Series 2022	LTGO	09/01/2022	8,545,000	8,545,000	-0-
LTGO 2022 Capital Improvement Bonds	LTGO	09/01/2022	2,180,000	-0-	2,180,000
LTGO 2024 Vactor Sewer Truck IPA	LTGO	08/01/2024	573,426	-0-	573,426
LTGO 2024 Capital Improvement Bonds ⁽³⁾	LTGO	11/13/2024	<u>7,410,000</u>	<u>-0-</u>	<u>7,410,000</u>
City of Allen Park Direct Debt Subtotal ⁽³⁾			<u>\$ 46,918,426</u>	<u>\$ 8,545,000</u>	<u>\$ 38,373,426</u>
Downtown Development Authority Direct Debt					
LTGO Downtown Development Refunding Bonds, Series 2020	LTGO	03/27/2020	\$ 355,000	\$ -0-	\$ 355,000
Downtown Development Authority Direct Debt Subtotal			<u>\$ 355,000</u>	<u>\$ -0-</u>	<u>\$ 355,000</u>
Brownfield Redevelopment Authority Direct Debt					
LTGO Redevelopment Refunding Bonds, Series 2019	LTGO	05/28/2019	\$ 6,195,000	\$ -0-	\$ 6,195,000
Brownfield Redevelopment Authority Direct Debt Subtotal			<u>\$ 6,195,000</u>	<u>\$ -0-</u>	<u>\$ 6,195,000</u>
Direct Debt Total ⁽³⁾			<u>\$ 53,468,426</u>	<u>\$ 8,545,000</u>	<u>\$ 44,923,426</u>
Total City Direct & Indirect Debt ⁽³⁾			<u>\$ 53,759,141</u>	<u>\$ 8,835,715</u>	<u>\$ 44,923,426</u>

SOURCE: City of Allen Park and the Municipal Advisory Council of Michigan.

⁽¹⁾ Net of principal forgiveness.

⁽²⁾ The City's GOLT Refunding Bonds, Series 2015B were originally issued on 11/18/2015, then amended and restated on 6/29/2016 pursuant to an interest rate mode conversion.

⁽³⁾ Preliminary, subject to change.

⁽⁴⁾ The City is responsible for 6.446% of Series 2007B Brownstown Township sewer utilities issuance.

Table 28 - Overlapping Debt

As of October 16, 2024 (Includes the Bonds described herein)

Overlapping Debt	Gross	Percent	Net
Allen Park School District.....	\$ 82,503,249	100.00%	\$ 82,503,249
Melvindale School District.....	26,555,000	50.48	13,404,964
Southgate School District.....	71,805,000	5.64	4,049,802
Wayne County.....	36,237,155	1.78	645,021
Wayne Intermediate School District.....	0	1.75	0
Wayne Community College.....	0	2.95	0
Total Overlapping Debt.....			\$ 100,603,036
Total City Net Direct & Indirect and Overlapping Debt			\$ 145,526,462*

SOURCE: Municipal Advisory Council of Michigan

*Preliminary, subject to change.

Debt Ratios

Table 29 - Net Direct Debt and Net Direct and Overlapping Debt Ratios*

As of October 16, 2024 (Includes the Bonds described herein)

Per Capita (2020 Census of 28,638)

Net Direct & Indirect Debt	\$1,568.66
Net Direct & Indirect and Overlapping Debt.....	\$5,081.95

Ratio to 2024 Taxable Valuation (\$1,024,206,413) Net Direct & Indirect Debt

Net Direct & Indirect Debt	4.39%
Net Direct & Indirect and Overlapping Debt.....	14.21%

Ratio to 2024 State Equalized Valuation (\$1,459,485,300) Net Direct & Indirect Debt

Net Direct & Indirect Debt	3.08%
Net Direct & Indirect and Overlapping Debt.....	9.97%

Ratio to 2024 Estimated True Cash Value (\$2,918,970,600) Net Direct & Indirect Debt

Net Direct & Indirect Debt	1.54%
Net Direct & Indirect and Overlapping Debt.....	4.99%

*Preliminary, subject to change.

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Legal Debt Margin

The net indebtedness of the City shall not be in excess of 10% of the state equalized valuation of all real and personal property. Obligations which are not included in the computation of legal debt margin according to the statutes incorporating the unit of government are:

- (1) Special Assessment Bonds;
- (2) Mortgage Bonds;
- (3) Michigan Transportation Fund Bonds;
- (4) Revenue Bonds;
- (5) Bonds issued, or contracts or assessment obligations, incurred, to comply with an order of the Water Resources Commission (now the Department of Environmental Quality) or a court of competent jurisdiction;
- (6) Other obligations incurred for water supply, sewage, drainage or refuse disposal projects necessary to protect the public health by abating pollution.

Table 30 - Legal Debt Margin Subject to State Limitation*

As of October 16, 2024 (Includes the Bonds described herein)

2024 State Equalized Valuation - excluding IFT values		\$1,459,485,300
Plus: Equivalent 2024 valuation of Act 198 exemptions		<u>-0-</u>
Total Valuation		\$1,459,485,300
Debt Limit - 10% of State Equalized Valuation		\$145,948,530
Amount of Indirect and Direct Debt Outstanding	\$53,759,141	
Less: Self-Supporting	8,835,715	
Total Subject to Debt Limit		<u>\$44,923,426</u>
Additional Debt Which Could Be Legally Incurred		<u>\$101,025,104</u>

*Preliminary, subject to change.

Debt History

The City has no record of default on its bonded indebtedness.

Future Financing

The City does not currently anticipate incurring debt, through the issuance of bonds or otherwise, to finance capital projects within the next twelve (12) months.

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APPENDIX B

**GENERAL FUND FINANCIAL INFORMATION AND SUMMARY
CITY OF ALLEN PARK, COUNTY OF WAYNE, STATE OF MICHIGAN**

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**APPENDIX B
CITY OF ALLEN PARK
COUNTY OF WAYNE, STATE OF MICHIGAN
GENERAL FUND BUDGET SUMMARY**

	FY 2024 <u>Amended</u> <u>Budget</u>	FY 2025 <u>Adopted</u> <u>Budget</u>
GENERAL FUND REVENUE		
Property Taxes	\$9,457,900	\$10,209,500
State Revenue Sharing	3,515,000	3,600,000
District Court	1,794,630	1,661,300
Intergovernmental Revenue (Grants)	212,500	113,500
Franchise Fees	510,000	475,000
Ambulance Transport Fees	710,000	750,000
Local Community Stabilization Reimbursement	560,000	560,000
Charges for Services, fees and other revenue	967,900	923,400
Reimbursements	6,960,000	7,460,000
Community Center Revenue	420,000	450,000
Interest	60,000	60,000
Miscellaneous	269,100	269,100
Total General Fund Revenue	\$25,437,030	\$26,531,800
EXPENDITURES		
Mayor & Council	\$51,765	\$53,365
District Court	1,900,000	2,146,375
City Clerk	306,990	394,530
Administration	4,369,340	4,827,235
Assessing	159,565	162,470
Finance	398,150	418,305
Treasury	91,230	61,480
City Hall	242,700	243,850
Cable/IT	115,000	115,000
Police	7,006,640	7,503,915
Fire	4,367,200	4,419,495
Public Service	2,175,200	2,161,930
Parks	507,970	534,185
Community Center	759,800	745,965
Retiree/Admin Healthcare	2,985,480	2,743,700
Total Expenditures	\$25,437,030	\$26,531,800
Revenues Over (Under Expenditures)	<u>\$0</u>	<u>\$0</u>
Audited Fund Balance, Beginning ⁽¹⁾	\$5,890,773	\$5,890,733
Net Change in Fund Balance	<u>0</u>	<u>0</u>
Fund Balance, Ending	\$5,890,733	\$5,890,733

SOURCE: The City of Allen Park

(1) Based on FY2023 audited financial statements.

**CITY OF ALLEN PARK
COUNTY OF WAYNE, STATE OF MICHIGAN
COMPARISON OF REVENUES AND EXPENDITURES**

	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>
GENERAL FUND REVENUE			
Property Taxes	\$8,543,492	\$8,553,809	\$8,968,318
Special Assessment (Police & Fire Levy)	5,285,494	5,393,842	5,667,748
Federal Grants	1,263,298	50,187	214,424
State Sources	3,693,217	4,298,527	4,546,803
Charges For Services	3,259,513	3,507,592	3,691,383
Fines and Forfeitures	1,857,896	1,523,726	1,611,975
Licenses and Permits	559,402	547,543	512,548
Interest and Rentals	5,987	20,572	50,586
Other Revenue	<u>335,434</u>	<u>239,643</u>	<u>256,077</u>
Total General Fund Revenue	\$24,803,733	\$24,135,441	\$25,519,862
EXPENDITURES			
Mayor and City Council	\$47,147	\$50,029	\$47,621
Finance	324,334	314,192	327,910
Cable/Information Technology	89,522	102,476	41,367
Treasurer	151,132	138,076	106,085
Assessing	149,069	152,010	142,478
Clerk	283,660	230,224	275,557
Administration	1,611,180	1,378,710	1,609,344
City Hall	205,944	197,676	228,201
Retiree Healthcare	3,173,361	2,528,583	2,322,411
District Court	1,753,441	1,786,400	1,794,010
Police	6,280,023	6,610,401	6,813,034
Fire	4,509,956	4,261,576	4,149,511
Public Service	1,743,809	2,095,706	1,763,213
Parks & Recreation	326,429	370,721	457,434
Community Center	681,655	646,329	721,136
Historical	12,764	0	0
Debt Service	<u>1,551,983</u>	<u>1,534,804</u>	<u>1,742,126</u>
Total Expenditures	\$22,895,409	\$22,397,913	\$22,541,438
Revenues Over (Under Expenditures)	<u>\$1,908,324</u>	<u>\$1,737,528</u>	<u>\$2,978,424</u>
Transfers Out*	(1,517,500)	(1,421,000)	(1,913,000)
Sale of Capital Assets	<u>0</u>	<u>1,000</u>	<u>0</u>
NET CHANGE IN FUND BALANCE	<u>\$390,824</u>	<u>\$317,528</u>	<u>\$1,065,424</u>
Fund Balance, Beginning	\$4,116,957	\$4,507,781	\$4,825,309
Net Change in Fund Balance	<u>390,824</u>	<u>317,528</u>	<u>1,065,424</u>
Fund Balance, Ending	\$4,507,781	\$4,825,309	\$5,890,733

SOURCE: The City of Allen Park Audited Financial Statements

**CITY OF ALLEN PARK
COUNTY OF WAYNE, STATE OF MICHIGAN
COMPARISON OF ASSETS AND LIABILITIES**

	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>
ASSETS			
Cash and Investments	\$3,914,955	\$3,948,742	\$5,095,990
Other Receivables	129,610	122,990	116,355
Due From Other Governments	1,263,256	1,387,601	931,453
Due From Other Funds	0	0	0
Prepaid Expenses and Other Assets	163,689	247	366,684
Restricted Assets	<u>405,091</u>	<u>404,386</u>	<u>502,783</u>
Total Assets	\$5,876,601	\$5,863,966	\$7,013,265
LIABILITIES			
Accounts Payable	\$629,443	\$505,096	\$650,631
Due to Component Units	3,617	1,004	0
Due to Other Funds	58,786	0	0
Accrued Liabilities and Other	644,327	509,704	403,300
Unearned Revenue	<u>32,647</u>	<u>10,302</u>	<u>28,301</u>
Total Liabilities	\$1,368,820	\$1,026,106	\$1,082,232
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenues	\$0	\$12,551	\$40,300
FUND BALANCES			
Nonspendable	\$163,689	\$247	\$366,685
Restricted	405,091	404,386	502,783
Committed	1,166,890	1,040,810	2,000,000
Unassigned	<u>2,772,111</u>	<u>3,379,866</u>	<u>3,021,265</u>
Total Fund Balances	\$4,507,781	\$4,825,309	\$5,890,733
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$5,876,601	\$5,863,966	\$7,013,265

SOURCE: The City of Allen Park Audited Financial Statements

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APPENDIX C

**FINANCIAL REPORT WITH SUPPLEMENTARY INFORMATION JUNE 30, 2023
CITY OF ALLEN PARK, COUNTY OF WAYNE, STATE OF MICHIGAN**

The auditor was not requested to examine or review and therefore has not examined or reviewed any financial documents, statements, or materials that have been or may be furnished in connection with the authorization, issuance or marketing of the Bonds and accordingly, has not conducted any post-audit review procedures and will not express any opinion with respect to the accuracy or completeness of such financial documents, statements or materials.

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City of Allen Park, Michigan

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City of Allen Park, Michigan

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with Supplementary Information
June 30, 2023

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Independent Auditor's Report

To the City Council
 City of Allen Park, Michigan

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 Allen Park, Michigan (the "City") as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of June 30, 2023 and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the City of Allen Park Housing Commission, which represents approximately 19 percent and 11 percent of the assets and revenue, respectively, of the aggregate discretely presented component units. The City of Allen Park Housing Commission's net position is \$1,491,275, compared to a surplus of \$892 in the aggregate discretely presented component units. Those financial statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the aggregate discretely presented component units, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 explained in Note 3, the financial statements include certain investments whose fair values have been estimated by management in the absence of readily determinable market values. These investments comprised approximately 5 percent, or \$5,300,872, of the pension fund's net position at December 31, 2022. Management's estimates are based on information provided by fund managers or the partnership general partners. 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 City Council
 City of Allen Park, 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 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, 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 City Council
City of Allen Park, Michigan

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other 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 other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.



December 8, 2023

City of Allen Park, Michigan

Management's Discussion and Analysis

As management of the City of Allen Park, Michigan (the "City"), we offer readers this narrative overview and analysis of the financial activities for the year ended June 30, 2023.

Financial Highlights

- Property taxes revenue in the General Fund increased by \$688,415 to \$14,636,066.
- The General Fund transferred \$1,913,000 to the Capital Projects Fund to fund the 2022-2023 approved projects in the five-year capital plan.
- Grants for parks, fire, water, and sewer from Wayne County, Michigan; FEMA; and state and federal sources totaled \$9,587,235. Included in that amount is federal American Rescue Plan Act funds for capital items in the amount of \$2.8 million.
- The General Fund was again able to contribute \$500,000 to the Retiree Healthcare Fund. This conforms to the State of Michigan plan per P.A. 202.
- The City's total net position increased by \$12,996,713.
- The City issued 2022 Michigan Transportation Fund Bonds for \$9,575,000 to reconstruct Rosedale Boulevard from Champaign Road to Southfield Road and Reeck Road from Goddard Road to Wick Road. Additionally, the City issued 2022 Capital Improvement Bonds for \$2,535,000 to replace the Reeck Road water main from Goddard Road to Wick Road.
- The Police Department was awarded a \$213,075 grant (with no local match) from the U.S. Department of Justice - Office of Community Oriented Policing Services (COPS Office) that is part of the Supporting Law Enforcement Agencies in Seeking Accreditation - Community Policing Development Solicitation program. The grant will fund the Police Department's accreditation process through the Michigan Law Enforcement Accreditation Program (MLEAC) and cover expenses that include application fees, training and conferences, accreditation manager's salary, overtime for sworn officers involved in the process, and supplies and equipment needed to implement the accreditation process.

Overview of the Financial Statements

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

Government-wide Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private sector business. The statement of net position presents financial information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenue and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., the cost of pension and other postemployment benefits).

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

City of Allen Park, Michigan

Management's Discussion and Analysis (Continued)

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

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

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the City's funds can be divided into the following three categories:

- Governmental funds - The majority of the City's basic services, including the governmental funds, not only focus on how cash and other financial assets can readily be converted to cash flows in and out but also the year-end balances that are available to finance future city programs. Because this information does not include the additional long-term focus of the government-wide statements, reconciliation statements are provided to explain the difference between the two methods of reporting.
- Proprietary funds - The City reports the water and sewer activity.
- Fiduciary funds - These funds are used to account for resources held for the benefit of parties outside the government. The City is responsible for ensuring the assets reported in these funds are used for their intended purpose. Fiduciary activities are excluded from the City's government-wide statements because these assets are not available to finance city operations.

Government-wide Overall Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the City's governmental activities, liabilities and deferred inflows exceeded assets and deferred outflows by \$9,373,744 at year end. This deficit is primarily related to the City's unfunded pension and OPEB liabilities. The City continues to fund these obligations, and the overall deficit was reduced by \$8,744,197 in the current year.

In the case of the City's business-type activities, assets and deferred outflows exceeded liabilities and deferred inflows by \$52,790,877 at year end, which is an increase of \$4,252,516 from the prior year. Overall operations remained stable, and the City continues to monitor user rates to ensure they are adequate to cover operations and capital improvements.

City of Allen Park, Michigan

Management's Discussion and Analysis (Continued)

The City's Net Position

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets						
Current and other assets:						
Cash and investments	\$ 14,126,838	\$ 12,252,440	\$ 3,179,998	\$ 1,919,816	\$ 17,306,836	\$ 14,172,256
Receivables	1,850,314	2,137,999	4,331,279	3,992,083	6,181,593	6,130,082
Other assets	8,789,585	404,633	3,710,277	1,431,628	12,499,862	1,835,261
Capital assets	48,611,591	43,504,549	67,308,920	67,128,641	115,920,511	110,633,190
Total assets	73,378,328	58,299,621	78,530,474	74,472,168	151,908,802	132,771,789
Deferred Outflows of Resources	9,142,033	2,878,309	560,042	222,778	9,702,075	3,101,087
Liabilities						
Current liabilities	3,920,253	4,852,486	1,871,564	1,281,977	5,791,817	6,134,463
Noncurrent liabilities	86,001,396	62,530,744	24,223,539	23,885,893	110,224,935	86,416,637
Total liabilities	89,921,649	67,383,230	26,095,103	25,167,870	116,016,752	92,551,100
Deferred Inflows of Resources	1,972,456	11,912,641	204,536	988,715	2,176,992	12,901,356
Net Position (Deficit)						
Net investment in capital assets	41,161,050	38,062,611	51,852,038	49,733,487	93,013,088	87,796,098
Restricted	4,979,500	4,322,668	-	-	4,979,500	4,322,668
Unrestricted	(55,514,294)	(60,503,220)	938,839	(1,195,126)	(54,575,455)	(61,698,346)
Total net position (deficit)	\$ (9,373,744)	\$ (18,117,941)	\$ 52,790,877	\$ 48,538,361	\$ 43,417,133	\$ 30,420,420

The City's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenue						
Program revenue:						
Charges for services	\$ 5,138,085	\$ 4,308,305	\$ 13,364,186	\$ 11,576,196	\$ 18,502,271	\$ 15,884,501
Operating grants	5,216,455	4,200,225	13,099	239,351	5,229,554	4,439,576
Capital grants	-	58,827	-	-	-	58,827
General revenue:						
Property taxes	19,369,639	18,480,007	924,044	985,844	20,293,883	19,465,851
Intergovernmental	4,891,284	4,620,401	-	-	4,891,284	4,620,401
Investment earnings	56,383	22,884	22,836	9,602	79,219	32,486
Other revenue	754,382	1,395,385	7,105	-	761,487	1,395,385
Total revenue	35,426,428	33,086,034	14,331,270	12,810,993	49,757,698	45,897,027
Expenses						
General government	4,807,781	4,157,915	-	-	4,807,781	4,157,915
District court	1,935,985	1,982,033	-	-	1,935,985	1,982,033
Public safety	9,983,807	5,688,867	-	-	9,983,807	5,688,867
Public works	5,903,353	5,562,132	-	-	5,903,353	5,562,132
Recreation and culture	2,878,316	2,255,718	-	-	2,878,316	2,255,718
Debt service	1,172,989	988,653	-	-	1,172,989	988,653
Water and Sewer Fund	-	-	10,078,754	11,889,570	10,078,754	11,889,570
Total expenses	26,682,231	20,635,318	10,078,754	11,889,570	36,760,985	32,524,888
Change in Net Position	8,744,197	12,450,716	4,252,516	921,423	12,996,713	13,372,139
Net Position (Deficit) - Beginning of year	(18,117,941)	(30,568,657)	48,538,361	47,616,938	30,420,420	17,048,281
Net Position (Deficit) - End of year	\$ (9,373,744)	\$ (18,117,941)	\$ 52,790,877	\$ 48,538,361	\$ 43,417,133	\$ 30,420,420

City of Allen Park, Michigan

Management's Discussion and Analysis (Continued)

General Fund Budgetary Highlights

The Allen Park Fire Department was part of the five department Downriver Fire group led by the Southgate Fire Department that received a \$419,318 grant from the Assistance to Firefighters Grant (AFG) Program for new turn-out gear for every firefighter. The Fire Department's share of the grant is \$88,000, with a 10 percent match required.

The City has used a portion of the funds received from the American Rescue Plan Act (ARPA) to purchase vehicles, ADA compliant bleachers for the Ice Arena, updated the City's website, smoke tested a portion of the City's sanitary sewer system, and installed a new sign for the City Hall and Police Department

Capital Assets and Debt Administration

The City continues to investment in capital assets for its governmental and business-type activities, and, as of June 30, 2023, total capital assets were \$115,920,511 (net of accumulated depreciation).

The City's total indebtedness as of June 30, 2023 was \$51,948,572. During the current year, the City issued \$12,110,000 of new bonds for capital improvements and paid \$3,283,094 in principal payments.

Economic Factors and Next Year's Budgets and Rates

The major sources of revenue for the City are property taxes and state-shared revenue. While the City's taxable property values have remained relatively flat over the last several years and remain below the peak taxable value realized in 2007, the City has a budgeted tax revenue increase for 2023/2024 of around 4.8 percent due to inflationary pressure. Public safety remains the highest city expenditure, followed by retiree benefits in the coming budget.

The water and sewer rates will increase beginning on July 1, 2023 by \$0.69/cu. ft. to \$10.66. The ready to serve charge will remain the same. The utility rates support the maintenance, operations, and capital improvements to the city lines, basin, and treatment. Rates are regularly reviewed by an outside company.

Requests for Further Information

This financial report is intended to provide citizens, taxpayers, customers, and investors with a general overview of the City's finances and to show the City's accountability for the money it receives. The entire budget is available for review on the city website (www.cityoffallenpark.org). For additional questions about this report or additional information, requests should be directed to the city administrator at (313) 928-1883 or mailed to 15915 Southfield Road, Allen Park, MI 48101.

City of Allen Park, Michigan

Statement of Net Position

June 30, 2023

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and investments	\$ 14,126,838	\$ 3,179,998	\$ 17,306,836	\$ 3,891,337
Receivables:				
Customer receivables	-	4,171,374	4,171,374	2,205
Other receivables	268,315	-	268,315	-
Due from other governments	1,581,999	159,905	1,741,904	-
Inventory	-	89,421	89,421	-
Prepaid expenses and other assets	367,280	120	367,400	1,911
Restricted assets (Note 4)	8,422,305	3,620,736	12,043,041	-
Capital assets: (Note 5)				
Assets not subject to depreciation	1,449,322	948,077	2,397,399	152,343
Assets subject to depreciation - Net	47,162,269	66,360,843	113,523,112	4,117,267
Total assets	73,378,328	78,530,474	151,908,802	8,165,063
Deferred Outflows of Resources				
Deferred charges on bond refunding (Note 7)	50,985	-	50,985	19,861
Deferred pension costs (Note 11)	8,948,005	544,984	9,492,989	-
Deferred OPEB costs (Note 12)	143,043	15,058	158,101	-
Total deferred outflows of resources	9,142,033	560,042	9,702,075	19,861
Liabilities				
Accounts payable	994,425	1,189,423	2,183,848	59,273
Refundable deposits, bonds, etc.	65,749	-	65,749	20,004
Accrued liabilities and other	653,206	682,141	1,335,347	63,449
Unearned revenue	2,206,873	-	2,206,873	-
Noncurrent liabilities:				
Due within one year:				
Payable from restricted assets	1,365,576	-	1,365,576	-
Compensated absences (Note 7)	171,344	10,166	181,510	2,539
Current portion of bonds payable (Note 7)	1,755,000	2,215,990	3,970,990	1,015,000
Due in more than one year:				
Compensated absences (Note 7)	1,542,100	19,051	1,561,151	14,389
Bonds payable - Net of current portion (Note 7)	31,115,954	16,861,628	47,977,582	7,009,378
Other noncurrent liabilities	-	875,000	875,000	-
Net pension liability (Note 11)	23,152,273	1,410,103	24,562,376	-
Net OPEB liability (Note 12)	26,899,149	2,831,601	29,730,750	-
Total liabilities	89,921,649	26,095,103	116,016,752	8,184,032
Deferred Inflows of Resources				
Deferred pension cost reductions (Note 11)	69,839	4,254	74,093	-
Deferred OPEB cost reductions (Note 12)	1,902,617	200,282	2,102,899	-
Total deferred inflows of resources	1,972,456	204,536	2,176,992	-
Net Position (Deficit)				
Net investment in capital assets	41,161,050	51,852,038	93,013,088	3,549,759
Restricted:				
Streets and highways	1,508,387	-	1,508,387	-
Debt service	879,136	-	879,136	-
Police and fire operations	150,919	-	150,919	-
Rubbish	445,127	-	445,127	-
Library	295,060	-	295,060	-
Building	1,700,871	-	1,700,871	-
Unrestricted	(55,514,294)	938,839	(54,575,455)	(3,548,867)
Total net position (deficit)	\$ (9,373,744)	\$ 52,790,877	\$ 43,417,133	\$ 892

City of Allen Park, Michigan

Statement of Activities

Year Ended June 30, 2023

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 4,807,781	\$ 1,494,623	\$ 857,631	\$ -	\$ (2,455,527)	\$ -	\$ (2,455,527)	\$ -
District court	1,935,985	1,611,975	203,245	-	(120,765)	-	(120,765)	-
Public safety	9,983,807	1,589,823	503,992	-	(7,889,992)	-	(7,889,992)	-
Public works	5,903,353	11,763	3,651,587	-	(2,240,003)	-	(2,240,003)	-
Recreation and culture	2,878,316	429,901	-	-	(2,448,415)	-	(2,448,415)	-
Interest on long-term debt	1,172,989	-	-	-	(1,172,989)	-	(1,172,989)	-
Total governmental activities	26,682,231	5,138,085	5,216,455	-	(16,327,691)	-	(16,327,691)	-
Business-type activities - Water and Sewer Fund	10,078,754	13,364,186	13,099	-	-	3,298,531	3,298,531	-
Total primary government	\$ 36,760,985	\$ 18,502,271	\$ 5,229,554	\$ -	(16,327,691)	3,298,531	(13,029,160)	-
Component units:								
Brownfield Redevelopment Authority	\$ 2,050,415	\$ -	\$ -	\$ -	-	-	-	(2,050,415)
Downtown Development Authority	909,314	750	-	-	-	-	-	(908,564)
Housing Commission	567,434	282,998	135,245	41,000	-	-	-	(108,191)
Total component units	\$ 3,527,163	\$ 283,748	\$ 135,245	\$ 41,000	-	-	-	(3,067,170)
General revenue:								
Taxes					19,369,839	924,044	20,293,883	3,514,327
Unrestricted state-shared revenue					4,891,284	-	4,891,284	471,608
Unrestricted investment income					56,383	22,836	79,219	58,990
Cable franchise fees					480,778	-	480,778	-
Gain on sale of capital assets					26,525	7,105	33,630	28,126
Other miscellaneous income					247,079	-	247,079	78,730
Total general revenue					25,071,888	953,985	26,025,873	4,151,781
Change in Net Position					8,744,197	4,252,516	12,996,713	1,084,611
Net Position (Deficit) - Beginning of year					(18,117,941)	48,538,361	30,420,420	(1,083,719)
Net Position (Deficit) - End of year					\$ (9,373,744)	\$ 52,790,877	\$ 43,417,133	\$ 892

City of Allen Park, Michigan

Governmental Funds
Balance Sheet

June 30, 2023

	General Fund	Major Highway Fund	Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
Assets					
Cash and investments	\$ 5,095,990	\$ 662,718	\$ 4,531,199	\$ 3,836,931	\$ 14,126,838
Receivables:					
Other receivables	116,355	-	-	151,960	268,315
Due from other governments	931,453	440,380	-	210,166	1,581,999
Prepaid expenses and other assets	366,684	-	-	596	367,280
Restricted assets	502,783	7,919,522	-	-	8,422,305
Total assets	\$ 7,013,265	\$ 9,022,620	\$ 4,531,199	\$ 4,199,653	\$ 24,766,737
Liabilities					
Accounts payable	\$ 650,631	\$ -	\$ 77,528	\$ 266,266	\$ 994,425
Refundable deposits, bonds, etc.	-	-	-	65,749	65,749
Accrued liabilities and other	403,300	-	-	11,768	415,068
Unearned revenue	28,301	-	2,124,898	53,674	2,206,873
Payable from restricted assets	-	1,365,576	-	-	1,365,576
Total liabilities	1,082,232	1,365,576	2,202,426	397,457	5,047,691
Deferred Inflows of Resources -					
Unavailable revenue	40,300	-	-	183,603	223,903
Total liabilities and deferred inflows of resources	1,122,532	1,365,576	2,202,426	581,060	5,271,594
Fund Balances					
Nonspendable	366,685	-	-	-	366,685
Restricted:					
Roads	-	7,657,044	-	405,289	8,062,333
Police	-	-	-	150,919	150,919
Debt service	502,783	-	-	376,353	879,136
Building	-	-	-	1,700,871	1,700,871
Library	-	-	-	258,538	258,538
Rubbish	-	-	-	445,127	445,127
Opioid settlement	-	-	-	41,987	41,987
Committed	-	-	-	239,509	239,509
Assigned - Capital projects	2,000,000	-	2,328,773	-	4,328,773
Unassigned	3,021,265	-	-	-	3,021,265
Total fund balances	5,890,733	7,657,044	2,328,773	3,618,593	19,495,143
Total liabilities, deferred inflows of resources, and fund balances	\$ 7,013,265	\$ 9,022,620	\$ 4,531,199	\$ 4,199,653	\$ 24,766,737

See notes to financial statements.

11

City of Allen Park, Michigan

Governmental Funds
Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2023

Fund Balances Reported in Governmental Funds	\$ 19,495,143
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets (including right-of-use assets) are not financial resources and are not reported in the funds:	
Cost of capital assets (including right-of-use assets)	198,468,448
Accumulated depreciation	<u>(149,856,857)</u>
Net capital assets (including right-of-use assets) used in governmental activities	48,611,591
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	223,903
Bonds payable and lease liabilities are not due and payable in the current period and are not reported in the funds	(32,819,969)
Accrued interest is not due and payable in the current period and is not reported in the funds	(238,138)
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	(1,713,444)
Pension benefits	(14,274,107)
Retiree health care benefits	<u>(28,658,723)</u>
Net Position (Deficit) of Governmental Activities	\$ <u>(9,373,744)</u>

See notes to financial statements.

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City of Allen Park, Michigan

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

Year Ended June 30, 2023

	General Fund	Major Highway Fund	Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
Revenue					
Taxes	\$ 14,636,066	\$ -	\$ -	\$ 4,733,773	\$ 19,369,839
Intergovernmental:					
Federal grants	214,424	-	706,192	40,000	960,616
State sources	4,546,803	2,596,393	-	1,666,446	8,809,642
Charges for services	3,691,383	-	-	1,508,504	5,199,887
Fines and forfeitures	1,611,975	-	-	26,536	1,638,511
Licenses and permits	512,548	-	-	-	512,548
Interest and rentals	50,586	-	-	5,797	56,383
Other revenue	256,077	-	-	52,272	308,349
Total revenue	25,519,862	2,596,393	706,192	8,033,328	36,855,775
Expenditures					
Current services:					
General government	5,100,974	-	-	726,677	5,827,651
District court	1,794,010	-	-	141,975	1,935,985
Public safety	10,962,545	-	-	14,914	10,977,459
Public works	1,763,213	5,406,712	-	4,785,804	11,955,729
Recreation and culture	1,178,570	-	-	913,951	2,092,521
Capital outlay	-	-	1,431,213	-	1,431,213
Debt service:					
Principal	890,000	485,000	-	250,000	1,625,000
Interest and fiscal charges	852,126	171,073	-	137,250	1,160,449
Total expenditures	22,541,438	6,062,785	1,431,213	6,970,571	37,006,007
Excess of Revenue Over (Under) Expenditures	2,978,424	(3,466,392)	(725,021)	1,062,757	(150,232)
Other Financing Sources (Uses)					
Transfers in	-	-	1,913,000	-	1,913,000
Transfers out	(1,913,000)	-	-	-	(1,913,000)
New debt issued	-	9,575,000	-	-	9,575,000
Sale of capital assets	-	-	-	26,525	26,525
Total other financing (uses) sources	(1,913,000)	9,575,000	1,913,000	26,525	9,601,525
Net Change in Fund Balances	1,065,424	6,108,608	1,187,979	1,089,282	9,451,293
Fund Balances - Beginning of year	4,825,309	1,548,436	1,140,794	2,529,311	10,043,850
Fund Balances - End of year	<u>\$ 5,890,733</u>	<u>\$ 7,657,044</u>	<u>\$ 2,328,773</u>	<u>\$ 3,618,593</u>	<u>\$ 19,495,143</u>

See notes to financial statements.

City of Allen Park, Michigan

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

Year Ended June 30, 2023

Net Change in Fund Balances Reported in Governmental Funds	\$ 9,451,293
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capital outlay	7,631,274
Depreciation expense	(2,527,665)
Net book value of assets disposed of	3,433
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	124,566
Issuing debt provides current financial resources to governmental funds but increases long-term liabilities in the statement of net position	(9,575,000)
Repayment of bond principal is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt)	1,649,997
Interest expense is recognized in the government-wide statements as it accrues	(37,537)
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	2,023,836
Change in Net Position of Governmental Activities	<u><u>\$ 8,744,197</u></u>

See notes to financial statements.

City of Allen Park, Michigan

Proprietary Fund
Statement of Net Position

June 30, 2023

	Water and Sewer Fund
Assets	
Current assets:	
Cash and investments	\$ 3,179,998
Receivables:	
Customer receivables	4,171,374
Due from other governments	159,905
Inventory	89,421
Prepaid expenses and other assets	120
Total current assets	<u>7,600,818</u>
Noncurrent assets:	
Restricted assets (Note 4)	3,620,736
Capital assets: (Note 5)	
Assets not subject to depreciation	948,077
Assets subject to depreciation - Net	66,360,843
Total noncurrent assets	<u>70,929,656</u>
Total assets	78,530,474
Deferred Outflows of Resources	
Deferred pension costs	544,984
Deferred OPEB costs	15,058
Total deferred outflows of resources	<u>560,042</u>
Liabilities	
Current liabilities:	
Accounts payable	1,189,423
Accrued liabilities and other	682,141
Compensated absences (Note 7)	10,166
Current portion of bonds payable (Note 7)	2,215,990
Total current liabilities	<u>4,097,720</u>
Noncurrent liabilities:	
Compensated absences (Note 7)	19,051
Net pension liability (Note 11)	1,410,103
Net OPEB liability (Note 12)	2,831,601
Bonds payable - Net of current portion (Note 7)	16,861,628
Other noncurrent liabilities	875,000
Total noncurrent liabilities	<u>21,997,383</u>
Total liabilities	26,095,103
Deferred Inflows of Resources	
Deferred pension cost reductions	4,254
Deferred OPEB cost reductions	200,282
Total deferred inflows of resources	<u>204,536</u>
Net Position	
Net investment in capital assets	51,852,038
Unrestricted	938,839
Total net position	<u><u>\$ 52,790,877</u></u>

See notes to financial statements.

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City of Allen Park, Michigan

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

Year Ended June 30, 2023

	Water and Sewer Fund
Operating Revenue	
Sale of water	\$ 6,335,538
Sewage disposal charges	6,521,470
Other sales to customers	28,600
Interest and penalty charges	478,578
Total operating revenue	<u>13,364,186</u>
Operating Expenses	
Cost of water	2,554,869
Cost of sewage treatment	2,357,198
Other operating and maintenance costs	1,103,444
Billing and administrative costs	1,118,646
Depreciation	2,361,106
Total operating expenses	<u>9,495,263</u>
Operating Income	
	3,868,923
Nonoperating Revenue (Expense)	
Property tax revenue	924,044
Investment income	22,836
Interest expense	(583,491)
Gain (loss) on sale of assets	7,105
Operating grants	13,099
Total nonoperating revenue	<u>383,593</u>
Change in Net Position	
	4,252,516
Net Position - Beginning of year	
	<u>48,538,361</u>
Net Position - End of year	
	<u><u>\$ 52,790,877</u></u>

See notes to financial statements.

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City of Allen Park, Michigan

**Proprietary Fund
Statement of Cash Flows**

Year Ended June 30, 2023

	Water and Sewer Fund
Cash Flows from Operating Activities	
Receipts from customers	\$ 12,684,895
Payments to suppliers	(6,139,038)
Payments to employees and fringes	<u>(1,439,388)</u>
Net cash provided by operating activities	5,106,469
Cash Flows from Noncapital Financing Activities - Grant receipts	13,099
Cash Flows from Capital and Related Financing Activities	
Issuance of bonds	2,535,000
Proceeds from sale of capital assets	7,105
Property taxes restricted for debt service	924,044
Purchase of capital assets	(2,537,660)
Principal and interest paid on capital debt	<u>(2,481,808)</u>
Net cash used in capital and related financing activities	(1,553,319)
Cash Flows Provided by Investing Activities - Interest received on investments	<u>22,836</u>
Net Increase in Cash	3,589,085
Cash - Beginning of year	<u>2,420,119</u>
Cash - End of year	<u>\$ 6,009,204</u>
Classification of Cash	
Cash and investments	\$ 3,179,998
Restricted cash	<u>2,829,206</u>
Total cash	<u>\$ 6,009,204</u>
Reconciliation of Operating Income to Net Cash from Operating Activities	
Operating income	\$ 3,868,923
Adjustments to reconcile operating income to net cash from operating activities:	
Depreciation	2,361,106
Changes in assets and liabilities:	
Receivables	(679,291)
Inventories	20,580
Prepaid and other assets	25,949
Accounts payable	49,291
Net pension or OPEB liability	575,740
Deferrals related to pension or OPEB	(1,121,443)
Accrued and other liabilities	<u>5,614</u>
Total adjustments	<u>1,237,546</u>
Net cash provided by operating activities	<u>\$ 5,106,469</u>

Noncash Capital and Related Financing Activities - During the current year, there was a decrease in the City's debt of \$251,303 related to the calculation of the City's allocation of the Downriver Utility Wastewater System debt using the City's sewage flow compared to the total sewage flow of the system.

See notes to financial statements.

City of Allen Park, Michigan

**Fiduciary Funds
Statement of Fiduciary Net Position**

June 30, 2023

	Pension and Other Employee Benefit Funds	Custodial Fund - Tax Collection Fund	Total Fiduciary Funds
Assets			
Cash and cash equivalents	\$ 2,259,602	\$ 1,246	\$ 2,260,848
Investments:			
Treasury bonds	5,796,640	-	5,796,640
Agency securities	2,561,115	-	2,561,115
Mutual funds - Fixed income	5,278,384	-	5,278,384
Mortgage securities	47,940	-	47,940
Stocks	11,026,103	-	11,026,103
Corporate bonds	6,396,414	-	6,396,414
Other fixed income	2,494,667	-	2,494,667
ETF - Equity	25,563,722	-	25,563,722
Mutual funds - Equity	30,244,287	-	30,244,287
Private equity funds	5,300,872	-	5,300,872
Receivables - Accrued interest	<u>134,509</u>	<u>-</u>	<u>134,509</u>
Total assets	97,104,255	1,246	97,105,501
Liabilities - Due to other governmental units	<u>-</u>	<u>1,246</u>	<u>1,246</u>
Total liabilities	<u>-</u>	<u>1,246</u>	<u>1,246</u>
Net Position			
Restricted:			
Pension	91,933,692	-	91,933,692
Postemployment benefits other than pension	<u>5,170,563</u>	<u>-</u>	<u>5,170,563</u>
Total net position	<u>\$ 97,104,255</u>	<u>\$ -</u>	<u>\$ 97,104,255</u>

See notes to financial statements.

City of Allen Park, Michigan

Fiduciary Funds
Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2023

	Pension and Other Employee Benefit Funds	Custodial Fund - Tax Collection Fund	Total Fiduciary Funds
Additions			
Investment income (loss):			
Interest and dividends	\$ 2,792,667	\$ -	\$ 2,792,667
Change in fair value of investments (realized and unrealized)	(19,025,658)	-	(19,025,658)
Investment costs	(270,595)	-	(270,595)
Net investment loss	(16,503,586)	-	(16,503,586)
Contributions:			
Employer contributions	5,374,542	-	5,374,542
Employee contributions	438,975	-	438,975
Total contributions	5,813,517	-	5,813,517
Property tax collections	-	29,843,081	29,843,081
Total additions	(10,690,069)	29,843,081	19,153,012
Deductions			
Benefit payments	10,324,514	-	10,324,514
Property tax disbursements	-	29,843,081	29,843,081
Total deductions	10,324,514	29,843,081	40,167,595
Net Decrease in Fiduciary Net Position	(21,014,583)	-	(21,014,583)
Net Position - Beginning of year	118,118,838	-	118,118,838
Net Position - End of year	<u>\$ 97,104,255</u>	<u>\$ -</u>	<u>\$ 97,104,255</u>

See notes to financial statements.

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City of Allen Park, Michigan

Component Units
Statement of Net Position

June 30, 2023

	Brownfield Redevelopment Authority	Downtown Development Authority	Housing Commission - December 31, 2022	Total
Assets				
Cash and investments	\$ 604,613	\$ 3,152,372	\$ 134,352	\$ 3,891,337
Receivables	-	-	2,205	2,205
Prepaid expenses and other assets	-	5	1,906	1,911
Capital assets:				
Assets not subject to depreciation	-	84,293	68,050	152,343
Assets subject to depreciation - Net	-	2,744,529	1,372,738	4,117,267
Total assets	604,613	5,981,199	1,579,251	8,165,063
Deferred Outflows of Resources - Deferred charges on bond refunding	14,712	5,149	-	19,861
Liabilities				
Accounts payable	-	22,164	37,109	59,273
Refundable deposits, bonds, etc.	-	-	20,004	20,004
Accrued liabilities and other	44,159	5,355	13,935	63,449
Noncurrent liabilities:				
Due within one year:				
Compensated absences	-	-	2,539	2,539
Current portion of bonds payable	645,000	370,000	-	1,015,000
Due in more than one year:				
Compensated absences	-	-	14,389	14,389
Bonds payable - Net of current portion	6,654,378	355,000	-	7,009,378
Total liabilities	7,343,537	752,519	87,976	8,184,032
Net Position (Deficit)				
Net investment in capital assets	-	2,108,971	1,440,788	3,549,759
Unrestricted	(6,724,212)	3,124,858	50,487	(3,548,867)
Total net position (deficit)	<u>\$ (6,724,212)</u>	<u>\$ 5,233,829</u>	<u>\$ 1,491,275</u>	<u>\$ 892</u>

See notes to financial statements.

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City of Allen Park, Michigan

**Component Units
Statement of Activities**

Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Brownfield Redevelopment Authority	\$ 2,050,415	\$ -	\$ -	\$ -
Downtown Development Authority	909,314	750	-	-
Housing Commission	567,434	282,998	135,245	41,000
Total component units	\$ 3,527,163	\$ 283,748	\$ 135,245	\$ 41,000

Net (Expense) Revenue and Changes in Net Position			
Brownfield Redevelopment Authority	Downtown Development Authority	Housing Commission	Total
\$ (2,050,415)	\$ -	\$ -	\$ (2,050,415)
-	(908,564)	-	(908,564)
-	-	(108,191)	(108,191)
(2,050,415)	(908,564)	(108,191)	(3,067,170)
2,424,892	1,089,435	-	3,514,327
-	471,608	-	471,608
40,649	18,329	12	58,990
-	-	28,126	28,126
-	62,517	16,213	78,730
2,465,541	1,641,889	44,351	4,151,781
415,126	733,325	(63,840)	1,084,611
(7,139,338)	4,500,504	1,555,115	(1,083,719)
\$ (6,724,212)	\$ 5,233,829	\$ 1,491,275	\$ 892

General revenue:

Taxes	2,424,892
Unrestricted state-shared revenue	-
Unrestricted investment income	40,649
Gain on sale of capital assets	-
Other miscellaneous income	-

Total general revenue

Change in Net Position

Net Position (Deficit) - Beginning of year

Net Position (Deficit) - End of year

Note 1 - Significant Accounting Policies

Accounting and Reporting Principles

The City of Allen Park, Michigan (the "City") follows accounting principles generally accepted in the United States of America (GAAP), as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board. The following is a summary of the significant accounting policies used by the City:

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.

Blended Component Unit

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

Discretely Presented Component Units

Downtown Development Authority

The Downtown Development Authority (the "Authority") was created to correct and prevent deterioration in the downtown district, encourage historical preservation, and promote economic growth within the downtown district. The Authority's governing body, which consists of 11 individuals, is appointed by the mayor and confirmed by the City Council. In addition, the Authority's budget is subject to approval by the City Council.

Brownfield Redevelopment Authority

The Brownfield Redevelopment Authority (the "Brownfield") was created to facilitate the long-term redevelopment and remediation of environmentally contaminated sites within the City. The Brownfield Redevelopment Authority's governing body consists of a seven-member board that is appointed by the mayor and confirmed by the City Council. The City can significantly influence the operations of the brownfield board since the City Council approves the Brownfield Redevelopment Authority's budget.

Housing Commission

The Housing Commission (the "Commission") was created in the state of Michigan under the provisions of Public Act 18 of the Extra Session of 1933, as amended (MCL 125.651 through 125.709e). A five-member board appointed by the mayor and confirmed by the City Council administers the Housing Commission. The Housing Commission makes annual payments in lieu of taxes to the City; therefore, a financial benefit exists for the City. Complete financial reports can be obtained at the administrative offices at 17000 Champaign Road, Allen Park, MI 48101.

Fiduciary Component Units

The Employees Retirement System is governed by a seven-member pension board that includes the finance director, a retiree appointed by the board and approved by the City Council, two citizens appointed by the mayor and approved by the City Council, a police officer and firefighter member appointed from the respective unions, and a general member elected by the general members. Although it is legally separate from the City, it is reported as a fiduciary component unit because the City appoints a voting majority to the pension board and the plan imposes a financial burden on the City. The Employees Retirement System's fiscal year end is December 31, 2022.

Note 1 - Significant Accounting Policies (Continued)

The City of Allen Park Retiree Healthcare Plan (the "Plan") is governed by the City Council. Although it is legally separate from the City, it is reported as a fiduciary component unit because the Plan is governed by the City Council and the Plan imposes a financial burden on the City.

Jointly Governed Organization

The City is a member of the 24th District Court, which provides judicial services to the City of Allen Park, Michigan and the City of Melvindale, Michigan. The City provides two-thirds of the funding for the 24th District Court.

The participating communities provide annual funding for the 24th District Court's operations and receive a portion of fines and fees collected. During the current year, the City contributed \$9,373,744 for the 24th District Court's operations and received approximately \$1,612,000 in fines and forfeitures. The City is unaware of any circumstances that would cause an additional benefit or burden to the participating governments. Complete financial statements for the 24th District Court can be obtained from its administrative offices at 6515 Roosevelt Road, Allen Park, Michigan.

Report Presentation

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

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

For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges between the City's water and sewer function and various other functions of the City. Eliminations of these charges would distort the direct costs and program revenue reported for the various functions concerned.

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

Note 1 - Significant Accounting Policies (Continued)

Fund Accounting

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

Governmental Funds

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

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.
- The Major Highway Fund accounts for repairs and maintenance of the major roads in the City, which is financed primarily through restricted state-shared revenue.
- The Capital Projects Fund accounts for certain capital expenditures of the City's various capital projects and is funded primarily through transfers from other funds of the City.

Proprietary Funds

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

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

Fiduciary Funds

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

- The Pension Trust Fund accumulates resources for pension benefit payments to retirees.
- The Retiree Healthcare Fund accumulates resources for future retiree health care payments to retirees.
- The Custodial Fund collects taxes on behalf of all the taxing authorities (state, county, school district, township, and the various smaller authorities) and remits the taxes to each authority.

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 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.

Note 1 - Significant Accounting Policies (Continued)

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

Basis of Accounting

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

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

Revenue is not recognized until it is collected or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the City considers amounts collected within 60 days of year end to be available for recognition. The following major revenue sources meet the availability criterion: state-shared revenue, state gas and weight tax revenue, district court fines, and interest associated with the current fiscal period.

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

Specific Balances and Transactions

Cash and Cash Equivalents

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

Investments

Investments are reported at fair value or estimated fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sale price at current exchange rates.

Inventories and Prepaid Items

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

Note 1 - Significant Accounting Policies (Continued)

Restricted Assets

The City has pledged, as security for certain bonds issued by the City, a portion of the City's state-shared revenue to pay debt service for certain bonds. The cash is held by a trustee and has been reported as restricted cash in the governmental activities. The City also has restricted assets related to unspent bond proceeds. The restricted assets in the business-type activities result from the establishment of debt reserves and unspent bond proceeds related to the Downriver Utility Wastewater Authority and Downriver Sewage Disposal System bonds.

Capital Assets

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

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

	Depreciable Life - Years
Roads and sidewalks	40
Water and sewer lines	40-60
Buildings	40
Buildings and improvements	20-30
Machinery and equipment	5-20
Vehicles	5-10

Long-term Obligations

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

Deferred Outflows/Inflows of Resources

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

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

Note 1 - Significant Accounting Policies (Continued)

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

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

Net Position

Net position of the City is classified in three components. Net investment in capital assets - net of related debt consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. Restricted net position is further classified as expendable and nonexpendable. Expendable restricted net position has been limited for use by donors and as held in trust for debt service and self-insured professional liability. Nonexpendable restricted net position has been restricted by donors to be maintained in perpetuity. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

Net Position Flow Assumption

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

Fund Balance Flow Assumptions

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

Fund Balance Policies

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

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

Note 1 - Significant Accounting Policies (Continued)

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

Effective July 1, 2014, the City approved a fund balance reserve policy. The City desires to maintain a prudent level of financial resources to maintain the City's ability to meet obligations as they come due throughout the year. The fund balance policy prescribes a fund balance reserve of 15-20 percent of the General Fund annual operating expenditures.

Property Tax Revenue

Property taxes are levied on each July 1 and December 1 and become an enforceable lien at that time; the tax is based on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed.

The City's 2022 property tax revenue was levied and collectible on July 1, 2022 and is recognized as revenue in the year ended June 30, 2023 when the proceeds of the levy are budgeted and available for the financing of operations.

The 2022 taxable valuation of the City totaled \$878 million (a portion of which is abated and a portion of which is captured by the Brownfield and the Authority). Taxes were levied as follows:

Purpose	Millage Rate	Revenue
General operating	10.4061	\$ 8,278,000
Police special voted	6.7500	5,668,000
Rubbish	2.4901	1,978,000
Library	0.8300	699,000
Debt - Community center	0.4406	386,000
Debt - Sewer	0.8885	779,000
Roads	1.905	1,669,000
Total		<u>\$ 19,457,000</u>

Pension

The City offers a defined benefit pension plan to eligible employees. The City records a net pension liability for the difference between the total pension liability calculated by the actuary and the pension plan's fiduciary net position. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Employees Retirement System 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)

Other Postemployment Benefit Costs

The City offers retiree health care benefits to retirees. The City records a net OPEB liability for the difference between the total OPEB liability calculated by the actuary and the OPEB plan's fiduciary net position. For the purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about 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 except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Compensated Absences (Vacation and Sick Leave)

It is the City's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. Sick pay is accrued for the estimated amount that the City will pay upon employment termination; vacation pay is accrued when incurred. Both of these are reported in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end. Generally, the funds that report each employee's compensation (the General Fund and Water and Sewer Fund, primarily) are used to liquidate the obligations.

Proprietary Funds Operating Classification

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

Use of Estimates

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

Upcoming Accounting Pronouncements

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

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

Note 1 - Significant Accounting Policies (Continued)

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

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the General Fund and all special revenue funds except that debt service and transfers out are budgeted as expenditures. All annual appropriations lapse at fiscal year end. The budget document presents information by fund and department. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the department level. State law requires the City to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits the City to amend its budget during the year. During the year, the budget was amended in a legally permissible manner. There were no significant amendments during the year.

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

Excess of Expenditures Over Appropriations in Budgeted Funds

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

	Budget	Actual
General Fund:		
General government - Mayor and City Council	\$ 47,500	\$ 47,621
General government - Treasurer	104,510	106,085
General government - City hall	224,000	228,201
Public safety - Fire	4,119,560	4,149,511
Major Highway Fund - Public works	4,287,005	5,406,712

Fund Deficits

The Brownfield Redevelopment Authority has a deficit of \$6,724,212 as of June 30, 2023. The authority plans to pay future debt service with tax increment revenue.

Note 3 - Deposits and Investments

Deposits and investments are reported in the financial statements as follows:

	Governmental Activities	Business-type Activities	Fiduciary	Component Units
Cash and investments	\$ 14,126,838	\$ 3,179,998	\$ 96,970,992	\$ 3,891,337
Restricted cash (Note 4)	8,422,305	2,829,206	-	-
Total deposits and investments	<u>\$ 22,549,143</u>	<u>\$ 6,009,204</u>	<u>\$ 96,970,992</u>	<u>\$ 3,891,337</u>

Note 3 - Deposits and Investments (Continued)

The investments, excluding the restricted assets held at the Downriver Sewage Disposal System and Downriver Utility Wastewater Authority, are classified into the following categories:

	Governmental Activities	Business-type Activities	Fiduciary	Component Units
Deposits with financial institutions	\$ 19,152,042	\$ 4,450,069	\$ 2,260,848	\$ 2,403,600
Investments:				
Deposits with financial institutions - Certificate of deposit	366,938	123,026	-	117,392
Reported at fair value:				
Treasury bonds	772,474	366,105	5,796,640	349,340
Agency securities	-	-	2,561,115	-
Other fixed income	-	-	2,494,667	-
Mutual funds - Equity	-	-	30,244,287	-
Mutual funds - Fixed income	-	-	5,278,384	-
Stocks	-	-	11,026,103	-
Corporate bonds	-	-	6,396,414	-
ETF - Equity	-	-	25,563,722	-
Mortgage securities	-	-	47,940	-
Municipal bonds	1,654,988	784,361	-	748,443
Commercial paper	602,701	285,643	-	272,562
Private equity funds	-	-	5,300,872	-
Total	<u>\$ 22,549,143</u>	<u>\$ 6,009,204</u>	<u>\$ 96,970,992</u>	<u>\$ 3,891,337</u>

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

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

Note 3 - Deposits and Investments (Continued)

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

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At year end, the City had bank deposits of \$22,630,545 (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.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The City's investment policy does not restrict investment maturities other than commercial paper, which can only be purchased with a 270-day maturity.

At year end, the City (including the component units) had the following investments and maturities:

Primary Government	Fair Value	Less Than 1 Year	1-5 Years	More Than 5 Years
Treasury bonds	\$ 1,487,918	\$ 1,487,918	\$ -	\$ -
Municipal bonds	3,187,792	1,678,951	1,304,591	204,250
Commercial paper	1,160,906	1,160,906	-	-
Total	\$ 5,836,616	\$ 4,327,775	\$ 1,304,591	\$ 204,250

Fiduciary Fund - Pension Trust Fund - December 31, 2022	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	More Than 10 Years
Treasury bonds and agency securities	\$ 8,357,755	\$ -	\$ 3,444,209	\$ 2,745,748	\$ 2,167,798
Corporate bonds and other fixed income	8,891,081	113,716	5,404,095	3,217,711	155,559
Mutual funds - Fixed income	3,839,488	-	2,327,011	1,512,477	-
Mortgage securities	47,940	-	-	-	47,940
Total	\$ 21,136,264	\$ 113,716	\$ 11,175,315	\$ 7,475,936	\$ 2,371,297

Fiduciary Fund - Retiree Healthcare Fund	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	More Than 10 Years
Mutual funds - Fixed income	\$ 1,438,897	\$ -	\$ 1,299,841	\$ 139,056	\$ -

Note 3 - Deposits and Investments (Continued)

Credit Risk

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

Investment	Fair Value	Rating	Rating Organization
Primary Government			
Municipal bonds	\$ 525,328	A1	Moody's
Municipal bonds	999,000	AA+	Moody's
Municipal bonds	204,250	AAA	Moody's
Municipal bonds	137,319	A-	S&P
Municipal bonds	107,451	AA	S&P
Municipal bonds	1,026,616	AA-	S&P
Municipal bonds	187,828	AAA	S&P
Commercial paper	1,160,906	A2	S&P
Treasury bills	1,487,918	A2	S&P
Total	\$ 5,836,616		

Investment	Fair Value	Rating	Rating Organization
Fiduciary Fund - Pension Trust Fund - December 31, 2022			
Fixed-income securities	\$ 7,599,878	AAA	Moody's
Fixed-income securities	184,527	AA3	Moody's
Fixed-income securities	800,859	A1	Moody's
Fixed-income securities	956,955	A2	Moody's
Fixed-income securities	7,754,557	Not rated	N/A
Mutual funds - Fixed income	3,839,488	Not rated	N/A
Total	\$ 21,136,264		

Investment	Fair Value	Rating	Rating Organization
Fiduciary Fund - Retiree Healthcare Fund			
Mutual funds - Fixed income	\$ 1,438,897	Not rated	N/A

Component Units

The component units had bank deposits subject to custodial credit risk (uninsured and uncollateralized) of \$3,641,337.

Fair Value Measurements

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

Note 3 - Deposits and Investments (Continued)

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

The City's primary government has the following recurring fair value measurements as of June 30, 2023:

- Treasury bonds, municipal bonds, and commercial paper of \$4,466,272 are valued using a matrix pricing model (Level 2 inputs).

Note 3 - Deposits and Investments (Continued)

The City's Pension Trust Fund (fiduciary fund) has the following recurring fair value measurements as of December 31, 2022:

	Assets Measured at Fair Value on a Recurring Basis at December 31, 2022			Balance at December 31, 2022
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Assets				
Fixed income:				
Treasury bonds	\$ -	\$ 5,796,640	\$ -	\$ 5,796,640
Agency securities	-	2,561,115	-	2,561,115
Mortgage securities	-	47,940	-	47,940
Mutual funds	3,839,487	-	-	3,839,487
Corporate bonds	-	6,396,414	-	6,396,414
Other fixed income	-	2,494,667	-	2,494,667
Total fixed income	3,839,487	17,296,776	-	21,136,263
Equity:				
Stocks	11,026,103	-	-	11,026,103
ETF	24,595,846	-	-	24,595,846
Mutual funds	27,560,874	-	-	27,560,874
Total equity	63,182,823	-	-	63,182,823
Private equity investments measured at net asset value - Southpointe Qualified Offshore Fund				1,031,331
Private equity investments measured at net asset value - Taconic Offshore Fund				953,299
Private equity investments measured at net asset value - One William Street Capital Offshore Fund				1,403,621
Private equity investments measured at net asset value - Hudson Bay International Fund				959,804
Private equity investments measured at net asset value - Persistent Edge Asia Partners				952,817
Total private equity funds	-	-	-	5,300,872
Total assets	\$ 67,022,310	\$ 17,296,776	\$ -	\$ 89,619,958

Note 3 - Deposits and Investments (Continued)

The City's Retiree Healthcare Fund (fiduciary fund) has the following recurring fair value measurements as of June 30, 2023:

	Assets Measured at Fair Value on a Recurring Basis at June 30, 2023			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2023
Assets				
Fixed income - Mutual funds	\$ 1,438,897	\$ -	\$ -	\$ 1,438,897
Equity:				
ETF	967,876	-	-	967,876
Mutual funds	2,683,413	-	-	2,683,413
Total equity	3,651,289	-	-	3,651,289
Total assets	<u>\$ 5,090,186</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,090,186</u>

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

The fair value of agency bonds, corporate bonds, mortgage securities, and other fixed income at December 31, 2022 and June 30, 2023 was determined primarily based on Level 2 inputs. The City estimates the fair value of these investments using other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

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 the year ended June 30, 2023, there were no unfunded commitments. The redemption rules and other information on of those investments are as follows:

Southpoint

Southpoint is a fundamentally driven, opportunistic long/short equity hedge fund that uses a bottom-up stock selection process to build a concentrated portfolio (30-35 longs, 30-35 shorts) of high-conviction ideas. The firm invests with a two- to three-year time horizon focused on identifying material market misunderstandings of business fundamentals and market expectations. Long ideas include high-quality businesses that can compound capital at high rates and special situations, such as demutualization, privatizations, broken initial public offerings (IPOs), and technical dislocations. On the short side, the firm seeks to make actual profits in addition to generating alpha. Short ideas are generally independent of the long book and tend to be found in companies with poor earnings quality, significant technological disruption, momentum stocks, and ill-fated mergers funded by debt.

Note 3 - Deposits and Investments (Continued)

Taconic

The fund focuses on identifying complex event-driven trades that meet the following criteria: (1) hard catalyst, (2) identifiable inefficiency, and (3) margin of safety. These investments are sourced by portfolio managers across four fund strategies: (a) corporate credit (United States and Europe), (b) structured credit (primarily real estate linked), (c) merger arbitrage (including some special situations), and (d) capital structure arbitrage. Taconic's CIOs provide oversight for these sub portfolios and have ultimate say in both capital allocation and position sizing. Risk is managed from both the top-down and a bottom-up perspective, with portfolio managers (PM) hedging risk at the position level and the CIOs putting on portfolio-level overlay hedges to manage any additional systematic risk. Capital is allocated to the sub portfolios dynamically, based on a continuous evaluation of the market environment and opportunity set. Fundamental bottom-up analysis to implement individual positions means capital is pulled to the best risk/reward scenarios across sub strategies.

One William Street

The fund employs a diversified, fundamentally driven approach to structured credit markets, taking liquid credit exposures in residential mortgage-backed securities (RMBS), performing and nonperforming mortgage loans, consumer and commercial asset-backed securities (ABS), commercial mortgage-backed securities (CMBS), and collateralized debt obligations (CDOs). At any time, as much as 20 percent of the portfolio can be allocated to a Long-Short Relative Value (RV) credit index basis trading strategy. This type of spread arbitrage is not typically implemented amongst other strategy peers.

Hudson Bay

Hudson Bay is a multi-strategy hedge fund managed by several portfolio manager teams trading across four strategies: credit, convertibles, event-driven/merger arbitrage (including long/short equity trades), and volatility. Each PM follows the firm's deal code system, whereby trades are hedged to be beta neutral and sized to an expected loss of no more than 1 percent of assets under management (AUM). Each PM's portfolio targets low correlation to the global equity and bond markets, as well as to the other portfolios in the fund. This is continuously monitored with hedging adjusted to allow for positions to be protected. The firm actively shifts capital between strategies in reaction to changing market conditions.

Persistent Edge Asia

Persistent Edge Asia Partners, L.P. is an Asia-focused multi-strategy fund-of-hedge-funds with 30-80 underlying managers (currently 46) across seven sub-portfolios: Japan equity long/short, Asia ex-Japan equity long/short, Pan-Asia event driven, macro, volatility trading, multi-strategy arbitrage, and multi-strategy equity trading. The fund's top five allocations typically represent 30-45 percent of assets. Strategies selected fall within one of three categories: beta reduction (emphasis on arbitrage trading and short-term trading strategies), divergence strategies with negative beta (i.e., global macro, commodity trading advisor), and convergence strategies with positive beta (long/short, credit event-driven). The combination allows for a portfolio that is mainly beta neutral.

Note 4 - Restricted Assets

The City's bond ordinances require the bond proceeds to be spent solely for the project expenditures; any unspent proceeds are reported as restricted cash. In addition, the City has pledged, as security for certain bonds issued by the City, a portion of the City's state-shared revenue to pay debt service for certain bonds. The cash is held by a trustee and has been reported as restricted cash.

The restricted assets in the business-type activities result from the establishment of debt reserves and unspent bond proceeds related to the Downriver Utility Wastewater Authority bonds and restricted cash generated from the EPA judgment levy to pay for debt service related to the Downriver Sewage Disposal System bonds.

City of Allen Park, Michigan

Notes to Financial Statements

June 30, 2023

Note 4 - Restricted Assets (Continued)

At June 30, 2023, restricted assets are composed of the following:

Description	Governmental Activities	Business-type Activities
Unspent bond proceeds	\$ 7,919,522	\$ 2,408,727
Cash held by trustee for debt service	502,783	-
Downriver Utility Wastewater Authority - Assets held at the Authority for future capital projects	-	791,530
Restricted cash - EPA judgment levy	-	420,479
Total	\$ 8,422,305	\$ 3,620,736

The cash reserves held at the Downriver Utility Wastewater Authority were not restricted net position, as the cash reserves were generated from unspent bond proceeds.

Note 5 - Capital Assets

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

Governmental Activities

	Balance July 1, 2022	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2023
Capital assets not being depreciated:					
Land	\$ 1,216,013	\$ -	\$ -	\$ -	\$ 1,216,013
Construction in progress	-	-	233,309	-	233,309
Subtotal	1,216,013	-	233,309	-	1,449,322
Capital assets being depreciated:					
Roads and sidewalks	149,071,086	-	6,072,718	-	155,143,804
Buildings and improvements	25,200,232	-	-	-	25,200,232
Furniture and equipment	7,510,333	-	640,426	(137,838)	8,012,921
Vehicles	5,782,375	-	536,262	(319,946)	5,998,691
Land improvements	2,514,919	-	148,559	-	2,663,478
Subtotal	190,078,945	-	7,397,965	(457,784)	197,019,126
Accumulated depreciation:					
Roads and sidewalks	126,892,546	-	797,754	-	127,690,300
Buildings and improvements	9,075,152	-	572,377	-	9,647,529
Furniture and equipment	5,884,471	-	579,333	(137,839)	6,325,965
Vehicles	3,986,959	-	518,217	(323,378)	4,181,798
Land improvements	1,951,281	-	59,984	-	2,011,265
Subtotal	147,790,409	-	2,527,665	(461,217)	149,856,857
Net capital assets being depreciated	42,288,536	-	4,870,300	3,433	47,162,269
Net governmental activities capital assets	\$ 43,504,549	\$ -	\$ 5,103,609	\$ 3,433	\$ 48,611,591

City of Allen Park, Michigan

Notes to Financial Statements

June 30, 2023

Note 5 - Capital Assets (Continued)

Business-type Activities

	Balance July 1, 2022	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2023
Capital assets not being depreciated:					
Land	\$ 560,180	\$ -	\$ -	\$ -	\$ 560,180
Construction in progress	-	-	387,897	-	387,897
Subtotal	560,180	-	387,897	-	948,077
Capital assets being depreciated:					
Water and sewer lines	91,712,388	-	1,728,524	-	93,440,912
Buildings and improvements	6,351,161	-	-	-	6,351,161
Furniture and equipment	3,176,401	-	340,519	-	3,516,920
Meters	2,731,395	-	84,445	(159,014)	2,656,826
Subtotal	103,971,345	-	2,153,488	(159,014)	105,965,819
Accumulated depreciation:					
Water and sewer lines	32,155,210	-	1,887,084	-	34,042,294
Buildings and improvements	2,162,910	-	157,508	-	2,320,418
Furniture and equipment	1,634,499	-	240,414	-	1,874,913
Meters	1,450,265	-	76,100	(159,014)	1,367,351
Subtotal	37,402,884	-	2,361,106	(159,014)	39,604,976
Net capital assets being depreciated	66,568,461	-	(207,618)	-	66,360,843
Net business-type activities capital assets	\$ 67,128,641	\$ -	\$ 180,279	\$ -	\$ 67,308,920

City of Allen Park, Michigan

Notes to Financial Statements

June 30, 2023

Note 5 - Capital Assets (Continued)

Capital asset activity for the City's Housing Commission (component unit) for the year ended December 31, 2022 was as follows:

Housing Commission - Component Unit

	Balance January 1, 2022	Reclassification	Additions	Disposals and Adjustments	Balance December 31, 2022
Capital assets not being depreciated - Land	\$ 68,050	\$ -	\$ -	\$ -	\$ 68,050
Capital assets being depreciated:					
Buildings and improvements	3,225,053	-	-	-	3,225,053
Furniture, equipment, and machinery - Dwelling	53,741	-	-	-	53,741
Furniture, equipment, and machinery - Administration	27,538	-	2,851	-	30,389
Subtotal	3,306,332	-	2,851	-	3,309,183
Accumulated depreciation	1,850,066	-	86,379	-	1,936,445
Net capital assets being depreciated	1,456,266	-	(83,528)	-	1,372,738
Net housing commission - Component unit capital assets	<u>\$ 1,524,316</u>	<u>\$ -</u>	<u>\$ (83,528)</u>	<u>\$ -</u>	<u>\$ 1,440,788</u>

Capital asset activity for the City's Downtown Development Authority (component unit) for the year ended June 30, 2023 was as follows:

Downtown Development Authority - Component Unit

	Balance July 1, 2022	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2023
Capital assets not being depreciated - Land	\$ 84,293	\$ -	\$ -	\$ -	\$ 84,293
Capital assets being depreciated:					
Site improvements	12,586,831	-	206,812	-	12,793,643
Furniture and equipment	44,700	-	-	-	44,700
Subtotal	12,631,531	-	206,812	-	12,838,343
Accumulated depreciation:					
Site improvements	9,650,324	-	420,733	-	10,071,057
Furniture and equipment	21,110	-	1,647	-	22,757
Subtotal	9,671,434	-	422,380	-	10,093,814
Net capital assets being depreciated	2,960,097	-	(215,568)	-	2,744,529
Net downtown development authority - Component unit capital assets	<u>\$ 3,044,390</u>	<u>\$ -</u>	<u>\$ (215,568)</u>	<u>\$ -</u>	<u>\$ 2,828,822</u>

City of Allen Park, Michigan

Notes to Financial Statements

June 30, 2023

Note 5 - Capital Assets (Continued)

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

Governmental activities:	
General government	\$ 440,252
Public safety	510,922
Public works	1,171,208
Economic development	1,033
Recreation and culture	404,250
Total governmental activities	<u>\$ 2,527,665</u>
Business-type activities - Water and sewer	\$ 2,361,106
Component unit activities:	
Housing Commission - December 31, 2022	\$ 86,379
Downtown Development Authority	422,380
Total component unit activities	<u>\$ 508,759</u>

Note 6 - Interfund Receivables, Payables, and Transfers

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

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
General Fund	Capital Projects Fund	\$ 1,913,000

The transfers from the General Fund to the Capital Projects Fund and nonmajor funds were made to fund capital projects.

Notes to Financial Statements

June 30, 2023

Note 7 - Long-term Debt

Long-term debt activity for the year ended June 30, 2023 can be summarized as follows:

Governmental Activities

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable:							
Direct borrowings and direct placements:							
2014 State of Michigan Emergency Loan:							
Amount of issue: \$2,600,000		\$280,000 - \$285,000	\$ 835,000	\$ -	\$ (270,000)	\$ 565,000	\$ 280,000
Maturing through 2025	1.20%						
2015B Michigan Finance Authority - Local Government Loan Program Revenue Bonds - Southfield Lease Properties:							
Amount of issue: \$16,750,000	3.16% - 4.80%	\$225,000 - \$1,195,000	16,750,000	-	(220,000)	16,530,000	225,000
Maturing through 2045							
Total direct borrowings and direct placements principal outstanding			17,585,000	-	(490,000)	17,095,000	505,000
Other debt:							
2019 Unlimited Tax General Obligation Refunding Bonds:							
Amount of issue: \$4,540,000	3.00% - 4.00%	\$300,000 - \$425,000	3,765,000	-	(250,000)	3,515,000	300,000
Maturing through 2033							
2019 Limited Tax General Obligation Refunding Bonds - Southfield Lease Properties:							
Amount of issue: \$2,170,000	2.00% - 4.00%	\$120,000 - \$190,000	1,840,000	-	(115,000)	1,725,000	120,000
Maturing through 2034							
2020 Limited Tax General Obligation Capital Improvement Bond:							
Amount of issue: \$2,000,000	2.36%	\$285,000 - \$290,000	1,430,000	-	(285,000)	1,145,000	285,000
Maturing through 2027							
2022 Limited Tax General Obligation Michigan Transportation Fund Bond:							
Amount of issue: \$9,575,000	2.68%	\$545,000 - \$765,000	-	9,575,000	(485,000)	9,090,000	545,000
Maturing through 2037							
Total other debt principal outstanding			7,035,000	9,575,000	(1,135,000)	15,475,000	1,250,000
Unamortized bond premiums			331,050	-	(30,096)	300,954	-
Total bonds and contracts payable			24,951,050	9,575,000	(1,655,096)	32,870,954	1,755,000
Compensated absences			1,844,315	42,500	(173,371)	1,713,444	171,344
Total governmental activities long-term debt			\$ 26,795,365	\$ 9,617,500	\$ (1,828,467)	\$ 34,584,398	\$ 1,926,344

Notes to Financial Statements

June 30, 2023

Note 7 - Long-term Debt (Continued)

Business-type Activities

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable:							
Direct borrowings and direct placements:							
2009 Michigan Municipal Bond Authority - Clean Water Program:							
Amount of issue: \$12,278,881	2.50%	\$625,000 - \$760,881	\$ 6,840,881	\$ -	\$ (610,000)	\$ 6,230,881	\$ 625,000
Maturing through 2032							
Wayne County - Downriver Sewage Disposal System:							
Amount of issue: Various	Various	Various	415,445	-	(60,915)	354,530	63,815
Maturing through 2028							
Downriver Utility Wastewater Authority Bonds:							
Amount of Issue: Various	Various	Various	8,879,386	-	(652,179)	8,227,207	672,175
Maturing through 2042							
Total direct borrowings and direct placements principal outstanding			16,135,712	-	(1,323,094)	14,812,618	1,360,990
Other debt:							
2019 Limited Tax General Obligation Refunding Bonds:							
Amount of issue \$540,000	1.40%	\$380,000 - \$380,000	1,125,000	-	(375,000)	750,000	380,000
Maturing through 2022							
2020 Limited Tax General Obligation Refunding Bonds:							
Amount of issue: \$1,580,000	2.36%	\$285,000 - \$290,000	1,430,000	-	(285,000)	1,145,000	285,000
Maturing through 2025							
2022 Limited Tax General Obligation Capital Improvement Bond:							
Amount of issue: \$2,535,000	2.68%	\$190,000 - \$245,000	-	2,535,000	(165,000)	2,370,000	190,000
Maturing through 2034							
Total other debt principal outstanding			2,555,000	2,535,000	(825,000)	4,265,000	855,000
Total bonds and contracts payable			18,690,712	2,535,000	(2,148,094)	19,077,618	2,215,990
Compensated absences			29,217	4,200	(4,200)	29,217	10,166
Total business-type activities long-term debt			\$ 18,719,929	\$ 2,539,200	\$ (2,152,294)	\$ 19,106,835	\$ 2,226,156

Note 7 - Long-term Debt (Continued)

Component Units

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable:							
Other debt:	0	0					
2019 Limited Tax General Obligation Redevelopment Refunding Bonds - Brownfield Authority:							
Original issue: \$9,215,000	3.50% -	\$645,000 -					
Maturing through 2032	4.00%	\$880,000	\$ 7,460,000	\$ -	\$ (620,000)	\$ 6,840,000	\$ 645,000
2019 Limited Tax General Obligation Downtown Development Refunding Bonds:							
Original issue: \$1,805,000		\$355,000 -					
Maturing through 2025	1.36%	\$370,000	1,090,000	-	(365,000)	725,000	370,000
Total other debt principal outstanding			8,550,000	-	(985,000)	7,565,000	1,015,000
Unamortized bond premiums			528,114	-	(52,812)	475,302	-
Unamortized bond discounts			(17,693)	-	1,769	(15,924)	-
Total bonds and contracts payable			9,060,421	-	(1,036,043)	8,024,378	1,015,000
Compensated absences - Housing Commission - December 31, 2022			16,279	3,091	(2,442)	16,928	2,539
Total component unit long-term debt			\$ 9,076,700	\$ 3,091	\$ (1,038,485)	\$ 8,041,306	\$ 1,017,539

The City, including component units, had deferred outflows of \$70,846 related to deferred charges on bond refundings at June 30, 2023.

General Obligation Bonds and Contracts

The City issues general obligation bonds to provide for the acquisition and construction of major capital facilities. General obligations have been issued for both governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. County contractual agreements and leases are also general obligations of the City.

Other Long-term Liabilities

Compensated absences attributable to the governmental activities will be liquidated primarily by the General Fund.

Note 7 - Long-term Debt (Continued)

Debt Service Requirements to Maturity

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

Years Ending June 30	Governmental Activities				
	Direct Borrowings and Direct Placements		Other Debt		Total
	Principal	Interest	Principal	Interest	
2024	\$ 505,000	\$ 742,275	\$ 1,250,000	\$ 456,121	\$ 2,953,396
2025	520,000	731,442	1,275,000	417,989	2,944,431
2026	530,000	721,798	1,315,000	378,555	2,945,353
2027	550,000	703,354	1,345,000	338,160	2,936,514
2028	570,000	683,664	1,105,000	299,826	2,658,490
2029-2033	3,185,000	3,073,312	6,050,000	946,753	13,255,065
2034-2038	3,940,000	2,318,673	3,135,000	205,969	9,599,642
2039-2043	4,960,000	1,296,960	-	-	6,256,960
2044-2048	2,335,000	169,440	-	-	2,504,440
2049-2053	-	-	-	-	-
2054-2057	-	-	-	-	-
Total	\$ 17,095,000	\$ 10,440,918	\$ 15,475,000	\$ 3,043,373	\$ 46,054,291
Years Ending June 30	Business-type Activities				
	Direct Borrowings and Direct Placements		Other Debt		Total
	Principal	Interest	Principal	Interest	
2024	\$ 1,360,990	\$ 450,328	\$ 855,000	\$ 97,675	\$ 2,763,993
2025	1,132,390	419,001	845,000	80,537	2,476,928
2026	1,168,553	386,786	485,000	63,539	2,103,878
2027	1,214,496	353,521	495,000	51,394	2,114,411
2028	1,227,274	318,705	210,000	42,478	1,798,457
2029-2033	5,047,076	1,099,783	1,130,000	125,290	7,402,149
2034-2038	1,580,154	582,394	245,000	6,566	2,414,114
2039-2043	1,497,157	262,489	-	-	1,759,646
2044-2048	197,915	42,550	-	-	240,465
2049-2053	211,613	24,850	-	-	236,463
2054-2057	175,000	6,299	-	-	181,299
Total	\$ 14,812,618	\$ 3,946,706	\$ 4,265,000	\$ 467,479	\$ 23,491,803

Note 7 - Long-term Debt (Continued)

Years Ending June 30	Component Unit Activities		
	Other Debt		
	Principal	Interest	Total
2024	\$ 1,015,000	\$ 274,810	\$ 1,289,810
2025	1,030,000	243,978	1,273,978
2026	700,000	212,150	912,150
2027	730,000	184,150	914,150
2028	755,000	154,950	909,950
2029-2033	3,335,000	309,450	3,644,450
2034-2038	-	-	-
2039-2043	-	-	-
2044-2048	-	-	-
2049-2053	-	-	-
2054-2057	-	-	-
Total	\$ 7,565,000	\$ 1,379,488	\$ 8,944,488

Revenue Pledged in Connection with Debt

The City has pledged, as security for 2015B Michigan Finance Authority - Local Government Loan Program Revenue bonds and the 2014 State of Michigan Emergency Loan (collectively, the "Bonds") issued by the City, a portion of the City's state-shared revenue, as authorized by Act 227 and the State Revenue Sharing Act. The state treasurer sends 100 percent of the state-shared revenue due to the City to the city master trustee for as long as the Bonds are outstanding. The city master trustee accumulates state-shared revenue in sufficient amounts to pay debt service on the Bonds. Any amounts remaining after setting aside the amounts necessary to satisfy debt service are released to the City's General Fund. Total principal and interest remaining on the 2015B Michigan Finance Authority - Local Government Loan Program Revenue bonds total \$26,964,130, with annual requirements ranging from \$962,189 in 2024 to \$1,252,360 in the final year. Total principal and interest remaining on the 2014 State of Michigan Emergency Loan total \$571,787, with annual requirements ranging from \$285,086 in 2024 to \$286,701 in the final year. The state-shared revenue, from which the appropriations will be made have averaged approximately \$3,397,000 over the last three years. For the current year, the principal and interest paid by the City and the total state-shared revenue recognized by the City were \$317,103 and \$3,538,305, respectively.

Note 8 - Risk Management

The City is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The City participates in the Michigan Municipal League (risk pool) for claims relating to general liability, property loss, and workers' compensation. The City has assumed a significant amount of financial responsibility for medical claim costs, subject to certain limitations of \$75,000 per specific claim, with no limit in aggregate claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal League risk pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

Note 8 - Risk Management (Continued)

The City estimates the liability for health and prescription claims that have been incurred through the end of the fiscal year, including claims that have been reported and those that have not yet been reported. Changes in the estimated liability for the fiscal year were as follows:

	Medical Claims
Estimated liability - Beginning of year	\$ 433,069
Estimated claims incurred, including changes in estimates	1,195,208
Claim payments	(1,330,112)
Estimated liability - End of year	<u>\$ 298,165</u>

Note 9 - Brownfield Redevelopment Authority Commitment

The Brownfield Redevelopment Authority has committed to reimburse the costs paid by Clay Park Development (the "Developer") for a development project in the amount of \$10,715,702, plus interest at 5 percent per year. The reimbursement is contingent upon future tax increment revenue through June 30, 2032. During the year, the Brownfield Redevelopment Authority reimbursed the Developer \$1,283,373 and paid interest of \$212,277. At June 30, 2023, the outstanding commitment is \$3,045,185.

Note 10 - Litigation

The City is named a party to a number of lawsuits in the normal course of business. The City disagrees with the allegations and intends to vigorously defend these claims.

Note 11 - Pension Plan

Plan Description

The City of Allen Park, Michigan provides a monthly retirement benefit to employees who meet the eligibility requirements, including age and years of service. The benefits are provided through the Employees Retirement System (the "Pension Plan"), a cost-sharing multiple-employer defined benefit pension plan administered by the board of trustees (the "pension board"). There are two participating employers in the Pension Plan: the City of Allen Park, Michigan and the 24th District Court.

The financial statements of the pension system are included in these financial statements as a pension trust fund (a fiduciary fund).

Management of the Pension Plan is vested in the pension board, which consists of seven members - the finance director, a retiree appointed by the board and approved by the City Council, two citizens appointed by the mayor and approved by the City Council, a police officer and firefighter member appointed from the respective unions, and a general member elected by the general members.

Benefits Provided

The Employees Retirement System provides retirement, deferred retirement, duty disability, nonduty disability, duty death, and nonduty death benefits to lieutenants and sergeants, police, fire, general, and administrative appointees. Retirement benefits are calculated as various percentages (ranging from 2.0 to 2.9 percent) of the employee's final average compensation (as defined by each employee group) times the employee's years of service. To be eligible, employees must have a minimum number of years of service (ranging from 10 to 25 years) and must meet minimum retirement age (ranging from 52 to 55). Certain employees who leave city service may withdraw their contributions, plus any accumulated interest.

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

June 30, 2023

Note 11 - Pension Plan (Continued)

Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

	Employees Retirement System
Date of member count	December 31, 2022
Inactive plan members or beneficiaries currently receiving benefits	230
Inactive plan members entitled to but not yet receiving benefits	5
Active plan members	75
Total employees covered by the Pension Plan	310

Contributions

State law requires public employers to make pension contributions in accordance with an actuarial valuation. The City hires an independent actuary for this purpose and annually contributes the amount determined to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees are required to make pension contributions based on union contracts. The City's required contribution is determined after consideration of the required contribution rate of employees. For the year ended June 30, 2023, the active employee contribution rate was 7.0 percent of covered compensation, and the City contributed the actuarial required contribution of \$2,727,656, of which \$461,461 was paid by the 24th District Court.

Net Pension Liability

The net pension liability of \$30,079,982 has been allocated separately to the City and to the 24th District Court. A special funding situation does not exist in accordance with Governmental Accounting Standards Board Statement No. 68, and, therefore, the City has not recorded the court's proportionate share of the net pension liability. The City's proportionate share of the net pension liability is \$24,562,376 at June 30, 2023.

The City has chosen to use the December 31 measurement date as its measurement date for the net pension liability. The June 30, 2023 fiscal year end reported net pension liability was determined using a measure of the total pension liability and the pension net position as of the December 31, 2022 measurement date. The December 31, 2022 measurement date total pension liability was determined by an actuarial valuation performed as of that date.

June 30, 2023

Note 11 - Pension Plan (Continued)

Changes in the Pension Plan's net pension liability during the measurement year were as follows:

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at December 31, 2021	\$ 121,185,385	\$ 113,931,166	\$ 7,254,219
Changes for the year:			
Service cost	1,317,827	-	1,317,827
Interest	7,942,838	-	7,942,838
Changes in benefits	61,852	-	61,852
Differences between expected and actual experience	(148,980)	-	(148,980)
Contributions - Employer	-	2,895,276	(2,895,276)
Contributions - Employee	-	438,975	(438,975)
Net investment loss	-	(16,937,897)	16,937,897
Benefit payments, including refunds	(8,345,248)	(8,345,248)	-
Administrative expenses	-	(48,580)	48,580
Net changes	828,289	(21,997,474)	22,825,763
Balance at December 31, 2022	<u>\$ 122,013,674</u>	<u>\$ 91,933,692</u>	<u>\$ 30,079,982</u>

The Pension Plan's fiduciary net position represents 75.35 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, 2023, the City recognized a pension expense of \$4,249,573.

At June 30, 2023, 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	\$ 146,416	\$ (74,093)
Net difference between projected and actual earnings on pension plan investments	8,232,912	-
Employer contributions to the Pension Plan subsequent to the measurement date	1,113,661	-
Total	<u>\$ 9,492,989</u>	<u>\$ (74,093)</u>

Note 11 - Pension Plan (Continued)

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

Years Ending June 30	Amount
2024	\$ (8,383)
2025	1,781,687
2026	2,537,687
2027	3,994,244
Total	<u>\$ 8,305,235</u>

Actuarial Assumptions

The total pension liability in the December 31, 2022 actuarial valuation was determined using an inflation assumption of 2.75 percent, assumed salary increases (including inflation) of 2.25 to 11.85 percent, an investment rate of return (net of investment expenses) of 6.75 percent, and the Pub-2010 mortality tables.

The actuarial assumptions used in the December 31, 2022 actuarial valuation date valuation were based on the results of an actuarial experience study for the five-year period ended December 31, 2020. The results of the experience study were first used in the December 31, 2020 actuarial valuation.

Discount Rate

The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that city contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

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

Investment Rate of Return

Best estimates of arithmetic real rates of return as of the December 31, 2022 measurement date for each major asset class included in the Pension Plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Equity	65.00 %	8.30 %
Real estate	5.00	8.00
Fixed income	24.00	4.50
Hedge Funds	5.00	5.60
Cash	1.00	-

Note 11 - Pension Plan (Continued)

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

The following presents the net pension liability of the Pension Plan, calculated using the discount rate of 6.75 percent, as well as what the Pension Plan's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (5.75%)	Current Discount Rate (6.75%)	1 Percentage Point Increase (7.75%)
Net pension liability of the Employees Retirement System	\$ 43,666,782	\$ 30,079,982	\$ 18,702,401

Investment Policy

The Pension Plan's policy in regard to the allocation of invested assets is established and may be amended by the pension board by a majority vote of its members. It is the policy of the pension board to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The Pension Plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The pension board's adopted asset allocation policy as of December 31, 2022 is included in the investment rate of return section above.

Rate of Return

For the year ended December 31, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (15.22) percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Pension Plan Reserves

In accordance with the city ordinance, the following reserves are required to be set aside within the Pension Plan:

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

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

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

The balances of the reserve accounts at December 31, 2022 are as follows:

	Required Reserve	Amount Funded
Retiree reserve	\$ 115,327,658	\$ 85,247,676
Employee reserve	6,686,016	6,686,016
Total	<u>\$ 122,013,674</u>	<u>\$ 91,933,692</u>

Note 12 - Other Postemployment Benefit Plan

Plan Description

The City administers the City of Allen Park Retiree Healthcare Plan, a cost-sharing defined benefit OPEB plan that is used to provide postemployment benefits other than pensions (OPEB) for police, fire, nonunion, and TPOAM (AFSCME) groups. There are two participating employers in the Plan: the City of Allen Park, Michigan and the 24th District Court.

Management of the Plan is vested with the City Council.

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

Benefits Provided

The City of Allen Park Retiree Healthcare Plan provides health care, dental, vision, and life insurance benefits for eligible retirees and their dependents. Dental and vision are covered until the age of 65. Life insurance is currently provided between \$7,500 and \$10,000 to those who qualify. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the Plan, except for participant contributions, as described below. The Plan is closed to TPOAM (AFSCME) members hired after April 1, 2005. The Plan is closed to nonunion employees hired after July 1, 2011. The Plan is closed to police and fire employees hired after July 1, 2013.

Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

	City of Allen Park Retiree Healthcare Plan - As of January 1, 2022
Inactive plan members or beneficiaries currently receiving benefits	206
Inactive plan members entitled to but not yet receiving benefits	2
Active plan members	<u>62</u>
Total plan members	<u><u>270</u></u>

Contributions

Retiree health care costs are paid by the City on a pay-as-you-go basis. The City has no obligation to make contributions in advance of when the insurance premiums are due for payment. In the current year, the City paid postemployment health care premiums of \$1,979,266, plus it contributed \$500,000 into a prefunded retiree health care fund, which is reported in these financial statements as a pension and other employee benefit trust fund type. Inactive plan members share in the cost of OPEB as follows:

TPOAM (AFSCME)

Employees hired before April 1, 2005 with 15 to 20 years of service contribute 40 percent of plan premiums. Employees hired before April 1, 2005 with 21 to 24 years of service contribute 20 percent of plan premiums. Employees hired before April 1, 2005 with 25 or more years of service have no employee contribution requirement.

Nonunion

Employees hired before July 1, 2011 contribute 20 percent of plan premiums.

Note 12 - Other Postemployment Benefit Plan (Continued)

Police and Fire

Employees hired before July 1, 2013 contribute the full plan premium minus 4 percent times years of service.

Net OPEB Liability

The net OPEB liability of \$33,833,562 has been allocated separately to the City and to the 24th District Court. A special funding situation does not exist in accordance with Governmental Accounting Standards Board Statement No. 75, and, therefore, the City has not recorded the court's proportionate share of the net OPEB liability. The City's proportionate share of the net OPEB liability is \$29,730,750 at June 30, 2023.

The City has chosen to use the June 30 measurement date as its measurement date for the net OPEB liability. The June 30, 2023 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, 2023 measurement date. The June 30, 2023 total OPEB liability was determined by an actuarial valuation performed as of January 1, 2022, which used update procedures to roll forward the estimated liability to June 30, 2023.

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, 2022	\$ 42,358,445	\$ 4,193,689	\$ 38,164,756
Changes for the year:			
Service cost	579,623	-	579,623
Interest	2,831,519	-	2,831,519
Differences between expected and actual experience	(4,786,196)	-	(4,786,196)
Contributions - Employer	-	2,479,266	(2,479,266)
Net investment income	-	477,774	(477,774)
Benefit payments, including refunds	(1,979,266)	(1,979,266)	-
Administrative expenses	-	(900)	900
Net changes	<u>(3,354,320)</u>	<u>976,874</u>	<u>(4,331,194)</u>
Balance at June 30, 2023	<u>\$ 39,004,125</u>	<u>\$ 5,170,563</u>	<u>\$ 33,833,562</u>

The Plan's fiduciary net position represents 13.26 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, 2023, the City recognized an OPEB recovery of \$(2,481,638).

June 30, 2023

Note 12 - Other Postemployment Benefit Plan (Continued)

At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 2,102,899
Net difference between projected and actual earnings on OPEB plan investments	158,101	-
Total	\$ 158,101	\$ 2,102,899

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
2024	\$ (2,066,498)
2025	10,715
2026	142,241
2027	(31,256)
Total	\$ (1,944,798)

Actuarial Assumptions

The total OPEB liability in the January 1, 2022 actuarial valuation was determined using an inflation assumption of 2.75 percent; assumed salary increases (including inflation) of 2.75 to 6.1 percent; an investment rate of return (net of investment expenses) of 6.75 percent; a health care cost trend rate of 5.5 percent for 2023, decreasing by 0.25 to 0.50 percent per year to an ultimate rate of 4.5 percent for 2033 and later years; and the Pub-2010 Public Retirement Plan mortality tables.

Discount Rate

The discount rate used to measure the total OPEB liability was 6.75 percent and is based on the assumption that the benefits to be paid each year will be funded entirely from pay-as-you-go contributions provided by the City.

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

June 30, 2023

Note 12 - Other Postemployment Benefit Plan (Continued)

Investment Rate of Return

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of arithmetic real rates of return as of the June 30, 2023 measurement date for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Nominal Rate of Return
Large-cap core equity	30.00 %	8.30 %
Mid-cap equity	10.00	9.00
Small-cap equity	6.00	9.40
International equity - Developed	16.00	8.80
International equity - Emerging markets	4.00	9.80
Real estate	3.00	8.00
Domestic fixed income	25.00	4.50
Domestic high yield	5.00	6.30
Cash	1.00	2.00

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

The following presents the net OPEB liability of the Plan, calculated using the discount rate of 6.75 percent, as well as what the Plan's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (5.75%)	Current Discount Rate (6.75%)	1 Percentage Point Increase (7.75%)
Net OPEB liability of the City of Allen Park Retiree Healthcare Plan	\$ 37,716,215	\$ 33,833,562	\$ 30,538,769

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

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

	1 Percentage Point Decrease	Current Health Care Cost Trend Rate	1 Percentage Point Increase
Net OPEB liability of the City of Allen Park Retiree Healthcare Plan	\$ 29,858,697	\$ 33,833,562	\$ 38,551,718

Investment Policy

The Plan's policy in regard to the allocation of invested assets is established and may be amended by the City Council. It is the policy of the City Council to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The Plan's investment policy objective is preservation of capital. The asset allocation approved is included in the investment rate of return section above.

Note 12 - Other Postemployment Benefit Plan (Continued)

Rate of Return

For the year ended June 30, 2023, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 10.65 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Note 13 - Defined Contribution Retirement Plan and Health Care Savings Plan

The City sponsors a 401(k) plan for certain employees who meet the eligibility requirements. Effective April 1, 2005, a defined contribution plan was established for all new hires. For each employee in the defined contribution plan, the City contributes 7.0 percent of annual salary. Employees contribute 5.0 percent of annual salary and are permitted to make contributions to the plan up to applicable Internal Revenue Code limits. Employees are immediately vested in their own contributions and earnings on those contributions and become vested in city contributions and earnings on city contributions 20 percent after three years, 40 percent after four years, 60 percent after five years, 80 percent after six years, and 100 percent after seven years of creditable service with the City. Appointees are fully vested after two years of creditable service. Nonvested city contributions are forfeited upon termination of employment. Such forfeitures are used to cover a portion of the plan's administrative expenses. Loans are allowed from the plan effective September 11, 2012, and rollovers are allowed in the plan. The benefits are administered by MERS. Contributions to the plan totaled \$162,084 for the year ended June 30, 2023.

The City provides a Health Care Savings Plan for employees not eligible for retiree health care benefits. The plan is administered by MERS. For police and fire members, the City contributes 3 percent of an employee's base salary and requires a 3 percent employee contribution. There is no vesting period for police and fire employees. For TPOAM (AFSCME) employees, the City contributes \$100 per month for active plan members. City contributions vest after seven years of service for AFSCME (TPOAM) employees. Expenses under the plan amounted to \$80,453 for the year ended June 30, 2023.

Note 14 - Pension and Other Employee Benefit Trust Funds

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

	Pension Trust Fund - December 31, 2022	Retiree Healthcare Fund	Pension and Other Employee Benefit Funds
Statement of Net Position			
Investments	\$ 89,619,958	\$ 5,090,186	\$ 94,710,144
Other assets	2,313,734	80,377	2,394,111
Net position	<u>\$ 91,933,692</u>	<u>\$ 5,170,563</u>	<u>\$ 97,104,255</u>
Statement of Changes in Net Position			
Investment (loss) income	\$ (16,986,477)	\$ 482,891	\$ (16,503,586)
Contributions	3,334,251	2,479,266	5,813,517
Benefit payments	8,345,248	1,979,266	10,324,514
Net change in net position	<u>\$ (21,997,474)</u>	<u>\$ 982,891</u>	<u>\$ (21,014,583)</u>

Note 15 - Tax Abatements

The City receives reduced property tax revenue as a result of brownfield redevelopment agreements granted by cities within the boundaries of the City. Brownfield redevelopment agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties.

Note 15 - Tax Abatements (Continued)

For the fiscal year ended June 30, 2023, the City's property tax revenue was reduced by \$1,495,651 under this program.

Note 16 - Joint Venture

Downriver Utility Wastewater Authority

The City, along with 12 other communities, jointly participates in Downriver Utility Wastewater Authority (DUWA). Previously, this sewer system was operated by Wayne County and was known as the Downriver Sewage Disposal System (the "System"). On September 27, 2018, the System transferred from the County of Wayne, Michigan to the Downriver Utility Wastewater Authority. DUWA is a consortium formed in 2010 under Public Act 233 of 1955 to acquire and operate the sewer system. The same 12 communities that originally jointly participated in the System are now the members of DUWA and are effectively owners of the authority. The System's assets and all of the System's debt except for the judgment levy debt were transferred to DUWA. The judgment levy debt from the System still remains as an obligation of the County and will continue to be paid from the communities to the County.

The City's share of capital assets, restricted cash (for debt service), and related debt is recorded in the Water and Sewer Fund. For DUWA, the City paid \$540,590 for operations of the authority and paid \$691,145 for debt service. For the judgment levy debt, the City paid \$80,568 to Wayne County for debt service. The City is not aware of any circumstances that would cause additional benefit or burden to the participating governments in the near future. Financial statements for the joint venture, DUWA, can be obtained from the administrative offices at 25605 Northline Road, Taylor, MI 48180.

Required Supplementary Information

City of Allen Park, Michigan

Required Supplementary Information
Budgetary Comparison Schedule - General Fund

Year Ended June 30, 2023

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Taxes:				
Property taxes	\$ 9,020,390	\$ 9,020,390	\$ 8,968,318	\$ (52,072)
Police and fire millage	5,663,520	5,663,520	5,667,748	4,228
Intergovernmental:				
Federal grants	35,000	86,000	214,424	128,424
State sources	3,931,800	4,071,000	4,546,803	475,803
Charges for services:				
Charges to other funds	1,033,100	1,033,100	1,091,478	58,378
User fees	2,430,800	2,430,800	2,599,905	169,105
Fines and forfeitures	1,733,330	1,733,330	1,611,975	(121,355)
Licenses and permits:				
Cable franchise fees	530,000	530,000	480,778	(49,222)
Business licenses	32,000	32,000	31,770	(230)
Interest and rentals	20,000	20,000	50,586	30,586
Other revenue	126,000	126,000	256,077	130,077
Total revenue	24,555,940	24,746,140	25,519,862	773,722
Expenditures				
Current services:				
General government:				
Mayor and City Council	47,500	47,500	47,621	(121)
Finance	405,900	405,900	327,910	77,990
Cable/Information technology	115,000	115,000	41,367	73,633
Treasurer	104,510	104,510	106,085	(1,575)
Assessing	152,540	152,540	142,478	10,062
Clerk	260,900	281,100	275,557	5,543
Administration	1,554,140	1,754,140	1,609,344	144,796
City hall	224,000	224,000	228,201	(4,201)
Retiree health care	3,206,250	2,956,250	2,322,411	633,839
District court	1,794,010	1,794,010	1,794,010	-
Public safety:				
Police	6,799,600	7,019,600	6,813,034	206,566
Fire	4,119,560	4,119,560	4,149,511	(29,951)
Public service	1,991,550	1,991,550	1,763,213	228,337
Recreation and culture:				
Parks and recreation	552,650	552,650	457,434	95,216
Community center	811,840	811,840	721,136	90,704
Debt service	1,743,800	1,743,800	1,742,126	1,674
Total expenditures	23,883,750	24,073,950	22,541,438	1,532,512
Excess of Revenue Over Expenditures	672,190	672,190	2,978,424	2,306,234
Other Financing Uses - Transfers out	(713,000)	(713,000)	(1,913,000)	(1,200,000)
Net Change in Fund Balance	(40,810)	(40,810)	1,065,424	1,106,234
Fund Balance - Beginning of year	4,825,309	4,825,309	4,825,309	-
Fund Balance - End of year	\$ 4,784,499	\$ 4,784,499	\$ 5,890,733	\$ 1,106,234

City of Allen Park, Michigan

Required Supplementary Information
 Budgetary Comparison Schedule - Major Special Revenue Funds
 Major Highway Fund

Year Ended June 30, 2023

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue - Intergovernmental	\$ 2,711,505	\$ 2,711,505	\$ 2,596,393	\$ (115,112)
Expenditures				
Current services - Public works	2,587,005	4,287,005	5,406,712	(1,119,707)
Debt service	124,500	656,500	656,073	427
Total expenditures	<u>2,711,505</u>	<u>4,943,505</u>	<u>6,062,785</u>	<u>(1,119,280)</u>
Excess of Expenditures Over Revenue	-	(2,232,000)	(3,466,392)	(1,234,392)
Other Financing Sources - New debt issued	-	9,575,000	9,575,000	-
Net Change in Fund Balance	-	7,343,000	6,108,608	(1,234,392)
Fund Balance - Beginning of year	<u>1,548,436</u>	<u>1,548,436</u>	<u>1,548,436</u>	<u>-</u>
Fund Balance - End of year	<u>\$ 1,548,436</u>	<u>\$ 8,891,436</u>	<u>\$ 7,657,044</u>	<u>\$ (1,234,392)</u>

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

Last Nine Plan Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability									
Service cost	\$ 1,317,827	\$ 1,378,133	\$ 1,342,785	\$ 1,322,978	\$ 1,308,576	\$ 1,348,167	\$ 1,318,028	\$ 1,171,406	\$ 1,210,876
Interest	7,942,838	7,813,208	7,812,547	7,857,947	7,486,903	7,358,871	7,273,210	7,053,955	6,724,409
Changes in benefit terms	61,852	(4,065)	671,957	10,863	-	(42,368)	(655,066)	279,525	(277,263)
Differences between expected and actual experience	(148,980)	910,872	731,250	(2,183,943)	1,011,357	422,650	316,565	1,491,147	(2,874,762)
Changes in assumptions	-	-	4,355,062	-	-	-	-	-	6,922,280
Benefit payments, including refunds	(8,345,248)	(7,949,846)	(7,511,599)	(7,421,048)	(7,320,046)	(7,156,947)	(6,931,182)	(6,943,101)	(7,013,015)
Net Change in Total Pension Liability	828,289	2,148,302	7,202,002	(613,203)	2,486,790	1,930,373	1,321,555	3,052,932	4,692,625
Total Pension Liability - Beginning of year	121,185,385	119,037,083	111,835,081	112,448,284	109,961,494	108,031,121	106,709,566	103,656,634	98,964,009
Total Pension Liability - End of year	\$ 122,013,674	\$ 121,185,385	\$ 119,037,083	\$ 111,835,081	\$ 112,448,284	\$ 109,961,494	\$ 108,031,121	\$ 106,709,566	\$ 103,656,634
Plan Fiduciary Net Position									
Contributions - Employer	\$ 2,895,276	\$ 3,112,249	\$ 2,629,494	\$ 2,832,930	\$ 2,646,084	\$ 2,659,008	\$ 2,641,242	\$ 2,699,151	\$ 5,028,314
Contributions - Member	438,975	487,198	443,413	469,853	485,864	448,132	512,597	404,395	428,203
Net investment (loss) income	(16,937,897)	15,698,053	11,035,732	17,383,741	(5,315,188)	13,121,110	4,649,658	650,672	5,059,609
Administrative expenses	(48,580)	(51,076)	(51,367)	(41,966)	(29,838)	(47,674)	(28,857)	(78,030)	(49,565)
Benefit payments, including refunds	(8,345,248)	(7,949,846)	(7,511,599)	(7,421,048)	(7,320,046)	(7,156,947)	(6,931,182)	(6,943,101)	(7,013,015)
Other	-	-	-	(1,777)	(5,544)	(6,319)	(6,005)	(1,172)	5,308
Net Change in Plan Fiduciary Net Position	(21,997,474)	11,296,578	6,545,673	13,221,733	(9,558,668)	9,017,310	839,453	(3,268,085)	3,456,854
Plan Fiduciary Net Position - Beginning of year	113,931,166	102,634,588	96,088,915	82,867,182	92,425,850	83,408,540	82,569,087	85,837,172	82,380,318
Plan Fiduciary Net Position - End of year	\$ 91,933,692	\$ 113,931,166	\$ 102,634,588	\$ 96,088,915	\$ 82,867,182	\$ 92,425,850	\$ 83,408,540	\$ 82,569,087	\$ 85,837,172
Plan's Net Pension Liability - Ending	\$ 30,079,982	\$ 7,254,219	\$ 16,402,495	\$ 15,746,166	\$ 29,581,102	\$ 17,535,644	\$ 24,622,581	\$ 24,140,479	\$ 17,819,462
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	75.35 %	94.01 %	86.22 %	85.92 %	73.69 %	84.05 %	77.21 %	77.38 %	82.81 %
Covered Payroll	\$ 5,924,938	\$ 6,440,955	\$ 6,526,884	\$ 6,514,824	\$ 6,495,009	\$ 6,306,637	\$ 6,205,866	\$ 5,846,208	\$ 5,250,588
City's Net Pension Liability as a Percentage of Covered Payroll	507.68 %	112.63 %	251.31 %	241.70 %	455.44 %	278.05 %	396.76 %	412.93 %	339.38 %

See notes to required supplementary information.

Required Supplementary Information
Schedule of Pension Plan Contributions

Last Ten Fiscal Years

Years Ended June 30

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 2,727,656	\$ 3,062,884	\$ 2,709,942	\$ 3,000,105	\$ 2,665,764	\$ 2,659,008	\$ 2,641,242	\$ 2,699,151	\$ 2,995,152	\$ 3,334,274
Contributions in relation to the actuarially determined contribution	2,727,656	3,062,884	2,709,942	3,000,105	2,665,764	2,659,008	2,641,242	2,699,151	5,028,314	2,204,685
Contribution Excess (Deficiency)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,033,162	\$ (1,129,589)
Covered Payroll	\$ 5,924,938	\$ 6,440,955	\$ 6,526,884	\$ 6,514,824	\$ 6,495,009	\$ 6,306,637	\$ 6,205,866	\$ 5,846,208	\$ 5,250,588	\$ 5,800,000
Contributions as a Percentage of Covered Payroll	46.04 %	47.55 %	41.52 %	46.05 %	41.04 %	42.16 %	42.56 %	46.17 %	95.77 %	38.01 %

See notes to required supplementary information.

City of Allen Park, Michigan

**Required Supplementary Information
Schedule of Pension Plan Investment Returns**

	Last Seven Plan Years Years Ended December 31						
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Annual money-weighted rate of return, net of investment expense	(15.22)%	21.43 %	11.67 %	21.43 %	(5.92)%	16.03 %	5.71 %

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Required Supplementary Information
 Schedule of the City's Proportionate Share of the Net Pension Liability
 Employees Retirement System

	Last Nine Plan Years								
	Plan Years Ended December 31								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
City's proportion of the net pension liability	76.96904 %	80.00665 %	79.14640 %	79.85371 %	79.11474 %	79.43957 %	75.85075 %	78.53700 %	78.21880 %
City's proportionate share of the net pension liability	\$ 24,562,376	\$ 5,803,859	\$ 12,981,985	\$ 12,573,899	\$ 23,403,011	\$ 13,930,240	\$ 18,676,413	\$ 18,959,205	\$ 13,937,470
City's covered payroll	\$ 5,924,938	\$ 5,153,192	\$ 5,165,002	\$ 5,202,329	\$ 5,138,509	\$ 5,009,965	\$ 5,640,041	\$ 5,645,256	\$ 4,707,770
City's proportionate share of the net pension liability as a percentage of its covered payroll	414.56 %	112.63 %	251.35 %	241.70 %	455.44 %	278.05 %	331.14 %	335.84 %	296.05 %
Plan fiduciary net position as a percentage of total pension liability	75.35 %	94.01 %	86.22 %	85.92 %	73.69 %	84.05 %	77.21 %	77.38 %	82.81 %

See notes to required supplementary information.

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City of Allen Park, Michigan

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

	Last Six Fiscal Years					
	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service cost	\$ 579,623	\$ 726,236	\$ 736,582	\$ 816,659	\$ 781,151	\$ 733,684
Interest	2,831,519	3,236,256	3,462,857	3,458,074	3,535,732	3,438,175
Changes in benefit terms	-	(581,991)	-	-	-	-
Differences between expected and actual experience	(4,786,196)	(5,975,173)	(5,253,504)	(3,679,415)	(4,372,588)	-
Changes in assumptions	-	(1,197,583)	1,976,683	2,156,813	1,463,911	(285,488)
Benefit payments, including refunds	(1,979,266)	(2,135,182)	(2,739,085)	(2,468,596)	(2,637,395)	(2,442,993)
Net Change in Total OPEB Liability	(3,354,320)	(5,927,437)	(1,816,467)	283,535	(1,229,189)	1,443,378
Total OPEB Liability - Beginning of year	42,358,445	48,285,852	50,102,319	49,818,784	51,047,973	49,604,595
Total OPEB Liability - End of year	\$ 39,004,125	\$ 42,358,415	\$ 48,285,852	\$ 50,102,319	\$ 49,818,784	\$ 51,047,973
Plan Fiduciary Net Position						
Contributions - Employer	\$ 2,479,266	\$ 2,635,182	\$ 3,239,085	\$ 2,968,596	\$ 3,137,395	\$ 2,942,993
Net investment income (loss)	477,774	(675,393)	968,974	36,170	129,977	119,620
Administrative expenses	(900)	(842)	(785)	(766)	(1,604)	(7,525)
Benefit payments, including refunds	(1,979,266)	(2,135,182)	(2,739,085)	(2,468,596)	(2,637,395)	(2,442,993)
Net Change in Plan Fiduciary Net Position	976,874	(176,235)	1,468,189	535,404	628,373	612,095
Plan Fiduciary Net Position - Beginning of year	4,193,689	4,369,894	2,901,705	2,366,301	1,737,928	1,125,833
Plan Fiduciary Net Position - End of year	\$ 5,170,563	\$ 4,193,659	\$ 4,369,894	\$ 2,901,705	\$ 2,366,301	\$ 1,737,928
Net OPEB Liability - Ending	\$ 33,833,562	\$ 38,164,756	\$ 43,915,958	\$ 47,200,614	\$ 47,452,483	\$ 49,310,045
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	13.26 %	9.90 %	9.05 %	5.79 %	4.75 %	3.40 %

Contributions to the OPEB plan are not based on a measure of pay; therefore, no covered payroll is presented.

City of Allen Park, Michigan

Required Supplementary Information
Schedule of OPEB Investment Returns

	Last Six Fiscal Years Years Ended June 30					
	2023	2022	2021	2020	2019	2018
Annual money-weighted rate of return, net of investment expense	10.65 %	(24.00)%	30.50 %	1.30 %	6.30 %	7.90 %

City of Allen Park, Michigan

Required Supplementary Information
 Schedule of the City's Proportionate Share of the Net OPEB Liability
 City of Allen Park Retiree Healthcare Plan

**Last Six Fiscal Years
 Years Ended June 30**

	2023	2022	2021	2020	2019	2018
City's proportion of the net OPEB liability	87.87354 %	88.03275 %	89.88927 %	90.41103 %	90.87438 %	90.76752 %
City's proportionate share of the net OPEB liability	\$ 29,730,750	\$ 33,597,484	\$ 39,475,734	\$ 42,674,561	\$ 43,122,146	\$ 44,787,507
Plan fiduciary net position as a percentage of total OPEB liability	13.26 %	9.90 %	9.05 %	5.79 %	4.75 %	3.40 %

Contributions to the OPEB plan are not based on a measure of pay; therefore, no covered payroll is presented.

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Required Supplementary Information
Schedule of OPEB Contributions

Last Ten Fiscal Years
Years Ended June 30

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 3,617,435	\$ 4,225,828	\$ 4,591,871	\$ 4,697,591	\$ 4,809,582	\$ 4,691,771	\$ 5,848,567	\$ 5,848,567	\$ 5,848,567	\$ 5,955,493
Contributions in relation to the actuarially determined contribution	2,479,266	2,635,182	3,239,085	2,968,353	3,137,395	2,942,993	3,198,255	3,565,360	2,908,544	2,392,414
Contribution Deficiency	\$ (1,138,169)	\$ (1,590,646)	\$ (1,352,786)	\$ (1,729,238)	\$ (1,672,187)	\$ (1,748,778)	\$ (2,650,312)	\$ (2,283,207)	\$ (2,940,023)	\$ (3,563,079)
Covered-employee Payroll	\$ 4,333,494	\$ 4,333,494	\$ 4,828,537	\$ 4,828,537	\$ 5,299,317	\$ 5,299,317	\$ 7,158,292	\$ 7,158,292	\$ 6,077,675	\$ 6,077,675
Contributions as a Percentage of Covered-employee Payroll	57.21 %	60.81 %	67.08 %	61.48 %	59.20 %	55.54 %	44.68 %	49.81 %	47.86 %	39.36 %

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contribution rates are calculated as of January 1, 18 months prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	30 years
Asset valuation method	Market value
Inflation	2.75 percent
Health care cost trend rates	Pre-65: 6.75 percent graded down to 4.50 percent; Post-65: 5.50 percent
Salary increase	2.75 percent to 6.10 percent
Investment rate of return	6.75 percent
Retirement age	52 to 66+ years
Mortality	Pub-2010 public retirement plans

See notes to required supplementary information.

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Pension Information

Benefit Changes

2023: Regular retirement eligibility at age 55 with 10 years of service for Fire members hired on or after January 1, 2013 and non-duty disability benefits for all Fire members are based on their respective regular retirement formula (with service as of the date of disability).

2020: The following benefit changes were made: An annuity withdrawal is not available to APPOA/APPLSA members hired on or after July 1, 2020. In addition, effective July 1, 2020, APPOA members are eligible for the automatic 70 percent to survivor option. The maximum benefit for lieutenants and sergeants increased from \$80,000 to \$90,000.

Changes in Assumptions

2020: The following assumptions were changed based on an experience study for the five-year period ended December 31, 2018:

- The inflation assumption was reduced to 2.75 percent.
- The salary increases decreased to a range of 2.75 percent to 6.30 percent.
- The investment rate of return was reduced to 6.75 percent.
- The mortality rates were updated to be based on the Pub-2010 mortality tables.

OPEB Information

Benefit Changes

2022: Future retiring employees (not police) are assumed to be covered under the PPO 3 plan, previously covered under the PPO 2 plan.

Changes in Assumptions

2022: The assumed mortality projection scale for Full Generational Improvement was updated from MP-2020 to MP-2021.

2021: The investment rate of return was reduced from 7.0 percent to 6.75 percent.

2020: The mortality rates were updated to the Society of Actuaries Pub-2010 Public Retirement Plan mortality tables.

2019: The mortality rates were updated to the RPH-2014 mortality tables using the MP-2018 improvement scale.

2018: The mortality rates were updated to the RPH-2014 mortality tables using the MP-2017 improvement scale.

Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2023

	Nonmajor Special Revenue Funds								Nonmajor Debt Service Fund	Total
	Local Highway Fund	Building Fund	Drug Law Enforcement Fund	Indigent Defense Fund	Library Fund	Rubbish Fund	Special Projects	Opioid Settlement Fund	Community Center Debt Fund	
Assets										
Cash and investments	\$ 436,305	\$ 1,807,014	\$ 151,694	\$ 71,472	\$ 258,627	\$ 458,849	\$ 239,509	\$ 37,108	\$ 376,353	\$ 3,836,931
Receivables	159,022	-	-	-	51,144	-	-	151,960	-	362,126
Prepaid expenses and other assets	-	-	-	-	596	-	-	-	-	596
Total assets	\$ 595,327	\$ 1,807,014	\$ 151,694	\$ 71,472	\$ 310,367	\$ 458,849	\$ 239,509	\$ 189,068	\$ 376,353	\$ 4,199,653
Liabilities										
Accounts payable	\$ 190,038	\$ 34,199	\$ 775	\$ 17,798	\$ 9,734	\$ 13,722	\$ -	\$ -	\$ -	\$ 266,266
Refundable deposits, bonds, etc.	-	65,749	-	-	-	-	-	-	-	65,749
Accrued liabilities and other	-	6,195	-	-	5,573	-	-	-	-	11,768
Unearned revenue	-	-	-	53,674	-	-	-	-	-	53,674
Total liabilities	190,038	106,143	775	71,472	15,307	13,722	-	-	-	397,457
Deferred Inflows of Resources - Unavailable revenue	-	-	-	-	36,522	-	-	147,081	-	183,603
Total liabilities and deferred inflows of resources	190,038	106,143	775	71,472	51,829	13,722	-	147,081	-	581,060
Fund Balances										
Restricted:										
Roads	405,289	-	-	-	-	-	-	-	-	405,289
Police	-	-	150,919	-	-	-	-	-	-	150,919
Debt service	-	-	-	-	-	-	-	-	376,353	376,353
Building	-	1,700,871	-	-	-	-	-	-	-	1,700,871
Library	-	-	-	-	258,538	-	-	-	-	258,538
Rubbish	-	-	-	-	-	445,127	-	-	-	445,127
Opioid settlement	-	-	-	-	-	-	-	41,987	-	41,987
Committed	-	-	-	-	-	-	239,509	-	-	239,509
Total fund balances	405,289	1,700,871	150,919	-	258,538	445,127	239,509	41,987	376,353	3,618,593
Total liabilities, deferred inflows of resources, and fund balances	\$ 595,327	\$ 1,807,014	\$ 151,694	\$ 71,472	\$ 310,367	\$ 458,849	\$ 239,509	\$ 189,068	\$ 376,353	\$ 4,199,653

See notes to required supplementary information.

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

Year Ended June 30, 2023

	Nonmajor Special Revenue Funds								Nonmajor Debt Service Fund	Total
	Local Highway Fund	Building Fund	Drug Law Enforcement Fund	Indigent Defense Fund	Library Fund	Rubbish Fund	Special Projects	Opioid Settlement Fund	Community Center Debt Fund	
Revenue										
Taxes	\$ 1,670,844	\$ -	\$ -	\$ -	\$ 698,743	\$ 1,978,622	\$ -	\$ -	\$ 385,564	\$ 4,733,773
Intergovernmental	1,160,605	-	40,000	141,975	164,225	143,969	-	-	55,672	1,706,446
Charges for services	-	1,305,047	-	-	-	-	203,457	-	-	1,508,504
Fines and forfeitures	-	-	26,211	-	325	-	-	-	-	26,536
Interest and rentals	-	5,797	-	-	-	-	-	-	-	5,797
Other revenue	-	10,110	-	-	50	125	-	41,987	-	62,272
Total revenue	2,831,449	1,320,954	66,211	141,975	863,343	2,122,716	203,457	41,987	441,236	8,033,328
Expenditures										
Current services:										
General government	-	726,677	-	-	-	-	-	-	-	726,677
District court	-	-	-	141,975	-	-	-	-	-	141,975
Public safety	-	-	7,866	-	-	-	7,048	-	-	14,914
Public works	2,761,561	-	-	-	-	2,024,243	-	-	-	4,785,804
Recreation and culture	-	-	-	-	710,800	-	203,151	-	-	913,951
Debt service:										
Principal	-	-	-	-	-	-	-	-	250,000	250,000
Interest and fiscal charges	-	-	-	-	-	-	-	-	137,250	137,250
Total expenditures	2,761,561	726,677	7,866	141,975	710,800	2,024,243	210,199	-	387,250	6,970,571
Excess of Revenue Over (Under) Expenditures	69,888	594,277	58,345	-	152,543	98,473	(6,742)	41,987	53,986	1,062,757
Other Financing Sources - Sale of capital assets	-	-	26,525	-	-	-	-	-	-	26,525
Net Change in Fund Balances	69,888	594,277	84,870	-	152,543	98,473	(6,742)	41,987	53,986	1,089,282
Fund Balances - Beginning of year	335,401	1,106,594	66,049	-	105,995	346,654	246,251	-	322,367	2,529,311
Fund Balances - End of year	\$ 405,289	\$ 1,700,871	\$ 150,919	\$ -	\$ 258,538	\$ 445,127	\$ 239,509	\$ 41,987	\$ 376,353	\$ 3,618,593

See notes to required supplementary information.

City of Allen Park, Michigan

Other Supplementary Information
Combining Statement of Fiduciary Net Position
Fiduciary Funds

June 30, 2023

	Pension Trust Fund - December 31, 2022	Retiree Healthcare Fund	Pension and Other Employee Benefit Funds
Cash and cash equivalents	\$ 2,189,973	\$ 69,629	\$ 2,259,602
Investments:			
Treasury bonds	5,796,640	-	5,796,640
Agency securities	2,561,115	-	2,561,115
Mutual funds - Fixed income	3,839,487	1,438,897	5,278,384
Mortgage securities	47,940	-	47,940
Stocks	11,026,103	-	11,026,103
Corporate bonds	6,396,414	-	6,396,414
Other fixed income	2,494,667	-	2,494,667
ETF - Equity	24,595,846	967,876	25,563,722
Mutual funds - Equity	27,560,874	2,683,413	30,244,287
Private equity funds	5,300,872	-	5,300,872
Receivables - Accrued interest receivable	123,761	10,748	134,509
Total assets	91,933,692	5,170,563	97,104,255
Net Position			
Restricted:			
Pension	91,933,692	-	91,933,692
Postemployment benefits other than pension	-	5,170,563	5,170,563
Total net position	<u>\$ 91,933,692</u>	<u>\$ 5,170,563</u>	<u>\$ 97,104,255</u>

City of Allen Park, Michigan

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

Year Ended June 30, 2023

	Pension Trust Fund - December 31, 2022	Retiree Healthcare Fund	Pension and Other Employee Benefit Funds
Additions			
Investment income (loss):			
Interest and dividends	\$ 2,644,852	\$ 147,815	\$ 2,792,667
Net (decrease) increase in fair value of investments	(19,383,957)	358,299	(19,025,658)
Investment costs	(247,372)	(23,223)	(270,595)
Total investment (loss) income	(16,986,477)	482,891	(16,503,586)
Contributions:			
Employer contributions	2,895,276	2,479,266	5,374,542
Employee contributions	438,975	-	438,975
Total contributions	3,334,251	2,479,266	5,813,517
Total additions	(13,652,226)	2,962,157	(10,690,069)
Deductions - Benefit payments	8,345,248	1,979,266	10,324,514
Net (Decrease) Increase in Fiduciary Net Position	(21,997,474)	982,891	(21,014,583)
Net Position - Beginning of year	113,931,166	4,187,672	118,118,838
Net Position - End of year	<u>\$ 91,933,692</u>	<u>\$ 5,170,563</u>	<u>\$ 97,104,255</u>

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Founded in 1852
by Sidney Davy Miller



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FORM OF APPROVING OPINION

City of Allen Park
County of Wayne
State of Michigan

We have acted as bond counsel to the City of Allen Park, County of Wayne, State of Michigan (the “Issuer”), in connection with the issuance by the Issuer of bonds in the aggregate principal sum of \$ _____, designated 2024 Capital Improvement Bonds (Limited Tax General Obligation) (the “Bonds”). In such capacity, we have examined such law and the transcript of proceedings relating to the issuance of the Bonds and such other proceedings, certifications and documents as we have deemed necessary to render this opinion.

The Bonds are in fully registered form in the denomination of \$5,000 each or multiples thereof, numbered in order of registration, bearing original issue date of _____, 2024, payable as to principal and interest as provided in the Bonds, with the option of redemption prior to maturity in the manner, at the times and at the prices specified in the Bonds. The Issuer has designated the Bonds as “qualified tax-exempt obligations” for purposes of deduction of interest expense by financial institutions.

As to questions of fact material to our opinion, we have relied on the certified proceedings and other certifications of public officials and others furnished to us.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The Bonds have been duly authorized and executed by the Issuer and are valid and binding obligations of the Issuer.
2. The Issuer has pledged its limited tax full faith and credit for the payment of the Bonds and, in order to make such payment, the Issuer is obligated to provide, as a first budget obligation, sufficient general fund moneys in its annual budget and, if necessary, to levy sufficient ad valorem taxes upon all taxable property within its boundaries, subject to applicable constitutional, statutory and charter tax rate limitations.
3. The interest on the Bonds (a) is excludable from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax. Further, the Bonds and the interest thereon are exempt from all taxation by the State of Michigan or by any taxing authority within the State of Michigan except estate taxes and taxes

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

City of Allen Park

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FORM OF APPROVING OPINION

on gains realized from the sale, payment or other disposition thereof. The opinions set forth in this paragraph are subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excludable from gross income for federal and State of Michigan income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements could cause the interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds.

Except as stated in paragraph 3 above, we express no opinion regarding other federal or state tax consequences arising with respect to the Bonds and the interest thereon.

The rights or remedies of bondholders may be affected by bankruptcy, insolvency, fraudulent conveyance or other laws affecting creditors' rights generally, now existing or hereafter enacted, and by the application of general principles of equity, including those relating to equitable subordination.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Very truly yours,

Miller, Canfield, Paddock and Stone, P.L.C.

By: _____

CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the “Undertaking”) is executed and delivered by the City of Allen Park, County of Wayne, State of Michigan (the “Issuer”), in connection with the issuance of its \$ _____ 2024 Capital Improvement Bonds (Limited Tax General Obligation) (the “Bonds”). The Issuer covenants and agrees for the benefit of the Bondholders, as hereinafter defined, as follows:

(a) *Definitions.* The following terms used herein shall have the following meanings:

“Audited Financial Statements” means the annual audited financial statement pertaining to the Issuer prepared by an individual or firm of independent certified public accountants as required by Act 2, Public Acts of Michigan, 1968, as amended, which presently requires preparation in accordance with generally accepted accounting principles.

“Bondholders” shall mean the registered owner of any Bond or any person (a) with the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bond (including any person holding a Bond through a nominee, depository or other intermediary) or (b) treated as the owner of any Bond for federal income tax purposes.

“EMMA” shall mean the MSRB’s Electronic Municipal Market Access System, or such other system, Internet Web Site, or repository hereafter prescribed by the MSRB for the submission of electronic filings pursuant to the Rule.

“Financial Obligation” means “financial obligation” as such term is defined in the Rule.

“MSRB” means the Municipal Securities Rulemaking Board.

“Rule” means Rule 15c2-12 promulgated by the SEC pursuant to the Securities Exchange Act of 1934, as amended, as in effect on the date of this Undertaking, including any official interpretation thereof issued either before or after the date of this Undertaking which are applicable to this Undertaking.

“SEC” means the United States Securities and Exchange Commission.

(b) *Continuing Disclosure.* The Issuer hereby agrees, in accordance with the provisions of the Rule, to provide or cause to be provided to the MSRB through EMMA, on or before the last day of the 6th month after the end of the fiscal year of the Issuer, the following annual financial information and operating data or data of substantially the same nature, commencing with the fiscal year ended June 30, 2024, in an electronic format as prescribed by the MSRB:

(1) Certain annual financial information and operating data reasonably available to the Issuer in form and substance similar to the information contained in the official statement of the Issuer relating to the Bonds (the “Official Statement”) appearing in the Tables in the Official Statement as described below:

- a. *Historical Valuation* – State Equalized Valuations and Taxable Valuations;
- b. *Major Taxpayers* – Top Ten Taxpayers;
- c. *Tax Rates (per \$1,000 of Valuation)* – City of Allen Park Tax Rates;
- d. *Tax Levies and Collections*;
- e. *Revenues from the State of Michigan* – State Revenue Sharing Payments;
- f. *Retirement Systems* – Retirement System Schedule of Funding Progress;
- g. *Retirement Systems* – Pension Payments;
- h. *Other Post-Employment Benefits* – Retiree Insurance Benefit Expenditures;
- i. *Debt Statement* – Direct and Indirect Debt; and
- j. *Legal Debt Margin* – Legal Debt Margin Subject to State Limitation.

(2) The Audited Financial Statements. Provided, however, that if the Audited Financial Statements are not available by the date specified above, they shall be provided when available and unaudited financial statements will be filed by such date and the Audited Financial Statements will be filed as soon as available.

(3) Such additional financial information or operating data as may be determined by the Issuer and its advisors as desirable or necessary to comply with the Rule.

Such annual financial information and operating data described above are expected to be provided directly by the Issuer or by specific reference to other documents available to the public through EMMA or filed with the SEC, including official statements of debt issuers of the Issuer or related public entities.

If the fiscal year of the Issuer is changed, the Issuer shall send a notice of such change to the MSRB through EMMA, prior to the earlier of the ending date of the fiscal year prior to such change or the ending date of the fiscal year as changed.

(c) *Notice of Failure to Disclose.* The Issuer agrees to provide or cause to be provided, in a timely manner, to the MSRB through EMMA, in an electronic format as prescribed by the MSRB, notice of a failure by the Issuer to provide the annual financial information with respect to the Issuer described in subsection (b) above on or prior to the

dates set forth in subsection (b) above.

(d) *Occurrence of Events.* The Issuer agrees to provide or cause to be provided to the MSRB through EMMA, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of ten business days after the occurrence of the event, notice of the occurrence of any of the following events listed in (b)(5)(i)(C) of the Rule with respect to the Bonds:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) modifications to rights of holders of the Bonds, if material;
- (8) bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the Issuer, which is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer;
- (13) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material; or
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

(e) *Materiality Determined Under Federal Securities Laws.* The Issuer agrees that its determination of whether any event listed in subsection (d) is material shall be made in accordance with federal securities laws.

(f) *Identifying Information.* All documents provided to the MSRB through EMMA shall be accompanied by the identifying information prescribed by the MSRB.

(g) *Termination of Reporting Obligation.* The obligation of the Issuer to provide annual financial information and notices of material events, as set forth above, shall be terminated if and when the Issuer no longer remains an “obligated person” with respect to the Bonds within the meaning of the Rule, including upon legal defeasance of all Bonds.

(h) *Benefit of Bondholders.* The Issuer agrees that its undertaking pursuant to the Rule set forth in this Undertaking is intended to be for the benefit of the Bondholders and shall be enforceable by any Bondholder; provided that, the right to enforce the provisions of this Undertaking shall be limited to a right to obtain specific enforcement of the Issuer’s obligations hereunder and any failure by the Issuer to comply with the provisions of this Undertaking shall not constitute a default or an event of default with respect to the Bonds.

(i) *Amendments to the Undertaking.* Amendments may be made in the specific types of information provided or the format of the presentation of such information to the extent deemed necessary or appropriate in the judgment of the Issuer, provided that the Issuer agrees that any such amendment will be adopted procedurally and substantively in a manner consistent with the Rule, including any interpretations thereof by the SEC, which, to the extent applicable, are incorporated herein by reference. Such interpretations currently include the requirements that (a) the amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Issuer or the type of activities conducted thereby, (b) the undertaking, as amended, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, and (c) the amendment does not materially impair the interests of Bondholders, as determined by parties unaffiliated with the Issuer (such as independent legal counsel), but such interpretations may be changed in the future. If the accounting principles to be followed by the Issuer in the preparing of the Audited

Financial Statements are modified, the annual financial information for the year in which the change is made shall present a comparison between the financial statements as prepared on the prior basis and the statements as prepared on the new basis, and otherwise shall comply with the requirements of the Rule, in order to provide information to investors to enable them to evaluate the ability of the Issuer to meet its obligations. A notice of the change in accounting principles shall be sent to the MSRB through EMMA.

IN WITNESS WHEREOF, the Issuer has caused this Undertaking to be executed by its authorized officer.

City of Allen Park
County of Wayne
State of Michigan

By _____

Its:

Dated: _____, 2024

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APPENDIX F

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No.: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

ASSURED GUARANTY INC. ("AG"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AG, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AG shall have received Notice of Nonpayment, AG will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AG, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AG. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AG is incomplete, it shall be deemed not to have been received by AG for purposes of the preceding sentence and AG shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AG shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AG hereunder. Payment by AG to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AG under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AG shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AG which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AG may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AG pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AG and shall not be deemed received until received by both and (b) all payments required to be made by AG under this Policy may be made directly by AG or by the Insurer's Fiscal Agent on behalf of AG. The Insurer's Fiscal Agent is the agent of AG only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AG to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AG agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AG to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AG, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY INC.

By _____
Authorized Officer

1633 Broadway, New York, N.Y. 10019

(212) 974-0100

Form 500 (8/24)

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