
City of Eastpointe, Michigan

**Annual Comprehensive Financial Report
with Supplemental Information
as prepared by the
Department of Finance
For the Fiscal Year Ended
June 30, 2021**

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December 17, 2021

To the Honorable Mayor, City Council, and Citizens
of the City of Eastpointe:
23200 Gratiot Avenue
Eastpointe, MI 48021

The financial report of the City of Eastpointe for the year ended June 30, 2021 is hereby submitted as mandated by the City Charter, Chapter XII, Section 4 and State Statute, Public Act 2 of 1968. As required by City Charter and state laws, the basic financial statements as defined in the table of contents were audited by Plante & Moran, PLLC, certified public accountants.

Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the city's management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly, the financial position and results of operations of the various funds and component units of the City of Eastpointe for the fiscal year ended June 30, 2021. All disclosures necessary to enable the reader to gain an understanding of the City of Eastpointe activities have been included.

Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of management's discussion and analysis (MD&A). The MD&A complements this letter of transmittal and should be read in conjunction with it. The City of Eastpointe's MD&A can be found immediately following the report of the independent auditor.

The independent auditors report is located at the front of the financial section of this report. It indicates that the auditor's examination has disclosed no conditions that cause them to believe that the financial statements are not fairly stated in all material respects and have issued an unmodified opinion for the year ended June 30, 2021.

Profile of the Government

Eastpointe incorporated in 1929 as a Michigan Home-Rule Charter City with a Council-Manager form of government. Policy-making and legislative authority are vested in a government council (Council) consisting of the mayor and four other members, all elected on a non-partisan basis. The city's mayor and four council members are elected at large, to four-year staggered terms.

Eastpointe provides a full range of services including police and fire protection; the construction and maintenance of highways, streets, and infrastructure; planning and zoning; library services; recreational activities; and cultural events. In addition, rubbish removal services and water and sewer services are provided under an Enterprise Fund concept, with user charges set by the City Council to ensure adequate coverage of operating expenses including payments on outstanding debt.

Eastpointe also is financially accountable for legally separate component units. Eastpointe's Downtown Development Authority and the Economic Development Corporation are reported separately within the city's financial statements. Additional information on these legally separate entities can be found in the notes to the financial statements (See Note 1).

Local Economy

Eastpointe has grown and prospered significantly as one of southeastern Michigan's earliest and strongest suburban communities. The city continues to welcome residents, businesses, and visitors alike to a vibrant and diverse community. The City is ideally located in southeastern Michigan, within Macomb County and proud of the initiative to "Make Macomb Your Home." Macomb County continues to rank high in per capita income, employment opportunities, and overall quality of life.

Eastpointe exemplifies the best in Macomb County through its high value to cost City services, road system, active community place-making efforts and organizations, and a variety of opportunities for residents and the business community. It is an aggressively, fiscally managed and solid community with many advantages because of its affordable housing mix, business climate, and convenient access to other business and residential areas in southeastern Michigan.

Eastpointe provides a full-range of services to residents, visitors, and the business community and is conveniently located for employers and employees alike at the intersection of I-94 and I-696 and is centered by the Gratiot Corridor "M-3 the Place to Be." City services are provided to 12,699 households and more than 800 commercial and industrial businesses and service enterprises within the City's 5.1 square miles. The City is proud to have a majority of small businesses, as well as more than 60 major companies within its borders, such as international manufacturer Sterling North Michigan, Chevrolet and Porsche dealerships, CVS and Walgreens Pharmacy, Olive Garden and the headquarters for the American Power Boat Association.

As a full-service community, Eastpointe has sound infrastructure, stable values and has many advantages accruing to it because of its housing mix and business climate. City officials proudly point to the fact that almost 91 percent of the building stock is single-family homes or condominiums.

Tax Base Composition

The principal source of revenues to fund the City's operations is property tax (37.1 percent of total 2020-2021 General Fund revenues). Property tax revenues are a result of applying the millage rate set by City Council within the restrictions of state law to the taxable value of real and personal property located within the City.

Long-term Financial Planning

Unassigned fund balance in the general fund (0.4 percent of total general fund revenues) falls below the policy guidelines set by the Council for budgetary and planning purposes. There are funds assigned for capital purchases and next year pension and OPEB contributions. If these were excluded it would leave an unassigned fund balance of 28.7 percent. The City's strategic plan incorporates an unassigned fund balance target to be between 10.0 and 15.0 percent of total general fund revenues so as to reduce the amount that will need to be borrowed to finance future construction.

The City Council re-adopted the financial management plan and the following financial policies to guide the process for long-term financial decisions: (1) debt management policy - provides guidelines for borrowing money-to-finance projects; (2) cash management policy - provides guidelines for the day-to-day handling of cash and investments; (3) capital improvement policy - sets capitalization thresholds and parameters for capital asset purchases; and (4) investment policy - provides guidelines for investment of the city's liquid assets.

Financial Policies and Internal Controls

Management of the city is responsible for establishing and maintaining internal controls designed to ensure that the assets of the city are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe the city's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions. As demonstrated by the statements and schedules included in the financial section of this report, the city continues to meet its responsibility for sound financial management.

Budgeting

In accordance with state law, the City's budget is prepared on the modified accrual basis for governmental-type funds, and its accounting records are also maintained on that basis. Under modified accrual accounting, revenues are recorded when they are both measurable and available. Expenditures are recorded when a liability is incurred, except for interest on long-term debt and accrued vacation benefits. Governmental fund types, such as the City's General Fund, special revenue funds, debt service funds, and capital projects funds, are reported on the modified accrual basis. The City's Enterprise Fund, internal service funds, and Pension Trust Fund are reported on the full accrual basis, under which revenues are recorded when earned and expenses are recorded when incurred.

The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City's governing body. Activities of the General Fund are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the department level for the General Fund, special revenue funds, and certain debt service funds. However, for internal accounting purposes, budgetary control is maintained by object class (line account) for all funds. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Purchase orders that would create an over-encumbrance are not written until additional appropriations are available. Encumbered accounts lapse at year end.

Federal Financial Assistance

As a recipient of federal financial assistance, the city is also responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. The internal control systems are evaluated periodically by management to achieve these objectives. The City is required to have a single audit in any fiscal year to test these controls when it receives more than \$750,000 in federal assistance as required by the Federal Office of Management and Budget (OMB) Circular A-133 and subsequent applicable circulars. For the fiscal year ended June 30, 2021 the City received \$1,526,760 in federal funds and a separate Single Audit will follow.

Major Initiatives

In spite of the past economic challenges, there are plenty of reasons that Eastpointe is still here. The city weathered more than its share of adversity in the past ten years or more. Presently, we have entered a time where progress is being made on all fronts. The city continues to operate effectively, and with an improving economy and additional resources approved by the voters in 2015, there are many things happening now and in the future.

The city staff's cooperation, creativity, and focus on cost-saving initiatives, will allow departments to maximize resources, use new strategies, and develop more new projects to continue to move Eastpointe in the desired direction. Eastpointe City Government is a model of employees, including executives and administrators performing several jobs and helping each other to help our residents. Facilities are well maintained and energy efficient. Infrastructure is continuously addressed and technology using state of the art financial systems are implemented wherever possible.

Public Reinvestment in Streets, Sidewalks, and Water and Sewer System

The city replenished our available funds in preparation for future projects and began to move on new activities this year. Since 2012 the city has invested approximately \$60.9 million in Roads, Sidewalks and the Water and Sewer Systems, both by the city and the county jointly. The city's major accomplishments for the current fiscal year included:

- Invested \$3.63 million in street and sidewalk improvements
Completed Roxana reconstruction Semaru to Norton.
Completed Toepfer reconstruction David to Kelly.
Completed miscellaneous street repairs throughout two of thirteen areas of the city.
- Invested \$2.08 million in water main and sewer line improvement projects
Installed new water main on Agnes-Beachwood to Hayes.

Installed new water main on Normandy-Toepfer to 9 Mile.

Installed new water main on Saxony-9 Mile to 10 Mile.

Continued sewer camera inspection program throughout the city for mapping and failure identification.

Continued sewer repair projects throughout the city using open-cut, pipe bursting and cured in place methods as appropriate.

Acknowledgments

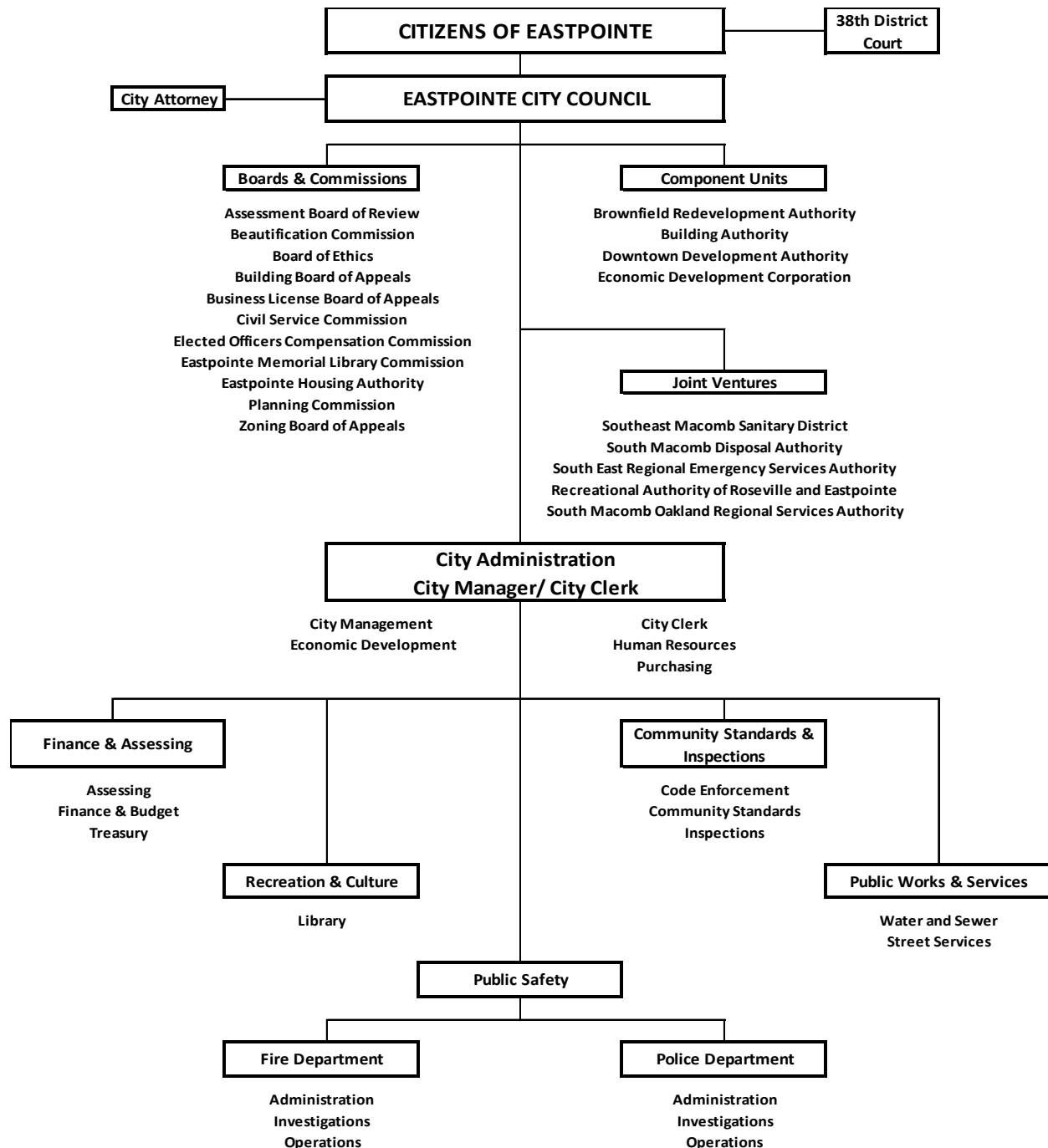
The preparation of this Annual Comprehensive Financial Report would not have been possible without the efficient and dedicated service of the entire staff of the Department of Finance. I wish to express my sincere appreciation to all members of the department, and various other employees from other city departments for their cooperation and assistance, in contributing to the preparation of this report. Credit must also be given to the mayor and the governing council for their support and for maintaining their professionalism in the management of the financial affairs of the City of Eastpointe.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read 'Randall Blum', with a stylized, flowing script.

Randall Blum
Director of Finance

June 30, 2021



City of Eastpointe, Michigan

List of Principal Officers

June 30, 2021

Title	Name
City Manager/City Clerk	Elke Doom
Assistant City Manager/Deputy City Clerk	Mariah Walton
Finance Director / Treasurer	Randall Blum
City Assessor	Mitchell Elrod
Public Safety Director	George Rouhib
Deputy Police Chief	Eric Keiser
Deputy Fire Chief/Fire Marshall	Nick Sage
Public Works and Services Director	Darin Paolucci
Community Standards and Inspections Director	Erin Hardcastle
Library Director	Sue Todd
City Attorney	Richard Albright
District Court Judge	Kathleen Galen

City of Eastpointe, Michigan

Fund Organization Chart

Governmental Funds	
General *	Special Revenue
	Major Streets *
	Local Streets *
	Library
	Drug Law Enforcement
	Street Lighting SAD
	Michigan Indigent Defense
	Community Development
	Capital Projects
	Capital Improvement
	District Court Building
	Brownfield Capital Project
Proprietary Funds	
Enterprise	Internal Service
Water and Sewer *	Equipment Pool
Garbage and Rubbish Collection *	
Fiduciary Funds	
Trust	Custodial
Retirement Healthcare	Tax Collection
Employees' Death Benefit	Private Contributions
	Memorial Library Trust Fund
Component Units	
Downtown Development Authority	
Economic Development Corporation	

* Major funds under GASB Stmt. No. 34

Independent Auditor's Report

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Southeast Macomb Sanitary District, which represents 11 percent, 14 percent, and 1 percent of the assets, net position, and expenses, respectively, of the Water and Sewer Fund. 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 Southeast Macomb Sanitary District, is based solely on the report of the other auditors. We did not audit the financial statements of the South Macomb Disposal Authority, which represents 100 percent and 17 percent of the liabilities and expenses, respectively, of the Garbage and Rubbish Collection Fund. 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 South Macomb Disposal Authority, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The audits of the financial statements of the South Macomb Disposal Authority and the Southeast Macomb Sanitary District were not performed under the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

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

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

Opinions

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

Emphasis of Matter

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

Other Matters

Required Supplemental Information

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

Other Information

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

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

The introductory and statistical sections, as identified in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have issued our report dated December 20, 2021 on our consideration of the City of Eastpointe, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Eastpointe, Michigan's internal control over financial reporting and compliance.

Plante & Moran, PLLC

December 20, 2021

Management's Discussion and Analysis

The City of Eastpointe, Michigan's (the "City") management's discussion and analysis (MD&A) is a narrative overview of the City's financial activities and performance as of and for the fiscal year ended June 30, 2021. This narrative should be considered in conjunction with the additional information presented in the letter of transmittal found on pages i-v and is intended to serve as an introduction to the City's basic financial statements which begin on page 12.

Financial Highlights

- The City's combined total net position is reported as \$34.8 million for the fiscal year ended June 30, 2021, compared to \$26.5 million last fiscal year.
- In the City's governmental activities, revenue generated \$34.9 million, while expenses also totaled \$29.6 million.
- In the City's business-type activities, revenue generated \$19.2 million, while expenses totaled \$16.2 million and capital investment in the City's water and sewer system totaled \$2.1 million.
- Total net position increased \$8.3 million, largely due to general government expenditures coming in below budget related to open positions and the delay of general capital projects and capital projects associated with water and sewer and roads.

Government-wide Financial Statements

The government-wide financial statements report information about the City as a whole using accounting methods similar to those used by private sector companies. The statement of net position includes all of the City's assets and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net position and how it has changed. Net position is the difference between the City's assets and liabilities, which is one way to measure the City's financial health.

The two government-wide financial statements are divided into three categories:

- **Governmental Activities** represent most of the City's basic services such as general government, public safety, public works, and recreation and culture. Property taxes, state-shared revenue, charges for services, and grants provide most of the funding.
- **Business-type Activities** represent those activities for which the City charges fees to customers to cover the cost of providing services. Services include water and sewer and rubbish collection.
- **Component Units** includes separate legal entities that have been included in this report. The City has two discretely presented component units: the Downtown Development Authority and the Economic Development Corporation. Although legally separate, these component units are important because the City is financially accountable for them. The Eastpointe Building Authority is also legally separate; however, it functions as a department of the City, and therefore has been included as an integral part of the primary government. Further information regarding the purpose of each component unit is found in Note 1 to the financial statements.

City of Eastpointe, Michigan

Management's Discussion and Analysis (Continued)

The City as a Whole

Statement of Net Position - The City's combined net position increased 31.4 percent, or \$8.3 million, from \$26.5 million in 2020 to \$34.8 million in 2021. The net deficit for the governmental activities decreased to \$25.9 million in 2021. There was a total increase in governmental activities revenue in 2021, including \$1.2 million in Federal CARES funding related to the pandemic. At the same time there was a slight decrease in the expenses due to staffing shortages and a delay of capital projects due to vendor staffing shortages. The current level of unrestricted net position for governmental activities is a deficit of \$61.1 million as a result of the City recognizing a net pension liability of \$38.5 million in accordance with GASB Statement No. 68 and net OPEB liability of \$26.8 million in accordance with GASB Statement No. 75. The net position of the business-type activity increased from \$56.6 million in 2020 to \$60.7 million in 2021, or \$4.1 million. The unrestricted net position for business-type activities is \$15.7 million after the City recognizing a net pension liability of \$4.6 million in accordance with GASB Statement No. 68 and net OPEB liability of \$1.2 million in accordance with GASB Statement No. 75.

The City's assets totaled \$132.0 million in 2021, which is an increase of \$7.1 million from 2020. This relates to an increase in net current assets of \$2.2 million, or 6.5 percent, and an increase in capital assets of \$4.1 million, or 5.0 percent. The primary change in net current assets is due to an increase in cash, investments, and receivables by \$4.6 million as a result of higher revenues, lower spending and a delay in capital projects. The primary change in net capital assets is due to the delay of capital projects.

The City's total liabilities decreased \$5.1 million, or 5.4 percent, to \$89.5 million in 2021. This is primarily due to a decrease in unfunded Pension and OPEB obligations of \$5.3 million caused by assumption changes and an employee retiree healthcare buyout.

In a condensed format, the table below shows the comparison of net position (in millions) as of June 30, 2021 to the prior two years:

	Governmental Activities			Business-type Activities			Total		
	2021	2020	2019	2021	2020	2019	2021	2020	2019
Assets									
Current assets	\$ 18,522	\$ 20,210	\$ 19,675	\$ 17,398	\$ 13,512	\$ 10,060	\$ 35,920	\$ 33,722	\$ 29,735
Capital assets	32,502	28,463	27,815	53,108	53,054	53,438	85,610	81,517	81,253
Other noncurrent assets	2,138	1,161	1,601	8,346	8,469	6,683	10,484	9,630	8,284
Total assets	53,162	49,834	49,091	78,852	75,035	70,181	132,014	124,869	119,272
Deferred Outflows	5,291	5,885	6,384	426	418	525	5,717	6,303	6,909
Liabilities									
Current liabilities	2,251	2,121	2,318	1,221	957	2,268	3,472	3,078	4,586
Long-term liabilities	69,349	74,100	76,976	16,685	17,423	17,670	86,034	91,523	94,646
Total liabilities	71,600	76,221	79,294	17,906	18,380	19,938	89,506	94,601	99,232
Deferred Inflows	12,760	9,615	6,266	690	496	323	13,450	10,111	6,589
Net Position									
Net investment in capital assets	29,870	25,624	24,777	44,919	43,822	43,206	74,789	69,446	67,983
Restricted	5,327	6,097	6,151	23	23	23	5,350	6,120	6,174
Unrestricted	(61,104)	(61,838)	(61,013)	15,740	12,732	7,216	(45,364)	(49,106)	(53,797)
Total net position	<u>\$ (25,907)</u>	<u>\$ (30,117)</u>	<u>\$ (30,085)</u>	<u>\$ 60,682</u>	<u>\$ 56,577</u>	<u>\$ 50,445</u>	<u>\$ 34,775</u>	<u>\$ 26,460</u>	<u>\$ 20,360</u>

City of Eastpointe, Michigan

Management's Discussion and Analysis (Continued)

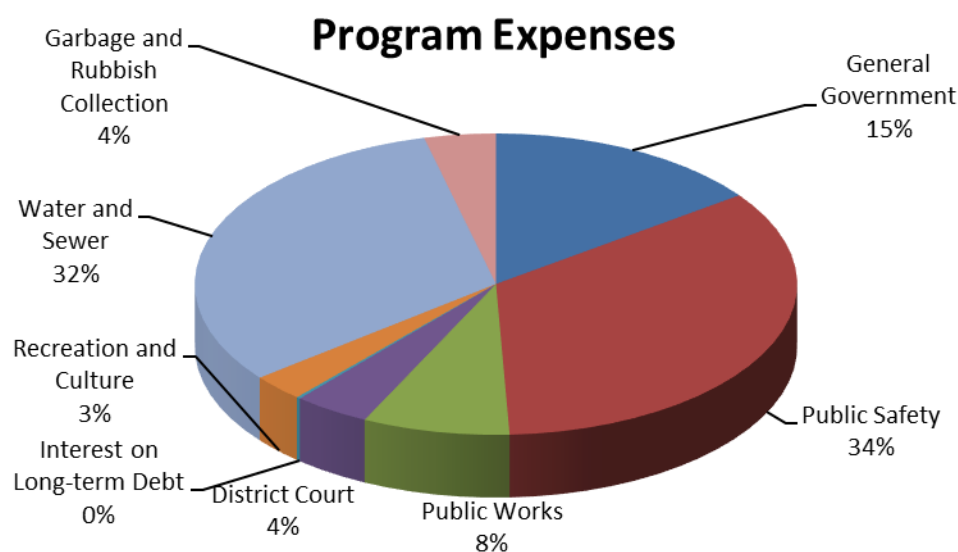
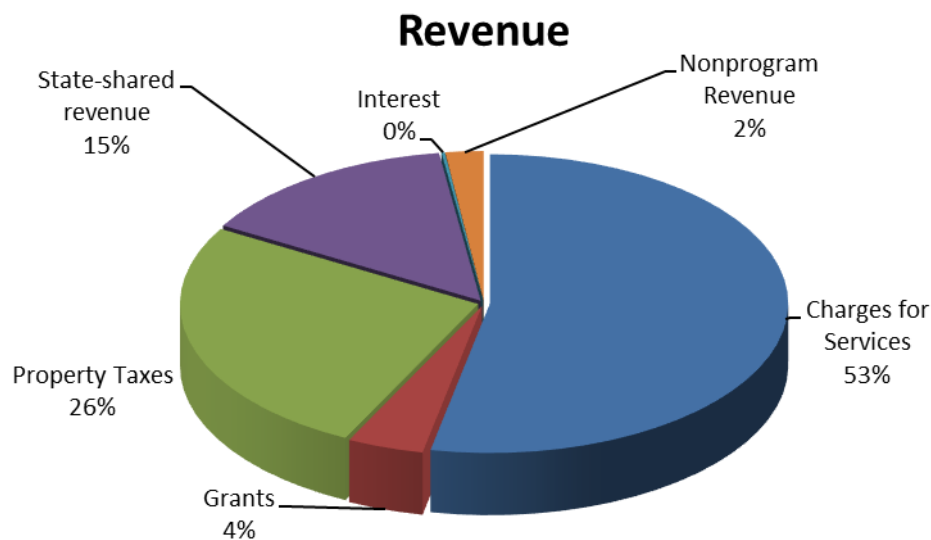
Changes in Net Position - The City's total net position increased by \$8.3 million during the fiscal year ended June 30, 2021. The table below shows the comparison of changes in net position (in millions) to the prior two years:

	Governmental Activities			Business-type Activities			Total		
	2021	2020	2019	2021	2020	2019	2021	2020	2019
Revenue									
Program revenue:									
Charges for services	\$ 9,596	\$ 8,988	\$ 9,700	\$ 19,205	\$ 18,558	\$ 18,661	\$ 28,801	\$ 27,546	\$ 28,361
Operating grants and contributions	1,678	369	292	-	32	-	1,678	401	292
Capital grants and contributions	566	351	409	-	-	-	566	351	409
General revenue:									
Property taxes	14,111	13,585	13,990	-	-	-	14,111	13,585	13,990
State-shared revenue	7,778	7,346	7,604	-	-	-	7,778	7,346	7,604
Interest	75	425	344	23	140	148	98	565	492
Other nonprogram revenue	1,111	957	845	3	1,848	4	1,114	2,805	849
Total revenue	34,915	32,021	33,184	19,231	20,578	18,813	54,146	52,599	51,997
Program Expenses									
General government	6,793	6,397	6,123	-	-	-	6,793	6,397	6,123
District court	1,862	1,739	2,010	-	-	-	1,862	1,739	2,010
Public safety	15,565	17,164	17,754	-	-	-	15,565	17,164	17,754
Public works	3,581	3,407	2,503	-	-	-	3,581	3,407	2,503
Health and welfare	460	389	251	-	-	-	460	-	-
Recreation and culture	1,295	1,803	1,707	-	-	-	1,295	1,803	1,707
Interest on long-term debt	90	98	95	-	-	-	90	98	95
Water and sewer	-	-	-	14,441	13,776	13,216	14,441	13,776	13,216
Garbage and rubbish collection	-	-	-	1,744	1,726	2,005	1,744	1,726	2,005
Total program expenses	29,646	30,997	30,443	16,185	15,502	15,221	45,831	46,110	45,413
Increase in Net Position									
Before Transfers	5,269	1,024	2,742	3,046	5,076	3,592	8,315	6,100	6,334
Transfers	(1,059)	(1,056)	(1,065)	1,059	1,056	1,065	-	-	-
Change in Net Position	4,210	(32)	1,677	4,105	6,132	4,657	8,315	6,100	6,334
Net Position - Beginning of year	(30,117)	(30,085)	(31,761)	56,577	50,445	45,788	26,460	20,360	14,027
Net Position - End of year	<u>\$ (25,907)</u>	<u>\$ (30,117)</u>	<u>\$ (30,085)</u>	<u>\$ 60,682</u>	<u>\$ 56,577</u>	<u>\$ 50,445</u>	<u>\$ 34,775</u>	<u>\$ 26,460</u>	<u>\$ 20,361</u>

Management's Discussion and Analysis (Continued)

Governmental Activities

The City's governmental activities saw an increase in net position in the current year of \$4.2 million. This increase was largely due to induced revenues from pandemic recovery and federal CARES funds plus delays in capital projects and staffing shortfalls. Net position for business-type activity increased by \$4.1 million, resulting in a net increase in net position of \$8.3 million. The following graphs illustrate the primary sources of revenue and expenses for the total primary government of the City for the year ended June 30, 2021:



Management's Discussion and Analysis (Continued)

Of the City's total Governmental Activities revenue generated for fiscal year 2021, property tax comprises the largest segment, \$14.1 million. Property tax revenue increased 3.9% over the prior year, which is consistent with the increase in property taxable values, plus a decrease in a debt millage. State revenue is another primary source of revenue for the City, of which we received \$7.8 million; this is an increase of \$0.5 million from the prior year. This consists of \$4.2 million for revenue sharing, \$3.6 million Act 51 road funds and other state payments. Of the governmental charges for service revenue of \$9.6 million, \$6.9 is from SMORSA, \$1.2 million is associated with court fines and fees, and \$0.9 million for building department activity.

The majority of governmental expense is associated with the public safety function, which is \$15.6 million, or 52.5 percent of governmental activities. Public safety includes police, fire, and building inspection services. Public works expenses were \$3.6 million, or 12.1 percent, which includes road improvements. Recreation and cultural expenses totaled \$1.3 million, or 4.4 percent, which is related to park maintenance and library operations. General government expenses totaled \$6.8 million, or 22.9 percent.

Business-type Activities

The City's business-type activities are recorded in the Water and Sewer Fund and Garbage and Rubbish Collection Fund. The City provides water service and sewage disposal and treatment, purchased from the Great Lakes Water Authority, to residents and businesses. Of the City's charges for water and sewer service revenue, the majority is generated from charges passed on to residents, which is \$17.4 million. Charges for service are offset by water and sewer expenses of \$14.0 million plus capital expenditures of \$2.1 million.

The City also provides garbage collection services to residents and businesses. Of the City's charges for this service revenue, the majority is generated from charges passed on to residents, which is \$1.8 million. Charges for service are offset by garbage collection expenses of \$1.5 million. After capital contributions, the business-type activities experienced an increase in net position of \$4.1 million.

Capital Asset and Debt Administration

At the end of 2021, the City of Eastpointe, Michigan had \$85.6 million invested in a wide range of capital assets, including land, buildings, police and fire equipment, computer equipment, and water and sewer lines. The largest asset is infrastructure, which consists of sidewalks, roads within the major and local street system, and water and sewer lines. The value of infrastructure assets, net of depreciation contained in this report, is \$75.4 million for fiscal year 2021 (see Note 5 for additional information).

Debt reported in these financial statements is related to the construction of the above-mentioned infrastructure assets and buildings and is reported as a liability on the statement of net position (see Note 8 for additional information).

Fund Financial Statements

Fund financial statements are similar to the historical presentation; however, this section individually discloses only those funds designated as the City's "major" funds. All nonmajor funds are aggregated into one column. These statements provide a higher level of detail than the government-wide statements and continue to illustrate how the services provided by the City were financed in the short term as well as what remains for future spending. The City has three types of funds that are used to keep track of specific sources of funding and spending for particular purposes as follows:

- **Governmental Funds** - The majority of the City's basic services included in the governmental funds not only focus on how cash and other financial assets can readily be converted to cash flow in and out, but also what year-end balances 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 differences between the two methods of reporting. Pages 16 and 18 illustrate this concept.

Management's Discussion and Analysis (Continued)

- **Proprietary Funds** - Services for which the City charges customers fees are reported in this fund type. This fund type provides both the short- and long-term financial information comparable to the business-type activity in the government-wide statements. The Water and Sewer Fund and the Garbage and Rubbish Collection Fund are proprietary funds, which typically charge residents usage fees and accounts for the cost of operations.
- **Fiduciary Funds** - The Trust Fund and custodial funds are used to account for assets held by the City in a trustee capacity or as an agent for individual, private organizations, other governments, and other city funds. The City is responsible for ensuring the assets reported in these funds are used for their intended purpose. The City's fiduciary activities are reported in a separate statement of fiduciary net position. Fiduciary activities are excluded from the City's government-wide statements because these assets are not available to finance city operations.

Financial Analysis of the City's Funds

An analysis of the City's major funds follows the government-wide financial statements. The City's fund financial statements begin on page 15 and provide detailed information on the most significant funds. The fund-level financial statements provide detailed information on the most significant funds, not the City as a whole. In addition to state legislative requirements to maintain separate funds for Act 51 major and local road money, the City creates funds to administer certain dedicated dollars and demonstrate accountability to the citizens for special tax millages voted by citizens or earmarked bond proceeds. The City's major funds for fiscal year 2021 include the General Fund, the Major Streets Fund, the Local Streets Fund, and the Chapter 20 Drain Debt Fund.

The General Fund accounts for most of the City's governmental services, with the largest expenditure being public safety. Support for these activities comes from property taxes and a contractual arrangement with SMORSA.

The Major Streets Fund and Local Streets Fund are supported by state-shared gas and weight taxes. State funding of approximately \$2.6 million and \$1.0 million was reported in 2021 for the Major Streets Fund and Local Streets Fund, respectively.

This resulted in an increase of fund balance of \$0.2 million, to end at \$2.4 million in Major Streets and a decrease of fund balance of \$0.9 million, to end at \$0.8 million in Local Streets.

The Chapter 20 Drain Debt fund accounts for the revenue accumulated to pay principal and interest on outstanding debt associated with various drain improvements.

General Fund Budgetary Highlights

Actual operations revenue came in \$0.2 million lower than the amended budget. Actual operations expenditures came in \$1.5 million below budget. Expenditures were under budget due to open staffing positions throughout the city and their related expenses along with capital projects delayed due to the pandemic shutdowns. The fund balance for city operations decreased by \$0.6 million, which was \$1.2 million lower than budget. The fund balance for city operations \$12.2 million at June 30, 2021.

Economic Factors and Next Year's Budgets and Rates

The City of Eastpointe, Michigan's budget for next year reflects an increase in the City's taxable value of \$19.7 million, or 3.9 percent. State constitutional restrictions prevent the ability for recovery solely on existing tax collections, as the City's tax increase was restricted to a 1.4 percent rate. This will produce an increase in tax collections for the City's general operations of \$0.2 million.

Management's Discussion and Analysis (Continued)

Through sound fiscal management by city administration, supported by the City Council, the City has been able to maintain a sufficient fund balance that allows the timeframe for necessary structural changes. In February 2015, the biggest structural change was accomplished through a vote of the people. An emergency services authority was created with Hazel Park, Michigan and a 20-year millage was passed by the residents. The South Macomb Oakland Regional Services Authority (SMORSA) millage was effective July 1, 2015 and now provides \$6.9 million for fiscal year 2021 through a contractual arrangement.

Additionally, the City previously negotiated multiple rounds of employee concessions for pension and retiree healthcare reforms, migrated from property tax revenue to a user fee for rubbish services, and implemented a street lighting special assessment, which relieved expenditures from the General Fund. The latest round of negotiations resulted in the closure of pensions and the voluntary buyout of retiree healthcare for three union groups. These impacts were seen in the 2021 actuarial reporting.

The City's pension system is 53 percent funded based on an actuarial valuation performed as of December 31, 2020, with required actuarial determined contributions made by the City on an annual basis.

The City purchases its water service and disposal and treatment of sewage from the Great Lakes Water Authority. The City's water and sewer rates are based on anticipated costs of the system in the current fiscal year and system improvements in current and future fiscal years. While the Water and Sewer Fund has strong retained earnings, extensive system improvements are required which drain our liquid assets. Major improvements were temporarily scaled back. This has refilled the system's financial tanks and allowed the city to reinstitute significant capital activities in FY22. An annual evaluation process is undertaken to determine the amount of increase, if any, that is needed to continue providing water and sewer service to all users in the City.

Contacting the City's Management

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the City's finances and to show the City's accountability for the resources it receives. If you have any questions about this report or need additional information, we welcome you to contact the administration offices at the City of Eastpointe, 23200 Gratiot Avenue, Eastpointe, Michigan 48021.

June 30, 2021

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents (Note 3)	\$ 3,765,707	\$ 4,520,949	\$ 8,286,656	\$ 6,733
Investments (Note 3)	12,709,498	6,820,039	19,529,537	-
Receivables:				
Property taxes	83,934	-	83,934	-
Customer receivables	53,077	5,902,785	5,955,862	-
Other receivables	164,179	-	164,179	-
Due from other governmental units	1,534,513	-	1,534,513	-
Special assessments	124,987	-	124,987	-
Prepays	3,287	131,896	135,183	-
Restricted assets (Note 1)	83,027	22,806	105,833	-
Investment in South East Regional Emergency Services Authority (Note 13)	450,142	-	450,142	-
Investment in Southeast Macomb Sanitary District (Note 13)	-	8,257,912	8,257,912	-
Net OPEB asset	663,649	87,850	751,499	-
Capital assets: (Note 5)				
Assets not subject to depreciation	3,029,526	-	3,029,526	-
Assets subject to depreciation - Net	29,472,134	53,107,714	82,579,848	-
Asset held for sale	413,677	-	413,677	35,035
Other assets	611,186	-	611,186	-
Total assets	53,162,523	78,851,951	132,014,474	41,768
Deferred Outflows of Resources				
Deferred charges on bond refunding	88,467	-	88,467	-
Deferred outflows related to pension (Note 9)	2,531,847	301,441	2,833,288	-
Deferred OPEB costs (Note 11)	2,670,609	125,042	2,795,651	-
Total deferred outflows of resources	5,290,923	426,483	5,717,406	-
Liabilities				
Accounts payable	1,064,517	1,139,675	2,204,192	23,496
Accrued liabilities and other	652,160	82,010	734,170	-
Unearned revenue	534,023	-	534,023	-
Noncurrent liabilities:				
Due within one year:				
Compensated absences (Note 7)	146,900	-	146,900	-
Current portion of long-term debt (Note 7)	257,997	1,131,135	1,389,132	-
Due in more than one year:				
Compensated absences (Note 7)	493,311	9,771	503,082	-
Other long-term liabilities (Note 8)	306,906	-	306,906	-
Estimated allocation of South Macomb Disposal Authority post-closure and environmental costs - Net of equity in the operating reserve (Note 13)	-	2,708,633	2,708,633	-
Net pension liability (Note 9)	38,542,679	4,588,880	43,131,559	-
Net OPEB liability (Note 11)	26,776,481	1,188,684	27,965,165	-
Long-term debt - Net of current portion (Note 7)	2,824,586	7,057,428	9,882,014	-
Total liabilities	71,599,560	17,906,216	89,505,776	23,496
Deferred Inflows of Resources				
Deferred inflows related to pension (Note 9)	1,485,915	176,913	1,662,828	-
Deferred OPEB cost reductions (Note 11)	11,274,387	512,993	11,787,380	-
Total deferred inflows of resources	12,760,302	689,906	13,450,208	-
Net Position (Deficit)				
Net investment in capital assets	29,870,127	44,919,151	74,789,278	-
Restricted:				
Roads	3,264,978	-	3,264,978	-
Debt service	1,072,094	22,806	1,094,900	-
Library	435,294	-	435,294	-
Drug law enforcement	458,942	-	458,942	-
Capital projects	96,284	-	96,284	-
Unrestricted	(61,104,135)	15,740,355	(45,363,780)	18,272
Total net position (deficit)	\$ (25,906,416)	\$ 60,682,312	\$ 34,775,896	\$ 18,272

City of Eastpointe, Michigan

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 6,793,196	\$ 219,795	\$ -	\$ -
District court	1,862,323	1,179,460	-	-
Public safety	15,564,815	8,152,856	1,348,126	-
Public works	3,581,112	-	1,000	566,220
Health and welfare	460,323	-	329,318	-
Recreation and culture	1,294,625	44,243	-	-
Interest on long-term debt	89,879	-	-	-
Total governmental activities	29,646,273	9,596,354	1,678,444	566,220
Business-type activities:				
Water and Sewer	14,441,204	17,365,305	-	-
Garbage and Rubbish	1,743,745	1,839,745	-	-
Total business-type activities	16,184,949	19,205,050	-	-
Total primary government	<u>\$ 45,831,222</u>	<u>\$ 28,801,404</u>	<u>\$ 1,678,444</u>	<u>\$ 566,220</u>
Component units - Downtown Development Authority	<u>\$ 190,442</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
General revenue:				
Taxes				
State-shared revenue and grants				
Investment income				
Gain on sale of capital assets				
Other nonprogram income				
Total general revenue				
Transfers				
Change in Net Position				
Net Position (Deficit) - Beginning of year, as restated (Note 1)				
Net Position (Deficit) - End of year				

Statement of Activities

Year Ended June 30, 2021

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Unit
\$ (6,573,401)	\$ -	\$ (6,573,401)	\$ -
(682,863)	-	(682,863)	-
(6,063,833)	-	(6,063,833)	-
(3,013,892)	-	(3,013,892)	-
(131,005)	-	(131,005)	-
(1,250,382)	-	(1,250,382)	-
(89,879)	-	(89,879)	-
(17,805,255)	-	(17,805,255)	-
-	2,924,101	2,924,101	-
-	96,000	96,000	-
-	3,020,101	3,020,101	-
(17,805,255)	3,020,101	(14,785,154)	-
-	-	-	(190,442)
14,111,019	-	14,111,019	126,392
7,778,275	-	7,778,275	-
74,807	22,867	97,674	134
12,130	-	12,130	7,500
1,098,821	3,219	1,102,040	-
23,075,052	26,086	23,101,138	134,026
(1,059,404)	1,059,404	-	-
4,210,393	4,105,591	8,315,984	(56,416)
(30,116,809)	56,576,721	26,459,912	74,688
\$ (25,906,416)	\$ 60,682,312	\$ 34,775,896	\$ 18,272

Governmental Funds
Balance Sheet

June 30, 2021

	General Fund	Major Streets Fund	Local Streets Fund	Chapter 20 Drain Debt Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents (Note 3)	\$ 939,839	\$ 1,050,357	\$ -	\$ 459,963	\$ 1,276,979	\$ 3,727,138
Investments (Note 3)	10,090,795	1,019,523	1,027,504	263,024	308,652	12,709,498
Receivables:						
Property taxes	83,934	-	-	-	-	83,934
Special assessments	-	-	-	-	124,987	124,987
Customer receivables	53,077	-	-	-	-	53,077
Other receivables	161,913	1,712	554	-	-	164,179
Due from other governmental units	970,869	400,813	155,918	-	6,913	1,534,513
Due from other funds (Note 6)	140,000	218,621	-	-	-	358,621
Advances to other funds (Note 6)	355,721	-	-	-	-	355,721
Prepays	3,287	-	-	-	-	3,287
Restricted assets (Note 1)	-	-	-	-	83,027	83,027
Asset held for sale	413,677	-	-	-	-	413,677
Other assets	-	-	-	-	270,103	270,103
Total assets	\$ 13,213,112	\$ 2,691,026	\$ 1,183,976	\$ 722,987	\$ 2,070,661	\$ 19,881,762
Liabilities						
Accounts payable	\$ 492,143	\$ 242,796	\$ 142,277	\$ 4,023	\$ 165,475	\$ 1,046,714
Due to other funds (Note 6)	-	-	218,621	-	140,000	358,621
Accrued liabilities and other	609,874	2,632	3,698	-	12,697	628,901
Unearned revenue	-	-	-	-	534,023	534,023
Total liabilities	1,102,017	245,428	364,596	4,023	852,195	2,568,259
Deferred Inflows of Resources						
Unavailable revenue - Property taxes	83,934	-	-	-	-	83,934
Unavailable revenue - Special assessments	-	-	-	-	96,284	96,284
Unavailable revenue - Miscellaneous	99,186	-	-	-	-	99,186
Total deferred inflows of resources	183,120	-	-	-	96,284	279,404
Fund Balances						
Nonspendable:						
Assets held for resale	413,677	-	-	-	-	413,677
Prepays	3,287	-	-	-	-	3,287
Long-term receivable	355,721	-	-	-	270,103	625,824
Restricted:						
Roads	-	2,445,598	819,380	-	-	3,264,978
Debt service	-	-	-	718,964	83,027	801,991
Library	-	-	-	-	435,294	435,294
Drug law enforcement	-	-	-	-	458,942	458,942
Committed:						
Pension actuarial required contribution	4,970,576	-	-	-	-	4,970,576
OPEB actuarial required contribution	2,426,300	-	-	-	-	2,426,300
Budget stabilization	2,302,246	-	-	-	-	2,302,246
Operating reserve	1,012,988	-	-	-	-	1,012,988
Emergency reserve	230,225	-	-	-	-	230,225
Additional pension contribution	80,058	-	-	-	-	80,058
Assigned - Capital projects	14,878	-	-	-	-	14,878
Unassigned	118,019	-	-	-	(125,184)	(7,165)
Total fund balances	11,927,975	2,445,598	819,380	718,964	1,122,182	17,034,099
Total liabilities, deferred inflows of resources, and fund balances	\$ 13,213,112	\$ 2,691,026	\$ 1,183,976	\$ 722,987	\$ 2,070,661	\$ 19,881,762

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2021

Fund Balances Reported in Governmental Funds	\$ 17,034,099
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	31,688,235
Amounts on deposit with the Insurance Authority (MMRMA) and other noncurrent assets are not reported as fund assets	341,083
Investments in joint ventures are not financial resources and are not reported in the funds	450,142
Special assessment, personal property tax, and other receivables are expected to be collected over several years and are not available to pay for current year expenditures	279,404
Bonds payable obligations are not due and payable in the current period and are not reported in the funds	(2,994,116)
Long-term portion of uninsured losses is not reported in the funds	(306,906)
Accrued interest is not due and payable in the current period and is not reported in the funds	(19,054)
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	(640,211)
Pension benefits	(37,447,062)
Retiree health care benefits	(34,716,610)
Internal service funds are included as part of governmental activities	424,580
Net Position (Deficit) of Governmental Activities	<u><u>\$ (25,906,416)</u></u>

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2021

	General Fund	Major Streets Fund	Local Streets Fund	Chapter 20 Drain Debt Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenue						
Property taxes	\$ 9,751,408	\$ -	\$ -	\$ 3,438,689	\$ 920,922	\$ 14,111,019
Special assessments	-	-	-	-	745,468	745,468
Intergovernmental:						
Federal grants	1,201,502	-	-	-	330,318	1,531,820
State-shared revenue and grants	4,144,915	2,615,952	952,222	30,031	35,155	7,778,275
Local grants and contributions	146,624	-	-	-	-	146,624
Charges for services	206,056	-	-	-	2,673	208,729
Fines and forfeitures	1,179,460	-	-	-	311,147	1,490,607
Licenses and permits	1,426,803	-	-	-	-	1,426,803
Investment income	62,098	2,863	1,914	1,794	6,138	74,807
Other revenue:						
Other miscellaneous income	503,352	-	-	-	167,613	670,965
SMORSA charge for service	6,877,375	-	-	-	-	6,877,375
Total revenue	25,499,593	2,618,815	954,136	3,470,514	2,519,434	35,062,492
Expenditures						
Current services:						
General government	4,873,385	-	-	-	-	4,873,385
District court	1,440,285	-	-	-	422,038	1,862,323
Public safety	17,833,177	-	-	-	85,149	17,918,326
Public works	31,473	1,395,852	2,817,087	2,454,211	355,355	7,053,978
Community and economic development	131,005	-	-	-	329,318	460,323
Recreation and culture	1,112,956	-	-	-	1,038,169	2,151,125
Capital outlay	-	-	-	-	330,343	330,343
Debt service:						
Principal	215,000	-	-	-	42,361	257,361
Interest on long-term debt	78,491	-	-	-	6,181	84,672
Total expenditures	25,715,772	1,395,852	2,817,087	2,454,211	2,608,914	34,991,836
Excess of Revenue (Under) Over Expenditures	(216,179)	1,222,963	(1,862,951)	1,016,303	(89,480)	70,656
Other Financing Sources (Uses)						
Transfers in (Note 6)	-	-	1,000,000	-	-	1,000,000
Transfers out (Note 6)	-	(1,000,000)	-	(1,059,404)	-	(2,059,404)
Proceeds from sale of capital assets	-	-	-	-	12,130	12,130
Total other financing (uses) sources	-	(1,000,000)	1,000,000	(1,059,404)	12,130	(1,047,274)
Net Change in Fund Balances	(216,179)	222,963	(862,951)	(43,101)	(77,350)	(976,618)
Fund Balances - Beginning of year	12,144,154	2,222,635	1,682,331	762,065	1,199,532	18,010,717
Fund Balances - End of year	<u>\$ 11,927,975</u>	<u>\$ 2,445,598</u>	<u>\$ 819,380</u>	<u>\$ 718,964</u>	<u>\$ 1,122,182</u>	<u>\$ 17,034,099</u>

Governmental Funds

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

Year Ended June 30, 2021

Net Change in Fund Balances Reported in Governmental Funds **\$ (976,618)**

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	6,229,855
Depreciation expense	(2,354,711)
Net book value of assets disposed of	(31,690)

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	(179,249)
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Repayment of bond principal is an expenditure in the governmental fund but not in the statement of activities (where it reduces long-term debt)	257,361
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Interest expense is recognized in the government-wide statements as it accrues	(5,207)
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Increase in accumulated employee sick and vacation pay and other similar expenses reported in the statement of activities do not require the use of current resources and, therefore, are not reported in the fund statements until they come due for payment	(1,065)
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Changes in estimated general liability and workers' compensation claims are recorded when incurred in the statement of activities	11,370
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Change in investment in joint ventures is not recorded in the governmental funds	(42,537)
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Change in net OPEB liability is recorded when incurred in the statement of activities	1,176,194
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Change in net pension obligation is recorded when incurred in the statement of activities	321,948
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Internal service funds are included as part of governmental activities	(195,258)
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Change in Net Position of Governmental Activities **\$ 4,210,393**

Proprietary Funds
Statement of Net Position

June 30, 2021

	Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Garbage and Rubbish Collection Fund	Total Enterprise Funds	Internal Service Fund
Assets				
Current assets:				
Cash and cash equivalents (Note 3)	\$ 3,970,584	\$ 550,365	\$ 4,520,949	\$ 38,569
Investments (Note 3)	5,304,027	1,516,012	6,820,039	-
Customer receivables	5,392,417	510,368	5,902,785	-
Prepays	4,700	127,196	131,896	-
Total current assets	14,671,728	2,703,941	17,375,669	38,569
Noncurrent assets:				
Restricted assets (Note 1)	22,806	-	22,806	-
Investment in Southeast Macomb Sanitary District (Note 13)	8,257,912	-	8,257,912	-
Net OPEB asset	87,850	-	87,850	-
Capital assets - Net (Note 5)	53,107,714	-	53,107,714	813,425
Total noncurrent assets	61,476,282	-	61,476,282	813,425
Total assets	76,148,010	2,703,941	78,851,951	851,994
Deferred Outflows of Resources				
Deferred outflows related to pension (Note 9)	301,441	-	301,441	3,354
Deferred OPEB costs (Note 11)	125,042	-	125,042	-
Total deferred outflows of resources	426,483	-	426,483	3,354
Liabilities				
Current liabilities:				
Accounts payable	1,139,537	138	1,139,675	17,803
Accrued liabilities and other	80,870	1,140	82,010	4,205
Current portion of long-term debt (Note 7)	1,131,135	-	1,131,135	-
Total current liabilities	2,351,542	1,278	2,352,820	22,008
Noncurrent liabilities:				
Advances from other funds (Note 6)	-	-	-	355,721
Compensated absences (Note 7)	9,771	-	9,771	-
Estimated allocation of South Macomb Disposal Authority post-closure and environmental costs - Net of equity in the operating reserve (Note 13)	-	2,708,633	2,708,633	-
Net pension liability (Note 9)	4,588,880	-	4,588,880	51,070
Net OPEB liability (Note 11)	1,188,684	-	1,188,684	-
Long-term debt - Net of current portion (Note 7)	7,057,428	-	7,057,428	-
Total noncurrent liabilities	12,844,763	2,708,633	15,553,396	406,791
Total liabilities	15,196,305	2,709,911	17,906,216	428,799
Deferred Inflows of Resources				
Deferred inflows related to pension (Note 9)	176,913	-	176,913	1,969
Deferred OPEB cost reductions (Note 11)	512,993	-	512,993	-
Total deferred inflows of resources	689,906	-	689,906	1,969
Net Position (Deficit)				
Net investment in capital assets	44,919,151	-	44,919,151	813,425
Restricted for debt service	22,806	-	22,806	-
Unrestricted	15,746,325	(5,970)	15,740,355	(388,845)
Total net position (deficit)	\$ 60,688,282	\$ (5,970)	\$ 60,682,312	\$ 424,580

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

Year Ended June 30, 2021

	Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Garbage and Rubbish Collection Fund	Total Enterprise Funds	Internal Service Fund
Operating Revenue				
Sale of water	\$ 3,822,335	\$ -	\$ 3,822,335	\$ -
Sewage disposal charges	8,156,903	-	8,156,903	-
Charges for services	4,740,789	1,777,396	6,518,185	551,906
Interest and penalty charges	645,278	62,349	707,627	-
Total operating revenue	17,365,305	1,839,745	19,205,050	551,906
Operating Expenses				
Cost of water	1,690,301	-	1,690,301	-
Cost of sewage treatment	6,239,394	-	6,239,394	-
Operation and maintenance	1,677,732	1,387,395	3,065,127	197,802
General and administrative	2,333,849	65,272	2,399,121	412,069
Depreciation	2,027,924	-	2,027,924	137,293
Total operating expenses	13,969,200	1,452,667	15,421,867	747,164
Operating Income (Loss)	3,396,105	387,078	3,783,183	(195,258)
Nonoperating Revenue (Expense)				
Investment income	12,138	10,729	22,867	-
Interest expense	(260,612)	-	(260,612)	-
Loss from joint venture	(211,392)	(291,078)	(502,470)	-
Other nonoperating revenue	3,219	-	3,219	-
Total nonoperating expense	(456,647)	(280,349)	(736,996)	-
Income (Loss) - Before transfers	2,939,458	106,729	3,046,187	(195,258)
Transfers In (Note 6)	1,059,404	-	1,059,404	-
Change in Net Position	3,998,862	106,729	4,105,591	(195,258)
Net Position (Deficit) - Beginning of year	56,689,420	(112,699)	56,576,721	619,838
Net Position (Deficit) - End of year	\$ 60,688,282	\$ (5,970)	\$ 60,682,312	\$ 424,580

Proprietary Funds
Statement of Cash Flows

Year Ended June 30, 2021

	Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Garbage and Rubbish Collection Fund	Total Enterprise Funds	Internal Service Fund
Cash Flows from Operating Activities				
Receipts from customers	\$ 17,645,993	\$ 1,768,398	\$ 19,414,391	\$ 551,906
Payments to suppliers	(10,041,199)	(1,928,735)	(11,969,934)	(280,608)
Payments to employees	(1,601,827)	(65,301)	(1,667,128)	(312,699)
Distribution from joint venture	211,392	291,078	502,470	-
Scrap metal sales	3,219	-	3,219	-
Net cash and cash equivalents provided by (used in) operating activities	6,217,578	65,440	6,283,018	(41,401)
Cash Flows Provided by Noncapital Financing Activities - Loan repayments received from other funds	-	260,000	260,000	-
Cash Flows from Capital and Related Financing Activities				
Purchase of capital assets	(2,081,475)	-	(2,081,475)	(332,157)
Principal and interest paid on capital debt	(1,314,247)	-	(1,314,247)	-
Transfers from other funds (Note 6)	1,059,404	-	1,059,404	-
Advances received from other funds	-	-	-	355,721
Net cash and cash equivalents (used in) provided by capital and related financing activities	(2,336,318)	-	(2,336,318)	23,564
Cash Flows from Investing Activities				
Interest received on investments	12,138	10,729	22,867	-
Purchase of investment securities	(1,005,436)	(8,449)	(1,013,885)	-
Net cash and cash equivalents (used in) provided by investing activities	(993,298)	2,280	(991,018)	-
Net Increase (Decrease) in Cash and Cash Equivalents	2,887,962	327,720	3,215,682	(17,837)
Cash and Cash Equivalents - Beginning of year	1,082,622	222,645	1,305,267	56,406
Cash and Cash Equivalents - End of year	<u>\$ 3,970,584</u>	<u>\$ 550,365</u>	<u>\$ 4,520,949</u>	<u>\$ 38,569</u>
Classification of Cash and Cash Equivalents				
Cash and investments	\$ 9,274,611	\$ 2,066,377	\$ 11,340,988	\$ 38,569
Less amounts classified as investments	(5,304,027)	(1,516,012)	(6,820,039)	-
Total cash and cash equivalents	<u>\$ 3,970,584</u>	<u>\$ 550,365</u>	<u>\$ 4,520,949</u>	<u>\$ 38,569</u>

Proprietary Funds
Statement of Cash Flows (Continued)

Year Ended June 30, 2021

	Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Garbage and Rubbish Collection Fund	Total Enterprise Funds	Internal Service Fund
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities				
Operating income (loss)	\$ 3,396,105	\$ 387,078	\$ 3,783,183	\$ (195,258)
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation	2,027,924	-	2,027,924	137,293
Scrap metal sales	3,219	-	3,219	-
Changes in assets and liabilities:				
Receivables	280,688	(71,347)	209,341	-
Prepaid and other assets	-	(127,196)	(127,196)	-
Accounts payable and other liabilities	394,629	(123,066)	271,563	12,249
Accrued and other liabilities	115,013	(29)	114,984	4,315
Net cash and cash equivalents provided by (used in) operating activities	<u>\$ 6,217,578</u>	<u>\$ 65,440</u>	<u>\$ 6,283,018</u>	<u>\$ (41,401)</u>

Noncash Transactions

During the year, the Drainage District (Lake St. Clair Clean Water) issued \$7,225,000 in limited tax general obligation bonds. The proceeds of these bonds, along with cash on hand of \$79,422, were used to refund \$6,370,000 of outstanding limited tax general obligation bonds. As a result, the bonds are considered to be defeased, and the liability for the original bonds has been removed from long-term debt. The City was allocated a percentage of the previously outstanding debt. The City's portion of the refunded debt and issued debt is \$379,680 and \$429,919, respectively.

Fiduciary Funds
Statement of Fiduciary Net Position

June 30, 2021

	Pension and Other Employee Benefit Trust Fund	Custodial Funds	Total Fiduciary Funds
Assets			
Cash and cash equivalents (Note 3)	\$ 587,606	\$ 8,821	\$ 596,427
Investments: (Note 3)			
Interest in pooled investments	10,043,817	-	10,043,817
Equity securities	147,480	-	147,480
Fixed income	204,517	-	204,517
Mutual funds	929,995	-	929,995
Due from other governmental units	-	21,992	21,992
Total assets	11,913,415	30,813	11,944,228
Liabilities - Accounts payable	10,000	21,992	31,992
Net Position			
Restricted:			
Postemployment benefits other than pension	11,903,415	-	11,903,415
Individuals, organizations, and other governments	-	8,821	8,821
Total net position	<u>\$ 11,903,415</u>	<u>\$ 8,821</u>	<u>\$ 11,912,236</u>

Fiduciary Funds
Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2021

	Pension and Other Employee Benefit Trust Fund	Custodial Funds	Total Fiduciary Funds
Additions			
Investment income (loss):			
Interest and dividends	\$ 856	\$ 10	\$ 866
Net change in fair value of investments	2,845,554	-	2,845,554
Investment-related expenses	(24,512)	-	(24,512)
Net investment income	2,821,898	10	2,821,908
Contributions - Employer	2,432,415	-	2,432,415
Property tax collections	-	36,845,230	36,845,230
Collections for individuals, organizations, or other governments	-	950	950
Total additions	5,254,313	36,846,190	42,100,503
Deductions			
Benefit payments	15,000	-	15,000
Health insurance premiums	3,571,304	-	3,571,304
Administrative expenses	1,000	-	1,000
Tax distributions to other governments	-	36,845,230	36,845,230
Total deductions	3,587,304	36,845,230	40,432,534
Net Increase in Fiduciary Net Position	1,667,009	960	1,667,969
Net Position - Beginning of year, as restated (Note 1)	10,236,406	7,861	10,244,267
Net Position - End of year	\$ 11,903,415	\$ 8,821	\$ 11,912,236

**Component Units
Statement of Net Position**

June 30, 2021

Downtown
Development
Authority

Assets

Cash and cash equivalents (Note 3)

\$ 6,733

Asset held for sale

35,035

Total assets

41,768

Liabilities - Accounts payable

23,496

Net Position - Unrestricted

\$ 18,272

Component Units
Statement of Activities

Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Downtown Development Authority
Downtown Development Authority	\$ 190,442	\$ -	\$ -	\$ -	\$ (190,442)
Total	<u>\$ 190,442</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	(190,442)
General revenue:					
Property taxes					126,392
Interest and other investment income					134
Gain on sale of assets					<u>7,500</u>
Total general revenue					<u>134,026</u>
Change in Net Position					(56,416)
Net Position - Beginning of year					<u>74,688</u>
Net Position - End of year					<u><u>\$ 18,272</u></u>

June 30, 2021

Note 1 - Significant Accounting Policies

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

Reporting Entity

The City of Eastpointe, Michigan operates with the council-manager form of government. It is governed by a City Council consisting of a mayor and four council members who are elected at large to overlapping four-year terms. In accordance with the provisions of the City Charter, the City Council appoints, among others, the city manager, who reports directly to the City Council. The city manager is responsible for the administration of the affairs of the City, except those affairs that are the responsibility of other appointed officials. The finance director is appointed by the city manager and is responsible for the administration of the financial affairs of the City, including keeping the supervision of accounts, collections of taxes, and the custody and disbursement of city funds.

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

Blended Component Units

The City of Eastpointe Building Authority (the "Building Authority"), an entity legally separate from the City, is governed by a three-member board appointed by the City Council. 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. The operations of the Building Authority are reported as a nonmajor capital projects fund.

Discretely Presented Component Units

Downtown Development Authority

The City of Eastpointe 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 nine individuals, is selected by the city manager and approved by the City Council. In addition, the Authority's budget is subject to approval by the City Council. The component unit does not issue separate financial statements. However, the City's basic financial statements include the statement of net position and the activities of the component unit. The fund-based statements are the same as the government-wide level because there are no differences resulting from the different bases of accounting. Therefore, fund-based statements are not presented.

Economic Development Corporation

The City of Eastpointe Economic Development Corporation (the "EDC") was created to provide means and methods for the encouragement and assistance of industrial and commercial enterprises in relocating, purchasing, constructing, improving, or expanding within the City so as to provide needed services and facilities of such enterprises to the residents of the City. The EDC's governing body, which consists of nine individuals, is selected by the city manager and approved by the City Council. In addition, the EDC's budget is subject to approval by the City Council. The component unit does not issue separate financial statements. There was no financial activity for the year ended June 30, 2021.

The City has excluded the Housing Commission from this report since the City does not have the ability to impose its will.

June 30, 2021

Note 1 - Significant Accounting Policies (Continued)

Fiduciary Component Units

Retiree Health Care Fund

The fiduciary fund is used to account for the assets held by the City in a trustee capacity. This fund includes the MERS Retiree Health Funding Vehicle (the "OPEB Trust"). The OPEB Trust is reported within the basic financial statements, even though its resources cannot be used to fund the City's operations because of the fiduciary responsibility that the City retains relative to the operations of the retiree health care plan.

Employees' Death Benefit Fund

The fiduciary fund is used to account for the assets held by the City in a trustee capacity. This fund includes assets to provide death benefits for those employees that participate in the plan (the "Death Benefit Trust"). The Death Benefit Trust is reported within the basic financial statements, even though its resources cannot be used to fund the City's operations because of the fiduciary responsibility that the City retains relative to the operations of the death benefit plan.

Jointly Governed Organization

Jointly governed organizations are discussed in Note 13.

Accounting and Reporting Principles

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

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, unrestricted intergovernmental receipts, and other items not properly included among program revenue are reported instead as general revenue.

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

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

Note 1 - Significant Accounting Policies (Continued)

Basis of Accounting

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

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

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

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

Fund Accounting

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

Governmental Funds

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

- General Fund - The General Fund is the primary operating fund. It accounts for all financial resources used to provide general government services, other than those specifically assigned to another fund.
- Major Streets Fund - The Major Streets Fund accounts for maintenance and improvement activities for streets designated as major within the City. Funding is provided primarily through state-shared gas and weight taxes.
- Local Streets Fund - The Local Streets Fund accounts for maintenance and improvement activities from streets designated as local within the City. Funding is provided primarily through state-shared gas and weight taxes.
- Chapter 20 Drain Debt Fund - The Chapter 20 Drain Debt Fund accounts for the revenue accumulated to pay principal and interest on outstanding debt associated with various drain improvements.

June 30, 2021

Note 1 - Significant Accounting Policies (Continued)

Additionally, the City reports the following nonmajor governmental fund types:

Nonmajor Special Revenue Funds

- The Library Fund accounts for the resources collected from a special tax levy for the specific purpose of providing a public library.
- The Indigent Defense Fund accounts for government-mandated nonexchange transactions for the purpose of ensuring the state's public defense system is fair, cost-effective, and constitutional while simultaneously protecting public safety and accountability.
- The Drug Law Enforcement Fund accounts for the resources from seized moneys and the proceeds from the sale of forfeited property.
- The Street Lighting SAD Fund accounts for the revenue accumulated for the purpose of providing street lights.
- The Community Development Block Grant Fund accounts for federal grant funds received from the U.S. Department of Housing and Urban Development, as a flow-through from Macomb County, Michigan, for the purpose of developing a viable urban community by providing economic improvements principally for persons of low and moderate income.

Nonmajor Capital Projects Funds

- The Capital Improvement Fund accounts for resources used for the purpose of obtaining and replacing capital assets other than those related to special assessments, construction, roads, and enterprise projects.
- The District Court Building Fund accounts for the proceeds of bonds issued and all other resources used for the specific purpose of the construction activity.
- The Brownfield Capital Project Fund accounts for the advance funding from the State of Michigan for a specific environmental improvement project and the capture of taxes to repay the advance.

Proprietary Funds

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

- The Water and Sewer Fund accounts for the activities of the water distribution system and sewage and storm water collection system. Funding is provided primarily through user charges.
- The Garbage and Rubbish Collection Fund accounts for waste collection services provided to residents. Funding is provided primarily through user charges.

The Internal Service Fund accounts for major machinery and equipment purchases and maintenance provided to other departments of the government on a cost-reimbursement basis.

Fiduciary Funds

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

- The Employees' Death Benefit and Retiree Health Care funds account for the activities of the employee benefit plans, which accumulate resources for pension and other postemployment benefit payments to qualified employees.

June 30, 2021

Note 1 - Significant Accounting Policies (Continued)

- The Tax Collection, Private Contributions, and Memorial Library Trust funds account for assets held by the City in a trustee capacity or as an agent for individuals, organizations, or other governments.

Interfund Activity

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

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

Specific Balances and Transactions

Cash, Cash Equivalents, and Investments

Cash and cash equivalents include cash on hand and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value. Pooled investment income from the General Fund and special revenue funds, debt service funds, and capital projects funds is generally allocated to each fund using a weighted average.

Receivables

All trade and property tax receivables are shown as net of allowance for uncollectible amounts.

Prepaid Items

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.

Restricted Assets

The City's governmental activities have \$83,027 in funds held in the Brownfield Capital Project Fund to be used for a specific environmental improvement project that have been classified as restricted assets.

The City's business-type activities have \$22,806 in funds on deposit with the Macomb County Drain Commission on behalf of the City for use in the Lake St. Clair Clean Water Initiative, including related debt service, that has been classified as restricted assets.

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.

June 30, 2021

Note 1 - Significant Accounting Policies (Continued)

Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the current year, no interest expense was capitalized as part of the cost of assets under construction.

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

Capital Asset Class	Depreciable Life - Years
Infrastructure	25
Water and sewer distribution systems	40
Building and building improvements	20
Machinery and equipment	5-7

Assets Held for Sale

The assets held for sale in the General Fund consist of real property purchased for resale. The City purchases the property through the tax reversion process in Macomb County and resells the property for commercial or residential development.

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 bonds 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 and premiums as other financing sources and bond discounts as other financing uses. The debt service funds and Water and Sewer Fund are generally used to liquidate long-term obligations.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until then. The City has three items that qualify for reporting in this category. The City reports deferred outflows related to deferred pension and OPEB costs, as detailed in Notes 9 and 11, respectively. The second item is the deferred outflows related to the deferred charge on refunding, which results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The City has three items that qualify for reporting in this category. The deferred inflows of resources related to unavailable revenue are only reported in the governmental funds balance sheet. The governmental funds report unavailable revenue from three sources: property taxes, special assessments, and miscellaneous revenue. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In addition, the City has deferred inflows related to deferred pension and OPEB cost reductions, as detailed in Notes 9 and 11, respectively.

June 30, 2021

Note 1 - Significant Accounting Policies (Continued)

Net Position

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

Net Position Flow Assumption

The City will sometimes fund outlays for a particular purpose from both restricted 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 City'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 City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Furthermore, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

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

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the 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 a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The City Council 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.

June 30, 2021

Note 1 - Significant Accounting Policies (Continued)

The City has adopted a fiscal management plan that contains fund balance requirements for the General Fund. The requirements are based on average revenue for the preceding five years and create a budget stabilization reserve of 10 percent, an operating reserve of 4.4 percent, and an emergency reserve of 1 percent. This is deemed to be the prudent amount to maintain the City's ability to meet obligations as they come due throughout the year. Any use of reserve funds must be approved by the City Council and include a repayment plan.

Property Tax Revenue

Properties are assessed as of December 31. The related property taxes are billed and become a lien on July 1 of the following year. These taxes are due without penalty during the period from July 1 through September 1, with the final collection date of February 28, before they are added to the county tax rolls and penalties and interest are assessed.

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

The 2020 taxable valuation of the City totaled \$507 million (a portion of which is abated and a portion of which is captured by the DDA), on which taxes levied consisted of 18.4914 mills for operating purposes, 1.8227 mills for library services, and 6.75 mills for debt service. This resulted in \$9.4 million for operating, \$923,000 for library services, and \$3.4 million for debt service. These amounts are recognized in the respective General Fund, special revenue fund, and debt service fund financial statements as tax revenue.

Pension

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

Other Postemployment Benefit Costs

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

Compensated Absences (Vacation and Sick Leave)

It is the City's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. A liability is recorded when incurred in the government-wide financial statements and the proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only when they have matured or come due for payment - generally when an individual's employment has terminated as of year end. In prior years, the General Fund and Water and Sewer Fund generally have been used to liquidate the liability for compensated absences.

June 30, 2021

Note 1 - Significant Accounting Policies (Continued)

Proprietary Funds Operating Classification

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Water and Sewer Fund, Garbage and Rubbish Collection Fund, and Internal Service Fund is charges to customers for sales and services. Operating expenses for enterprise funds and internal service 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 June 2017, the GASB issued Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement were originally effective for the City's financial statements for the year ended June 30, 2021 but were extended to June 30, 2022 with the issuance of GASB Statement No. 95, *Postponement of the Effective Date of Certain Authoritative Guidance*.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which simplifies accounting for interest cost incurred before the end of construction and requires those costs to be expensed in the period incurred. As a result, interest cost incurred before the end of a construction period will not be capitalized and included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This statement also reiterates that, in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of the standard will be applied prospectively and result in increased interest expense during periods of construction. The provisions of this statement were originally effective for the City's financial statements for the year ended June 30, 2021 but were extended to June 30, 2022 with the issuance of GASB Statement No. 95, *Postponement of the Effective Date of Certain Authoritative Guidance*.

Note 1 - Significant Accounting Policies (Continued)

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

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

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

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

Adoption of New Accounting Pronouncement

During the current year, the City adopted GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying and reporting fiduciary activities. As a result of implementing this standard, the following activities not previously reported in the financial statements now meet the definition of a fiduciary activity and are reported as such: Private Contributions. The following activities were previously reported within governmental or proprietary funds but now meet the definition of a fiduciary activity and are reported as such: Memorial Library Trust. The following activities were previously reported as fiduciary activities but no longer meet the definition of such; therefore, these activities are now reported within governmental or proprietary funds: Cash and Performance Bonds and Imprest Payroll.

June 30, 2021

Note 1 - Significant Accounting Policies (Continued)

The effect of this new standard on fund balance/net position was as follows:

	Primary Government					
	Governmental Activities	Business-type Activities	Total	Custodial Funds	Total	Component Units
Net position (deficit)/fund balance - June 30, 2020 - As previously reported	\$ (30,110,198)	\$ 56,576,721	\$ 26,466,523	\$ 10,236,406	\$ 36,702,929	\$ 74,688
Adjustment for GASB Statement No. 84 - To change fund type of the Memorial Library Trust	(6,611)	-	(6,611)	6,611	-	-
Adjustment for GASB Statement No. 84 - To report the Private Contributions Fund	-	-	-	1,250	1,250	-
Net position (deficit)/fund balance - June 30, 2020 - As restated	<u>\$ (30,116,809)</u>	<u>\$ 56,576,721</u>	<u>\$ 26,459,912</u>	<u>\$ 10,244,267</u>	<u>\$ 36,704,179</u>	<u>\$ 74,688</u>

Note 2 - Stewardship, Compliance, and Accountability**Construction Code Fees**

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

Cumulative shortfall at July 1, 2020	\$ (5,876,321)
Building permit revenue	372,373
Estimated indirect costs	<u>559,144</u>
Current year shortfall	<u>(186,771)</u>
Cumulative shortfall June 30, 2021	<u>\$ (6,063,092)</u>

Fund Deficits and Management's Plan

The City has an accumulated deficit in the District Court Building Fund in the amount of \$50,582, an accumulated deficit in the Capital Improvement Fund in the amount of \$3,375, an accumulated deficit in the Street Lighting SAD Fund in the amount of \$71,227, and an accumulated deficit in the Garbage and Rubbish Collection Fund in the amount of \$5,970.

Noncompliance with Legal or Contractual Provisions

The City budgeted a deficit in the Street Lighting SAD Fund and the District Court Building Fund. This is in violation of Michigan Public Act 2 of 1968.

The City did not provide investment reports to the governing body on a quarterly basis in accordance with PA 196 of 1997, as amended.

June 30, 2021

Note 3 - Deposits and Investments

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

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

The City'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 \$9,037,436 of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The City believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the City evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories. The City held deposits in two financial institutions as of June 30, 2021.

Interest Rate Risk

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

At year end, the City had the following investments:

Investment	Fair Value	Weighted-average Maturity (Years)
Primary Government		
U.S. government agency securities	\$ 2,513,841	2.78
Municipal bonds	3,298,772	2.22
Total	<u>\$ 5,812,613</u>	
Fiduciary Funds		
Mutual fund - Fixed income	\$ 204,517	2.77
Interest in pooled investments*	10,043,817	

*The maturities of the interest in pooled investments cannot be determined at year end.

June 30, 2021

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

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The City has no investment policy that would further limit its investment choices. As of June 30, 2021, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Fair Value	Rating	Rating Organization
Primary Government			
Investment pool	\$ 13,044,165	AAA	S&P
U.S. government agency securities	2,513,841	AA+	S&P
Municipal bonds	376,891	AA+	S&P
Municipal bonds	1,918,427	AA	S&P
Municipal bonds	129,985	AA-	S&P
Municipal bonds	873,469	Not rated	N/A
Total	<u>\$ 18,856,778</u>		
Fiduciary Funds			
Mutual funds - Fixed income	\$ 204,517	Not rated	N/A
Interest in pooled investments*	10,043,817	N/A	N/A

*The ratings in the interest in pooled investments cannot be determined at year end.

Note 4 - Fair Value Measurements

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

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

June 30, 2021

Note 4 - Fair Value Measurements (Continued)

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

	Assets Measured at Fair Value on a Recurring Basis at June 30, 2021			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2021
Debt securities:				
U.S. agency securities	\$ 2,513,841	\$ -	\$ -	\$ 2,513,841
Municipal bonds	-	3,298,772	-	3,298,772
Mutual funds - Fixed income	-	204,517	-	204,517
Total debt securities	2,513,841	3,503,289	-	6,017,130
Equity securities:				
Mutual funds - Equity	929,995	-	-	929,995
Other equities	147,480	-	-	147,480
Total equity securities	1,077,475	-	-	1,077,475
Total investments by fair value level	<u>\$ 3,591,316</u>	<u>\$ 3,503,289</u>	<u>\$ -</u>	7,094,605
Investments measured at NAV - Interest in pooled investments				<u>23,087,982</u>
Total assets				<u>\$ 30,182,587</u>

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

The fair value of municipal bonds and fixed-income mutual funds at June 30, 2021 was determined primarily based on Level 2 inputs. The City estimates the fair value of these investments using matrix pricing models.

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

Investments in Entities that Calculate Net Asset Value per Share

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

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

	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
General Investments - Michigan CLASS Investment Pool	\$ 13,044,165	\$ -	N/A	N/A
Retiree Health Care Fund - MERS Total Market Portfolio	10,043,817	-	N/A	N/A

The MERS Total Market Portfolio is a diversified portfolio that provides current income and capital appreciation while minimizing the volatility of the capital markets.

June 30, 2021

Note 4 - Fair Value Measurements (Continued)

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

Note 5 - Capital Assets

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

Governmental Activities

	Balance July 1, 2020	Reclassifications	Additions	Disposals	Balance June 30, 2021
Capital assets not being depreciated:					
Land	\$ 1,189,798	\$ -	\$ -	\$ (19,000)	\$ 1,170,798
Construction in progress	128,261	(112,694)	1,843,161	-	1,858,728
Subtotal	1,318,059	(112,694)	1,843,161	(19,000)	3,029,526
Capital assets being depreciated:					
Infrastructure:					
Roads	35,133,946	-	3,086,021	-	38,219,967
Sidewalks	9,374,201	-	539,937	-	9,914,138
Buildings and improvements	17,068,480	97,783	387,437	-	17,553,700
Machinery and equipment	7,610,103	14,911	705,455	(257,292)	8,073,177
Subtotal	69,186,730	112,694	4,718,850	(257,292)	73,760,982
Accumulated depreciation:					
Infrastructure:					
Roads	17,509,711	-	1,270,663	-	18,780,374
Sidewalks	6,007,688	-	291,933	-	6,299,621
Buildings and improvements	12,085,981	-	505,278	-	12,591,259
Machinery and equipment	6,438,066	-	424,130	(244,602)	6,617,594
Subtotal	42,041,446	-	2,492,004	(244,602)	44,288,848
Net capital assets being depreciated	27,145,284	112,694	2,226,846	(12,690)	29,472,134
Net governmental activities capital assets	\$ 28,463,343	\$ -	\$ 4,070,007	\$ (31,690)	\$ 32,501,660

June 30, 2021

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

	Balance July 1, 2020	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2021
Capital assets being depreciated:					
Utility system	\$ 81,746,925	\$ -	\$ 2,081,475	\$ -	\$ 83,828,400
Buildings and improvements	1,231,414	-	-	-	1,231,414
Machinery and equipment	445,138	-	-	(59,721)	385,417
Subtotal	83,423,477	-	2,081,475	(59,721)	85,445,231
Accumulated depreciation:					
Utility system	29,505,740	-	1,954,728	-	31,460,468
Buildings and improvements	596,701	-	46,245	-	642,946
Machinery and equipment	266,873	-	26,951	(59,721)	234,103
Subtotal	30,369,314	-	2,027,924	(59,721)	32,337,517
Net business-type activities capital assets	<u>\$ 53,054,163</u>	<u>\$ -</u>	<u>\$ 53,551</u>	<u>\$ -</u>	<u>\$ 53,107,714</u>

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

Governmental activities:	
General government	\$ 1,826,217
Public safety	241,269
Public works	10,301
Judicial	31,588
Recreation and culture	245,336
Internal Service Fund	137,293
Total governmental activities	<u>\$ 2,492,004</u>
Business-type activities - Water and sewer	\$ 2,027,924

Construction Commitments

At year end, the City's commitments with contractors are as follows:

	Spent to Date	Remaining Commitment
Pavement reconstruction	\$ 1,869,721	\$ 145,279
Sewer rehabilitation	897,161	198,902
Total	<u>\$ 2,766,882</u>	<u>\$ 344,181</u>

Note 6 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor governmental funds	\$ 140,000
Major Streets Fund	Local Streets Fund	218,621

June 30, 2021

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

The City has made the following long-term advances between funds:

Fund Borrowed From	Fund Loaned To	Amount
General Fund	Internal Service Fund	\$ 355,721

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

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
Major Streets Fund	Local Streets Fund	\$ 1,000,000
Chapter 20 Drain Debt Fund	Water and Sewer Fund	1,059,404
	Total	<u>\$ 2,059,404</u>

Interfund balances, as due from/to other funds, represent routine and temporary cash flow assistance from funds until amounts are transferred to finance daily activity. The long-term advance from the General Fund to the Internal Service Fund was to finance the purchase of a street sweeper.

All transfers provided funding for capital projects and capital acquisitions other than the transfer from the Chapter 20 Drain Debt Fund to the Water and Sewer Fund, which represents the transfer of property tax revenue restricted for debt service expense incurred by the Water and Sewer Fund.

Note 7 - Long-term Debt

The City issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds pledge the full faith and credit of the City. County contractual agreements and installment purchase agreements are also general obligations of the government. Other long-term obligations include compensated absences and certain risk liabilities.

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

Governmental Activities

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Direct borrowings and direct placements - MDEQ Brownfield Redevelopment Loan: Amount of issue - \$625,000 Maturing through 2028	1.5%	\$54,000- \$66,770	\$ 404,945	\$ -	\$ (42,362)	\$ 362,583	\$ 42,997
Other debt:							
General obligation bonds - 2016 refunding bonds: Amount of issue - \$3,380,000 Maturing through 2031	2.776%	\$40,000- \$280,000	2,935,000	-	(215,000)	2,720,000	215,000
Accumulated compensated absences - General Fund obligations			639,146	582,367	(581,302)	640,211	146,900
Uninsured losses			238,403	225,853	(157,350)	306,906	-
Total other debt principal outstanding			<u>3,812,549</u>	<u>808,220</u>	<u>(953,652)</u>	<u>3,667,117</u>	<u>361,900</u>
Total governmental activities long-term debt			<u>\$ 4,217,494</u>	<u>\$ 808,220</u>	<u>\$ (996,014)</u>	<u>\$ 4,029,700</u>	<u>\$ 404,897</u>

June 30, 2021

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

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Direct borrowings and direct placements:							
City obligations - 2013 Clean Water Revolving Fund:							
Amount of issue - \$4,020,000		\$165,000-					
Maturing through 2033	2.5%	\$250,000	\$ 2,793,745	\$ -	\$ (185,000)	\$ 2,608,745	\$ 190,000
County drain contract obligations - Special assessment bonds:							
12/10/20 2020 Drain Refunding (Series 2004A&B-2013 Refunding):							
Loan amount - \$429,919	0.375% -	\$9,821-					
Maturing through 2030	1.810%	\$69,396	-	429,919	-	429,919	9,822
12/19/13 Drain Refunding (06/01/04 Series A and B):							
Maximum loan amount - \$978,890	4.00% -	\$35,840-					
Maturing through 2024	5.00%	70,560	574,560	-	(424,480)	150,080	47,040
12/27/19 2019 Drain Refunding (Series 2002A-2010 Refunding):							
Loan amount - \$808,446	1.76% -	\$74,635-					
Maturing through 2030	2.589%	\$89,858	808,446	-	(74,635)	733,811	74,268
12/27/19 2019 Drain Refunding (Series 2002A-2010 Refunding):							
Loan amount - \$459,049	1.76% -	\$43,008-					
Maturing through 2030	2.589%	\$50,785	459,049	-	(43,008)	416,041	41,731
State Revolving Loan Funds - Special Assessments:							
12/20/00 Lake St. Clair Clean Water 5186-01:							
Maximum loan amount - \$2,762,640		\$145,733 -					
Maturing through 2023	2.50%	\$173,810	508,059	-	(165,120)	342,939	169,130
12/20/01 Lake St. Clair Clean Water 5186-02:							
Maximum loan amount - \$2,001,338		105,696 -					
Maturing through 2023	2.50%	\$125,514	367,734	-	(119,642)	248,092	122,578
12/20/01 Lake St. Clair Clean Water 5186-03:							
Loan amount - \$387,640		\$20,552 -					
Maturing through 2023	2.50%	\$24,222	71,198	-	(23,488)	47,710	23,488
03/28/02 Lake St. Clair Clean Water 5186-04:							
Loan amount - \$3,647,845		\$190,617 -					
Maturing through 2023	2.50%	\$230,055	670,445	-	(216,909)	453,536	223,482
06/26/03 Lake St. Clair Clean Water 5186-05:							
Loan amount - \$202,947		\$10,410 -					
Maturing through 2024	2.50%	\$12,492	48,927	-	(11,451)	37,476	12,492

June 30, 2021

Note 7 - Long-term Debt (Continued)

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
10/01/08 8 1/2 Mile Relief Drain 5306-01 SRF: Loan amount - \$2,186,970 Maturing through 2030	2.50%	\$97,802 - \$135,837	\$ 1,225,075	\$ -	\$ (108,669)	\$ 1,116,406	\$ 111,386
01/22/10 8 1/2 Mile Relief Drain 5393-01 (Phase 2 - ARRA funding): Loan amount - \$677,325 Maturing through 2031	2.50%	\$29,884 - \$42,696	412,120	-	(32,601)	379,519	35,317
04/01/11 8 1/2 Mile Relief Drain 5460-01 (Utilities drainage): Loan amount - \$227,384 Maturing through 2031	2.50%	\$10,867 - \$16,300	141,267	-	(10,867)	130,400	10,867
09/17/14 8 1/2 Mile Relief Drain 5579-01 (Utilities drainage): Loan amount - \$241,789 Maturing through 2035	2.50%	\$8,150 - \$16,300	178,416	-	(10,867)	167,549	10,867
04/11/16 SEMCWDDS 5605- 01 (Utilities drainage): Maximum loan amount - \$1,708,825 Balance drawn - \$136,259 Maturing through 2037	2.50%	\$67,918 - \$105,953	950,887	-	(44,707)	906,180	46,427
Total direct borrowings and direct placements principal outstanding			9,209,928	429,919	(1,471,444)	8,168,403	1,128,895
Unamortized bond premiums			22,400	-	(2,240)	20,160	2,240
Total city obligations			9,232,328	429,919	(1,473,684)	8,188,563	1,131,135
Accumulated compensated absences - Water and sewer obligations			22,845	9,611	(22,685)	9,771	-
Total business-type activities long-term debt			<u>\$ 9,255,173</u>	<u>\$ 439,530</u>	<u>\$ (1,496,369)</u>	<u>\$ 8,198,334</u>	<u>\$ 1,131,135</u>

June 30, 2021

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 (other than unamortized premium/discount on issuance, uninsured losses, and compensated absences):

Years Ending June 30	Governmental Activities				
	Direct Borrowings and Direct Placements		Other Debt		Total
	Principal	Interest	Principal	Interest	
2022	\$ 42,997	\$ 5,546	\$ 215,000	\$ 72,517	\$ 336,060
2023	43,642	4,901	220,000	66,480	335,023
2024	44,296	4,246	230,000	60,235	338,777
2025	44,961	3,582	235,000	53,781	337,324
2026	45,635	2,907	240,000	47,188	335,730
2027-2031	141,052	4,574	1,580,000	134,903	1,860,529
2032-2037	-	-	-	-	-
2038-2042	-	-	-	-	-
Total	<u>\$ 362,583</u>	<u>\$ 25,756</u>	<u>\$ 2,720,000</u>	<u>\$ 435,104</u>	<u>\$ 3,543,443</u>

Years Ending June 30	Business-type Activities				
	Direct Borrowings and Direct Placements		Other Debt		Total
	Principal	Interest	Principal	Interest	
2022	\$ 1,128,895	\$ 188,860	\$ -	\$ -	\$ 1,317,755
2023	1,158,883	164,294	-	-	1,323,177
2024	619,213	139,619	-	-	758,832
2025	626,707	121,898	-	-	748,605
2026	642,075	107,492	-	-	749,567
2027-2031	2,791,218	300,523	-	-	3,091,741
2032-2037	1,134,523	53,300	-	-	1,187,823
2038-2042	66,889	838	-	-	67,727
Total	<u>\$ 8,168,403</u>	<u>\$ 1,076,824</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,245,227</u>

Current Bond Refunding

During the year, the Drainage District (Lake St. Clair Clean Water) issued \$7,225,000 in limited tax general obligation bonds with an average interest rate of 1.44 percent. The proceeds of these bonds, along with cash on hand of \$79,422, were used to refund \$6,370,000 of outstanding limited tax general obligation bonds with an average interest rate of 4.38 percent. The net proceeds of \$7,189,815 (after payment of \$114,607 in underwriting fees, insurance, and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent until the call date of the refunded bonds has occurred. As a result, the bonds are considered to be defeased, and the liability for the bonds has been removed from long-term debt. The refunding reduced total debt service payments over the next 10 years by approximately \$288,900, which represents an economic gain of approximately \$271,000. The City was allocated a percentage of the previously outstanding debt. The City's portion of the refunded debt and issued debt is \$379,680 and \$429,919, respectively.

June 30, 2021

Note 8 - Risk Management

The City is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The City has purchased commercial insurance for medical benefits and participates in the Michigan Municipal League's Workers' Compensation Fund for workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years. The City participates in the Michigan Municipal Risk Management Authority risk pool for claims other than medical benefits.

The Michigan Municipal Risk Management Authority (the "Risk Management Authority") risk pool program operates as a claims servicing pool for amounts up to member retention limits and operates as a common risk-sharing management program for losses in excess of member retention amounts. Although premiums are paid annually to the Risk Management Authority that it uses to pay claims up to the retention limits, the ultimate liability for those claims remains with the City.

The City is self-funded for claims up to a retention amount, at which time the City's reinsurance coverage begins. The City estimates the liability for claims that have been incurred through the end of the year, including both those claims that have been reported and those that have not been reported.

Changes in the estimated liability for the past two fiscal years were as follows:

	General Liability, Auto, and Property	
	2021	2020
Estimated liability - Beginning of year	\$ 238,403	\$ 266,539
Estimated claims incurred, including changes in estimates	225,853	106,259
Claim payments	(157,350)	(134,395)
Estimated liability - End of year	<u>\$ 306,906</u>	<u>\$ 238,403</u>

Note 9 - Pension Plan

Plan Description

The City of Eastpointe, Michigan participates in an agent multiemployer defined pension plan administered by the Municipal Employees' Retirement System of Michigan (MERS) that covers all eligible full-time employees of the City. The administration for the charter pension plan was transferred to MERS effective June 1, 2015. MERS was established as a statewide public employee pension plan by the Michigan Legislature under PA 135 of 1945 and is administered by a nine-member retirement board. MERS issues a publicly available report that includes the financial statements and required supplemental information of this defined benefit plan. This report can be obtained at www.mersofmich.com or in writing to MERS at 1134 Municipal Way, Lansing, MI 48917.

Benefits Provided

The plan provides certain retirement, disability, and death benefits to the plan members and beneficiaries. PA 427 of 1984, as amended, established and amends the benefit provisions of the participants in MERS of Michigan. The MERS plan covers all eligible full-time employees of the City.

June 30, 2021

Note 9 - Pension Plan (Continued)

Retirement benefits for general employees (hired prior to January 1, 1998) are calculated as 2.8 percent (for service before December 31, 2012) and 1.0 percent (for service after December 31, 2012) of the employee's final 3-year average salary times the employee's years of service. Normal retirement age is 60 with early retirement at 55 with 25 years of service. The vesting period is 10 years. Employees are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Death benefits are a fixed amount and range from \$4,000 to \$10,000. An employee who leaves service may withdraw his or her contributions plus any accumulated interest.

Retirement benefits for general employees (hired between January 1, 1998 and January 1, 2013) are calculated as 2.8 percent (for service before December 31, 2012) and 1.0 percent (for service after December 31, 2012) of the employee's final 3-year average salary times the employee's years of service. Normal retirement age is 60 with early retirement at 57 with 25 years of service. The vesting period is 10 years. Employees are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Death benefits are a fixed amount and range from \$4,000 to \$10,000. An employee who leaves service may withdraw his or her contributions plus any accumulated interest.

Retirement benefits for general employees (hired after January 1, 2013) are calculated as 1.0 percent of the employee's final 3-year average salary times the employee's years of service. Normal retirement age is 60 with early retirement at 57 with 25 years of service. The vesting period is 10 years. Employees are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Death benefits are a fixed amount and range from \$4,000 to \$10,000. An employee who leaves service may withdraw his or her contributions plus any accumulated interest.

Retirement benefits for police employees (with 25 years of service at June 30, 2014) are calculated as 2.8 percent (for first 25 years of service) and 1.0 percent (for years of service after 25 years) of the employee's final 3-year average salary times the employee's years of service. Normal retirement age is 55 with early retirement at 50 with 25 years of service. The vesting period is 10 years. Employees are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Death benefits are a fixed amount and range from \$4,000 to \$10,000. An employee who leaves service may withdraw his or her contributions plus any accumulated interest.

Retirement benefits for police employees (with less than 25 years of service at June 30, 2014) are calculated as 1.8 percent of the employee's final 3-year average salary times the employee's years of service. Normal retirement age is 55 with early retirement at 50 with 25 years of service. The vesting period is 10 years. Employees are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Death benefits are a fixed amount and range from \$4,000 to \$10,000. An employee who leaves service may withdraw his or her contributions plus any accumulated interest.

June 30, 2021

Note 9 - Pension Plan (Continued)

Retirement benefits for police employees (hired after July 1, 2012) are calculated as 1.0 percent of the employee's final 3-year average salary times the employee's years of service. Normal retirement age is 55 with early retirement at 50 with 25 years of service. The vesting period is 10 years. Employees are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Death benefits are a fixed amount and range from \$4,000 to \$10,000. An employee who leaves service may withdraw his or her contributions plus any accumulated interest.

Retirement benefits for fire employees (with 20 years of service at June 30, 2014) are calculated as 2.8 percent (for first 25 years of service) and 1.0 percent (for years of service after 25 years) of the employee's final 3-year average salary times the employee's years of service. Normal retirement age is 55 with early retirement at 50 with 25 years of service. The vesting period is 10 years. Employees are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Death benefits are a fixed amount and range from \$4,000 to \$10,000. An employee who leaves service may withdraw his or her contributions plus any accumulated interest.

Retirement benefits for fire employees (with less than 20 years of service at June 30, 2014) are calculated as 2.0 percent of the employee's final 3-year average salary times the employee's years of service. Normal retirement age is 55 with early retirement at 50 with 25 years of service. The vesting period is 10 years. Employees are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Death benefits are a fixed amount and range from \$4,000 to \$10,000. An employee who leaves service may withdraw his or her contributions plus any accumulated interest.

Retirement benefits for fire employees (hired after July 1, 2011) are calculated as 1.0 percent of the employee's final 3-year average salary times the employee's years of service. Normal retirement age is 55 with early retirement at 50 with 25 years of service. The vesting period is 10 years. Employees are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Death benefits are a fixed amount and range from \$4,000 to \$10,000. An employee who leaves service may withdraw his or her contributions plus any accumulated interest.

Benefit terms do not provide for annual cost of living adjustments to each employee's retirement allowance subsequent to the employee's retirement date.

Benefit terms, within the parameters established by MERS, 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.

Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

Date of member count	December 31, 2020
Inactive plan members or beneficiaries currently receiving benefits	221
Inactive plan members entitled to but not yet receiving benefits	14
Active plan members	104
Total employees covered by the plan	339

June 30, 2021

Note 9 - Pension Plan (Continued)**Contributions**

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

For the year ended June 30, 2021, the average active employee contribution rate ranged from 0 to 5 percent of annual pay, and the City's annual contribution was \$5,049,506.

Net Pension Liability

The net pension liability reported at June 30, 2021 was determined using a measure of the total pension liability and the pension net position as of the December 31, 2020 measurement date. The December 31, 2020 measurement date total pension liability was determined by an actuarial valuation performed as of that date.

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

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at December 31, 2019	\$ 89,455,968	\$ 45,591,876	\$ 43,864,092
Changes for the year:			
Service cost	749,702	-	749,702
Interest	6,569,248	-	6,569,248
Differences between expected and actual experience	76,098	-	76,098
Changes in assumptions	2,624,224	-	2,624,224
Contributions - Employer	-	5,008,483	(5,008,483)
Contributions - Employee	-	80,492	(80,492)
Net investment income	-	5,749,820	(5,749,820)
Benefit payments, including refunds	(6,786,684)	(6,786,684)	-
Administrative expenses	-	(86,990)	86,990
Net changes	3,232,588	3,965,121	(732,533)
Balance at December 31, 2020	<u>\$ 92,688,556</u>	<u>\$ 49,556,997</u>	<u>\$ 43,131,559</u>

As of June 30, 2021, the plan is 53.5 percent funded.

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

For the year ended June 30, 2021, the City recognized pension expense of \$5,139,124.

June 30, 2021

Note 9 - Pension Plan (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 50,732	\$ (64,323)
Changes in assumptions	2,655,673	-
Net difference between projected and actual earnings on pension plan investments	-	(1,598,505)
Employer contributions to the plan subsequent to the measurement date	126,883	-
Total	<u>\$ 2,833,288</u>	<u>\$ (1,662,828)</u>

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
2022	\$ 1,425,708
2023	999,068
2024	(910,666)
2025	(470,533)
Total	<u>\$ 1,043,577</u>

Actuarial Assumptions

The total pension liability in the December 31, 2020 actuarial valuation was determined using an inflation assumption of 2.50 percent, assumed salary increases (including inflation) of 3.0 percent, an investment rate of return (net of investment expenses) of 7.60 percent, and the Pub-2010 Mortality Tables. These assumptions were applied to all periods included in the measurement and are based on an experience study conducted for the period from 2014-2018.

Discount Rate

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

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

June 30, 2021

Note 9 - Pension Plan (Continued)***Investment Rate of Return***

The long-term expected rate of return on pension plan investments was determined using a model in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return as of December 31, 2020, the measurement date, for each major asset class are summarized in the following table:

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

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

The following presents the net pension liability of the City, calculated using the discount rate of 7.60 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (6.6%)	Current Discount Rate (7.6%)	1 Percentage Point Increase (8.6%)
Net pension liability of the City	\$ 52,630,180	\$ 43,131,559	\$ 35,081,650

Pension Plan Fiduciary Net Position

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

Note 10 - Retirement Plans

The City provides a defined contribution savings plan for eligible employees. The plan is administered by the International City/County Management Association (ICMA) and covers police and fire employees hired after July 1, 2010. General employees had the option of entering into the plan effective January 1, 2013. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Certain police and fire employees are eligible to participate from the date of employment, and general employees are eligible to participate beginning January 1, 2013. As established by city ordinance and collective bargaining agreements, the City contributes 4 percent of the employees' base wages. Employee contributions into the plan are not required. All contributions plus interest allocated to the employee's account are fully vested after five years of service.

The current year contribution was calculated based on covered payroll of \$6,352,540, resulting in an employer contribution of \$486,587 and employee contributions of \$319,866.

June 30, 2021

Note 11 - Other Postemployment Benefit Plan***Plan Description***

The City of Eastpointe, Michigan administers the City of Eastpointe, Michigan Retiree Health Care Plan (the "OPEB plan"), a single-employer defined benefit OPEB plan that is used to provide postemployment benefits other than pensions (OPEB) for police, fire, and general employee groups of the City. The obligation to contribute and maintain the OPEB plan was established by negotiation with the City's collective bargaining units.

The City of Eastpointe, Michigan also administers the Employees' Death Benefit Plan (the "death benefit plan"), which was established by city ordinance on October 13, 1958 for the purpose of providing death benefits for employees who elect to participate in the death benefit plan. Benefits at date of death are payable to designated beneficiaries in varying amounts. The obligation to contribute and maintain the death benefit plan was established by negotiation with the City's collective bargaining units.

The financial statements of the OPEB plan and death benefit plan are included in these financial statements as the Retiree Health Care Fund and Employees' Death Benefit Fund (fiduciary funds), respectively.

Management of both plans is vested with the City Council, which consists of five elected members.

Benefits Provided

The OPEB plan provides medical, dental, and vision benefits for retirees and their dependents. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the plan.

The death benefit plan provides death benefits for survivors of participating employees. Benefits at date of death are payable to designated beneficiaries in varying amounts.

Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

	OPEB Plan	Death Benefit Plan
Date of member count	June 30, 2021	June 30, 2021
Inactive plan members or beneficiaries currently receiving benefits	282	176
Inactive plan members entitled to but not yet receiving benefits	-	10
Active plan members	30	81
Total plan members	312	267

Contributions

The OPEB plan's funding policy is that the employer will make discretionary contributions. There are no long-term contracts for contributions to the plan. The plan has no legally required reserves. For the year ended June 30, 2021, the City contributed \$2,432,415. Plan members are not required to contribute to the plan.

The death benefit plan's funding policy is that the employer will make discretionary contributions. There are no long-term contracts for contributions to the plan. Prior year contributions from the City and plan members have been determined to be sufficient to fully fund the plan at June 30, 2021.

June 30, 2021

Note 11 - Other Postemployment Benefit Plan (Continued)***Net OPEB Liability***

The City has chosen to use the June 30 measurement date as its measurement date for the net OPEB liability for both the OPEB and death benefit plans. The June 30, 2021 fiscal year end reported net OPEB liability for the death benefit plan was determined using a measure of the total OPEB liability as of June 30, 2021. The June 30, 2021 fiscal year end reported net OPEB liability for the OPEB plan was determined using a measure of the total OPEB liability as of June 30, 2021.

	OPEB Plan	Death Benefit Plan
Measurement date used for the City's net OPEB liability	June 30, 2021	June 30, 2021
Based on a comprehensive actuarial valuation as of	June 30, 2021	June 30, 2021

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

OPEB Plan

Changes in Net OPEB Liability	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability
Balance at June 30, 2020	\$ 41,410,844	\$ 9,196,139	\$ 32,214,705
Changes for the year:			
Service cost	256,487	-	256,487
Interest	2,583,973	-	2,583,973
Differences between expected and actual experience	(1,155,330)	-	(1,155,330)
Changes in assumptions	(983,269)	-	(983,269)
Contributions - Employer	-	2,432,415	(2,432,415)
Net investment income	-	2,543,498	(2,543,498)
Benefit payments, including refunds	(3,571,304)	(3,571,304)	-
Administrative expenses	-	(24,512)	24,512
Net changes	(2,869,443)	1,380,097	(4,249,540)
Balance at June 30, 2021	<u>\$ 38,541,401</u>	<u>\$ 10,576,236</u>	<u>\$ 27,965,165</u>

The plan's fiduciary net position represents 27.4 percent of the total OPEB liability.

June 30, 2021

Note 11 - Other Postemployment Benefit Plan (Continued)**Death Benefit Plan**

Changes in Net Death Benefit Asset	Increase (Decrease)		
	Total Death Benefit Liability	Plan Net Position	Net Death Benefit Asset
Balance at June 30, 2020	\$ 593,303	\$ 1,040,267	\$ (446,964)
Changes for the year:			
Service cost	4,136	-	4,136
Interest	38,211	-	38,211
Differences between expected and actual experience	(917)	-	(917)
Changes in assumptions	(44,054)	-	(44,054)
Net investment income	-	302,911	(302,911)
Benefit payments, including refunds	(15,000)	(15,000)	-
Administrative expenses	-	(1,000)	1,000
Net changes	(17,624)	286,911	(304,535)
Balance at June 30, 2021	<u>\$ 575,679</u>	<u>\$ 1,327,178</u>	<u>\$ (751,499)</u>

The plan's fiduciary net position represents 230.5 percent of the total death benefit liability.

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

For the year ended June 30, 2021, the City recognized OPEB expense of \$973,883 from all plans.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 59,423	\$ (7,886,037)
Changes in assumptions	2,736,228	(2,779,663)
Net difference between projected and actual earnings on OPEB plan investments	-	(1,121,680)
Total	<u>\$ 2,795,651</u>	<u>\$ (11,787,380)</u>

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

Years Ending June 30	Amount
2022	\$ (1,307,401)
2023	(1,290,360)
2024	(1,403,658)
2025	(1,540,551)
2026	(1,096,676)
Thereafter	(2,353,083)
Total	<u>\$ (8,991,729)</u>

June 30, 2021

Note 11 - Other Postemployment Benefit Plan (Continued)***Actuarial Assumptions***

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

	OPEB Plan	Death Benefit Plan
Inflation	2.50%	2.50%
Salary increases (including inflation)	3.00 - 9.70%	3.00 - 9.70%
Investment rate of return (net of investment expenses, including inflation)	6.50%	6.50%
Health care cost trend rate, graded down to 4.50 percent over 13 years)	7.50	
Mortality rates	Pub-2010 Mortality Tables	Pub-2010 Mortality Tables

The actuarial assumptions used in the OPEB plan's June 30, 2021 valuation were based on the results of an actuarial experience study for MERS from 2014 to 2018.

Discount Rate

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

	OPEB Plan	Death Benefit Plan
Assumed investment rate of return	6.50%	6.50%
Are contributions expected to be sufficient to allow fiduciary net position to pay future benefits?	Yes	Yes
Discount rate used to measure total OPEB liability	6.50%	6.50%

June 30, 2021

Note 11 - Other Postemployment Benefit Plan (Continued)***Investment Rate of Return***

The long-term expected rate of return on OPEB plan and death benefit 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 and death benefit plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. Best estimates of arithmetic real rates of return as of the June 30, 2021 measurement dates for the OPEB plan and death benefit plan, respectively, for each major asset class included in the OPEB and death benefit plans' target asset allocation, as disclosed in the investment footnote, are summarized in the following tables:

OPEB Plan

Asset Class	Asset Class	Long-term Expected Real Rate of Return
Global equity	60.00 %	5.25 %
Global fixed income	20.00	1.25
Private equity	20.00	7.25

Death Benefit Plan

Asset Class	Asset Class	Long-term Expected Real Rate of Return
U.S. aggregate bonds	26.00 %	3.06 %
U.S. mid-cap equity	10.00	8.67
U.S. small-cap equity	3.00	7.32
U.S. large-cap value equity	50.00	8.03
Non-U.S. equities	8.00	7.25
Cash or cash equivalents	3.00	2.00

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

The following presents the net OPEB liability (asset) of the City, calculated using the discount rate of 6.5 percent for the OPEB plan and the death benefit plan, as well as what the City's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (5.5%)	Current Discount Rate (6.5%)	1 Percentage Point Increase (7.5%)
Net OPEB liability of the OPEB plan	\$ 32,675,187	\$ 27,965,165	\$ 24,087,271
Net OPEB asset of the death benefit plan	(672,081)	(751,499)	(817,227)
Total	<u>\$ 32,003,106</u>	<u>\$ 27,213,666</u>	<u>\$ 23,270,044</u>

June 30, 2021

Note 11 - Other Postemployment Benefit Plan (Continued)***Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate***

The following presents the net OPEB liability of the City, calculated using the health care cost trend rate of 7.5 percent, decreasing to 4.50 percent, as well as what the City's net OPEB liability would be if it were calculated using a health care cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (6.5%, Decreasing to 3.5%)	Current Health Care Cost Trend Rate (7.5%, Decreasing to 4.5%)	1 Percentage Point Increase (8.5%, Decreasing to 5.5%)
Net OPEB liability of the OPEB plan	\$ 24,208,969	\$ 27,965,165	\$ 32,519,716

OPEB and Death Benefit Plan Fiduciary Net Position

For the purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the OPEB and death benefit plans' fiduciary net position and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the plans. The OPEB and death benefit plans use the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms. A separate report is not issue for either plan.

Assumption Changes and Experience Differences

There were certain changes of assumptions that affected the measurement of the total OPEB liability since the prior measurement date for the OPEB plan. The health care cost trend rate was decreased from 8.25 percent to 7.50 percent based on current experience.

For the death benefit plan, the mortality tables were updated to the Pub-2010 Mortality Tables.

Note 12 - Other Employee Benefit Trust Funds

The following are condensed financial statements for the individual postemployment benefit plans:

	Employees' Death Benefit	Retiree Health Care	Total
Assets:			
Cash and cash equivalents	\$ 55,187	\$ 532,419	\$ 587,606
Investments:			
Equity securities	147,480	-	147,480
Fixed income	204,517	-	204,517
Mutual funds	929,995	-	929,995
Interest in pooled investments	-	10,043,817	10,043,817
Total assets	1,337,179	10,576,236	11,913,415
Liabilities - Accounts payable and other	(10,000)	-	(10,000)
Net position - Restricted for other postemployment benefits	\$ 1,327,179	\$ 10,576,236	\$ 11,903,415

June 30, 2021

Note 12 - Other Employee Benefit Trust Funds (Continued)

	Employees' Death Benefit	Retiree Health Care	Total
Additions:			
Investment income (loss):			
Interest and dividends	\$ -	\$ 856	\$ 856
Net adjustment to fair value of investments	302,912	2,542,642	2,845,554
Less investment expenses	-	(24,512)	(24,512)
Net investment loss	302,912	2,518,986	2,821,898
Employer contributions	-	2,432,415	2,432,415
Total additions	302,912	4,951,401	5,254,313
Deductions:			
Benefit payments	15,000	-	15,000
Administrative expenses	1,000	-	1,000
Health insurance premiums	-	3,571,304	3,571,304
Total deductions	16,000	3,571,304	3,587,304
Change in net position	286,912	1,380,097	1,667,009
Net position - Beginning of year	1,040,267	9,196,139	10,236,406
Net position - End of year	\$ 1,327,179	\$ 10,576,236	\$ 11,903,415

Note 13 - Joint Ventures

The City is a member of the Southeast Macomb Sanitary District, which provides sewage to participating municipalities in Macomb County, Michigan. Other members include the cities of Roseville and St. Clair Shores, Michigan. The City appoints one member to the joint venture's governing board, which then approves the annual budgets. The City's equity interest of \$8,257,912 is recorded in the Water and Sewer Fund financial statements and within the business-type activities column in the statement of net position.

Complete financial statements for the Southeast Macomb Sanitary District can be obtained from the administrative offices at 20001 Pleasant Avenue, P.O. Box 286, St. Clair Shores, MI 48080. The City is not aware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future.

The City is a member of the South Macomb Disposal Authority (the "Disposal Authority"), which provides refuse disposal services to participating municipalities in Macomb County, Michigan. Other members include the cities of Center Line, Roseville, St. Clair Shores, and Warren, Michigan. The City appoints one member to the joint venture's governing board, which then approves the annual budgets. The City's equity interest in the Disposal Authority's operating reserve of \$248,928 is recorded in the Garbage and Rubbish Collection Fund and within the business-type activities column on the statement of net position. The City has also recorded a payable due to the Disposal Authority in the amount of \$2,957,561, which represents the estimated portion of future post-closure care costs that the City is obligated to pay in connection with certain closed landfills owned by the Disposal Authority.

Complete financial statements for the South Macomb Disposal Authority can be obtained from the administrative offices at 20001 Pleasant Avenue, Box 286, St. Clair Shores, MI 48080. The City is not aware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future.

June 30, 2021

Note 13 - Joint Ventures (Continued)

The City is a member of the South East Regional Emergency Services Authority (SERESA), which provides dispatching services of emergency police, fire, and medical services throughout member communities. Other members include the cities of Roseville and St. Clair Shores, Michigan. The City appoints one member to the joint venture's governing board, which then approves the annual budgets. The City's equity interest in SERESA of \$450,142 is recorded within the governmental activities column on the statement of net position.

Complete financial statements for the South East Regional Emergency Services Authority can be obtained from the administrative offices at 18961 Common Road, Roseville, MI 48066. The City is not aware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future.

The City is a member of the Recreational Authority of Roseville and Eastpointe (RARE), which is responsible for administering recreation programs and senior activities in its respective communities. The other member is the City of Roseville, Michigan. The City appoints two members to the joint venture's governing board, which then approves the annual budgets. In addition, the board selects one additional representative from either participating community for a two-year term position. The City does not record an equity interest in RARE since, upon withdrawal, the member is not entitled to the return of any credit for property or money that was transferred to or paid to RARE.

Complete financial statements for RARE can be obtained from the administrative offices at 18185 Sycamore Street, Roseville, MI 48066. The City is not aware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future.

The City is a department member of the South Macomb Oakland Regional Services Authority (SMORSA), which is a joint collaborative public financing organization founded under Public Act 57 of 1988 to provide emergency services. The other department member is the City of Hazel Park, Michigan. The primary role of the authority is to contract back to the respective department cities fire and rescue services that are provided by existing city management and adopted City Council budgets and policies. The funding for the authority is based upon a 14-mill tax levy that will be assessed for 20 years, expiring in 2034. The City has no measurable equity interest in the joint venture.

Complete financial statements for the South Macomb Oakland Regional Services Authority can be obtained from the administrative offices at 23200 Gratiot Avenue, Eastpointe, MI 48021. The City is not aware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future.

Note 14 - Tax Abatements

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

For the fiscal year ended June 30, 2021, the City's property tax revenue was reduced by \$68,764 under these programs.

There are no significant abatements made by the City.

Required Supplemental Information

Required Supplemental Information
Budgetary Comparison Schedule
General Fund

Year Ended June 30, 2021

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 9,962,358	\$ 9,845,908	\$ 9,751,408	\$ (94,500)
Intergovernmental:				
Federal grants	-	992,065	1,201,502	209,437
State-shared revenue and grants	4,059,000	4,066,270	4,144,915	78,645
Local grants and contributions - Operating grants	-	123,177	146,624	23,447
Charges for services	295,500	295,500	206,056	(89,444)
Fines and forfeitures	1,615,724	1,615,724	1,179,460	(436,264)
Licenses and permits	1,195,000	1,195,000	1,426,803	231,803
Investment income	295,000	175,000	61,063	(113,937)
Other revenue:				
Other miscellaneous income	443,847	665,818	503,352	(162,466)
SMORSA charge for service	6,751,999	6,751,999	6,877,375	125,376
Total revenue	24,618,428	25,726,461	25,498,558	(227,903)
Expenditures				
Current services:				
General government	5,857,370	6,168,905	6,409,774	(240,869)
Public safety	18,756,115	19,685,822	18,025,352	1,660,470
Community and economic development	691,259	729,429	630,268	99,161
Recreation and culture	599,304	961,958	1,022,376	(60,418)
Total expenditures	25,904,048	27,546,114	26,087,770	1,458,344
Net Change in Fund Balance	(1,285,620)	(1,819,653)	(589,212)	1,230,441
Fund Balance - Beginning of year	12,779,628	12,779,628	12,779,628	-
Fund Balance - End of year	<u>\$ 11,494,008</u>	<u>\$ 10,959,975</u>	<u>\$ 12,190,416</u>	<u>\$ 1,230,441</u>

City of Eastpointe, Michigan

Required Supplemental Information Budgetary Comparison Schedules - Major Special Revenue Funds Major Streets

Year Ended June 30, 2021

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue	\$ 2,726,837	\$ 2,726,837	\$ 2,618,815	\$ (108,022)
Expenditures - Current - Public works	1,583,792	1,583,792	1,395,852	187,940
Excess of Revenue Over Expenditures	1,143,045	1,143,045	1,222,963	79,918
Other Financing Uses - Transfers out	(1,000,000)	(1,000,000)	(1,000,000)	-
Net Change in Fund Balance	143,045	143,045	222,963	79,918
Fund Balance - Beginning of year	2,222,635	2,222,635	2,222,635	-
Fund Balance - End of year	<u><u>\$ 2,365,680</u></u>	<u><u>\$ 2,365,680</u></u>	<u><u>\$ 2,445,598</u></u>	<u><u>\$ 79,918</u></u>

City of Eastpointe, Michigan

Required Supplemental Information Budgetary Comparison Schedules - Major Special Revenue Funds (Continued) Local Streets

Year Ended June 30, 2021

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue	\$ 1,104,600	\$ 1,104,600	\$ 954,136	\$ (150,464)
Expenditures - Current - Public works	1,487,129	2,386,674	2,817,087	(430,413)
Excess of Expenditures Over Revenue	(382,529)	(1,282,074)	(1,862,951)	(580,877)
Other Financing Sources - Transfers in	1,000,000	1,000,000	1,000,000	-
Net Change in Fund Balance	617,471	(282,074)	(862,951)	(580,877)
Fund Balance - Beginning of year	1,682,331	1,682,331	1,682,331	-
Fund Balance - End of year	<u><u>\$ 2,299,802</u></u>	<u><u>\$ 1,400,257</u></u>	<u><u>\$ 819,380</u></u>	<u><u>\$ (580,877)</u></u>

City of Eastpointe, Michigan

Required Supplemental Information

Retirement System Schedule of Changes in the City's Net Pension Liability and Related Ratios

Last Ten Plan Years Ended December 31

	2020	2019	2018	2017	2016	2015	2014	2013*	2012*	2011*
Total Pension Liability										
Service cost	\$ 749,702	\$ 666,190	\$ 636,338	\$ 673,890	\$ 643,037	\$ 978,943	\$ 686,354	\$ -	\$ -	\$ -
Interest	6,569,248	6,662,419	6,599,649	6,474,987	6,164,757	8,654,072	5,678,262	-	-	-
Differences between expected and actual experience	76,098	(192,970)	122,616	841,124	3,367,456	-	367,337	-	-	-
Changes in assumptions	2,624,224	2,718,572	-	-	4,320	3,367,892	-	-	-	-
Benefit payments, including refunds	(6,786,684)	(6,690,770)	(6,487,094)	(6,338,728)	(6,295,557)	(9,485,939)	(6,209,213)	-	-	-
Net Change in Total Pension Liability	3,232,588	3,163,441	871,509	1,651,273	3,884,013	3,514,968	522,740	-	-	-
Total Pension Liability - Beginning of year	89,455,968	86,292,527	85,421,018	83,769,745	79,885,732	76,370,764	75,848,024	-	-	-
Total Pension Liability - End of year	\$ 92,688,556	\$ 89,455,968	\$ 86,292,527	\$ 85,421,018	\$ 83,769,745	\$ 79,885,732	\$ 76,370,764	\$ -	\$ -	\$ -
Plan Fiduciary Net Position										
Contributions - Employer	\$ 5,008,483	\$ 4,814,540	\$ 7,507,440	\$ 3,492,899	\$ 3,079,778	\$ 4,449,143	\$ 2,762,592	\$ -	\$ -	\$ -
Contributions - Member	80,492	86,461	104,095	105,064	104,348	167,260	218,791	-	-	-
Net investment income (loss)	5,749,820	5,484,598	(1,602,428)	5,178,711	4,279,664	(779,337)	6,345,355	-	-	-
Administrative expenses	(86,990)	(93,737)	(80,662)	(82,242)	(84,573)	(81,803)	(254,963)	-	-	-
Benefit payments, including refunds	(6,786,684)	(6,690,770)	(6,487,094)	(6,338,728)	(6,295,557)	(9,485,939)	(6,209,213)	-	-	-
Other	-	-	-	-	-	1,233	-	-	-	-
Net Change in Plan Fiduciary Net Position	3,965,121	3,601,092	(558,649)	2,355,704	1,083,660	(5,729,443)	2,862,562	-	-	-
Plan Fiduciary Net Position - Beginning of year	45,591,876	41,990,784	42,549,433	40,193,729	39,110,069	44,839,512	41,976,950	-	-	-
Plan Fiduciary Net Position - End of year	\$ 49,556,997	\$ 45,591,876	\$ 41,990,784	\$ 42,549,433	\$ 40,193,729	\$ 39,110,069	\$ 44,839,512	\$ -	\$ -	\$ -
City's Net Pension Liability - Ending	\$ 43,131,559	\$ 43,864,092	\$ 44,301,743	\$ 42,871,585	\$ 43,576,016	\$ 40,775,663	\$ 31,531,252	\$ -	\$ -	\$ -
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	53.47 %	50.97 %	48.66 %	49.81 %	47.98 %	48.96 %	58.71 %	- %	- %	- %
Covered Payroll	\$ 7,883,612	\$ 8,232,325	\$ 7,348,992	\$ 7,471,419	\$ 7,006,112	\$ 6,903,087	\$ 6,602,528	\$ -	\$ -	\$ -
City's Net Pension Liability as a Percentage of Covered Payroll	547.10 %	532.83 %	602.83 %	573.81 %	621.97 %	590.69 %	477.56 %	- %	- %	- %

*GASB Statement No. 67 was implemented for FYE June 30, 2014 and does not require retroactive implementation. Data will be added as information is available until 10 years of such information is available.

City of Eastpointe, Michigan

Required Supplemental Information Retirement System Schedule of City Contributions

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution	\$ 4,473,726	\$ 4,503,642	\$ 3,774,474	\$ 3,365,414	\$ 3,341,277	\$ 3,443,007	\$ 2,778,642	\$ 2,981,382	\$ 2,746,017	\$ 2,695,079
Contributions in relation to the actuarially determined contribution	5,049,506	4,685,302	5,919,528	3,365,414	3,341,277	3,443,007	2,778,642	2,981,382	2,746,017	2,695,079
Contribution Excess	\$ 575,780	\$ 181,660	\$ 2,145,054	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 8,232,325	\$ 7,348,992	\$ 7,471,419	\$ 7,006,112	\$ 6,903,087	\$ 6,453,723	\$ 6,453,723	\$ 6,602,528	\$ 6,817,694	\$ 7,663,276
Contributions as a Percentage of Covered Payroll	61.34 %	63.75 %	79.23 %	48.04 %	48.40 %	53.35 %	43.05 %	45.16 %	40.28 %	35.17 %

Notes to Retirement System Schedule of City Contributions

Actuarial valuation information relative to the determination of contributions:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll - Open
Remaining amortization period	17 years
Asset valuation method	5-year smoothed market
Inflation	2.50 percent
Salary increase	3.00 percent
Investment rate of return	7.75 percent
Retirement age	Varies depending on plan adoption
Mortality	RP-2014 Mortality Tables
Other information	None

City of Eastpointe, Michigan

Required Supplemental Information OPEB Plan Schedule of Investment Returns

	Last Five Fiscal Years Years Ended June 30				
	2021	2020	2019	2018	2017
Annual money-weighted rate of return - Net of investment expense	34.95 %	(0.43)%	0.84 %	7.04 %	8.65 %

City of Eastpointe, Michigan

Required Supplemental Information Schedule of Changes in the City's Net OPEB Liability and Related Ratios

	Last Five Fiscal Years				
	2021	2020	2019	2018	2017
Total OPEB Liability					
Service cost	\$ 256,487	\$ 533,834	\$ 527,552	\$ 816,371	\$ 407,493
Interest	2,583,973	2,817,940	2,744,843	2,794,145	2,615,983
Differences between expected and actual experience	(1,155,330)	(4,630,245)	(951,913)	(4,122,263)	399,232
Changes in assumptions	(983,269)	879,704	2,895,831	(3,051,549)	2,043,946
Benefit payments, including refunds	(3,571,304)	(2,552,784)	(2,525,983)	(2,663,809)	(2,396,336)
Other	-	-	(253)	(3,106)	-
Net Change in Total OPEB Liability	(2,869,443)	(2,951,551)	2,690,077	(6,230,211)	3,070,318
Total OPEB Liability - Beginning of year	41,410,844	44,362,395	41,672,318	47,902,529	44,832,211
Total OPEB Liability - End of year	\$ 38,541,401	\$ 41,410,844	\$ 44,362,395	\$ 41,672,318	\$ 47,902,529
Plan Fiduciary Net Position					
Contributions - Employer	\$ 2,432,415	\$ 2,527,577	\$ 2,983,583	\$ 2,634,836	\$ 2,652,728
Net investment income (loss)	2,543,498	(7,737)	75,608	585,678	645,730
Administrative expenses	(24,512)	(23,151)	(62,147)	(19,924)	(18,843)
Benefit payments, including refunds	(3,571,304)	(2,552,784)	(2,525,983)	(2,663,809)	(2,396,336)
Net Change in Plan Fiduciary Net Position	1,380,097	(56,095)	471,061	536,781	883,279
Plan Fiduciary Net Position - Beginning of year	9,196,139	9,252,234	8,781,173	8,244,392	7,361,113
Plan Fiduciary Net Position - End of year	\$ 10,576,236	\$ 9,196,139	\$ 9,252,234	\$ 8,781,173	\$ 8,244,392
Net OPEB Liability - Ending	\$ 27,965,165	\$ 32,214,705	\$ 35,110,161	\$ 32,891,145	\$ 39,658,137
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	27.44 %	22.21 %	20.86 %	21.07 %	17.21 %
Covered-employee Payroll	\$ 3,928,170	\$ 3,928,170	\$ 4,015,077	\$ 4,897,039	\$ 5,164,079
Net OPEB Liability as a Percentage of Covered-employee Payroll	711.91 %	820.09 %	874.46 %	671.65 %	767.96 %

*Schedule is built prospectively upon implementation of GASB Statement No. 74.

Required Supplemental Information
OPEB Plan Schedule of City Contributions

	Last Ten Fiscal Years Years Ended June 30									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution	\$ 2,760,634	\$ 2,345,166	\$ 2,097,749	\$ 2,696,182	\$ 2,634,835	\$ 2,852,737	\$ 2,852,737	\$ 3,101,027	\$ 3,101,027	\$ 2,839,370
Contributions in relation to the actuarially determined contribution	2,432,415	2,527,577	2,983,583	2,634,836	2,652,728	3,066,262	3,356,213	3,435,241	3,468,430	3,121,143
Contribution Excess (Deficiency)	\$ (328,219)	\$ 182,411	\$ 885,834	\$ (61,346)	\$ 17,893	\$ 213,525	\$ 503,476	\$ 334,214	\$ 367,403	\$ 281,773
Covered-employee Payroll	\$ 3,928,170	\$ 3,928,170	\$ 4,015,077	\$ 4,897,039	\$ 5,164,079	\$ 4,250,532	\$ 6,088,182	\$ 6,088,182	\$ 7,633,276	\$ 7,633,276
Contributions as a Percentage of Covered-employee Payroll	61.92 %	64.34 %	74.31 %	53.80 %	51.37 %	72.14 %	55.13 %	56.42 %	45.44 %	40.89 %

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date Describe when the valuations are performed, for example: Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Individual entry age
Amortization method	Level dollar
Remaining amortization period	30 years
Asset valuation method	Fair value
Inflation	2.50 percent
Health care cost trend rates	8.50 percent, graded down to 4.5 percent
Salary increase	3.75 percent
Investment rate of return	6.50 percent
Retirement age	50-65 years
Mortality	RP-2014 Mortality Tables
Other information	None

Required Supplemental Information
Employees' Death Benefit Plan Schedule of Investment Returns

	Last Five Fiscal Years				
	Years Ended June 30				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return - Net of investment expense	29.33 %	(5.22)%	2.61 %	0.53 %	9.50 %

*Schedule is built prospectively upon implementation of GASB Statement No. 74.

City of Eastpointe, Michigan

Required Supplemental Information Employees' Death Benefit Plan Schedule of Changes in the City's Net Death Benefit Asset and Related Ratios

	Last Five Fiscal Years				
	2021	2020	2019	2018	2017
Total Death Benefit Liability					
Service cost	\$ 4,136	\$ 4,565	\$ 5,130	\$ 4,945	\$ 4,724
Interest	38,211	36,902	31,899	30,766	29,422
Differences between expected and actual experience	(917)	-	87,541	-	18,399
Changes in assumptions	(44,054)	(41,407)	-	-	-
Benefit payments, including refunds	(15,000)	(39,000)	(43,000)	(10,000)	(29,000)
Net Change in Total Death Benefit Liability	(17,624)	(38,940)	81,570	25,711	23,545
Total Death Benefit Liability - Beginning of year	593,303	632,243	550,673	524,962	501,417
Total Death Benefit Liability - End of year	<u>\$ 575,679</u>	<u>\$ 593,303</u>	<u>\$ 632,243</u>	<u>\$ 550,673</u>	<u>\$ 524,962</u>
Plan Fiduciary Net Position					
Net investment income (loss)	\$ 302,911	\$ (63,510)	\$ 29,674	\$ 8,620	\$ 102,326
Administrative expenses	(1,000)	(2,500)	-	(2,500)	-
Benefit payments, including refunds	(15,000)	(39,000)	(43,000)	(10,000)	(29,000)
Net Change in Plan Fiduciary Net Position	286,911	(105,010)	(13,326)	(3,880)	73,326
Plan Fiduciary Net Position - Beginning of year	1,040,267	1,145,277	1,158,603	1,162,483	1,089,157
Plan Fiduciary Net Position - End of year	<u>\$ 1,327,178</u>	<u>\$ 1,040,267</u>	<u>\$ 1,145,277</u>	<u>\$ 1,158,603</u>	<u>\$ 1,162,483</u>
City's Net Death Benefit Asset - Ending	<u>\$ (751,499)</u>	<u>\$ (446,964)</u>	<u>\$ (513,034)</u>	<u>\$ (607,930)</u>	<u>\$ (637,521)</u>
Plan Fiduciary Net Position as a Percentage of Total Death Benefit Liability	230.54 %	175.33 %	181.15 %	210.40 %	221.44 %
Covered-employee Payroll	\$ 5,744,640	\$ 4,249,615	\$ 5,596,514	\$ 4,897,039	\$ 5,164,079
City's Net Death Benefit Liability as a Percentage of Covered-employee Payroll	(13.08)%	(10.52)%	(9.17)%	(12.41)%	(12.35)%

*Schedule is built prospectively upon implementation of GASB Statement No. 74.

Required Supplemental Information
Employees' Death Benefit Plan Schedule of City Contributions

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contribution	-	-	-	-	-	-	-	-	-	-
Contribution Deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee Payroll	\$ 5,744,640	\$ 4,249,615	\$ 5,596,514	\$ 4,897,039	\$ 5,164,079	\$ 4,250,532	\$ 6,088,182	\$ 6,088,182	\$ 7,633,276	\$ 7,633,276
Contributions as a Percentage of Covered-employee Payroll	- %	- %	- %	- %	- %	- %	- %	- %	- %	- %

Notes to Employees' Death Benefit Plan Schedule of City Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarial determined contribution rates are calculated at least once every five years, in accordance with plan documents. The latest actuarial valuation, associated with the contribution amounts above, was performed as of June 30, 2019.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Individual entry age
Amortization method	Level dollar
Remaining amortization period	30 years
Asset valuation method	Fair value
Inflation	2.5 percent
Health care cost trend rates	Not applicable
Salary increase	Not applicable
Investment rate of return	6.0 percent - Net of expenses
Retirement age	50-65 years
Mortality	RP-2014 Mortality Tables
Other information	None

June 30, 2021

Budgetary Information

The City is legally subject to the budgetary control requirements of State of Michigan P.A. 621 of 1978 (the Uniform Budgeting Act). The following statements represent a brief synopsis of the major provisions of this act:

1. Budgets must be adopted for the General Fund and special revenue funds.
2. The budgets must be balanced. The balanced budget may include a contribution to or appropriation from fund balance.
3. The budgets must be amended when necessary.
4. Debt cannot be entered into unless permitted by law.
5. Expenditures cannot exceed budget appropriations.
6. Expenditures cannot be made unless authorized in the budget.
7. A public hearing must be held before budget adoptions.

The City adopts its budget by budgetary center (activity/department), which is in accordance with the State's legal requirement and is the level of classification detail at which expenditures may not legally exceed appropriations.

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

1. The city manager, on or before 60 days prior to the commencement of the fiscal and budgetary year (July 1), shall prepare and submit to the City Council a complete itemized proposed budget before the next fiscal year.
2. A public hearing on the budget shall be held before its final adoption, at such time and place as the City Council shall direct, and notice of the public hearing shall be published at least 10 days in advance thereof by the clerk.
3. The City Council shall, on or before 30 days prior to the commencement of the next fiscal year, adopt a budget for the ensuing fiscal year.

The annual budget is prepared by the city manager and adopted by the City Council; subsequent amendments are approved by the City Council. Budgeted amounts of the revenue and expenditures presented for the General Fund and special revenue funds are as amended by the City Council. Budget appropriations lapse at year end; encumbrances are not included as expenditures. The amount of encumbrances outstanding at June 30, 2021 has not been calculated. During the current year, the budget was amended in a legally permissible manner, other than the deficits budgeted in the Street Lighting SAD Fund and the District Court Building Fund. A comparison of the budget with statements of actual revenue and expenditures, including budget variances, for the General Fund and special revenue funds is presented in the required and other supplemental information. The budget has been prepared in accordance with accounting principles generally accepted in the United States of America.

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

	Total Revenue	Total Expenditures	Change in Fund Balance
General Fund:			
Amounts per operating statement	\$ 25,499,593	\$ 25,715,772	\$ (216,179)
Tax Reversion Fund budgeted separate from the General Fund	(776)	376,997	(377,773)
Additional Pension Fund budgeted separate from the General Fund	(259)	(4,999)	4,740
	<u>\$ 25,498,558</u>	<u>\$ 26,087,770</u>	<u>\$ (589,212)</u>
Amounts per budget statement	<u>\$ 25,498,558</u>	<u>\$ 26,087,770</u>	<u>\$ (589,212)</u>

City of Eastpointe, Michigan

Notes to Required Supplemental Information (Continued)

June 30, 2021

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

	Budget	Actual	Variance
General Fund:			
General government	\$ 6,168,905	\$ 6,409,774	\$ (240,869)
Recreation and culture	961,958	1,022,376	(60,418)
Local Streets Fund - Public works	2,386,674	2,817,087	(430,413)

The General Fund had unfavorable variances in the public safety - building inspections and code enforcement, special events, recreation and culture, and debt service activity, and the Local Streets Fund had unfavorable variances for public works expenditures as a result of higher than anticipated costs.

Pension Information

Changes in Assumptions

In 2015, the pension plan was transferred to MERS. There were several changes in assumptions. The discount rate was increased from 7.68 to 8.00 percent. Salary increases were increased from 3.65 to 3.75 percent. Inflation was decreased from 3.5 to 2.5 percent. Furthermore, the mortality tables were updated from the RP 2000 Mortality Table (set forward three years for males and one year for females) to the RP 2014 Mortality Tables.

In 2020, the discount rate in the pension valuation was decreased from 8.0 percent to 7.6 percent.

In 2021, mortality, retirement, and termination dates were updated as a result of the most recent experience study. In addition, mortality tables were updated from RP-2014 tables to Pub-2010 tables.

OPEB Information

Changes in Assumptions

In 2018, the discount rate was increased from 6.00 to 6.75 percent.

In 2019, the discount rate was decreased from 6.75 to 6.50 percent. There were certain changes of assumptions that affected the measurement of the total OPEB liability since the prior measurement date for the OPEB plan. The single discount rate, retirement rates, mortality tables, withdrawal rates, and the salary scale were updated based on the data available at the June 30, 2020 measurement date. Also, the federal Cadillac tax, a provision from the Affordable Care Act, was removed from the most recent valuation given recent changes in the law.

For the death benefit plan, the discount rate used to measure the total OPEB liability increased in the current year to 6.5 percent.

In 2021, the health care cost trend rate was decreased from 8.25 percent to 7.50 percent based on current experience.

For the death benefit plan, the mortality tables were updated to the Pub-2010 Mortality Tables.

Other Financial and Supplemental Information

City of Eastpointe, Michigan

	Nonmajor Special Revenue Funds					Total Nonmajor Special Revenue Funds
	Library	Indigent Defense	Drug Law Enforcement	Community Development Block Grant	Street Lighting SAD	
Assets						
Cash and cash equivalents	\$ 209,892	\$ 593,317	\$ 464,890	\$ -	\$ 269	\$ 1,268,368
Investments	308,652	-	-	-	-	308,652
Receivables:						
Special assessments	-	-	-	-	-	-
Due from other governmental units	1,000	-	-	-	-	1,000
Restricted assets	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
Total assets	\$ 519,544	\$ 593,317	\$ 464,890	\$ -	\$ 269	\$ 1,578,020
Liabilities						
Accounts payable	\$ 72,490	\$ 59,294	\$ 5,948	\$ -	\$ 26,496	\$ 164,228
Due to other funds	-	-	-	-	45,000	45,000
Accrued liabilities and other	11,760	-	-	-	-	11,760
Unearned revenue	-	534,023	-	-	-	534,023
Total liabilities	84,250	593,317	5,948	-	71,496	755,011
Deferred Inflows of Resources -						
Unavailable revenue - Special assessments	-	-	-	-	-	-
Fund Balances (Deficit)						
Nonspendable - Long-term receivable	-	-	-	-	-	-
Restricted:						
Debt service	-	-	-	-	-	-
Library	435,294	-	-	-	-	435,294
Drug law enforcement	-	-	458,942	-	-	458,942
Unassigned	-	-	-	-	(71,227)	(71,227)
Total fund balances (deficit)	435,294	-	458,942	-	(71,227)	823,009
Total liabilities, deferred inflows of resources, and fund balances (deficit)	\$ 519,544	\$ 593,317	\$ 464,890	\$ -	\$ 269	\$ 1,578,020

Other Financial and Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2021

Nonmajor Capital Projects Funds			Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Capital Improvement	District Court Building	Brownfield Capital Project		
\$ 5,106	\$ 3,505	\$ -	\$ 8,611	\$ 1,276,979
-	-	-	-	308,652
124,987	-	-	124,987	124,987
-	5,913	-	5,913	6,913
-	-	83,027	83,027	83,027
-	-	270,103	270,103	270,103
\$ 130,093	\$ 9,418	\$ 353,130	\$ 492,641	\$ 2,070,661
\$ 1,247	\$ -	\$ -	\$ 1,247	\$ 165,475
35,000	60,000	-	95,000	140,000
937	-	-	937	12,697
-	-	-	-	534,023
37,184	60,000	-	97,184	852,195
96,284	-	-	96,284	96,284
-	-	270,103	270,103	270,103
-	-	83,027	83,027	83,027
-	-	-	-	435,294
-	-	-	-	458,942
(3,375)	(50,582)	-	(53,957)	(125,184)
(3,375)	(50,582)	353,130	299,173	1,122,182
\$ 130,093	\$ 9,418	\$ 353,130	\$ 492,641	\$ 2,070,661

City of Eastpointe, Michigan

	Nonmajor Special Revenue Funds					Total Nonmajor Special Revenue Funds
	Library	Indigent Defense	Drug Law Enforcement	Community Development Block Grant	Street Lighting SAD	
Revenue						
Property taxes	\$ 920,922	\$ -	\$ -	\$ -	\$ -	\$ 920,922
Special assessments	-	-	-	-	470,076	470,076
Intergovernmental:						
Federal grants	1,000	-	-	329,318	-	330,318
State-shared revenue and grants	35,155	-	-	-	-	35,155
Charges for services	2,673	-	-	-	-	2,673
Fines and forfeitures	41,570	-	269,577	-	-	311,147
Investment income - Investment earnings	1,183	-	303	-	-	1,486
Other revenue	1,200	-	120,090	-	-	121,290
Total revenue	1,003,703	-	389,970	329,318	470,076	2,193,067
Expenditures						
Current services:						
District court	-	417,168	-	-	-	417,168
Public safety	-	-	85,149	-	-	85,149
Public works	-	-	-	-	355,355	355,355
Community and economic development	-	-	-	329,318	-	329,318
Recreation and culture	1,038,169	-	-	-	-	1,038,169
Capital outlay	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Total expenditures	1,038,169	417,168	85,149	329,318	355,355	2,225,159
Excess of Revenue (Under) Over Expenditures	(34,466)	(417,168)	304,821	-	114,721	(32,092)
Other Financing Sources - Proceeds from sale of capital assets	-	-	12,130	-	-	12,130
Net Change in Fund Balances	(34,466)	(417,168)	316,951	-	114,721	(19,962)
Fund Balances (Deficit) - Beginning of year	469,760	417,168	141,991	-	(185,948)	842,971
Fund Balances (Deficit) - End of year	\$ 435,294	\$ -	\$ 458,942	\$ -	\$ (71,227)	\$ 823,009

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

Year Ended June 30, 2021

Nonmajor Capital Projects Funds			Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Capital Improvement	District Court Building	Brownfield Capital Project		
\$ -	\$ -	\$ -	\$ -	\$ 920,922
275,392	-	-	275,392	745,468
-	-	-	-	330,318
-	-	-	-	35,155
-	-	-	-	2,673
-	-	-	-	311,147
4,652	-	-	4,652	6,138
-	46,323	-	46,323	167,613
280,044	46,323	-	326,367	2,519,434
-	4,870	-	4,870	422,038
-	-	-	-	85,149
-	-	-	-	355,355
-	-	-	-	329,318
-	-	-	-	1,038,169
330,343	-	-	330,343	330,343
-	-	48,542	48,542	48,542
330,343	4,870	48,542	383,755	2,608,914
(50,299)	41,453	(48,542)	(57,388)	(89,480)
-	-	-	-	12,130
(50,299)	41,453	(48,542)	(57,388)	(77,350)
46,924	(92,035)	401,672	356,561	1,199,532
<u>\$ (3,375)</u>	<u>\$ (50,582)</u>	<u>\$ 353,130</u>	<u>\$ 299,173</u>	<u>\$ 1,122,182</u>

City of Eastpointe, Michigan

Other Financial and Supplemental Information Budgetary Comparison Schedule - Major Debt Service Fund Chapter 20 Drain Debt

Year Ended June 30, 2021

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 3,454,609	\$ 3,467,924	\$ 3,438,689	\$ (29,235)
Intergovernmental	15,000	15,000	30,031	15,031
Investment income	11,000	11,000	1,794	(9,206)
Total revenue	3,480,609	3,493,924	3,470,514	(23,410)
Expenditures - Current - Public works and debt	3,521,481	3,587,747	3,513,615	74,132
Net Change in Fund Balance	(40,872)	(93,823)	(43,101)	50,722
Fund Balance - Beginning of year	762,065	762,065	762,065	-
Fund Balance - End of year	<u><u>\$ 721,193</u></u>	<u><u>\$ 668,242</u></u>	<u><u>\$ 718,964</u></u>	<u><u>\$ 50,722</u></u>

City of Eastpointe, Michigan

Other Financial and Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds Library

Year Ended June 30, 2021

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 941,329	\$ 931,329	\$ 920,922	\$ (10,407)
Intergovernmental:				
Federal grants	-	-	1,000	1,000
State-shared revenue and grants	29,000	29,000	35,155	6,155
Charges for services	1,000	1,000	2,673	1,673
Fines and forfeitures	40,000	40,000	41,570	1,570
Interest income	4,000	4,000	1,183	(2,817)
Other revenue	1,200	1,200	1,200	-
Total revenue	1,016,529	1,006,529	1,003,703	(2,826)
Expenditures - Current - Recreation and culture	999,945	1,096,931	1,038,169	58,762
Net Change in Fund Balance	16,584	(90,402)	(34,466)	55,936
Fund Balance - Beginning of year	469,760	469,760	469,760	-
Fund Balance - End of year	<u>\$ 486,344</u>	<u>\$ 379,358</u>	<u>\$ 435,294</u>	<u>\$ 55,936</u>

City of Eastpointe, Michigan

Other Financial and Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Indigent Defense

Year Ended June 30, 2021

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue - State-shared revenue and grants	\$ 350,000	\$ 350,000	\$ -	\$ (350,000)
Expenditures - Current - District court	529,691	529,691	417,168	112,523
Net Change in Fund Balance	(179,691)	(179,691)	(417,168)	(237,477)
Fund Balance - Beginning of year	417,168	417,168	417,168	-
Fund Balance - End of year	<u><u>\$ 237,477</u></u>	<u><u>\$ 237,477</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (237,477)</u></u>

City of Eastpointe, Michigan

Other Financial and Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Drug Law Enforcement

Year Ended June 30, 2021

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue				
Fines and forfeitures	\$ 31,000	\$ 124,000	\$ 269,577	\$ 145,577
Investment income	200	200	303	103
Other revenue	-	12,410	120,090	107,680
Total revenue	31,200	136,610	389,970	253,360
Expenditures - Current - Public safety	65,483	130,483	85,149	45,334
Excess of Revenue (Under) Over Expenditures	(34,283)	6,127	304,821	298,694
Other Financing Sources - Proceeds from sale of capital assets	-	-	12,130	12,130
Net Change in Fund Balance	(34,283)	6,127	316,951	310,824
Fund Balance - Beginning of year	141,991	141,991	141,991	-
Fund Balance - End of year	<u>\$ 107,708</u>	<u>\$ 148,118</u>	<u>\$ 458,942</u>	<u>\$ 310,824</u>

City of Eastpointe, Michigan

Other Financial and Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Community Development Block Grant

Year Ended June 30, 2021

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue - Federal grants	\$ 200,000	\$ 247,258	\$ 329,318	\$ 82,060
Expenditures - Current - Community and economic development	200,000	247,258	329,318	(82,060)
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning of year	-	-	-	-
Fund Balance - End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Eastpointe, Michigan

Other Financial and Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Street Lighting SAD

Year Ended June 30, 2021

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue - Special assessments	\$ 469,543	\$ 469,543	\$ 470,076	\$ 533
Expenditures - Current - Public works	315,180	354,900	355,355	(455)
Net Change in Fund Balance	154,363	114,643	114,721	78
Fund Balance - Beginning of year	(185,948)	(185,948)	(185,948)	-
Fund Balance - End of year	<u><u>\$ (31,585)</u></u>	<u><u>\$ (71,305)</u></u>	<u><u>\$ (71,227)</u></u>	<u><u>\$ 78</u></u>

City of Eastpointe, Michigan

Other Financial and Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Capital Improvement

Year Ended June 30, 2021

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue				
Special assessments	\$ 525,000	\$ 715,100	\$ 275,392	\$ (439,708)
Investment income	-	-	4,652	4,652
Total revenue	525,000	715,100	280,044	(435,056)
Expenditures - Capital outlay	521,322	750,131	330,343	419,788
Net Change in Fund Balance	3,678	(35,031)	(50,299)	(15,268)
Fund Balance - Beginning of year	46,924	46,924	46,924	-
Fund Balance (Deficit) - End of year	<u><u>\$ 50,602</u></u>	<u><u>\$ 11,893</u></u>	<u><u>\$ (3,375)</u></u>	<u><u>\$ (15,268)</u></u>

City of Eastpointe, Michigan

Other Financial and Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) District Court Building

Year Ended June 30, 2021

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue - Other revenue	\$ 71,000	\$ 71,000	\$ 46,323	\$ (24,677)
Expenditures - Current - District court	25,477	25,477	4,870	20,607
Net Change in Fund Balance	45,523	45,523	41,453	(4,070)
Fund Balance (Deficit) - Beginning of year	(92,035)	(92,035)	(92,035)	-
Fund Balance (Deficit) - End of year	<u><u>\$ (46,512)</u></u>	<u><u>\$ (46,512)</u></u>	<u><u>\$ (50,582)</u></u>	<u><u>\$ (4,070)</u></u>

City of Eastpointe, Michigan

Other Financial and Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Brownfield Capital Project

Year Ended June 30, 2021

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue - Property taxes	\$ 72,255	\$ 72,255	\$ -	\$ (72,255)
Expenditures - Current - Debt service	72,255	72,255	48,542	23,713
Net Change in Fund Balance	-	-	(48,542)	(48,542)
Fund Balance - Beginning of year	401,672	401,672	401,672	-
Fund Balance - End of year	<u><u>\$ 401,672</u></u>	<u><u>\$ 401,672</u></u>	<u><u>\$ 353,130</u></u>	<u><u>\$ (48,542)</u></u>

Other Financial and Supplemental Information
Combining Statement of Fiduciary Net Position
Fiduciary Funds

June 30, 2021

	Other Postretirement Benefits Trust Funds			Custodial Funds			
	Employees' Death Benefit	Retiree Health Care	Total Other Postretirement Benefits Trust Funds	Tax Collection	Private Contributions	Memorial Library Trust	Total Custodial Funds
Assets							
Cash and cash equivalents	\$ 55,187	\$ 532,419	\$ 587,606	\$ -	\$ 1,700	\$ 7,121	\$ 8,821
Investments:							
Interest in pooled investments	-	10,043,817	10,043,817	-	-	-	-
Equity securities	147,480	-	147,480	-	-	-	-
Fixed income	204,517	-	204,517	-	-	-	-
Mutual funds	929,995	-	929,995	-	-	-	-
Due from other governmental units	-	-	-	21,992	-	-	21,992
Total assets	1,337,179	10,576,236	11,913,415	21,992	1,700	7,121	30,813
Liabilities - Accounts payable	10,000	-	10,000	21,992	-	-	21,992
Net Position							
Restricted:							
Postemployment benefits other than pension	1,327,179	10,576,236	11,903,415	-	-	-	-
Individuals, organizations, and other governments	-	-	-	-	1,700	7,121	8,821
Total net position	<u>\$ 1,327,179</u>	<u>\$ 10,576,236</u>	<u>\$ 11,903,415</u>	<u>\$ -</u>	<u>\$ 1,700</u>	<u>\$ 7,121</u>	<u>\$ 8,821</u>

City of Eastpointe, Michigan

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

Year Ended June 30, 2021

	Other Postretirement Benefits Trust Funds			Custodial Funds			
	Employees' Death Benefit	Retiree Health Care	Total Other Postretirement Benefits Trust Funds	Tax Collection	Private Contributions	Memorial Library Trust	Total Custodial Funds
Additions							
Investment income (loss):							
Interest and dividends	\$ -	\$ 856	\$ 856	\$ -	\$ -	\$ 10	\$ 10
Net change in fair value of investments	302,912	2,542,642	2,845,554	-	-	-	-
Investment-related expenses	-	(24,512)	(24,512)	-	-	-	-
Net investment income	302,912	2,518,986	2,821,898	-	-	10	10
Contributions - Employer	-	2,432,415	2,432,415	-	-	-	-
Property tax collections	-	-	-	36,845,230	-	-	36,845,230
Collections for individuals, organizations, or other governments	-	-	-	-	450	500	950
Total additions	302,912	4,951,401	5,254,313	36,845,230	450	510	36,846,190
Deductions							
Benefit payments	15,000	-	15,000	-	-	-	-
Health insurance premiums	-	3,571,304	3,571,304	-	-	-	-
Administrative expenses	1,000	-	1,000	-	-	-	-
Tax distributions to other governments	-	-	-	36,845,230	-	-	36,845,230
Total deductions	16,000	3,571,304	3,587,304	36,845,230	-	-	36,845,230
Net Increase in Fiduciary Net Position	286,912	1,380,097	1,667,009	-	450	510	960
Net Position - Beginning of year, as restated	1,040,267	9,196,139	10,236,406	-	1,250	6,611	7,861
Net Position - End of year	<u>\$ 1,327,179</u>	<u>\$ 10,576,236</u>	<u>\$ 11,903,415</u>	<u>\$ -</u>	<u>\$ 1,700</u>	<u>\$ 7,121</u>	<u>\$ 8,821</u>

Statistical Section

Statistical Section

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

The statistical section is organized into the following main categories:

Financial trends

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

Revenue capacity

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

Debt capacity

These schedules present information to help the reader assess the affordability of the government's current level of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and economic information

These schedules help the reader understand the environment within which the government's financial activities take place.

Operating information

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

City of Eastpointe, Michigan

	As of June 30,			
	2012	2013	2014	2015
Governmental Activities:				
Net investment in capital assets	\$ 17,957,323	\$ 18,726,021	\$ 19,005,239	\$ 21,490,547
Restricted	5,572,154	5,083,773	7,633,404	3,710,685
Unrestricted	9,730,854	7,113,452	5,778,162	(22,475,776)
Total net position	<u>\$ 33,260,331</u>	<u>\$ 30,923,246</u>	<u>\$ 32,416,805</u>	<u>\$ 2,725,456</u>
Business Type Activities:				
Net investment in capital assets	\$ 21,507,552	\$ 27,478,461	\$ 29,182,282	\$ 34,857,012
Restricted	19,810	19,850	19,885	19,913
Unrestricted	19,851,252	17,895,692	18,415,992	10,320,102
Total net position	<u>\$ 41,378,614</u>	<u>\$ 45,394,003</u>	<u>\$ 47,618,159</u>	<u>\$ 45,197,027</u>
Primary government in total:				
Net investment in capital assets	\$ 39,464,875	\$ 46,204,482	\$ 48,187,521	\$ 56,347,559
Restricted	5,591,964	5,103,623	7,653,289	3,730,598
Unrestricted	29,582,106	25,009,144	24,194,154	(12,155,674)
Total net position	<u>\$ 74,638,945</u>	<u>\$ 76,317,249</u>	<u>\$ 80,034,964</u>	<u>\$ 47,922,483</u>

Source: City's annual financial statements

Net Position by Component

Last Ten Fiscal Years

June 30, 2021

As of June 30,					
2016	2017	2018	2019	2020	2021
\$ 24,232,653	\$ 24,446,470	\$ 24,562,043	\$ 24,777,268	\$ 25,623,616	\$ 29,870,127
2,275,995	3,095,222	3,851,794	6,160,626	6,104,233	5,327,592
(23,508,088)	(21,634,318)	(60,166,742)	(61,013,341)	(61,838,047)	(61,104,135)
\$ 3,000,560	\$ 5,907,374	\$ (31,752,905)	\$ (30,075,447)	\$ (30,110,198)	\$ (25,906,416)
\$ 40,653,418	\$ 42,596,789	\$ 42,545,111	\$ 43,205,709	\$ 43,821,835	\$ 44,919,151
19,942	19,978	20,025	23,371	22,806	22,806
3,013,342	(428,506)	3,223,293	7,215,870	12,732,080	15,740,355
\$ 43,686,702	\$ 42,188,261	\$ 45,788,429	\$ 50,444,950	\$ 56,576,721	\$ 60,682,312
\$ 64,886,071	\$ 67,043,259	\$ 67,107,154	\$ 67,982,977	\$ 69,445,451	\$ 74,789,278
2,295,937	3,115,200	3,871,819	6,183,997	6,127,039	5,350,398
(20,494,746)	(22,062,824)	(56,943,449)	(53,797,471)	(49,105,967)	(45,363,780)
\$ 46,687,262	\$ 48,095,635	\$ 14,035,524	\$ 20,369,503	\$ 26,466,523	\$ 34,775,896

City of Eastpointe, Michigan

	As of June 30,			
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Expenses:				
General government	\$ 8,153,823	\$ 5,825,908	\$ 6,354,440	\$ 4,223,289
Public safety	11,783,269	10,396,968	9,917,812	10,768,618
Public works	5,335,999	6,708,364	5,296,110	6,726,880
Community & economic development	154,618	595,960	195,000	-
Recreation and culture	2,102,179	1,729,975	1,694,085	1,741,330
Interest on long-term debt	173,976	168,715	221,457	158,673
Total governmental activities	<u>27,703,864</u>	<u>25,425,890</u>	<u>23,678,904</u>	<u>23,618,790</u>
Program revenues:				
Charges for services				
General government	2,798,253	2,694,390	3,158,318	3,039,394
Public safety	1,419,304	958,605	820,935	842,678
Public works	-	1,938,326	2,219,379	334,141
Recreation and culture	<u>400,239</u>	<u>273,729</u>	<u>249,975</u>	<u>236,219</u>
Total charges for services	4,617,796	5,865,050	6,448,607	4,452,432
Operating grants and contributions	2,142,427	2,169,253	2,302,747	2,399,009
Capital grants and contributions	<u>408,619</u>	<u>15,000</u>	<u>1,850,000</u>	<u>21,712</u>
Total program revenue	<u>7,168,842</u>	<u>8,049,303</u>	<u>10,601,354</u>	<u>6,873,153</u>
Net expense	(20,535,022)	(17,376,587)	(13,077,550)	(16,745,637)
General revenues:				
Property taxes	13,987,310	12,208,420	11,502,055	11,364,098
State-shared revenues	3,048,459	3,144,224	3,236,459	3,299,801
Investment income	84,804	45,613	38,988	57,076
Gain (loss) on sale of capital assets	-	-	-	-
Other nonprogram revenue	<u>405,310</u>	<u>635,412</u>	<u>775,862</u>	<u>1,122,521</u>
Total general revenues	<u>17,525,883</u>	<u>16,033,669</u>	<u>15,553,364</u>	<u>15,843,496</u>
Transfers	(986,093)	(994,167)	(982,255)	(809,130)
Implementation of GASB Statement No. 75	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	<u>\$ (3,995,232)</u>	<u>\$ (2,337,085)</u>	<u>\$ 1,493,559</u>	<u>\$ (1,711,271)</u>

Source: City's annual financial statements

Changes in Governmental Net Position

Last Ten Fiscal Years

June 30, 2021

As of June 30,					
2016	2017	2018	2019	2020	2021
\$ 5,551,358	\$ 7,977,965	\$ 6,783,025	\$ 8,383,446	\$ 8,525,468	\$ 8,655,519
14,435,389	12,191,454	17,765,290	17,753,993	17,164,481	15,564,815
5,734,993	3,513,592	3,696,829	2,503,304	3,407,150	3,581,112
528,160	199,031	-	-	-	460,323
2,005,418	1,733,262	1,695,859	1,707,459	1,805,539	1,294,625
152,784	97,394	103,289	95,342	97,515	89,879
28,408,102	25,712,698	30,044,292	30,443,544	31,000,153	29,646,273
2,674,865	2,308,360	2,608,043	2,184,728	1,708,100	1,399,255
7,015,109	7,163,619	7,081,966	7,471,888	7,236,529	8,152,856
-	-	-	-	-	-
246,978	256,053	44,467	43,610	43,532	44,243
9,936,952	9,728,032	9,734,476	9,700,226	8,988,161	9,596,354
2,955,819	2,502,202	18,444	292,450	369,326	1,678,444
487,608	1,012,379	623,712	409,378	350,728	566,220
13,380,379	13,242,613	10,376,632	10,402,054	9,708,215	11,841,018
(15,027,723)	(12,470,085)	(19,667,660)	(20,041,490)	(21,291,938)	(17,805,255)
11,541,479	11,462,578	11,839,506	13,990,374	13,585,140	14,111,019
3,808,921	3,947,067	6,817,806	7,604,412	7,346,091	7,778,275
67,022	69,893	135,284	344,044	425,450	74,807
-	18,075	17,375	3,420	10,680	12,130
885,471	888,840	904,268	841,314	945,803	1,098,821
16,302,893	16,386,453	19,714,239	22,783,564	22,313,164	23,075,052
(1,000,066)	(1,009,554)	(1,071,640)	(1,064,616)	(1,055,977)	(1,059,404)
-	-	(36,635,218)	-	-	-
\$ 275,104	\$ 2,906,814	\$ (37,660,279)	\$ 1,677,458	\$ (34,751)	\$ 4,210,393

City of Eastpointe, Michigan

	As of June 30,			
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Expenses				
Water and sewer	\$ 9,528,327	\$ 9,538,559	\$ 10,070,734	\$ 11,735,472
Garbage and rubbish collection	-	-	-	1,776,981
Total expenses	<u>9,528,327</u>	<u>9,538,559</u>	<u>10,070,734</u>	<u>13,512,453</u>
Program Revenue				
Charges for services				
Water and sewer	11,122,260	12,283,293	11,217,649	11,054,530
Garbage and rubbish collection	-	-	-	1,741,867
Total charges for services	<u>11,122,260</u>	<u>12,283,293</u>	<u>11,217,649</u>	<u>12,796,397</u>
Operating grants and contributions	-	-	-	-
Capital grants and contributions	-	165,545	-	66,358
Total Program Revenue	<u>11,122,260</u>	<u>12,448,838</u>	<u>11,217,649</u>	<u>12,862,755</u>
Net Revenue (Expense)	<u>1,593,933</u>	<u>2,910,279</u>	<u>1,146,915</u>	<u>(649,698)</u>
General Revenue				
Investment income	92,048	110,943	92,106	81,733
Gain (loss) on sale of capital assets	4,842	-	-	-
Other nonprogram revenue	-	-	2,880	2,625
Change in joint ventures	-	-	-	-
Total general revenue (expense)	<u>96,890</u>	<u>110,943</u>	<u>94,986</u>	<u>84,358</u>
Transfers from other funds	<u>986,093</u>	<u>994,167</u>	<u>982,255</u>	<u>809,130</u>
Implementation of GASB Statement No. 75	-	-	-	-
Change in Net Position	<u>\$ 2,676,916</u>	<u>\$ 4,015,389</u>	<u>\$ 2,224,156</u>	<u>\$ 243,790</u>

Source: City's annual financial statements

Changes in Business Type Net Position

Last Ten Fiscal Years

June 30, 2021

As of June 30,					
<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 14,264,533	\$ 15,868,069	\$ 12,988,645	\$ 13,216,222	\$ 13,776,554	\$ 14,441,204
<u>1,991,470</u>	<u>1,859,287</u>	<u>1,177,184</u>	<u>2,004,998</u>	<u>1,725,771</u>	<u>1,743,745</u>
<u>16,256,003</u>	<u>17,727,356</u>	<u>14,165,829</u>	<u>15,221,220</u>	<u>15,502,325</u>	<u>16,184,949</u>
11,508,016	12,740,588	17,187,158	16,855,481	16,797,692	17,365,305
<u>1,741,559</u>	<u>1,740,794</u>	<u>1,793,363</u>	<u>1,805,945</u>	<u>1,760,173</u>	<u>1,839,745</u>
<u>13,249,575</u>	<u>14,481,382</u>	<u>18,980,521</u>	<u>18,661,426</u>	<u>18,557,865</u>	<u>19,205,050</u>
424,914	682,556	31,947	-	31,749	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>13,674,489</u>	<u>15,163,938</u>	<u>19,012,468</u>	<u>18,661,426</u>	<u>18,589,614</u>	<u>19,205,050</u>
<u>(2,581,514)</u>	<u>(2,563,418)</u>	<u>4,846,639</u>	<u>3,440,206</u>	<u>3,087,289</u>	<u>3,020,101</u>
69,545	54,568	51,744	148,155	140,352	22,867
-	-	-	-	-	-
1,578	855	15,542	3,544	854	3,219
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,847,299</u>	<u>-</u>
<u>71,123</u>	<u>55,423</u>	<u>67,286</u>	<u>151,699</u>	<u>1,988,505</u>	<u>26,086</u>
<u>1,000,066</u>	<u>1,009,554</u>	<u>1,071,640</u>	<u>1,064,616</u>	<u>1,055,977</u>	<u>1,059,404</u>
<u>-</u>	<u>-</u>	<u>(2,385,397)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ (1,510,325)</u>	<u>\$ (1,498,441)</u>	<u>\$ 3,600,168</u>	<u>\$ 4,656,521</u>	<u>\$ 6,131,771</u>	<u>\$ 4,105,591</u>

City of Eastpointe, Michigan

	As of June 30,			
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund:				
Nonspendable	502,045	538,176	857,878	793,615
Committed	9,310,312	6,636,674	6,055,126	3,385,779
Assigned	-	-	-	-
Unassigned	<u>815,520</u>	<u>1,700,849</u>	<u>468,365</u>	<u>1,919,179</u>
Total general fund	<u>10,627,877</u>	<u>8,875,699</u>	<u>7,381,369</u>	<u>6,098,573</u>
All other governmental funds:				
Nonspendable	-	-	415,655	620,816
Restricted	5,572,154	5,421,800	7,460,342	3,710,685
Committed	-	-	-	-
Assigned	897,541	532,172	583,936	730,253
Unassigned	<u>(64,192)</u>	<u>-</u>	<u>(58,566)</u>	<u>-</u>
Total all other governmental funds	<u>6,405,503</u>	<u>5,953,972</u>	<u>8,401,367</u>	<u>5,061,754</u>
Total of all governmental funds	<u>\$ 17,033,380</u>	<u>\$ 14,829,671</u>	<u>\$ 15,782,736</u>	<u>\$ 11,160,327</u>

Source: City's annual financial statements

Fund Balances, Governmental Funds

Last Ten Fiscal Years

June 30, 2021

As of June 30,					
<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
99,694	176,238	261,057	612,641	566,356	772,685
6,367,624	6,459,629	9,512,047	9,045,755	9,426,401	11,022,393
-	2,466,531	821,355	1,004,122	1,988,076	14,878
<u>2,463,626</u>	<u>1,908,736</u>	<u>1,448,759</u>	<u>1,756,414</u>	<u>163,321</u>	<u>118,019</u>
<u>8,930,944</u>	<u>11,011,134</u>	<u>12,043,218</u>	<u>12,418,932</u>	<u>12,144,154</u>	<u>11,927,975</u>
566,519	508,054	-	-	-	270,103
2,183,380	2,586,462	3,851,794	6,160,626	6,104,233	4,961,205
-	-	-	-	-	-
616,143	493,612	633,946	-	46,924	-
-	(144,934)	-	(206,881)	(277,983)	(125,184)
<u>3,366,042</u>	<u>3,443,194</u>	<u>4,485,740</u>	<u>5,953,745</u>	<u>5,873,174</u>	<u>5,106,124</u>
<u>\$ 12,296,986</u>	<u>\$ 14,454,328</u>	<u>\$ 16,528,958</u>	<u>\$ 18,372,677</u>	<u>\$ 18,017,328</u>	<u>\$17,034,099</u>

City of Eastpointe, Michigan

	As of June 30,			
	2012	2013	2014	2015
Revenue				
Taxes	\$ 13,987,310	\$ 12,208,420	\$ 11,502,055	\$ 11,364,098
SMORSA charge for service	-	-	-	-
Licenses and permits	978,509	1,224,857	1,278,491	1,327,939
Federal revenues, grants and other federal sources	214,739	233,431	227,607	40,936
State-shared revenue, grants and other local sources	5,010,952	5,125,012	7,133,923	5,656,949
Charges for services	1,064,133	2,724,321	2,374,729	491,665
Fines and forfeitures	2,460,868	2,199,969	2,579,935	2,590,340
Investment income	83,852	45,613	38,988	57,076
Rental income	360,886	234,240	211,910	191,548
Special assessments	36,616	61,118	500,328	472,427
Other	219,514	281,036	348,841	641,156
Total revenue	24,417,379	24,338,017	26,196,807	22,834,134
Expenditures				
Current:				
General government	5,138,181	5,374,159	5,182,914	5,018,211
Public Safety	13,439,890	12,374,163	12,190,546	12,097,447
Public works	5,269,335	5,448,444	5,101,510	6,685,700
Community & economic development	154,618	595,740	195,000	-
Recreation and culture	1,734,472	1,305,276	1,641,635	1,467,078
General expenditures				
Capital outlay	208,731	153,183	278,707	182,720
Debt service:				
Principal	120,000	125,000	130,000	135,000
Interest on long-term debt	176,800	171,594	166,175	160,544
Total expenditures	26,242,027	25,547,559	24,886,487	25,746,700
Excess of Revenue Over Expenditures	(1,824,648)	(1,209,542)	1,310,320	(2,912,566)
Other Financing Sources (Uses)				
Long-term financing	-	-	625,000	-
Proceeds from sale of fixed assets	-	-	-	-
Bond premium	-	-	-	-
Net payments to refunded bond escrow agent and bond issuance costs	-	-	-	-
Transfers in	1,906,290	925,813	989,620	547,000
Transfers out	(2,892,383)	(1,919,980)	(1,971,875)	(1,533,861)
Total other financing sources (uses)	(986,093)	(994,167)	(357,255)	(986,861)
Net change in fund balances	\$ (2,810,741)	\$ (2,203,709)	\$ 953,065	\$ (3,899,427)
 Debt service as a percentage of noncapital expenditures	 1.21%	 1.28%	 1.31%	 1.39%

Source: City's annual financial statements

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

June 30, 2021

As of June 30,					
2016	2017	2018	2019	2020	2021
\$ 11,541,479	\$ 11,462,578	\$ 11,839,506	\$ 13,990,374	\$ 13,585,140	\$ 14,111,019
6,010,192	6,212,569	6,172,605	6,513,835	6,401,722	6,877,375
1,389,279	1,441,874	1,367,049	1,361,117	1,244,545	1,426,803
619,998	160,325	132,985	292,450	369,326	1,531,820
6,046,173	6,072,045	6,919,164	7,604,412	7,346,091	7,924,899
424,201	371,909	587,196	415,014	245,982	208,729
2,306,109	1,904,406	1,857,032	1,877,157	1,411,678	1,490,607
67,022	69,893	135,284	344,044	425,410	74,807
197,932	209,409	212,742	253,189	214,608	74,725
499,240	880,722	706,887	550,818	195,306	745,468
442,599	393,215	443,222	121,228	396,754	596,240
<u>29,544,224</u>	<u>29,178,945</u>	<u>30,373,672</u>	<u>33,323,638</u>	<u>31,836,562</u>	<u>35,062,492</u>
5,199,152	5,187,034	6,079,706	6,221,512	6,452,999	6,735,708
13,144,047	14,002,821	14,811,665	16,989,707	16,208,383	17,918,326
5,475,403	3,615,305	3,573,036	4,404,979	6,055,074	7,053,978
528,160	199,031	-	251,080	389,179	460,323
1,688,710	1,572,150	1,541,556	1,526,387	1,681,197	2,151,125
-	-	-	-	-	-
1,023,327	1,261,621	830,750	678,696	70,461	330,343
194,000	145,000	311,453	256,420	198,182	257,361
154,700	79,157	97,317	89,942	91,139	84,672
<u>27,407,499</u>	<u>26,062,119</u>	<u>27,245,483</u>	<u>30,418,723</u>	<u>31,146,614</u>	<u>34,991,836</u>
2,136,725	3,116,826	3,128,189	2,904,915	689,948	70,656
-	3,380,000	-	-	-	-
-	18,075	17,375	3,420	10,680	12,130
-	-	-	-	-	-
-	(3,347,299)	-	-	-	-
2,170,141	1,508,267	1,135,414	1,510,983	1,000,000	1,000,000
<u>(3,170,207)</u>	<u>(2,517,821)</u>	<u>(2,207,054)</u>	<u>(2,575,599)</u>	<u>(2,055,977)</u>	<u>(2,059,404)</u>
<u>(1,000,066)</u>	<u>(958,778)</u>	<u>(1,054,265)</u>	<u>(1,061,196)</u>	<u>(1,045,297)</u>	<u>(1,047,274)</u>
<u>\$ 1,136,659</u>	<u>\$ 2,158,048</u>	<u>\$ 2,073,924</u>	<u>\$ 1,843,719</u>	<u>\$ (355,349)</u>	<u>\$ (976,618)</u>
1.54%	0.95%	1.66%	1.24%	1.03%	1.10%

City of Eastpointe, Michigan

General Government Tax Revenue by Source

Last Ten Fiscal Years

Fiscal Year Ended June 30	General Fund Property Taxes				Debt Service Fund Property Taxes	Total All Property Taxes
					Chapter 20	
	Operating	Garbage and Rubbish Collection	Library	Total	Drains	
2012	10,727,938	1,315,248	540,552	1,855,800	1,403,572	13,987,310
2013	9,205,572	-	933,553	933,553	2,069,295	12,208,420
2014	8,566,792	-	865,598	865,598	2,069,664	11,502,054
2015	8,387,876	-	845,774	845,774	2,107,254	11,340,904
2016	8,607,161	-	859,789	859,789	2,074,529	11,541,479
2017	8,785,996	-	827,072	827,072	1,849,509	11,462,577
2018	8,936,924	-	843,652	843,652	2,058,930	11,839,506
2019	9,183,611	-	862,905	862,905	3,943,858	13,990,374
2020	9,444,390	-	892,957	892,957	3,247,792	13,585,139
2021	9,751,408	-	920,923	920,923	3,438,689	14,111,020

Property Tax Levies and Collections

Last Ten Fiscal Years

Tax Year	Fiscal Year Ended	Collected Within the Fiscal Year of the Levy			Subsequent	Total Collections to Date	
	June 30	Total levy (1)	Amount	Percent of Levy	Collection of Delinquent	Amount	Percent of Levy
2011	2012	13,640,894	12,229,448	89.65%	1,365,557	13,595,005	99.66%
2012	2013	11,858,437	10,645,998	89.78%	1,167,798	11,813,796	99.62%
2013	2014	11,171,226	10,010,006	89.61%	1,102,338	11,112,344	99.47%
2014	2015	10,994,097	9,893,535	89.99%	1,076,257	10,969,792	99.78%
2015	2016	11,153,434	10,032,337	89.95%	1,113,990	11,146,327	99.94%
2016	2017	11,063,366	10,033,977	90.70%	1,023,149	11,057,126	99.94%
2017	2018	11,344,790	10,303,376	90.82%	1,004,569	11,307,945	99.68%
2018	2019	13,474,762	12,217,497	90.67%	1,241,551	13,459,048	99.88%
2019	2020	13,173,043	12,024,493	91.28%	1,125,318	13,149,812	99.82%
2020	2021	13,707,130	12,565,930	91.67%	1,135,035	13,700,965	99.96%

(1) Includes operating, refuse, general debt, library and public safety taxes, but does not include penalty and interest on late payment of taxes.

Source: City of Eastpointe Treasurer's Office

Fiscal Year (Tax Year)	2012 (2011)		2013 (2012)		2014 (2013)		2015 (2014)		2016 (2015)		2017 (2016)		2018 (2017)		2019 (2018)		2020 (2019)		2021 (2020)	
School district:	East Detroit	South Lake	East Detroit	South Lake	East Detroit	South Lake	East Detroit	South Lake	East Detroit	South Lake	East Detroit	South Lake	East Detroit	South Lake	Eastpointe Community	South Lake	Eastpointe Community	South Lake	Eastpointe Community	South Lake
Homestead																				
City Tax																				
Operating	12.1754	12.1754	12.1754	12.1754	12.1754	12.1754	12.1754	12.1754	19.1754	19.1754	19.0986	19.0986	19.0126	19.0126	18.9973	18.9973	18.7807	18.7807	18.4914	18.4914
Refuse	2.4349	2.4349	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Library	1.0000	1.0000	2.0000	2.0000	2.0000	2.0000	2.0000	2.0000	2.0000	2.0000	1.8789	1.8789	1.8789	1.8789	1.8683	1.8683	1.8513	1.8513	1.8226	1.8226
Debt service	2.6010	2.6010	4.4348	4.4348	4.7858	4.7858	4.9829	4.9829	4.7858	4.7858	4.1676	4.1676	4.5515	4.5515	8.4700	8.4700	6.6800	6.6800	6.7500	6.7500
Public safety	7.0000	7.0000	7.0000	7.0000	7.0000	7.0000	7.0000	7.0000	-	-	-	-	-	-	-	-	-	-	-	-
Recreation Authority	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	0.9969	0.9969	0.9841	0.9841	0.9879	0.9879	0.9724	0.9724
S.M.O.R.S.A.	-	-	-	-	-	-	-	-	14.0000	14.0000	14.0000	14.0000	13.7555	13.7555	13.7549	13.7549	13.5389	13.5389	13.2613	13.2613
Total city tax	26.2113	26.2113	26.6102	26.6102	26.9612	26.9612	27.1583	27.1583	40.9612	40.9612	40.1451	40.1451	40.1954	40.1954	44.0746	44.0746	41.8388	41.8388	41.2977	41.2977
County Tax																				
Macomb county	4.5735	4.5735	4.5735	4.5735	4.5735	4.5735	4.5735	4.5735	4.5735	4.5735	4.5616	4.5616	4.5292	4.5292	4.4975	4.4975	4.4592	4.4592	4.4150	4.4150
Intermediate School	2.9430	2.9430	2.9430	2.9430	2.9430	2.9430	2.9430	2.9430	2.9430	2.9430	2.9355	2.9355	2.9146	2.9146	2.8945	2.8945	2.8744	2.8744	4.0996	4.0996
Community college	1.5712	1.5712	1.5712	1.5712	1.5312	1.5312	1.5262	1.5262	1.5302	1.5302	1.4212	1.4212	1.4034	1.4034	1.4640	1.4640	1.4531	1.4531	1.4387	1.4387
HCM Authority	0.2146	0.2146	0.2146	0.2146	0.2146	0.2146	0.2146	0.2146	0.2146	0.2146	0.2146	0.2146	0.2140	0.2140	0.2129	0.2129	0.2117	0.2117	0.2104	0.2104
S.M.A.R.T.	0.5900	0.5900	0.5900	0.5900	0.5900	0.5900	1.0000	1.0000	1.0000	1.0000	0.9974	0.9974	0.9903	0.9903	1.0000	1.0000	0.9926	0.9926	0.9827	0.9827
Zoo Authority	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.0997	0.0997	0.0989	0.0989	0.0985	0.0985	0.0977	0.0977	0.0967	0.0967
Veterans operations	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0398	0.0398	0.0682	0.0682	0.0676	0.0676	0.0674	0.0674	0.0667	0.0667
D.I.A.	-	-	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.1994	0.1994	0.1979	0.1979	0.1965	0.1965	0.1950	0.1950	0.1930	0.1930
Martha T. Berry	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0990	0.0990
Total county tax	10.0323	10.0323	10.2323	10.2323	10.1923	10.1923	10.5973	10.5973	10.6013	10.6013	10.4642	10.4642	10.4165	10.4165	10.4315	10.4315	10.3511	10.3511	11.6018	11.6018
School Tax																				
State education tax	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000
School district tax	7.0000	10.4816	7.0000	10.4816	7.0000	11.5416	7.0000	11.5416	7.0000	12.0316	7.0000	6.6500	7.0000	7.0000	7.0000	7.0000	7.0000	7.0000	6.5000	7.0000
Total school tax	13.0000	16.4816	13.0000	16.4816	13.0000	17.5416	13.0000	17.5416	13.0000	18.0316	13.0000	12.6500	13.0000	13.0000	13.0000	13.0000	13.0000	13.0000	12.5000	13.0000
Total homestead	49.2436	52.7252	49.8425	53.3241	50.1535	54.6951	50.7556	55.2972	64.5625	69.5941	63.6093	63.2593	63.6119	63.6119	67.5061	67.5061	65.1899	65.1899	65.3995	65.8995
Non-Homestead -																				
School district tax	18.0000	12.9400	18.0000	12.9400	18.0000	12.9400	18.0000	12.9400	18.0000	12.9400	17.8992	17.7538	17.6946	17.5639	17.7648	17.7648	17.5871	17.3999	17.3285	17.3999
Total non-homestead	67.2436	65.6652	67.8425	66.2641	68.1535	67.6351	68.7556	68.2372	82.5625	82.5341	81.5085	81.0131	81.3065	81.1758	85.2709	85.2709	82.7770	82.5898	82.7280	83.2994

(1) SMORSA (South Macomb Oakland Regional Services Authority) is a joint collaborative public financing organization founded by the cities of Eastpointe and Hazel Park to utilize funding options that are available for emergency services, as outlined in Public Act 57 of 1988.

(2) City of Eastpointe taxable valuation is based on 88.53 percent for Eastpointe Community Schools and 11.47 percent for South Lake Schools for the year ended June 30, 2018.

(3) East Detroit Public Schools changed their name to Eastpointe Community Schools effective July 1, 2017.

Source: City of Eastpointe, Assessors Office

City of Eastpointe, Michigan

	2012	2013	2014	2015
Total Taxable Value (TV)				
Ad valorem/Total TV	\$ 541,503,325	\$ 464,161,114	\$ 430,424,920	\$ 421,407,727
Percent increase/-decrease over prior year	-9.18%	-14.28%	-7.27%	-2.09%
Per capita total SEV (1)	\$ 16,702	\$ 14,316	\$ 13,276	\$ 12,998
Total direct tax rate	\$ 26.2113	\$ 26.6102	\$ 26.9612	\$ 27.1583
Total TV by Use and Class				
By Use:				
Commercial	\$ 85,428,372	\$ 78,149,519	\$ 73,337,227	\$ 82,088,587
Industrial	2,288,470	1,748,210	1,711,140	2,562,277
Residential	418,354,053	348,642,995	319,492,743	312,805,583
Personal property	35,432,430	35,620,390	35,883,810	23,951,280
Total TV by use	<u>\$ 541,503,325</u>	<u>\$ 464,161,114</u>	<u>\$ 430,424,920</u>	<u>\$ 421,407,727</u>
By Class:				
Real property	\$ 506,070,895	\$ 428,540,724	\$ 394,541,110	\$ 388,682,257
Personal property	35,432,430	35,620,390	35,883,810	32,725,470
Total TV by class	<u>\$ 541,503,325</u>	<u>\$ 464,161,114</u>	<u>\$ 430,424,920</u>	<u>\$ 421,407,727</u>
Percent of Total TV by Use and Class				
By Use:				
Commercial	15.78%	16.84%	17.04%	19.48%
Industrial	0.42%	0.38%	0.40%	0.61%
Residential	77.26%	75.11%	74.23%	74.23%
Personal property	<u>6.54%</u>	<u>7.67%</u>	<u>8.33%</u>	<u>5.68%</u>
Total TV by use	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
By Class:				
Real property	93.46%	92.33%	91.66%	92.23%
Personal property	<u>6.54%</u>	<u>7.67%</u>	<u>8.34%</u>	<u>7.77%</u>
Total TV by class	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

(1) See "Demographic and Economic Statistics" for population information.

Source: City of Eastpointe

Assessed Taxable Values (History of Property)

Last Ten Fiscal Years

2016	2017	2018	2019	2020	2021
\$ 430,614,324	\$ 441,076,820	\$ 450,258,308	\$ 463,529,302	\$ 483,045,604	\$ 507,367,116
1.84%	2.43%	2.08%	2.95%	4.21%	5.04%
\$ 13,282	\$ 15,252	\$ 15,252	\$ 14,297	\$ 14,899	\$ 15,649
\$ 40.9612	\$ 40.1451	\$ 40.1954	\$ 44.0746	\$ 41.8388	\$ 41.2977
\$ 77,323,498	\$ 78,038,230	\$ 78,916,844	\$ 79,321,539	\$ 82,916,152	\$ 87,892,645
1,772,949	1,884,000	1,920,730	1,961,057.00	1,988,352.00	2,040,513.00
318,596,747	322,283,500	329,917,444	342,213,206.00	357,901,200.00	375,620,558.00
32,921,130	38,871,090	39,503,290	40,033,500	40,239,900	41,813,400
<u>\$ 430,614,324</u>	<u>\$ 441,076,820</u>	<u>\$ 450,258,308</u>	<u>\$ 463,529,302</u>	<u>\$ 483,045,604</u>	<u>\$ 507,367,116</u>
\$ 397,693,194	\$ 402,205,730	\$ 410,755,018	\$ 423,495,802	\$ 442,805,704	\$ 465,553,716
32,921,130	38,871,090	39,503,290	40,033,500	40,239,900	41,813,400
<u>\$ 430,614,324</u>	<u>\$ 441,076,820</u>	<u>\$ 450,258,308</u>	<u>\$ 463,529,302</u>	<u>\$ 483,045,604</u>	<u>\$ 507,367,116</u>
17.96%	17.69%	17.53%	17.11%	17.17%	17.32%
0.41%	0.43%	0.43%	0.42%	0.41%	0.40%
73.98%	73.07%	71.18%	73.83%	74.09%	74.04%
<u>7.65%</u>	<u>8.81%</u>	<u>8.77%</u>	<u>8.64%</u>	<u>8.33%</u>	<u>8.24%</u>
<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
92.35%	91.19%	91.23%	91.36%	91.67%	91.76%
<u>7.65%</u>	<u>8.81%</u>	<u>8.77%</u>	<u>8.64%</u>	<u>8.33%</u>	<u>8.24%</u>
<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

City of Eastpointe, Michigan

	2012	2013	2014	2015
Total State Equalized Valuation (SEV)				
Ad valorem/Total SEV	\$ 543,408,526	\$ 464,710,264	\$ 431,302,661	\$ 424,654,904
Percent increase (-decrease) over prior year	-9.93%	-14.48%	-7.19%	-1.54%
Per capita total SEV (1)	\$ 16,760	\$ 14,333	\$ 13,303	\$ 13,098
Total SEV by Use and Class				
<u>By Use:</u>				
Commercial	\$ 87,063,730	\$ 78,651,880	\$ 73,909,800	\$ 77,035,890
Industrial	2,288,470	1,748,210	1,711,140	1,728,960
Residential	418,623,896	348,689,784	319,797,911	313,164,584
Personal property	35,432,430	35,620,390	35,883,810	32,725,470
Total SEV by use	<u>\$ 543,408,526</u>	<u>\$ 464,710,264</u>	<u>\$ 431,302,661</u>	<u>\$ 424,654,904</u>
<u>By Class:</u>				
Real property	\$ 507,976,096	\$ 429,089,874	\$ 395,418,851	\$ 391,929,434
Personal property	35,432,430	35,620,390	35,883,810	32,725,470
Total SEV by class	<u>\$ 543,408,526</u>	<u>\$ 464,710,264</u>	<u>\$ 431,302,661</u>	<u>\$ 424,654,904</u>
Percent of Total SEV by Use and Class				
<u>By Use:</u>				
Commercial	16.02%	16.92%	17.14%	18.14%
Industrial	0.42%	0.38%	0.40%	0.41%
Residential	77.04%	75.03%	74.14%	73.75%
Personal property	6.52%	7.67%	8.32%	7.71%
Total SEV by use	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.01%</u>
<u>By Class:</u>				
Real property	93.48%	92.33%	91.68%	92.29%
Personal property	6.52%	7.67%	8.32%	7.71%
Total SEV by class	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

(1) See "Demographic and Economic Statistics" for population information.

Source: City of Eastpointe

State Equalized Values (History of Property Values)

Last Ten Fiscal Years

2016	2017	2018	2019	2020	2021
\$ 450,981,281	\$ 494,514,870	\$ 528,098,598	\$ 547,577,799	\$ 609,061,926	\$ 680,403,813
6.20%	9.65%	6.79%	3.69%	11.23%	11.71%
\$ 13,910	\$ 15,252	\$ 15,252	\$ 16,889	\$ 18,785	\$ 20,986
\$ 86,552,598	\$ 87,522,030	\$ 87,970,894	\$ 88,059,200	\$ 96,384,240	\$ 98,616,600
1,858,120	2,158,030	2,196,450	2,286,200	2,319,200	2,869,400
329,649,433	365,963,720	398,427,964	417,198,899	470,118,586	537,104,413
32,921,130	38,871,090	39,503,290	40,033,500	40,239,900	41,813,400
\$ 450,981,281	\$ 494,514,870	\$ 528,098,598	\$ 547,577,799	\$ 609,061,926	\$ 680,403,813
\$ 418,060,151	\$ 455,643,780	\$ 488,595,308	\$ 507,544,299	\$ 568,822,026	\$ 638,590,413
32,921,130	38,871,090	39,503,290	40,033,500	40,239,900	41,813,400
\$ 450,981,281	\$ 494,514,870	\$ 528,098,598	\$ 547,577,799	\$ 609,061,926	\$ 680,403,813
19.19%	17.70%	16.07%	16.08%	15.83%	14.49%
0.41%	0.44%	0.40%	0.42%	0.38%	0.42%
73.10%	74.00%	72.75%	76.19%	77.18%	78.94%
7.30%	7.86%	7.21%	7.31%	6.61%	6.15%
<u>100.00%</u>	<u>100.00%</u>	<u>96.43%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
92.70%	92.14%	92.52%	92.69%	93.39%	93.85%
7.30%	7.86%	7.48%	7.31%	6.61%	6.15%
<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

Principal Property Taxpayers

Current and Nine Years Ago

June 30, 2021

		Year Ended June 30, 2021		Year Ended June 30, 2012			
				Percentage of Total City			
Company Name	Product/Service	Taxable Value	Rank	Taxable Value	2012 Taxable Value	2012 Rank	% of total
1 Consumers Energy	Utility	16,214,765	1	3.20%	3,473,550	3	0.64%
2 DTE Electric	Utility	9,659,339	2	1.90%	8,567,490	2	1.58%
3 International Transmission Company	Utility	6,257,200	3	1.23%	10,004,520	1	1.85%
4 Eastpointe Storage Center, LLC	Storage facility	3,543,700	4	0.70%	-	-	-
5 NSA HHF JV, LLC	Storage facility	2,366,800	5	0.47%	-	-	-
6 East Brooke Commons LTD	Shopping center	1,636,820	6	0.32%	1,670,930	5	0.31%
7 12800 Sandstone, LLC	Rental properties	1,474,200	7	0.29%	-	-	-
8 Triple 9 Eastpointe, LLC	Rental properties	1,335,727	8	0.26%	-	-	-
9 Stomco, LLC	Rental properties	1,250,167	9	0.25%	-	-	-
10 Michigan First Credit Union	Financial services	1,228,443	10	0.24%	-	-	-
11 Fannie Mae	Foreclosed housing	-	-	-	1,965,659	4	0.36%
12 HUD	Foreclosed housing	-	-	-	1,644,550	6	0.30%
13 SS Eastpointe II, LLC	Storage facility	-	-	-	15,588,720	7	2.88%
14 Merollis Enterprises, Inc	Auto dealer	-	-	-	1,357,296	8	0.25%
15 Eastpointe Investors, LLC	Storage facility	-	-	-	1,269,060	9	0.23%
16 City of Eastpointe	Tax foreclosed properties	-	-	-	1,235,051	10	0.23%
Ten largest taxpayers		44,967,161		8.86%	46,776,826		8.63%
Other taxpayers		462,399,955			494,726,499		
Total taxable value		507,367,116			541,503,325		

Source: City of Eastpointe Assessor's Office

Pledged Revenue Coverage

Last Ten Fiscal Years

Water Revenue Bonds							
Fiscal Year Ended	Utility Service Charges	Less:	Net	Debt Service			Coverage
		Operating Expenses	Available Revenue	Principal	Interest	Total	
2012	11,010,618	8,027,230	2,983,388	-	-	-	-
2013	10,113,003	7,892,019	2,220,984	-	-	-	-
2014	10,944,488	8,219,392	2,725,096	160,000	61,225	221,225	12.318
2015	11,054,530	10,858,880	195,650	160,000	89,520	249,520	0.784
2016	11,508,011	11,363,193	144,818	165,000	88,928	253,928	0.570
2017	12,740,557	11,263,881	1,476,676	170,000	87,084	257,084	5.744
2018	17,187,158	11,214,324	5,972,834	170,000	82,969	252,969	23.611
2019	16,962,784	11,707,530	5,255,254	175,000	77,625	252,625	20.803
2020	16,920,995	13,478,653	3,442,342	180,000	74,344	254,344	13.534
2021	17,381,332	12,077,227	5,304,105	185,000	68,687	253,687	20.908

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements.
Operating expenses do not include interest, depreciation, or amortization expense.

Demographic and Economic Statistics

Last Ten Fiscal Years

Fiscal Year Ended June 30	Estimated Population (1)	Median Age (2)	Education Age 25 or Older (2)		Per Capita Income (2)	Income (in thousands) (4)	Number of Households (2)	Median Household Income (1)	Unemployment Rate (3)
			High School Graduate or Higher	Bachelor's Degree or Higher					
2012	32,422	36	84.1%	12.3%	21,086	683,650	13,796	45,157	6.2%
2013	32,422	36	84.1%	12.3%	21,086	683,650	13,796	45,157	6.2%
2014	32,422	36	84.1%	12.3%	21,086	683,650	13,796	45,157	6.2%
2015	32,422	36	84.1%	12.3%	21,086	683,650	13,796	45,157	6.2%
2016	32,422	36	84.1%	12.3%	21,086	683,650	13,796	45,157	6.2%
2017	32,422	36	84.1%	12.3%	21,086	683,650	13,796	45,157	6.2%
2018	32,422	36	84.1%	12.3%	21,086	683,650	13,796	45,157	6.2%
2019	32,601	36	87.3%	15.1%	21,616	704,703	13,796	45,157	6.5%
2020	32,576	36	86.6%	14.7%	22,328	727,357	12,483	45,157	6.5%
2021	34,318	37	87.5%	15.4%	23,292	799,335	12,676	49,849	6.6%

Sources:

(1) United States Census Bureau - 2000/2010 Census and 2010 American Community Survey One Year Estimates

(2) Southeast Michigan Council of Governments (SEMCOG) - Detailed Data

(3) Michigan Department of Career Development, Employment Security Agency, Office of Labor Market Information

(4) "Estimated Population" times "Per Capita Income"

Population			
2020 U.S. Census			34,318
2010 U.S. Census			32,442
2000 U.S. Census			34,077
1990 U.S. Census			35,283
1980 U.S. Census			38,280
1970 U.S. Census			45,920
1960 U.S. Census			45,756

Housing Tenure			
Types	2019	2010	2000
Owner occupied	8,131	9,802	11,970
Renter occupied	4,545	2,755	1,625
Vacant:			
Seasonal/migrant	9	22	23
Other vacant units	1,098	1,217	347
Total	<u>13,783</u>	<u>13,796</u>	<u>13,965</u>

Household Characteristics			
Types	2019	2010	2000
With seniors 65+	2,906	2,963	4,246
Without seniors	9,770	9,594	9,349
Two or more without children	4,879	4,567	5,188
Live alone, over 65	1,146	1,345	1,878
Live alone, under 65	2,705	2,263	2,041
With children	3,946	4,382	4,488
Total households	<u>12,676</u>	<u>12,557</u>	<u>13,595</u>

Age Statistics			
Years	2019	2010	2000
Under 5	5.7%	6.6%	6.4%
5 to 19	18.9%	22.1%	20.3%
20 to 24	6.1%	5.8%	5.3%
25 to 44	26.4%	28.5%	32.3%
45 to 64	26.8%	25.7%	19.2%
Over 64	10.7%	11.3%	16.5%

Poverty			
	2019	2010	2000
Persons in poverty	5,231	4,242	2,174
Percentage	16.2%	12.9%	6.4%
Percentage point change	3.3	6.5	
Households in poverty	1,830	1,414	930
Percentage	14.4%	10.9%	6.8%
Percentage point change	3.5	4.1	

Labor Characteristics		Number of Employees
By Industry:		
Natural resources and mining		571
Manufacturing		154
Wholesale trade, transportation and warehousing		238
Retail trade		1,323
Transportation, warehousing & utilities		255
Services to Households & Firms		2,855
Education and healthcare services		2,048
Leisure and hospitality		971
Public Administration		211
Other		830
Total		<u>9,456</u>

Educational Characteristics		2019
Highest Level - for population age 25 and over		
Graduate/Professional degree		5.6%
Bachelor's degree		9.8%
Associate degree		9.3%
Some college, no degree		27.7%
High school graduate		35.1%
Did not graduate high school		12.4%

Income Characteristics		Number of Households
Household Income		
Less than \$14,999		1,389
\$15,000 - \$29,999		2,735
\$30,000 - \$49,999		2,234
\$50,000 - \$99,999		4,511
\$100,000 - \$199,999		1,365
\$200,000 or more		442

Source: United States Census Bureau - 2000/2010 Census; SEMCOG 2005-2018, Michigan Department of Community Health-Vital Statistics and ACS 2014-18 Five Year Estimates.

Principal Employers (Major Employers)

Last Ten Fiscal Years

Company Name	Product/Service	Year Ended June 30, 2021			Year Ended June 30, 2012		
		Employees	Rank	Total City Employment	Employees	Rank	Total City Employment
Eastpointe Community Schools (1)	Education	249	1	2.63%	598	1	7.76%
City of Eastpointe	Municipal government	192	2	2.03%	203	2	2.64%
McCoy Maintenance	Janitorial services	123	3	1.30%	125	3	1.62%
Olive Garden	Restaurant	75	4	0.79%	85	4	1.10%
Genesis Chevrolet	Automobile dealership	63	5	0.67%	-		-
Eastpointe Post Office	Mail delivery	50	6	0.53%	66	6	0.86%
Eaton Academy	Education	30	7	0.32%	-		-
Fresh Choice	Grocery Store	30	8	0.32%	40	7	0.52%
CVS	Retail drug store	27	9	0.29%	36	8	0.47%
Big Lots	Retail	19	10	0.20%	-		-
Rite Aid	Retail drug store	-		0.00%	33	10	0.43%
Merollis Chevrolet	Automobile dealership	-		-	84	5	1.09%
Pep Boys	Automotive parts/service	-		-	34	9	0.44%
	Ten largest employers	858		9.07%	1,304		16.93%
	Other employers	8,598		90.93%	6,399		83.07%
	Total employment (2)	9,456			7,703		

(1) East Detroit Public Schools changed their name to Eastpointe Community Schools effective July 1, 2017

(2) Southeast Michigan Council of Governments

Source: City of Eastpointe, Economic Development Office

Operating Indicators by Function

Last Ten Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government - data										
City Council										
Regular meetings	17	24	24	24	24	24	24	24	24	24
Special meetings	6	9	4	7	3	2	22	28	28	28
Public hearings held	2	2	3	3	4	3	3	3	3	3
Ordinances and amendments adopted	14	18	15	12	4	10	15	10	10	10
Show cause hearings held	4	4	6	6	7	7	5	7	7	7
City Managers Office										
City council agenda statements reviewed	117	150	250	250	250	250	250	250	250	250
Labor contracts negotiated	5	5	5	-	5	5	-	-	-	-
Employees recruited and hired	3	-	6	8	11	9	9	9	34	13
Bid proposals and contracts prepared	13	13	17	17	17	13	4	4	15	10
Labor grievances processed	4	-	-	1	5	3	3	3	3	3
Assessing										
Assessment notices	14,879	14,871	14,282	14,282	14,800	14,652	14,656	14,658	14,124	14,200
Property transfers	1,800	1,850	1,508	1,508	1,800	1,198	1,313	1,308	800	1,200
Homestead affidavits	408	420	3,344	3,344	2,000	449	519	574	378	500
Homestead rescinds	944	750	264	264	500	464	497	457	290	500
Deeds and land contacts	3,451	3,530	2,228	2,228	2,500	1,747	1,831	1,804	1,100	1,750
Board of Review appeals	296	252	320	320	350	183	187	223	214	225
Tax tribunal hearings	50	100	78	78	90	16	4	2	3	5
Clerk										
Dog Licenses	2,258	2,500	3,082	1,539	1,528	3,095	1,809	1,662	992	3,000
Business registrations	815	820	782	810	796	788	792	777	798	800
Elections	2	2	1	3	2	2	2	2	2	2
Absentee ballot requests	2,587	5,500	2,624	4,854	2,550	6,482	4,096	5,593	7,732	5,000
Registered voters	22,952	23,543	24,484	24,301	24,405	22,740	23,928	23,554	26,658	26,658
New voter registrations	5,042	5,400	3,507	2,212	2,500	3,658	2,048	3,562	2,992	2,992
Voter history updates	7,209	21,500	2,931	12,133	9,563	11,553	5,368	14,367	6,086	6,086
Finance Department										
Payroll payments processed	6,604	5,200	5,094	5,015	5,140	5,194	5,036	4,684	4,800	4,800
Accounts payable invoices processed	7,227	7,155	8,207	3,424	3,504	3,423	7,672	7,969	8,000	8,100
Transactions processed by cashiers	132,920	132,000	139,219	130,519	129,879	133,808	140,700	152,778	153,000	153,000
Water and sewer bills issued	164,764	160,000	162,360	163,360	162,856	162,252	164,232	162,276	162,300	162,300
Properties billed - summer taxes	14,632	14,620	15,093	15,087	15,087	15,215	15,302	15,406	15,406	15,406
Miscellaneous billings	3,918	4,300	4,143	4,248	2,145	3,757	2,854	2,657	2,600	2,600
Public Safety - data										
Fire Protection										
EMS incidents	1,853	2,720	3,268	3,473	3,300	3,400	3,792	3,850	3,875	3,875
Fire incidents	2,470	3,410	781	734	775	740	1,162	1,274	1,374	1,374
Fire investigations	14	35	44	41	40	40	72	80	90	90
Commercial property inspections	94	160	193	173	177	159	81	150	175	175
Training (hours)	300	475	670	652	700	825	700	800	800	800
Police Protection										
Total calls for service	U	U	26,728	25,716	27,000	24,450	26,067	26,269	26,300	26,300
Total arrests	2,276	2,250	2,574	2,285	2,550	2,456	1,687	1,609	1,650	1,650
Drunk driving arrests	205	163	192	180	200	155	74	66	90	90
Total traffic accidents	604	587	597	589	600	740	550	613	626	626
Total violations issued	16,366	17,601	13,764	14,951	13,580	10,577	12,093	9,621	11,275	11,275
Total warrants obtained	1,531	1,587	1,014	979	1,100	1,061	504	508	500	500
Total crimes reported	3,480	3,682	2,225	1,750	2,300	2,555	3,122	2,711	2,975	2,975

Operating Indicators by Function (Continued)

Last Nine Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Public Works - data										
Building Department										
Permits issued	1,820	1,900	2,390	3,061	2,300	2,016	2,016	1,925	2,000	2,000
Code enforcement cases	4,500	5,800	9,441	6,800	7,500	10,907	12,319	9,321	10,000	10,000
Rental inspections	3,096	3,500	4,341	4,878	3,800	4,901	4,813	3,898	5,000	4,000
Vacant structure inspections	784	800	467	332	350	286	302	260	300	300
Rental certificates issued	977	1,200	1,019	1,528	1,500	1,760	1,910	1,904	1,900	1,900
Court citations issued	190	200	269	297	300	519	581	432	500	400
Planning Commission applications	11	10	7	5	10	15	13	11	15	12
Zoning Board of Appeals applications	9	10	4	2	4	3	8	5	8	6
Dangerous Building Board cases	15	15	52	66	40	58	65	36	65	35
Major & Local Streets Division										
Miles of roads in city	98.69	99.78	99.78	99.78	99.78	99.78	99.78	99.78	99.78	99.78
After hours snow removal occurrences	7	14	31	25	19	19	26	26	15	25
Pothole patching (tons)	136	136	500	150	200	200	258	258	258	200
Right-of-way mowing (miles)	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25
Recreation and Culture - data										
Library										
Attendance	119,000	119,000	102,863	98,321	91,731	84,573	95,394	89,548	100,000	100,000
Circulation:										
Books	100,000	100,000	85,677	80,822	88,511	88,118	79,411	88,468	90,000	90,000
Audio visual	19,000	19,000	17,256	15,528	14,589	15,797	14,094	12,195	20,000	20,000
Misc Magazine/Zineo 768/556	1,300	1,300	1,324	1,221	1,500	990	1,118	1,279	1,500	1,500
Museum passes	325	325								
Overdrive (downloadable books)			1,715	2,430	2,000	2,838	2,614	3,554	3,000	4,000
Internet use (hours)	8,500	8,500	7,010	7,399	7,500	6,352	5,962	5,268	7,500	7,500
Word Proc (hours)	1,000	1,000	296	178	500	95	123	202	300	300
Program attendance:										
Children	1,900	1,900	2,294	2,322	2,500	1,378	1,533	1,840	2,500	2,500
Young adult	175	175	361	221	400	298	294	211	400	400
Adult	1,000	1,000	586	386	1,000	1,166	982	1,243	1,000	2,000
General	1,100	1,100	993	859	1,100	1,088	1,406	1,703	1,100	2,000
Current card holders	14,867	14,867	15,465	15,332	16,070	16,784	16,584	18,696	17,000	19,000
Water and Sewer Services - data										
Residents Served	32,442	32,442	32,442	32,442	32,442	32,442	32,442	32,442	32,442	32,442
Active water accounts	13,562	13,559	13,558	13,558	13,553	13,552	13,550	13,550	13,550	13,517
Sewer inspections	110	110	57	100	125	100	49	49	44	40
Water main breaks	44	50	83	119	65	26	47	47	52	50
Water shut-offs	648	508	708	700	691	700	800	800	124	100
Water turn-ons	1,251	808	781	739	738	739	911	911	165	100

U = Unavailable

Source: City of Eastpointe

Capital Assets Statistics by Function

Last Ten Fiscal Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government										
Buildings										
City Center Commons	1	1	1	1	1	1	1	1	1	1
38th District Court	1	1	1	1	1	1	1	1	1	1
Public Safety										
Fire Protection										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles - Extinguishment	3	3	3	3	3	3	3	3	3	3
Police Protection										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles - Marked	21	20	20	19	19	19	19	19	19	19
Vehicles - Unmarked	14	13	12	12	12	12	12	12	10	10
Public Works										
Streets and Sidewalks										
Miles of City:										
Primary streets	20	20	20	20	20	20	20	20	20	20
Secondary streets	80	80	80	80	80	80	80	80	80	80
Sidewalks	200	200	200	200	200	200	200	200	200	200
Buildings	4	4	4	4	4	4	4	4	4	4
Street lights	1,322	1,322	1,322	1,322	1,322	1,322	1,322	1,322	1,322	1,322
Snow removal vehicles	14	14	14	14	14	14	14	14	14	14
Recreation and Culture										
Library										
Book collections	U	U	U	U	62,326	62,532	64,752	63,541	62,870	62,166
Other collections (1)	U	U	U	U	18,102	6,880	8,283	9,322	8,333	11,262
Buildings	1	1	1	1	1	1	1	1	-	1
Parks and Recreation										
Acres	76	76	76	76	76	76	76	76	76	76
Developed parks	3	3	3	3	3	3	3	3	3	5
Undeveloped parks	5	5	5	5	5	5	5	5	5	3
Buildings	4	4	4	4	4	4	4	4	4	4
Water and Sewer Services										
Fire hydrants	829	829	829	829	829	844	844	844	844	844
Miles of water mains	110	110	110	110	110	110	110	110	110	110
Miles of sanitary sewers	108	108	108	108	108	108	108	108	108	108

(1) Includes art prints, audio/video cassettes, compact discs, posters, puppets, software discs, etc. Excludes digital download title access.

Source: City of Eastpointe

Full-Time Equivalent City Government Employees by Function

	Last Ten Fiscal Years									
	Full-time Equivalents as of June 30									
Activities:	2012	2013 (1)	2014	2015	2016	2017	2018	2019	2020	2021
General government	34.0	49.5	48.0	49.0	49.5	48.5	41.0	45.5	41.0	44.5
Public safety	86.0	73.5	66.0	66.0	71.5	72.0	72.5	73.0	86.0	84.0
Public works	34.5	27.0	25.0	22.0	22.0	21.5	22.5	22.0	22.0	22.5
Recreation and culture	21.0	8.5	8.5	9.5	9.5	9.5	9.5	9.5	10.0	10.0
Total	175.5	158.5	147.5	146.5	152.5	151.5	145.5	150.0	159.0	161.0

(1) Reduction in staffing in police and fire is the result of planned reductions and unplanned retirements. Reduction in staffing for Recreation & Culture was the result of migrating the Parks & Recreation activity to a separate authority.

Source: City of Eastpointe Budget

Continuing Disclosures

City of Eastpointe, Michigan**State-Shared Revenue****Last Ten Fiscal Years**

Fiscal Year Ended June 30	Modified Accrual Basis of Accounting			Accrual Basis of Accounting Total
	Constitutional Revenues	Statutory Revenues	Total	
2012	2,329,641	700,632	3,030,273	3,030,273
2013	2,377,871	750,678	3,128,549	3,128,549
2014	2,433,636	786,843	3,220,479	3,220,479
2015	2,471,860	810,867	3,282,727	3,282,727
2016	2,469,486	810,867	3,280,353	3,280,353
2017	2,611,815	709,509	3,321,324	3,422,682
2018	2,680,800	938,567	3,619,367	3,518,009
2019	2,807,431	832,707	3,640,138	3,640,138
2020	2,800,335	713,605	3,513,940	3,513,940
2021	3,175,273	856,331	4,031,604	4,031,604

Minimum Property Tax Rates

Purpose	Maximum Millage Authorized	Maximum Millage to be levied	Expiration Date of Millage
Operating:			
General Operating	19.1754	18.4914	In perpetuity
Refuse	3.0000	-	In perpetuity
Library Fund	1.0000	0.8545	In perpetuity
Library 2017	<u>1.0000</u>	<u>0.9681</u>	2022
Total operating	24.1754	20.3140	
Debt	N/A	<u>6.7500</u>	
Total tax rate levied		<u><u>27.0640</u></u>	