

---

# City of Eastpointe, Michigan

---

**Comprehensive Annual Financial Report  
with Supplemental Information  
June 30, 2018**

### **Introductory Section**

<b>Letter of Transmittal</b>	i-v
<b>Organization Chart</b>	vi
<b>List of Principal Officials</b>	vii
<b>Fund Organization Chart</b>	viii

### **Financial Section**

<b>Independent Auditor's Report</b>	1-2
<b>Management's Discussion and Analysis</b>	3-9

### **Basic Financial Statements**

Government-wide Financial Statements:	
Statement of Net Position	10
Statement of Activities	11-12
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	13
Reconciliation of the Balance Sheet to the Statement of Net Position	14
Statement of Revenue, Expenditures, and Changes in Fund Balances	15
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances to the Statement of Activities	16
Proprietary Funds:	
Statement of Net Position	17
Statement of Revenue, Expenses, and Changes in Net Position	18
Statement of Cash Flows	19-20
Fiduciary Funds:	
Statement of Net Position	21
Statement of Changes in Net Position	22
Component Units:	
Statement of Net Position	23
Statement of Activities	24-25
Notes to Financial Statements	26-57

### **Required Supplemental Information**

Budgetary Comparison Schedule - General Fund	59
Budgetary Comparison Schedules - Major Special Revenue Funds	60-61
Retirement System Schedule of Changes in the City's Net Pension Liability and Related Ratios	62
Retirement System Schedule of City Contributions	63
OPEB Plan Schedule of Investment Returns	64
Schedule of Changes in the City's Net OPEB Liability and Related Ratios	65
OPEB Plan Schedule of City Contributions	66
Employees' Death Benefit Plan Schedule of Investment Returns	67
Employees' Death Benefit Plan Schedule of Changes in the City's Net Death Benefit Asset and Related Ratios	68
Employees' Death Benefit Plan Schedule of City Contributions	69
Notes to Required Supplemental Information	70-71

<b>Other Financial and Supplemental Information</b>	72
Nonmajor Governmental Funds:	
Combining Balance Sheet	73-74
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances	75-76
Budgetary Comparison Schedules - Nonmajor Governmental Funds	77-87
Fiduciary Funds:	
Combining Statement of Fiduciary Net Position	88-89
Combining Statement of Changes in Fiduciary Net Position	90
Combining Statement of Changes in Assets and Liabilities	91
<b><u>Statistical Information</u></b>	
<b>Statistical and Continuing Disclosure Section</b>	92-94
<b>Financial Trend Information</b>	
Net Position by Component	95-96
Changes in Governmental Net Position	97-98
Changes in Business Type Net Position	99-100
Fund Balances - Governmental Funds	101-102
Changes in Fund Balances of Governmental Funds	103-104
General Government Tax Revenue by Source	105
<b>Revenue Capacity Information</b>	
Property Tax Levies and Collections	106
Direct and Overlapping Property Tax Rates	107-108
Assessed Taxable Values (History of Property Values)	109-110
State Equalized Values (History of Property Values)	111-112
Principal Property Taxpayers (Major Taxpayers)	113
<b>Debt Capacity Information</b>	
Ratios of General Bonded Debt Outstanding	114
Ratios of Outstanding Debt by Type	115
Direct and Overlapping Governmental Activities Debt	116
Legal Debt Margin	117
Legal Debt Margin Information	118
Pledged Revenue Coverage	119
<b>Demographic and Economic Information</b>	
Demographic and Economic Statistics	120
Miscellaneous Demographics	121
Principal Employers (Major Employers)	122
<b>Operating Information</b>	
Operating Indicators by Function	123-124
Capital Asset Statistics by Function	125
Full-time Equivalent City Government Employees by Function	126
<b>Continuing Disclosures</b>	127
State-shared Revenue	128
Maximum Property Tax Rates	129



December 4, 2018

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, 2018 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, 2018. 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, 2018.

## ***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; sanitation services; the construction and maintenance of highways, streets, and infrastructure; planning and zoning; library services; recreational activities; and cultural events. In addition, 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. The Eastpointe Building Authority, the 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 (38.9 percent of total 2017-2018 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 (6.7 percent of total general fund expenditures) falls below the policy guidelines set by the Council for budgetary and planning purposes. The City's strategic plan incorporates an unassigned fund balance target to be between 10.0 and 15.0 percent of total general fund expenditures 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, 2018 the City only received \$18,444 in federal funds due to construction project delays.

### ***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 scaled back investment in public infrastructure projects in fiscal year 2018 to replenish our available funds in preparation for future projects. Since 2010, the city has invested approximately \$44.8 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 \$0.76 million in major and local streets improvements  
Completed Raven reconstruction 450' North of Spindler  
Completed Toepher reconstruction from Gratiot Avenue to Bolder  
Began Toepher reconstruction from Bolder to Rausch
- Invested \$1.0 million in water main and sewer line improvement projects  
Completed the Greenbeir pump station replacement.

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

- Invested \$350 thousand in sidewalk improvement projects throughout the city, to eliminate trip hazards and replace ADA compliant ramps

### ***Awards***

The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Excellence in Financial Reporting to cities that meet specific requirements. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR), whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements. We believe this current CAFR conforms to the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for a certificate.

### ***Acknowledgments***

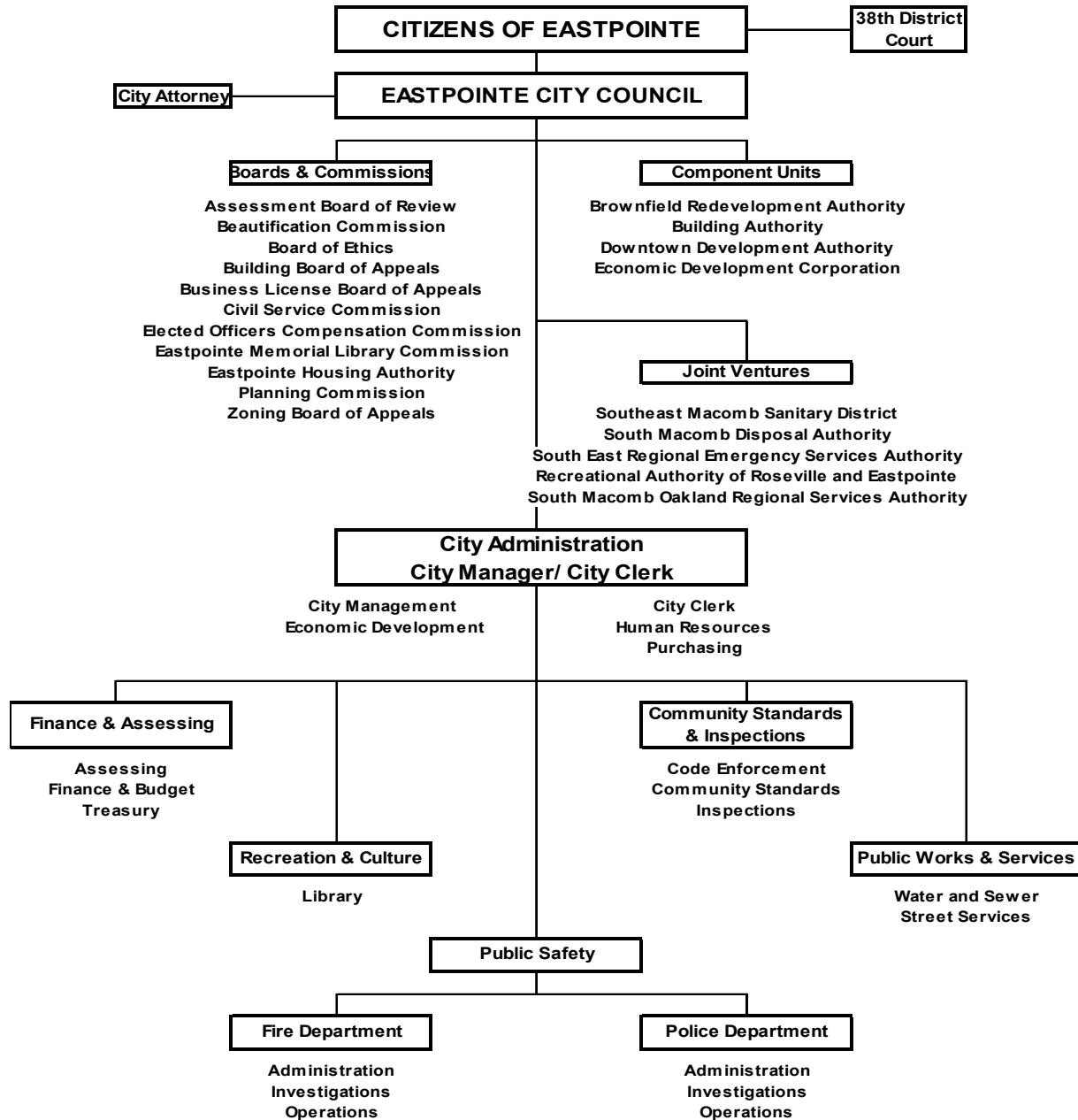
The preparation of this Comprehensive Annual Financial Report would not have been possible without the efficient and dedicated service of the entire staff of the departments of finance and city management. We wish to express our sincere appreciation to all members of the departments, and various other 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,



Randall Blum  
Director of Finance





**June 30, 2018**

Title	Name
City Manager/City Clerk	Joseph Sobota
Assistant City Manager/Deputy City Clerk	Randy D. Altimus
Finance Director / Treasurer	Randall Blum
City Assessor	Jeff Edwards
Public Safety Director	George Rouhib
Deputy Police Chief	Eric Keiser
Deputy Fire Chief/Fire Marshall	Larry Folkerts
Public Works and Services Director	Vacant
Community Standards and Inspections Director	Mary Van Haaren
Library Director	Carol Sterling
City Attorney	Richard Albright
District Court Judge	Carl F. Gerds III

<b>Governmental Funds</b>	
<b>General *</b>	<b>Special Revenue</b>
	Major Streets *
	Local Streets *
	Library
	Drug Law Enforcement
	Street Lighting SAD
	Memorial Library Trust
	Community Development
<b>Debt Service</b>	<b>Capital Projects</b>
Chapter 20 Drain Debt	Capital Improvement
	Equipment Replacement
	Building Authority Construction
	District Court Building
	Brownfield Capital Project
<b>Proprietary Funds</b>	
<b>Enterprise</b>	<b>Internal Service</b>
Water and Sewer *	Equipment Pool
Garbage and Rubbish Collection	
<b>Fiduciary Funds</b>	
<b>Trust</b>	<b>Agency</b>
Employees' Retirement System	Cash & Performance Bonds
Retirement Healthcare	Tax Collection
Employees' Death Benefit	Imprest Payroll
<b>Component Units</b>	
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, 2018 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 conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Eastpointe, Michigan as of June 30, 2018 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 to the financial statements, in 2018, the City adopted the new accounting guidance of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. This new standard establishes financial reporting requirements for employers providing OPEB benefits to their employees. Our opinion is not modified with respect to this matter.

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

### ***Other Matters***

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

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

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

Our audit was conducted for the purpose of forming an opinion 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.

*Plante & Moreau, PLLC*

December 4, 2018

# 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, 2018. 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 \$14.0 million for the fiscal year ended June 30, 2018, compared to \$48.1 million last fiscal year after implementation of GASB 75 reporting.
- In the City's governmental activities, revenue generated \$29.0 million, while expenses totaled \$30.0 million.
- In the City's business-type activities, revenue generated \$20.2 million, while operating expenses totaled \$14.2 million and capital investment in the City's water and sewer system totaled \$0.8 million.
- Net of GASB 75, total net position increased \$5.0 million, largely due to general government expenditures coming in below budget related to open positions and delay of capital projects in 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.

### **The City as a Whole**

**Statement of Net Position** - The City's combined net position decreased 70.8 percent, or \$34.1 million, from \$48.1 million in 2017 to \$14.0 million in 2018. The net position for the governmental activities decreased from \$5.9 million in 2017 to a deficit of \$31.8 million in 2018. The decrease can be attributed to the implementation of GASB 75. The current level of unrestricted net position for governmental activities is

## City of Eastpointe, Michigan

# Management's Discussion and Analysis (Continued)

a deficit of \$60.2 million as a result of the City recognizing a net pension liability of \$38.1 million in accordance with GASB Statement No. 68 and net OPEB liability of \$30.6 in accordance with GASB Statement No. 75. The net position of the business-type activity increased from \$42.2 million in 2017 to \$45.8 million in 2018, or \$3.6 million. The unrestricted net position for business-type activities is \$3.2 million after the City recognizing a net pension liability of \$4.7 million in accordance with GASB Statement No. 68 and net OPEB liability of \$1.7 in accordance with GASB Statement No. 75.

The City's assets totaled \$112.3 million in 2018, which is an increase of \$5.9 million from 2017. This relates to an increase in net current assets of \$7.6 million, or 44.3 percent, and a decrease in capital assets of \$1.3 million, or 1.6 percent. The primary change in net current assets is due to an increase in cash, investments, and receivables by \$7.6 million as a result of financial stabilization through a water and sewer rate increase 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 increased \$30.3 million, or 46.9 percent, to \$94.8 million in 2018. This is primarily due to the City's implementation of GASB 75 and recording unfunded OPEB obligations of \$32.3 million.

In a condensed format, the table below shows the comparison of net position (in millions) as of June 30, 2018 to the prior two years:

	Governmental Activities			Business-type Activities			Total		
	2018	2017	2016	2018	2017	2016	2018	2017	2016
<b>Assets</b>									
Current assets	\$ 18,338	\$ 15,808	\$ 9,985	\$ 6,427	\$ 1,387	\$ 5,043	\$ 24,765	\$ 17,195	\$ 15,028
Capital assets	27,769	28,262	28,168	53,753	55,126	52,841	81,522	83,388	81,009
Other noncurrent assets	1,375	1,468	4,329	4,647	4,338	1,566	6,022	5,806	5,895
Total assets	47,482	45,538	42,482	64,827	60,851	59,450	112,309	106,389	101,932
<b>Deferred Outflows</b>	4,004	5,544	7,321	483	731	378	4,487	6,275	7,699
<b>Liabilities</b>									
Current liabilities	2,373	1,824	1,186	2,437	2,704	1,849	4,810	4,528	3,035
Long-term liabilities	73,447	43,351	43,833	16,590	16,690	14,200	90,037	60,041	58,033
Total liabilities	75,820	45,175	45,019	19,027	19,394	16,049	94,847	64,569	61,068
<b>Deferred Inflows</b>	7,419	-	1,784	495	-	92	7,914	-	1,876
<b>Net Position</b>									
Net investment in capital assets	24,562	24,446	24,232	42,545	42,597	40,654	67,107	67,043	64,886
Restricted	3,852	3,095	2,276	20	20	20	3,872	3,115	2,296
Unrestricted	(60,167)	(21,634)	(23,508)	3,223	(429)	3,013	(56,944)	(22,063)	(20,495)
Total net position	<u>\$ (31,753)</u>	<u>\$ 5,907</u>	<u>\$ 3,000</u>	<u>\$ 45,788</u>	<u>\$ 42,188</u>	<u>\$ 43,687</u>	<u>\$ 14,035</u>	<u>\$ 48,095</u>	<u>\$ 46,687</u>

## City of Eastpointe, Michigan

# Management's Discussion and Analysis (Continued)

**Changes in Net Position** - The City's total net position decreased by \$34.0 million during the fiscal year ended June 30, 2018. The table below shows the comparison of changes in net position (in millions) to the prior two years:

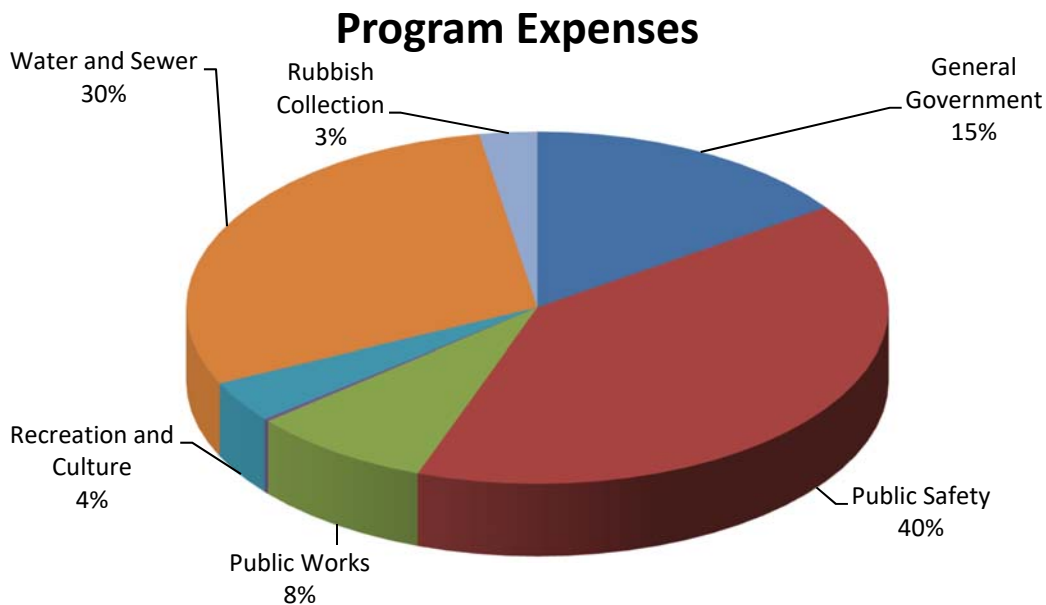
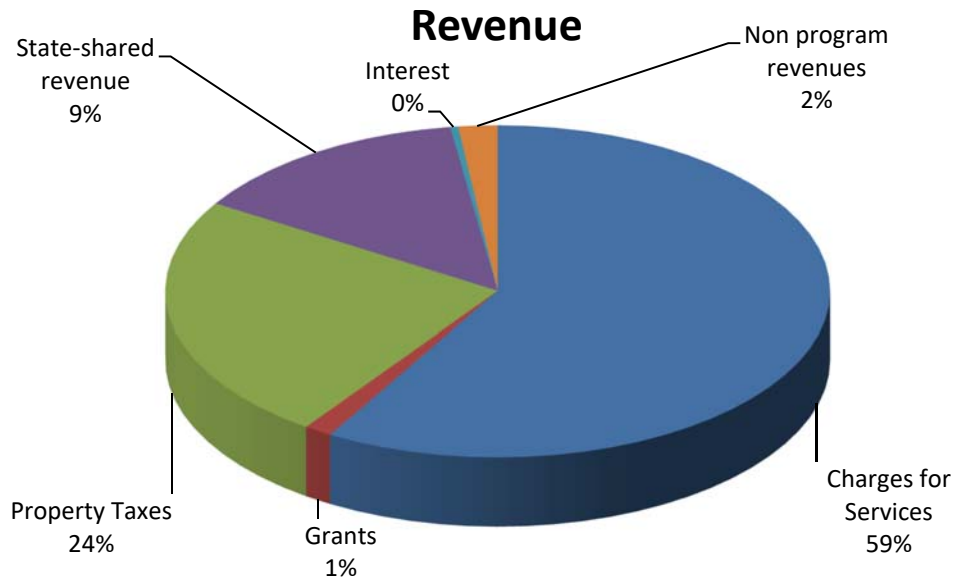
	Governmental Activities			Business-type Activities			Total		
	2018	2017	2016	2018	2017	2016	2018	2017	2016
<b>Revenue</b>									
Program revenue:									
Charges for services	\$ 9,734	\$ 9,728	\$ 9,937	\$18,981	\$ 14,481	\$13,250	\$ 28,715	\$ 24,209	\$ 23,187
Operating grants and contributions	18	2,502	3,484	32	683	425	50	3,185	3,909
Capital grants and contributions	624	1,012	488	-	-	-	624	1,012	488
General revenue:									
Property taxes	11,840	11,463	11,541	-	-	-	11,840	11,463	11,541
State-shared revenue	6,818	3,947	3,280	-	-	-	6,818	3,947	3,280
Interest	135	70	67	52	55	70	187	125	137
Other nonprogram revenue	922	907	886	15	-	1	937	907	887
Transfers and other revenue	(1,072)	(1,010)	(1,000)	1,072	1,010	1,000	-	-	-
Total revenue	29,019	28,619	28,683	20,152	16,229	14,746	49,171	44,848	43,429
<b>Program Expenses</b>									
General government	6,654	7,978	5,552	-	-	-	6,654	7,978	5,552
District court	129	-	-	-	-	-	129	-	-
Public safety	17,765	12,192	14,435	-	-	-	17,765	12,192	14,435
Public works	3,697	3,514	5,735	-	-	-	3,697	3,514	5,735
Community and economic development	-	199	528	-	-	-	-	199	528
Recreation and culture	1,696	1,733	2,005	-	-	-	1,696	1,733	2,005
Interest on long-term debt	103	97	153	-	-	-	103	97	153
Water and sewer	-	-	-	12,989	15,868	14,265	12,989	15,868	14,265
Garbage and rubbish collection	-	-	-	1,177	1,859	1,991	1,177	1,859	1,991
Total program expenses	30,044	25,713	28,408	14,166	17,727	16,256	44,210	43,440	44,664
<b>Implementation of GASB Statement No. 75</b>	(36,635)	-	-	(2,386)	-	-	(39,021)	-	-
<b>Change in Net Position</b>	<b><u>\$(37,660)</u></b>	<b><u>\$ 2,906</u></b>	<b><u>\$ 275</u></b>	<b><u>\$ 3,600</u></b>	<b><u>\$ (1,498)</u></b>	<b><u>\$ (1,510)</u></b>	<b><u>\$(34,060)</u></b>	<b><u>\$ 1,408</u></b>	<b><u>\$ (1,235)</u></b>

## Governmental Activities

The City's governmental activities saw a decrease in net position in the current year of \$37.6 million. This decrease was largely due to the recognition of the beginning of the year net OPEB liability of \$36.6 in accordance with GASB Statement No. 75, plus additional pension costs. Net position for business-type activity increased by \$6.0 million prior to recognizing the OPEB liability of \$2.4 million, resulting in a net increase in net position of \$3.6 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, 2018:



## Management's Discussion and Analysis (Continued)



Of the City's total Governmental Activities revenue generated for fiscal year 2018, property tax comprises the largest segment, \$11.8 million. Property tax revenue increased 3.3% over the prior year, which is consistent with the increase in property taxable values. State revenue is another primary source of revenue for the City, of which we received \$6.8 million; this is a slight increase of \$0.4 million from the prior year. This consists of \$3.6 million for revenue sharing, \$2.8 million Act 51 road funds plus a special distribution for roads of \$0.4 million. Of the governmental charges for service revenue of \$9.7 million, \$6.2 is from SMORSA, \$1.8 million is associated with court fines and fees, and \$0.8 million for building department activity, all of which are no change from 2017.

# Management's Discussion and Analysis (Continued)

---

The majority of governmental expense is associated with the public safety function, which is \$17.7 million, or 59.1 percent of governmental activities. Public safety includes police, fire, and building inspection services. Public works expenses were \$3.7 million, or 12.3 percent, which includes road improvements. Recreation and cultural expenses totaled \$1.7 million, or 5.6 percent, which is related to park maintenance and library operations. General government expenses totaled \$6.7 million, or 22.6 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 \$16.7 million. Charges for service are offset by water and sewer expenses of \$12.7 million plus capital expenditures.

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 \$6.0 million.

### **Capital Asset and Debt Administration**

At the end of 2018, the City of Eastpointe, Michigan had \$81.5 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 \$72.3 million for fiscal year 2018 (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.
- **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 agency 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.

# Management's Discussion and Analysis (Continued)

---

### **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 2018 include the General Fund, the Major Streets Fund, and the Local Streets 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 \$2.2 million and \$1.0 million was reported in 2018 for the Major Streets Fund and Local Streets Fund, respectively.

Road improvements were scaled back in 2018 to rebuild the street funds and await additional state funding. This resulted in an increase of fund balance of \$0.2 million, to end at \$1.1 million in Major Streets and an increase of fund balance of \$1.2 million, to end at \$1.4 million in Local Streets.

### **General Fund Budgetary Highlights**

Actual operations revenue came in \$0.2 million higher than the amended budget. Actual operations expenditures came in \$0.8 million below budget. Expenditures were under budget due to general liability and workers compensation liability insurance rebates and to hiring and retention issues for filling personnel vacancies, mainly in police and fire. The fund balance for city operations increased by \$1.1 million, which was \$0.9 million higher than budget. The fund balance for city operations was increased to \$12.3 million at June 30, 2018.

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

The City of Eastpointe, Michigan's budget for next year reflects a slight increase in the City's taxable value of approximately \$11.8 million, or 2.6 percent. State constitutional restrictions prevent the ability for recovery solely on existing tax collections, as the City's tax increase was restricted to a 2.1 percent rate. This will produce an increase in tax collections for the City's general operations of \$0.3 million.

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. During the window, the City 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.

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 provided the City with \$6.0 million in its first fiscal year for 2016 and provided \$6.2 million for fiscal year 2018 through a contractual arrangement. This eliminated the City's General Fund funding shortfall and provide a small cushion for future years.

The City's pension system is 49 percent funded based on an actuarial valuation performed as of December 31, 2017, 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, totaling \$29.7 million over the last five years drained our liquid assets. Major improvements were scaled back and a 47% rate increase was instituted. This has refilled the system's financial tanks and is allowing the city to reinstitute capital activities in FY19.

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

---

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, 2018

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and cash equivalents (Note 3)	\$ 9,495,417	\$ 795,682	\$ 10,291,099	\$ 66,592
Investments (Note 3)	6,407,185	1,023,111	7,430,296	-
Receivables:				
Property taxes	95,493	-	95,493	-
Customer receivables	150,444	4,337,570	4,488,014	-
Other receivables	231,866	-	231,866	-
Due from other governmental units	1,538,620	465,920	2,004,540	-
Special assessments	212,514	-	212,514	-
Internal balances	200,000	(200,000)	-	-
Prepays	6,458	4,700	11,158	-
Restricted assets (Note 6)	24,056	20,025	44,081	-
Investment in South East Regional Emergency Services Authority (Note 14)	487,670	-	487,670	-
Investment in Southeast Macomb Sanitary District (Note 14)	-	6,464,026	6,464,026	-
Investment in South Macomb Disposal Authority (Note 14)	-	(1,836,580)	(1,836,580)	-
Capital assets: (Note 5)				
Assets not subject to depreciation	1,286,048	-	1,286,048	-
Assets subject to depreciation - Net	26,483,056	53,752,936	80,235,992	-
Assets held for sale	54,599	-	54,599	-
Other assets	808,836	-	808,836	-
<b>Total assets</b>	<b>47,482,262</b>	<b>64,827,390</b>	<b>112,309,652</b>	<b>66,592</b>
<b>Deferred Outflows of Resources</b>				
Deferred charges on bond refunding	108,883	-	108,883	-
Deferred outflows related to pension (Note 10)	3,852,165	477,494	4,329,659	-
Deferred OPEB costs (Note 12)	42,921	5,682	48,603	-
<b>Total deferred outflows of resources</b>	<b>4,003,969</b>	<b>483,176</b>	<b>4,487,145</b>	<b>-</b>
<b>Liabilities</b>				
Accounts payable	1,404,488	1,284,925	2,689,413	30,590
Accrued liabilities and other	688,088	135,742	823,830	1,789
Noncurrent liabilities:				
Due within one year:				
Compensated absences (Note 8)	80,000	-	80,000	-
Current portion of long-term debt (Note 8)	200,000	1,016,251	1,216,251	-
Due in more than one year:				
Compensated absences (Note 8)	521,003	18,058	539,061	-
Other long-term liabilities (Note 9)	557,508	-	557,508	-
Net pension liability (Note 10)	38,143,509	4,728,076	42,871,585	-
Net OPEB obligation (Note 12)	30,630,666	1,652,549	32,283,215	-
Long-term debt - Net of current portion (Note 8)	3,594,547	10,191,574	13,786,121	-
<b>Total liabilities</b>	<b>75,819,809</b>	<b>19,027,175</b>	<b>94,846,984</b>	<b>32,379</b>
<b>Deferred Inflows of Resources</b>				
Deferred inflows related to pension (Note 10)	1,233,173	152,858	1,386,031	-
Deferred OPEB cost reductions (Note 12)	6,186,154	342,104	6,528,258	-
<b>Total deferred inflows of resources</b>	<b>7,419,327</b>	<b>494,962</b>	<b>7,914,289</b>	<b>-</b>
<b>Net Position</b>				
Net investment in capital assets	24,562,043	42,545,111	67,107,154	-
Restricted:				
Roads	2,535,002	-	2,535,002	-
Debt service	55,854	20,025	75,879	-
Library	308,829	-	308,829	-
Drug law enforcement	272,108	-	272,108	-
Capital projects	545,321	-	545,321	-
Street lighting	134,680	-	134,680	-
Unrestricted	(60,166,742)	3,223,293	(56,943,449)	34,213
<b>Total net position</b>	<b>\$ (31,752,905)</b>	<b>\$ 45,788,429</b>	<b>\$ 14,035,524</b>	<b>\$ 34,213</b>

## City of Eastpointe, Michigan

	Expenses	Program Revenue	
		Charges for Services	Operating Grants and Contributions
<b>Functions/Programs</b>			Capital Grants and Contributions
Primary government:			
Governmental activities:			
General government	\$ 6,654,203	\$ 817,956	\$ -
District court	128,822	1,790,087	-
Public safety	17,765,290	7,081,966	18,444
Public works	3,696,829	-	-
Recreation and culture	1,695,859	44,467	-
Interest on long-term debt	103,289	-	-
Total governmental activities	30,044,292	9,734,476	18,444
Business-type activities:			
Water and Sewer	12,988,645	17,187,158	31,947
Garbage and Rubbish	1,177,184	1,793,363	-
Total business-type activities	14,165,829	18,980,521	31,947
Total primary government	<b>\$ 44,210,121</b>	<b>\$ 28,714,997</b>	<b>\$ 50,391</b>
Component units:			
Downtown Development Authority	\$ 98,084	\$ -	\$ 1,750
Economic Development Authority	168,807	-	-
Total component units	<b>\$ 266,891</b>	<b>\$ -</b>	<b>\$ 1,750</b>
General revenue:			
Property taxes			
State-shared revenue and grants			
Investment income			
Gain on sale of fixed assets			
Other nonprogram income			
Total general revenue			
Transfers			
<b>Change in Net Position</b>			
<b>Net Position</b> - Beginning of year, as restated (Note 1)			
<b>Net Position</b> - End of year			

# Statement of Activities

Year Ended June 30, 2018

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (5,836,247)	\$ -	\$ (5,836,247)	\$ -
1,661,265	-	1,661,265	-
(10,664,880)	-	(10,664,880)	-
(3,073,117)	-	(3,073,117)	-
(1,651,392)	-	(1,651,392)	-
(103,289)	-	(103,289)	-
(19,667,660)	-	(19,667,660)	-
-	4,230,460	4,230,460	-
-	616,179	616,179	-
-	4,846,639	4,846,639	-
(19,667,660)	4,846,639	(14,821,021)	-
-	-	-	(96,334)
-	-	-	(168,807)
-	-	-	(265,141)
11,839,506	-	11,839,506	112,602
6,817,806	-	6,817,806	-
135,284	51,744	187,028	682
17,375	-	17,375	-
904,268	15,542	919,810	-
19,714,239	67,286	19,781,525	113,284
(1,071,640)	1,071,640	-	-
(1,025,061)	5,985,565	4,960,504	(151,857)
(30,727,844)	39,802,864	9,075,020	186,070
<b><u>\$ (31,752,905)</u></b>	<b><u>\$ 45,788,429</u></b>	<b><u>\$ 14,035,524</u></b>	<b><u>\$ 34,213</u></b>

Governmental Funds  
Balance Sheet

June 30, 2018

	General Fund	Major Streets Fund	Local Streets Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents (Note 3)	\$ 5,244,846	\$ 1,090,190	\$ 1,320,466	\$ 1,728,179	\$ 9,383,681
Investments (Note 3)	6,407,185	-	-	-	6,407,185
Receivables:					
Property taxes	95,493	-	-	-	95,493
Special assessments	-	-	-	212,514	212,514
Customer receivables	150,444	-	-	-	150,444
Other receivables	226,988	706	-	4,172	231,866
Due from other governmental units	1,055,739	349,945	132,936	-	1,538,620
Due from other funds (Note 7)	200,000	-	-	-	200,000
Advances to other funds (Note 7)	200,000	-	-	-	200,000
Prepays	6,458	-	-	-	6,458
Restricted assets (Note 6)	-	-	-	24,056	24,056
Assets held for sale	54,599	-	-	-	54,599
Other assets	-	-	-	454,547	454,547
Total assets	<u>\$ 13,641,752</u>	<u>\$ 1,440,841</u>	<u>\$ 1,453,402</u>	<u>\$ 2,423,468</u>	<u>\$ 18,959,463</u>
<b>Liabilities</b>					
Accounts payable	\$ 610,370	\$ 323,948	\$ 24,019	\$ 367,976	\$ 1,326,313
Accrued liabilities and other	623,556	5,025	6,249	24,691	659,521
Total liabilities	1,233,926	328,973	30,268	392,667	1,985,834
<b>Deferred Inflows of Resources</b>					
Unavailable revenue - Property taxes	83,390	-	-	-	83,390
Unavailable revenue - Special assessments	-	-	-	80,063	80,063
Unavailable revenue - Miscellaneous	281,218	-	-	-	281,218
Total deferred inflows of resources	364,608	-	-	80,063	444,671
<b>Fund Balances</b>					
Nonspendable:					
Assets held for resale	54,599	-	-	-	54,599
Prepays	6,458	-	-	-	6,458
Long-term receivable	200,000	-	-	-	200,000
Restricted:					
Roads	-	1,111,868	1,423,134	-	2,535,002
Debt service	-	-	-	55,854	55,854
Library	-	-	-	308,829	308,829
Drug law enforcement	-	-	-	272,108	272,108
Capital projects	-	-	-	545,321	545,321
Street lighting	-	-	-	134,680	134,680
Committed:					
Pension actuarial required contribution	3,288,269	-	-	-	3,288,269
OPEB actuarial required contribution	2,627,847	-	-	-	2,627,847
Compensated absences	601,003	-	-	-	601,003
Budget stabilization	1,884,195	-	-	-	1,884,195
Operating reserve	829,046	-	-	-	829,046
Emergency reserve	188,420	-	-	-	188,420
Additional pension contribution	93,267	-	-	-	93,267
Assigned:					
Subsequent year's budget	821,355	-	-	-	821,355
Capital projects	-	-	-	633,946	633,946
Unassigned	1,448,759	-	-	-	1,448,759
Total fund balances	<u>12,043,218</u>	<u>1,111,868</u>	<u>1,423,134</u>	<u>1,950,738</u>	<u>16,528,958</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 13,641,752</u>	<u>\$ 1,440,841</u>	<u>\$ 1,453,402</u>	<u>\$ 2,423,468</u>	<u>\$ 18,959,463</u>



**Governmental Funds**

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

**June 30, 2018**

<b>Fund Balances Reported in Governmental Funds</b>	<b>\$ 16,528,958</b>
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	27,008,497
Amounts on deposit with the Insurance Authority (MMRMA) and other noncurrent assets are not reported as fund assets.	354,289
Investments in joint ventures are not financial resources and are not reported in the funds	487,670
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	444,671
Bonds payable obligations are not due and payable in the current period and are not reported in the funds	(3,685,664)
Long-term portion of uninsured losses is not reported in the funds	(557,508)
Accrued interest is not due and payable in the current period and is not reported in the funds	(22,484)
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	(601,003)
Pension benefits	(35,423,804)
Retiree healthcare benefits	(36,773,899)
Internal service funds are included as part of governmental activities	487,372
<b>Net Position of Governmental Activities</b>	<b><u><u>\$ (31,752,905)</u></u></b>

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2018

	General Fund	Major Streets Fund	Local Streets Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenue</b>					
Property taxes	\$ 8,936,924	\$ -	\$ -	\$ 2,902,582	\$ 11,839,506
Special assessments	-	-	-	706,887	706,887
Intergovernmental:					
Federal grants	17,029	-	-	115,956	132,985
State-shared revenue and grants	3,710,640	2,181,430	981,053	46,041	6,919,164
Charges for services	585,551	-	-	1,645	587,196
Fines and forfeitures	1,790,087	-	-	66,945	1,857,032
Licenses and permits	1,367,049	-	-	-	1,367,049
Investment income	112,588	3,824	3,460	15,412	135,284
Other revenue:					
Other miscellaneous income	449,670	1,150	1,605	203,539	655,964
SMORSA charge for service	6,172,605	-	-	-	6,172,605
Total revenue	23,142,143	2,186,404	986,118	4,059,007	30,373,672
<b>Expenditures</b>					
Current services:					
General government	5,950,884	-	-	-	5,950,884
District court	-	-	-	128,822	128,822
Public safety	14,799,154	-	-	12,511	14,811,665
Public works	33,390	1,220,109	530,028	1,789,509	3,573,036
Recreation and culture	637,900	-	-	903,656	1,541,556
Capital outlay	-	-	-	830,750	830,750
Debt service:					
Principal	195,000	-	-	116,453	311,453
Interest on long-term debt	97,317	-	-	-	97,317
Total expenditures	21,713,645	1,220,109	530,028	3,781,701	27,245,483
<b>Excess of Revenue Over Expenditures</b>	1,428,498	966,295	456,090	277,306	3,128,189
<b>Other Financing Sources (Uses)</b>					
Transfers in (Note 7)	-	-	739,000	396,414	1,135,414
Transfers out (Note 7)	(396,414)	(739,000)	-	(1,071,640)	(2,207,054)
Proceeds from sale of capital assets	-	-	-	17,375	17,375
Total other financing (uses) sources	(396,414)	(739,000)	739,000	(657,851)	(1,054,265)
<b>Net Change in Fund Balances</b>	1,032,084	227,295	1,195,090	(380,545)	2,073,924
<b>Fund Balances - Beginning of year</b>	11,011,134	884,573	228,044	2,331,283	14,455,034
<b>Fund Balances - End of year</b>	<u>\$ 12,043,218</u>	<u>\$ 1,111,868</u>	<u>\$ 1,423,134</u>	<u>\$ 1,950,738</u>	<u>\$ 16,528,958</u>

**Governmental Funds**

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

**Year Ended June 30, 2018**

<b>Net Change in Fund Balance Reported in Governmental Funds</b>	<b>\$ 2,073,924</b>
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capital outlay	1,720,297
Depreciation expense	(2,110,295)
Net book value of assets disposed of	(30,153)
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	(300,178)
Issuing debt provides current financial resources to governmental funds, but increases long-term liabilities in the statement of net position	(6,805)
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	311,453
Interest expense is recognized in the government-wide statements as it accrues	833
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	(51,530)
Changes in estimated general liability and workers' compensation claims are recorded when incurred in the statement of activities	184,074
Change in investment in joint ventures is not recorded in the governmental funds	54,298
Change in net OPEB liability is recorded when incurred in the statement of activities	(252,123)
Change in net pension obligation is recorded when incurred in the statement of activities	(3,115,465)
Internal service funds are included as part of governmental activities	496,609
<b>Change in Net Position of Governmental Activities</b>	<b><u>\$ (1,025,061)</u></b>

Proprietary Funds  
Statement of Net Position

June 30, 2018

	Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Garbage and Rubbish Collection Fund (Nonmajor Enterprise Fund)	Total Enterprise Funds	Internal Service Fund
<b>Assets</b>				
Current assets:				
Cash and cash equivalents (Note 3)	\$ 43,016	\$ 752,666	\$ 795,682	\$ 111,736
Investments (Note 3)	-	1,023,111	1,023,111	-
Receivables:				
Customer receivables	4,037,642	299,928	4,337,570	-
Due from other governmental units	465,920	-	465,920	-
Prepays	4,700	-	4,700	-
Total current assets	4,551,278	2,075,705	6,626,983	111,736
Noncurrent assets:				
Restricted assets (Note 6)	20,025	-	20,025	-
Investment in Southeast Macomb Sanitary District (Note 14)	6,464,026	-	6,464,026	-
Investment in South Macomb Disposal Authority (Note 14)	-	(1,836,580)	(1,836,580)	-
Capital assets - Net (Note 5)	53,752,936	-	53,752,936	760,607
Total noncurrent assets	60,236,987	(1,836,580)	58,400,407	760,607
Total assets	64,788,265	239,125	65,027,390	872,343
<b>Deferred Outflows of Resources</b>				
Deferred outflows related to pension (Note 10)	477,494	-	477,494	10,921
Deferred OPEB costs	5,682	-	5,682	-
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	1,163,844	121,081	1,284,925	78,175
Due to other funds (Note 7)	200,000	-	200,000	-
Accrued liabilities and other	133,662	2,080	135,742	6,083
Current portion of long-term debt (Note 8)	1,016,251	-	1,016,251	-
Total current liabilities	2,513,757	123,161	2,636,918	84,258
Noncurrent liabilities:				
Advances from other funds (Note 7)	-	-	-	200,000
Compensated absences (Note 8)	18,058	-	18,058	-
Net pension liability (Note 10)	4,728,076	-	4,728,076	108,138
Net OPEB obligation	1,652,549	-	1,652,549	-
Long-term debt - Net of current portion (Note 8)	10,191,574	-	10,191,574	-
Total noncurrent liabilities	16,590,257	-	16,590,257	308,138
Total liabilities	19,104,014	123,161	19,227,175	392,396
<b>Deferred Inflows of Resources</b>				
Deferred inflows related to pension (Note 10)	152,858	-	152,858	3,496
Deferred OPEB cost reductions	342,104	-	342,104	-
Total deferred inflows of resources	494,962	-	494,962	3,496
<b>Net Position</b>				
Net investment in capital assets	42,545,111	-	42,545,111	760,607
Restricted for debt service	20,025	-	20,025	-
Unrestricted	3,107,329	115,964	3,223,293	(273,235)
Total net position	<u>\$ 45,672,465</u>	<u>\$ 115,964</u>	<u>\$ 45,788,429</u>	<u>\$ 487,372</u>

Proprietary Funds

Statement of Revenue, Expenses, and Changes in Net Position

Year Ended June 30, 2018

	Enterprise Funds			Governmental Activities
	Garbage and Rubbish Collection Fund (Nonmajor Enterprise Fund)			Internal Service Fund
	Water and Sewer Fund		Total Enterprise Funds	
<b>Operating Revenue</b>				
Sale of water	\$ 4,033,000	\$ -	\$ 4,033,000	\$ -
Sewage disposal charges	7,934,837	-	7,934,837	-
Charges for services	4,767,438	1,765,443	6,532,881	657,398
Interest and penalty charges	451,883	27,920	479,803	-
Total operating revenue	17,187,158	1,793,363	18,980,521	657,398
<b>Operating Expenses</b>				
Cost of water	1,602,703	-	1,602,703	-
Cost of sewage treatment	6,478,400	-	6,478,400	-
Operation and maintenance	1,229,760	1,443,214	2,672,974	283,357
General and administrative	1,470,229	55,522	1,525,751	(249,585)
Depreciation	1,885,122	-	1,885,122	127,017
Total operating expenses	12,666,214	1,498,736	14,164,950	160,789
<b>Operating Income</b>	4,520,944	294,627	4,815,571	496,609
<b>Nonoperating Revenue (Expense)</b>				
Investment income	38,301	13,443	51,744	-
Interest expense	(318,763)	-	(318,763)	-
(Loss) income from joint venture	(3,668)	321,552	317,884	-
State grants	31,947	-	31,947	-
Other nonoperating revenue	15,542	-	15,542	-
Total nonoperating (expense) revenue	(236,641)	334,995	98,354	-
<b>Loss - Before transfers</b>	4,284,303	629,622	4,913,925	496,609
<b>Transfers from Other Funds (Note 7)</b>	1,071,640	-	1,071,640	-
<b>Change in Net Position</b>	5,355,943	629,622	5,985,565	496,609
<b>Net Position - Beginning of year, as restated (Note 1)</b>	40,316,522	(513,658)	39,802,864	(9,237)
<b>Net Position - End of year</b>	<u><u>\$ 45,672,465</u></u>	<u><u>\$ 115,964</u></u>	<u><u>\$ 45,788,429</u></u>	<u><u>\$ 487,372</u></u>

Proprietary Funds  
Statement of Cash Flows

Year Ended June 30, 2018

	Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Garbage and Rubbish Collection Fund (Nonmajor Enterprise Fund)	Total Enterprise Funds	Internal Service Fund
<b>Cash Flows from Operating Activities</b>				
Receipts from customers	\$ 16,262,549	\$ 1,776,030	\$ 18,038,579	\$ 657,398
Payments to suppliers	(10,132,431)	(1,323,316)	(11,455,747)	(266,317)
Payments to employees	(1,438,467)	(54,632)	(1,493,099)	(277,294)
Other receipts	162,337	-	162,337	-
Net cash and cash equivalents provided by operating activities	4,853,988	398,082	5,252,070	113,787
<b>Cash Flows from Noncapital Financing Activities</b>				
State grants	31,947	-	31,947	-
Short-term loans made from other funds	-	-	-	85,000
Repayments of loans from other funds	(3,875,000)	-	(3,875,000)	(66,207)
Receipt of loans made to other funds	-	300,000	300,000	-
Scrap metal sales	15,542	-	15,542	-
Net cash and cash equivalents (used in) provided by noncapital financing activities	(3,827,511)	300,000	(3,527,511)	18,793
<b>Cash Flows from Capital and Related Financing Activities</b>				
Purchase of capital assets	(825,311)	-	(825,311)	(54,745)
Principal and interest paid on capital debt	(1,337,288)	-	(1,337,288)	-
Receipt of loans made to other funds	66,207	-	66,207	-
Transfers from other funds (Note 7)	1,071,640	-	1,071,640	-
Net cash and cash equivalents used in capital and related financing activities	(1,024,752)	-	(1,024,752)	(54,745)
<b>Cash Flows from Investing Activities</b>				
Interest received on investments	38,301	13,443	51,744	-
Proceeds on sale or maturity of investment securities	-	(10,154)	(10,154)	-
Net cash and cash equivalents provided by investing activities	38,301	3,289	41,590	-
<b>Net Increase in Cash and Cash Equivalents</b>	40,026	701,371	741,397	77,835
<b>Cash and Cash Equivalents - Beginning of year</b>	2,990	51,295	54,285	33,901
<b>Cash and Cash Equivalents - End of year</b>	<b>\$ 43,016</b>	<b>\$ 752,666</b>	<b>\$ 795,682</b>	<b>\$ 111,736</b>
<b>Classification of Cash and Cash Equivalents</b>				
Cash and investments	\$ 43,016	\$ 1,775,777	\$ 1,818,793	\$ 111,736
Less amounts classified as investments	-	(1,023,111)	(1,023,111)	-
<b>Total cash and cash equivalents</b>	<b>\$ 43,016</b>	<b>\$ 752,666</b>	<b>\$ 795,682</b>	<b>\$ 111,736</b>

**Proprietary Funds  
Statement of Cash Flows (Continued)**

**Year Ended June 30, 2018**

	Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Garbage and Rubbish Collection Fund (Nonmajor Enterprise Fund)	Total Enterprise Funds	Internal Service Fund
<b>Reconciliation of Operating Income to Net Cash from Operating Activities</b>				
Operating income	\$ 4,520,944	\$ 294,627	\$ 4,815,571	\$ 496,609
Adjustments to reconcile operating income to net cash from operating activities:				
Depreciation	1,885,122	-	1,885,122	127,017
Changes in assets and liabilities:				
Receivables	(762,272)	(17,333)	(779,605)	-
Accounts payable and other liabilities	(360,225)	119,898	(240,327)	59,479
Accrued and other liabilities	(429,581)	890	(428,691)	(569,318)
Net cash and cash equivalents provided by operating activities	<u><u>\$ 4,853,988</u></u>	<u><u>\$ 398,082</u></u>	<u><u>\$ 5,252,070</u></u>	<u><u>\$ 113,787</u></u>

**Noncash Investing, Capital, and Financing Activities**

During the year ended June 30, 2018, the Macomb Drainage District (MID) constructed and contributed drainage system improvements totaling \$181,670, which were funded through assigned debt.

Fiduciary Funds  
Statement of Net Position

June 30, 2018

	Pension and Other Retirement Benefits Trust Funds	Agency
<b>Assets</b>		
Cash and cash equivalents (Note 3)	\$ 269,508	\$ 192,653
Investments: (Note 3)		
Equity securities	3,769,973	-
Fixed income	2,880,099	-
Mutual funds	3,027,939	-
Total assets	9,947,519	<u><u>\$ 192,653</u></u>
<b>Liabilities</b>		
Accounts payable	295	\$ 4,105
Due to other governmental units	-	11,284
Accrued liabilities and other	3,672	177,264
Total liabilities	3,967	<u><u>\$ 192,653</u></u>
<b>Net Position Restricted for Pension and Other Employee Benefits</b>	<u><u>\$ 9,943,552</u></u>	



**Fiduciary Funds**  
**Statement of Changes in Net Position**

**Year Ended June 30, 2018**

	Pension and Other Retirement Benefits Trust Funds
<b>Additions</b>	
Investment income:	
Interest and dividends	\$ 279,588
Net change in fair value of investments	316,511
Investment-related expenses	<u>(15,969)</u>
Net investment income	580,130
Contributions - Employer	<u>2,634,836</u>
Total additions	3,214,966
<b>Deductions</b>	
Benefit payments	10,000
Health insurance premiums	2,663,809
Administrative expenses	<u>9,749</u>
Total deductions	<u>2,683,558</u>
<b>Net Increase in Net Position Held in Trust</b>	531,408
<b>Net Position Restricted for Pension and Other Employee Benefits - Beginning of year</b>	<u>9,412,144</u>
<b>Net Position Restricted for Pension and Other Employee Benefits - End of year</b>	<b><u>\$ 9,943,552</u></b>

## City of Eastpointe, Michigan

### Component Units Statement of Net Position

June 30, 2018

	Downtown Development Authority	Economic Development Authority	Total
<b>Assets</b> - Cash and cash equivalents (Note 3)	\$ 60,668	\$ 5,924	\$ 66,592
<b>Liabilities</b>			
Accounts payable	25,887	4,703	30,590
Accrued liabilities and other	568	1,221	1,789
Total liabilities	26,455	5,924	32,379
<b>Net Position</b> - Unrestricted	<u>\$ 34,213</u>	<u>\$ -</u>	<u>\$ 34,213</u>

## City of Eastpointe, Michigan

---

	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Functions/Programs</b>				
Downtown Development Authority	\$ 98,084	\$ -	\$ 1,750	\$ -
Economic Development Authority	168,807	-	-	-
Total	<b>\$ 266,891</b>	<b>\$ -</b>	<b>\$ 1,750</b>	<b>\$ -</b>

General revenue:  
 Property taxes  
 Interest and other investment income  
 Total general revenue

### Change in Net Position

**Net Position** - Beginning of year

**Net Position** - End of year

---

Component Units  
Statement of Activities

---

Year Ended June 30, 2018

Net (Expense) Revenue and Changes in Net Position		
Downtown Development Authority	Economic Development Authority	Total
\$ (96,334)	\$ -	\$ (96,334)
-	(168,807)	(168,807)
(96,334)	(168,807)	(265,141)
112,602	-	112,602
363	319	682
112,965	319	113,284
16,631	(168,488)	(151,857)
17,582	168,488	186,070
<b>\$ 34,213</b>	<b>\$ -</b>	<b>\$ 34,213</b>

**June 30, 2018**

**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 project 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 to 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 differences resulting from the different basis 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. 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 basis of accounting. Therefore, fund-based statements are not presented.

June 30, 2018

## Note 1 - Significant Accounting Policies (Continued)

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

### ***Jointly Governed Organization***

Jointly governed organizations are discussed in Note 14.

### ***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.

### ***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 healthcare-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.

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

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 three broad fund types:

**Governmental Funds**

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

- 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.

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 Drug Law Enforcement Fund accounts for the resources from seized monies and the proceeds from the sale of forfeited property.

June 30, 2018

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

- The Street Lighting SAD Fund accounts for the revenue accumulated for the purpose of providing street lights.
- The Community Development 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.
- The Memorial Library Trust Fund accounts for the remainder of a one-time donation made for the advancement of reading and for general donations made for all programs of the library.

**Nonmajor Debt Service Funds**

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

**Nonmajor Capital Projects Funds**

- The Capital Improvement Fund and Equipment Replacement Fund account 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 Building Authority Construction Fund and District Court Building Fund account 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:

- Water and Sewer Fund - 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.
- Garbage and Rubbish Collection Fund (nonmajor enterprise fund) - The Garbage and Rubbish Collection Fund accounts for waste collection services provided to residents. Funding is provided primarily through user charges.
- Internal Service Fund - 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' Retirement System, 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.



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

- The Cash and Performance Bonds, Tax Collection, and Imprest Payroll 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 has amounts on deposit with the Macomb County Drain Commission for use in the Lake St. Clair Clean Water Initiative that have been classified as restricted assets. In addition, the City's governmental activities have unspent bond and loan proceeds that are restricted for construction.

**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.

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.

June 30, 2018

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

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 an "other financing source" 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 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 10 and 12, 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 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 10 and 12, respectively.

**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 only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

June 30, 2018

**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 2017 tax is levied and collectible on July 1, 2017 and is recognized as revenue in the year ended June 30, 2018 when the proceeds of the levy are budgeted and available for the financing of operations.

The 2017 taxable valuation of the City totaled \$450 million (a portion of which is abated and a portion of which is captured by the DDA), on which taxes levied consisted of 19.0126 mills for operating purposes, 1.8789 mills for library services, and 4.5515 mills for debt service. This resulted in \$8.5 million for operating, \$844,000 for library services, and \$2.0 million for debt service. These amounts are recognized in the respective General Fund and special revenue 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 healthcare 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 have generally been used to liquidate the liability for compensated absences.

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

### **Adoption of New Accounting Pronouncements**

During the current year, the City adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which replaces GASB Statement No. 45. As a result, the government-wide statements and proprietary funds now include a liability for the City's estimated unfunded other postemployment benefit (OPEB) costs. Some of the changes in this net OPEB liability will be recognized immediately as part of the OPEB expense measurement, and part will be deferred and recognized over future years. Refer to the other postemployment benefit plan disclosure (see Note 12) for further details. This change does not impact the modified accrual funds.

The financial statements for the year ended June 30, 2017 have been restated in order to adopt GASB Statement No. 75. The effect of this new standard was a decrease in net position to record the net OPEB liability at June 30, 2017. Additionally, the net OPEB obligation previously recorded in the government-wide statements and proprietary funds in accordance with GASB Statement No. 45 has been eliminated, and the overall result was a decrease in net position as of the beginning of the current fiscal year of \$39,016,215. The beginning net position of the governmental activities decreased by \$36,631,091 and beginning net position of the Water and Sewer Fund and business-type activities decreased by \$2,385,124.

### **Upcoming Accounting Pronouncements**

In November 2016, the Governmental Accounting Standards Board issued GASB Statement No. 83, *Certain Asset Retirement Obligations*, which establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations. 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, 2019.

In January 2017, the Governmental Accounting Standards Board issued Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. 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, 2020.

June 30, 2018

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

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

In March 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. This statement establishes criteria to improve the information that is disclosed in the notes to the government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. 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, 2019.

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 are effective for the City's financial statements for the June 30, 2021 fiscal year.

**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. Beginning January 1, 2000, the law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A summary of the current year activity and the cumulative surplus or shortfall generated since January 1, 2000 is as follows:

Cumulative shortfall at July 1, 2017		\$	(4,842,856)
Building permit revenue			322,305
Related expenses:			
Direct costs	\$	94,430	
Estimated indirect costs		670,312	764,742
			<u>(442,437)</u>
Current year shortfall			<u>(442,437)</u>
Cumulative shortfall June 30, 2018		\$	<u><u>(5,285,293)</u></u>

**Noncompliance with Legal or Contractual Provisions**

The City budgeted deficits in the Community Development Block Grant Fund, Chapter 20 Drain Debt Fund, and Building Authority Construction Fund. This is in violation of Michigan Public Act 2 of 1968.



June 30, 2018

**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, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which 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' Retirement System, Employees' Death Benefit Fund, and the Retiree Health Care Fund are also authorized by Michigan Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate (if the trust fund's assets exceed \$250 million), debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles.

The City'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 \$9,822,320 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, 2018.

***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)
<b>Primary Government</b>		
U.S. government agency securities	\$ 2,427,579	0.30
Municipal bonds	3,450,369	2.28
Total	<u>\$ 5,877,948</u>	
<b>Fiduciary Funds</b>		
Corporate bonds and other fixed income	<u>\$ 2,880,099</u>	1.36

June 30, 2018

**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, 2018, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Fair Value	Rating	Rating Organization
<b>Primary Government</b>			
U.S. government agency securities	\$ 2,427,579	AA+	Standard & Poor's
Municipal bonds	538,330	AA+	Standard & Poor's
Municipal bonds	745,398	Aa1	Moody's
Municipal bonds	349,862	Aa2	Moody's
Municipal bonds	1,766,677	AA-	Standard & Poor's
Municipal bonds	50,102	A+	Standard & Poor's
Total	<u>\$ 5,877,948</u>		
<b>Fiduciary Funds</b>			
Corporate bonds and other fixed income	<u>\$ 2,880,099</u>	Not rated	N/A

***Concentration of Credit Risk***

The City places no limit on the amount it may invest in any one issuer. As of year end, the City and the City's fiduciary funds had no investments that exceeded 5 percent of the total portfolio.

**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; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

In instances whereby 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, 2018

**Note 4 - Fair Value Measurements (Continued)**

The City has the following recurring fair value measurements as of June 30, 2018:

	Assets Measured at Fair Value on a Recurring Basis at June 30, 2018			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2018
Debt securities:				
U.S. agency securities	\$ 2,427,579	\$ -	\$ -	\$ 2,427,579
Corporate bonds and other fixed income	-	2,880,099	-	2,880,099
Municipal bonds	-	3,450,369	-	3,450,369
Total debt securities	2,427,579	6,330,468	-	8,758,047
Equity securities:				
Mutual funds - Equity	3,027,939	-	-	3,027,939
Other equities	3,769,974	-	-	3,769,974
Total equity securities	6,797,913	-	-	6,797,913
Total assets	\$ 9,225,492	\$ 6,330,468	\$ -	\$ 15,555,960

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

The fair value of fixed-income mutual funds at June 30, 2018 was determined primarily based on Level 2 inputs. The City estimates the fair value of these investments using matrix pricing models

June 30, 2018

## Note 5 - Capital Assets

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

### Governmental Activities

	Balance July 1, 2017	Reclassifications	Additions	Disposals	Balance June 30, 2018
Capital assets not being depreciated:					
Land	\$ 1,149,841	\$ -	\$ 39,956	\$ -	\$ 1,189,797
Construction in progress	77,414	(77,414)	96,251	-	96,251
Subtotal	1,227,255	(77,414)	136,207	-	1,286,048
Capital assets being depreciated:					
Infrastructure:					
Roads	30,489,284	-	763,024	-	31,252,308
Sidewalks	8,374,637	-	349,580	-	8,724,217
Buildings and improvements	16,694,630	91,194	329,888	(310,196)	16,805,516
Machinery and equipment	8,141,998	(13,780)	196,343	(28,050)	8,296,511
Subtotal	63,700,549	77,414	1,638,835	(338,246)	65,078,552
Accumulated depreciation:					
Infrastructure:					
Roads	14,487,812	(245,767)	1,032,275	-	15,274,320
Sidewalks	4,891,852	245,767	285,352	-	5,422,971
Buildings and improvements	10,960,434	1,378	489,047	(283,549)	11,167,310
Machinery and equipment	6,326,179	(1,378)	430,638	(24,544)	6,730,895
Subtotal	36,666,277	-	2,237,312	(308,093)	38,595,496
Net capital assets being depreciated	27,034,272	77,414	(598,477)	(30,153)	26,483,056
Net capital assets	\$ 28,261,527	\$ -	\$ (462,270)	\$ (30,153)	\$ 27,769,104

### Business-type Activities

	Balance July 1, 2017	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2018
Capital assets being depreciated:					
Utility system	\$ 78,234,173	\$ -	\$ 1,006,981	\$ (507,207)	\$ 78,733,947
Buildings and improvements	1,231,414	-	-	-	1,231,414
Machinery and equipment	456,627	-	-	-	456,627
Subtotal	79,922,214	-	1,006,981	(507,207)	80,421,988
Accumulated depreciation:					
Utility system	23,920,827	-	1,827,368	(12,680)	25,735,515
Buildings and improvements	457,966	-	46,245	-	504,211
Furniture and equipment	417,817	-	11,509	-	429,326
Subtotal	24,796,610	-	1,885,122	(12,680)	26,669,052
Net business-type activity capital assets	\$ 55,125,604	\$ -	\$ (878,141)	\$ (494,527)	\$ 53,752,936

June 30, 2018

## Note 5 - Capital Assets (Continued)

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

Governmental activities:	
General government	\$ 1,610,818
Public safety	257,998
Public works	15,975
Judicial	23,401
Recreation and culture	202,103
Internal Service Fund	127,017
	<u>2,237,312</u>
Total governmental activities	\$ 2,237,312
Business-type activities - Water and sewer	\$ 1,885,122

### Construction Commitments

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

	Spent to Date	Remaining Commitment
SAW grant program	\$ 437,501	\$ 10,000
Sewer rehabilitation	810,280	13,000
	<u>1,247,781</u>	<u>23,000</u>
Total	\$ 1,247,781	\$ 23,000

## Note 6 - Restricted Assets

The City's business-type activities have \$20,025 in funds held by the Macomb County Drain Commission on behalf of the City to be used for the Lake St. Clair Clean Water Initiative, including related debt service. The City's nonmajor governmental funds have unspent bond proceeds of \$20,511, which are restricted for construction. In addition, the City's nonmajor governmental funds have \$3,545 in funds restricted for use on an Eastpointe Brownfield Redevelopment project.

## Note 7 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Water and Sewer	\$ 200,000

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

Fund Borrowed From	Fund Loaned To	Amount
General Fund	Internal Service Fund	\$ 200,000

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

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
General Fund	Nonmajor governmental funds	\$ 396,414
Major Streets Fund	Local Streets Fund	739,000
Nonmajor governmental funds	Water and Sewer	1,071,640
	Total	<u>\$ 2,207,054</u>

June 30, 2018

**Note 7 - Interfund Receivables, Payables, and Transfers (Continued)**

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.

Interfund balances, as advances from/to other funds, represent long-term assistance from funds with a predetermined plan of repayment. The advance from the General Fund to the Internal Service Fund represents long-term cash flow assistance with repayment over a predetermined amount of time.

All transfers provided funding for capital projects, capital acquisitions, and debt service other than the transfer from the nonmajor governmental funds 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 8 - Long-term Debt**

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

Long-term debt activity for the year ended June 30, 2018 can be summarized as follows:

**Governmental Activities**

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds:							
2007 Building Authority							
Amount of issue:							
\$4,500,000	4.25 -						
Maturing through 2018	4.375%	\$155,000	\$ 155,000	\$ -	\$ (155,000)	\$ -	\$ -
2016 Refunding bonds:							
Amount of issue:							
\$3,380,000							
Maturing through		\$40,000 -					
2032	2.776%	\$280,000	3,380,000	-	(40,000)	3,340,000	200,000
MDEQ Brownfield							
Redevelopment Loan:							
Amount of issue:							
\$625,000							
Maturing through		\$54,000 -					
2028	1.50%	\$66,770	571,000	-	(116,453)	454,547	-
Total bonds payable			4,106,000	-	(311,453)	3,794,547	200,000
Accumulated compensated							
absences - General Fund			549,473	774,357	(722,827)	601,003	80,000
obligations			561,261	268,818	(272,571)	557,508	-
Uninsured losses (Note 9)							
Total governmental							
activities			\$ 5,216,734	\$ 1,043,175	\$(1,306,851)	\$ 4,953,058	\$ 280,000

June 30, 2018

**Note 8 - Long-term Debt (Continued)**

***Business-type Activities***

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
City obligations:							
Revenue bonds:							
2013 Clean Water Revolving Fund:							
Amount of issue - \$4,020,000		\$170,000 -					
Maturing through 2033	2.50%	\$250,000	\$ 3,318,745	\$ -	\$ (170,000)	\$ 3,148,745	\$ 175,000
County drain contract obligations:							
Special assessment bonds:							
08/03/10 2010 Drain Refunding (Series 2001A):							
Loan amount - \$1,530,846	3.00% -	\$52,496 -					
Maturing through 2030	4.25%	\$93,412	951,104	-	(56,356)	894,748	57,900
08/03/10 2010 Drain Refunding (Series 2002A):							
Loan amount - \$833,179	3.00% -	\$31,006 -					
Maturing through 2030	4.25%	\$52,794	540,510	-	(32,682)	507,828	32,682
12/19/13 Drain Refunding (06/01/04 Series A and B):							
Maximum loan amount -							
\$978,890	4.00% -	\$35,840 -					
Maturing through 2030	5.00%	\$70,560	695,520	-	(39,200)	656,320	39,200
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	979,353	-	(153,087)	826,266	157,097
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	709,044	-	(110,834)	598,210	113,770
12/20/01 Lake St. Clair Clean Water 5186-03:							
Loan amount - \$387,640		\$20,552 -					
Maturing through 2023	2.50%	\$24,222	137,258	-	(21,286)	115,972	22,020
03/28/02 Lake St. Clair Clean Water 5186-04:							
Loan amount - \$3,647,845		\$190,617 -					
Maturing through 2023	2.50%	\$230,055	1,291,595	-	(200,477)	1,091,118	207,050
06/26/03 Lake St. Clair Clean Water 5186-05:							
Loan amount - \$202,947		\$10,410 -					
Maturing through 2024	2.50%	\$12,492	83,280	-	(11,451)	71,829	11,451
10/01/08 8 1/2 Mile Relief Drain 5306-01 SRF:							
Loan amount - \$2,186,970		\$97,802 -					
Maturing through 2030	2.50%	\$135,837	1,537,500	-	(103,236)	1,434,264	103,236
01/22/10 8 1/2 Mile Relief Drain 5393-01 (Phase 2 - ARRA funding):							
Loan amount - \$677,325		\$29,884 -					
Maturing through 2031	2.50%	\$42,696	504,489	-	(29,884)	474,605	29,884
04/01/11 8 1/2 Mile Relief Drain 5460-01 (Utilities drainage):							
Loan amount - \$227,384		\$10,867 -					
Maturing through 2031	2.50%	\$16,300	173,868	-	(10,867)	163,001	10,867

June 30, 2018

**Note 8 - Long-term Debt (Continued)**

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
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	\$ 195,662	\$ -	\$ (10,867)	\$ 184,795	\$ 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	1,381,767	181,670	(550,193)	1,013,244	42,987
Total principal outstanding			12,499,695	181,670	(1,500,420)	11,180,945	1,014,011
Unamortized bond premiums			29,120	-	(2,240)	26,880	2,240
Total bonds payable			12,528,815	181,670	(1,502,660)	11,207,825	1,016,251
Accumulated compensated absences - Water and sewer obligations			15,413	22,191	(19,546)	18,058	-
Total business-type activities			<u>\$ 12,544,228</u>	<u>\$ 203,861</u>	<u>\$ (1,522,206)</u>	<u>\$ 11,225,883</u>	<u>\$ 1,016,251</u>

**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 and compensated absences). There is also a \$52,615 variance between the business-type principal payments below and the outstanding long-term debt recorded. This is related to undrawn debt on various loans. Total long-term debt recorded reflects actual amounts outstanding, and the payment schedule below assumes the loans have been completely drawn:

Years Ending June 30	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 200,000	\$ 89,935	\$ 289,935	\$ 1,014,011	\$ 305,466	\$ 1,319,477
2020	213,713	92,688	306,401	1,047,770	277,335	1,325,105
2021	274,272	85,983	360,255	1,072,687	248,351	1,321,038
2022	275,161	79,126	354,287	1,105,566	218,017	1,323,583
2023	281,064	72,186	353,250	1,139,725	186,152	1,325,877
2024-2028	1,470,337	249,691	1,720,028	3,168,808	617,005	3,785,813
2029-2033	1,080,000	60,929	1,140,929	2,395,464	170,493	2,565,957
2034-2037	-	-	-	289,529	10,916	300,445
Total	<u>\$ 3,794,547</u>	<u>\$ 730,538</u>	<u>\$ 4,525,085</u>	<u>\$ 11,233,560</u>	<u>\$ 2,033,735</u>	<u>\$ 13,267,295</u>

**Defeased Refunding**

In a prior year, the City defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts' assets and liabilities for the defeased bonds are not included in the basic financial statements. At June 30, 2018, the City's portion of bonds outstanding that are considered defeased is \$3,225,000.

**County Contractual Obligations**

June 30, 2018

## Note 8 - Long-term Debt (Continued)

The above contractual obligations to the county are the result of the county issuance of bonds on the City's behalf and other communities involved in the Lake St. Clair Clean Water Initiative Project and the 8 1/2 Mile Drain Relief Project. The City has pledged to raise property taxes, to the extent permitted by law, as necessary to fund the obligations to repay the county. The remaining principal and interest to be paid on the bonds total \$9,401,405. During the current year, total property taxes levied to fund debt obligations of the City were \$2,042,442. Total principal and interest paid by the City for county-issued debt totaled \$1,578,846.

### Commitments

The City received a Clean Water State Revolving Fund loan from the State of Michigan during fiscal year 2013. The scheduled payments related to the 2013 Clean Water Revolving Fund are included in the annual debt service requirements table above. As of June 30, 2018, the City had \$3,148,745 outstanding.

## Note 9 - 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 "Authority") risk pool program operates as a claims servicing pool for amounts up to member retention limits and operates as a common risk-sharing management program for losses in excess of member retention amounts. Although premiums are paid annually to the Authority that it uses to pay claims up to the retention limits, the ultimate liability for those claims remains with the City.

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, as well as 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	
	2018	2017
Estimated liability - Beginning of year	\$ 561,261	\$ 404,510
Estimated claims incurred, including changes in estimates	268,818	315,437
Claim payments	(272,571)	(158,686)
Estimated liability - End of year	<u>\$ 557,508</u>	<u>\$ 561,261</u>

**Note 10 - 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.mersofmichigan.com](http://www.mersofmichigan.com) or in writing to MERS at 1134 Municipal Way, Lansing, Michigan 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.

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 three-year average salary times the employee's years of service. Normal retirement age is 60 with early retirement at 55 with 25 years of service. 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 three-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. 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, 1998) are calculated as 1.0 percent of the employee's final three-year average salary times the employee's years of service. Normal retirement age is 60 with early retirement at 57 with 25 years of service. 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 three-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. 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, 2018

**Note 10 - Pension Plan (Continued)**

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 three-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. 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 (hired after July 1, 2012) are calculated as 1.0 percent of the employee's final three-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. 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 three-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. 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 three-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. 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 three-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. 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, are generally established and amended by authority of the City Council, generally after negotiations of these terms with the affected unions. Police and fire employees benefit terms may be subject to binding arbitration in certain circumstances.

June 30, 2018

## Note 10 - Pension Plan (Continued)

### Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

Date of member count	December 31, 2017
Inactive plan members or beneficiaries currently receiving benefits	210
Inactive plan members entitled to but not yet receiving benefits	12
Active plan members	105
Total employees covered by the plan	327

### 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, 2018, the average active employee contribution rate ranged from 0 to 5 percent of annual pay, and the City's annual contribution was \$3,365,414.

### Net Pension Liability

The net pension liability reported at June 30, 2018 was determined using a measure of the total pension liability and the pension net position as of the December 31, 2017 measurement date. The December 31, 2017 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
<b>Balance at December 31, 2016</b>	\$ 83,769,745	\$ 40,193,729	\$ 43,576,016
Changes for the year:			
Service cost	673,890	-	673,890
Interest	6,474,987	-	6,474,987
Differences between expected and actual experience	841,124	-	841,124
Contributions - Employer	-	3,492,899	(3,492,899)
Contributions - Employee	-	105,064	(105,064)
Net investment income	-	5,178,711	(5,178,711)
Benefit payments, including refunds	(6,338,728)	(6,338,728)	-
Administrative expenses	-	(82,242)	82,242
Net changes	1,651,273	2,355,704	(704,431)
<b>Balance at December 31, 2017</b>	<b>\$ 85,421,018</b>	<b>\$ 42,549,433</b>	<b>\$ 42,871,585</b>

June 30, 2018

## Note 10 - Pension Plan (Continued)

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

For the year ended June 30, 2018, the City recognized pension expense of \$5,876,676.

At June 30, 2018, 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	\$ 1,683,235	\$ -
Changes in assumptions	843,412	-
Net difference between projected and actual earnings on pension plan investments	-	1,386,031
Employer contributions to the plan subsequent to the measurement date	1,803,012	-
Total	<u>\$ 4,329,659</u>	<u>\$ 1,386,031</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
2019	\$ 1,783,702
2020	443,107
2021	(670,966)
2022	(415,227)
Total	<u>\$ 1,140,616</u>

### *Actuarial Assumptions*

The total pension liability in the December 31, 2017 actuarial valuation was determined using an inflation assumption of 2.50 percent, assumed salary increases (including inflation) of 3.75 percent, an investment rate of return (net of investment expenses) of 8.00 percent, and the RP-2014 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 January 1, 2009 through December 31, 2013.

Mortality rates were based on a 50 percent male and 50 percent female blend of the following tables:

1. The RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105 percent
2. The RP-2014 Employee Mortality Tables
3. The RP-2014 Juvenile Mortality Tables

For disabled retirees, the mortality rates were based on the 50 percent male - 50 percent female blend of the RP-2014 Disabled Retiree Mortality Tables.

### *Discount Rate*

The discount rate used to measure the total pension liability was 8.00 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that city contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

June 30, 2018

**Note 10 - Pension Plan (Continued)**

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

***Investment Rate of Return***

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, 2017, 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	55.50 %	8.65 %
Global fixed income	18.50	3.76
Real assets	13.50	9.72
Diversifying strategies	12.50	7.50

***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 8.00 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 Percent Decrease (7.0%)	Current Discount Rate (8.0%)	1 Percent Increase (9.0%)
Net pension liability of the City	\$ 51,509,228	\$ 42,871,585	\$ 35,519,575

***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](http://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.

June 30, 2018

**Note 11 - 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 \$4,205,637, resulting in an employer contribution of \$289,415 and employee contributions of \$161,400.

**Note 12 - 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 Benefits Plan (the "death benefits 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 benefits plan. Benefits at date of death are payable to designated beneficiaries in varying amounts. The obligation to contribute and maintain the death benefits plan was established by negotiation with the City's collective bargaining units.

The financial statements of the OPEB plan and death benefits plan are included in these financial statements as the Retiree Healthcare Fund and Employees' Death Benefits 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 benefits 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 Benefits Plan
Date of member count	June 30, 2018	July 1, 2017
Inactive plan members or beneficiaries currently receiving benefits	275	147
Inactive plan members entitled to but not yet receiving benefits	4	4
Active plan members	66	87
Total plan members	345	238

June 30, 2018

**Note 12 - Other Postemployment Benefit Plan (Continued)****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, 2018, the City contributed \$2,634,836. Plan members are not required to contribute to the plan.

The death 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, 2018.

**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 benefits plans. The June 30, 2018 fiscal year end reported net OPEB liability was determined using a measure of the total OPEB liability as of June 30, 2017, and updated procedures were performed to roll forward the total OPEB liability to the June 30, 2018 measurement date for the OPEB plan. No rollforward procedures were performed for the death benefits plan and, therefore, the total OPEB liability related to death benefits was determined using a measure of the total OPEB liability as of June 30, 2017.

	OPEB Plan	Death Benefits Plan
Measurement date used for the City NOL	June 30, 2018	June 30, 2017
Based on a comprehensive actuarial valuation as of	June 30, 2017	June 30, 2017

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
<b>Balance at June 30, 2017</b>	\$ 47,902,529	\$ 8,244,392	\$ 39,658,137
Changes for the year:			
Service cost	816,371	-	816,371
Interest	2,794,145	-	2,794,145
Differences between expected and actual experience	(4,122,263)	-	(4,122,263)
Changes in assumptions	(3,051,549)	-	(3,051,549)
Contributions - Employer	-	2,634,836	(2,634,836)
Net investment income	-	585,678	(585,678)
Benefit payments, including refunds	(2,663,809)	(2,663,809)	-
Administrative expenses	-	(19,924)	19,924
Miscellaneous other charges	(3,106)	-	(3,106)
Net changes	(6,230,211)	536,781	(6,766,992)
<b>Balance at June 30, 2018</b>	<u>\$ 41,672,318</u>	<u>\$ 8,781,173</u>	<u>\$ 32,891,145</u>

The plan's fiduciary net position represents 21.1 percent of the total OPEB liability.

June 30, 2018

**Note 12 - Other Postemployment Benefit Plan (Continued)****Death Benefits Plan**

Changes in Net OPEB Asset	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Asset
<b>Balance at June 30, 2017</b>	\$ 524,962	\$ 1,162,483	\$ (637,521)
Changes for the year:			
Service cost	4,945	-	4,945
Interest	30,766	-	30,766
Net investment income	-	8,620	(8,620)
Benefit payments, including refunds	(10,000)	(10,000)	-
Administrative expenses	-	(2,500)	2,500
Net changes	25,711	(3,880)	29,591
<b>Balance at June 30, 2018</b>	<u>\$ 550,673</u>	<u>\$ 1,158,603</u>	<u>\$ (607,930)</u>

The plan's fiduciary net position represents 210.4 percent of the total OPEB liability.

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

For the year ended June 30, 2018, the City recognized OPEB expense of \$2,377,091 from all plans.

At June 30, 2018, 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	\$ -	\$ 3,708,796
Changes in assumptions	-	2,745,476
Net difference between projected and actual earnings on OPEB plan investments	48,603	73,986
Total	<u>\$ 48,603</u>	<u>\$ 6,528,258</u>

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

Years Ending June 30	Amount
2019	\$ (725,885)
2020	(725,885)
2021	(725,885)
2022	(725,885)
2023	(719,540)
Thereafter	(2,856,575)
Total	<u>\$ (6,479,655)</u>



June 30, 2018

**Note 12 - 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 Benefits Plan
Inflation	2.25%	2.25%
Salary increases (including inflation)	3.75 - 14.75%	3.75%
Investment rate of return (net of investment expenses, including inflation)	6.75%	6.00%
Healthcare cost trend rate, graded down to 4.50 percent over 17 years)	8.50%	
Mortality rates	RP-2014 Mortality Table	RP-2014 Mortality Table

The actuarial assumptions used in the OPEB plan's June 30, 2017 valuation were based on the results of an actuarial experience study for MERS from 2009 - 2013.

**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 benefits plans' fiduciary net position to make all projected future benefit payments of current active and inactive employees.

	OPEB Plan	Death Benefits Plan
Assumed investment rate of return	6.75%	6.00%
Are contributions expected to be sufficient to allow fiduciary net position to pay future benefits?	Yes	Yes
Discount rate used to measure TOL	6.75%	6.00%

**Investment Rate of Return**

The long-term expected rate of return on OPEB plan and death benefits 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 benefits 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, 2018 and 2017 measurement dates for the OPEB plan and death benefits plan, respectively, for each major asset class included in the OPEB and death benefits plans' target asset allocation, as disclosed in the investment footnote, are summarized in the following tables:

**OPEB and Death Benefits Plans**

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
U.S. aggregate bonds	5.00 %	3.06 %
U.S. small cap	15.00	8.67
U.S. large cap growth	30.00	7.25
U.S. large cap value	30.00	7.32
Alternatives	10.00	3.70
Euro area large cap	5.00	9.00
Cash or cash equivalents	5.00	2.00



June 30, 2018

**Note 12 - Other Postemployment Benefit Plan (Continued)*****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 6.75 percent for the OPEB plan and 6.00 percent for the death benefits 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 Percent Decrease (5.75% and 5.00%)	Current Discount Rate (6.75% and 6.00%)	1 Percent Increase (7.75% and 7.00%)
Net OPEB liability of the OPEB Plan	\$ 38,149,872	\$ 32,891,145	\$ 28,524,178
Net OPEB asset of the Death Benefits Plan	(526,922)	(607,930)	(673,205)
Total	<u>\$ 37,622,950</u>	<u>\$ 32,283,215</u>	<u>\$ 27,850,973</u>

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

The following presents the net OPEB liability of the City, calculated using the healthcare cost trend rate of 8.50 percent, decreasing to 4.50%, as well as what the City's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percent Decrease (7.5%, decreasing to 3.5%)	Current Healthcare Cost Trend Rate (8.5%, decreasing to 4.5%)	1 Percent Increase (9.5%, decreasing to 5.5%)
Net OPEB liability of the OPEB Plan	\$ 28,312,301	\$ 32,891,145	\$ 38,426,743

***OPEB and Death Benefits Plan Fiduciary Net Position***

For the purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows or resources related to OPEB, and OPEB expense, information about the OPEB and death benefits 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 benefits plans use the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

***Assumption Changes***

There were three changes in assumptions for the OPEB plan. The discount rate and investment rate of return used to measure the total OPEB liability increased in the current year to 6.75 percent. The OPEB liability measured at June 30, 2017 was calculated on a discount rate of 6.00 percent. The healthcare cost trend rates also increased to 8.50 percent, gradually decreasing to 4.50 percent. The OPEB liability measured at June 30, 2017 was calculated using a healthcare cost trend of 8.00 percent, gradually decreasing to 5.00 percent. These changes are due to a change in capital market expectations. The annual per capita claims costs were also updated to reflect experience from July 1, 2017 through June 30, 2018.

There were no changes in assumptions for the death benefits plan.

June 30, 2018

### Note 13 - Pension and Other Employee Benefit Trust Funds

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

	Employees' Retirement System	Employees' Death Benefit	Retiree Health Care	Total
<b>Assets:</b>				
Cash and cash equivalents	\$ 3,776	\$ 10,527	\$ 255,205	\$ 269,508
Investments:				
Equity securities	-	143,388	3,626,585	3,769,973
Bonds	-	158,836	2,721,263	2,880,099
Mutual funds	-	845,852	2,182,087	3,027,939
<b>Total assets</b>	<b>3,776</b>	<b>1,158,603</b>	<b>8,785,140</b>	<b>9,947,519</b>
Liabilities - Accounts payable	-	-	(3,967)	(3,967)
<b>Net position - Restricted for pension and other employee benefits</b>	<b>\$ 3,776</b>	<b>\$ 1,158,603</b>	<b>\$ 8,781,173</b>	<b>\$ 9,943,552</b>
	Employees' Retirement System	Employees' Death Benefit	Retiree Health Care	Total
<b>Additions</b>				
Investment income (loss):				
Interest and dividends	\$ -	\$ -	\$ 279,588	\$ 279,588
Net adjustment to fair value of investments	1,801	8,620	306,090	316,511
Less investment expenses	(2,945)	-	(13,024)	(15,969)
<b>Net investment (loss) income</b>	<b>(1,144)</b>	<b>8,620</b>	<b>572,654</b>	<b>580,130</b>
Employer contributions	-	-	2,634,836	2,634,836
<b>Total additions</b>	<b>(1,144)</b>	<b>8,620</b>	<b>3,207,490</b>	<b>3,214,966</b>
<b>Deductions</b>				
Benefit payments	-	10,000	-	10,000
Administrative expenses	349	2,500	6,900	9,749
Health insurance premiums	-	-	2,663,809	2,663,809
<b>Total deductions</b>	<b>349</b>	<b>12,500</b>	<b>2,670,709</b>	<b>2,683,558</b>
<b>Change in Net Position</b>	<b>(1,493)</b>	<b>(3,880)</b>	<b>536,781</b>	<b>531,408</b>
Net Position - Beginning of year	5,269	1,162,483	8,244,392	9,412,144
<b>Net Position - End of year</b>	<b>\$ 3,776</b>	<b>\$ 1,158,603</b>	<b>\$ 8,781,173</b>	<b>\$ 9,943,552</b>

### Note 14 - 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 \$6,464,026 is recorded in the Water and Sewer Fund financial statements and within the business-type activities column in the statement of net position.

June 30, 2018

**Note 14 - Joint Ventures (Continued)**

Complete financial statements for the Southeast Macomb Sanitary District 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.

The City is a member of the South Macomb Disposal Authority (the "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 Authority's operating reserve of \$121,795 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 Authority in the amount of \$1,958,375, which represents the estimated portion of future postclosure care costs that the City is obligated to pay in connection with certain closed landfills owned by the Authority. The payable is recorded as an adjustment to the equity interest in the Authority in the Garbage and Rubbish Collection Fund and within the business-type activities column on the statement of net position.

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.

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 \$487,670 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 explicit and measurable equity interest in the joint venture.

**June 30, 2018**

**Note 14 - Joint Ventures (Continued)**

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 15 - 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, 2018, the City's property tax revenue was reduced by \$58,864 under these programs.

There are no significant abatements made by the City.

---

## Required Supplemental Information

---

# City of Eastpointe, Michigan

## Required Supplemental Information Budgetary Comparison Schedule - General Fund

Year Ended June 30, 2018

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 8,964,870	\$ 8,956,870	\$ 9,001,289	\$ 44,419
Intergovernmental	3,433,000	3,775,700	3,663,304	(112,396)
Charges for services	63,500	60,500	54,705	(5,795)
Fines and forfeitures	2,385,724	1,855,724	1,790,087	(65,637)
Licenses and permits	1,115,000	1,250,000	1,367,049	117,049
Investment income	100,500	100,500	178,172	77,672
Other revenue:				
Other miscellaneous income	64,000	371,157	371,019	(138)
SMORSA charge for service	6,218,000	6,218,000	6,172,605	(45,395)
Code enforcement	238,000	385,500	530,846	145,346
Total revenue	22,582,594	22,973,951	23,129,076	155,125
<b>Expenditures</b>				
Current services:				
General government	3,189,339	3,813,356	3,752,800	60,556
District court	1,522,094	1,581,672	1,633,908	(52,236)
Public safety:				
Police	9,057,912	9,322,456	8,909,955	412,501
Fire	4,727,308	4,954,274	4,723,470	230,804
Building inspections and code enforcement	1,192,868	1,168,093	1,165,729	2,364
Special events	51,712	31,602	33,390	(1,788)
General operating - City hall	491,967	705,861	732,410	(26,549)
Recreation and culture:				
Parks	619,912	625,295	597,332	27,963
Planning commission	52,125	52,125	40,568	11,557
Total expenditures	20,905,237	22,254,734	21,589,562	665,172
<b>Excess of Revenue Over Expenditures</b>	1,677,357	719,217	1,539,514	820,297
<b>Other Financing Uses - Transfers out</b>	(511,216)	(500,701)	(396,414)	104,287
<b>Net Change in Fund Balance</b>	1,166,141	218,516	1,143,100	924,584
<b>Fund Balance - Beginning of year</b>	11,184,725	11,184,725	11,184,725	-
<b>Fund Balance - End of year</b>	<u><u>\$ 12,350,866</u></u>	<u><u>\$ 11,403,241</u></u>	<u><u>\$ 12,327,825</u></u>	<u><u>\$ 924,584</u></u>

## City of Eastpointe, Michigan

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

Year Ended June 30, 2018

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>	\$ 1,605,250	\$ 1,907,700	\$ 2,186,404	\$ 278,704
<b>Expenditures</b> - Current - Public works	1,332,373	1,367,461	1,220,109	147,352
<b>Excess of Revenue Over Expenditures</b>	272,877	540,239	966,295	426,056
<b>Other Financing Uses</b> - Transfers out	(739,000)	(739,000)	(739,000)	-
<b>Net Change in Fund Balance</b>	(466,123)	(198,761)	227,295	426,056
<b>Fund Balance</b> - Beginning of year	884,573	884,573	884,573	-
<b>Fund Balance</b> - End of year	<u><u>\$ 418,450</u></u>	<u><u>\$ 685,812</u></u>	<u><u>\$ 1,111,868</u></u>	<u><u>\$ 426,056</u></u>

## City of Eastpointe, Michigan

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

Year Ended June 30, 2018

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>	\$ 575,000	\$ 928,776	\$ 986,118	\$ 57,342
<b>Expenditures</b> - Current - Public works	1,016,488	1,028,830	530,028	498,802
<b>Excess of Revenue (Under) Over Expenditures</b>	(441,488)	(100,054)	456,090	556,144
<b>Other Financing Sources</b> - Transfers in	739,000	739,000	739,000	-
<b>Net Change in Fund Balances</b>	297,512	638,946	1,195,090	556,144
<b>Fund Balances</b> - Beginning of year	228,044	228,044	228,044	-
<b>Fund Balances</b> - End of year	<u><u>\$ 525,556</u></u>	<u><u>\$ 866,990</u></u>	<u><u>\$ 1,423,134</u></u>	<u><u>\$ 556,144</u></u>



Required Supplemental Information

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

Last Ten Fiscal Years

	2017	2016	2015	2014	2013*	2012*	2011*	2010*	2009*	2008*
<b>Total Pension Liability</b>										
Service cost	\$ 673,890	\$ 643,037	\$ 978,943	\$ 686,354	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	6,474,987	6,164,757	8,654,072	5,678,262	-	-	-	-	-	-
Differences between expected and actual experience	841,124	3,367,456	-	367,337	-	-	-	-	-	-
Changes in assumptions	-	4,320	3,367,892	-	-	-	-	-	-	-
Benefit payments, including refunds	(6,338,728)	(6,295,557)	(9,485,939)	(6,209,213)	-	-	-	-	-	-
<b>Net Change in Total Pension Liability</b>	1,651,273	3,884,013	3,514,968	522,740	-	-	-	-	-	-
<b>Total Pension Liability - Beginning of year</b>	83,769,745	79,885,732	76,370,764	75,848,024	-	-	-	-	-	-
<b>Total Pension Liability - End of year</b>	<b>\$ 85,421,018</b>	<b>\$ 83,769,745</b>	<b>\$ 79,885,732</b>	<b>\$ 76,370,764</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Plan Fiduciary Net Position</b>										
Contributions - Employer	\$ 3,492,899	\$ 3,079,778	\$ 4,449,143	\$ 2,762,592	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions - Member	105,064	104,348	167,260	218,791	-	-	-	-	-	-
Net investment income (loss)	5,178,711	4,279,664	(779,337)	6,345,355	-	-	-	-	-	-
Administrative expenses	(82,242)	(84,573)	(81,803)	(254,963)	-	-	-	-	-	-
Benefit payments, including refunds	(6,338,728)	(6,295,557)	(9,485,939)	(6,209,213)	-	-	-	-	-	-
Other	-	-	1,233	-	-	-	-	-	-	-
<b>Net Change in Plan Fiduciary Net Position</b>	2,355,704	1,083,660	(5,729,443)	2,862,562	-	-	-	-	-	-
<b>Plan Fiduciary Net Position - Beginning of year</b>	40,193,729	39,110,069	44,839,512	41,976,950	-	-	-	-	-	-
<b>Plan Fiduciary Net Position - End of year</b>	<b>\$ 42,549,433</b>	<b>\$ 40,193,729</b>	<b>\$ 39,110,069</b>	<b>\$ 44,839,512</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>City's Net Pension Liability - Ending</b>	<b>\$ 42,871,585</b>	<b>\$ 43,576,016</b>	<b>\$ 40,775,663</b>	<b>\$ 31,531,252</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	49.81 %	47.98 %	48.96 %	58.71 %	- %	- %	- %	- %	- %	- %
<b>Covered Payroll</b>	\$ 7,471,419	\$ 7,006,112	\$ 6,903,087	\$ 6,602,528	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>City's Net Pension Liability as a Percentage of Covered Payroll</b>	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.

Required Supplemental Information  
Retirement System Schedule of City Contributions

Last Ten Fiscal Years Years Ended June 30										
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	\$ 3,365,414	\$ 3,341,277	\$ 3,443,007	\$ 2,778,642	\$ 2,981,382	\$ 2,746,017	\$ 2,695,079	\$ 2,724,753	\$ 2,071,959	\$ 1,786,080
Contributions in relation to the actuarially determined contribution	3,365,414	3,341,277	3,443,007	2,778,642	2,981,382	2,746,017	2,695,079	2,724,753	2,071,959	1,786,080
Contribution Deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 7,006,112	\$ 6,903,087	\$ 6,453,723	\$ 6,453,723	\$ 6,602,528	\$ 6,817,694	\$ 7,663,276	\$ 8,694,192	\$ 9,095,795	\$ 10,218,230
Contributions as a Percentage of Covered Payroll	48.04 %	48.40 %	53.35 %	43.05 %	45.16 %	40.28 %	35.17 %	31.34 %	22.78 %	17.48 %

Required Supplemental Information  
OPEB Plan Schedule of Investment Returns

	Last Two Fiscal Years	
	Years Ended June 30	
	2018	2017
Annual money-weighted rate of return, net of investment expense	7.04 %	8.65 %

Required Supplemental Information

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

	Last Two Fiscal Years	
	2018	2017
<b>Total OPEB Liability</b>		
Service cost	\$ 816,371	\$ 407,493
Interest	2,794,145	2,615,983
Differences between expected and actual experience	(4,122,263)	399,232
Changes in assumptions	(3,051,549)	2,043,946
Benefit payments, including refunds	(2,663,809)	(2,396,336)
Other	(3,106)	-
<b>Net Change in Total OPEB Liability</b>	(6,230,211)	3,070,318
<b>Total OPEB Liability - Beginning of year</b>	47,902,529	44,832,211
<b>Total OPEB Liability - End of year</b>	<b>\$ 41,672,318</b>	<b>\$ 47,902,529</b>
<b>Plan Fiduciary Net Position</b>		
Contributions - Employer	\$ 2,634,836	\$ 2,652,728
Net investment income	585,678	645,730
Administrative expenses	(19,924)	(18,843)
Benefit payments, including refunds	(2,663,809)	(2,396,336)
<b>Net Change in Plan Fiduciary Net Position</b>	536,781	883,279
<b>Plan Fiduciary Net Position - Beginning of year</b>	8,244,392	7,361,113
<b>Plan Fiduciary Net Position - End of year</b>	<b>\$ 8,781,173</b>	<b>\$ 8,244,392</b>
<b>Net OPEB Liability - Ending</b>	<b>\$ 32,891,145</b>	<b>\$ 39,658,137</b>
<b>Plan Fiduciary Net Position as a Percentage of Total OPEB Liability</b>	21.07 %	17.21 %
<b>Covered Employee Payroll</b>	\$ 4,897,039	\$ 5,164,079
<b>Net OPEB Liability as a Percentage of Covered Employee Payroll</b>	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									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	\$ 2,696,182	\$ 2,634,835	\$ 2,852,737	\$ 2,852,737	\$ 3,101,027	\$ 3,101,027	\$ 2,839,370	\$ 2,839,370	\$ 3,115,938	\$ 3,227,616
Contributions in relation to the actuarially determined contribution	2,634,836	2,652,728	3,066,262	3,356,213	3,435,241	3,468,430	3,121,143	2,740,301	2,577,569	2,477,770
<b>Contribution (Deficiency) Excess</b>	<b>\$ (61,346)</b>	<b>\$ 17,893</b>	<b>\$ 213,525</b>	<b>\$ 503,476</b>	<b>\$ 334,214</b>	<b>\$ 367,403</b>	<b>\$ 281,773</b>	<b>\$ (99,069)</b>	<b>\$ (538,369)</b>	<b>\$ (749,846)</b>
<b>Covered Employee Payroll</b>	<b>\$ 4,897,039</b>	<b>\$ 5,164,079</b>	<b>\$ 4,250,532</b>	<b>\$ 6,088,182</b>	<b>\$ 6,088,182</b>	<b>\$ 7,633,276</b>	<b>\$ 7,633,276</b>	<b>\$ 9,095,795</b>	<b>\$ 9,095,795</b>	<b>\$ 9,733,198</b>
<b>Contributions as a Percentage of Covered Employee Payroll</b>	<b>53.80 %</b>	<b>51.37 %</b>	<b>72.14 %</b>	<b>55.13 %</b>	<b>56.42 %</b>	<b>45.44 %</b>	<b>40.89 %</b>	<b>30.13 %</b>	<b>28.34 %</b>	<b>25.46 %</b>

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date                      Actuarially determined contribution rates are calculated as of July 1, 2017, one year prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Individual entry age
Amortization method	Level dollar
Remaining amortization period	30 years
Asset valuation method	Market value
Inflation	2.25 percent
Healthcare cost trend rates	8.0 percent, gradually graded down to 5.0 percent in 2024
Salary increase	3.75 percent, including inflation
Investment rate of return	6.0 percent, net of expenses
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 Two Fiscal Years	
	Years Ended June 30	
	2018	2017
Annual money-weighted rate of return, net of investment expense	0.53 %	9.50 %

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

Required Supplemental Information

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

	<b>Last Two Fiscal Years</b>	
	2018	2017
<b>Total Death Benefit Liability</b>		
Service cost	\$ 4,945	\$ 4,724
Interest	30,766	29,422
Differences between expected and actual experience	-	18,399
Benefit payments, including refunds	<u>(10,000)</u>	<u>(29,000)</u>
<b>Net Change in Total Death Benefit Liability</b>	25,711	23,545
<b>Total Death Benefit Liability - Beginning of year</b>	<u>524,962</u>	<u>501,417</u>
<b>Total Death Benefit Liability - End of year</b>	<b><u>\$ 550,673</u></b>	<b><u>\$ 524,962</u></b>
<b>Plan Fiduciary Net Position</b>		
Net investment income	\$ 8,620	\$ 102,326
Administrative expenses	(2,500)	-
Benefit payments, including refunds	<u>(10,000)</u>	<u>(29,000)</u>
<b>Net Change in Plan Fiduciary Net Position</b>	(3,880)	73,326
<b>Plan Fiduciary Net Position - Beginning of year</b>	<u>1,162,483</u>	<u>1,089,157</u>
<b>Plan Fiduciary Net Position - End of year</b>	<b><u>\$ 1,158,603</u></b>	<b><u>\$ 1,162,483</u></b>
<b>City's Net Death Benefit Asset - Ending</b>	<b><u>\$ (607,930)</u></b>	<b><u>\$ (637,521)</u></b>
<b>Plan Fiduciary Net Position as a Percentage of Total Death Benefit Liability</b>	210.40 %	221.44 %
<b>Covered Employee Payroll</b>	\$ 4,897,039	\$ 5,164,079
<b>City's Net Death Benefit Liability as a Percentage of Covered Employee Payroll</b>	(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									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contribution	-	-	-	-	-	-	-	-	-	-
<b>Contribution Deficiency</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Covered Employee Payroll</b>	<b>\$ 4,897,039</b>	<b>\$ 5,164,079</b>	<b>\$ 4,250,532</b>	<b>\$ 6,088,182</b>	<b>\$ 6,088,182</b>	<b>\$ 7,633,276</b>	<b>\$ 7,633,276</b>	<b>\$ 9,095,795</b>	<b>\$ 9,095,795</b>	<b>\$ 9,733,198</b>
<b>Contributions as a Percentage of Covered Employee Payroll</b>	- %	- %	- %	- %	- %	- %	- %	- %	- %	- %

**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 November 1, 2012.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Individual entry age
Amortization method	Level dollar
Remaining amortization period	25 years
Asset valuation method	Market value
Inflation	3.5 percent
Healthcare cost trend rates	Not applicable
Salary increase	Not applicable
Investment rate of return	5.0 percent
Retirement age	50 - 65 years of age
Mortality	RP-2000 Mortality Table set forward three years for males and one year for females.
Other information	None



**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, 2018 has not been calculated. During the current year, the budget was amended in a legally permissible manner, other than the deficits budgeted in the Community Development Block Grant Fund, Chapter 20 Drain Debt Fund, and Building Authority Construction 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 schedules to the fund-based statement of changes in fund balance is as follows:

	Total Revenue	Total Expenditures	Other Financing Uses	Change in Fund Balance
General Fund:				
Amounts per operating statement	\$ 23,142,143	\$ 21,713,645	\$ 396,414	\$ 1,032,084
Tax Reversion Fund budgeted separate from the General Fund	(12,412)	(119,084)	-	106,672
Additional Pension Fund budgeted separate from the General Fund	(655)	(4,999)	-	4,344
Amounts per budget statement	<u>\$ 23,129,076</u>	<u>\$ 21,589,562</u>	<u>\$ 396,414</u>	<u>\$ 1,143,100</u>

**June 30, 2018**

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund:			
District Court	\$ 1,581,672	\$ 1,633,908	\$ (52,236)
Special events	31,602	33,390	(1,788)
General operating - City hall	<u>705,861</u>	<u>732,410</u>	<u>(26,549)</u>
Total General Fund	2,319,135	2,399,708	(80,573)
District Court Building - District court	25,000	128,822	(103,822)
Brownfield Project - Debt service	64,300	116,453	(52,153)

The General Fund had an unfavorable variance in the district court, special events, and general operating - city hall activity as a result of higher than anticipated costs. The District Court Building Fund had an unfavorable variance as a result of higher than anticipated costs. The Brownfield Project Fund had an unfavorable variance for debt service as a result of making a debt payment in advance of the debt maturity schedule.

**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 percent to 8.00 percent. Salary increases were increased from 3.65 percent to 3.75 percent. Inflation was decreased from 3.5 percent 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.

**OPEB Information*****Changes in Assumptions***

In 2017, the discount rate was decreased from 7.50 percent to 6.00 percent.

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

---

## Other Financial and Supplemental Information

---

## City of Eastpointe, Michigan

Nonmajor Special Revenue Funds						
	Library	Drug Law Enforcement	Community Development Block Grant	Street Lighting SAD	Memorial Library Trust Fund	Total Nonmajor Special Revenue Funds
<b>Assets</b>						
Cash and cash equivalents	\$ 359,531	\$ 272,108	\$ -	\$ 134,680	\$ 9,476	\$ 775,795
Receivables:						
Special assessments	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-
Restricted assets	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 359,531</b>	<b>\$ 272,108</b>	<b>\$ -</b>	<b>\$ 134,680</b>	<b>\$ 9,476</b>	<b>\$ 775,795</b>
<b>Liabilities</b>						
Accounts payable	\$ 35,487	\$ -	\$ -	\$ -	\$ -	\$ 35,487
Accrued liabilities and other	24,691	-	-	-	-	24,691
<b>Total liabilities</b>	<b>60,178</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>60,178</b>
<b>Deferred Inflows of Resources</b>						
Unavailable revenue - Special assessments	-	-	-	-	-	-
<b>Fund Balances</b>						
Restricted:						
Debt service	-	-	-	-	-	-
Library	299,353	-	-	-	9,476	308,829
Drug law enforcement	-	272,108	-	-	-	272,108
Capital projects	-	-	-	-	-	-
Street lighting	-	-	-	134,680	-	134,680
Assigned - Capital projects	-	-	-	-	-	-
<b>Total fund balances</b>	<b>299,353</b>	<b>272,108</b>	<b>-</b>	<b>134,680</b>	<b>9,476</b>	<b>715,617</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 359,531</b>	<b>\$ 272,108</b>	<b>\$ -</b>	<b>\$ 134,680</b>	<b>\$ 9,476</b>	<b>\$ 775,795</b>

Other Financial and Supplemental Information  
Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2018

Nonmajor Debt Service Fund		Nonmajor Capital Project Funds					
Chapter 20 Drain Debt	Capital Improvement	Equipment Replacement	Building Authority Construction	District Court Building	Brownfield Capital Project	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
\$ 57,443	\$ 228,369	\$ 501,829	\$ -	\$ 164,743	\$ -	\$ 894,941	\$ 1,728,179
-	212,514	-	-	-	-	212,514	212,514
-	-	4,172	-	-	-	4,172	4,172
-	-	-	20,511	-	3,545	24,056	24,056
-	-	-	-	-	454,547	454,547	454,547
<b>\$ 57,443</b>	<b>\$ 440,883</b>	<b>\$ 506,001</b>	<b>\$ 20,511</b>	<b>\$ 164,743</b>	<b>\$ 458,092</b>	<b>\$ 1,590,230</b>	<b>\$ 2,423,468</b>
\$ 1,589	\$ 230,697	\$ 2,178	\$ -	\$ 98,025	\$ -	\$ 330,900	\$ 367,976
-	-	-	-	-	-	-	24,691
1,589	230,697	2,178	-	98,025	-	330,900	392,667
-	80,063	-	-	-	-	80,063	80,063
55,854	-	-	-	-	-	-	55,854
-	-	-	-	-	-	-	308,829
-	-	-	-	-	-	-	272,108
-	-	-	20,511	66,718	458,092	545,321	545,321
-	-	-	-	-	-	-	134,680
-	130,123	503,823	-	-	-	633,946	633,946
55,854	130,123	503,823	20,511	66,718	458,092	1,179,267	1,950,738
<b>\$ 57,443</b>	<b>\$ 440,883</b>	<b>\$ 506,001</b>	<b>\$ 20,511</b>	<b>\$ 164,743</b>	<b>\$ 458,092</b>	<b>\$ 1,590,230</b>	<b>\$ 2,423,468</b>

## City of Eastpointe, Michigan

	Nonmajor Special Revenue Funds					Total Nonmajor Special Revenue Funds
	Library	Drug Law Enforcement	Community Development Block Grant	Street Lighting SAD	Memorial Library Trust Fund	
<b>Revenue</b>						
Property taxes	\$ 843,652	\$ -	\$ -	\$ -	\$ -	\$ 843,652
Special assessments	-	-	-	428,763	-	428,763
Intergovernmental:						
Federal grants	-	1,415	114,541	-	-	115,956
State-shared revenue and grants	30,705	-	-	-	-	30,705
Charges for services	1,645	-	-	-	-	1,645
Fines and forfeitures	42,822	24,123	-	-	-	66,945
Investment income - Investment earnings	2,767	1,129	-	-	32	3,928
Other revenue	-	-	-	-	-	-
<b>Total revenue</b>	<b>921,591</b>	<b>26,667</b>	<b>114,541</b>	<b>428,763</b>	<b>32</b>	<b>1,491,594</b>
<b>Expenditures</b>						
Current services:						
District court	-	-	-	-	-	-
Public safety	-	12,511	-	-	-	12,511
Public works	-	-	-	263,690	-	263,690
Recreation and culture	903,656	-	-	-	-	903,656
Capital outlay	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
<b>Total expenditures</b>	<b>903,656</b>	<b>12,511</b>	<b>-</b>	<b>263,690</b>	<b>-</b>	<b>1,179,857</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>17,935</b>	<b>14,156</b>	<b>114,541</b>	<b>165,073</b>	<b>32</b>	<b>311,737</b>
<b>Other Financing Sources (Uses)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Proceeds from sale of capital assets	-	17,375	-	-	-	17,375
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>17,375</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17,375</b>
<b>Net Change in Fund Balances</b>	<b>17,935</b>	<b>31,531</b>	<b>114,541</b>	<b>165,073</b>	<b>32</b>	<b>329,112</b>
<b>Fund Balances - Beginning of year</b>	<b>281,418</b>	<b>240,577</b>	<b>(114,541)</b>	<b>(30,393)</b>	<b>9,444</b>	<b>386,505</b>
<b>Fund Balances - End of year</b>	<b>\$ 299,353</b>	<b>\$ 272,108</b>	<b>\$ -</b>	<b>\$ 134,680</b>	<b>\$ 9,476</b>	<b>\$ 715,617</b>

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

Year Ended June 30, 2018 June 30, 2018

Nonmajor Debt Service Fund		Nonmajor Capital Projects Funds						
Chapter 20 Drain Debt	Capital Improvement	Equipment Replacement	Building Authority Construction	District Court Building	Brownfield Capital Project	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds	
\$ 2,058,930	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,902,582	
-	278,124	-	-	-	-	278,124	706,887	
-	-	-	-	-	-	-	115,956	
15,336	-	-	-	-	-	-	46,041	
-	-	-	-	-	-	-	1,645	
-	-	-	-	-	-	-	66,945	
3,094	6,166	1,289	256	679	-	8,390	15,412	
-	-	134,091	-	65,903	3,545	203,539	203,539	
2,077,360	284,290	135,380	256	66,582	3,545	490,053	4,059,007	
-	-	-	-	128,822	-	128,822	128,822	
-	-	-	-	-	-	-	12,511	
1,525,819	-	-	-	-	-	-	1,789,509	
-	-	-	-	-	-	-	903,656	
-	296,407	379,343	155,000	-	-	830,750	830,750	
-	-	-	-	-	116,453	116,453	116,453	
1,525,819	296,407	379,343	155,000	128,822	116,453	1,076,025	3,781,701	
551,541	(12,117)	(243,963)	(154,744)	(62,240)	(112,908)	(585,972)	277,306	
-	-	396,414	-	-	-	396,414	396,414	
(1,071,640)	-	-	-	-	-	-	(1,071,640)	
-	-	-	-	-	-	-	17,375	
(1,071,640)	-	396,414	-	-	-	396,414	(657,851)	
(520,099)	(12,117)	152,451	(154,744)	(62,240)	(112,908)	(189,558)	(380,545)	
575,953	142,240	351,372	175,255	128,958	571,000	1,368,825	2,331,283	
<b>\$ 55,854</b>	<b>\$ 130,123</b>	<b>\$ 503,823</b>	<b>\$ 20,511</b>	<b>\$ 66,718</b>	<b>\$ 458,092</b>	<b>\$ 1,179,267</b>	<b>\$ 1,950,738</b>	

## City of Eastpointe, Michigan

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

Year Ended June 30, 2018

	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
<b>Revenue</b>			
Property taxes	\$ 844,632	\$ 843,652	\$ (980)
State-shared revenue and grants	20,200	30,705	10,505
Charges for services	1,500	1,645	145
Fines and forfeitures	45,000	42,822	(2,178)
Interest income	1,000	2,767	1,767
Total revenue	912,332	921,591	9,259
<b>Expenditures</b> - Current - Recreation and culture	968,656	903,656	65,000
<b>Net Change in Fund Balance</b>	(56,324)	17,935	74,259
<b>Fund Balance</b> - Beginning of year	281,418	281,418	-
<b>Fund Balance</b> - End of year	<u>\$ 225,094</u>	<u>\$ 299,353</u>	<u>\$ 74,259</u>



**City of Eastpointe, Michigan**

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

**Year Ended June 30, 2018**

	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
<b>Revenue</b>			
Federal grants	\$ -	\$ 1,415	\$ 1,415
Fines and forfeitures	35,000	24,123	(10,877)
Investment income	-	1,129	1,129
Total revenue	35,000	26,667	(8,333)
<b>Expenditures</b> - Current - Public safety	100,000	12,511	87,489
<b>Excess of Revenue (Under) Over Expenditures</b>	(65,000)	14,156	79,156
<b>Other Financing Sources</b> - Proceeds from sale of capital assets	-	17,375	17,375
<b>Net Change in Fund Balance</b>	(65,000)	31,531	96,531
<b>Fund Balance</b> - Beginning of year	240,577	240,577	-
<b>Fund Balance</b> - End of year	<u><u>\$ 175,577</u></u>	<u><u>\$ 272,108</u></u>	<u><u>\$ 96,531</u></u>

## City of Eastpointe, Michigan

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

Year Ended June 30, 2018

	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
<b>Revenue</b> - Federal grants	\$ 131,589	\$ 114,541	\$ (17,048)
<b>Expenditures</b> - Current - Community and economic development	131,589	-	131,589
<b>Net Change in Fund Balance</b>	-	114,541	114,541
<b>Fund Balance</b> - Beginning of year	(114,541)	(114,541)	-
<b>Fund Balance</b> - End of year	<u><u>\$ (114,541)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 114,541</u></u>

## City of Eastpointe, Michigan

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

Year Ended June 30, 2018

	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
<b>Revenue</b> - Special assessments	\$ 430,225	\$ 428,763	\$ (1,462)
<b>Expenditures</b> - Current - Public Works	315,000	263,690	51,310
<b>Net Change in Fund Balance</b>	115,225	165,073	49,848
<b>Fund Balance</b> - Beginning of year	(30,393)	(30,393)	-
<b>Fund Balance</b> - End of year	<u><u>\$ 84,832</u></u>	<u><u>\$ 134,680</u></u>	<u><u>\$ 49,848</u></u>

## City of Eastpointe, Michigan

### Other Financial and Supplemental Information Budgetary Comparison Schedules - Nonmajor Governmental Funds (Continued) Memorial Library Trust Fund

Year Ended June 30, 2018

	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
<b>Revenue</b> - Investment income	\$ -	\$ 32	\$ 32
<b>Expenditures</b>	-	-	-
<b>Net Change in Fund Balance</b>	-	32	32
<b>Fund Balance</b> - Beginning of year	9,444	9,444	-
<b>Fund Balance</b> - End of year	<u><u>\$ 9,444</u></u>	<u><u>\$ 9,476</u></u>	<u><u>\$ 32</u></u>

## City of Eastpointe, Michigan

### Other Financial and Supplemental Information Budgetary Comparison Schedules - Nonmajor Governmental Funds (Continued) Chapter 20 Drain Debt

Year Ended June 30, 2018

	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
<b>Revenue</b>			
Property taxes	\$ 2,055,579	\$ 2,058,930	\$ 3,351
State-shared revenue and grants	20,000	15,336	(4,664)
Investment income	1,000	3,094	2,094
Total revenue	2,076,579	2,077,360	781
<b>Expenditures</b> - Current - Public Works	1,526,819	1,525,819	1,000
<b>Excess of Revenue Over Expenditures</b>	549,760	551,541	1,781
<b>Other Financing Uses</b> - Transfers out	(1,126,476)	(1,071,640)	54,836
<b>Net Change in Fund Balance</b>	(576,716)	(520,099)	56,617
<b>Fund Balance</b> - Beginning of year	575,953	575,953	-
<b>Fund Balance</b> - End of year	<u>\$ (763)</u>	<u>\$ 55,854</u>	<u>\$ 56,617</u>

## City of Eastpointe, Michigan

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

Year Ended June 30, 2018

	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
<b>Revenue</b>			
Special assessments	\$ 600,000	\$ 278,124	\$ (321,876)
Investment income	2,200	6,166	3,966
Total revenue	602,200	284,290	(317,910)
<b>Expenditures</b> - Capital outlay	600,000	296,407	303,593
<b>Net Change in Fund Balance</b>	2,200	(12,117)	(14,317)
<b>Fund Balance</b> - Beginning of year	142,240	142,240	-
<b>Fund Balance</b> - End of year	<u><u>\$ 144,440</u></u>	<u><u>\$ 130,123</u></u>	<u><u>\$ (14,317)</u></u>

## City of Eastpointe, Michigan

### Other Financial and Supplemental Information Budgetary Comparison Schedules - Nonmajor Governmental Funds (Continued) Equipment Replacement

Year Ended June 30, 2018

	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
<b>Revenue</b>			
Investment income - Investment earnings	\$ 500	\$ 1,289	\$ 789
Other revenue	130,000	134,091	4,091
Total revenue	130,500	135,380	4,880
<b>Expenditures</b> - Capital outlay	626,216	379,343	246,873
<b>Excess of Expenditures Over Revenue</b>	(495,716)	(243,963)	251,753
<b>Other Financing Sources</b> - Transfers in	650,701	396,414	(254,287)
<b>Net Change in Fund Balance</b>	154,985	152,451	(2,534)
<b>Fund Balance</b> - Beginning of year	351,372	351,372	-
<b>Fund Balance</b> - End of year	<u><u>\$ 506,357</u></u>	<u><u>\$ 503,823</u></u>	<u><u>\$ (2,534)</u></u>

## City of Eastpointe, Michigan

### Other Financial and Supplemental Information Budgetary Comparison Schedules - Nonmajor Governmental Funds (Continued) Building Authority Construction

Year Ended June 30, 2018

	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
<b>Revenue</b> - Investment income	\$ -	\$ 256	\$ 256
<b>Expenditures</b> - Current - Capital outlay	185,000	155,000	30,000
<b>Net Change in Fund Balance</b>	(185,000)	(154,744)	30,256
<b>Fund Balance</b> - Beginning of year	175,255	175,255	-
<b>Fund Balance</b> - End of year	<u><u>\$ (9,745)</u></u>	<u><u>\$ 20,511</u></u>	<u><u>\$ 30,256</u></u>



## City of Eastpointe, Michigan

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

Year Ended June 30, 2018

	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
<b>Revenue</b>			
Investment income	\$ -	\$ 679	\$ 679
Other revenue	75,000	65,903	(9,097)
Total revenue	75,000	66,582	(8,418)
<b>Expenditures</b> - Current - District court	25,000	128,822	(103,822)
<b>Net Change in Fund Balance</b>	50,000	(62,240)	(112,240)
<b>Fund Balance</b> - Beginning of year	128,958	128,958	-
<b>Fund Balance</b> - End of year	<u>\$ 178,958</u>	<u>\$ 66,718</u>	<u>\$ (112,240)</u>

## City of Eastpointe, Michigan

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

Year Ended June 30, 2018

	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
<b>Revenue</b>			
Property taxes	\$ 64,300	\$ -	\$ (64,300)
Other revenue	-	3,545	3,545
Total revenue	64,300	3,545	(60,755)
<b>Expenditures</b> - Current - Debt service	64,300	116,453	(52,153)
<b>Net Change in Fund Balance</b>	-	(112,908)	(112,908)
<b>Fund Balance</b> - Beginning of year	571,000	571,000	-
<b>Fund Balance</b> - End of year	<u>\$ 571,000</u>	<u>\$ 458,092</u>	<u>\$ (112,908)</u>

Pension and Other Retirement Benefits Trust Funds				
	Employees' Retirement System	Employees' Death Benefit	Retiree Healthcare	Total Pension Trust Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 3,776	\$ 10,527	\$ 255,205	\$ 269,508
Investments:				
Equity securities	-	143,388	3,626,585	3,769,973
Fixed income	-	158,836	2,721,263	2,880,099
Mutual funds	-	845,852	2,182,087	3,027,939
Total assets	3,776	1,158,603	8,785,140	9,947,519
<b>Liabilities</b>				
Accounts payable	-	-	295	295
Due to other governmental units	-	-	-	-
Accrued liabilities and other	-	-	3,672	3,672
Total liabilities	-	-	3,967	3,967
<b>Net Position Restricted for Pension and Other Employee Benefits</b>	<b>\$ 3,776</b>	<b>\$ 1,158,603</b>	<b>\$ 8,781,173</b>	<b>\$ 9,943,552</b>

---

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

---

**June 30, 2018**

Agency Funds			
Cash and Performance Bonds	Tax Collection	Imprest Payroll	Total Agency Funds
\$ 178,264	\$ 11,284	\$ 3,105	\$ 192,653
-	-	-	-
-	-	-	-
-	-	-	-
178,264	11,284	3,105	192,653
1,000	-	3,105	4,105
-	11,284	-	11,284
177,264	-	-	177,264
178,264	11,284	3,105	192,653
<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

## City of Eastpointe, Michigan

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

Year Ended June 30, 2018

	Employees' Retirement System	Employees' Death Benefit	Retiree Healthcare	Total
<b>Additions</b>				
Investment income (loss):				
Interest and dividends	\$ -	\$ -	\$ 279,588	\$ 279,588
Net change in fair value of investments	1,801	8,620	306,090	316,511
Investment-related expenses	(2,945)	-	(13,024)	(15,969)
Net investment (loss) income	(1,144)	8,620	572,654	580,130
Contributions - Employer	-	-	2,634,836	2,634,836
Total additions	(1,144)	8,620	3,207,490	3,214,966
<b>Deductions</b>				
Benefit payments	-	10,000	-	10,000
Health insurance premiums	-	-	2,663,809	2,663,809
Administrative expenses	349	2,500	6,900	9,749
Total deductions	349	12,500	2,670,709	2,683,558
<b>Net (Decrease) Increase in Restricted Net Pension</b>	(1,493)	(3,880)	536,781	531,408
<b>Net Position Restricted for Pension and Other Employee Benefits - Beginning of year</b>	5,269	1,162,483	8,244,392	9,412,144
<b>Net Position Restricted for Pension and Other Employee Benefits - End of year</b>	<u>\$ 3,776</u>	<u>\$ 1,158,603</u>	<u>\$ 8,781,173</u>	<u>\$ 9,943,552</u>

# City of Eastpointe, Michigan

## Other Financial and Supplemental Information Combining Statement of Changes in Assets and Liabilities Agency Funds

Year Ended June 30, 2018

Cash and Performance Bonds				
	July 1, 2017	Additions	Deductions	June 30, 2018
<b>Assets - Cash and investments</b>	<b>\$ 161,167</b>	<b>\$ 91,472</b>	<b>\$ (74,375)</b>	<b>\$ 178,264</b>
<b>Liabilities</b>				
Accrued liabilities and other	\$ 400	\$ 75,375	\$ (74,775)	\$ 1,000
Cash and bond deposits	160,767	91,472	(74,975)	177,264
Total liabilities	<b>\$ 161,167</b>	<b>\$ 166,847</b>	<b>\$ (149,750)</b>	<b>\$ 178,264</b>
Tax Collection				
	July 1, 2017	Additions	Deductions	June 30, 2018
<b>Assets - Cash and investments</b>	<b>\$ 9,235</b>	<b>\$ 33,181,942</b>	<b>\$ (33,179,893)</b>	<b>\$ 11,284</b>
<b>Liabilities</b>				
Due to other governmental units	\$ 9,235	\$ 33,181,942	\$ (33,179,893)	\$ 11,284
Accrued liabilities and other	-	19,997,119	(19,997,119)	-
Total liabilities	<b>\$ 9,235</b>	<b>\$ 53,179,061</b>	<b>\$ (53,177,012)</b>	<b>\$ 11,284</b>
Imprest Payroll				
	July 1, 2017	Additions	Deductions	June 30, 2018
<b>Assets - Cash and investments</b>	<b>\$ -</b>	<b>\$ 4,623,424</b>	<b>\$ (4,620,319)</b>	<b>\$ 3,105</b>
<b>Liabilities - Accrued and other liabilities</b>	<b>\$ -</b>	<b>\$ 5,451,750</b>	<b>\$ (5,448,645)</b>	<b>\$ 3,105</b>
Totals - All Agency Funds				
	July 1, 2017	Additions	Deductions	June 30, 2018
<b>Assets - Cash and investments</b>	<b>\$ 170,402</b>	<b>\$ 37,896,838</b>	<b>\$ (37,874,587)</b>	<b>\$ 192,653</b>
<b>Liabilities</b>				
Due to other governmental units	\$ 9,235	\$ 33,181,942	\$ (33,179,893)	\$ 11,284
Accrued liabilities and other	400	25,524,244	(25,520,539)	4,105
Cash and bond deposits	160,767	91,472	(74,975)	177,264
Total liabilities	<b>\$ 170,402</b>	<b>\$ 58,797,658</b>	<b>\$ (58,775,407)</b>	<b>\$ 192,653</b>

### **STATISTICAL INFORMATION**

Statistical information contained herein relates to the physical, economic, social, and political characteristics of the City. It is designed to provide a broader and more complete understanding of the City and its financial affairs than is possible from the financial statements, notes, and supporting schedules presented in the financial section.

#### **Financial Trends**

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

Net Position by Component	95-96
Changes in Governmental Net Position	97-98
Changes in Business Type Net Position	99-100
Fund Balances of Governmental Funds	101-102
Changes in Fund Balances of Governmental Funds	103-104*
General Government Tax Revenue by Source	105

#### **Revenue Capacity**

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

Property Tax Levies and Collections	106*
Property Tax Rates Direct and Overlapping	107-108*
Assessed Taxable Values (History of Property Values)	109-110*
State Equalized Values (History of Property Values)	111-112*
Principal Property Taxpayers (Major Taxpayers)	113*

#### **Debt Capacity**

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

Ratios of General Bonded Debt Outstanding	114
Ratios of Outstanding Debt by Type	115
Direct and Overlapping Governmental Activities Debt	116*
Legal Debt Margin	117*
Legal Debt Margin Information	118
Pledged Revenue Coverage	119

#### **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Demographic and Economic Statistics	120
Miscellaneous Demographics	121
Principal Employers (Major Employers)	122*

\* Indicates schedules included in statistical information that fulfill continuing disclosure requirements.

**STATISTICAL INFORMATION (CONTINUED)**

**Operating Information**

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

Operating Indicators by Function	123-124
Capital Asset Statistics by Function	125
Full-time Equivalent City Government Employees by Function	126

**CONTINUING DISCLOSURE** 127

Continuing disclosure information contained herein complies with Rule 15c2-12, a federal regulation promulgated by the Securities and Exchange Commission, designed to improve disclosure practices in the municipal bond market. Municipal bonds issued after July 3, 1995 are subject to this mandatory requirement.

Continuing disclosure requires certain annual financial information and operating data, including audited financial statements for the preceding fiscal year. This information is generally consistent with the information contained or cross-referenced in the official statement relating to the bonds.

State-shared Revenue	128
Maximum Property Tax Rates	129



---

## Statistical Section

---

## City of Eastpointe, Michigan

---

	As of June 30,			
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Governmental Activities:</b>				
Net investment in capital assets	\$ 19,373,285	\$ 20,820,164	\$ 19,780,181	\$ 17,957,323
Restricted	9,364,855	8,530,229	6,346,750	5,572,154
Unrestricted	9,407,499	8,736,281	11,128,632	9,730,854
Total net position	<b>\$ 38,145,639</b>	<b>\$ 38,086,674</b>	<b>\$ 37,255,563</b>	<b>\$ 33,260,331</b>
<b>Business Type Activities:</b>				
Net investment in capital assets	\$ 17,458,936	\$ 19,230,110	\$ 20,268,502	\$ 21,507,552
Restricted	-	-	19,678	19,810
Unrestricted	14,855,722	16,906,605	18,413,518	19,851,252
Total net position	<b>\$ 32,314,658</b>	<b>\$ 36,136,715</b>	<b>\$ 38,701,698</b>	<b>\$ 41,378,614</b>
<b>Primary government in total:</b>				
Net investment in capital assets	\$ 36,832,221	\$ 40,050,274	\$ 40,048,683	\$ 39,464,875
Restricted	9,364,855	8,530,229	6,366,428	5,591,964
Unrestricted	24,263,221	25,642,886	29,542,150	29,582,106
Total net position	<b>\$ 70,460,297</b>	<b>\$ 74,223,389</b>	<b>\$ 75,957,261</b>	<b>\$ 74,638,945</b>

Source: City's annual financial statements

## Net Position by Component

Last Ten Fiscal Years

June 30, 2018

As of June 30,					
<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 18,726,021	\$ 19,005,239	\$ 21,490,547	\$ 24,232,653	\$ 24,446,470	\$ 24,562,043
5,083,773	7,633,404	3,710,685	2,275,995	3,095,222	3,851,794
7,113,452	5,778,162	(22,475,776)	(23,508,088)	(21,634,318)	(60,166,742)
<b>\$ 30,923,246</b>	<b>\$ 32,416,805</b>	<b>\$ 2,725,456</b>	<b>\$ 3,000,560</b>	<b>\$ 5,907,374</b>	<b>\$ (31,752,905)</b>
\$ 27,478,461	\$ 29,182,282	\$ 34,857,012	\$ 40,653,418	\$ 42,596,789	\$ 42,545,111
19,850	19,885	19,913	19,942	19,978	20,025
17,895,692	18,415,992	10,320,102	3,013,342	(428,506)	3,223,293
<b>\$ 45,394,003</b>	<b>\$ 47,618,159</b>	<b>\$ 45,197,027</b>	<b>\$ 43,686,702</b>	<b>\$ 42,188,261</b>	<b>\$ 45,788,429</b>
\$ 46,204,482	\$ 48,187,521	\$ 56,347,559	\$ 64,886,071	\$ 67,043,259	\$ 67,107,154
5,103,623	7,653,289	3,730,598	2,295,937	3,115,200	3,871,819
25,009,144	24,194,154	(12,155,674)	(20,494,746)	(22,062,824)	(56,943,449)
<b>\$ 76,317,249</b>	<b>\$ 80,034,964</b>	<b>\$ 47,922,483</b>	<b>\$ 46,687,262</b>	<b>\$ 48,095,635</b>	<b>\$ 14,035,524</b>

## City of Eastpointe, Michigan

	Fiscal Year Ended June 30,			
	2009	2010	2011	2012
<b>Expenses:</b>				
General government	\$ 7,919,751	\$ 7,623,861	\$ 5,442,231	\$ 8,153,823
Public safety	13,859,118	13,679,195	13,444,849	11,783,269
Public works	5,110,159	5,110,974	4,602,453	5,335,999
Community & economic development	-	-	171,157	154,618
Recreation and culture	1,851,497	1,610,987	2,256,148	2,102,179
Interest on long-term debt	190,161	185,651	179,102	173,976
Total governmental activities	<u>28,930,686</u>	<u>28,210,668</u>	<u>26,095,940</u>	<u>27,703,864</u>
<b>Program revenues:</b>				
Charges for services				
General government	2,420,012	2,659,069	2,637,057	2,798,253
Public safety	1,124,884	1,055,051	1,078,065	1,419,304
Public works	-	-	-	-
Recreation and culture	646,594	660,130	545,907	400,239
Total charges for services	<u>4,191,490</u>	<u>4,374,250</u>	<u>4,261,029</u>	<u>4,617,796</u>
Operating grants and contributions	2,207,509	2,554,128	2,449,119	2,142,427
Capital grants and contributions	183,824	213,822	278,299	408,619
Total program revenue	<u>6,582,823</u>	<u>7,142,200</u>	<u>6,988,447</u>	<u>7,168,842</u>
Net Expense	(22,347,863)	(21,068,468)	(19,107,493)	(20,535,022)
<b>General revenues:</b>				
Property taxes	19,387,776	18,132,791	15,263,309	13,987,310
State-shared revenues	3,595,015	3,197,406	3,213,719	3,048,459
Investment income	559,928	269,974	117,842	84,804
Gain (loss) on sale of capital assets	(54,629)	(2,615)	-	-
Other nonprogram revenue	377,884	425,091	585,042	405,310
Total general revenues	<u>23,865,974</u>	<u>22,022,647</u>	<u>19,179,912</u>	<u>17,525,883</u>
Transfers	(172,172)	(1,013,144)	(903,530)	(986,093)
Implementation of GASB Statement No. 75	-	-	-	-
Change in net position	<u>\$ 1,345,939</u>	<u>\$ (58,965)</u>	<u>\$ (831,111)</u>	<u>\$ (3,995,232)</u>

Source: City's annual financial statements

# Changes in Governmental Net Position

**Last Ten Fiscal Years**

**June 30, 2018**

Fiscal Year Ended June 30,					
<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 5,825,908	\$ 6,354,440	\$ 4,223,289	\$ 5,551,358	\$ 7,977,965	\$ 6,783,025
10,396,968	9,917,812	10,768,618	14,435,389	12,191,454	17,765,290
6,708,364	5,296,110	6,726,880	5,734,993	3,513,592	3,696,829
595,960	195,000	-	528,160	199,031	-
1,729,975	1,694,085	1,741,330	2,005,418	1,733,262	1,695,859
<u>168,715</u>	<u>221,457</u>	<u>158,673</u>	<u>152,784</u>	<u>97,394</u>	<u>103,289</u>
<u>25,425,890</u>	<u>23,678,904</u>	<u>23,618,790</u>	<u>28,408,102</u>	<u>25,712,698</u>	<u>30,044,292</u>
2,694,390	3,158,318	3,039,394	2,674,865	2,308,360	2,608,043
958,605	820,935	842,678	7,015,109	7,163,619	7,081,966
1,938,326	2,219,379	334,141	-	-	-
<u>273,729</u>	<u>249,975</u>	<u>236,219</u>	<u>246,978</u>	<u>256,053</u>	<u>44,467</u>
<u>5,865,050</u>	<u>6,448,607</u>	<u>4,452,432</u>	<u>9,936,952</u>	<u>9,728,032</u>	<u>9,734,476</u>
2,169,253	2,302,747	2,399,009	2,955,819	2,502,202	18,444
<u>15,000</u>	<u>1,850,000</u>	<u>21,712</u>	<u>487,608</u>	<u>1,012,379</u>	<u>623,712</u>
<u>8,049,303</u>	<u>10,601,354</u>	<u>6,873,153</u>	<u>13,380,379</u>	<u>13,242,613</u>	<u>10,376,632</u>
(17,376,587)	(13,077,550)	(16,745,637)	(15,027,723)	(12,470,085)	(19,667,660)
12,208,420	11,502,055	11,364,098	11,541,479	11,462,578	11,839,506
3,144,224	3,236,459	3,299,801	3,808,921	3,947,067	6,817,806
45,613	38,988	57,076	67,022	69,893	135,284
-	-	-	-	18,075	17,375
<u>635,412</u>	<u>775,862</u>	<u>1,122,521</u>	<u>885,471</u>	<u>888,840</u>	<u>904,268</u>
<u>16,033,669</u>	<u>15,553,364</u>	<u>15,843,496</u>	<u>16,302,893</u>	<u>16,386,453</u>	<u>19,714,239</u>
(994,167)	(982,255)	(809,130)	(1,000,066)	(1,009,554)	(1,071,640)
-	-	-	-	-	(36,635,218)
<u>\$ (2,337,085)</u>	<u>\$ 1,493,559</u>	<u>\$ (1,711,271)</u>	<u>\$ 275,104</u>	<u>\$ 2,906,814</u>	<u>\$ (37,660,279)</u>

## City of Eastpointe, Michigan

	Fiscal Year Ended June 30,			
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Expenses</b>				
Water and sewer	\$ 8,013,438	\$ 8,203,108	\$ 9,329,492	\$ 9,528,327
Garbage and rubbish collection	-	-	-	-
Total expenses	<u>8,013,438</u>	<u>8,203,108</u>	<u>9,329,492</u>	<u>9,528,327</u>
<b>Program Revenue</b>				
Charges for services				
Water and sewer	9,832,216	10,423,868	10,879,036	11,122,260
Garbage and rubbish collection	-	-	-	-
Total charges for services	<u>9,832,216</u>	<u>10,423,868</u>	<u>10,879,036</u>	<u>11,122,260</u>
Operating grants and contributions	-	-	-	-
Capital grants and contributions	<u>64,926</u>	<u>290,222</u>	<u>-</u>	<u>-</u>
Total Program Revenue	<u>9,897,142</u>	<u>10,714,090</u>	<u>10,879,036</u>	<u>11,122,260</u>
<b>Net Revenue (Expense)</b>	<u>1,883,704</u>	<u>2,510,982</u>	<u>1,549,544</u>	<u>1,593,933</u>
<b>General Revenue</b>				
Investment income	168,619	295,908	109,335	92,048
Gain (loss) on sale of capital assets	-	-	2,574	4,842
Other nonprogram revenue	4,818	2,023	-	-
Change in joint ventures	-	-	-	-
Total general revenue (expense)	<u>173,437</u>	<u>297,931</u>	<u>111,909</u>	<u>96,890</u>
<b>Transfers from other funds</b>	<u>172,172</u>	<u>1,013,144</u>	<u>903,530</u>	<u>986,093</u>
Implementation of GASB Statement No. 75	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Change in Net Position</b>	<u>2,229,313</u>	<u>3,822,057</u>	<u>2,564,983</u>	<u>2,676,916</u>

Source: City's annual financial statements

## Changes in Business Type Net Position

Last Ten Fiscal Years

June 30, 2018

Fiscal Year Ended June 30,					
<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 9,538,559	\$ 10,070,734	\$ 11,735,472	\$ 14,264,533	\$ 15,868,069	\$ 12,988,645
-	-	1,776,981	1,991,470	1,859,287	1,177,184
<u>9,538,559</u>	<u>10,070,734</u>	<u>13,512,453</u>	<u>16,256,003</u>	<u>17,727,356</u>	<u>14,165,829</u>
12,283,293	11,217,649	11,054,530	11,508,016	12,740,588	17,187,158
-	-	1,741,867	1,741,559	1,740,794	1,793,363
<u>12,283,293</u>	<u>11,217,649</u>	<u>12,796,397</u>	<u>13,249,575</u>	<u>14,481,382</u>	<u>18,980,521</u>
-	-	-	424,914	682,556	31,947
<u>165,545</u>	<u>-</u>	<u>66,358</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>12,448,838</u>	<u>11,217,649</u>	<u>12,862,755</u>	<u>13,674,489</u>	<u>15,163,938</u>	<u>19,012,468</u>
2,910,279	1,146,915	(649,698)	(2,581,514)	(2,563,418)	4,846,639
110,943	92,106	81,733	69,545	54,568	51,744
-	-	-	-	-	-
-	2,880	2,625	1,578	855	15,542
-	-	-	-	-	-
<u>110,943</u>	<u>94,986</u>	<u>84,358</u>	<u>71,123</u>	<u>55,423</u>	<u>67,286</u>
<u>994,167</u>	<u>982,255</u>	<u>809,130</u>	<u>1,000,066</u>	<u>1,009,554</u>	<u>1,071,640</u>
-	-	-	-	-	(2,385,397)
<u>4,015,389</u>	<u>2,224,156</u>	<u>243,790</u>	<u>(1,510,325)</u>	<u>(1,498,441)</u>	<u>3,600,168</u>

## City of Eastpointe, Michigan

	As of June 30,			
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>General Fund:</b>				
Reserved	\$ 22,297	\$ 714,147	\$ -	\$ -
Unreserved	11,558,965	11,150,609	-	-
Nonspendable	-	-	924,143	502,045
Committed	-	-	6,237,799	9,310,312
Assigned	-	-	-	-
Unassigned	-	-	4,197,660	815,520
Total general fund	<u>11,581,262</u>	<u>11,864,756</u>	<u>11,359,602</u>	<u>10,627,877</u>
<b>All other governmental funds:</b>				
Reserved	561,651	394,498	-	-
Unreserved, reported in:				
Special revenue funds	7,955,195	7,155,043	-	-
Debt service funds	608,997	755,267	-	-
Capital project funds	938,592	665,422	-	-
Nonspendable	-	-	-	-
Restricted	-	-	6,679,763	5,572,154
Committed	-	-	-	-
Assigned	-	-	1,804,756	897,541
Unassigned	-	-	-	(64,192)
Total all other governmental funds	<u>10,064,435</u>	<u>8,970,230</u>	<u>8,484,519</u>	<u>6,405,503</u>
Total	<u>21,645,697</u>	<u><b>\$ 20,834,986</b></u>	<u><b>\$ 19,844,121</b></u>	<u><b>\$ 17,033,380</b></u>

Source: City's annual financial statements



## Fund Balances of Governmental Funds

Last Ten Fiscal Years

June 30, 2018

As of June 30,					
<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
538,176	857,878	793,615	99,694	176,238	261,057
6,636,674	6,055,126	3,385,779	6,367,624	6,459,629	9,512,047
-	-	-	-	2,466,531	821,355
<u>1,700,849</u>	<u>468,365</u>	<u>1,919,179</u>	<u>2,463,626</u>	<u>1,908,736</u>	<u>1,448,759</u>
<u>8,875,699</u>	<u>7,381,369</u>	<u>6,098,573</u>	<u>8,930,944</u>	<u>11,011,134</u>	<u>12,043,218</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	415,655	620,816	566,519	508,054	-
5,421,800	7,460,342	3,710,685	2,183,380	2,586,462	3,851,794
-	-	-	-	-	-
532,172	583,936	730,253	616,143	493,612	633,946
-	(58,566)	-	-	(144,934)	-
<u>5,953,972</u>	<u>8,401,367</u>	<u>5,061,754</u>	<u>3,366,042</u>	<u>3,443,194</u>	<u>4,485,740</u>
<b><u>\$ 14,829,671</u></b>	<b><u>\$ 15,782,736</u></b>	<b><u>\$ 11,160,327</u></b>	<b><u>\$ 12,296,986</u></b>	<b><u>\$ 14,454,328</u></b>	<b><u>\$ 16,528,958</u></b>

## City of Eastpointe, Michigan

	Fiscal Year Ended June 30,			
	2009	2010	2011	2012
<b>Revenue</b>				
Taxes	\$ 19,387,776	\$ 18,132,791	\$ 15,263,309	\$ 13,987,310
SMORSA charge for service	-	-	-	-
Licenses and permits	712,571	784,928	983,977	978,509
Federal revenues, grants and other federal sources	164,763	200,111	184,189	214,739
State-shared revenue, grants and other local sources	5,515,623	5,151,224	5,282,146	5,010,952
Charges for services	1,077,529	986,862	989,185	1,064,133
Fines and forfeitures	2,204,359	2,354,707	2,265,887	2,460,868
Investment income	558,911	270,422	118,221	83,852
Rental income	412,266	397,564	408,272	360,886
Special assessments	135,445	143,914	-	36,616
Other	268,141	455,709	665,357	219,514
Total revenue	<u>30,437,384</u>	<u>28,878,232</u>	<u>26,160,543</u>	<u>24,417,379</u>
<b>Expenditures</b>				
Current:				
General government	6,369,919	5,605,929	5,141,453	5,138,181
Public safety	12,876,504	13,495,267	13,531,276	13,439,890
Public works	5,529,672	5,066,950	4,533,491	5,269,335
Community and economic development	-	-	171,157	154,618
Recreation and culture	2,442,701	2,117,937	1,978,911	1,734,472
General expenditures				
Capital outlay	2,482,426	2,087,822	591,190	208,731
Debt service principal	90,000	115,000	120,000	120,000
Debt service interest and other	191,250	186,894	181,900	176,800
Total expenditures	<u>29,982,472</u>	<u>28,675,799</u>	<u>26,249,378</u>	<u>26,242,027</u>
<b>Excess of Revenue Over Expenditures</b>	454,912	202,433	(88,835)	(1,824,648)
<b>Other Financing Sources (Uses)</b>				
Long-term financing	-	-	-	-
Proceeds from sale of fixed assets	-	-	1,500	-
Bond premium	-	-	-	-
Net payments to refunded bond escrow agent and bond issuance costs	-	-	-	-
Transfers in	8,720,316	8,984,949	7,851,636	1,906,290
Transfers out	(8,846,076)	(9,998,093)	(8,755,166)	(2,892,383)
Total other financing sources (uses)	<u>(125,760)</u>	<u>(1,013,144)</u>	<u>(902,030)</u>	<u>(986,093)</u>
<b>Net change in fund balances</b>	<u>\$ 329,152</u>	<u>\$ (810,711)</u>	<u>\$ (990,865)</u>	<u>\$ (2,810,741)</u>
<b>Debt service as a percentage of noncapital expenditures</b>	1.09%	1.20%	1.21%	1.21%

Source: City's annual financial statements

# Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

June 30, 2018

Fiscal Year Ended June 30,					
2013	2014	2015	2016	2017	2018
\$ 12,208,420	\$ 11,502,055	\$ 11,364,098	\$ 11,541,479	\$ 11,462,578	\$ 11,839,506
-	-	-	6,010,192	6,212,569	6,172,605
1,224,857	1,278,491	1,327,939	1,389,279	1,441,874	1,367,049
233,431	227,607	40,936	619,998	160,325	132,985
5,125,012	7,133,923	5,656,949	6,046,173	6,072,045	6,919,164
2,724,321	2,374,729	491,665	424,201	371,909	587,196
2,199,969	2,579,935	2,590,340	2,306,109	1,904,406	1,857,032
45,613	38,988	57,076	67,022	69,893	135,284
234,240	211,910	191,548	197,932	209,409	212,742
61,118	500,328	472,427	499,240	880,722	706,887
281,036	348,841	641,156	442,599	393,215	443,222
<u>24,338,017</u>	<u>26,196,807</u>	<u>22,834,134</u>	<u>29,544,224</u>	<u>29,178,945</u>	<u>30,373,672</u>
5,374,159	5,182,914	5,018,211	5,199,152	5,187,034	6,079,706
12,374,163	12,190,546	12,097,447	13,144,047	14,002,821	14,811,665
5,448,444	5,101,510	6,685,700	5,475,403	3,615,305	3,573,036
595,740	195,000	-	528,160	199,031	-
1,305,276	1,641,635	1,467,078	1,688,710	1,572,150	1,541,556
153,183	278,707	182,720	1,023,327	1,261,621	830,750
125,000	130,000	135,000	194,000	145,000	311,453
171,594	166,175	160,544	154,700	79,157	97,317
<u>25,547,559</u>	<u>24,886,487</u>	<u>25,746,700</u>	<u>27,407,499</u>	<u>26,062,119</u>	<u>27,245,483</u>
(1,209,542)	1,310,320	(2,912,566)	2,136,725	3,116,826	3,128,189
-	625,000	-	-	3,380,000	-
-	-	-	-	18,075	17,375
-	-	-	-	-	-
-	-	-	-	(3,347,299)	-
925,813	989,620	547,000	2,170,141	1,508,267	1,135,414
<u>(1,919,980)</u>	<u>(1,971,875)</u>	<u>(1,533,861)</u>	<u>(3,170,207)</u>	<u>(2,517,821)</u>	<u>(2,207,054)</u>
<u>(994,167)</u>	<u>(357,255)</u>	<u>(986,861)</u>	<u>(1,000,066)</u>	<u>(958,778)</u>	<u>(1,054,265)</u>
<u>\$ (2,203,709)</u>	<u>\$ 953,065</u>	<u>\$ (3,899,427)</u>	<u>\$ 1,136,659</u>	<u>\$ 2,158,048</u>	<u>\$ 2,073,924</u>
1.28%	1.31%	1.39%	1.54%	0.95%	1.66%

## City of Eastpointe, Michigan

### General Government Tax Revenue by Source

**Last Ten Fiscal Years**

Fiscal Year Ended June 30	General Fund Property Taxes	Special Revenue Funds Property Taxes				Debt Service Fund Property Taxes	Total All Property Taxes
	Operating	Public Safety	Garbage and Rubbish	Library	Total	Chapter 20 Drains	
2009	9,976,254	5,450,449	1,456,610	698,369	7,605,428	1,806,094	19,387,776
2010	9,386,814	5,111,270	1,151,034	654,905	6,917,209	1,828,768	18,132,791
2011	7,574,560	4,165,092	1,448,689	527,405	6,141,186	1,547,563	15,263,309
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

## City of Eastpointe, Michigan

# Property Tax Levies and Collections

## Last Ten Fiscal Years

Tax Year	Fiscal Year Ended June 30	Total Tax Levy (1)	Collected Within the Fiscal Year of the Levy		Subsequent Collection of Delinquent Taxes	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2008	2009	\$ 18,955,826	\$ 17,297,137	91.25	\$ 1,577,218	\$ 18,874,355	99.57
2009	2010	17,739,315	16,136,024	90.96	1,549,584	17,685,608	99.70
2010	2011	14,963,732	13,559,932	90.62	1,361,495	14,921,427	99.72
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

(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

# City of Eastpointe, Michigan

Fiscal Year (Tax Year)	2009 (2008)		2010 (2009)		2011 (2010)		2012 (2011)		2013 (2012)	
School district:	East Detroit	South Lake	East Detroit	South Lake	East Detroit	South Lake	East Detroit	South Lake	East Detroit	South Lake
<b>Homestead</b>										
<b>City Tax</b>										
Operating	12.1754	12.1754	12.1754	12.1754	12.1754	12.1754	12.1754	12.1754	12.1754	12.1754
Refuse	1.8489	1.8489	1.5580	1.5580	2.4349	2.4349	2.4349	2.4349	-	-
Library	0.8865	0.8865	0.8865	0.8865	0.8865	0.8865	1.0000	1.0000	2.0000	2.0000
Debt service	2.2925	2.2925	2.4753	2.4753	2.6010	2.6010	2.6010	2.6010	4.4348	4.4348
Public safety	6.9181	6.9181	6.9181	6.9181	7.0000	7.0000	7.0000	7.0000	7.0000	7.0000
Recreation Authority	-	-	-	-	-	-	1.0000	1.0000	1.0000	1.0000
S.M.O.R.S.A.	-	-	-	-	-	-	-	-	-	-
Total city tax	24.1214	24.1214	24.0133	24.0133	25.0978	25.0978	26.2113	26.2113	26.6102	26.6102
<b>County Tax</b>										
Macomb county	4.2055	4.2055	4.5735	4.5735	4.5735	4.5735	4.5735	4.5735	4.5735	4.5735
Intermediate School	2.9430	2.9430	2.9430	2.9430	2.9430	2.9430	2.9430	2.9430	2.9430	2.9430
Community college	1.4212	1.4212	1.4212	1.4212	1.4212	1.4212	1.5712	1.5712	1.5712	1.5712
HCM Authority	0.2146	0.2146	0.2146	0.2146	0.2146	0.2146	0.2146	0.2146	0.2146	0.2146
S.M.A.R.T.	0.5900	0.5900	0.5900	0.5900	0.5900	0.5900	0.5900	0.5900	0.5900	0.5900
Zoo Authority	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000
Veterans operations	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400
D.I.A.	-	-	-	-	-	-	-	-	0.2000	0.2000
Total county tax	9.5143	9.5143	9.8823	9.8823	9.8823	9.8823	10.0323	10.0323	10.2323	10.2323
<b>School Tax</b>										
State education tax	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000
School district tax	3.6000	7.7112	5.5000	7.8368	6.0000	8.8316	7.0000	10.4816	7.0000	10.4816
Total school tax	9.6000	13.7112	11.5000	13.8368	12.0000	14.8316	13.0000	16.4816	13.0000	16.4816
Total homestead	43.2357	47.3469	45.3956	47.7324	46.9801	49.8117	49.2436	52.7252	49.8425	53.3241
<b>Non-Homestead -</b>										
School district tax	17.9190	13.6604	18.0000	13.5348	18.0000	12.9380	18.0000	12.9400	18.0000	12.9400
Total non-homestead	61.1547	61.0073	63.3956	61.2672	64.9801	62.7497	67.2436	65.6652	67.8425	66.2641

- (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

# Direct and Overlapping Property Tax Rates

## Last Ten Fiscal Years

2014 (2013)		2015 (2014)		2016 (2015)		2017 (2016)		2018 (2017)	
East Detroit	South Lake	East Detroit	South Lake	East Detroit	South Lake	East Detroit	South Lake	Eastpointe Community	South Lake
12.1754	12.1754	12.1754	12.1754	19.1754	19.1754	19.0986	19.0986	19.0126	19.0126
-	-	-	-	-	-	-	-	-	-
2.0000	2.0000	2.0000	2.0000	2.0000	2.0000	1.8789	1.8789	1.8789	1.8789
4.7858	4.7858	4.9829	4.9829	4.7858	4.7858	4.1676	4.1676	4.5515	4.5515
7.0000	7.0000	7.0000	7.0000	-	-	-	-	-	-
1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	0.9969	0.9969
-	-	-	-	14.0000	14.0000	14.0000	14.0000	13.7555	13.7555
26.9612	26.9612	27.1583	27.1583	40.9612	40.9612	40.1451	40.1451	40.1954	40.1954
4.5735	4.5735	4.5735	4.5735	4.5735	4.5735	4.5616	4.5616	4.5292	4.5292
2.9430	2.9430	2.9430	2.9430	2.9430	2.9430	2.9355	2.9355	2.9146	2.9146
1.5312	1.5312	1.5262	1.5262	1.5302	1.5302	1.4212	1.4212	1.4034	1.4034
0.2146	0.2146	0.2146	0.2146	0.2146	0.2146	0.2146	0.2146	0.2140	0.2140
0.5900	0.5900	1.0000	1.0000	1.0000	1.0000	0.9974	0.9974	0.9903	0.9903
0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.0997	0.0997	0.0989	0.0989
0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0398	0.0398	0.0682	0.0682
0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.1994	0.1994	0.1979	0.1979
10.1923	10.1923	10.5973	10.5973	10.6013	10.6013	10.4642	10.4642	10.4165	10.4165
6.0000	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000
7.0000	11.5416	7.0000	11.5416	7.0000	12.0316	7.0000	6.6500	7.0000	7.0000
13.0000	17.5416	13.0000	17.5416	13.0000	18.0316	13.0000	12.6500	13.0000	13.0000
50.1535	54.6951	50.7556	55.2972	64.5625	69.5941	63.6093	63.2593	63.6119	63.6119
18.0000	12.9400	18.0000	12.9400	18.0000	12.9400	17.8992	17.7538	17.6946	17.5639
68.1535	67.6351	68.7556	68.2372	82.5625	82.5341	81.5085	81.0131	81.3065	81.1758

## City of Eastpointe, Michigan

	2009	2010	2011	2012
<b>Total Taxable Value (TV)</b>				
Ad valorem/Total TV	\$ 785,766,656	\$ 738,670,892	\$ 596,224,469	\$ 541,503,325
Percent increase/-decrease over pric	-0.38%	-5.99%	-19.28%	-9.18%
Per capita total SEV (1)	\$ 23,059	\$ 21,677	\$ 18,359	\$ 16,702
Total direct tax rate	\$ 24.1214	\$ 24.0133	\$ 25.0978	\$ 26.2113
<b>Total TV by Use and Class</b>				
<b>By Use:</b>				
Commercial	\$ 91,381,188	\$ 94,208,255	\$ 91,787,330	\$ 85,428,372
Industrial	6,822,298	6,687,567	6,448,237	2,288,470
Residential	651,770,610	601,147,350	462,048,862	418,354,053
Personal property	35,792,560	36,627,720	35,940,040	35,432,430
Total TV by use	<u>\$ 785,766,656</u>	<u>\$ 738,670,892</u>	<u>\$ 596,224,469</u>	<u>\$ 541,503,325</u>
<b>By Class:</b>				
Real property	\$ 749,974,096	\$ 702,043,172	\$ 560,284,429	\$ 506,070,895
Personal property	35,792,560	36,627,720	35,940,040	35,432,430
Total TV by class	<u>\$ 785,766,656</u>	<u>\$ 738,670,892</u>	<u>\$ 596,224,469</u>	<u>\$ 541,503,325</u>
<b>Percent of Total TV by Use and Class</b>				
<b>By Use:</b>				
Commercial	21.23%	12.75%	15.39%	15.78%
Industrial	0.00%	0.91%	1.08%	0.42%
Residential	0.00%	81.38%	77.50%	77.26%
Personal property	<u>78.77%</u>	<u>4.96%</u>	<u>6.03%</u>	<u>6.54%</u>
Total TV by use	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
<b>By Class:</b>				
Real property	95.44%	95.04%	93.97%	93.46%
Personal property	<u>4.56%</u>	<u>4.96%</u>	<u>6.03%</u>	<u>6.54%</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 Values)

Last Ten Fiscal Years

2013	2014	2015	2016	2017	2018
<b>\$ 464,161,114</b>	<b>\$ 430,424,920</b>	<b>\$ 421,407,727</b>	<b>\$ 430,614,324</b>	<b>\$ 441,076,820</b>	<b>\$ 450,258,308</b>
-14.28%	-7.27%	-2.09%	1.84%	2.43%	2.08%
<b>\$ 14,316</b>	<b>\$ 13,276</b>	<b>\$ 12,998</b>	<b>\$ 13,282</b>	<b>\$ 15,252</b>	<b>\$ 15,252</b>
<b>\$ 26.6102</b>	<b>\$ 26.9612</b>	<b>\$ 27.1583</b>	<b>\$ 40.9612</b>	<b>\$ 40.1451</b>	<b>\$ 40.1954</b>
\$ 78,149,519	\$ 73,337,227	\$ 82,088,587	\$ 77,323,498	\$ 78,038,230	\$ 78,916,844
1,748,210	1,711,140	2,562,277	1,772,949	1,884,000	1,920,730
348,642,995	319,492,743	312,805,583	318,596,747	322,283,500	329,917,444
35,620,390	35,883,810	23,951,280	32,921,130	38,871,090	39,503,290
<b><u>\$ 464,161,114</u></b>	<b><u>\$ 430,424,920</u></b>	<b><u>\$ 421,407,727</u></b>	<b><u>\$ 430,614,324</u></b>	<b><u>\$ 441,076,820</u></b>	<b><u>\$ 450,258,308</u></b>
\$ 428,540,724	\$ 394,541,110	\$ 388,682,257	\$ 397,693,194	\$ 402,205,730	\$ 410,755,018
35,620,390	35,883,810	32,725,470	32,921,130	38,871,090	39,503,290
<b><u>\$ 464,161,114</u></b>	<b><u>\$ 430,424,920</u></b>	<b><u>\$ 421,407,727</u></b>	<b><u>\$ 430,614,324</u></b>	<b><u>\$ 441,076,820</u></b>	<b><u>\$ 450,258,308</u></b>
16.84%	17.04%	19.48%	17.96%	17.69%	17.53%
0.38%	0.40%	0.61%	0.41%	0.43%	0.43%
75.11%	74.23%	74.23%	73.98%	73.07%	73.27%
<u>7.67%</u>	<u>8.33%</u>	<u>5.68%</u>	<u>7.65%</u>	<u>8.81%</u>	<u>8.77%</u>
<b><u>100.00%</u></b>	<b><u>100.00%</u></b>	<b><u>100.00%</u></b>	<b><u>100.00%</u></b>	<b><u>100.00%</u></b>	<b><u>100.00%</u></b>
92.33%	91.66%	92.23%	92.35%	91.19%	91.23%
<u>7.67%</u>	<u>8.34%</u>	<u>7.77%</u>	<u>7.65%</u>	<u>8.81%</u>	<u>8.77%</u>
<b><u>100.00%</u></b>	<b><u>100.00%</u></b>	<b><u>100.00%</u></b>	<b><u>100.00%</u></b>	<b><u>100.00%</u></b>	<b><u>100.00%</u></b>

## City of Eastpointe, Michigan

	2009	2010	2011	2012
<b>Total State Equalized Valuation (SEV)</b>				
Ad valorem/Total SEV	\$ 879,462,915	\$ 761,945,774	\$ 603,320,240	\$ 543,408,526
Percent increase (-decrease) over pr	-5.65%	-13.39%	-20.82%	-9.93%
Per capita total SEV (1)	\$ 25,808	\$ 22,360	\$ 18,608	\$ 16,760

### Total SEV by Use and Class

#### By Use:

Commercial	\$ 104,064,560	\$ 103,120,500	\$ 97,993,307	\$ 87,063,730
Industrial	6,889,830	6,711,340	6,451,360	2,288,470
Residential	732,715,965	615,486,214	462,935,533	418,623,896
Personal property	35,792,560	36,627,720	35,940,040	35,432,430
Total SEV by use	<u>\$ 879,462,915</u>	<u>\$ 761,945,774</u>	<u>\$ 603,320,240</u>	<u>\$ 543,408,526</u>

#### By Class:

Real property	\$ 843,670,355	\$ 725,318,054	\$ 567,380,200	\$ 507,976,096
Personal property	35,792,560	36,627,720	35,940,040	35,432,430
Total SEV by class	<u>\$ 879,462,915</u>	<u>\$ 761,945,774</u>	<u>\$ 603,320,240</u>	<u>\$ 543,408,526</u>

### Percent of Total SEV by Use and Class

#### By Use:

Commercial	11.83%	13.53%	16.24%	16.02%
Industrial	0.78%	0.88%	1.07%	0.42%
Residential	83.32%	80.78%	76.73%	77.04%
Personal property	4.07%	4.81%	5.96%	6.52%
Total SEV by use	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

#### By Class:

Real property	95.93%	95.19%	94.04%	93.48%
Personal property	4.07%	4.81%	5.96%	6.52%
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

2013	2014	2015	2016	2017	2018
\$ 464,710,264	\$ 431,302,661	\$ 424,654,904	\$ 450,981,281	\$ 494,514,870	\$ 528,098,598
-14.48%	-7.19%	-1.54%	6.20%	9.65%	6.79%
\$ 14,333	\$ 13,303	\$ 13,098	\$ 13,910	\$ 15,252	\$ 15,252
\$ 78,651,880	\$ 73,909,800	\$ 77,035,890	\$ 86,552,598	\$ 87,522,030	\$ 87,970,894
1,748,210	1,711,140	1,728,960	1,858,120	2,158,030	2,196,450
348,689,784	319,797,911	313,164,584	329,649,433	365,963,720	398,427,964
35,620,390	35,883,810	32,725,470	32,921,130	38,871,090	39,503,290
<u>\$ 464,710,264</u>	<u>\$ 431,302,661</u>	<u>\$ 424,654,904</u>	<u>\$ 450,981,281</u>	<u>\$ 494,514,870</u>	<u>\$ 528,098,598</u>
\$ 429,089,874	\$ 395,418,851	\$ 391,929,434	\$ 418,060,151	\$ 455,643,780	\$ 488,595,308
35,620,390	35,883,810	32,725,470	32,921,130	38,871,090	39,503,290
<u>\$ 464,710,264</u>	<u>\$ 431,302,661</u>	<u>\$ 424,654,904</u>	<u>\$ 450,981,281</u>	<u>\$ 494,514,870</u>	<u>\$ 528,098,598</u>
16.92%	17.14%	18.14%	19.19%	17.70%	16.66%
0.38%	0.40%	0.41%	0.41%	0.44%	0.42%
75.03%	74.14%	73.75%	73.10%	74.00%	75.44%
<u>7.67%</u>	<u>8.32%</u>	<u>7.71%</u>	<u>7.30%</u>	<u>7.86%</u>	<u>7.48%</u>
<u>100.00%</u>	<u>100.00%</u>	<u>100.01%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
92.33%	91.68%	92.29%	92.70%	92.14%	92.52%
<u>7.67%</u>	<u>8.32%</u>	<u>7.71%</u>	<u>7.30%</u>	<u>7.86%</u>	<u>7.48%</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

# Property Tax Levies and Collections

## Current Year and Ten Years Ago

Company Name	Product/Service	Year Ended June 30, 2018			Year Ended June 30, 2009		
		Taxable Value	Rank	Percent of Total City Taxable Value	Taxable Value	Rank	Percent of Total City Taxable Value
Consumers Energy	Utility	\$ 12,614,480	1	2.80	\$ 3,013,000	4	0.34
DTE Electric	Utility	9,315,970	2	2.07	8,123,176	2	1.13
International Transmission Company	Utility	7,583,370	3	1.68	10,949,530	1	0.92
SS Eastpointe II, LLC	Storage facility	1,640,080	4	0.36	1,840,660	6	-
East Brooke Commons LTD	Shopping center	1,536,390	5	0.34	1,896,380	5	0.23
American Estate & Trust	Rental properties	1,307,730	6	0.29	-	-	-
Michigan First Credit Union	Financial services	1,153,070	7	0.26	-	-	-
Triple 9 Eastpointe, LLC	Rental properties	1,148,610	8	0.26	-	-	0.21
MGL 1, LLC	Rental properties	1,045,100	9	0.23	-	-	-
Shangri-La MHC-Begin, LLC	Rental properties	1,026,830	10	0.23	-	-	-
HUD	Foreclosed housing	-	-	-	7,445,701	3	0.37
SS Eastpointe LLC	Storage facility	-	-	-	1,604,640	7	0.23
Merollis Enterprises, Inc	Auto dealer	-	-	-	1,623,127	8	0.23
Federal National Mortgage Association	Foreclosed housing	-	-	-	1,741,004	9	0.20
A & D Realty Inc.	Auto dealer	-	-	-	1,441,821	10	0.18
	Ten largest taxpaye	38,371,630		<b>8.52</b>	39,679,039		<b>4.04</b>
	Other taxpayers	<u>411,886,678</u>			<u>746,087,617</u>		
	Total taxable value	<b><u>\$ 450,258,308</u></b>			<b><u>\$ 785,766,656</u></b>		

Source: City of Eastpointe Assessor's Office

## Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

Fiscal Year Ended June 30	Governmental Activities			Business-type Activities	Percentage of				
	General Obligation Bonds	Brownfield Bonds	Amounts Available in Debt Service Funds	Revenue Bonds	Total Primary Government	Estimated Total Taxable Value of Property (1)	Population	Per Capita	
2009	\$ 4,410,000	\$ -	\$ -	\$ -	\$ 4,410,000	0.5612	34,077	\$ 129.41	
2010	4,295,000	-	-	-	4,295,000	0.5814	32,442	132.39	
2011	4,175,000	-	-	-	4,175,000	0.7002	32,442	128.69	
2012	4,055,000	-	-	-	4,055,000	0.7488	32,442	124.99	
2013	3,930,000	-	-	1,245,129	5,175,129	1.1149	32,442	159.52	
2014	3,800,000	-	-	3,490,951	7,290,951	1.6939	32,442	224.74	
2015	3,665,000	625,000	-	3,557,117	7,847,117	1.8621	32,442	241.88	
2016	3,525,000	571,000	-	3,488,745	7,584,745	1.7614	32,442	233.79	
2017	3,535,000	571,000	-	3,318,745	7,424,745	1.6833	32,442	228.86	
2018	3,340,000	454,547	-	3,148,745	6,943,292	1.5421	32,442	214.02	

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) See the schedule of assessed taxable value for property value data.

## Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

Fiscal Year Ended June 30	Governmental Activities		Business-type Activities			Total Primary Government	Percentage of Personal Income (1)	Population	Per Capita
	General Obligation Bonds	MDEQ Brownfield Redevelopment Loan	Revenue - Revolving Loan Funds	County Issued					
				Special Assessment Bonds	State Revolving Loan Funds				
2009	\$ 4,410,000	\$ -	\$ -	\$3,061,812	\$ 8,153,996	\$ 15,625,808	1.70%	34,077	458.54
2010	4,295,000	-	-	2,973,566	9,243,666	16,512,232	2.42%	32,442	508.98
2011	4,175,000	-	-	2,195,496	9,209,052	15,579,548	2.28%	32,442	480.23
2012	4,055,000	-	-	2,811,134	8,364,495	15,230,629	2.23%	32,442	469.47
2013	3,930,000	-	1,245,129	1,819,248	8,239,379	15,233,756	2.23%	32,442	469.57
2014	3,800,000	-	3,490,951	2,550,270	7,246,787	17,088,008	2.50%	32,442	526.72
2015	3,665,000	625,000	3,557,117	2,429,320	6,680,234	16,956,671	2.48%	32,442	522.68
2016	3,525,000	571,000	3,488,745	2,309,978	6,356,961	16,251,684	2.38%	32,442	500.95
2017	3,535,000	571,000	3,318,745	2,187,134	6,993,816	16,605,695	2.43%	32,442	511.86
2018	3,340,000	454,547	3,148,745	2,058,896	5,973,304	14,975,492	2.19%	32,442	461.61

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) See the schedule of demographic and economic statistics for personal income data.

## City of Eastpointe, Michigan

# Direct and Overlapping Governmental Activities Debt

June 30, 2018

### Direct Debt

#### General Obligation

1/30/2014	MDEQ Brownfield Redevelopment Loan	\$ 454,547
11/22/2016	City Hall, 2016 Refunding	\$ 3,340,000

#### Revenue Bonds

9/18/2012	Water & Sewer System, Series 2012	3,148,745
-----------	-----------------------------------	-----------

### Indirect Debt

#### Share of County-issued Drain Bonds

MID District - 2010 Drain Refunding	\$ 894,748
MID District - 2010 Drain Refunding	507,828
MID District - 2013 Drain Refunding	656,320
	<u>2,058,896</u>

Total direct and indirect debt outstanding 9,002,188

Less	Revenue bonds	3,148,745
	MID District Special Assessments	<u>2,058,896</u>
		<u>5,207,641</u>

Net direct and indirect debt outstanding 3,794,547

### Overlapping Debt

79.43% East Detroit School District	17,060,514
10.69% South Lake School District	2,536,033
1.73% Macomb County	<u>5,339,385</u>

Total overlapping debt 24,935,932

Net direct and overlapping debt **\$ 33,938,120**

Source: Municipal Advisory Council of Michigan, Detroit, Michigan

**June 30, 2018**

Valuation for debt limit:	
2017 state equalized value (2018 fiscal year)	\$ 528,098,598
Addback of assessed value equivalent - 2018 SEV of Act 198 exemptions	<u>-</u>
Total valuation for debt limit	<b><u>\$ 528,098,598</u></b>
Debt limit (10 percent of state equalized valuation and equivalent) (1)	\$ 52,809,860
Debt applicable to limit:	
Amount of total direct outstanding debt	<u>3,794,547</u>
Legal debt margin	<b><u>\$ 49,015,313</u></b>

(1) Debt limit set forth in Section 4a, Act 279 of 1909 and Act 202, P.A. 1943, as amended by Act 42, P.A.



## Legal Debt Margin Information

Last Ten Fiscal Years

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt limit	\$ 87,946,292	\$ 76,194,577	\$ 60,332,024	\$ 54,340,853	\$ 46,471,026	\$ 43,130,266	\$ 42,465,490	\$ 45,098,128	\$ 49,451,487	\$ 52,809,860
Total net debt applicable to limit	<u>(4,410,000)</u>	<u>(4,295,000)</u>	<u>(4,175,000)</u>	<u>(4,055,000)</u>	<u>(3,930,000)</u>	<u>(3,800,000)</u>	<u>(4,290,000)</u>	<u>(4,096,000)</u>	<u>(4,106,000)</u>	<u>(3,794,547)</u>
Legal debt margin	<b><u>\$ 403,404,585</u></b>	<b><u>\$ 403,404,585</u></b>	<b><u>\$ 403,404,585</u></b>	<b><u>\$ 403,404,585</u></b>	<b><u>\$ 403,404,585</u></b>	<b><u>\$ 403,404,585</u></b>	<b><u>\$ 38,175,490</u></b>	<b><u>\$ 41,002,128</u></b>	<b><u>\$ 45,345,487</u></b>	<b><u>\$ 49,015,313</u></b>
Total net debt applicable to the limit as a percentage of debt limit	5.01%	5.64%	6.92%	7.46%	8.46%	8.81%	10.10%	9.08%	8.30%	7.19%

# Pledged Revenue Coverage

Last Ten Fiscal Years

Fiscal Year Ended	Water Revenue Bonds						
	Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
2009	9,650,941	6,498,693	3,152,248	-	-	-	-
2010	10,101,825	6,853,793	3,248,032	-	-	-	-
2011	10,885,995	7,917,616	2,968,379	-	-	-	-
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

**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.

## City of Eastpointe, Michigan

# 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					
2009	34,077	37	79.3%	11.3%	27,048	921,715	13,965	60,459	8.6%
2010	32,422	36	84.1%	12.3%	21,086	683,650	13,796	45,157	6.2%
2011	32,422	36	84.1%	12.3%	21,086	683,650	13,796	45,157	6.2%
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%

### 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		
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	2010	2000
Owner occupied	9,802	11,970
Renter occupied	2,755	1,625
Vacant:		
Seasonal/migrant	22	23
Other vacant units	1,217	347
Total	<b>13,796</b>	<b>13,965</b>

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

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

Poverty		
5-Yr ACS		
	2010	2000
Persons in poverty	4,242	2,174
Percentage	12.9%	6.4%
Percentage point ch:	6.5	
Households in poverty	1,414	930
Percentage	10.9%	6.8%
Percentage point ch:	4.1	

Labor Characteristics		
By Industry:	Number of Employees	
Natural resources and mining	531	
Manufacturing	171	
Wholesale trade, transportation and warehous	239	
Retail trade	1,301	
Transportation, warehousing & utilities	266	
Services to Households & Firms	2,724	
Education and healthcare services	1,872	
Leisure and hospitality	988	
Public Administration	210	
Other	838	
Total	<b>9,140</b>	

Educational Characteristics		
Highest Level - for population age 25 and over	2010	
Graduate/Professional degree	4.4%	
Bachelor's degree	7.9%	
Associate degree	7.8%	
Some college, no degree	29.3%	
High school graduate	34.8%	
Did not graduate high school	15.9%	

Income Characteristics		
Household Income	Number of Households	
Less than \$14,999	1,428	
\$15,000 - \$29,999	2,553	
\$30,000 - \$49,999	3,110	
\$50,000 - \$99,999	4,582	
\$100,000 - \$199,999	1,262	
\$200,000 or more	28	

Source: United States Census Bureau - 2000/2010 Census; SEMCOG 2005; and Michigan Department of Com Vital Statistics.

## City of Eastpointe, Michigan

### Principal Employers (Major Employers)

#### Last Fiscal Year and Ten Years Ago

Company Name	Product/Service	Year Ended June 30, 2018			Year Ended June 30, 2009		
		Employee	Rank	Total City Employment	Employee	Rank	Total City Employment
Eastpointe Community Schools	Education	323	1	3.53%	900	1	11.55%
City of Eastpointe	Municipal government	184	2	2.01%	287	2	3.68%
Olive Garden	Restaurant	100	3	1.09%	89	5	1.14%
Rite Aid	Retail drug store	68	4	0.74%	74	8	0.95%
Eastpointe Post Office	Mail delivery	57	5	0.62%	72	9	0.92%
Genesis Chevrolet	Automobile dealership	53	6	0.58%	-	-	-
McCoy Services	Janitorial services	48	7	0.53%	138	4	1.77%
Eaton Academy	Education	40	8	0.44%	-	-	-
CVS	Retail drug store	32	9	0.35%	-	-	-
Porsche of the Motor City	Automobile dealership	24	10	0.26%	-	-	-
Great A&P Tea Company	Grocery Store	-	-	-	156	3	2.00%
Colonial Dodge	Automobile dealership	-	-	-	88	6	1.13%
Merollis Chevrolet	Automobile dealership	-	-	-	87	7	1.12%
Pep Boys	Automotive parts/service	-	-	-	48	10	0.62%
	Ten largest employers	929		10.16%	1,939		24.88%
	Other employers	8,211		89.84%	5,853		75.12%
	Total employment (2)	<b>9,140</b>			<b>7,792</b>		

(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 Eight Years

	2011	2012	2013	2014	2015	2016	2017	2018
<b>General Government - data</b>								
<b>City Council</b>								
Regular meetings	24	17	24	24	24	24	24	24
Special meetings	13	6	9	4	7	3	2	6
Public hearings held	3	2	2	3	3	4	3	3
Ordinances and amendments adopted	23	14	18	15	12	4	10	10
Show cause hearings held	4	4	4	6	6	7	7	7
<b>City Managers Office</b>								
City council agenda statements reviewe	190	117	150	250	250	250	250	250
Executive coordination meetings held	50	32	32	32	32	46	44	22
Labor contracts negotiated	3	5	5	5	-	5	-	-
Employees recruited and hired	-	3	-	6	8	11	9	11
Bid proposals and contracts prepared	14	13	13	17	17	17	13	14
Labor grievances processed	3	4	-	-	1	5	3	4
<b>Assessing</b>								
Assessment notices	14,865	14,879	14,871	14,282	14,282	14,800	14,652	14,642
Property transfers	1,793	1,800	1,850	1,508	1,508	1,800	1,198	1,287
Homestead affidavits	533	408	420	3,344	3,344	2,000	449	530
Homestead rescinds	781	944	750	264	264	500	464	541
Deeds and land contacts	3,416	3,451	3,530	2,228	2,228	2,500	1,747	1,663
Board of Review appeals	389	296	252	320	320	350	183	165
Tax tribunal hearings	47	50	100	78	78	90	16	16
<b>Clerk</b>								
Dog Licenses	3,755	2,258	2,500	3,082	1,539	1,528	3,095	3,000
Business registrations	827	815	820	782	810	796	788	779
Elections	2	2	2	1	3	2	2	2
Absentee ballot requests	3,479	2,587	5,500	2,624	4,854	2,550	6,482	6,482
Registered voters	23,777	22,952	23,543	24,484	24,301	24,405	22,740	25,370
New voter registrations	5,233	5,042	5,400	3,507	2,212	2,500	3,658	2,712
Voter history updates	15,688	7,209	21,500	2,931	12,133	9,563	11,553	11,533
Birth and death certificates	146	122	130	100	127	128	-	-
<b>Finance Department</b>								
Payroll payments processed	6,604	6,604	5,200	5,094	5,015	5,140	5,194	5,200
Accounts payable invoices processed	7,083	7,227	7,155	8,207	3,424	3,504	3,423	3,400
Transactions processed by cashiers	124,040	132,920	132,000	139,219	130,519	129,879	133,808	130,000
Water and sewer bills issued	158,202	164,764	160,000	162,360	163,360	162,856	162,252	162,300
Properties billed - summer taxes	10,607	14,632	14,620	15,093	15,087	15,087	15,215	15,199
Miscellaneous billings	4,266	3,918	4,300	4,143	4,248	2,145	3,757	3,200
<b>Public Safety - data</b>								
<b>Fire Protection</b>								
EMS incidents	2,652	1,853	2,720	3,268	3,473	3,300	3,400	3,750
Fire incidents	2,570	2,470	3,410	781	734	775	740	740
Fire investigations	30	14	35	44	41	40	40	40
Commercial property inspections	160	94	160	193	173	177	159	180
Training (hours)	420	300	475	670	652	700	825	700
<b>Police Protection</b>								
Total calls for service	U	U	U	26,728	25,716	27,000	24,450	26,000
Part 1 Crimes	1,757	1,672	1,714	1,827	1,687	1,900	2,111	1,800
Total arrests	2,225	2,276	2,250	2,574	2,285	2,550	2,456	2,300
Drunk driving arrests	122	205	163	192	180	200	155	150
Total traffic accidents	571	604	587	597	589	600	740	575
Total violations issued	18,836	16,366	17,601	13,764	14,951	13,580	10,577	12,000
Total warrants obtained	1,644	1,531	1,587	1,014	979	1,100	1,061	1,000
Suspicious person/vehicles investigat	2,967	2,291	2,629	1,160	1,007	1,200	689	750
Total cases investigated	3,883	3,480	3,682	2,225	1,750	2,300	2,555	2,500
Total parking violations issued	1,127	1,147	1,137	997	586	1,100	551	700
Abandoned vehicle tagged	401	351	376	380	198	400	321	350
Abandoned vehicles impounded	108	109	110	100	123	100	106	120

# City of Eastpointe, Michigan

## Operating Indicators by Function (Continued)

Last Eight Years

	2011	2012	2013	2014	2015	2016	2017	2018
<b>Public Works - data</b>								
<b>Building Department</b>								
Permits issued	1,628	1,820	1,900	2,390	3,061	2,300	2,016	3,000
Code enforcement cases	6,817	4,500	5,800	9,441	6,800	7,500	10,907	10,000
Rental inspections	2,249	3,096	3,500	4,341	4,878	3,800	4,901	5,000
Vacant structure inspections	492	784	800	467	332	350	286	75
Rental certificates issued	604	977	1,200	1,019	1,528	1,500	1,760	1,700
Court citations issued	164	190	200	269	297	300	519	600
Planning Commission applications	9	11	10	7	5	10	15	6
Zoning Board of Appeals applications	2	9	10	4	2	4	3	3
Dangerous Building Board cases	13	15	15	52	66	40	58	75
<b>Major &amp; Local Streets Division</b>								
Miles of roads in city	98.69	98.69	99.78	99.78	99.78	99.78	99.78	99.78
After hours snow removal occurrences	U	7	14	31	25	19	19	21
Pothole patching (tons)	U	136	136	500	150	200	200	150
Right-of-way mowing (miles)	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25
<b>Recreation and Culture - data</b>								
<b>Library</b>								
Attendance	119,471	119,000	119,000	102,863	98,321	91,731	84,573	100,000
Circulation:								
Books	105,522	100,000	100,000	85,677	80,822	88,511	88,118	90,000
Audio visual	19,946	19,000	19,000	17,256	15,528	14,589	15,797	20,000
Misc Magazine/Zineo 768/556	1,371	1,300	1,300	1,324	1,221	1,500	990	1,500
Museum passes	325	325	325					
Overdrive (downloadable books)				1,715	2,430	2,000	2,838	3,000
Internet use (hours)	8,545	8,500	8,500	7,010	7,399	7,500	6,352	7,500
Word Proc (hours)	1,128	1,000	1,000	296	178	500	95	300
Program attendance:								
Children	1,927	1,900	1,900	2,294	2,322	2,500	1,378	2,500
Young adult	177	175	175	361	221	400	298	400
Adult	1,061	1,000	1,000	586	386	1,000	1,166	500
General	1,124	1,100	1,100	993	859	1,100	1,088	1,100
Current card holders	14,867	14,867	14,867	15,465	15,332	16,070	16,784	17,000
<b>Water and Sewer Services - data</b>								
Residents Served	32,442	32,442	32,442	32,442	32,442	32,442	32,442	32,442
Active water accounts	13,565	13,562	13,559	13,558	13,558	13,553	13,552	13,550
Sewer inspections	110	110	110	57	100	125	100	31
Water main breaks	44	44	50	83	119	65	26	48
Water shut-offs	600	648	508	708	700	691	700	494
Water turn-ons	800	1,251	808	781	739	738	739	514

U = Unavailable

Source: City of Eastpointe

## City of Eastpointe, Michigan

# Capital Asset Statistics by Function

Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>General Government</b>										
<b>Buildings</b>										
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
<b>Public Safety</b>										
<b>Fire Protection</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles - Extinguishment	3	3	3	3	3	3	3	3	3	3
<b>Police Protection</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles - Marked	23	22	22	21	20	20	19	19	19	19
Vehicles - Unmarked	14	14	14	14	13	12	12	12	12	12
<b>Public Works</b>										
<b>Streets and Sidewalks</b>										
Miles of City:										
Primary streets	19	19	19	20	20	20	20	20	20	20
Secondary streets	80	80	80	80	80	80	80	80	80	80
Sidewalks	198	198	198	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
<b>Recreation and Culture</b>										
<b>Library</b>										
Book collections	U	U	U	U	U	U	U	62,326	62,532	64,752
Other collections (1)	U	U	U	U	U	U	U	18,102	6,880	8,283
Buildings	1	1	1	1	1	1	1	1	1	1
<b>Parks and Recreation</b>										
Acres	76	76	76	76	76	76	76	76	76	76
Developed parks	3	3	3	3	3	3	3	3	3	3
Undeveloped parks	5	5	5	5	5	5	5	5	5	5
Buildings	4	4	4	4	4	4	4	4	4	4
<b>Water and Sewer Services</b>										
Fire hydrants	829	829	829	829	829	829	829	829	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 acces:

Source: City of Eastpointe



## City of Eastpointe, Michigan

# Full-Time Equivalent City Government Employees by Function

**Last Ten Fiscal Years**

	Full-time Equivalents as of June 30									
	2009	2010	2011	2012	2013 (1)	2014	2015	2016	2017	2018
<b><u>Activities:</u></b>										
General government	35.5	33.5	33.5	34.0	49.5	48.0	49.0	49.5	48.5	41.0
Public safety	90.0	91.0	90.0	86.0	73.5	66.0	66.0	71.5	72.0	72.5
Public works	36.5	35.5	34.5	34.5	27.0	25.0	22.0	22.0	21.5	22.5
Recreation and culture	33.5	27.5	25.5	21.0	8.5	8.5	9.5	9.5	9.5	9.5
Total	<b><u>195.5</u></b>	<b><u>187.5</u></b>	<b><u>183.5</u></b>	<b><u>175.5</u></b>	<b><u>158.5</u></b>	<b><u>147.5</u></b>	<b><u>146.5</u></b>	<b><u>152.5</u></b>	<b><u>151.5</u></b>	<b><u>145.5</u></b>
										<b><u>145.5</u></b>

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

Source: City of Eastpointe Budget

---

## Continuing Disclosures

---

**Last Ten Fiscal Years**

Fiscal Year Ended June 30	Modified Accrual Basis of Accounting			Accrual Basis of Accounting Total
	Constitutional Revenues	Statutory Revenues	Total	
2009	2,346,683	1,248,332	3,595,015	3,595,015
2010	2,164,592	1,032,814	3,197,406	3,197,406
2011	2,188,701	1,008,705	3,197,406	3,197,406
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

## Minimum Property Tax Rates

<u>Purpose</u>	<u>Maximum Millage Authorized</u>	<u>Maximum Millage to be levied</u>	<u>Expiration Date of Millage</u>
<b>Operating:</b>			
General Operating	19.1754	19.0126	In perpetuity
Refuse	3.0000	-	In perpetuity
Library Fund	1.0000	0.8789	In perpetuity
Library 2017	<u>1.0000</u>	<u>1.0000</u>	2022
Total operating	24.1754	20.8915	
<b>Debt</b>	N/A	<u>4.5515</u>	
Total tax rate levied		<u><u>25.4430</u></u>	