
City of Eastpointe, Michigan

**Annual Comprehensive Financial Report
with Supplementary Information
as Prepared by the
Department of Finance
For the Fiscal Year Ended
June 30, 2023**

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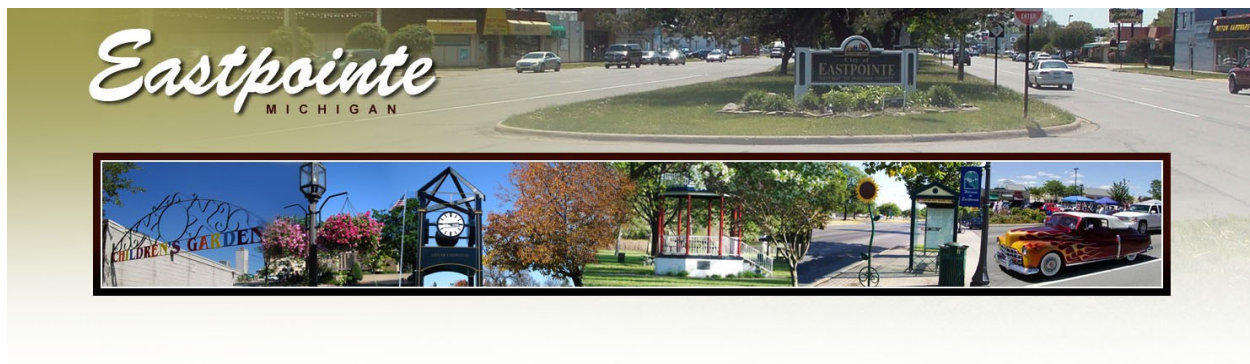
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December 8, 2023

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, 2023 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, 2023. 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, 2023.

Profile of the Government

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

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

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

Local Economy

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

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

Eastpointe provides a full-range of services to residents, visitors, and the business community and is conveniently located for employers and employees alike near 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 Winter's, the Official Sausage of the Detroit Tigers, Chevrolet and Porsche dealerships, CVS, Rite Aid and Walgreens pharmacies, chain restaurants and local favorites like Villa Restaurant, Andary's, Plaza Mexico, Milestone Grill and the original location of the Detroit Wing Company.

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 (33.2 percent of total 2022-2023 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 (9.2 percent of total general fund revenues) falls below the policy guidelines set by the Council for budgetary and planning purposes. There are funds assigned for capital purchases and next year pension and OPEB contributions. If these were excluded it would leave an unassigned fund balance of 40.3 percent. The City's strategic plan incorporates an unassigned fund balance target to be between 10.0 and 15.0 percent of total general fund revenues so as to reduce the amount that will need to be borrowed to finance future construction.

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

Financial Policies and Internal Controls

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

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

Budgeting

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

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

Federal Financial Assistance

As a recipient of federal financial assistance, the city is also responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. The internal control systems are evaluated periodically by management to achieve these objectives. The City is required to have a single audit in any fiscal year to test these controls when it receives more than \$750,000 in federal assistance as required by the Federal Office of Management and Budget (OMB) Circular A-133 and subsequent applicable circulars. For the fiscal year ended June 30, 2023 the City spent \$4,491,536 in federal funds and a separate Single Audit was performed. The results will be published separately.

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 fifteen years. Presently, we have entered a time where progress is being made on all fronts. The city continues to operate effectively, and with an improving economy and additional resources approved by the voters in 2015, there are many things happening now and in the future.

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

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

The city replenished our available funds in preparation for future projects and began to move on new activities this year. In the past ten years the city has invested approximately \$65.9 million in Roads, Sidewalks and the Water and Sewer Systems, both by the city and the county jointly. The city's major accomplishments for the current fiscal year included:

- Invested \$2.1 million in street and sidewalk improvements
Completed miscellaneous catch basin and street repairs throughout an additional two of thirteen areas of the city. Nine of the areas are now complete.
Completed Almond reconstruction, Semrau to Stephens.
Began reconstruction of Nine Mile, West City Limits to Gratiot.

Began preliminary work on Nine Mile reconstruction, Gratiot to Tuscany.
Began preliminary work on Mott Ave. reconstruction, Kelly to Beaconsfield.
Began preliminary work on various local street resurfacing projects.

- Invested \$13.7 million in water main and sewer line improvement projects
Completed new water main installation on Nine Mile, West City Limits to Gratiot.
Completed new water main installation Birchwood and Firwood.
Substantially completed a new 16" water main installation along Gratiot Ave. from Eight Mile to Nine Mile.
Began preliminary work on new watermain along Nine Mile, Gratiot to Tuscany.
Continued Lead Service Line Replacement program.
Continued sewer camera inspection program throughout the city for mapping and failure identification.
Continued sewer repair projects throughout the city using open-cut, pipe bursting and cured in place methods as appropriate.

Acknowledgments

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

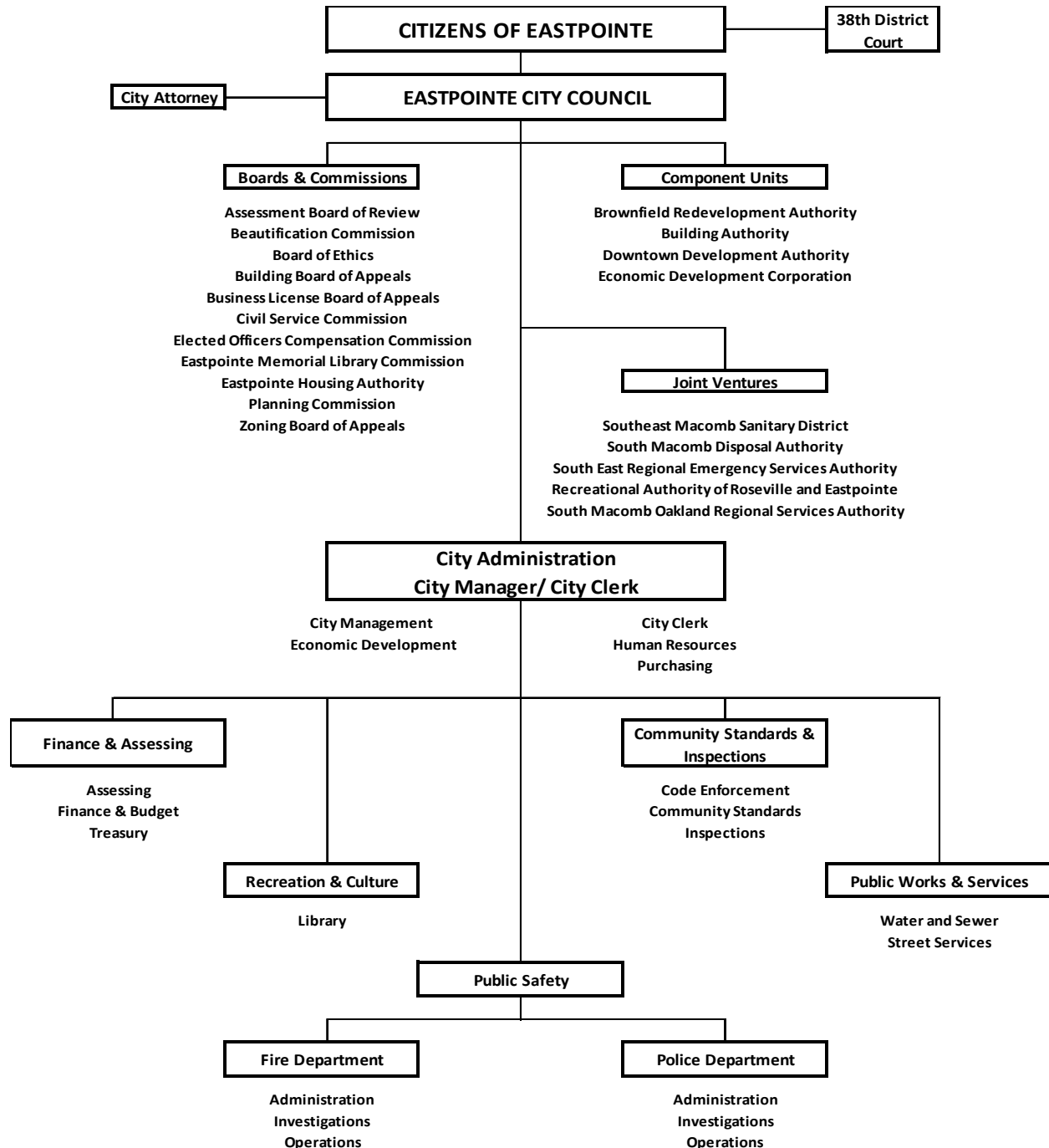
Respectfully submitted,



Randall Blum
Director of Finance



Danielle Pomaville
Deputy Finance Director



City of Eastpointe, Michigan

List of Principal Officers

June 30, 2023

Title	Name
City Manager/City Clerk	Mariah Walton
Assistant City Manager/Deputy City Clerk	Kim Homan
Finance Director / Treasurer	Randall Blum
City Assessor	Max Griffin
Public Safety Director	Corey Haines
Deputy Police Chief	Matt Hambricht
Deputy Fire Chief/Fire Marshall	Brian Marquardt
Public Works and Services Director	Darin Paolucci
Community Standards and Inspections Director	Kevin Stultz
Library Director	Sue Todd
City Attorney	Richard Albright
District Court Judge	Kathleen Galen

Governmental Funds	
General *	Special Revenue
	Major Streets *
	Local Streets *
	Library
	Drug Law Enforcement
	Street Lighting SAD
	Michigan Indigent Defense
	Community Development
	Cash & Performance Bonds
	Tax Collection
	Imprest Payroll
Debt Service	Capital Projects
Chapter 20 Drain Debt *	Capital Improvement
Brownfield Authority	District Court Building
Proprietary Funds	
Enterprise	Internal Service
Water and Sewer *	Equipment Pool
Garbage and Rubbish Collection *	
Fiduciary Funds	Component Units
Trust	Component Units
Retirement Healthcare	Downtown Development Authority
Employees' Death Benefit	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 Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Eastpointe, Michigan (the "City") as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents.

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

We did not audit the financial statements of the Southeast Macomb Sanitary District, which represents 10 percent and (1) percent of the assets and revenue, respectively, of the Water and Sewer Fund. Those financial statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Southeast Macomb Sanitary District, is based solely on the report of the other auditors. We did not audit the financial statements of the South Macomb Disposal Authority, which represents 0 percent and (4) percent of the assets and revenue, respectively, of the Garbage and Rubbish Collection Fund. Those financial statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the South Macomb Disposal Authority, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the City and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The audits of the financial statements of the Southeast Macomb Sanitary District and South Macomb Disposal Authority, performed by other auditors, were not audited in accordance with *Government Auditing Standards*.

Responsibilities of Management for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

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

Other Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2023 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Plante & Moran, PLLC

December 8, 2023

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, 2023. 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 \$57.1 million for the fiscal year ended June 30, 2023, compared to \$43.4 million last fiscal year.
- In the City's governmental activities, revenue generated \$42.2 million, while expenses also totaled \$32.9 million.
- In the City's business-type activities, revenue generated \$21.6 million, while expenses totaled \$17.2 million and capital investment in the City's water and sewer system totaled \$13.9 million.
- Total net position increased \$13.7 million, largely due to general government expenditures coming in below budget related to open positions and positive operating results in the enterprise funds.

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, deferred outflows/inflows of resources, and liabilities, which is one way to measure the City's financial health.

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

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

City of Eastpointe, Michigan

Management's Discussion and Analysis (Continued)

The City as a Whole

Statement of Net Position - The City's combined net position increased 31.6 percent, or \$13.7 million, from \$43.4 million in 2022 to \$57.1 million in 2023. The net deficit for the governmental activities decreased to \$12.9 million in 2023. There was a total increase in governmental activities revenue in 2023, including \$3.3 million in recognition of American Rescue Plan grant funds. At the same time there was an increase in the expenses related to a use of those funds. The current level of unrestricted net position for governmental activities is a deficit of \$56.5 million as a result of the City recognizing a net pension liability of \$47.0 million in accordance with GASB Statement No. 68 and net OPEB liability of \$12.4 million in accordance with GASB Statement No. 75. The net position of the business-type activity increased from \$63.9 million in 2022 to \$69.9 million in 2023, or \$6.0 million. The unrestricted net position for business-type activities is \$9.1 million after the City recognizes a net pension liability of \$6.3 million in accordance with GASB Statement No. 68 and net OPEB liability of \$0.3 million in accordance with GASB Statement No. 75.

The City's assets totaled \$155.0 million in 2023, which is an increase of \$11.3 million from 2022. This relates to a decrease in net current assets of \$1.5 million, or 3.5 percent, and an increase in capital assets of \$12.9 million, or 14.3 percent. The primary change in net current assets is due to a decrease in cash, investments, and receivables by \$5.0 million as a result of higher capital projects spending. The primary change in net capital assets is due to catching up on delayed capital projects from the prior year.

The City's total liabilities increased \$6.9 million, or 8.6 percent, to \$87.4 million in 2023. This is primarily due to an increase in the net Pension liability of \$10.2 million offset by net OPEB liability reductions of \$2.9 million.

In a condensed format, the table below shows the comparison of net position (in millions) as of June 30, 2023 to the prior two years:

	Governmental Activities			Business-type Activities			Total		
	2023	2022	2021	2023	2022	2021	2023	2022	2021
Assets									
Current assets	\$ 27,130	\$ 25,755	\$ 18,522	\$ 15,153	\$ 17,638	\$ 17,398	\$ 42,283	\$ 43,393	\$ 35,920
Capital assets	35,676	34,137	32,502	67,483	56,144	53,108	103,159	90,281	85,610
Other noncurrent assets	1,980	1,943	2,138	8,008	8,083	8,346	9,988	10,026	10,484
Total assets	64,786	61,835	53,162	90,644	81,865	78,852	155,430	143,700	132,014
Deferred Outflows	9,733	5,963	5,291	1,072	559	426	10,805	6,522	5,717
Liabilities									
Current liabilities	2,521	6,199	2,251	4,815	1,519	1,221	7,336	7,718	3,472
Long-term liabilities	63,641	57,452	69,349	16,413	15,271	16,685	80,054	72,723	86,034
Total liabilities	66,162	63,651	71,600	21,228	16,790	17,906	87,390	80,441	89,506
Deferred Inflows	21,226	24,710	12,760	560	1,717	690	21,786	26,427	13,450
Net Position									
Net investment in capital assets	33,090	31,288	29,870	60,811	49,087	44,919	93,901	80,375	74,789
Restricted	10,498	5,190	5,327	23	23	23	10,521	5,213	5,350
Unrestricted	(56,457)	(57,041)	(61,104)	9,094	14,807	15,740	(47,363)	(42,234)	(45,364)
Total net position	<u>\$ (12,869)</u>	<u>\$ (20,563)</u>	<u>\$ (25,907)</u>	<u>\$ 69,928</u>	<u>\$ 63,917</u>	<u>\$ 60,682</u>	<u>\$ 57,059</u>	<u>\$ 43,354</u>	<u>\$ 34,775</u>

City of Eastpointe, Michigan

Management's Discussion and Analysis (Continued)

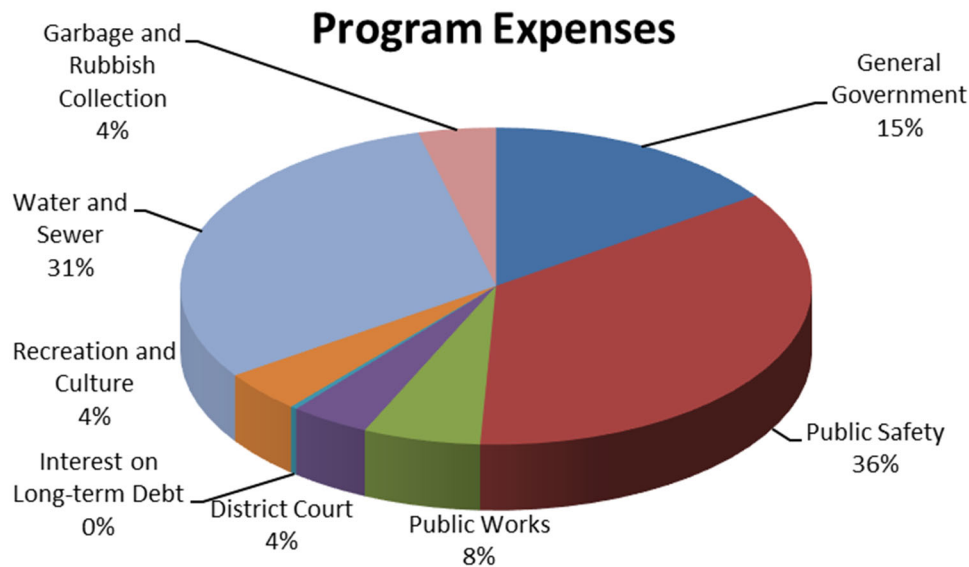
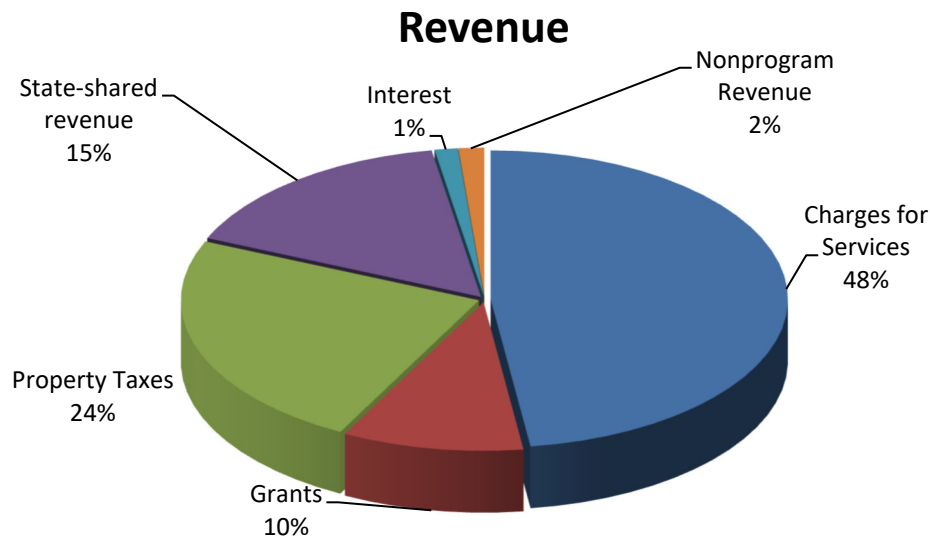
Changes in Net Position - The City's total net position increased by \$13.7 million during the fiscal year ended June 30, 2023. The table below shows the comparison of changes in net position (in millions) to the prior two years:

	Governmental Activities			Business-type Activities			Total		
	2023	2022	2021	2023	2022	2021	2023	2022	2021
Revenue									
Program revenue:									
Charges for services	\$ 11,063	\$ 10,801	\$ 9,596	\$ 19,277	\$ 19,113	\$19,205	\$ 30,340	\$ 29,914	\$ 28,801
Operating grants and contributions	3,736	664	1,678	2,000	-	-	5,736	664	1,678
Capital grants and contributions	492	566	566	-	-	-	492	566	566
General revenue:									
Property taxes	15,074	14,395	14,111	-	-	-	15,074	14,395	14,111
State-shared revenue	10,070	8,937	7,778	-	-	-	10,070	8,937	7,778
Interest	465	(132)	75	330	59	23	795	(73)	98
Other nonprogram revenue	1,269	604	1,111	1	7	3	1,270	611	1,114
Total revenue	42,169	35,835	34,915	21,608	19,179	19,231	63,777	55,014	54,146
Program Expenses									
General government	7,628	6,297	6,793	-	-	-	7,628	6,297	6,793
District court	2,025	1,644	1,862	-	-	-	2,025	1,644	1,862
Public safety	17,615	15,564	15,565	-	-	-	17,615	15,564	15,565
Public works	2,986	3,692	3,581	-	-	-	2,986	3,692	3,581
Health and welfare	385	266	460	-	-	-	385	-	-
Recreation and culture	2,107	1,867	1,295	-	-	-	2,107	1,867	1,295
Interest on long-term debt	166	100	90	-	-	-	166	100	90
Water and sewer	-	-	-	15,184	15,296	14,441	15,184	15,296	14,441
Garbage and rubbish collection	-	-	-	1,975	1,711	1,744	1,975	1,711	1,744
Total program expenses	32,912	29,430	29,646	17,159	17,007	16,185	50,071	46,171	45,371
Increase in Net Position									
Before Transfers	9,257	6,405	5,269	4,449	2,172	3,046	13,706	8,577	8,315
Transfers	(1,563)	(1,062)	(1,059)	1,563	1,062	1,059	-	-	-
Change in Net Position	7,694	5,343	4,210	6,012	3,234	4,105	13,706	8,577	8,315
Net Position - Beginning of year	(20,563)	(25,906)	(30,117)	63,916	60,682	56,577	43,353	34,776	26,460
Net Position - End of year	\$ (12,869)	\$ (20,563)	\$ (25,907)	\$ 69,928	\$ 63,916	\$ 60,682	\$ 57,059	\$ 43,353	\$ 34,775

Management's Discussion and Analysis (Continued)

Governmental Activities

The City's governmental activities saw an increase in net position in the current year of \$7.7 million. This increase was largely due to general government expenditures coming in below budget related to open positions. Net position for business-type activity increased by \$6.0 million, resulting in a net increase in net position of \$13.7 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, 2023:



City of Eastpointe, Michigan

Management's Discussion and Analysis (Continued)

Of the City's total Governmental Activities revenue generated for fiscal year 2023, property tax comprises the largest segment, \$15.1 million. Property tax revenue increased 4.7% over the prior year, which is consistent with the increase in property taxable values, plus a decrease in a debt millage. State revenue is another primary source of revenue for the City, of which we received \$10.1 million; this is an increase of \$1.2 million from the prior year. This consists of \$4.6 million for revenue sharing, \$3.9 million Act 51 road funds, \$600,000 for a fire engine grant and the balance of other state payments. Of the governmental charges for service revenue of \$11.1 million, \$7.2 is from SMORSA, \$2.0 million is associated with court fines and fees, and \$1.7 million for building department activity.

The majority of governmental expense is associated with the public safety function, which is \$17.6 million, or 53.5 percent of governmental activities. Public safety includes police, fire, and building inspection services. General government expenses totaled \$7.6 million, or 23.2 percent.

Business-type Activities

The City's business-type activities are recorded in the Water and Sewer Fund and Garbage and Rubbish Collection Fund. The City provides water service and sewage disposal and treatment, purchased from the Great Lakes Water Authority, to residents and businesses. Of the City's charges for water and sewer service revenue, the majority is generated from charges passed on to residents, which is \$17.4 million. Charges for service are offset by water and sewer expenses of \$15.2 million plus capital expenditures of \$13.9 million.

The City also provides garbage collection services to residents and businesses. Of the City's charges for this service revenue, the majority is generated from charges passed on to residents, which is \$1.9 million. Charges for service are offset by garbage collection expenses of \$2.0 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 2023, the City of Eastpointe, Michigan had \$103.2 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 \$91.8 million for fiscal year 2023 (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

Management's Discussion and Analysis (Continued)

business-type activity in the government-wide statements. The Water and Sewer Fund and the Garbage and Rubbish Collection Fund are proprietary funds, which typically charge residents usage fees and accounts for the cost of operations.

- **Fiduciary Funds** - The Trust Fund and custodial funds are used to account for assets held by the City in a trustee capacity or as an agent for individual, private organizations, other governments, and other city funds. The City is responsible for ensuring the assets reported in these funds are used for their intended purpose. The City's fiduciary activities are reported in a separate statement of fiduciary net position. Fiduciary activities are excluded from the City's government-wide statements because these assets are not available to finance city operations.

Financial Analysis of the City's Funds

An analysis of the City's major funds follows the government-wide financial statements. The City's fund financial statements begin on page 15 and provide detailed information on the most significant funds. The fund-level financial statements provide detailed information on the most significant funds, not the City as a whole. In addition to state legislative requirements to maintain separate funds for Act 51 major and local road money, the City creates funds to administer certain dedicated dollars and demonstrate accountability to the citizens for special tax millages voted by citizens or earmarked bond proceeds. The City's major funds for fiscal year 2023 include the General Fund, the Major Streets Fund, the Local Streets Fund, and the Chapter 20 Drain Debt Fund.

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

The Major Streets Fund and Local Streets Fund are supported by state-shared gas and weight taxes. State funding of approximately \$3.1 million and \$1.1 million was reported in 2023 for the Major Streets Fund and Local Streets Fund, respectively. Additionally, there was a one-time transfer from General Fund into Local Streets in the amount of \$2.9 million.

This resulted in an increase of fund balance of \$0.6 million, to end at \$3.6 million in Major Streets and a increase of fund balance of \$3.9 million, to end at \$4.1 million in Local Streets.

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

General Fund Budgetary Highlights

Actual operations revenue came in \$0.7 million higher than the amended budget. Actual operations expenditures came in \$2.5 million below budget. Expenditures were under budget due to open staffing positions throughout the city and their related expenses. The fund balance for city operations increased by \$0.1 million, which was \$3.3 million higher than budget. The fund balance for city operations ended at \$13.4 million at June 30, 2023.

Economic Factors and Next Year's Budgets and Rates

The City of Eastpointe, Michigan's budget for next year reflects an increase in the City's taxable value of \$46.3 million, or 8.2 percent. State constitutional restrictions prevent the ability for recovery solely on existing tax collections, as the City's tax increase was restricted to a 7.9 percent rate. This will produce an increase in tax collections for the City's general operations of \$0.8 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. 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

Management's Discussion and Analysis (Continued)

the residents. The South Macomb Oakland Regional Services Authority (SMORSA) millage was effective July 1, 2015 and now provides \$7.2 million for fiscal year 2023 through a contractual arrangement.

Additionally, the City previously negotiated multiple rounds of employee concessions for pension and retiree healthcare reforms, migrated from property tax revenue to a user fee for rubbish services, and implemented a street lighting special assessment, negotiated the closure of pension plans for five of six union groups and offered voluntary buyouts of retiree healthcare for all union groups, which relieved expenditures from the General Fund. The latest change was modifying the healthcare provided to retirees. This impact was seen in both the 2023 expenditures and actuarial reporting.

The City's pension system is 50 percent funded based on an actuarial valuation performed as of December 31, 2022, 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 net position, extensive system improvements are required which drain our liquid assets. Major improvements were temporarily scaled back. This has refilled the system's financial tanks and allowed the city to reinstitute significant capital activities in FY23. 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, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents (Note 3)	\$ 6,471,276	\$ 2,187,978	\$ 8,659,254	\$ 228,269
Investments (Note 3)	16,135,660	6,308,185	22,443,845	-
Receivables:				
Property taxes	65,533	-	65,533	-
Customer receivables	142,849	6,629,368	6,772,217	-
Leases receivable (Note 15)	1,706,389	-	1,706,389	-
Other receivables	499,794	-	499,794	-
Due from other governmental units	1,828,559	-	1,828,559	-
Special assessments	153,594	-	153,594	-
Prepays	2,844	4,700	7,544	-
Restricted assets (Note 1)	122,006	22,817	144,823	-
Investment in South East Regional Emergency Services Authority (Note 13)	661,510	-	661,510	-
Investment in Southeast Macomb Sanitary District (Note 13)	-	7,934,444	7,934,444	-
Net OPEB asset	558,947	73,990	632,937	-
Capital assets: (Note 5)				
Assets not subject to depreciation	4,423,286	-	4,423,286	-
Assets subject to depreciation - Net	31,253,489	67,482,671	98,736,160	-
Asset held for sale	268,364	-	268,364	-
Other assets	492,003	-	492,003	-
Total assets	64,786,103	90,644,153	155,430,256	228,269
Deferred Outflows of Resources				
Deferred outflows related to pension (Note 9)	7,508,640	1,001,956	8,510,596	-
Deferred OPEB costs (Note 11)	2,224,583	69,985	2,294,568	-
Total deferred outflows of resources	9,733,223	1,071,941	10,805,164	-
Liabilities				
Accounts payable	1,611,660	4,706,386	6,318,046	27,297
Accrued liabilities and other	813,305	109,096	922,401	-
Unearned revenue	96,986	-	96,986	-
Noncurrent liabilities:				
Due within one year:				
Compensated absences (Note 7)	95,666	-	95,666	-
Current portion of long-term debt (Note 7)	402,640	866,938	1,269,578	-
Due in more than one year:				
Compensated absences (Note 7)	506,622	17,528	524,150	-
Other long-term liabilities (Note 8)	717,690	-	717,690	-
Estimated allocation of South Macomb Disposal Authority post-closure and environmental costs - Net of equity in the operating reserve (Note 13)	-	3,112,119	3,112,119	-
Net pension liability (Note 9)	47,015,164	6,273,727	53,288,891	-
Net OPEB liability (Note 11)	12,441,572	337,178	12,778,750	-
Long-term debt - Net of current portion (Note 7)	2,460,567	5,804,720	8,265,287	-
Total liabilities	66,161,872	21,227,692	87,389,564	27,297
Deferred Inflows of Resources				
Deferred inflows related to pension (Note 9)	234,495	31,291	265,786	-
Deferred OPEB cost reductions (Note 11)	19,370,372	528,856	19,899,228	-
Deferred inflows from leases (Note 15)	1,621,215	-	1,621,215	-
Total deferred inflows of resources	21,226,082	560,147	21,786,229	-
Net Position (Deficit)				
Net investment in capital assets	33,089,513	60,811,013	93,900,526	-
Restricted:				
Roads	7,684,081	-	7,684,081	-
Debt service	868,681	22,817	891,498	-
Library	722,980	-	722,980	-
Drug law enforcement	307,463	-	307,463	-
Capital projects	251,879	-	251,879	-
Street lighting	169,890	-	169,890	-
Health care	493,790	-	493,790	-
Unrestricted	(56,456,905)	9,094,425	(47,362,480)	200,972
Total net position (deficit)	\$ (12,868,628)	\$ 69,928,255	\$ 57,059,627	\$ 200,972

City of Eastpointe, Michigan

	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
Primary government:				
Governmental activities:				
General government	\$ 7,628,174	\$ 188,719	\$ -	\$ -
District court	2,025,207	2,045,913	-	-
Public safety	17,614,704	8,786,334	3,420,422	-
Public works	2,986,279	-	-	492,463
Community and economic development	385,106	-	315,000	-
Recreation and culture	2,106,701	42,148	-	-
Interest on long-term debt	165,967	-	-	-
Total governmental activities	32,912,138	11,063,114	3,735,422	492,463
Business-type activities:				
Water and Sewer	15,184,296	17,381,207	2,000,000	-
Garbage and Rubbish	1,975,041	1,895,906	-	-
Total business-type activities	17,159,337	19,277,113	2,000,000	-
Total primary government	<u>\$ 50,071,475</u>	<u>\$ 30,340,227</u>	<u>\$ 5,735,422</u>	<u>\$ 492,463</u>
Component units - Downtown Development Authority				
	<u>\$ 144,611</u>	<u>\$ -</u>	<u>\$ 7,050</u>	<u>\$ -</u>
General revenue:				
Taxes				
State-shared revenue and grants				
Investment income				
Other nonprogram income				
Total general revenue				
Transfers				
Change in Net Position				
Net Position (Deficit) - Beginning of year				
Net Position (Deficit) - End of year				

Statement of Activities

Year Ended June 30, 2023

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Unit
\$ (7,439,455)	\$ -	\$ (7,439,455)	\$ -
20,706	-	20,706	-
(5,407,948)	-	(5,407,948)	-
(2,493,816)	-	(2,493,816)	-
(70,106)	-	(70,106)	-
(2,064,553)	-	(2,064,553)	-
(165,967)	-	(165,967)	-
(17,621,139)	-	(17,621,139)	-
-	4,196,911	4,196,911	-
-	(79,135)	(79,135)	-
-	4,117,776	4,117,776	-
(17,621,139)	4,117,776	(13,503,363)	-
-	-	-	(137,561)
15,074,209	-	15,074,209	139,706
10,069,501	-	10,069,501	-
465,175	330,474	795,649	2,203
1,269,389	-	1,269,389	2,250
26,878,274	330,474	27,208,748	144,159
(1,563,253)	1,563,253	-	-
7,693,882	6,011,503	13,705,385	6,598
(20,562,510)	63,916,752	43,354,242	194,374
<u>\$ (12,868,628)</u>	<u>\$ 69,928,255</u>	<u>\$ 57,059,627</u>	<u>\$ 200,972</u>

Governmental Funds
Balance Sheet

June 30, 2023

	General Fund	Major Streets Fund	Local Streets Fund	Chapter 20 Drain Debt Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents (Note 3)	\$ 2,778,294	\$ 818,717	\$ 1,380,200	\$ 341,792	\$ 1,080,062	\$ 6,399,065
Investments (Note 3)	10,160,956	2,456,690	2,716,096	276,721	525,197	16,135,660
Receivables:						
Property taxes	65,533	-	-	-	-	65,533
Special assessments	-	-	-	-	153,594	153,594
Customer receivables	142,849	-	-	-	-	142,849
Leases receivable (Note 15)	1,706,389	-	-	-	-	1,706,389
Other receivables	493,685	2,852	3,257	-	-	499,794
Due from other governmental units	994,864	494,817	183,656	-	155,222	1,828,559
Due from other funds (Note 6)	150,000	-	-	-	-	150,000
Advances to other funds (Note 6)	480,365	-	-	-	-	480,365
Prepays	2,844	-	-	-	-	2,844
Restricted assets (Note 1)	-	-	-	-	122,006	122,006
Asset held for sale	268,364	-	-	-	-	268,364
Other assets	-	-	-	-	134,038	134,038
Total assets	<u>\$ 17,244,143</u>	<u>\$ 3,773,076</u>	<u>\$ 4,283,209</u>	<u>\$ 618,513</u>	<u>\$ 2,170,119</u>	<u>\$ 28,089,060</u>
Liabilities						
Accounts payable	\$ 1,011,196	\$ 195,366	\$ 169,432	\$ 5,876	\$ 191,187	\$ 1,573,057
Due to other funds (Note 6)	-	-	-	-	150,000	150,000
Accrued liabilities and other	759,814	3,375	4,031	-	23,690	790,910
Unearned revenue	-	-	-	-	96,986	96,986
Total liabilities	1,771,010	198,741	173,463	5,876	461,863	2,610,953
Deferred Inflows of Resources						
Unavailable revenue - Property taxes	56,732	-	-	-	-	56,732
Unavailable revenue - Special assessments	-	-	-	-	138,990	138,990
Unavailable revenue - Miscellaneous	480,626	-	-	-	-	480,626
Deferred inflows from leases (Note 15)	1,621,215	-	-	-	-	1,621,215
Total deferred inflows of resources	2,158,573	-	-	-	138,990	2,297,563
Fund Balances						
Nonspendable:						
Assets held for resale	268,364	-	-	-	-	268,364
Prepays	2,844	-	-	-	-	2,844
Long-term receivable	480,365	-	-	-	-	480,365
Restricted:						
Roads	-	3,574,335	4,109,746	-	-	7,684,081
Debt service	-	-	-	612,637	256,044	868,681
Capital projects	-	-	-	-	112,889	112,889
Library	-	-	-	-	722,980	722,980
Drug law enforcement	-	-	-	-	307,463	307,463
Street lighting	-	-	-	-	169,890	169,890
Health care	96,914	-	-	-	-	96,914
Committed:						
Pension actuarial required contribution	4,266,077	-	-	-	-	4,266,077
OPEB actuarial required contribution	1,621,733	-	-	-	-	1,621,733
Budget stabilization	2,424,211	-	-	-	-	2,424,211
Operating reserve	1,066,653	-	-	-	-	1,066,653
Emergency reserve	242,421	-	-	-	-	242,421
Additional pension contribution	70,883	-	-	-	-	70,883
Unassigned	2,774,095	-	-	-	-	2,774,095
Total fund balances	13,314,560	3,574,335	4,109,746	612,637	1,569,266	23,180,544
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 17,244,143</u>	<u>\$ 3,773,076</u>	<u>\$ 4,283,209</u>	<u>\$ 618,513</u>	<u>\$ 2,170,119</u>	<u>\$ 28,089,060</u>

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2023

Fund Balances Reported in Governmental Funds	\$ 23,180,544
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	35,011,862
Amounts on deposit with the Insurance Authority (MMRMA) and other noncurrent assets are not reported as fund assets	357,965
Investments in joint ventures are not financial resources and are not reported in the funds	661,510
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	676,348
Bonds payable obligations are not due and payable in the current period and are not reported in the funds	(2,560,945)
Long-term portion of uninsured losses is not reported in the funds	(717,690)
Accrued interest is not due and payable in the current period and is not reported in the funds	(15,766)
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	(602,288)
Pension benefits	(39,689,808)
Retiree health care benefits	(29,028,414)
Other long-term liabilities, such as lease liabilities, do not present a claim on current financial resources and are not reported as fund liabilities	(292,430)
Internal service funds are included as part of governmental activities	150,484
Net Position (Deficit) of Governmental Activities	<u><u>\$ (12,868,628)</u></u>

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2023

	General Fund	Major Streets Fund	Local Streets Fund	Chapter 20 Drain Debt Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenue						
Property taxes	\$ 10,345,428	\$ -	\$ -	\$ 3,725,822	\$ 1,002,959	\$ 15,074,209
Special assessments	-	-	-	-	567,550	567,550
Intergovernmental:						
Federal grants	3,412,422	-	-	-	315,000	3,727,422
State-shared revenue and grants	5,390,043	3,060,344	1,082,246	30,343	506,525	10,069,501
Local grants and contributions	8,000	-	-	-	-	8,000
Charges for services	191,052	-	-	-	1,202	192,254
Fines and forfeitures	2,045,913	-	-	-	152,674	2,198,587
Licenses and permits	1,776,890	-	-	-	-	1,776,890
Investment income	275,920	93,243	48,963	22,711	24,338	465,175
Other revenue:						
Other miscellaneous income	478,011	3,482	7,748	-	80,352	569,593
SMORSA charge for service	7,215,523	-	-	-	-	7,215,523
Total revenue	31,139,202	3,157,069	1,138,957	3,778,876	2,650,600	41,864,704
Expenditures						
Current services:						
General government	5,729,582	-	-	-	-	5,729,582
District court	1,522,855	-	-	-	464,099	1,986,954
Public safety	18,749,214	-	-	-	290,947	19,040,161
Public works	26,386	1,253,409	1,371,805	2,722,478	372,608	5,746,686
Community and economic development	70,106	-	-	-	315,000	385,106
Recreation and culture	983,951	-	-	-	937,942	1,921,893
Capital outlay	-	-	-	-	205,638	205,638
Debt service:						
Principal	241,727	-	-	-	43,642	285,369
Interest on long-term debt	79,775	-	-	-	4,900	84,675
Total expenditures	27,403,596	1,253,409	1,371,805	2,722,478	2,634,776	35,386,064
Excess of Revenue Over (Under) Expenditures	3,735,606	1,903,660	(232,848)	1,056,398	15,824	6,478,640
Other Financing Sources (Uses)						
Transfers in (Note 6)	-	-	4,171,351	-	208,841	4,380,192
Transfers out (Note 6)	(3,580,192)	(1,300,000)	-	(1,063,253)	-	(5,943,445)
Total other financing (uses) sources	(3,580,192)	(1,300,000)	4,171,351	(1,063,253)	208,841	(1,563,253)
Net Change in Fund Balances	155,414	603,660	3,938,503	(6,855)	224,665	4,915,387
Fund Balances - Beginning of year	13,159,146	2,970,675	171,243	619,492	1,344,601	18,265,157
Fund Balances - End of year	<u>\$ 13,314,560</u>	<u>\$ 3,574,335</u>	<u>\$ 4,109,746</u>	<u>\$ 612,637</u>	<u>\$ 1,569,266</u>	<u>\$ 23,180,544</u>

Governmental Funds

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

Year Ended June 30, 2023

Net Change in Fund Balances Reported in Governmental Funds	\$ 4,915,387
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	4,196,006
Depreciation and amortization expense	(2,514,319)
Net book value of assets disposed of	(18,941)
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	321,787
Repayment of bond principal is an expenditure in the governmental fund but not in the statement of activities (where it reduces long-term debt)	263,642
Interest expense is recognized in the government-wide statements as it accrues	(79,993)
Decrease 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	16,968
Changes in estimated general liability and workers' compensation claims are recorded when incurred in the statement of activities	(510,582)
Change in investment in joint ventures is not recorded in the governmental funds	134,000
Change in net OPEB liability is recorded when incurred in the statement of activities	2,305,048
Change in net pension obligation is recorded when incurred in the statement of activities	(1,228,361)
Lease payments are an expenditure in the governmental funds but not in the statement of activities (where they reduce long-term debt)	119,378
Internal service funds are included as part of governmental activities	(226,138)
Change in Net Position of Governmental Activities	<u>\$ 7,693,882</u>

Proprietary Funds
Statement of Net Position

June 30, 2023

	Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Garbage and Rubbish Collection Fund	Total Enterprise Funds	Internal Service Fund
Assets				
Current assets:				
Cash and cash equivalents (Note 3)	\$ 1,954,315	\$ 233,663	\$ 2,187,978	\$ 72,211
Investments (Note 3)	4,016,637	2,291,548	6,308,185	-
Customer receivables	5,882,473	746,895	6,629,368	-
Prepays	4,700	-	4,700	-
Total current assets	11,858,125	3,272,106	15,130,231	72,211
Noncurrent assets:				
Restricted assets (Note 1)	22,817	-	22,817	-
Investment in Southeast Macomb Sanitary District (Note 13)	7,934,444	-	7,934,444	-
Net OPEB asset	73,990	-	73,990	-
Capital assets - Net (Note 5)	67,482,671	-	67,482,671	664,913
Total noncurrent assets	75,513,922	-	75,513,922	664,913
Total assets	87,372,047	3,272,106	90,644,153	737,124
Deferred Outflows of Resources				
Deferred outflows related to pension (Note 9)	1,001,956	-	1,001,956	9,675
Deferred OPEB costs (Note 11)	69,985	-	69,985	-
Total deferred outflows of resources	1,071,941	-	1,071,941	9,675
Liabilities				
Current liabilities:				
Accounts payable	4,706,386	-	4,706,386	38,603
Accrued liabilities and other	106,707	2,389	109,096	6,629
Current portion of long-term debt (Note 7)	866,938	-	866,938	4,102
Total current liabilities	5,680,031	2,389	5,682,420	49,334
Noncurrent liabilities:				
Advances from other funds (Note 6)	-	-	-	480,365
Compensated absences (Note 7)	17,528	-	17,528	-
Estimated allocation of South Macomb Disposal Authority post-closure and environmental costs - Net of equity in the operating reserve (Note 13)	-	3,112,119	3,112,119	-
Net pension liability (Note 9)	6,273,727	-	6,273,727	60,584
Net OPEB liability (Note 11)	337,178	-	337,178	-
Long-term debt - Net of current portion (Note 7)	5,804,720	-	5,804,720	5,730
Total noncurrent liabilities	12,433,153	3,112,119	15,545,272	546,679
Total liabilities	18,113,184	3,114,508	21,227,692	596,013
Deferred Inflows of Resources				
Deferred inflows related to pension (Note 9)	31,291	-	31,291	302
Deferred OPEB cost reductions (Note 11)	528,856	-	528,856	-
Total deferred inflows of resources	560,147	-	560,147	302
Net Position				
Net investment in capital assets	60,811,013	-	60,811,013	655,081
Restricted for debt service	22,817	-	22,817	-
Unrestricted	8,936,827	157,598	9,094,425	(504,597)
Total net position	\$ 69,770,657	\$ 157,598	\$ 69,928,255	\$ 150,484

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

Year Ended June 30, 2023

	Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Garbage and Rubbish Collection Fund	Total Enterprise Funds	Internal Service Fund
Operating Revenue				
Sale of water	\$ 3,868,364	\$ -	\$ 3,868,364	\$ -
Sewage disposal charges	7,776,210	-	7,776,210	-
Charges for services	5,022,225	1,799,564	6,821,789	491,140
Interest and penalty charges	714,408	96,342	810,750	-
Total operating revenue	17,381,207	1,895,906	19,277,113	491,140
Operating Expenses				
Cost of water	1,791,500	-	1,791,500	-
Cost of sewage treatment	6,615,827	-	6,615,827	-
Operation and maintenance	1,996,055	1,573,709	3,569,764	192,301
General and administrative	1,997,886	66,463	2,064,349	386,410
Depreciation and amortization	2,537,389	-	2,537,389	142,948
Total operating expenses	14,938,657	1,640,172	16,578,829	721,659
Operating Income (Loss)	2,442,550	255,734	2,698,284	(230,519)
Nonoperating Revenue (Expense)				
Investment income	251,201	79,273	330,474	-
Interest expense	(163,809)	-	(163,809)	-
Loss from joint venture	(81,830)	(334,869)	(416,699)	-
Gain on sale of assets	-	-	-	4,381
State grants	2,000,000	-	2,000,000	-
Total nonoperating revenue (expense)	2,005,562	(255,596)	1,749,966	4,381
Income (Loss) - Before transfers	4,448,112	138	4,448,250	(226,138)
Transfers In (Note 6)	1,563,253	-	1,563,253	-
Change in Net Position	6,011,365	138	6,011,503	(226,138)
Net Position - Beginning of year	63,759,292	157,460	63,916,752	376,622
Net Position - End of year	\$ 69,770,657	\$ 157,598	\$ 69,928,255	\$ 150,484

Proprietary Funds
Statement of Cash Flows

Year Ended June 30, 2023

	Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Garbage and Rubbish Collection Fund	Total Enterprise Funds	Internal Service Fund
Cash Flows from Operating Activities				
Receipts from customers	\$ 17,211,258	\$ 1,681,608	\$ 18,892,866	\$ 491,140
Payments to suppliers	(7,854,650)	(1,574,009)	(9,428,659)	(390,538)
Payments to employees	(1,756,957)	(66,302)	(1,823,259)	(271,665)
Net cash and cash equivalents provided by (used in) operating activities	7,599,651	41,297	7,640,948	(171,063)
Cash Flows from Capital and Related Financing Activities				
Issuance of bonds	790,958	-	790,958	-
Receipt of capital grants	2,000,000	-	2,000,000	-
Receipt of loans made from other funds	-	-	-	111,851
Proceeds from sale of capital assets	-	-	-	4,381
Purchase of capital assets	(13,875,592)	-	(13,875,592)	(20,196)
Principal and interest paid on capital debt	(1,318,722)	-	(1,318,722)	-
Transfers from other funds (Note 6)	1,563,253	-	1,563,253	-
Net cash and cash equivalents (used in) provided by capital and related financing activities	(10,840,103)	-	(10,840,103)	96,036
Cash Flows from Investing Activities				
Interest received on investments	251,201	79,273	330,474	-
Sale (purchase) of investment securities	1,300,275	(770,321)	529,954	-
Net cash and cash equivalents provided by (used in) investing activities	1,551,476	(691,048)	860,428	-
Net Decrease in Cash and Cash Equivalents	(1,688,976)	(649,751)	(2,338,727)	(75,027)
Cash and Cash Equivalents - Beginning of year	3,643,291	883,414	4,526,705	147,238
Cash and Cash Equivalents - End of year	\$ 1,954,315	\$ 233,663	\$ 2,187,978	\$ 72,211
Classification of Cash and Cash Equivalents				
Cash and investments	\$ 5,970,952	\$ 2,525,211	\$ 8,496,163	\$ 72,211
Less amounts classified as investments	(4,016,637)	(2,291,548)	(6,308,185)	-
Total cash and cash equivalents	\$ 1,954,315	\$ 233,663	\$ 2,187,978	\$ 72,211

Proprietary Funds
Statement of Cash Flows (Continued)

Year Ended June 30, 2023

	Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Garbage and Rubbish Collection Fund	Total Enterprise Funds	Internal Service Fund
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities				
Operating income (loss)	\$ 2,442,550	\$ 255,734	\$ 2,698,284	\$ (230,519)
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation and amortization	2,537,389	-	2,537,389	142,948
Changes in assets and liabilities:				
Receivables	(169,949)	(214,298)	(384,247)	-
Accounts payable and other liabilities	3,273,435	(300)	3,273,135	(84,696)
Accrued and other liabilities	6,342	161	6,503	4,491
Net pension or OPEB liability	1,179,381	-	1,179,381	5,871
Deferrals related to pension or OPEB	(1,669,497)	-	(1,669,497)	(9,158)
Net cash and cash equivalents provided by (used in) operating activities	<u>\$ 7,599,651</u>	<u>\$ 41,297</u>	<u>\$ 7,640,948</u>	<u>\$ (171,063)</u>

Fiduciary Funds
Statement of Fiduciary Net Position

June 30, 2023

	Other Employee Benefit Trust Funds	Custodial Funds	Total Fiduciary Funds
Assets			
Cash and cash equivalents (Note 3)	\$ 669,032	\$ 9,463	\$ 678,495
Investments: (Note 3)			
Interest in pooled investments	9,620,969	-	9,620,969
Equity securities	146,572	-	146,572
Fixed income	246,477	-	246,477
Mutual funds	815,556	-	815,556
Total assets	11,498,606	9,463	11,508,069
Net Position			
Restricted:			
Postemployment benefits other than pension	11,498,606	-	11,498,606
Individuals, organizations, and other governments	-	9,463	9,463
Total net position	<u><u>\$ 11,498,606</u></u>	<u><u>\$ 9,463</u></u>	<u><u>\$ 11,508,069</u></u>

Fiduciary Funds
Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2023

	Other Employee Benefit Trust Funds	Custodial Funds	Total Fiduciary Funds
Additions			
Investment income (loss):			
Interest and dividends	\$ 4,517	\$ 60	\$ 4,577
Net change in fair value of investments	782,568	-	782,568
Investment-related expenses	(26,439)	-	(26,439)
Net investment income	760,646	60	760,706
Contributions - Employer	2,372,485	-	2,372,485
Property tax collections	-	40,167,351	40,167,351
Collections for individuals, organizations, or other governments	-	297	297
Total additions	3,133,131	40,167,708	43,300,839
Deductions			
Benefit payments	17,000	-	17,000
Health insurance premiums	2,793,203	-	2,793,203
Administrative expenses	3,000	351	3,351
Tax distributions to other governments	-	40,167,351	40,167,351
Total deductions	2,813,203	40,167,702	42,980,905
Net Increase in Fiduciary Net Position	319,928	6	319,934
Net Position - Beginning of year	11,178,678	9,457	11,188,135
Net Position - End of year	\$ 11,498,606	\$ 9,463	\$ 11,508,069

Note 1 - Significant Accounting Policies

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

Reporting Entity

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

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

Blended Component Units

The City of Eastpointe Building Authority (the "Building Authority"), an entity legally separate from the City, is governed by a three-member board appointed by the City Council. Although it is legally separate from the City, the Building Authority is reported as if it were part of the primary government because its sole purpose is to finance and construct the City's public buildings. The operations of the Building Authority are reported as a nonmajor capital projects fund.

Discretely Presented Component Units

Downtown Development Authority

The City of Eastpointe Downtown Development Authority (the "Authority") was created to correct and prevent deterioration in the downtown district, encourage historical preservation, and promote economic growth within the downtown district. The Authority's governing body, which consists of nine individuals, is selected by the city manager and approved by the City Council. In addition, the Authority's budget is subject to approval by the City Council. The component unit does not issue separate financial statements. However, the City's basic financial statements include the statement of net position and the activities of the component unit. The fund-based statements are the same as the government-wide level because there are no differences resulting from the different bases of accounting. Therefore, fund-based statements are not presented.

Economic Development Corporation

The City of Eastpointe Economic Development Corporation (the "EDC") was created to provide means and methods for the encouragement and assistance of industrial and commercial enterprises in relocating, purchasing, constructing, improving, or expanding within the City so as to provide needed services and facilities of such enterprises to the residents of the City. The EDC's governing body, which consists of nine individuals, is selected by the city manager and approved by the City Council. In addition, the EDC's budget is subject to approval by the City Council. The component unit does not issue separate financial statements. There was no financial activity for the year ended June 30, 2023.

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

June 30, 2023

Note 1 - Significant Accounting Policies (Continued)

Fiduciary Component Units

Retiree Health Care Fund

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

Employees' Death Benefit Fund

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

Jointly Governed Organization

Jointly governed organizations are discussed in Note 13.

Accounting and Reporting Principles

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

Report Presentation

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

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

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

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

Note 1 - Significant Accounting Policies (Continued)

Basis of Accounting

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

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

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

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

Fund Accounting

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

Governmental Funds

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

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

June 30, 2023

Note 1 - Significant Accounting Policies (Continued)

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

Nonmajor Special Revenue Funds

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

Nonmajor Capital Projects Funds

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

Proprietary Funds

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

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

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

Fiduciary Funds

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

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

Note 1 - Significant Accounting Policies (Continued)

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

Interfund Activity

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

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

Specific Balances and Transactions

Cash, Cash Equivalents, and Investments

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

Receivables

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

Prepaid Items

Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted Assets

The City's governmental activities have \$122,006 in funds held in the Brownfield Capital Project Fund to be used for a specific environmental improvement project that have been classified as restricted assets.

The City's business-type activities have \$22,817 in funds on deposit with the Macomb County Drain Commission on behalf of the City for use in the Lake St. Clair Clean Water Initiative, including related debt service, that have been classified as restricted assets.

Capital Assets

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

Note 1 - Significant Accounting Policies (Continued)

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

	Depreciable Life - Years
Infrastructure	25
Water and sewer distribution systems	40
Buildings 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 bond using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize bond issuances and premiums as other financing sources and bond discounts as other financing uses. The debt service funds and Water and Sewer Fund are generally used to liquidate long-term obligations.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category. The City reports deferred outflows related to deferred pension and OPEB costs, as detailed in Notes 9 and 11, respectively.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The City has four items that qualify for reporting in this category. The deferred inflows of resources related to unavailable revenue are only reported in the governmental funds balance sheet. The governmental funds report unavailable revenue from three sources: property taxes, special assessments, and miscellaneous revenue. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In addition, the City has deferred inflows related to deferred pension and OPEB cost reductions, as detailed in Notes 9 and 11, respectively. Lastly, the City has deferred inflows related to leases, as detailed in Note 15.

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

June 30, 2023**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.

Water and Sewer Policy

Based on city policy, the ready-to-serve utility billing revenue is designated for water and sewer capital improvements. The City generated approximately \$4.4 million of ready-to-serve revenue in the year ended June 30, 2023. At June 30, 2023, the City has accumulated approximately \$2.5 million of unspent ready-to-serve revenue. The City will spend the funds on future water and sewer capital projects.

Property Tax Revenue

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

The 2022 taxable valuation of the City totaled \$562 million (a portion of which is abated and a portion of which is captured by the DDA), on which taxes levied consisted of 17.6882 mills for operating purposes, 1.7916 mills for library purposes, and 6.60 mills for debt service. This resulted in \$9.9 million for operating, \$1.0 million for library services, and \$3.7 million for debt service. These amounts are recognized in the respective General Fund, special revenue fund, and debt service fund financial statements as tax revenue.

Pension

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

Other Postemployment Benefit Costs

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

Note 1 - Significant Accounting Policies (Continued)

Compensated Absences (Vacation and Sick Leave)

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

Proprietary Funds Operating Classification

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Water and Sewer Fund, Garbage and Rubbish Collection Fund, and Internal Service Fund is charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Use of Estimates

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

Leases

The City is a lessee for noncancelable leases of vehicles. The City recognizes a lease liability and an intangible right-of-use lease asset (lease asset) in the Motor Pool Fund and government-wide financial statements. The City recognizes lease assets and liabilities with an initial value of \$5,000 or more.

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

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

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

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

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

Note 1 - Significant Accounting Policies (Continued)

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

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

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

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

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

Upcoming Accounting Pronouncements

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

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

Note 2 - Stewardship, Compliance, and Accountability

Construction Code Fees

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

Cumulative shortfall at July 1, 2022	\$ (6,127,826)
Building permit revenue	547,532
Estimated indirect costs	<u>654,392</u>
Current year shortfall	<u>(106,860)</u>
Cumulative shortfall at June 30, 2023	<u><u>\$ (6,234,686)</u></u>

Note 2 - Stewardship, Compliance, and Accountability (Continued)

Noncompliance with Legal or Contractual Provisions

The City budgeted a deficit in the Indigent Defense Fund and the Capital Improvement Fund. This is in violation of Michigan Public Act 2 of 1968.

Note 3 - Deposits and Investments

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

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

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

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At year end, the City had bank deposits of \$6,485,231 (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. The City held deposits in one financial institution as of June 30, 2023.

Interest Rate Risk

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

At year end, the City had the following investments:

Investment	Fair Value	Weighted-average Maturity (Years)
Primary Government		
U.S. Treasury notes	\$ 580,386	4.19
U.S. government agency securities	5,365,218	1.09
Municipal bonds	2,899,072	2.11
Total	\$ 8,844,676	

June 30, 2023

Note 3 - Deposits and Investments (Continued)

Investment	Fair Value	Weighted Average Maturity (Years)
Fiduciary Funds		
Mutual fund - Fixed income	\$ 246,477	1.38
Interest in pooled investments*	9,620,969	

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

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, 2023, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Fair Value	Rating	Rating Organization
Primary Government			
Investment pool	\$ 13,599,169	AAA	S&P
U.S. Treasury securities	580,386	AA+	S&P
U.S. government agency securities	5,365,218	AA+	S&P
Municipal bonds	303,931	AA+	S&P
Municipal bonds	1,447,544	AA	S&P
Municipal bonds	308,674	AA-	S&P
Municipal bonds	838,923	Not rated	N/A
Total	<u>\$ 22,443,845</u>		
Fiduciary Funds			
Mutual funds - Fixed income	\$ 246,477	Not rated	N/A
Interest in pooled investments*	9,620,969	N/A	N/A

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

Note 4 - Fair Value Measurements

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

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

June 30, 2023

Note 4 - Fair Value Measurements (Continued)

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

	Assets Measured at Fair Value on a Recurring Basis at June 30, 2023			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2023
Debt securities:				
U.S. Treasury securities	\$ 580,386	\$ -	\$ -	\$ 580,386
U.S. agency securities	5,365,218	-	-	5,365,218
Municipal bonds	-	2,899,072	-	2,899,072
Market linked investments	-	246,477	-	246,477
Total debt securities	5,945,604	3,145,549	-	9,091,153
Equity securities:				
Mutual funds - Equity	815,556	-	-	815,556
Other equities	146,572	-	-	146,572
Total equity securities	962,128	-	-	962,128
Total investments by fair value level	\$ 6,907,732	\$ 3,145,549	\$ -	10,053,281
Investments measured at NAV - Interest in pooled investments				23,220,138
Total assets				\$ 33,273,419

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

The fair value of municipal bonds and fixed-income mutual funds at June 30, 2023 was determined primarily based on Level 2 inputs. The City estimates the fair value of these investments using matrix pricing models.

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

Investments in Entities that Calculate Net Asset Value per Share

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

As of June 30, 2023, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
General Investments - Michigan CLASS Investment Pool	\$ 13,599,169	\$ -	N/A	N/A
Retiree Health Care Fund - MERS				
Total Market Portfolio	9,620,969	-	N/A	N/A

June 30, 2023

Note 4 - Fair Value Measurements (Continued)

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

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

Note 5 - Capital Assets

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

Governmental Activities

	Balance July 1, 2022	Reclassifications	Additions	Disposals	Balance June 30, 2023
Capital assets not being depreciated:					
Land	\$ 1,173,798	\$ -	\$ 284,882	\$ -	\$ 1,458,680
Construction in progress	1,836,545	-	1,128,061	-	2,964,606
Subtotal	3,010,343	-	1,412,943	-	4,423,286
Capital assets being depreciated:					
Infrastructure:					
Roads	41,475,742	-	1,696,387	-	43,172,129
Sidewalks	9,954,851	-	388,855	-	10,343,706
Buildings and improvements	17,712,368	-	697,818	-	18,410,186
Machinery and equipment	7,677,749	-	20,197	(765,251)	6,932,695
Right-of-use asset - Vehicles	532,173	-	-	-	532,173
Subtotal	77,352,883	-	2,803,257	(765,251)	79,390,889
Accumulated depreciation:					
Infrastructure:					
Roads	20,127,011	-	1,357,333	-	21,484,344
Sidewalks	6,583,103	-	285,830	-	6,868,933
Buildings and improvements	13,103,314	-	546,944	-	13,650,258
Machinery and equipment	6,299,356	-	340,217	(746,310)	5,893,263
Right-of-use asset - Vehicles	113,659	-	126,943	-	240,602
Subtotal	46,226,443	-	2,657,267	(746,310)	48,137,400
Net capital assets being depreciated	31,126,440	-	145,990	(18,941)	31,253,489
Net governmental activities capital assets	\$ 34,136,783	\$ -	\$ 1,558,933	\$ (18,941)	\$ 35,676,775

June 30, 2023

Note 5 - Capital Assets (Continued)

Business-type Activities

	Balance July 1, 2022	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2023
Capital assets being depreciated:					
Utility system	\$ 88,876,521	\$ -	\$ 13,715,816	\$ -	\$ 102,592,337
Buildings and improvements	1,231,414	-	-	-	1,231,414
Machinery and equipment	548,572	-	159,776	-	708,348
Subtotal	90,656,507	-	13,875,592	-	104,532,099
Accumulated depreciation:					
Utility system	33,541,400	-	2,423,827	-	35,965,227
Buildings and improvements	689,191	-	46,245	-	735,436
Machinery and equipment	281,448	-	67,317	-	348,765
Subtotal	34,512,039	-	2,537,389	-	37,049,428
Net business-type activities capital assets	<u>\$ 56,144,468</u>	<u>\$ -</u>	<u>\$ 11,338,203</u>	<u>\$ -</u>	<u>\$ 67,482,671</u>

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

Governmental activities:	
General government	\$ 1,875,745
Public safety	217,877
Public works	10,301
Judicial	31,588
Recreation and culture	378,808
Internal Service Fund	142,948
Total governmental activities	<u>\$ 2,657,267</u>
Business-type activities - Water and sewer	\$ 2,537,389

Construction Commitments

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

	Spent to Date	Remaining Commitment
Park improvements	\$ 678,377	\$ 40,909
Pavement reconstruction and related improvements	2,954,012	4,910,340
Water main replacement	9,644,534	1,889,776
Sewer rehabilitation	1,765,781	218,792
Total	<u>\$ 15,042,704</u>	<u>\$ 7,059,817</u>

Note 6 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor governmental funds	\$ 150,000

June 30, 2023

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

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

Fund Borrowed From	Fund Loaned To	Amount
General Fund	Internal Service Fund	\$ 480,365

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

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
Major Streets Fund	Local Streets Fund	\$ 1,300,000
Chapter 20 Drain Debt Fund	Water and Sewer Fund	1,063,253
General Fund	Local Streets Fund	2,871,351
	Water and Sewer Fund	500,000
	Nonmajor governmental funds	208,841
	Total General Fund	3,580,192
	Total	\$ 5,943,445

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

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

Note 7 - Long-term Debt

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

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

Governmental Activities

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Direct borrowings and direct placements -							
MDEQ Brownfield Redevelopment Loan -							
Amount of issue - \$625,000		\$54,000-					
Maturing through 2028	1.5%	\$66,770	\$ 319,587	\$ -	\$ (43,642)	\$ 275,945	\$ 44,296
Other debt:							
General obligation bonds - 2016 refunding bonds -							
Amount of issue - \$3,380,000		\$40,000-					
Maturing through 2031	2.776%	\$280,000	2,505,000	-	(220,000)	2,285,000	230,000
Lease liability (Note 15)			425,581	-	(123,319)	302,262	128,344
Accumulated compensated absences -							
General Fund obligations			619,256	615,597	(632,565)	602,288	95,666
Total governmental activities long-term debt			\$ 3,869,424	\$ 615,597	\$ (1,019,526)	\$ 3,465,495	\$ 498,306

June 30, 2023

Note 7 - Long-term Debt (Continued)

Business-type Activities

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Direct borrowings and direct placements:							
City obligations:							
2013 Clean Water Revolving Fund:							
Amount of issue - \$4,020,000		\$165,000-					
Maturing through 2033	2.5%	\$250,000	\$ 2,418,745	\$ -	\$ (195,000)	\$ 2,223,745	\$ 200,000
2022 Clean Water Revolving Fund:							
Amount of issue - \$5,970,000		\$250,000-					
Maturing through 2043	1.875%	\$355,000	-	790,958	-	790,958	245,000
County drain contract obligations - Special assessment bonds:							
12/10/20 2020 Drain Refunding (Series 2004A&B-2013 Refunding):							
Loan amount - \$429,919	0.375% -	\$9,821-					
Maturing through 2030	1.810%	\$69,396	420,097	-	(8,746)	411,351	8,731
12/19/13 Drain Refunding (06/01/04 Series A and B):							
Maximum loan amount - \$978,890		\$35,840-					
Maturing through 2024	4.00% - 5.00%	70,560	103,040	-	(50,400)	52,640	52,640
12/27/19 2019 Drain Refunding (Series 2002A-2010 Refunding):							
Loan amount - \$808,446	1.76% -	\$74,635 -					
Maturing through 2030	2.589%	\$89,858	659,543	-	(75,228)	584,315	77,103
12/27/19 2019 Drain Refunding (Series 2002A-2010 Refunding):							
Loan amount - \$459,049	1.76% -	\$43,008 -					
Maturing through 2030	2.589%	\$50,785	374,310	-	(44,041)	330,269	44,519
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	173,808	-	(173,808)	-	-
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	125,514	-	(125,514)	-	-
12/20/01 Lake St. Clair Clean Water 5186-03:							
Loan amount - \$387,640		\$20,552 -					
Maturing through 2023	2.50%	\$24,222	24,222	-	(24,222)	-	-
03/28/02 Lake St. Clair Clean Water 5186-04:							
Loan amount - \$3,647,845		\$190,617 -					
Maturing through 2023	2.50%	\$230,055	230,054	-	(230,054)	-	-
06/26/03 Lake St. Clair Clean Water 5186-05:							
Loan amount - \$202,947		\$10,410 -					
Maturing through 2024	2.50%	\$12,492	24,984	-	(12,492)	12,492	12,492

June 30, 2023

Note 7 - Long-term Debt (Continued)

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
10/01/08 8 1/2 Mile Relief Drain 5306-01 SRF: Loan amount - \$2,186,970 Maturing through 2030	2.50%	\$97,802 - \$135,837	\$ 1,005,020	\$ -	\$ (114,103)	\$ 890,917	\$ 116,819
01/22/10 8 1/2 Mile Relief Drain 5393-01 (Phase 2 - ARRA funding): Loan amount - \$677,325 Maturing through 2031	2.50%	\$29,884 - \$42,696	344,201	-	(35,318)	308,883	35,317
04/01/11 8 1/2 Mile Relief Drain 5460-01 (Utilities drainage): Loan amount - \$227,384 Maturing through 2031	2.50%	\$10,867 - \$16,300	119,533	-	(10,867)	108,666	13,584
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	156,682	-	(10,867)	145,815	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	859,757	-	(48,150)	811,607	49,866
Total direct borrowings and direct placements principal outstanding			7,039,510	790,958	(1,158,810)	6,671,658	866,938
Unamortized bond premiums			17,918	-	(17,918)	-	-
Total city obligations			7,057,428	790,958	(1,176,728)	6,671,658	866,938
Accumulated compensated absences - Water and sewer obligations			12,277	19,070	(13,819)	17,528	-
Total business-type activities long-term debt			\$ 7,069,705	\$ 810,028	\$ (1,190,547)	\$ 6,689,186	\$ 866,938

June 30, 2023

Note 7 - Long-term Debt (Continued)***Debt Service Requirements to Maturity***

Annual debt service requirements to maturity for the above bonds and note obligations are as follows (other than unamortized premium/discount on issuance, lease liabilities, and compensated absences). There is also a \$5,179,042 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				
	Direct Borrowings and Direct Placements		Other Debt		Total
	Principal	Interest	Principal	Interest	
2024	\$ 44,296	\$ 4,246	\$ 230,000	\$ 60,235	\$ 338,777
2025	44,961	3,582	235,000	53,781	337,324
2026	45,635	2,907	240,000	47,188	335,730
2027	46,320	2,223	245,000	40,457	334,000
2028	47,014	1,528	255,000	33,518	337,060
2029-2033	47,719	823	1,080,000	60,929	1,189,471
2034-2038	-	-	-	-	-
2039-2043	-	-	-	-	-
Total	\$ 275,945	\$ 15,309	\$ 2,285,000	\$ 296,108	\$ 2,872,362

Years Ending June 30	Business-type Activities				
	Direct Borrowings and Direct Placements		Other Debt		Total
	Principal	Interest	Principal	Interest	
2024	\$ 866,938	\$ 251,557	\$ -	\$ -	\$ 1,118,495
2025	881,707	229,171	-	-	1,110,878
2026	902,075	210,012	-	-	1,112,087
2027	919,364	190,145	-	-	1,109,509
2028	938,475	169,561	-	-	1,108,036
2029-2033	3,803,500	557,964	-	-	4,361,464
2034-2038	1,838,641	262,411	-	-	2,101,052
2039-2043	1,700,000	97,174	-	-	1,797,174
Total	\$ 11,850,700	\$ 1,967,995	\$ -	\$ -	\$ 13,818,695

Note 8 - Risk Management

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

June 30, 2023

Note 8 - Risk Management (Continued)

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

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

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

	General Liability, Auto, and Property	
	2023	2022
Estimated liability - Beginning of year	\$ 270,939	\$ 306,906
Estimated claims incurred, including changes in estimates	595,823	66,421
Claim payments	(149,072)	(102,388)
Estimated liability - End of year	<u>\$ 717,690</u>	<u>\$ 270,939</u>

Note 9 - Pension Plan***Plan Description***

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

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

Note 9 - Pension Plan (Continued)

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

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

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

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

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

Note 9 - Pension Plan (Continued)

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

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

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

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

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

Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

Date of member count	December 31, 2022
Inactive plan members or beneficiaries currently receiving benefits	223
Inactive plan members entitled to but not yet receiving benefits	17
Active plan members	89
	<hr/>
Total employees covered by the plan	329
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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.

June 30, 2023

Note 9 - Pension Plan (Continued)

For the year ended June 30, 2023, the average active employee contribution rate ranged from 0 to 5 percent of annual pay, and the City's annual contribution was \$5,141,607.

Net Pension Liability

The net pension liability reported at June 30, 2023 was determined using a measure of the total pension liability and the pension net position as of the December 31, 2022 measurement date. The December 31, 2022 measurement date total pension liability was determined by an actuarial valuation performed as of that date.

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

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at December 31, 2021	\$ 96,750,784	\$ 53,663,322	\$ 43,087,462
Changes for the year:			
Service cost	681,866	-	681,866
Interest	6,772,583	-	6,772,583
Differences between expected and actual experience	(398,679)	-	(398,679)
Contributions - Employer	-	2,699,158	(2,699,158)
Contributions - Employee	-	64,975	(64,975)
Net investment loss	-	(5,816,609)	5,816,609
Benefit payments, including refunds	(7,353,547)	(7,353,547)	-
Administrative expenses	-	(93,183)	93,183
Net changes	(297,777)	(10,499,206)	10,201,429
Balance at December 31, 2022	<u>\$ 96,453,007</u>	<u>\$ 43,164,116</u>	<u>\$ 53,288,891</u>

As of June 30, 2023, the plan is 44.8 percent funded.

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

For the year ended June 30, 2023, the City recognized pension expense of \$7,268,323.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 207,530	\$ (265,786)
Changes in assumptions	1,055,825	-
Net difference between projected and actual earnings on pension plan investments	4,657,237	-
Employer contributions to the plan subsequent to the measurement date	2,590,004	-
Total	<u>\$ 8,510,596</u>	<u>\$ (265,786)</u>

June 30, 2023

Note 9 - Pension Plan (Continued)

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

Years Ending June 30	Amount
2024	\$ 1,596,777
2025	773,557
2026	1,376,981
2027	1,907,491
Total	<u>\$ 5,654,806</u>

Actuarial Assumptions

The total pension liability in the December 31, 2022 actuarial valuation was determined using an inflation assumption of 2.50 percent, assumed salary increases (including inflation) of 3.0 percent, an investment rate of return (gross of investment expenses) of 7.25 percent, and the Pub-2010 Mortality Tables. These assumptions were applied to all periods included in the measurement and are based on an experience study conducted for the period from 2014-2018.

Discount Rate

The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that city contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

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

Investment Rate of Return

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, 2022, the measurement date, for each major asset class are summarized in the following table:

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

Note 9 - Pension Plan (Continued)

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

The following presents the net pension liability of the City, calculated using the discount rate of 7.25 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (6.25%)	Current Discount Rate (7.25%)	1 Percentage Point Increase (8.25%)
Net pension liability of the City	\$ 63,381,564	\$ 53,288,891	\$ 44,762,508

Pension Plan Fiduciary Net Position

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

Note 10 - Retirement Plans

The City provides a defined contribution savings plan for eligible employees. The plan is administered by the Municipal Employees' Retirement System of Michigan (MERS) 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 \$9,564,931, resulting in an employer contribution of \$582,966 and employee contributions of \$158,617.

Note 11 - Other Postemployment Benefit Plan

Plan Description

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

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

June 30, 2023

Note 11 - Other Postemployment Benefit Plan (Continued)

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

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

Benefits Provided

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

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

Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

	OPEB Plan	Death Benefit Plan
Date of member count	June 30, 2023	June 30, 2023
Inactive plan members or beneficiaries currently receiving benefits	275	175
Inactive plan members entitled to but not yet receiving benefits	1	12
Active plan members	13	74
Total plan members	289	261

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, 2023, the City contributed \$2,372,485. Plan members are not required to contribute to the plan.

The death benefit plan's funding policy is that the employer will make discretionary contributions. There are no long-term contracts for contributions to the plan. Prior year contributions from the City and plan members have been determined to be sufficient to fully fund the plan at June 30, 2023.

Net OPEB Liability (Asset)

The City has chosen to use the June 30 measurement date as its measurement date for the net OPEB liability (asset) for both the OPEB and death benefit plans. The June 30, 2023 fiscal year end reported net OPEB asset for the death benefit plan was determined using a measure of the total death benefit liability as of June 30, 2023. The June 30, 2023 fiscal year end reported net OPEB liability for the OPEB plan was determined using a measure of the total OPEB liability as of June 30, 2023.

	OPEB Plan	Death Benefit Plan
Measurement date used for the City's net OPEB liability (asset)	June 30, 2023	June 30, 2023
Based on a comprehensive actuarial valuation as of	June 30, 2023	June 30, 2023

June 30, 2023

Note 11 - Other Postemployment Benefit Plan (Continued)

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

OPEB Plan

Changes in Net OPEB Liability	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability
Balance at June 30, 2022	\$ 25,679,526	\$ 10,030,001	\$ 15,649,525
Changes for the year:			
Service cost	108,171	-	108,171
Interest	1,581,906	-	1,581,906
Differences between expected and actual experience	47,436	-	47,436
Changes in assumptions	(1,573,110)	-	(1,573,110)
Contributions - Employer	-	2,372,485	(2,372,485)
Net investment income	-	689,132	(689,132)
Benefit payments, including refunds	(2,793,203)	(2,793,203)	-
Administrative expenses	-	(26,439)	26,439
Net changes	(2,628,800)	241,975	(2,870,775)
Balance at June 30, 2023	<u>\$ 23,050,726</u>	<u>\$ 10,271,976</u>	<u>\$ 12,778,750</u>

The plan's fiduciary net position represents 44.6 percent of the total OPEB liability.

Death Benefit Plan

Changes in Net Death Benefit Asset	Increase (Decrease)		
	Total Death Benefit Liability	Plan Net Position	Net Death Benefit Asset
Balance at June 30, 2022	\$ 573,202	\$ 1,148,677	\$ (575,475)
Changes for the year:			
Service cost	8,350	-	8,350
Interest	36,976	-	36,976
Differences between expected and actual experience	(10,242)	-	(10,242)
Changes in assumptions	2,407	-	2,407
Net investment income	-	97,953	(97,953)
Benefit payments, including refunds	(17,000)	(17,000)	-
Administrative expenses	-	(3,000)	3,000
Net changes	20,491	77,953	(57,462)
Balance at June 30, 2023	<u>\$ 593,693</u>	<u>\$ 1,226,630</u>	<u>\$ (632,937)</u>

The plan's fiduciary net position represents 206.6 percent of the total death benefit liability.

June 30, 2023

Note 11 - Other Postemployment Benefit Plan (Continued)

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

For the year ended June 30, 2023, the City recognized OPEB recovery of \$1,324,318 from all plans.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 85,784	\$ (6,313,714)
Changes in assumptions	1,972,975	(13,585,514)
Net difference between projected and actual earnings on OPEB plan investments	235,809	-
Total	<u>\$ 2,294,568</u>	<u>\$ (19,899,228)</u>

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

Years Ending June 30	Amount
2024	\$ (2,491,029)
2025	(2,628,310)
2026	(2,184,671)
2027	(2,507,026)
2028	(1,839,799)
Thereafter	<u>(5,953,825)</u>
Total	<u>\$ (17,604,660)</u>

Actuarial Assumptions

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

	OPEB Plan	Death Benefit Plan
Inflation	2.50%	2.50%
Salary increases (including inflation)	3.00 - 9.70%	3.00 - 9.70%
Investment rate of return (net of investment expenses, including inflation)	6.50%	6.50%
Health care cost trend rate, graded down to 4.50 percent over 12 years	7.25%	
Mortality rates	Pub-2010 Mortality Tables with Scale MP- 2021 improvements	Pub-2010 Mortality Tables with Scale MP- 2021 improvements

The actuarial assumptions used in the OPEB plan's June 30, 2022 valuation were based on the results of an actuarial experience study for MERS from 2014 to 2018.

June 30, 2023

Note 11 - Other Postemployment Benefit Plan (Continued)

Discount Rate

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

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

Investment Rate of Return

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

OPEB Plan

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

Death Benefit Plan

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
U.S. aggregate bonds	25.00 %	3.06 %
U.S. mid-cap equity	10.00	8.67
U.S. small-cap equity	4.00	7.32
U.S. large-cap value equity	53.00	8.03
Non-U.S. equities	7.00	7.25
Cash or cash equivalents	1.00	2.00

June 30, 2023

Note 11 - 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 6.50 percent for the OPEB plan and the death benefit plan, as well as what the City's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (5.5%)	Current Discount Rate (6.5%)	1 Percentage Point Increase (7.5%)
Net OPEB liability of the OPEB plan	\$ 14,994,416	\$ 12,778,750	\$ 10,900,031
Net OPEB asset of the death benefit plan	(551,073)	(632,937)	(700,540)
Total	<u>\$ 14,443,343</u>	<u>\$ 12,145,813</u>	<u>\$ 10,199,491</u>

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

The following presents the net OPEB liability of the City, calculated using the health care cost trend rate of 7.25 percent, decreasing to 4.50 percent, as well as what the City's net OPEB liability would be if it were calculated using a health care cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (6.25%, Decreasing to 3.5%)	Current Health Care Cost Trend Rate (7.25%, Decreasing to 4.5%)	1 Percentage Point Increase (8.25%, Decreasing to 5.5%)
Net OPEB liability of the OPEB plan	\$ 11,041,824	\$ 12,778,750	\$ 14,821,377

OPEB and Death Benefit Plan Fiduciary Net Position

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

Assumption Changes

In 2023, Scale MP-2021 improvements were applied to the Pub-2010 Mortality Tables for both the OPEB and death benefit plans. Also, the annual claims costs were updated to reflect experience since the previous valuation.

Rate of Return

For the year ended June 30, 2023, the annual money-weighted rate of return on OPEB plan and death benefit plan investments, net of OPEB and death benefit plan investment expense, was 7.02 percent and 8.60 percent, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

June 30, 2023

Note 12 - Other Employee Benefit Trust Funds

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

	Employees' Death Benefit	Retiree Health Care	Total
Assets:			
Cash and cash equivalents	\$ 18,025	\$ 651,007	\$ 669,032
Investments:			
Equity securities	146,572	-	146,572
Fixed income	246,477	-	246,477
Mutual funds	815,556	-	815,556
Interest in pooled investments	-	9,620,969	9,620,969
Net position - Restricted for other postemployment benefits	\$ 1,226,630	\$ 10,271,976	\$ 11,498,606
	Employees' Death Benefit	Retiree Health Care	Total
Additions:			
Investment income (loss):			
Interest and dividends	\$ -	\$ 4,517	\$ 4,517
Net adjustment to fair value of investments	97,953	684,615	782,568
Less investment expenses	-	(26,439)	(26,439)
Net investment income	97,953	662,693	760,646
Employer contributions	-	2,372,485	2,372,485
Total additions	97,953	3,035,178	3,133,131
Deductions:			
Benefit payments	17,000	-	17,000
Administrative expenses	3,000	-	3,000
Health insurance premiums	-	2,793,203	2,793,203
Total deductions	20,000	2,793,203	2,813,203
Change in net position	77,953	241,975	319,928
Net position - Beginning of year	1,148,677	10,030,001	11,178,678
Net position - End of year	\$ 1,226,630	\$ 10,271,976	\$ 11,498,606

Note 13 - Joint Ventures

The City is a member of the Southeast Macomb Sanitary District, which provides sewage to participating municipalities in Macomb County, Michigan. Other members include the cities of Roseville and St. Clair Shores, Michigan. The City appoints one member to the joint venture's governing board, which then approves the annual budgets. The City's equity interest of \$7,934,444 is recorded in the Water and Sewer Fund financial statements and within the business-type activities column in the statement of net position.

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

Note 13 - Joint Ventures (Continued)

The City is a member of the South Macomb Disposal Authority (the "Disposal Authority"), which provides refuse disposal services to participating municipalities in Macomb County, Michigan. Other members include the cities of Center Line, Roseville, St. Clair Shores, and Warren, Michigan. The City appoints one member to the joint venture's governing board, which then approves the annual budgets. The City's equity interest in the Disposal Authority's operating reserve of \$268,330 is recorded in the Garbage and Rubbish Collection Fund and within the business-type activities column on the statement of net position. The City has also recorded a payable due to the Disposal Authority in the amount of \$3,380,449, which represents the estimated portion of future post-closure care costs that the City is obligated to pay in connection with certain closed landfills owned by the Disposal Authority.

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

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 \$661,510 is recorded within the governmental activities column on the statement of net position.

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

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

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

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

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

June 30, 2023

Note 14 - Tax Abatements

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

For the fiscal year ended June 30, 2023, the City's property tax revenue was reduced by \$70,614 under these programs.

There are no significant abatements made by the City.

Note 15 - Leases

The City leases certain assets from a third party. The assets leased include vehicles. Payments are generally fixed monthly rates.

Lease asset activity of the City is included in Note 5.

Future principal and interest payment requirements related to the City's lease liability at June 30, 2023 are as follows:

Years Ending	Principal	Interest	Total
2024	\$ 128,344	\$ 9,755	\$ 138,099
2025	108,765	4,739	113,504
2026	50,623	1,516	52,139
2027	14,530	152	14,682
Total	<u>\$ 302,262</u>	<u>\$ 16,162</u>	<u>\$ 318,424</u>

The City leases certain assets to various third parties. The assets leased include certain land and cellular towers. Payments are generally fixed monthly with escalation over the term of the lease. At June 30, 2023, the total leases receivable outstanding was \$1,706,389, and deferred inflows of resources related to leases were \$1,621,215.

During the year ended June 30, 2023, the City recognized the following related to its lessor agreements:

Lease revenue	\$ 160,391
Interest income related to its leases	70,949

Required Supplementary Information

Required Supplementary Information
Budgetary Comparison Schedule
General Fund

Year Ended June 30, 2023

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 10,305,425	\$ 10,305,425	\$ 10,345,428	\$ 40,003
Intergovernmental:				
Federal grants	1,678,936	3,426,775	3,412,422	(14,353)
State-shared revenue and grants	3,993,563	4,644,789	5,390,043	745,254
Local grants and contributions - Operating grants	-	-	8,000	8,000
Charges for services	191,889	196,089	209,299	13,210
Fines and forfeitures	1,915,724	1,915,724	2,045,913	130,189
Licenses and permits	1,365,000	1,790,000	1,776,890	(13,110)
Other revenue:				
Interest, rents, and other revenue	461,959	513,741	282,344	(231,397)
SMORSA charge for service	7,091,654	7,091,654	7,215,523	123,869
Code enforcement	110,000	153,000	74,703	(78,297)
Total revenue	27,114,150	30,037,197	30,760,565	723,368
Expenditures				
Current services:				
General government	6,230,721	6,621,849	6,336,453	285,396
Public safety	19,790,335	21,132,665	18,953,921	2,178,744
Community and economic development	628,419	1,189,802	1,093,827	95,975
Recreation and culture	697,456	901,817	925,154	(23,337)
Total expenditures	27,346,931	29,846,133	27,309,355	2,536,778
Other Financing Uses - Transfers out	-	(3,371,351)	(3,371,351)	-
Net Change in Fund Balance	(232,781)	(3,180,287)	79,859	3,260,146
Fund Balance - Beginning of year	13,273,872	13,273,872	13,273,872	-
Fund Balance - End of year	<u>\$ 13,041,091</u>	<u>\$ 10,093,585</u>	<u>\$ 13,353,731</u>	<u>\$ 3,260,146</u>

City of Eastpointe, Michigan

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

Year Ended June 30, 2023

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
State-shared revenue and grants	\$ 2,854,355	\$ 2,854,355	\$ 3,060,344	\$ 205,989
Interest income	3,000	39,000	93,243	54,243
Other revenue	-	-	3,482	3,482
Total revenue	2,857,355	2,893,355	3,157,069	263,714
Expenditures - Current - Public works	3,469,956	3,469,956	2,553,409	916,547
Net Change in Fund Balance	(612,601)	(576,601)	603,660	1,180,261
Fund Balance - Beginning of year	2,970,675	2,970,675	2,970,675	-
Fund Balance - End of year	<u>\$ 2,358,074</u>	<u>\$ 2,394,074</u>	<u>\$ 3,574,335</u>	<u>\$ 1,180,261</u>

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

Year Ended June 30, 2023

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
State-shared revenue and grants	\$ 1,049,076	\$ 1,049,076	\$ 1,082,246	\$ 33,170
Investment income	1,000	4,500	48,963	44,463
Other revenue	-	-	7,748	7,748
Total revenue	1,050,076	1,053,576	1,138,957	85,381
Expenditures - Current - Public works	2,324,706	5,315,027	1,371,805	3,943,222
Excess of Expenditures Over Revenue	(1,274,630)	(4,261,451)	(232,848)	4,028,603
Other Financing Sources - Transfers in	-	-	4,171,351	4,171,351
Net Change in Fund Balance	(1,274,630)	(4,261,451)	3,938,503	8,199,954
Fund Balance - Beginning of year	171,243	171,243	171,243	-
Fund Balance (Deficit) - End of year	<u><u>\$ (1,103,387)</u></u>	<u><u>\$ (4,090,208)</u></u>	<u><u>\$ 4,109,746</u></u>	<u><u>\$ 8,199,954</u></u>

Required Supplementary Information

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

Last Ten Plan Years Ended December 31

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013*
Total Pension Liability										
Service cost	\$ 681,866	\$ 695,845	\$ 749,702	\$ 666,190	\$ 636,338	\$ 673,890	\$ 643,037	\$ 978,943	\$ 686,354	\$ -
Interest	6,772,583	6,796,408	6,569,248	6,662,419	6,599,649	6,474,987	6,164,757	8,654,072	5,678,262	-
Differences between expected and actual experience	(398,679)	622,591	76,098	(192,970)	122,616	841,124	3,367,456	-	367,337	-
Changes in assumptions	-	3,167,475	2,624,224	2,718,572	-	-	4,320	3,367,892	-	-
Benefit payments, including refunds	(7,353,547)	(7,220,091)	(6,786,684)	(6,690,770)	(6,487,094)	(6,338,728)	(6,295,557)	(9,485,939)	(6,209,213)	-
Net Change in Total Pension Liability	(297,777)	4,062,228	3,232,588	3,163,441	871,509	1,651,273	3,884,013	3,514,968	522,740	-
Total Pension Liability - Beginning of year	96,750,784	92,688,556	89,455,968	86,292,527	85,421,018	83,769,745	79,885,732	76,370,764	75,848,024	-
Total Pension Liability - End of year	\$ 96,453,007	\$ 96,750,784	\$ 92,688,556	\$ 89,455,968	\$ 86,292,527	\$ 85,421,018	\$ 83,769,745	\$ 79,885,732	\$ 76,370,764	\$ -
Plan Fiduciary Net Position										
Contributions - Employer	\$ 2,699,158	\$ 4,994,766	\$ 5,008,483	\$ 4,814,540	\$ 7,507,440	\$ 3,492,899	\$ 3,079,778	\$ 4,449,143	\$ 2,762,592	\$ -
Contributions - Member	64,975	72,787	80,492	86,461	104,095	105,064	104,348	167,260	218,791	-
Net investment (loss) income	(5,816,609)	6,334,220	5,749,820	5,484,598	(1,602,428)	5,178,711	4,279,664	(779,337)	6,345,355	-
Administrative expenses	(93,183)	(75,357)	(86,990)	(93,737)	(80,662)	(82,242)	(84,573)	(81,803)	(254,963)	-
Benefit payments, including refunds	(7,353,547)	(7,220,091)	(6,786,684)	(6,690,770)	(6,487,094)	(6,338,728)	(6,295,557)	(9,485,939)	(6,209,213)	-
Other	-	-	-	-	-	-	-	1,233	-	-
Net Change in Plan Fiduciary Net Position	(10,499,206)	4,106,325	3,965,121	3,601,092	(558,649)	2,355,704	1,083,660	(5,729,443)	2,862,562	-
Plan Fiduciary Net Position - Beginning of year	53,663,322	49,556,997	45,591,876	41,990,784	42,549,433	40,193,729	39,110,069	44,839,512	41,976,950	-
Plan Fiduciary Net Position - End of year	\$ 43,164,116	\$ 53,663,322	\$ 49,556,997	\$ 45,591,876	\$ 41,990,784	\$ 42,549,433	\$ 40,193,729	\$ 39,110,069	\$ 44,839,512	\$ -
City's Net Pension Liability - Ending	\$ 53,288,891	\$ 43,087,462	\$ 43,131,559	\$ 43,864,092	\$ 44,301,743	\$ 42,871,585	\$ 43,576,016	\$ 40,775,663	\$ 31,531,252	\$ -
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	44.75 %	55.47 %	53.47 %	50.97 %	48.66 %	49.81 %	47.98 %	48.96 %	58.71 %	- %
Covered Payroll	\$ 7,551,922	\$ 7,815,878	\$ 7,883,612	\$ 8,232,325	\$ 7,348,992	\$ 7,471,419	\$ 7,006,112	\$ 6,903,087	\$ 6,602,528	\$ -
City's Net Pension Liability as a Percentage of Covered Payroll	705.63 %	551.28 %	547.10 %	532.83 %	602.83 %	573.81 %	621.97 %	590.69 %	477.56 %	- %

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

City of Eastpointe, Michigan

Required Supplementary Information Retirement System Schedule of City Contributions

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 5,108,598	\$ 4,974,696	\$ 4,473,726	\$ 4,503,642	\$ 3,774,474	\$ 3,365,414	\$ 3,341,277	\$ 3,443,007	\$ 2,778,642	\$ 2,981,382
Contributions in relation to the actuarially determined contribution	5,141,607	5,015,439	5,049,506	4,685,302	5,919,528	3,365,414	3,341,277	3,443,007	2,778,642	2,981,382
Contribution Excess	\$ 33,009	\$ 40,743	\$ 575,780	\$ 181,660	\$ 2,145,054	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 7,815,878	\$ 7,883,612	\$ 8,232,325	\$ 7,348,992	\$ 7,471,419	\$ 7,006,112	\$ 6,903,087	\$ 6,453,723	\$ 6,453,723	\$ 6,602,528
Contributions as a Percentage of Covered Payroll	65.78 %	63.62 %	61.34 %	63.75 %	79.23 %	48.04 %	48.40 %	53.35 %	43.05 %	45.16 %

Notes to Retirement System Schedule of City Contributions

Actuarial valuation information relative to the determination of contributions:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll - Open
Remaining amortization period	17 years
Asset valuation method	5-year smoothed market
Inflation	2.5 percent
Salary increase	3.00 percent
Investment rate of return	7.25 percent
Retirement age	Varies depending on plan adoption
Mortality	Pub-2010 tables
Other information	None

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

	Last Seven Fiscal Years						
	Years Ended June 30						
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return - Net of investment expense	7.02 %	(7.70)%	34.95 %	(0.43)%	0.84 %	7.04 %	8.65 %

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

Last Seven Fiscal Years

	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability							
Service cost	\$ 108,171	\$ 167,875	\$ 256,487	\$ 533,834	\$ 527,552	\$ 816,371	\$ 407,493
Interest	1,581,906	2,441,709	2,583,973	2,817,940	2,744,843	2,794,145	2,615,983
Differences between expected and actual experience	47,436	(722,236)	(1,155,330)	(4,630,245)	(951,913)	(4,122,263)	399,232
Changes in assumptions	(1,573,110)	(12,628,067)	(983,269)	879,704	2,895,831	(3,051,549)	2,043,946
Benefit payments, including refunds	(2,793,203)	(2,121,156)	(3,571,304)	(2,552,784)	(2,525,983)	(2,663,809)	(2,396,336)
Other	-	-	-	-	(253)	(3,106)	-
Net Change in Total OPEB Liability	(2,628,800)	(12,861,875)	(2,869,443)	(2,951,551)	2,690,077	(6,230,211)	3,070,318
Total OPEB Liability - Beginning of year	25,679,526	38,541,401	41,410,844	44,362,395	41,672,318	47,902,529	44,832,211
Total OPEB Liability - End of year	\$ 23,050,726	\$ 25,679,526	\$ 38,541,401	\$ 41,410,844	\$ 44,362,395	\$ 41,672,318	\$ 47,902,529
Plan Fiduciary Net Position							
Contributions - Employer	\$ 2,372,485	\$ 2,426,300	\$ 2,432,415	\$ 2,527,577	\$ 2,983,583	\$ 2,634,836	\$ 2,652,728
Net investment income (loss)	689,132	(824,863)	2,543,498	(7,737)	75,608	585,678	645,730
Administrative expenses	(26,439)	(26,516)	(24,512)	(23,151)	(62,147)	(19,924)	(18,843)
Benefit payments, including refunds	(2,793,203)	(2,121,156)	(3,571,304)	(2,552,784)	(2,525,983)	(2,663,809)	(2,396,336)
Net Change in Plan Fiduciary Net Position	241,975	(546,235)	1,380,097	(56,095)	471,061	536,781	883,279
Plan Fiduciary Net Position - Beginning of year	10,030,001	10,576,236	9,196,139	9,252,234	8,781,173	8,244,392	7,361,113
Plan Fiduciary Net Position - End of year	\$ 10,271,976	\$ 10,030,001	\$ 10,576,236	\$ 9,196,139	\$ 9,252,234	\$ 8,781,173	\$ 8,244,392
Net OPEB Liability - Ending	\$ 12,778,750	\$ 15,649,525	\$ 27,965,165	\$ 32,214,705	\$ 35,110,161	\$ 32,891,145	\$ 39,658,137
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	44.56 %	39.06 %	27.44 %	22.21 %	20.86 %	21.07 %	17.21 %
Covered-employee Payroll	\$ 1,155,844	\$ 2,109,601	\$ 2,475,795	\$ 3,928,170	\$ 4,015,077	\$ 4,897,039	\$ 5,164,079
Net OPEB Liability as a Percentage of Covered-employee Payroll	1,105.58 %	741.82 %	1,129.54 %	820.09 %	874.46 %	671.65 %	767.96 %

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

Required Supplementary Information
OPEB Plan Schedule of City Contributions

Last Ten Fiscal Years Years Ended June 30										
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 1,356,181	\$ 2,367,283	\$ 2,760,634	\$ 2,345,166	\$ 2,097,749	\$ 2,696,182	\$ 2,634,835	\$ 2,852,737	\$ 2,852,737	\$ 3,101,027
Contributions in relation to the actuarially determined contribution	2,372,485	2,426,300	2,432,415	2,527,577	2,983,583	2,634,836	2,652,728	3,066,262	3,356,213	3,435,241
Contribution Excess (Deficiency)	\$ 1,016,304	\$ 59,017	\$ (328,219)	\$ 182,411	\$ 885,834	\$ (61,346)	\$ 17,893	\$ 213,525	\$ 503,476	\$ 334,214
Covered-employee Payroll	\$ 1,155,844	\$ 2,109,601	\$ 2,475,795	\$ 3,928,170	\$ 4,015,077	\$ 4,897,039	\$ 5,164,079	\$ 4,250,532	\$ 6,088,182	\$ 6,088,182
Contributions as a Percentage of Covered-employee Payroll	205.26 %	115.01 %	98.25 %	64.34 %	74.31 %	53.80 %	51.37 %	72.14 %	55.13 %	56.42 %

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contribution rates are calculated as of June 30, one 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	27 years
Asset valuation method	Fair value
Inflation	2.50 percent
Health care cost trend rates	7.25 percent, graded down to 4.5 percent
Salary increase	3.00 percent
Investment rate of return	6.50 percent
Retirement age	50-65 years
Mortality	Pub-2010 tables
Other information	None

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

	Last Seven Fiscal Years						
	Years Ended June 30						
	2023	2022	2021	2020	2019	2018	2017
Annual money-weighted rate of return - Net of investment expense	8.60 %	(9.36)%	29.33 %	(5.22)%	2.61 %	0.53 %	9.50 %

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

Required Supplementary Information

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

Last Seven Fiscal Years

	2023	2022	2021	2020	2019	2018	2017
Total Death Benefit Liability							
Service cost	\$ 8,350	\$ 11,034	\$ 4,136	\$ 4,565	\$ 5,130	\$ 4,945	\$ 4,724
Interest	36,976	36,022	38,211	36,902	31,899	30,766	29,422
Differences between expected and actual experience	(10,242)	4,467	(917)	-	87,541	-	18,399
Changes in assumptions	2,407	-	(44,054)	(41,407)	-	-	-
Benefit payments, including refunds	(17,000)	(54,000)	(15,000)	(39,000)	(43,000)	(10,000)	(29,000)
Net Change in Total Death Benefit Liability	20,491	(2,477)	(17,624)	(38,940)	81,570	25,711	23,545
Total Death Benefit Liability - Beginning of year	573,202	575,679	593,303	632,243	550,673	524,962	501,417
Total Death Benefit Liability - End of year	<u><u>\$ 593,693</u></u>	<u><u>\$ 573,202</u></u>	<u><u>\$ 575,679</u></u>	<u><u>\$ 593,303</u></u>	<u><u>\$ 632,243</u></u>	<u><u>\$ 550,673</u></u>	<u><u>\$ 524,962</u></u>
Plan Fiduciary Net Position							
Net investment income (loss)	\$ 97,953	\$ (121,502)	\$ 302,912	\$ (63,510)	\$ 29,674	\$ 8,620	\$ 102,326
Administrative expenses	(3,000)	(3,000)	(1,000)	(2,500)	-	(2,500)	-
Benefit payments, including refunds	(17,000)	(54,000)	(15,000)	(39,000)	(43,000)	(10,000)	(29,000)
Net Change in Plan Fiduciary Net Position	77,953	(178,502)	286,912	(105,010)	(13,326)	(3,880)	73,326
Plan Fiduciary Net Position - Beginning of year	1,148,677	1,327,179	1,040,267	1,145,277	1,158,603	1,162,483	1,089,157
Plan Fiduciary Net Position - End of year	<u><u>\$ 1,226,630</u></u>	<u><u>\$ 1,148,677</u></u>	<u><u>\$ 1,327,179</u></u>	<u><u>\$ 1,040,267</u></u>	<u><u>\$ 1,145,277</u></u>	<u><u>\$ 1,158,603</u></u>	<u><u>\$ 1,162,483</u></u>
City's Net Death Benefit Asset - Ending	<u><u>\$ (632,937)</u></u>	<u><u>\$ (575,475)</u></u>	<u><u>\$ (751,500)</u></u>	<u><u>\$ (446,964)</u></u>	<u><u>\$ (513,034)</u></u>	<u><u>\$ (607,930)</u></u>	<u><u>\$ (637,521)</u></u>
Plan Fiduciary Net Position as a Percentage of Total Death Benefit Liability	206.61 %	200.40 %	230.54 %	175.33 %	181.15 %	210.40 %	221.44 %
Covered-employee Payroll	\$ 5,723,694	\$ 6,343,755	\$ 5,744,640	\$ 4,249,615	\$ 5,596,514	\$ 4,897,039	\$ 5,164,079
City's Net Death Benefit Liability as a Percentage of Covered-employee Payroll	(11.06)%	(9.07)%	(13.08)%	(10.52)%	(9.17)%	(12.41)%	(12.35)%

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

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

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contribution	-	-	-	-	-	-	-	-	-	-
Contribution Deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee Payroll	\$ 5,723,694	\$ 6,343,755	\$ 5,744,640	\$ 4,249,615	\$ 5,596,514	\$ 4,897,039	\$ 5,164,079	\$ 4,250,532	\$ 6,088,182	\$ 6,088,182
Contributions as a Percentage of Covered-employee Payroll	- %	- %	- %	- %	- %	- %	- %	- %	- %	- %

Notes to Employees' Death Benefit Plan Schedule of City Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarial determined contribution rates are calculated at least once every five years, in accordance with plan documents. The latest actuarial valuation, associated with the contribution amounts above, was performed as of June 30, 2020.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Individual entry age
Amortization method	Level dollar
Remaining amortization period	27 years
Asset valuation method	Fair value
Inflation	2.5 percent
Health care cost trend rates	Not applicable
Salary increase	Not applicable
Investment rate of return	6.5 percent - Net of expenses
Retirement age	50-65 years
Mortality	Pub-2010 tables
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, 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, 2023 has not been calculated. During the current year, the budget was amended in a legally permissible manner, other than the deficits budgeted in the Indigent Defense Fund and the Capital Improvement 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 supplementary information. The budget has been prepared in accordance with accounting principles generally accepted in the United States of America.

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

	Total Revenue	Total Expenditures	Other Financing Uses	Change in Fund Balance
General Fund:				
Amounts per operating statement	\$ 31,139,202	\$ 27,403,596	\$ 3,580,192	\$ 155,414
Tax Reversion Fund budgeted separate from the General Fund	-	79,883	-	(79,883)
Additional Pension Fund budgeted separate from the General Fund	(671)	(4,999)	-	4,328
Expenditures budgeted as revenue	(377,966)	(377,966)	-	-
Transfers out budgeted as expenditures	-	208,841	(208,841)	-
Amounts per budget statement	<u>\$ 30,760,565</u>	<u>\$ 27,309,355</u>	<u>\$ 3,371,351</u>	<u>\$ 79,859</u>

City of Eastpointe, Michigan

Notes to Required Supplementary Information (Continued)

June 30, 2023

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

	Budget	Actual	Variance
General Fund - Recreation and culture	\$ 901,817	\$ 925,154	\$ (23,337)
Community Development Block Grant Fund - Community and economic development	165,000	315,000	(150,000)

The Community Development Block Grant Fund had an unfavorable variance as a result of higher than anticipated costs.

Pension Information

Changes in Assumptions

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

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

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

In 2022, the discount rate in the pension valuation was decreased from 7.6 percent to 7.25 percent.

OPEB Information

Changes in Assumptions

In 2018, the discount rate for the retiree health care plan was increased from 6.00 to 6.75 percent.

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

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

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

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

In 2022, the City eliminated older post-65 plans (plans 7, 15, and 17). The majority of retirees in these plans were moved to a plan with lower premiums.

In 2023, Scale MP-2021 improvements were applied to the Pub-2010 Mortality Tables for both the OPEB and death benefit plans. Also, the annual claims costs were updated to reflect experience since the previous valuation.

Other Financial and Supplementary Information

City of Eastpointe, Michigan

	Nonmajor Special Revenue Funds					Total Nonmajor Special Revenue Funds
	Library	Indigent Defense	Drug Law Enforcement	Community Development Block Grant	Street Lighting SAD	
Assets						
Cash and cash equivalents	\$ 263,453	\$ 183,425	\$ 316,051	\$ -	\$ 202,077	\$ 965,006
Investments	525,197	-	-	-	-	525,197
Receivables:						
Special assessments	-	-	-	-	-	-
Due from other governmental units	-	-	-	150,000	-	150,000
Restricted assets	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
Total assets	\$ 788,650	\$ 183,425	\$ 316,051	\$ 150,000	\$ 202,077	\$ 1,640,203
Liabilities						
Accounts payable	\$ 50,504	\$ 85,363	\$ 1,140	\$ -	\$ 32,187	\$ 169,194
Due to other funds	-	-	-	150,000	-	150,000
Accrued liabilities and other	15,166	1,076	7,448	-	-	23,690
Unearned revenue	-	96,986	-	-	-	96,986
Total liabilities	65,670	183,425	8,588	150,000	32,187	439,870
Deferred Inflows of Resources -						
Unavailable revenue - Special assessments	-	-	-	-	-	-
Fund Balances						
Restricted:						
Debt service	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-
Library	722,980	-	-	-	-	722,980
Drug law enforcement	-	-	307,463	-	-	307,463
Street lighting	-	-	-	-	169,890	169,890
Total fund balances	722,980	-	307,463	-	169,890	1,200,333
Total liabilities, deferred inflows of resources, and fund balances	\$ 788,650	\$ 183,425	\$ 316,051	\$ 150,000	\$ 202,077	\$ 1,640,203

Other Financial and Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2023

Nonmajor Capital Projects Funds			Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Capital Improvement	District Court Building	Brownfield Capital Project		
\$ 26,808	\$ 88,248	\$ -	\$ 115,056	\$ 1,080,062
-	-	-	-	525,197
153,594	-	-	153,594	153,594
-	5,222	-	5,222	155,222
-	-	122,006	122,006	122,006
-	-	134,038	134,038	134,038
\$ 180,402	\$ 93,470	\$ 256,044	\$ 529,916	\$ 2,170,119
\$ 21,993	\$ -	\$ -	\$ 21,993	\$ 191,187
-	-	-	-	150,000
-	-	-	-	23,690
-	-	-	-	96,986
21,993	-	-	21,993	461,863
138,990	-	-	138,990	138,990
-	-	256,044	256,044	256,044
19,419	93,470	-	112,889	112,889
-	-	-	-	722,980
-	-	-	-	307,463
-	-	-	-	169,890
19,419	93,470	256,044	368,933	1,569,266
\$ 180,402	\$ 93,470	\$ 256,044	\$ 529,916	\$ 2,170,119

City of Eastpointe, Michigan

	Nonmajor Special Revenue Funds					Total Nonmajor Special Revenue Funds
	Library	Indigent Defense	Drug Law Enforcement	Community Development Block Grant	Street Lighting SAD	
Revenue						
Property taxes	\$ 1,002,959	\$ -	\$ -	\$ -	\$ -	\$ 1,002,959
Special assessments	-	-	-	-	472,617	472,617
Intergovernmental:						
Federal grants	-	-	-	315,000	-	315,000
State-shared revenue and grants	42,426	464,099	-	-	-	506,525
Charges for services	1,202	-	-	-	-	1,202
Fines and forfeitures	40,946	-	111,728	-	-	152,674
Investment income	20,751	-	3,225	-	-	23,976
Other revenue	-	-	200	-	-	200
Total revenue	1,108,284	464,099	115,153	315,000	472,617	2,475,153
Expenditures						
Current services:						
District court	-	464,099	-	-	-	464,099
Public safety	-	-	290,947	-	-	290,947
Public works	-	-	-	-	372,608	372,608
Community and economic development	-	-	-	315,000	-	315,000
Recreation and culture	937,942	-	-	-	-	937,942
Capital outlay	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Total expenditures	937,942	464,099	290,947	315,000	372,608	2,380,596
Other Financing Sources - Proceeds from sale of capital assets	-	-	-	-	-	-
Net Change in Fund Balances	170,342	-	(175,794)	-	100,009	94,557
Fund Balances (Deficit) - Beginning of year	552,638	-	483,257	-	69,881	1,105,776
Fund Balances - End of year	\$ 722,980	\$ -	\$ 307,463	\$ -	\$ 169,890	\$ 1,200,333

Other Financial and Supplementary Information

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

Nonmajor Governmental Funds

Year Ended June 30, 2023

Nonmajor Capital Projects Funds				Total Nonmajor Governmental Funds
Capital Improvement	District Court Building	Brownfield Capital Project	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 1,002,959
94,933	-	-	94,933	567,550
-	-	-	-	315,000
-	-	-	-	506,525
-	-	-	-	1,202
-	-	-	-	152,674
-	362	-	362	24,338
-	80,152	-	80,152	80,352
94,933	80,514	-	175,447	2,650,600
-	-	-	-	464,099
-	-	-	-	290,947
-	-	-	-	372,608
-	-	-	-	315,000
-	-	-	-	937,942
205,638	-	-	205,638	205,638
-	-	48,542	48,542	48,542
205,638	-	48,542	254,180	2,634,776
208,841	-	-	208,841	208,841
98,136	80,514	(48,542)	130,108	224,665
(78,717)	12,956	304,586	238,825	1,344,601
\$ 19,419	\$ 93,470	\$ 256,044	\$ 368,933	\$ 1,569,266

City of Eastpointe, Michigan

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

Year Ended June 30, 2023

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Property taxes	\$ 3,716,316	\$ 3,716,316	\$ 3,725,822	\$ 9,506
Intergovernmental	30,000	30,000	30,343	343
Investment income	1,100	19,100	22,711	3,611
Total revenue	3,747,416	3,765,416	3,778,876	13,460
Expenditures - Current - Public works and debt	3,766,826	3,790,189	3,785,731	4,458
Net Change in Fund Balance	(19,410)	(24,773)	(6,855)	17,918
Fund Balance - Beginning of year	619,492	619,492	619,492	-
Fund Balance - End of year	<u><u>\$ 600,082</u></u>	<u><u>\$ 594,719</u></u>	<u><u>\$ 612,637</u></u>	<u><u>\$ 17,918</u></u>

City of Eastpointe, Michigan

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

Year Ended June 30, 2023

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Property taxes	\$ 1,007,343	\$ 1,007,343	\$ 1,002,959	\$ (4,384)
Intergovernmental - State-shared revenue and grants	33,000	33,000	42,426	9,426
Charges for services	1,000	1,000	1,202	202
Fines and forfeitures	40,000	40,000	40,946	946
Interest income	1,250	1,250	20,751	19,501
Total revenue	1,082,593	1,082,593	1,108,284	25,691
Expenditures - Current - Recreation and culture	1,012,399	1,012,399	937,942	74,457
Net Change in Fund Balance	70,194	70,194	170,342	100,148
Fund Balance - Beginning of year	552,638	552,638	552,638	-
Fund Balance - End of year	<u>\$ 622,832</u>	<u>\$ 622,832</u>	<u>\$ 722,980</u>	<u>\$ 100,148</u>

City of Eastpointe, Michigan

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

Year Ended June 30, 2023

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue - State-shared revenue and grants	\$ 300,000	\$ 300,000	\$ 464,099	\$ 164,099
Expenditures - Current - District court	472,795	472,795	464,099	8,696
Net Change in Fund Balance	(172,795)	(172,795)	-	172,795
Fund Balance - Beginning of year	-	-	-	-
Fund Balance (Deficit) - End of year	<u><u>\$ (172,795)</u></u>	<u><u>\$ (172,795)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 172,795</u></u>

City of Eastpointe, Michigan

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

Year Ended June 30, 2023

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Fines and forfeitures	\$ 185,000	\$ 185,000	\$ 111,728	\$ (73,272)
Investment income	300	300	3,225	2,925
Other revenue	5,000	5,000	200	(4,800)
Total revenue	190,300	190,300	115,153	(75,147)
Expenditures - Current - Public safety	336,323	336,323	290,947	45,376
Net Change in Fund Balance	(146,023)	(146,023)	(175,794)	(29,771)
Fund Balance - Beginning of year	483,257	483,257	483,257	-
Fund Balance - End of year	<u>\$ 337,234</u>	<u>\$ 337,234</u>	<u>\$ 307,463</u>	<u>\$ (29,771)</u>

City of Eastpointe, Michigan

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

Year Ended June 30, 2023

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue - Federal grants	\$ 150,000	\$ 165,000	\$ 315,000	\$ 150,000
Expenditures - Current - Community and economic development	150,000	165,000	315,000	(150,000)
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning of year	-	-	-	-
Fund Balance - End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Eastpointe, Michigan

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

Year Ended June 30, 2023

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue - Special assessments	\$ 469,200	\$ 469,200	\$ 472,617	\$ 3,417
Expenditures - Current - Public works	469,200	469,200	372,608	96,592
Net Change in Fund Balance	-	-	100,009	100,009
Fund Balance - Beginning of year	69,881	69,881	69,881	-
Fund Balance - End of year	<u><u>\$ 69,881</u></u>	<u><u>\$ 69,881</u></u>	<u><u>\$ 169,890</u></u>	<u><u>\$ 100,009</u></u>

City of Eastpointe, Michigan

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

Year Ended June 30, 2023

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Special assessments	\$ 450,000	\$ 450,000	\$ 94,933	\$ (355,067)
Investment income	100	100	-	(100)
Total revenue	450,100	450,100	94,933	(355,167)
Expenditures - Capital outlay	411,966	411,966	205,638	206,328
Other Financing Sources - Transfers in	-	-	208,841	208,841
Net Change in Fund Balance	38,134	38,134	98,136	60,002
Fund Balance (Deficit) - Beginning of year	(78,717)	(78,717)	(78,717)	-
Fund Balance (Deficit) - End of year	<u><u>\$ (40,583)</u></u>	<u><u>\$ (40,583)</u></u>	<u><u>\$ 19,419</u></u>	<u><u>\$ 60,002</u></u>

City of Eastpointe, Michigan

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

Year Ended June 30, 2023

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue - Other revenue	\$ 71,000	\$ 71,000	\$ 80,514	\$ 9,514
Expenditures - Current - District court	24,000	24,000	-	24,000
Net Change in Fund Balance	47,000	47,000	80,514	33,514
Fund Balance - Beginning of year	12,956	12,956	12,956	-
Fund Balance - End of year	<u><u>\$ 59,956</u></u>	<u><u>\$ 59,956</u></u>	<u><u>\$ 93,470</u></u>	<u><u>\$ 33,514</u></u>

City of Eastpointe, Michigan

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

Year Ended June 30, 2023

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue - Property taxes	\$ 76,746	\$ 76,746	\$ -	\$ (76,746)
Expenditures - Current - Debt service	48,543	48,543	48,542	1
Net Change in Fund Balance	28,203	28,203	(48,542)	(76,745)
Fund Balance - Beginning of year	304,586	304,586	304,586	-
Fund Balance - End of year	<u><u>\$ 332,789</u></u>	<u><u>\$ 332,789</u></u>	<u><u>\$ 256,044</u></u>	<u><u>\$ (76,745)</u></u>

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

June 30, 2023

	Other Postretirement Benefits Trust Funds			Custodial Funds			
	Employees' Death Benefit	Retiree Health Care	Total Other Postretirement Benefits Trust Funds	Tax Collection	Private Contributions	Memorial Library Trust	Total Custodial Funds
Assets							
Cash and cash equivalents	\$ 18,025	\$ 651,007	\$ 669,032	\$ -	\$ 2,272	\$ 7,191	\$ 9,463
Investments:							
Interest in pooled investments	-	9,620,969	9,620,969	-	-	-	-
Equity securities	146,572	-	146,572	-	-	-	-
Fixed income	246,477	-	246,477	-	-	-	-
Mutual funds	815,556	-	815,556	-	-	-	-
Total assets	1,226,630	10,271,976	11,498,606	-	2,272	7,191	9,463
Net Position							
Restricted:							
Postemployment benefits other than pension	1,226,630	10,271,976	11,498,606	-	-	-	-
Individuals, organizations, and other governments	-	-	-	-	2,272	7,191	9,463
Total net position	<u>\$ 1,226,630</u>	<u>\$ 10,271,976</u>	<u>\$ 11,498,606</u>	<u>\$ -</u>	<u>\$ 2,272</u>	<u>\$ 7,191</u>	<u>\$ 9,463</u>

City of Eastpointe, Michigan

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

Year Ended June 30, 2023

	Other Postretirement Benefits Trust Funds			Custodial Funds			
	Employees' Death Benefit	Retiree Health Care	Total Other Postretirement Benefits Trust Funds	Tax Collection	Private Contributions	Memorial Library Trust	Total Custodial Funds
Additions							
Investment income (loss):							
Interest and dividends	\$ -	\$ 4,517	\$ 4,517	\$ -	\$ -	\$ 60	\$ 60
Net change in fair value of investments	97,953	684,615	782,568	-	-	-	-
Investment-related expenses	-	(26,439)	(26,439)	-	-	-	-
Net investment income	97,953	662,693	760,646	-	-	60	60
Contributions - Employer	-	2,372,485	2,372,485	-	-	-	-
Property tax collections	-	-	-	40,167,351	-	-	40,167,351
Collections for individuals, organizations, or other governments	-	-	-	-	297	-	297
Total additions	97,953	3,035,178	3,133,131	40,167,351	297	60	40,167,708
Deductions							
Benefit payments	17,000	-	17,000	-	-	-	-
Health insurance premiums	-	2,793,203	2,793,203	-	-	-	-
Administrative expenses	3,000	-	3,000	-	351	-	351
Tax distributions to other governments	-	-	-	40,167,351	-	-	40,167,351
Total deductions	20,000	2,793,203	2,813,203	40,167,351	351	-	40,167,702
Net Increase (Decrease) in Fiduciary Net Position	77,953	241,975	319,928	-	(54)	60	6
Net Position - Beginning of year	1,148,677	10,030,001	11,178,678	-	2,326	7,131	9,457
Net Position - End of year	<u>\$ 1,226,630</u>	<u>\$ 10,271,976</u>	<u>\$ 11,498,606</u>	<u>\$ -</u>	<u>\$ 2,272</u>	<u>\$ 7,191</u>	<u>\$ 9,463</u>

Statistical Section

Statistical Section

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

The statistical section is organized into the following main categories:

Financial trends

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

Revenue capacity

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

Debt capacity

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

Demographic and economic information

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

Operating information

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

City of Eastpointe, Michigan

	As of June 30,			
	2014	2015	2016	2017
Governmental Activities:				
Net investment in capital assets	\$ 19,005,239	\$ 21,490,547	\$ 24,232,653	\$ 24,446,470
Restricted	7,633,404	3,710,685	2,275,995	3,095,222
Unrestricted	5,778,162	(22,475,776)	(23,508,088)	(21,634,318)
Total net position	\$ 32,416,805	\$ 2,725,456	\$ 3,000,560	\$ 5,907,374
Business Type Activities:				
Net investment in capital assets	\$ 29,182,282	\$ 34,857,012	\$ 40,653,418	\$ 42,596,789
Restricted	19,885	19,913	19,942	19,978
Unrestricted	18,415,992	10,320,102	3,013,342	(428,506)
Total net position	\$ 47,618,159	\$ 45,197,027	\$ 43,686,702	\$ 42,188,261
Primary government in total:				
Net investment in capital assets	\$ 48,187,521	\$ 56,347,559	\$ 64,886,071	\$ 67,043,259
Restricted	7,653,289	3,730,598	2,295,937	3,115,200
Unrestricted	24,194,154	(12,155,674)	(20,494,746)	(22,062,824)
Total net position	\$ 80,034,964	\$ 47,922,483	\$ 46,687,262	\$ 48,095,635

Source: City's annual financial statements

Net Position by Component

Last Ten Fiscal Years

June 30, 2023

As of June 30,					
2018	2019	2020	2021	2022	2023
\$ 24,562,043	\$ 24,777,268	\$ 25,623,616	\$ 29,870,127	\$ 31,287,864	\$ 33,089,513
3,851,794	6,160,626	6,104,233	5,327,592	5,190,195	10,498,764
(60,166,742)	(61,013,341)	(61,838,047)	(61,104,135)	(57,040,569)	(56,456,905)
\$ (31,752,905)	\$ (30,075,447)	\$ (30,110,198)	\$ (25,906,416)	\$ (20,562,510)	\$ (12,868,628)
\$ 42,545,111	\$ 43,205,709	\$ 43,821,835	\$ 44,919,151	\$ 49,087,040	\$ 60,811,013
20,025	23,371	22,806	22,806	22,796	22,817
3,223,293	7,215,870	12,732,080	15,740,355	14,806,916	9,094,425
\$ 45,788,429	\$ 50,444,950	\$ 56,576,721	\$ 60,682,312	\$ 63,916,752	\$ 69,928,255
\$ 67,107,154	\$ 67,982,977	\$ 69,445,451	\$ 74,789,278	\$ 80,374,904	\$ 93,900,526
3,871,819	6,183,997	6,127,039	5,350,398	5,212,991	10,521,581
(56,943,449)	(53,797,471)	(49,105,967)	(45,363,780)	(42,233,653)	(47,362,480)
\$ 14,035,524	\$ 20,369,503	\$ 26,466,523	\$ 34,775,896	\$ 43,354,242	\$ 57,059,627

City of Eastpointe, Michigan

	As of June 30,			
	2014	2015	2016	2017
Expenses:				
General government	\$ 6,354,440	\$ 4,223,289	\$ 5,551,358	\$ 7,977,965
Public safety	9,917,812	10,768,618	14,435,389	12,191,454
Public works	5,296,110	6,726,880	5,734,993	3,513,592
Community and economic development	195,000	-	528,160	199,031
Recreation and culture	1,694,085	1,741,330	2,005,418	1,733,262
Interest on long-term debt	221,457	158,673	152,784	97,394
Total governmental activities	<u>23,678,904</u>	<u>23,618,790</u>	<u>28,408,102</u>	<u>25,712,698</u>
Program revenues:				
Charges for services				
General government	3,158,318	3,039,394	2,674,865	2,308,360
Public safety	820,935	842,678	7,015,109	7,163,619
Public works	2,219,379	334,141	-	-
Recreation and culture	249,975	236,219	246,978	256,053
Total charges for services	<u>6,448,607</u>	<u>4,452,432</u>	<u>9,936,952</u>	<u>9,728,032</u>
Operating grants and contributions	2,302,747	2,399,009	2,955,819	2,502,202
Capital grants and contributions	<u>1,850,000</u>	<u>21,712</u>	<u>487,608</u>	<u>1,012,379</u>
Total program revenue	<u>10,601,354</u>	<u>6,873,153</u>	<u>13,380,379</u>	<u>13,242,613</u>
Net expense	(13,077,550)	(16,745,637)	(15,027,723)	(12,470,085)
General revenues:				
Property taxes	11,502,055	11,364,098	11,541,479	11,462,578
State-shared revenues	3,236,459	3,299,801	3,808,921	3,947,067
Investment income	38,988	57,076	67,022	69,893
Gain (loss) on sale of capital assets	-	-	-	18,075
Other nonprogram revenue	<u>775,862</u>	<u>1,122,521</u>	<u>885,471</u>	<u>888,840</u>
Total general revenues	<u>15,553,364</u>	<u>15,843,496</u>	<u>16,302,893</u>	<u>16,386,453</u>
Transfers	(982,255)	(809,130)	(1,000,066)	(1,009,554)
Implementation of GASB Statement No. 75	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	<u>\$ 1,493,559</u>	<u>\$ (1,711,271)</u>	<u>\$ 275,104</u>	<u>\$ 2,906,814</u>

Source: City's annual financial statements

Changes in Governmental Net Position

Last Ten Fiscal Years

June 30, 2023

As of June 30,					
2018	2019	2020	2021	2022	2023
\$ 6,783,025	\$ 8,383,446	\$ 8,525,468	\$ 8,655,519	\$ 7,940,654	\$ 9,653,381
17,765,290	17,753,993	17,164,481	15,564,815	15,564,140	17,614,704
3,696,829	2,503,304	3,407,150	3,581,112	3,691,655	2,986,279
-	-	-	460,323	265,616	385,106
1,695,859	1,707,459	1,805,539	1,294,625	1,867,491	2,106,701
103,289	95,342	97,515	89,879	100,135	165,967
<u>30,044,292</u>	<u>30,443,544</u>	<u>31,000,153</u>	<u>29,646,273</u>	<u>29,429,691</u>	<u>32,912,138</u>
2,608,043	2,184,728	1,708,100	1,399,255	2,439,792	2,234,632
7,081,966	7,471,888	7,236,529	8,152,856	8,320,335	8,786,334
-	-	-	-	-	-
<u>44,467</u>	<u>43,610</u>	<u>43,532</u>	<u>44,243</u>	<u>40,918</u>	<u>42,148</u>
9,734,476	9,700,226	8,988,161	9,596,354	10,801,045	11,063,114
18,444	292,450	369,326	1,678,444	664,350	3,735,422
<u>623,712</u>	<u>409,378</u>	<u>350,728</u>	<u>566,220</u>	<u>566,495</u>	<u>492,463</u>
<u>10,376,632</u>	<u>10,402,054</u>	<u>9,708,215</u>	<u>11,841,018</u>	<u>12,031,890</u>	<u>15,290,999</u>
(19,667,660)	(20,041,490)	(21,291,938)	(17,805,255)	(17,397,801)	(17,621,139)
11,839,506	13,990,374	13,585,140	14,111,019	14,394,800	15,074,209
6,817,806	7,604,412	7,346,091	7,778,275	8,937,167	10,069,501
135,284	344,044	425,450	74,807	(132,104)	465,175
17,375	3,420	10,680	12,130	-	-
<u>904,268</u>	<u>841,314</u>	<u>945,803</u>	<u>1,098,821</u>	<u>604,179</u>	<u>1,269,389</u>
<u>19,714,239</u>	<u>22,783,564</u>	<u>22,313,164</u>	<u>23,075,052</u>	<u>23,804,042</u>	<u>26,878,274</u>
(1,071,640)	(1,064,616)	(1,055,977)	(1,059,404)	(1,062,335)	(1,563,253)
<u>(36,635,218)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ (37,660,279)</u>	<u>\$ 1,677,458</u>	<u>\$ (34,751)</u>	<u>\$ 4,210,393</u>	<u>\$ 5,343,906</u>	<u>\$ 7,693,882</u>

City of Eastpointe, Michigan

	As of June 30,			
	2014	2015	2016	2017
Expenses				
Water and sewer	\$ 10,070,734	\$ 11,735,472	\$ 14,264,533	\$ 15,868,069
Garbage and rubbish collection	-	1,776,981	1,991,470	1,859,287
Total expenses	10,070,734	13,512,453	16,256,003	17,727,356
Program Revenue				
Charges for services				
Water and sewer	11,217,649	11,054,530	11,508,016	12,740,588
Garbage and rubbish collection	-	1,741,867	1,741,559	1,740,794
Total charges for services	11,217,649	12,796,397	13,249,575	14,481,382
Operating grants and contributions	-	-	424,914	682,556
Capital grants and contributions	-	66,358	-	-
Total Program Revenue	11,217,649	12,862,755	13,674,489	15,163,938
Net Revenue (Expense)	1,146,915	(649,698)	(2,581,514)	(2,563,418)
General Revenue				
Investment income	92,106	81,733	69,545	54,568
Gain (loss) on sale of capital assets	-	-	-	-
Other nonprogram revenue	2,880	2,625	1,578	855
Change in joint ventures	-	-	-	-
Total general revenue (expense)	94,986	84,358	71,123	55,423
Transfers from other funds	982,255	809,130	1,000,066	1,009,554
Implementation of GASB Statement No. 75	-	-	-	-
Change in Net Position	\$ 2,224,156	\$ 243,790	\$ (1,510,325)	\$ (1,498,441)

Source: City's annual financial statements

Changes in Business Type Net Position

Last Ten Fiscal Years

June 30, 2023

As of June 30,					
2018	2019	2020	2021	2022	2023
\$ 12,988,645	\$ 13,216,222	\$ 13,776,554	\$ 14,441,204	\$ 15,295,835	\$ 15,184,296
1,177,184	2,004,998	1,725,771	1,743,745	1,710,845	1,975,041
14,165,829	15,221,220	15,502,325	16,184,949	17,006,680	17,159,337
17,187,158	16,855,481	16,797,692	17,365,305	17,246,725	17,381,207
1,793,363	1,805,945	1,760,173	1,839,745	1,865,794	1,895,906
18,980,521	18,661,426	18,557,865	19,205,050	19,112,519	19,277,113
31,947	-	31,749	-	-	2,000,000
-	-	-	-	-	-
19,012,468	18,661,426	18,589,614	19,205,050	19,112,519	21,277,113
4,846,639	3,440,206	3,087,289	3,020,101	2,105,839	4,117,776
51,744	148,155	140,352	22,867	58,848	330,474
-	-	-	-	-	-
15,542	3,544	854	3,219	7,418	-
-	-	1,847,299	-	-	-
67,286	151,699	1,988,505	26,086	66,266	330,474
1,071,640	1,064,616	1,055,977	1,059,404	1,062,335	1,563,253
(2,385,397)	-	-	-	-	-
\$ 3,600,168	\$ 4,656,521	\$ 6,131,771	\$ 4,105,591	\$ 3,234,440	\$ 6,011,503

City of Eastpointe, Michigan

	As of June 30,			
	2014	2015	2016	2017
General Fund:				
Nonspendable	857,878	793,615	99,694	176,238
Restricted	-	-	-	-
Committed	6,055,126	3,385,779	6,367,624	6,459,629
Assigned	-	-	-	2,466,531
Unassigned	468,365	1,919,179	2,463,626	1,908,736
Total general fund	<u>7,381,369</u>	<u>6,098,573</u>	<u>8,930,944</u>	<u>11,011,134</u>
All other governmental funds:				
Nonspendable	415,655	620,816	566,519	508,054
Restricted	7,460,342	3,710,685	2,183,380	2,586,462
Committed	-	-	-	-
Assigned	583,936	730,253	616,143	493,612
Unassigned	(58,566)	-	-	(144,934)
Total all other governmental funds	<u>8,401,367</u>	<u>5,061,754</u>	<u>3,366,042</u>	<u>3,443,194</u>
Total of all governmental funds	<u>\$ 15,782,736</u>	<u>\$ 11,160,327</u>	<u>\$ 12,296,986</u>	<u>\$ 14,454,328</u>

Source: City's annual financial statements

Fund Balances, Governmental Funds

Last Ten Fiscal Years

June 30, 2023

As of June 30,					
2018	2019	2020	2021	2022	2023
261,057	612,641	566,356	772,685	650,522	751,573
-	-	-	-	-	96,914
9,512,047	9,045,755	9,426,401	11,022,393	10,221,816	9,691,978
821,355	1,004,122	1,988,076	14,878	-	-
1,448,759	1,756,414	163,321	118,019	2,286,808	2,774,095
<u>12,043,218</u>	<u>12,418,932</u>	<u>12,144,154</u>	<u>11,927,975</u>	<u>13,159,146</u>	<u>13,314,560</u>
-	-	-	270,103	204,645	-
3,851,794	6,160,626	6,104,233	4,961,205	4,980,083	9,865,984
-	-	-	-	-	-
633,946	-	46,924	-	-	-
-	(206,881)	(277,983)	(125,184)	(78,717)	-
<u>4,485,740</u>	<u>5,953,745</u>	<u>5,873,174</u>	<u>5,106,124</u>	<u>5,106,011</u>	<u>9,865,984</u>
<u>\$ 16,528,958</u>	<u>\$ 18,372,677</u>	<u>\$ 18,017,328</u>	<u>\$ 17,034,099</u>	<u>\$ 18,265,157</u>	<u>\$23,180,544</u>

City of Eastpointe, Michigan

	As of June 30,			
	2014	2015	2016	2017
Revenue				
Taxes	\$ 11,502,055	\$ 11,364,098	\$ 11,541,479	\$ 11,462,578
SMORSA charge for service	-	-	6,010,192	6,212,569
Licenses and permits	1,278,491	1,327,939	1,389,279	1,441,874
Federal revenues, grants and other federal sources	227,607	40,936	619,998	160,325
State-shared revenue, grants and other local sources	7,133,923	5,656,949	6,046,173	6,072,045
Charges for services	2,374,729	491,665	424,201	371,909
Fines and forfeitures	2,579,935	2,590,340	2,306,109	1,904,406
Investment income	38,988	57,076	67,022	69,893
Rental income	211,910	191,548	197,932	209,409
Special assessments	500,328	472,427	499,240	880,722
Other	348,841	641,156	442,599	393,215
Total revenue	<u>26,196,807</u>	<u>22,834,134</u>	<u>29,544,224</u>	<u>29,178,945</u>
Expenditures				
Current:				
General government	5,182,914	5,018,211	5,199,152	5,187,034
Public Safety	12,190,546	12,097,447	13,144,047	14,002,821
Public works	5,101,510	6,685,700	5,475,403	3,615,305
Community & economic development	195,000	-	528,160	199,031
Recreation and culture	1,641,635	1,467,078	1,688,710	1,572,150
Capital outlay	278,707	182,720	1,023,327	1,261,621
Debt service:				
Principal	130,000	135,000	194,000	145,000
Interest on long-term debt	166,175	160,544	154,700	79,157
Total expenditures	<u>24,886,487</u>	<u>25,746,700</u>	<u>27,407,499</u>	<u>26,062,119</u>
Excess of Revenue Over Expenditures	<u>1,310,320</u>	<u>(2,912,566)</u>	<u>2,136,725</u>	<u>3,116,826</u>
Other Financing Sources (Uses)				
Long-term financing	625,000	-	-	3,380,000
Proceeds from sale of fixed assets	-	-	-	18,075
Net payments to refunded bond escrow agent and bond issuance costs	-	-	-	(3,347,299)
Transfers in	989,620	547,000	2,170,141	1,508,267
Transfers out	(1,971,875)	(1,533,861)	(3,170,207)	(2,517,821)
Total other financing sources (uses)	<u>(357,255)</u>	<u>(986,861)</u>	<u>(1,000,066)</u>	<u>(958,778)</u>
Net change in fund balances	<u>\$ 953,065</u>	<u>\$ (3,899,427)</u>	<u>\$ 1,136,659</u>	<u>\$ 2,158,048</u>
 Debt service as a percentage of noncapital expenditures	 1.31%	 1.39%	 1.54%	 0.95%

Source: City's annual financial statements

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

June 30, 2023

As of June 30,					
2018	2019	2020	2021	2022	2023
\$ 11,839,506	\$ 13,990,374	\$ 13,585,140	\$ 14,111,019	\$ 14,394,800	\$ 15,074,209
6,172,605	6,513,835	6,401,722	6,877,375	6,793,119	7,215,523
1,367,049	1,361,117	1,244,545	1,426,803	1,848,136	1,776,890
132,985	292,450	369,326	1,531,820	594,331	3,727,422
6,919,164	7,604,412	7,346,091	7,924,899	9,007,186	10,077,501
587,196	415,014	245,982	208,729	198,863	192,254
1,857,032	1,877,157	1,411,678	1,490,607	2,327,954	2,198,587
135,284	344,044	425,410	74,807	(132,104)	465,175
212,742	253,189	214,608	74,725	60,493	57,443
706,887	550,818	195,306	745,468	491,339	567,550
443,222	121,228	396,754	596,240	149,205	512,150
<u>30,373,672</u>	<u>33,323,638</u>	<u>31,836,562</u>	<u>35,062,492</u>	<u>35,733,322</u>	<u>41,864,704</u>
6,079,706	6,221,512	6,452,999	6,735,708	6,746,993	7,716,536
14,811,665	16,989,707	16,208,383	17,918,326	17,274,103	19,040,161
3,573,036	4,404,979	6,055,074	7,053,978	6,984,431	5,746,686
-	251,080	389,179	460,323	265,616	385,106
1,541,556	1,526,387	1,681,197	2,151,125	1,722,159	1,921,893
830,750	678,696	70,461	330,343	94,317	205,638
311,453	256,420	198,182	257,361	257,997	285,369
97,317	89,942	91,139	84,672	94,313	84,675
<u>27,245,483</u>	<u>30,418,723</u>	<u>31,146,614</u>	<u>34,991,836</u>	<u>33,439,929</u>	<u>35,386,064</u>
3,128,189	2,904,915	689,948	70,656	2,293,393	6,478,640
-	-	-	-	-	-
17,375	3,420	10,680	12,130	-	-
-	-	-	-	-	-
1,135,414	1,510,983	1,000,000	1,000,000	1,200,000	4,380,192
<u>(2,207,054)</u>	<u>(2,575,599)</u>	<u>(2,055,977)</u>	<u>(2,059,404)</u>	<u>(2,262,335)</u>	<u>(5,943,445)</u>
<u>(1,054,265)</u>	<u>(1,061,196)</u>	<u>(1,045,297)</u>	<u>(1,047,274)</u>	<u>(1,062,335)</u>	<u>(1,563,253)</u>
<u>\$ 2,073,924</u>	<u>\$ 1,843,719</u>	<u>\$ (355,349)</u>	<u>\$ (976,618)</u>	<u>\$ 1,231,058</u>	<u>\$ 4,915,387</u>

1.66%

1.24%

1.03%

1.10%

1.06%

1.11%

City of Eastpointe, Michigan**General Government Tax Revenue by Source****Last Ten Fiscal Years**

Fiscal Year Ended June 30	General Fund Property Taxes			Debt Service Fund Property Taxes	Total All Property Taxes
	Operating	Library	Total	Chapter 20 Drains	
2014	8,566,792	865,598	865,598	2,069,664	11,502,054
2015	8,387,876	845,774	845,774	2,107,254	11,340,904
2016	8,607,161	859,789	859,789	2,074,529	11,541,479
2017	8,785,996	827,072	827,072	1,849,509	11,462,577
2018	8,936,924	843,652	843,652	2,058,930	11,839,506
2019	9,183,611	862,905	862,905	3,943,858	13,990,374
2020	9,444,390	892,957	892,957	3,247,792	13,585,139
2021	9,751,408	920,923	920,923	3,438,689	14,111,020
2022	9,942,173	938,072	938,072	3,514,554	14,394,799
2023	10,345,428	1,002,959	1,002,959	3,725,822	15,074,209

Property Tax Levies and Collections

Last Ten Fiscal Years

Tax Year	Fiscal Year Ended June 30	Total levy (1)	Collected Within the Fiscal Year of the Levy		Subsequent Collection of Delinquent	Total Collections to Date	
			Amount	Percent of Levy		Amount	Percent of Levy
2013	2014	11,171,226	10,010,006	89.61%	1,102,338	11,112,344	99.47%
2014	2015	10,994,097	9,893,535	89.99%	1,076,257	10,969,792	99.78%
2015	2016	11,153,434	10,032,337	89.95%	1,113,990	11,146,327	99.94%
2016	2017	11,063,366	10,033,977	90.70%	1,023,149	11,057,126	99.94%
2017	2018	11,344,790	10,303,376	90.82%	1,004,569	11,307,945	99.68%
2018	2019	13,474,762	12,217,497	90.67%	1,241,551	13,459,048	99.88%
2019	2020	13,173,043	12,024,493	91.28%	1,125,318	13,149,812	99.82%
2020	2021	13,707,130	12,565,930	91.67%	1,135,035	13,700,965	99.96%
2021	2022	13,992,676	12,844,209	91.79%	1,113,469	13,957,678	99.75%
2022	2023	14,626,109	13,523,296	92.46%	1,076,807	14,600,103	99.82%

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

Source: City of Eastpointe Treasurer's Office

Fiscal Year (Tax Year)	2014 (2013)		2015 (2014)		2016 (2015)		2017 (2016)		2018 (2017)		2019 (2018)		2020 (2019)		2021 (2020)		2022 (2021)		2023 (2022)	
School district:	East Detroit	South Lake	East Detroit	South Lake	East Detroit	South Lake	East Detroit	South Lake	East Detroit	South Lake	East Detroit	South Lake	Eastpointe Community	South Lake	Eastpointe Community	South Lake	Eastpointe Community	South Lake	Eastpointe Community	South Lake
Homestead																				
City Tax																				
Operating	12.1754	12.1754	12.1754	12.1754	12.1754	19.1754	19.1754	19.0986	19.0986	19.0126	19.0126	18.9973	18.9973	18.7807	18.7807	18.4914	18.4914	18.1567	17.6882	17.6882
Library	2.0000	2.0000	2.0000	2.0000	2.0000	2.0000	2.0000	1.8789	1.8789	1.8789	1.8789	1.8683	1.8683	1.8513	1.8513	1.8226	1.8226	1.7896	1.7916	1.7916
Debt service	4.4348	4.7858	4.7858	4.7858	4.9829	4.9829	4.7858	4.1676	4.1676	4.5515	4.5515	8.4700	8.4700	6.6800	6.6800	6.7500	6.7500	6.6500	6.6000	6.6000
Public safety	7.0000	7.0000	7.0000	7.0000	7.0000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Recreation Authority	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	0.9969	0.9969	0.9841	0.9841	0.9879	0.9879	0.9724	0.9724	0.9572	0.9402	0.9402
S.M.O.R.S.A.	-	-	-	-	-	14.0000	14.0000	14.0000	14.0000	13.7555	13.7555	13.7549	13.7549	13.5389	13.5389	13.2613	13.2613	12.9655	12.5752	12.5752
Total city tax	26.6102	26.9612	26.9612	27.1583	27.1583	40.9612	40.9612	40.1451	40.1451	40.1954	40.1954	44.0746	44.0746	41.8388	41.8388	41.2977	41.2977	40.5190	39.5952	39.5952
County Tax																				
Macomb county	4.5735	4.5735	4.5735	4.5735	4.5735	4.5735	4.5735	4.5616	4.5616	4.5292	4.5292	4.4975	4.4975	4.4592	4.4592	4.4150	4.4150	4.3721	4.3200	4.3200
Intermediate School	2.9430	2.9430	2.9430	2.9430	2.9430	2.9430	2.9430	2.9355	2.9355	2.9146	2.9146	2.8945	2.8945	2.8744	2.8744	4.0996	4.0996	4.6845	4.6300	4.6300
Community college	1.5712	1.5312	1.5312	1.5262	1.5262	1.5302	1.5302	1.4212	1.4212	1.4034	1.4034	1.4640	1.4640	1.4531	1.4531	1.4387	1.4387	1.4247	1.4077	1.4077
HCM Authority	0.2146	0.2146	0.2146	0.2146	0.2146	0.2146	0.2146	0.2146	0.2146	0.2140	0.2140	0.2129	0.2129	0.2117	0.2117	0.2104	0.2104	0.2089	0.2070	0.2070
S.M.A.R.T.	0.5900	0.5900	0.5900	1.0000	1.0000	1.0000	1.0000	0.9974	0.9974	0.9903	0.9903	1.0000	1.0000	0.9926	0.9926	0.9827	0.9827	0.9731	0.9500	0.9500
Zoo Authority	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.0997	0.0997	0.0989	0.0989	0.0985	0.0985	0.0977	0.0977	0.0967	0.0967	0.0957	0.0945	0.0945
Veterans operations	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0398	0.0398	0.0682	0.0682	0.0676	0.0676	0.0674	0.0674	0.0667	0.0667	0.0660	0.0652	0.0652
D.I.A.	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.1994	0.1994	0.1979	0.1979	0.1965	0.1965	0.1950	0.1950	0.1930	0.1930	0.1911	0.1956	0.1956
Martha T. Berry	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0990	0.0990	-	-	-
Total county tax	10.2323	10.1923	10.1923	10.5973	10.5973	10.6013	10.6013	10.4642	10.4642	10.4165	10.4165	10.4315	10.4315	10.3511	10.3511	11.6018	11.6018	12.0161	11.8700	11.8700
School Tax																				
State education tax	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000
School district tax	10.4816	7.0000	11.5416	7.0000	11.5416	7.0000	12.0316	7.0000	6.6500	7.0000	7.0000	7.0000	7.0000	7.0000	7.0000	6.5000	7.0000	6.3434	6.3249	8.1043
Total school tax	16.4816	13.0000	17.5416	13.0000	17.5416	13.0000	18.0316	13.0000	12.6500	13.0000	13.0000	13.0000	13.0000	13.0000	13.0000	12.5000	13.0000	12.3434	12.3249	14.1043
Total homestead	53.3241	50.1535	54.6951	50.7556	55.2972	64.5625	69.5941	63.6093	63.2593	63.6119	63.6119	67.5061	67.5061	65.1899	65.1899	65.3995	65.8995	64.8785	63.7901	65.5695
Non-Homestead -																				
School district tax	12.9400	18.0000	12.9400	18.0000	12.9400	18.0000	12.9400	17.8992	17.7538	17.6946	17.5639	17.7648	17.7648	17.5871	17.3999	17.3285	17.3999	17.1309	16.8979	15.7500
Total non-homestead	66.2641	68.1535	67.6351	68.7556	68.2372	82.5625	82.5341	81.5085	81.0131	81.3065	81.1758	85.2709	85.2709	82.7770	82.5898	82.7280	83.2994	82.0094	80.6880	81.3195

- (1) SMORSA (South Macomb Oakland Regional Services Authority) is a joint collaborative public financing organization founded by the cities of Eastpointe and Hazel Park to utilize funding options that are available for emergency services, as outlined in Public Act 57 of 1988.
- (2) City of Eastpointe taxable valuation is based on 88.53 percent for Eastpointe Community Schools and 11.47 percent for South Lake Schools for the year ended June 30, 2018.
- (3) East Detroit Public Schools changed their name to Eastpointe Community Schools effective July 1, 2017.

Source: City of Eastpointe, Assessors Office

City of Eastpointe, Michigan

	2014	2015	2016	2017
Total Taxable Value (TV)				
Ad valorem/Total TV	\$ 430,424,920	\$ 421,407,727	\$ 430,614,324	\$ 441,076,820
Percent increase/-decrease over prior year	-7.27%	-2.09%	1.84%	2.43%
Per capita total SEV (1)	\$ 13,276.00	\$ 12,998.00	\$ 13,282.00	\$ 15,252.00
Total direct tax rate	26.9612	27.1583	40.9612	40.1451
Total TV by Use and Class				
By Use:				
Commercial	\$ 73,337,227	\$ 82,088,587	\$ 77,323,498	\$ 78,038,230
Industrial	1,711,140	2,562,277	1,772,949	1,884,000
Residential	319,492,743	312,805,583	318,596,747	322,283,500
Personal property	35,883,810	23,951,280	32,921,130	38,871,090
Total TV by use	<u>\$ 430,424,920</u>	<u>\$ 421,407,727</u>	<u>\$ 430,614,324</u>	<u>\$ 441,076,820</u>
By Class:				
Real property	\$ 394,541,110	\$ 388,682,257	\$ 397,693,194	\$ 402,205,730
Personal property	35,883,810	32,725,470	32,921,130	38,871,090
Total TV by class	<u>\$ 430,424,920</u>	<u>\$ 421,407,727</u>	<u>\$ 430,614,324</u>	<u>\$ 441,076,820</u>
Percent of Total TV by Use and Class				
By Use:				
Commercial	17.04%	19.48%	17.96%	17.69%
Industrial	0.40%	0.61%	0.41%	0.43%
Residential	74.23%	74.23%	73.98%	73.07%
Personal property	8.33%	5.68%	7.65%	8.81%
Total TV by use	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
By Class:				
Real property	91.66%	92.23%	92.35%	91.19%
Personal property	8.34%	7.77%	7.65%	8.81%
Total TV by class	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

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

Source: City of Eastpointe

Assessed Taxable Values (History of Property)

Last Ten Fiscal Years

2018	2019	2020	2021	2022	2023
\$ 450,258,308	\$ 463,529,302	\$ 483,045,604	\$ 507,367,116	\$ 527,110,828	\$ 563,323,532
2.08%	2.95%	4.21%	5.04%	3.89%	6.87%
\$ 15,252.00	\$ 14,297.00	\$ 14,899.00	\$ 15,648.85	\$ 15,359.60	\$ 16,414.81
40.1954	44.0746	41.8388	41.2977	40.5190	39.5952
\$ 78,916,844	\$ 79,321,539	\$ 82,916,152	\$ 87,892,645	\$ 88,889,652	\$ 92,269,637
1,920,730	1,961,057	1,988,352.00	2,040,513.00	2,177,880.00	2,249,742.00
329,917,444	342,213,206	357,901,200.00	375,620,558.00	393,508,996.00	423,865,053.00
39,503,290	40,033,500	40,239,900	41,813,400	42,534,300	43,939,100
<u>\$ 450,258,308</u>	<u>\$ 463,529,302</u>	<u>\$ 483,045,604</u>	<u>\$ 507,367,116</u>	<u>\$ 527,110,828</u>	<u>\$ 562,323,532</u>
\$ 410,755,018	\$ 423,495,802	\$ 442,805,704	\$ 465,553,716	\$ 484,576,528	\$ 518,384,432
39,503,290	40,033,500	40,239,900	41,813,400	42,534,300	43,939,100
<u>\$ 450,258,308</u>	<u>\$ 463,529,302</u>	<u>\$ 483,045,604</u>	<u>\$ 507,367,116</u>	<u>\$ 527,110,828</u>	<u>\$ 562,323,532</u>
17.53%	17.11%	17.17%	17.32%	16.86%	16.41%
0.43%	0.42%	0.41%	0.40%	0.41%	0.40%
71.18%	73.83%	74.09%	74.04%	74.65%	75.38%
<u>8.77%</u>	<u>8.64%</u>	<u>8.33%</u>	<u>8.24%</u>	8.07%	<u>7.81%</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>
91.23%	91.36%	91.67%	91.76%	91.93%	92.19%
<u>8.77%</u>	<u>8.64%</u>	<u>8.33%</u>	<u>8.24%</u>	<u>8.07%</u>	<u>7.81%</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

	2014	2015	2016	2017
Total State Equalized Valuation (SEV)				
Ad valorem/Total SEV	\$ 431,302,661	\$ 424,654,904	\$ 450,981,281	\$ 494,514,870
Percent increase (-decrease) over prior year	-7.19%	-1.54%	6.20%	9.65%
Per capita total SEV (1)	\$ 13,303	\$ 13,098	\$ 13,910	\$ 15,252
Total SEV by Use and Class				
By Use:				
Commercial	\$ 73,909,800	\$ 77,035,890	\$ 86,552,598	\$ 87,522,030
Industrial	1,711,140	1,728,960	1,858,120	2,158,030
Residential	319,797,911	313,164,584	329,649,433	365,963,720
Personal property	35,883,810	32,725,470	32,921,130	38,871,090
Total SEV by use	<u>\$ 431,302,661</u>	<u>\$ 424,654,904</u>	<u>\$ 450,981,281</u>	<u>\$ 494,514,870</u>
By Class:				
Real property	\$ 395,418,851	\$ 391,929,434	\$ 418,060,151	\$ 455,643,780
Personal property	35,883,810	32,725,470	32,921,130	38,871,090
Total SEV by class	<u>\$ 431,302,661</u>	<u>\$ 424,654,904</u>	<u>\$ 450,981,281</u>	<u>\$ 494,514,870</u>
Percent of Total SEV by Use and Class				
By Use:				
Commercial	17.14%	18.14%	19.19%	17.70%
Industrial	0.40%	0.41%	0.41%	0.44%
Residential	74.14%	73.75%	73.10%	74.00%
Personal property	<u>8.32%</u>	<u>7.71%</u>	<u>7.30%</u>	<u>7.86%</u>
Total SEV by use	<u>100.00%</u>	<u>100.01%</u>	<u>100.00%</u>	<u>100.00%</u>
By Class:				
Real property	91.68%	92.29%	92.70%	92.14%
Personal property	<u>8.32%</u>	<u>7.71%</u>	<u>7.30%</u>	<u>7.86%</u>
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

2018	2019	2020	2021	2022	2023
\$ 528,098,598	\$ 547,577,799	\$ 609,061,926	\$ 680,403,813	\$ 742,681,059	\$ 815,874,500
6.79%	3.69%	11.23%	11.71%	9.15%	9.86%
\$ 15,252	\$ 16,889	\$ 18,785	\$ 20,986	\$ 21,641	\$ 23,774
\$ 87,970,894	\$ 88,059,200	\$ 96,384,240	\$ 98,616,600	\$ 106,719,400	\$ 108,747,500
2,196,450	2,286,200	2,319,200	2,869,400	2,969,600	3,430,800
398,427,964	417,198,899	470,118,586	537,104,413	590,457,759	659,757,100
39,503,290	40,033,500	40,239,900	41,813,400	42,534,300	43,939,100
<u>\$ 528,098,598</u>	<u>\$ 547,577,799</u>	<u>\$ 609,061,926</u>	<u>\$ 680,403,813</u>	<u>\$ 742,681,059</u>	<u>\$ 815,874,500</u>
\$ 488,595,308	\$ 507,544,299	\$ 568,822,026	\$ 638,590,413	\$ 700,146,759	\$ 771,935,400
39,503,290	40,033,500	40,239,900	41,813,400	42,534,300	43,939,100
<u>\$ 528,098,598</u>	<u>\$ 547,577,799</u>	<u>\$ 609,061,926</u>	<u>\$ 680,403,813</u>	<u>\$ 742,681,059</u>	<u>\$ 815,874,500</u>
16.07%	16.08%	15.83%	14.49%	14.37%	13.33%
0.40%	0.42%	0.38%	0.42%	0.40%	0.42%
72.75%	76.19%	77.18%	78.94%	79.50%	80.86%
<u>7.21%</u>	<u>7.31%</u>	<u>6.61%</u>	<u>6.15%</u>	<u>5.73%</u>	<u>5.39%</u>
<u>96.43%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
92.52%	92.69%	93.39%	93.85%	94.27%	94.61%
<u>7.48%</u>	<u>7.31%</u>	<u>6.61%</u>	<u>6.15%</u>	<u>5.73%</u>	<u>5.39%</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>

Principal Property Taxpayers

Current and Nine Years Ago
June 30, 2023

					Year Ended June 30, 2023	Year Ended June 30, 2014		
					Percentage of Total City			
	Company Name	Product/Service	Taxable Value	Rank	Taxable Value	2014 Taxable Value	2014 Rank	% of total
1	Consumers Energy	Utility	\$ 16,668,909	1	2.96%	4,334,430	3	1.01%
2	DTE Electric	Utility	9,905,810	2	1.76%	9,151,360	1	2.13%
3	ITC Transmission	Utility	6,276,600	3	1.12%	9,116,750	2	2.12%
4	Eastpointe Storage Center, LLC	Storage facility	3,711,890	4	0.66%	-		0.00%
5	NSA HHF JV, LLC	Storage facility	2,479,132	5	0.44%	-		0.00%
6	East Brooke Commons LTD	Shopping center	1,714,506	6	0.30%	1,470,700	4	0.34%
7	Cavalier Manor Eastpointe, LLC	Rental properties	1,619,600	7	0.29%			
8	Stromco, LLC	Rental properties	1,492,077	8	0.27%			0.00%
9	Triple 9 Eastpointe, LLC	Rental properties	1,399,123	9	0.25%			0.00%
10	Michigan First Credit Union	Financial services	1,286,747	10	0.23%			0.00%
11	SS Eastpointe II, LLC	Storage facility	-		-	1,376,460	5	0.32%
12	BOA Asset Services, LLC	Rental properties	-		-	1,052,240	6	0.24%
13	DG Residential Sales, LLC	Rental properties	-		-	788,634	7	0.18%
14	Rudalev, LLC	Rental properties	-		-	776,200	8	0.18%
15	Jasmund & Jasmund, LLC	Rental properties	-		-	748,810	9	0.17%
16	Eastpointe Capital III, LLC	Rental properties	-		-	486,260	10	0.11%
Ten largest taxpayers:			46,554,394		<u>8.28%</u>	29,301,844		<u>6.80%</u>
Other taxpayers			515,769,138			401,123,076		
Total taxable value			<u>562,323,532</u>			<u>430,424,920</u>		

Source: City of Eastpointe Assessor's Office

Pledged Revenue Coverage

Last Ten Fiscal Years

Water Revenue Bonds							
Fiscal Year Ended	Utility Service Charges	Less:	Net	Debt Service			Coverage
		Operating Expenses	Available Revenue	Principal	Interest	Total	
2014	10,944,488	8,219,392	2,725,096	160,000	61,225	221,225	12.318
2015	11,054,530	10,858,880	195,650	160,000	89,520	249,520	0.784
2016	11,508,011	11,363,193	144,818	165,000	88,928	253,928	0.570
2017	12,740,557	11,263,881	1,476,676	170,000	87,084	257,084	5.744
2018	17,187,158	11,214,324	5,972,834	170,000	82,969	252,969	23.611
2019	16,962,784	11,707,530	5,255,254	175,000	77,625	252,625	20.803
2020	16,920,995	13,478,653	3,442,342	180,000	74,344	254,344	13.534
2021	17,381,332	12,077,227	5,304,105	185,000	68,687	253,687	20.908
2022	17,304,510	12,318,653	4,985,857	190,000	65,219	255,219	19.536
2023	17,632,408	13,103,999	4,528,409	195,000	60,469	255,469	17.726

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.

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					
2014	32,422	36	84.1%	12.3%	21,086	683,650	13,796	45,157	6.2%
2015	32,422	36	84.1%	12.3%	21,086	683,650	13,796	45,157	6.2%
2016	32,422	36	84.1%	12.3%	21,086	683,650	13,796	45,157	6.2%
2017	32,422	36	84.1%	12.3%	21,086	683,650	13,796	45,157	6.2%
2018	32,422	36	84.1%	12.3%	21,086	683,650	13,796	45,157	6.2%
2019	32,601	36	87.3%	15.1%	21,616	704,703	13,796	45,157	6.5%
2020	32,576	36	86.6%	14.7%	22,328	727,357	12,483	45,157	6.5%
2021	34,318	37	87.5%	15.4%	23,292	799,335	12,676	49,849	6.6%
2022	34,318	38	88.1%	16.7%	24,010	823,975	12,856	49,800	6.3%
2023	34,318	38	72.4%	15.2%	24,895	854,347	13,373	52,269	5.2%

Sources:

- (1) United States Census Bureau - 2010 Census and 2015-19 American Community Survey 5 Year Estimates
- (2) Southeast Michigan Council of Governments (SEMCOG) - Detailed Data
- (3) Michigan Department of Career Development, Employment Security Agency, Office of Labor Market Information
- (4) "Estimated Population" times "Per Capita Income"

Population

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

Housing Tenure

Types	2021	2010	2000
Owner occupied	9,157	9,802	11,970
Renter occupied	4,216	2,755	1,625
Vacant:			
Seasonal/migrant	46	22	23
Other vacant units	736	1,217	347
Total	14,155	13,796	13,965

Household Characteristics

Types	2021	2010	2000
With seniors 65+	3,528	2,963	4,246
Without seniors	9,845	9,594	9,349
Two or more without children	5,461	4,567	5,188
Live alone, over 65	1,474	1,345	1,878
Live alone, under 65	2,562	2,263	2,041
With children	3,876	4,382	4,488
Total households	13,373	12,557	13,595

Age Statistics

Years	2021	2010	2000
Under 5	5.3%	6.6%	6.4%
5 to 19	20.8%	22.1%	20.3%
20 to 24	5.7%	5.8%	5.3%
25 to 44	28.1%	28.5%	32.3%
45 to 64	26.9%	25.7%	19.2%
Over 64	12.6%	11.3%	16.5%

Poverty

	2021	2010	2000
Persons in poverty	5,799	4,242	2,174
Percentage	17.1%	12.9%	6.4%
Percentage point change	4.2	6.5	
Households in poverty	2,134	1,414	930
Percentage	16.0%	10.9%	6.8%
Percentage point change	3.4	4.1	

Labor Characteristics

By Industry:	Number of Employees
Natural resources and mining	623
Manufacturing	221
Wholesale trade, transportation and warehousing	218
Retail trade	1,331
Transportation, warehousing & utilities	496
Services to Households & Firms	2,421
Education and healthcare service	1,822
Leisure and hospitality	884
Public Administration	412
Other	904
Total	9,332

Educational Characteristics

Highest Level - for population age 25 and over	2021
Graduate/Professional degree	5.7%
Bachelor's degree	9.5%
Associate degree	8.4%
Some college, no degree	29.4%
High school graduate	34.6%
Did not graduate high school	12.4%

Income Characteristics

Household Income	Number of Households
Less than \$14,999	1,493
\$15,000 - \$29,999	2,642
\$30,000 - \$49,999	2,331
\$50,000 - \$99,999	4,540
\$100,000 - \$199,999	1,666
\$200,000 or more	701

Source: United States Census Bureau - 2000/2010 Census; SEMCOG 2016-2020, Michigan Department of Community Health-Vital Statistics and ACS 2016-20 Five Year Estimates.

Principal Employers (Major Employers)

Last Ten Fiscal Years

Company Name	Product/Service	Year Ended June 30, 2023			Year Ended June 30, 2014		
		Employees	Rank	Total City Employment	Employees	Rank	Total City Employment
Eastpointe Community Schools (1)	Education	244	1	2.61%	546	1	6.99%
City of Eastpointe	Municipal government	170	2	1.82%	191	2	2.44%
McCoy Maintenance	Janitorial services	119	3	1.28%	87	4	1.11%
Olive Garden	Restaurant	75	4	0.80%	102	3	1.31%
Genesis Chevrolet	Automobile dealership	60	5	0.64%	-		-
Eastpointe Post Office	Mail delivery	51	6	0.55%	68	6	0.87%
Winter's Sausage	Education	45	7	0.48%	-		-
Eaton Academy	Education	33	8	0.35%	-		0.00%
Fresh Choice	Grocery store	31	9	0.33%	39	8	0.50%
CVS	Retail drug store	25	10	0.27%	35	9	-
Rite Aid	Retail drug store	-		0.00%	43	7	0.55%
Merollis Chevrolet	Automobile dealership	-		-	77	5	0.99%
Pep Boys	Automotive parts/service	-		-	33	10	0.42%
	Ten largest employers	853		9.14%	1,221		15.63%
	Other employers	8,479		90.86%	6,592		84.37%
	Total employment (2)	9,332			7,813		

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

(2) Southeast Michigan Council of Governments

Source: City of Eastpointe, Economic Development Office

Operating Indicators by Function

Last Ten Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Government - data										
City Council										
Regular meetings	24	24	24	24	24	24	24	24	24	24
Special meetings	4	7	3	2	22	28	28	28	28	28
Public hearings held	3	3	4	3	3	3	3	3	3	3
Ordinances and amendments adopted	15	12	4	10	15	10	10	10	10	10
Show cause hearings held	6	6	7	7	5	7	7	7	7	7
City Managers Office										
City council agenda statements reviewed	250	250	250	250	250	250	250	250	250	250
Labor contracts negotiated	5	-	5	5	-	-	-	-	-	6
Employees recruited and hired	6	8	11	9	9	9	34	13	13	15
Bid proposals and contracts prepared	17	17	17	13	4	4	15	10	20	15
Labor grievances processed	-	1	5	3	3	3	3	3	3	3
Assessing										
Assessment notices	14,282	14,282	14,800	14,652	14,656	14,658	14,124	14,200	14,200	14,200
Property transfers	1,508	1,508	1,800	1,198	1,313	1,308	800	1,200	1,200	1,200
Homestead affidavits	3,344	3,344	2,000	449	519	574	378	500	500	500
Homestead rescinds	264	264	500	464	497	457	290	500	500	500
Deeds and land contacts	2,228	2,228	2,500	1,747	1,831	1,804	1,100	1,750	1,750	1,750
Board of Review appeals	320	320	350	183	187	223	214	225	225	225
Tax tribunal hearings	78	78	90	16	4	2	3	5	5	5
Clerk										
Dog Licenses	3,082	1,539	1,528	3,095	1,809	1,662	992	3,000	3,000	2,000
Business registrations	782	810	796	788	792	777	798	800	800	800
Elections	1	3	2	2	2	2	2	2	1	2
Absentee ballot requests	2,624	4,854	2,550	6,482	4,096	5,593	7,732	5,000	7,000	12,000
Registered voters	24,484	24,301	24,405	22,740	23,928	23,554	26,658	26,658	27,000	28,100
New voter registrations	3,507	2,212	2,500	3,658	2,048	3,562	2,992	2,992	3,000	3,000
Voter history updates	2,931	12,133	9,563	11,553	5,368	14,367	6,086	6,086	9,000	18,000
Finance Department										
Payroll payments processed	5,094	5,015	5,140	5,194	5,036	4,684	4,800	4,800	4,800	4,800
Accounts payable invoices processed	8,207	3,424	3,504	3,423	7,672	7,969	8,000	8,100	8,100	8,100
Transactions processed by cashiers	139,219	130,519	129,879	133,808	140,700	152,778	153,000	153,000	153,000	153,000
Water and sewer bills issued	162,360	163,360	162,856	162,252	164,232	162,276	162,300	162,300	162,300	162,300
Properties billed - summer taxes	15,093	15,087	15,087	15,215	15,302	15,406	15,406	15,406	15,406	15,665
Miscellaneous billings	4,143	4,248	2,145	3,757	2,854	2,657	2,600	2,600	2,600	2,600
Public Safety - data										
Fire Protection										
EMS incidents	3,268	3,473	3,300	3,400	3,792	3,850	3,875	3,875	4,058	5,033
Fire incidents	781	734	775	740	1,162	1,274	1,374	1,374	1,400	1,750
Fire investigations	44	41	40	40	72	80	90	90	90	85
Commercial property inspections	193	173	177	159	81	150	175	175	500	450
Training (hours)	670	652	700	825	700	800	800	800	7,500	8,000
Police Protection										
Total calls for service	26,728	25,716	27,000	24,450	26,067	26,269	26,300	26,300	26,200	26,200
Total arrests	2,574	2,285	2,550	2,456	1,687	1,609	1,650	1,650	1,650	1,650
Drunk driving arrests	192	180	200	155	74	66	90	90	85	-
Total traffic accidents	597	589	600	740	550	613	626	626	615	615
Total violations issued	13,764	14,951	13,580	10,577	12,093	9,621	11,275	11,275	12,050	12,050
Total warrants obtained	1,014	979	1,100	1,061	504	508	500	500	520	520
Total crimes reported	2,225	1,750	2,300	2,555	3,122	2,711	2,975	2,975	2,995	2,995

Operating Indicators by Function (Continued)

Last Ten Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Public Works - data										
Building Department										
Permits issued	2,390	3,061	2,300	2,016	2,016	1,925	2,000	2,000	2,000	2,750
Code enforcement cases	9,441	6,800	7,500	10,907	12,319	9,321	10,000	10,000	10,000	4,000
Rental inspections	4,341	4,878	3,800	4,901	4,813	3,898	5,000	4,000	4,000	4,750
Vacant structure inspections	467	332	350	286	302	260	300	300	300	300
Rental certificates issued	1,019	1,528	1,500	1,760	1,910	1,904	1,900	1,900	1,900	1,950
Court citations issued	269	297	300	519	581	432	500	400	400	300
Planning Commission applications	7	5	10	15	13	11	15	12	12	13
Zoning Board of Appeals applications	4	2	4	3	8	5	8	6	6	5
Dangerous Building Board cases	52	66	40	58	65	36	65	35	35	10
Major & Local Streets Division										
Miles of roads in city	99.78	99.78	99.78	99.78	99.78	99.78	99.78	99.78	99.78	99.78
After hours snow removal occurrences	31	25	19	19	26	26	15	25	25	13
Pothole patching (tons)	500	150	200	200	258	258	258	200	200	200
Right-of-way mowing (miles)	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25
Recreation and Culture - data										
Library										
Attendance	102,863	98,321	91,731	84,573	95,394	89,548	100,000	100,000	100,000	100,000
Circulation:										
Books	85,677	80,822	88,511	88,118	79,411	88,468	90,000	90,000	90,000	90,000
Audio visual	17,256	15,528	14,589	15,797	14,094	12,195	20,000	20,000	10,000	-
Misc Magazine/Zineo 768/556	1,324	1,221	1,500	990	1,118	1,279	1,500	1,500	-	-
Museum passes										
Overdrive (downloadable books)	1,715	2,430	2,000	2,838	2,614	3,554	3,000	4,000	5,000	13,000
Internet use (hours)	7,010	7,399	7,500	6,352	5,962	5,268	7,500	7,500	6,000	6,000
Word Proc (hours)	296	178	500	95	123	202	300	300	300	300
Program attendance:										
Children	2,294	2,322	2,500	1,378	1,533	1,840	2,500	2,500	2,500	2,500
Young adult	361	221	400	298	294	211	400	400	400	150
Adult	586	386	1,000	1,166	982	1,243	1,000	2,000	2,000	1,500
General	993	859	1,100	1,088	1,406	1,703	1,100	2,000	2,000	2,000
Current card holders	15,465	15,332	16,070	16,784	16,584	18,696	17,000	19,000	19,000	14,000
Water and Sewer Services - data										
Residents Served	32,442	32,442	32,442	32,442	32,442	32,442	32,442	32,442	32,442	34,318
Active water accounts	13,558	13,558	13,553	13,552	13,550	13,550	13,550	13,517	13,577	13,565
Sewer inspections	57	100	125	100	49	49	44	40	60	60
Water main breaks	83	119	65	26	47	47	52	50	50	-
Water shut-offs	708	700	691	700	800	800	124	100	100	-
Water turn-ons	781	739	738	739	911	911	165	100	100	-

U = Unavailable

Source: City of Eastpointe

Capital Assets Statistics by Function

Last Ten Fiscal Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Government										
Buildings										
City Center Commons	1	1	1	1	1	1	1	1	1	1
38th District Court	1	1	1	1	1	1	1	1	1	1
Public Safety										
Fire Protection										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles - Extinguishment	3	3	3	3	3	3	3	3	3	3
Police Protection										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles - Marked	20	19	19	19	19	19	19	19	19	19
Vehicles - Unmarked	12	12	12	12	12	12	10	10	10	10
Public Works										
Streets and Sidewalks										
Miles of City:										
Primary streets	20	20	20	20	20	20	20	20	20	20
Secondary streets	80	80	80	80	80	80	80	80	80	80
Sidewalks	200	200	200	200	200	200	200	200	200	200
Buildings	4	4	4	4	4	4	4	4	4	4
Street lights	1,322	1,322	1,322	1,322	1,322	1,322	1,322	1,322	1,322	1,333
Snow removal vehicles	14	14	14	14	14	14	14	14	14	14
Recreation and Culture										
Library										
Book collections	U	U	62,326	62,532	64,752	63,541	62,870	62,166	58,673	58,673
Other collections (1)	U	U	18,102	6,880	8,283	9,322	8,333	11,262	7,925	7,925
Buildings	1	1	1	1	1	1	-	1	1	1
Parks and Recreation										
Acres	76	76	76	76	76	76	76	76	76	76
Developed parks	3	3	3	3	3	3	3	5	6	6
Undeveloped parks	5	5	5	5	5	5	5	3	2	2
Buildings	4	4	4	4	4	4	4	4	4	4
Water and Sewer Services										
Fire hydrants	829	829	829	844	844	844	844	844	844	844
Miles of water mains	110	110	110	110	110	110	110	110	110	110
Miles of sanitary sewers	108	108	108	108	108	108	108	108	108	108

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

Source: City of Eastpointe

Full-Time Equivalent City Government Employees by Function

	Last Ten Fiscal Years									
	Full-time Equivalents as of June 30									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Activities:										
General government	45.5	48.0	48.5	47.5	48.0	49.5	47.5	48.0	50.0	51.5
Public safety	66.0	71.5	77.0	77.5	78.0	79.0	86.0	84.0	83.5	84.5
Public works	25.0	22.0	22.0	21.5	22.5	24.5	22.0	22.5	22.5	23.0
Recreation and culture	8.5	9.5	9.5	9.5	9.5	9.5	10.0	10.0	11.0	11.0
Total	145.0	151.0	157.0	156.0	158.0	162.5	165.5	164.5	167.0	170.0

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

Source: City of Eastpointe Budget

Continuing Disclosures

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

Fiscal Year Ended June 30	Modified Accrual Basis of Accounting			Accrual Basis of Accounting Total
	Constitutional Revenues	Statutory Revenues	Total	
2014	2,433,636	786,843	3,220,479	3,220,479
2015	2,471,860	810,867	3,282,727	3,282,727
2016	2,469,486	810,867	3,280,353	3,280,353
2017	2,611,815	709,509	3,321,324	3,422,682
2018	2,680,800	938,567	3,619,367	3,518,009
2019	2,807,431	832,707	3,640,138	3,640,138
2020	2,800,335	713,605	3,513,940	3,513,940
2021	3,175,273	856,331	4,031,604	4,031,604
2022	3,689,909	938,408	4,628,317	4,628,317
2023	3,695,241	925,865	4,621,106	4,621,106

City of Eastpointe, Michigan**Minimum Property Tax Rates**

Purpose	Maximum Millage Authorized	Maximum Millage to be levied	Expiration Date of Millage
Operating:			
General Operating	19.1754	17.6882	In perpetuity
Refuse	3.0000	-	In perpetuity
Library Fund	1.0000	0.8174	In perpetuity
Library 2017	<u>1.0000</u>	<u>0.9742</u>	2027
Total operating	24.1754	19.4798	
Debt	N/A	<u>6.6000</u>	
Total tax rate levied		<u><u>26.0798</u></u>	