
City of Eastpointe, Michigan

**Comprehensive Annual Financial Report
with Supplemental Information
June 30, 2019**

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December 20, 2019

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, 2019 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, 2019. 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, 2019.

Profile of the Government

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

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

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

Local Economy

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

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

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

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

Tax Base Composition

The principal source of revenues to fund the City's operations is property tax (39.1 percent of total 2018-2019 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 (7.5 percent of total general fund revenues) falls below the policy guidelines set by the Council for budgetary and planning purposes. The City's strategic plan incorporates an unassigned fund balance target to be between 10.0 and 15.0 percent of total general fund 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, 2019 the City received \$292,450 in federal funds.

Major Initiatives

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

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

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

The city scaled back investment in public infrastructure projects in fiscal year 2019 to replenish our available funds in preparation for future projects. Still, since 2010 the city has invested approximately \$58.5 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 \$1.89 million in street and sidewalk improvements
Completed Johnston reconstruction Ten Mile to Forest.
Completed miscellaneous street repairs throughout three of thirteen areas of the city.
- Invested \$1.6 million in water main and sewer line improvement projects
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.

Awards

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

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR), whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements. The city was awarded the Certificate of Achievement for our Fiscal Year 2018 Comprehensive Annual Financial Report (CAFR). We believe this current CAFR also conforms to the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for a certificate.

Acknowledgments

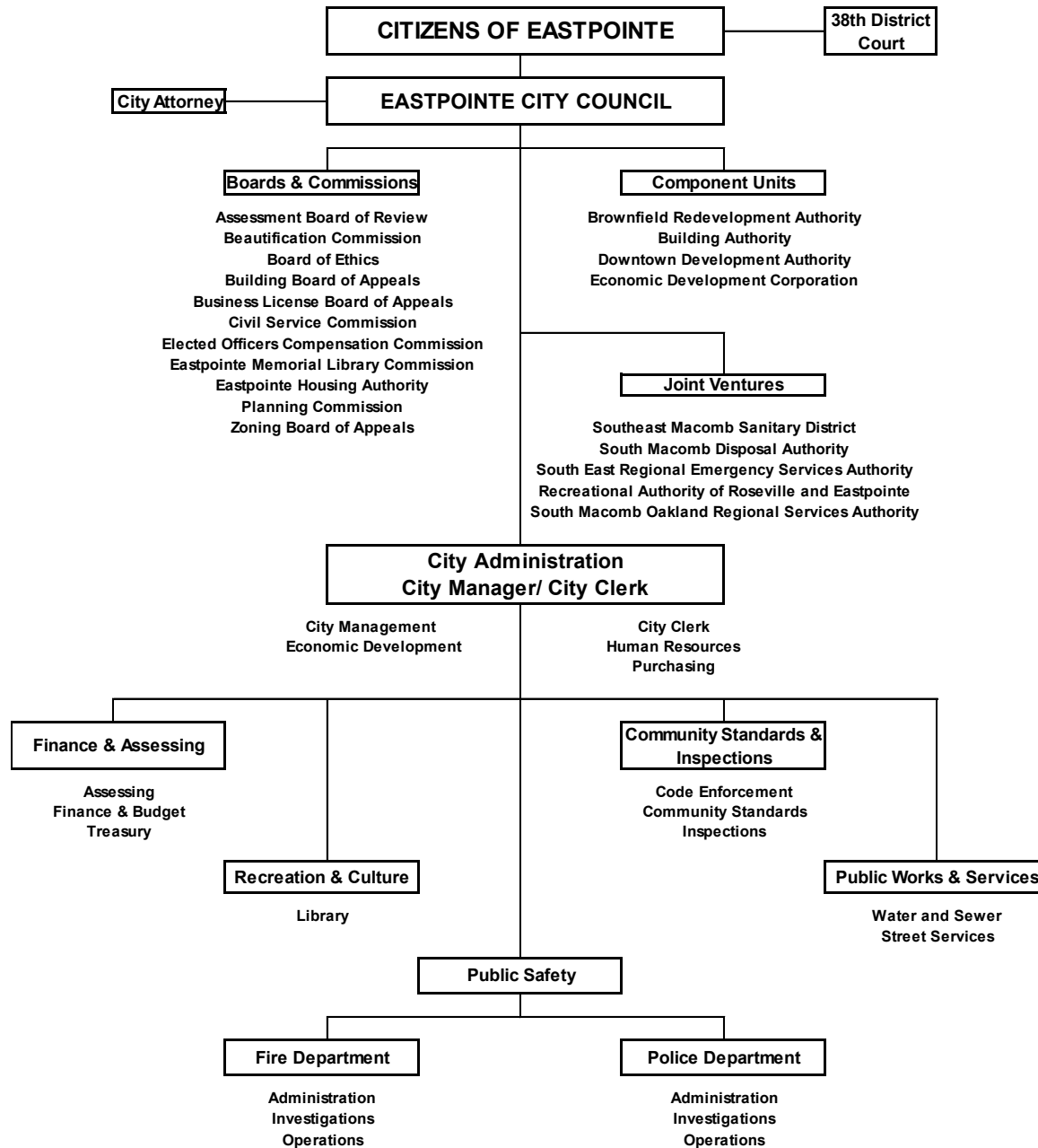
The preparation of this Comprehensive Annual Financial Report would not have been possible without the efficient and dedicated service of the entire staff of the departments of finance and city management. We wish to express our sincere appreciation to all members of the departments, and various other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

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Randall Blum', written in a cursive style.

Randall Blum
Director of Finance

June 30, 2019



City of Eastpointe, Michigan

List of Principal Officials

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

Governmental Funds	
General *	Special Revenue
	Major Streets *
	Local Streets *
	Library
	Drug Law Enforcement
	Street Lighting SAD
	Memorial Library Trust
	Community Development
Debt Service	Capital Projects
Chapter 20 Drain Debt *	Capital Improvement
	Equipment Replacement
	Building Authority Construction
	District Court Building
	Brownfield Capital Project
Proprietary Funds	
Enterprise	Internal Service
Water and Sewer *	Equipment Pool
Garbage and Rubbish Collection	
Fiduciary Funds	
Trust	Agency
Employees' Retirement System	Cash & Performance Bonds
Retirement Healthcare	Tax Collection
Employees' Death Benefit	Imprest Payroll
Component Units	
Downtown Development Authority	
Economic Development Corporation	

* Major funds under GASB Stmt. No. 34

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Eastpointe, Michigan (the "City") as of and for the year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise the City of Eastpointe, Michigan's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Eastpointe, Michigan as of June 30, 2019 and the respective changes in its financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

Other Matters

Required Supplemental Information

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

Other Information

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

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

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

Plante & Moreau, PLLC

December 20, 2019

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, 2019. 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 10.

Financial Highlights

- The City's combined total net position is reported as \$20.4 million for the fiscal year ended June 30, 2019, compared to \$14.0 million last fiscal year.
- In the City's governmental activities, revenue generated \$32.1 million, while expenses totaled \$30.4 million.
- In the City's business-type activities, revenue generated \$19.9 million, while operating expenses totaled \$15.2 million and capital investment in the City's water and sewer system totaled \$1.6 million.
- Total net position increased \$6.3 million, largely due to general government expenditures coming in below budget related to open positions and delay of general capital projects, and capital projects associated with water and sewer and roads.

Government-wide Financial Statements

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

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

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

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

The City as a Whole

Statement of Net Position - The City's combined net position increased 45.1 percent, or \$6.3 million, from \$14.0 million in 2018 to \$20.4 million in 2019. The net position for the governmental activities increased from a deficit of \$31.8 million in 2018 to a deficit of \$30.1 million in 2019. The increase can be attributed to a delay of general capital projects, and capital projects associated with water and sewer and roads. The current level of unrestricted net position for governmental activities is a deficit of \$61.0 million as a result of

City of Eastpointe, Michigan

Management's Discussion and Analysis (Continued)

the City recognizing a net pension liability of \$39.9 million in accordance with GASB Statement No. 68 and net OPEB liability of \$32.9 in accordance with GASB Statement No. 75. The net position of the business-type activity increased from \$45.8 million in 2018 to \$50.4 million in 2019, or \$4.6 million. The unrestricted net position for business-type activities is \$7.2 million after the City recognizing a net pension liability of \$4.4 million in accordance with GASB Statement No. 68 and net OPEB liability of \$1.7 in accordance with GASB Statement No. 75.

The City's assets totaled \$119.1 million in 2019, which is an increase of \$4.9 million from 2018. This relates to an increase in net current assets of \$4.8 million, or 19.2 percent, and a decrease in capital assets of \$0.3 million, or 0.3 percent. The primary change in net current assets is due to an increase in cash, investments, and receivables by \$4.8 million as a result of financial stabilization through a prior year water and sewer rate increase and a delay in current capital projects. The primary change in net capital assets is due to the delay of capital projects.

The City's total liabilities increased \$2.3 million, or 2.4 percent, to \$99.0 million in 2019. This is primarily due to an increase in unfunded Pension and OPEB obligations of \$3.7 million caused by assumption changes, offsetting a reduction of \$1.2 Million in long-term debt of \$0.8 Million in short-term payables.

In a condensed format, the table below shows the comparison of net position (in millions) as of June 30, 2019 to the prior two years:

	Governmental Activities			Business-type Activities			Total		
	2019	2018	2017	2019	2018	2017	2019	2018	2017
Assets									
Current assets	\$ 19,457	\$ 18,338	\$ 15,808	\$ 10,060	\$ 6,427	\$ 1,387	\$ 29,517	\$ 24,765	\$ 17,195
Capital assets	27,815	27,769	28,262	53,438	53,753	55,126	81,253	81,522	83,388
Other noncurrent assets	1,601	1,375	1,468	6,683	6,484	4,338	8,284	7,859	5,806
Total assets	48,873	47,482	45,538	70,181	66,664	60,851	119,054	114,146	106,389
Deferred Outflows	6,384	4,004	5,544	525	483	731	6,909	4,487	6,275
Liabilities									
Current liabilities	2,090	2,373	1,824	2,268	2,437	2,704	4,358	4,810	4,528
Long-term liabilities	76,976	73,447	43,351	17,670	18,427	16,690	94,646	91,874	60,041
Total liabilities	79,066	75,820	45,175	19,938	20,864	19,394	99,004	96,684	64,569
Deferred Inflows	6,266	7,419	-	323	495	-	6,589	7,914	-
Net Position									
Net investment in capital assets	24,777	24,562	24,446	43,206	42,545	42,597	67,983	67,107	67,043
Restricted	6,161	3,852	3,095	23	20	20	6,184	3,872	3,115
Unrestricted	(61,013)	(60,167)	(21,634)	7,216	3,223	(429)	(53,797)	(56,944)	(22,063)
Total net position	<u>\$ (30,075)</u>	<u>\$ (31,753)</u>	<u>\$ 5,907</u>	<u>\$ 50,445</u>	<u>\$ 45,788</u>	<u>\$ 42,188</u>	<u>\$ 20,370</u>	<u>\$ 14,035</u>	<u>\$ 48,095</u>

City of Eastpointe, Michigan

Management's Discussion and Analysis (Continued)

Changes in Net Position - The City's total net position increased by \$6.6 million during the fiscal year ended June 30, 2019. The table below shows the comparison of changes in net position (in millions) to the prior two years:

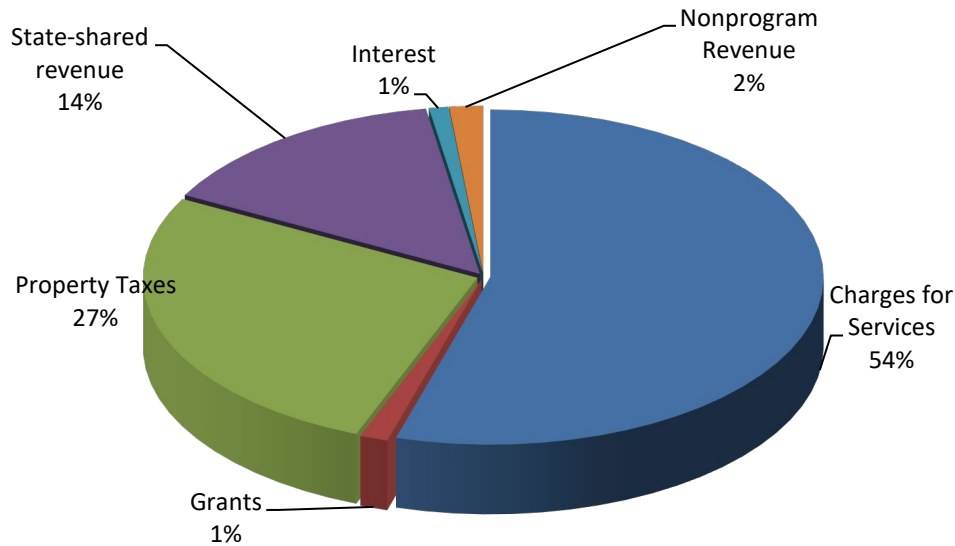
	Governmental Activities			Business-type Activities			Total		
	2019	2018	2017	2019	2018	2017	2019	2018	2017
Revenue									
Program revenue:									
Charges for services	\$ 9,700	\$ 9,734	\$ 9,728	\$18,661	\$ 18,981	\$14,481	\$ 28,361	\$ 28,715	\$ 24,209
Operating grants and contributions	292	18	2,502	-	32	683	292	50	3,185
Capital grants and contributions	409	624	1,012	-	-	-	409	624	1,012
General revenue:									
Property taxes	13,990	11,840	11,463	-	-	-	13,990	11,840	11,463
State-shared revenue	7,604	6,818	3,947	-	-	-	7,604	6,818	3,947
Interest	344	135	70	148	52	55	492	187	125
Other nonprogram revenue	845	922	907	4	15	-	849	937	907
Transfers and other revenue	(1,065)	(1,072)	(1,010)	1,065	1,072	1,010	-	-	-
Total revenue	32,119	29,019	28,619	19,878	20,152	16,229	51,997	49,171	44,848
Program Expenses									
General government	6,123	6,654	7,978	-	-	-	6,123	6,654	7,978
District court	2,010	129	-	-	-	-	2,010	129	-
Public safety	17,754	17,765	12,192	-	-	-	17,754	17,765	12,192
Public works	2,503	3,697	3,514	-	-	-	2,503	3,697	3,514
Health and welfare	251	-	-	-	-	-	-	-	-
Community and economic development	-	-	199	-	-	-	-	-	199
Recreation and culture	1,707	1,696	1,733	-	-	-	1,707	1,696	1,733
Interest on long-term debt	95	103	97	-	-	-	95	103	97
Water and sewer	-	-	-	13,216	12,989	15,868	13,216	12,989	15,868
Garbage and rubbish collection	-	-	-	2,005	1,177	1,859	2,005	1,177	1,859
Total program expenses	30,443	30,044	25,713	15,221	14,166	17,727	45,413	44,210	43,440
Implementation of GASB Statement No. 75	-	(36,635)	-	-	(2,386)	-	-	(39,021)	-
Change in Net Position	\$ 1,677	\$ (37,660)	\$ 2,906	\$ 4,657	\$ 3,600	\$ (1,498)	\$ 6,585	\$ (34,060)	\$ 1,408

Governmental Activities

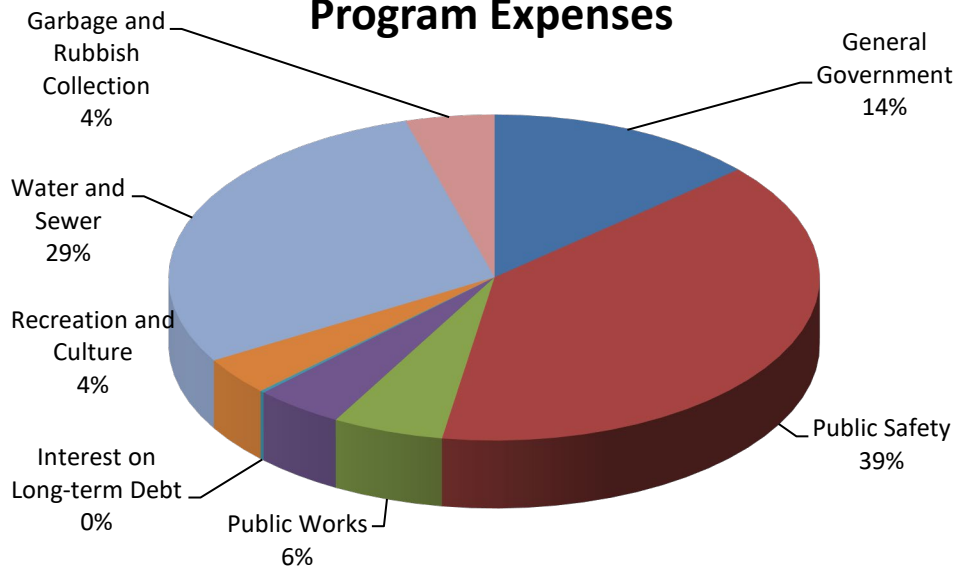
The City's governmental activities saw an increase in net position in the current year of \$1.7 million. This increase was largely due to a delay in capital projects and staffing shortfalls. Net position for business-type activity increased by \$4.7 million, resulting in a net increase in net position of \$6.3 million. The following graphs illustrate the primary sources of revenue and expenses for the total primary government of the City for the year ended June 30, 2019:

Management's Discussion and Analysis (Continued)

Revenue



Program Expenses



Of the City's total Governmental Activities revenue generated for fiscal year 2019, property tax comprises the largest segment, \$26.9 million. Property tax revenue increased 18.2% over the prior year, which is consistent with the increase in property taxable values, plus an increase in a debt millage. State revenue is another primary source of revenue for the City, of which we received \$7.6 million; this is an increase of \$0.8 million from the prior year. This consists of \$3.8 million for revenue sharing, \$2.9 million Act 51 road funds plus a special distribution for roads of \$0.4 million. Of the governmental charges for service revenue of \$9.7 million, \$6.5 is from SMORSA, \$1.8 million is associated with court fines and fees, and \$1.4 million for building department activity.

Management's Discussion and Analysis (Continued)

The majority of governmental expense is associated with the public safety function, which is \$17.8 million, or 58.8 percent of governmental activities. Public safety includes police, fire, and building inspection services. Public works expenses were \$2.5 million, or 8.3 percent, which includes road improvements. Recreation and cultural expenses totaled \$1.7 million, or 5.6 percent, which is related to park maintenance and library operations. General government expenses totaled \$6.1 million, or 20.3 percent.

Business-type Activities

The City's business-type activities are recorded in the Water and Sewer Fund and Garbage and Rubbish Collection Fund. The City provides water service and sewage disposal and treatment, purchased from the Great Lakes Water Authority, to residents and businesses. Of the City's charges for water and sewer service revenue, the majority is generated from charges passed on to residents, which is \$16.9 million. Charges for service are offset by water and sewer expenses of \$13.2 million plus capital expenditures.

The City also provides garbage collection services to residents and businesses. Of the City's charges for this service revenue, the majority is generated from charges passed on to residents, which is \$1.8 million. Charges for service are offset by garbage collection expenses of \$2.0 million. After capital contributions, the business-type activities experienced an increase in net position of \$4.7 million.

Capital Asset and Debt Administration

At the end of 2019, the City of Eastpointe, Michigan had \$81.3 million invested in a wide range of capital assets, including land, buildings, police and fire equipment, computer equipment, and water and sewer lines. The largest asset is infrastructure, which consists of sidewalks, roads within the major and local street system, and water and sewer lines. The value of infrastructure assets, net of depreciation contained in this report, is \$72.5 million for fiscal year 2019 (see Note 5 for additional information).

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

Fund Financial Statements

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

- **Governmental Funds** - The majority of the City's basic services included in the governmental funds not only focus on how cash and other financial assets can readily be converted to cash flow in and out, but also what year-end balances are available to finance future city programs. Because this information does not include the additional long-term focus of the government-wide statements, reconciliation statements are provided to explain the differences between the two methods of reporting. Pages 16 and 18 illustrate this concept.
- **Proprietary Funds** - Services for which the City charges customers fees are reported in this fund type. This fund type provides both the short- and long-term financial information comparable to the business-type activity in the government-wide statements. The Water and Sewer Fund and the Garbage and Rubbish Collection Fund are proprietary funds, which typically charge residents usage fees and accounts for the cost of operations.
- **Fiduciary Funds** - The Trust Fund and agency funds are used to account for assets held by the City in a trustee capacity or as an agent for individual, private organizations, other governments, and other city funds. The City is responsible for ensuring the assets reported in these funds are used for their intended purpose. The City's fiduciary activities are reported in a separate statement of fiduciary net position. Fiduciary activities are excluded from the City's government-wide statements because these assets are not available to finance city operations.

Management's Discussion and Analysis (Continued)

Financial Analysis of the City's Funds

An analysis of the City's major funds follows the government-wide financial statements. The City's fund financial statements begin on page 15 and provide detailed information on the most significant funds. The fund-level financial statements provide detailed information on the most significant funds, not the City as a whole. In addition to state legislative requirements to maintain separate funds for Act 51 major and local road money, the City creates funds to administer certain dedicated dollars and demonstrate accountability to the citizens for special tax millages voted by citizens or earmarked bond proceeds. The City's major funds for fiscal year 2019 include the General Fund, the Major Streets Fund, the Local Streets Fund, and the Chapter 20 Drain Debt Fund.

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

The Major Streets Fund and Local Streets Fund are supported by state-shared gas and weight taxes. State funding of approximately \$2.3 million and \$1.2 million was reported in 2019 for the Major Streets Fund and Local Streets Fund, respectively.

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

Road improvements were scaled back in 2019 to rebuild the street funds and await additional state funding. This resulted in an increase of fund balance of \$0.7 million, to end at \$1.8 million in Major Streets and an increase of fund balance of \$0.7 million, to end at \$2.1 million in Local Streets.

General Fund Budgetary Highlights

Actual operations revenue came in \$0.4 million higher than the amended budget. Actual operations expenditures came in \$1.3 million below budget. Expenditures were under budget due to general liability and workers compensation liability insurance rebates and to hiring and retention issues for filling personnel vacancies, mainly in police and fire. The fund balance for city operations increased by \$0.5 million, which was \$2.2 million higher than budget. The fund balance for city operations was increased to \$12.8 million at June 30, 2019.

Economic Factors and Next Year's Budgets and Rates

The City of Eastpointe, Michigan's budget for next year reflects a slight increase in the City's taxable value of approximately \$13.2 million, or 2.9 percent. State constitutional restrictions prevent the ability for recovery solely on existing tax collections, as the City's tax increase was restricted to a 1.9 percent rate. This will produce an increase in tax collections for the City's general operations of \$0.3 million.

Through sound fiscal management by city administration, supported by the City Council, the City has been able to maintain a sufficient fund balance that allows the timeframe for necessary structural changes. During the window, the City negotiated multiple rounds of employee concessions for pension and retiree healthcare reforms, migrated from property tax revenue to a user fee for rubbish services, and implemented a street lighting special assessment, which relieved expenditures from the General Fund.

In February 2015, the biggest structural change was accomplished through a vote of the people. An emergency services authority was created with Hazel Park, Michigan and a 20-year millage was passed by the residents. The South Macomb Oakland Regional Services Authority (SMORSA) millage was effective July 1, 2015 and provided \$6.5 million for fiscal year 2019 through a contractual arrangement. This eliminated the City's General Fund funding shortfall and provide a small cushion for future years.

The City's pension system is 49 percent funded based on an actuarial valuation performed as of December 31, 2018, with required actuarial determined contributions made by the City on an annual basis.

The City purchases its water service and disposal and treatment of sewage from the Great Lakes Water Authority. The City's water and sewer rates are based on anticipated costs of the system in the current fiscal year and system improvements in current and future fiscal years. While the Water and Sewer Fund has strong retained earnings, extensive system improvements, totaling \$19.7 million over the last five years drained our liquid assets. Major improvements were scaled back and a 47% rate increase was instituted in

Management's Discussion and Analysis (Continued)

FY18. This has refilled the system's financial tanks and is allowing the city to reinstitute capital activities in FY20. 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, 2019

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents (Note 3)	\$ 4,681,651	\$ 1,141,616	\$ 5,823,267	\$ 78,543
Investments (Note 3)	12,704,054	3,964,107	16,668,161	-
Receivables:				
Property taxes	130,756	-	130,756	-
Customer receivables	86,972	4,682,028	4,769,000	-
Other receivables	187,844	-	187,844	-
Due from other governmental units	1,531,819	267,635	1,799,454	-
Special assessments	131,732	-	131,732	-
Prepays	2,467	4,700	7,167	-
Restricted assets (Note 6)	-	23,371	23,371	-
Investment in South East Regional Emergency Services Authority (Note 14)	515,883	-	515,883	-
Investment in Southeast Macomb Sanitary District (Note 14)	-	6,464,026	6,464,026	-
Investment in South Macomb Disposal Authority (Note 14)	-	195,508	195,508	-
Capital assets: (Note 5)				
Assets not subject to depreciation	1,189,798	-	1,189,798	-
Assets subject to depreciation - Net	26,625,392	53,437,973	80,063,365	-
Assets held for sale	535,174	-	535,174	-
Other assets	549,931	-	549,931	-
Total assets	48,873,473	70,180,964	119,054,437	78,543
Deferred Outflows of Resources				
Deferred charges on bond refunding	102,078	-	102,078	-
Deferred outflows related to pension (Note 10)	3,329,557	362,707	3,692,264	-
Deferred OPEB costs (Note 12)	2,952,029	162,655	3,114,684	-
Total deferred outflows of resources	6,383,664	525,362	6,909,026	-
Liabilities				
Accounts payable	1,142,278	1,084,908	2,227,186	27,532
Accrued liabilities and other	667,862	133,275	801,137	-
Noncurrent liabilities:				
Due within one year:				
Compensated absences (Note 8)	75,000	-	75,000	-
Current portion of long-term debt (Note 8)	205,000	1,050,010	1,255,010	-
Due in more than one year:				
Compensated absences (Note 8)	491,876	18,367	510,243	-
Other long-term liabilities (Note 9)	266,539	-	266,539	-
Estimated allocation of South Macomb Disposal Authority postclosure and environmental costs	-	2,455,084	2,455,084	-
Net pension liability (Note 10)	39,949,791	4,351,952	44,301,743	-
Net OPEB obligation (Note 12)	32,934,837	1,662,290	34,597,127	-
Long-term debt - Net of current portion (Note 8)	3,333,126	9,182,254	12,515,380	-
Total liabilities	79,066,309	19,938,140	99,004,449	27,532
Deferred Inflows of Resources - Deferred OPEB cost reductions	6,266,275	323,236	6,589,511	-
Net Position				
Net investment in capital assets	24,777,268	43,205,709	67,982,977	-
Restricted:				
Roads	4,016,994	-	4,016,994	-
Debt service	841,907	23,371	865,278	-
Library	391,957	-	391,957	-
Drug law enforcement	191,220	-	191,220	-
Capital projects	401,672	-	401,672	-
Street lighting	126,707	-	126,707	-
Indigent defense	190,169	-	190,169	-
Unrestricted	(61,013,341)	7,215,870	(53,797,471)	51,011
Total net position	\$ (30,075,447)	\$ 50,444,950	\$ 20,369,503	\$ 51,011

City of Eastpointe, Michigan

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 6,122,778	\$ 399,288	\$ -	\$ -
District court	2,009,588	1,785,440	-	-
Public safety	17,753,993	7,471,888	41,370	-
Public works	2,503,304	-	-	409,378
Health and welfare	251,080	-	251,080	-
Recreation and culture	1,707,459	43,610	-	-
Interest on long-term debt	95,342	-	-	-
Total governmental activities	30,443,544	9,700,226	292,450	409,378
Business-type activities:				
Water and Sewer	13,216,222	16,855,481	-	-
Garbage and Rubbish	2,004,998	1,805,945	-	-
Total business-type activities	15,221,220	18,661,426	-	-
Total primary government	<u><u>\$ 45,664,764</u></u>	<u><u>\$ 28,361,652</u></u>	<u><u>\$ 292,450</u></u>	<u><u>\$ 409,378</u></u>
Component units - Downtown Development Authority	<u><u>\$ 107,709</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
General revenue:				
Property taxes				
State-shared revenue and grants				
Investment income				
Gain on sale of fixed assets				
Other nonprogram income				
Total general revenue				
Transfers				
Change in Net Position				
Net Position - Beginning of year				
Net Position - End of year				

Statement of Activities

Year Ended June 30, 2019

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Unit
\$ (5,723,490)	\$ -	\$ (5,723,490)	\$ -
(224,148)	-	(224,148)	-
(10,240,735)	-	(10,240,735)	-
(2,093,926)	-	(2,093,926)	-
-	-	-	-
(1,663,849)	-	(1,663,849)	-
(95,342)	-	(95,342)	-
(20,041,490)	-	(20,041,490)	-
-	3,639,259	3,639,259	-
-	(199,053)	(199,053)	-
-	3,440,206	3,440,206	-
(20,041,490)	3,440,206	(16,601,284)	-
-	-	-	(107,709)
13,990,374	-	13,990,374	123,678
7,604,412	-	7,604,412	-
344,044	148,155	492,199	829
3,420	-	3,420	-
841,314	3,544	844,858	-
22,783,564	151,699	22,935,263	124,507
(1,064,616)	1,064,616	-	-
1,677,458	4,656,521	6,333,979	16,798
(31,752,905)	45,788,429	14,035,524	34,213
<u>\$ (30,075,447)</u>	<u>\$ 50,444,950</u>	<u>\$ 20,369,503</u>	<u>\$ 51,011</u>

Governmental Funds
Balance Sheet

June 30, 2019

	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)	\$ 1,731,706	\$ 493,135	\$ 512,601	\$ 843,612	\$ 1,072,131	\$ 4,653,185
Investments (Note 3)	10,048,961	1,001,785	1,502,957	-	150,351	12,704,054
Receivables:						
Property taxes	130,756	-	-	-	-	130,756
Special assessments	-	-	-	-	131,732	131,732
Customer receivables	86,972	-	-	-	-	86,972
Other receivables	183,923	1,714	-	-	2,207	187,844
Due from other governmental units	809,892	383,657	144,202	-	194,068	1,531,819
Due from other funds (Note 7)	130,985	-	190,000	-	-	320,985
Advances to other funds (Note 7)	75,000	-	-	-	-	75,000
Prepays	2,467	-	-	-	-	2,467
Assets held for sale	535,174	-	-	-	-	535,174
Other assets	-	-	-	-	401,672	401,672
Total assets	\$ 13,735,836	\$ 1,880,291	\$ 2,349,760	\$ 843,612	\$ 1,952,161	\$ 20,761,660
Liabilities						
Accounts payable	\$ 496,024	\$ 23,008	\$ 176,492	\$ 1,705	\$ 429,998	\$ 1,127,227
Due to other funds (Note 7)	-	-	-	-	320,985	320,985
Accrued liabilities and other	598,373	7,506	6,051	-	25,611	637,541
Total liabilities	1,094,397	30,514	182,543	1,705	776,594	2,085,753
Deferred Inflows of Resources						
Unavailable revenue - Property taxes	125,178	-	-	-	-	125,178
Unavailable revenue - Special assessments	-	-	-	-	80,723	80,723
Unavailable revenue - Miscellaneous	97,329	-	-	-	-	97,329
Total deferred inflows of resources	222,507	-	-	-	80,723	303,230
Fund Balances						
Nonspendable:						
Assets held for resale	535,174	-	-	-	-	535,174
Prepays	2,467	-	-	-	-	2,467
Long-term receivable	75,000	-	-	-	-	75,000
Restricted:						
Roads	-	1,849,777	2,167,217	-	-	4,016,994
Debt service	-	-	-	841,907	-	841,907
Library	-	-	-	-	391,957	391,957
Drug law enforcement	-	-	-	-	191,220	191,220
Capital projects	-	-	-	-	401,672	401,672
Street lighting	-	-	-	-	126,707	126,707
Indigent defense	-	-	-	-	190,169	190,169
Committed:						
Pension actuarial required contribution	3,485,856	-	-	-	-	3,485,856
OPEB actuarial required contribution	2,378,435	-	-	-	-	2,378,435
Budget stabilization	2,007,940	-	-	-	-	2,007,940
Operating reserve	883,494	-	-	-	-	883,494
Emergency reserve	200,794	-	-	-	-	200,794
Additional pension contribution	89,236	-	-	-	-	89,236
Assigned - Capital projects	1,004,122	-	-	-	-	1,004,122
Unassigned	1,756,414	-	-	-	(206,881)	1,549,533
Total fund balances	12,418,932	1,849,777	2,167,217	841,907	1,094,844	18,372,677
Total liabilities, deferred inflows of resources, and fund balances	\$ 13,735,836	\$ 1,880,291	\$ 2,349,760	\$ 843,612	\$ 1,952,161	\$ 20,761,660

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2019

Fund Balances Reported in Governmental Funds	\$ 18,372,677
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	27,130,432
Amounts on deposit with the Insurance Authority (MMRMA) and other noncurrent assets are not reported as fund assets	148,259
Investments in joint ventures are not financial resources and are not reported in the funds	515,883
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	303,230
Bonds payable obligations are not due and payable in the current period and are not reported in the funds	(3,436,048)
Long-term portion of uninsured losses is not reported in the funds	(266,539)
Accrued interest is not due and payable in the current period and is not reported in the funds	(21,079)
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	(566,876)
Pension benefits	(36,558,895)
Retiree healthcare benefits	(36,249,083)
Internal service funds are included as part of governmental activities	552,592
Net Position of Governmental Activities	<u><u>\$ (30,075,447)</u></u>

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2019

	General Fund	Major Streets Fund	Local Streets Fund	Chapter 20 Drain Debt Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenue						
Property taxes	\$ 9,183,611	\$ -	\$ -	\$ 3,943,858	\$ 862,905	\$ 13,990,374
Special assessments	-	-	-	-	550,818	550,818
Intergovernmental:						
Federal grants	16,846	-	-	-	275,604	292,450
State-shared revenue and grants	3,776,749	2,287,563	1,176,320	14,979	348,801	7,604,412
Charges for services	414,127	-	-	-	887	415,014
Fines and forfeitures	1,785,440	-	-	-	91,717	1,877,157
Licenses and permits	1,361,117	-	-	-	-	1,361,117
Investment income	288,149	10,570	17,029	11,940	16,356	344,044
Other revenue:						
Other miscellaneous income	141,653	1,286	755	-	230,723	374,417
SMORSA charge for service	6,513,835	-	-	-	-	6,513,835
Total revenue	23,481,527	2,299,419	1,194,104	3,970,777	2,377,811	33,323,638
Expenditures						
Current services:						
General government	4,211,924	-	-	-	-	4,211,924
District court	1,628,679	-	-	-	380,909	2,009,588
Public safety	16,829,853	-	-	-	159,854	16,989,707
Public works	22,604	586,510	1,425,021	2,120,108	250,736	4,404,979
Community and economic development	-	-	-	-	251,080	251,080
Recreation and culture	658,794	-	-	-	867,593	1,526,387
Capital outlay	-	-	-	-	678,696	678,696
Debt service:						
Principal	200,000	-	-	-	56,420	256,420
Interest on long-term debt	89,942	-	-	-	-	89,942
Total expenditures	23,641,796	586,510	1,425,021	2,120,108	2,645,288	30,418,723
Excess of Revenue (Under) Over Expenditures	(160,269)	1,712,909	(230,917)	1,850,669	(267,477)	2,904,915
Other Financing Sources (Uses)						
Transfers in (Note 7)	535,983	-	975,000	-	-	1,510,983
Transfers out (Note 7)	-	(975,000)	-	(1,064,616)	(535,983)	(2,575,599)
Proceeds from sale of capital assets	-	-	-	-	3,420	3,420
Total other financing sources (uses)	535,983	(975,000)	975,000	(1,064,616)	(532,563)	(1,061,196)
Net Change in Fund Balances	375,714	737,909	744,083	786,053	(800,040)	1,843,719
Fund Balances - Beginning of year	12,043,218	1,111,868	1,423,134	55,854	1,894,884	16,528,958
Fund Balances - End of year	<u>\$ 12,418,932</u>	<u>\$ 1,849,777</u>	<u>\$ 2,167,217</u>	<u>\$ 841,907</u>	<u>\$ 1,094,844</u>	<u>\$ 18,372,677</u>

Governmental Funds

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

Year Ended June 30, 2019

Net Change in Fund Balances Reported in Governmental Funds	\$ 1,843,719
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	2,338,762
Depreciation expense	(2,133,165)
Net book value of assets disposed of	(83,660)
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	(141,441)
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	256,420
Interest expense is recognized in the government-wide statements as it accrues	(5,401)
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	34,127
Changes in estimated general liability and workers' compensation claims are recorded when incurred in the statement of activities	84,939
Change in investment in joint ventures is not recorded in the governmental funds	28,213
Change in net OPEB liability is recorded when incurred in the statement of activities	524,816
Change in net pension obligation is recorded when incurred in the statement of activities	(1,135,091)
Internal service funds are included as part of governmental activities	<u>65,220</u>
Change in Net Position of Governmental Activities	<u><u>\$ 1,677,458</u></u>

Proprietary Funds
Statement of Net Position

June 30, 2019

	Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Garbage and Rubbish Collection Fund (Nonmajor Enterprise Fund)	Total Enterprise Funds	Internal Service Fund
Assets				
Current assets:				
Cash and cash equivalents (Note 3)	\$ 959,238	\$ 182,378	\$ 1,141,616	\$ 28,466
Investments (Note 3)	2,254,157	1,709,950	3,964,107	-
Receivables:				
Customer receivables	4,350,188	331,840	4,682,028	-
Due from other governmental units	267,635	-	267,635	-
Prepays	4,700	-	4,700	-
Total current assets	7,835,918	2,224,168	10,060,086	28,466
Noncurrent assets:				
Restricted assets (Note 6)	23,371	-	23,371	-
Investment in Southeast Macomb Sanitary District (Note 14)	6,464,026	-	6,464,026	-
Investment in South Macomb Disposal Authority (Note 14)	-	195,508	195,508	-
Capital assets - Net (Note 5)	53,437,973	-	53,437,973	684,758
Total noncurrent assets	59,925,370	195,508	60,120,878	684,758
Total assets	67,761,288	2,419,676	70,180,964	713,224
Deferred Outflows of Resources				
Deferred outflows related to pension (Note 10)	362,707	-	362,707	5,577
Deferred OPEB costs (Note 12)	162,655	-	162,655	-
Total deferred outflows of resources	525,362	-	525,362	5,577
Liabilities				
Current liabilities:				
Accounts payable	1,084,742	166	1,084,908	15,051
Accrued liabilities and other	130,156	3,119	133,275	9,242
Current portion of long-term debt (Note 8)	1,050,010	-	1,050,010	-
Total current liabilities	2,264,908	3,285	2,268,193	24,293
Noncurrent liabilities:				
Advances from other funds (Note 7)	-	-	-	75,000
Compensated absences (Note 8)	18,367	-	18,367	-
Estimated allocation of South Macomb Disposal Authority postclosure and environmental costs (Note 14)	-	2,455,084	2,455,084	-
Net pension liability (Note 10)	4,351,952	-	4,351,952	66,916
Net OPEB obligation (Note 12)	1,662,290	-	1,662,290	-
Long-term debt - Net of current portion (Note 8)	9,182,254	-	9,182,254	-
Total noncurrent liabilities	15,214,863	2,455,084	17,669,947	141,916
Total liabilities	17,479,771	2,458,369	19,938,140	166,209
Deferred Inflows of Resources - Deferred OPEB cost reductions				
	323,236	-	323,236	-
Net Position				
Net investment in capital assets	43,205,709	-	43,205,709	684,758
Restricted for debt service	23,371	-	23,371	-
Unrestricted	7,254,563	(38,693)	7,215,870	(132,166)
Total net position	\$ 50,483,643	\$ (38,693)	\$ 50,444,950	\$ 552,592

See notes to financial statements.

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

Year Ended June 30, 2019

	Enterprise Funds			Governmental Activities
	Garbage and Rubbish Collection Fund (Nonmajor Enterprise Fund)			Internal Service Fund
	Water and Sewer Fund		Total Enterprise Funds	
Operating Revenue				
Sale of water	\$ 3,982,958	\$ -	\$ 3,982,958	\$ -
Sewage disposal charges	7,665,602	-	7,665,602	-
Charges for services	4,690,319	1,770,846	6,461,165	757,512
Interest and penalty charges	516,602	35,099	551,701	-
Total operating revenue	16,855,481	1,805,945	18,661,426	757,512
Operating Expenses				
Cost of water	1,574,030	-	1,574,030	-
Cost of sewage treatment	6,171,710	-	6,171,710	-
Operation and maintenance	1,740,355	1,513,826	3,254,181	230,688
General and administrative	1,510,358	68,176	1,578,534	347,163
Loss from joint venture	-	422,996	422,996	-
Depreciation	1,921,568	-	1,921,568	117,266
Total operating expenses	12,918,021	2,004,998	14,923,019	695,117
Operating Income (Loss)	3,937,460	(199,053)	3,738,407	62,395
Nonoperating Revenue (Expense)				
Investment income	103,759	44,396	148,155	-
Interest expense	(298,201)	-	(298,201)	-
Gain on sale of assets	-	-	-	2,825
Other nonoperating revenue	3,544	-	3,544	-
Total nonoperating (expense) revenue	(190,898)	44,396	(146,502)	2,825
Income (Loss) - Before transfers	3,746,562	(154,657)	3,591,905	65,220
Transfers from Other Funds (Note 7)	1,064,616	-	1,064,616	-
Change in Net Position	4,811,178	(154,657)	4,656,521	65,220
Net Position - Beginning of year	45,672,465	115,964	45,788,429	487,372
Net Position - End of year	\$ 50,483,643	\$ (38,693)	\$ 50,444,950	\$ 552,592

Proprietary Funds
Statement of Cash Flows

Year Ended June 30, 2019

	Enterprise Funds			Governmental Activities
	Garbage and Rubbish Collection Fund (Nonmajor Enterprise Fund)			Internal Service Fund
	Water and Sewer Fund		Total Enterprise Funds	
Cash Flows from Operating Activities				
Receipts from customers	\$ 16,539,589	\$ 1,774,033	\$ 18,313,622	\$ 757,512
Payments to suppliers	(9,991,305)	(1,634,741)	(11,626,046)	(348,185)
Payments to employees	(1,661,143)	(67,137)	(1,728,280)	(329,005)
Other receipts	198,285	-	198,285	-
Net cash and cash equivalents provided by operating activities	5,085,426	72,155	5,157,581	80,322
Cash Flows from Noncapital Financing Activities				
Repayment of loans from other funds	(200,000)	-	(200,000)	(125,000)
Scrap metal sales	3,544	-	3,544	-
Net cash and cash equivalents used in noncapital financing activities	(196,456)	-	(196,456)	(125,000)
Cash Flows from Capital and Related Financing Activities				
Proceeds from sale of capital assets	-	-	-	2,825
Purchase of capital assets	(1,606,605)	-	(1,606,605)	(41,417)
Principal and interest paid on capital debt	(1,280,361)	-	(1,280,361)	-
Transfers from other funds (Note 7)	1,064,616	-	1,064,616	-
Net cash and cash equivalents used in capital and related financing activities	(1,822,350)	-	(1,822,350)	(38,592)
Cash Flows from Investing Activities				
Interest received on investments	103,759	44,396	148,155	-
Purchase of investment securities	(2,254,157)	(686,839)	(2,940,996)	-
Net cash and cash equivalents used in investing activities	(2,150,398)	(642,443)	(2,792,841)	-
Net Increase (Decrease) in Cash and Cash Equivalents	916,222	(570,288)	345,934	(83,270)
Cash and Cash Equivalents - Beginning of year	43,016	752,666	795,682	111,736
Cash and Cash Equivalents - End of year	\$ 959,238	\$ 182,378	\$ 1,141,616	\$ 28,466
Classification of Cash and Cash Equivalents				
Cash and investments	\$ 3,213,395	\$ 1,892,328	\$ 5,105,723	\$ 28,466
Less amounts classified as investments	(2,254,157)	(1,709,950)	(3,964,107)	-
Total cash and cash equivalents	\$ 959,238	\$ 182,378	\$ 1,141,616	\$ 28,466

Proprietary Funds
Statement of Cash Flows (Continued)

Year Ended June 30, 2019

	Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Garbage and Rubbish Collection Fund (Nonmajor Enterprise Fund)	Total Enterprise Funds	Internal Service Fund
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities				
Operating income (loss)	\$ 3,937,460	\$ (199,053)	\$ 3,738,407	\$ 62,395
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation	1,921,568	-	1,921,568	117,266
Changes in assets and liabilities:				
Receivables	(117,607)	(31,912)	(149,519)	-
Accounts payable and other liabilities	(79,102)	(120,915)	(200,017)	(63,124)
Accrued and other liabilities	(576,893)	1,039	(575,854)	(36,215)
Investment in joint venture and other joint venture activity	-	422,996	422,996	-
Net cash and cash equivalents provided by operating activities	<u>\$ 5,085,426</u>	<u>\$ 72,155</u>	<u>\$ 5,157,581</u>	<u>\$ 80,322</u>

Noncash Investing, Capital, and Financing Activities

During the year ended June 30, 2019, the Macomb Drainage District (MID) and 8 1/2 Mile Drainage District constructed and contributed drainage system improvements totaling \$37,973, which were funded through assigned debt.

Fiduciary Funds
Statement of Net Position

June 30, 2019

	Pension and Other Retirement Benefits Trust Funds	Agency Funds
Assets		
Cash and cash equivalents (Note 3)	\$ 435,029	\$ 227,585
Investments: (Note 3)		
Interest in pooled investments	6,617,073	-
Equity securities	922,178	-
Fixed income	1,055,956	-
Mutual funds	1,370,884	-
Total assets	10,401,120	<u><u>\$ 227,585</u></u>
Liabilities		
Accounts payable	321	\$ -
Accrued liabilities and other	3,288	227,585
Total liabilities	3,609	<u><u>\$ 227,585</u></u>
Net Position Restricted for Pension and Other Employee Benefits	<u><u>\$ 10,397,511</u></u>	

Fiduciary Funds
Statement of Changes in Net Position

Year Ended June 30, 2019

	Pension and Other Retirement Benefits Trust Funds
Additions	
Investment income (loss):	
Interest and dividends	\$ 61,867
Net change in fair value of investments	44,365
Investment-related expenses	<u>(19,463)</u>
Net investment income	86,769
Contributions - Employer	<u>2,983,583</u>
Total additions	3,070,352
Deductions	
Benefit payments	43,000
Health insurance premiums	2,525,983
Administrative expenses	<u>47,410</u>
Total deductions	<u>2,616,393</u>
Net Increase in Net Position Restricted for Pension and Other Employee Benefits	453,959
Net Position Restricted for Pension and Other Employee Benefits - Beginning of year	<u>9,943,552</u>
Net Position Restricted for Pension and Other Employee Benefits - End of year	<u>\$ 10,397,511</u>

City of Eastpointe, Michigan

Component Units Statement of Net Position

June 30, 2019

	Downtown Development Authority	Economic Development Authority	Total
Assets - Cash and cash equivalents (Note 3)	\$ 78,543	\$ -	\$ 78,543
Liabilities - Accounts payable	27,532	-	27,532
Net Position - Unrestricted	<u>\$ 51,011</u>	<u>\$ -</u>	<u>\$ 51,011</u>

City of Eastpointe, Michigan

		Program Revenue		
		Charges for	Operating	Capital Grants
	Expenses	Services	Grants and	and
			Contributions	Contributions
Functions/Programs				
Downtown Development Authority	\$ 107,709	\$ -	\$ -	\$ -
Economic Development Authority	-	-	-	-
Total	\$ 107,709	\$ -	\$ -	\$ -

General revenue:

Property taxes

Interest and other investment income

Total general revenue

Change in Net Position

Net Position - Beginning of year

Net Position - End of year

Component Units
Statement of Activities

Year Ended June 30, 2019

Net (Expense) Revenue and Changes in Net Position		
Downtown Development Authority	Economic Development Authority	Total
\$ (107,709)	\$ -	\$ (107,709)
-	-	-
(107,709)	-	(107,709)
123,678	-	123,678
829	-	829
124,507	-	124,507
16,798	-	16,798
34,213	-	34,213
\$ 51,011	\$ -	\$ 51,011

June 30, 2019

Note 1 - Significant Accounting Policies

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

Reporting Entity

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

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

Blended Component Units

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

Discretely Presented Component Units

Downtown Development Authority

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

Note 1 - Significant Accounting Policies (Continued)

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

Jointly Governed Organization

Jointly governed organizations are discussed in Note 14.

Accounting and Reporting Principles

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

Report Presentation

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

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

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

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

Basis of Accounting

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

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

Note 1 - Significant Accounting Policies (Continued)

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

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

Fund Accounting

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

Governmental Funds

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

- General Fund - The General Fund is the primary operating fund. It accounts for all financial resources used to provide general government services, other than those specifically assigned to another fund.
- Major Streets Fund - The Major Streets Fund accounts for maintenance and improvement activities for streets designated as "major" within the City. Funding is provided primarily through state-shared gas and weight taxes.
- Local Streets Fund - The Local Streets Fund accounts for maintenance and improvement activities from streets designated as "local" within the City. Funding is provided primarily through state-shared gas and weight taxes.
- 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.

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 monies and the proceeds from the sale of forfeited property.

June 30, 2019

Note 1 - Significant Accounting Policies (Continued)

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

Nonmajor Capital Projects Funds

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

Proprietary Funds

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

- Water and Sewer Fund - The Water and Sewer Fund accounts for the activities of the water distribution system and sewage and storm water collection system. Funding is provided primarily through user charges.
- Garbage and Rubbish Collection Fund (nonmajor enterprise fund) - The Garbage and Rubbish Collection Fund accounts for waste collection services provided to residents. Funding is provided primarily through user charges.
- Internal Service Fund - The Internal Service Fund accounts for major machinery and equipment purchases and maintenance provided to other departments of the government on a cost-reimbursement basis.

Fiduciary Funds

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

- The Employees' Retirement System, Employees' Death Benefit, and Retiree Health Care funds account for the activities of the employee benefit plans, which accumulate resources for pension and other postemployment benefit payments to qualified employees.
- The Cash and Performance Bonds, Tax Collection, and Imprest Payroll funds account for assets held by the City in a trustee capacity or as an agent for individuals, organizations, or other governments.

June 30, 2019

Note 1 - Significant Accounting Policies (Continued)

Interfund Activity

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

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

Specific Balances and Transactions

Cash, Cash Equivalents, and Investments

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

Receivables

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

Prepaid Items

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

Restricted Assets

The City has amounts on deposit with the Macomb County Drain Commission for use in the Lake St. Clair Clean Water Initiative that have been classified as restricted assets.

Capital Assets

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

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

June 30, 2019

Note 1 - Significant Accounting Policies (Continued)

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

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

Assets Held for Sale

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

Long-term Obligations

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize bond issuances and premiums as "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 will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until then. The City has three items that qualify for reporting in this category. The City reports deferred outflows related to deferred pension and OPEB costs, as detailed in Notes 10 and 12, respectively. The second item is the deferred outflows related to the deferred charge on refunding, which results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The City has three items that qualify for reporting in this category. The deferred inflows of resources related to unavailable revenue are only reported in the governmental funds balance sheet. The governmental funds report unavailable revenue from three sources: property taxes, special assessments, and miscellaneous revenue. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In addition, the City has deferred inflows related to deferred pension and OPEB cost reductions, as detailed in Notes 10 and 12, respectively.

Note 1 - Significant Accounting Policies (Continued)

Net Position

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

Net Position Flow Assumption

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

Fund Balance Flow Assumptions

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

Fund Balance Policies

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

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

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

June 30, 2019**Note 1 - Significant Accounting Policies (Continued)**

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

Property Tax Revenue

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

The City's 2018 tax is levied and collectible on July 1, 2018 and is recognized as revenue in the year ended June 30, 2019 when the proceeds of the levy are budgeted and available for the financing of operations.

The 2018 taxable valuation of the City totaled \$464 million (a portion of which is abated and a portion of which is captured by the DDA), on which taxes levied consisted of 18.9973 mills for operating purposes, 1.8683 mills for library services, and 8.4700 mills for debt service. This resulted in \$8.8 million for operating, \$864,000 for library services, and \$3.9 million for debt service. These amounts are recognized in the respective General Fund and special revenue and debt service fund financial statements as tax revenue.

Pension

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

Other Postemployment Benefit Costs

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

Compensated Absences (Vacation and Sick Leave)

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

Note 1 - Significant Accounting Policies (Continued)

Proprietary Funds Operating Classification

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

Use of Estimates

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

Upcoming Accounting Pronouncements

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the City's financial statements for the year ending June 30, 2020.

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

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

June 30, 2019

Note 1 - Significant Accounting Policies (Continued)

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

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

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

Cumulative shortfall at July 1, 2018		\$	(5,285,293)
Building permit revenue			349,820
Related expenses:			
Direct costs	\$	90,684	
Estimated indirect costs		671,873	762,557
			<u>(412,737)</u>
Current year shortfall			<u>(412,737)</u>
Cumulative shortfall June 30, 2019		\$	<u><u>(5,698,030)</u></u>

Fund Deficits

The City has an accumulated deficit in the District Court Building Fund in the amount of \$123,314, an accumulated deficit in the Capital Improvement Fund in the amount of \$83,567, and an accumulated deficit in the Garbage and Rubbish Collection Fund in the amount of \$38,693.

Noncompliance with Legal or Contractual Provisions

The City budgeted a deficit in the District Court Building 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 not 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.

June 30, 2019

Note 3 - Deposits and Investments (Continued)

The Employees' Retirement System, Employees' Death Benefit, and the 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 \$6,833,044 of bank deposits (certificates of deposit and checking and savings accounts) that was uninsured and uncollateralized. The City believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the City evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories. The City held deposits in two financial institutions as of June 30, 2019.

Interest Rate Risk

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

At year end, the City had the following investments:

Investment	Fair Value	Weighted-average Maturity (Years)
Primary Government		
U.S. government agency securities	\$ 2,402,505	0.65
Municipal bonds	3,682,741	1.99
Total	<u>\$ 6,085,246</u>	
Fiduciary Funds		
Market linked investment	\$ 1,055,956	2.97
Mutual fund - Fixed income	396,490	0.58
Interest in pooled investments*	6,617,073	

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

June 30, 2019

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

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The City has no investment policy that would further limit its investment choices. As of June 30, 2019, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Fair Value	Rating	Rating Organization
Primary Government			
U.S. government agency securities	\$ 2,402,505	AA+	Standard & Poor's
Municipal bonds	253,136	AA+	Standard & Poor's
Municipal bonds	716,098	AA	Standard & Poor's
Municipal bonds	1,109,366	AA-	Standard & Poor's
Municipal bonds	1,604,141	Not rated	N/A
Total	<u>\$ 6,085,246</u>		
Fiduciary Funds			
Market linked investment	\$ 1,055,956	Not rated	N/A
Mutual funds - Fixed income	396,490	Not rated	N/A
Interest in pooled investments*	6,617,073	N/A	N/A

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

Concentration of Credit Risk

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

Investment	Percent
Bristol Myers Squibb	10.05 %
Ford Motor Company	9.07
International Business Machines	6.11
John Hancock Regional	5.85
Advisor's-High 50	6.65
Credit Suisse AG 3Y U.S. Equity	7.72
HSBC USA 4Y International	7.75
HSBC USA 4Y Equity	6.63
JPMorgan Chase 4Y U.S. Equity	18.08

Note 4 - Fair Value Measurements

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

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

June 30, 2019

Note 4 - Fair Value Measurements (Continued)

The City has the following recurring fair value measurements as of June 30, 2019:

	Assets Measured at Fair Value on a Recurring Basis at June 30, 2019			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2019
Debt securities:				
U.S. agency securities	\$ 2,402,505	\$ -	\$ -	\$ 2,402,505
Municipal bonds	-	3,682,741	-	3,682,741
Market linked investments	1,055,956	-	-	1,055,956
Mutual funds - Fixed income	-	396,490	-	396,490
Total debt securities	3,458,461	4,079,231	-	7,537,692
Equity securities:				
Mutual funds - Equity	974,394	-	-	974,394
Other equities	922,178	-	-	922,178
Total equity securities	1,896,572	-	-	1,896,572
Total investments by fair value level	<u>\$ 5,355,033</u>	<u>\$ 4,079,231</u>	<u>\$ -</u>	9,434,264
Investments measured at NAV - Interest in pooled investments				<u>6,617,073</u>
Total assets				<u>\$ 16,051,337</u>

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

The fair value of fixed-income mutual funds at June 30, 2019 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 whereby 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, 2019, 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	\$ 9,317,330	\$ -	N/A	N/A
Retirement and Retiree Health Care Funds - MERS Capital Appreciation Portfolio	6,617,073	-	N/A	N/A

June 30, 2019

Note 4 - Fair Value Measurements (Continued)

The MERS Capital Appreciation Portfolio seeks to provide long-term growth of capital through a diversified mix of stocks and bonds. The objective is to outperform a traditional 80/20 mix of stocks and bonds.

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, 2018	Reclassifications	Additions	Disposals	Balance June 30, 2019
Capital assets not being depreciated:					
Land	\$ 1,189,798	\$ -	\$ -	\$ -	\$ 1,189,798
Construction in progress	96,251	(96,251)	-	-	-
Subtotal	1,286,049	(96,251)	-	-	1,189,798
Capital assets being depreciated:					
Infrastructure:					
Roads	31,252,307	-	1,243,958	-	32,496,265
Sidewalks	8,724,217	-	649,984	-	9,374,201
Buildings and improvements	16,805,516	96,251	316,713	(150,000)	17,068,480
Machinery and equipment	8,296,511	-	169,522	(337,677)	8,128,356
Subtotal	65,078,551	96,251	2,380,177	(487,677)	67,067,302
Accumulated depreciation:					
Infrastructure:					
Roads	15,274,320	-	1,070,391	-	16,344,711
Sidewalks	5,422,971	-	295,162	-	5,718,133
Buildings and improvements	11,167,310	-	494,910	(70,938)	11,591,282
Machinery and equipment	6,730,895	-	389,968	(333,079)	6,787,784
Subtotal	38,595,496	-	2,250,431	(404,017)	40,441,910
Net capital assets being depreciated	26,483,055	96,251	129,746	(83,660)	26,625,392
Net governmental activities capital assets	\$ 27,769,104	\$ -	\$ 129,746	\$ (83,660)	\$ 27,815,190

June 30, 2019

Note 5 - Capital Assets (Continued)

Business-type Activities

	Balance July 1, 2018	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2019
Capital assets being depreciated:					
Utility system	\$ 78,733,947	\$ -	\$ 1,606,605	\$ -	\$ 80,340,552
Buildings and improvements	1,231,414	-	-	-	1,231,414
Machinery and equipment	456,627	-	-	(7,985)	448,642
Subtotal	80,421,988	-	1,606,605	(7,985)	82,020,608
Accumulated depreciation:					
Utility system	25,735,515	-	1,867,533	-	27,603,048
Buildings and improvements	504,211	-	46,245	-	550,456
Furniture and equipment	429,326	-	7,790	(7,985)	429,131
Subtotal	26,669,052	-	1,921,568	(7,985)	28,582,635
Net business-type activities capital assets	<u>\$ 53,752,936</u>	<u>\$ -</u>	<u>\$ (314,963)</u>	<u>\$ -</u>	<u>\$ 53,437,973</u>

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

Governmental activities:	
General government	\$ 1,635,276
Public safety	265,440
Public works	15,661
Judicial	34,940
Recreation and culture	181,848
Internal Service Fund	117,266
Total governmental activities	<u>\$ 2,250,431</u>
Business-type activities - Water and sewer	<u>\$ 1,921,568</u>

Construction Commitments

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

	Spent to Date	Remaining Commitment
Pavement reconstruction	\$ 838,721	\$ 217,548
Sewer rehabilitation	853,224	117,512
Total	<u>\$ 1,691,945</u>	<u>\$ 335,060</u>

Note 6 - Restricted Assets

The City's business-type activities have \$23,371 in funds held by the Macomb County Drain Commission on behalf of the City to be used for the Lake St. Clair Clean Water Initiative, including related debt service.

June 30, 2019

Note 7 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor governmental funds	\$ 130,985
Local Streets Fund	Nonmajor governmental funds	190,000

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

Fund Borrowed From	Fund Loaned To	Amount
General Fund	Internal Service Fund	\$ 75,000

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	\$ 975,000
Chapter 20 Drain Debt Fund	Water and Sewer Fund	1,064,616
Nonmajor governmental funds	General Fund	535,983
	Total	<u>\$ 2,575,599</u>

Interfund balances, as due from/to other funds, represent routine and temporary cash flow assistance from funds until amounts are transferred to finance daily activity.

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

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

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

June 30, 2019

Note 8 - Long-term Debt (Continued)

Long-term debt activity for the year ended June 30, 2019 can be summarized as follows:

Governmental Activities

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Direct borrowings and direct placements - MDEQ Brownfield Redevelopment Loan: Amount of issue - \$625,000 Maturing through 2028	1.50%	\$54,000 - \$66,770	\$ 454,547	\$ -	\$ (56,421)	\$ 398,126	\$ -
Other debt:							
General obligation bonds - 2016 refunding bonds: Amount of issue - \$3,380,000 Maturing through 2032	2.776%	\$40,000 - \$280,000	3,340,000	-	(200,000)	3,140,000	205,000
Accumulated compensated absences - General Fund obligations			601,003	630,675	(664,802)	566,876	75,000
Uninsured losses			557,508	83,768	(374,737)	266,539	-
Total other debt principal outstanding			4,498,511	714,443	(1,239,539)	3,973,415	280,000
Total governmental activities long-term debt			\$ 4,953,058	\$ 714,443	\$ (1,295,960)	\$ 4,371,541	\$ 280,000

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 Maturing through 2033	2.50%	\$170,000 - \$250,000	\$ 3,148,745	\$ -	\$ (175,000)	\$ 2,973,745	\$ 180,000
County drain contract obligations - Special assessment bonds:							
08/03/10 2010 Drain Refunding (Series 2001A): Loan amount - \$1,530,846 Maturing through 2030	3.00% - 4.25%	\$52,496 - \$93,412	894,748	-	(57,900)	836,848	60,216
08/03/10 2010 Drain Refunding (Series 2002A): Loan amount - \$833,179 Maturing through 2030	3.00% - 4.25%	\$31,006 - \$52,794	507,828	-	(32,682)	475,146	34,358
12/19/13 Drain Refunding (06/01/04 Series A and B): Maximum loan amount - \$978,890 Maturing through 2030	4.00% - 5.00%	\$35,840 - \$70,560	656,320	-	(39,200)	617,120	42,560
State Revolving Loan Funds - Special Assessments:							
12/20/00 Lake St. Clair Clean Water 5186-01: Maximum loan amount - \$2,762,640 Maturing through 2023	2.50%	\$145,733 - \$173,810	826,266	-	(157,098)	669,168	161,109
12/20/01 Lake St. Clair Clean Water 5186-02: Maximum loan amount - \$2,001,338 Maturing through 2023	2.50%	\$105,696 - \$125,514	598,210	-	(113,770)	484,440	116,706

June 30, 2019

Note 8 - Long-term Debt (Continued)

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
12/20/01 Lake St. Clair Clean Water 5186-03: Loan amount - \$387,640 Maturing through 2023	2.50%	\$20,552 - \$24,222	\$ 115,972	\$ -	\$ (22,020)	\$ 93,952	\$ 22,754
03/28/02 Lake St. Clair Clean Water 5186-04: Loan amount - \$3,647,845 Maturing through 2023	2.50%	\$190,617 - \$230,055	1,091,118	-	(207,050)	884,068	213,623
06/26/03 Lake St. Clair Clean Water 5186-05: Loan amount - \$202,947 Maturing through 2024	2.50%	\$10,410 - \$12,492	71,829	-	(11,451)	60,378	11,451
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	1,434,264	-	(103,236)	1,331,028	105,953
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	474,605	-	(29,884)	444,721	32,601
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	163,001	-	(10,867)	152,134	10,867
09/17/14 8 1/2 Mile Relief Drain 5579-01 (Utilities drainage): Loan amount - \$241,789 Maturing through 2035	2.50%	\$8,150 - \$16,300	184,795	12,638	(8,150)	189,283	10,867
04/11/16 SEMCWDDS 5605-01 (Utilities drainage): Maximum loan amount - \$1,708,825 Balance drawn - \$136,259 Maturing through 2037	2.50%	\$67,918 - \$105,953	1,013,244	25,335	(42,986)	995,593	44,705
Total direct borrowings and direct placements principal outstanding			11,180,945	37,973	(1,011,294)	10,207,624	1,047,770
Unamortized bond premiums			26,880	-	(2,240)	24,640	2,240
Total city obligations			11,207,825	37,973	(1,013,534)	10,232,264	1,050,010
Accumulated compensated absences - Water and sewer obligations			18,058	21,891	(21,582)	18,367	-
Total business-type activities long-term debt			<u>\$ 11,225,883</u>	<u>\$ 59,864</u>	<u>\$ (1,035,116)</u>	<u>\$ 10,250,631</u>	<u>\$ 1,050,010</u>

June 30, 2019

Note 8 - 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 and compensated absences):

Years Ending June 30	Governmental Activities				
	Direct Borrowings and Direct Placements		Other Debt		Total
	Principal	Interest	Principal	Interest	
2020	\$ -	\$ -	\$ 205,000	\$ 84,315	\$ 289,315
2021	11,565	7,498	215,000	78,485	312,548
2022	60,161	6,608	215,000	72,517	354,286
2023	61,064	5,706	220,000	66,480	353,250
2024	61,980	4,790	230,000	60,235	357,005
2025-2029	203,356	9,723	1,235,000	201,314	1,649,393
2030-2034	-	-	820,000	34,559	854,559
2035-2039	-	-	-	-	-
Total	\$ 398,126	\$ 34,325	\$ 3,140,000	\$ 597,905	\$ 4,170,356

Years Ending June 30	Business-type Activities				
	Direct Borrowings and Direct Placements		Other Debt		Total
	Principal	Interest	Principal	Interest	
2020	\$ 1,047,770	\$ 279,067	\$ -	\$ -	\$ 1,326,837
2021	1,072,687	250,083	-	-	1,322,770
2022	1,105,566	219,749	-	-	1,325,315
2023	1,139,725	187,885	-	-	1,327,610
2024	603,336	162,651	-	-	765,987
2025-2029	3,246,536	529,875	-	-	3,776,411
2030-2034	1,780,738	119,277	-	-	1,900,015
2035-2039	211,266	-	-	-	211,266
Total	\$ 10,207,624	\$ 1,748,587	\$ -	\$ -	\$ 11,956,211

Note 9 - Risk Management

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

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

June 30, 2019

Note 9 - Risk Management (Continued)

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

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

	General Liability, Auto, and Property	
	2019	2018
Estimated liability - Beginning of year	\$ 557,508	\$ 561,261
Estimated claims incurred, including changes in estimates	(1,171)	268,818
Claim payments	(289,798)	(272,571)
Estimated liability - End of year	<u>\$ 266,539</u>	<u>\$ 557,508</u>

Note 10 - Pension Plan***Plan Description***

The City of Eastpointe, Michigan participates in an agent multiemployer defined pension plan administered by the Municipal Employees' Retirement System of Michigan (MERS) that covers all eligible full-time employees of the City. The administration for the charter pension plan was transferred to MERS effective June 1, 2015. MERS was established as a statewide public employee pension plan by the Michigan Legislature under PA 135 of 1945 and is administered by a nine-member retirement board. MERS issues a publicly available report that includes the financial statements and required supplemental information of this defined benefit plan. This report can be obtained at www.mersofmichigan.com 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 three-year average salary times the employee's years of service. Normal retirement age is 60 with early retirement at 55 with 25 years of service. Vesting period is 10 years. Employees are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits, but are payable immediately without an actuarial reduction. Death benefits are a fixed amount and range from \$4,000 to \$10,000. An employee who leaves service may withdraw his or her contributions plus any accumulated interest.

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

June 30, 2019**Note 10 - Pension Plan (Continued)**

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

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

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

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

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

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

June 30, 2019

Note 10 - Pension Plan (Continued)

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

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

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

Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

Date of member count	December 31, 2018
Inactive plan members or beneficiaries currently receiving benefits	213
Inactive plan members entitled to but not yet receiving benefits	13
Active plan members	98
	<hr/>
Total employees covered by the plan	324
	<hr/>

Contributions

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

For the year ended June 30, 2019, the average active employee contribution rate ranged from 0 to 5 percent of annual pay, and the City's annual contribution was \$5,919,528.

Net Pension Liability

The net pension liability reported at June 30, 2019 was determined using a measure of the total pension liability and the pension net position as of the December 31, 2018 measurement date. The December 31, 2018 measurement date total pension liability was determined by an actuarial valuation performed as of that date.

June 30, 2019

Note 10 - Pension Plan (Continued)

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, 2017	\$ 85,421,018	\$ 42,549,433	\$ 42,871,585
Changes for the year:			
Service cost	636,338	-	636,338
Interest	6,599,649	-	6,599,649
Differences between expected and actual experience	122,616	-	122,616
Contributions - Employer	-	7,507,440	(7,507,440)
Contributions - Employee	-	104,095	(104,095)
Net investment loss	-	(1,602,428)	1,602,428
Benefit payments, including refunds	(6,487,094)	(6,487,094)	-
Administrative expenses	-	(80,662)	80,662
Net changes	871,509	(558,649)	1,430,158
Balance at December 31, 2018	<u>\$ 86,292,527</u>	<u>\$ 41,990,784</u>	<u>\$ 44,301,743</u>

As of June 30, 2019, the plan is 48.7 percent funded.

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

For the year ended June 30, 2019, the City recognized pension expense of \$6,601,049.

At June 30, 2019, 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	\$ 362,119	\$ -
Net difference between projected and actual earnings on pension plan investments	3,115,045	-
Employer contributions to the plan subsequent to the measurement date	215,100	-
Total	<u>\$ 3,692,264</u>	<u>\$ -</u>

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

Years Ending June 30	Amount
2020	\$ 1,493,605
2021	379,532
2022	594,400
2023	1,009,627
Total	<u>\$ 3,477,164</u>

June 30, 2019

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

The total pension liability in the December 31, 2018 actuarial valuation was determined using an inflation assumption of 2.50 percent, assumed salary increases (including inflation) of 3.75 percent, an investment rate of return (net of investment expenses) of 8.00 percent, and the RP-2014 mortality tables. These assumptions were applied to all periods included in the measurement and are based on an experience study conducted for the period from January 1, 2009 through December 31, 2013.

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

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

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

Discount Rate

The discount rate used to measure the total pension liability was 8.0 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that city contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Based on those assumptions, the 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, 2018, the measurement date, for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	55.50 %	6.15 %
Global fixed income	18.50	1.26
Real assets	13.50	7.22
Diversifying strategies	12.50	5.00

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

The following presents the net pension liability of the City, calculated using the discount rate of 8.0 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percent Decrease (7.0%)	Current Discount Rate (8.0%)	1 Percent Increase (9.0%)
Net pension liability of the City	\$ 52,946,308	\$ 44,301,743	\$ 36,937,782

June 30, 2019**Note 10 - Pension Plan (Continued)*****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 11 - Retirement Plans

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

The current year contribution was calculated based on covered payroll of \$4,715,027, resulting in an employer contribution of \$328,660 and employee contributions of \$201,104.

Note 12 - Other Postemployment Benefit Plan***Plan Description***

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

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

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

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

June 30, 2019

Note 12 - Other Postemployment Benefit Plan (Continued)

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, 2019	June 30, 2019
Inactive plan members or beneficiaries currently receiving benefits	281	169
Inactive plan members entitled to but not yet receiving benefits	2	12
Active plan members	58	89
Total plan members	341	270

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, 2019, the City contributed \$2,983,583. 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, 2019.

Net OPEB Liability

The City has chosen to use the June 30 measurement date as its measurement date for the net OPEB liability for both the OPEB and death benefit plans. The June 30, 2019 fiscal year end reported net OPEB liability was determined using a measure of the total OPEB liability as of June 30, 2018, and updated procedures were performed to roll forward the total OPEB liability to the June 30, 2019 measurement date for the OPEB plan. No roll forward procedures were performed for the death benefit plan, and, therefore, the total OPEB liability related to death benefits was determined using a measure of the total OPEB liability as of June 30, 2018.

	OPEB Plan	Death Benefit Plan
Measurement date used for the City net OPEB liability	June 30, 2019	June 30, 2019
Based on a comprehensive actuarial valuation as of	June 30, 2018	June 30, 2019

June 30, 2019

Note 12 - Other Postemployment Benefit Plan (Continued)

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

OPEB Plan

Changes in Net OPEB Liability	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability
Balance at June 30, 2018	\$ 41,672,318	\$ 8,781,173	\$ 32,891,145
Changes for the year:			
Service cost	527,552	-	527,552
Interest	2,744,843	-	2,744,843
Differences between expected and actual experience	(951,913)	-	(951,913)
Changes in assumptions	2,895,831	-	2,895,831
Contributions - Employer	-	2,983,583	(2,983,583)
Net investment income	-	75,608	(75,608)
Benefit payments, including refunds	(2,525,983)	(2,525,983)	-
Administrative expenses	-	(62,147)	62,147
Miscellaneous other charges	(253)	-	(253)
Net changes	2,690,077	471,061	2,219,016
Balance at June 30, 2019	<u>\$ 44,362,395</u>	<u>\$ 9,252,234</u>	<u>\$ 35,110,161</u>

The plan's fiduciary net position represents 20.9 percent of the total OPEB liability.

Death Benefit Plan

Changes in Net OPEB Asset	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Asset
Balance at June 30, 2018	\$ 550,673	\$ 1,158,603	\$ (607,930)
Changes for the year:			
Service cost	5,130	-	5,130
Interest	31,899	-	31,899
Differences between expected and actual experience	87,541	-	87,541
Net investment income	-	29,674	(29,674)
Benefit payments, including refunds	(43,000)	(43,000)	-
Net changes	81,570	(13,326)	94,896
Balance at June 30, 2019	<u>\$ 632,243</u>	<u>\$ 1,145,277</u>	<u>\$ (513,034)</u>

The plan's fiduciary net position represents 181.1 percent of the total OPEB liability.

June 30, 2019

Note 12 - 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, 2019, the City recognized OPEB expense of \$2,292,668 from all plans.

At June 30, 2019, 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	\$ 78,168	\$ 4,150,108
Changes in assumptions	2,600,338	2,439,403
Net difference between projected and actual earnings on OPEB plan investments	436,178	-
Total	<u>\$ 3,114,684</u>	<u>\$ 6,589,511</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
2020	\$ (404,350)
2021	(404,350)
2022	(404,350)
2023	(398,004)
2024	(511,808)
Thereafter	<u>(1,351,965)</u>
Total	<u>\$ (3,474,827)</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)	3.75 - 14.75%	3.75
Investment rate of return (net of investment expenses, including inflation)	6.50%	6.00%
Healthcare cost trend rate, graded down to 4.50 percent over 17 years)	8.25%	
Mortality rates	RP-2014 Mortality Table	RP-2014 Mortality Table

The actuarial assumptions used in the OPEB plan's June 30, 2018 valuation were based on the results of an actuarial experience study for MERS from 2009 to 2013.

June 30, 2019

Note 12 - 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%	6.00%
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%	6.00%

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, 2019 measurement dates for the OPEB plan and death benefit plan, respectively, for each major asset class included in the OPEB and death benefit plans' target asset allocation, as disclosed in the investment footnote, are summarized in the following tables:

OPEB Plan

Asset Class	Asset Class	Long-term Expected Real Rate of Return
U.S. aggregate bonds	4.00 %	0.66 %
U.S. small cap	15.00	6.17
U.S. large-cap growth	35.00	4.75
U.S. large-cap value	35.00	4.82
Alternatives	9.00	1.20
Cash or cash equivalents	2.00	-

Death Benefit Plan

Asset Class	Asset Class	Long-term Expected Real Rate of Return
U.S. aggregate bonds	32.00 %	0.56 %
U.S. small cap	7.00	6.17
U.S. mid cap	8.00	5.53
U.S. large-cap value	48.00	4.82
Cash or cash equivalents	5.00	-

June 30, 2019

Note 12 - Other Postemployment Benefit Plan (Continued)***Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate***

The following presents the net OPEB liability (asset) of the City, calculated using the discount rate of 6.5 percent for the OPEB plan and 6.00 percent for 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 Percent Decrease (5.5% and 5.00%)	Current Discount Rate (6.5% and 6.00%)	1 Percent Increase (7.5% and 7.00%)
Net OPEB liability of the OPEB plan	\$ 40,661,902	\$ 35,110,161	\$ 30,500,032
Net OPEB asset of the death benefit plan	(415,654)	(513,034)	(591,596)
Total	<u>\$ 40,246,248</u>	<u>\$ 34,597,127</u>	<u>\$ 29,908,436</u>

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

The following presents the net OPEB liability of the City, calculated using the healthcare cost trend rate of 8.5 percent, decreasing to 4.50 percent, as well as what the City's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percent Decrease (7.25%, Decreasing to 3.5%)	Current Healthcare Cost Trend Rate (8.5%, Decreasing to 4.5%)	1 Percent Increase (9.25%, Decreasing to 5.5%)
Net OPEB liability of the OPEB plan	\$ 30,297,323	\$ 35,110,161	\$ 40,921,173

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.

Assumption Changes

There were two changes in assumptions for the OPEB plan. The discount rate and investment rate of return used to measure the total OPEB liability decreased in the current year to 6.5 percent. The OPEB liability measured at June 30, 2018 was calculated on a discount rate of 6.75 percent. These changes are due to a change in capital market expectations. The annual per capita claims costs were also updated to reflect experience from July 1, 2018 through June 30, 2019.

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

June 30, 2019

Note 13 - Pension and Other Employee Benefit Trust Funds

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

	Employees' Retirement System	Employees' Death Benefit	Retiree Health Care	Total
Assets:				
Cash and cash equivalents	\$ -	\$ 51,442	\$ 383,587	\$ 435,029
Investments:				
Equity securities	-	143,876	778,302	922,178
Fixed income	-	-	1,055,956	1,055,956
Mutual funds	-	949,959	420,925	1,370,884
Interest in pooled investments	-	-	6,617,073	6,617,073
Total assets	-	1,145,277	9,255,843	10,401,120
Liabilities - Accounts payable and other	-	-	(3,609)	(3,609)
Net position - Restricted for pension and other employee benefits	\$ -	\$ 1,145,277	\$ 9,252,234	\$ 10,397,511
	Employees' Retirement System	Employees' Death Benefit	Retiree Health Care	Total
Additions:				
Investment income (loss):				
Interest and dividends	\$ -	\$ -	\$ 61,867	\$ 61,867
Net adjustment to fair value of investments	950	29,674	13,741	44,365
Less investment expenses	-	-	(19,463)	(19,463)
Net investment income	950	29,674	56,145	86,769
Employer contributions	-	-	2,983,583	2,983,583
Total additions	950	29,674	3,039,728	3,070,352
Deductions:				
Benefit payments	-	43,000	-	43,000
Administrative expenses	4,726	-	42,684	47,410
Health insurance premiums	-	-	2,525,983	2,525,983
Total deductions	4,726	43,000	2,568,667	2,616,393
Change in net position	(3,776)	(13,326)	471,061	453,959
Net position - Beginning of year	3,776	1,158,603	8,781,173	9,943,552
Net position - End of year	\$ -	\$ 1,145,277	\$ 9,252,234	\$ 10,397,511

June 30, 2019

Note 14 - Joint Ventures

The City is a member of the Southeast Macomb Sanitary District, which provides sewage to participating municipalities in Macomb County, Michigan. Other members include the cities of Roseville and St. Clair Shores, Michigan. The City appoints one member to the joint venture's governing board, which then approves the annual budgets. The City's equity interest of \$6,464,026 is recorded in the Water and Sewer Fund financial statements and within the business-type activities column in the statement of net position.

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

The City is a member of the South Macomb Disposal Authority (the "Authority"), which provides refuse disposal services to participating municipalities in Macomb County, Michigan. Other members include the cities of Center Line, Roseville, St. Clair Shores, and Warren, Michigan. The City appoints one member to the joint venture's governing board, which then approves the annual budgets. The City's equity interest in the Authority's operating reserve of \$195,508 is recorded in the Garbage and Rubbish Collection Fund and within the business-type activities column on the statement of net position. The City has also recorded a payable due to the Authority in the amount of \$2,455,084, which represents the estimated portion of future postclosure care costs that the City is obligated to pay in connection with certain closed landfills owned by the Authority.

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 \$515,883 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.

June 30, 2019

Note 14 - Joint Ventures (Continued)

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

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

Note 15 - Tax Abatements

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

For the fiscal year ended June 30, 2019, the City's property tax revenue was reduced by \$56,296 under these programs.

There are no significant abatements made by the City.

Required Supplemental Information

Required Supplemental Information
Budgetary Comparison Schedule
General Fund

Year Ended June 30, 2019

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 9,112,085	\$ 9,112,085	\$ 9,183,611	\$ 71,526
Intergovernmental	3,774,000	3,837,300	3,793,595	(43,705)
Charges for services	249,000	263,000	414,127	151,127
Fines and forfeitures	1,755,724	1,755,724	1,785,440	29,716
Licenses and permits	1,175,000	1,340,000	1,361,117	21,117
Investment income	43,500	241,500	285,137	43,637
Other revenue:				
Other miscellaneous income	150,000	150,000	141,653	(8,347)
SMORSA charge for service	6,374,640	6,374,640	6,513,835	139,195
Total revenue	22,633,949	23,074,249	23,478,515	404,266
Expenditures				
Current services:				
General government	4,174,022	4,367,591	4,082,977	284,614
District court	1,632,373	1,749,610	1,628,679	120,931
Public safety:				
Police	9,903,320	10,865,584	10,324,212	541,372
Fire	5,054,740	5,543,730	5,387,528	156,202
Building inspections and code enforcement	1,237,238	1,264,274	1,118,113	146,161
Special events	33,152	33,152	22,604	10,548
Recreation and culture	658,530	699,775	658,794	40,981
Debt service	289,936	289,936	289,942	(6)
Total expenditures	22,983,311	24,813,652	23,512,849	1,300,803
Excess of Expenditures Over Revenue	(349,362)	(1,739,403)	(34,334)	1,705,069
Other Financing Source (Uses)				
Transfers in	-	482,340	535,983	53,643
Transfers out	(471,993)	(471,993)	-	471,993
Total other financing (uses) sources	(471,993)	10,347	535,983	525,636
Net Change in Fund Balance	(821,355)	(1,729,056)	501,649	2,230,705
Fund Balance - Beginning of year	12,327,825	12,327,825	12,327,825	-
Fund Balance - End of year	<u>\$ 11,506,470</u>	<u>\$ 10,598,769</u>	<u>\$ 12,829,474</u>	<u>\$ 2,230,705</u>

City of Eastpointe, Michigan

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

Year Ended June 30, 2019

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue	\$ 2,076,250	\$ 2,076,250	\$ 2,299,419	\$ 223,169
Expenditures - Current - Public works	1,266,198	1,266,198	586,510	679,688
Excess of Revenue Over Expenditures	810,052	810,052	1,712,909	902,857
Other Financing Uses - Transfers out	(975,000)	(975,000)	(975,000)	-
Net Change in Fund Balance	(164,948)	(164,948)	737,909	902,857
Fund Balance - Beginning of year	1,111,868	1,111,868	1,111,868	-
Fund Balance - End of year	<u>\$ 946,920</u>	<u>\$ 946,920</u>	<u>\$ 1,849,777</u>	<u>\$ 902,857</u>

City of Eastpointe, Michigan

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

Year Ended June 30, 2019

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue	\$ 765,000	\$ 1,120,536	\$ 1,194,104	\$ 73,568
Expenditures - Current - Public works	1,117,107	1,697,840	1,425,021	272,819
Excess of Expenditures Over Revenue	(352,107)	(577,304)	(230,917)	346,387
Other Financing Sources - Transfers in	975,000	975,000	975,000	-
Net Change in Fund Balance	622,893	397,696	744,083	346,387
Fund Balance - Beginning of year	1,423,134	1,423,134	1,423,134	-
Fund Balance - End of year	<u>\$ 2,046,027</u>	<u>\$ 1,820,830</u>	<u>\$ 2,167,217</u>	<u>\$ 346,387</u>

Required Supplemental Information

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

	Last Ten Fiscal Years									
	2018	2017	2016	2015	2014	2013*	2012*	2011*	2010*	2009*
Total Pension Liability										
Service cost	\$ 636,338	\$ 673,890	\$ 643,037	\$ 978,943	\$ 686,354	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	6,599,649	6,474,987	6,164,757	8,654,072	5,678,262	-	-	-	-	-
Differences between expected and actual experience	122,616	841,124	3,367,456	-	367,337	-	-	-	-	-
Changes in assumptions	-	-	4,320	3,367,892	-	-	-	-	-	-
Benefit payments, including refunds	(6,487,094)	(6,338,728)	(6,295,557)	(9,485,939)	(6,209,213)	-	-	-	-	-
Net Change in Total Pension Liability	871,509	1,651,273	3,884,013	3,514,968	522,740	-	-	-	-	-
Total Pension Liability - Beginning of year	85,421,018	83,769,745	79,885,732	76,370,764	75,848,024	-	-	-	-	-
Total Pension Liability - End of year	\$ 86,292,527	\$ 85,421,018	\$ 83,769,745	\$ 79,885,732	\$ 76,370,764	\$ -	\$ -	\$ -	\$ -	\$ -
Plan Fiduciary Net Position										
Contributions - Employer	\$ 7,507,440	\$ 3,492,899	\$ 3,079,778	\$ 4,449,143	\$ 2,762,592	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions - Member	104,095	105,064	104,348	167,260	218,791	-	-	-	-	-
Net investment (loss) income	(1,602,428)	5,178,711	4,279,664	(779,337)	6,345,355	-	-	-	-	-
Administrative expenses	(80,662)	(82,242)	(84,573)	(81,803)	(254,963)	-	-	-	-	-
Benefit payments, including refunds	(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	(558,649)	2,355,704	1,083,660	(5,729,443)	2,862,562	-	-	-	-	-
Plan Fiduciary Net Position - Beginning of year	42,549,433	40,193,729	39,110,069	44,839,512	41,976,950	-	-	-	-	-
Plan Fiduciary Net Position - End of year	\$ 41,990,784	\$ 42,549,433	\$ 40,193,729	\$ 39,110,069	\$ 44,839,512	\$ -	\$ -	\$ -	\$ -	\$ -
City's Net Pension Liability - Ending	\$ 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	48.66 %	49.81 %	47.98 %	48.96 %	58.71 %	- %	- %	- %	- %	- %
Covered Payroll	\$ 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	602.83 %	573.81 %	621.97 %	590.69 %	477.56 %	- %	- %	- %	- %	- %

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

City of Eastpointe, Michigan

Required Supplemental Information Retirement System Schedule of City Contributions

Last Ten Fiscal Years Years Ended June 30										
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined contribution	\$ 3,774,474	\$ 3,365,414	\$ 3,341,277	\$ 3,443,007	\$ 2,778,642	\$ 2,981,382	\$ 2,746,017	\$ 2,695,079	\$ 2,724,753	\$ 2,071,959
Contributions in relation to the actuarially determined contribution	5,919,528	3,365,414	3,341,277	3,443,007	2,778,642	2,981,382	2,746,017	2,695,079	2,724,753	2,071,959
Contribution Deficiency	<u>\$ 2,145,054</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 7,471,419	\$ 7,006,112	\$ 6,903,087	\$ 6,453,723	\$ 6,453,723	\$ 6,602,528	\$ 6,817,694	\$ 7,663,276	\$ 8,694,192	\$ 9,095,795
Contributions as a Percentage of Covered Payroll	79.23 %	48.04 %	48.40 %	53.35 %	43.05 %	45.16 %	40.28 %	35.17 %	31.34 %	22.78 %

Required Supplemental Information
OPEB Plan Schedule of Investment Returns

	Last Three Fiscal Years		
	Years Ended June 30		
	2019	2018	2017
Annual money-weighted rate of return - Net of investment expense	0.84 %	7.04 %	8.65 %

City of Eastpointe, Michigan

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

	Last Three Fiscal Years		
	2019	2018	2017
Total OPEB Liability			
Service cost	\$ 527,552	\$ 816,371	\$ 407,493
Interest	2,744,843	2,794,145	2,615,983
Differences between expected and actual experience	(951,913)	(4,122,263)	399,232
Changes in assumptions	2,895,831	(3,051,549)	2,043,946
Benefit payments, including refunds	(2,525,983)	(2,663,809)	(2,396,336)
Other	(253)	(3,106)	-
Net Change in Total OPEB Liability	2,690,077	(6,230,211)	3,070,318
Total OPEB Liability - Beginning of year	41,672,318	47,902,529	44,832,211
Total OPEB Liability - End of year	\$ 44,362,395	\$ 41,672,318	\$ 47,902,529
Plan Fiduciary Net Position			
Contributions - Employer	\$ 2,983,583	\$ 2,634,836	\$ 2,652,728
Net investment income	75,608	585,678	645,730
Administrative expenses	(62,147)	(19,924)	(18,843)
Benefit payments, including refunds	(2,525,983)	(2,663,809)	(2,396,336)
Net Change in Plan Fiduciary Net Position	471,061	536,781	883,279
Plan Fiduciary Net Position - Beginning of year	8,781,173	8,244,392	7,361,113
Plan Fiduciary Net Position - End of year	\$ 9,252,234	\$ 8,781,173	\$ 8,244,392
Net OPEB Liability - Ending	\$ 35,110,161	\$ 32,891,145	\$ 39,658,137
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	20.86 %	21.07 %	17.21 %
Covered Employee Payroll	\$ 4,015,077	\$ 4,897,039	\$ 5,164,079
Net OPEB Liability as a Percentage of Covered Employee Payroll	874.46 %	671.65 %	767.96 %

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

Required Supplemental Information
OPEB Plan Schedule of City Contributions

	Last Ten Fiscal Years Years Ended June 30									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined contribution	\$ 2,097,749	\$ 2,696,182	\$ 2,634,835	\$ 2,852,737	\$ 2,852,737	\$ 3,101,027	\$ 3,101,027	\$ 2,839,370	\$ 2,839,370	\$ 3,115,938
Contributions in relation to the actuarially determined contribution	2,983,583	2,634,836	2,652,728	3,066,262	3,356,213	3,435,241	3,468,430	3,121,143	2,740,301	2,577,569
Contribution Excess (Deficiency)	\$ 885,834	\$ (61,346)	\$ 17,893	\$ 213,525	\$ 503,476	\$ 334,214	\$ 367,403	\$ 281,773	\$ (99,069)	\$ (538,369)
Covered Employee Payroll	\$ 5,596,514	\$ 4,897,039	\$ 5,164,079	\$ 4,250,532	\$ 6,088,182	\$ 6,088,182	\$ 7,633,276	\$ 7,633,276	\$ 9,095,795	\$ 9,095,795
Contributions as a Percentage of Covered Employee Payroll	53.31 %	53.80 %	51.37 %	72.14 %	55.13 %	56.42 %	45.44 %	40.89 %	30.13 %	28.34 %

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contribution rates are calculated as of July 1, 2017, 24 months prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Individual entry age
Amortization method	Level dollar
Remaining amortization period	30 years
Asset valuation method	Market value
Inflation	2.5 percent
Healthcare cost trend rates	8.00 percent, gradually graded down to 5.00 percent in 2024
Salary increase	3.75 percent, including inflation
Investment rate of return	6.5 percent
Retirement age	50-65 years
Mortality	RP-2014 Mortality Tables
Other information	None

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

	Last Three Fiscal Years		
	Years Ended June 30		
	2019	2018	2017
Annual money-weighted rate of return - Net of investment expense	2.61 %	0.53 %	9.50 %

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

City of Eastpointe, Michigan

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

	Last Three Fiscal Years		
	2019	2018	2017
Total Death Benefit Liability			
Service cost	\$ 5,130	\$ 4,945	\$ 4,724
Interest	31,899	30,766	29,422
Differences between expected and actual experience	87,541	-	18,399
Benefit payments, including refunds	(43,000)	(10,000)	(29,000)
Net Change in Total Death Benefit Liability	81,570	25,711	23,545
Total Death Benefit Liability - Beginning of year	550,673	524,962	501,417
Total Death Benefit Liability - End of year	\$ 632,243	\$ 550,673	\$ 524,962
Plan Fiduciary Net Position			
Net investment income	\$ 29,674	\$ 8,620	\$ 102,326
Administrative expenses	-	(2,500)	-
Benefit payments, including refunds	(43,000)	(10,000)	(29,000)
Net Change in Plan Fiduciary Net Position	(13,326)	(3,880)	73,326
Plan Fiduciary Net Position - Beginning of year	1,158,603	1,162,483	1,089,157
Plan Fiduciary Net Position - End of year	\$ 1,145,277	\$ 1,158,603	\$ 1,162,483
City's Net Death Benefit Asset - Ending	\$ (513,034)	\$ (607,930)	\$ (637,521)
Plan Fiduciary Net Position as a Percentage of Total Death Benefit Liability	181.15 %	210.40 %	221.44 %
Covered Employee Payroll	\$ 5,596,514	\$ 4,897,039	\$ 5,164,079
City's Net Death Benefit Liability as a Percentage of Covered Employee Payroll	(9.17)%	(12.41)%	(12.35)%

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

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

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contribution	-	-	-	-	-	-	-	-	-	-
Contribution Deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Employee Payroll	\$ 5,596,514	\$ 4,897,039	\$ 5,164,079	\$ 4,250,532	\$ 6,088,182	\$ 6,088,182	\$ 7,633,276	\$ 7,633,276	\$ 9,095,795	\$ 9,095,795
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 July 1, 2017.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Individual entry age
Amortization method	Level dollar
Remaining amortization period	25 years
Asset valuation method	Market value
Inflation	2.5 percent
Healthcare cost trend rates	Not applicable
Salary increase	Not applicable
Investment rate of return	6.0 percent, net of expenses
Retirement age	50-65 years
Mortality	RP-2014 Mortality Tables
Other information	None

Budgetary Information

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

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

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

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

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

The annual budget is prepared by the city manager and adopted by the City Council; subsequent amendments are approved by the City Council. Budgeted amounts of the revenue and expenditures presented for the General Fund and special revenue funds are as amended by the City Council. Budget appropriations lapse at year end; encumbrances are not included as expenditures. The amount of encumbrances outstanding at June 30, 2019 has not been calculated. During the current year, the budget was amended in a legally permissible manner, other than the deficit budgeted in the District Court Building Fund. A comparison of the budget with statements of actual revenue and expenditures, including budget variances, for the General Fund and special revenue funds is presented in the required and other supplemental information. The budget has been prepared in accordance with accounting principles generally accepted in the United States of America.

A reconciliation of the budgetary comparison schedules to the fund-based statement of changes in fund balance is as follows:

	<u>Total Revenue</u>	<u>Total Expenditures</u>	<u>Other Financing Sources</u>	<u>Change in Fund Balance</u>
General Fund:				
Amounts per operating statement	\$ 23,481,527	\$ 23,641,796	\$ 535,983	\$ 375,714
Tax Reversion Fund budgeted separate from the General Fund	(2,044)	(123,948)	-	121,904
Additional Pension Fund budgeted separate from the General Fund	(968)	(4,999)	-	4,031
Amounts per budget statement	<u>\$ 23,478,515</u>	<u>\$ 23,512,849</u>	<u>\$ 535,983</u>	<u>\$ 501,649</u>

June 30, 2019

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund - Debt service	\$ 289,936	\$ 289,942	\$ (6)

The General Fund had an unfavorable variance in the debt service activity 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.

OPEB Information

Changes in Assumptions

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

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

In 2019, the discount rate was decreased from 6.75 to 6.50 percent.

Other Financial and Supplemental Information

City of Eastpointe, Michigan

	Nonmajor Special Revenue Funds						Total Nonmajor Special Revenue Funds
	Library	Indigent Defense	Drug Law Enforcement	Community Development Block Grant	Street Lighting SAD	Memorial Library Trust	
Assets							
Cash and cash equivalents	\$ 285,914	\$ 220,792	\$ 204,141	\$ 636	\$ 126,727	\$ 9,741	\$ 847,951
Investments	150,351	-	-	-	-	-	150,351
Receivables:							
Special assessments	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-
Due from other governmental units	-	-	-	189,364	-	-	189,364
Other assets	-	-	-	-	-	-	-
Total assets	\$ 436,265	\$ 220,792	\$ 204,141	\$ 190,000	\$ 126,727	\$ 9,741	\$ 1,187,666
Liabilities							
Accounts payable	\$ 28,438	\$ 30,623	\$ 12,921	\$ -	\$ 20	\$ -	\$ 72,002
Due to other funds	-	-	-	190,000	-	-	190,000
Accrued liabilities and other	25,611	-	-	-	-	-	25,611
Total liabilities	54,049	30,623	12,921	190,000	20	-	287,613
Deferred Inflows of Resources -							
Unavailable revenue - Special assessments	-	-	-	-	-	-	-
Fund Balances							
Restricted:							
Library	382,216	-	-	-	-	9,741	391,957
Drug law enforcement	-	-	191,220	-	-	-	191,220
Capital projects	-	-	-	-	-	-	-
Street lighting	-	-	-	-	126,707	-	126,707
Indigent defense	-	190,169	-	-	-	-	190,169
Unassigned	-	-	-	-	-	-	-
Total fund balances	382,216	190,169	191,220	-	126,707	9,741	900,053
Total liabilities, deferred inflows of resources, and fund balances	\$ 436,265	\$ 220,792	\$ 204,141	\$ 190,000	\$ 126,727	\$ 9,741	\$ 1,187,666

Other Financial and Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2019

Nonmajor Capital Project Funds						
Capital Improvement	Equipment Replacement	Building Authority Construction	District Court Building	Brownfield Capital Project	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
\$ 221,420	\$ 293	\$ -	\$ 2,467	\$ -	\$ 224,180	\$ 1,072,131
-	-	-	-	-	-	150,351
131,732	-	-	-	-	131,732	131,732
-	2,207	-	-	-	2,207	2,207
-	-	-	4,704	-	4,704	194,068
-	-	-	-	401,672	401,672	401,672
\$ 353,152	\$ 2,500	\$ -	\$ 7,171	\$ 401,672	\$ 764,495	\$ 1,952,161
\$ 355,996	\$ -	\$ -	\$ 2,000	\$ -	\$ 357,996	\$ 429,998
-	2,500	-	128,485	-	130,985	320,985
-	-	-	-	-	-	25,611
355,996	2,500	-	130,485	-	488,981	776,594
80,723	-	-	-	-	80,723	80,723
-	-	-	-	-	-	391,957
-	-	-	-	-	-	191,220
-	-	-	-	401,672	401,672	401,672
-	-	-	-	-	-	126,707
-	-	-	-	-	-	190,169
(83,567)	-	-	(123,314)	-	(206,881)	(206,881)
(83,567)	-	-	(123,314)	401,672	194,791	1,094,844
\$ 353,152	\$ 2,500	\$ -	\$ 7,171	\$ 401,672	\$ 764,495	\$ 1,952,161

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	Memorial Library Trust	
Revenue							
Property taxes	\$ 862,905	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 862,905
Special assessments	-	-	-	-	242,763	-	242,763
Intergovernmental:							
Federal grants	-	-	24,524	251,080	-	-	275,604
State-shared revenue and grants	34,044	314,757	-	-	-	-	348,801
Charges for services	887	-	-	-	-	-	887
Fines and forfeitures	42,723	-	48,994	-	-	-	91,717
Investment income -							
Investment earnings	5,250	-	2,028	-	-	265	7,543
Other revenue	4,647	-	-	-	-	-	4,647
Total revenue	950,456	314,757	75,546	251,080	242,763	265	1,834,867
Expenditures							
Current services:							
District court	-	124,588	-	-	-	-	124,588
Public safety	-	-	159,854	-	-	-	159,854
Public works	-	-	-	-	250,736	-	250,736
Community and economic development	-	-	-	251,080	-	-	251,080
Recreation and culture	867,593	-	-	-	-	-	867,593
Capital outlay	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Total expenditures	867,593	124,588	159,854	251,080	250,736	-	1,653,851
Excess of Revenue Over (Under) Expenditures	82,863	190,169	(84,308)	-	(7,973)	265	181,016
Other Financing (Uses) Sources							
Transfers out	-	-	-	-	-	-	-
Proceeds from sale of capital assets	-	-	3,420	-	-	-	3,420
Total other financing sources (uses)	-	-	3,420	-	-	-	3,420
Net Change in Fund Balances	82,863	190,169	(80,888)	-	(7,973)	265	184,436
Fund Balances - Beginning of year	299,353	-	272,108	-	134,680	9,476	715,617
Fund Balances - End of year	\$ 382,216	\$ 190,169	\$ 191,220	\$ -	\$ 126,707	\$ 9,741	\$ 900,053

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

Year Ended June 30, 2019

Nonmajor Capital Projects Funds						
Capital Improvement	Equipment Replacement	Building Authority Construction	District Court Building	Brownfield Capital Project	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 862,905
308,055	-	-	-	-	308,055	550,818
-	-	-	-	-	-	275,604
-	-	-	-	-	-	348,801
-	-	-	-	-	-	887
-	-	-	-	-	-	91,717
3,983	4,725	54	51	-	8,813	16,356
-	159,838	-	66,238	-	226,076	230,723
312,038	164,563	54	66,289	-	542,944	2,377,811
-	-	-	256,321	-	256,321	380,909
-	-	-	-	-	-	159,854
-	-	-	-	-	-	250,736
-	-	-	-	-	-	251,080
-	-	-	-	-	-	867,593
525,728	152,968	-	-	-	678,696	678,696
-	-	-	-	56,420	56,420	56,420
525,728	152,968	-	256,321	56,420	991,437	2,645,288
(213,690)	11,595	54	(190,032)	(56,420)	(448,493)	(267,477)
-	(515,418)	(20,565)	-	-	(535,983)	(535,983)
-	-	-	-	-	-	3,420
-	(515,418)	(20,565)	-	-	(535,983)	(532,563)
(213,690)	(503,823)	(20,511)	(190,032)	(56,420)	(984,476)	(800,040)
130,123	503,823	20,511	66,718	458,092	1,179,267	1,894,884
<u>\$ (83,567)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (123,314)</u>	<u>\$ 401,672</u>	<u>\$ 194,791</u>	<u>\$ 1,094,844</u>

City of Eastpointe, Michigan

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

Year Ended June 30, 2019

	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue			
Property taxes	\$ 867,139	\$ 862,905	\$ (4,234)
State-shared revenue and grants	18,000	34,044	16,044
Charges for services	1,200	887	(313)
Fines and forfeitures	45,000	42,723	(2,277)
Interest income	1,000	5,250	4,250
Other revenue	-	4,647	4,647
Total revenue	932,339	950,456	18,117
Expenditures - Current - Recreation and culture	951,739	867,593	84,146
Net Change in Fund Balance	(19,400)	82,863	102,263
Fund Balance - Beginning of year	299,353	299,353	-
Fund Balance - End of year	<u><u>\$ 279,953</u></u>	<u><u>\$ 382,216</u></u>	<u><u>\$ 102,263</u></u>

City of Eastpointe, Michigan

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

Year Ended June 30, 2019

	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue - State-shared revenue and grants	\$ 419,676	\$ 314,757	\$ (104,919)
Expenditures - Current	419,676	124,588	295,088
Net Change in Fund Balance	-	190,169	190,169
Fund Balance - Beginning of year	-	-	-
Fund Balance - End of year	<u>\$ -</u>	<u>\$ 190,169</u>	<u>\$ 190,169</u>

City of Eastpointe, Michigan

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

Year Ended June 30, 2019

	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue			
Federal grants	\$ -	\$ 24,524	\$ 24,524
Fines and forfeitures	32,000	48,994	16,994
Investment income	-	2,028	2,028
	<u>32,000</u>	<u>75,546</u>	<u>43,546</u>
Total revenue	32,000	75,546	43,546
Expenditures - Current - Public safety	<u>160,000</u>	<u>159,854</u>	<u>146</u>
Excess of Expenditures Over Revenue	(128,000)	(84,308)	43,692
Other Financing Sources - Proceeds from sale of capital assets	<u>-</u>	<u>3,420</u>	<u>3,420</u>
Net Change in Fund Balance	(128,000)	(80,888)	47,112
Fund Balance - Beginning of year	<u>272,108</u>	<u>272,108</u>	<u>-</u>
Fund Balance - End of year	<u><u>\$ 144,108</u></u>	<u><u>\$ 191,220</u></u>	<u><u>\$ 47,112</u></u>

City of Eastpointe, Michigan

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

Year Ended June 30, 2019

	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue - Federal grants	\$ 573,996	\$ 251,080	\$ (322,916)
Expenditures - Current - Community and economic development	573,996	251,080	322,916
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning of year	-	-	-
Fund Balance - End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Eastpointe, Michigan

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

Year Ended June 30, 2019

	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue - Special assessments	\$ 430,000	\$ 242,763	\$ (187,237)
Expenditures - Current - Public works	425,000	250,736	174,264
Net Change in Fund Balance	5,000	(7,973)	(12,973)
Fund Balance - Beginning of year	134,680	134,680	-
Fund Balance - End of year	<u><u>\$ 139,680</u></u>	<u><u>\$ 126,707</u></u>	<u><u>\$ (12,973)</u></u>

City of Eastpointe, Michigan

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

Year Ended June 30, 2019

	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue - Investment income	\$ -	\$ 265	\$ 265
Expenditures	-	-	-
Net Change in Fund Balance	-	265	265
Fund Balance - Beginning of year	9,476	9,476	-
Fund Balance - End of year	<u><u>\$ 9,476</u></u>	<u><u>\$ 9,741</u></u>	<u><u>\$ 265</u></u>

City of Eastpointe, Michigan

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

Year Ended June 30, 2019

	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue			
Special assessments	\$ 500,000	\$ 308,055	\$ (191,945)
Investment income	200	3,983	3,783
Total revenue	500,200	312,038	(188,162)
Expenditures - Capital outlay	520,565	525,728	(5,163)
Net Change in Fund Balance	(20,365)	(213,690)	(193,325)
Fund Balance - Beginning of year	130,123	130,123	-
Fund Balance - End of year	<u>\$ 109,758</u>	<u>\$ (83,567)</u>	<u>\$ (193,325)</u>

City of Eastpointe, Michigan

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

Year Ended June 30, 2019

	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue			
Investment income - Investment earnings	\$ 500	\$ 4,725	\$ 4,225
Other revenue	130,600	159,838	29,238
Total revenue	131,100	164,563	33,463
Expenditures - Capital outlay	516,993	152,968	364,025
Excess of Revenue (Under) Over Expenditures	(385,893)	11,595	397,488
Other Financing Sources (Uses)			
Transfers in	471,993	-	(471,993)
Transfers out	(461,775)	(515,418)	(53,643)
Total other financing sources (uses)	10,218	(515,418)	(525,636)
Net Change in Fund Balance	(375,675)	(503,823)	(128,148)
Fund Balance - Beginning of year	503,823	503,823	-
Fund Balance - End of year	<u>\$ 128,148</u>	<u>\$ -</u>	<u>\$ (128,148)</u>

City of Eastpointe, Michigan

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

Year Ended June 30, 2019

	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue - Investment income	\$ -	\$ 54	\$ 54
Expenditures - Current - Capital outlay	-	-	-
Excess of Revenue Over Expenditures	-	54	54
Other Financing Uses - Transfers out	(20,511)	(20,565)	(54)
Net Change in Fund Balance	(20,511)	(20,511)	-
Fund Balance - Beginning of year	20,511	20,511	-
Fund Balance - End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Eastpointe, Michigan

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

Year Ended June 30, 2019

	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue			
Investment income	\$ -	\$ 51	\$ 51
Other revenue	100,000	66,238	(33,762)
Total revenue	100,000	66,289	(33,711)
Expenditures - Current - District court	278,958	256,321	22,637
Net Change in Fund Balance	(178,958)	(190,032)	(11,074)
Fund Balance - Beginning of year	66,718	66,718	-
Fund Balance - End of year	<u><u>\$ (112,240)</u></u>	<u><u>\$ (123,314)</u></u>	<u><u>\$ (11,074)</u></u>

City of Eastpointe, Michigan

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

Year Ended June 30, 2019

	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue - Property taxes	\$ 66,770	\$ -	\$ (66,770)
Expenditures - Current - Debt service	66,770	56,420	10,350
Net Change in Fund Balance	-	(56,420)	(56,420)
Fund Balance - Beginning of year	458,092	458,092	-
Fund Balance - End of year	<u><u>\$ 458,092</u></u>	<u><u>\$ 401,672</u></u>	<u><u>\$ (56,420)</u></u>

City of Eastpointe, Michigan

	Pension and Other Retirement Benefits Trust Funds			
	Employees' Retirement System	Employees' Death Benefit	Retiree Health Care	Total Pension Trust Funds
Assets				
Cash and cash equivalents	\$ -	\$ 51,442	\$ 383,587	\$ 435,029
Investments:				
Interest in pooled investments	-	-	6,617,073	6,617,073
Equity securities	-	143,876	778,302	922,178
Fixed income	-	-	1,055,956	1,055,956
Mutual funds	-	949,959	420,925	1,370,884
Total assets	-	1,145,277	9,255,843	10,401,120
Liabilities				
Accounts payable	-	-	321	321
Accrued liabilities and other	-	-	3,288	3,288
Total liabilities	-	-	3,609	3,609
Net Position Restricted for Pension and Other Employee Benefits	\$ -	\$ 1,145,277	\$ 9,252,234	\$ 10,397,511

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

June 30, 2019

Agency Funds			
Cash and Performance Bonds	Tax Collection	Imprest Payroll	Total Agency Funds
\$ 190,997	\$ -	\$ 36,588	\$ 227,585
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
190,997	-	36,588	227,585
-	-	-	-
190,997	-	36,588	227,585
190,997	-	36,588	227,585
\$ -	\$ -	\$ -	\$ -

City of Eastpointe, Michigan

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

Year Ended June 30, 2019

	Employees' Retirement System	Employees' Death Benefit	Retiree Health Care	Total
Additions				
Investment income (loss):				
Interest and dividends	\$ -	\$ -	\$ 61,867	\$ 61,867
Net change in fair value of investments	950	29,674	13,741	44,365
Administrative expenses	-	-	(19,463)	(19,463)
Net investment income	950	29,674	56,145	86,769
Contributions - Employer	-	-	2,983,583	2,983,583
Total additions	950	29,674	3,039,728	3,070,352
Deductions				
Benefit payments	-	43,000	-	43,000
Health insurance premiums	-	-	2,525,983	2,525,983
Administrative expenses	4,726	-	42,684	47,410
Total deductions	4,726	43,000	2,568,667	2,616,393
Net (Decrease) Increase in Net Position Restricted for Pension and Other Employee Benefits	(3,776)	(13,326)	471,061	453,959
Net Position Restricted for Pension and Other Employee Benefits - Beginning of year	3,776	1,158,603	8,781,173	9,943,552
Net Position Restricted for Pension and Other Employee Benefits - End of year	<u>\$ -</u>	<u>\$ 1,145,277</u>	<u>\$ 9,252,234</u>	<u>\$ 10,397,511</u>

City of Eastpointe, Michigan

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

Year Ended June 30, 2019

		Cash and Performance Bonds			
		July 1, 2018	Additions	Deductions	June 30, 2019
Assets	Cash and investments	<u>\$ 178,264</u>	<u>\$ 121,670</u>	<u>\$ (108,937)</u>	<u>\$ 190,997</u>
Liabilities					
	Accrued liabilities and other	\$ 1,000	\$ 107,937	\$ (108,937)	\$ -
	Cash and bond deposits	177,264	121,370	(107,637)	190,997
	Total liabilities	<u>\$ 178,264</u>	<u>\$ 229,307</u>	<u>\$ (216,574)</u>	<u>\$ 190,997</u>
		Tax Collection			
		July 1, 2018	Additions	Deductions	June 30, 2019
Assets	Cash and investments	<u>\$ 11,284</u>	<u>\$ 47,855,393</u>	<u>\$ (47,866,677)</u>	<u>\$ -</u>
Liabilities	Due to other governmental units	<u>\$ 11,284</u>	<u>\$ 36,518</u>	<u>\$ (47,802)</u>	<u>\$ -</u>
		Imprest Payroll			
		July 1, 2018	Additions	Deductions	June 30, 2019
Assets	Cash and investments	<u>\$ 3,105</u>	<u>\$ 15,243,531</u>	<u>\$ (15,210,048)</u>	<u>\$ 36,588</u>
Liabilities	Accrued and other liabilities	<u>\$ 39,693</u>	<u>\$ 2,167,697</u>	<u>\$ (2,134,214)</u>	<u>\$ 73,176</u>
		Totals - All Agency Funds			
		July 1, 2018	Additions	Deductions	June 30, 2019
Assets	Cash and investments	<u>\$ 192,653</u>	<u>\$ 63,220,594</u>	<u>\$ (63,185,662)</u>	<u>\$ 227,585</u>
Liabilities					
	Due to other governmental units	\$ 11,284	\$ 36,518	\$ (47,802)	\$ -
	Accrued liabilities and other	4,105	2,275,634	(2,243,151)	36,588
	Cash and bond deposits	177,264	121,370	(107,637)	190,997
	Total liabilities	<u>\$ 192,653</u>	<u>\$ 2,433,522</u>	<u>\$ (2,398,590)</u>	<u>\$ 227,585</u>

Statistical Section

This part of the comprehensive annual 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.

Statistical Section

City of Eastpointe, Michigan

	As of June 30,			
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Governmental Activities:				
Net investment in capital assets	\$ 20,820,164	\$ 19,780,181	\$ 17,957,323	\$ 18,726,021
Restricted	8,530,229	6,346,750	5,572,154	5,083,773
Unrestricted	<u>8,736,281</u>	<u>11,128,632</u>	<u>9,730,854</u>	<u>7,113,452</u>
Total net position	<u>\$ 38,086,674</u>	<u>\$ 37,255,563</u>	<u>\$ 33,260,331</u>	<u>\$ 30,923,246</u>
Business Type Activities:				
Net investment in capital assets	\$ 19,230,110	\$ 20,268,502	\$ 21,507,552	\$ 27,478,461
Restricted	-	19,678	19,810	19,850
Unrestricted	<u>16,906,605</u>	<u>18,413,518</u>	<u>19,851,252</u>	<u>17,895,692</u>
Total net position	<u>\$ 36,136,715</u>	<u>\$ 38,701,698</u>	<u>\$ 41,378,614</u>	<u>\$ 45,394,003</u>
Primary government in total:				
Net investment in capital assets	\$ 40,050,274	\$ 40,048,683	\$ 39,464,875	\$ 46,204,482
Restricted	8,530,229	6,366,428	5,591,964	5,103,623
Unrestricted	<u>25,642,886</u>	<u>29,542,150</u>	<u>29,582,106</u>	<u>25,009,144</u>
Total net position	<u>\$ 74,223,389</u>	<u>\$ 75,957,261</u>	<u>\$ 74,638,945</u>	<u>\$ 76,317,249</u>

Source: City's annual financial statements

Net Position by Component

Last Ten Fiscal Years

June 30, 2019

As of June 30,					
<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 19,005,239	\$ 21,490,547	\$ 24,232,653	\$ 24,446,470	\$ 24,562,043	\$ 24,777,268
7,633,404	3,710,685	2,275,995	3,095,222	3,851,794	6,160,626
<u>5,778,162</u>	<u>(22,475,776)</u>	<u>(23,508,088)</u>	<u>(21,634,318)</u>	<u>(60,166,742)</u>	<u>(61,013,341)</u>
<u>\$ 32,416,805</u>	<u>\$ 2,725,456</u>	<u>\$ 3,000,560</u>	<u>\$ 5,907,374</u>	<u>\$ (31,752,905)</u>	<u>\$ (30,075,447)</u>
\$ 29,182,282	\$ 34,857,012	\$ 40,653,418	\$ 42,596,789	\$ 42,545,111	\$ 43,205,709
19,885	19,913	19,942	19,978	20,025	23,371
<u>18,415,992</u>	<u>10,320,102</u>	<u>3,013,342</u>	<u>(428,506)</u>	<u>3,223,293</u>	<u>7,215,870</u>
<u>\$ 47,618,159</u>	<u>\$ 45,197,027</u>	<u>\$ 43,686,702</u>	<u>\$ 42,188,261</u>	<u>\$ 45,788,429</u>	<u>\$ 50,444,950</u>
\$ 48,187,521	\$ 56,347,559	\$ 64,886,071	\$ 67,043,259	\$ 67,107,154	\$ 67,982,977
7,653,289	3,730,598	2,295,937	3,115,200	3,871,819	6,183,997
<u>24,194,154</u>	<u>(12,155,674)</u>	<u>(20,494,746)</u>	<u>(22,062,824)</u>	<u>(56,943,449)</u>	<u>(53,797,471)</u>
<u>\$ 80,034,964</u>	<u>\$ 47,922,483</u>	<u>\$ 46,687,262</u>	<u>\$ 48,095,635</u>	<u>\$ 14,035,524</u>	<u>\$ 20,369,503</u>

City of Eastpointe, Michigan

	As of June 30,			
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Expenses:				
General government	\$ 7,623,861	\$ 5,442,231	\$ 8,153,823	\$ 5,825,908
Public safety	13,679,195	13,444,849	11,783,269	10,396,968
Public works	5,110,974	4,602,453	5,335,999	6,708,364
Community & economic development	-	171,157	154,618	595,960
Recreation and culture	1,610,987	2,256,148	2,102,179	1,729,975
Interest on long-term debt	<u>185,651</u>	<u>179,102</u>	<u>173,976</u>	<u>168,715</u>
Total governmental activities	<u>28,210,668</u>	<u>26,095,940</u>	<u>27,703,864</u>	<u>25,425,890</u>
Program revenues:				
Charges for services				
General government	2,659,069	2,637,057	2,798,253	2,694,390
Public safety	1,055,051	1,078,065	1,419,304	958,605
Public works	-	-	-	1,938,326
Recreation and culture	<u>660,130</u>	<u>545,907</u>	<u>400,239</u>	<u>273,729</u>
Total charges for services	4,374,250	4,261,029	4,617,796	5,865,050
Operating grants and contributions	2,554,128	2,449,119	2,142,427	2,169,253
Capital grants and contributions	<u>213,822</u>	<u>278,299</u>	<u>408,619</u>	<u>15,000</u>
Total program revenue	<u>7,142,200</u>	<u>6,988,447</u>	<u>7,168,842</u>	<u>8,049,303</u>
Net expense	(21,068,468)	(19,107,493)	(20,535,022)	(17,376,587)
General revenues:				
Property taxes	18,132,791	15,263,309	13,987,310	12,208,420
State-shared revenues	3,197,406	3,213,719	3,048,459	3,144,224
Investment income	269,974	117,842	84,804	45,613
Gain (loss) on sale of capital assets	(2,615)	-	-	-
Other nonprogram revenue	<u>425,091</u>	<u>585,042</u>	<u>405,310</u>	<u>635,412</u>
Total general revenues	<u>22,022,647</u>	<u>19,179,912</u>	<u>17,525,883</u>	<u>16,033,669</u>
Transfers	(1,013,144)	(903,530)	(986,093)	(994,167)
Implementation of GASB Statement No. 75	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	<u>\$ (58,965)</u>	<u>\$ (831,111)</u>	<u>\$ (3,995,232)</u>	<u>\$ (2,337,085)</u>

Source: City's annual financial statements

Changes in Governmental Net Position

Last Ten Fiscal Years

June 30, 2019

As of June 30,					
2014	2015	2016	2017	2018	2019
\$ 6,354,440	\$ 4,223,289	\$ 5,551,358	\$ 7,977,965	\$ 6,783,025	\$ 8,383,446
9,917,812	10,768,618	14,435,389	12,191,454	17,765,290	17,753,993
5,296,110	6,726,880	5,734,993	3,513,592	3,696,829	2,503,304
195,000	-	528,160	199,031	-	-
1,694,085	1,741,330	2,005,418	1,733,262	1,695,859	1,707,459
221,457	158,673	152,784	97,394	103,289	95,342
<u>23,678,904</u>	<u>23,618,790</u>	<u>28,408,102</u>	<u>25,712,698</u>	<u>30,044,292</u>	<u>30,443,544</u>
3,158,318	3,039,394	2,674,865	2,308,360	2,608,043	2,184,728
820,935	842,678	7,015,109	7,163,619	7,081,966	7,471,888
2,219,379	334,141	-	-	-	-
249,975	236,219	246,978	256,053	44,467	43,610
<u>6,448,607</u>	<u>4,452,432</u>	<u>9,936,952</u>	<u>9,728,032</u>	<u>9,734,476</u>	<u>9,700,226</u>
2,302,747	2,399,009	2,955,819	2,502,202	18,444	292,450
1,850,000	21,712	487,608	1,012,379	623,712	409,378
<u>10,601,354</u>	<u>6,873,153</u>	<u>13,380,379</u>	<u>13,242,613</u>	<u>10,376,632</u>	<u>10,402,054</u>
(13,077,550)	(16,745,637)	(15,027,723)	(12,470,085)	(19,667,660)	(20,041,490)
11,502,055	11,364,098	11,541,479	11,462,578	11,839,506	13,990,374
3,236,459	3,299,801	3,808,921	3,947,067	6,817,806	7,604,412
38,988	57,076	67,022	69,893	135,284	344,044
-	-	-	18,075	17,375	3,420
775,862	1,122,521	885,471	888,840	904,268	841,314
<u>15,553,364</u>	<u>15,843,496</u>	<u>16,302,893</u>	<u>16,386,453</u>	<u>19,714,239</u>	<u>22,783,564</u>
(982,255)	(809,130)	(1,000,066)	(1,009,554)	(1,071,640)	(1,064,616)
-	-	-	-	(36,635,218)	-
<u>\$ 1,493,559</u>	<u>\$ (1,711,271)</u>	<u>\$ 275,104</u>	<u>\$ 2,906,814</u>	<u>\$ (37,660,279)</u>	<u>\$ 1,677,458</u>

City of Eastpointe, Michigan

	As of June 30,			
	2010	2011	2012	2013
Expenses				
Water and sewer	\$ 8,203,108	\$ 9,329,492	\$ 9,528,327	\$ 9,538,559
Garbage and rubbish collection	-	-	-	-
Total expenses	<u>8,203,108</u>	<u>9,329,492</u>	<u>9,528,327</u>	<u>9,538,559</u>
Program Revenue				
Charges for services				
Water and sewer	10,423,868	10,879,036	11,122,260	12,283,293
Garbage and rubbish collection	-	-	-	-
Total charges for services	<u>10,423,868</u>	<u>10,879,036</u>	<u>11,122,260</u>	<u>12,283,293</u>
Operating grants and contributions	-	-	-	-
Capital grants and contributions	<u>290,222</u>	<u>-</u>	<u>-</u>	<u>165,545</u>
Total Program Revenue	<u>10,714,090</u>	<u>10,879,036</u>	<u>11,122,260</u>	<u>12,448,838</u>
Net Revenue (Expense)	<u>2,510,982</u>	<u>1,549,544</u>	<u>1,593,933</u>	<u>2,910,279</u>
General Revenue				
Investment income	295,908	109,335	92,048	110,943
Gain (loss) on sale of capital assets	-	2,574	4,842	-
Other nonprogram revenue	2,023	-	-	-
Change in joint ventures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total general revenue (expense)	<u>297,931</u>	<u>111,909</u>	<u>96,890</u>	<u>110,943</u>
Transfers from other funds	<u>1,013,144</u>	<u>903,530</u>	<u>986,093</u>	<u>994,167</u>
Implementation of GASB Statement No. 75	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	<u>\$ 3,822,057</u>	<u>\$ 2,564,983</u>	<u>\$ 2,676,916</u>	<u>\$ 4,015,389</u>

Source: City's annual financial statements

Changes in Business Type Net Position

Last Ten Fiscal Years

June 30, 2019

As of June 30,					
<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 10,070,734	\$ 11,735,472	\$ 14,264,533	\$ 15,868,069	\$ 12,988,645	\$ 13,216,222
-	1,776,981	1,991,470	1,859,287	1,177,184	2,004,998
<u>10,070,734</u>	<u>13,512,453</u>	<u>16,256,003</u>	<u>17,727,356</u>	<u>14,165,829</u>	<u>15,221,220</u>
11,217,649	11,054,530	11,508,016	12,740,588	17,187,158	16,855,481
-	1,741,867	1,741,559	1,740,794	1,793,363	1,805,945
<u>11,217,649</u>	<u>12,796,397</u>	<u>13,249,575</u>	<u>14,481,382</u>	<u>18,980,521</u>	<u>18,661,426</u>
-	-	424,914	682,556	31,947	-
-	66,358	-	-	-	-
<u>11,217,649</u>	<u>12,862,755</u>	<u>13,674,489</u>	<u>15,163,938</u>	<u>19,012,468</u>	<u>18,661,426</u>
1,146,915	(649,698)	(2,581,514)	(2,563,418)	4,846,639	3,440,206
92,106	81,733	69,545	54,568	51,744	148,155
-	-	-	-	-	-
2,880	2,625	1,578	855	15,542	3,544
-	-	-	-	-	-
<u>94,986</u>	<u>84,358</u>	<u>71,123</u>	<u>55,423</u>	<u>67,286</u>	<u>151,699</u>
<u>982,255</u>	<u>809,130</u>	<u>1,000,066</u>	<u>1,009,554</u>	<u>1,071,640</u>	<u>1,064,616</u>
-	-	-	-	(2,385,397)	-
<u>\$ 2,224,156</u>	<u>\$ 243,790</u>	<u>\$ (1,510,325)</u>	<u>\$ (1,498,441)</u>	<u>\$ 3,600,168</u>	<u>\$ 4,656,521</u>

City of Eastpointe, Michigan

	As of June 30,			
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Fund:				
Prior to adoption of GASB 54:				
Reserved	\$ 714,147	\$ -	\$ -	\$ -
Unreserved	11,150,609	-	-	-
Nonspendable	-	924,143	502,045	538,176
Committed	-	6,237,799	9,310,312	6,636,674
Assigned	-	-	-	-
Unassigned	-	4,197,660	815,520	1,700,849
Total general fund	<u>11,864,756</u>	<u>11,359,602</u>	<u>10,627,877</u>	<u>8,875,699</u>
All other governmental funds:				
Prior to adoption of GASB 54:				
Reserved	394,498	-	-	-
Unreserved, reported in:				
Special revenue funds	7,155,043	-	-	-
Debt service funds	755,267	-	-	-
Capital project funds	665,422	-	-	-
Nonspendable	-	-	-	-
Restricted	-	6,679,763	5,572,154	5,421,800
Committed	-	-	-	-
Assigned	-	1,804,756	897,541	532,172
Unassigned	-	-	(64,192)	-
Total all other governmental funds	<u>8,970,230</u>	<u>8,484,519</u>	<u>6,405,503</u>	<u>5,953,972</u>
Total of all governmental funds	<u>\$ 20,834,986</u>	<u>\$ 19,844,121</u>	<u>\$ 17,033,380</u>	<u>\$ 14,829,671</u>

Source: City's annual financial statements

Fund Balances, Governmental Funds

Last Ten Fiscal Years

June 30, 2019

As of June 30,					
<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
857,878	793,615	99,694	176,238	261,057	612,641
6,055,126	3,385,779	6,367,624	6,459,629	9,512,047	9,045,755
-	-	-	2,466,531	821,355	1,004,122
468,365	1,919,179	2,463,626	1,908,736	1,448,759	1,756,414
<u>7,381,369</u>	<u>6,098,573</u>	<u>8,930,944</u>	<u>11,011,134</u>	<u>12,043,218</u>	<u>12,418,932</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
415,655	620,816	566,519	508,054	-	-
7,460,342	3,710,685	2,183,380	2,586,462	3,851,794	6,160,626
-	-	-	-	-	-
583,936	730,253	616,143	493,612	633,946	-
(58,566)	-	-	(144,934)	-	(206,881)
<u>8,401,367</u>	<u>5,061,754</u>	<u>3,366,042</u>	<u>3,443,194</u>	<u>4,485,740</u>	<u>5,953,745</u>
<u>\$ 15,782,736</u>	<u>\$ 11,160,327</u>	<u>\$ 12,296,986</u>	<u>\$ 14,454,328</u>	<u>\$ 16,528,958</u>	<u>\$18,372,677</u>

City of Eastpointe, Michigan

	As of June 30,			
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Revenue				
Taxes	\$ 18,132,791	\$ 15,263,309	\$ 13,987,310	\$ 12,208,420
SMORSA charge for service	-	-	-	-
Licenses and permits	784,928	983,977	978,509	1,224,857
Federal revenue, grants and other federal	200,111	184,189	214,739	233,431
State-shared revenue, grants and other loc	5,151,224	5,282,146	5,010,952	5,125,012
Charges for services	986,862	989,185	1,064,133	2,724,321
Fines and forfeitures	2,354,707	2,265,887	2,460,868	2,199,969
Investment income	270,422	118,221	83,852	45,613
Rental income	397,564	408,272	360,886	234,240
Special assessments	143,914	-	36,616	61,118
Other	455,709	665,357	219,514	281,036
Total revenue	<u>28,878,232</u>	<u>26,160,543</u>	<u>24,417,379</u>	<u>24,338,017</u>
Expenditures				
Current:				
General government	5,605,929	5,141,453	5,138,181	5,374,159
District Court	13,495,267	13,531,276	13,439,890	12,374,163
Public safety	5,066,950	4,533,491	5,269,335	5,448,444
Public works	-	171,157	154,618	595,740
Health & welfare	2,117,937	1,978,911	1,734,472	1,305,276
Community & economic development				
Recreation and culture	2,087,822	591,190	208,731	153,183
Capital outlay	115,000	120,000	120,000	125,000
Debt service principal				
Debt service interest	186,894	181,900	176,800	171,594
Total expenditures	<u>28,675,799</u>	<u>26,249,378</u>	<u>26,242,027</u>	<u>25,547,559</u>
Excess of Revenue Over Expenditures	202,433	(88,835)	(1,824,648)	(1,209,542)
Other Financing Sources (Uses)				
Long-term financing	-	-	-	-
Proceeds from sale of fixed assets	-	1,500	-	-
Bond premium	-	-	-	-
Net payments to refunded bond escrow agent and bond issuance costs	-	-	-	-
Transfers in	8,984,949	7,851,636	1,906,290	925,813
Transfers out	(9,998,093)	(8,755,166)	(2,892,383)	(1,919,980)
Total other financing sources (uses)	<u>(1,013,144)</u>	<u>(902,030)</u>	<u>(986,093)</u>	<u>(994,167)</u>
Net change in fund balances	<u>\$ (810,711)</u>	<u>\$ (990,865)</u>	<u>\$ (2,810,741)</u>	<u>\$ (2,203,709)</u>
 Debt service as a percentage of noncapital expenditures	 1.20%	 1.21%	 1.21%	 1.28%

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

June 30, 2019

As of June 30,					
<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 11,502,055	\$ 11,364,098	\$ 11,541,479	\$ 11,462,578	\$ 11,839,506	\$ 13,990,374
-	-	6,010,192	6,212,569	6,172,605	6,513,835
1,278,491	1,327,939	1,389,279	1,441,874	1,367,049	1,361,117
227,607	40,936	619,998	160,325	132,985	292,450
7,133,923	5,656,949	6,046,173	6,072,045	6,919,164	7,604,412
2,374,729	491,665	424,201	371,909	587,196	415,014
2,579,935	2,590,340	2,306,109	1,904,406	1,857,032	1,877,157
38,988	57,076	67,022	69,893	135,284	344,044
211,910	191,548	197,932	209,409	212,742	253,189
500,328	472,427	499,240	880,722	706,887	550,818
348,841	641,156	442,599	393,215	443,222	121,228
<u>26,196,807</u>	<u>22,834,134</u>	<u>29,544,224</u>	<u>29,178,945</u>	<u>30,373,672</u>	<u>33,323,638</u>
5,182,914	5,018,211	5,199,152	5,187,034	6,079,706	6,221,512
12,190,546	12,097,447	13,144,047	14,002,821	14,811,665	16,989,707
5,101,510	6,685,700	5,475,403	3,615,305	3,573,036	4,404,979
195,000	-	528,160	199,031	-	251,080
1,641,635	1,467,078	1,688,710	1,572,150	1,541,556	1,526,387
-	-	-	-	-	-
278,707	182,720	1,023,327	1,261,621	830,750	678,696
130,000	135,000	194,000	145,000	311,453	256,420
<u>166,175</u>	<u>160,544</u>	<u>154,700</u>	<u>79,157</u>	<u>97,317</u>	<u>89,942</u>
<u>24,886,487</u>	<u>25,746,700</u>	<u>27,407,499</u>	<u>26,062,119</u>	<u>27,245,483</u>	<u>30,418,723</u>
1,310,320	(2,912,566)	2,136,725	3,116,826	3,128,189	2,904,915
625,000	-	-	3,380,000	-	-
-	-	-	18,075	17,375	3,420
-	-	-	-	-	-
-	-	-	(3,347,299)	-	-
989,620	547,000	2,170,141	1,508,267	1,135,414	1,510,983
<u>(1,971,875)</u>	<u>(1,533,861)</u>	<u>(3,170,207)</u>	<u>(2,517,821)</u>	<u>(2,207,054)</u>	<u>(2,575,599)</u>
<u>(357,255)</u>	<u>(986,861)</u>	<u>(1,000,066)</u>	<u>(958,778)</u>	<u>(1,054,265)</u>	<u>(1,061,196)</u>
<u>\$ 953,065</u>	<u>\$ (3,899,427)</u>	<u>\$ 1,136,659</u>	<u>\$ 2,158,048</u>	<u>\$ 2,073,924</u>	<u>\$ 1,843,719</u>

1.31%

1.39%

1.54%

0.95%

1.66%

0.00%

General Government Tax Revenue by Source

Last Ten Fiscal Years

Fiscal Year Ended June 30	General Fund	Special Revenue Funds				Debt Service	Total All Property Taxes
	Property Taxes	Property Taxes			Property Taxes	Chapter 20	
	Operating	Public Safety	Garbage and Rubbish Collection	Library	Total	Drains	
2010	9,386,814	5,111,270	1,151,034	654,905	6,917,209	1,828,768	18,132,791
2011	7,574,560	4,165,092	1,448,689	527,405	6,141,186	1,547,563	15,263,309
2012	10,727,938	-	1,315,248	540,552	1,855,800	1,403,572	13,987,310
2013	9,205,572	-	-	933,553	933,553	2,069,295	12,208,420
2014	8,566,792	-	-	865,598	865,598	2,069,664	11,502,054
2015	8,387,876	-	-	845,774	845,774	2,107,254	11,340,904
2016	8,607,161	-	-	859,789	859,789	2,074,529	11,541,479
2017	8,785,996	-	-	827,072	827,072	1,849,509	11,462,577
2018	8,936,924	-	-	843,652	843,652	2,058,930	11,839,506
2019	9,183,611	-	-	862,905	862,905	3,943,858	13,990,374

Property Tax Levies and Collections

Last Ten Fiscal Years

Tax Year	Fiscal Year	Collected Within the Fiscal Year of the Levy			Subsequent Collection of Delinquent	Total Collections to Date	
	Ended June 30	Total levy (1)	Amount	Percent of Levy		Amount	Percent of Levy
2009	2010	\$ 17,739,315	\$ 16,136,024	90.96%	\$ 1,549,584	\$ 17,685,608	99.70%
2010	2011	14,963,732	13,559,932	90.62%	1,361,495	14,921,427	99.72%
2011	2012	13,640,894	12,229,448	89.65%	1,365,557	13,595,005	99.66%
2012	2013	11,858,437	10,645,998	89.78%	1,167,798	11,813,796	99.62%
2013	2014	11,171,226	10,010,006	89.61%	1,102,338	11,112,344	99.47%
2014	2015	10,994,097	9,893,535	89.99%	1,076,257	10,969,792	99.78%
2015	2016	11,153,434	10,032,337	89.95%	1,113,990	11,146,327	99.94%
2016	2017	11,063,366	10,033,977	90.70%	1,023,149	11,057,126	99.94%
2017	2018	11,344,790	10,303,376	90.82%	1,004,569	11,307,945	99.68%
2018	2019	13,474,762	12,217,497	90.67%	1,241,551	13,459,048	99.88%

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

Source: City of Eastpointe Treasurer's Office

Fiscal Year (Tax Year)	2010 (2009)		2011 (2010)		2012 (2011)		2013 (2012)		2014 (2013)		2015 (2014)		2016 (2015)		2017 (2016)		2018 (2017)		2019 (2018)	
School district:	East Detroit	South Lake	East Detroit	South Lake	East Detroit	South Lake	East Detroit	South Lake	East Detroit	South Lake	East Detroit	South Lake	East Detroit	South Lake	East Detroit	South Lake	Eastpointe Community	South Lake	Eastpointe Community	South Lake
Homestead																				
City Tax																				
Operating	12.1754	12.1754	12.1754	12.1754	12.1754	12.1754	12.1754	12.1754	12.1754	12.1754	12.1754	12.1754	19.1754	19.1754	19.0986	19.0986	19.0126	19.0126	18.9973	18.9973
Refuse	1.5580	1.5580	2.4349	2.4349	2.4349	2.4349	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Library	0.8865	0.8865	0.8865	0.8865	1.0000	1.0000	2.0000	2.0000	2.0000	2.0000	2.0000	2.0000	2.0000	2.0000	1.8789	1.8789	1.8789	1.8789	1.8683	1.8683
Debt service	2.4753	2.4753	2.6010	2.6010	2.6010	2.6010	4.4348	4.4348	4.7858	4.7858	4.9829	4.9829	4.7858	4.7858	4.1676	4.1676	4.5515	4.5515	8.4700	8.4700
Public safety	6.9181	6.9181	7.0000	7.0000	7.0000	7.0000	7.0000	7.0000	7.0000	7.0000	7.0000	7.0000	-	-	-	-	-	-	-	-
Recreation Authority	-	-	-	-	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	0.9969	0.9969	0.9841	0.9841
S.M.O.R.S.A.	-	-	-	-	-	-	-	-	-	-	-	-	14.0000	14.0000	14.0000	14.0000	13.7555	13.7555	13.7549	13.7549
Total city tax	24.0133	24.0133	25.0978	25.0978	26.2113	26.2113	26.6102	26.6102	26.9612	26.9612	27.1583	27.1583	40.9612	40.9612	40.1451	40.1451	40.1954	40.1954	44.0746	44.0746
County Tax																				
Macomb county	4.5735	4.5735	4.5735	4.5735	4.5735	4.5735	4.5735	4.5735	4.5735	4.5735	4.5735	4.5735	4.5735	4.5735	4.5616	4.5616	4.5292	4.5292	4.4975	4.4975
Intermediate School	2.9430	2.9430	2.9430	2.9430	2.9430	2.9430	2.9430	2.9430	2.9430	2.9430	2.9430	2.9430	2.9430	2.9430	2.9355	2.9355	2.9146	2.9146	2.8945	2.8945
Community college	1.4212	1.4212	1.4212	1.4212	1.5712	1.5712	1.5712	1.5712	1.5312	1.5312	1.5262	1.5262	1.5302	1.5302	1.4212	1.4212	1.4034	1.4034	1.4640	1.4640
HCM Authority	0.2146	0.2146	0.2146	0.2146	0.2146	0.2146	0.2146	0.2146	0.2146	0.2146	0.2146	0.2146	0.2146	0.2146	0.2146	0.2146	0.2140	0.2140	0.2129	0.2129
S.M.A.R.T.	0.5900	0.5900	0.5900	0.5900	0.5900	0.5900	0.5900	0.5900	0.5900	0.5900	1.0000	1.0000	1.0000	1.0000	0.9974	0.9974	0.9903	0.9903	1.0000	1.0000
Zoo Authority	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.0997	0.0997	0.0989	0.0989	0.0985	0.0985
Veterans operations	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0398	0.0398	0.0682	0.0682	0.0676	0.0676
D.I.A.	-	-	-	-	-	-	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.1994	0.1994	0.1979	0.1979	0.1965	0.1965
Total county tax	9.8823	9.8823	9.8823	9.8823	10.0323	10.0323	10.2323	10.2323	10.1923	10.1923	10.5973	10.5973	10.6013	10.6013	10.4642	10.4642	10.4165	10.4165	10.4315	10.4315
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	5.5000	7.8368	6.0000	8.8316	7.0000	10.4816	7.0000	10.4816	7.0000	11.5416	7.0000	11.5416	7.0000	12.0316	7.0000	6.6500	7.0000	7.0000	7.0000	7.0000
Total school tax	11.5000	13.8368	12.0000	14.8316	13.0000	16.4816	13.0000	16.4816	13.0000	17.5416	13.0000	17.5416	13.0000	18.0316	13.0000	12.6500	13.0000	13.0000	13.0000	13.0000
Total homestead	45.3956	47.7324	46.9801	49.8117	49.2436	52.7252	49.8425	53.3241	50.1535	54.6951	50.7556	55.2972	64.5625	69.5941	63.6093	63.2593	63.6119	63.6119	67.5061	67.5061
Non-Homestead -																				
School district tax	18.0000	13.5348	18.0000	12.9380	18.0000	12.9400	18.0000	12.9400	18.0000	12.9400	18.0000	12.9400	18.0000	12.9400	17.8992	17.7538	17.6946	17.5639	17.7648	17.4436
Total non-homestead	63.3956	61.2672	64.9801	62.7497	67.2436	65.6652	67.8425	66.2641	68.1535	67.6351	68.7556	68.2372	82.5625	82.5341	81.5085	81.0131	81.3065	81.1758	85.2709	84.9497

(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

Assessed Taxable Values (History of Property)

Last Ten Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Total Taxable Value (TV)										
Ad valorem/Total TV	\$ 738,670,892	\$ 596,224,469	\$ 541,503,325	\$ 464,161,114	\$ 430,424,920	\$ 421,407,727	\$ 430,614,324	\$ 441,076,820	\$ 450,258,308	\$ 463,529,302
Percent increase/-decrease over prior	-5.99%	-19.28%	-9.18%	-14.28%	-7.27%	-2.09%	1.84%	2.43%	2.08%	2.95%
Per capita total SEV (1)	\$ 21,677	\$ 18,359	\$ 16,702	\$ 14,316	\$ 13,276	\$ 12,998	\$ 13,282	\$ 15,252	\$ 15,252	\$ 14,297
Total direct tax rate	\$ 24.0133	\$ 25.0978	\$ 26.2113	\$ 26.6102	\$ 26.9612	\$ 27.1583	\$ 40.9612	\$ 40.1451	\$ 40.1954	\$ 44.0746

Total TV by Use and Class

By Use:

Commercial	\$ 94,208,255	\$ 91,787,330	\$ 85,428,372	\$ 78,149,519	\$ 73,337,227	\$ 82,088,587	\$ 77,323,498	\$ 78,038,230	\$ 78,916,844	\$ 79,321,539
Industrial	6,687,567	6,448,237	2,288,470	1,748,210	1,711,140	2,562,277	1,772,949	1,884,000	1,920,730	1,961,057.00
Residential	601,147,350	462,048,862	418,354,053	348,642,995	319,492,743	312,805,583	318,596,747	322,283,500	329,917,444	342,213,206.00
Personal property	36,627,720	35,940,040	35,432,430	35,620,390	35,883,810	23,951,280	32,921,130	38,871,090	39,503,290	40,033,500
Total TV by use	\$ 738,670,892	\$ 596,224,469	\$ 541,503,325	\$ 464,161,114	\$ 430,424,920	\$ 421,407,727	\$ 430,614,324	\$ 441,076,820	\$ 450,258,308	\$ 463,529,302

By Class:

Real property	\$ 702,043,172	\$ 560,284,429	\$ 506,070,895	\$ 428,540,724	\$ 394,541,110	\$ 388,682,257	\$ 397,693,194	\$ 402,205,730	\$ 410,755,018	\$ 423,495,802
Personal property	36,627,720	35,940,040	35,432,430	35,620,390	35,883,810	32,725,470	32,921,130	38,871,090	39,503,290	40,033,500
Total TV by class	\$ 738,670,892	\$ 596,224,469	\$ 541,503,325	\$ 464,161,114	\$ 430,424,920	\$ 421,407,727	\$ 430,614,324	\$ 441,076,820	\$ 450,258,308	\$ 463,529,302

Percent of Total TV by Use and Class

By Use:

Commercial	12.75%	15.39%	15.78%	16.84%	17.04%	19.48%	17.96%	17.69%	17.53%	17.11%
Industrial	0.91%	1.08%	0.42%	0.38%	0.40%	0.61%	0.41%	0.43%	0.43%	0.42%
Residential	81.38%	77.50%	77.26%	75.11%	74.23%	74.23%	73.98%	73.07%	73.27%	73.83%
Personal property	4.96%	6.03%	6.54%	7.67%	8.33%	5.68%	7.65%	8.81%	8.77%	8.64%
Total TV by use	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

By Class:

Real property	95.04%	93.97%	93.46%	92.33%	91.66%	92.23%	92.35%	91.19%	91.23%	91.36%
Personal property	4.96%	6.03%	6.54%	7.67%	8.34%	7.77%	7.65%	8.81%	8.77%	8.64%
Total TV by class	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

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

Source: City of Eastpointe

State Equalized Values (History of Property Values)

Last Ten Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Total State Equalized Valuation (SEV)										
Ad valorem/Total SEV	\$ 761,945,774	\$ 603,320,240	\$ 543,408,526	\$ 464,710,264	\$ 431,302,661	\$ 424,654,904	\$ 450,981,281	\$ 494,514,870	\$ 528,098,598	\$ 547,577,799
Percent increase (-decrease) over pri	-13.39%	-20.82%	-9.93%	-14.48%	-7.19%	-1.54%	6.20%	9.65%	6.79%	3.69%
Per capita total SEV (1)	\$ 22,360	\$ 18,608	\$ 16,760	\$ 14,333	\$ 13,303	\$ 13,098	\$ 13,910	\$ 15,252	\$ 15,252	\$ 16,889
Total SEV by Use and Class										
By Use:										
Commercial	\$ 103,120,500	\$ 97,993,307	\$ 87,063,730	\$ 78,651,880	\$ 73,909,800	\$ 77,035,890	\$ 86,552,598	\$ 87,522,030	\$ 87,970,894	\$ 88,059,200
Industrial	6,711,340	6,451,360	2,288,470	1,748,210	1,711,140	1,728,960	1,858,120	2,158,030	2,196,450	2,286,200
Residential	615,486,214	462,935,533	418,623,896	348,689,784	319,797,911	313,164,584	329,649,433	365,963,720	398,427,964	417,198,899
Personal property	36,627,720	35,940,040	35,432,430	35,620,390	35,883,810	32,725,470	32,921,130	38,871,090	39,503,290	40,033,500
Total SEV by use	<u>\$ 761,945,774</u>	<u>\$ 603,320,240</u>	<u>\$ 543,408,526</u>	<u>\$ 464,710,264</u>	<u>\$ 431,302,661</u>	<u>\$ 424,654,904</u>	<u>\$ 450,981,281</u>	<u>\$ 494,514,870</u>	<u>\$ 528,098,598</u>	<u>\$ 547,577,799</u>
By Class:										
Real property	\$ 725,318,054	\$ 567,380,200	\$ 507,976,096	\$ 429,089,874	\$ 395,418,851	\$ 391,929,434	\$ 418,060,151	\$ 455,643,780	\$ 488,595,308	\$ 507,544,299
Personal property	36,627,720	35,940,040	35,432,430	35,620,390	35,883,810	32,725,470	32,921,130	38,871,090	39,503,290	40,033,500
Total SEV by class	<u>\$ 761,945,774</u>	<u>\$ 603,320,240</u>	<u>\$ 543,408,526</u>	<u>\$ 464,710,264</u>	<u>\$ 431,302,661</u>	<u>\$ 424,654,904</u>	<u>\$ 450,981,281</u>	<u>\$ 494,514,870</u>	<u>\$ 528,098,598</u>	<u>\$ 547,577,799</u>
Percent of Total SEV by Use and Class										
By Use:										
Commercial	13.53%	16.24%	16.02%	16.92%	17.14%	18.14%	19.19%	17.70%	16.66%	16.08%
Industrial	0.88%	1.07%	0.42%	0.38%	0.40%	0.41%	0.41%	0.44%	0.42%	0.42%
Residential	80.78%	76.73%	77.04%	75.03%	74.14%	73.75%	73.10%	74.00%	75.44%	76.19%
Personal property	4.81%	5.96%	6.52%	7.67%	8.32%	7.71%	7.30%	7.86%	7.48%	7.31%
Total SEV by use	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.01%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
By Class:										
Real property	95.19%	94.04%	93.48%	92.33%	91.68%	92.29%	92.70%	92.14%	92.52%	92.69%
Personal property	4.81%	5.96%	6.52%	7.67%	8.32%	7.71%	7.30%	7.86%	7.48%	7.31%
Total SEV by class	<u>100.00%</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>	<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

Principal Property Taxpayers

Current and Ten Years Ago
June 30, 2019

Year Ended June 30, 2019					Year Ended June 30, 2010			
Company Name		Product/Service	Taxable Value	Rank	Percentage of Total City Taxable Value	2010 Taxable Value	2010 Rank	% of total
1	Consumers Energy	Utility	14,226,951	1	3.07%	3,047,730	3	0.41%
2	DTE Electric	Utility	8,929,560	2	1.93%	8,847,199	2	1.20%
3	International Transmission Company	Utility	7,238,400	3	1.56%	10,740,820	1	1.45%
4	NSA HHF JV, LLC	Storage facility	1,674,521	4	0.36%	1,810,450	6	0.25%
5	East Brooke Commons LTD	Shopping center	1,568,654	5	0.34%	1,979,820	5	0.27%
6	Triple 9 Eastpointe, LLC	Rental properties	1,280,100	6	0.28%	1,553,310	8	0.21%
7	Michigan First Credit Union	Financial services	1,177,284	7	0.25%	-	-	-
8	Calvary Property Holdings	Rental properties	1,145,214	8	0.25%	-	-	-
9	MGL I, LLC	Rental properties	1,052,489	9	0.23%	-	-	-
10	Shangri-La MHC-Begin, LLC	Rental properties	1,048,393	10	0.23%	-	-	-
	HUD	Foreclosed housing	-	-	-	3,168,464	4	0.43%
	Merollis Enterprises, Inc	Auto dealer	-	-	-	1,553,310	7	0.21%
	A & D Realty Inc	Auto dealer	-	-	-	1,421,325	9	0.19%
	Grant Manor	Senior housing	-	-	-	1,416,946	10	0.19%
	Ten largest taxpayers		39,341,566		8.50%	35,539,374		4.81%
	Other taxpayers		424,187,736			703,131,518		
	Total taxable value		463,529,302			738,670,892		

Source: City of Eastpointe Assessor's Office

Ratios of General Bonded Debt Outstanding

Fiscal Year Ended June 30	Governmental Activities			Business-type Activities	Last Ten Fiscal Years			
	General Obligation Bonds	Brownfield Bonds	Amounts Available in Debt Service Funds	Revenue Bonds	Total Primary Government	Percentage of Estimated Total Taxable Value of Property (1)	Population	Per Capita
2010	\$ 4,295,000	\$ -	\$ -	\$ -	\$ 4,295,000	0.5814	32,442	\$ 132.39
2011	4,175,000	-	-	-	4,175,000	0.7002	32,442	128.69
2012	4,055,000	-	-	-	4,055,000	0.7488	32,442	124.99
2013	3,930,000	-	-	1,245,129	5,175,129	1.1149	32,442	159.52
2014	3,800,000	-	-	3,490,951	7,290,951	1.6939	32,442	224.74
2015	3,665,000	625,000	-	3,557,117	7,847,117	1.8621	32,442	241.88
2016	3,525,000	571,000	-	3,488,745	7,584,745	1.7614	32,442	233.79
2017	3,535,000	571,000	-	3,318,745	7,424,745	1.6833	32,442	228.86
2018	3,340,000	454,547	-	3,148,745	6,943,292	1.5421	32,442	214.02
2019	3,140,000	398,126	-	2,973,745	6,511,871	1.4048	32,422	200.85

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

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

Water Revenue Bonds							
Fiscal Year Ended	Utility Service	Less:	Net	Debt Service			Coverage
		Operating Expenses	Available Revenue	Principal	Interest	Total	
2010	10,101,825	6,853,793	3,248,032	-	-	-	-
2011	10,885,995	7,917,616	2,968,379	-	-	-	-
2012	11,010,618	8,027,230	2,983,388	-	-	-	-
2013	10,113,003	7,892,019	2,220,984	-	-	-	-
2014	10,944,488	8,219,392	2,725,096	160,000	61,225	221,225	12.318
2015	11,054,530	10,858,880	195,650	160,000	89,520	249,520	0.784
2016	11,508,011	11,363,193	144,818	165,000	88,928	253,928	0.570
2017	12,740,557	11,263,881	1,476,676	170,000	87,084	257,084	5.744
2018	17,187,158	11,214,324	5,972,834	170,000	82,969	252,969	23.611
2019	16,962,784	11,707,530	5,255,254	175,000	77,625	252,625	20.803

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

City of Eastpointe, Michigan

Demographic and Economic Statistics

Last Ten Fiscal Years

Fiscal Year Ended June 30	Estimated Population (1)	Median Age (2)	Education Age 25 or Older (2)		Per Capita Income (2)	Income (in thousands) (4)	Number of Households (2)	Median Household Income (1)	Unemployment Rate (3)
			High School Graduate or Higher	Bachelor's Degree or Higher					
2010	32,422	36	84.1%	12.3%	21,086	683,650	13,796	45,157	6.2%
2011	32,422	36	84.1%	12.3%	21,086	683,650	13,796	45,157	6.2%
2012	32,422	36	84.1%	12.3%	21,086	683,650	13,796	45,157	6.2%
2013	32,422	36	84.1%	12.3%	21,086	683,650	13,796	45,157	6.2%
2014	32,422	36	84.1%	12.3%	21,086	683,650	13,796	45,157	6.2%
2015	32,422	36	84.1%	12.3%	21,086	683,650	13,796	45,157	6.2%
2016	32,422	36	84.1%	12.3%	21,086	683,650	13,796	45,157	6.2%
2017	32,422	36	84.1%	12.3%	21,086	683,650	13,796	45,157	6.2%
2018	32,422	36	84.1%	12.3%	21,086	683,650	13,796	45,157	6.2%
2019	32,601	36	87.3%	15.1%	21,616	704,703	13,796	45,157	6.5%

Sources:

- (1) United States Census Bureau - 2000/2010 Census and 2010 American Community Survey One Year Estimates
- (2) Southeast Michigan Council of Governments (SEMCOG) - Detailed Data
- (3) Michigan Department of Career Development, Employment Security Agency, Office of Labor Market Information
- (4) "Estimated Population" times "Per Capita Income"

Population

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

Housing Tenure

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

Household Characteristics

Types	2010	2000
With seniors 65+	2,963	4,246
Without seniors	9,594	9,349

Two or more without children	4,567	5,188
Live alone, over 65	1,345	1,878
Live alone, under 65	2,263	2,041
With children	4,382	4,488
Total households	12,557	13,595

Age Statistics

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

Poverty

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

Labor Characteristics

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

Educational Characteristics

Highest Level - for population age 25 and over	2010
Graduate/Professional degree	4.8%
Bachelor's degree	10.3%
Associate degree	9.6%
Some college, no degree	28.1%
High school graduate	34.5%
Did not graduate high school	12.7%

Income Characteristics

Household Income	Number of Households
Less than \$14,999	1,780
\$15,000 - \$29,999	2,749
\$30,000 - \$49,999	2,216
\$50,000 - \$99,999	4,454
\$100,000 - \$199,999	952
\$200,000 or more	388

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

City of Eastpointe, Michigan

Principal Employers (Major Employers)

Last Ten Fiscal Years

Company Name	Product/Service	Year Ended June 30, 2019			Year Ended June 30, 2010		
		Employees	Rank	Total City Employment	Employees	Rank	Total City Employment
Eastpointe Community Schools (1)	Education	321	1	3.51%	850	1	10.84%
City of Eastpointe	Municipal government	184	2	2.01%	254	2	3.24%
Olive Garden	Restaurant	98	3	1.07%	89	4	1.13%
Rite Aid	Retail drug store	67	4	0.73%	71	6	0.91%
Eastpointe Post Office	Mail delivery	58	5	0.63%	69	7	0.88%
Genesis Chevrolet	Automobile dealership	53	6	0.58%	-	-	-
McCoy Services	Janitorial services	47	7	0.51%	125	3	1.59%
Eaton Academy	Education	40	8	0.44%	-	-	-
Fresh Choice	Grocery store	38	9	0.42%	42	10	0.54%
CVS	Retail drug store	32	10	0.35%	45	9	0.57%
Merollis Chevrolet	Automobile dealership	-	-	-	87	5	1.11%
Pep Boys	Automotive parts/service	-	-	-	48	8	0.61%
	Ten largest employers	938		10.26%	1,680		21.42%
	Other employers	8,202		89.74%	6,164		78.58%
	Total employment (2)	9,140			7,844		

(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 Nine Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government - data									
City Council									
Regular meetings	24	17	24	24	24	24	24	24	24
Special meetings	13	6	9	4	7	3	2	6	28
Public hearings held	3	2	2	3	3	4	3	3	3
Ordinances and amendments adopted	23	14	18	15	12	4	10	10	10
Show cause hearings held	4	4	4	6	6	7	7	7	7
City Managers Office									
City council agenda statements reviewed	190	117	150	250	250	250	250	250	250
Executive coordination meetings held	50	32	32	32	32	46	44	22	44
Labor contracts negotiated	3	5	5	5	-	5	-	-	-
Employees recruited and hired	-	3	-	6	8	11	9	11	9
Bid proposals and contracts prepared	14	13	13	17	17	17	13	14	4
Labor grievances processed	3	4	-	-	1	5	3	4	3
Assessing									
Assessment notices	14,865	14,879	14,871	14,282	14,282	14,800	14,652	14,642	14,611
Property transfers	1,793	1,800	1,850	1,508	1,508	1,800	1,198	1,287	1,200
Homestead affidavits	533	408	420	3,344	3,344	2,000	449	530	500
Homestead rescinds	781	944	750	264	264	500	464	541	500
Deeds and land contacts	3,416	3,451	3,530	2,228	2,228	2,500	1,747	1,663	1,700
Board of Review appeals	389	296	252	320	320	350	183	165	150
Tax tribunal hearings	47	50	100	78	78	90	16	16	20
Clerk									
Dog Licenses	3,755	2,258	2,500	3,082	1,539	1,528	3,095	3,000	982
Business registrations	827	815	820	782	810	796	788	779	800
Elections	2	2	2	1	3	2	2	2	2
Absentee ballot requests	3,479	2,587	5,500	2,624	4,854	2,550	6,482	6,482	5,000
Registered voters	23,777	22,952	23,543	24,484	24,301	24,405	22,740	25,370	25,513
New voter registrations	5,233	5,042	5,400	3,507	2,212	2,500	3,658	2,712	3,262
Voter history updates	15,688	7,209	21,500	2,931	12,133	9,563	11,553	11,533	6,000
Birth and death certificates	146	122	130	100	127	128	-	-	-
Finance Department									
Payroll payments processed	6,604	6,604	5,200	5,094	5,015	5,140	5,194	5,200	5,200
Accounts payable invoices processed	7,083	7,227	7,155	8,207	3,424	3,504	3,423	3,400	8,000
Transactions processed by cashiers	124,040	132,920	132,000	139,219	130,519	129,879	133,808	130,000	140,000
Water and sewer bills issued	158,202	164,764	160,000	162,360	163,360	162,856	162,252	162,300	164,300
Properties billed - summer taxes	10,607	14,632	14,620	15,093	15,087	15,087	15,215	15,199	15,299
Miscellaneous billings	4,266	3,918	4,300	4,143	4,248	2,145	3,757	3,200	3,000
Public Safety - data									
Fire Protection									
EMS incidents	2,652	1,853	2,720	3,268	3,473	3,300	3,400	3,750	3,850
Fire incidents	2,570	2,470	3,410	781	734	775	740	740	1,274
Fire investigations	30	14	35	44	41	40	40	40	80
Commercial property inspections	160	94	160	193	173	177	159	180	150
Training (hours)	420	300	475	670	652	700	825	700	800
Police Protection									
Total calls for service	U	U	U	26,728	25,716	27,000	24,450	26,000	26,250
Part 1 Crimes	1,757	1,672	1,714	1,827	1,687	1,900	2,111	1,800	1,207
Total arrests	2,225	2,276	2,250	2,574	2,285	2,550	2,456	2,300	1,750
Drunk driving arrests	122	205	163	192	180	200	155	150	85
Total traffic accidents	571	604	587	597	589	600	740	575	675
Total violations issued	18,836	16,366	17,601	13,764	14,951	13,580	10,577	12,000	12,375
Total warrants obtained	1,644	1,531	1,587	1,014	979	1,100	1,061	1,000	600
Suspicious person/vehicles investigated	2,967	2,291	2,629	1,160	1,007	1,200	689	750	654
Total cases investigated	3,883	3,480	3,682	2,225	1,750	2,300	2,555	2,500	2,500
Total parking violations issued	1,127	1,147	1,137	997	586	1,100	551	700	857
Abandoned vehicle tagged	401	351	376	380	198	400	321	350	774
Abandoned vehicles impounded	108	109	110	100	123	100	106	120	87

Operating Indicators by Function (Continued)

Last Nine Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public Works - data									
Building Department									
Permits issued	1,628	1,820	1,900	2,390	3,061	2,300	2,016	3,000	2,500
Code enforcement cases	6,817	4,500	5,800	9,441	6,800	7,500	10,907	10,000	10,000
Rental inspections	2,249	3,096	3,500	4,341	4,878	3,800	4,901	5,000	5,000
Vacant structure inspections	492	784	800	467	332	350	286	75	300
Rental certificates issued	604	977	1,200	1,019	1,528	1,500	1,760	1,700	1,700
Court citations issued	164	190	200	269	297	300	519	600	550
Planning Commission applications	9	11	10	7	5	10	15	6	10
Zoning Board of Appeals applications	2	9	10	4	2	4	3	3	4
Dangerous Building Board cases	13	15	15	52	66	40	58	75	60
Major & Local Streets Division									
Miles of roads in city	98.69	98.69	99.78	99.78	99.78	99.78	99.78	99.78	99.78
After hours snow removal occurrences	U	7	14	31	25	19	19	21	25
Pothole patching (tons)	U	136	136	500	150	200	200	150	400
Right-of-way mowing (miles)	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25
Recreation and Culture - data									
Library									
Attendance	119,471	119,000	119,000	102,863	98,321	91,731	84,573	100,000	100,000
Circulation:									
Books	105,522	100,000	100,000	85,677	80,822	88,511	88,118	90,000	90,000
Audio visual	19,946	19,000	19,000	17,256	15,528	14,589	15,797	20,000	20,000
Misc Magazine/Zineo 768/556	1,371	1,300	1,300	1,324	1,221	1,500	990	1,500	1,500
Museum passes	325	325	325						
Overdrive (downloadable books)				1,715	2,430	2,000	2,838	3,000	3,000
Internet use (hours)	8,545	8,500	8,500	7,010	7,399	7,500	6,352	7,500	7,500
Word Proc (hours)	1,128	1,000	1,000	296	178	500	95	300	300
Program attendance:									
Children	1,927	1,900	1,900	2,294	2,322	2,500	1,378	2,500	2,500
Young adult	177	175	175	361	221	400	298	400	400
Adult	1,061	1,000	1,000	586	386	1,000	1,166	500	500
General	1,124	1,100	1,100	993	859	1,100	1,088	1,100	1,100
Current card holders	14,867	14,867	14,867	15,465	15,332	16,070	16,784	17,000	17,000
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
Active water accounts	13,565	13,562	13,559	13,558	13,558	13,553	13,552	13,550	13,550
Sewer inspections	110	110	110	57	100	125	100	31	24
Water main breaks	44	44	50	83	119	65	26	48	80
Water shut-offs	600	648	508	708	700	691	700	494	106
Water turn-ons	800	1,251	808	781	739	738	739	514	132

U = Unavailable

Source: City of Eastpointe

Capital Assets Statistics by Function

Last Ten Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
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	22	22	21	20	20	19	19	19	19	19
Vehicles - Unmarked	14	14	14	13	12	12	12	12	12	12
Public Works										
Streets and Sidewalks										
Miles of City:										
Primary streets	19	19	20	20	20	20	20	20	20	20
Secondary streets	80	80	80	80	80	80	80	80	80	80
Sidewalks	198	198	200	200	200	200	200	200	200	200
Buildings	4	4	4	4	4	4	4	4	4	4
Street lights	1,322	1,322	1,322	1,322	1,322	1,322	1,322	1,322	1,322	1,322
Snow removal vehicles	14	14	14	14	14	14	14	14	14	14
Recreation and Culture										
Library										
Book collections	U	U	U	U	U	U	62,326	62,532	64,752	63,541
Other collections (1)	U	U	U	U	U	U	18,102	6,880	8,283	9,322
Buildings	1	1	1	1	1	1	1	1	1	1
Parks and Recreation										
Acres	76	76	76	76	76	76	76	76	76	76
Developed parks	3	3	3	3	3	3	3	3	3	3
Undeveloped parks	5	5	5	5	5	5	5	5	5	5
Buildings	4	4	4	4	4	4	4	4	4	4
Water and Sewer Services										
Fire hydrants	829	829	829	829	829	829	829	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

City of Eastpointe, Michigan

**Full-Time Equivalent City Government Employees by
Function**

	Last Ten Fiscal Years									
	Full-time Equivalents as of June 30									
Activities:	2010	2011	2012	2013 (1)	2014	2015	2016	2017	2018	2019
General government	33.5	33.5	34.0	49.5	48.0	49.0	49.5	48.5	41.0	45.5
Public safety	91.0	90.0	86.0	73.5	66.0	66.0	71.5	72.0	72.5	73.0
Public works	35.5	34.5	34.5	27.0	25.0	22.0	22.0	21.5	22.5	22.0
Recreation and culture	27.5	25.5	21.0	8.5	8.5	9.5	9.5	9.5	9.5	9.5
Total	187.5	183.5	175.5	158.5	147.5	146.5	152.5	151.5	145.5	150.0

(1) Reduction in staffing in police and fire 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	
2010	2,164,592	1,032,814	3,197,406	3,197,406
2011	2,188,701	1,008,705	3,197,406	3,197,406
2012	2,329,641	700,632	3,030,273	3,030,273
2013	2,377,871	750,678	3,128,549	3,128,549
2014	2,433,636	786,843	3,220,479	3,220,479
2015	2,471,860	810,867	3,282,727	3,282,727
2016	2,469,486	810,867	3,280,353	3,280,353
2017	2,611,815	709,509	3,321,324	3,422,682
2018	2,680,800	938,567	3,619,367	3,518,009
2019	2,807,431	832,707	3,640,138	3,640,138

Minimum Property Tax Rates

Purpose	Maximum Millage Authorized	Maximum Millage to be levied	Expiration Date of Millage
Operating:			
General Operating	19.1754	18.9973	In perpetuity
Refuse	3.0000	-	In perpetuity
Library Fund	1.0000	0.8781	In perpetuity
Library 2017	1.0000	0.9902	2022
Total operating	24.1754	20.8656	
Debt	N/A	8.4700	
Total tax rate levied		29.3356	