



Comprehensive Annual Financial Report

Suzanne Pixley
Mayor

Michael D. Klinefelt
Mayor Pro Tem

Sarah Lucido
Councilwoman

John F. Marion
Councilman

Cardi DeMonaco, Jr.
Councilman

Steve M. Duchane
City Manager

Randy D. Altimus
Assistant City Manager

Randall Blum
Finance Director

For the Fiscal Year Ended June 30, 2016

Prepared by Finance, City of Eastpointe, Michigan



City of Eastpointe, Michigan

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November 23, 2016

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

The financial report of the City of Eastpointe (the “City” or Eastpointe) for the year ended June 30, 2016 is hereby submitted as mandated by the City Charter 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 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. All disclosures necessary to enable the reader to gain an understanding of the City of Eastpointe’s 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 auditor’s 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 that they have issued an unmodified opinion for the year ended June 30, 2016.

Profile of the Government

The City of Eastpointe was founded by European immigrants who came to establish homes in the New World. From 1837 to the present time, this community has operated under three forms of local government, i.e. township, village and city. Originally, the area was named Orange Township and subsequently changed to Erin Township. Eventually the area grew large enough and incorporated as the Village of Halfway in 1924 and subsequently reincorporated in January 1929 as the City of East Detroit. By referendum in 1992, the residents approved the name change to the City of Eastpointe. The City is geographically located in the southeast corner of Macomb County, is adjacent to the southern boundary of Macomb County, and is on the northern boundary of the City of Detroit. It currently occupies 5.14 square miles and serves a population of 32,422. The City of Eastpointe is empowered to levy property tax on real property located within its boundaries.

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 5.0 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 BMW and Porsche dealerships, CVS Pharmacy, Walgreens, Family Dollar, and Olive Garden. The 2016 estimated population for the City stands at 32,442.

As a full-service community, Eastpointe has sound infrastructure and 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.

The diversity of the City's economic base is reflected in its building stock is presented in the following table:

Building Stock		
Single family homes*	12,699	Homes
Condominiums (9 complexes)*	331	Units
Senior citizen towers (2 buildings)	200	Units
Rental apartments (36 complexes)	2,600	Units
Shopping centers (174,644 sq. ft.)	4	Centers
Hotel/Motels (2 properties)	208	Rooms
Offices (409,932 sq. ft.)	99	Buildings
Commercial (gas station/retail/restaurants, etc.)	463	Buildings
Light industrial (202,453 sq. ft.)	<u>12</u>	Buildings
Total units/buildings	<u><u>16,616</u></u>	

* Single-family homes range in value from \$40,000 to in excess of \$80,000.

Tax Base Composition

The principal source of revenues to fund the City's operations is property tax (38.0 percent of total 2015-2016 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. The table below illustrates the diversity of the City's tax base, including the DDA district, which was the basis for property tax revenue for the fiscal year 2015-2016 budget.

Tax Base		
<u>By Class:</u>	<u>Taxable Value</u>	<u>Percent</u>
Real property	\$ 397,693,194	92.4%
Personal property	<u>32,921,130</u>	7.6%
Total	<u><u>\$ 430,614,324</u></u>	
<u>By Use:</u>		
Residential	\$ 318,596,747	74.0%
Commercial	77,323,498	18.0%
Industrial	1,772,949	0.4%
Personal property	<u>32,921,130</u>	7.6%
Total	<u><u>\$ 430,614,324</u></u>	

Long-term Financial Planning

Unassigned fund balance in the General Fund (13 percent of total General Fund expenditures) falls above the policy guidelines set by the Council for budgetary and planning purposes. The City's strategic plan incorporates a 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 are 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.

The City's budget reflects the time in which we live. The City has been forced to trim payroll costs, maintenance costs, health insurance costs, training costs, and infrastructure investment at a time when demands for service (police, ambulance, code enforcement, vacant and dangerous building monitoring and abatement, court processing, etc.) have been at their greatest.

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 because when it receives more than \$750,000 in federal assistance as required by the Uniform Grant Guidance. For the fiscal year ended June 30, 2016, the City received approximately \$620,000 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.

Fiscal year 2015-2016, being the first year of the special public safety focused millage for the collaborative South Oakland Macomb Regional Services Authority (SMORSA), resulted in stabilized revenue for the City of Eastpointe. Based on financial projections, this special millage provides sustainability to the City over the next 20 years. Despite financial constraints, there were significant achievements in fiscal year 2015-2016 with more anticipated in the years ahead. As we pass the mid-decade benchmark, it is appropriate to consider the investment in services and operations that resulted from or where an integral part of the fiscal management of the City. In the past five years, the City of Eastpointe achieved and completed multiple projects that reinforce our focus on community development, economic development, cost savings, community relations, and best practices.

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

Significant investment in public infrastructure projects were completed in fiscal year 2016. Since 2010, the City has invested approximately \$43,430,000 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 \$1.91 million in major and local streets improvements:
 - Southbound Kelly Road from Ten Mile to Kelly Road
 - Northbound Kelly Road from Stephens
 - Southbound Kelly Road from Empire to Toepher
 - Nine Mile from east city limits to west city limits
- Invested \$6.63 million in water main and sewer line improvement projects:
 - Forest from Gratiot to Lambrecht
 - Toepher from Jean to Kelly Road
 - Beaconsfield from Spindler to Biscayne
 - Biscayne to Nine Mile

Major Initiatives for July 1, 2016 and Thereafter

The City's major initiatives for the future incorporate the alignment of controllable expenditures and the continuance of effective financial operations. These initiatives include:

- A Safe City ...
investing in long-term solutions by evaluating the replacement of police, fire, and court buildings with one public safety structure, replacement of crucial police and fire equipment, and cost-benefit of changing to LED streetlights.
- An Efficient Government ...
preparing a comprehensive annual financial report that incorporates statistical information for financial statement users and the required reporting elements for continuing disclosure.
- Great Neighborhoods ...
investing in major and local streets projects totaling \$2.45 million, water main projects totaling \$2.58 million, and sewer repair projects totaling \$0.86 million.
- Healthy Local Economy ...
utilizing and updating the Redevelopment Ready website with continued partnership with Michigan Economic Development Corporation, sustain library service levels, implement action plans to execute the charrette-designed Eastpointe Village redevelopment, and improve budget solvency and fund equity.
- Human Capital Investment ...
providing an opportunity for the City and employees to set a plan for competitive compensation.

Awards

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

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

Acknowledgments

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Steve M. Duchane". The signature is fluid and cursive, with a large, stylized "D" at the end.

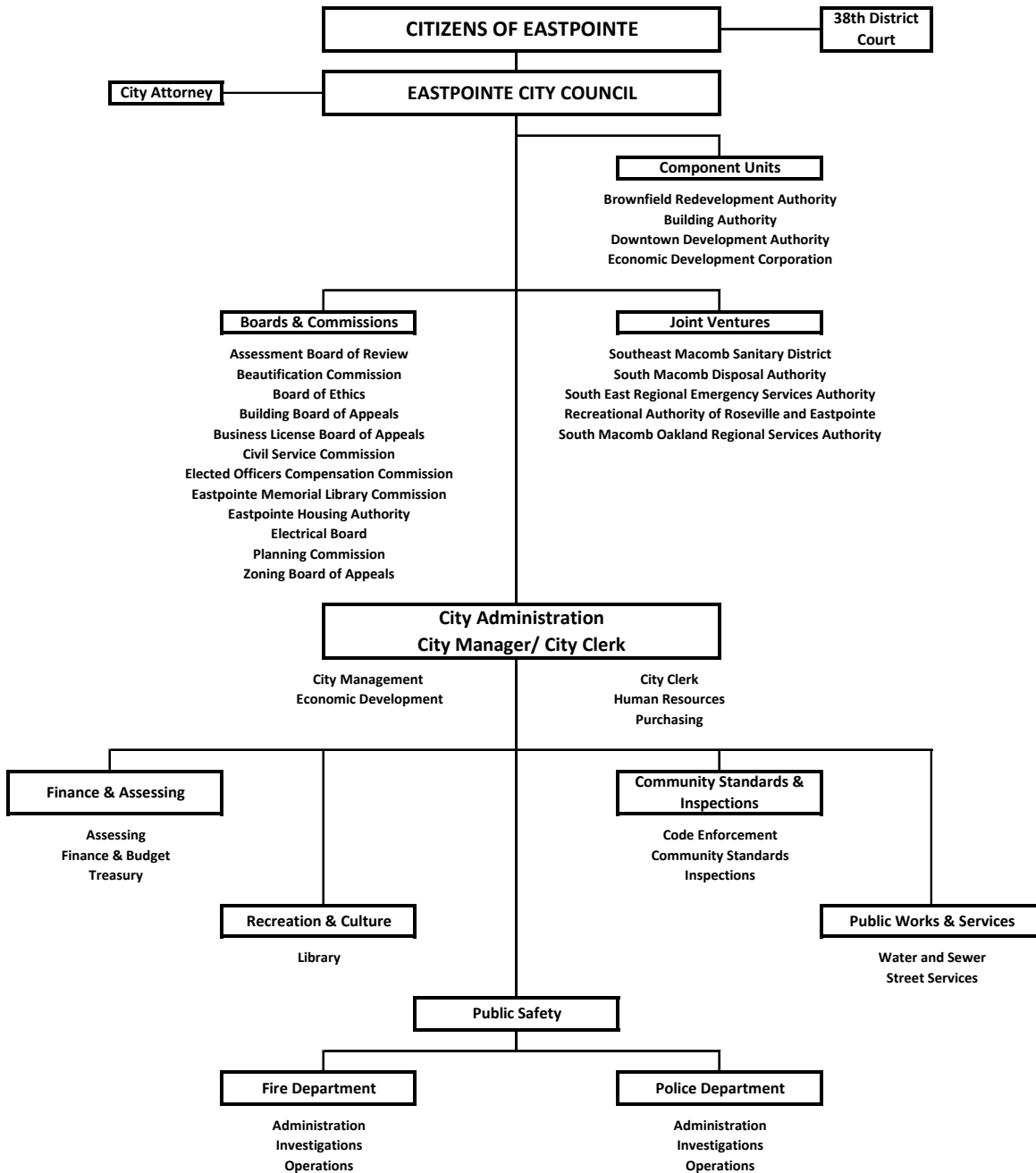
Steve M. Duchane
City Manager

A handwritten signature in black ink, appearing to read "Randall Blum". The signature is fluid and cursive, with a large, stylized "B" at the end.

Randall Blum
Director of Finance

City of Eastpointe, Michigan

Organization Chart June 30, 2016



City of Eastpointe, Michigan

List of Principal Officials June 30, 2016

Title	Name
City Manager/City Clerk	Steve M. Duchane
Assistant City Manager/Deputy City Clerk	Randy D. Altimus
City Assessor	Lisa Griffin
City Attorney	Richard Albright
Community Standards and Inspections Director	Mary Van Haaren
Deputy Fire Chief/Fire Marshall	Larry Folkerts
Deputy Police Chief	Eric Keiser
District Court Judge	Carl F. Gerds III
Finance Director and Assessing	Randall Blum
Library Director	Carol Sterling
Public Safety Director	John McNeilance
Public Works and Services Superintendent	Tony Pry

City of Eastpointe, Michigan

Fund Organization Chart June 30, 2016

Governmental Funds	
General *	Special Revenue
	Major Streets *
	Local Streets *
	Library
	Drug Law Enforcement
	Street Lighting SAD
	Library - J Tinor Reading
	Memorial Library Trust
	Community Development
Debt Service	Capital Projects
Building Authority	Capital Improvement
Chapter 20 Drain Debt	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
Employees' Death Benefit	Tax Collection
Retirement Healthcare	Imprest Payroll
Component Units	
Downtown Development Authority	
Economic Development Corporation	

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, 2016 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 an opinion 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 City'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 City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

Opinion

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, 2016 and the respective changes in its financial position and cash flows, where applicable, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplemental Information

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

Other Information

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

The other 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 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.

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

The introductory section and statistical section, 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 & Morse, PLLC

November 23, 2016

City of Eastpointe, Michigan

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, 2016. This narrative should be considered in conjunction with the additional information presented in the letter of transmittal found on pages i-ix and is intended to serve as an introduction to the City's basic financial statements which begin on page 12.

Financial Highlights

- The City's combined total net position is reported as \$46.7 million for the fiscal year ended June 30, 2016, compared to \$47.9 million last fiscal year.
- In the City's governmental activities, revenue generated \$28.7 million, while expenses totaled \$28.4 million.
- In the City's business-type activities, revenue generated \$14.7 million, while operating expenses totaled \$16.2 million and capital investment in the City's water and sewer system totaled \$7.0 million.
- The total cost of all of the City's programs, including governmental activities and business-type activities, was \$44.7 million, up \$7.6 million from the last fiscal year.
- Total net position decreased \$1.2 million, largely due to investments in infrastructure, specifically roads, water main, and sewers, and increased retirement costs as a result of the City's transition into the Municipal Employees Retirement System (MERS) and the impact of stricter funding requirements.

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.

City of Eastpointe, Michigan

Management's Discussion and Analysis (Continued)

- **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 I to the financial statements.

The City as a Whole

Statement of Net Position - The City's combined net position decreased 3.0 percent, or \$1.2 million, from \$47.9 million in 2015 to \$46.7 million in 2016. The net position for the governmental activities increased from \$2.7 million in 2015 to \$3.0 million in 2016. The increase can be attributed mainly to the City's entering into an agreement with South Macomb Oakland Regional Services Authority (SMORSA) to provide public safety services to the City, resulting in a revenue increase of \$6.0 million. The current level of unrestricted net position for governmental activities is a deficit of \$24.1 million as a result of the City recognizing a net pension liability of \$29.4 million in 2015 in accordance with GASB Statement No. 68. The net position of the business-type activities decreased from \$45.2 million in 2015 to \$43.7 million in 2016, or \$1.5 million. The unrestricted net position decreased by \$7.3 million, or 70.9 percent in the business-type activities. The decrease in unrestricted net position is primarily related to continued use of funds for capital improvements.

The City's assets totaled \$101.9 million in 2016, which is a decrease of \$0.6 million from 2015. This relates to a decrease in net current assets of \$6.3 million, or 29.4 percent, and an increase in capital assets of \$7.8 million, or 10.7 percent. The primary change in net current assets is due to a decrease in cash and investments by \$7.3 million as a result of significant investments in 2016 in the City's water and sewer system and road infrastructure. The primary change in net capital assets is due to the addition of assets related to the water and sewer system of \$7.0 million.

The City's total liabilities increased \$5.9 million, or 10.8 percent, to \$61.1 million in 2016. This is primarily due to the City's transfer to MERS and the related unfunded pension obligation due to more stringent funding requirements.

City of Eastpointe, Michigan

Management's Discussion and Analysis (Continued)

In a condensed format, the table below shows the comparison of net position (in millions) as of June 30, 2016 to the prior two years:

	Governmental Activities			Business-type Activities			Total		
	2016	2015	2014	2016	2015	2014	2016	2015	2014
Assets									
Current assets	\$ 9,985	\$ 12,284	\$ 15,022	\$ 5,043	\$ 9,012	\$ 15,632	\$ 15,028	\$ 21,296	\$ 30,654
Capital assets	28,168	25,622	23,274	52,841	47,557	42,506	81,009	73,179	65,780
Other noncurrent assets	4,329	1,835	860	1,566	6,188	6,849	5,895	8,023	7,709
Total assets	42,482	39,741	39,156	59,450	62,757	64,987	101,932	102,498	104,143
Deferred Outflows Related to Pension	5,537	2,842	2,578	286	204	185	5,823	3,046	2,763
Liabilities									
Current liabilities	1,186	2,555	1,275	1,849	2,754	3,233	3,035	5,309	4,508
Long-term liabilities	43,833	34,970	36,745	14,200	14,842	16,263	58,033	49,812	53,008
Total liabilities	45,019	37,525	38,020	16,049	17,596	19,496	61,068	55,121	57,516
Deferred Inflows Related to Pension	-	2,333	-	-	168	-	-	2,501	-
Net Position									
Net investment in capital assets	24,232	21,491	19,005	40,654	34,857	29,182	64,886	56,348	48,187
Restricted	2,843	3,710	7,634	20	20	20	2,863	3,730	7,654
Unrestricted	(24,075)	(22,476)	(22,925)	3,013	10,320	16,474	(21,062)	(12,156)	(6,451)
Total net position	<u>\$ 3,000</u>	<u>\$ 2,725</u>	<u>\$ 3,714</u>	<u>\$ 43,687</u>	<u>\$ 45,197</u>	<u>\$ 45,676</u>	<u>\$ 46,687</u>	<u>\$ 47,922</u>	<u>\$ 49,390</u>

Changes in Net Position - The City's total net position decreased by \$1.2 million during the fiscal year ended June 30, 2016. The table below shows the comparison of changes in net position (in millions) to the prior two years:

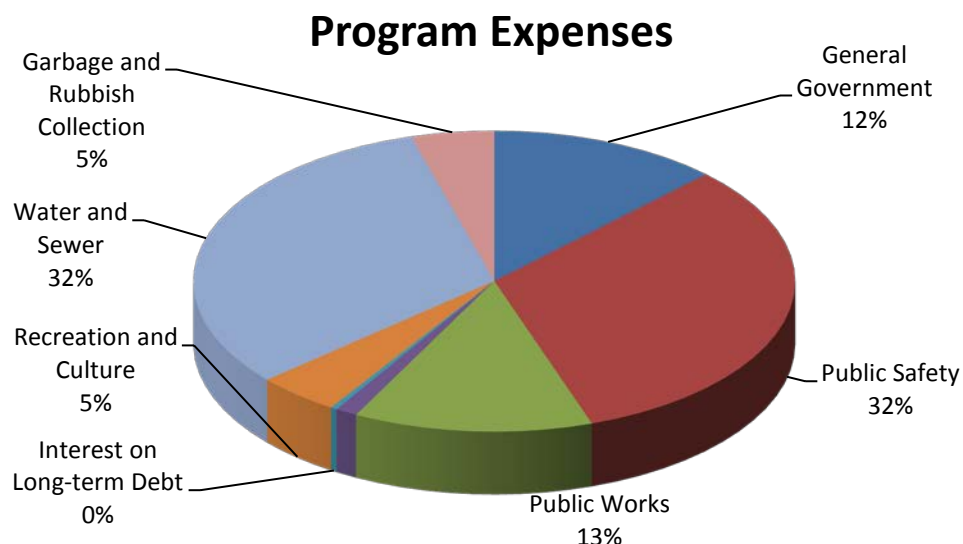
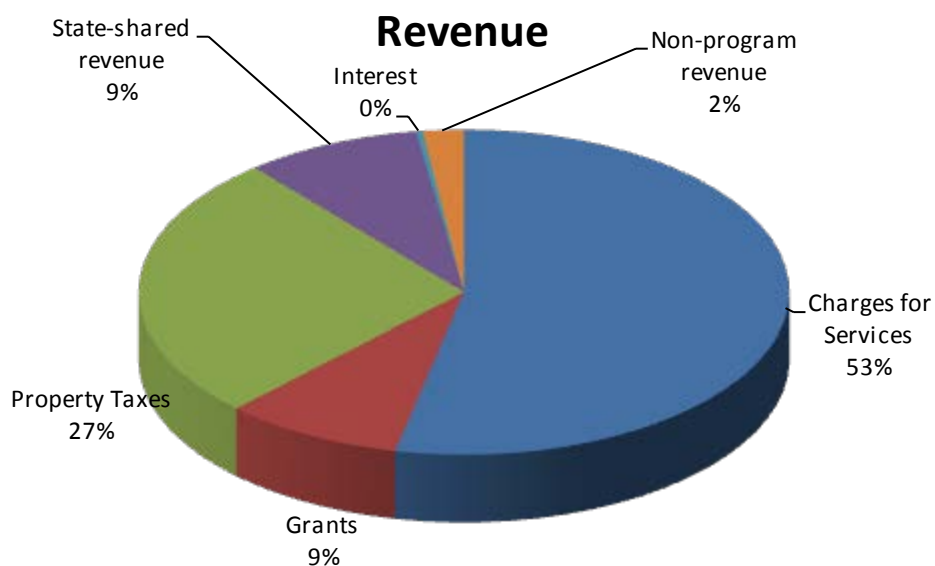
	Governmental Activities			Business-type Activities			Total		
	2016	2015	2014	2016	2015	2014	2016	2015	2014
Revenue									
Program revenue:									
Charges for services	\$ 9,937	\$ 4,452	\$ 6,449	\$ 13,250	\$ 12,796	\$ 11,218	\$ 23,187	\$ 17,248	\$ 17,667
Operating grants and contributions	2,955	2,399	2,303	425	-	-	3,380	2,399	2,303
Capital grants and contributions	488	22	1,850	-	66	-	488	88	1,850
General revenue:									
Property taxes	11,541	11,364	11,502	-	-	-	11,541	11,364	11,502
State-shared revenue	3,809	3,300	3,236	-	-	-	3,809	3,300	3,236
Interest	67	57	39	70	82	92	137	139	131
Other non-program revenue	886	532	500	1	-	3	887	532	503
Transfers and other revenue	(1,000)	(219)	(706)	1,000	812	982	-	593	276
Total revenue	28,683	21,907	25,173	14,746	13,756	12,295	43,429	35,663	37,468
Program Expenses									
General government	5,552	4,223	6,354	-	-	-	5,552	4,223	6,354
Public safety	14,435	10,769	9,918	-	-	-	14,435	10,769	9,918
Public works	5,735	6,727	5,296	-	-	-	5,735	6,727	5,296
Community and economic development	528	-	195	-	-	-	528	-	195
Recreation and culture	2,005	1,741	1,694	-	-	-	2,005	1,741	1,694
Interest on long-term debt	153	159	222	-	-	-	153	159	222
Water and sewer	-	-	-	14,265	11,735	10,071	14,265	11,735	10,071
Garbage and rubbish collection	-	-	-	1,991	1,777	-	1,991	1,777	-
Total program expenses	28,408	23,619	23,679	16,256	13,512	10,071	44,664	37,131	33,750
Implementation of GASB Statement No. 68	-	-	(27,980)	-	-	(2,665)	-	-	(30,645)
Change in Net Position	<u>\$ 275</u>	<u>\$ (1,712)</u>	<u>\$ (26,486)</u>	<u>\$ (1,510)</u>	<u>\$ 244</u>	<u>\$ (441)</u>	<u>\$ (1,235)</u>	<u>\$ (1,468)</u>	<u>\$ (26,927)</u>

City of Eastpointe, Michigan

Management's Discussion and Analysis (Continued)

Governmental Activities

The City's governmental activities saw an increase in net position in the current year of \$0.3 million. This increase compared to the prior year was due to the City entering into the SMORSA agreement for public safety services providing additional revenue, offset by continued infrastructure investment. Annual expenses for business-type activities exceeded revenue by \$1.5 million, resulting in a decrease in net position to \$43.7 million. The following graphs illustrate the primary sources of revenue and expenses for the total primary government of the City of Eastpointe for the year ended June 30, 2016:



City of Eastpointe, Michigan

Management's Discussion and Analysis (Continued)

Of the City's total revenue generated for fiscal year 2016, property tax comprises the largest segment, \$11.5 million. Property tax revenue increased over the prior year by \$0.2 million, or 1.6 percent, which is consistent with the increase in property taxable values. State-shared revenue is another primary source of revenue for the City, of which we received \$3.8 million, an increase of \$0.5 million from the prior year. Of the governmental charges for service revenue of \$9.9 million, \$6.0 is from SMORSA, \$2.5 million is associated with court fines and fees, and \$0.8 million for building department activity. Of the governmental grants and contributions revenue of \$3.5 million, the majority is associated with the governmental activity related to road system improvements in the amount of \$2.3 million.

The majority of governmental expense is associated with the public safety function, which is \$14.4 million, or 50.7 percent of governmental activities. Public safety includes police, fire, and building inspection services. Public works expenses were \$5.7 million, or 20.1 percent, which includes road improvements. Recreation and cultural expenses totaled \$2.0 million, or 7.0 percent, which is related to park maintenance and library operations. General government expenses totaled \$6.1 million, or 21.4 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 \$11.5 million. Charges for service are offset by water and sewer expenses of \$14.3 million, or 32.0 percent of the City's total expenses.

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 \$1.7 million. Charges for service are offset by garbage collection expenses of \$2.0 million, or 4.5 percent of the City's total expenses. After capital contributions, the business-type activities experienced a decrease in net position of \$1.5 million.

Capital Asset and Debt Administration

At the end of 2016, the City of Eastpointe had \$81.0 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 \$71.0 million for fiscal year 2016.

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).

City of Eastpointe, Michigan

Management's Discussion and Analysis (Continued)

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 funds 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.

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 2016 include the General Fund, the Major Streets Fund, and the Local Streets Fund.

City of Eastpointe, Michigan

Management's Discussion and Analysis (Continued)

The General Fund accounts for most of the City's governmental services. During fiscal year 2016, the financial impact of the City's contractual arrangement with SMORSA to provide public safety services was implemented. This contract brought into the General Fund \$6.0 million covering a significant portion of expenditures toward public safety, which totaled \$13.1 million in 2016, an increase from 2015.

The Major Streets Fund and Local Streets Fund are supported by state-shared gas and weight taxes. State funding of approximately \$1.4 million and \$0.6 million was reported in 2016 for the Major Streets Fund and Local Streets Fund, respectively. In addition, \$0.3 million of one-time state funds were distributed to the city.

Extensive road improvements, totaling \$12.5 million over the last five years, have both funds reporting near zero fund balance levels. Major improvements are being scaled back until alternate funding sources can be obtained.

General Fund Budgetary Highlights

Actual operations revenue came in \$0.4 million higher than the amended budget. Revenue was over budget due to higher than anticipated licenses and permits, state-shared revenue, and interest earnings. Actual operations expenditures came in \$1.1 million below budget. Expenditures were under budget due to hiring and retention issues for filling personnel vacancies, mainly in police and fire. In addition, administration continued tighter controls on spending, assessing purchases, and exercising cost savings measures which provided positive results. The fund balance for city operations increased by \$2.6 million, which was \$1.5 million higher than budget. The fund balance for city operations was increased from \$6.6 million a year ago to \$9.2 million at June 30, 2016.

Economic Factors and Next Year's Budgets and Rates

The City of Eastpointe's budget for next year reflects a slight increase in the City's taxable value of approximately \$10.5 million, or 2.4 percent. State constitutional restrictions prevent the ability for recovery solely on existing tax collections, as the City's tax increase was restricted to a 0.3 percent rate. This will produce an increase in tax collections for the City's general operations of \$0.2 million.

Through sound fiscal management by city administration, supported by the City Council, the City was able to maintain a sufficient fund balance that allowed a short time frame for necessary structural changes. The City negotiated multiple rounds of employee concessions, including 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.

City of Eastpointe, Michigan

Management's Discussion and Analysis (Continued)

During fiscal year 2015, the biggest structural change was accomplished. 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 Eastpointe with \$6.0 million for fiscal year 2016, through a contractual arrangement. This eliminated the City's General Fund funding shortfall and provided a small cushion for future years.

The City's pension system is 54 percent funded based on an actuarial valuation performed as of December 31, 2015, 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. The Water and Sewer Fund has strong retained earnings. Extensive system improvements, totaling \$27.6 million over the last five years, have drained our liquid assets. Major improvements are being scaled back until alternate funding sources can be obtained. 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.

City of Eastpointe, Michigan

Statement of Net Position June 30, 2016

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents (Note 3)	\$ 2,547,974	\$ 102,817	\$ 2,650,791	\$ 280,462
Investments (Note 3)	5,654,371	1,005,530	6,659,901	-
Receivables:				
Property taxes	68,530	-	68,530	-
Accounts	143,805	3,128,763	3,272,568	-
Other receivables	122,584	-	122,584	-
Due from other governmental units	1,417,040	801,257	2,218,297	-
Special assessments	18,353	-	18,353	-
Internal balances	2,825,690	(2,825,690)	-	-
Prepaid expenses	11,738	4,700	16,438	-
Restricted assets (Note 6)	189,434	19,942	209,376	-
Investment in joint ventures (Note 15)	334,966	4,364,719	4,699,685	-
Net OPEB asset (Note 12)	94,119	7,502	101,621	-
Capital assets (Note 5):				
Assets not subject to depreciation	1,309,391	-	1,309,391	-
Assets subject to depreciation	26,859,055	52,840,462	79,699,517	-
Assets held for sale	41,956	-	41,956	-
Other assets	843,485	-	843,485	-
Total assets	42,482,491	59,450,002	101,932,493	280,462
Deferred Outflows of Resources -				
Deferred outflows related to pension (Note 10)	5,536,879	285,703	5,822,582	-
Liabilities				
Accounts payable	593,602	1,713,116	2,306,718	17,813
Accrued liabilities and other	591,902	135,660	727,562	3,292
Noncurrent liabilities:				
Due within one year:				
Compensated absences (Note 8)	75,000	-	75,000	-
Current portion of long-term debt (Note 8)	146,523	932,347	1,078,870	-
Due in more than one year:				
Compensated absences (Note 8)	458,161	12,407	470,568	-
Other long-term liabilities (Note 9)	404,510	-	404,510	-
Net pension liability (Note 10)	38,774,889	2,000,776	40,775,665	-
Long-term debt - Net of current portion (Note 8)	3,974,223	11,254,697	15,228,920	-
Total liabilities	45,018,810	16,049,003	61,067,813	21,105
Net Position				
Net investment in capital assets	24,232,653	40,653,418	64,886,071	-
Restricted for:				
Roads	639,571	-	639,571	-
Debt service	1,362,819	19,942	1,382,761	-
Library	313,275	-	313,275	-
Drug law enforcement	233,794	-	233,794	-
Capital projects	275,581	-	275,581	-
Street lighting	17,474	-	17,474	-
Unrestricted	(24,074,607)	3,013,342	(21,061,265)	259,357
Total net position	\$ 3,000,560	\$ 43,686,702	\$ 46,687,262	\$ 259,357

The Notes to Financial Statements are an
Integral Part of this Statement.

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	\$ 5,551,358	\$ 2,674,865	\$ 5,404	\$ -
Public safety	14,435,389	7,015,109	91,838	-
Public works	5,734,993	-	2,319,330	487,608
Community and economic development	528,160	-	528,160	-
Recreation and culture	2,005,418	246,978	11,087	-
Interest on long-term debt	152,784	-	-	-
Total governmental activities	28,408,102	9,936,952	2,955,819	487,608
Business-type activities:				
Water and Sewer	14,264,533	11,508,016	424,914	-
Garbage and Rubbish Collection	1,991,470	1,741,559	-	-
Total business-type activities	16,256,003	13,249,575	424,914	-
Total primary government	<u>\$ 44,664,105</u>	<u>\$ 23,186,527</u>	<u>\$ 3,380,733</u>	<u>\$ 487,608</u>
Component units:				
DDA	\$ 115,655	\$ -	\$ 4,121	\$ -
Economic Development Authority	55,554	-	-	-
Total component units	<u>\$ 171,209</u>	<u>\$ -</u>	<u>\$ 4,121</u>	<u>\$ -</u>
General revenue:				
Property taxes				
State-shared revenue and grants				
Investment income				
Other non-program revenue				
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, 2016

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (2,871,089)	\$ -	\$ (2,871,089)	\$ -
(7,328,442)	-	(7,328,442)	-
(2,928,055)	-	(2,928,055)	-
-	-	-	-
(1,747,353)	-	(1,747,353)	-
(152,784)	-	(152,784)	-
(15,027,723)	-	(15,027,723)	-
-	(2,331,603)	(2,331,603)	-
-	(249,911)	(249,911)	-
-	(2,581,514)	(2,581,514)	-
(15,027,723)	(2,581,514)	(17,609,237)	-
-	-	-	(111,534)
-	-	-	(55,554)
-	-	-	(167,088)
11,541,479	-	11,541,479	116,032
3,808,921	-	3,808,921	-
67,022	69,545	136,567	1,091
885,471	1,578	887,049	-
16,302,893	71,123	16,374,016	117,123
(1,000,066)	1,000,066	-	-
275,104	(1,510,325)	(1,235,221)	(49,965)
2,725,456	45,197,027	47,922,483	309,322
\$ 3,000,560	\$ 43,686,702	\$ 46,687,262	\$ 259,357

City of Eastpointe, Michigan

Governmental Funds Balance Sheet June 30, 2016

	General Fund	Major Streets Fund	Local Streets Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents (Note 3)	\$ 992,781	\$ 8,371	\$ 169,245	\$ 1,347,976	\$ 2,518,373
Investments (Note 3)	5,654,371	-	-	-	5,654,371
Receivables:					
Property taxes	68,530	-	-	-	68,530
Special assessments	-	-	-	18,353	18,353
Customer	143,805	-	-	-	143,805
Other receivables	121,584	-	-	1,000	122,584
Due from other governmental units	808,474	484,056	115,381	9,129	1,417,040
Due from other funds (Note 7)	2,000,000	225,000	-	925,000	3,150,000
Advances to other funds (Note 7)	46,000	-	-	-	46,000
Prepaid expenses	11,738	-	-	-	11,738
Restricted assets (Note 6)	-	-	-	189,434	189,434
Assets held for sale	41,956	-	-	-	41,956
Noncurrent receivable	-	-	-	566,519	566,519
Total assets	\$ 9,889,239	\$ 717,427	\$ 284,626	\$ 3,057,411	\$ 13,948,703
Liabilities					
Accounts payable	\$ 263,507	\$ 74,955	\$ 48,703	\$ 176,977	\$ 564,142
Due to other funds (Note 7)	-	-	225,000	-	225,000
Accrued liabilities and other	488,276	4,632	9,192	47,672	549,772
Total liabilities	751,783	79,587	282,895	224,649	1,338,914
Deferred Inflows of Resources					
Unavailable revenue - Property taxes	68,530	-	-	-	68,530
Unavailable revenue - Special assessments	-	-	-	13,676	13,676
Unavailable revenue - Miscellaneous	137,982	92,615	-	-	230,597
Total deferred inflows of resources	206,512	92,615	-	13,676	312,803
Fund Balances					
Nonspendable:					
Assets held for resale	41,956	-	-	-	41,956
Prepays	11,738	-	-	-	11,738
Long-term receivable	46,000	-	-	566,519	612,519
Restricted:					
Roads	-	545,225	1,731	-	546,956
Debt service	-	-	-	796,300	796,300
Library	-	-	-	313,275	313,275
Drug law enforcement	-	-	-	233,794	233,794
Capital projects	-	-	-	275,581	275,581
Street lighting	-	-	-	17,474	17,474
Committed:					
Pension actuarial required contribution	3,019,500	-	-	-	3,019,500
Compensated absences	533,161	-	-	-	533,161
Budget stabilization	1,762,963	-	-	-	1,762,963
Operating reserve	775,704	-	-	-	775,704
Emergency reserve	176,296	-	-	-	176,296
Additional pension contribution	100,000	-	-	-	100,000
Assigned:					
Capital projects	-	-	-	613,596	613,596
Debt service	-	-	-	2,547	2,547
Unassigned	2,463,626	-	-	-	2,463,626
Total fund balances	8,930,944	545,225	1,731	2,819,086	12,296,986
Total liabilities, deferred inflows of resources, and fund balances	\$ 9,889,239	\$ 717,427	\$ 284,626	\$ 3,057,411	\$ 13,948,703

The Notes to Financial Statements are an
Integral Part of this Statement.

City of Eastpointe, Michigan

Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Position June 30, 2016

Fund Balance Reported in Governmental Funds	\$ 12,296,986
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	27,211,694
Amounts on deposit with the Insurance Authority (MMRMA) and other noncurrent assets are not reported as fund assets	276,966
Investments in joint ventures are not financial resources and are not reported in the funds	334,966
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	312,803
Bonds payable obligations are not due and payable in the current period and are not reported in the funds	(4,120,746)
Long-term portion of uninsured losses is not reported in the funds	(404,510)
Accrued interest is not due and payable in the current period and is not reported in the funds	(37,161)
Employee compensated absences 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	(533,161)
Other postemployment benefit asset in governmental activities is not reported in the funds	94,119
Net pension liability in governmental activities is not reported in the funds	(38,218,051)
Certain changes in pension plan net position are reported as deferred inflows and deferred outflows of resources in the statement of net position, but are reported as expenditures in the governmental funds	5,457,365
Internal service funds are included as part of governmental activities	329,290
Net Position of Governmental Activities	<u>\$ 3,000,560</u>

City of Eastpointe, Michigan

Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended June 30, 2016

	General Fund	Major Streets Fund	Local Streets Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Revenue					
Property taxes	\$ 8,607,161	\$ -	\$ -	\$ 2,934,318	\$ 11,541,479
SMORSA charge for service	6,010,192	-	-	-	6,010,192
Licenses and permits	1,389,279	-	-	-	1,389,279
Federal grants	13,001	-	-	606,997	619,998
State-shared revenue and grants	3,531,276	1,645,655	814,500	54,742	6,046,173
Charges for services	423,066	-	-	1,135	424,201
Fines and forfeitures	2,170,889	-	-	135,220	2,306,109
Investment income	50,381	5,717	1,122	9,802	67,022
Rental income	71,176	-	-	126,756	197,932
Other:					
Special assessments	-	-	-	499,240	499,240
Local donations	5,404	-	-	550	5,954
Other miscellaneous income	357,137	-	-	79,508	436,645
Total revenue	22,628,962	1,651,372	815,622	4,448,268	29,544,224
Expenditures					
Current:					
General government	5,183,316	-	-	-	5,183,316
District court	-	-	-	15,836	15,836
Public safety	12,962,301	-	-	181,746	13,144,047
Public works	27,068	1,898,205	2,203,309	1,345,612	5,474,194
Community and economic development	-	-	-	528,160	528,160
Recreation and culture	698,079	-	-	990,631	1,688,710
Capital outlay	-	-	-	1,024,536	1,024,536
Debt service:					
Principal	-	-	-	194,000	194,000
Interest on long-term debt	-	-	-	154,700	154,700
Total expenditures	18,870,764	1,898,205	2,203,309	4,435,221	27,407,499
Excess of Revenue Over (Under) Expenditures	3,758,198	(246,833)	(1,387,687)	13,047	2,136,725
Other Financing Sources (Uses)					
Transfers in (Note 7)	247,157	-	650,000	1,272,984	2,170,141
Transfers out (Note 7)	(1,172,984)	(650,000)	-	(1,347,223)	(3,170,207)
Total other financing (uses) sources	(925,827)	(650,000)	650,000	(74,239)	(1,000,066)
Net Change in Fund Balances	2,832,371	(896,833)	(737,687)	(61,192)	1,136,659
Fund Balances - Beginning of year	6,098,573	1,442,058	739,418	2,880,278	11,160,327
Fund Balances - End of year	\$ 8,930,944	\$ 545,225	\$ 1,731	\$ 2,819,086	\$ 12,296,986

The Notes to Financial Statements are an
Integral Part of this Statement.

City of Eastpointe, Michigan

Governmental Funds **Reconciliation of the Statement of Revenue, Expenditures,** **and Changes in Fund Balances of Governmental Funds** **to the Statement of Activities** **Year Ended June 30, 2016**

Net Change in Fund Balances - Total Governmental Funds	\$ 1,136,659
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:

Capital outlay	4,806,198
Depreciation expense	(2,109,441)
Net book value of assets disposed of	(12,643)

Revenue is recorded in the statement of activities when earned; it is not reported in the funds until collected or collectible within 60 days of year end	139,540
---	---------

Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	194,000
---	---------

Interest expense is reported in the statement of activities when a liability is incurred; it is reported in the governmental funds only when payment is due	1,916
---	-------

Increase in accumulated employee sick and vacation pay and other similar expenses reported in the statement of activities do not require the use of current resources, and therefore are not reported in the fund statements until they come due for payment	(70,109)
--	----------

Changes in estimated general liability and workers' compensation claims are recorded when incurred in the statement of activities	177,738
---	---------

Change in investment in joint ventures is not recorded in the governmental funds	59,019
--	--------

Change in other postemployment benefit obligation is recorded when incurred in the statement of activities	195,071
--	---------

Change in net pension obligation is recorded when incurred in the statement of activities	(3,852,386)
---	-------------

Internal service funds are included as part of governmental activities	(390,458)
--	-----------

Change in Net Position of Governmental Activities	<u>\$ 275,104</u>
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City of Eastpointe, Michigan

Proprietary Funds Statement of Net Position June 30, 2016

	Enterprise Funds			Governmental Activities
	Water and Sewer	Garbage and Rubbish Collection		Internal Service
	Fund	Fund	Total	Fund
Assets				
Current assets:				
Cash and cash equivalents (Note 3)	\$ 11,773	\$ 91,044	\$ 102,817	\$ 29,601
Investments (Note 3)	-	1,005,530	1,005,530	-
Receivables:				
Customer receivables	2,849,508	279,255	3,128,763	-
Due from other governmental units	801,257	-	801,257	-
Prepaid expenses	4,700	-	4,700	-
Total current assets	3,667,238	1,375,829	5,043,067	29,601
Noncurrent assets:				
Restricted assets (Note 6)	19,942	-	19,942	-
Advances to other funds (Note 7)	99,310	-	99,310	-
Investment in Southeast Macomb Sanitary District (Note 15)	6,136,265	-	6,136,265	-
Investment in South Macomb Disposal Authority (Note 15)	-	(1,771,546)	(1,771,546)	-
Net OPEB asset (Note 12)	7,502	-	7,502	-
Capital assets - Net (Note 5)	52,840,462	-	52,840,462	956,752
Total noncurrent assets	59,103,481	(1,771,546)	57,331,935	956,752
Total assets	62,770,719	(395,717)	62,375,002	986,353
Deferred Outflows of Resources -				
Deferred outflows related to pension (Note 10)	285,703	-	285,703	79,514
Liabilities				
Current liabilities:				
Accounts payable	1,706,238	6,878	1,713,116	29,460
Due to other funds (Note 7)	2,925,000	-	2,925,000	-
Accrued liabilities and other	134,993	667	135,660	4,969
Current portion of long-term debt (Note 8)	932,347	-	932,347	-
Total current liabilities	5,698,578	7,545	5,706,123	34,429
Noncurrent liabilities:				
Advances from other funds (Note 7)	-	-	-	145,310
Compensated absences (Note 8)	12,407	-	12,407	-
Net pension liability (Note 10)	2,000,776	-	2,000,776	556,838
Long-term debt - Net of current portion (Note 8)	11,254,697	-	11,254,697	-
Total noncurrent liabilities	13,267,880	-	13,267,880	702,148
Total liabilities	18,966,458	7,545	18,974,003	736,577
Net Position				
Net investment in capital assets	40,653,418	-	40,653,418	956,752
Restricted for debt service	19,942	-	19,942	-
Unrestricted	3,416,604	(403,262)	3,013,342	(627,462)
Total net position	\$ 44,089,964	\$ (403,262)	\$ 43,686,702	\$ 329,290

The Notes to Financial Statements are an
Integral Part of this Statement.

City of Eastpointe, Michigan

Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Position Year Ended June 30, 2016

	Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Garbage and Rubbish Collection Fund	Total	Internal Service Fund
Operating Revenue				
Water sales	\$ 2,527,929	\$ -	\$ 2,527,929	\$ -
Sewage disposal charges	5,850,475	-	5,850,475	-
Charges for services	2,787,088	1,707,737	4,494,825	711,309
Interest and penalty charges	342,524	33,822	376,346	-
Total operating revenue	11,508,016	1,741,559	13,249,575	711,309
Operating Expenses				
Water purchases	1,542,485	-	1,542,485	-
Sewage treatment	5,753,857	-	5,753,857	-
Operation and maintenance	2,338,790	1,401,240	3,740,030	290,203
General and administration	1,365,670	65,628	1,431,298	673,446
Depreciation	1,775,408	-	1,775,408	138,118
Total operating expenses	12,776,210	1,466,868	14,243,078	1,101,767
Operating (Loss) Income	(1,268,194)	274,691	(993,503)	(390,458)
Nonoperating Revenue (Expense)				
Investment income	63,849	5,696	69,545	-
Loss from joint venture	(1,146,483)	(524,602)	(1,671,085)	-
Interest expense	(341,840)	-	(341,840)	-
State grants	424,914	-	424,914	-
Other nonoperating revenue	1,578	-	1,578	-
Total nonoperating expense	(997,982)	(518,906)	(1,516,888)	-
Loss - Before transfers	(2,266,176)	(244,215)	(2,510,391)	(390,458)
Transfers from Other Funds (Note 7)	1,000,066	-	1,000,066	-
Change in Net Position	(1,266,110)	(244,215)	(1,510,325)	(390,458)
Net Position - Beginning of year	45,356,074	(159,047)	45,197,027	719,748
Net Position - End of year	<u>\$ 44,089,964</u>	<u>\$ (403,262)</u>	<u>\$ 43,686,702</u>	<u>\$ 329,290</u>

City of Eastpointe, Michigan

Proprietary Funds Statement of Cash Flows Year Ended June 30, 2016

	Enterprise Funds		Governmental Activities
	Water and Sewer Fund	Garbage and Rubbish Collection Fund	Internal Service Fund
Cash Flows from Operating Activities			
Receipts from customers	\$ 11,324,291	\$ 1,635,819	\$ 711,309
Payments to suppliers	(10,580,731)	(1,617,408)	(330,374)
Payments to employees	(1,493,967)	(66,556)	(159,545)
Other payments	(660,180)	-	-
Net cash (used in) provided by operating activities	(1,410,587)	(48,145)	221,390
Cash Flows from Noncapital Financing Activities			
State grants	424,914	-	-
Short-term loans made from other funds	2,925,000	-	-
Scrap metal sales	1,578	-	-
Net cash provided by noncapital financing activities	3,351,492	-	-
Cash Flows from Capital and Related Financing Activities			
Repayments of loans made from other funds	-	-	(262,103)
Purchase of capital assets	(6,665,520)	-	-
Principal and interest paid on capital debt	(1,248,134)	-	-
Repayments of loans made to other funds	33,103	-	-
Transfers from other funds (Note 7)	1,000,066	-	-
Net cash used in capital and related financing activities	(6,880,485)	-	(262,103)
Cash Flows from Investing Activities			
Interest received on investments	63,849	5,696	-
Sale of investments	4,536,446	-	-
Purchase of investment securities	-	(5,530)	-
Net cash provided by investing activities	4,600,295	166	-
Net Decrease in Cash and Cash Equivalents	(339,285)	(47,979)	(40,713)
Cash and Cash Equivalents - Beginning of year	351,058	139,023	70,314
Cash and Cash Equivalents - End of year	<u>\$ 11,773</u>	<u>\$ 91,044</u>	<u>\$ 29,601</u>

City of Eastpointe, Michigan

Proprietary Funds Statement of Cash Flows (Continued) Year Ended June 30, 2016

	Water and Sewer Fund	Garbage and Rubbish Collection Fund	Internal Service Fund
Reconciliation of Operating (Loss) Income to Net Cash from Operating Activities			
Operating (loss) income	\$ (1,268,194)	\$ 274,691	\$ (390,458)
Adjustments to reconcile operating (loss) income to net cash from operating activities:			
Depreciation	1,775,408	-	138,118
Changes in assets and liabilities:			
Receivables	(843,905)	(105,740)	-
Prepaid and other assets	(29)	-	-
Accounts payable and other liabilities	(697,657)	(216,168)	(4,570)
Accrued and other liabilities	(376,210)	(928)	478,300
Net cash (used in) provided by operating activities	<u>\$ (1,410,587)</u>	<u>\$ (48,145)</u>	<u>\$ 221,390</u>

Noncash Investing, Capital, and Financing Activities - During the year ended June 30, 2016, the Macomb Drainage District (MID) constructed and contributed drainage system improvements totaling \$393,067, which was funded through assigned debt.

City of Eastpointe, Michigan

Fiduciary Funds Statement of Net Position June 30, 2016

	Pension and Other Retirement Benefits Trust Funds	Agency Funds
Assets		
Cash and cash equivalents (Note 3)	\$ 631,657	\$ 140,944
Investments (Note 3):		
Equity securities	2,248,095	-
Fixed income	712,024	-
Mutual funds	5,124,249	-
Total assets	8,716,025	<u>\$ 140,944</u>
Liabilities		
Accounts payable	1,564	\$ -
Accrued liabilities and other	-	7,189
Due to other governmental units	-	4,433
Cash and bond deposits	-	129,322
Total liabilities	1,564	<u>\$ 140,944</u>
Net Position Held in Trust for Pension and Other Retirement Benefits	<u>\$ 8,714,461</u>	

City of Eastpointe, Michigan

Fiduciary Funds Statement of Changes in Net Position Year Ended June 30, 2016

	Pension and Other Retirement Benefits Trust Funds
Additions	
Investment income (loss):	
Interest and dividends	\$ 10,878
Net decrease in fair value of investments	(20,115)
Investment-related expenses	<u>(27,198)</u>
Net investment loss	(36,435)
Contributions:	
Employer	3,066,262
Employee	<u>3,847</u>
Total contributions	<u>3,070,109</u>
Total additions	3,033,674
Deductions	
Benefit payments	34,000
Health insurance premiums	<u>2,245,167</u>
Total deductions	<u>2,279,167</u>
Net Increase in Net Position Held in Trust	754,507
Net Position - Beginning of year	<u>7,959,954</u>
Net Position - End of year	<u><u>\$ 8,714,461</u></u>

City of Eastpointe, Michigan

Component Units Statement of Net Position June 30, 2016

	Downtown Development Authority	Economic Development Authority	Total
Assets - Cash and cash equivalents (Note 3)	\$ 39,161	\$ 241,301	\$ 280,462
Liabilities			
Accounts payable	17,813	-	17,813
Accrued liabilities and other	-	3,292	3,292
Total liabilities	17,813	3,292	21,105
Net Position - Unrestricted	<u>\$ 21,348</u>	<u>\$ 238,009</u>	<u>\$ 259,357</u>

City of Eastpointe, Michigan

Functions/Programs	Expenses	Program Revenue	
		Charges for Services	Operating Grants and Contributions
Downtown Development Authority - Community enrichment/development and interest on long-term debt	\$ 115,655	\$ -	\$ 4,121
Economic Development Authority - Public development	55,554	-	-
Total governmental activities	\$ 211,209	\$ -	\$ 4,121
General revenue:			
Property taxes			
Interest and other investment earnings			
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, 2016**

<u>Net (Expense) Revenue and Changes in Net Position</u>		
<u>Downtown Development Authority</u>	<u>Economic Development Authority</u>	<u>Total</u>
\$ (111,534)	\$ -	\$ (111,534)
<u>-</u>	<u>(55,554)</u>	<u>(55,554)</u>
(111,534)	(55,554)	(167,088)
116,032	-	116,032
<u>214</u>	<u>877</u>	<u>1,091</u>
116,246	877	117,123
4,712	(54,677)	(49,965)
<u>16,636</u>	<u>292,686</u>	<u>309,322</u>
<u>\$ 21,348</u>	<u>\$ 238,009</u>	<u>\$ 259,357</u>

City of Eastpointe, Michigan

Notes to Financial Statements June 30, 2016

Note I - Summary of 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. Although blended component units are legally separate entities, in substance, they are part of the City's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is 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. For financial reporting purposes, the Building Authority is reported as if it were a part of the City's operations because its purpose is to finance and construct buildings for the City. The operations of the Building Authority are reported as nonmajor debt service and capital projects funds.

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

City of Eastpointe, Michigan

Notes to Financial Statements June 30, 2016

Note I - Summary of Significant Accounting Policies (Continued)

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. The component unit does not issue separate financial statements. However, the City's basic financial statements include the statement of net position and the activities of the component unit. The fund-based statements are the same as the government-wide level because there are no differences resulting from the different basis of accounting. Therefore, fund-based statements are not presented.

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

Jointly Governed Organizations - Jointly governed organizations are discussed in Note 15.

Accounting and Reporting Principles

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

Report Presentation

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

Note I - Summary of Significant Accounting Policies (Continued)

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

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

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

Basis of Accounting

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

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension and retiree 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.

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 deferred inflows of resources.

Note I - Summary of Significant Accounting Policies (Continued)

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

Fund Accounting

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

Governmental funds include all activities that provide general governmental services that are not business-type activities. This includes the General Fund, special revenue funds, debt service funds, and capital project 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.

Nonmajor Special Revenue Funds

- The Library Fund accounts for the resources collected from a special tax levy for the specific purpose of providing a public library.
- The Drug Law Enforcement Fund accounts for the resources from seized monies and the proceeds from the sale of forfeited property.
- The Street Lighting SAD Fund accounts for the revenue accumulated to pay for the purpose of providing street lights.
- The Community Development Fund accounts for federal grant funds received from the U.S. Department of Housing and Urban Development, as a flow-thru from Macomb County, for purposes of developing a viable urban community by providing economic improvements principally for persons of low and moderate income.

Note I - Summary of Significant Accounting Policies (Continued)

- The Library - J-Tinor Reading Fund and the Memorial Library Trust Fund account, respectively, for the remainder of a one-time donation made for the advancement of reading and for general donations made for all programs of the library.

Nonmajor Debt Service Funds

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

Nonmajor Capital Projects Funds

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

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 - 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.

Note I - Summary of Significant Accounting Policies (Continued)

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

- The 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.

Interfund Activity

During the course of operations, the government 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.

Further, certain activity occurs during the year involving transfers of resources between funds. In the 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.

City of Eastpointe, Michigan

Notes to Financial Statements June 30, 2016

Note I - Summary of Significant Accounting Policies (Continued)

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

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

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

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

Capital Asset Class	Lives
Infrastructure	25 years
Water and sewer distribution systems	40 years
Building and building improvements	20 years
Machinery and equipment	5 to 7 years

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.

Note I - Summary of Significant Accounting Policies (Continued)

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 premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures. The debt service funds and Water and Sewer Fund are generally used to liquidate the long-term obligations.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one item that qualifies for reporting in this category, which is the deferred outflows of resources related to the defined benefit pension plan reported in the government-wide financial statements and the Water and Sewer fund. The deferred outflows of resources result from three transactions: contributions to the defined benefit pension plan subsequent to December 31, 2015, differences between expected and actual experience, and changes in assumptions related to economic and demographic factors. This amount is deferred and amortized over the expected remaining service lives of all active and inactive employees who are provided with pensions.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has one item that qualifies for reporting in this category. The deferred inflows of resources related to unavailable revenue is only reported in the governmental fund 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.

Note I - Summary of Significant Accounting Policies (Continued)

Net Position Flow Assumption

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

Fund Balance Flow Assumption

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

Fund Balance Policies

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

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the government that can, by adoption of 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.

Note I - Summary of Significant Accounting Policies (Continued)

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

The City has adopted a fiscal management plan which 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 2015 tax is levied and collectible on July 1, 2015 and is recognized as revenue in the year ended June 30, 2016 when the proceeds of the levy are budgeted and available for the financing of operations.

The 2015 taxable valuation of the City totaled \$431 million (a portion of which is abated and a portion of which is captured by the DDA), on which taxes levied consisted of 12.1754 mills for operating purposes, 2.0000 mills for library services, 7.0000 mills for public safety, and 4.7858 mills for debt service. This resulted in \$5.2 million for operating, \$850,000 for library services, \$3.0 million for public safety, and \$2.1 million for debt service. These amounts are recognized in the respective General, Special Revenue, and Debt Service Fund financial statements as tax revenue.

Note I - Summary of Significant Accounting Policies (Continued)

Pension and Other Postemployment Benefit Costs - 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 purposes 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.

The City also offers retiree healthcare benefits to retirees. The City receives an actuarial valuation to compute the annual required contribution (ARC) necessary to fund the obligation over the remaining amortization period. In the governmental funds, OPEB costs are recognized as contributions are made. For the government-wide statements and proprietary funds, the City reports the full accrual cost equal to the current year required contribution, adjusted for interest and "adjustment to the ARC" on the beginning of year underpaid amount, if any.

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.

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.

City of Eastpointe, Michigan

Notes to Financial Statements June 30, 2016

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

Note 2 - Stewardship, Compliance, and Accountability

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

Cumulative shortfall - July 1, 2015		\$ (4,066,617)
Building permit revenue		303,607
Related expenses:		
Direct costs	\$ 87,209	
Estimated indirect costs	544,725	631,934
		<u> </u>
Current year shortfall		<u>(328,327)</u>
Cumulative shortfall - June 30, 2016		<u>\$ (4,394,944)</u>

Fund Deficits - The City has accumulated unrestricted deficits in the Internal Service and Garbage and Rubbish Collection Funds in the amounts of \$627,462 and \$403,262, respectively. The Garbage and Rubbish Collection Fund is not a true deficit according to the Numbered Letter 2016-1 from the State of Michigan because the current asset balance is greater than the current liability balance.

Noncompliance with Legal or Contractual Provisions - The City budgeted deficits in the Major Streets Fund, Local Streets Fund, and Street Lighting SAD 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 City is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

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

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

Custodial Credit Risk of Bank Deposits - Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At year end, the City had \$2,471,822 of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the City evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories. The City held deposits in two financial institutions as of June 30, 2016.

City of Eastpointe, Michigan

Notes to Financial Statements June 30, 2016

Note 3 - Deposits and Investments (Continued)

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 average maturities of investments are as follows:

Investment	Fair Value	Weighted Average Maturity (Years)
Primary Government		
U.S. Treasury securities	\$ 451,289	0.98
U.S. government agency securities	1,770,589	0.51
Municipal bonds	3,109,174	0.97
Total	<u>\$ 5,331,052</u>	

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

Investment	Fair Value	Rating	Rating Organization
Primary Government			
U.S. Treasury securities	\$ 451,289	AA+	Standard & Poor's
U.S. government agency securities	1,770,589	AA+	Moody's
Municipal bonds	271,262	AAA	Moody's
Municipal bonds	236,460	AA+	Moody's
Municipal bonds	296,371	AA	Moody's
Municipal bonds	596,397	AA-	Moody's
Municipal bonds	191,590	A+	Moody's
Municipal bonds	70,223	A-	Moody's
Municipal bonds	375,649	SP-I +	Moody's
Municipal bonds	283,231	SP-I	Moody's
Municipal bonds	100,055	Aaa	Moody's
Municipal bonds	368,628	Aa1	Moody's
Municipal bonds	319,308	Aa2	Moody's
Total	<u>\$ 5,331,052</u>		

Note 3 - Deposits and Investments (Continued)

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 had one investment that exceeded 5 percent of the total portfolio. The City had 5.1 percent invested in Washtenaw County taxable bonds.

The City's fiduciary funds are authorized by the State's Pension Investment Act to invest in common stocks, real estate, and various other investment vehicles, subject to certain limitations. As of year end, the Retiree Healthcare System had one investment that exceeded 5 percent of the total portfolio. The System had 6.6 percent invested in iShares Barclays Aggregate Bond Fund.

Note 4 - Fair Value Measurement

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

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

City of Eastpointe, Michigan

Notes to Financial Statements June 30, 2016

Note 4 - Fair Value Measurement (Continued)

The City has the following recurring fair value measurements as of June 30, 2016:

Assets Measured at Fair Value on a Recurring Basis

	Balance at June 30, 2016	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt securities:				
U.S. Treasury securities	\$ 451,289	\$ 451,289	\$ -	\$ -
U.S. agency securities	1,770,589	1,770,589	-	-
Mutual funds - Fixed income	724,528	-	724,528	-
Municipal bonds	3,109,174	-	3,109,174	-
Total debt securities	6,055,580	2,221,878	3,833,702	-
Equity securities:				
Mutual funds - Equity	6,547,803	6,547,803	-	-
ETF - Equity	901,899	901,899	-	-
Total equity securities	7,449,702	7,449,702	-	-
Total investments by fair value level	<u>\$ 13,505,282</u>	<u>\$ 9,671,580</u>	<u>\$ 3,833,702</u>	<u>\$ -</u>

Certain 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, 2016 was determined primarily based on Level 2 inputs. The City estimates the fair value of these investments using matrix pricing models.

City of Eastpointe, Michigan

Notes to Financial Statements June 30, 2016

Note 5 - Capital Assets

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

	Balance July 1, 2015	Reclassifications	Additions	Disposals	Balance June 30, 2016
Governmental Activities					
Capital assets not being depreciated:					
Land	\$ 1,160,002	\$ -	\$ -	\$ (10,161)	\$ 1,149,841
Construction in progress	11,983	(11,983)	159,550	-	159,550
Subtotal	1,171,985	(11,983)	159,550	(10,161)	1,309,391
Capital assets being depreciated:					
Infrastructure:					
Roads	25,968,650	11,983	3,368,505	-	29,349,138
Sidewalks	7,548,229	-	198,685	-	7,746,914
Buildings and improvements	16,040,226	-	551,004	(136,137)	16,455,093
Machinery and equipment	7,553,563	-	528,454	-	8,082,017
Subtotal	57,110,668	11,983	4,646,648	(136,137)	61,633,162
Accumulated depreciation:					
Infrastructure:					
Roads	12,470,290	-	996,448	-	13,466,738
Sidewalks	4,367,903	-	260,097	-	4,628,000
Buildings and improvements	9,868,416	-	599,663	(133,655)	10,334,424
Machinery and equipment	5,953,594	-	391,351	-	6,344,945
Subtotal	32,660,203	-	2,247,559	(133,655)	34,774,107
Net capital assets being depreciated	24,450,465	11,983	2,399,089	(2,482)	26,859,055
Net capital assets	\$ 25,622,450	\$ -	\$ 2,558,639	\$ (12,643)	\$ 28,168,446
Business-type Activities					
Capital assets being depreciated:					
Utility system	\$ 67,051,852	\$ -	\$ 7,019,635	\$ -	\$ 74,071,487
Buildings and improvements	1,231,414	-	-	-	1,231,414
Machinery and equipment	430,736	-	38,952	-	469,688
Subtotal	68,714,002	-	7,058,587	-	75,772,589
Accumulated depreciation:					
Utility system	20,395,150	-	1,710,806	-	22,105,956
Buildings and improvements	365,474	-	46,245	-	411,719
Machinery and equipment	396,095	-	18,357	-	414,452
Subtotal	21,156,719	-	1,775,408	-	22,932,127
Net capital assets being depreciated	47,557,283	-	5,283,179	-	52,840,462
Net capital assets	\$ 47,557,283	\$ -	\$ 5,283,179	\$ -	\$ 52,840,462

City of Eastpointe, Michigan

Notes to Financial Statements June 30, 2016

Note 5 - Capital Assets (Continued)

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

Governmental activities:

General government	\$ 1,508,965
Public safety	236,617
Public works	18,981
Judicial	136,198
Recreation and culture	208,680
Internal Service Fund	<u>138,118</u>
Total governmental activities	<u>\$ 2,247,559</u>

Business-type activities - Water and sewer \$ 1,775,408

Construction Commitments - The City has active construction projects at year end as follows:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
SAW grant program	\$ 215,526	\$ 469,304
Water main replacement	2,262,900	165,133
Sewer rehabilitation	2,174,348	1,923,590
Miscellaneous major and local street repair projects	<u>5,300,201</u>	<u>15,000</u>
Total	<u>\$ 9,952,975</u>	<u>\$ 2,573,027</u>

Note 6 - Restricted Assets

The City's business-type activities have \$19,942 in funds held by the Macomb County Drain Commission on behalf of the City to be used for the Lake St. Clair Clean Water Initiative, including related debt service. The City's nonmajor governmental funds have unspent bond proceeds of \$184,953, which are restricted for construction. In addition, the City's nonmajor governmental funds have \$4,481 in funds restricted for use on an Eastpointe Brownfield Redevelopment project.

City of Eastpointe, Michigan

Notes to Financial Statements June 30, 2016

Note 7 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
Due to/from Other Funds		
General Fund	Water and Sewer	\$ 2,000,000
Major Streets Fund	Local Streets Fund	225,000
Nonmajor governmental funds	Water and Sewer	925,000
	Total	<u>\$ 3,150,000</u>

Receivable Fund	Payable Fund	Amount
Advances from/to Other Funds		
General Fund	Internal Service Fund	\$ 46,000
Water and Sewer Fund	Internal Service Fund	99,310
	Total	<u>\$ 145,310</u>

Fund Transferred From	Fund Transferred To	Amount
Transfers to/from Other Funds		
General Fund	Nonmajor governmental funds	\$ 1,172,984
Major Streets Fund	Local Streets Fund	650,000
Nonmajor governmental funds	General Fund	247,157
Nonmajor governmental funds	Nonmajor governmental funds	100,000
Nonmajor governmental funds	Water and Sewer Fund	1,000,066
	Total	<u>\$ 3,170,207</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. The advance from the Water and Sewer Fund to the Internal Service Fund represents a transfer of assets with repayment determined over a predetermined period of time.

City of Eastpointe, Michigan

Notes to Financial Statements June 30, 2016

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

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

Note 8 - Long-term Debt

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

Long-term obligation activity can be summarized as follows:

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities							
General obligation bond:							
2007 Building Authority							
Amount of issue: \$4,500,000	4.25% -	\$140,000 -					
Maturing through 2033	4.375%	\$280,000	\$ 3,665,000	\$ -	\$ (140,000)	\$ 3,525,000	\$ 145,000
Unamortized premium on issuance			26,269	-	(1,523)	24,746	1,523
MDEQ Brownfield Redevelopment Loan:							
Amount of issue: \$625,000		\$54,000 -					
Maturing through 2028	1.50%	\$66,770	625,000	-	(54,000)	571,000	-
Total bonds payable			4,316,269	-	(195,523)	4,120,746	146,523
Accumulated compensated absences -							
General Fund obligations			463,052	83,445	(13,336)	533,161	75,000
Uninsured losses (Note 9)			672,168	-	(267,658)	404,510	-
Total governmental activities			\$ 5,451,489	\$ 83,445	\$ (476,517)	\$ 5,058,417	\$ 221,523

City of Eastpointe, Michigan

Notes to Financial Statements June 30, 2016

Note 8 - Long-term Debt (Continued)

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type Activities							
County drain contract obligations:							
Special assessment bonds:							
08/03/10 2010 Drain Refunding (Series 2001A):							
Loan amount - \$1,530,846	3.00% -	\$52,496 -					
Maturing through 2030	4.25%	\$93,412	\$ 1,057,640	\$ -	\$ (52,496)	\$ 1,005,144	\$ 54,040
08/03/10 2010 Drain Refunding Series 2002A):							
Loan amount - \$833,179	3.00% -	\$31,006 -					
Maturing through 2030	4.25%	\$52,794	603,360	-	(31,006)	572,354	31,844
12/19/13 Drain Refunding (06/01/04 Series A and B):							
Maximum loan amount - \$978,890	4.00% -	\$35,840 -					
Maturing through 2030	5.00%	\$70,560	768,320	-	(35,840)	732,480	36,960
State Revolving Loan Funds - Special Assessments:							
12/20/00 Lake St. Clair Clean Water 5186-01:							
Maximum loan amount - \$2,762,640		\$145,733 -					
Maturing through 2023	2.50%	\$173,810	1,274,161	-	(145,733)	1,128,428	149,075
Unamortized premium on issuance			33,600	-	(2,240)	31,360	2,240
12/20/01 Lake St. Clair Clean Water 5186-02:							
Maximum loan amount - \$2,001,338		\$105,696 -					
Maturing through 2023	2.50%	\$125,514	922,638	-	(105,696)	816,942	107,898
12/20/01 Lake St. Clair Clean Water 5186-03:							
Loan amount - \$387,640		\$20,552 -					
Maturing through 2023	2.50%	\$24,222	178,362	-	(20,552)	157,810	20,552
03/28/02 Lake St. Clair Clean Water 5186-04:							
Loan amount - \$3,647,845		\$190,617 -					
Maturing through 2023	2.50%	\$230,055	1,679,402	-	(190,617)	1,488,785	197,190
06/26/03 Lake St. Clair Clean Water 5186-05:							
Loan amount - \$202,947		\$10,410 -					
Maturing through 2024	2.50%	\$12,492	104,100	-	(10,410)	93,690	10,410
10/01/08 8 1/2 Mile Relief Drain 5306-01 SRF:							
Loan amount - \$2,186,970		\$97,802 -					
Maturing through 2030	2.50%	\$135,837	1,735,822	-	(97,803)	1,638,019	100,519
01/22/10 8 1/2 Mile Relief Drain 5393-01							
(Phase 2 - ARRA funding):							
Loan amount - \$677,325		\$29,884 -					
Maturing through 2031	2.50%	\$42,696	564,257	-	(29,884)	534,373	29,885
04/01/11 8 1/2 Mile Relief Drain 5460-01							
(Utilities drainage):							
Loan amount - \$227,384		\$10,867 -					
Maturing through 2031	2.50%	\$16,300	195,602	-	(10,867)	184,735	10,867
09/17/14 8 1/2 Mile Relief Drain 5579-01							
(Utilities drainage):							
Loan amount - \$241,789		\$8,150 -					
Maturing through 2035	2.50%	\$16,300	25,890	160,180	(8,150)	177,920	10,867
04/11/16 8 1/2 Mile Relief Drain 5605-01							
(Utilities drainage)							
Maximum loan amount - \$1,708,825							
Balance drawn - \$136,259		\$67,918 -					
Maturing through 2037	2.50%	\$105,953	-	136,259	-	136,259	-
Revenue bonds:							
2013 Clean Water Revolving Fund:							
Amount of issue - \$4,020,000		\$170,000 -	-	-	-	-	-
Maturing through 2033	2.50%	\$250,000	3,557,117	96,628	(165,000)	3,488,745	170,000
Total bonds payable			12,700,271	393,067	(906,294)	12,187,044	932,347
Accumulated compensated absences - water and sewer obligations							
			19,644	65	(7,302)	12,407	-
Total business-type activities			\$12,719,915	\$ 393,132	\$ (913,596)	\$ 12,199,451	\$ 932,347

City of Eastpointe, Michigan

Notes to Financial Statements June 30, 2016

Note 8 - Long-term Debt (Continued)

Annual debt service requirements to maturity for the above bond obligations and contracts are as follows (other than unamortized premium/discount on issuance and compensated absences):

Years Ending June 30	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2017	\$ 145,000	\$ 148,644	\$ 293,644	\$ 930,107	\$ 331,819	\$ 1,261,926
2018	155,000	142,269	297,269	1,023,144	306,825	1,329,969
2019	226,770	135,575	362,345	1,043,942	279,374	1,323,316
2020	223,396	137,042	360,438	1,078,698	251,168	1,329,866
2021	234,272	128,941	363,213	1,098,615	222,980	1,321,595
2022-2026	1,284,968	512,313	1,797,281	4,235,963	722,746	4,958,709
2027-2031	1,276,594	258,746	1,535,340	3,264,815	249,968	3,514,783
2032-2036	550,000	24,281	574,281	1,049,159	11,497	1,060,656
2037	-	-	-	105,953	-	105,953
Total	\$ 4,096,000	\$ 1,487,811	\$ 5,583,811	\$ 13,830,396	\$ 2,376,377	\$ 16,206,773

Commitments - The City received a Clean Water State Revolving Fund loan from the State of Michigan during fiscal year 2013. The scheduled payments related to the 2013 Clean Water Revolving Fund are included in the annual debt service requirements table above. However, as of June 30, 2016, the City had only drawn down \$3,973,745 of the \$4,020,000 approved loan amount, which is recorded as debt at year end. The difference in the principal outstanding between the debt service requirements table and the debt recorded in the business-type activities is \$46,255.

County Contractual Obligations - The above contractual obligations to the County are the result of the County issuance of bonds on the City's behalf and other communities involved in the Lake St. Clair Clean Water Initiative Project and the 8 1/2 Mile Drain Relief Project. The City has pledged to raise property taxes, to the extent permitted by law, as necessary to fund the obligations to repay the County. The remaining principal and interest to be paid on the bonds total \$8,666,939. During the current year, total property taxes levied to fund debt obligations of the City were \$2,052,289. Total principal and interest paid by the City for county-issued debt totaled \$999,929.

Subsequent Event - Subsequent to year end, the City of Eastpointe Building Authority (the "Authority") approved the refunding of the 2007 Building Authority Bonds by issuing refunding bonds as limited tax general obligation bonds of the City. An offer to purchase the refunding bonds in the amount of \$3,380,000 was subsequently accepted with closing occurring on November 22, 2016.

City of Eastpointe, Michigan

Notes to Financial Statements June 30, 2016

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 workers' compensation; 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 the Authority uses to pay claims up to the retention limits, the ultimate liability for those claims remains with the City.

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

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

	General Liability, Auto, and Property	
	2016	2015
Estimated liability - Beginning of year	\$ 672,168	\$ 266,856
Estimated claims incurred, including changes in estimates	(93,478)	526,008
Claim payments	(174,180)	(120,696)
Estimated liability - End of year	<u>\$ 404,510</u>	<u>\$ 672,168</u>

Note 10 - Agent Defined Benefit Pension Plan Description

Plan Description - The City participates in an agent multiple-employer defined benefit pension plan administered by the Municipal Employees Retirement System of Michigan (MERS of Michigan) that covers all eligible full-time employees of the City. 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 financial report which 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, Michigan 48917.

Benefits Provided - The Plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. PA 427 of 1984, as amended, established and amends the benefit provisions of the participants in MERS.

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 non-duty 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 non-duty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Death benefits are a fixed amount and range from \$4,000 to \$10,000. An employee who leaves service may withdraw his or her contributions plus any accumulated interest.

Note 10 - Agent Defined Benefit Pension Plan Description (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 non-duty 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 non-duty 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 non-duty 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 non-duty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Death benefits are a fixed amount and range from \$4,000 to \$10,000. An employee who leaves service may withdraw his or her contributions plus any accumulated interest.

Note 10 - Agent Defined Benefit Pension Plan Description (Continued)

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

Retirement benefits for fire employees (hired after July 1, 2011) are calculated as 1.0 percent of the employee's final three-year average salary times the employee's years of service. Normal retirement age is 55 with early retirement at 50 with 25 years of service. Vesting period is 10 years. Employees are eligible for non-duty 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.

Note 10 - Agent Defined Benefit Pension Plan Description (Continued)

Employees Covered by Benefit Terms - At the December 31, 2015 measurement date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	212
Active plan members	<u>104</u>
Total employees covered by MERS	<u><u>316</u></u>

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, 2016, the average active employee contribution rate was 5 percent of annual pay and the City's average contribution rate was 42 percent of annual payroll.

Net Pension Liability

The net pension liability reported at June 30, 2016 was determined using a measure of the total pension liability and the pension net position as of December 31, 2015. The December 31, 2015 total pension liability was determined by an actuarial valuation performed as of that date. The measurement period is for the 18 months ended December 31, 2015 because, effective June 1, 2015, the City transferred substantially all assets of the Employees' Retirement System to MERS.

City of Eastpointe, Michigan

Notes to Financial Statements June 30, 2016

Note 10 - Agent Defined Benefit Pension Plan Description (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 June 30, 2014	\$ 76,370,764	\$ 44,839,512	\$ 31,531,252
Service cost	978,943	-	978,943
Interest	8,654,072	-	8,654,072
Changes in assumptions	3,367,892	-	3,367,892
Contributions - Employer	-	4,449,143	(4,449,143)
Contributions - Employee	-	167,260	(167,260)
Net investment income	-	(779,337)	779,337
Benefit payments, including refunds	(9,485,939)	(9,485,939)	-
Administrative expenses	-	(81,803)	81,803
Miscellaneous other charges	-	1,233	(1,233)
Net changes	3,514,968	(5,729,443)	9,244,411
Balance at December 31, 2015	<u>\$ 79,885,732</u>	<u>\$ 39,110,069</u>	<u>\$ 40,775,663</u>

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

For the year ended June 30, 2016, the City recognized pension expense of \$7,306,820. At December 31, 2015, 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	\$ 168,776	\$ -
Changes in assumptions	2,525,920	-
Net difference between projected and actual earnings on pension plan investments	1,458,888	-
Employer contributions to the plan subsequent to the measurement date	1,668,998	-
Total	<u>\$ 5,822,582</u>	<u>\$ -</u>

Note 10 - Agent Defined Benefit Pension Plan Description (Continued)

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

<u>Years Ending June 30</u>	<u>Amount</u>
2017	\$ 1,149,650
2018	1,119,866
2019	1,050,369
2020	833,699

Actuarial Assumptions - The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 %	
Base salary increases	3.75 %	The pay increase assumption used in the actuarial valuation projects annual pay increases of 3.75% in the long term, including inflation
Investment rate of return	8.00 %	Net of pension plan investment expense, including inflation

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

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

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

Discount Rate - The discount rate used to measure the total pension liability was 8.00 percent. The discount used at the previous measurement date was 7.68 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Note 10 - Agent Defined Benefit Pension Plan Description (Continued)

Projected Cash Flows

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.

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, 2015, 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	58 %	5.00 %
Global fixed income	20 %	2.18 %
Real assets	12 %	4.23 %
Diversifying strategies	10 %	6.56 %

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 (7.0 percent) or 1 percentage point higher (9.0 percent) 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	\$ 48,977,889	\$ 40,775,663	\$ 33,813,300

Note 10 - Agent Defined Benefit Pension Plan Description (Continued)

Pension Plan Fiduciary Net Position - Detailed information about the plan's fiduciary net position at December 31, 2015 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 or resources related to pension, and pension expense, information about the plan's fiduciary net position and addition to/deduction from fiduciary net position has 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 - Defined Contribution Pension Plan

The City provides pension benefits to eligible employees through a defined contribution plan. 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 \$3,555,779, resulting in an employer contribution of \$236,116 and employee contributions of \$147,050.

Note 12 - Other Postemployment Benefits

Plan Description - The City provides retiree healthcare benefits to eligible employees and their spouses. Benefits are provided to police, fire, and general employee groups. As of July 1, 2014, the date of the most recent actuarial valuation, the plan had 290 members including employees in active service, terminated employees not yet receiving benefits, and retired employees and beneficiaries currently receiving benefits.

This is a single-employer defined benefit plan administered by the City. Benefits are provided under collective bargaining agreements. The plan does not issue a separate stand-alone financial statement. Administrative costs are paid by the plan through employer contributions.

City of Eastpointe, Michigan

Notes to Financial Statements June 30, 2016

Note 12 - Other Postemployment Benefits (Continued)

Funding Policy - The collective bargaining agreements currently do not require a contribution from employees. The City has no obligation to make contributions in advance of when the insurance premiums are due for payment (in other words, this may be financed on a "pay-as-you-go" basis). However, as shown below, the City has made contributions to advance-fund these benefits, as determined by the City Council through annual budget resolutions.

Funding Status and Funding Progress - For the year ended June 30, 2016, the City has estimated the cost of providing retiree healthcare benefits through the postretirement healthcare plan through actuarial valuations as of July 1, 2014. The valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

This valuation's computed contribution and actual funding are summarized as follows:

	Postretirement Healthcare Plan
Annual required contribution (recommended)*	\$ 2,852,737
Interest on the prior year's net OPEB obligation	8,720
Less adjustment to the annual required contribution	(5,815)
Annual OPEB cost	2,855,642
Amounts contributed - Payments of current premiums and advance funding	(3,066,262)
Decrease in net OPEB obligation	(210,620)
OPEB obligation - Beginning of year	108,999
OPEB asset - End of year	\$ (101,621)

* The required contribution is expressed to the City as a percentage of payroll.

The annual OPEB cost, the percentage contributed to the plan, and the net OPEB (obligation) asset for the plan for the current year and the previous two years are as follows:

Fiscal Year Ended	Annual OPEB Costs	Percentage OPEB Costs Contributed	Net OPEB (Obligation) Asset
6/30/14	\$ 3,125,189	110.0	\$ (596,576)
6/30/15	2,868,636	117.0	(108,999)
6/30/16	2,855,642	107.0	101,621

Note 12 - Other Postemployment Benefits (Continued)

The funding progress of the plan is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
7/1/10	\$ 3,024,566	\$ 40,611,638	\$ 37,587,072	7.4	\$ 9,095,795	413.2
7/1/12	4,044,508	46,053,879	42,009,371	8.8	7,633,276	550.3
7/1/14	5,642,522	48,648,509	43,005,987	11.6	6,088,182	706.4

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplemental information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of the assets of the postretirement healthcare plan is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits of the plans.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2014 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included an 8.0 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 9 percent initially, grading down to 4 percent over the next 10 years. Both rates included a 4 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at July 1, 2014 was 30 years.

City of Eastpointe, Michigan

Notes to Financial Statements June 30, 2016

Note 13 - Employees' Death Benefit Fund

The Employees' Death Benefit Fund was established by City Ordinance on October 13, 1958 for the purpose of providing death benefits for employees who elect to participate in 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, 2016. Benefits at date of death are payable to designated beneficiaries in varying amounts. The obligation to contribute and maintain the plan was established by negotiation with the City's collective bargaining units.

Note 14 - Pension and Other Employee Benefit Trust Funds

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

	Employees' Retirement System	Employees' Death Benefit	Retiree Health Care	Total
Assets				
Cash and cash equivalents	\$ 265,421	\$ 11,283	\$ 354,953	\$ 631,657
Investments:				
Equity securities	-	98,877	2,149,218	2,248,095
Bonds	-	-	712,024	712,024
Mutual funds	-	978,997	4,145,252	5,124,249
Total assets	265,421	1,089,157	7,361,447	8,716,025
Liabilities - Accounts payable	1,230	-	334	1,564
Net Position - Held in trust for pension and other employee benefits	<u>\$ 264,191</u>	<u>\$ 1,089,157</u>	<u>\$ 7,361,113</u>	<u>\$ 8,714,461</u>

City of Eastpointe, Michigan

Notes to Financial Statements June 30, 2016

Note 14 - Pension and Other Employee Benefit Trust Funds (Continued)

	Employees' Retirement System	Employees' Death Benefit	Retiree Health Care	Total
Additions				
Investment income (loss):				
Interest and dividends	\$ 1,155	\$ -	\$ 9,723	\$ 10,878
Net adjustment to fair value of investments	3,107	(21,320)	(1,902)	(20,115)
Less investment expenses	(16,080)	-	(11,118)	(27,198)
Net investment loss	(11,818)	(21,320)	(3,297)	(36,435)
Employer contributions	-	-	3,066,262	3,066,262
Employee contributions	3,847	-	-	3,847
Total additions	(7,971)	(21,320)	3,062,965	3,033,674
Deductions				
Benefit payments	-	34,000	-	34,000
Health insurance premiums	-	-	2,245,167	2,245,167
Total deductions	-	34,000	2,245,167	2,279,167
Change in Net Position	(7,971)	(55,320)	817,798	754,507
Net Position - Beginning of year	272,162	1,144,477	6,543,615	7,960,254
Net Position - End of year	\$ 264,191	\$ 1,089,157	\$ 7,361,413	\$ 8,714,761

Note 15 - 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 \$6,136,265 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, Box 286, St. Clair Shores, Michigan 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.

City of Eastpointe, Michigan

Notes to Financial Statements June 30, 2016

Note 15 - Joint Ventures (Continued)

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 \$129,270 is recorded in the Garbage and Rubbish Collection Fund and within the business-type activities column on the statement of net position. The City has also recorded a payable due to the Authority in the amount of \$1,900,816, which represents the estimated portion of future postclosure care costs that the City is obligated to pay in connection with certain closed landfills owned by the Authority. The payable is recorded as an adjustment to the equity interest in the Authority in the Garbage and Rubbish Collection Fund and within the business-type activities column on the statement of net position.

Complete financial statements for the South Macomb Disposal Authority can be obtained from the administrative offices at 20001 Pleasant Avenue, Box 286, St. Clair Shores, Michigan 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 \$334,966 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, Michigan 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. 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.

Note 15 - Joint Ventures (Continued)

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

The City is a department member of the South Macomb Oakland Regional Services Authority (SMORSA), which is a joint collaborative public financing organization founded under Public Act 57 of 1988, to provide emergency services. The other department member is the City of Hazel Park. 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, Michigan 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 16 - Upcoming Accounting Pronouncements

In June 2015, the GASB issued two new standards addressing accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, addresses reporting by OPEB plans whereas GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, addresses accounting and reporting by employer governments that provide OPEB benefits to their employees. Along with the currently required statement of fiduciary net position and statement of changes in fiduciary net position, OPEB plans will now be required to include in the financial statements more extensive footnote disclosures and required supplemental information related to the measurement of the OPEB liabilities for which assets have been accumulated. In addition, the City will, after adoption of GASB Statement No. 75, recognize on the face of the financial statements its net OPEB liability. The City is currently evaluating the impact these standards will have on the financial statements when adopted. GASB Statement No. 74 is effective for fiscal years beginning after June 15, 2016, whereas GASB Statement No. 75 is effective one year later.

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*. This statement will require governments to disclose in their financial statements information related to tax abatement agreements. The City is currently evaluating the impact this standard will have on the financial statements when adopted during the 2016-2017 fiscal year.

Required Supplemental Information

City of Eastpointe, Michigan

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2016

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 8,511,576	\$ 8,542,576	\$ 8,607,161	\$ 64,585
SMORSA charge for service	5,823,000	6,010,000	6,010,192	192
Licenses and permits	1,075,000	1,280,000	1,389,279	109,279
Federal grants	-	-	13,001	13,001
State-shared revenue and grants	3,255,000	3,390,580	3,531,276	140,696
Charges for services	363,500	380,200	423,066	42,866
Fines and forfeitures	2,135,724	2,235,724	2,170,889	(64,835)
Investment income	11,000	12,500	50,381	37,881
Rental income	56,000	76,000	71,176	(4,824)
Other	67,000	88,000	108,823	20,823
Total revenue	21,297,800	22,015,580	22,375,244	359,664
Expenditures - Current				
General government:				
City Council	45,918	45,918	39,867	6,051
City manager	495,514	559,496	568,452	(8,956)
Finance	589,367	619,398	596,681	22,717
Assessing	292,796	358,284	354,487	3,797
City clerk and elections	275,915	287,343	249,415	37,928
Law	235,000	315,000	326,209	(11,209)
General operating	1,472,517	1,451,780	1,432,783	18,997
Judicial	1,514,749	1,584,432	1,527,291	57,141
Total general government	4,921,776	5,221,651	5,095,185	126,466
Public safety	13,012,569	13,663,117	13,062,301	600,816
Public works	48,852	48,852	27,068	21,784
Recreation and culture	611,768	713,368	698,079	15,289
Total expenditures	18,594,965	19,646,988	18,882,633	764,355
Excess of Revenue Over Expenditures	2,702,835	2,368,592	3,492,611	1,124,019
Other Financing Sources (Uses)				
Transfers in	-	247,157	247,157	-
Transfers out	(1,226,025)	(1,466,025)	(1,172,984)	293,041
Total other financing uses	(1,226,025)	(1,218,868)	(925,827)	293,041
Net Change in Fund Balance	1,476,810	1,149,724	2,566,784	1,417,060
Fund Balance - Beginning of year	6,585,456	6,585,456	6,585,456	-
Fund Balance - End of year	\$ 8,062,266	\$ 7,735,180	\$ 9,152,240	\$ 1,417,060

City of Eastpointe, Michigan

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Major Streets Year Ended June 30, 2016

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
State-shared revenue and grants	\$ 1,535,000	\$ 1,640,629	\$ 1,645,655	\$ 5,026
Investment income	1,500	1,500	5,717	4,217
Total revenue	1,536,500	1,642,129	1,651,372	9,243
Expenditures - Current - Public works	2,769,384	2,773,384	1,898,205	875,179
Excess of Expenditures Over Revenue	(1,232,884)	(1,131,255)	(246,833)	884,422
Other Financing Uses - Transfers out	-	(650,000)	(650,000)	-
Net Change in Fund Balance	(1,232,884)	(1,781,255)	(896,833)	884,422
Fund Balance - Beginning of year	1,442,058	1,442,058	1,442,058	-
Fund Balance - End of year	<u>\$ 209,174</u>	<u>\$ (339,197)</u>	<u>\$ 545,225</u>	<u>\$ 884,422</u>

City of Eastpointe, Michigan

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Local Streets Year Ended June 30, 2016

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
State-shared revenue and grants	\$ 525,000	\$ 570,270	\$ 814,500	\$ 244,230
Investment income	500	500	1,122	622
Total revenue	525,500	570,770	815,622	244,852
Expenditures - Current - Public works	1,499,936	2,870,736	2,203,309	667,427
Other Financing Sources - Transfers in	-	650,000	650,000	-
Net Change in Fund Balance	(974,436)	(1,649,966)	(737,687)	912,279
Fund Balance - Beginning of year	739,418	739,418	739,418	-
Fund Balance - End of year	<u>\$ (235,018)</u>	<u>\$ (910,548)</u>	<u>\$ 1,731</u>	<u>\$ 912,279</u>

City of Eastpointe, Michigan

Note to Required Supplemental Information Year Ended June 30, 2016

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, 2016 has not been calculated. During the current year, the budget was amended in a legally permissible manner. 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.

City of Eastpointe, Michigan

Note to Required Supplemental Information (Continued) Year Ended June 30, 2016

Reconciliations of the budgetary comparison schedules to the fund-based statement of changes in fund balance are as follows:

	<u>Total Revenue</u>	<u>Total Expenditures</u>	<u>Other Financing Uses</u>	<u>Change in Fund Balance</u>
General Fund:				
Amounts per operating statement	\$ 22,628,962	\$ 18,870,764	\$ 925,827	\$ 2,832,371
Tax Reversion Fund budgeted separate from the General Fund	(253,718)	(88,131)	-	(165,587)
Other funds budgeted separate from the General Fund	-	100,000	-	(100,000)
Amounts per budget statement	<u>\$ 22,375,244</u>	<u>\$ 18,882,633</u>	<u>\$ 925,827</u>	<u>\$ 2,566,784</u>

Excess of Expenditures Over Appropriations in Budgeted Funds - During the year, the City incurred the following expenditures that were in excess of the amounts budgeted:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund:			
General government - City manager	\$ 559,496	\$ 568,452	\$ (8,956)
General government - Law	315,000	326,209	(11,209)
Total general government	<u>\$ 874,496</u>	<u>\$ 894,661</u>	<u>\$ (20,165)</u>

The General Fund had an unfavorable variance in the city manager activity as a result of higher than anticipated personnel costs due to the reporting relationship of personnel being modified. The General Fund had an unfavorable variance in the law activity as a result of higher than anticipated costs due to cases doubling subsequent to the final budget amendment and before year end.

City of Eastpointe, Michigan

Required Supplemental Information

Retirement System Schedule of Changes in the City Net Pension Liability and Related Ratios Last Ten Fiscal Years

	2015	2014	2013*	2012*	2011*	2010*	2009*	2008*	2007*	2006*
Total Pension Liability										
Service cost	\$ 978,943	\$ 686,354	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	8,654,072	5,678,262	-	-	-	-	-	-	-	-
Changes in benefit terms	-	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	-	367,337	-	-	-	-	-	-	-	-
Changes in assumptions	3,367,892	-	-	-	-	-	-	-	-	-
Benefit payments, including refunds	(9,485,939)	(6,209,213)	-	-	-	-	-	-	-	-
Net change in total pension liability	3,514,968	522,740	-	-	-	-	-	-	-	-
Total pension liability - Beginning of year	76,370,764	75,848,024	-	-	-	-	-	-	-	-
Total pension liability - End of year	\$ 79,885,732	\$ 76,370,764	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Plan Fiduciary Net Position										
Contributions - Employer	\$ 4,449,143	\$ 2,762,592	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions - Member	167,260	218,791	-	-	-	-	-	-	-	-
Net investment income	(779,337)	6,345,355	-	-	-	-	-	-	-	-
Administrative expenses	(81,803)	(254,963)	-	-	-	-	-	-	-	-
Benefit payments, including refunds	(9,485,939)	(6,209,213)	-	-	-	-	-	-	-	-
Miscellaneous	1,233	-	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	(5,729,443)	2,862,562	-	-	-	-	-	-	-	-
Plan fiduciary net position - Beginning of year	44,839,512	41,976,950	-	-	-	-	-	-	-	-
Plan fiduciary net position - End of year	\$ 39,110,069	\$ 44,839,512	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's Net Pension Liability	\$ 40,775,663	\$ 31,531,252	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	48.96 %	58.71 %	DIV/0 %	DIV/0 %	DIV/0 %	DIV/0 %	DIV/0 %	DIV/0 %	DIV/0 %	DIV/0 %
Covered Employee Payroll	\$ 6,903,087	\$ 6,602,528	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's Net Pension Liability as a Percentage of Covered Employee Payroll	590.7 %	477.6 %	DIV/0 %	DIV/0 %	DIV/0 %	DIV/0 %	DIV/0 %	DIV/0 %	DIV/0 %	DIV/0 %

* 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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially determined contribution	\$ 3,443,007	\$ 2,778,642	\$ 2,981,382	\$ 2,746,017	\$ 2,695,079	\$ 2,724,753	\$ 2,071,959	\$ 1,786,080	\$ 1,686,748	\$ 1,529,421
Contributions in relation to the actuarially determined contribution	3,443,007	2,778,642	2,981,382	2,746,017	2,695,079	2,724,753	2,071,959	1,786,080	1,686,748	1,529,421
Contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 6,903,087	\$ 6,453,723	\$ 6,602,528	\$ 6,817,694	\$ 7,633,276	\$ 8,694,192	\$ 9,095,795	\$ 10,218,230	\$ 10,294,149	\$ 9,392,368
Contributions as a percentage of covered employee payroll	49.9 %	43.1 %	45.2 %	40.3 %	35.3 %	31.3 %	22.8 %	17.5 %	16.4 %	16.3 %

City of Eastpointe, Michigan

Required Supplemental Information Retiree Healthcare System Schedule of Funding Progress and Employer Contributions Year Ended June 30, 2016

The schedule of funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
6/30/08	\$ 2,250,959	\$ 44,937,892	\$ 42,686,933	5.0	\$ 9,733,198	438.6
7/1/10	3,024,566	40,611,638	37,587,072	7.4	9,095,795	413.2
7/1/12	4,044,508	46,053,879	42,009,371	8.8	7,633,276	550.3
7/1/14	5,642,522	48,648,509	43,005,987	11.6	6,088,182	706.4

The schedule of employer contributions is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage Contributed
6/30/11	\$ 2,875,300	95.0 %
6/30/12	2,878,899	108.0
6/30/13	3,134,099	110.0
6/30/14	3,125,189	110.0
6/30/15	2,868,636	117.0
6/30/16	2,855,642	107.0

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of July 1, 2014, the latest actuarial valuation, is as follows:

Valuation date	July 1, 2014
Actuarial cost method	Individual entry age
Amortization method	Level percent of payroll
Remaining amortization period	30 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	8.0%
Projected salary increases	4%-7%
*Includes inflation at	4%
Cost-of-living adjustments	None
Valuation healthcare cost trend rate	9 percent, grading down to 4 percent over 10 years

Other Financial and Supplemental Information

City of Eastpointe, Michigan

	Nonmajor Special Revenue Funds						Total Nonmajor Special Revenue Funds
	Library	Drug Law Enforcement	Community Development Block Grant	Street Lighting SAD	Library - J Tinor Reading	Memorial Library Trust Fund	
Assets							
Cash and cash equivalents	\$ 371,655	\$ 227,264	\$ -	\$ 43,896	\$ 705	\$ 9,422	\$ 652,942
Receivables:							
Special assessments	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-
Due from other governmental units	-	9,129	-	-	-	-	9,129
Due from other funds	-	-	-	-	-	-	-
Restricted assets	-	-	-	-	-	-	-
Noncurrent receivable	-	-	-	-	-	-	-
Total assets	\$ 371,655	\$ 236,393	\$ -	\$ 43,896	\$ 705	\$ 9,422	\$ 662,071
Liabilities							
Accounts payable	\$ 44,112	\$ 2,599	\$ -	\$ 3,145	\$ -	\$ -	\$ 49,856
Accrued liabilities and other	24,395	-	-	23,277	-	-	47,672
Total liabilities	68,507	2,599	-	26,422	-	-	97,528
Deferred Inflows of Resources -							
Unavailable revenue - Special assessments	-	-	-	-	-	-	-
Fund Balances							
Nonspendable -							
Long-term receivable	-	-	-	-	-	-	-
Restricted:							
Debt service	-	-	-	-	-	-	-
Library	303,148	-	-	-	705	9,422	313,275
Drug law enforcement	-	233,794	-	-	-	-	233,794
Capital projects	-	-	-	-	-	-	-
Street lighting	-	-	-	17,474	-	-	17,474
Assigned:							
Capital projects	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Total fund balances	303,148	233,794	-	17,474	705	9,422	564,543
Total liabilities, deferred inflows of resources, and fund balances	\$ 371,655	\$ 236,393	\$ -	\$ 43,896	\$ 705	\$ 9,422	\$ 662,071

Other Financial and Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

Nonmajor Debt Service Funds		Nonmajor Capital Projects Funds						Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Building Authority	Chapter 20 Drain Debt	Total Nonmajor Debt Service Funds	Capital Improvement	Equipment Replacement	Building Authority Construction	District Court Building	Brownfield Capital Project		
\$ 2,547	\$ 96,300	\$ 98,847	\$ 229,876	\$ 267,117	\$ -	\$ 99,194	\$ -	\$ 596,187	\$ 1,347,976
-	-	-	18,353	-	-	-	-	18,353	18,353
-	-	-	-	1,000	-	-	-	1,000	1,000
-	-	-	-	-	-	-	-	-	9,129
-	700,000	700,000	-	225,000	-	-	-	225,000	925,000
-	-	-	-	-	184,953	-	4,481	189,434	189,434
-	-	-	-	-	-	-	566,519	566,519	566,519
\$ 2,547	\$ 796,300	\$ 798,847	\$ 248,229	\$ 493,117	\$ 184,953	\$ 99,194	\$ 571,000	\$ 1,596,493	\$ 3,057,411
\$ -	\$ -	\$ -	\$ 1,209	\$ 112,865	\$ -	\$ 13,047	\$ -	\$ 127,121	\$ 176,977
-	-	-	-	-	-	-	-	-	47,672
-	-	-	1,209	112,865	-	13,047	-	127,121	224,649
-	-	-	13,676	-	-	-	-	13,676	13,676
-	-	-	-	-	-	-	566,519	566,519	566,519
-	796,300	796,300	-	-	-	-	-	-	796,300
-	-	-	-	-	-	-	-	-	313,275
-	-	-	-	-	-	-	-	-	233,794
-	-	-	-	-	184,953	86,147	4,481	275,581	275,581
-	-	-	-	-	-	-	-	-	17,474
-	-	-	233,344	380,252	-	-	-	613,596	613,596
2,547	-	2,547	-	-	-	-	-	-	2,547
2,547	796,300	798,847	233,344	380,252	184,953	86,147	571,000	1,455,696	2,819,086
\$ 2,547	\$ 796,300	\$ 798,847	\$ 248,229	\$ 493,117	\$ 184,953	\$ 99,194	\$ 571,000	\$ 1,596,493	\$ 3,057,411

City of Eastpointe, Michigan

Nonmajor Special Revenue Funds

	Library	Drug Law Enforcement	Community Development Block Grant	Street Lighting SAD	Library - J Tinor Reading	Memorial Library Trust	Total Nonmajor Special Revenue Funds
Revenue							
Property taxes	\$ 859,789	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 859,789
Federal grants	-	78,837	528,160	-	-	-	606,997
State-shared revenue and grants	32,712	-	-	-	-	-	32,712
Charges for services	1,135	-	-	-	-	-	1,135
Fines and forfeitures	47,911	87,309	-	-	-	-	135,220
Investment income	2,059	759	-	-	2	28	2,848
Rental income	-	-	-	-	-	-	-
Other:							
Special assessments	-	-	-	448,293	-	-	448,293
Contributions	-	-	-	-	-	550	550
Other miscellaneous income	-	-	-	-	-	-	-
Total revenue	943,606	166,905	528,160	448,293	2	578	2,087,544
Expenditures							
Current:							
District court	-	-	-	-	-	-	-
Public safety	-	181,746	-	-	-	-	181,746
Public works	-	-	-	491,778	-	-	491,778
Community and economic development	-	-	528,160	-	-	-	528,160
Recreation and culture	990,631	-	-	-	-	-	990,631
Capital outlay	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Total expenditures	990,631	181,746	528,160	491,778	-	-	2,192,315
Excess of Revenue (Under) Over Expenditures	(47,025)	(14,841)	-	(43,485)	2	578	(104,771)
Other Financing Sources (Uses)							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Net Change in Fund Balances	(47,025)	(14,841)	-	(43,485)	2	578	(104,771)
Fund Balances - Beginning of year	350,173	248,635	-	60,959	703	8,844	669,314
Fund Balances - End of year	\$ 303,148	\$ 233,794	\$ -	\$ 17,474	\$ 705	\$ 9,422	\$ 564,543

Other Financial and Supplemental Information
Combining Statement of Revenue, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2016

Nonmajor Debt Service Funds		Nonmajor Capital Projects Funds						Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Building Authority	Chapter 20 Drain Debt	Total Nonmajor Debt Service Funds	Capital Improvement	Equipment Replacement	Building Authority Construction	District Court Building	Brownfield Capital Project		
\$ -	\$ 2,074,529	\$ 2,074,529	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,934,318
-	-	-	-	-	-	-	-	-	606,997
-	22,030	22,030	-	-	-	-	-	-	54,742
-	-	-	-	-	-	-	-	-	1,135
-	-	-	-	-	-	-	-	-	135,220
-	3,724	3,724	1,607	739	589	295	-	3,230	9,802
-	-	-	-	126,756	-	-	-	126,756	126,756
-	-	-	50,947	-	-	-	-	50,947	499,240
-	-	-	-	-	-	-	-	-	550
-	-	-	-	-	-	79,508	-	79,508	79,508
-	2,100,283	2,100,283	52,554	127,495	589	79,803	-	260,441	4,448,268
-	-	-	-	-	-	15,836	-	15,836	15,836
-	-	-	-	-	-	-	-	-	181,746
750	853,084	853,834	-	-	-	-	-	-	1,345,612
-	-	-	-	-	-	-	-	-	528,160
-	-	-	-	-	-	-	-	-	990,631
-	-	-	111,978	912,558	-	-	-	1,024,536	1,024,536
294,700	-	294,700	-	-	-	-	54,000	54,000	348,700
295,450	853,084	1,148,534	111,978	912,558	-	15,836	54,000	1,094,372	4,435,221
(295,450)	1,247,199	951,749	(59,424)	(785,063)	589	63,967	(54,000)	(833,931)	13,047
296,500	-	296,500	-	976,484	-	-	-	976,484	1,272,984
-	(1,000,066)	(1,000,066)	(247,157)	-	-	(100,000)	-	(347,157)	(1,347,223)
296,500	(1,000,066)	(703,566)	(247,157)	976,484	-	(100,000)	-	629,327	(74,239)
1,050	247,133	248,183	(306,581)	191,421	589	(36,033)	(54,000)	(204,604)	(61,192)
1,497	549,167	550,664	539,925	188,831	184,364	122,180	625,000	1,660,300	2,880,278
<u>\$ 2,547</u>	<u>\$ 796,300</u>	<u>\$ 798,847</u>	<u>\$ 233,344</u>	<u>\$ 380,252</u>	<u>\$ 184,953</u>	<u>\$ 86,147</u>	<u>\$ 571,000</u>	<u>\$ 1,455,696</u>	<u>\$ 2,819,086</u>

City of Eastpointe, Michigan

Other Financial and Supplemental Information Nonmajor Governmental Fund - Library Budgetary Comparison Year Ended June 30, 2016

	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue			
Property taxes	\$ 857,099	\$ 859,789	\$ 2,690
State-shared revenue and grants	24,141	32,712	8,571
Charges for services	1,500	1,135	(365)
Fines and forfeitures	42,700	47,911	5,211
Investment income	200	2,059	1,859
Total revenue	925,640	943,606	17,966
Expenditures - Current - Recreation and culture	1,044,719	990,631	54,088
Net Change in Fund Balance	(119,079)	(47,025)	72,054
Fund Balance - Beginning of year	350,173	350,173	-
Fund Balance - End of year	<u>\$ 231,094</u>	<u>\$ 303,148</u>	<u>\$ 72,054</u>

City of Eastpointe, Michigan

Other Financial and Supplemental Information Nonmajor Governmental Fund - Drug Law Enforcement Budgetary Comparison Year Ended June 30, 2016

	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue			
Federal grants	\$ -	\$ 78,837	\$ 78,837
Fines and forfeitures	65,000	87,309	22,309
Investment income	-	759	759
Total revenue	65,000	166,905	101,905
Expenditures - Current - Public safety	206,500	181,746	24,754
Net Change in Fund Balance	(141,500)	(14,841)	126,659
Fund Balance - Beginning of year	248,635	248,635	-
Fund Balance - End of year	<u>\$ 107,135</u>	<u>\$ 233,794</u>	<u>\$ 126,659</u>

City of Eastpointe, Michigan

Other Financial and Supplemental Information Nonmajor Governmental Fund - Community Development Block Grant Budgetary Comparison Year Ended June 30, 2016

	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue - Federal grants	\$ 528,160	\$ 528,160	\$ -
Expenditures - Current - Community and economic development	528,160	528,160	-
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning of year	-	-	-
Fund Balance - End of year	\$ -	\$ -	\$ -

City of Eastpointe, Michigan

Other Financial and Supplemental Information Nonmajor Governmental Fund - Street Lighting SAD Budgetary Comparison Year Ended June 30, 2016

	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue - Special assessments	\$ 450,795	\$ 448,293	\$ (2,502)
Expenditures - Current - Public works	512,010	491,778	20,232
Net Change in Fund Balance	(61,215)	(43,485)	17,730
Fund Balance - Beginning of year	60,959	60,959	-
Fund Balance - End of year	<u>\$ (256)</u>	<u>\$ 17,474</u>	<u>\$ 17,730</u>

City of Eastpointe, Michigan

Other Financial and Supplemental Information Nonmajor Governmental Fund - Library - J Tinor Reading Budgetary Comparison Year Ended June 30, 2016

	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue - Investment income	\$ -	\$ 2	\$ 2
Fund Balance - Beginning of year	703	703	-
Fund Balance - End of year	<u>\$ 703</u>	<u>\$ 705</u>	<u>\$ 2</u>

City of Eastpointe, Michigan

Other Financial and Supplemental Information Nonmajor Governmental Fund - Memorial Library Trust Fund Budgetary Comparison Year Ended June 30, 2016

	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue			
Investment income	\$ -	\$ 28	\$ 28
Contributions	-	550	550
Total revenue	-	578	578
Fund Balance - Beginning of year	8,844	8,844	-
Fund Balance - End of year	\$ 8,844	\$ 9,422	\$ 578

City of Eastpointe, Michigan

Other Financial and Supplemental Information Nonmajor Governmental Fund - Building Authority Budgetary Comparison Year Ended June 30, 2016

	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Expenditures			
Current - Public works	\$ 750	\$ 750	\$ -
Debt service	294,700	294,700	-
Total expenditures	295,450	295,450	-
Excess of Expenditures Over Revenue	(295,450)	(295,450)	-
Other Financing Sources - Transfers in	296,500	296,500	-
Net Change in Fund Balance	1,050	1,050	-
Fund Balance - Beginning of year	1,497	1,497	-
Fund Balance - End of year	<u>\$ 2,547</u>	<u>\$ 2,547</u>	<u>\$ -</u>

City of Eastpointe, Michigan

Other Financial and Supplemental Information Nonmajor Governmental Fund - Chapter 20 Drain Debt Budgetary Comparison Year Ended June 30, 2016

	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue			
Property taxes	\$ 1,931,857	\$ 2,074,529	\$ 142,672
State-shared revenue and grants	25,000	22,030	(2,970)
Investment income	200	3,724	3,524
Total revenue	1,957,057	2,100,283	143,226
Expenditures - Current - Public works	903,000	853,084	49,916
Excess of Revenue Over Expenditures	1,054,057	1,247,199	193,142
Other Financing Uses - Transfers out	(989,657)	(1,000,066)	(10,409)
Net Change in Fund Balance	64,400	247,133	182,733
Fund Balance - Beginning of year	549,167	549,167	-
Fund Balance - End of year	<u>\$ 613,567</u>	<u>\$ 796,300</u>	<u>\$ 182,733</u>

City of Eastpointe, Michigan

Other Financial and Supplemental Information Nonmajor Governmental Fund - Capital Improvement Budgetary Comparison Year Ended June 30, 2016

	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue			
Investment income	\$ -	\$ 1,607	\$ 1,607
Special assessments	235,000	50,947	(184,053)
Total revenue	235,000	52,554	(182,446)
Expenditures - Capital outlay	235,000	111,978	123,022
Excess of Expenditures Over Revenue	-	(59,424)	(59,424)
Other Financing Uses - Transfers out	(247,157)	(247,157)	-
Net Change in Fund Balance	(247,157)	(306,581)	(59,424)
Fund Balance - Beginning of year	539,925	539,925	-
Fund Balance - End of year	\$ 292,768	\$ 233,344	\$ (59,424)

City of Eastpointe, Michigan

Other Financial and Supplemental Information Nonmajor Governmental Fund - Equipment Replacement Budgetary Comparison Year Ended June 30, 2016

	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue			
Investment income	\$ -	\$ 739	\$ 739
Rental income	150,000	126,756	(23,244)
Total revenue	150,000	127,495	(22,505)
Expenditures - Current - Capital outlay	1,304,975	912,558	392,417
Excess of Expenditures Over Revenue	(1,154,975)	(785,063)	369,912
Other Financing Sources - Transfers in	1,269,525	976,484	(293,041)
Net Change in Fund Balance	114,550	191,421	76,871
Fund Balance - Beginning of year	188,831	188,831	-
Fund Balance - End of year	\$ 303,381	\$ 380,252	\$ 76,871

City of Eastpointe, Michigan

Other Financial and Supplemental Information Nonmajor Governmental Fund - Building Authority Construction Budgetary Comparison Year Ended June 30, 2016

	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue - Investment income	\$ -	\$ 589	\$ 589
Fund Balance - Beginning of year	184,364	184,364	-
Fund Balance - End of year	<u>\$ 184,364</u>	<u>\$ 184,953</u>	<u>\$ 589</u>

City of Eastpointe, Michigan

Other Financial and Supplemental Information Nonmajor Governmental Fund - District Court Building Budgetary Comparison Year Ended June 30, 2016

	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue			
Investment income	\$ -	\$ 295	\$ 295
Other revenue	50,000	79,508	29,508
Total revenue	50,000	79,803	29,803
Expenditures - Current - District court	25,000	15,836	9,164
Excess of Revenue Over Expenditures	25,000	63,967	38,967
Other Financing Uses - Transfers out	(100,000)	(100,000)	-
Net Change in Fund Balance	(75,000)	(36,033)	38,967
Fund Balance - Beginning of year	122,180	122,180	-
Fund Balance - End of year	<u>\$ 47,180</u>	<u>\$ 86,147</u>	<u>\$ 38,967</u>

City of Eastpointe, Michigan

Other Financial and Supplemental Information Nonmajor Governmental Fund - Brownfield Capital Project Budgetary Comparison Year Ended June 30, 2016

	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue - Property taxes	\$ 53,380	\$ -	\$ (53,380)
Expenditures - Current - Debt service	53,380	54,000	(620)
Net Change in Fund Balance	-	(54,000)	(54,000)
Fund Balance - Beginning of year	625,000	625,000	-
Fund Balance - End of year	<u>\$ 625,000</u>	<u>\$ 571,000</u>	<u>\$ (54,000)</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	\$ 265,421	\$ 11,283	\$ 354,953	\$ 631,657
Investments:				
Equity securities	-	98,877	2,149,218	2,248,095
Fixed income	-	-	712,024	712,024
Mutual funds	-	978,997	4,145,252	5,124,249
Total assets	265,421	1,089,157	7,361,447	8,716,025
Liabilities				
Accounts payable	1,230	-	334	1,564
Checks issued in excess of available cash	-	-	-	-
Due to other governmental units	-	-	-	-
Accrued liabilities and other	-	-	-	-
Total liabilities	1,230	-	334	1,564
Net Position Held in Trust for Pension and Other Retirement Benefits	\$ 264,191	\$ 1,089,157	\$ 7,361,113	\$ 8,714,461

Other Financial and Supplemental Information
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016

Agency Funds			
Cash and Performance Bonds	Tax Collection	Imprest Payroll	Total Agency Funds
\$ 133,122	\$ 4,433	\$ 3,389	\$ 140,944
-	-	-	-
-	-	-	-
-	-	-	-
\$ 133,122	\$ 4,433	\$ 3,389	\$ 140,944
\$ -	\$ -	\$ -	\$ -
3,800	-	3,389	7,189
-	4,433	-	4,433
129,322	-	-	129,322
\$ 133,122	\$ 4,433	\$ 3,389	\$ 140,944

City of Eastpointe, Michigan

Other Financial and Supplemental Information Combining Statement of Changes in Fiduciary Net Position Trust Funds Year Ended June 30, 2016

	Employees' Retirement System	Employees' Death Benefit	Retiree Health Care	Total
Additions				
Investment income (loss):				
Interest and dividends	\$ 1,155	\$ -	\$ 9,723	\$ 10,878
Net change in fair value of investments	3,107	(21,320)	(1,902)	(20,115)
Investment-related expenses	(16,080)	-	(11,118)	(27,198)
Net investment loss	(11,818)	(21,320)	(3,297)	(36,435)
Contributions:				
Employer	-	-	3,066,262	3,066,262
Employee	3,847	-	-	3,847
Total contributions	3,847	-	3,066,262	3,070,109
Total additions	(7,971)	(21,320)	3,062,965	3,033,674
Deductions				
Benefit payments	-	34,000	-	34,000
Health insurance premiums	-	-	2,245,167	2,245,167
Total deductions	-	34,000	2,245,167	2,279,167
Net (Decrease) Increase in Net Position Held in Trust	(7,971)	(55,320)	817,798	754,507
Net Position Held in Trust for Pension and Other Retirement Benefits - Beginning of year	272,162	1,144,477	6,543,315	7,959,954
Net Position Held in Trust for Pension and Other Retirement Benefits - End of year	<u>\$ 264,191</u>	<u>\$ 1,089,157</u>	<u>\$ 7,361,113</u>	<u>\$ 8,714,461</u>

Other Financial and Supplemental Information
Combining Schedule of Changes in Assets and Liabilities
Agency Funds
Year Ended June 30, 2016

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City of Eastpointe, Michigan

Statistical Information and Continuing Disclosure Contents

STATISTICAL INFORMATION

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

Financial Trends

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

Net Position by Component	100
Changes in Net Position	101-102
Fund Balances of Governmental Funds	103
Changes in Fund Balances of Governmental Funds	104-105*
General Government Tax Revenue by Source	106

Revenue Capacity

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

Property Tax Levies and Collections	107*
Property Tax Rates Direct and Overlapping	108-109*
Assessed Taxable Values (History of Property Values)	110-111*
State Equalized Values (History of Property Values)	112-113*
Principal Property Taxpayers (Major Taxpayers)	114*

Debt Capacity

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

Ratios of General Bonded Debt Outstanding	115
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Direct and Overlapping Governmental Activities Debt	117*
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Demographic and Economic Information

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

Demographic and Economic Statistics	121
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Principal Employers (Major Employers)	123*

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

City of Eastpointe, Michigan

Statistical Information and Continuing Disclosure Contents (Continued)

STATISTICAL INFORMATION (CONTINUED)

Operating Information

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

Operating Indicators by Function	124-125
Capital Asset Statistics by Function	126
Full-time Equivalent City Government Employees by Function	127

CONTINUING DISCLOSURE 128

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

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

State-shared Revenue	129
Maximum Property Tax Rates	130

Statistical Information

City of Eastpointe, Michigan

Net Position by Component Last Ten Fiscal Years (Accrual Basis of Accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities:										
Net investment in capital assets	\$ 15,252,712	\$ 18,331,484	\$ 19,373,285	\$ 20,820,164	\$ 19,780,181	\$ 17,957,323	\$ 18,726,021	\$ 19,005,239	\$ 21,490,547	\$ 24,232,653
Restricted	8,854,506	11,070,632	9,364,855	8,530,229	6,346,750	5,572,154	5,083,773	7,633,404	3,710,685	2,842,514
Unrestricted	8,632,182	7,397,584	9,407,499	8,736,281	11,128,632	9,730,854	7,113,452	5,778,162	(22,475,776)	(24,074,607)
Total governmental activities -										
Net position	<u>\$ 32,739,400</u>	<u>\$ 36,799,700</u>	<u>\$ 38,145,639</u>	<u>\$ 38,086,674</u>	<u>\$ 37,255,563</u>	<u>\$ 33,260,331</u>	<u>\$ 30,923,246</u>	<u>\$ 32,416,805</u>	<u>\$ 2,725,456</u>	<u>\$ 3,000,560</u>
Business-type activities:										
Net investment in capital assets	\$ 15,496,248	\$ 16,512,418	\$ 17,458,936	\$ 19,230,110	\$ 20,268,502	\$ 21,507,552	\$ 27,478,461	\$ 29,182,282	\$ 34,857,012	\$ 40,653,418
Restricted	-	-	-	-	19,678	19,810	19,850	19,885	19,913	19,942
Unrestricted	11,616,297	13,572,927	14,855,722	16,906,605	18,413,518	19,851,252	17,895,692	18,415,992	10,320,102	3,013,342
Total business-type activities -										
Net position	<u>\$ 27,112,545</u>	<u>\$ 30,085,345</u>	<u>\$ 32,314,658</u>	<u>\$ 36,136,715</u>	<u>\$ 38,701,698</u>	<u>\$ 41,378,614</u>	<u>\$ 45,394,003</u>	<u>\$ 47,618,159</u>	<u>\$ 45,197,027</u>	<u>\$ 43,686,702</u>
Primary government:										
Net investment in capital assets	\$ 30,748,960	\$ 34,843,902	\$ 36,832,221	\$ 40,050,274	\$ 40,048,683	\$ 39,464,875	\$ 46,204,482	\$ 48,187,521	\$ 56,347,559	\$ 64,886,071
Restricted	8,854,506	11,070,632	9,364,855	8,530,229	6,366,428	5,591,964	5,103,623	7,653,289	3,730,598	2,862,456
Unrestricted	20,248,479	20,970,511	24,263,221	25,642,886	29,542,150	29,582,106	25,009,144	24,194,154	(12,155,674)	(21,061,265)
Total primary government -										
Net position	<u>\$ 59,851,945</u>	<u>\$ 66,885,045</u>	<u>\$ 70,460,297</u>	<u>\$ 74,223,389</u>	<u>\$ 75,957,261</u>	<u>\$ 74,638,945</u>	<u>\$ 76,317,249</u>	<u>\$ 80,034,964</u>	<u>\$ 47,922,483</u>	<u>\$ 46,687,262</u>

(1) GASB No. 68 was implemented with the fiscal year ended June 30, 2015.

City of Eastpointe, Michigan

	Fiscal Year			
	2007	2008	2009	2010
Expenses				
Governmental activities:				
General government	\$ 7,083,675	\$ 6,847,276	\$ 7,919,751	\$ 7,623,861
Public safety	12,795,043	13,266,499	13,859,118	13,679,195
Public works	4,363,865	3,749,037	5,110,159	5,110,974
Community and economic development	-	-	-	-
Recreation and culture	2,473,031	2,840,781	1,851,497	1,610,987
Interest on long-term debt	60,604	280,038	190,161	185,651
Total governmental activities expenses	26,776,218	26,983,631	28,930,686	28,210,668
Business-type activities:				
Water and sewer	8,291,195	7,744,736	8,013,438	8,203,108
Garbage and rubbish collection	-	-	-	-
Total business-type activities	8,291,195	7,744,736	8,013,438	8,203,108
Total primary government expenses	<u>\$ 35,067,413</u>	<u>\$ 34,728,367</u>	<u>\$ 36,944,124</u>	<u>\$ 36,413,776</u>
Program Revenue				
Governmental activities:				
Charges for services:				
General government	\$ 2,906,288	\$ 2,701,819	\$ 2,420,012	\$ 2,659,069
Public safety	1,333,537	1,111,021	1,124,884	1,055,051
Public works	-	-	-	-
Community and economic development	-	-	-	-
Recreation and culture	531,224	629,507	646,594	660,130
Operating grants and contributions	2,254,284	2,088,012	2,207,509	2,554,128
Capital grants and contributions	431,654	496,082	183,824	213,822
Total governmental activities program revenue	7,456,987	7,026,441	6,582,823	7,142,200
Business-type activities - Water and sewer:				
Charges for services:				
Water and sewer	9,837,082	9,186,583	9,832,216	10,423,868
Garbage and rubbish collection	-	-	-	-
Operating grants and contributions	-	-	-	-
Capital grants and contributions	-	691,582	64,926	290,222
Total business-type activities program revenue	9,837,082	9,878,165	9,897,142	10,714,090
Total primary government program revenue	<u>\$ 17,294,069</u>	<u>\$ 16,904,606</u>	<u>\$ 16,479,965</u>	<u>\$ 17,856,290</u>
Net (Expense) Revenue				
Governmental activities	\$ (19,319,231)	\$ (19,957,190)	\$ (22,347,863)	\$ (21,068,468)
Business-type activities	1,545,887	2,133,429	1,883,704	2,510,982
Total primary government net expense	<u>\$ (17,773,344)</u>	<u>\$ (17,823,761)</u>	<u>\$ (20,464,159)</u>	<u>\$ (18,557,486)</u>
General Revenue and Other Changes in Net Position				
Governmental activities:				
Property taxes	\$ 19,814,954	\$ 19,274,791	\$ 19,387,776	\$ 18,132,791
State-shared revenue	3,729,687	3,729,687	3,595,015	3,197,406
Investment income	1,026,198	1,308,066	559,928	269,974
Loss on sale of capital assets	(17,120)	(64,149)	(54,629)	(2,615)
Other nonprogram revenue	331,860	363,908	377,884	425,091
Transfers	(757,978)	(594,813)	(172,172)	(1,013,144)
Total governmental activities expenses	24,127,601	24,017,490	23,693,802	21,009,503
Business-type activities:				
Investment income	268,864	237,505	168,619	295,908
Loss on sale of capital assets	-	2,210	-	-
Other nonprogram revenue	5,143	4,843	4,818	2,023
Transfers	757,978	594,813	172,172	1,013,144
Total business-type activities	1,031,985	839,371	345,609	1,311,075
Total primary government	<u>\$ 25,159,586</u>	<u>\$ 24,856,861</u>	<u>\$ 24,039,411</u>	<u>\$ 22,320,578</u>
Change in Net Position				
Governmental activities	\$ 4,808,370	\$ 4,060,300	\$ 1,345,939	\$ (58,965)
Business-type activities	2,577,872	2,972,800	2,229,313	3,822,057
Total primary government	<u>\$ 7,386,242</u>	<u>\$ 7,033,100</u>	<u>\$ 3,575,252</u>	<u>\$ 3,763,092</u>

Changes in Net Position Last Ten Fiscal Years (Accrual Basis of Accounting)

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 5,442,231	\$ 8,153,823	\$ 5,825,908	\$ 6,354,440	\$ 4,223,289	\$ 5,551,358
13,444,849	11,783,269	10,396,968	9,917,812	10,768,618	14,435,389
4,602,453	5,335,999	6,708,364	5,296,110	6,726,880	5,734,993
171,157	154,618	595,960	195,000	-	528,160
2,256,148	2,102,179	1,729,975	1,694,085	1,741,330	2,005,418
179,102	173,976	168,715	221,457	158,673	152,784
26,095,940	27,703,864	25,425,890	23,678,904	23,618,790	28,408,102
9,329,492	9,528,327	9,538,559	10,070,734	11,735,472	14,264,533
-	-	-	-	1,776,981	1,991,470
9,329,492	9,528,327	9,538,559	10,070,734	13,512,453	16,256,003
\$ 35,425,432	\$ 37,232,191	\$ 34,964,449	\$ 33,749,638	\$ 37,131,243	\$ 44,664,105
\$ 2,637,057	\$ 2,798,253	\$ 2,694,390	\$ 3,158,318	\$ 3,039,394	\$ 2,674,865
1,078,065	1,419,304	958,605	820,935	842,678	7,015,109
-	-	1,938,326	2,219,379	334,141	-
-	-	-	-	-	-
545,907	400,239	273,729	249,975	236,219	246,978
2,449,119	2,142,427	2,169,253	2,302,747	2,399,009	2,955,819
278,299	408,619	15,000	1,850,000	21,712	487,608
6,988,447	7,168,842	8,049,303	10,601,354	6,873,153	13,380,379
10,879,036	11,122,260	12,283,293	11,217,649	11,054,530	11,508,016
-	-	-	-	1,741,867	1,741,559
-	-	-	-	-	424,914
-	-	165,545	-	66,358	-
10,879,036	11,122,260	12,448,838	11,217,649	12,862,755	13,674,489
\$ 17,867,483	\$ 18,291,102	\$ 20,498,141	\$ 21,819,003	\$ 19,735,908	\$ 27,054,868
\$ (19,107,493)	\$ (20,535,022)	\$ (17,376,587)	\$ (13,077,550)	\$ (16,745,637)	\$ (15,027,723)
1,549,544	1,593,933	2,910,279	1,146,915	(649,698)	(2,581,514)
\$ (17,557,949)	\$ (18,941,089)	\$ (14,466,308)	\$ (11,930,635)	\$ (17,395,335)	\$ (17,609,237)
\$ 15,263,309	\$ 13,987,310	\$ 12,208,420	\$ 11,502,055	\$ 11,364,098	\$ 11,541,479
3,213,719	3,048,459	3,144,224	3,236,459	3,299,801	3,808,921
117,842	84,804	45,613	38,988	57,076	67,022
-	-	-	-	-	-
585,042	405,310	635,412	775,862	1,122,521	885,471
(903,530)	(986,093)	(994,167)	(982,255)	(809,130)	(1,000,066)
18,276,382	16,539,790	15,039,502	14,571,109	15,034,366	15,302,827
109,335	92,048	110,943	92,106	81,733	69,545
2,574	4,842	-	-	-	-
-	-	-	2,880	2,625	1,578
903,530	986,093	994,167	982,255	809,130	1,000,066
1,015,439	1,082,983	1,105,110	1,077,241	893,488	1,071,189
\$ 19,291,821	\$ 17,622,773	\$ 16,144,612	\$ 15,648,350	\$ 15,927,854	\$ 16,374,016
\$ (831,111)	\$ (3,995,232)	\$ (2,337,085)	\$ 1,493,559	\$ (1,711,271)	\$ 275,104
2,564,983	2,676,916	4,015,389	2,224,156	243,790	(1,510,325)
\$ 1,733,872	\$ (1,318,316)	\$ 1,678,304	\$ 3,717,715	\$ (1,467,481)	\$ (1,235,221)

City of Eastpointe, Michigan

Fund Balances of Governmental Funds Last Ten Fiscal Years (Modified Accrual Basis of Accounting)

	2007	2008	2009	2010	2011 (1)	2012	2013	2014	2015	2016
General Fund:										
Reserved	\$ 106,281	\$ 127,794	\$ 22,297	\$ 714,147	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	9,840,382	10,018,789	11,558,965	11,150,609	-	-	-	-	-	-
Nonspendable	-	-	-	-	924,143	502,045	538,176	857,878	793,615	99,694
Committed	-	-	-	-	6,237,799	9,310,312	6,636,674	6,055,126	3,385,779	6,367,624
Unassigned	-	-	-	-	4,197,660	815,520	1,700,849	468,365	1,919,179	2,463,626
Total General Fund	<u>\$ 9,946,663</u>	<u>\$ 10,146,583</u>	<u>\$ 11,581,262</u>	<u>\$ 11,864,756</u>	<u>\$ 11,359,602</u>	<u>\$ 10,627,877</u>	<u>\$ 8,875,699</u>	<u>\$ 7,381,369</u>	<u>\$ 6,098,573</u>	<u>\$ 8,930,944</u>
All other governmental funds:										
Reserved	\$ 201,090	\$ 1,654,191	\$ 561,651	\$ 394,498	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	7,758,404	8,210,740	7,955,195	7,155,043	-	-	-	-	-	-
Debt service funds	297,387	620,142	608,997	755,267	-	-	-	-	-	-
Capital projects funds	945,949	684,889	938,592	665,422	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	-	-	415,655	620,816	566,519
Restricted	-	-	-	-	6,679,763	5,572,154	5,421,800	7,460,342	3,710,685	2,183,380
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	1,804,756	897,541	532,172	583,936	730,253	616,143
Unassigned	-	-	-	-	-	(64,192)	-	(58,566)	-	-
Total all other governmental funds	<u>\$ 9,202,830</u>	<u>\$ 11,169,962</u>	<u>\$ 10,064,435</u>	<u>\$ 8,970,230</u>	<u>\$ 8,484,519</u>	<u>\$ 6,405,503</u>	<u>\$ 5,953,972</u>	<u>\$ 8,401,367</u>	<u>\$ 5,061,754</u>	<u>\$ 3,366,042</u>

(1) GASB No. 54 was implemented with the fiscal year ended June 30, 2011.

City of Eastpointe, Michigan

	2007	2008	2009	2010
Revenue				
Property taxes	\$ 19,814,954	\$ 19,274,791	\$ 19,387,776	18,132,791
SMORSA charge for service	-	-	-	-
Licenses and permits	689,679	752,238	712,571	784,928
Federal revenues, grants and other federal sources	141,494	26,313	164,763	200,111
State-shared revenue, grants, and other local sources	5,760,038	5,739,987	5,515,623	5,151,224
Charges for services	1,182,514	1,037,809	1,077,529	986,862
Fines and forfeitures	2,383,896	2,084,211	2,204,359	2,354,707
Investment income	1,026,403	1,305,447	558,911	270,422
Rental income	309,673	380,500	412,266	397,564
Special assessments	118,969	174,720	135,445	143,914
Other	643,797	671,296	268,141	455,709
Total revenue	32,071,417	31,447,312	30,437,384	28,878,232
Expenditures				
Current:				
General government	6,279,245	5,904,520	6,369,919	5,605,929
Public safety	12,563,377	12,804,755	12,876,504	13,495,267
Public works	4,721,173	4,147,077	5,529,672	5,066,950
Community and economic development	-	-	-	-
Recreation and culture	2,405,637	2,397,421	2,442,701	2,117,937
General expenditures	102,052	102,052	-	-
Capital outlay	1,702,604	4,635,900	2,482,426	2,087,822
Debt service:				
Principal	325,000	355,000	90,000	115,000
Interest on long-term debt	151,140	255,034	191,250	186,894
Total expenditures	28,250,228	30,601,759	29,982,472	28,675,799
Excess of Revenue Over (Under) Expenditures	3,821,189	845,553	454,912	202,433
Other Financing Sources (Uses)				
Long-term financing	-	4,500,000	-	-
Proceeds from sale of fixed assets	-	-	-	-
Bond premium	-	38,071	-	-
Net payments to refunded bond escrow agent and bond issuance costs	-	(2,661,427)	-	-
Transfers in	8,066,362	10,455,653	8,720,316	8,984,949
Transfers out	(8,697,271)	(11,011,248)	(8,846,076)	(9,998,093)
Total other financing (uses) sources	(630,909)	1,321,049	(125,760)	(1,013,144)
Net Change in Fund Balances	\$ 3,190,280	\$ 2,166,602	\$ 329,152	\$ (810,711)
Debt Service as a Percentage of Noncapital Expenditures	1.86%	2.39%	1.09%	1.20%

**Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)**

2011	2012	2013	2014	2015	2016
\$ 15,263,309	\$ 13,987,310	\$ 12,208,420	\$ 11,502,055	\$ 11,364,098	\$ 11,541,479
-	-	-	-	-	6,010,192
983,977	978,509	1,224,857	1,278,491	1,327,939	1,389,279
184,189	214,739	233,431	227,607	40,936	619,998
5,282,146	5,010,952	5,125,012	7,133,923	5,656,949	6,046,173
989,185	1,064,133	2,724,321	2,374,729	491,665	424,201
2,265,887	2,460,868	2,199,969	2,579,935	2,590,340	2,306,109
118,221	83,852	45,613	38,988	57,076	67,022
408,272	360,886	234,240	211,910	191,548	197,932
-	36,616	61,118	500,328	472,427	499,240
665,357	219,514	281,036	348,841	641,156	442,599
26,160,543	24,417,379	24,338,017	26,196,807	22,834,134	29,544,224
5,141,453	5,138,181	5,374,159	5,182,914	5,018,211	5,199,152
13,531,276	13,439,890	12,374,163	12,190,546	12,097,447	13,144,047
4,533,491	5,269,335	5,448,444	5,101,510	6,685,700	5,474,194
171,157	154,618	595,740	195,000	-	528,160
1,978,911	1,734,472	1,305,276	1,641,635	1,467,078	1,688,710
-	-	-	-	-	-
591,190	208,731	153,183	278,707	182,720	1,024,536
120,000	120,000	125,000	130,000	135,000	194,000
181,900	176,800	171,594	166,175	160,544	154,700
26,249,378	26,242,027	25,547,559	24,886,487	25,746,700	27,407,499
(88,835)	(1,824,648)	(1,209,542)	1,310,320	(2,912,566)	2,136,725
-	-	-	625,000	-	-
1,500	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
7,851,636	1,906,290	925,813	989,620	547,000	2,170,141
(8,755,166)	(2,892,383)	(1,919,980)	(1,971,875)	(1,533,861)	(3,170,207)
(902,030)	(986,093)	(994,167)	(357,255)	(986,861)	(1,000,066)
\$ (990,865)	\$ (2,810,741)	\$ (2,203,709)	\$ 953,065	\$ (3,899,427)	\$ 1,136,659
1.21%	1.21%	1.28%	1.31%	1.39%	1.54%

City of Eastpointe, Michigan

General Government Tax Revenue by Source Last Ten Fiscal Years

Fiscal Year Ended June 30	General Fund Property Taxes	Special Revenue Funds Property Taxes					Debt Service Fund Property Taxes	Total All Property Taxes
	Operating	Fire/ALS	Public Safety	Garbage and Rubbish	Library	Total	Chapter 20 Drains	
				Collection				
2007	\$ 9,554,343	\$ 707,679	\$ 5,214,722	\$ 1,835,381	\$ 668,200	\$ 8,425,982	\$ 1,834,629	\$ 19,814,954
2008	10,021,443	-	5,473,528	1,232,618	701,327	7,407,473	1,845,875	19,274,791
2009	9,976,254	-	5,450,449	1,456,610	698,369	7,605,428	1,806,094	19,387,776
2010	9,386,814	-	5,111,270	1,151,034	654,905	6,917,209	1,828,768	18,132,791
2011	7,574,560	-	4,165,092	1,448,689	527,405	6,141,186	1,547,563	15,263,309
2012	10,727,938	-	-	1,315,248	540,552	1,855,800	1,403,572	13,987,310
2013	9,205,572	-	-	-	933,553	933,553	2,069,295	12,208,420
2014	8,566,792	-	-	-	865,598	865,598	2,069,664	11,502,054
2015	8,387,876	-	-	-	845,774	845,774	2,107,254	11,340,904
2016	8,607,161	-	-	-	859,789	859,789	2,074,529	11,541,479

City of Eastpointe, Michigan

Property Tax Levies and Collections Last Ten Fiscal Years

Tax Year	Fiscal Year Ended June 30	Total Tax Levy (1)	Collected Within the Fiscal Year of the Levy		Subsequent Collection of Delinquent Taxes	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2007	2008	\$ 18,833,756	\$ 17,001,399	90.27	\$ 1,780,048	\$ 18,781,447	99.72
2008	2009	18,955,826	17,297,137	91.25	1,577,218	18,874,355	99.57
2009	2010	17,739,315	16,136,024	90.96	1,548,566	17,684,590	99.69
2010	2011	14,963,732	13,559,932	90.62	1,360,478	14,920,410	99.71
2011	2012	13,640,894	12,229,448	89.65	1,362,716	13,592,164	99.64
2012	2013	11,858,437	10,645,998	89.78	1,165,681	11,811,679	99.61
2013	2014	11,171,226	10,010,006	89.61	1,097,626	11,107,632	99.43
2014	2015	10,994,097	9,893,535	89.99	1,067,744	10,961,279	99.70
2015	2016	11,153,434	10,032,338	89.95	1,082,812	11,115,150	99.66

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

Source: City of Eastpointe Treasurer's Office

City of Eastpointe, Michigan

Fiscal Year (Tax Year)	2007 (2006)		2008 (2007)		2009 (2008)		2010 (2009)		2011 (2010)	
School district:	East Detroit	South Lake	East Detroit	South Lake	East Detroit	South Lake	East Detroit	South Lake	East Detroit	South Lake
Homestead										
City Tax										
Operating	12.1815	12.1815	12.1754	12.1754	12.1754	12.1754	12.1754	12.1754	12.1754	12.1754
Refuse	2.4362	2.4362	1.5580	1.5580	1.8489	1.8489	1.5580	1.5580	2.4349	2.4349
Library	0.8870	0.8870	0.8865	0.8865	0.8865	0.8865	0.8865	0.8865	0.8865	0.8865
Debt service	2.4352	2.4352	2.3331	2.3331	2.2925	2.2925	2.4753	2.4753	2.6010	2.6010
Fire/ALS Fund	0.9394	0.9394	-	-	-	-	-	-	-	-
Public safety	6.9216	6.9216	6.9181	6.9181	6.9181	6.9181	6.9181	6.9181	7.0000	7.0000
Recreation authority	-	-	-	-	-	-	-	-	-	-
S.M.O.R.S.A.	-	-	-	-	-	-	-	-	-	-
Total city tax	25.8009	25.8009	23.8711	23.8711	24.1214	24.1214	24.0133	24.0133	25.0978	25.0978
County Tax										
Macomb county	4.2055	4.2055	4.2055	4.2055	4.2055	4.2055	4.5735	4.5735	4.5735	4.5735
Intermediate School	2.9430	2.9430	2.9430	2.9430	2.9430	2.9430	2.9430	2.9430	2.9430	2.9430
Community college	1.4212	1.4212	1.4212	1.4212	1.4212	1.4212	1.4212	1.4212	1.4212	1.4212
HCM Authority	0.2146	0.2146	0.2146	0.2146	0.2146	0.2146	0.2146	0.2146	0.2146	0.2146
S.M.A.R.T.	0.5900	0.5900	0.5900	0.5900	0.5900	0.5900	0.5900	0.5900	0.5900	0.5900
Zoo Authority	-	-	-	-	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000
Veterans operations	-	-	-	-	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400
D.I.A.	-	-	-	-	-	-	-	-	-	-
Total county tax	9.3743	9.3743	9.3743	9.3743	9.5143	9.5143	9.8823	9.8823	9.8823	9.8823
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
School district tax	3.6000	8.7197	3.4900	8.2367	3.6000	7.7112	5.5000	7.8368	6.0000	8.8316
Total school tax	9.6000	14.7197	9.4900	14.2367	9.6000	13.7112	11.5000	13.8368	12.0000	14.8316
Total homestead	44.7752	49.8949	42.7354	47.4821	43.2357	47.3469	45.3956	47.7324	46.9801	49.8117
Non-Homestead -										
School district tax	17.9190	17.8316	17.8921	17.8316	17.9190	13.6604	18.0000	13.5348	18.0000	12.9380
Total	62.6942	67.7265	60.6275	65.3137	61.1547	61.0073	63.3956	61.2672	64.9801	62.7497

- (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 87.4 percent for East Detroit Schools and 12.6 percent for South Lake Schools for the year ended June 30, 2016.

Source: City of Eastpointe, Assessors Office

Property Tax Rates Direct and Overlapping Last Ten Fiscal Years

2012 (2011)		2013 (2012)		2014 (2013)		2015 (2014)		2016 (2015)	
East Detroit	South Lake	East Detroit	South Lake	East Detroit	South Lake	East Detroit	South Lake	East Detroit	South Lake
12.1754	12.1754	12.1754	12.1754	12.1754	12.1754	12.1754	12.1754	12.1754	12.1754
2.4349	2.4349	-	-	-	-	-	-	-	-
1.0000	1.0000	2.0000	2.0000	2.0000	2.0000	2.0000	2.0000	2.0000	2.0000
2.6010	2.6010	4.4348	4.4348	4.7858	4.7858	4.9829	4.9829	4.7858	4.7858
-	-	-	-	-	-	-	-	-	-
7.0000	7.0000	7.0000	7.0000	7.0000	7.0000	7.0000	7.0000	7.0000	7.0000
1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
-	-	-	-	-	-	-	-	14.0000	14.0000
26.2113	26.2113	26.6102	26.6102	26.9612	26.9612	27.1583	27.1583	40.9612	40.9612
4.5735	4.5735	4.5735	4.5735	4.5735	4.5735	4.5735	4.5735	4.5735	4.5735
2.9430	2.9430	2.9430	2.9430	2.9430	2.9430	2.9430	2.9430	2.9430	2.9430
1.5712	1.5712	1.5712	1.5712	1.5312	1.5312	1.5262	1.5262	1.5302	1.5302
0.2146	0.2146	0.2146	0.2146	0.2146	0.2146	0.2146	0.2146	0.2146	0.2146
0.5900	0.5900	0.5900	0.5900	0.5900	0.5900	1.0000	1.0000	1.0000	1.0000
0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000
0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400
-	-	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000
10.0323	10.0323	10.2323	10.2323	10.1923	10.1923	10.5973	10.5973	10.6013	10.6013
6.0000	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000
7.0000	10.4816	7.0000	10.4816	7.0000	11.5416	7.0000	11.5416	7.0000	12.0316
13.0000	16.4816	13.0000	16.4816	13.0000	17.5416	13.0000	17.5416	13.0000	18.0316
49.2436	52.7252	49.8425	53.3241	50.1535	54.6951	50.7556	55.2972	64.5625	69.5941
18.0000	12.9400	18.0000	12.9400	18.0000	12.9400	18.0000	12.9400	18.0000	12.9400
67.2436	65.6652	67.8425	66.2641	68.1535	67.6351	68.7556	68.2372	82.5625	82.5341

City of Eastpointe, Michigan

	2007 (1)	2008	2009	2010
Total Taxable Value (TV)				
Ad valorem/Total TV	\$ 751,638,985	\$ 788,492,108	\$ 785,766,656	\$ 738,670,892
Percent increase/decrease over prior year	5.42%	4.90%	-0.38%	-5.99%
Per capita total SEV (2)	\$ 22,057	\$ 23,139	\$ 23,059	\$ 21,677
Total direct tax rate	\$ 25.8009	\$ 23.8711	\$ 24.1214	\$ 24.0133
Total TV by Use and Class				
<u>By Use:</u>				
Commercial	\$ 85,069,400	\$ 89,229,424	\$ 91,381,188	\$ 94,208,255
Industrial	6,729,500	7,057,854	6,822,298	6,687,567
Residential	627,906,335	659,633,860	651,770,610	601,147,350
Personal property	31,933,750	32,570,970	35,792,560	36,627,720
Total TV by use	<u>\$ 751,638,985</u>	<u>\$ 788,492,108</u>	<u>\$ 785,766,656</u>	<u>\$ 738,670,892</u>
<u>By Class:</u>				
Real property	\$ 719,705,235	\$ 755,921,138	\$ 749,974,096	\$ 702,043,172
Personal property	31,933,750	32,570,970	35,792,560	36,627,720
Total TV by class	<u>\$ 751,638,985</u>	<u>\$ 788,492,108</u>	<u>\$ 785,766,656</u>	<u>\$ 738,670,892</u>
Percent of Total TV by Use and Class				
<u>By Use:</u>				
Commercial	11.32%	11.32%	21.23%	12.75%
Industrial	0.90%	0.90%	0.00%	0.91%
Residential	83.54%	83.66%	0.00%	81.38%
Personal property	4.24%	4.12%	78.77%	4.96%
Total TV by use	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
<u>By Class:</u>				
Real property	95.75%	95.87%	95.44%	95.04%
Personal property	4.25%	4.13%	4.56%	4.96%
Total TV by class	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

(1) Information for fiscal year 2007 for *Total SEV by Use and Class* includes estimates for categories.

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

Source: City of Eastpointe

**Assessed Taxable Values
(History of Property Values)
Last Ten Fiscal Years**

2011	2012	2013	2014	2015	2016
\$ 596,224,469	\$ 541,503,325	\$ 464,161,114	\$ 430,424,920	\$ 421,407,727	\$ 430,614,324
-19.28%	-9.18%	-14.28%	-7.27%	-2.09%	1.84%
\$ 18,359	\$ 16,702	\$ 14,316	\$ 13,276	\$ 12,998	\$ 13,282
\$ 25.0978	\$ 26.2113	\$ 26.6102	\$ 26.9612	\$ 27.1583	\$ 40.9612
\$ 91,787,330	\$ 85,428,372	\$ 78,149,519	\$ 73,337,227	\$ 82,088,587	\$ 77,323,498
6,448,237	2,288,470	1,748,210	1,711,140	2,562,277	1,772,949
462,048,862	418,354,053	348,642,995	319,492,743	312,805,583	318,596,747
35,940,040	35,432,430	35,620,390	35,883,810	23,951,280	32,921,130
<u>\$ 596,224,469</u>	<u>\$ 541,503,325</u>	<u>\$ 464,161,114</u>	<u>\$ 430,424,920</u>	<u>\$ 421,407,727</u>	<u>\$ 430,614,324</u>
\$ 560,284,429	\$ 506,070,895	\$ 428,540,724	\$ 394,541,110	\$ 388,682,257	\$ 397,693,194
35,940,040	35,432,430	35,620,390	35,883,810	32,725,470	32,921,130
<u>\$ 596,224,469</u>	<u>\$ 541,503,325</u>	<u>\$ 464,161,114</u>	<u>\$ 430,424,920</u>	<u>\$ 421,407,727</u>	<u>\$ 430,614,324</u>
15.39%	15.78%	16.84%	17.04%	19.48%	17.96%
1.08%	0.42%	0.38%	0.40%	0.61%	0.41%
77.50%	77.26%	75.11%	74.23%	74.23%	73.98%
<u>6.03%</u>	<u>6.54%</u>	<u>7.67%</u>	<u>8.33%</u>	<u>5.68%</u>	<u>7.65%</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>
93.97%	93.46%	92.33%	91.66%	92.23%	92.35%
<u>6.03%</u>	<u>6.54%</u>	<u>7.67%</u>	<u>8.34%</u>	<u>7.77%</u>	<u>7.65%</u>
<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

City of Eastpointe, Michigan

	2007 (1)	2008	2009	2010
Total State Equalized Valuation (SEV)				
Ad valorem/Total SEV	\$ 917,696,275	\$ 932,111,705	\$ 879,462,915	\$ 761,945,774
Percent increase (decrease) over prior year	2.76%	1.57%	-5.65%	-13.39%
Per capita total SEV (2)	\$ 26,930	\$ 27,353	\$ 25,808	\$ 22,360
Total SEV by Use and Class				
<u>By Use:</u>				
Commercial	\$ 102,994,500	\$ 104,494,530	\$ 104,064,560	\$ 103,120,500
Industrial	7,188,500	7,289,900	6,889,830	6,711,340
Residential	775,579,525	787,756,305	732,715,965	615,486,214
Personal property	31,933,750	32,570,970	35,792,560	36,627,720
Total SEV by use	<u>\$ 917,696,275</u>	<u>\$ 932,111,705</u>	<u>\$ 879,462,915</u>	<u>\$ 761,945,774</u>
<u>By Class:</u>				
Real property	\$ 885,762,525	\$ 899,540,735	\$ 843,670,355	\$ 725,318,054
Personal property	31,933,750	32,570,970	35,792,560	36,627,720
Total SEV by class	<u>\$ 917,696,275</u>	<u>\$ 932,111,705</u>	<u>\$ 879,462,915</u>	<u>\$ 761,945,774</u>
Percent of Total SEV by Use and Class				
<u>By Use:</u>				
Commercial	11.22%	11.21%	11.83%	13.53%
Industrial	0.78%	0.78%	0.78%	0.88%
Residential	84.52%	84.51%	83.32%	80.78%
Personal property	3.48%	3.49%	4.07%	4.81%
Total SEV by use	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
<u>By Class:</u>				
Real property	96.52%	96.51%	95.93%	95.19%
Personal property	3.48%	3.49%	4.07%	4.81%
Total SEV by class	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

(1) Information for fiscal year 2007 for *Total SEV by Use and Class* includes estimates for categories.

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

Source: City of Eastpointe

State Equalized Values (History of Property Values) Last Ten Fiscal Years

2011	2012	2013	2014	2015	2016
\$ 603,320,240	\$ 543,408,526	\$ 464,710,264	\$ 431,302,661	\$ 424,654,904	\$ 450,981,281
-20.82%	-9.93%	-14.48%	-7.19%	-1.54%	6.20%
\$ 18,608	\$ 16,760	\$ 14,333	\$ 13,303	\$ 13,098	\$ 13,910
\$ 97,993,307	\$ 87,063,730	\$ 78,651,880	\$ 73,909,800	\$ 77,035,890	\$ 86,552,598
6,451,360	2,288,470	1,748,210	1,711,140	1,728,960	1,858,120
462,935,533	418,623,896	348,689,784	319,797,911	313,164,584	329,649,433
35,940,040	35,432,430	35,620,390	35,883,810	32,725,470	32,921,130
<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>
\$ 567,380,200	\$ 507,976,096	\$ 429,089,874	\$ 395,418,851	\$ 391,929,434	\$ 418,060,151
35,940,040	35,432,430	35,620,390	35,883,810	32,725,470	32,921,130
<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>
16.24%	16.02%	16.92%	17.14%	18.14%	19.19%
1.07%	0.42%	0.38%	0.40%	0.41%	0.41%
76.73%	77.04%	75.03%	74.14%	73.75%	73.10%
<u>5.96%</u>	<u>6.52%</u>	<u>7.67%</u>	<u>8.32%</u>	<u>7.71%</u>	<u>7.30%</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>
94.04%	93.48%	92.33%	91.68%	92.29%	92.70%
<u>5.96%</u>	<u>6.52%</u>	<u>7.67%</u>	<u>8.32%</u>	<u>7.71%</u>	<u>7.30%</u>
<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

City of Eastpointe, Michigan

Principal Property Taxpayers (Major Taxpayers) Current Year and Nine Years Ago

Company Name	Product/Service	Year Ended June 30, 2016			Year Ended June 30, 2008		
		Taxable Value	Rank	Percent of Total City Taxable Value	Taxable Value	Rank	Percent of Total City Taxable Value
DTE Electric	Utility	\$ 9,129,128	1	2.12	\$ 8,986,035	1	1.13
International Transmission Company	Utility	8,279,160	2	1.92	7,276,000	2	0.92
Consumers Energy	Utility	6,767,055	3	1.57	2,705,494	4	0.34
American Estate & Trust	Rental properties	1,643,829	4	0.38	-	-	-
East Brooke Commons LTD	Shopping center	1,518,138	5	0.35	1,853,744	5	0.23
SS Eastpointe LLC	Storage facility	1,420,858	6	0.33	1,611,870	9	0.20
Merollis Enterprises Inc.	Auto dealer	1,275,374	7	0.30	1,634,131	8	0.21
Michigan First Credit Union	Financial services	1,139,378	8	0.26	-	-	-
Eastpointe Investors, LLC	Rental properties	1,134,975	9	0.26	-	-	-
Grant Manor Inc.	Senior housing	1,005,840	10	0.23	-	-	-
HUD	Subsidized housing	-	-	-	2,946,233	3	0.37
SS EZ LLC	Storage facility	-	-	-	1,840,660	6	0.23
Babcock Co-op	Co-op housing	-	-	-	1,816,090	7	0.23
A & D Realty Inc.	Auto dealer	-	-	-	1,441,390	10	0.18
Ten largest taxpayers		33,313,735		7.72	32,111,647		4.04
Other taxpayers		397,300,589			756,380,461		
Total taxable value		\$ 430,614,324			\$ 788,492,108		

Source: City of Eastpointe Assessor's Office

City of Eastpointe, Michigan

Ratios of General Bonded Debt Outstanding Last Two Fiscal Years

Fiscal Year Ended June 30	Governmental Activities			Business-type Activities	Percentage of			
	General Obligation Bonds	Brownfield Bonds	Amounts Available in Debt	Revenue Bonds	Total Primary Government	Estimated Total Taxable Value of	Population	Per Capita
			Service Funds			Property (1)		
2015	\$ 3,665,000	\$ 625,000	\$ (174,518)	\$ 3,557,117	\$ 7,672,599	1.8207	32,442	\$236.50
2016	3,525,000	571,000	(550,664)	3,488,745	7,034,081	1.6335	32,442	216.82

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.

City of Eastpointe, Michigan

Ratios of Outstanding Debt by Type Last Two Fiscal Years

Fiscal Year Ended June 30	Governmental Activities		Business-type Activities			Total Primary Government	Percentage of Personal Income (1)	Population	Per Capita
	General Obligation Bonds	MDEQ Brownfield Redevelopment Loan	Revenue - Revolving Loan Funds	County Issued					
				Special Assessment Bonds	State Revolving Loan Funds				
2015	\$ 3,665,000	\$ 625,000	\$ 3,557,117	\$ 2,429,320	\$ 6,680,234	\$ 16,956,671	2.48%	32,442	522.68
2016	3,525,000	571,000	3,488,745	2,309,978	6,356,961	16,251,684	2.38%	32,442	500.95

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

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

City of Eastpointe, Michigan

Direct and Overlapping Governmental Activities Debt June 30, 2016

Direct Debt

General Obligation

1/30/2014	MDEQ Brownfield Redevelopment Loan	\$	571,000
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Building Authority Bonds

8/21/2007	City Hall Facility, Series 2007		3,525,000
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Revenue Bonds

9/18/2012	Water & Sewer System, Series 2012		3,488,745
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Indirect Debt

Share of County-issued Drain Bonds

MID District - 2010 Drain Refunding	\$	1,005,144	
MID District - 2010 Drain Refunding		572,354	
MID District - 2013 Drain Refunding		732,480	<u>2,309,978</u>

Total direct and indirect debt outstanding			9,894,723
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Less	Revenue bonds	3,488,745	
	MID District Special Assessments	<u>2,309,978</u>	<u>5,798,723</u>

Net direct and indirect debt outstanding			4,096,000
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Overlapping Debt

77.97% East Detroit School District	18,889,659
11.01% South Lake School District	2,197,046
1.69% Macomb County	5,682,458
1.69% Macomb Community College	<u>158,184</u>

Total overlapping debt	<u>26,927,347</u>
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Net direct and overlapping debt	<u><u>\$ 36,822,070</u></u>
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Source: Municipal Advisory Council of Michigan, Detroit, Michigan

City of Eastpointe, Michigan

Legal Debt Margin June 30, 2016

Valuation for debt limit:	
2015 state equalized value (2016 fiscal year)	\$ 450,981,281
Addback of assessed value equivalent - 2016 SEV of Act 198 exemptions	<u>-</u>
Total valuation for debt limit	<u>\$ 450,981,281</u>
Debt limit (10 percent of state equalized valuation and equivalent) (1)	\$ 45,098,128
Debt applicable to limit - Amount of total direct outstanding debt	<u>4,096,000</u>
Legal debt margin	<u>\$ 41,002,128</u>

(1) Debt limit set forth in Section 4a, Act 279 of 1909 and Act 202, P.A. 1943, as amended by Act 42, P.A. 1960

City of Eastpointe, Michigan

Legal Debt Margin Information Last Two Fiscal Years

	Fiscal Year	
	2015	2016
Debt limit	\$ 42,465,490	\$ 45,098,128
Total net debt applicable to limit	<u>(3,665,000)</u>	<u>(4,096,000)</u>
Legal debt margin	<u>\$ 38,800,490</u>	<u>\$ 41,002,128</u>
Total net debt applicable to the limit as a percentage of debt limit	8.63%	9.08%

City of Eastpointe, Michigan

Pledged Revenue Coverage Last Ten Fiscal Years

Fiscal Year Ended	Water Revenue Bonds						
	Utility Service	Less Operating Expenses	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
2007	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
2008	-	-	-	-	-	-	-
2009	-	-	-	-	-	-	-
2010	-	-	-	-	-	-	-
2011	-	-	-	-	-	-	-
2012	-	-	-	-	-	-	-
2013	-	-	-	-	-	-	-
2014	10,944,488	8,249,111	2,695,377	160,000	61,225	221,225	12.184
2015	12,796,397	10,241,702	2,554,695	160,000	89,502	249,502	10.239
2016	11,508,011	11,370,695	137,316	165,000	88,928	253,928	0.541

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					
2007	34,077	37	79.3%	11.3%	\$ 27,048	\$ 921,715	13,965	\$ 60,459	8.6%
2008	34,077	37	79.3%	11.3%	27,048	921,715	13,965	60,459	8.6%
2009	34,077	37	79.3%	11.3%	27,048	921,715	13,965	60,459	8.6%
2010	34,077	37	79.3%	11.3%	27,048	921,715	13,965	60,459	8.6%
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%

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"

City of Eastpointe, Michigan

Miscellaneous Demographics

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	C
Manufacturing	222
Wholesale trade	199
Retail trade	1,611
Transportation and warehousing	C
Information	10
Financial activities	376
Professional, scientific, and technical services	357
Management of companies and enterprises	C
Administrative, support, and waste services	386
Education services	985
Health care and social assistance	554
Leisure and hospitality	829
Public administration	C
Other services	521
Total	6,050

Note: "C" indicates data is blocked due to confidentiality of ES-202 files.

Educational Characteristics

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

Income Characteristics

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

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

City of Eastpointe, Michigan

Principal Employers (Major Employers) Last Fiscal Year and Nine Years Ago

Company Name	Product/Service	Year Ended June 30, 2016			Year Ended June 30, 2007		
		Employees	Rank	Total City Employment	Employees	Rank	Total City Employment
East Detroit School District (1)	Education	321	1	4.09%	1,000	1	16.53%
City of Eastpointe	Municipal government	221	2	2.82%	254	3	4.20%
Olive Garden	Restaurant	136	3	1.73%	-		-
Rite Aid	Retail drug store	75	4	0.96%	75	7	1.24%
Eastpointe Post Office	Mail delivery	70	5	0.89%	73	8	1.21%
Merollis Chevrolet	Automobile dealership	67	6	0.85%	90	6	1.49%
McCoy Services	Janitorial services	50	7	0.64%	140	4	2.31%
Eaton Academy	Education	40	8	0.51%	-		-
CVS	Retail drug store	36	9	0.46%	-		-
Porsche of the Motor City	Automobile dealership	35	10	0.45%	-		-
Great A&P Tea Company	Grocery Store	-		-	182	2	3.01%
Colonial Dodge	Automobile dealership	-		-	100	5	1.65%
F&M Health & Beauty Aids	Retail	-		-	50	9	0.83%
Pep Boys	Automotive parts/service	-		-	50	10	0.83%
	Ten largest employers	1,051		13.40%	2,014		33.29%
	Other employers	6,793		86.60%	4,036		66.71%
	Total employment (2)	7,844			6,050		

(1) The current year includes only employees at school buildings located within the City's boundaries; previous years include the entire school district.

(2) Southeast Michigan Council of Governments

(3) Analyst Resource Center Employer Database Infogroup Inc.

Source: City of Eastpointe, Economic Development Office

City of Eastpointe, Michigan

Operating Indicators by Function Last Six Fiscal Years

	2011	2012	2013	2014	2015	2016
General Government - data						
City Council						
Regular meetings	24	17	24	24	24	24
Special meetings	13	6	9	4	7	7
Public hearings held	3	2	2	3	3	3
Ordinances and amendments adopted	23	14	18	15	12	10
Show cause hearings held	4	4	4	6	6	5
City Managers Office						
City council agenda statements reviewed	190	117	150	250	250	250
Executive coordination meetings held	50	32	32	32	32	32
Labor contracts negotiated	3	5	5	5	-	5
Employees recruited and hired	-	3	-	6	8	1
Bid proposals and contracts prepared	14	13	13	17	17	6
Labor grievances processed	3	4	-	-	1	-
Assessing						
Assessment notices	14,865	14,879	14,871	14,282	14,800	14,800
Property transfers	1,793	1,800	1,850	1,508	1,800	1,800
Homestead affidavits	533	408	420	3,344	2,000	2,000
Homestead rescinds	781	944	750	264	500	500
Deeds and land contacts	3,416	3,451	3,530	2,228	2,500	2,500
Board of Review appeals	389	296	252	320	350	350
Tax tribunal hearings	47	50	100	78	90	90
Clerk						
Dog licenses	3,755	2,258	2,500	3,082	1,444	3,000
Business registrations	827	815	820	782	810	825
Elections	2	2	2	1	3	2
Absentee ballot requests	3,479	2,587	5,500	2,624	4,854	2,750
Registered voters	23,777	22,952	23,543	24,484	24,301	24,500
New voter registrations	5,233	5,042	5,400	3,507	2,212	3,000
Voter history updates	15,688	7,209	21,500	2,931	12,133	6,000
Birth and death certificates	146	122	130	100	127	125
District Court						
Beginning pending	U	2,468	2,252	2,541	2,828	2,580
New cases filed	U	19,513	19,702	18,675	19,461	18,464
Reopened	U	1,555	1,669	1,547	2,006	2,067
Active caseload	U	23,536	23,623	22,733	24,295	23,111
Finance Department						
Payroll payments processed	6,604	6,604	5,200	5,094	5,150	5,100
Accounts payable invoices processed	7,083	7,227	7,155	8,207	800	800
Transactions processed by cashiers	124,040	132,920	132,000	139,219	135,000	135,000
Water and sewer bills issued	158,202	164,764	160,000	162,360	162,000	162,000
Properties billed - Summer taxes	10,607	14,632	14,620	15,093	15,093	15,093
Miscellaneous billings	4,266	3,918	4,300	4,143	3,200	3,200
Public Safety - Data						
Fire Protection						
EMS incidents	2,652	1,853	2,720	3,268	3,150	3,300
Fire incidents	2,570	2,470	3,410	781	750	775
Fire investigations	30	14	35	44	20	40
Commercial property inspections	160	94	160	193	200	200
Training (hours)	420	300	475	670	600	700
Police Protection						
Total calls for service	U	U	U	26,728	25,025	27,000
Part I Crimes	1,757	1,672	1,714	1,827	1,990	1,900
Total arrests	2,225	2,276	2,250	2,574	2,540	2,550
Drunk driving arrests	122	205	163	192	195	200
Total traffic accidents	571	604	587	597	600	575
Total violations issued	18,836	16,366	17,601	13,764	15,100	14,000
Total warrants obtained	1,644	1,531	1,587	1,014	1,130	1,100
Suspicious person/vehicles investigated	2,967	2,291	2,629	1,160	1,530	1,200
Total cases investigated	3,883	3,480	3,682	2,225	2,675	2,300
Total parking violations issued	1,127	1,147	1,137	997	1,100	1,100
Abandoned vehicle tagged	401	351	376	380	410	400
Abandoned vehicles impounded	108	109	110	100	100	100

City of Eastpointe, Michigan

Operating Indicators by Function (Continued) Last Six Fiscal Years

	2011	2012	2013	2014	2015	2016
Public Works - Data						
Building Department						
Permits issued	1,628	1,820	1,900	2,390	2,300	2,300
Code enforcement cases	6,817	4,500	5,800	9,441	6,800	7,500
Rental inspections	2,249	3,096	3,500	4,341	3,000	3,800
Vacant structure inspections	492	784	800	467	650	350
Rental certificates issued	604	977	1,200	1,019	1,200	1,500
Court citations issued	164	190	200	269	300	300
Planning Commission applications	9	11	10	7	6	10
Zoning Board of Appeals applications	2	9	10	4	2	4
Dangerous Building Board cases	13	15	15	52	35	40
Major & Local Streets Division						
Miles of roads in city	98.69	98.69	99.78	99.78	99.78	99.78
After hours snow removal occurrences	U	7	14	31	25	25
Pothole patching (tons)	U	136	136	500	150	300
Right-of-way mowing (miles)	4.25	4.25	4.25	4.25	4.25	4.25
Catch basins replaced	U	19	19	48	20	30
Recreation and Culture - Data						
Library						
Attendance	119,471	119,000	119,000	102,863	119,000	110,000
Circulation:						
Books	105,522	100,000	100,000	85,677	100,000	100,000
Audio visual	19,946	19,000	19,000	17,256	22,000	22,000
Misc magazine/zineo 768/556	1,371	1,300	1,300	1,324	1,200	1,500
Museum passes	325	325	325			
Overdrive (downloadable books)				1,715	2,000	2,000
Internet use (hours)	8,545	8,500	8,500	7,010	7,000	7,500
Word proc (hours)	1,128	1,000	1,000	296	700	500
Program attendance:						
Children	1,927	1,900	1,900	2,294	2,500	2,500
Young adult	177	175	175	361	300	400
Adult	1,061	1,000	1,000	586	1,000	1,000
General	1,124	1,100	1,100	993	1,100	1,100
Current card holders	14,867	14,867	14,867	15,465	15,332	15,500
Water and Sewer Services - Data						
Customers	32,442	32,442	32,442	37,361	32,442	37,365
Active water accounts	12,965	12,965	12,945	13,663	13,527	13,663
Residential/Commercial sewer tap connections	14,000	14,000	13,950	19,950	19,950	19,950
Residential/Commercial water taps	13,576	13,576	13,566	14,136	13,527	14,000
Fire hydrants maintenance	15	15	16	69	30	50
Sewer inspections	110	110	110	57	100	100
Water meters installed	13,576	13,576	13,566	15,198	13,566	15,200
Water main breaks	44	44	50	83	90	50
Water shut-offs	600	648	508	708	646	700
Water turn-ons	800	1,251	808	781	765	700

U = Unavailable

Source: City of Eastpointe

City of Eastpointe, Michigan

Capital Asset Statistics by Function Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government										
Buildings										
City Center Commons	1	1	1	1	1	1	1	1	1	1
38A 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	23	23	23	22	22	21	20	20	19	19
Vehicles - Unmarked	15	14	14	14	14	14	13	12	12	12
Public Works										
Streets and Sidewalks										
Miles of city:										
Primary streets	19	19	19	19	19	20	20	20	20	20
Secondary streets	80	80	80	80	80	80	80	80	80	80
Sidewalks	198	198	198	198	198	200	200	200	200	200
Buildings	4	4	4	4	4	4	4	4	4	4
Street lights	1,444	1,444	1,444	1,444	1,444	1,444	1,444	1,444	1,444	1,444
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	U	U	U	62,326
Other collections (1)	U	U	U	U	U	U	U	U	U	18,102
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
Buildings	4	4	4	4	4	4	4	4	4	4
Water and Sewer Services										
Fire hydrants	841	841	841	841	841	841	841	841	841	841
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.

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									
		2007	2008	2009	2010	2011	2012	2013 (1)	2014	2015	2016
<u>Activities:</u>											
General government	U		35.5	35.5	33.5	33.5	34.0	35.0	37.0	35.5	35.5
Public safety	U		90.0	90.0	91.0	90.0	86.0	73.5	66.0	66.0	71.5
Public works	U		37.5	36.5	35.5	34.5	34.5	37.5	36.0	35.5	36.0
Recreation and culture	U		36.0	33.5	27.5	25.5	21.0	12.5	8.5	9.5	9.5
Total	-		199.0	195.5	187.5	183.5	175.5	158.5	147.5	146.5	152.5

(1) Reduction in staffing in police and fire was 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 Disclosure

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 Revenue	Statutory Revenue	Total	
2007	\$ 2,367,670	\$ 1,362,017	\$ 3,729,687	\$ 3,729,687
2008	2,367,670	1,362,017	3,729,687	3,729,687
2009	2,346,683	1,248,332	3,595,015	3,595,015
2010	2,164,592	1,032,814	3,197,406	3,197,406
2011	2,188,701	1,008,705	3,197,406	3,213,719
2012	2,329,641	700,632	3,030,273	3,048,459
2013	2,377,871	750,678	3,128,549	3,144,224
2014	2,433,636	786,843	3,220,479	3,236,459
2015	2,471,860	810,867	3,282,727	3,299,801
2016	2,469,486	810,867	3,280,353	3,372,968

City of Eastpointe, Michigan

Maximum Property Tax Rates

Purpose	Maximum Millage Authorized	Maximum Millage to Be Levied	Expiration Date of Millage
Operating:			
General operating (1)	\$ 19.1754	\$ 19.1754	In perpetuity
Refuse	3.0000	-	In perpetuity
Library fund	1.0000	0.8865	In perpetuity
Library supplement	0.1135	0.1135	2016
Library 2012	<u>1.0000</u>	<u>1.0000</u>	2017
Total operating	<u>\$ 24.2889</u>	21.1754	
Debt	N/A	<u>4.7858</u>	
Total tax rate levied		<u>\$ 25.9612</u>	

(1) General operating includes taxes to cover police and fire pension requirements as allowed under Act 345, PA of Michigan 1917, as amended.