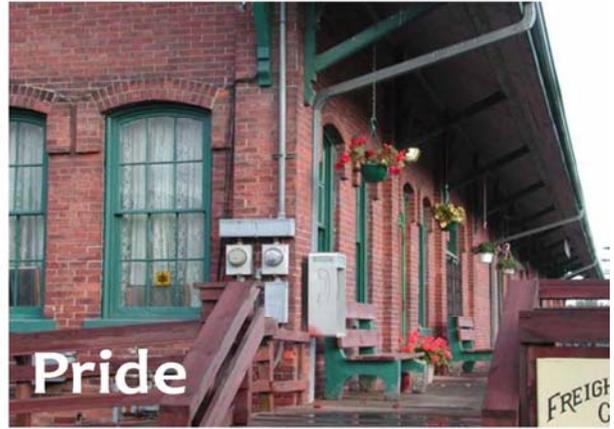


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MICHIGAN



Community Impact

Comprehensive Annual Financial Report

Year Ended June 30, 2016

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City of Ypsilanti, Michigan

www.cityofypsilanti.com

Comprehensive Annual Financial Report

For the Year Ended June 30, 2016

Prepared by:

Marilou Uy, Director of Fiscal Services
Rheagan Basabica, Accounting Supervisor

CITY OF YPSILANTI, MICHIGAN

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Comprehensive Annual Financial Report

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INTRODUCTORY SECTION

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City of Ypsilanti
Office of the City Manager

December 19, 2016

To the Honorable Mayor, Members of the City Council and
Citizens of the City of Ypsilanti

It is my pleasure to submit to you and the citizens of Ypsilanti, the Comprehensive Annual Financial Report (CAFR) of the City of Ypsilanti for the fiscal year ending June 30, 2016. Responsibility for both accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. The City uses a comprehensive system of internal controls to assure completeness and accuracy of the data presented in this report. These do not include controls whose cost exceeds the benefits to be derived from them, as the objective is to provide reasonable, rather than absolute assurance, that the financial statements are free of any material misstatements. City employees operate under a comprehensive system of internal controls designed to ensure the completeness and accuracy of the data representing the City's activities. The administration believes, and has made its best efforts to ensure, that the data, as presented, is accurate in all aspects and that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City. It was prepared by staff in Fiscal Services, Rehmann Robson and other city departments.

This report has been formulated following the guidelines recommended by the Government Finance Officers Association (GFOA) of the United States and Canada. Meeting the high standards as set forth in the guidelines of the GFOA can only assist us in improving the financial reporting of the City of Ypsilanti. Wherever possible, the City has made use of grants to help meet the needs of the community. Examples of such grants benefitting the City include Water Main replacement on Michigan Avenue Between Prospect Road & Park Street, from Clean Water State Revolving Funds; CDBG pass-through Washtenaw County for ADA Ramps; River's Edge Linear Park, Ypsilanti Heritage Bridge, Special Program for Aging Title III, part C from Department Health & Human Services, Assistance to Firefighters Grant, 2014 Bulletproof Vest Program, LАWNET, and 2015 JAG projects for body camera , and the conversion of City's existing repayment loan to a grant without repayment terms from the US Department of Housing and Urban Development, passed through the Michigan Economic Development Corporation, Michigan Land Bank Blight Elimination Grant, Michigan Economic Development Corporation Neighborhood Enterprise Zone Grant and MPARKS Recreation Grant.

Abraham & Gaffney, P.C., Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Ypsilanti's financial statements for the year ended June 30, 2016. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Pride. Diversity. Heritage.

One South Huron Street

Tel (734) 483-1810

www.CityofYpsilanti.com Ypsilanti, MI 48197

Fax (734) 483-7260

Profile of the Government

The City of Ypsilanti, incorporated in 1858, is located in the southeast region of Michigan's lower peninsula in Washtenaw County, approximately 30 miles west of Detroit, with a population of approximately 19,945. The City is bounded to the north by the Charter Township of Superior and on the west, south and east by the Charter Township of Ypsilanti.

The City is a stable community with many assets – quality residential neighborhoods, good schools, beautiful view of the Huron River, historic downtown and residential neighborhoods, and convenient access to I-94 and Detroit Metropolitan Airport. Annual events and festival and the presence of Eastern Michigan University, all contribute to the City of Ypsilanti's "small town" sense of community.

The City has operated under the council-manager form of government since 1947. The City Council is comprised of the mayor and six members, who are elected by ward, on a staggered basis for four year terms. The Mayor is elected every four years. The City Manager and City Clerk are appointed by and serve at the pleasure of the council.

The City of Ypsilanti provides a full range of services to the community: police, fire, street maintenance, recycling, yard waste removal, elections, emergency preparedness and response, planning, support services and other customer specific services. The City is responsible for the management and financing of these operations. Other services are provided through component units and joint venture entities such as Ypsilanti Downtown Development Authority (YDDA) and Ypsilanti Community Utilities Authority (YCUA).

The City Council is required to adopt a final operating budget prior to the beginning of each fiscal year. This annual budget serves as the foundation for the City of Ypsilanti's financial planning and control. The budget is approved at the fund level. However, budgetary control is exercised at the department level. Expenditures may not exceed budgeted appropriations at the department level. The City Manager has the authority to approve budget transfers between programs within the same fund, but council may authorize transfers between funds. Department Heads may transfer funds between accounts within a specific program under their direction with the exception of personnel and capital expenditures, which must be approved by the City Manager.

The City maintains 96.5 acres of parkland, including a park system running along the Huron River, and parks and tot lots throughout neighborhoods. While the City does not directly provide recreation programming, it has partnered with many dedicated community groups. These partnerships include Friends groups that fundraise for, and operate the pool, the Senior Center, Ypsilanti Historic Freighthouse and Parkridge Community Center. In addition, there are neighborhoods, churches, schools, and other organizations that assist in providing numerous community gardens, park improvement projects and recreation programming. The City has also worked with the County Public Health Department to make capital improvements to park facilities, and with the County Parks and Recreation Commission to construct part of a regional biking and walking trail network.

Ypsilanti's cultural offerings are rich and varied. A wide variety of museums, galleries, arts events, and musical attractions grace the City. Offerings include the expected, such as two-dimensional paintings and drawings often exhibited at the Riverside Arts Gallery and 22 North, the unexpected, in the avant-garde puppetry of the Dreamland Theater, and to the personal, in the many prestigious tattoo shops. Events range from the regional, such as the Color Run, ElvisFest, and the Michigan Brewers Guild Summer Festival, to the local, including First Fridays, Ypsiglow, DIYpsi, MittenFest, and the Ypsilanti Heritage Festival.

Local Economy

Local unemployment is around 6.1% percent, which is above the state average (at July 2016, 4.5 percent) and above the national average of 4.9 percent. As the State of Michigan adapts to the challenges of a rapidly globalizing world, community and business leaders have come together like never before to respond. Economic development officials have implemented an aggressive strategy for business growth and expansion within the region offering numerous resources to businesses with financing opportunities. An example of this is the cooperation between members of the Eastern Leaders Group (ELG). These local units of government have collaborated to locate a business incubator in Ypsilanti's downtown Central Business District, as well as make gap financing funds and other microloans available on the eastern side of the county, and region-wide.

The City of Ypsilanti has a population of 19,435 according to the 2010 US Census. This is a decline from the census of 2000, which showed a population of 22,237.

The City's State Equalized Value has decreased 34.14% compared to ten years ago. The City's Total Equalized Value of taxable property for tax year 2015 is approximately \$331 million, an increase of about \$19.2 million, or roughly 6.17% of the prior year.

The City remains in good financial condition, as is demonstrated by the financial statements and schedules included in this report.

Long-term Financial Planning

The City Council and City Manager believe long-term financial planning is essential to ensuring the City's fiscal health. Starting in 2001, the City faced declining revenues and began its cost reduction strategy by deferring capital projects and equipment purchases. This effort continued during 2002 when the Recreation Department was eliminated and other positions and departments were combined. Further staff reductions were implemented during 2008. During fiscal year 2003, the City had a high point of 139.75 full time employees (FTE's). This number has now has decreased to 93 FTE's for fiscal year 2016.

Our 38-acre redevelopment project, Water Street, bounded by Michigan Avenue on the north and the Huron River on the south and west continues to face formidable challenges due to the economy. In 2006, the City refunded four bonds and combined them into a \$15.74 million bond called 2006 Capital Improvement Refunding Taxable Bonds. Originally, debt retirement was to be paid for by capturing tax increment financing from new development, but there were no development as anticipated in the Water Street Re-development area so the City used General Fund committed fund balance to pay the annual debt payments until TIF capture or revenue from the sale of land is available. In March of 2016, the City refinanced the unpaid bond balance of \$13.245 million for 15 years, with a down payment of \$2,255,000; reduced the new debt to \$10.440 million, leaving a balance of \$700,000, which is the un-refunded portion of the old debt. On July 25, 2016, the City further reduced the un-refunded portion to \$230,000 by paying off \$470,000. After the refunding and debt redemption, the new average annual debt service is \$924,000 compared to \$1,400,000. The City has successfully committed \$1.8 million in fund balance for the annual debt service of the bonds.

Starting November 2016, the City will change its self-funded Workers' Compensation plan to the Michigan Municipal League Workers' Compensation Fund program. The Fund offers the stability of regular premiums, a reduction in the City's annual average cost, and reduces the overall financial risk to the City.

In an effort to control healthcare costs, the City will continue to offer a high deductible \$2,000/\$4,000 health care insurance plan for all eligible participating employees and retirees, along with Health Savings Account contributions and a Wellness program. The City also faces mounting pension and other post-employment benefits costs for current and retired employees. This year, the City's required contribution to the Fire and Police pension plan ending in FY 2017 increased based on the June 30, 2015 actuarial report. The OPEB required contribution ending in FY 2017 also increased based on the actuarial report.

The slight increase in revenue and the rising expenses, pose a significant threat to the City's fiscal structure and a long-term threat to the stability of the City's finances. Substantial cost containment strategies and reductions have been employed to mitigate and reduce future stress on City finances. The City, currently under the leadership of its Interim City Manager, is working to successfully implement a turn-around plan that will allow the City to provide and maintain a reasonable level of core services for its citizens at a cost that can also be sustained.

Major Initiatives for the Year

City Planning staff have supported the multi-million dollar, Rental Assistance Demonstration (RAD) program for the conversion of the Ypsilanti Public Housing Commission. The program includes the demolition and rebuild of single family homes, attached single family homes, and multi-family structures. Including in the program is new infrastructure and better integration design. Additional support has been provided to the Family Empowerment Program which is a nationally recognized social justice support program to provide social work, mental health, health care and educational support to families in supportive housing.

Planning staff has also created and spearheaded the approval of the Property Disposition Policy which identifies City-owned property received from property tax forfeiture and markets properties to neighboring property owners as side lots and then markets unsold lots for single family home development at reduced rates. The goals of the program are to reduce City cost in maintaining vacant structures or lots reduce blight in neighborhoods and return properties to active tax rolls.

As part of the Property Disposition Policy the City received a grant from the Michigan Land Bank to demolish seven residential and one commercial City-Owned property. A \$250,000 grant provided for environmental remediation, demolition, and property clean-up. Most of the properties have been sold and returned to the tax rolls.

In conjunction with the Property Disposition Policy and the demolitions, the Planning staff created a Neighborhood Enterprise Zone (NEZ) which was also approved by City Council. The NEZ provides tax incentives for major investment and new construction that increases the taxable value. The median equalized assessed value for the properties in the zone is currently less than \$40,000. The goals of the program are to reduce blight, encourage investment in homes and new construction, and to improve safety and perception of the neighborhood.

Community Development and Planning staff entered into a contract for the management of the three downtown TIF districts and the Ypsilanti DDA. The relationship allows for promulgation of economic development initiative on a wider scale, cost savings to City and DDA, and reduction of duplication of work. Reducing overhead costs and freeing up additional project funds are the main goals of the management agreement.

The City received the MEDC's Redevelopment Ready Community (RRC) designation last December. The City of Ypsilanti was the fifth City in the State to receive the designation which certifies that the City is development ready and competitively poised in the Michigan economy for redevelopment. The City underwent a rigorous assessment of the Best Practices including community plans and public outreach, zoning regulations, development review progress, recruitment and education, identification of redevelopment sites, and community prosperity. Additionally, the City of Ypsilanti was designated as a four-star city by eCities at UofM Labs.

Economic Development projects started and/or completed this year include the installation of the Heritage Bridge and Trail (a part of the County-Wide Border-to-Border trail) the development of a co-working office center by Back Office Studios, the development of a mixed use creative space incubator and restaurant space at 209 Pearl, replacement of the Waterworks pedestrian bridge, safety upgrades to the Tridge, sale of the Thompson Block for redevelopment, renovations of the City-owned Freighthouse event space, and administration of the MParks Walk with Ease and Come Out and Play programs.

The City is committed to retrofitting all of its street lights as well as lights at city owned facilities, to LED lights. The projects that were replaced with LED lights this year are the outside lights at the Police Station, Fire Station and Parkridge Community Center; office lights at City Hall; truck port, pole barn, Public Works garage lights, and Depot Town walkway. These retrofits will help reduce overall lighting expenses, and are part of the broad effort to reduce carbon emission in the City of Ypsilanti.

This year, the City partnered with Highland Cemetery and DTE energy to install a 5-acre solar field on North River Street in the northeast area of the City. Located on Highland Cemetery property, this provides a valuable income stream for the cemetery, taxable value and an annual payment of \$8,500 to the City, and renewable energy for DTE's portfolio. The array is comprised of 2,520 solar panels generating 800kW, enough to power approximately 150 homes. This furthers the City's adopted goal of generating 5mW of solar power within the City by 2020.

One of the City's goal is to provide reliable financial information to our citizens. The City continuously receives a Certificate of Achievement for Excellence in Financial Reporting and for the First Time received an award for its Adopted Budget for FY 2015 for Distinguished Budget Presentation from the Government Finance Officers Association (GFOA).

Major Initiatives in the Future

The City of Ypsilanti, Ypsilanti Township, and Superior Township signed an Automatic Aid Agreement for all structure fire calls in order to line up enough personnel to perform immediate interior fire attacks. Ypsilanti, Ypsilanti Township, Superior Township, Ann Arbor City and Pittsfield are part of the "Box Alarm" that is comparable to a second and third alarm. All county fire departments have signed a mutual aid agreement to support each other at no cost.

Specialty teams such as: Hazardous Material, Technical Rescue and Swift Water Rescue are all county teams. It would be impossible to finance these activities on our own. A large part of our training fund comes from the state (fireworks fund). Lastly, the county fire departments obtained over \$3,000,000 of equipment grants over the past three years.

One of the City's highest priorities is to attract rail service (commuter Ann Arbor to Detroit and/or inter-city service Pontiac to Chicago) to the City of Ypsilanti. As part of this effort, the City will devote the necessary resources to build a platform that is required so that these services can stop in the City of Ypsilanti in its Depot Town neighborhood.

Acknowledgements

The preparation of this report on a timely basis was made possible by the dedicated services of Fiscal Services accounting staff and other City departments, as well as from Rehmann Robson. I wish to express my appreciation and acknowledge those who assisted and contributed to the preparation of this report: Marilou Uy, Rheagan Basabica, and staff from the Fiscal Services Department, and Beth Ernat, Bonnie Wessler and Nan Schuette, in the Planning Department.

My hope is that you will find this document to be a useful tool in evaluating the City's financial health. Helping you and the public obtain a thorough understanding of the City's financial condition is important to us all. Should you have any questions, comments, concerns, or suggestions regarding this document or the information it contains, Marilou Uy and I are available to respond.

Respectfully submitted,

{signature omitted for security}
Frances McMullan,
Interim City Manager

CITY OF YPSILANTI, MICHIGAN



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Ypsilanti
Michigan**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

A handwritten signature in black ink, which appears to read "Jeffrey R. Emer".

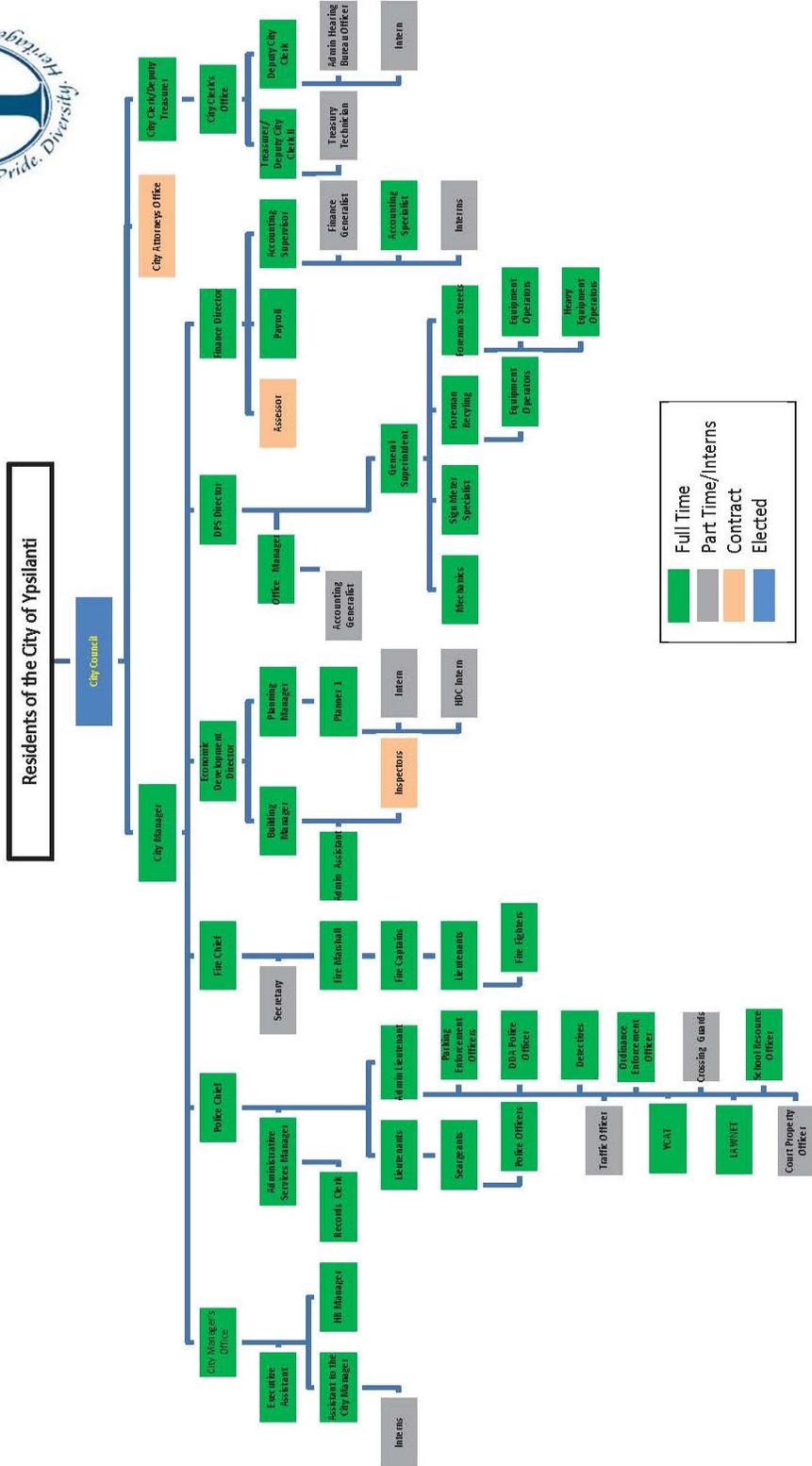
Executive Director/CEO

CITY OF YPSILANTI, MICHIGAN

Table of Organization



City of Ypsilanti Organizational Chart



Green Box	Full Time
Grey Box	Part Time/Interns
Orange Box	Contract
Blue Box	Elected

CITY OF YPSILANTI, MICHIGAN

ELECTED OFFICERS

CITY COUNCIL

Amanda Edmonds
Mayor

Lois Richardson
Mayor Pro-Tem

Nicole Brown
Peter Murdock
Anne Brown

Daniel Vogt
Brian Robb

Administration - Appointed Officials and Senior Management

Ralph Lange
City Manager

Frances McMullan
City Clerk

Marilou Uy
Director of Fiscal Services

Max Anthouard
Fire Chief

Stan Kirton
Director of Public Services

Tony DeGiusti
Police Chief

Kimberly Teamer
City Treasurer

Beth Emat
Economic Development Director

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FINANCIAL SECTION

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Principals

Dale J. Abraham, CPA
Steven R. Kirinovic, CPA
Aaron M. Stevens, CPA
Eric J. Glashouwer, CPA
Alan D. Panter, CPA
William I. Tucker IV, CPA



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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Ypsilanti, 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's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Ypsilanti, Michigan, as of June 30, 2016, and the respective changes in financial position, budgetary comparison for the General Fund, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principles

The City implemented GASB Statement No. 72, *Fair Value Measurement and Application*, during the year. As a result, this statement provides guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison information for Special Revenue funds, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the budgetary comparison information for Special Revenue funds are the responsibility of management and were derived from and relate 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 combining and individual nonmajor fund financial statements and the budgetary comparison information for Special Revenue funds are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2016, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Abraham & Gaffney, P.C.

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

December 19, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF YPSILANTI, MICHIGAN

Management's Discussion and Analysis

As management of the *City of Ypsilanti, Michigan*, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, as listed in the table of contents.

Financial Highlights

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended June 30, 2016.

- The assets and deferred outflows of resources of the City exceeded its liabilities at the close of the most recent fiscal year by \$8,358,895 (net position). This amount is net of a deficit of \$12,992,909 in unrestricted net position. The City has no business-type activities and therefore reports only governmental activities in its government-wide financial statements.
- The government's total net position increased by \$1,509,391.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$13,564,755, a decrease of \$3,252,090 over the prior year. Approximately 6.3 percent of this total amount, or \$852,096 is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$852,096 or 5.3% of total general fund expenditures and other financing uses.
- The City total bonded debt decreased by \$5,436,399 during the current year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information shows how the government's net assets changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the City include general government, public safety, public works, highways and streets, culture and recreation and community

CITY OF YPSILANTI, MICHIGAN

Management's Discussion and Analysis

The government-wide financial statements include not only the City itself (known as the *primary government*), but also legally separate entities for which the City is financially accountable. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found as listed in the table of contents.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains 25 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, major streets special revenue fund, and 2006 general obligation debt service fund, which are considered to be major funds. Data from the other 22 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for its general and special revenue funds. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets.

The basic governmental fund financial statements can be found as listed in the table of contents.

Proprietary funds. The City has one type of proprietary fund. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its motor pool, workers' compensation self-insurance, and retiree benefits. Because these services benefit governmental functions, they have been included within *governmental activities* in the government-wide financial statements.

All of the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found as listed in the table of contents.

CITY OF YPSILANTI, MICHIGAN

Management's Discussion and Analysis

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found as listed in the table of contents.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found as listed in the table of contents.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. This is limited to schedules concerning the City's progress in funding its obligation to provide pension benefits to its police and fire employees, pension benefits to employees participating in the MERS plan, and other postemployment benefits. Required supplementary information can be found as listed in the table of contents.

The combined statements referred to earlier in connection with nonmajor, internal service and fiduciary funds are presented immediately following the required supplementary information. Combined and individual fund financial statements and schedules can be found as listed in the table of contents.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Ypsilanti, assets and deferred outflows of resources exceeded liabilities by \$8,358,895 at the close of the most recent fiscal year as shown in the following table (which shows, in a condensed format, the net position as of fiscal year end 2016 and compared to the prior fiscal year):

	Net Position	
	Governmental Activities	
	2016	2015
Assets		
Current and other assets	\$44,496,182	\$52,254,224
Capital assets	21,986,956	21,568,481
Total assets	<u>66,483,138</u>	<u>73,822,705</u>
Deferred outflows of resources	<u>5,094,218</u>	<u>2,417,630</u>
Liabilities		
Long-term liabilities outstanding	41,689,602	49,619,952
Other liabilities	21,528,859	19,770,879
Total liabilities	<u>63,218,461</u>	<u>69,390,831</u>
Net position		
Net investment in capital assets	18,147,399	16,749,695
Restricted	3,204,405	5,526,780
Unrestricted (deficit)	<u>(12,992,909)</u>	<u>(15,426,971)</u>
Total net position	<u>\$ 8,358,895</u>	<u>\$ 6,849,504</u>

CITY OF YPSILANTI, MICHIGAN

Management's Discussion and Analysis

By far the largest portion of the City's net position (217.1% or \$18,147,399) reflects its investment in capital assets (e.g., land, buildings, vehicles, equipment, systems and infrastructure); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Additionally, a portion of the City's net position (38.3% or \$3,204,405) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (a deficit of \$12,992,909) represents the extent to which accrual basis non-capital liabilities exceed assets after taking into

	Changes in Net Position	
	Governmental Activities	
	2016	2015
Revenue		
Program revenue:		
Charges for services	\$ 3,023,987	\$ 2,503,629
Operating grants and contributions	6,574,946	4,697,877
Capital grants and contributions	1,525,918	176,177
General revenue:		
Property taxes	10,452,347	10,606,608
Grants and contributions not restricted to specific programs	2,555,299	2,483,001
Other	242,763	368,451
Total revenue	24,375,260	20,835,743
Expenses		
General government	4,294,933	2,894,307
Public safety	10,198,973	9,667,739
Public works	2,034,380	1,815,800
Highways, streets and bridges	3,049,680	3,732,864
Culture and recreation	911,753	419,667
Community development	404,780	361,966
Public transportation	316,471	268,428
Interest on long-term debt	1,654,899	1,858,619
Total expenses	22,865,869	21,019,390
Change in net position	1,509,391	(183,647)
Net position:		
Beginning of year, as previously stated	6,849,504	15,516,244
Restatement for GASB 68	-	(8,483,093)
End of year	\$ 8,358,895	\$ 6,849,504

The City's total net position increased by 22.0% from the prior year.

CITY OF YPSILANTI, MICHIGAN

Management's Discussion and Analysis

Financial Analysis of the City's Governmental Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$13,564,755, a decrease of \$3,252,090 from the prior year. Approximately 6.3% of this total amount (or \$852,096) constitutes unassigned fund balance, which is available for spending at the government's discretion. Of the remainder, \$2,362,992 represents nonspendable fund balance, \$3,539,698 is restricted and \$5,679,136 is committed.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, the total fund balance for the general fund was \$5,812,522. Of this amount \$343,892 represents inventory, prepaid items and land held for resale rendering it nonspendable, and \$3,485,701 is committed for vested employee benefits, Water Street bond payments, an energy efficiency project and other uses as seen in the notes to the financial statements. As a measure of the general fund's liquidity it may be useful to compare unassigned fund balance to the total general fund expenditures; \$852,096 of the general fund's fund balance is unassigned, which represents 5.3% of total general fund expenditures and other financing uses. Overall, the fund balance of the general fund decreased by \$2,371,659 for the year, which was \$512,666 less of a decrease than budgeted.

Other factors affecting the general fund financial results for the year include:

- In total, general fund expenditures were \$550,340 under budget. This included significant amounts under budget for the general government (\$107,410), fire (\$165,492), police (\$67,553), parks and recreation (\$186,403), community and development (\$3,998), and public works (\$21,133). The primary reasons for these departments finishing under budget were due to the timing on certain projects and not filling the budgeted positions.
- Compared to the prior year actuals, general fund revenue was down by \$192,820. The increases included fines and forfeits (\$40,263) and other revenues (\$96,777). The decreases included taxes and special assessments (\$147,747), licenses and permits (\$74,816), and intergovernmental revenues (\$20,081).

The capital improvement reserve capital projects fund had an ending fund balance of \$50,001 of which \$45,201 was committed for capital projects; the balance of \$4,800 is nonspendable for prepaid items.

The 2006 general obligation capital projects fund had an ending fund balance of \$2,377,486, of which \$1,900,300 represents land held for resale (which is therefore reported as nonspendable).

The 2013 revenue refunding bonds capital projects fund had an ending fund balance of \$1,827,004 all of which was committed for capital projects.

General Fund Budgetary Highlights

The difference between the original and final amended budget for expenditures was a decrease of \$179,841. The major increases are: general government (\$316,285), parks and recreation (\$269,500) which was due to an increase of contractual services for the Michigan blight elimination grant. The major decreases are in public safety (\$791,172) which was primarily due to a reduction in personnel cost for hiring from tier 1 to tier 2 employees, and not filling the vacant positions in the police department. Other differences between the original and final amended budget for revenues and expenditures were generally distributed across various captions/departments.

CITY OF YPSILANTI, MICHIGAN

Management's Discussion and Analysis

The City amended the budget to take into account various events occurring during the year. Revenue was \$702,675 more than the original budget due to the Michigan blight elimination grant (\$212,391), an increase in collection of fire protection (\$17,352), sales of I-94 billboard (\$470,000), and other increases across various departments.

Capital Assets and Debt Administration

Capital Assets. At the end of fiscal 2016, the City had \$21,986,956 invested in a broad range of net capital assets including land, land improvements, buildings and improvements, sidewalks, roads, police and fire equipment, vehicles, and other types of equipment.

	Capital Assets (Net of depreciation)	
	Governmental Activities	
	2016	2015
Land	\$ 1,358,840	\$ 1,414,849
Infrastructure	14,287,830	13,836,012
Buildings and improvements	4,279,440	4,207,751
Vehicles and equipment	1,908,826	2,038,475
Construction in progress	152,020	71,394
Total	<u>\$21,986,956</u>	<u>\$21,568,481</u>

Major capital asset events during the current fiscal year included:

- The purchase of various vehicles (K-9 vehicle, two police cars, and one vehicle each for the public works, building, and fire departments).
- Acquired a K-9 dog, extrication equipment and a tractor attachment.
- Construction of the Heritage Bridge in Riverside Park which expands the City's portion of the B2B Trail.
- Construction of the Rivers Edge Linear Park on Water Street redevelopment area.
- Freighthouse Improvements were done to be available for multi-function use.
- Design of rail platform and approach was started; various street reconstruction projects were undertaken.

Additional information on the City's capital assets can be found in the note 8.

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$39,651,984. Of this amount, \$14,160,000 is comprised of debt backed by the full faith and credit of the government. The remainder of the City's bonded debt represents bonds secured solely by specified revenue sources.

	General Obligation and Revenue Bonds	
	Governmental activities	
	2016	2015
General obligation bonds	\$14,160,000	\$18,125,000
Revenue bonds	25,491,984	26,963,383
Total	<u>\$39,651,984</u>	<u>\$45,088,383</u>

CITY OF YPSILANTI, MICHIGAN

Management's Discussion and Analysis

On June 15, 2016, Moody's Investor Service assigned A1 to the \$8.5M Water and Sewer Bonds, Series 2016 and on February 22, 2016, Moody's assigned A2 to the \$10.5M Limited Tax General Obligation Refunding Bonds Series 2016 A and 2016 B.

Additional information on the City's long-term debt can be found in note 12.

Economic Factors and Next Year's Budgets and Rates

Revenues for all funds are budgeted to be \$3,601,018 lower than the current fiscal year amended budget. The Assistance to the firefighter (SAFER) Grants (\$287,298) ended in FY 2015-16. The City existing repayment grant was approved for a grant without repayment terms (\$2,750,350). The City expects property values to increase by 1.003% net of the under \$40,000 taxable value of personal properties. The City's operating mill for tax year 2016 has been reduced from 19.0211 to 18.9069. The City continues to look for many options to reduce costs or increase revenues. Some of the things to be implemented are reducing Police Personnel from 32 to 29, reduce Fire personnel from 19 to 17, increasing parking ticket revenue and delaying planned capital projects. The City continues to comply with the City, Village, and Township Revenue Sharing (CVTRS) program to receive full CVTRS payments. The City implemented again the Public Act 52 (SB #7) limiting employer's medical benefit cost by making employees pay 20% of the medical

The City's spending budget for all funds for next fiscal year is \$5,167,647 less than the current year amended budget. Most of the listed projects last year were completed. Among the major projects are the Freighthouse improvements, construction of Ypsilanti Heritage Bridge, construction of Rivers Edge Linear Park, Prospect Road reconstruction, Adams Street reconstruction, fire building roof replacement, LED lights conversion and various improvements of City buildings. Projects were cut or delayed for FY 2017-18 and future years.

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 money it receives. If you have questions about this report or need additional information, you are welcome to contact the clerk's office at (734) 483-1100.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF YPSILANTI, MICHIGAN

Statement of Net Position

June 30, 2016

	Primary Government	
	Governmental Activities	Component Units
Assets		
Cash and cash equivalents	\$ 13,491,182	\$ 368,812
Investments	1,263,145	-
Receivables	24,954,300	7,183
Prepaid items and other assets	2,458,219	-
Other noncurrent assets:		
Net pension asset	2,329,336	-
Capital assets not being depreciated	1,510,860	53,200
Capital assets being depreciated, net	20,476,096	1,881,400
Total assets	66,483,138	2,310,595
Deferred outflows of resources		
Deferred pension amounts	5,060,936	-
Deferred charge on refunding	33,282	-
Total deferred outflows of resources	5,094,218	-
Liabilities		
Accounts payable and accrued expenses	1,934,815	18,813
Due to other governments	74,910	-
Unearned revenue	92,437	11,500
Other noncurrent liabilities:		
Net pension liability	19,381,671	-
Net postemployment benefits obligation	45,026	-
Long-term liabilities:		
Due within one year	4,158,302	61,545
Due in more than one year	37,531,300	500,000
Total liabilities	63,218,461	591,858
Net position		
Net investment in capital assets	18,147,399	1,373,055
Restricted for:		
Highways and streets	1,964,826	-
Drug law enforcement	89,242	-
Debt service	1,150,337	-
Unrestricted (deficit)	(12,992,909)	345,682
Total net position	\$ 8,358,895	\$ 1,718,737

The accompanying notes are an integral part of these financial statements.

CITY OF YPSILANTI, MICHIGAN

Statement of Activities

For the Year Ended June 30, 2016

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities:					
General government	\$ 4,294,933	\$ 2,258,965	\$ 57,968	\$ 55,311	\$ (1,922,689)
Public safety	10,198,973	763,522	323,614	18,457	(9,093,380)
Public works	2,034,380	-	-	-	(2,034,380)
Highways, streets and bridges	3,049,680	-	1,857,605	-	(1,192,075)
Culture and recreation	911,753	-	764	1,452,150	541,161
Community development	404,780	1,500	2,750,350	-	2,347,070
Public transportation	316,471	-	-	-	(316,471)
Interest on long-term debt	1,654,899	-	1,584,645	-	(70,254)
Total primary government	\$ 22,865,869	\$ 3,023,987	\$ 6,574,946	\$ 1,525,918	\$ (11,741,018)
Component units					
Community/economic development	\$ 594,473	\$ -	\$ 35,002	\$ -	\$ (559,471)

continued...

CITY OF YPSILANTI, MICHIGAN

Statement of Activities

For the Year Ended June 30, 2016

	Primary Government	
	Governmental Activities	Component Units
Changes in net position		
Net expense	\$ (11,741,018)	\$ (559,471)
General revenues:		
Property taxes	10,452,347	323,369
Grants and contributions not restricted to specific programs	2,555,299	24,572
Unrestricted investment earnings	242,763	2,492
Total general revenues	<u>13,250,409</u>	<u>350,433</u>
Change in net position	1,509,391	(209,038)
Net position, beginning of year	<u>6,849,504</u>	<u>1,927,775</u>
Net position, end of year	<u>\$ 8,358,895</u>	<u>\$ 1,718,737</u>

concluded.

The accompanying notes are an integral part of these financial statements.

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FUND FINANCIAL STATEMENTS

CITY OF YPSILANTI, MICHIGAN

Balance Sheet

Governmental Funds
June 30, 2016

	General	Capital Improvement Reserve	2006 General Obligation	2013 Revenue Refunding Bonds	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 4,263,776	\$ -	\$ 477,186	\$ 1,817,003	\$ 3,165,935	\$ 9,723,900
Investments	904,106	-	-	-	-	904,106
Accounts receivable	23,921	591,772	-	10,001	12,508	638,202
Land held for resale	26,055	-	1,900,300	-	-	1,926,355
Special assessments receivable	62,321	-	-	-	-	62,321
Due from other funds	759,801	-	-	-	-	759,801
Due from other governments	490,199	341,253	-	-	448,215	1,279,667
Prepaid items	97,537	4,800	-	-	114,000	216,337
Inventory	220,300	-	-	-	-	220,300
Total assets	\$ 6,848,016	\$ 937,825	\$ 2,377,486	\$ 1,827,004	\$ 3,740,658	\$ 15,730,989
Liabilities						
Accounts payable	\$ 202,233	\$ 128,023	\$ -	\$ -	\$ 113,810	\$ 444,066
Accrued liabilities	670,636	-	-	-	25,961	696,597
Due to other funds	-	759,801	-	-	-	759,801
Due to other governments	-	-	-	-	74,910	74,910
Tax refunds payable	70,188	-	-	-	28,235	98,423
Unearned revenue	92,437	-	-	-	-	92,437
Total liabilities	1,035,494	887,824	-	-	242,916	2,166,234
Fund balances						
Nonspendable:						
Prepaid items	97,537	4,800	-	-	114,000	216,337
Inventory	220,300	-	-	-	-	220,300
Land held for resale	26,055	-	1,900,300	-	-	1,926,355
Restricted for:						
Major and local streets	-	-	-	-	1,964,826	1,964,826
Drug law enforcement	-	-	-	-	89,242	89,242
Debt service	-	-	477,186	-	1,008,444	1,485,630
Committed for:						
Various purposes (Note 13)	3,485,701	-	-	-	-	3,485,701
Capital projects	-	45,201	-	1,827,004	321,230	2,193,435
Assigned for subsequent year expenditures over revenues	1,130,833	-	-	-	-	1,130,833
Unassigned	852,096	-	-	-	-	852,096
Total fund balances	5,812,522	50,001	2,377,486	1,827,004	3,497,742	13,564,755
Total liabilities, deferred inflows of resources and fund balances	\$ 6,848,016	\$ 937,825	\$ 2,377,486	\$ 1,827,004	\$ 3,740,658	\$ 15,730,989

The accompanying notes are an integral part of these financial statements.

CITY OF YPSILANTI, MICHIGAN

Reconciliation

Fund Balances for Governmental Funds
to Net Position of Governmental Activities
June 30, 2016

Fund balances - total governmental funds	\$ 13,564,755
Amounts reported for <i>governmental activities</i> in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets	55,116,466
Accumulated depreciation	(34,873,720)
For a bond refunding, the difference between the reacquisition price and the value of the refunded debt is capitalized and amortized over the shorter of the remaining years on the refunded or refunding bonds.	
Deferred charge on refunding	33,282
An internal service fund is used by management to charge the costs of certain equipment usage, insurance and benefits to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	
Net position of governmental activities accounted for in internal service funds	5,519,558
Certain liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
Other noncurrent assets - net pension asset	2,329,336
Other noncurrent assets - other postemployment benefits	(45,026)
Other noncurrent liabilities - net pension liability	(19,381,671)
Amortized deferred outflow of resources for pension	5,060,936
Bonds and purchase agreements payable	(39,991,984)
Bond premium	(399,767)
Leases receivable from joint venture entity for debt-financed property	22,946,802
Accrued interest on bonds payable	(335,293)
Compensated absences	(1,184,779)
Net position of governmental activities	\$ 8,358,895

The accompanying notes are an integral part of these financial statements.

CITY OF YPSILANTI, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2016

	General	Capital Improvement Reserve	2006 General Obligation	2013 Revenue Refunding Bonds	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes and special assessments	\$ 8,012,638	\$ -	\$ -	\$ -	\$ 2,439,709	\$ 10,452,347
Licenses and permits	736,405	-	-	-	86,413	822,818
Intergovernmental	2,946,881	1,454,463	-	1,243,150	3,358,214	9,002,708
Charges for services	471,898	-	-	-	-	471,898
Fines and forfeits	356,170	-	-	-	-	356,170
Investment earnings	145,002	766	805	12,245	19,221	178,039
Other revenues	1,139,014	-	-	-	295,638	1,434,652
Total revenues	13,808,008	1,455,229	805	1,255,395	6,199,195	22,718,632
Expenditures						
Current:						
General government	2,392,131	237,334	-	-	-	2,629,465
Public safety	7,690,705	252,273	-	-	11,162	7,954,140
Public works	601,850	119,715	-	12,967	458,953	1,193,485
Refuse collection	-	-	-	-	833,639	833,639
Highways, streets and bridges	-	-	-	-	2,523,389	2,523,389
Parks and recreation	430,390	1,744,452	-	-	-	2,174,842
Community development	46,002	-	-	-	-	46,002
Public transportation	-	-	-	-	315,229	315,229
Unallocated employee benefits	884,137	-	-	-	-	884,137
Tax tribunal refunds	39,403	-	-	-	9,597	49,000
Debt service:						
Principal	-	-	2,790,000	995,000	2,200,000	5,985,000
Interest and fiscal charges	-	-	841,853	249,150	690,389	1,781,392
Bond issuance costs	-	-	-	-	209,618	209,618
Total expenditures	12,084,618	2,353,774	3,631,853	1,257,117	7,251,976	26,579,338
Revenues over (under) expenditures	1,723,390	(898,545)	(3,631,048)	(1,722)	(1,052,781)	(3,860,706)
Other financing sources (uses)						
Issuance of refunding bonds	-	-	-	-	10,838,601	10,838,601
Payment to refunding bond escrow agent	-	-	-	-	(10,290,000)	(10,290,000)
Premium on refunding bonds	-	-	-	-	60,015	60,015
Transfers in	-	465,039	3,930,812	-	218,939	4,614,790
Transfers out	(4,095,049)	-	-	-	(519,741)	(4,614,790)
Total other financing sources (uses)	(4,095,049)	465,039	3,930,812	-	307,814	608,616
Net changes in fund balances	(2,371,659)	(433,506)	299,764	(1,722)	(744,967)	(3,252,090)
Fund balances, beginning of year	8,184,181	483,507	2,077,722	1,828,726	4,242,709	16,816,845
Fund balances, end of year	\$ 5,812,522	\$ 50,001	\$ 2,377,486	\$ 1,827,004	\$ 3,497,742	\$ 13,564,755

The accompanying notes are an integral part of these financial statements.

CITY OF YPSILANTI, MICHIGAN

Reconciliation

Net Changes in Fund Balances of Governmental Funds
to Change in Net Position of Governmental Activities
For the Year Ended June 30, 2016

Net change in fund balances - total governmental funds \$ (3,252,090)

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, the cost of those assets is allocated over their estimated
useful lives and reported as depreciation expense.

Capital outlay expenditures	3,307,243
Depreciation expense	(2,689,398)
Loss on sale of capital assets	(56,009)

Bond proceeds provide current financial resources to governmental funds in the period
issued, but issuing bonds increases long-term liabilities in the statement of net position.
Repayment of bond principal is an expenditure in the governmental funds, but the
repayment reduces long-term liabilities in the statement of net position.

Refunding and revenue bond proceeds	(10,838,601)
Payment to refunding bond escrow agent	10,290,000
Premium received on refunding and revenue bonds	(60,015)
Principal payments on long-term liabilities	5,985,000
Change in leases receivable for debt-financed property	(1,159,210)

An internal service fund is used by management to charge the costs of certain
equipment usage, insurance and benefits to individual funds. The net revenue (expense)
attributable to those funds is reported with governmental activities.

Operating loss of government internal service funds	(168,439)
Investment income in government internal service funds	65,488
Interest expense in governmental internal service funds	(5,872)

Revenues in the statement of activities that do not provide financial resources are not
reported as revenue in the funds.

Forgiveness of bonds	2,750,350
----------------------	-----------

Some expenses reported in the statement of activities do not require the use of current
financial resources and therefore are not reported as expenditures in the funds.

Change in other noncurrent assets for other postemployment benefits assets	(79,766)
Change in other noncurrent liabilities for net pension liability	(2,462,578)
Change in accrued interest payable on bonds	117,029
Change in the accrual for compensated absences	(249,077)
Amortization of bond premium	31,978
Amortization of deferred charge on refunding	(16,642)

Change in net position of governmental activities \$ 1,509,391

The accompanying notes are an integral part of these financial statements.

CITY OF YPSILANTI, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - General Fund
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Revenues				
Taxes and special assessments	\$ 8,462,573	\$ 8,025,640	\$ 8,012,638	\$ (13,002)
Licenses and permits	587,819	735,468	736,405	937
Intergovernmental	2,803,977	3,069,032	2,946,881	(122,151)
Charges for services	425,840	461,352	471,898	10,546
Fines and forfeits	320,000	337,000	356,170	19,170
Investment earnings	85,045	99,018	145,002	45,984
Other revenues	485,502	1,145,921	1,139,014	(6,907)
Total revenues	13,170,756	13,873,431	13,808,008	(65,423)
Expenditures				
General government:				
City council	98,080	114,302	108,219	(6,083)
City manager	260,233	280,473	275,526	(4,947)
Community services	14,300	19,300	18,209	(1,091)
Elections	32,429	66,061	64,440	(1,621)
Accounting	338,683	370,177	362,020	(8,157)
Assessing	94,808	83,110	81,274	(1,836)
General legal	60,000	220,000	220,000	-
Ordinance prosecution	110,000	-	-	-
Litigation and appeals	135,000	92,000	72,317	(19,683)
Personnel legal	10,000	10,000	16,450	6,450
City clerk	169,451	187,401	178,148	(9,253)
Human resources	176,379	123,622	118,876	(4,746)
Treasurer	141,928	139,247	128,178	(11,069)
Public building maintenance	237,150	427,313	385,947	(41,366)
Planning and development	304,815	366,535	362,527	(4,008)
Total general government	2,183,256	2,499,541	2,392,131	(107,410)
Public safety:				
Police	5,211,761	4,695,703	4,628,150	(67,553)
Fire	3,057,354	2,822,212	2,656,720	(165,492)
Ordinance enforcement	193,835	81,718	67,301	(14,417)
Building inspection	250,418	322,563	338,534	15,971
Total public safety	8,713,368	7,922,196	7,690,705	(231,491)

continued...

CITY OF YPSILANTI, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - General Fund
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Expenditures (Concluded)				
Public works:				
Public works department	\$ 182,019	\$ 218,783	\$ 208,426	\$ (10,357)
Street lighting	410,000	404,200	393,424	(10,776)
Total public works	592,019	622,983	601,850	(21,133)
Parks and recreation	347,293	616,793	430,390	(186,403)
Community development	17,183	100,000	46,002	(53,998)
Unallocated employee benefits	944,680	826,945	884,137	57,192
Tax tribunal refunds	17,000	46,500	39,403	(7,097)
Total expenditures	12,814,799	12,634,958	12,084,618	(550,340)
Revenues over expenditures	355,957	1,238,473	1,723,390	484,917
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	(1,755,954)	(4,122,798)	(4,095,049)	27,749
Total other financing (uses)	(1,755,954)	(4,122,798)	(4,095,049)	27,749
Net change in fund balance	(1,399,997)	(2,884,325)	(2,371,659)	512,666
Fund balance, beginning of year	8,184,181	8,184,181	8,184,181	-
Fund balance, end of year	\$ 6,784,184	\$ 5,299,856	\$ 5,812,522	\$ 512,666

concluded.

The accompanying notes are an integral part of these financial statements.

CITY OF YPSILANTI, MICHIGAN

Statement of Net Position

Proprietary Funds - Internal Service Funds

June 30, 2016

	Total
Assets	
Current assets:	
Cash and cash equivalents	\$ 3,767,282
Investments	359,039
Accounts receivable	27,308
Inventory	22,371
Prepaid items	72,856
	<hr/>
Total current assets	4,248,856
Noncurrent assets - capital assets, net	1,744,210
	<hr/>
Total assets	5,993,066
	<hr/>
Liabilities	
Current liabilities:	
Accounts payable and accrued liabilities	25,612
Current portion of capital leases payable	21,323
Current portion of claims payable	188,904
	<hr/>
Total current liabilities	235,839
	<hr/>
Noncurrent liabilities:	
Capital leases payable, net	91,749
Claims payable, net	145,920
	<hr/>
Total noncurrent liabilities	237,669
	<hr/>
Total liabilities	473,508
	<hr/>
Net position	
Investment in capital assets	1,631,138
Unrestricted	3,888,420
	<hr/>
Total net position	\$ 5,519,558
	<hr/> <hr/>

The accompanying notes are an integral part of these financial statements.

CITY OF YPSILANTI, MICHIGAN

Statement of Revenues, Expenses and Changes in Net Position

Proprietary Funds - Internal Service Funds
For the Year Ended June 30, 2016

	Total
Operating revenues	
Charges for services	\$ 2,200,908
Operating expenses	
Salaries, taxes and benefits	198,605
Gas, oil and fuel	75,392
Depreciation	423,096
Operation and maintenance	120,663
Contractual services and fees	180,265
Insurance and other	61,359
Benefits and claims	1,309,967
Total operating expenses	<u>2,369,347</u>
Operating income (loss)	<u>(168,439)</u>
Nonoperating revenues	
Investment income	65,488
Interest expense	(5,872)
Total nonoperating revenues	<u>59,616</u>
Change in net position	(108,823)
Net position, beginning of year	<u>5,628,381</u>
Net position, end of year	<u><u>\$ 5,519,558</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF YPSILANTI, MICHIGAN

Statement of Cash Flows

Proprietary Funds - Internal Service Funds
For the Year Ended June 30, 2016

	Total
Cash flows from operating activities	
Cash received from interfund services	\$ 2,176,660
Cash payments to employees	(198,605)
Cash payments for claims	(1,390,313)
Cash payments to suppliers for goods and services	(469,463)
	<hr/>
Net cash provided by operating activities	118,279
	<hr/>
Cash flows from capital and related financing activities	
Purchase of capital assets	(279,736)
Principal paid on capital lease	(20,714)
Interest paid on capital lease	(5,872)
	<hr/>
Net cash used in capital and related financing activities	(306,322)
	<hr/>
Cash flows from investing activities	
Redemption of investments	543,023
Investment income	65,488
	<hr/>
Net cash provided by investing activities	608,511
	<hr/>
Change in cash and cash equivalents	420,468
	<hr/>
Cash and cash equivalents, beginning of year	3,346,814
	<hr/>
Cash and cash equivalents, end of year	\$ 3,767,282
	<hr/> <hr/>

continued...

CITY OF YPSILANTI, MICHIGAN

Statement of Cash Flows

Proprietary Funds - Internal Service Funds
For the Year Ended June 30, 2016

	Total
Reconciliation of operating loss to net cash used in operating activities	
Operating loss	\$ (168,439)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	423,096
Changes in:	
Accounts receivable	(24,248)
Inventory	(12,000)
Prepaid items	(3,182)
Accounts payable and accrued liabilities	(9,700)
Claims payable	(87,248)
	<hr/>
Net cash provided by operating activities	\$ 118,279 <hr/> <hr/>
Noncash	
Capital contributions	\$ - <hr/> <hr/>
	concluded.

The accompanying notes are an integral part of these financial statements.

CITY OF YPSILANTI, MICHIGAN

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2016

	Police and Fire Retirement System Trust	Current Tax Agency Fund
Assets		
Cash and cash equivalents	\$ 961,798	\$ 4,093
Investments:		
U.S. agencies	1,903,129	-
Corporate bonds	4,615,927	-
Domestic equities	13,633,393	-
International equities	946,226	-
Mutual funds	5,220,696	-
Real estate investment trusts	438,728	-
Money market accounts	715,794	-
Total assets	<u>28,435,691</u>	<u>\$ 4,093</u>
Liabilities		
Undistributed receipts	-	\$ 4,093
Accounts payable	1,302,351	-
Total liabilities	<u>1,302,351</u>	<u>\$ 4,093</u>
Net position		
Restricted for pension benefits	<u>\$ 27,133,340</u>	

The accompanying notes are an integral part of these financial statements.

CITY OF YPSILANTI, MICHIGAN

Statement of Changes in Fiduciary Net Position

Fiduciary Funds - Police and Fire Retirement System Trust Fund
For the Year Ended June 30, 2016

Additions

Investment income:

Net depreciation in fair value of investments	\$ (790,105)
Interest and dividends	643,274
Less investment management fees	<u>(106,786)</u>

Net investment income (253,617)

Contributions:

City of Ypsilanti	1,240,657
Participants	<u>234,471</u>

Total contributions 1,475,128

Total additions 1,221,511

Deductions

Participant benefits	3,426,260
Participant refunds	998,797
Administrative expenses	<u>67,345</u>

Total deductions 4,492,402

Net change to net position restricted for pension benefits (3,270,891)

Net position restricted for pension benefits, beginning of year 30,404,231

Net position restricted for pension benefits, end of year \$ 27,133,340

The accompanying notes are an integral part of these financial statements.

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COMPONENT UNIT FINANCIAL STATEMENTS

CITY OF YPSILANTI, MICHIGAN

Combining Statement of Net Position

Component Units

June 30, 2016

	Downtown Development Authority	Depot Town Downtown Development Authority	Economic Development Corporation	Totals
Assets				
Cash and cash equivalents	\$ 95,980	\$ 238,067	\$ 34,765	\$ 368,812
Accounts receivable	6,668	515	-	7,183
Capital assets not being depreciated	-	-	53,200	53,200
Capital assets being depreciated, net	1,582,552	298,848	-	1,881,400
Total assets	1,685,200	537,430	87,965	2,310,595
Liabilities				
Accounts payable	13,414	196	356	13,966
Accrued liabilities	4,847	-	-	4,847
Unearned revenues	11,500	-	-	11,500
Long-term liabilities:				
Due within one year	61,066	479	-	61,545
Due in more than one year	500,000	-	-	500,000
Total liabilities	590,827	675	356	591,858
Net position				
Investment in capital assets	1,021,486	298,369	53,200	1,373,055
Unrestricted	72,887	238,386	34,409	345,682
Total net position	\$ 1,094,373	\$ 536,755	\$ 87,609	\$ 1,718,737

The accompanying notes are an integral part of the financial statements.

CITY OF YPSILANTI, MICHIGAN

Combining Statement of Activities

Component Units

For the Year Ended June 30, 2016

	Downtown Development Authority	Depot Town Downtown Development Authority	Economic Development Corporation	Totals
Expenses				
Community / economic development	\$ 375,770	\$ 117,464	\$ 101,239	\$ 594,473
Program revenues				
Operating grants and contributions	25,002	10,000	-	35,002
Net program expense	<u>(350,768)</u>	<u>(107,464)</u>	<u>(101,239)</u>	<u>(559,471)</u>
General revenues				
Property taxes	222,611	100,758	-	323,369
Other revenue	24,572	-	-	24,572
Unrestricted investment earnings	807	1,156	529	2,492
Total general revenues	<u>247,990</u>	<u>101,914</u>	<u>529</u>	<u>350,433</u>
Change in net position	(102,778)	(5,550)	(100,710)	(209,038)
Net position, beginning of year	<u>1,197,151</u>	<u>542,305</u>	<u>188,319</u>	<u>1,927,775</u>
Net position, end of year	<u>\$ 1,094,373</u>	<u>\$ 536,755</u>	<u>\$ 87,609</u>	<u>\$ 1,718,737</u>

The accompanying notes are an integral part of the financial statements.

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NOTES TO THE FINANCIAL STATEMENTS

CITY OF YPSILANTI, MICHIGAN

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CITY OF YPSILANTI, MICHIGAN

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Ypsilanti, Michigan have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are

Reporting Entity

The City of Ypsilanti is governed by an elected seven-member council. 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 legal separate entities, in substance, they are part of the City's operations, whereas discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the City.

The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationship with the City. Each blended or discretely presented component unit has a June 30 year end.

Blended Component Units - The City has no blended component units.

Discretely Presented Component Units - Following is a summary of the City's discretely presented component units:

Downtown Development Authority (DDA) - The DDA is responsible for correcting and preventing deterioration in the downtown district, encourages historical preservation and promotes economic growth within the district. The City Council appoints and may remove board members and approves the budget. Separate financials are not prepared.

Depot Town Downtown Development Authority (DDA) - The Depot Town DDA is responsible for promoting development and preservation of the Depot Town DDA district. The City Council appoints and may remove board members and approves the budget. Separate financials are not prepared.

Economic Development Corporation (EDC) - The EDC is responsible for providing means and methods to encourage and assist industrial and commercial development within the City. The City Council appoints and may remove board members and approves the budget. Separate financials are not

Brownfield Redevelopment Authority (BRA) - The BRA is responsible for administering brownfield redevelopment projects. The City Council appoints and may remove board members and approves the budget. Separate financials are not prepared; the BRA had no financial activity for the current year.

CITY OF YPSILANTI, MICHIGAN

Notes to Financial Statements

Basis of Presentation

Government-wide and Fund Financial Statements

Government-wide Financial Statements. The statements of net position and activities display information on the primary government and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. As a general rule the effect of interfund activity has been removed from the government-wide financial statements, except for payments-in-lieu of taxes and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various applicable functions. Although government-wide financial statements generally distinguish between *governmental* and *business-type activities*, the City has no business-type activities and, therefore, only reports governmental activities. Governmental activities generally are financed through taxes and intergovernmental revenues.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements. The fund financial statements provide information about the City's funds, including its fiduciary funds. 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. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide, Proprietary and Fiduciary Fund Financial Statements. The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, except for agency funds, which do not have a measurement focus. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Proprietary funds distinguish operating revenues 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 City's internal service funds are charges to other funds of the City for various services. Operating expenses for internal service funds include these services, administrative expenses, and depreciation on capital assets. All revenue and expense not meeting this definition are reported as nonoperating revenue

Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. 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.

CITY OF YPSILANTI, MICHIGAN

Notes to Financial Statements

Governmental Fund Financial Statements. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Property taxes, franchise taxes, licenses and interest are considered to be susceptible to accrual.

Expenditures generally are recorded when a related fund liability is incurred, except for debt service expenditures, compensated absences, and claims and judgments, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from general long-term debt and acquisitions under capital leases, if any, are reported as other financing sources.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when an expense is incurred for purposes for which both restricted and unrestricted resources are available, the City's policy is to first apply restricted

The City reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all the financial resources of the general government, except those accounted for and reported in another fund.

The *capital improvement reserve capital projects fund* accounts for activity related to various capital improvement projects. Revenues come from various grants.

The *2006 general obligation capital projects fund* accounts for activity related to the purchase and development of various properties located within the City. Revenues come from various grants and proceeds from sale of land.

The *2013 revenue refunding bonds capital projects fund* accounts for activity related to various capital improvement projects. Finances come from a bond issue.

Additionally, the City reports the following fund types:

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or

Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest on long-term general obligation debt of governmental funds.

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets that are not being financed by proprietary funds.

Internal service funds are proprietary funds used to account for major machinery and equipment purchases and maintenance, retiree health care, as well as risk management services provided to other departments of the City on a cost reimbursement basis.

CITY OF YPSILANTI, MICHIGAN

Notes to Financial Statements

The *pension trust fund* is a fiduciary fund that accounts for the activities of the Police and Fire Employees' Retirement System. This fund accumulates resources for pension benefit payments to qualified police and fire employees through the collection of property tax revenues.

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. These funds are used to account for assets that the government holds for others in an agency capacity (such as taxes collected for other governments).

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity

Deposits and Investments

State statutes authorize the government to deposit in the accounts of federally insured banks, credit unions, and savings and loan associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers' acceptances, and mutual funds composed of otherwise legal investments. The State's Pension Investment Act, as amended, authorizes the pension trust fund to invest in common stocks, real estate, and various other investment instruments, subject to

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired.

Investments are stated at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. Investments that do not have established market values are reported at estimated fair value. Cash deposits are reported at carrying amounts, which reasonably approximates fair value.

Unrealized appreciation or depreciation on pension trust fund investments due to changes in fair value are recognized each year.

Receivables and Payables

In general, outstanding balances between funds are reported as "due to/from other funds". Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds". All trade receivables are shown net of allowance for uncollectible amounts.

Inventory, Prepaid Items and Other Assets

Inventory in the general and internal service funds is valued at cost using the first-in/first-out method, which approximates market value. Inventory of governmental funds is recorded as an expenditure when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items, when incurred, in both the government-wide and fund financial statements.

CITY OF YPSILANTI, MICHIGAN

Notes to Financial Statements

Capital Assets

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

Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Infrastructure	15
Buildings and improvements	5-70
Vehicles and equipment	3-20

Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has two items that qualify for reporting in this category and are reported in the government-wide statement of net position. First is a deferred charge on refunding that results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second is a deferred charge for amounts related to the net pension liability and changes therein, which are amortized over the average remaining service life of plan

Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. All sick and vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

CITY OF YPSILANTI, MICHIGAN

Notes to Financial Statements

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. 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

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 on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position and governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents revenue that applies to one or more future periods and so will not be recognized as an inflow of resources until that time. The governmental funds report unavailable revenues, which arise only under a modified accrual basis of accounting. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Fund Balances

Governmental funds report nonspendable fund balance for amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Restricted fund balance is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the City Council; a formal resolution of the City Council is required to establish, modify, or rescind a fund balance commitment. Assigned fund balance is reported in instances where the City Council has given authority for the making of such assignments to City management; assigned fund balances are neither restricted nor committed. Unassigned fund balance is the residual classification for the general fund.

When the government incurs expenditures for purposes for which various fund balance classifications can be used, it is the government's policy to use restricted fund balance first, then committed, assigned and finally unassigned fund balance.

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 reporting period. Actual results could differ from those estimates.

CITY OF YPSILANTI, MICHIGAN

Notes to Financial Statements

2. BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general and special revenue funds. All annual appropriations lapse at year end. The annual budget for the next fiscal year is prepared by the City’s management by June 1 of each year and adopted by the City Council no later than June 30 of each year (i.e., prior to the start of the next fiscal year); subsequent amendments are approved by the City Council.

Budgetary control is exercised at the fund level, except for the general fund which is at the activity level; expenditures in excess of amounts appropriated at this level are a violation of Michigan law. The accompanying budget to actual comparisons are presented at a greater level of detail than the adopted budget for management analysis only. Supplemental budgetary appropriations were made during the year, the total of which was not significant in relation to the original appropriations.

Encumbrance accounting, under which purchase orders, contracts and other firm commitments are used for the expenditure of monies, is utilized as an extension of formal budgetary control in the governmental funds. Encumbered amounts lapse at year-end.

3. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

State statutes provide that a local unit shall not incur expenditures in excess of the amounts appropriated. The approved budgets of the City were adopted on a fund level basis. During the year ended June 30, 2016, the government incurred expenditures in excess of the amounts appropriated at the legal level of budgetary control as follows:

	Final Budget	Actual	Over Budget
General fund			
General government - personnel legal	\$ 10,000	\$ 16,450	\$ 6,450
Public safety - building inspection	333,659	338,534	4,875
Unallocated employee benefits	826,945	884,137	57,192

4. CONSTRUCTION CODE FEES

The City oversees building construction in accordance with the State’s Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The City charges fees for these services. Beginning January 1, 2000, the law requires that collection of these fees be used only for construction costs, including an allocation of estimated overhead costs.

A summary of current year activity and the cumulative shortfall generated since January 1, 2000 is as

Current year building permit revenue	\$ 356,391
Less related expenditures:	
Direct costs	332,989
Estimated indirect costs	54,694
Current year shortfall	<u>(31,292)</u>
Cumulative shortfall, beginning of year	<u>(794,443)</u>
Cumulative shortfall, end of year	<u><u>\$ (825,735)</u></u>

CITY OF YPSILANTI, MICHIGAN

Notes to Financial Statements

5. DEPOSITS AND INVESTMENTS

Following is a reconciliation of deposit and investment balances as of June 30, 2016:

	Primary Governments	Component Units	Total
Statement of net position			
Cash and cash equivalents	\$ 13,491,182	\$ 368,812	\$ 13,859,994
Investments	1,263,145	-	1,263,145
Statement of fiduciary net position			
Cash and cash equivalents:			
Pension trust fund	961,798	-	961,798
Investments - pension trust fund	27,473,893	-	27,473,893
	<u>\$ 43,194,111</u>	<u>\$ 368,812</u>	<u>\$ 43,562,923</u>
Deposits and investments:			
Bank deposits (checking, savings and certificates of deposit)			\$ 14,820,510
Investments in securities, mutual funds and similar vehicles:			
City investment pool			1,263,145
Pension trust fund			27,473,893
Cash on hand			<u>5,375</u>
Total			<u><u>\$ 43,562,923</u></u>

Custodial Credit Risk - Deposits. For deposits, custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to the government. As of June 30, 2016, \$13,736,165 of the City's total bank balance of \$14,986,165 (total book balance was \$14,820,510) was exposed to custodial credit risk as it was uninsured and uncollateralized.

The City's depository and investment policy does not specifically address this risk, although the City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the City evaluates each financial institution with which it deposits City funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Custodial Credit Risk - City Investment Pool. The City's investments of \$1,263,145 as of June 30, 2016 consisted of amounts held in securities of U.S. agencies. For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that investment securities be held in third-party safekeeping by a designated institution and that the safekeeping agent follow the procedure of delivery vs. payment. As of June 30, 2016, none of the City's investments were exposed to custodial credit risk as they were held in the City's name by the counterparty.

Credit Risk. As of June 30, 2016, all of the City's investments in securities of U.S. agencies were rated Aaa by Moody's. The City's investment policy does not have specific limits in excess of State law on investment credit risk.

CITY OF YPSILANTI, MICHIGAN

Notes to Financial Statements

Concentration of Credit Risk. At June 30, 2016, the investment portfolio of the City was concentrated 18.1% in securities of the Federal National Mortgage Association and 81.9% in securities of the Federal Home Loan Mortgage Corporation. The City's investment policy does not address concentration of credit

Interest Rate Risk. Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of investments. As of June 30, 2016, maturities of the City's investments in the debt securities of U.S. agencies were more than ten years. The City's investment policy does not address interest rate risk.

Fair Value Measurements. The City categorizes the fair value measurements of its investments within the fair value hierarchy established by generally accepted accounting principles. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs - other than quoted prices - included within Level 1 that are observable for the asset or liability, either directly or indirectly. Finally, Level 3 inputs are unobservable and are based on estimates and assumptions. These levels are determined by the City's investment manager based on a review of the investment class, structure and what kind of securities are held in the portfolio.

The City's holdings in debt securities are classified in Level 2 of the fair value hierarchy using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

6. INVESTMENTS - PENSION TRUST FUND

The investments of the Police and Fire Retirement System Trust Fund (the "System") are separate from the City's investments, and are subject to other investment policies and state statutes. Accordingly, the required disclosures for these investments are presented separately.

The Michigan Public Employees Retirement Systems' Investment Act, Public Act 314 of 1965, as amended, authorizes the System to invest in stocks, government and corporate securities, mortgages, real estate, and various other investment instruments, subject to certain limitations. The Retirement Board has the responsibility and authority to oversee the investment portfolio. Various professional investment managers are contracted to assist in managing the System's assets. All investment decisions are subject to Michigan law and the investment policy established by the Retirement Board.

The System's investments are held in a bank-administered trust fund. Following is a summary of the System's investments as of June 30, 2016:

Investments at fair value	
U.S. agencies	\$ 1,903,129
Corporate bonds	4,615,927
Domestic equities	13,633,393
International equities	946,226
Mutual funds	5,220,696
Domestic real estate investment trusts	438,728
Money market accounts	715,794
	<hr/>
Total investments	<u>\$ 27,473,893</u>

CITY OF YPSILANTI, MICHIGAN

Notes to Financial Statements

Credit Risk. As of June 30, 2016, the System's investments in U.S. agencies were rated Aaa by Moody's Investor Services and its domestic corporate bonds were rated as follows:

Aa3	\$	339,893
A1		380,380
A2		969,580
A3		826,984
Baa1		596,608
Baa2		<u>1,502,482</u>
Totals	\$	<u>4,615,927</u>

The System's policy regarding credit risk provides that a minimum of 70% of fixed income investments must be in the top three major grades as determined by Moody's and the balance must be in the top four major grades.

Custodial Credit Risk. For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the System will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The System's investment policy requires that investment securities be held in trust by a third-party institution in the System's name. As such, although uninsured and unregistered, the System's investments are not exposed to custodial credit risk since the securities are held by the counterparty's trust department in the System's name. Short-term investments in money market funds are not subject to custodial credit risk.

Concentration of Credit Risk. At June 30, 2016, the System did not have any holdings in any one issue greater than 5% of the total investment portfolio.

The System's policy regarding concentration of credit risk does not specify limits regarding concentration of credit risk, although it provides guidelines regarding target maximums for investment types.

Interest Rate Risk. As of June 30, 2016, maturities of the System's debt securities were as follows:

	Fair Value	Investment Maturities (fair value by years)			
		Less Than 1	1-5	6-10	More Than 10
U.S. agencies	\$ 1,903,129	\$ -	\$ 3,639	\$ -	\$ 1,899,490
Corporate bonds	4,615,927	623,026	1,068,440	1,972,067	952,394
	<u>\$ 6,519,056</u>	<u>\$ 623,026</u>	<u>\$ 1,072,079</u>	<u>\$ 1,972,067</u>	<u>\$ 2,851,884</u>

Of the above corporate bonds, \$1,408,574 of the total is callable.

The System's policy regarding interest rate risk provides that fixed income maturities may not exceed 30 years; the System's holdings comply with this requirement.

CITY OF YPSILANTI, MICHIGAN

Notes to Financial Statements

Foreign Currency Risk. Foreign currency risk is the risk that significant fluctuations in exchange rates may adversely affect the fair value of an investment. The System's exposure to foreign currency risk is limited to holdings of international equities of predominantly Canadian, European and Caribbean denominated companies.

In addition to the above, the System's holdings in mutual funds are primarily composed of underlying investments in international equities (approximately 83% of total mutual fund holdings of \$5,220,696), predominately in Japanese, European and other Asian companies. The residual mutual fund underlying investments are in cash and cash equivalents, domestic equities and alternatives.

The System restricts the amount of investment in foreign currency-denominated investments to 20% of total pension system investment.

Fair Value Measurements. The System categorizes the fair value measurements of its investments within the fair value hierarchy established by generally accepted accounting principles. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs - other than quoted prices - included within Level 1 that are observable for the asset or liability, either directly or indirectly. Finally, Level 3 inputs are unobservable and are based on estimates and assumptions. These levels are determined by the System's investment manager at the portfolio level based on a review of the investment class, structure and what kind of securities are held in funds. The investment manager will request the information from the portfolio manager, if necessary.

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

The System had the following recurring fair value measurements as of June 30, 2016:

	Level 1	Level 2	Level 3	Total
U.S. agencies	\$ -	\$ 1,903,129	\$ -	\$ 1,903,129
Corporate bonds	-	4,615,927	-	4,615,927
Domestic equities	13,633,393	-	-	13,633,393
International equities	946,226	-	-	946,226
Mutual funds	5,220,696	-	-	5,220,696
Real estate investment trusts	-	438,728	-	438,728
Portfolio cash	715,794	-	-	715,794
Total investments	\$ 20,516,109	\$ 6,957,784	\$ -	\$ 27,473,893

7. RECEIVABLES

Receivables in the governmental activities are 92.0% leases (approximately 8.4% of which will be collected in one year), 5.1% due from other governments and 2.9% other receivables.

CITY OF YPSILANTI, MICHIGAN

Notes to Financial Statements

8. CAPITAL ASSETS

Capital asset activity of the City's governmental activities was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 1,414,849	\$ -	\$ (56,009)	\$ 1,358,840
Construction in progress	71,394	122,270	(41,644)	152,020
	<u>1,486,243</u>	<u>122,270</u>	<u>(97,653)</u>	<u>1,510,860</u>
Capital assets being depreciated:				
Infrastructure	41,160,500	2,881,738	-	44,042,238
Buildings and improvements	7,773,857	293,193	-	8,067,050
Vehicles and equipment	7,537,295	331,422	-	7,868,717
	<u>56,471,652</u>	<u>3,506,353</u>	<u>-</u>	<u>59,978,005</u>
Less accumulated depreciation for:				
Infrastructure	27,324,488	2,429,920	-	29,754,408
Buildings and improvements	3,566,106	221,504	-	3,787,610
Vehicles and equipment	5,498,820	461,071	-	5,959,891
	<u>36,389,414</u>	<u>3,112,495</u>	<u>-</u>	<u>39,501,909</u>
Total capital assets being depreciated, net	<u>20,082,238</u>	<u>393,858</u>	<u>-</u>	<u>20,476,096</u>
Governmental activities capital assets, net	<u>\$ 21,568,481</u>	<u>\$ 516,128</u>	<u>\$ (97,653)</u>	<u>\$ 21,986,956</u>

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

Governmental activities	
General government	\$ 38,192
Public safety	93,743
Public works	5,730
Highways, streets and bridges	2,442,668
Culture and recreation	109,066
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>423,096</u>
Total depreciation expense - governmental activities	<u>\$ 3,112,495</u>

CITY OF YPSILANTI, MICHIGAN

Notes to Financial Statements

Capital asset activity of the City's component units was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Component units				
Capital assets not being depreciated:				
Land	\$ 53,200	\$ -	\$ -	\$ 53,200
Capital assets being depreciated -				
Buildings and improvements	3,693,036	-	-	3,693,036
Less accumulated depreciation for -				
Buildings and improvements	1,721,352	90,284	-	1,811,636
Total capital assets being depreciated, net	1,971,684	(90,284)	-	1,881,400
Component units capital assets, net	\$ 2,024,884	\$ (90,284)	\$ -	\$ 1,934,600

9. PAYABLES

Payables in the governmental activities are 36.0% accrued liabilities, 5.1% property tax refunds, 17.3% interest, 17.3% claims, and 24.3% vendors.

10. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The City had no interfund receivables or payables at year-end, except for a receivable in the general fund for \$759,801 due from the capital improvements reserve capital projects fund for cash temporarily advanced by the general fund.

Generally, interfund transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The effect of interfund activity has been eliminated from the government-wide financial statements.

Most significant of the transactions below were transfers between the general fund and 2006 general obligation capital projects fund and between nonmajor governmental funds (i.e., debt service and capital projects funds) related to bond refunding and bond principal payment.

CITY OF YPSILANTI, MICHIGAN

Notes to Financial Statements

Transfers In	Transfers Out		
	General Fund	Nonmajor Governmental Funds	Totals
Capital improvement reserve	\$ 164,237	\$ 300,802	\$ 465,039
2006 general obligation	3,930,812	-	3,930,812
Nonmajor governmental funds	-	218,939	218,939
	<u>\$ 4,095,049</u>	<u>\$ 519,741</u>	<u>\$ 4,614,790</u>

11. CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and potential adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the government's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the government.

The City is currently involved in various tax appeals pending before the Michigan Tax Tribunal. The appeals cover various commercial and industrial properties for the years 2015 and 2016. Due to the large number of appeals currently before the Tribunal, the time frame for resolution of these matters is unknown at this time. An estimate of the City's maximum exposure is approximately \$200,000 dollars. The City is vigorously defending all such litigation.

12. LONG-TERM DEBT

Primary Government

General obligation bonds. The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities. The original amount of general obligation bonds issued in prior years for the items listed below was \$26,585,000.

CITY OF YPSILANTI, MICHIGAN

Notes to Financial Statements

General obligation bonds are direct obligations that pledge the full faith and credit of the government. These bonds are issued as 10 to 20-year serial bonds with varying amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
2010 refunding bonds	\$ 1,330,000	\$ -	\$ (660,000)	\$ 670,000	\$ 670,000
2002 capital improvements	105,000	-	(35,000)	70,000	35,000
2006 property remediation	13,780,000	-	(13,080,000)	700,000	30,000
2013 refunding bonds	2,910,000	-	(630,000)	2,280,000	645,000
2016 refunding bonds	-	10,440,000	-	10,440,000	520,000
	<u>\$ 18,125,000</u>	<u>\$ 10,440,000</u>	<u>\$ (14,405,000)</u>	<u>\$ 14,160,000</u>	<u>\$ 1,900,000</u>

Interest rates on outstanding general obligation bonds are as follows:

2010 refunding bonds	2.5%
2002 capital improvements	4.5-4.6%
2006 property remediation	5.8-6.2%
2013 refunding bonds	1.31%
2016 refunding bonds	1.39-4.00%

During the current year, the City issued \$10,440,000 of refunding bonds to advance refund \$12,545,000 of the 2006 general obligation limited tax capital improvement refunding bonds to provide resources to purchase U.S. government securities that were placed in an irrevocable trust to generate resources for all future debt service payments. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities. The refunding resulted in a savings of \$3,832,474 and an economic gain of \$2,581,097.

Annual debt service requirements to maturity for general obligation bonds are as follows:

	Principal	Interest
2017	\$ 1,900,000	\$ 410,919
2018	1,440,000	355,342
2019	1,430,000	333,354
2020	625,000	315,765
2021	655,000	301,744
2022-2026	3,635,000	1,226,310
2027-2031	4,475,000	560,489
	<u>\$ 14,160,000</u>	<u>\$ 3,503,923</u>

CITY OF YPSILANTI, MICHIGAN

Notes to Financial Statements

Revenue bonds. The City also issues bonds where the income derived from the acquired or constructed assets is pledged to pay debt service. In this instance, the income is derived from Ypsilanti Community Utilities Authority (*see Joint Venture note*), which manages and operates the related water and wastewater systems. The original amount of revenue bonds issued in current and prior years for the items listed below was \$34,464,702. Revenue bonds outstanding at year-end are as follows:

DWRF revenue bonds each have an interest rate of 2.5%. The 2006 water/sewer refunding bonds have interest rates of 4.05 to 4.125%; the 2014 water/sewer refunding bonds have interest rates of 2.0% to 4.0%.

Revenue bonds outstanding at year-end are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
2002-B Water/Sewer (DWRF)	\$ 205,000	\$ -	\$ (25,000)	\$ 180,000	\$ 30,000
2003-C Water/Sewer (DWRF)	400,000	-	(40,000)	360,000	40,000
2003-D Water/Sewer (DWRF)	2,710,000	-	(270,000)	2,440,000	280,000
2004-B Water/Sewer (DWRF)	3,500,000	-	(315,000)	3,185,000	325,000
2006 Water/Sewer Refunding	9,720,000	-	(50,000)	9,670,000	50,000
2007 Water/Sewer (DWRF)	208,702	-	(15,000)	193,702	15,000
2008 Water/Sewer (DWRF)	319,253	-	(20,000)	299,253	20,000
2009 Water/Sewer (DWRF)	114,029	-	(5,000)	109,029	5,000
2012 Water/Sewer (DWRF)	2,785,000	-	(115,000)	2,670,000	120,000
2013 Water/Sewer Refunding	6,950,000	-	(995,000)	5,955,000	1,015,000
2015 Water/Sewer (DWRF)	51,399	398,601	(20,000)	430,000	20,000
	<u>\$ 26,963,383</u>	<u>\$ 398,601</u>	<u>\$ (1,870,000)</u>	<u>\$ 25,491,984</u>	<u>\$ 1,920,000</u>

DWRF = Drinking Water Revolving Fund (State of Michigan)

Annual debt service requirements to maturity for revenue bonds are as follows:

	Principal	Interest
2017	\$ 1,920,000	\$ 826,620
2018	1,965,000	738,805
2019	2,085,000	696,617
2020	2,140,000	626,995
2021	2,215,000	555,101
2022-2026	10,800,000	1,631,073
2027-2031	3,731,984	218,921
2032-2035	635,000	10,971
Totals	<u>\$ 25,491,984</u>	<u>\$ 5,305,103</u>

CITY OF YPSILANTI, MICHIGAN

Notes to Financial Statements

Installment Obligations. The government has entered into various long-term loan and installment payment agreements. Such obligations outstanding at year-end are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
2003 CDBG loan (noncapital)	\$ 2,750,350	\$ -	\$ (2,750,350)	\$ -	\$ -
2015 capital lease	133,786	-	(20,714)	113,072	21,323
Biltmore agreement	340,000	-	-	340,000	-
	<u>\$ 3,224,136</u>	<u>\$ -</u>	<u>\$ (2,771,064)</u>	<u>\$ 453,072</u>	<u>\$ 21,323</u>

During the current year, the above CDBG loan was converted to a grant and removed from the City's liabilities.

Annual debt service requirements to maturity for installment purchase agreements are as follows:

	Principal	Interest
2017	\$ 21,323	\$ 33,933
2018	21,950	57,324
2019	22,595	51,698
2020	23,260	45,852
2021	23,944	39,588
	<u>113,072</u>	<u>228,395</u>
Biltmore agreement	<u>340,000</u>	<u>-</u>
	<u>\$ 453,072</u>	<u>\$ 228,395</u>

Repayment of the remaining \$340,000 on the Biltmore agreement is contingent upon certain future events occurring between now and 2030, primary of which is the City's sale of the former Biltmore property. The likelihood of such future sale is presently indeterminable.

Component Units

Component unit general obligation bonds outstanding at June 30, 2016 are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Downtown development - 2004-A	\$ 615,000	\$ -	\$ (55,000)	\$ 560,000	\$ 60,000

CITY OF YPSILANTI, MICHIGAN

Notes to Financial Statements

Annual debt service requirements to maturity for component unit general obligation bonds are as follows:

	Principal	Interest
2017	\$ 60,000	\$ 24,685
2018	60,000	22,255
2019	65,000	19,765
2020	70,000	16,970
2021	70,000	13,925
2022-2024	235,000	21,850
	<u>\$ 560,000</u>	<u>\$ 119,450</u>

Component unit revenue bonds outstanding at June 30, 2016 are as follows:

	Beginning Balance	Reductions	Ending Balance	Due Within One Year
2000 Depot Town Downtown Development	\$ 6,792	\$ (6,792)	\$ -	\$ -

Changes in Long-term Debt. Long-term debt activity for the year ended June 30, 2016, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Primary Government					
General obligation bonds	\$ 18,125,000	\$ 10,440,000	\$ (14,405,000)	\$ 14,160,000	\$ 1,900,000
Revenue bonds	26,963,383	398,601	(1,870,000)	25,491,984	1,920,000
Unamortized premium	371,731	60,014	(31,978)	399,767	36,979
Installment obligations	3,224,136	-	(2,771,064)	453,072	21,323
Compensated absences	935,702	470,048	(220,971)	1,184,779	280,000
	<u>\$ 49,619,952</u>	<u>\$ 11,368,663</u>	<u>\$ (19,299,013)</u>	<u>\$ 41,689,602</u>	<u>\$ 4,158,302</u>
Component Units					
General obligation bonds	\$ 615,000	\$ -	\$ (55,000)	\$ 560,000	\$ 60,000
Revenue bonds	6,792	-	(6,792)	-	-
Compensated absences	1,545	-	-	1,545	1,545
	<u>\$ 623,337</u>	<u>\$ -</u>	<u>\$ (61,792)</u>	<u>\$ 561,545</u>	<u>\$ 61,545</u>

For the governmental activities, compensated absences, net pension liability and net other postemployment benefit obligations, if any, are generally liquidated by the general fund.

CITY OF YPSILANTI, MICHIGAN

Notes to Financial Statements

13. COMMITTED FUND BALANCE

The components of the committed fund balance in the City's general fund are as follows:

Committed fund balance	
Active employees cumulative benefits	\$ 1,184,779
Water Street project bond payments	1,800,000
Water Street redevelopment professional fees	50,000
Energy efficiency and conservation project	342,108
Peninsular dam inspection study and repair	80,300
MDNR 2011 Recreation Passport Grant (Res # 2011-092)	10,000
Park capital improvements	<u>18,514</u>
Total committed fund balance	<u>\$ 3,485,701</u>

14. INVESTED IN CAPITAL ASSETS

Net investment in capital assets of the governmental activities was as follows at June 30, 2016:

Capital assets not being depreciated	\$ 1,510,860
Capital assets being depreciated, net	20,476,096
General obligation bonds	(14,160,000)
Revenue bonds	(25,491,984)
Unamortized premium	(399,767)
Installment obligations	(453,072)
Deferred charge on refunding	33,282
Add back debt that did not produce City capital assets:	
General obligation bonds	11,140,000
Revenue bonds	<u>25,491,984</u>
Net investment in capital assets	<u>\$ 18,147,399</u>

15. 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 claims and participates in the Michigan Municipal League Liability and Property Pool for claims relating to property and general liability; the City is self-insured for workers' compensation claims with a self-insured retention of \$400,000 to \$500,000 per claim depending on job classification and \$1.3 in the aggregate, annually. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal League risk pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

CITY OF YPSILANTI, MICHIGAN

Notes to Financial Statements

The City estimates the liability for workers' compensation claims that have been incurred through the end of the fiscal year, including claims that have been reported as well as those that have not yet been reported. Changes in the estimated liability for the past two fiscal years were as follows (approximately 60 percent of the total liability is classified as current, the remaining as noncurrent):

	2016	2015
Estimated liability, beginning of year	\$ 422,072	\$ 666,494
Estimated claims incurred, including changes in estimates	(58,065)	(103,518)
Claim payments	<u>(29,183)</u>	<u>(140,904)</u>
Estimated liability, end of year	<u>\$ 334,824</u>	<u>\$ 422,072</u>

16. PROPERTY TAXES

The government's property taxes are levied each July 1 on the taxable valuation of property located in the City as of the preceding December 31, the lien date. Property taxes are payable without penalty and interest through September 14; as of February 14 of the succeeding year, unpaid real property taxes are sold to and collected by Washtenaw County. Assessed values, as established annually by the government and subject to acceptance by the County, are equalized by the State at an estimated 50% of current market value. The taxable value of real and personal property in the City for the 2015 levy was \$295,325,701. The government's general operating tax rate for fiscal 2015-16 was 19.0211 mills plus 2.7814 mills for sanitation, 4.5787 mills for streets, 0.9789 for public transit and 7.5411 mills for police and fire pension. Property taxes are recognized in the fiscal year in which they are levied.

Property taxes for the component units are derived from tax increment financing agreements with the various applicable taxing authorities. Under these arrangements, the tax increment finance entities receive the property taxes levied on the increment of current taxable values over the base year values on those properties located within the established tax increment financing district.

17. DEFINED BENEFIT PENSION PLANS

Police and Fire Retirement System

Plan administration. The Police and Fire Retirement System is a single-employer defined benefit pension plan that is administered by the City of Ypsilanti Police and Fire Employees' Retirement System (the "System"); this plan covers all full-time police and fire employees of the City. The System provides retirement, disability, and death benefits to plan members and their beneficiaries. Cost of living adjustments are provided to members and beneficiaries. The plan issues a publicly available financial report that includes financial statements and required supplementary information of the System. That report may be obtained by writing to the System at One South Huron Street, Ypsilanti, Michigan 48197 or

Management of the System is vested in the Retirement Board of the City of Ypsilanti, Michigan Police and Fire Retirement System, which consists of five members: two that are elected (one each representing fire and police employees), two that are appointed by the City Council of the City of Ypsilanti and one that is the Treasurer of the City of Ypsilanti.

CITY OF YPSILANTI, MICHIGAN

Notes to Financial Statements

The financial statements of the System are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. The City's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans.

Plan investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates. Investments that do not have established market values are reported at estimated fair values as determined by the custodian under the direction of the Retirement Board with the assistance of a valuation service. Administrative costs are financed through

Plan membership. At June 30, 2015, the date of the latest actuarial valuation, membership in the plan consisted of the following:

Retirees and beneficiaries receiving benefits	119
Terminated employees entitled to but not yet receiving benefits	2
Active employees	<u>41</u>
Total	<u><u>162</u></u>

Benefits provided. The System provides retirement, disability, and death benefits. Generally, retirement benefits are calculated as a percent of the member's final average compensation (AFC) for a certain number of years times the member's years of service as summarized in the following table:

Eligibility	Amount of Benefit
20 or more years of service (25 years for Fire Chief) regardless of age or age 60 regardless of service.	Straight life pension equals 3.0% of three year AFC times years of service for police and 3.0% of AFC times first 25 years of service plus 1% of AFC times years of service in excess of 25 for fire. Additional benefit provisions apply to COAM members depending on hire dates.
25 or more years of service regardless of age for fire members hired after July 1, 2009.	Straight life pension equals 2.5% of three year AFC times years of service, with a 75% maximum.
25 or more years of service regardless of age for POAM/COAM members hired after July 1, 2009.	Straight life pension equals 2.0% of three year AFC times years of service.
Members hired after July 1, 2012.	Same as members hired after July 1, 2009, except there is no annuity withdrawal option.

Retirees who are receiving benefits below the estimated federal and state poverty levels have their benefits increased up to the poverty level.

CITY OF YPSILANTI, MICHIGAN

Notes to Financial Statements

Contributions. The obligation to contribute to the System for these employees was established by City ordinances and state statute and requires a contribution from the employees of 10.0% of gross wages for plan members hired prior to July 1, 2009 and 5% of gross wages for plan members hired after July 1, 2009. The funding policy provides for periodic employer contributions at actuarially determined rates; the current rate is 39.13% of covered payroll.

Deferred Retirement Option Program (DROP). In lieu of retiring and receiving a monthly benefit, an eligible participant may elect to participate in the DROP by making an irrevocable election to terminate employment with the City and retire upon ceasing participation in the DROP. The DROP election must specify the future retirement date which must be within the maximum time period permitted (typically 3 to 5 years, based on bargaining unit and hire date). Upon entry in the DROP, the participant ceases to accrue years of service in the defined benefit pension plan. The participant remains an employee of the City for all other purposes, but the retirement benefit payment is calculated and payments commence into a separate, restricted account. These monthly payments, along with interest earnings thereon, are not distributed to the participant until employment has terminated. DROP activity for the year ended

Beginning Balance	Credits	Interest	Distributions	Adjustments	Ending Balance
\$ 703,095	\$ 487,413	\$ 40,935	\$ -	\$ 64,800	\$ 1,296,243

Net pension liability. The City's net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015 (as rolled forward to June 30, 2016).

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of June 30, 2015 and a measurement date of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	No explicit price inflation assumption used
Salary increases	4.0-9.0 percent, average, including inflation
Investment rate of return	7.5 percent, net of pension plan investment expense, including inflation
Mortality rates	RP-2014 Healthy Annuitant Mortality Table

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2009 through June 30, 2014.

Investment allocation policy. The System's policy in regard to the allocation of invested assets is established and may be amended by the Retirement Board. The policy pursues an investment strategy that protects the financial health of the System and reduces risk through the prudent portfolio diversification. The adopted asset allocation policy as of June 30, 2016, is presented in the table below.

CITY OF YPSILANTI, MICHIGAN

Notes to Financial Statements

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016 are summarized below:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	50%	7.67%
Domestic fixed income	15%	4.80%
International equity	33%	7.20%
Cash	2%	2.30%
	100%	

Discount rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. 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

Changes in the Net Pension Liability. The components of the change in the net pension liability are summarized as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2015	\$ 46,938,071	\$ 30,404,231	\$ 16,533,840
Changes for the year:			
Service cost	624,175	-	624,175
Interest	3,377,822	-	3,377,822
Employer contributions	-	1,240,657	(1,240,657)
Employee contributions	-	234,471	(234,471)
Net investment income	-	(253,617)	253,617
Benefit payments, including refunds of employee contributions	(4,425,057)	(4,425,057)	-
Administrative expense	-	(67,345)	67,345
Net changes	(423,060)	(3,270,891)	2,847,831
Balances at June 30, 2016	\$ 46,515,011	\$ 27,133,340	\$ 19,381,671

CITY OF YPSILANTI, MICHIGAN

Notes to Financial Statements

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the City, calculated using the discount rate of 7.5 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 (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount (7.5%)	1% Increase (8.5%)
City's net pension liability	\$ 24,406,322	\$ 19,381,671	\$ 15,369,075

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 \$3,209,388. The City reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Difference between expected and actual experience	\$ 73,429
Changes in assumptions	214,569
Net difference between projected and actual earnings on pension plan investments	<u>2,707,906</u>
Total	<u>\$ 2,995,904</u>

The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date, if any, will be recognized as a reduction in the net pension liability for the year ending June 30, 2017. Other amounts reported as deferred outflows of resources related to pension will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2017	\$ 1,029,247
2018	741,249
2019	741,249
2020	<u>484,159</u>
Total	<u>\$ 2,995,904</u>

CITY OF YPSILANTI, MICHIGAN

Notes to Financial Statements

Municipal Employees Retirement System of Michigan

Plan Description. The employer’s defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The employer participates in the Municipal Employees Retirement System (MERS) of Michigan. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. Public Act 427 of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at www.mersofmich.com.

Contributions. The obligation to contribute to and maintain the MERS for these employees was established by City ordinances and requires a contribution from the employees of 5.0% of annual compensation. The actuarially determined employer contribution rate, as established by the MERS Retirement Board, is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with such additional amount as necessary to finance any unfunded accrued liability. Employer contributions of 6.13% of annual payroll for only the non-union division were required for the year ended June 30, 2016. This was determined as part of an actuarial valuation at December 31, 2013, using the entry age normal cost method. Employer contributions were not required the prior five

Benefits Provided. Pension benefits are calculated as final average compensation (based on a 5 year period) and multipliers ranging from 1.5% to 2.5%. Participants are considered to be fully vested in the plan after 10 years. Normal retirement age is 60 with early retirement at age 50 with 25 years of service. The employer may establish contribution rates to be paid by its covered employees. Currently, member contributions range from 0% to 9.4%.

Employees Covered by Benefit Terms. At December 31, 2015, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	55
Inactive employees entitled to but not yet receiving benefits	19
Active employees	45
 Total membership	 119

Net Pension Liability. The City's net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

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

Inflation	3% to 4%
Salary increases	4.5% in the long-term (2% and 3% for calendar years 2015 and 2016, respectively)
Investment rate of return	8.25%, net of investment expense and including inflation

CITY OF YPSILANTI, MICHIGAN

Notes to Financial Statements

Although no specific price inflation assumptions are needed for the valuation, the 4.5% long-term wage inflation assumption would be consistent with a price inflation of 3%-4%.

Mortality rates used were based on the 1994 Group Annuity Mortality Table of a 50% Male and 50% Female blend. For disabled retirees, the regular mortality table is used with a 10-year set forward in ages to reflect the higher expected mortality rates of disabled members.

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study conducted in 2015.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment and administrative expenses 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 for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Global equity	57.50%	5.02%	2.89%
Global fixed income	20.00%	2.18%	0.44%
Real assets	12.50%	4.23%	0.53%
Diversifying strategies	10.00%	6.56%	0.66%
	<u>100.00%</u>		
Inflation			3.50%
Administrative expenses netted above			<u>0.23%</u>
Investment rate of return			<u>8.25%</u>

Discount Rate. The discount rate used to measure the total pension liability is 8.25% for 2015. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay 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.

CITY OF YPSILANTI, MICHIGAN

Notes to Financial Statements

Changes in the Net Pension Liability. The components of the change in the net pension liability are summarized as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability(Asset) (a) - (b)
Balances at December 31, 2014	\$ 13,093,173	\$ 17,730,486	\$ (4,637,313)
Changes for the year:			
Service cost	297,939	-	297,939
Interest	1,026,796	-	1,026,796
Differences between expected and actual experience	27,391	-	27,391
Changes in assumptions	758,423	-	758,423
Employer contributions	-	16,098	(16,098)
Employee contributions	-	118,023	(118,023)
Net investment income	-	(260,995)	260,995
Benefit payments, including refunds of employee contributions	(814,387)	(814,387)	-
Administrative expense	-	(38,466)	38,466
Other changes	32,088	-	32,088
Net changes	1,328,250	(979,727)	2,307,977
Balances at December 31, 2015	\$ 14,421,423	\$ 16,750,759	\$ (2,329,336)

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 8.25%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1% lower (7.25%) or 1% higher (9.25%) than the current rate:

	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
City's net pension liability (asset)	\$ (786,097)	\$ (2,329,336)	\$ (3,628,018)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Plan financial statements.

CITY OF YPSILANTI, MICHIGAN

Notes to Financial Statements

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 \$542,377. The City reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Difference between expected and actual experience	\$ 18,261
Changes in assumptions	505,615
Net difference between projected and actual earnings on pension plan investments	<u>1,508,724</u>
	2,032,600
Contributions subsequent to the measurement date	<u>32,432</u>
 Total	 <u><u>\$ 2,065,032</u></u>

The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending June 30, 2017. Other amounts reported as deferred outflows of resources related to pension will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2017	\$ 654,801
2018	654,801
2019	392,861
2020	<u>330,137</u>
 Total	 <u><u>\$ 2,032,600</u></u>

18. OTHER POSTEMPLOYMENT BENEFITS

The City participates in the Municipal Employees' Retirement System of Michigan (MERS), an agent multiple-employer other postemployment benefit plan that provides postemployment healthcare benefits to certain retirees and their beneficiaries. The MERS issues a publicly available financial report that includes financial statements and required supplementary information for the MERS. That report may be obtained by writing to the MERS at 1134 Municipal Way, Lansing, MI 48917.

As of December 31, 2014, the date of the latest actuarial valuation, the City had 219 total participants in the plan. This includes 83 active employees, no deferred vested participants, and 136 retirees that were eligible and receiving benefits.

The City has no obligation to make contributions in advance of when the insurance premiums or benefits are due for payment; in other words, the plan may be financed on a pay-as-you-go basis. Administrative costs of the plan are paid for by the City's general fund. Plan participants are not required to contribute

For the year ended June 30, 2016, the City paid benefits and made contributions to advance-fund the plan totaling \$1,290,629.

CITY OF YPSILANTI, MICHIGAN

Notes to Financial Statements

For the year ended June 30, 2016, the City estimated the cost of providing retiree healthcare benefits based on an actuarial valuation as of December 31, 2014. Such a valuation computes an annual required contribution (ARC) that represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The current combined ARC is 29.7% of annual covered payroll.

For fiscal 2016, the components of the City's annual OPEB (other postemployment benefit) cost for the year, the amount actually contributed to the plan (including pay-as-you-go amounts), and changes in the City's net OPEB asset to the plan are as follows:

Annual required contribution	\$ 1,370,202
Interest on net OPEB asset	(2,779)
Adjustment to annual required contribution	<u>2,972</u>
Annual OPEB cost	1,370,395
Contributions made	<u>(1,290,629)</u>
Decrease in net OPEB asset	79,766
Net OPEB liability (asset), beginning of year	<u>(34,740)</u>
 Net OPEB liability, end of year	 <u><u>\$ 45,026</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the last three years were as follows:

Year Ended	Annual OPEB Cost	Actual Contribution	Percentage of OPEB Cost Contributed	Net OPEB Asset (Liability)
6/30/2014	\$ 1,278,443	\$ 1,196,034	93.6%	\$ 104,008
6/30/2015	1,277,984	1,208,716	94.6%	34,740
6/30/2016	1,370,395	1,290,629	94.2%	(45,026)

Funded Status. The funded status of the plan as of December 31, 2014, the date of the latest actuarial valuation, was as follows:

Actuarial accrued liability (AAL)	\$ 17,973,717
Actuarial value of assets	<u>4,151,206</u>
Unfunded AAL (UAAL)	<u><u>\$ 13,822,511</u></u>
 Funded ratio	 <u><u>23.1%</u></u>
 Covered payroll	 <u><u>\$ 4,615,356</u></u>
 UAAL as % of covered payroll	 <u><u>299.5%</u></u>

CITY OF YPSILANTI, MICHIGAN

Notes to Financial Statements

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 to past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing 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. Significant methods and assumptions were as follows:

Actuarial valuation date	12/31/2014
Actuarial cost method	Entry age normal cost
Amortization method	Level percent of payroll open
Remaining amortization period	30 years
Asset valuation method	Market value
Discount rate	8.0%
Projected salary increases	3.0%
Healthcare inflation rate	8.0% grading to 5.0% ultimately
General inflation rate	2.5%

19. JOINT VENTURE

The City is a member of the Ypsilanti Community Utilities Authority (YCUA), which provides water and wastewater services to the residents of the City, Ypsilanti Township and other adjacent municipalities. The City appoints two of the five members of the joint venture's governing board. The joint venture does not involve an explicit, measurable equity interest; hence it is not recorded as an asset in the City's financial statements. Complete financial statements for YCUA can be obtained from its administrative offices at 2777 State Street, Ypsilanti, Michigan.

The City has issued various revenue bonds on behalf of YCUA. Proceeds from the issues are contributed to YCUA for various water and sewer improvements and construction. YCUA reimburses the City annually for debt service payments, with income derived from water and sewer use rates. The City has recorded a lease receivable on its government-wide statement of net position for the principal balance of the bonds drawn to date by YCUA, which is reported net of fund balance amounts in the related debt service funds maintained by the City.

CITY OF YPSILANTI, MICHIGAN

Notes to Financial Statements

20. LAND HELD FOR RESALE

The City is currently involved in a redevelopment project referred to as the Water Street Redevelopment Project. As a part of this project, the City has acquired various parcels of land in the Water Street area and is in the process of preparing them for resale and redevelopment. Through June 30, 2016, the City has acquired numerous parcels, which are recorded as land held for resale. Acquisition costs are capitalized as well as other costs (legal, consulting, etc.) that are attributable and necessary for the project. The land held for resale is valued at the lower of cost or market (since it is not held as an investment or for investment purposes).



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REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF YPSILANTI, MICHIGAN
MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF MICHIGAN**

Required Supplementary Information

Schedule of Changes in the City's Net Pension Liability and Related Ratios
Last Two Calendar Years (ultimately ten years will be displayed)

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

	Year Ended December 31, 2014	Year Ended December 31, 2015
Total pension liability		
Service cost	\$ 261,667	\$ 297,939
Interest	1,018,946	1,026,796
Differences between expected and actual experience	-	27,391
Changes of assumptions	-	758,423
Benefit payments, including refunds of employee contributions	(813,912)	(814,387)
Employee refunds	(1,011)	-
Other changes	-	32,088
Net change in total pension liability	<u>465,690</u>	<u>1,328,250</u>
Total pension liability, beginning of year	<u>12,627,483</u>	<u>13,093,173</u>
Total pension liability, end of year	<u>13,093,173</u>	<u>14,421,423</u>
Plan fiduciary net position		
Employer contributions	-	16,098
Employee contributions	109,007	118,023
Net investment income	1,089,980	(260,995)
Benefit payments, including refunds of employee contributions	(813,912)	(814,387)
Employee refunds	(1,011)	-
Administrative expense	(39,926)	(38,466)
Net change in plan fiduciary net position	<u>344,138</u>	<u>(979,727)</u>
Plan fiduciary net position, beginning of year	<u>17,386,348</u>	<u>17,730,486</u>
Plan fiduciary net position, end of year	<u>17,730,486</u>	<u>16,750,759</u>
City's net pension liability (asset)	<u><u>\$(4,637,313)</u></u>	<u><u>\$(2,329,336)</u></u>
Plan fiduciary net position as a percentage of total pension liability	135.4%	116.2%
Covered-employee payroll	\$ 2,116,057	\$ 2,440,537
City's net pension asset as a percentage of covered-employee payroll	-219.1%	-95.4%

The amounts presented for each fiscal year were determined as of December 31 of the preceding year.

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF MICHIGAN

Required Supplementary Information

Schedule of City Contributions

Last Two Fiscal Years (ultimately ten years will be displayed)

Schedule of Contributions

Fiscal Year Ending June 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as Percentage of Covered-Employee Payroll
2015	\$ -	\$ -	\$ -	\$ 2,147,381	0.0%
2016	48,530	48,530	-	2,350,653	2.1%

Notes to Schedule of Contributions

Valuation Date Actuarially determined contribution rates are calculated as of the June 30 that is 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level percent of payroll, closed
Remaining amortization period	22 years
Asset valuation method	Open; 10-year smoothed value of assets
Inflation	3.0% to 4.0%
Salary increases	3.75%
Investment rate of return	8.25%
Retirement age	Age-based table of rates that are specific to the type of eligibility condition. The Normal Retirement rates were first used for the December 31, 2009 actuarial valuations. The Early Retirement rates were first used for the December 31, 2014 actuarial valuations.
Mortality	RP-2014 Healthy Annuitant Mortality Table of a 50% Male and 50% Female blend. For disabled retirees, the regular mortality table is used with a 10-year set forward in ages to reflect the higher expected mortality rates of disabled

CITY OF YPSILANTI, MICHIGAN
POLICE AND FIRE RETIREMENT SYSTEM

Required Supplementary Information

Schedule of Investment Returns

Last Four Fiscal Years (ultimately ten years will be displayed)

Fiscal Year Ended	Annual Money-Weighted Rate of Return, Net of Investment Expense
6/30/2013	13.99%
6/30/2014	19.22%
6/30/2015	3.70%
6/30/2016	-0.27%

**CITY OF YPSILANTI, MICHIGAN
POLICE AND FIRE RETIREMENT SYSTEM**

Required Supplementary Information

Schedule of Changes in the City's Net Pension Liability and Related Ratios
Last Three Fiscal Years (ultimately ten fiscal years will be displayed)

	2014	2015	2016
Change in total pension liability			
Service cost	\$ 417,399	\$ 767,076	\$ 624,175
Interest	3,244,001	3,248,978	3,377,822
Changes of benefit terms	88,956	-	-
Differences between expected and actual experience	(212,827)	481,589	-
Changes of assumptions	(203,836)	1,407,285	-
Benefit payments, including refunds of member contributions	(3,078,288)	(3,806,050)	(4,425,057)
Net change in total pension liability	<u>255,405</u>	<u>2,098,878</u>	<u>(423,060)</u>
Total pension liability, beginning	<u>44,583,788</u>	<u>44,839,193</u>	<u>46,938,071</u>
Total pension liability, ending (a)	<u>44,839,193</u>	<u>46,938,071</u>	<u>46,515,011</u>
Change in plan fiduciary net position			
Contributions - employer	1,358,167	1,395,423	1,240,657
Contributions - member	275,422	274,671	234,471
Net investment income	4,982,234	1,002,019	(253,617)
Benefit payments, including refunds of member contributions	(3,078,288)	(3,806,050)	(4,425,057)
Administrative expense	(60,012)	(59,069)	(67,345)
Net change in plan fiduciary net position	<u>3,477,523</u>	<u>(1,193,006)</u>	<u>(3,270,891)</u>
Plan fiduciary net position, beginning	<u>28,119,714</u>	<u>31,597,237</u>	<u>30,404,231</u>
Plan fiduciary net position, ending (b)	<u>31,597,237</u>	<u>30,404,231</u>	<u>27,133,340</u>
City's net pension liability, ending (a)-(b)	<u><u>\$13,241,956</u></u>	<u><u>\$16,533,840</u></u>	<u><u>\$19,381,671</u></u>
Plan fiduciary net position as a percentage of the total pension liability	70.47%	64.78%	58.33%
Covered-employee payroll	\$ 3,440,059	\$ 3,298,809	\$ 3,170,835
City's net pension liability as a percentage of covered payroll	384.93%	501.21%	611.25%

**CITY OF YPSILANTI, MICHIGAN
POLICE AND FIRE RETIREMENT SYSTEM**

Required Supplementary Information

Schedule of City Contributions

Last Two Fiscal Years (ultimately ten years will be displayed)

Fiscal Year Ended	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/2014	\$ 1,347,529	\$ 1,358,167	\$ (10,638)	\$ 3,440,059	39.5%
6/30/2015	1,395,423	1,395,423	-	3,298,809	42.3%
6/30/2016	1,240,657	1,240,657	-	3,170,835	39.1%

Notes to Schedule of Contributions

Valuation date Actuarially determined contribution rates are calculated as of June 30 that is 12 months prior to the beginning of the fiscal year for which the contributions are reported.

Other information During the year ended June 30, 2015, the plan experienced a change in actuarial assumptions resulting in a \$1,407,285 increase in the TPL.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	level percentage of payroll, closed
Remaining amortization period	29 years for the 2015 valuation, 30 years previously
Asset valuation method	5-year smoothed market
Inflation	No explicit price inflation assumption used
Salary increases	4.0-9.0 percent, average, including inflation
Investment rate of return	7.5 percent, net of pension plan investment expense, including inflation
Mortality rates	RP-2014 Healthy Annuitant Mortality Table

**CITY OF YPSILANTI, MICHIGAN
OTHER POSTEMPLOYMENT HEALTH CARE BENEFITS**

Required Supplementary Information

Schedule of Funding Progress

Actuarial Valuation Date December 31,	Actuarial Value of Assets (1)	Actuarial Accrued Liability (AAL) - Entry Age (2)	Unfunded AAL (UAAL) (1-2)	Funded Ratio (1 / 2)	Covered Payroll (3)	UAAL as a Percentage of Covered Payroll ((1-2) / 3)
2008	\$ 1,414,918	\$ 12,430,962	\$ 11,016,044	11.4%	\$ 6,028,949	182.7%
2010	3,019,998	12,121,822	9,101,824	24.9%	5,767,671	157.8%
2012	3,412,331	15,935,506	12,523,175	21.4%	4,722,802	265.2%
2014	4,151,206	17,973,717	13,822,511	23.1%	4,615,356	299.5%

Schedule of Employer Contributions

Year Ended June 30,	Annual Required Contributions	Annual Actual Contribution	Percentage Contributed
2009	\$ 1,192,998	\$ 1,483,485	124.3%
2010	1,192,998	1,218,188	102.1%
2011	989,774	949,195	95.9%
2012	989,774	1,045,048	105.6%
2013	1,277,408	1,139,174	89.2%
2014	1,277,408	1,196,034	93.6%
2015	1,277,408	1,208,716	94.6%
2016	1,370,202	1,290,629	94.2%

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**COMBINING AND INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES**

CITY OF YPSILANTI, MICHIGAN

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2016

	Special Revenue	Debt Service	Capital Projects	Totals
Assets				
Cash and cash equivalents	\$ 1,936,327	\$ 189,289	\$ 1,040,319	\$ 3,165,935
Accounts receivable	7,944	-	4,564	12,508
Due from other governments	342,373	-	105,842	448,215
Prepaid items	114,000	-	-	114,000
Total assets	\$ 2,400,644	\$ 189,289	\$ 1,150,725	\$ 3,740,658
Liabilities				
Accounts payable	\$ 113,585	\$ -	\$ 225	\$ 113,810
Accrued liabilities	25,961	-	-	25,961
Due to other governments	74,910	-	-	74,910
Tax refunds payable	18,120	10,115	-	28,235
Total liabilities	232,576	10,115	225	242,916
Fund balances				
Nonspendable -				
Prepaid items	114,000	-	-	114,000
Restricted for:				
Major and local streets	1,964,826	-	-	1,964,826
Drug law enforcement	89,242	-	-	89,242
Debt service	-	179,174	829,270	1,008,444
Committed for capital projects	-	-	321,230	321,230
Total fund balances	2,168,068	179,174	1,150,500	3,497,742
Total liabilities and fund balances	\$ 2,400,644	\$ 189,289	\$ 1,150,725	\$ 3,740,658

CITY OF YPSILANTI, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

Nonmajor Governmental Funds
For the Year Ended June 30, 2016

	Special Revenue	Debt Service	Capital Projects	Totals
Revenues				
Taxes and special assessments	\$ 1,092,226	\$ 1,347,483	\$ -	\$ 2,439,709
Licenses and permits	26,820	-	59,593	86,413
Intergovernmental	1,812,761	29,813	1,515,640	3,358,214
Investment earnings	10,423	1,401	7,397	19,221
Other revenues	92,501	34,229	168,908	295,638
Total revenues	3,034,731	1,412,926	1,751,538	6,199,195
Expenditures				
Current:				
Public safety	11,162	-	-	11,162
Public works	-	-	458,953	458,953
Refuse collection	833,639	-	-	833,639
Highways, streets and bridges	2,523,389	-	-	2,523,389
Public transportation	315,229	-	-	315,229
Tax tribunal refunds	4,598	4,999	-	9,597
Debt service:				
Principal	-	1,350,000	850,000	2,200,000
Interest and fiscal charges	-	69,497	620,892	690,389
Bond issuance costs	-	209,618	-	209,618
Total expenditures	3,688,017	1,634,114	1,929,845	7,251,976
Revenues under expenditures	(653,286)	(221,188)	(178,307)	(1,052,781)
Other financing sources (uses)				
Issuance of refunding bonds	-	10,440,000	398,601	10,838,601
Payment to refunding bond escrow agent	-	(10,290,000)	-	(10,290,000)
Premium on refunding bonds	-	60,015	-	60,015
Transfers in	179,234	39,705	-	218,939
Transfers out	(277,252)	-	(242,489)	(519,741)
Total other financing sources (uses)	(98,018)	249,720	156,112	307,814
Net changes in fund balances	(751,304)	28,532	(22,195)	(744,967)
Fund balances, beginning of year	2,919,372	150,642	1,172,695	4,242,709
Fund balances, end of year	\$ 2,168,068	\$ 179,174	\$ 1,150,500	\$ 3,497,742

CITY OF YPSILANTI, MICHIGAN

Combining Balance Sheet

Nonmajor Special Revenue Funds

June 30, 2016

	Major Streets	Local Streets	Garbage and Rubbish Collection	Police	Public Transportation	Total
Assets						
Cash and cash equivalents	\$ 808,446	\$ 895,533	\$ 62,196	\$ 95,242	\$ 74,910	\$ 1,936,327
Accounts receivable	3,960	3,984	-	-	-	7,944
Due from other governments	293,162	49,211	-	-	-	342,373
Prepaid items	114,000	-	-	-	-	114,000
Total assets	\$ 1,219,568	\$ 948,728	\$ 62,196	\$ 95,242	\$ 74,910	\$ 2,400,644
Liabilities						
Accounts payable	\$ 72,794	\$ 2,757	\$ 37,838	\$ 196	\$ -	\$ 113,585
Accrued liabilities	9,037	4,882	6,238	5,804	-	25,961
Due to other governments	-	-	-	-	74,910	74,910
Tax refunds payable	-	-	18,120	-	-	18,120
Total liabilities	81,831	7,639	62,196	6,000	74,910	232,576
Fund balances						
Nonspendable - prepaid items	114,000	-	-	-	-	114,000
Restricted for:						
Major and local streets	1,023,737	941,089	-	-	-	1,964,826
Drug law enforcement	-	-	-	89,242	-	89,242
Total fund balances	1,137,737	941,089	-	89,242	-	2,168,068
Total liabilities and fund balances	\$ 1,219,568	\$ 948,728	\$ 62,196	\$ 95,242	\$ 74,910	\$ 2,400,644

CITY OF YPSILANTI, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Special Revenue Funds
 For the Year Ended June 30, 2016

	Major Streets	Local Streets	Garbage and Rubbish Collection	Police	Public Transportation	Total
Revenues						
Taxes and special assessments	\$ -	\$ -	\$ 804,309	\$ -	\$ 287,917	\$ 1,092,226
Licenses and permits	22,260	4,560	-	-	-	26,820
Intergovernmental	1,513,526	299,235	-	-	-	1,812,761
Investment earnings	5,254	3,445	1,073	414	237	10,423
Other revenues	96	42,335	31,613	18,457	-	92,501
Total revenues	1,541,136	349,575	836,995	18,871	288,154	3,034,731
Expenditures						
Public safety	-	-	-	11,162	-	11,162
Refuse collection	-	-	833,639	-	-	833,639
Highways, streets and bridges	2,039,229	484,160	-	-	-	2,523,389
Public transportation	-	-	-	-	315,229	315,229
Tax tribunal refunds	-	-	3,356	-	1,242	4,598
Total expenditures	2,039,229	484,160	836,995	11,162	316,471	3,688,017
Revenues over (under) expenditures	(498,093)	(134,585)	-	7,709	(28,317)	(653,286)
Other financing sources (uses)						
Transfers in	-	179,234	-	-	-	179,234
Transfers out	(277,252)	-	-	-	-	(277,252)
Total other financing sources (uses)	(277,252)	179,234	-	-	-	(98,018)
Net changes in fund balances	(775,345)	44,649	-	7,709	(28,317)	(751,304)
Fund balances, beginning of year	1,913,082	896,440	-	81,533	28,317	2,919,372
Fund balances, end of year	\$ 1,137,737	\$ 941,089	\$ -	\$ 89,242	\$ -	\$ 2,168,068

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CITY OF YPSILANTI, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Major Streets Fund

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Revenues				
Licenses and permits	\$ 6,000	\$ 20,000	\$ 22,260	\$ 2,260
Intergovernmental - state	1,015,901	2,417,332	1,513,526	(903,806)
Investment earnings	4,750	5,599	5,254	(345)
Other revenues	2,000	150,200	96	(150,104)
Total revenues	1,028,651	2,593,131	1,541,136	(1,051,995)
Expenditures				
Highways, streets and bridges:				
Street construction	77,000	752,621	516,799	(235,822)
Routine maintenance	382,510	448,995	365,624	(83,371)
Routine maintenance - bridges	10,000	-	1,156	1,156
Traffic services	104,446	101,882	101,451	(431)
Winter maintenance	104,907	68,095	64,059	(4,036)
Administration	47,771	69,202	64,538	(4,664)
Trunkline maintenance	370,526	987,594	925,602	(61,992)
Total expenditures	1,097,160	2,428,389	2,039,229	(389,160)
Revenues over (under) expenditures	(68,509)	164,742	(498,093)	(662,835)
Other financing sources (uses)				
Transfers out	(157,780)	(283,435)	(277,252)	6,183
Net changes in fund balance	(226,289)	(118,693)	(775,345)	(656,652)
Fund balance, beginning of year	1,913,082	1,913,082	1,913,082	-
Fund balance, end of year	\$ 1,686,793	\$ 1,794,389	\$ 1,137,737	\$ (656,652)

CITY OF YPSILANTI, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Local Streets Fund

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Revenues				
Licenses and permits	\$ 2,000	\$ 4,500	\$ 4,560	\$ 60
Intergovernmental - state	277,670	290,521	299,235	8,714
Investment earnings	2,000	3,142	3,445	303
Other revenues	19,200	46,731	42,335	(4,396)
Total revenues	300,870	344,894	349,575	4,681
Expenditures				
Highways, streets and bridges:				
Routine maintenance	328,477	344,522	329,269	(15,253)
Traffic services	29,015	34,142	26,826	(7,316)
Winter maintenance	178,436	125,219	106,017	(19,202)
Administration	27,387	28,359	22,048	(6,311)
Total expenditures	563,315	532,242	484,160	(48,082)
Revenues (under) expenditures	(262,445)	(187,348)	(134,585)	52,763
Other financing sources				
Transfers in	182,780	185,417	179,234	(6,183)
Total other sources	182,780	185,417	179,234	(6,183)
Net changes in fund balance	(79,665)	(1,931)	44,649	46,580
Fund balance, beginning of year	896,440	896,440	896,440	-
Fund balance, end of year	\$ 816,775	\$ 894,509	\$ 941,089	\$ 46,580

CITY OF YPSILANTI, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Garbage and Rubbish Collection Fund

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Revenues				
Taxes and special assessments	\$ 801,669	\$ 805,027	\$ 804,309	\$ (718)
Investment earnings	640	891	1,073	182
Other revenues	23,215	31,546	31,613	67
Total revenues	<u>825,524</u>	<u>837,464</u>	<u>836,995</u>	<u>(469)</u>
Expenditures				
Refuse collection	824,024	834,464	833,639	(825)
Tax tribunal refunds	1,500	3,000	3,356	356
Total expenditures	<u>825,524</u>	<u>837,464</u>	<u>836,995</u>	<u>(469)</u>
Net changes in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF YPSILANTI, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Police Fund

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Revenues				
Investment earnings	\$ 650	\$ 372	\$ 414	\$ 42
Other revenues	10,000	16,294	18,457	2,163
Total revenues	10,650	16,666	18,871	2,205
Expenditures				
Public safety	1,500	2,066	11,162	9,096
Net changes in fund balance	9,150	14,600	7,709	(6,891)
Fund balance, beginning of year	81,533	81,533	81,533	-
Fund balance, end of year	<u>\$ 90,683</u>	<u>\$ 96,133</u>	<u>\$ 89,242</u>	<u>\$ (6,891)</u>

CITY OF YPSILANTI, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Public Transportation Fund

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Revenues				
Taxes and special assessments	\$ 281,846	\$ 282,824	\$ 287,917	\$ 5,093
Investment earnings	580	290	237	(53)
Other revenues	-	899	-	(899)
Total revenues	<u>282,426</u>	<u>284,013</u>	<u>288,154</u>	<u>4,141</u>
Expenditures				
Public transportation	281,626	282,513	315,229	32,716
Tax tribunal refunds	800	1,500	1,242	(258)
Total expenditures	<u>282,426</u>	<u>284,013</u>	<u>316,471</u>	<u>32,458</u>
Net changes in fund balance	-	-	(28,317)	(28,317)
Fund balance, beginning of year	<u>28,317</u>	<u>28,317</u>	<u>28,317</u>	<u>-</u>
Fund balance, end of year	<u>\$ 28,317</u>	<u>\$ 28,317</u>	<u>\$ -</u>	<u>\$ (28,317)</u>

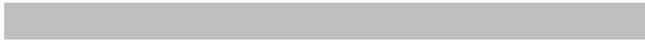
CITY OF YPSILANTI, MICHIGAN

Combining Balance Sheet

Nonmajor Debt Service Funds

June 30, 2016

	2002 General Obligation Bonds	2002-B Revenue Bonds	2016 Refunding Bonds Debt Service
Assets			
Cash and cash equivalents	\$ -	\$ -	\$ 397
Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Tax refunds payable	-	-	-
Total liabilities	-	-	-
Fund balances			
Restricted for debt service	-	-	397
Total liabilities and fund balances	\$ -	\$ -	\$ 397



2010 Refunding Bonds Debt Service	2012 Refunding Bonds Debt Service	Total
<u>\$ 78,642</u>	<u>\$ 110,250</u>	<u>\$ 189,289</u>
\$ -	\$ -	\$ -
<u>6,103</u>	<u>4,012</u>	<u>10,115</u>
6,103	4,012	10,115
<u>72,539</u>	<u>106,238</u>	<u>179,174</u>
<u>\$ 78,642</u>	<u>\$ 110,250</u>	<u>\$ 189,289</u>

CITY OF YPSILANTI, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Debt Service Funds

For the Year Ended June 30, 2016

	2002 General Obligation Bonds	2002-B Revenue Bonds	2016 Refunding Bonds Debt Service
Revenues			
Taxes and special assessments	\$ -	\$ -	\$ -
Intergovernmental	-	29,813	-
Investment earnings	-	-	-
Other revenue	-	-	-
Total revenues	-	29,813	-
Expenditures			
Tax tribunal refunds	-	-	-
Debt service:			
Principal	35,000	25,000	-
Interest and fiscal charges	4,705	4,813	-
Bond issuance costs	-	-	209,618
Total expenditures	39,705	29,813	209,618
Revenues (under) expenditures	(39,705)	-	(209,618)
Other financing sources			
Issuance of refunding bonds	-	-	10,440,000
Payment to refunding bond escrow agent	-	-	(10,290,000)
Premium on refunding bonds	-	-	60,015
Transfers in	39,705	-	-
Total other financing sources (uses)	39,705	-	210,015
Net changes in fund balances	-	-	397
Fund balances, beginning of year	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ 397



2010 Refunding Bonds Debt Service	2012 Refunding Bonds Debt Service	Total
\$ 684,271	\$ 663,212	\$ 1,347,483
-	-	29,813
644	757	1,401
15,790	18,439	34,229
<u>700,705</u>	<u>682,408</u>	<u>1,412,926</u>
2,540	2,459	4,999
660,000	630,000	1,350,000
24,925	35,054	69,497
-	-	209,618
<u>687,465</u>	<u>667,513</u>	<u>1,634,114</u>
<u>13,240</u>	<u>14,895</u>	<u>(221,188)</u>
-	-	10,440,000
-	-	(10,290,000)
-	-	60,015
-	-	39,705
<u>-</u>	<u>-</u>	<u>249,720</u>
13,240	14,895	28,532
59,299	91,343	150,642
<u>\$ 72,539</u>	<u>\$ 106,238</u>	<u>\$ 179,174</u>

CITY OF YPSILANTI, MICHIGAN

Combining Balance Sheet

Nonmajor Capital Projects Funds

June 30, 2016

	Sidewalk Improvement	2003-D Water Supply and Sewer	2004-B Water and Sewer	2003-C Water and Sewer	Land Revolving Capital Projects
Assets					
Cash and cash equivalents	\$ 215,613	\$ -	\$ -	\$ -	\$ -
Accounts receivable	-	-	-	-	-
Due from other governments	105,842	-	-	-	-
Total assets	\$ 321,455	\$ -	\$ -	\$ -	\$ -
Liabilities					
Accounts payable	\$ 225	\$ -	\$ -	\$ -	\$ -
Fund balances					
Restricted for debt service	-	-	-	-	-
Committed for capital projects	321,230	-	-	-	-
Total fund balances	321,230	-	-	-	-
Total liabilities and fund balances	\$ 321,455	\$ -	\$ -	\$ -	\$ -

2006 Water and Sewer Refunding	2007 Water and Sewer DWRf	2008 Water and Sewer DWRf	2009 Water and Sewer DWRf	Factory Street Pump Station	2015 Water and Sewer DWRf	Totals
\$ -	\$ -	\$ -	\$ -	\$ 824,706	\$ -	\$ 1,040,319
-	-	-	-	4,564	-	4,564
-	-	-	-	-	-	105,842
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 829,270</u>	<u>\$ -</u>	<u>\$ 1,150,725</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 225
-	-	-	-	829,270	-	829,270
-	-	-	-	-	-	321,230
-	-	-	-	829,270	-	1,150,500
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 829,270</u>	<u>\$ -</u>	<u>\$ 1,150,725</u>

CITY OF YPSILANTI, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

Nonmajor Capital Projects Funds
For the Year Ended June 30, 2016

	Sidewalk Improvement	2003-D Water Supply and Sewer	2004-B Water and Sewer	2003-C Water and Sewer	Land Revolving Capital Projects
Revenues					
Licenses and permits	\$ 59,593	\$ -	\$ -	\$ -	\$ -
Intergovernmental	44,748	334,375	386,028	49,500	-
Investment earnings (loss)	1,100	-	-	-	714
Other revenues	500	-	-	-	168,408
Total revenues	105,941	334,375	386,028	49,500	169,122
Expenditures					
Public works	54,466	-	-	-	-
Debt service:					
Principal	-	270,000	315,000	40,000	-
Interest and fiscal charges	-	64,375	71,028	9,500	-
Total expenditures	54,466	334,375	386,028	49,500	-
Revenues over (under) expenditures	51,475	-	-	-	169,122
Other financing sources (uses)					
Issuance of refunding bonds	-	-	-	-	-
Transfers out	-	-	-	-	(242,489)
Total other financing sources (uses)	-	-	-	-	(242,489)
Net changes in fund balances	51,475	-	-	-	(73,367)
Fund balances, beginning of year	269,755	-	-	-	73,367
Fund balances, end of year	\$ 321,230	\$ -	\$ -	\$ -	\$ -

2006 Water and Sewer Refunding	2007 Water and Sewer DWRf	2008 Water and Sewer DWRf	2009 Water and Sewer DWRf	Factory Street Pump Station	2015 Water and Sewer DWRf	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 59,593
443,006	19,276	27,731	7,788	183,188	20,000	1,515,640
-	-	-	-	5,583	-	7,397
-	-	-	-	-	-	168,908
<u>443,006</u>	<u>19,276</u>	<u>27,731</u>	<u>7,788</u>	<u>188,771</u>	<u>20,000</u>	<u>1,751,538</u>
-	-	-	-	5,886	398,601	458,953
50,000	15,000	20,000	5,000	115,000	20,000	850,000
<u>393,006</u>	<u>4,276</u>	<u>7,731</u>	<u>2,788</u>	<u>68,188</u>	<u>-</u>	<u>620,892</u>
<u>443,006</u>	<u>19,276</u>	<u>27,731</u>	<u>7,788</u>	<u>189,074</u>	<u>418,601</u>	<u>1,929,845</u>
-	-	-	-	(303)	(398,601)	(178,307)
-	-	-	-	-	398,601	398,601
-	-	-	-	-	-	(242,489)
-	-	-	-	-	398,601	156,112
-	-	-	-	(303)	-	(22,195)
-	-	-	-	829,573	-	1,172,695
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 829,270</u>	<u>\$ -</u>	<u>\$ 1,150,500</u>

CITY OF YPSILANTI, MICHIGAN

Combining Statement of Net Position

Internal Service Funds

June 30, 2016

	Motor Pool	Workers' Compensation	Retiree Health Care Benefits	Total
Assets				
Current assets:				
Cash and cash equivalents	\$ 1,907,807	\$ 499,496	\$ 1,359,979	\$ 3,767,282
Investments	40,588	318,451	-	359,039
Accounts receivable	7,464	15,000	4,844	27,308
Inventory	22,371	-	-	22,371
Prepaid items	-	-	72,856	72,856
Total current assets	1,978,230	832,947	1,437,679	4,248,856
Noncurrent assets - capital assets, net	1,744,210	-	-	1,744,210
Total assets	3,722,440	832,947	1,437,679	5,993,066
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	16,675	1,399	7,538	25,612
Current portion of capital leases payable	21,323	-	-	21,323
Current portion of claims payable	-	188,904	-	188,904
Total current liabilities	37,998	190,303	7,538	235,839
Noncurrent liabilities:				
Capital leases payable, net	91,749	-	-	91,749
Claims payable, net	-	145,920	-	145,920
Total noncurrent liabilities	91,749	145,920	-	237,669
Total liabilities	129,747	336,223	7,538	473,508
Net position				
Net investment in capital assets	1,631,138	-	-	1,631,138
Unrestricted	1,961,555	496,724	1,430,141	3,888,420
Total net position	\$ 3,592,693	\$ 496,724	\$ 1,430,141	\$ 5,519,558

CITY OF YPSILANTI, MICHIGAN

Combining Statement of Revenues, Expenses and Changes in Net Position

Internal Service Funds

For the Year Ended June 30, 2016

	Motor Pool	Workers' Compensation	Retiree Health Care Benefits	Total
Operating revenues				
Charges for services	\$ 661,067	\$ 136,542	\$ 1,403,299	\$ 2,200,908
Operating expenses				
Salaries, taxes and benefits	198,605	-	-	198,605
Gas, oil and fuel	75,392	-	-	75,392
Depreciation	423,096	-	-	423,096
Operation and maintenance	120,142	521	-	120,663
Contractual services and fees	113,876	66,389	-	180,265
Insurance and other	61,359	-	-	61,359
Benefits and claims	-	19,338	1,290,629	1,309,967
Total operating expenses	992,470	86,248	1,290,629	2,369,347
Operating income (loss)	(331,403)	50,294	112,670	(168,439)
Nonoperating revenues				
Investment income	20,872	39,474	5,142	65,488
Interest expense	(5,872)	-	-	(5,872)
Total nonoperating revenues	15,000	39,474	5,142	59,616
Change in net position	(316,403)	89,768	117,812	(108,823)
Net position, beginning of year	3,909,096	406,956	1,312,329	5,628,381
Net position, end of year	\$ 3,592,693	\$ 496,724	\$ 1,430,141	\$ 5,519,558

CITY OF YPSILANTI, MICHIGAN

Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended June 30, 2016

	Motor Pool	Workers' Compensation	Retiree Health Care Benefits	Total
Cash flows from operating activities				
Cash received from interfund services	\$ 654,465	\$ 121,542	\$ 1,400,653	\$ 2,176,660
Cash payments to employees	(198,605)	-	-	(198,605)
Cash payments for claims	-	(106,586)	(1,283,727)	(1,390,313)
Cash payments to suppliers for goods and services	(394,246)	(72,035)	(3,182)	(469,463)
Net cash provided by (used in) operating activities	61,614	(57,079)	113,744	118,279
Cash flows from capital and related financing activities				
Purchase of capital assets	(279,736)	-	-	(279,736)
Principal paid on capital lease	(20,714)	-	-	(20,714)
Interest paid on capital lease	(5,872)	-	-	(5,872)
Net cash used in capital and related financing activities	(306,322)	-	-	(306,322)
Cash flows from investing activities				
Maturity of investments	262,012	281,011	-	543,023
Investment income	20,872	39,474	5,142	65,488
Net cash provided by investing activities	282,884	320,485	5,142	608,511
Net change in cash and cash equivalents	38,176	263,406	118,886	420,468
Cash and cash equivalents, beginning of year	1,869,631	236,090	1,241,093	3,346,814
Cash and cash equivalents, end of year	\$ 1,907,807	\$ 499,496	\$ 1,359,979	\$ 3,767,282
Reconciliation of operating income (loss) to net cash provided (used) in operating activities				
Operating income (loss)	\$ (331,403)	\$ 50,294	\$ 112,670	\$ (168,439)
Adjustments to reconcile operating income (loss) to net cash provided (used) in operating activities:				
Depreciation	423,096	-	-	423,096
Changes in:				
Accounts receivable	(6,602)	(15,000)	(2,646)	(24,248)
Inventory	(12,000)	-	-	(12,000)
Prepaid items	-	-	(3,182)	(3,182)
Accounts payable and accrued liabilities	(11,477)	(5,125)	6,902	(9,700)
Claims payable	-	(87,248)	-	(87,248)
Net cash provided by (used in) operating activities	\$ 61,614	\$ (57,079)	\$ 113,744	\$ 118,279

CITY OF YPSILANTI, MICHIGAN

Statement of Changes in Assets and Liabilities

Current Tax Agency Fund

For the Year Ended June 30, 2016

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Assets				
Cash and cash equivalents	\$ -	\$ 31,549,436	\$ 31,545,343	\$ 4,093
Accrued interest receivable	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 31,549,436</u>	<u>\$ 31,545,343</u>	<u>\$ 4,093</u>
Liabilities				
Undistributed receipts	<u>\$ -</u>	<u>\$ 31,549,436</u>	<u>\$ 31,545,343</u>	<u>\$ 4,093</u>

CITY OF YPSILANTI, MICHIGAN

Statement of Net Position and Governmental Funds Balance Sheet

Downtown Development Authority Component Unit

June 30, 2016

	General Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets					
Cash and cash equivalents	\$ 95,980	\$ -	\$ 95,980	\$ -	\$ 95,980
Accounts receivable	6,668	-	6,668	-	6,668
Capital assets being depreciated, net	-	-	-	1,582,552	1,582,552
Total assets	\$ 102,648	\$ -	\$ 102,648	1,582,552	1,685,200
Liabilities					
Accounts payable	\$ 13,414	\$ -	\$ 13,414	-	13,414
Accrued liabilities	1,007	-	1,007	3,840	4,847
Unearned revenue	11,500	-	11,500	-	11,500
Long-term liabilities:					
Due within one year	-	-	-	61,066	61,066
Due in more than one year	-	-	-	500,000	500,000
Total liabilities	25,921	-	25,921	564,906	590,827
Fund balances / net position					
Unassigned	76,727	-	76,727	(76,727)	-
Total liabilities and fund balances	\$ 102,648	\$ -	\$ 102,648		
Net position					
Net investment in capital assets				1,021,486	1,021,486
Unrestricted				72,887	72,887
Total net position				\$ 1,094,373	\$ 1,094,373

CITY OF YPSILANTI, MICHIGAN

Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balance

Downtown Development Authority Component Unit

For the Year Ended June 30, 2016

	General Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Expenditures/expenses					
Community development	\$ 276,536	\$ -	\$ 276,536	\$ 72,493	\$ 349,029
Debt service:					
Principal	-	55,000	55,000	(55,000)	-
Interest and fiscal charges	-	27,660	27,660	(919)	26,741
Total expenditures/expenses	276,536	82,660	359,196	16,574	375,770
Program revenues					
Operating grants and contributions	25,002	-	25,002	-	25,002
Net program (expense) revenue	(251,534)	(82,660)	(334,194)	(16,574)	(350,768)
General revenues					
Property taxes	222,611	-	222,611	-	222,611
Other revenues	24,572	-	24,572	-	24,572
Investment earnings	807	-	807	-	807
Total general revenues	247,990	-	247,990	-	247,990
General revenues (under) expenditures/expenses	(3,544)	(82,660)	(86,204)	(16,574)	(102,778)
Other financing sources (uses)					
Transfers in	-	82,660	82,660	(82,660)	-
Transfers out	(82,660)	-	(82,660)	82,660	-
Total other financing sources (uses)	(82,660)	82,660	-	-	-
Net changes in fund balances	(86,204)	-	(86,204)	86,204	-
Change in net position	-	-	-	(102,778)	(102,778)
Fund balance/net position, beginning of year	162,931	-	162,931	1,034,220	1,197,151
Fund balance/net position, end of year	\$ 76,727	\$ -	\$ 76,727	\$ 1,017,646	\$ 1,094,373

CITY OF YPSILANTI, MICHIGAN

Statement of Net Position and Governmental Funds Balance Sheet

Depot Town Downtown Development Authority Component Unit

June 30, 2016

	General Fund	Adjustments	Statement of Net Position
Assets			
Cash and cash equivalents	\$ 238,067	\$ -	\$ 238,067
Accounts receivable	515	-	515
Capital assets being depreciated, net	-	298,848	298,848
Total assets	<u>\$ 238,582</u>	<u>298,848</u>	<u>537,430</u>
Liabilities			
Accounts payable	\$ 196	-	196
Long-term liabilities:			
Due within one year	-	479	479
Due in more than one year	-	-	-
Total liabilities	<u>196</u>	<u>479</u>	<u>675</u>
Fund balances / net position			
Unassigned	<u>238,386</u>	<u>(238,386)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 238,582</u>		
Net position			
Net investment in capital assets		298,369	298,369
Unrestricted		<u>238,386</u>	<u>238,386</u>
Total net position		<u>\$ 536,755</u>	<u>\$ 536,755</u>

CITY OF YPSILANTI, MICHIGAN

Statement of Activities and Governmental Fund Revenues, Expenditures

and Changes in Fund Balances

Depot Town Downtown Development Authority Component Unit

For the Year Ended June 30, 2016

	General Fund	Adjustments	Statement of Activities
Expenditures/expenses			
Community development	\$ 99,674	\$ 17,790	\$ 117,464
Debt service:			
Principal	6,792	(6,792)	-
Interest and fiscal charges	86	(86)	-
Total expenditures/expenses	<u>106,552</u>	<u>10,912</u>	<u>117,464</u>
Program revenues			
Operating grants and contributions	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Net program expense	<u>(96,552)</u>	<u>(10,912)</u>	<u>(107,464)</u>
General revenues			
Property taxes	100,758	-	100,758
Investment earnings	<u>1,156</u>	<u>-</u>	<u>1,156</u>
Total general revenues	<u>101,914</u>	<u>-</u>	<u>101,914</u>
Net change in fund balance	5,362	(5,362)	-
Change in net position	-	(5,550)	(5,550)
Fund balance/net position, beginning of year	<u>233,024</u>	<u>309,281</u>	<u>542,305</u>
Fund balance/net position, end of year	<u>\$ 238,386</u>	<u>\$ 298,369</u>	<u>\$ 536,755</u>

CITY OF YPSILANTI, MICHIGAN

Statement of Net Position and Governmental Funds Balance Sheet

Economic Development Corporation

June 30, 2016

	General Fund	Adjustments	Statement of Net Position
Assets			
Cash and cash equivalents	\$ 34,765	\$ -	\$ 34,765
Capital assets not being depreciated	-	53,200	53,200
Total assets	<u>\$ 34,765</u>	<u>53,200</u>	<u>87,965</u>
Liabilities			
Accounts payable / accrued liabilities	\$ 356	-	356
Fund balances / net position			
Unassigned	<u>34,409</u>	<u>(34,409)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 34,765</u>		
Net position			
Investment in capital assets		53,200	53,200
Unrestricted		<u>34,409</u>	<u>34,409</u>
Total net position		<u>\$ 87,609</u>	<u>\$ 87,609</u>

CITY OF YPSILANTI, MICHIGAN

Statement of Activities and Governmental Fund Revenues, Expenditures

and Changes in Fund Balance
 Economic Development Corporation
 For the Year Ended June 30, 2016

	General Fund	Adjustments	Statement of Activities
Expenditures/expenses			
Community development	\$ 101,239	\$ -	\$ 101,239
General revenues			
Investment earnings	529	-	529
Net changes in fund balances	(100,710)	100,710	-
Change in net position	-	(100,710)	(100,710)
Fund balance/net position, beginning of year	135,119	53,200	188,319
Fund balance/net position, end of year	<u>\$ 34,409</u>	<u>\$ 53,200</u>	<u>\$ 87,609</u>

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STATISTICAL SECTION

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CITY OF YPSILANTI, MICHIGAN

Statistical Section

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

CONTENTS

Page

Financial Trends (schedules 1 thru 4)

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

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Revenue Capacity (schedules 5 thru 8)

These schedules contain information to help the reader assess the government's most significant local sources: property taxes and water and wastewater usage fees.

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Debt Capacity (schedules 9 thru 13)

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

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Demographic and Economic Information (schedules 14 and 15)

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

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Operating Information (schedules 16 thru 19)

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

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Source: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF YPSILANTI, MICHIGAN

Net Position by Component

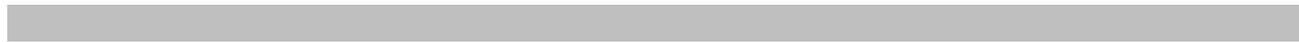
Last Ten Years

(accrual basis of accounting)

	2007	2008	2009	2010
Governmental activities				
Net investment in				
capital assets	\$ 15,049,123	\$ 15,179,422	\$ 15,117,105	\$ 14,987,983
Restricted	7,108,155	10,909,451	10,406,691	10,975,911
Unrestricted (deficit)	<u>(7,045,772)</u>	<u>(9,406,528)</u>	<u>(6,404,471)</u>	<u>(6,202,344)</u>
Total governmental activities				
net position	<u>\$ 15,111,506</u>	<u>\$ 16,682,345</u>	<u>\$ 19,119,325</u>	<u>\$ 19,761,550</u>

Source: City of Ypsilanti Finance Department

Note: GASB 68 implemented in fiscal 2015.



2011	2012	2013	2014	2015	2016
\$ 16,952,331	\$ 16,911,390	\$ 15,636,305	\$ 16,524,392	\$ 16,749,695	\$ 18,147,399
11,357,896	11,083,068	7,631,866	4,545,511	5,526,780	3,204,405
(6,850,753)	(7,091,726)	(6,545,637)	(5,553,659)	(15,426,971)	(12,992,909)
<u>\$ 21,459,474</u>	<u>\$ 20,902,732</u>	<u>\$ 16,722,534</u>	<u>\$ 15,516,244</u>	<u>\$ 6,849,504</u>	<u>\$ 8,358,895</u>

CITY OF YPSILANTI, MICHIGAN

Changes in Net Position

Last Ten Years

(accrual basis of accounting)

	2007	2008	2009	2010
Expenses				
General government	\$ 2,021,481	\$ 2,212,245	\$ 2,788,130	\$ 3,075,617
Public safety	9,601,958	9,618,481	8,563,993	8,638,877
Public works	4,470,462	2,084,186	1,935,048	2,031,833
Highways, streets, and bridges	2,022,071	2,562,769	3,165,639	3,612,341
Culture and recreation	784,039	570,113	465,538	435,711
Community development	415,116	340,815	330,041	229,274
Public transportation	-	-	-	-
Interest on long-term debt	2,514,514	2,834,154	2,710,134	2,748,116
Total expenses	21,829,641	20,222,763	19,958,523	20,771,769
Program revenues				
Charges for services:				
General government	544,717	1,097,252	1,445,822	1,153,950
Public safety	499,197	720,555	947,998	959,591
Public works	516,539	-	-	-
Highways, streets and bridges	-	-	-	-
Culture and recreation	87,033	-	-	-
Community development	-	1,250	1,200	1,200
Operating grants and contributions	2,878,483	3,504,349	3,734,396	4,930,921
Capital grants and contributions	4,891,245	672,269	94,250	110,078
Total program revenues	9,417,214	5,995,675	6,223,666	7,155,740
Net (expense) / revenue	(12,412,427)	(14,227,088)	(13,734,857)	(13,616,029)
General revenues				
Property taxes	11,310,693	11,503,422	12,098,938	11,417,456
Unrestricted grants and contributions	3,276,430	3,070,879	3,000,840	2,671,507
Unrestricted investment earnings (loss)	1,118,294	1,223,621	817,091	169,291
Other general revenues	163,914	-	-	-
Total general revenues	15,869,331	15,797,922	15,916,869	14,258,254
Special item				
Change in fair value of land held for resale	-	-	-	-
Change in net position	\$ 3,456,904	\$ 1,570,834	\$ 2,182,012	\$ 642,225

Source: City of Ypsilanti Finance Department

Table 2
Unaudited

2011	2012	2013	2014	2015	2016
\$ 3,326,238	\$ 2,866,101	\$ 2,083,855	\$ 1,690,255	\$ 2,894,307	\$ 4,294,933
8,257,558	8,601,201	7,908,177	8,878,722	9,667,739	10,198,973
1,980,913	2,015,694	4,067,582	5,542,347	1,815,800	2,034,380
1,192,916	2,823,389	3,921,320	3,143,348	3,732,864	3,049,680
69,221	367,484	408,367	366,668	419,667	911,753
189,050	184,244	292,867	255,416	361,966	404,780
-	262,320	308,564	275,386	268,428	316,471
2,481,838	2,329,834	2,095,288	2,103,523	1,858,619	1,654,899
<u>17,497,734</u>	<u>19,450,267</u>	<u>21,086,020</u>	<u>22,255,665</u>	<u>21,019,390</u>	<u>22,865,869</u>
1,121,010	1,241,641	1,419,828	2,320,700	1,780,054	2,258,965
1,098,886	935,124	1,197,437	786,308	722,075	763,522
-	-	-	-	-	-
-	93,722	-	-	-	-
-	-	-	-	-	-
1,200	1,200	1,500	1,552	1,500	1,500
3,585,313	2,712,064	4,282,348	3,829,486	4,697,877	6,574,946
609,256	322,858	24,258	692,619	176,177	1,525,918
<u>6,415,665</u>	<u>5,306,609</u>	<u>6,925,371</u>	<u>7,630,665</u>	<u>7,377,683</u>	<u>11,124,851</u>
<u>(11,082,069)</u>	<u>(14,143,658)</u>	<u>(14,160,649)</u>	<u>(14,625,000)</u>	<u>(13,641,707)</u>	<u>(11,741,018)</u>
9,907,455	10,555,401	10,309,164	10,656,453	10,606,608	10,452,347
2,670,643	2,256,140	2,342,612	2,420,667	2,483,001	2,555,299
201,895	775,375	(13,260)	341,590	368,451	242,763
-	-	-	-	-	-
<u>12,779,993</u>	<u>13,586,916</u>	<u>12,638,516</u>	<u>13,418,710</u>	<u>13,458,060</u>	<u>13,250,409</u>
-	-	(1,995,335)	-	-	-
<u>\$ 1,697,924</u>	<u>\$ (556,742)</u>	<u>\$ (3,517,468)</u>	<u>\$ (1,206,290)</u>	<u>\$ (183,647)</u>	<u>\$ 1,509,391</u>

CITY OF YPSILANTI, MICHIGAN

Fund Balances - Governmental Funds

Last Ten Years

(modified accrual basis of accounting)

	2007	2008	2009	2010
General fund				
Nonspendable				
Committed				
Assigned				
Unassigned				
Reserved	\$ 311,238	\$ 284,902	\$ 208,839	\$ 206,175
Unreserved, designated	2,198,717	3,995,995	6,312,543	6,820,988
Unreserved, undesignated	3,078,083	2,969,171	2,947,235	2,436,793
Total general fund	5,588,038	7,250,068	9,468,617	9,463,956
All other governmental funds				
Nonspendable				
Restricted				
Committed				
Unassigned (deficit)				
Reserved	8,174,089	6,788,292	6,620,715	6,302,934
Unreserved, designated	429,428	609,332	609,332	309,560
Unreserved, undesignated				
reported in:				
Special revenue funds	1,826,258	1,858,287	1,740,343	2,664,551
Debt service funds	1,756,508	1,655,707	1,773,204	1,787,942
Capital projects funds	796,632	1,169,857	824,485	861,140
Total all other governmental funds	12,982,915	12,081,475	11,568,079	11,926,127
Total governmental funds	\$ 18,570,953	\$ 19,331,543	\$ 21,036,696	\$ 21,390,083

Source: City of Ypsilanti Finance Department

Table 3
Unaudited

2011	2012	2013	2014	2015	2016
\$ 269,199	\$ 344,707	\$ 329,819	\$ 348,324	\$ 393,356	\$ 343,892
5,579,241	4,378,434	6,008,192	4,631,779	5,260,352	3,485,701
-	-	-	-	-	1,130,833
3,545,913	3,936,006	2,201,556	2,968,262	2,530,473	852,096
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>9,394,353</u>	<u>8,659,147</u>	<u>8,539,567</u>	<u>7,948,365</u>	<u>8,184,181</u>	<u>5,812,522</u>
4,763,817	4,763,817	2,768,482	1,900,300	1,934,877	2,019,100
5,671,778	4,869,060	5,327,431	3,069,197	5,979,102	3,539,698
922,301	1,411,547	1,061,201	1,084,209	753,262	2,193,435
-	(23,938)	(168,166)	1,832,262	(34,577)	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>11,357,896</u>	<u>11,020,486</u>	<u>8,988,948</u>	<u>7,885,968</u>	<u>8,632,664</u>	<u>7,752,233</u>
<u>\$ 20,752,249</u>	<u>\$ 19,679,633</u>	<u>\$ 17,528,515</u>	<u>\$ 15,834,333</u>	<u>\$ 16,816,845</u>	<u>\$ 13,564,755</u>

CITY OF YPSILANTI, MICHIGAN

Changes in Fund Balances - Governmental Funds

Last Ten Years

(modified accrual basis of accounting)

	2007	2008	2009	2010
Revenues				
Taxes and special assessments	\$ 11,310,662	\$ 11,503,422	\$ 12,098,938	\$ 11,417,456
Licenses and permits	576,436	665,684	657,459	530,812
Intergovernmental	7,750,482	7,826,046	7,667,265	7,880,092
Charges for services	987,433	416,730	582,283	533,974
Fines and forfeits	297,667	394,089	445,965	475,530
Investment earnings	932,581	912,077	743,107	35,676
Other revenues	1,704,958	534,781	840,477	716,969
Total revenues	23,560,219	22,252,829	23,035,494	21,590,509
Expenditures				
General government	2,375,208	2,409,836	2,170,189	2,127,907
Public safety	9,811,440	8,744,920	8,431,824	8,182,781
Public works	1,954,923	997,305	1,194,766	912,196
Refuse collection	1,079,251	1,171,953	1,184,977	1,078,414
Highways, streets and bridges	1,814,492	1,973,109	1,691,811	1,540,487
Culture and recreation	162,189	446,196	358,179	457,372
Community development	179,915	178,636	146,167	544,408
Public transportation	-	-	226,756	158,967
Unallocated employee benefits	925,577	1,161,692	1,188,986	964,144
Tax tribunal refunds	-	-	-	-
Capital outlay	840,776	-	-	-
Debt service:				
Principal	2,665,245	2,501,875	2,627,079	2,738,504
Interest and fiscal charges	2,766,159	2,767,662	2,692,892	2,705,052
Total expenditures	24,575,175	22,353,184	21,913,626	21,410,232
Revenues over (under) expenditures	(1,014,956)	(100,355)	1,121,868	180,277
Other financing sources (uses)				
Transfers in	1,139,551	999,347	1,219,140	2,300,123
Transfers out	(1,189,551)	(899,683)	(1,187,059)	(2,214,414)
Issuance of debt	9,895,000	297,596	503,958	87,401
Bond premium (discount)	-	-	-	-
Payment to refunding escrow agent	(9,839,224)	-	-	-
Total other financing sources (uses)	5,776	397,260	536,039	173,110
Special item - change in market value of land held for resale	-	-	-	-
Net change in fund balances	\$ (1,009,180)	\$ 296,905	\$ 1,657,907	\$ 353,387
Debt service as a percentage of noncapital expenditures	22.6%	25.1%	25.2%	25.8%

Source: City of Ypsilanti Finance Department

Table 4
Unaudited

	2011	2012	2013	2014	2015	2016
\$	9,907,455	\$ 10,555,401	\$ 10,309,164	\$ 10,656,453	\$ 10,606,608	\$ 10,452,347
	666,586	734,250	748,417	648,881	867,227	822,818
	8,369,061	6,678,576	7,112,100	6,851,138	9,076,428	9,002,708
	542,669	448,341	733,730	417,906	475,814	471,898
	597,265	516,393	499,099	414,468	315,907	356,170
	165,346	413,204	(33,737)	182,666	270,174	178,039
	541,067	680,652	671,558	1,710,943	1,193,807	1,434,652
	<u>20,789,449</u>	<u>20,026,817</u>	<u>20,040,331</u>	<u>20,882,455</u>	<u>22,805,965</u>	<u>22,718,632</u>
	2,433,291	2,141,990	2,214,452	2,287,975	2,797,658	2,629,465
	8,326,438	8,093,201	7,264,800	7,806,628	8,048,474	7,954,140
	848,754	788,210	2,085,725	3,597,878	902,141	1,193,485
	1,065,037	1,041,143	1,112,773	1,017,678	859,180	833,639
	1,592,516	1,740,226	1,806,267	1,476,912	2,318,364	2,523,389
	348,756	300,134	284,251	1,136,746	309,980	2,174,842
	498,817	75,033	92,208	32,448	55,522	46,002
	218,000	262,183	308,175	274,846	267,238	315,229
	878,085	950,627	1,043,139	928,133	727,865	884,137
	-	397,353	13,735	12,712	260,020	49,000
	-	-	-	-	-	-
	2,970,000	3,175,000	3,340,000	3,535,000	3,665,000	5,985,000
	2,561,716	2,326,442	2,204,172	2,157,920	1,883,263	1,991,010
	<u>21,741,410</u>	<u>21,291,542</u>	<u>21,769,697</u>	<u>24,264,876</u>	<u>22,094,705</u>	<u>26,579,338</u>
	(951,961)	(1,264,725)	(1,729,366)	(3,382,421)	711,260	(3,860,706)
	1,639,043	2,122,966	6,759,280	4,928,666	2,140,163	4,614,790
	(1,431,863)	(1,930,857)	(6,470,040)	(4,717,299)	(2,084,574)	(4,614,790)
	3,856,253	-	5,372,551	8,993,185	215,663	10,838,601
	-	-	(83,208)	433,687	-	60,015
	(3,749,306)	-	(4,005,000)	(7,950,000)	-	(10,290,000)
	<u>314,127</u>	<u>192,109</u>	<u>1,573,583</u>	<u>1,688,239</u>	<u>271,252</u>	<u>608,616</u>
	-	-	(1,995,335)	-	-	-
\$	<u>(637,834)</u>	<u>(1,072,616)</u>	<u>(2,151,118)</u>	<u>(1,694,182)</u>	<u>982,512</u>	<u>(3,252,090)</u>
	<u>29.9%</u>	<u>27.7%</u>	<u>26.3%</u>	<u>25.4%</u>	<u>26.7%</u>	<u>34.3%</u>

Assessed and Taxable Value of Property
 Last Ten Years

Tax Year	Fiscal Year Ended	Real Property (1)		Personal Property (1)		Total		Total Direct Tax Rate
		Taxable Value	(2) Assessed Value	Taxable Value	(2) Assessed Value	Taxable Value	(2) Assessed Value	
2015	2016	\$278,962,991	\$313,904,850	\$ 17,146,400	\$ 16,897,689	\$296,109,391	\$330,802,539	35.0727
2014	2015	275,672,619	295,131,668	16,460,800	16,460,800	292,133,419	311,592,468	35.7735
2013	2014	271,120,783	283,777,190	18,493,812	18,493,812	289,614,595	302,271,002	36.4947
2012	2013	273,316,097	283,284,181	17,413,000	17,413,000	290,729,097	300,697,181	35.2060
2011	2012	290,163,934	309,315,255	19,030,100	19,030,100	309,194,034	328,345,355	33.6731
2010	2011	308,955,109	332,212,495	21,038,100	21,038,100	329,993,209	353,250,595	31.5314
2009	2010	339,950,191	380,570,998	30,525,720	30,525,720	370,475,911	411,096,718	30.8592
2008	2009	353,840,502	436,827,206	48,803,200	48,803,200	402,643,702	485,630,406	30.6016
2007	2008	358,621,343	471,237,912	55,108,200	55,215,000	413,729,543	526,452,912	29.5795
2006	2007	340,765,351	446,378,408	55,300,150	55,896,200	396,065,501	502,274,608	29.5299

(1) Includes properties subject to Industrial Facility Tax exemptions.

(2) Estimated actual value equals the assessed value.

Source: City of Ypsilanti Assessing Division

Direct and Overlapping Property Tax Rates
(rate per \$1,000 of taxable value)

Fiscal Year Ended June 30,	City	Ypsilanti Public Schools	State Education Tax	Washtenaw Intermediate School District	County	Washtenaw Community College	Ypsilanti District Library	Ann Arbor Area Transit Authority	Totals	
									Homestead	Non-Homestead
2016	34.9012	26.0000	6.0000	3.9745	6.3058	3.4576	2.7922	0.7000	66.1313	84.1313
2015	35.7735	25.0000	6.0000	3.9745	6.2838	3.4576	2.8110	0.7000	66.0004	84.0004
2014	36.4947	25.0000	6.0000	3.9745	5.7801	3.4576	2.8102	-	65.5171	83.5171
2013	35.2060	25.0000	6.0000	3.9745	5.7654	3.6376	2.7845	-	64.3680	82.3680
2012	33.6731	25.0000	6.0000	3.9745	5.7518	3.7176	2.7410	-	62.8580	80.8580
2011	31.5314	25.0000	6.0000	3.9745	5.7448	3.6856	2.1574	-	60.0937	78.0937
2010	30.8592	24.2000	6.0000	3.9745	5.7418	3.6856	2.1575	-	58.6186	76.6186
2009	30.6016	25.0000	6.0000	3.9745	5.7018	3.6856	2.1553	-	59.1188	77.1188
2008	29.5795	25.0000	6.0000	3.9745	5.6768	3.6956	2.1553	-	58.0817	76.0817
2007	29.5299	25.0000	6.0000	3.9745	5.6768	3.7082	2.3475	-	58.2369	76.2369

Components of City Millage Rate							
Fiscal Year Ended June 30,	General Operating	Sanitation	Streets	Public Transport	Police and Fire Pension	YCUA Debt	Total
2016	18.9069	2.7647	4.5084	0.9730	7.8415	-	35.0727
2015	19.0211	2.7814	4.6772	0.9789	8.3149	-	35.7735
2014	19.0211	2.7814	4.7904	0.9789	8.9229	-	36.4947
2013	19.0211	2.7814	5.0243	0.9789	7.4003	-	35.2060
2012	19.0211	2.7814	4.5685	0.9789	6.3232	-	33.6731
2011	19.0211	2.7814	4.3933	-	5.3356	-	31.5314
2010	19.0211	2.7814	3.9086	-	5.1481	-	30.8592
2009	19.0211	2.7814	3.7170	-	5.0821	-	30.6016
2008	19.0211	2.7814	3.3376	-	4.4394	-	29.5795
2007	19.0211	2.7814	3.4641	-	3.9850	0.2783	29.5299

Sources: Annual Apportionment Report of Washtenaw County and City of Ypsilanti Treasury Division

Principal Property Tax Payers
Current Year and Ten Years Ago
(amounts expressed in thousands)

Taxpayer	2016			2006		
	Taxable Value	Rank	Percent of Total Taxable Value	Taxable Value	Rank	Percent of Total Taxable Value
DTE Energy	\$ 6,819,497	1	2.44%	\$ -	-	-
Barnes & Barnes Properties, LLC	5,345,951	2	1.92%	-	-	-
LeForge Station II, LLC	5,181,628	3	1.86%	9,385,800	2	2.61%
CPI Apartments Fund 18 LLC	3,612,319	4	1.29%	-	-	-
River Drive Apartments	3,045,474	5	1.09%	3,785,006	6	1.05%
Forest Knoll Apartments	1,920,134	6	0.69%	-	-	-
Asad Khailany	1,786,485	7	0.64%	-	-	-
Erie Investments No.15 LLC	1,554,048	8	0.56%	-	-	-
FHMC Real Estate	1,537,498	9	0.55%	-	-	-
Huron View Properties LLC	1,511,096	10	0.54%	-	-	-
Automotive CH LLC/Visteon Corp	-	-	-	29,340,300	1	8.17%
Automotive Station LLC	-	-	-	8,442,500	3	2.35%
DTE-DETROIT EDISON	-	-	-	5,067,593	4	1.41%
Forest Health Services, LLC	-	-	-	4,959,968	5	1.38%
DTE-MICH Con	-	-	-	3,619,000	7	1.01%
Barnes Robert C & Sharon L	-	-	-	3,184,649	8	0.89%
Chatham Capital Corporation	-	-	-	2,490,500	9	0.69%
Chidester 2015 LLC	-	-	-	2,250,000	10	0.63%
	<u>\$32,314,130</u>		<u>7.22%</u>	<u>\$72,525,316</u>		<u>19.56%</u>

Source: City of Ypsilanti Assessing Division

Property Tax Levies and Collections
Last Ten Years

(1) Fiscal Year Ended June 30,	(2) Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		(3) Delinquent Collections	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
2016	7,821,191	7,297,100	93.3%	524,091	7,794,331	99.7%
2015	7,951,839	7,463,299	93.9%	426,318	7,889,617	99.2%
2014	8,066,559	7,417,171	91.9%	589,092	8,006,263	99.3%
2013	7,604,343	6,860,589	90.2%	708,138	7,568,727	99.5%
2012	7,836,628	6,978,910	89.1%	726,765	7,705,675	98.3%
2011	8,042,522	7,020,601	87.3%	899,747	7,920,348	98.5%
2010	8,867,882	7,871,640	88.8%	819,421	8,691,061	98.0%
2009	9,682,649	8,867,407	91.6%	716,759	9,584,166	99.0%
2008	9,710,088	8,824,251	90.9%	798,331	9,622,582	99.1%
2007	9,239,461	8,399,585	90.9%	418,419	8,818,004	95.4%

(1) Property taxes are levied July 1 of the current fiscal year based on taxable property values as of the preceding December 31. Summer taxes become delinquent as of September 15. Winter Taxes become delinquent as of February 15. The City's delinquent real property taxes are purchased by the Washtenaw County Delinquent Uncollected Tax Revolving Fund. Uncollected Personal property taxes are sent to the Ypsilanti Credit Bureau on June 1 for collection.

(2) Includes Industrial Facility Tax.

(3) Includes settlement from Washtenaw County Delinquent Tax Revolving for purchase of delinquent real property taxes.

Source: City of Ypsilanti Treasury Division

CITY OF YPSILANTI, MICHIGAN

Ratios of Outstanding Debt by Type

Last Ten Years

	2007	2008	2009	2010
Governmental activities				
General obligation bonds	\$ 28,660,000	\$ 27,750,000	\$ 26,800,000	\$ 25,805,000
Revenue bonds	36,945,000	35,797,596	34,776,554	33,277,955
Installment obligations	3,546,808	3,399,933	3,247,854	3,090,350
Amounts available in debt service funds	(1,756,508)	(1,655,707)	(1,773,204)	(1,787,942)
Total outstanding debt	\$ 67,395,300	\$ 65,291,822	\$ 63,051,204	\$ 60,385,363
Total taxable value	\$ 396,065,501	\$ 413,729,543	\$ 402,643,702	\$ 370,475,911
Ratio of total debt to taxable value	17.02%	15.78%	15.66%	16.30%
Total population	21,827	20,849	20,437	19,201
Total debt per capita	\$ 3,088	\$ 3,132	\$ 3,085	\$ 3,145
% of personal income	7.74%	7.66%	7.54%	7.69%
Personal income	\$ 870,723	\$ 852,828	\$ 835,975	\$ 785,417

Source: City of Ypsilanti Finance Department

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

Table 9
Unaudited

2011	2012	2013	2014	2015	2016
\$ 24,560,000	\$ 23,080,000	\$ 21,640,000	\$ 19,925,000	\$ 18,125,000	\$ 14,160,000
31,616,984	29,921,984	29,389,535	28,612,720	26,963,383	25,491,984
3,090,350	3,090,350	3,090,350	3,090,350	3,224,136	453,072
(1,766,812)	(1,744,330)	(1,788,071)	(156,184)	(150,642)	(179,174)
<u>\$ 57,500,522</u>	<u>\$ 54,348,004</u>	<u>\$ 52,331,814</u>	<u>\$ 51,471,886</u>	<u>\$ 48,161,877</u>	<u>\$ 39,925,882</u>
\$ 329,993,209	\$ 309,194,034	\$ 290,729,097	\$ 289,614,595	\$ 292,133,419	\$ 292,133,419
17.42%	17.58%	18.00%	17.77%	16.49%	13.67%
19,435	19,375	19,621	20,142	20,081	20,081
\$ 2,959	\$ 2,811	\$ 2,667	\$ 2,487	\$ 2,398	\$ 1,988
7.69%	7.43%	6.53%	5.92%	5.46%	4.53%
\$ 735,790	\$ 733,518	\$ 800,948	\$ 870,175	\$ 882,098	\$ 882,098

Ratios of Net General Bonded Debt Outstanding

Last Ten Years

Year	General Obligation Bonds	Less: Amounts Restricted to Repaying Principle	Net General Bonded Debt	% of Actual Taxable Value of Property	Per Capita
2016	\$ 14,160,000	\$ -	\$ 14,160,000	4.85%	\$ 705
2015	18,125,000	-	18,125,000	6.20%	903
2014	19,925,000	-	19,925,000	6.88%	989
2013	21,640,000	1,788,071	19,851,929	6.83%	1,012
2012	23,080,000	1,744,330	21,335,670	6.94%	1,108
2011	24,560,000	1,766,812	22,793,188	6.91%	1,173
2010	25,805,000	1,787,942	24,017,058	6.48%	1,251
2009	26,800,000	1,773,204	25,026,796	6.22%	1,225
2008	27,750,000	1,655,707	26,094,293	6.31%	1,252
2007	31,410,350	1,756,508	29,653,842	7.49%	1,359

Source: City of Ypsilanti Finance Department

Computation of Net Direct and Overlapping Debt
June 30, 2016

	Gross Amount Outstanding	Self-Supporting or Paid by Benefited Government	Net Amount Outstanding
Direct debt			
General obligation bonds	\$ 14,160,000	\$ -	\$ 14,160,000
General obligation bonds - DDA	560,000	560,000	-
Revenue bonds - YCUA (2)	25,491,984	25,491,984	-
Revenue bonds - Depot Town DDA	-	-	-
Installment obligations	453,072	-	453,072
Total direct debt	<u>\$ 40,665,056</u>	<u>\$ 26,051,984</u>	<u>14,613,072</u>
	Net Debt Outstanding	Percentage Applicable to City of Ypsilanti	Share Applicable to City of Ypsilanti
Overlapping debt			
Ypsilanti School District	\$ 70,702,227	36.78%	\$ 26,004,279
Washtenaw County	33,202,608	2.02%	670,693
Washtenaw Community College	13,580,000	2.06%	279,748
Ypsilanti District Library	4,735,000	17.35%	821,523
Total overlapping debt	<u>122,219,835</u>		<u>27,776,243</u>
Total direct and overlapping debt			<u>\$ 42,389,315</u>

(1) Overlapping debt is calculated for an entity, based upon assessed values received from the State of Michigan, which determines the issuer's proportionate share of the debt of other local governmental units that either overlap it (the issuer is located either wholly or partly within the geographic limits of the other units) or underlie it (the other units are located within the geographic limits of the issuer). The debt is apportioned based upon relative assessed values.

(2) These revenue bonds are being repaid from the revenue stream of another government; in this case, Ypsilanti Community Utilities Authority (YCUA) which is a joint venture that the City of Ypsilanti participates in as described in Notes 12 and 19 of the notes to the financial statements.

Source: City of Ypsilanti Finance Department and Municipal Advisory Council of Michigan

CITY OF YPSILANTI, MICHIGAN

Table 12
Unaudited

Legal Debt Margin
Last Ten Years

Legal debt margin calculation for 2016	
Assessed value (state equalized value)	<u>\$ 311,592,468</u>
Debt limit (10% of assessed value)	<u>\$ 31,159,247</u>
Net debt subject to limitation:	
General obligation bonds	14,160,000
Less unspent bond proceeds in 2013 revenue refunding bonds fund	(477,186)
Less amounts available for repayment of general obligation bonds	<u>(179,174)</u>
	<u>13,503,640</u>
Legal debt margin	<u>\$ 17,655,607</u>

	Debt Limit	Net Debt Applicable to Limit	Legal Debt Margin	Ratio
2016	\$ 31,159,247	\$ 13,503,640	\$ 17,655,607	43.34%
2015	31,159,247	17,796,936	13,362,311	57.12%
2014	30,227,100	17,948,086	12,279,014	59.38%
2013	30,069,718	19,851,929	10,217,789	66.02%
2012	32,834,536	21,335,670	11,498,866	64.98%
2011	35,325,060	22,793,188	12,531,872	64.52%
2010	41,109,672	24,017,058	17,092,614	58.42%
2009	48,563,041	25,026,796	23,536,245	51.53%
2008	52,645,291	26,094,293	26,550,998	49.57%
2007	50,227,461	29,653,842	20,573,619	59.04%

Source: City of Ypsilanti Finance Department

Revenue Bond Coverage

Last Ten Years

Fiscal Year Ended August 31,	(1) Gross Revenue	(2) Operating Expenses	Net Revenue Available for Debt Service	(3) Total Debt Service Requirement	Coverage
2015	\$ 36,497,656	\$ 29,589,319	\$ 6,908,337	\$ 7,925,358	87.0%
2014	35,000,803	27,676,654	7,324,149	5,544,573	132.1%
2013	34,042,779	27,922,287	6,120,492	5,844,681	104.7%
2012	34,764,666	27,565,394	7,199,272	4,509,206	159.7%
2011	33,586,953	26,167,217	7,419,736	5,683,760	130.5%
2010	31,115,683	25,491,690	5,623,993	6,002,290	93.7%
2009	34,348,642	26,841,880	7,506,762	5,653,810	133.0%
2008	35,548,571	27,925,431	7,623,140	5,368,807	142.0%
2007	37,781,498	26,934,363	10,847,135	5,596,598	193.8%
2006	33,818,172	25,512,868	8,305,304	6,534,757	127.1%

Source: Ypsilanti Community Utilities Authority comprehensive annual financial report.

(Note: YCUA is on a August 31 fiscal year end; as such, the 2016 report is not yet available.)

(1) Includes operating revenue, investment earnings, connect fees and debt service contributions.

(2) Excludes depreciation expense.

(3) Includes bonds and capital leases applicable to YCUA as a whole.

Demographic and Economic Statistics
Last Ten Years

Year	(1) Population	(2) Total Personal Income (in thousands)	(2) Per Capita Income	(3) School Enrollment	(4) Unemployment Rate
2016	19,945	\$ 881,210	\$ 44,182	4,324	5.3%
2015	20,081	882,098	43,927	4,361	6.6%
2014	20,142	870,175	43,202	4,148	6.3%
2013	19,621	800,948	40,821	4,525	7.6%
2012	19,375	733,518	37,859	3,678	6.2%
2011	19,435	735,790	37,859	3,175	9.6%
2010	19,201	726,931	37,859	3,896	9.9%
2009	20,437	773,724	37,859	3,881	11.3%
2008	20,849	852,828	40,905	3,864	8.0%
2007	21,827	870,723	39,892	4,005	4.5%

Year	(1) Population	(1) Median Age
2010	19,435	24
2000	22,237	24
1990	24,846	24
1980	24,031	24
1970	29,538	24
1960	20,957	-
1950	18,302	-
1940	12,121	-
1930	10,143	-

- (1) Estimate per SEMCOG and/or U.S. Census Bureau;
<http://quickfacts.census.gov/qfd/states/26/2689140.html>
- (2) Estimate from U.S. Department of Commerce, Bureau of Economic Analysis. (2013/14 data is not available, so used year 2013 data for washtenaw county). (Total personal income=population * per capita
<http://www.bea.gov/iTable/iTable.cfm?reqid=70&step=1&isuri=1&acrdn=5#reqid=70&step=27&isuri=1&7022=20&7023=7&7024=non-industry&7025=5&7026=11460&7001=720&7028=->
- (3) Data from Ypsilanti Community Schools Administration Office
- (4) Labor market information at Michigan.gov (for Ann Arbor, MI Metropolitan Statistical Area)
http://ycharts.com/indicators/ypsilanti_mi_unemployment_rate

Principal Employers
Current Year and Ten Years Ago

Employer	2016			2006		
	Employees	Rank	% of Workforce	Employees	Rank	% of Workforce
Eastern Michigan University	1,731	1	16.24%	2,088	1	16.00%
Washtenaw County	1,252	2	11.74%	1,400	3	10.73%
Ford Motor Company	718	3	6.73%	1,800	2	13.79%
Ypsilanti Public Schools	550	4	5.16%	712	4	5.46%
Villa at Parkridge (Bortz Health Care)	138	5	1.29%	143	6	1.10%
Forest Health Services	126	6	1.18%	190	5	1.46%
City of Ypsilanti	116	7	1.09%	128	7	0.98%
Marsh Plating & Finishing Services	102	8	0.96%	120	8	0.92%
Gene Butman Ford	80	9	0.75%	110	9	0.84%
Walgreens	40	10	0.38%	20		0.15%
Fischer Honda	25		0.23%	65	10	0.50%
	<u>4,878</u>		<u>45.74%</u>	<u>6,776</u>		<u>51.92%</u>

Source: Economic Development Department, City of Ypsilanti
 Washtenaw County Economic Development & Growth
 Manta.com and prior Official Statement for the City of Ypsilanti
<http://www.annarborusa.org/site-selectors/top-employers>

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CITY OF YPSILANTI, MICHIGAN

Table 16
Unaudited

Employees by Department
Last Ten Years

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Mayor and City Council	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Administrative services										
City Manager (172)	2.00	2.10	1.85	1.85	1.85	1.85	1.85	2.60	2.60	2.60
Human Resources (226)	1.80	1.90	1.55	1.55	1.55	1.55	1.55	1.30	1.30	1.00
Ordinance Enforcement (341)	1.00	1.00	1.00	0.50	0.50	0.50	0.50	1.70	1.70	3.00
Building Inspection (371)	5.00	5.00	5.25	3.75	3.58	3.35	3.25	2.20	2.20	-
Planning & Development (801)	3.50	3.40	1.65	1.65	1.65	2.38	2.38	2.13	2.13	3.35
Recreation (707)	-	-	-	-	-	-	-	-	-	-
	13.30	13.40	11.30	9.30	9.13	9.63	9.53	9.93	9.93	9.95
Citizen services										
Voters Registration, school and county election (191)	1.00	-	-	-	-	-	-	-	-	-
City Clerk (215)	2.00	2.00	2.00	2.00	2.00	1.95	1.95	1.95	1.95	1.45
City Treasurer (253)	1.80	1.50	1.50	1.50	1.34	1.34	1.34	1.34	1.68	1.50
	4.80	3.50	3.50	3.50	3.34	3.29	3.29	3.29	3.63	2.95
Administrative Hearing Bureau	-	-	-	-	-	0.10	0.10	0.15	0.15	0.15
Fire services										
Administration (337)	2.00	2.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Suppression (339)	21.00	23.00	21.00	21.00	19.00	18.50	16.00	16.00	16.00	19.00
	23.00	25.00	22.00	22.00	20.00	19.50	17.00	17.00	17.00	20.00
Fiscal services										
Finance - Accounting (201)	2.70	3.20	3.20	3.20	3.03	3.03	3.03	3.03	3.03	3.00
Finance - Assessor (209)	2.00	1.00	1.00	1.00	1.00	0.93	0.33	0.33	0.33	-
	4.70	4.20	4.20	4.20	4.03	3.96	3.36	3.36	3.36	3.00
Police services										
Administration (305)	3.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	3.00
Field Services (307)	40.00	41.00	37.00	38.40	28.00	28.00	24.00	28.26	29.26	29.95
COPS Grant	-	-	-	-	3.00	3.00	2.00	2.00	2.00	-
Parking Enforcement (311)	6.00	4.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
LAWNET Grant (312 & 316)	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
School Liaison Contract (317)	1.00	1.00	1.00	1.00	1.00	-	-	-	-	1.00
	51.00	49.00	43.00	44.40	37.00	36.00	31.00	35.26	36.26	36.95
Public services										
Parks, streets, building, parking lots, and garbage collection	22.00	21.75	19.00	17.00	17.00	17.00	17.00	17.00	16.00	16.00
Administration (441)	3.75	4.00	3.75	3.75	3.88	3.88	3.81	3.88	3.88	4.00
	25.75	25.75	22.75	20.75	20.88	20.88	20.81	20.88	19.88	20.00
Total full-time employees	122.55	120.85	106.75	104.15	94.38	93.36	85.09	89.87	90.21	93.00
Total council and full-time employees	129.55	127.85	113.75	111.15	101.38	100.36	92.09	96.87	97.21	100.00

Source: City of Ypsilanti Finance Department

CITY OF YPSILANTI, MICHIGAN

Operating Indicators by Function/Program

Last Ten Years

Function/Program	2007	2008	2009	2010
Public Safety				
Police services				
Number of uniform crime reportin	4,524	3,087	3,349	3,295
Number of traffic violations	3,269	3,538	7,502	8,458
Number of arrests	1,818	1,484	2,015	1,864
Number of parking violations	11,369	6,818	9,654	9,611
Fire services				
Number of calls answered	511	402	553	566
Number of inspections conducted	980	996	1,396	1,464
Public Services				
Miles of local streets maintained	21.22	21.22	21.22	21.22
Miles of major streets maintained	32.52	32.52	32.44	32.44
Public Utilities				
Miles of water mains	53.74	53.74	53.74	53.74
Number of fire hydrants	663	663	663	663

Source: City of Ypsilanti Police, Fire, and Public Services Departments.

Table 17
Unaudited

2011	2012	2013	2014	2015	2016
1,936	2,983	2,913	3,179	2,301	2,101
3,253	3,609	3,024	3,528	1,779	1,257
1,738	1,715	1,698	1,939	712	1,253
9,880	10,593	9,223	2,975	6,382	9,730
564	600	639	690	545	712
1,588	400	384	264	325	513
21.22	21.22	21.22	21.22	21.22	21.22
32.44	32.44	32.44	32.44	32.44	32.44
53.74	58.66	58.66	58.66	53.74	59.00
663	663	663	663	663	663

Capital Asset Statistics by Function/Program
Last Ten Years

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police Services										
Police department building	1	1	1	1	1	1	1	1	1	1
Temporary detention cells	2	2	2	2	2	2	2	2	2	2
Vehicle patrol units:										
Police service automobiles	12	10	10	10	10	9	9	9	9	9
Unmarked police vehicles	7	7	6	6	7	7	7	7	7	8
Parking enforcement	2	2	2	2	2	2	2	2	2	2
Mobile command vehicle	1	1	1	1	1	1	1	1	1	1
Volunteer service vehicle	1	1	1	1	1	1	1	1	1	1
Fire Services										
Emergency services building	1	1	1	1	1	1	1	1	1	1
Vehicle units:										
Pumper truck	2	2	2	2	2	2	2	2	2	2
Pumper ladder truck	1	1	1	1	1	1	1	1	1	1
Rescue truck	1	1	1	1	-	-	-	-	-	-
Jaws of life	1	1	1	1	1	1	1	1	1	1
Chief's city car	1	1	1	1	1	1	1	1	1	1
Trailer	1	-	-	-	-	-	-	-	-	-
Pickup truck	1	1	1	1	1	2	2	2	2	2
Utility van	1	1	1	1	1	-	-	-	-	-
Administrative Services										
Crown Victoria - CH	2	2	1	1	1	1	1	-	-	-
Impala	-	-	-	-	1	1	1	1	1	1
Taurus - CM	-	-	1	1	1	1	1	1	1	1
Building enforcement vehicles	4	4	2	2	3	3	3	2	2	2
Public Services										
Passenger										
Crown Victoria	2	2	3	4	3	2	2	1	-	-
Escape	-	-	-	-	1	1	1	1	1	1
Van	2	2	1	1	1	-	-	-	-	-
Van with Aerial Lift	-	-	1	1	1	1	1	-	-	-
Trucks:										
Pick-up	9	9	8	9	8	7	7	5	4	4
with Aerial Lift	-	-	3	3	3	1	1	2	1	1
Dump	9	9	9	9	10	11	11	9	7	7
with Grapple	-	-	1	1	1	1	1	1	1	1
Stake	7	7	6	6	6	6	6	3	3	3
with Aerial Lift	2	2	-	-	-	1	1	1	1	1
Recycle Truck	1	1	1	1	1	-	-	-	-	-
Packer Truck	3	3	4	4	4	4	4	3	3	3
Brush Chipper	2	2	3	3	1	1	1	1	1	1

Capital Asset Statistics by Function/Program
Last Ten Years

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Tractors:										
with Front Loader	2	2	2	2	2	1	1	-	-	-
with Front Loader/Rear Plow	1	1	1	1	1	1	1	1	1	1
with Bucket & Backhoe	1	1	1	1	1	1	1	-	-	-
with Drawn Rake	1	1	1	1	1	1	1	-	-	-
with Salt Spreader & Snow Plow	-	-	1	1	1	1	1	1	1	1
Garden	9	9	9	9	9	7	7	6	3	3
Wide Area Mower	-	-	1	1	1	1	1	1	1	1
Loader with Bucket	2	2	3	3	3	3	3	2	2	2
Rear Loader	-	-	-	-	1	1	1	1	1	1
Wheel Loader										1
Equipment:										
Gas Tester	1	1	1	1	1	1	1	1	1	1
Arrowboard	2	2	2	2	2	2	2	2	2	2
Pump	-	-	-	-	2	2	2	2	2	2
Snow Blower	4	4	4	4	4	4	4	3	3	3
Traffic Counter	8	8	8	8	8	8	8	8	8	8
Star Drill	1	1	1	1	1	1	1	1	1	1
Flail Mower	1	1	1	1	-	-	-	-	-	-
Trailer	3	3	4	4	4	4	4	4	4	4
Sign Driver	-	-	-	-	1	1	1	1	1	1
Auger	2	2	2	2	2	2	2	2	2	2
Street Sweeper	2	2	2	2	2	3	3	2	2	2
Compactor	1	1	1	1	1	1	1	1	1	1
Cement Mixer	2	2	2	2	1	1	1	1	1	1
Bituminous	1	1	1	1	1	1	1	1	1	1
Hyd. Sewer Cleaner	2	2	2	2	1	1	1	1	1	1
Compressor	1	1	1	1	-	-	-	2	2	1
Concrete Pavement Saw	2	2	2	2	2	2	2	2	2	2
Parking Lot Plow	-	-	-	-	-	-	-	2	2	2
Rear Plow	1	1	1	1	1	1	1	1	1	1
Dual Line Stripper	1	1	1	1	1	1	1	1	1	1
Leaf Blower	3	3	3	3	3	3	3	3	3	3
Weed Eater	9	9	9	9	11	11	11	11	11	12
Weed Eater (brush cutter)	-	-	-	-	-	1	1	1	1	1
Rotary Lawn Mower	1	1	2	2	2	2	2	1	1	1
Bush Hog	1	1	1	1	1	1	1	1	1	1
Generator	2	2	2	2	2	2	2	2	2	2
Compressor	1	1	1	2	2	2	2	1	-	1
Maint. Drawn Tracor Blade	1	1	1	1	1	1	1	1	1	1
Sod Cutter	1	1	1	1	1	1	1	1	1	1
Rotary Tiller	1	1	1	1	1	1	1	1	1	1
Chain Saw	11	11	11	11	12	12	12	12	12	12
Power Pruner	3	3	4	4	3	3	3	3	3	3
Stump Cutter	1	1	1	1	-	-	-	-	-	-
Chipper Box	1	1	1	1	1	1	1	-	-	-
Fork Lift	1	1	1	1	1	1	1	1	1	1
Roller	1	1	1	1	1	1	1	1	-	-
Pressure Washer	1	1	1	1	1	1	1	1	1	1

Capital Asset Statistics by Function/Program
Last Ten Years

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Portable Space Heater	1	1	1	1	1	1	1	1	1	1
Power MIG 255	1	1	1	1	1	1	1	1	1	1
Precision TIG 275	1	1	1	1	1	1	1	1	1	1
Row Boat	1	1	1	1	1	1	1	1	-	-
Sandblaster	-	-	-	1	1	1	1	1	1	1
Weed Eater/Hedge Trimmer	-	-	-	-	-	1	1	1	1	1
Edger/Trimmer/Weed Eater	-	-	-	-	-	-	-	1	1	1
Pallet Forks	-	-	-	-	-	-	-	-	-	1
Jackhammer	-	-	-	-	-	-	-	-	-	1
Backhoe	-	-	-	-	-	-	-	-	-	1
Stump Grinder	-	-	-	-	-	-	-	-	-	1
Snow Pusher Blade	-	-	-	-	-	-	-	-	-	1
Auger bit 24"	-	-	-	-	-	-	-	-	-	1
Auger bit 36"	-	-	-	-	-	-	-	-	-	1
Grader	-	-	-	-	-	-	-	-	-	1
Soil Conditioner	-	-	-	-	-	-	-	-	-	1
Brush Hog	-	-	-	-	-	-	-	-	-	1
Parks & Recreation										
Parks:										
Active	8	8	8	8	8	8	8	8	8	8
Inactive	2	2	1	1	1	1	1	1	1	1
Tot Lots	2	2	3	3	3	3	3	3	3	3
Park acreage:										
Active parks	81	81	81	81	81	81	81	81	81	81
Inactive	4	4	2	2	2	2	2	2	2	2
Tot Lots	2	2	2	2	2	2	2	2	2	1
Picnic areas	9	9	9	9	9	9	9	9	9	9
Buildings:										
Parkridge Community Center	1	1	1	1	1	1	1	1	1	1
Senior Center	1	1	1	1	1	1	1	1	1	1
Concessions	1	1	1	1	1	1	1	-	-	-
Pavilions	8	8	8	9	9	9	9	9	9	9
Swimming Pool	1	1	1	1	1	1	1	1	1	1
Amphitheater	1	1	1	1	1	1	1	1	1	1
Multiuse Trail	2	2	-	-	1	1	1	1	1	1

Capital Asset Statistics by Function/Program
Last Ten Years

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Park and Play Area Acreage										
Candy Cane Park	7	7	7	7	7	7	7	7	7	7
Carrie Mattingly Tot Lot	1	1	1	1	1	1	1	1	1	1
Charles Street Tot Lot	-	-	-	-	-	-	-	-	-	-
Edith Hefley Park	1	1	1	1	1	1	1	1	1	1
Frog Island Park	7	7	7	7	7	7	7	7	7	7
Gilbert Park	2	2	-	-	-	-	-	-	-	-
Parkridge Park Community Center	8	8	8	8	8	8	8	8	8	8
Peninsular Park	5	5	5	5	5	5	5	5	5	5
Prospect Park	10	10	10	10	10	10	10	10	10	10
Recreation Park/Pool/Senior Center	17	17	17	17	17	17	17	17	17	17
Riverside Park	14	14	14	14	14	14	14	14	14	14
Waterworks Park	13	13	13	13	13	13	13	13	13	13
Picnic										
Candy Cane Park	1	1	1	1	1	1	1	1	1	1
Edith Hefley Park	1	1	1	1	1	-	-	-	-	-
Frog Island Park	1	1	1	1	1	-	-	-	-	-
Parkridge Park Community Center	1	1	1	1	1	1	1	1	1	1
Peninsular Park	1	1	1	1	1	1	1	1	1	1
Prospect Park	2	2	2	2	2	2	2	2	2	2
Recreation Park/Pool/Senior Center	1	1	1	1	1	1	1	1	1	1
Riverside Park	1	1	1	1	1	1	1	1	1	1
Waterworks Park	1	1	1	1	1	1	1	1	1	1
Pavilions										
Recreation Park/Pool/Senior Center	1	1	1	1	1	1	1	1	1	1
Candy Cane Park	1	1	1	1	1	1	1	1	1	1
Prospect Park	2	2	2	2	2	2	2	2	2	2
Waterworks Park	1	1	1	1	1	1	1	1	1	1
Parkridge Park Community Center	1	1	1	1	1	1	1	1	1	1
Riverside Park	1	1	1	2	2	2	2	2	2	1
Peninsular Park	1	1	1	1	1	1	1	1	1	1
City Attractions										
Eastern Michigan Campus	1	1	1	1	1	1	1	1	1	1
Farmer's Market / Freighthouse	1	1	1	1	1	1	1	1	1	1
Michigan Firehouse Museum	1	1	1	1	1	1	1	1	1	1
Riverside Arts Center	1	1	1	1	1	1	1	1	1	1
RM Classic Cars US Headquarter	1	1	1	1	1	-	-	-	-	-
Ypsilanti Automotive Heritage Collection	1	1	1	1	1	1	1	1	1	1
Ypsilanti District Library	1	1	1	1	1	1	1	1	1	1
Ypsilanti Historical Museum	1	1	1	1	1	1	1	1	1	1
Ypsilanti Water Tower	1	1	1	1	1	1	1	1	1	1
Ypsilanti West Commerce Park	1	1	1	1	1	1	1	1	1	1

Source: City of Ypsilanti Finance Department

Schedule of Insurance
As of June 30, 2016

Type of Coverage Name of	Policy Period	Premium	Description
Michigan Municipal League Liability and Property Pool	8/01/15- 8/01/16	\$ 184,902	Covers general liability, police professional liability and public officials errors & omissions. Limit of liability \$2,000,000.
Michigan Municipal League Liability and Property Pool	8/01/15- 8/01/16	55,974	Covers equipment and automobiles.
Michigan Municipal League Liability and Property Pool	8/01/15- 8/01/16	40,096	Covers buildings and attached property.
Meadowbrook Insurance Group	8/30/15 - 8/30/16	2,485	Covers commercial storage tank
Blue Cross - Blue Shield, Assurant, EHIM, Fort Dearborn, MECA, UNUM	7/01/15 - 6/30/16	2,430,154	Employee and retiree benefits: health, dental, prescription, life, vision and long-term disability.
Comp One Administrator and Accident Fund	7/01/15 - 6/30/16	173,496	Workers compensation and employees liability excess insurance policy for self insured combined specific and aggregate agreement. Part one - employer liability \$1,000,000, part two - workers compensation limit \$5,000,000, part two - employer liability

Source: City of Ypsilanti Finance Department

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