

YPSILANTI

MICHIGAN



Community Impact Comprehensive Annual Financial Report Year Ended June 30, 2018

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City of Ypsilanti, Michigan

www.cityofypsilanti.com

Comprehensive Annual Financial Report

For the Year Ended June 30, 2018

Prepared by:

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

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City of Ypsilanti, Michigan
 Comprehensive Annual Financial Report
 For the Year Ended June 30, 2018

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INTRODUCTORY SECTION



CITY OF
YPSILANTI

Home of Eastern Michigan University

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City of Ypsilanti

Office of the City Manager

December 17, 2018

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, 2018. 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, other City departments and Clark Schaefer Hackett & Co.

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:

- FEMA Grant EMW 2015-FR 00513 for fire investigation classes, 2016 DJ-BX 1031 for body cameras,
- Michigan Land Bank Fast Track Authority's Blight Elimination for 2015,
- Local Site Revolving Remediation Revolving Fund clean-up grant,
- CTAP Grant,
- CDBG pass-through Washtenaw County for ADA Ramps CDBG ramps program,
- Special Program for Aging Title III, Part C from Department Health & Human Services, and
- Public Act 283 of 1909 distribution to the City of Ypsilanti for the repairs of Cornell Street between Washtenaw and Huron River Drive, Huron River Drive between Cornell and Ann, and Hamilton Street Between Forest Avenue and West Cross.

Rehmann Robson LLC, Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Ypsilanti's financial statements for the year ended June 30, 2018. 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.

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 19,435. 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 festivals 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 Senior Center, Rutherford Community Pool, 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, Festival of the HoneyBee, PRIDEfest and the Ypsilanti Heritage Festival.

Local Economy

Local unemployment is around 2.2 percent, which is below the state average (at July 2017, 3.5 percent) and below the national average of 4.4 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. The City has earned and maintained its Redevelopment Ready Community status that creates technical funding opportunities, promotion of City priority redevelopment sites, and promotion to developers of clear and transparent development processes.

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 23.5% compared to ten years ago. The City's total equalized value of taxable property for tax year 2017 is approximately \$393 million, an increase of about \$34.3 million, or roughly 9.56% of the prior year.

The City has four tax increment finance (TIF) districts. All four districts were impacted by the decline in taxable property value over the past ten years. Three out of four districts increased taxable value and capture in the last year. Additionally, the State approved a 15-year extension and capture of the Ann Arbor-Ypsilanti SmartZone which will result in over \$340,000 for the City and capture annually for promotion and development of high-tech businesses and corporations in Ypsilanti.

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 sustainability for our community. Starting in 2001, the City faced declining revenues and began a cost reduction strategy by deferring capital projects and equipment purchases, eliminating the Parks and Recreation Department, combining other departments and positions, and reducing staffing levels. For comparison, during fiscal year 2003, the City maintained a staff of 139.75 full-time equivalent (FTE) positions. In fiscal year ending 2018, staffing was down to 86 FTEs.

Personnel costs comprise a significant total of General Fund expenses, including pension and other postemployment benefits (OPEBs), and contribute substantially to the City's challenging financial condition. Recently, the City switched from a self-funded workers' compensation insurance program to the Michigan Municipal League Workers' Compensation Fund, offering the financial stability of regular premiums, a reduction in the insurance program's annual average cost, and a reduction in the overall financial risk to the City. The collective bargaining agreements for all four of the City's unions expired on June 30, 2017, and the City has settled three of the contracts with significant changes in health care programs and wage structures to return compensation packages to fair but financially sustainable levels. The City is facing mounting pension and OPEB costs. While the MERS general employee pension system is stable at 133% funding, the Act 345 Fire and Police Pension system is only 55% funded. In 2019, the City's required contribution to the Fire and Police Pension Plan will increase by approximately \$500,000. The City is working to restructure retirement benefits while maintaining core municipal services for the community at sustainable levels.

The Water Street debt was severely limiting the City's ability to allocate adequate resources to essential services and programs. The 38-acre redevelopment project, 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 the 2006 Capital Improvement Refunding Taxable Bonds. Originally, debt retirement was to be paid for through tax increment financing by captured growth in taxable value from new development, but development and tax base growth did not occur as planned. As a result, the City was required to use General Fund reserves to pay the annual debt payments. In March 2016, the City refinanced the unpaid bond balance of \$13.245 million for 15 years with a down payment of \$2.255 million and reduced the remaining debt to \$10.44 million, leaving an original bond balance of \$700,000. In July 2016, the City further reduced the old debt to \$230,000. The City eliminated the old debt entirely through payoff in fiscal year 2018, thereby saving the City an estimated \$140,000 in interest costs over the next 14 years. The City placed a proposal on the August 2016 ballot seeking approval for a millage levy to cover the new bond debt costs associated with the Water Street property, and the proposal was rejected by voters. A similar citizen-initiated proposal was placed on the August 2017 ballot, and this time the proposal passed to levy 2.3 mills equivalent to \$718,000, to be used for the annual debt service of 2016 refunding bonds Series A, AKA Water Street bond debt, that will completely mature in fiscal year 2031.

The Michigan municipal finance system is broken and creates significant financial challenges for the City, as well as for most municipalities in the state. The Headlee Amendment to the Michigan Constitution requires periodic rollbacks to the City's maximum allowable millage rates. "Proposal A" caps growth in property taxable value at 5% or the rate of inflation, whichever is less, regardless of the growth in state equalized value. The City has realized a combined loss of almost \$12 million in state shared revenue between 2003 and 2016 due to the State government's manipulation of statutory revenue sharing payments to municipal governments. At the same time, the State is phasing out certain personal property taxes. Act 51 transportation funding for street maintenance and improvements has remained relatively flat for many years and is woefully inadequate to cover the City's street infrastructure needs. The State legislature continues to fail to provide full funding under Michigan Public Act 289 of 1977 for fire service cost reimbursement to municipalities with tax-exempt State facilities, resulting in a loss of revenue to the City of approximately \$400,000 annually. The City continues to aggressively lobby State legislators to fix these inequities.

Major Initiatives for the Year

Solar Energy and Energy Efficiency. The City was one of eight communities nationwide to receive the SolStar Gold award for superior achievement and promotion of solar energy. Ypsilanti is ranked #1 in the state and in the top ten nationally for solar production per capita. All of the City's municipal facilities have been equipped with solar power, including the latest installation at the City Fire Department. The City is committed to reducing its energy consumption as well as reducing its carbon footprint. The City has retrofitted all of its street lights, as well as interior lights in City-owned facilities, to LED lights. The City has completed clean energy projects by adding solar panels to several City buildings, funded by donations, in an effort to reduce energy consumption through the use of clean energy. The Ypsilanti Fire Station, through grant funding, has added a solar array on its roof that can produce enough energy to power the entire building. The Public Services Department has budgeted funds to add additional solar panels to the existing solar array to further reduce energy consumption for the entire administrative building. These types of lighting retrofits and solar power projects will help reduce the City's overall energy consumption/lighting expenses and are part of the City's ongoing initiative to reduce carbon emission in the City of Ypsilanti.

Property Disposition. The City approved a property disposition policy and was able to sell 11 City-owned residential properties, thus returning properties to active use, taxable status and eliminating maintenance costs to the City. The City will continue with this initiative. The first new residential construction permit in 12 years was issued as well as the first Neighborhood Enterprise Zone (NEZ) certification. The NEZ program encourages investment in the City's most financial distressed district by freezing property taxes on improvements for 17 years.

Community Redevelopment. The City sold a five-acre green field lot for \$250,000. The property is located along the Huron River but has several development challenges due mainly to the unusual topography of the property and public utilities on site. The purchaser is a large non-for-profit that provides social services to local youth, which intends to develop the site for its new youth housing facility. The City issued a Request for Qualifications for the development of a four-acre residential parcel at 220 N. Park. Five responses were received. A purchase agreement is anticipated for the next fiscal year. The City has approved a Brownfield tax increment financing plan for the redevelopment of the chronically vacant "Thompson Block" located in the active Depot Town district. The new development is anticipated to cost around \$11 million and will create a new large-scale restaurant and 26 residential living units. The Thompson Block is a historic civil war area barracks development that has been plagued by fire and disinvestment for over 25 years.

Major Initiatives in the Future

Intergovernmental Collaboration for Municipal Services. 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. Also, the City of Ypsilanti, Ypsilanti Township, Superior Township, Pittsfield Township and City of Ann Arbor City 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 materials, 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.

Amtrak Rail Platform. 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.

Recycling Drop Off Center. Due to a finding by the State that the existing City of Ypsilanti recycling drop off center in Frog Island Park constitutes an impermissible conversion of property for park and recreation grant funding, the City intends to cease the use of the center and demolish the structures. The City will need to identify an alternative provider for these services since there is no suitable location in the City for a new drop off center.

Peninsular Dam Restoration or Removal. The City is working cooperatively with the Huron River Watershed Council to complete a dam removal study to compliment the dam restoration study prepared in 2014. These studies, together, will provide the basis for the City Council to determine if the City is best served in restoring or removing the dam. The dam removal study report will be completed in late 2018, and updated cost estimates for dam restoration will be prepared. It is anticipated that City Council will discuss and select the preferred option in 2019 and plan next steps.

Rutherford Pool Bathhouse Renovation. The Friends of the Rutherford Pool has submitted a grant application to the state to complete \$600,000 in improvements to the Rutherford Pool bathhouse. If funded, the project could be completed as early as 2019.

Park Bathrooms Repair/Replacement. An evaluation of the conditions of all park bathroom facilities will be completed in 2018, together with cost estimates for repair or replacement, and the City Council will discuss whether to proceed with a comprehensive project and, if so, identify the sources of funding for the project. This project is expected to span several years, with the first phase potentially being completed in 2019.

DDA Districts Police Patrol Services. In January 2019, the City intends to restore 40 hours of police patrol services weekly to the DDA downtown districts to comply with the intergovernmental services contract between the two entities.

Friends of the Freight House Cooperative Agreement. The City intends to renegotiate the terms of the agreement with the Friends of the Freight House to ensure a more equitable and sustainable arrangement for the operations, management, maintenance, and repair of the freight house and to improve the parking situation during large events at the facility.

Capital Improvement Planning. Administration intends to engage in discussions with City Council and the public on the need to address the City's mounting capital needs. The City must do a much better job of identifying immediate and long-term infrastructure, buildings and grounds, equipment, furnishings, and other needs, estimate the costs of those needs, and formulate a comprehensive plan for addressing the needs.

Organizational Restructuring. Recommendations will be submitted to the City Council for the restructuring of finance and treasury functions, as well as the Community and Economic Development Department. It is intended that treasury functions will be combined with the Finance Department, with the Finance Director and Treasurer positions to be combined. The Community and Economic Development Department will be replaced with a new Community Services Department. The existing functions of the Community and Economic Development Department will continue under Community Services, but Assessing functions will be transferred from the Finance Department to Community Services, and the Community Services Department will assume oversight responsibilities for parks and recreation programming and facility management functions.

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 Clark Schaefer Hackett & Co. I wish to express my appreciation and acknowledge those who assisted and contributed to the preparation of this report: Marilou Uy, Rheagan Basabica, and the staff from the Fiscal Services Department, and Joe Meyers, Bonnie Wessler, and Nan Schuette from the Community and Economic Development 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}

Darwin McClary,
City Manager



Government Finance Officers Association

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

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**City of Ypsilanti
Michigan**

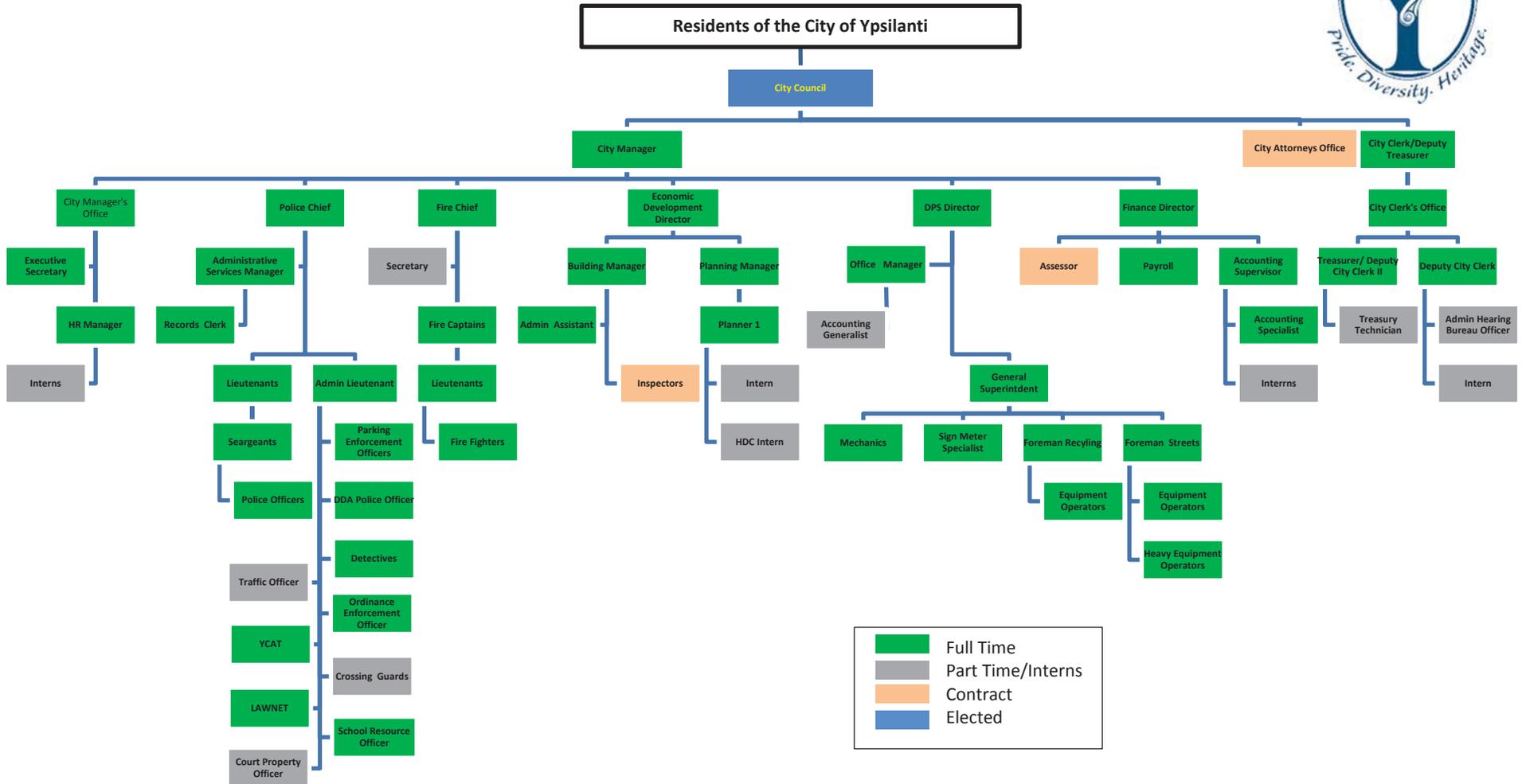
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO

City of Ypsilanti Organizational Chart



	Full Time
	Part Time/Interns
	Contract
	Elected

CITY OF YPSILANTI, MICHIGAN

ELECTED OFFICIALS

CITY COUNCIL

Amanda Edmonds
Mayor

Nicole Brown
Mayor Pro-Tem

Council Members

Beth Bashert
Peter Murdock
Lois Richardson
Brian Robb
Daniel Vogt

Administration-Appointed Officials and Senior Management

Darwin McClary
City Manager

Frances McMullan
City Clerk

Marilou Uy
Director of Fiscal Services

Max Anthouard
Fire Chief

Stan Kirton
Director of Public Services

Tony DeGuisti
Police Chief

Kimberly Teamer
City Treasurer

Joe Meyers
*Interim Economic Development
Director*

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FINANCIAL SECTION



CITY OF
YPSILANTI

Home of Eastern Michigan University

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INDEPENDENT AUDITORS' REPORT

December 17, 2018

Honorable Mayor and City Commission
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, 2018, 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.

Independent Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 previously 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund and each major special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules for the pension and other postemployment benefit plans, 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 combining and individual fund financial statements and schedules and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules 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 fund financial statements and schedules 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.



CITY OF YPSILANTI, MICHIGAN
Management's Discussion and Analysis (unaudited)
Fiscal Year Ended June 30, 2018

The management of the City of Ypsilanti, Michigan (the City) presents 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, 2018. 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

Major financial highlights for fiscal year 2018 are listed below:

- The liabilities and deferred inflows of resources of the City exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by \$10,043,142 (net position). Of this amount, a negative \$29,972,757 in unrestricted net position was reported for the governmental activities, primarily due to recognition of net pension and other postemployment benefit (OPEB) liabilities.
- The City's total net position decreased by \$319,912.
- The City's total revenues were \$20,457,880, an increase of \$1,385,586, or 7%, while total expenses were \$20,777,792, a decrease of \$70,637, or 0%.
- The City's general fund, the primary operating fund, increased by \$542,649. The City's unassigned fund balance of the general fund totaled \$4,397,639 at the end of the fiscal year, or 36% of general fund expenditures.
- The City's long-term bonds decreased by \$3,545,000, with \$30,671,984 outstanding as of the end of the fiscal 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 comprise 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 private sector business.

CITY OF YPSILANTI, MICHIGAN
Management's Discussion and Analysis (unaudited)
Fiscal Year Ended June 30, 2018

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

The *statement of activities* presents information showing how the City's net position 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., uncollected taxes and 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*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, refuse collection, highways, streets, and bridges, culture and recreation, and public transportation. The City does not have business-type activities.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also legally separate component units: Downtown Development Authority, Depot Town Downtown Development Authority and Economic Development Corporation, 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.

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 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*.

CITY OF YPSILANTI, MICHIGAN
Management's Discussion and Analysis (unaudited)
Fiscal Year Ended June 30, 2018

The City maintains 23 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, major streets, capital improvement reserve and 2013 revenue refunding bonds funds, all four of which are considered to be major funds. Data from the other 19 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 this budget.

Proprietary Funds are also maintained by the City. The City has one type of proprietary fund. *Internal service funds* are an accounting device normally 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 and retiree health 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.

Fiduciary Funds are used to account for resources held for the benefit of parties outside the City. 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 City's only fiduciary funds are agency funds that are custodial in nature.

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.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* 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.

The combining statements referred to earlier in connection with nonmajor governmental funds, internal service funds and fiduciary funds are presented immediately following the required supplementary information.

CITY OF YPSILANTI, MICHIGAN
Management's Discussion and Analysis (unaudited)
Fiscal Year Ended June 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position at Fiscal Year-End

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, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$10,043,142 at the close of the most recent fiscal year.

Table 1
Net Position

	Governmental Activities	
	2018	<i>Restated</i> 2017
<i>Assets</i>		
Current and other assets	\$ 38,012,531	\$ 37,664,741
Net pension asset	5,023,970	3,705,179
Capital assets	17,676,064	20,404,045
<i>Total assets</i>	60,712,565	61,773,965
 <i>Deferred Outflows of Resources</i>	 4,483,407	 2,532,780
 <i>Liabilities</i>		
Long-term liabilities:		
Net pension liability	20,459,758	19,384,949
Net OPEB liability	17,936,002	15,625,103
Other long-term amounts	33,156,076	36,797,090
Other liabilities	1,436,733	1,530,951
<i>Total liabilities</i>	72,988,569	73,338,093
 <i>Deferred Inflows of Resources</i>	 2,250,545	 691,882
 <i>Net Position</i>		
Net investment in capital assets	16,446,266	16,659,020
Restricted	3,483,349	2,824,145
Unrestricted (deficit)	(29,972,757)	(29,206,395)
<i>Total net position</i>	\$ (10,043,142)	\$ (9,723,230)

CITY OF YPSILANTI, MICHIGAN
Management's Discussion and Analysis (unaudited)
Fiscal Year Ended June 30, 2018

A significant portion of the City's net position (\$16,446,266) reflects its investment in capital assets (i.e., land, buildings, equipment and furniture, etc.), 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 capital assets is reported net of related debt, it should be noted that the resources needed to pay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (\$3,483,349) represents resources that are subject to external restrictions on how they may be used. The external restriction will not affect the availability of resources for future use. Primarily as a result of recognizing net pension and OPEB liabilities under GASB Statement Nos. 68 and 75, the City's unrestricted net position ended the fiscal year with a deficit balance of \$29,972,757.

The City ended the fiscal year with \$60,712,565 in total assets, a decrease of \$1,061,400 from the prior fiscal year. The significant source for the decrease is attributable to capital assets, as the City's depreciation expense in the current fiscal year exceeded capital asset additions. The impact of this decrease was partially offset by an increase in the MERS' net pension asset, due to better than projected investment earning and actuarial gains.

The City ended the fiscal year with \$72,988,569 in total liabilities, a decrease of \$349,524. Other long-term liabilities decreased by \$3,641,014 due to the City meeting its required debt service obligations on its outstanding bonds. The decrease was partially offset by increases in the net pension and OPEB liabilities. The net pension liability increase is attributable to actuarial losses while the net OPEB increase was primarily due to a change in assumptions.

CITY OF YPSILANTI, MICHIGAN
Management's Discussion and Analysis (unaudited)
Fiscal Year Ended June 30, 2018

Change in Net Position during Fiscal Year 2018

The following table presents a condensed summary of the City's activities during fiscal years 2018 and 2017 and the resulting change in net position:

Table 2
Changes in Net Position

	Governmental Activities	
	2018	<i>Restated</i> 2017
<i>Revenues</i>		
Program revenues:		
Charges for services	\$ 2,916,478	\$ 2,779,735
Operating grants and contributions	3,596,920	2,547,760
Capital grants and contributions	628,205	59,983
<i>Total program revenues</i>	<u>7,141,603</u>	<u>5,387,478</u>
General revenues:		
Property and other taxes	10,345,083	10,582,364
Grants and entitlements not restricted to specific programs	2,755,507	3,033,942
Investment earnings	169,432	68,510
Other	46,255	-
<i>Total general revenues</i>	<u>13,316,277</u>	<u>13,684,816</u>
<i>Total revenues</i>	<u>20,457,880</u>	<u>19,072,294</u>
<i>Expenses</i>		
General government	3,556,035	3,084,786
Public safety	9,749,189	8,961,050
Public works	678,231	1,041,147
Refuse collections	939,629	884,179
Highways, streets and bridges	3,598,015	3,825,640
Culture and recreation	517,317	1,095,758
Community development	624,746	454,835
Public transportation	283,372	282,793
Interest and fiscal charges	831,258	1,218,241
<i>Total expenses</i>	<u>20,777,792</u>	<u>20,848,429</u>
Special item	-	(768,350)
<i>Change in net position</i>	(319,912)	(2,544,485)
<i>Net position, beginning of year</i>	(9,723,230)	8,358,895
<i>Restatement for implementation of GASB Statement No. 75</i>	-	(15,537,640)
<i>Net position, end of year</i>	<u>\$ (10,043,142)</u>	<u>\$ (9,723,230)</u>

CITY OF YPSILANTI, MICHIGAN
Management's Discussion and Analysis (unaudited)
Fiscal Year Ended June 30, 2018

As mentioned early, the City's net position experienced a decrease of \$319,912 during the fiscal year, which is a smaller decrease from the one experienced in the prior fiscal year of \$2,544,485. Total revenue increased by \$1,385,586, while total expenses decreased by \$70,637. The increase in revenue was primarily due to the increase in operating grants and contributions and capital grants and contributions. In fiscal year 2017, the City refunded its 2006 water and sewer bonds with 2016 water and sewer refunding bonds. Excess restricted cash for debt service was remitted to the joint venture, Ypsilanti Community Utilities Authority (YCUA) and reduce the annual contribution required from YCUA. There were no refundings during fiscal year 2018, returning the annual required contribution amount to levels consistent with years prior to fiscal year 2017. For capital grants and contributions, the City received FEMA assistance, much of which was passed through to other local governments

The decrease in total expenses is attributable to several factors that occurred during fiscal year 2017, including close out of several grants, urgent road repairs, grade closure, midblock crossing, and the Eastern Michigan University crossing project, that did not occur during fiscal year 2018. These decreases were partially offset by increases in public safety expenses, due to pass through of FEMA funds to other local governments.

FINANCIAL ANALYSIS OF THE CITY'S INDIVIDUAL FUNDS

Governmental Funds

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

The City's governmental funds reported a combined fund balance of \$13,271,051, which is \$1,144,100 above last year's total of \$12,126,951. The schedule below indicates the fund balances and total change in fund balances as of June 30, 2018 and 2017 for each individual major fund and nonmajor governmental funds in total.

	<u>Fund Balance</u> <u>June 30, 2018</u>	<u>Fund Balance</u> <u>June 30, 2017</u>	<u>Change in</u> <u>Fund Balance</u>	<u>Percent</u> <u>Change</u>
Major funds:				
General fund	\$ 6,507,568	\$ 5,964,919	\$ 542,649	9%
Major streets fund	1,665,582	1,038,202	627,380	60%
Capital improvement reserve fund	47,033	47,033	-	0%
2013 revenue refunding bonds fund	1,625,141	1,625,141	-	0%
Nonmajor governmental funds	<u>3,425,727</u>	<u>3,451,656</u>	<u>(25,929)</u>	<u>-1%</u>
Total	<u>\$ 13,271,051</u>	<u>\$ 12,126,951</u>	<u>\$ 1,144,100</u>	<u>9%</u>

General Fund

The general fund, the City's primary operating fund, ended the fiscal year with an unassigned fund balance of \$4,397,639, or 36% of general fund expenditures. Total fund balance increased \$542,649 during the fiscal year. This increase was higher than the prior fiscal year's increase of \$152,397, primarily due to increased tax revenue and sale of property for \$210,177.

CITY OF YPSILANTI, MICHIGAN
Management's Discussion and Analysis (unaudited)
Fiscal Year Ended June 30, 2018

Major Streets Fund

The major streets special revenue fund had revenues of \$1,614,157 and expenditures of \$970,707 in fiscal year 2018. The fund experienced an increase in fund balance due to the budgeted projects that were not completed during the fiscal year.

Capital Improvement Reserve Fund

The capital improvement reserve capital projects fund had an ending fund balance of \$47,033, all of which was committed for capital equipment.

2013 Revenue Refunding Bonds Fund

The 2013 revenue refunding bonds capital projects fund had an ending balance of \$1,625,141, all of which is committed for capital projects.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City's budgetary information for the general fund and its major special revenue funds can be found within the basic financial statements.

The City's primary operating fund is the general fund. The original revenue budget was increased during the fiscal year by 8% due to conservative budgeting. Actual revenues were within less than 1% of the final revenue budget.

The original expenditure budget was increased during the fiscal year by 3% to account for actual spending patterns realized during the fiscal year. Actual expenditures came in \$456,458 under the final budget. This was attributable to:

- The decrease of expenditures for Peninsular Dam of \$122,648, due to the project not completed this year;
- Attorney litigation and appeal of \$19,909, due to fewer cases litigated this year;
- Employee turnover and budgeted positions not being filled in the year for Police Field Services, Police Parking Enforcement, Fire Suppression, Building Ordinance Enforcement, and Planning Development;
- Lower than budgeted costs for DPS utility lighting, water activities, and Parkridge Center;
- CTAP grant of \$11,010 grant spending was moved to fiscal year 2018-19;
- Michigan Tax Tribunal (MTT) Foreclosed Property of \$15,541, due to lesser MTT's and charge backs from Washtenaw County; and
- Transfers and contributions of \$42,423, due to reduced transfer to capital improvement fund.

CITY OF YPSILANTI, MICHIGAN
Management's Discussion and Analysis (unaudited)
Fiscal Year Ended June 30, 2018

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2018, the City had \$17,676,064 (net of accumulated depreciation) invested in land, buildings and improvements, vehicles and equipment, infrastructure and construction in progress. Capital assets decreased by \$2,727,981 due to depreciation expense of \$3,014,163 and \$286,182 in capital acquisitions. See Note 8 to the basic financial statements for detail. The following table shows fiscal year 2018 compared to 2017:

Capital Assets at Year-End
(Net of Depreciation)

	Governmental Activities	
	2018	2017
Land	\$ 1,358,840	\$ 1,358,840
Infrastructure	10,533,141	12,811,723
Buildings and improvements	3,855,148	4,060,426
Vehicles and equipment	1,799,743	2,043,864
Construction in progress	129,192	129,192
Totals	\$ 17,676,064	\$ 20,404,045

Debt Administration

At June 30, 2018, the City had \$30,671,984 in outstanding debt, a decrease of \$3,545,000 from June 30, 2017. Of this amount, \$10,180,000 is comprised of debt backed by the full faith and credit of the City. The remainder of the City's bonded debt represents bonds secured solely by specified revenue sources. Activity during the fiscal year was limited to debt repayment. The City had the following long-term debt outstanding at June 30, 2018 and 2017:

Long-term Bonds at Year-End

	Governmental Activities	
	2018	2017
General obligation bonds	\$ 10,180,000	\$ 11,810,000
Revenue bonds	20,491,984	22,406,984
Totals	\$ 30,671,984	\$ 34,216,984

On September 24, 2018, Moody's Investor Service assigned an A2 rating on the general obligation bonds. See Note 12 to the basic financial statements for detail regarding the City's debt activity.

CITY OF YPSILANTI, MICHIGAN
Management's Discussion and Analysis (unaudited)
Fiscal Year Ended June 30, 2018

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Revenues for all funds for next year are budgeted to be \$235,691 higher than the current fiscal year amended budget. The local site revolving remediation fund grant of \$227,172 ended this year. A one-time revenue for the sale of a piece of land of \$210,176, was received this year. The 2002 GO capital improvement debt fund \$36,555, and the un-refunded portion of the 2006 GO LTD taxable capital refunding bonds of \$225,888, were fully paid this year. Projects in major streets fund that were completed this fiscal year were valued at \$297,797.

For the tax year 2018, the City expects property values to increase by 3.777%, and the City's operating mill has been reduced from 18.7386 to 18.5287 due to millage rollback, resulting in the loss of \$67,000 in tax revenue for fiscal 2018-19. The City continues to look for many options to reduce costs or increase revenues. After two attempts of placing the Water Street debt on the ballot, the voters finally approved on August 8, 2017 to levy a millage of 2.30 mills to retire the 2016A bonds. This is the first year the City will collect Water Street millage. For next year, the millage revenue will generate \$674,442 to be used to pay off the debt instead of coming from the general fund. The City will start receiving mental health and public safety millage funding from Washtenaw County for approximately \$375,000 annually which will expire after eight years. This revenue will be used to construct and improve City parks (\$125,000); a study to construct a train stop at Depot Town (\$100,000); a study to remove or retain the Peninsular Dam (\$75,000); and mental health grants to youth (\$75,000). The City will continue to receive an approximate \$122,000 per year through 2020 from Washtenaw County for the 0.50 mill road levy for repair of roads, streets, bridges and culverts.

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 the difference between the actual health insurance costs minus hard cap set by the State of Michigan, Department of Treasury.

The City's spending budget for all funds for next fiscal year is \$1,342,062 more than the current year amended budget. Most of the listed projects last year were completed. Among the major projects are: non-motorized improvements; Prospect and Michigan Avenue traffic safety projects; Adams Street from Pearl to Cross Streets; urgent road repair; Congress from Summit to Michigan Avenue; midblock crossing on Michigan Avenue; intersection from Maus to Prospect; railroad at grade closure on Grove and Park Street; Water Street redevelopment Area; gas storage tank at fire department; and various improvements of city buildings. Other projects were cut or delayed for fiscal 2018-19 and future years.

REQUESTS FOR ADDITIONAL INFORMATION

This financial report is designed 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.

CITY OF YPSILANTI, MICHIGAN
Statement of Net Position
June 30, 2018

	Primary Governmental Governmental Activities	Component Units
<i>Assets</i>		
Cash and cash equivalents	\$ 11,245,144	\$ 398,478
Investments	4,712,291	-
Receivables	19,359,781	7,183
Land held for resale	1,152,276	-
Special assessments receivable	168,770	-
Due from other governments	985,201	-
Prepaid items	207,298	-
Inventory	181,770	-
Net pension asset	5,023,970	-
Nondepreciable capital assets	1,488,032	53,200
Depreciable capital assets, net	16,188,032	1,706,482
Total assets	<u>60,712,565</u>	<u>2,165,343</u>
<i>Deferred Outflows of Resources</i>		
Deferred pension amounts	1,295,774	-
Deferred OPEB amounts	3,187,633	-
Total deferred outflows of resources	<u>4,483,407</u>	<u>-</u>
<i>Liabilities</i>		
Accounts payable	489,380	9,927
Accrued liabilities	584,103	2,654
Tax refunds payable	70,597	-
Unearned revenue	43,725	-
Accrued interest payable	248,928	-
Other noncurrent liabilities:		
Net pension liability	20,459,758	-
Net OPEB liability	17,936,002	-
Long-term liabilities:		
Due within one year	4,080,239	65,000
Due in more than one year	29,075,837	375,000
Total liabilities	<u>72,988,569</u>	<u>452,581</u>
<i>Deferred Inflow of Resources</i>		
Deferred charges on refunding	161,065	-
Deferred pension amounts	787,818	-
Deferred OPEB amounts	1,301,662	-
Total deferred inflows of resources	<u>2,250,545</u>	<u>-</u>
<i>Net Position</i>		
Net investment in capital assets	16,446,266	1,319,682
Restricted for:		
Highways and streets	2,636,485	-
Drug law enforcement	72,631	-
Public transportation	513	-
Refuse collections	1,331	-
Debt service	772,389	-
Unrestricted (deficit)	<u>(29,972,757)</u>	<u>393,080</u>
Total net position	<u>\$ (10,043,142)</u>	<u>\$ 1,712,762</u>

See accompanying notes to the basic financial statements.

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CITY OF YPSILANTI, MICHIGAN
Statement of Activities
Fiscal Year Ended June 30, 2018

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government</u>	<u>Component Units</u>
					<u>Governmental Activities</u>	
<u>Functions/Programs</u>						
Primary government:						
Governmental activities:						
General government	\$ 3,556,035	\$ 1,813,812	\$ 245,172	\$ -	\$ (1,497,051)	
Public safety	9,749,189	968,656	17,978	453,223	(8,309,332)	
Public works	678,231	59,607	-	40,968	(577,656)	
Refuse collection	939,629	23,662	-	-	(915,967)	
Highways, streets and bridges	3,598,015	48,616	1,863,297	134,014	(1,552,088)	
Culture and recreation	517,317	2,125	57,775	-	(457,417)	
Community development	624,746	-	-	-	(624,746)	
Public transportation	283,372	-	-	-	(283,372)	
Interest and fiscal charges	831,258	-	1,412,698	-	581,440	
Total primary government	<u>\$ 20,777,792</u>	<u>\$ 2,916,478</u>	<u>\$ 3,596,920</u>	<u>\$ 628,205</u>	(13,636,189)	
Component Units:						
Community/economic development	<u>\$ 429,644</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		\$ (429,644)
General revenues:						
Property taxes					10,345,083	380,098
Grants and contributions not restricted to specific programs					2,755,507	-
Investment earnings					169,432	3,562
Other					46,255	34,002
Total general revenues					<u>13,316,277</u>	<u>417,662</u>
Change in net position					(319,912)	(11,982)
Net position-beginning of year, <i>restated</i>					<u>(9,723,230)</u>	<u>1,724,744</u>
Net position-end of year					<u>\$ (10,043,142)</u>	<u>\$ 1,712,762</u>

See accompanying notes to the basic financial statements.

CITY OF YPSILANTI, MICHIGAN
Balance Sheet
Governmental Funds
June 30, 2018

	General	Major Streets	Capital Improvement Reserve	2013 Revenue Refunding Bonds	Nonmajor Governmental Funds	Total Governmental Funds
<i>Assets</i>						
Cash and cash equivalents	\$ 2,905,223	\$ 1,481,364	\$ 44,533	\$ 1,625,141	\$ 2,323,483	\$ 8,379,744
Investments	3,433,478	-	-	-	-	3,433,478
Receivables	291,656	1,920	27,272	8,769	8,345	337,962
Land held for resale	20,326	-	-	-	1,131,950	1,152,276
Special assessments receivable	168,770	-	-	-	-	168,770
Due from other governments	580,614	334,116	-	-	70,471	985,201
Prepaid items	88,137	-	-	-	-	88,137
Inventory	173,338	-	-	-	-	173,338
Total assets	\$ 7,661,542	\$ 1,817,400	\$ 71,805	\$ 1,633,910	\$ 3,534,249	\$ 14,718,906
<i>Liabilities</i>						
Accounts payable	\$ 196,066	\$ 151,127	\$ -	\$ 8,769	\$ 90,820	\$ 446,782
Accrued liabilities	573,378	691	-	-	5,393	579,462
Tax refunds payable	58,288	-	-	-	12,309	70,597
Unearned revenue	18,953	-	24,772	-	-	43,725
Total liabilities	846,685	151,818	24,772	8,769	108,522	1,140,566
<i>Deferred Inflows of Resources</i>						
Unavailable revenue	307,289	-	-	-	-	307,289
<i>Fund Balances</i>						
Nonspendable	281,801	-	-	-	1,131,950	1,413,751
Restricted	-	1,665,582	-	-	2,066,695	3,732,277
Committed	1,828,128	-	47,033	1,625,141	227,082	3,727,384
Unassigned	4,397,639	-	-	-	-	4,397,639
Total fund balances	6,507,568	1,665,582	47,033	1,625,141	3,425,727	13,271,051
Total liabilities, deferred inflows of resources and fund balances	\$ 7,661,542	\$ 1,817,400	\$ 71,805	\$ 1,633,910	\$ 3,534,249	\$ 14,718,906

See accompanying notes to the basic financial statements.

CITY OF YPSILANTI, MICHIGAN
 Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 June 30, 2018

Total governmental fund balances		\$ 13,271,051
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		16,187,729
Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable in the funds.		307,289
Certain assets and liabilities are not owed or due and payable in the current period and therefore are not reported in the funds:		
Leases receivable from YCUA for debt-financed property	\$ 18,986,561	
General obligation bonds	(10,180,000)	
Revenue bonds	(20,491,984)	
Unamortized bond premiums	(1,223,713)	
Accrued interest	(248,928)	
Biltmore agreement	(340,000)	
Compensated absences	(850,581)	(14,348,645)
Deferred inflows of resources from gains on refunding are amortized over the life of the bonds and are not reported in the funds.		(161,065)
Internal service funds are 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 funds are included in governmental activities in the statement of net position		5,678,362
The net pension asset/liability and net OPEB liability are not due and payable in the current period; therefore, the asset/liability are not reported in the governmental funds:		
Net pension asset	5,023,970	
Net pension liability	(20,459,758)	
Net OPEB liability	(17,936,002)	
Deferred outflows - pension/OPEB	4,483,407	
Deferred inflows - pension/OPEB	(2,089,480)	(30,977,863)
Net position of governmental activities		<u>\$ (10,043,142)</u>

CITY OF YPSILANTI, MICHIGAN
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Fiscal Year Ended June 30, 2018

	General	Major Streets	Capital Improvement Reserve	2013 Revenue Refunding Bonds	Nonmajor Governmental Funds	Total Governmental Funds
<i>Revenues</i>						
Taxes and special assessments	\$ 8,415,879	\$ -	\$ -	\$ -	\$ 1,929,204	\$ 10,345,083
Licenses and permits	987,865	8,320	-	-	64,817	1,061,002
Intergovernmental	2,985,939	1,582,269	505,370	1,227,600	1,797,997	8,099,175
Charges for services	483,949	-	-	-	-	483,949
Fines and forfeitures	484,649	-	-	-	-	484,649
Investment earnings	107,731	10,377	905	-	13,736	132,749
Donations and contributions	117,876	-	-	-	-	117,876
Other	557,588	13,191	-	-	63,639	634,418
Total revenues	<u>14,141,476</u>	<u>1,614,157</u>	<u>506,275</u>	<u>1,227,600</u>	<u>3,869,393</u>	<u>21,358,901</u>
<i>Expenditures</i>						
Current:						
General government	2,488,641	-	-	-	-	2,488,641
Public safety	7,773,315	-	714,231	-	12,934	8,500,480
Public works	697,790	-	-	-	86,090	783,880
Refuse collection	-	-	-	-	940,435	940,435
Highways, streets and bridges	-	970,707	-	-	479,768	1,450,475
Culture and recreation	413,267	-	-	-	-	413,267
Public transportation	-	-	-	-	283,544	283,544
Unallocated employee benefits	1,015,269	-	-	-	-	1,015,269
Tax tribunal refunds	(5,541)	-	-	-	(7,747)	(13,288)
Debt service:						
Principal retirement	-	-	-	1,050,000	2,495,000	3,545,000
Interest and fiscal charges	-	-	-	177,600	839,675	1,017,275
Total expenditures	<u>12,382,741</u>	<u>970,707</u>	<u>714,231</u>	<u>1,227,600</u>	<u>5,129,699</u>	<u>20,424,978</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,758,735</u>	<u>643,450</u>	<u>(207,956)</u>	<u>-</u>	<u>(1,260,306)</u>	<u>933,923</u>
<i>Other Financing Sources (Uses)</i>						
Sale of assets	210,177	-	-	-	-	210,177
Transfers in	-	-	207,956	-	1,234,377	1,442,333
Transfers out	(1,426,263)	(16,070)	-	-	-	(1,442,333)
Total other financing sources (uses)	<u>(1,216,086)</u>	<u>(16,070)</u>	<u>207,956</u>	<u>-</u>	<u>1,234,377</u>	<u>210,177</u>
Net change in fund balances	542,649	627,380	-	-	(25,929)	1,144,100
Fund balance-beginning of year	<u>5,964,919</u>	<u>1,038,202</u>	<u>47,033</u>	<u>1,625,141</u>	<u>3,451,656</u>	<u>12,126,951</u>
Fund balance-end of year	<u>\$ 6,507,568</u>	<u>\$ 1,665,582</u>	<u>\$ 47,033</u>	<u>\$ 1,625,141</u>	<u>\$ 3,425,727</u>	<u>\$ 13,271,051</u>

See accompanying notes to the basic financial statements.

CITY OF YPSILANTI, MICHIGAN

Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
Fiscal Year Ended June 30, 2018

Net change in fund balances - total governmental funds \$ 1,144,100

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 as depreciation expense:

Capital asset additions	\$ 131,264	
Depreciation expense	<u>(2,592,075)</u>	(2,460,811)

Revenues in the statement of activities that do not provide current financial resources are reported as deferred inflows of resources or not reported in governmental funds:

Unavailable revenue	89,147	
Change in lease receivable from YCUA	<u>(1,197,858)</u>	(1,108,711)

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 governmental funds:

Compensated absences	(79,415)	
Interest on long-term debt	33,797	
Amortization of deferred gain on refunding	1,440	
Amortization of premiums	153,479	
Change in net pension asset	1,318,791	
Change in net pension liability	(1,074,809)	
Change in net OPEB liability	(2,310,900)	
Change in deferred outflows - pension/OPEB	1,967,267	
Change in deferred inflows - pension/OPEB	<u>(1,576,742)</u>	(1,567,092)

Principal paid on long-term debt is recorded as an expenditure on the fund financial statements and recorded as a reduction of the long-term liability in the government-wide statements.

3,545,000

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

127,602

Change in net position of governmental activities

\$ (319,912)

CITY OF YPSILANTI, MICHIGAN
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
General Fund
Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance
	Original	Final		From Final Budget
<i>Revenues</i>				
Taxes and special assessments	\$ 8,194,906	\$ 8,427,736	\$ 8,415,879	\$ (11,857)
Licenses and permits	718,310	962,105	987,865	25,760
Intergovernmental	2,675,798	3,001,083	2,985,939	(15,144)
Charges for services	477,200	468,313	483,949	15,636
Fines and forfeitures	347,000	447,427	484,649	37,222
Investment earnings	71,870	93,600	107,731	14,131
Donations and contributions	45,153	151,256	117,876	(33,380)
Other	484,034	539,869	557,588	17,719
Total revenues	<u>13,014,271</u>	<u>14,091,389</u>	<u>14,141,476</u>	<u>50,087</u>
<i>Expenditures</i>				
Current:				
General government:				
City council	128,499	114,586	114,361	225
City manager	289,388	203,734	199,772	3,962
Elections	57,109	59,816	56,759	3,057
Accounting	396,416	399,330	392,205	7,125
Assessing	86,257	92,766	89,219	3,547
General legal	220,000	220,000	220,000	-
Litigation and appeals	92,000	75,000	55,091	19,909
Personnel legal	30,000	50,000	53,428	(3,428)
City clerk	208,107	188,574	194,534	(5,960)
Human resources	133,840	110,560	108,479	2,081
Treasurer	143,077	149,515	154,960	(5,445)
Public building maintenance	365,561	343,909	206,882	137,027
Planning and development	414,102	703,478	642,951	60,527
Total general government	<u>2,564,356</u>	<u>2,711,268</u>	<u>2,488,641</u>	<u>222,627</u>
Public safety:				
Police	5,102,656	4,715,666	4,577,326	138,340
Fire	2,583,707	2,817,024	2,729,525	87,499
Ordinance enforcement	53,281	51,708	33,604	18,104
Building inspection	382,949	419,436	432,860	(13,424)
Total public safety	<u>8,122,593</u>	<u>8,003,834</u>	<u>7,773,315</u>	<u>230,519</u>
Public works:				
Public works department	176,364	273,389	306,142	(32,753)
Street lighting	424,500	407,000	391,648	15,352
Total public works	<u>600,864</u>	<u>680,389</u>	<u>697,790</u>	<u>(17,401)</u>

continued

See accompanying notes to the basic financial statements.

CITY OF YPSILANTI, MICHIGAN
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
General Fund
Fiscal Year Ended June 30, 2018
(continued)

	Budgeted Amounts		Actual	Variance From Final Budget
	Original	Final		
<i>Expenditures (continued)</i>				
Current (continued):				
Culture and recreation	\$ 347,477	\$ 454,359	\$ 413,267	\$ 41,092
Unallocated employee benefits	790,496	979,349	1,015,269	(35,920)
Tax tribunal refunds	45,000	10,000	(5,541)	15,541
Total expenditures	12,470,786	12,839,199	12,382,741	456,458
Excess of revenues over expenditures	543,485	1,252,190	1,758,735	506,545
<i>Other Financing Sources (Uses)</i>				
Sale of assets	75,000	210,176	210,177	1
Transfers out	(1,255,404)	(1,468,685)	(1,426,263)	42,422
Total other financing sources (uses)	(1,180,404)	(1,258,509)	(1,216,086)	42,423
Net change in fund balances	(636,919)	(6,319)	542,649	\$ 548,968
Fund balance-beginning of year	5,964,919	5,964,919	5,964,919	
Fund balance-end of year	\$ 5,328,000	\$ 5,958,600	\$ 6,507,568	

See accompanying notes to the basic financial statements.

CITY OF YPSILANTI, MICHIGAN
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Major Streets Special Revenue Fund
Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance From Final Budget
	Original	Final		
<i>Revenues</i>				
Intergovernmental	\$ 7,000	\$ 6,500	\$ 8,320	\$ 1,820
Charges for services	1,349,309	1,656,844	1,582,269	(74,575)
Investment earnings	3,779	6,000	10,377	4,377
Other	1,425,500	13,192	13,191	(1)
Total revenues	<u>2,785,588</u>	<u>1,682,536</u>	<u>1,614,157</u>	<u>(68,379)</u>
<i>Expenditures</i>				
Current:				
Highways, streets and bridges:				
Street construction	1,901,000	372,500	298,442	74,058
Routine maintenance	420,891	456,166	321,574	134,592
Routine maintenance-bridges	-	-	4,900	(4,900)
Traffic services	91,181	106,039	100,907	5,132
Winter maintenance	118,843	120,292	115,393	4,899
Administration	80,210	56,331	32,633	23,698
Trunkline maintenance	121,640	129,921	96,858	33,063
Total expenditures	<u>2,733,765</u>	<u>1,241,249</u>	<u>970,707</u>	<u>270,542</u>
Excess of revenues over expenditures	<u>51,823</u>	<u>441,287</u>	<u>643,450</u>	<u>202,163</u>
<i>Other Financing Uses</i>				
Transfers out	<u>(134,726)</u>	<u>(133,924)</u>	<u>(16,070)</u>	<u>117,854</u>
Net change in fund balances	(82,903)	307,363	627,380	<u>\$ 320,017</u>
Fund balance-beginning of year	<u>1,038,202</u>	<u>1,038,202</u>	<u>1,038,202</u>	
Fund balance-end of year	<u>\$ 955,299</u>	<u>\$ 1,345,565</u>	<u>\$ 1,665,582</u>	

See accompanying notes to the basic financial statements.

CITY OF YPSILANTI, MICHIGAN
Statement of Net Position
Proprietary Funds
June 30, 2018

	Internal Service Funds
	<u> </u>
<i>Assets</i>	
Current assets:	
Equity in pooled cash and cash equivalents	\$ 2,865,400
Investments	1,278,813
Accounts receivable	35,258
Inventory	8,432
Prepaid items	<u>119,161</u>
Total current assets	<u>4,307,064</u>
Noncurrent assets:	
Depreciable capital assets, net	<u>1,488,335</u>
Total assets	<u>5,795,399</u>
<i>Liabilities</i>	
Current liabilities:	
Accounts payable	42,598
Accrued liabilities	4,641
Capital leases payable - current	<u>22,595</u>
Total current liabilities	<u>69,834</u>
Noncurrent liabilities:	
Capital leases payable - net of current portion	<u>47,203</u>
Total liabilities	<u>117,037</u>
<i>Net Position</i>	
Net investment in capital assets	1,418,537
Unrestricted	<u>4,259,825</u>
Total net position	<u>\$ 5,678,362</u>

See accompanying notes to the basic financial statements.

CITY OF YPSILANTI, MICHIGAN
Statement of Revenues, Expenses and Change in Net Position
Proprietary Funds
Fiscal Year Ended June 30, 2018

	Internal Service Funds
<i>Operating Revenues</i>	
Charges for services	\$ 2,420,087
Other	57,547
Total operating revenues	<u>2,477,634</u>
<i>Operating Expenses</i>	
Salaries, taxes and benefits	183,903
Gas, oil and fuel	113,280
Depreciation	422,088
Operation and maintenance	125,132
Contractual services and fees	167,754
Insurance and other	64,949
Benefits and claims	1,331,419
Total operating expenses	<u>2,408,525</u>
Operating income	<u>69,109</u>
<i>Nonoperating Revenues (Expenses)</i>	
Investment income	36,683
Interest expense	(2,698)
Gain on sale of equipment	24,508
Total nonoperating revenues (expenses)	<u>58,493</u>
Change in net position	127,602
Net position-beginning of year	<u>5,550,760</u>
Net position-end of year	<u><u>\$ 5,678,362</u></u>

See accompanying notes to the basic financial statements.

CITY OF YPSILANTI, MICHIGAN
Statement of Cash Flows
Proprietary Funds
Fiscal Year Ended June 30, 2018

	Internal Service Funds
	<u> </u>
<i>Cash Flows from Operating Activities</i>	
Cash received from interfund charges	\$ 2,476,532
Cash payments for employee services and benefits	(183,728)
Cash payments for claims	(1,589,382)
Cash payments to suppliers for goods and services	<u>(419,772)</u>
Net cash flows from operating activities	<u>283,650</u>
<i>Cash Flows from Capital and Related Financing Activities</i>	
Acquisition of capital assets	(154,918)
Proceeds from sale of assets	24,508
Principal paid on capital lease	(21,950)
Interest paid on capital lease	<u>(2,698)</u>
Net cash flows from capital and related financing activities	<u>(155,058)</u>
<i>Cash Flows from Investing Activities</i>	
Investment earnings	<u>34,999</u>
Net increase in cash and cash equivalents	163,591
Cash and cash equivalents beginning of year	<u>2,701,809</u>
Cash and cash equivalents end of year	<u>\$ 2,865,400</u>
<i>Reconciliation of operating income to net cash flows from operating activities:</i>	
Operating income	\$ 69,109
Adjustments to reconcile operating income to net cash from operating activities:	
Depreciation	422,088
Changes in assets, liabilities and deferred outflows/inflows:	
Receivables	(2,116)
Inventory	17,201
Prepaid items	8,276
Accounts payable	26,880
Accrued liabilities	175
Claims payable	<u>(257,963)</u>
Net cash flows from operating activities	<u>\$ 283,650</u>

See accompanying notes to the basic financial statements.

CITY OF YPSILANTI, MICHIGAN
Statement of Net Position
Fiduciary Funds
June 30, 2018

	Police and Fire Retirement System Trust	<u>Agency</u>
<i>Assets</i>		
Cash and cash equivalents	\$ 1,826,392	\$ 8,068
Investments:		
U.S. agencies	1,688,669	-
Corporate bonds	3,933,480	-
Domestic equities	14,152,579	-
International equities	1,152,868	-
Mutual funds	5,000,272	-
Real estate investment trusts	236,230	-
Money market accounts	164,312	-
Total assets	<u>28,154,802</u>	<u>8,068</u>
<i>Liabilities</i>		
Accounts payable	1,553,040	-
Undistributed monies	-	8,068
Total liabilities	<u>1,553,040</u>	<u>\$ 8,068</u>
<i>Net Position</i>		
Restricted for pension benefits	<u>\$ 26,601,762</u>	

See accompanying notes to the basic financial statements.

CITY OF YPSILANTI, MICHIGAN
Statement of Changes in Net Position
Fiduciary Fund
Fiscal Year Ended June 30, 2018

	Police and Fire Retirement System Trust
<i>Additions</i>	
Contributions:	
Employer	\$ 1,466,261
Plan members	171,520
Total contributions	<u>1,637,781</u>
Investment earnings:	
Interest and dividends	721,840
Net appreciation in fair value of investments	1,467,343
Less: investment expenses	<u>(101,595)</u>
Net investment earnings	<u>2,087,588</u>
Total additions	<u>3,725,369</u>
<i>Deductions</i>	
Benefits	3,641,858
Refunds	70,013
Administrative expenses	<u>70,982</u>
Total deductions	<u>3,782,853</u>
Change in net position	(57,484)
Net position beginning of year	<u>26,659,246</u>
Net position end of year	<u>\$ 26,601,762</u>

CITY OF YPSILANTI, MICHIGAN
Combining Statement of Net Position
Component Units
June 30, 2018

	Downtown Development Authority	Depot Town Downtown Development Authority	Economic Development Corporation	Total
<i>Assets</i>				
Cash and cash equivalents	\$ 77,248	\$ 288,204	\$ 33,026	\$ 398,478
Accounts receivable	6,668	515	-	7,183
Nondepreciable capital assets	-	-	53,200	53,200
Depreciable capital assets, net	<u>1,443,218</u>	<u>263,264</u>	<u>-</u>	<u>1,706,482</u>
Total assets	<u>1,527,134</u>	<u>551,983</u>	<u>86,226</u>	<u>2,165,343</u>
<i>Liabilities</i>				
Accounts payable	3,530	6,397	-	9,927
Accrued liabilities	2,654	-	-	2,654
Long-term liabilities:				
Due within one year	65,000	-	-	65,000
Due in more than one year	<u>375,000</u>	<u>-</u>	<u>-</u>	<u>375,000</u>
Total liabilities	<u>446,184</u>	<u>6,397</u>	<u>-</u>	<u>452,581</u>
<i>Net Position</i>				
Net investment in capital assets	1,003,218	263,264	53,200	1,319,682
Unrestricted	<u>77,732</u>	<u>282,322</u>	<u>33,026</u>	<u>393,080</u>
Total net position	<u>\$ 1,080,950</u>	<u>\$ 545,586</u>	<u>\$ 86,226</u>	<u>\$ 1,712,762</u>

See accompanying notes to the basic financial statements.

CITY OF YPSILANTI, MICHIGAN
 Combining Statement of Activities
 Component Units
 Fiscal Year Ended June 30, 2018

	Downtown Development Authority	Depot Town Downtown Development Authority	Economic Development Corporation	Total
<i>Expenses</i>				
Community development	\$ 316,140	\$ 112,747	\$ 757	\$ 429,644
<i>General Revenue</i>				
Property taxes	260,474	119,624	-	380,098
Other revenue	33,502	500	-	34,002
Investment earnings	898	2,296	368	3,562
Total general revenue	<u>294,874</u>	<u>122,420</u>	<u>368</u>	<u>417,662</u>
Net change in net position	(21,266)	9,673	(389)	(11,982)
Net position-beginning of year	<u>1,102,216</u>	<u>535,913</u>	<u>86,615</u>	<u>1,724,744</u>
Net position-end of year	<u>\$ 1,080,950</u>	<u>\$ 545,586</u>	<u>\$ 86,226</u>	<u>\$ 1,712,762</u>

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CITY OF YPSILANTI, MICHIGAN
Notes to the Financial Statements
Fiscal Year Ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Ypsilanti, Michigan (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America (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 following is a summary of the significant accounting policies used by the City.

A. Reporting Entity

The City 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 legally 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 City only has discretely presented component units.

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

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 financial statements are not available.

Depot Town Downtown Development Authority - 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 financial statements are not available.

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 financial statements are not available.

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. The BRA had no financial activity during the fiscal year.

B. 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.

CITY OF YPSILANTI, MICHIGAN
Notes to the Financial Statements
Fiscal Year Ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Government-wide and Fund Financial Statements (continued)

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.

C. 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 and expenses.

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.

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.

CITY OF YPSILANTI, MICHIGAN
Notes to the Financial Statements
Fiscal Year Ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

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 resources.

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 *major streets special revenue fund* accounts for state and local funding for construction and maintenance of City streets identified as major streets under the State of Michigan Act 51 of the Public Acts of 1951.

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

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 capital projects.

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 the Financial Statements
Fiscal Year Ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

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).

D. 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 certain limitations.

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with an original 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.

E. 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.

F. Inventory and Prepaid Items

Inventory in the general and internal service funds is valued at cost, using the first-in, first-out method. 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 the Financial Statements
Fiscal Year Ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. 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 acquisition 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:

Infrastructure	15 years
Buildings and improvement	5 to 70 years
Vehicles and equipment	3 to 20 years

H. Deferred Outflows and Inflows 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 City has two items that qualify for reporting in this category and are reported in the government-wide statement of net position; pension and other postemployment benefits (OPEB). These are addressed in Notes 17 and 18, respectively.

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. For the City, deferred inflows of resources include unavailable revenue, deferred charge on refunding, pension and OPEB. Unavailable revenue is reported only on the governmental fund financial statements and represents receivables that will not be collected within the available period (sixty days after fiscal year-end). Deferred charge on refunding results from the difference in the carrying value of refunded debt and its acquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred inflows of resources related to pensions and OPEB are addressed in Notes 17 and 18, respectively.

I. 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 the Financial Statements
Fiscal Year Ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. 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 premium or discount.

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 source. 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.

K. 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.

L. 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.

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.

CITY OF YPSILANTI, MICHIGAN
Notes to the Financial Statements
Fiscal Year Ended June 30, 2018

2. BUDGETARY INFORMATION (continued)

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 fiscal 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 fiscal year ended June 30, 2018, the City incurred expenditures in excess of amounts appropriated at the legal level of budgetary control as follows:

	Final Budget	Actual	Over Budget
General Fund			
General government:			
Personnel legal	\$ 50,000	\$ 53,428	\$ 3,428
City Clerk	188,574	194,534	5,960
Treasurer	149,515	154,960	5,445
Public safety:			
Building inspection	419,436	432,860	13,424
Public works:			
Public works department	273,389	306,142	32,753
Unallocated employee benefits	979,349	1,015,269	35,920
 Nonmajor Special Revenue Funds			
Police Fund:			
Public safety	12,772	12,934	162

CITY OF YPSILANTI, MICHIGAN
Notes to the Financial Statements
Fiscal Year Ended June 30, 2018

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 fiscal year activity and the cumulative shortfall generated since January 1, 2000 is as follows:

Current year building permit revenue	\$ 579,000
Less related expenditures:	
Direct costs	426,390
Estimated indirect costs	<u>37,764</u>
Current year surplus	114,846
Cumulative shortfall, beginning of year	<u>(801,356)</u>
Cumulative shortfall, end of year	<u>\$ (686,510)</u>

5. DEPOSITS AND INVESTMENTS

Following is a reconciliation of deposit and investment balances as of June 30, 2018 with the financial statements:

	Primary Government	Component Units	Total
Statement of Net Position			
Cash and cash equivalents	\$ 11,245,144	\$ 398,478	\$ 11,643,622
Investments	4,712,291	-	4,712,291
Statement of Fiduciary Net Position			
Agency Fund	8,068	-	8,068
Pension Trust Fund:			
Cash and cash equivalents	1,826,392	-	1,826,392
Investments	<u>26,328,410</u>	-	<u>26,328,410</u>
	<u>\$ 44,120,305</u>	<u>\$ 398,478</u>	<u>\$ 44,518,783</u>
Deposits and Investments			
Bank deposits (checking, savings and certificates of deposit)			\$ 13,475,607
Investments in securities, mutual funds and similar vehicles:			
City investment pool (including \$502,421 certificates of deposit with original maturities greater than three months)			4,712,291
Pension trust fund			26,328,410
Cash on hand			<u>2,475</u>
			<u>\$ 44,518,783</u>

CITY OF YPSILANTI, MICHIGAN
Notes to the Financial Statements
Fiscal Year Ended June 30, 2018

5. DEPOSITS AND INVESTMENTS (continued)

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 City. The City’s carrying balance as of June 30, 2018 was \$13,475,607. As of June 30, 2018, \$13,020,200 of the City’s total bank balance of \$13,770,200 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 institution with an acceptable estimated risk level are used as depositories.

Custodial Credit Risk—City Investment Pool. The following is a summary of the City’s investments as of June 30, 2018:

Local government investment pool	\$ 2,132,075
Commerical paper	2,050,947
Money market accounts	26,848
Certificates of deposit (maturities > 3 months)	502,421
Total investments	\$ 4,712,291

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, 2018, 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, 2018, the City’s investments in commercial paper was rated P1 by Moody’s and the local government investment pool was rated AAAm by Standard & Poor’s. Ratings are not required for money market accounts. The City’s investment policy does not have specific limits in excess of State law on investment credit risk.

Concentration of Credit Risk. The City’s investment policy does not address concentration of credit risk. At June 30, 2018, the investment portfolio of the City was concentrated in the following:

Credit Suisse Commercial Paper	\$ 1,501,132	8.3%
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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, 2018, maturities of the City’s investments in commercial paper were less than one year. 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 GAAP. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. 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 are classified in Level 1 of the fair value hierarchy.

CITY OF YPSILANTI, MICHIGAN
Notes to the Financial Statements
Fiscal Year Ended June 30, 2018

6. INVESTMENTS—PENSION TRUST FUNDS

The investment 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. The following is a summary of the System’s investments as of June 30, 2018:

Investments at fair value	
U.S. agencies	\$ 1,688,669
Corporate bonds	3,933,480
Domestic equities	14,152,579
International equities	1,152,868
Mutual funds	5,000,272
Domestic real estate investment trusts	236,230
Money market accounts	164,312
	\$26,328,410

Credit Risk. As of June 30, 2018, the System’s investments in U.S. agency securities were rated Aaa by Moody’s and its domestic corporate bonds were rated as follows:

A1	\$ 151,450
A2	639,582
A3	784,640
Aa1	209,056
Baa1	798,645
Baa2	1,350,107
	\$ 3,933,480

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 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.

CITY OF YPSILANTI, MICHIGAN
Notes to the Financial Statements
Fiscal Year Ended June 30, 2018

6. INVESTMENTS—PENSION TRUST FUNDS (continued)

Concentration of Credit Risk. At June 30, 2018, 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, 2018, maturities of the System's debt securities were as follows:

	Fair Value	Maturities in Years			
		Less Than 1	1 to 5	6 to 10	More than 10
U.S. agencies	\$ 1,688,669	\$ -	\$ -	\$ 2,247	\$ 1,686,422
Corporate bonds	3,933,480	-	2,008,597	960,244	964,639
	\$ 5,622,149	\$ -	\$ 2,008,597	\$ 962,491	\$ 2,651,061

Of the above corporate bonds, \$1,437,103 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.

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 68% of total mutual fund holdings of \$5,000,272), predominately in European, Japanese 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 investments.

Fair Value Measurement. The System categorizes the fair value measurement of its investments within the fair value hierarchy established by GAAP. Level 1 inputs are quoted prices in active markets; Level 2 inputs are significant observable inputs; and Level 3 inputs are significant unobservable inputs. 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 the portfolio. 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.

CITY OF YPSILANTI, MICHIGAN
Notes to the Financial Statements
Fiscal Year Ended June 30, 2018

6. INVESTMENTS—PENSION TRUST FUNDS (continued)

The System had the following recurring fair value measurements as of June 30, 2018:

	Fair Value	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
U.S. agencies	\$ 1,688,669	\$ -	\$ 1,688,669	\$ -
Corporate bonds	3,933,480	-	3,933,480	-
Domestic equities	14,152,579	14,152,579	-	-
International equities	1,152,868	1,152,868	-	-
Mutual funds	5,000,272	5,000,272	-	-
Real estate investment trusts	236,230	-	236,230	-
Portfolio cash	164,312	164,312	-	-
	<u>\$26,328,410</u>	<u>\$ 20,470,031</u>	<u>\$5,858,379</u>	<u>\$ -</u>

7. RECEIVABLES

Receivables in the governmental activities are 92.6% leases (approximately 9.9% of which will be collected within one year), 4.8% due from other governments and 2.6% other receivables.

8. CAPITAL ASSETS

Capital asset activity for the City as of June 30, 2018 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
<i>Capital assets not being depreciated:</i>				
Land	\$ 1,358,840	\$ -	\$ -	\$ 1,358,840
Construction in progress	129,192	-	-	129,192
Total capital assets not being depreciated	<u>1,488,032</u>	<u>-</u>	<u>-</u>	<u>1,488,032</u>
<i>Capital assets being depreciated:</i>				
Infrastructure	44,977,418	35,473	-	45,012,891
Buildings and improvements	8,067,050	-	-	8,067,050
Vehicles and equipment	8,486,395	250,709	(554,499)	8,182,605
Total capital assets being depreciated	<u>61,530,863</u>	<u>286,182</u>	<u>(554,499)</u>	<u>61,262,546</u>
<i>Less accumulated depreciation</i>				
Infrastructure	(32,165,695)	(2,314,055)	-	(34,479,750)
Buildings and improvements	(4,006,624)	(205,278)	-	(4,211,902)
Vehicles and equipment	(6,442,531)	(494,830)	554,499	(6,382,862)
Total accumulated depreciation	<u>(42,614,850)</u>	<u>(3,014,163)</u>	<u>554,499</u>	<u>(45,074,514)</u>
Net capital assets being depreciated	<u>18,916,013</u>	<u>(2,727,981)</u>	<u>-</u>	<u>16,188,032</u>
Governmental activities capital assets, net	<u>\$20,404,045</u>	<u>\$ (2,727,981)</u>	<u>\$ -</u>	<u>\$17,676,064</u>

CITY OF YPSILANTI, MICHIGAN
Notes to the Financial Statements
Fiscal Year Ended June 30, 2018

8. CAPITAL ASSETS (continued)

Depreciation expense was charged to programs of the City as follows:

General government	\$ 38,526
Public safety	102,183
Public works	5,466
Highways, streets and bridges	2,341,918
Culture and recreation	103,982
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>422,088</u>
Total depreciation expense	<u><u>\$ 3,014,163</u></u>

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

	Beginning Balance	Additions	Deletions	Ending Balance
Component Units				
<i>Capital assets not being depreciated:</i>				
Land	<u>\$ 53,200</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,200</u>
 <i>Capital assets being depreciated:</i>				
Buildings and improvements	3,693,036	-	-	3,693,036
<i>Less accumulated depreciation</i>				
Buildings and improvements	<u>(1,899,095)</u>	<u>(87,459)</u>	<u>-</u>	<u>(1,986,554)</u>
Net capital assets being depreciated	<u>1,793,941</u>	<u>(87,459)</u>	<u>-</u>	<u>1,706,482</u>
Governmental activities capital assets, net	<u><u>\$ 1,847,141</u></u>	<u><u>\$ (87,459)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,759,682</u></u>

9. PAYABLES

Payables in the governmental activities are 45.9% accrued liabilities, 5.6% property tax refunds, 19.6% interest and 28.9% vendors.

CITY OF YPSILANTI, MICHIGAN
Notes to the Financial Statements
Fiscal Year Ended June 30, 2018

10. INTERFUND TRANSACTIONS

Interfund transactions for the fiscal year ended June 30, 2018 consisted of the following:

Transfers In	Transfers Out		
	General	Major Streets	Total
Capital Improvement Reserve	\$ 207,956	\$ -	\$ 207,956
Nonmajor Governmental Funds	1,218,307	16,070	1,234,377
	\$ 1,426,263	\$ 16,070	\$ 1,442,333

Most significant of the transactions were transfers between the general fund, the capital improvement reserve fund and nonmajor governmental funds (i.e., special revenue, debt service and capital projects funds) to finance various programs and bond principal payments.

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 City expects such amounts, if any, to be immaterial.

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

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 2016, 2017 and 2018. 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 \$789,000 in taxable value. The City is vigorously defending all such litigation.

CITY OF YPSILANTI, MICHIGAN
Notes to the Financial Statements
Fiscal Year Ended June 30, 2018

12. LONG-TERM OBLIGATIONS

A. Primary Government

Changes in the City's long-term obligation during the fiscal year ended June 30, 2018 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
<i>General obligation bonds:</i>					
2002 Capital Improvements	\$ 35,000	\$ -	\$ (35,000)	\$ -	\$ -
2013 Refunding	1,635,000	-	(815,000)	820,000	820,000
2016 Refunding	9,920,000	-	(560,000)	9,360,000	575,000
2006 Remediation Refunding	220,000	-	(220,000)	-	-
Total general obligation bonds	<u>11,810,000</u>	<u>-</u>	<u>(1,630,000)</u>	<u>10,180,000</u>	<u>1,395,000</u>
<i>Revenue bonds:</i>					
2002-B Water/Sewer (DWRf)	150,000	-	(30,000)	120,000	30,000
2003-C Water/Sewer (DWRf)	320,000	-	(40,000)	280,000	45,000
2003-D Water/Sewer (DWRf)	2,160,000	-	(285,000)	1,875,000	295,000
2004-B Water/Sewer (DWRf)	2,860,000	-	(330,000)	2,530,000	340,000
2007 Water/Sewer (DWRf)	178,702	-	(15,000)	163,702	15,000
2008 Water/Sewer (DWRf)	279,253	-	(20,000)	259,253	20,000
2009 Water/Sewer (DWRf)	104,029	-	(5,000)	99,029	5,000
2012 Water/Sewer (DWRf)	2,550,000	-	(120,000)	2,430,000	125,000
2013 Water/Sewer Refunding	4,940,000	-	(1,050,000)	3,890,000	600,000
2015 Water/Sewer (DWRf)	410,000	-	(20,000)	390,000	20,000
2016 Water/Sewer Refunding	8,455,000	-	-	8,455,000	535,000
Total revenue bonds	<u>22,406,984</u>	<u>-</u>	<u>(1,915,000)</u>	<u>20,491,984</u>	<u>2,030,000</u>
2015 Capital Lease	91,748	-	(21,950)	69,798	22,595
Biltmore Agreement	340,000	-	-	340,000	-
Unamortized premiums	1,377,192	-	(153,479)	1,223,713	-
Compensated Absences	771,166	359,812	(280,397)	850,581	632,644
Total governmental activities long-term obligations	<u>\$ 36,797,090</u>	<u>\$ 359,812</u>	<u>\$ (4,000,826)</u>	<u>\$33,156,076</u>	<u>\$ 4,080,239</u>

CITY OF YPSILANTI, MICHIGAN
Notes to the Financial Statements
Fiscal Year Ended June 30, 2018

12. LONG-TERM OBLIGATIONS (continued)

A. Primary Government (continued)

General Obligation Bonds. The City 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 items listed was \$26,585,000.

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

2002 capital improvement bonds	4.6%
2006 property remediation bonds	5.8% - 6.2%
2013 refunding bonds	1.31%
2016 refunding bonds	1.56% - 4.00%

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 the Ypsilanti Community Utilities Authority (see Note 19), which manages and operates the related water and wastewater systems. The original amount of revenue bonds issued in the current and prior years was \$33,024,702.

The Drinking Water Revolving Fund (DWRF) revenue bonds, with the State of Michigan, each have an interest rate of 2.5%. The 2013 and 2016 water/sewer refunding bonds have interest rates of 2.0% to 4.0%.

Installment Obligations. The City has entered into various long-term loan and installment payment agreements. The 2015 capital lease was entered into for a wheel loader at an interest rate of 2.94% and matures in 2021. The repayment of the remaining \$340,000 on the Biltmore agreement is contingent upon certain future events occurring between now and 2030, primarily of which is the City's sale of the former Biltmore property. The likelihood of such future sale is presently indeterminable.

Principal and interest requirements to retire the City's long-term obligations outstanding at June 30, 2018 are as follows:

Year Ending June 30:	General Obligation Bonds		Revenue Bonds		Capital Lease	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 1,395,000	\$ 294,007	\$ 2,030,000	\$ 629,669	\$ 22,595	\$ 2,052
2020	590,000	278,516	2,095,000	562,048	23,260	1,388
2021	615,000	266,598	2,165,000	497,753	23,943	704
2022	635,000	252,638	2,220,000	437,174	-	-
2023	655,000	237,080	2,285,000	368,674	-	-
2024-2028	3,675,000	887,370	8,458,702	793,928	-	-
2029-2033	2,615,000	212,600	1,003,282	76,626	-	-
2034-2035	-	-	235,000	1,612	-	-
	<u>\$ 10,180,000</u>	<u>\$ 2,428,809</u>	<u>\$ 20,491,984</u>	<u>\$ 3,367,484</u>	<u>\$ 69,798</u>	<u>\$ 4,144</u>

CITY OF YPSILANTI, MICHIGAN
Notes to the Financial Statements
Fiscal Year Ended June 30, 2018

12. LONG-TERM OBLIGATIONS (continued)

B. Component Unit

Component unit general obligation bonds outstanding at June 30, 2018 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Component Units					
<i>General obligation bonds:</i>					
Downtown Development 2004-A	\$ 500,000	\$ -	\$ (60,000)	\$ 440,000	\$ 65,000

The general obligation bonds have an interest rates of 4.3% to 4.6%. The principal and interest requirements to retire the general obligation bonds outstanding at June 30, 2018 are as follows:

Year Ending June 30:	Downtown Development - 2004A	
	Principal	Interest
2019	\$ 65,000	\$ 19,765
2020	70,000	16,970
2021	70,000	13,925
2022	75,000	10,810
2023	80,000	7,360
2024	80,000	3,680
	\$ 440,000	\$ 72,510

CITY OF YPSILANTI, MICHIGAN
Notes to the Financial Statements
Fiscal Year Ended June 30, 2018

13. FUND BALANCES

Fund balances are classified as nonspendable, restricted, committed, assigned and unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the resources in the governmental funds. The constraints placed upon fund balance for the major governmental funds and nonmajor governmental funds are as follows:

	General	Major Streets	Capital Improvement Reserve	2013 Revenue Refunding Bonds	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:						
Prepaid items	\$ 88,137	\$ -	\$ -	\$ -	\$ -	\$ 88,137
Inventory	173,338	-	-	-	-	173,338
Land held for resale	20,326	-	-	-	1,131,950	1,152,276
Total nonspendable	<u>281,801</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,131,950</u>	<u>1,413,751</u>
Restricted for:						
Major and local streets	-	1,665,582	-	-	970,903	2,636,485
Drug law enforcement	-	-	-	-	72,631	72,631
Public transportation	-	-	-	-	513	513
Refuse collections	-	-	-	-	1,331	1,331
Debt service	-	-	-	-	1,021,317	1,021,317
Total restricted	<u>-</u>	<u>1,665,582</u>	<u>-</u>	<u>-</u>	<u>2,066,695</u>	<u>3,732,277</u>
Committed for:						
Active employees cumulative benefits	850,581	-	-	-	-	850,581
Water Street project bond payments	300,000	-	-	-	-	300,000
Water Street redevelopment professional fees	50,000	-	-	-	-	50,000
Energy efficiency and conservation project	495,508	-	-	-	-	495,508
Peninsular dam inspection study and repair	90,300	-	-	-	-	90,300
MDNR 2011 Recreation Passport Grant (Res #2011-092)	10,000	-	-	-	-	10,000
Park capital improvements	31,739	-	-	-	-	31,739
Capital projects	-	-	47,033	1,625,141	227,082	1,899,256
Total committed	<u>1,828,128</u>	<u>-</u>	<u>47,033</u>	<u>1,625,141</u>	<u>227,082</u>	<u>3,727,384</u>
Unassigned	<u>4,397,639</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,397,639</u>
Fund Balance Totals	<u>\$ 6,507,568</u>	<u>\$ 1,665,582</u>	<u>\$ 47,033</u>	<u>\$ 1,625,141</u>	<u>\$ 3,425,727</u>	<u>\$ 13,271,051</u>

CITY OF YPSILANTI, MICHIGAN
Notes to the Financial Statements
Fiscal Year Ended June 30, 2018

14. NET INVESTMENT IN CAPITAL ASSETS

The components of the net investment in capital assets in the governmental activities at June 30, 2018 was as follows:

Capital assets not being depreciated	\$ 1,488,032
Capital assets being depreciated, net	16,188,032
Capital-related general obligations bonds	(820,000)
Installment obligations	<u>(409,798)</u>
Net Investment in Capital Assets	<u>\$ 16,446,266</u>

The pollution remediation general obligation bonds were used to finance remediation activities on land held for resale. The DWRP revenue bonds' proceeds were contributed to the Ypsilanti Community Utilities Authority for various water and sewer improvements and construction on their infrastructure (see Note 19).

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 and participates in the Michigan Municipal League Workers' Compensation Fund for workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The 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.

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 2017 levy was \$305,949,602. The City's general operating tax rate for fiscal year 2018 was 18.7386 mills plus 2.74 mills for sanitation, 2.7189 mills for streets, 0.9643 for public transit and 8.3643 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.

CITY OF YPSILANTI, MICHIGAN
Notes to the Financial Statements
Fiscal Year Ended June 30, 2018

17. DEFINED BENEFIT PENSION PLANS

A. 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 System is included in the City's financial report as a pension trust fund.

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.

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 investment earnings.

Plan Membership. At June 30, 2017, the date of the latest actuarial valuation, membership in the plan consisted of the following:

Retirees and beneficiaries receiving benefits	128
Terminated employees entitled to but not yet receiving benefits	2
Active employees	<u>30</u>
Total	<u>160</u>

CITY OF YPSILANTI, MICHIGAN
Notes to the Financial Statements
Fiscal Year Ended June 30, 2018

17. DEFINED BENEFIT PENSION PLANS (continued)

A. Police and Fire Retirement System (continued)

Benefits Provided. The System provides retirement, disability, and death benefits. Generally, retirement benefits are calculated as a percentage 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:

<u>Eligibility</u>	<u>Amount of Benefit</u>
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 1.0% of AFC times years of service in excess of 25 years, 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 options.

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

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 51.54% of covered payroll.

CITY OF YPSILANTI, MICHIGAN
Notes to the Financial Statements
Fiscal Year Ended June 30, 2018

17. DEFINED BENEFIT PENSION PLANS (continued)

A. Police and Fire Retirement System (continued)

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 fiscal year ended June 30, 2018 is as follows:

Beginning balance	\$ 1,263,177
Credits	549,768
Interest	58,465
Distributions	(197,565)
Adjustments	(131,367)
Ending balance	<u>\$ 1,542,478</u>

Net Pension Liability. The City's net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 (as rolled forward to June 30, 2018).

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of June 30, 2017 and rolled forward to the measurement date of June 30, 2018, 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%, average, including inflation
Investment rate of return	7.5%, net of pension plan investment expense, including inflation
Mortality rates	RP-2014 Healthy Annuitant Mortality Table for males and females projected 6 years to 2020, with MP-2014.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2009 through June 30, 2014.

Changes Between Measurement Date and Report Date. In October 2018, the Board adopted an assumed rate of investment return of 7.0%, as well as a 3.0% wage inflation assumption. Although the exact amount of these changes is not known, the overall change to the City's net pension liability is expected to be significant.

CITY OF YPSILANTI, MICHIGAN
Notes to the Financial Statements
Fiscal Year Ended June 30, 2018

17. DEFINED BENEFIT PENSION PLANS (continued)

A. Police and Fire Retirement System (continued)

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, 2018, is presented in the table below.

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, 2018 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%. 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 pension liability.

CITY OF YPSILANTI, MICHIGAN
Notes to the Financial Statements
Fiscal Year Ended June 30, 2018

17. DEFINED BENEFIT PENSION PLANS (continued)

A. Police and Fire Retirement System (continued)

Changes in the Net Pension Liability. The components of the changes 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, 2017	\$ 46,044,195	\$ 26,659,246	\$ 19,384,949
Changes for the fiscal year:			
Service cost	410,415	-	410,415
Interest	3,329,509	-	3,329,509
Differences between expected and actual experience	989,272	-	989,272
Employer contributions	-	1,466,261	(1,466,261)
Employee contributions	-	171,520	(171,520)
Net investment income	-	2,087,588	(2,087,588)
Benefit payments, including refunds of employee contributions	(3,711,871)	(3,711,871)	-
Administrative expense	-	(70,982)	70,982
Net changes	<u>1,017,325</u>	<u>(57,484)</u>	<u>1,074,809</u>
Balances at June 30, 2018	<u>\$ 47,061,520</u>	<u>\$ 26,601,762</u>	<u>\$ 20,459,758</u>

Sensitivity of 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%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1% lower (6.5%) and 1% higher (8.5%) than the current discount rate:

	1% Decrease (6.5%)	Current Rate (7.5%)	1% Increase (8.5%)
Net pension liability	\$ 25,375,773	\$ 20,459,758	\$ 16,327,170

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension. For the year ended June 30, 2018, the City recognized pension expense of \$2,841,592. The City reported deferred outflows of resources related to pension from the following sources:

	Deferred Outflows of Resources
Difference between expected and actual experience	\$ 601,271
Net difference between projected and actual earnings on pension plan investments	676,871
Total	<u>\$ 1,278,142</u>

CITY OF YPSILANTI, MICHIGAN
Notes to the Financial Statements
Fiscal Year Ended June 30, 2018

17. DEFINED BENEFIT PENSION PLANS (continued)

A. Police and Fire Retirement System (continued)

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, 2019. Other amounts reported as deferred outflows of resources related to pension will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2019	\$ 1,053,748
2020	428,566
2021	(172,180)
2022	(31,992)
	<u>\$ 1,278,142</u>

B. 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 7.49% of annual payroll for only the non-union division were required for the year ended June 30, 2018. This was determined as part of an actuarial valuation at December 31, 2015, using the entry age normal cost method.

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 5.0%.

CITY OF YPSILANTI, MICHIGAN
Notes to the Financial Statements
Fiscal Year Ended June 30, 2018

17. DEFINED BENEFIT PENSION PLANS (continued)

B. Municipal Employees Retirement System of Michigan (continued)

Employees Covered by Benefit Terms. At December 31, 2017, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	49
Inactive employees entitled to but not yet receiving benefits	18
Active employees	41
Total	108

Net Pension Asset. The City's net pension asset was measured as of December 31, 2017, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.75% in the long-term
Investment rate of return	7.75%, net of investment expense, including inflation

Although no specific price inflation assumptions are needed for the valuation, the long-term annual rate of price inflation implicit in the 3.75% base wage inflation is 2.5%.

Mortality rates used were based on the RP-2014 Group Annuity Mortality Table of a 50% Male and 50% Female blend.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of the most recent actuarial experience study of 2009 - 2013.

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.

CITY OF YPSILANTI, MICHIGAN
Notes to the Financial Statements
Fiscal Year Ended June 30, 2018

17. DEFINED BENEFIT PENSION PLANS (continued)

B. Municipal Employees Retirement System of Michigan (continued)

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%	2.88%
Global fixed income	20.00%	2.18%	0.44%
Real assets	12.50%	4.23%	0.52%
Diversifying strategies	10.00%	6.56%	0.66%
	<u>100.00%</u>		<u>4.50%</u>
Inflation			3.25%
Administrative expenses netted above			<u>0.25%</u>
Investment rate of return			<u><u>8.00%</u></u>

Discount Rate. The discount rate used to measure the total pension liability as of December 31, 2017 was 8.0%. 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.

Changes in the Net Pension (Asset). The components of the changes in net pension (asset) are summarized as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) (a) - (b)
Balances at December 31, 2016	\$ 14,203,912	\$ 17,909,091	\$ (3,705,179)
Changes for the fiscal year:			
Service cost	260,883	-	260,883
Interest	1,114,331	-	1,114,331
Differences between expected and actual experience	(231,608)	-	(231,608)
Employer contributions	-	38,443	(38,443)
Employee contributions	-	112,810	(112,810)
Net investment income	-	2,348,356	(2,348,356)
Benefit payments, including refunds of employee contributions	(810,433)	(810,433)	-
Administrative expense	-	(37,212)	37,212
Net changes	<u>333,173</u>	<u>1,651,964</u>	<u>(1,318,791)</u>
Balances at December 31, 2017	<u>\$ 14,537,085</u>	<u>\$ 19,561,055</u>	<u>\$ (5,023,970)</u>

CITY OF YPSILANTI, MICHIGAN
Notes to the Financial Statements
Fiscal Year Ended June 30, 2018

17. DEFINED BENEFIT PENSION PLANS (continued)

B. Municipal Employees Retirement System of Michigan (continued)

Sensitivity of the Net Pension (Asset) to Changes in the Discount Rate. The following presents the net pension asset of the City, calculated using the discount rate of 8.0%, as well as what the City's net pension asset would be if it were calculated using a discount rate that is 1% lower (7.0%) and 1% higher (9.0%) than the current rate:

	1% Decrease (7.0%)	Current Rate (8.0%)	1% Increase (9.0%)
Net pension (asset)	\$ (3,482,542)	\$ (5,023,970)	\$ (6,332,831)

Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions. For the fiscal year ended June 30, 2018, the City recognized negative pension expense of \$87,809. The City reported deferred outflows and inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 410,774
Net difference between projected and actual earnings on pension plan investments	-	377,044
Contributions subsequent to the measurement date	17,632	-
Total	\$ 17,632	\$ 787,818

Contributions subsequent to the measurement date will be recognized as an adjustment to the net pension asset for the year ending June 30, 2019. Other amounts reported as deferred outflows/inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2019	\$ (244,492)
2020	(50,847)
2021	(303,782)
2022	(188,697)
	\$ (787,818)

CITY OF YPSILANTI, MICHIGAN
Notes to the Financial Statements
Fiscal Year Ended June 30, 2018

18. OTHER POSTEMPLOYMENT BENEFITS

The City provides retiree healthcare benefits for all eligible employees, their spouses and dependents who meet eligibility requirements. Depending on hire date, employees either participate in the Municipal Employees Retirement System (MERS) of Michigan's Retiree Health Funding Vehicle (defined benefit OPEB plan) or Health Care Savings Program (defined contribution OPEB plan). MERS pools assets of the participating employers for investment purposes but maintains separate accounts for each individual employer in the Retiree Health Funding Vehicle and each individual employee in the Health Care Savings Program. 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.

A. MERS Retiree Health Funding Vehicle

Plan Description. The MERS Retiree Health Funding Vehicle (the Plan) became operational in the fall of 2004 and was made available to all municipalities in Michigan. Participating municipalities can contribute monies to the Trust as desired and no contribution method is imposed. These funds constitute a health care fund, which enables municipalities to accumulate monies to provide or subsidize health care benefits and beneficiaries as defined by IRS Code Section 213. The Plan accounts are invested in the MERS portfolio choices and earnings are tax exempt as a result of the MERS Private Letter Ruling. The benefits are provided through a single-employer defined benefit OPEB plan. All investments are held by MERS.

Contributions. 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 to the Plan. For the fiscal year ended June 30, 2018, the City made contributions to advance-fund the Plan totaling \$1,579,641.

Benefits Provided. Retirees and their dependents may elect coverage under the City's health program for current active employees. Certain retirees have grandfathered benefit plans. The City pays a range of percentages of medical, dental and optical coverage for retirees, and in certain instances, contributions toward spouse/dependent coverage. A portion of the cost of coverage, depending on the retiree's hire date, years of service, and union affiliation, as applicable. Retirees must be at least 50 when separating from active employment and receiving pension benefits to be eligible. Retirees may elect for additional coverage at their cost. Retirees electing to opt-out of the health care plan are eligible to a stipend for coverage under another plan. City public safety employees hired on or after July 1, 2012, and all other City employees hired on or after July 1, 2010, are not eligible to receive coverage under this Plan.

Employees Covered by Benefit Terms. At June 30, 2018, plan membership consisted of the following:

Retired participants	137
Active participants (includes current employees with waivers)	79
Total	<u>216</u>

CITY OF YPSILANTI, MICHIGAN
Notes to the Financial Statements
Fiscal Year Ended June 30, 2018

18. OTHER POSTEMPLOYMENT BENEFITS (continued)

A. MERS Retiree Health Funding Vehicle (continued)

Net OPEB Liability. The City's net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age normal
Investment rate of return	7.0%
Projected salary increases	3.0%
Retirement age	Graded by age and service
Healthcare cost trend rates	8.0% for 2018, decreasing 0.5% per year to an ultimate rate of 5.0% for 2024 and later years

Mortality rates of participants were based on RP-2014 base rates projected to 2018 with mortality improvements based on MP-2017. No provision for future mortality improvements beyond the valuation date were included.

The actuarial assumptions used in the June 30, 2018 valuation were based on industry studies of municipal employers' retirement plans and studies published by the Society of Actuaries.

Since the prior measurement date, the discount rate was increased from 6.5% to 7.0% and the mortality assumptions were updated to the RP-2015 base rates projected to 2018 using improvement scale MP-2017.

The long-term expected rate of return on the OPEB plan investments was determined using a forward-looking estimate of capital market returns model for each investment 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 and investment expenses. The target allocation and best estimates of arithmetic real rates of return for each asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global equity	55.50%	8.65%
Global fixed income	18.50%	3.76%
Real assets	13.50%	9.72%
Diversifying strategies	12.50%	7.50%
	<u>100.00%</u>	

CITY OF YPSILANTI, MICHIGAN
Notes to the Financial Statements
Fiscal Year Ended June 30, 2018

18. OTHER POSTEMPLOYMENT BENEFITS (continued)

A. MERS Retiree Health Funding Vehicle (continued)

Discount Rate. The discount rate used to measure the total OPEB liability as of June 30, 2018 was 7.0%. The projection of cash flows used to determine the discount rate assumes City contributions will be made at the rates agreed upon for employees and the actuarially determined rates. Based on these assumptions, the OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the Net OPEB Liability. The components of the changes in net OPEB liability are summarized as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2017	\$ 22,037,740	\$ 6,412,638	\$ 15,625,102
Changes for the fiscal year:			
Service cost, including administrative expenses	331,725	-	331,725
Interest	1,389,225	-	1,389,225
Differences between expected and actual experience	(1,792,674)	-	(1,792,674)
Assumption changes	4,358,987	-	4,358,987
Employer contributions	-	1,579,641	(1,579,641)
Net investment income	-	396,722	(396,722)
Benefit payments	(1,330,100)	(1,330,100)	-
Net changes	<u>2,957,163</u>	<u>646,263</u>	<u>2,310,900</u>
Balances at June 30, 2018	<u>\$ 24,994,903</u>	<u>\$ 7,058,901</u>	<u>\$ 17,936,002</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rates. The following presents the net OPEB liability of the City, calculated using the discount rate of 7.0%, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1% lower (6.0%) and 1% higher (8.0%) than the current rate:

	1% Decrease (6.0%)	Current Rate (7.0%)	1% Increase (8.0%)
Net OPEB liability	\$ 21,325,011	\$ 17,936,002	\$ 15,158,109

CITY OF YPSILANTI, MICHIGAN
Notes to the Financial Statements
Fiscal Year Ended June 30, 2018

18. OTHER POSTEMPLOYMENT BENEFITS (continued)

A. MERS Retiree Health Funding Vehicle (continued)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (7.0% decreasing to 4.0%) and 1% higher (9.0% decreasing to 6.0%) than the current healthcare cost trend rates:

	1% Decrease (7% decreasing to 4%)	Current Cost Trend Rate (8% decreasing to 5%)	1% Increase (9% decreasing to 6%)
Net OPEB liability	\$ 15,162,123	\$ 17,936,002	\$ 21,329,098

OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB. For the fiscal year ended June 30, 2018, the City recognized OPEB expense of \$2,004,570. The City reported deferred outflows and inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 1,301,662
Change in assumptions	3,165,065	-
Net difference between projected and actual earnings on plan investments	22,568	-
Total	<u>\$ 3,187,633</u>	<u>\$ 1,301,662</u>

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

Year Ended June 30,	Amount
2019	\$ 708,552
2020	708,552
2021	463,225
2022	5,642
	<u>\$ 1,885,971</u>

CITY OF YPSILANTI, MICHIGAN
Notes to the Financial Statements
Fiscal Year Ended June 30, 2018

18. OTHER POSTEMPLOYMENT BENEFITS (continued)

B. MERS Health Care Savings Program

Plan Description. The City's defined contribution OPEB plan (MERS Health Care Savings Program) provides certain health care benefits to plan members and legal dependents upon termination of employment. The MERS Health Care Savings Program became operational in June 2004 and was made available to all municipalities in Michigan. The employer-sponsored program provides medical reimbursement accounts to participants. Medical expenses are reimbursed, as defined in IRS Code Section 213, once participants terminate employment, are on medical leave for six months or longer, or are on disability from any public pension plan. There are four types of contributions that may be used in the program: 1) Basic Employer (tax-favored); 2) Mandatory Salary Reductions (tax-favored); 3) Mandatory Leave Conversions (tax-favored); and 4) Voluntary Employee Contributions (post-tax).

Contributions. City public safety employees hired on or after July 1, 2012, and all other City employees hired on or after July 1, 2010, are provided a health care savings account and the City will contribute \$150 per month to each fund. There are no contribution requirements for employees. For the fiscal year ended June 30, 2018, the City contributed \$63,450 to employee health care savings accounts.

Benefit Terms. Employees are vested in the employer contributions and earnings on those contributions after 3 years of service and become fully vested after completion 10 years of creditable service with the City.

Forfeiture Amounts. Nonvested employer contributions are forfeited upon termination of employment. Such forfeitures are used to cover future employer contributions, be directed to the City's Retiree Health Funding Vehicle, or be equally distributed among all remaining active participants in the Plan.

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.

20. TAX ABATEMENTS

Tax abatements through industrial and commercial facilities tax exemption agreements provided in accordance with state statutes are generally made by discrete component units of the City, as opposed to by the primary government. Properties qualifying for these tax exemptions, as approved by the applicable governing body, are taxed at 50% of the millage rate applicable to the specified property. The amount of such abatements are not significant and have no impact on the current tax revenues of the primary government.

CITY OF YPSILANTI, MICHIGAN
Notes to the Financial Statements
Fiscal Year Ended June 30, 2018

21. LAND HELD FOR RESALE

The City has been engaged in a multiyear contaminated property redevelopment project referred to as the Water Street Redevelopment Project. As a part of this project, involving funding from bond issues, federal grants and loans, and City resources, the City acquired various parcels of land in the Water Street area and undertook a process of preparing and marketing the property for resale. The property is reported by the City as land held for resale and recorded at acquisition cost and valued at the lower of cost or market (since it is not held as an investment or for investment purposes).

The Water Street property was removed from the market in May 2017 for a potential development. The City entered into a purchase agreement with International Village, LLC, which failed due to the developer not completing due diligence in order to create a final development agreement. The City owns approximately four acres of property located at 220 N. Park. The City acquired the property from tax reversion. The City issued a request for proposals to sell the property for development in early 2017, and has entered into a purchase agreement with Norfolk Homes, LLC for the sale and residential development of the property. The sale is expected at \$25,000 and is expected to be finalized in 2019. The City sold a piece of land at 1600 Huron River Drive for \$210,176 in May 2018.

22. CHANGE IN ACCOUNTING PRINCIPLE

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, established standards for measuring and recognizing postemployment benefit liabilities, deferred outflows of resources, deferred inflows of resources and expenses. The implementation of this pronouncement had the following effect on net position as reported June 30, 2017:

Net position, July 1, 2017	\$ 5,814,410
Adjustments for implementation of GASB Statement No. 75	<u>(15,537,640)</u>
Restated net position, July 1, 2017	<u>\$ (9,723,230)</u>

The City made no restatement for deferred outflows or inflows of resources as the information needed to generate these restatements was not available.

**Required
Supplementary
Information**



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CITY OF YPSILANTI, MICHIGAN
 Required Supplementary Information
 Schedule of Changes in Net Pension Asset and Related Ratios
 Municipal Employees Retirement System of Michigan
 Last Four Measurement Periods (1) (2)

	Year Ended December 31,			
	2017	2016	2015	2014
Total pension liability				
Service cost	\$ 260,883	\$ 270,060	\$ 297,939	\$ 261,667
Interest	1,114,331	1,130,555	1,026,796	1,018,946
Difference between expected and actual experience	(231,608)	(769,105)	27,391	-
Changes of assumptions	-	-	758,423	-
Benefit payments, including employee refunds	(810,433)	(849,021)	(814,387)	(814,923)
Other	-	-	32,088	-
Net change in total pension liability	333,173	(217,511)	1,328,250	465,690
Total pension liability - beginning	14,203,912	14,421,423	13,093,173	12,627,483
Total pension liability - ending (a)	14,537,085	14,203,912	14,421,423	13,093,173
Plan net position				
Contributions - employer	38,443	37,997	16,098	-
Contributions - member	112,810	120,245	118,023	109,007
Net investment income	2,348,356	1,886,365	(260,995)	1,089,980
Benefit payments, including employee refunds	(810,433)	(849,021)	(814,387)	(814,923)
Administrative expense	(37,212)	(37,254)	(38,466)	(39,926)
Net change in plan net position	1,651,964	1,158,332	(979,727)	344,138
Plan net position - beginning	17,909,091	16,750,759	17,730,486	17,386,348
Plan net position - ending (b)	19,561,055	17,909,091	16,750,759	17,730,486
Net pension asset - ending (a) - (b)	\$ (5,023,970)	\$ (3,705,179)	\$ (2,329,336)	\$ (4,637,313)
Ratio of plan net position to total pension liability	134.6%	126.1%	116.2%	135.4%
Covered payroll	\$ 2,202,714	\$ 2,263,584	\$ 2,440,537	\$ 2,116,057
Net pension asset as a percentage of covered payroll	-228.08%	-163.69%	-95.44%	-219.15%

(1) Information prior to 2014 was not available. The City will continue to present information for years available until a full ten-year trend is available.

(2) The measurement year is from January 1 through December 31.

CITY OF YPSILANTI, MICHIGAN
 Required Supplementary Information
 Schedule of City's Contributions
 Municipal Employees Retirement System of Michigan
 Last Four Fiscal Years (1)

	2018	2017	2016	2015
Actuarially determined employer contributions	\$ 31,699	\$ 41,680	\$ 48,530	\$ -
Actual employer contributions	<u>(31,699)</u>	<u>(41,680)</u>	<u>(48,530)</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City covered payroll	\$ 2,463,975	\$ 2,336,356	\$ 2,350,653	\$ 2,116,057
Actual contributions as a percentage of covered payroll	1.29%	1.78%	2.06%	0.00%

(1) Information prior to 2014 was not available. The City will continue to present information for years available until a full ten-year trend is available.

Notes to Schedule

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	21 years
Asset valuation method	5-year smoothing
Inflation	2.50%
Salary increases	3.75%
Investment rate of return	7.75%
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, 2011 actuarial valuations.

Mortality	RP-2014 Group 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 members.
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CITY OF YPSILANTI, MICHIGAN
 Required Supplementary Information
 Schedule of Changes in Net Pension Liability and Related Ratios
 Police and Fire Retirement System
 Last Five Measurement Periods (1)

	2018	2017	2016	2015	2014
Total pension liability					
Service cost	\$ 410,415	\$ 483,184	\$ 624,175	\$ 767,076	\$ 417,399
Interest	3,329,509	3,334,772	3,377,822	3,248,978	3,244,001
Benefit changes	-	-	-	-	88,956
Difference between expected and actual experience	989,272	297,192	-	481,589	(212,827)
Changes of assumptions	-	-	-	1,407,285	(203,836)
Benefit payments, including employee refunds	(3,711,871)	(4,585,964)	(4,425,057)	(3,806,050)	(3,078,288)
Net change in total pension liability	1,017,325	(470,816)	(423,060)	2,098,878	255,405
Total pension liability - beginning	46,044,195	46,515,011	46,938,071	44,839,193	44,583,788
Total pension liability - ending (a)	47,061,520	46,044,195	46,515,011	46,938,071	44,839,193
Plan net position					
Contributions - employer	1,466,261	1,355,989	1,240,657	1,395,423	1,358,167
Contributions - member	171,520	208,502	234,471	274,671	275,422
Net investment income	2,087,588	2,619,925	(253,617)	1,002,019	4,982,234
Benefit payments, including employee refunds	(3,711,871)	(4,585,964)	(4,425,057)	(3,806,050)	(3,078,288)
Administrative expense	(70,982)	(72,546)	(67,345)	(59,069)	(60,012)
Net change in plan net position	(57,484)	(474,094)	(3,270,891)	(1,193,006)	3,477,523
Plan net position - beginning	26,659,246	27,133,340	30,404,231	31,597,237	28,119,714
Plan net position - ending (b)	26,601,762	26,659,246	27,133,340	30,404,231	31,597,237
Net pension liability - ending (a) - (b)	\$ 20,459,758	\$ 19,384,949	\$ 19,381,671	\$ 16,533,840	\$ 13,241,956
Ratio of plan net position to total pension liability	56.53%	57.90%	58.33%	64.78%	70.47%
Covered payroll	\$ 2,844,954	\$ 3,174,402	\$ 3,170,835	\$ 3,298,809	\$ 3,440,059
Net pension liability as a percentage of covered payroll	719.16%	610.66%	611.25%	501.21%	384.93%

(1) Information prior to 2014 was not available. The City will continue to present information for years available until a full ten-year trend is available.

CITY OF YPSILANTI, MICHIGAN
 Required Supplementary Information
 Schedule of City's Contributions
 Police and Fire Retirement System
 Last Five Fiscal Years (1)

	2018	2017	2016	2015	2014
Actuarially determined employer contributions	\$ 1,466,261	\$ 1,355,989	\$ 1,240,657	\$ 1,395,423	\$ 1,347,529
Actual employer contributions	<u>(1,466,261)</u>	<u>(1,355,989)</u>	<u>(1,240,657)</u>	<u>(1,395,423)</u>	<u>(1,358,167)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (10,638)</u>
City covered payroll	\$ 2,844,954	\$ 3,174,402	\$ 3,170,835	\$ 3,298,809	\$ 3,440,059
Actual contributions as a percentage of covered payroll	51.54%	42.72%	39.13%	42.30%	39.17%

(1) Information prior to 2014 was not available. The City will continue to present information for years available until a full ten-year trend is available.

Notes to Schedule

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
Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	28 years for 2016 valuation, 30 years prior to 6/30/15
Asset valuation method	5-year smoothing
Inflation	No explicit price inflation assumption used
Salary increases	4.0%-9.0%, average, including inflation
Investment rate of return	7.5%, net of pension plan investment expense, including inflation
Mortality	RP-2014 Health Annuitant Mortality Table

Previous actuarial methods and assumptions:

During the fiscal year ended June 30, 2015, the Plan experienced a change in actuarial assumptions resulting in a \$1,407,285 increase in the total pension liability.

CITY OF YPSILANTI, MICHIGAN
 Required Supplementary Information
 Schedule of Investment Returns
 Police and Fire Retirement System
 Last Six Fiscal Years (1)

Fiscal Year End	Annual Money- Weighted Rate of Return, net
6/30/2018	8.35%
6/30/2017	10.34%
6/30/2016	-0.27%
6/30/2015	3.70%
6/30/2014	19.22%
6/30/2013	13.99%

(1) Information prior to 2014 was not available. The City will continue to present information for years available until a full ten-year trend is available.

CITY OF YPSILANTI, MICHIGAN
 Required Supplementary Information
 Schedule of Changes in Net OPEB Liability and Related Ratios
 Other Postemployment Health Care Benefits
 Last Two Measurement Periods (1)

	<u>2018</u>	<u>2017</u>
Total OPEB liability		
Service cost	\$ 331,725	\$ 272,161
Interest	1,389,225	1,344,933
Difference between expected and actual experience	(1,792,674)	388,347
Changes of assumptions	4,358,987	3,631,280
Benefit payments, including employee refunds	<u>(1,330,100)</u>	<u>(1,063,766)</u>
Net change in total OPEB liability	2,957,163	4,572,955
Total OPEB liability - beginning	<u>22,037,740</u>	<u>17,464,785</u>
Total OPEB liability - ending (a)	<u>24,994,903</u>	<u>22,037,740</u>
Plan net position		
Contributions - employer	1,579,641	1,392,235
Net investment income	396,722	398,295
Benefit payments, including employee refunds	<u>(1,330,100)</u>	<u>(1,063,766)</u>
Net change in plan net position	646,263	726,764
Plan net position - beginning	<u>6,412,638</u>	<u>5,685,874</u>
Plan net position - ending (b)	<u>7,058,901</u>	<u>6,412,638</u>
Net OPEB liability - ending (a) - (b)	<u>\$ 17,936,002</u>	<u>\$ 15,625,102</u>
Ratio of plan net position to total OPEB liability	28.24%	29.10%
Covered payroll	\$ 4,341,696	\$ 4,499,309
Net OPEB liability as a percentage of covered payroll	413.11%	347.28%

(1) Information prior to 2017 was not available. The City will continue to present information for years available until a full ten-year trend is available.

CITY OF YPSILANTI, MICHIGAN
 Required Supplementary Information
 Schedule of City's OPEB Contributions
 Other Postemployment Health Care Benefits
 Last Two Fiscal Years (1)

	<u>2018</u>	<u>2017</u>
Actuarially determined employer contributions	\$ 1,579,641	\$ 1,434,981
Actual employer contributions	<u>(1,579,641)</u>	<u>(1,392,235)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ 42,746</u>
City covered payroll	\$ 4,341,696	\$ 4,499,309
Actual contributions as a percentage of covered payroll	36.38%	31.89%

(1) Information prior to 2017 was not available. The City will continue to present information for years available until a full ten-year trend is available.

Notes to Schedule

Actuarial cost method	Entry age normal
Asset valuation method	Market value
Investment rate of return	7.00%
Projected salary increases	3.00%
Retirement age	Graded by age and services
Mortality	RP-2014 base rates projected to 2018 with Scale MP-2017

Previous actuarial methods and assumptions:

During the fiscal year ended June 30, 2018, the discount rate was increased from 6.5% to 7.0% and the mortality assumptions were updated to RP-2014 base rates projected to 2018 using improvement scale MP-2017.

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Supplemental Section

Combining and Other Financial Information



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CITY OF YPSILANTI, MICHIGAN
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
<i>Assets</i>				
Cash and cash equivalents	\$ 1,059,566	\$ 200,962	\$ 1,062,955	\$ 2,323,483
Receivables	3,833	-	4,512	8,345
Land held for resale	-	-	1,131,950	1,131,950
Due from other governments	70,471	-	-	70,471
Total assets	<u>\$ 1,133,870</u>	<u>\$ 200,962</u>	<u>\$ 2,199,417</u>	<u>\$ 3,534,249</u>
<i>Liabilities</i>				
Accounts payable	\$ 75,141	\$ -	\$ 15,679	\$ 90,820
Accrued liabilities	5,393	-	-	5,393
Tax refunds payable	7,958	4,351	-	12,309
Total liabilities	<u>88,492</u>	<u>4,351</u>	<u>15,679</u>	<u>108,522</u>
<i>Fund Balances</i>				
Nonspendable	-	-	1,131,950	1,131,950
Restricted	1,045,378	196,611	824,706	2,066,695
Committed	-	-	227,082	227,082
Total fund balances	<u>1,045,378</u>	<u>196,611</u>	<u>2,183,738</u>	<u>3,425,727</u>
Total liabilities and fund balances	<u>\$ 1,133,870</u>	<u>\$ 200,962</u>	<u>\$ 2,199,417</u>	<u>\$ 3,534,249</u>

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CITY OF YPSILANTI, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Fiscal Year Ended June 30, 2018

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
<i>Revenues</i>				
Taxes and special assessments	\$ 1,098,726	\$ 830,478	\$ -	\$ 1,929,204
Licenses and permits	5,210	-	59,607	64,817
Intergovernmental	415,042	33,375	1,349,580	1,797,997
Investment earnings	10,875	1,019	1,842	13,736
Other	62,954	-	685	63,639
Total revenues	<u>1,592,807</u>	<u>864,872</u>	<u>1,411,714</u>	<u>3,869,393</u>
<i>Expenditures</i>				
Current:				
Public safety	12,934	-	-	12,934
Public works	-	-	86,090	86,090
Refuse collection	940,435	-	-	940,435
Highways, streets and bridges	479,768	-	-	479,768
Public transportation	283,544	-	-	283,544
Tax tribunal refunds	(978)	(6,769)	-	(7,747)
Debt Service:				
Principal retirement	-	1,440,000	1,055,000	2,495,000
Interest and fiscal charges	-	319,957	519,718	839,675
Total expenditures	<u>1,715,703</u>	<u>1,753,188</u>	<u>1,660,808</u>	<u>5,129,699</u>
Deficiency of revenues under expenditures	<u>(122,896)</u>	<u>(888,316)</u>	<u>(249,094)</u>	<u>(1,260,306)</u>
<i>Other Financing Sources</i>				
Transfers in	<u>114,687</u>	<u>894,552</u>	<u>225,138</u>	<u>1,234,377</u>
Net change in fund balances	(8,209)	6,236	(23,956)	(25,929)
Fund balance-beginning of year	<u>1,053,587</u>	<u>190,375</u>	<u>2,207,694</u>	<u>3,451,656</u>
Fund balance-end of year	<u>\$ 1,045,378</u>	<u>\$ 196,611</u>	<u>\$ 2,183,738</u>	<u>\$ 3,425,727</u>

CITY OF YPSILANTI, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2018

	Local Streets	Garbage and Rubbish Collection	Police	Public Transportation	Total Nonmajor Special Revenue Funds
<i>Assets</i>					
Cash and cash equivalents	\$ 903,109	\$ 51,468	\$ 72,631	\$ 32,358	\$ 1,059,566
Receivables	3,833	-	-	-	3,833
Due from other governments	70,471	-	-	-	70,471
Total assets	<u>\$ 977,413</u>	<u>\$ 51,468</u>	<u>\$ 72,631</u>	<u>\$ 32,358</u>	<u>\$ 1,133,870</u>
<i>Liabilities</i>					
Accounts payable	\$ 5,937	\$ 39,431	\$ -	\$ 29,773	\$ 75,141
Accrued liabilities	573	4,820	-	-	5,393
Tax refunds payable	-	5,886	-	2,072	7,958
Total liabilities	<u>6,510</u>	<u>50,137</u>	<u>-</u>	<u>31,845</u>	<u>88,492</u>
<i>Fund Balances</i>					
Restricted	<u>970,903</u>	<u>1,331</u>	<u>72,631</u>	<u>513</u>	<u>1,045,378</u>
Total liabilities and fund balances	<u>\$ 977,413</u>	<u>\$ 51,468</u>	<u>\$ 72,631</u>	<u>\$ 32,358</u>	<u>\$ 1,133,870</u>

CITY OF YPSILANTI, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
Fiscal Year Ended June 30, 2018

	Local Streets	Garbage and Rubbish Collection	Police	Public Transportation	Total Nonmajor Special Revenue Funds
<i>Revenues</i>					
Taxes and special assessments	\$ -	\$ 815,027	\$ -	\$ 283,699	\$ 1,098,726
Licenses and permits	5,210	-	-	-	5,210
Intergovernmental	415,042	-	-	-	415,042
Investment earnings	7,932	2,102	658	183	10,875
Other	35,514	25,214	2,226	-	62,954
Total revenues	<u>463,698</u>	<u>842,343</u>	<u>2,884</u>	<u>283,882</u>	<u>1,592,807</u>
<i>Expenditures</i>					
Current:					
Public safety	-	-	12,934	-	12,934
Refuse collection	-	940,435	-	-	940,435
Highways, streets and bridges	479,768	-	-	-	479,768
Public transportation	-	-	-	283,544	283,544
Tax tribunal refunds	-	(806)	-	(172)	(978)
Total expenditures	<u>479,768</u>	<u>939,629</u>	<u>12,934</u>	<u>283,372</u>	<u>1,715,703</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(16,070)</u>	<u>(97,286)</u>	<u>(10,050)</u>	<u>510</u>	<u>(122,896)</u>
<i>Other Financing Sources</i>					
Transfers in	<u>16,070</u>	<u>98,617</u>	<u>-</u>	<u>-</u>	<u>114,687</u>
Net change in fund balances	-	1,331	(10,050)	510	(8,209)
Fund balance-beginning of year	<u>970,903</u>	<u>-</u>	<u>82,681</u>	<u>3</u>	<u>1,053,587</u>
Fund balance-end of year	<u>\$ 970,903</u>	<u>\$ 1,331</u>	<u>\$ 72,631</u>	<u>\$ 513</u>	<u>\$ 1,045,378</u>

CITY OF YPSILANTI, MICHIGAN
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Local Streets Fund
Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance
	Original	Final		From Final Budget
<i>Revenues</i>				
Licenses and permits	\$ 3,800	\$ 4,200	\$ 5,210	\$ 1,010
Intergovernmental	387,289	406,777	415,042	8,265
Investment earnings	2,121	4,800	7,932	3,132
Other	57,200	51,728	35,514	(16,214)
Total revenues	<u>450,410</u>	<u>467,505</u>	<u>463,698</u>	<u>(3,807)</u>
<i>Expenditures</i>				
Current:				
Highways, streets and bridges:				
Street construction	50,000	28,633	5,298	23,335
Routine maintenance	333,843	358,402	272,100	86,302
Traffic services	32,316	40,529	46,473	(5,944)
Winter maintenance	140,116	131,665	132,623	(958)
Administration	27,486	42,200	23,274	18,926
Total expenditures	<u>583,761</u>	<u>601,429</u>	<u>479,768</u>	<u>121,661</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(133,351)</u>	<u>(133,924)</u>	<u>(16,070)</u>	<u>117,854</u>
<i>Other Financing Sources</i>				
Transfers in	<u>134,726</u>	<u>133,924</u>	<u>16,070</u>	<u>(117,854)</u>
Net change in fund balances	1,375	-	-	<u>\$ -</u>
Fund balance-beginning of year	<u>970,903</u>	<u>970,903</u>	<u>970,903</u>	
Fund balance-end of year	<u>\$ 972,278</u>	<u>\$ 970,903</u>	<u>\$ 970,903</u>	

CITY OF YPSILANTI, MICHIGAN
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Garbage and Rubbish Collection Fund
Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance From Final Budget
	Original	Final		
<i>Revenues</i>				
Taxes and special assessments	\$ 807,213	\$ 817,821	\$ 815,027	\$ (2,794)
Investment earnings	602	3,600	2,102	(1,498)
Other	1,600	25,275	25,214	(61)
Total revenues	<u>809,415</u>	<u>846,696</u>	<u>842,343</u>	<u>(4,353)</u>
<i>Expenditures</i>				
Current:				
Refuse collection	829,415	944,313	940,435	3,878
Tax tribunal refunds	3,000	1,000	(806)	1,806
Total expenditures	<u>832,415</u>	<u>945,313</u>	<u>939,629</u>	<u>5,684</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(23,000)</u>	<u>(98,617)</u>	<u>(97,286)</u>	<u>1,331</u>
<i>Other Financing Sources</i>				
Transfers in	<u>23,000</u>	<u>98,617</u>	<u>98,617</u>	<u>-</u>
Net change in fund balances	-	-	1,331	<u>\$ 1,331</u>
Fund balance-beginning of year	-	-	-	
Fund balance-end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,331</u>	

CITY OF YPSILANTI, MICHIGAN
 Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 Police Fund
 Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance From Final Budget
	Original	Final		
<i>Revenues</i>				
Investment earnings	\$ 251	\$ 446	\$ 658	\$ 212
Other	-	2,226	2,226	-
Total revenues	<u>251</u>	<u>2,672</u>	<u>2,884</u>	<u>212</u>
<i>Expenditures</i>				
Current:				
Public safety	-	12,772	12,934	(162)
Net change in fund balances	251	(10,100)	(10,050)	<u>\$ 50</u>
Fund balance-beginning of year	82,681	82,681	82,681	
Fund balance-end of year	<u>\$ 82,932</u>	<u>\$ 72,581</u>	<u>\$ 72,631</u>	

CITY OF YPSILANTI, MICHIGAN
 Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 Public Transportation Fund
 Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance From Final Budget
	Original	Final		
<i>Revenues</i>				
Taxes and special assessments	\$ 283,587	\$ 287,326	\$ 283,699	\$ (3,627)
Investment earnings	290	347	183	(164)
Total revenues	<u>283,877</u>	<u>287,673</u>	<u>283,882</u>	<u>(3,791)</u>
<i>Expenditures</i>				
Current:				
Public transportation	282,377	286,773	283,544	3,229
Tax tribunal refunds	1,500	900	(172)	1,072
Total expenditures	<u>283,877</u>	<u>287,673</u>	<u>283,372</u>	<u>4,301</u>
Net change in fund balances	-	-	510	<u>\$ 510</u>
Fund balance-beginning of year	<u>3</u>	<u>3</u>	<u>3</u>	
Fund balance-end of year	<u>\$ 3</u>	<u>\$ 3</u>	<u>\$ 513</u>	

CITY OF YPSILANTI, MICHIGAN
 Combining Balance Sheet
 Nonmajor Debt Service Funds
 June 30, 2018

	2002 General Obligation Bonds	2002-B Revenue Bonds	2016 Refunding Bonds Debt Service	2012 Refunding Bonds Debt Service	Total Nonmajor Debt Service Funds
<i>Assets</i>					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 200,962	\$ 200,962
<i>Liabilities</i>					
Tax refunds payable	\$ -	\$ -	\$ -	\$ 4,351	\$ 4,351
<i>Fund Balances</i>					
Restricted	-	-	-	196,611	196,611
Total liabilities and fund balances	\$ -	\$ -	\$ -	\$ 200,962	\$ 200,962

CITY OF YPSILANTI, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Debt Service Funds
Fiscal Year Ended June 30, 2018

	2002 General Obligation Bonds	2002-B Revenue Bonds	2016 Refunding Bonds Debt Service	2012 Refunding Bonds Debt Service	Total Nonmajor Debt Service Funds
<i>Revenues</i>					
Taxes and special assessments	\$ -	\$ -	\$ -	\$ 830,478	\$ 830,478
Intergovernmental	-	33,375	-	-	33,375
Investment earnings	-	-	-	1,019	1,019
Total revenues	<u>-</u>	<u>33,375</u>	<u>-</u>	<u>831,497</u>	<u>864,872</u>
<i>Expenditures</i>					
Current:					
Tax tribunal refunds	-	-	-	(6,769)	(6,769)
Debt Service:					
Principal retirement	35,000	30,000	560,000	815,000	1,440,000
Interest and fiscal charges	<u>1,180</u>	<u>3,375</u>	<u>298,372</u>	<u>17,030</u>	<u>319,957</u>
Total expenditures	<u>36,180</u>	<u>33,375</u>	<u>858,372</u>	<u>825,261</u>	<u>1,753,188</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(36,180)</u>	<u>-</u>	<u>(858,372)</u>	<u>6,236</u>	<u>(888,316)</u>
<i>Other Financing Sources</i>					
Transfers in	<u>36,180</u>	<u>-</u>	<u>858,372</u>	<u>-</u>	<u>894,552</u>
Net change in fund balances	-	-	-	6,236	6,236
Fund balance-beginning of year	-	-	-	190,375	190,375
Fund balance-end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 196,611</u>	<u>\$ 196,611</u>

CITY OF YPSILANTI, MICHIGAN
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2018

	<u>Sidewalk Improvement</u>	<u>2003-D Water and Sewer</u>	<u>2004-B Water and Sewer</u>	<u>2003-C Water and Sewer</u>	<u>2006 General Obligation</u>
<i>Assets</i>					
Cash and cash equivalents	\$ 237,564	\$ -	\$ -	\$ -	\$ -
Receivables	-	-	-	-	-
Land held for resale	-	-	-	-	1,131,950
Total assets	<u>\$ 237,564</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,131,950</u>
<i>Liabilities</i>					
Accounts payable	<u>\$ 10,482</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<i>Fund Balances</i>					
Nonspendable	-	-	-	-	1,131,950
Restricted	-	-	-	-	-
Committed	<u>227,082</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>227,082</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,131,950</u>
Total liabilities and fund balances	<u>\$ 237,564</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,131,950</u>

2007 Water and Sewer DWRf	2008 Water and Sewer DWRf	2009 Water and Sewer DWRf	Factory Street Pump Station	Water Main Bond DWRf	2016 Water and Sewer Refunding	Total Nonmajor Capital Projects Funds
\$ -	\$ -	\$ -	\$ 824,706	\$ -	\$ 685	\$ 1,062,955
-	-	-	4,512	-	-	4,512
-	-	-	-	-	-	1,131,950
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 829,218</u>	<u>\$ -</u>	<u>\$ 685</u>	<u>\$ 2,199,417</u>
\$ -	\$ -	\$ -	\$ 4,512	\$ -	\$ 685	\$ 15,679
-	-	-	-	-	-	1,131,950
-	-	-	824,706	-	-	824,706
-	-	-	-	-	-	227,082
<u>-</u>	<u>-</u>	<u>-</u>	<u>824,706</u>	<u>-</u>	<u>-</u>	<u>2,183,738</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 829,218</u>	<u>\$ -</u>	<u>\$ 685</u>	<u>\$ 2,199,417</u>

CITY OF YPSILANTI, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
Fiscal Year Ended June 30, 2018

	Sidewalk Improvement	2003-D Water and Sewer	2004-B Water and Sewer	2003-C Water and Sewer	2006 General Obligation
<i>Revenues</i>					
Licenses and permits	\$ 59,607	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	335,438	387,269	47,500	-
Investment earnings	1,842	-	-	-	-
Other	-	-	-	-	-
Total revenues	<u>61,449</u>	<u>335,438</u>	<u>387,269</u>	<u>47,500</u>	<u>-</u>
<i>Expenditures</i>					
Current:					
Public works	85,405	-	-	-	-
Debt Service:					
Principal retirement	-	285,000	330,000	40,000	220,000
Interest and fiscal charges	-	50,438	57,269	7,500	5,138
Total expenditures	<u>85,405</u>	<u>335,438</u>	<u>387,269</u>	<u>47,500</u>	<u>225,138</u>
Deficiency of revenues under expenditures	<u>(23,956)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(225,138)</u>
<i>Other Financing Sources</i>					
Transfers in	-	-	-	-	<u>225,138</u>
Net change in fund balances	(23,956)	-	-	-	-
Fund balance-beginning of year	<u>251,038</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,131,950</u>
Fund balance-end of year	<u>\$ 227,082</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,131,950</u>

2007 Water and Sewer DWRF	2008 Water and Sewer DWRF	2009 Water and Sewer DWRF	Factory Street Pump Station	Water Main Bond DWRF	2016 Water and Sewer Refunding	Total Nonmajor Capital Projects Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 59,607
18,638	26,731	7,538	182,250	28,616	315,600	1,349,580
-	-	-	-	-	-	1,842
-	-	-	-	-	685	685
<u>18,638</u>	<u>26,731</u>	<u>7,538</u>	<u>182,250</u>	<u>28,616</u>	<u>316,285</u>	<u>1,411,714</u>
-	-	-	-	-	685	86,090
15,000	20,000	5,000	120,000	20,000	-	1,055,000
<u>3,638</u>	<u>6,731</u>	<u>2,538</u>	<u>62,250</u>	<u>8,616</u>	<u>315,600</u>	<u>519,718</u>
<u>18,638</u>	<u>26,731</u>	<u>7,538</u>	<u>182,250</u>	<u>28,616</u>	<u>316,285</u>	<u>1,660,808</u>
-	-	-	-	-	-	(249,094)
-	-	-	-	-	-	225,138
-	-	-	-	-	-	(23,956)
-	-	-	824,706	-	-	2,207,694
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 824,706</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,183,738</u>

CITY OF YPSILANTI, MICHIGAN
Combining Statement of Net Position
Internal Service Funds
June 30, 2018

	Motor Pool	Workers' Compensation	Retiree Health Care	Total Internal Service Funds
<i>Assets</i>				
Current assets:				
Equity in pooled cash and cash equivalents	\$ 943,628	\$ 100,841	\$ 1,820,931	\$ 2,865,400
Investments	778,436	500,377	-	1,278,813
Receivables	8,813	20,159	6,286	35,258
Inventory	8,432	-	-	8,432
Prepaid items	-	37,631	81,530	119,161
Total current assets	<u>1,739,309</u>	<u>659,008</u>	<u>1,908,747</u>	<u>4,307,064</u>
Noncurrent assets:				
Depreciable capital assets, net	<u>1,488,335</u>	-	-	<u>1,488,335</u>
Total assets	<u>3,227,644</u>	<u>659,008</u>	<u>1,908,747</u>	<u>5,795,399</u>
<i>Liabilities</i>				
Current liabilities:				
Accounts payable	40,721	-	1,877	42,598
Accrued liabilities	4,641	-	-	4,641
Capital leases payable - current	22,595	-	-	22,595
Total current liabilities	<u>67,957</u>	-	<u>1,877</u>	<u>69,834</u>
Noncurrent liabilities:				
Capital leases payable - noncurrent	<u>47,203</u>	-	-	<u>47,203</u>
Total liabilities	<u>115,160</u>	-	<u>1,877</u>	<u>117,037</u>
<i>Net Position</i>				
Net investment in capital assets	1,418,537	-	-	1,418,537
Unrestricted	<u>1,693,947</u>	<u>659,008</u>	<u>1,906,870</u>	<u>4,259,825</u>
Total net position	<u>\$ 3,112,484</u>	<u>\$ 659,008</u>	<u>\$ 1,906,870</u>	<u>\$ 5,678,362</u>

CITY OF YPSILANTI, MICHIGAN
Combining Statement of Revenues, Expenses and Change in Net Position
Internal Service Funds
Fiscal Year Ended June 30, 2018

	Motor Pool	Workers' Compensation	Retiree Health Care	Total Internal Service Funds
<i>Operating Revenues:</i>				
Charges for services	\$ 738,504	\$ 75,908	\$ 1,605,675	\$ 2,420,087
Other	<u>2,913</u>	<u>54,634</u>	-	<u>57,547</u>
Total operating revenues	<u>741,417</u>	<u>130,542</u>	<u>1,605,675</u>	<u>2,477,634</u>
<i>Operating Expenses:</i>				
Salaries, taxes and benefits	183,903	-	-	183,903
Gas, oil and fuel	113,280	-	-	113,280
Depreciation	422,088	-	-	422,088
Operation and maintenance	124,393	739	-	125,132
Contractual services and fees	166,103	1,651	-	167,754
Insurance and other	64,949	-	-	64,949
Benefits and claims	-	-	1,331,419	1,331,419
Total operating expenses	<u>1,074,716</u>	<u>2,390</u>	<u>1,331,419</u>	<u>2,408,525</u>
Operating income (loss)	<u>(333,299)</u>	<u>128,152</u>	<u>274,256</u>	<u>69,109</u>
<i>Nonoperating Revenues (Expenses):</i>				
Investment income	18,567	8,893	9,223	36,683
Interest expense	(2,698)	-	-	(2,698)
Gain on sale of equipment	<u>24,508</u>	-	-	<u>24,508</u>
Total nonoperating revenues (expenses)	<u>40,377</u>	<u>8,893</u>	<u>9,223</u>	<u>58,493</u>
Change in net position	(292,922)	137,045	283,479	127,602
Net position-beginning of year	<u>3,405,406</u>	<u>521,963</u>	<u>1,623,391</u>	<u>5,550,760</u>
Net position-end of year	<u>\$ 3,112,484</u>	<u>\$ 659,008</u>	<u>\$ 1,906,870</u>	<u>\$ 5,678,362</u>

CITY OF YPSILANTI, MICHIGAN
Combining Statement of Cash Flows
Internal Service Funds
Fiscal Year Ended June 30, 2018

	Motor Pool	Workers' Compensation	Retiree Health Care	Total Internal Service Funds
<i>Cash Flows from Operating Activities</i>				
Cash received from interfund charges	\$ 738,727	\$ 128,974	\$ 1,608,831	\$ 2,476,532
Cash payments for employee services and benefits	(183,728)	-	-	(183,728)
Cash payments for claims	-	(257,963)	(1,331,419)	(1,589,382)
Cash payments to suppliers for goods and services	(417,301)	-	(2,471)	(419,772)
Net cash flows from operating activities	<u>137,698</u>	<u>(128,989)</u>	<u>274,941</u>	<u>283,650</u>
<i>Cash Flows from Capital and Related Financing Activities</i>				
Acquisition of capital assets	(154,918)	-	-	(154,918)
Proceeds from sale of assets	24,508	-	-	24,508
Principal paid on capital lease	(21,950)	-	-	(21,950)
Interest paid on capital lease	(2,698)	-	-	(2,698)
Net cash flows from capital and related financing activities	<u>(155,058)</u>	<u>-</u>	<u>-</u>	<u>(155,058)</u>
<i>Cash Flows from Investing Activities</i>				
Investment earnings	<u>21,947</u>	<u>3,829</u>	<u>9,223</u>	<u>34,999</u>
Net increase (decrease) in cash and cash equivalents	4,587	(125,160)	284,164	163,591
Cash and cash equivalents beginning of year	<u>939,041</u>	<u>226,001</u>	<u>1,536,767</u>	<u>2,701,809</u>
Cash and cash equivalents end of year	<u>\$ 943,628</u>	<u>\$ 100,841</u>	<u>\$ 1,820,931</u>	<u>\$ 2,865,400</u>
Reconciliation of operating income (loss) to net cash flows from operating activities:				
Operating income (loss)	\$ (333,299)	\$ 128,152	\$ 274,256	\$ 69,109
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation	422,088	-	-	422,088
Changes in assets and liabilities:				
Receivables	(2,690)	(2,582)	3,156	(2,116)
Inventory	17,201	-	-	17,201
Prepaid items	-	11,455	(3,179)	8,276
Accounts payable	34,223	(8,051)	708	26,880
Accrued liabilities	175	-	-	175
Claims payable	-	(257,963)	-	(257,963)
Net cash flows from operating activities	<u>\$ 137,698</u>	<u>\$ (128,989)</u>	<u>\$ 274,941</u>	<u>\$ 283,650</u>

CITY OF YPSILANTI, MICHIGAN
Statement of Changes in Assets and Liabilities
Current Tax Agency Fund
Fiscal Year Ended June 30, 2018

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
Assets:				
Cash and cash equivalents	<u>\$ -</u>	<u>\$ 68,996,830</u>	<u>\$ 68,988,762</u>	<u>\$ 8,068</u>
Liabilities:				
Undistributed receipts	<u>\$ -</u>	<u>\$ 68,996,830</u>	<u>\$ 68,988,762</u>	<u>\$ 8,068</u>

CITY OF YPSILANTI, MICHIGAN
Statement of Net Position and Governmental Fund Balance Sheet
Downtown Development Authority Component Unit
June 30, 2018

	General Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
<i>Assets</i>					
Cash and cash equivalents	\$ 77,248	\$ -	\$ 77,248	\$ -	\$ 77,248
Accounts receivable	6,668	-	6,668	-	6,668
Depreciable capital assets, net	-	-	-	1,443,218	1,443,218
Total assets	<u>\$ 83,916</u>	<u>\$ -</u>	<u>\$ 83,916</u>	<u>1,443,218</u>	<u>1,527,134</u>
<i>Liabilities</i>					
Accounts payable	\$ 3,530	\$ -	\$ 3,530	-	3,530
Accrued liabilities	1,007	-	1,007	1,647	2,654
Long-term liabilities:					
Due within one year	-	-	-	65,000	65,000
Due more than one year	-	-	-	375,000	375,000
Total liabilities	<u>4,537</u>	<u>-</u>	<u>4,537</u>	<u>441,647</u>	<u>446,184</u>
<i>Fund Balance</i>					
Unassigned	79,379	-	79,379		
Tota liabilities and fund balance	<u>\$ 83,916</u>	<u>\$ -</u>	<u>\$ 83,916</u>		
<i>Net Position</i>					
Net investment in capital assets				1,003,218	1,003,218
Unrestricted				77,732	77,732
Total net position				<u>\$ 1,080,950</u>	<u>\$ 1,080,950</u>

CITY OF YPSILANTI, MICHIGAN

Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balances
 Downtown Development Authority Component Unit
 Fiscal Year Ended June 30, 2018

	General Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
<i>Expenditures / Expenses</i>					
Community development	\$ 225,477	\$ -	\$ 225,477	\$ 69,667	\$ 295,144
Debt service:					
Principal	-	60,000	60,000	(60,000)	-
Interest and fiscal charges	-	23,058	23,058	(2,062)	20,996
Total expenditures / expenses	<u>225,477</u>	<u>83,058</u>	<u>308,535</u>	<u>7,605</u>	<u>316,140</u>
General Revenue					
Property taxes	260,474	-	260,474	-	260,474
Other revenue	33,502	-	33,502	-	33,502
Investment earnings	898	-	898	-	898
Total general revenue	<u>294,874</u>	<u>-</u>	<u>294,874</u>	<u>-</u>	<u>294,874</u>
General revenue over (under) expenditures / expenses	69,397	(83,058)	(13,661)	(7,605)	(21,266)
Other Financing Sources (Uses)					
Transfers in	-	83,058	83,058	(83,058)	-
Transfers out	(83,058)	-	(83,058)	83,058	-
Total other financing sources (uses)	<u>(83,058)</u>	<u>83,058</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(13,661)	-	(13,661)		
Fund balance-beginning of year	93,040	-	93,040		
Fund balance-end of year	<u>\$ 79,379</u>	<u>\$ -</u>	<u>\$ 79,379</u>		
Net change in net position				(21,266)	(21,266)
Net position-beginning of year				<u>1,102,216</u>	<u>1,102,216</u>
Net position-end of year				<u>\$ 1,080,950</u>	<u>\$ 1,080,950</u>

CITY OF YPSILANTI, MICHIGAN
Statement of Net Position and Governmental Fund Balance Sheet
Depot Town Downtown Development Authority Component Unit
June 30, 2018

	General Fund	Adjustments	Statement of Net Position
<i>Assets</i>			
Cash and cash equivalents	\$ 288,204	\$ -	\$ 288,204
Accounts receivable	515	-	515
Depreciable capital assets, net	-	263,264	263,264
Total assets	<u>\$ 288,719</u>	<u>263,264</u>	<u>551,983</u>
<i>Liabilities</i>			
Accounts payable	\$ 6,397	-	6,397
<i>Fund Balance</i>			
Unassigned	<u>282,322</u>		
Tota liabilities and fund balance	<u>\$ 288,719</u>		
<i>Net Position</i>			
Investment in capital assets		263,264	263,264
Unrestricted		<u>282,322</u>	<u>282,322</u>
Total net position		<u>\$ 545,586</u>	<u>\$ 545,586</u>

CITY OF YPSILANTI, MICHIGAN

Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balance
 Depot Town Downtown Development Authority Component Unit
 Fiscal Year Ended June 30, 2018

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<i>Expenditures / Expenses</i>			
Community development	<u>\$ 94,955</u>	<u>\$ 17,792</u>	<u>\$ 112,747</u>
 General Revenue			
Property taxes	119,624	-	119,624
Other revenue	500	-	500
Investment earnings	<u>2,296</u>	-	<u>2,296</u>
Total general revenue	<u>122,420</u>	<u>-</u>	<u>122,420</u>
 Net change in fund balances	27,465		
 Fund balance-beginning of year	<u>254,857</u>		
Fund balance-end of year	<u><u>\$ 282,322</u></u>		
 Net change in net position		9,673	9,673
 Net position-beginning of year		<u>535,913</u>	<u>535,913</u>
Net position-end of year		<u><u>\$ 545,586</u></u>	<u><u>\$ 545,586</u></u>

CITY OF YPSILANTI, MICHIGAN
Statement of Net Position and Governmental Fund Balance Sheet
Economic Development Corporation Component Unit
June 30, 2018

	General Fund	Adjustments	Statement of Net Position
<i>Assets</i>			
Cash and cash equivalents	\$ 33,026	\$ -	\$ 33,026
Nondepreciable capital assets	-	<u>53,200</u>	<u>53,200</u>
Total assets	<u>\$ 33,026</u>	<u>53,200</u>	<u>86,226</u>
 <i>Fund Balance</i>			
Unassigned	<u>33,026</u>		
 Total liabilities and fund balance	 <u>\$ 33,026</u>		
 <i>Net Position</i>			
Investment in capital assets		53,200	53,200
Unrestricted		<u>33,026</u>	<u>33,026</u>
Total net position		<u>\$ 86,226</u>	<u>\$ 86,226</u>

CITY OF YPSILANTI, MICHIGAN
Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balance
Economic Development Corporation Component Unit
Fiscal Year Ended June 30, 2018

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<i>Expenditures / Expenses</i>			
Community development	<u>\$ 757</u>	<u>\$ -</u>	<u>\$ 757</u>
 General Revenue			
Investment earnings	<u>368</u>	<u>-</u>	<u>368</u>
 Net change in fund balances	(389)		
 Fund balance-beginning of year	<u>33,415</u>		
Fund balance-end of year	<u>\$ 33,026</u>		
 Net change in net position		(389)	(389)
 Net position-beginning of year		<u>86,615</u>	<u>86,615</u>
Net position-end of year		<u>\$ 86,226</u>	<u>\$ 86,226</u>

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STATISTICAL SECTION



CITY OF
YPSILANTI

Home of Eastern Michigan University

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Statistical Section

This part of the City'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 City's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends (Tables 1 thru 4) These schedules contain trend information to help the reader understand how the City's financial position has changed over time.	110
Revenue Capacity (Tables 5 thru 8) These schedules contain information to help the reader understand and assess the factors affecting the City's ability to generate its most significant local revenue source, the property tax.	114
Debt Capacity (Tables 9 thru 13) These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	118
Economic and Demographic Information (Tables 14 thru 15) These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.	123
Operating Information (Tables 16 thru 19) These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	125

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

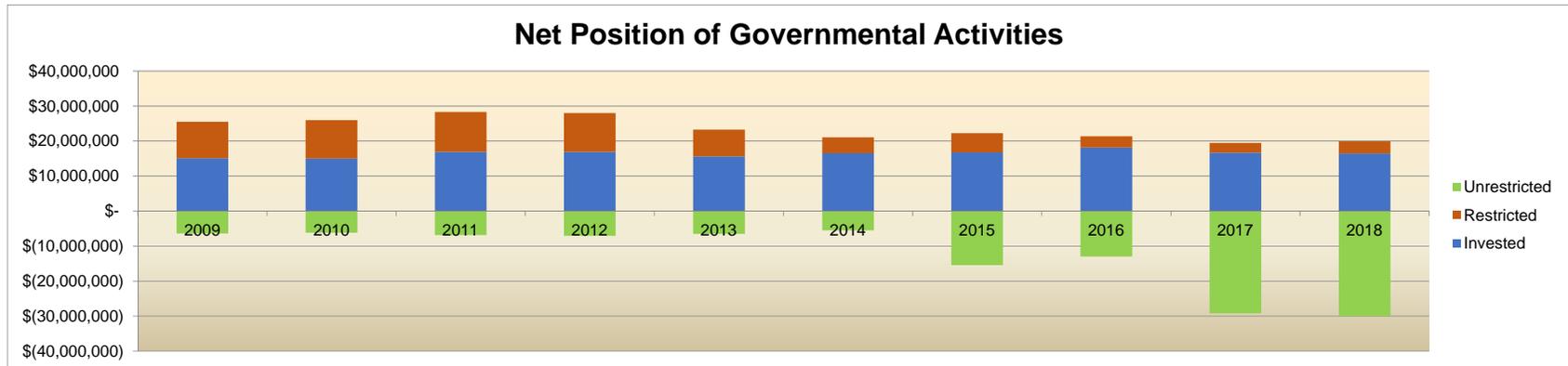
CITY OF YPSILANTI, MICHIGAN
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	2009	2010	2011	2012	2013	2014	2015 (1)	2016	2017 (2)	2018
Governmental Activities:										
Net Investment in Capital Assets	\$ 15,117,105	\$ 14,987,983	\$ 16,952,331	\$ 16,911,390	\$ 15,636,305	\$ 16,524,392	\$ 16,749,695	\$ 18,147,399	\$ 16,659,020	\$ 16,446,266
Restricted	10,406,691	10,975,911	11,357,896	11,083,068	7,631,866	4,545,511	5,526,780	3,204,405	2,824,145	3,483,349
Unrestricted (Deficit)	(6,404,471)	(6,202,344)	(6,850,753)	(7,091,726)	(6,545,637)	(5,533,659)	(15,426,971)	(12,992,909)	(29,206,395)	(29,972,757)
Total Governmental Activities Net Position	\$ 19,119,325	\$ 19,761,550	\$ 21,459,474	\$ 20,902,732	\$ 16,722,534	\$ 15,536,244	\$ 6,849,504	\$ 8,358,895	\$ (9,723,230)	\$ (10,043,142)

Source: City of Ypsilanti's financial statements

(1) The City implemented GASB 68 in FY2015. Information prior to FY2015 was not available to restate.

(2) The City implemented GASB 75 in FY2018. Information prior to FY2017 was not available to restate.



CITY OF YPSILANTI, MICHIGAN
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
General Government	\$ 2,788,130	\$ 3,075,617	\$ 3,326,238	\$ 2,866,101	\$ 2,083,855	\$ 1,690,255	\$ 2,894,307	\$ 4,294,933	\$ 3,084,786	\$ 3,556,035
Public Safety	8,563,993	8,638,877	8,257,558	8,601,201	7,908,177	8,878,722	9,667,739	10,198,973	8,961,050	9,749,189
Public Works and Refuse Collection	1,935,048	2,031,833	1,980,913	2,015,694	4,067,582	5,542,347	1,815,800	2,034,380	1,925,326	1,617,860
Highways, Streets and Bridges	3,165,639	3,612,341	1,192,916	2,823,389	3,921,320	3,143,348	3,732,864	3,049,680	3,825,640	3,598,015
Culture and Recreation	465,538	435,711	69,221	367,484	408,367	366,668	419,667	911,753	1,095,758	517,317
Community Development	330,041	229,274	189,050	184,244	292,867	255,416	361,966	404,780	454,835	624,746
Public Transportation	-	-	-	262,320	308,564	275,386	268,428	316,471	282,793	283,372
Interest and Fiscal Charges	2,710,134	2,748,116	2,481,838	2,329,834	2,095,288	2,103,523	1,858,619	1,654,899	1,218,241	831,258
Total Expenses	19,958,523	20,771,769	17,497,734	19,450,267	21,086,020	22,255,665	21,019,390	22,865,869	20,848,429	20,777,792
Program Revenues										
Charges for Services										
General Government	1,445,822	1,153,950	1,121,010	1,241,641	1,419,828	2,320,700	1,780,054	2,258,965	1,738,729	1,813,812
Public Safety	947,998	959,591	1,098,886	935,124	1,197,437	786,308	722,075	763,522	1,041,006	968,656
Public Works and Refuse Collections	-	-	-	-	-	-	-	-	-	83,269
Highways, Streets and Bridges	-	-	-	93,722	-	-	-	-	-	48,616
Culture and Recreation	-	-	-	-	-	-	-	-	-	2,125
Community Development	1,200	1,200	1,200	1,200	1,500	1,552	1,500	1,500	-	-
Operating Grants and Contributions	3,734,396	4,930,921	3,585,313	2,712,064	4,282,348	3,829,486	4,697,877	6,574,946	2,547,760	3,596,920
Capital Grants and Contributions	94,250	110,078	609,256	322,858	24,258	692,619	176,177	1,525,918	59,983	628,205
Total Program Revenues	6,223,666	7,155,740	6,415,665	5,306,609	6,925,371	7,630,665	7,377,683	11,124,851	5,387,478	7,141,603
Net (Expense)/Revenue	(13,734,857)	(13,616,029)	(11,082,069)	(14,143,658)	(14,160,649)	(14,625,000)	(13,641,707)	(11,741,018)	(15,460,951)	(13,636,189)
General Revenues										
Property Taxes	12,098,938	11,417,456	9,907,455	10,555,401	10,309,164	10,656,453	10,606,608	10,452,347	10,582,364	10,345,083
Unrestricted Grants and Contributions	3,000,840	2,671,507	2,670,643	2,256,140	2,342,612	2,420,667	2,483,001	2,555,299	3,033,942	2,755,507
Unrestricted Investment Earnings (Loss)	817,091	169,291	201,895	775,375	(13,260)	341,590	368,451	242,763	68,510	169,432
Other	-	-	-	-	-	-	-	-	-	46,255
Total General Revenues	15,916,869	14,258,254	12,779,993	13,586,916	12,638,516	13,418,710	13,458,060	13,250,409	13,684,816	13,316,277
Special Item										
Change in Fair Value of Land Held for Resale	-	-	-	-	(1,995,335)	-	-	-	(768,350)	-
Change in Net Position	\$ 2,182,012	\$ 642,225	\$ 1,697,924	\$ (556,742)	\$ (3,517,468)	\$ (1,206,290)	\$ (183,647)	\$ 1,509,391	\$ (2,544,485)	\$ (319,912)

Source: City of Ypsilanti's financial statements

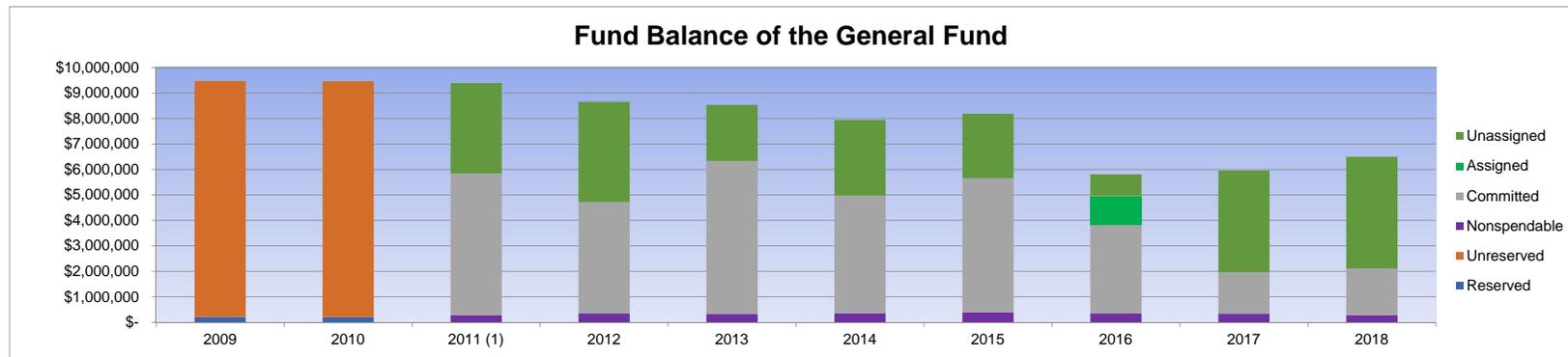
CITY OF YPSILANTI, MICHIGAN
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2009	2010	2011 (1)	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$ 208,839	\$ 206,175	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, Designated	6,312,543	6,820,988	-	-	-	-	-	-	-	-
Unreserved, Undesignated	2,947,235	2,436,793	-	-	-	-	-	-	-	-
Nonspendable	-	-	269,199	344,707	329,819	348,324	393,356	343,892	336,731	281,801
Committed	-	-	5,579,241	4,378,434	6,008,192	4,631,779	5,260,352	3,485,701	1,632,133	1,828,128
Unassigned	-	-	3,545,913	3,936,006	2,201,556	2,968,262	2,530,473	852,096	3,996,055	4,397,639
Total General Fund	9,468,617	9,463,956	9,394,353	8,659,147	8,539,567	7,948,365	8,184,181	5,812,522	5,964,919	6,507,568
All Other Governmental Funds										
Reserved	6,620,715	6,302,934	-	-	-	-	-	-	-	-
Unreserved, Designated	609,332	309,560	-	-	-	-	-	-	-	-
Unreserved, Undesignated, Reported in:										
Special Revenue Funds	1,740,343	2,664,551	-	-	-	-	-	-	-	-
Debt Service Funds	1,773,204	1,787,942	-	-	-	-	-	-	-	-
Capital Projects Funds	824,485	861,140	-	-	-	-	-	-	-	-
Nonspendable	-	-	4,763,817	4,763,817	2,768,482	1,900,300	1,934,877	2,019,100	-	1,131,950
Restricted	-	-	5,671,778	4,869,060	5,327,431	3,069,197	5,979,102	3,539,698	3,106,870	3,732,277
Committed	-	-	922,301	1,411,547	1,061,201	1,084,209	753,262	2,193,435	3,055,162	1,899,256
Unassigned	-	-	-	(23,938)	(168,166)	1,832,262	(34,577)	-	-	-
Total All Other Governmental Funds	11,568,079	11,926,127	11,357,896	11,020,486	8,988,948	7,885,968	8,632,664	7,752,233	6,162,032	6,763,483
Total Governmental Funds	\$ 21,036,696	\$ 21,390,083	\$ 20,752,249	\$ 19,679,633	\$ 17,528,515	\$ 15,834,333	\$ 16,816,845	\$ 13,564,755	\$ 12,126,951	\$ 13,271,051

Source: City of Ypsilanti's financial statements

(1) The City implemented the provisions GASB Statement No. 54 in fiscal 2011, which changed the governmental fund balance classifications.

The City has elected not to restate fund balance amounts for fiscal years prior to implementation.



CITY OF YPSILANTI, MICHIGAN
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Taxes and special assessments	\$ 12,098,938	\$ 11,417,456	\$ 9,907,455	\$ 10,555,401	\$ 10,309,164	\$ 10,656,453	\$ 10,606,608	\$ 10,452,347	\$ 10,582,364	\$ 10,345,083
Licenses and permits	657,459	530,812	666,586	734,250	748,417	648,881	867,227	822,818	880,933	1,061,002
Intergovernmental	7,667,265	7,880,092	8,369,061	6,678,576	7,112,100	6,851,138	9,076,428	9,002,708	8,232,651	8,099,175
Charges for services	582,283	533,974	542,669	448,341	733,730	417,906	475,814	471,898	635,838	483,949
Fines and forfeitures	445,965	475,530	597,265	516,393	499,099	414,468	315,907	356,170	446,318	484,649
Investment earnings	743,107	35,676	165,346	413,204	(33,737)	182,666	270,174	178,039	42,641	132,749
Donations and contributions	-	-	-	-	-	-	-	-	-	117,876
Other revenues	840,477	716,969	541,067	680,652	671,558	1,710,943	1,193,807	1,434,652	769,796	634,418
Total Revenues	23,035,494	21,590,509	20,789,449	20,026,817	20,040,331	20,882,455	22,805,965	22,718,632	21,590,541	21,358,901
Expenditures										
Current:										
General government	2,170,189	2,127,907	2,433,291	2,141,990	2,214,452	2,287,975	2,797,658	2,629,465	2,408,251	2,488,641
Public safety	8,431,824	8,182,781	8,326,438	8,093,201	7,264,800	7,806,628	8,048,474	7,954,140	7,853,131	8,500,480
Public works	1,194,766	912,196	848,754	788,210	2,085,725	3,597,878	902,141	1,193,485	997,658	783,880
Refuse collection	1,184,977	1,078,414	1,065,037	1,041,143	1,112,773	1,017,678	859,180	833,639	884,179	940,435
Highways, streets and bridges	1,691,811	1,540,487	1,592,516	1,740,226	1,806,267	1,476,912	2,318,364	2,523,389	2,229,228	1,450,475
Culture and recreation	358,179	457,372	348,756	300,134	284,251	1,136,746	309,980	2,174,842	1,048,105	413,267
Community development	146,167	544,408	498,817	75,033	92,208	32,448	55,522	46,002	-	-
Public transportation	226,756	158,967	218,000	262,183	308,175	274,846	267,238	315,229	282,327	283,544
Unallocated employee benefits	1,188,986	964,144	878,085	950,627	1,043,139	928,133	727,865	884,137	886,100	1,015,269
Tax tribunal refunds	-	-	-	397,353	13,735	12,712	260,020	49,000	(11,536)	(13,288)
Capital outlay	-	-	-	-	-	-	-	-	-	-
Debt service:										
Principal retirement	2,627,079	2,738,504	2,970,000	3,175,000	3,340,000	3,535,000	3,665,000	5,985,000	4,270,000	3,545,000
Interest and fiscal charges	2,692,892	2,705,052	2,561,716	2,326,442	2,204,172	2,157,920	1,883,263	1,781,392	1,412,552	1,017,275
Bond issuance costs	-	-	-	-	-	-	-	209,618	153,418	-
Total Expenditures	21,913,626	21,410,232	21,741,410	21,291,542	21,769,697	24,264,876	22,094,705	26,579,338	22,413,413	20,424,978
<i>Excess/(Deficiency) of Revenues Over/ (Under) Expenditures</i>	<u>1,121,868</u>	<u>180,277</u>	<u>(951,961)</u>	<u>(1,264,725)</u>	<u>(1,729,366)</u>	<u>(3,382,421)</u>	<u>711,260</u>	<u>(3,860,706)</u>	<u>(822,872)</u>	<u>933,923</u>
Other Financing Sources (Uses)										
Transfers in	1,219,140	2,300,123	1,639,043	2,122,966	6,759,280	4,928,666	2,140,163	4,614,790	1,610,549	1,442,333
Transfers out	(1,187,059)	(2,214,414)	(1,431,863)	(1,930,857)	(6,470,040)	(4,717,299)	(2,084,574)	(4,614,790)	(1,610,549)	(1,442,333)
Sale of assets	-	-	-	-	-	-	-	-	-	210,177
Issuance of debt	503,958	87,401	3,856,253	-	5,372,551	8,993,185	215,663	10,838,601	8,455,000	-
Bond premiums (discounts)	-	-	-	-	(83,208)	433,687	-	60,015	1,122,195	-
Payment to refunding escrow agent	-	-	(3,749,306)	-	(4,005,000)	(7,950,000)	-	(10,290,000)	(9,423,777)	-
Total Other Financing Sources (Uses)	536,039	173,110	314,127	192,109	1,573,583	1,688,239	271,252	608,616	153,418	210,177
Special Item - change in market value of land held for resale	-	-	-	-	(1,995,335)	-	-	-	(768,350)	-
Net Change in Fund Balances	<u>\$ 1,657,907</u>	<u>\$ 353,387</u>	<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>\$ (1,437,804)</u>	<u>\$ 1,144,100</u>
<i>Debt Service as a percentage of non-capital expenditures</i>	<u>25.2%</u>	<u>25.8%</u>	<u>29.9%</u>	<u>27.7%</u>	<u>26.3%</u>	<u>25.4%</u>	<u>26.7%</u>	<u>33.4%</u>	<u>26.6%</u>	<u>22.5%</u>

Source: City of Ypsilanti's financial statements

Table 5
Unaudited

CITY OF YPSILANTI, MICHIGAN
Assessed Value and Taxable Value of Real and Personal Property
Last Ten Fiscal 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	
2017	2018	\$ 289,053,202	\$ 376,271,300	\$ 16,896,400	\$ 16,896,400	\$ 305,949,602	\$ 393,167,700	\$ 33.5261
2016	2017	281,935,196	343,372,917	15,501,500	15,501,500	297,436,696	358,874,417	35.0727
2015	2016	278,962,991	313,904,850	17,146,400	16,897,689	296,109,391	330,802,539	34.9012
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

Source: City of Ypsilanti's Assessing Division

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

(2) Estimated actual value equals the assessed value.

Table 6
Unaudited

CITY OF YPSILANTI, MICHIGAN
Direct and Overlapping Property Tax Rates
(rate per \$1,000 of taxable value)
Last Ten Fiscal Years

Fiscal Year Ended	Ypsilanti City	Ypsilanti Public Schools	State Education Tax	Washtenaw	Washtenaw County	Washtenaw Community College	Ypsilanti District Library	Ann Arbor Area Transit Authority	Totals	
				Intermediate School District					Homestead	Non- Homestead
2018	33.5261	25.8579	6.0000	5.4109	6.2122	3.4267	2.7166	0.6860	65.9785	83.8364
2017	35.0727	25.9712	6.0000	5.4509	6.2432	3.4360	2.7660	0.6943	67.6631	85.6343
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	66.0040	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

Components of City Millage Rate

Fiscal Year Ended	General Operating	Sanitation	Streets	Public Transport	Police and Fire Pension	Total
2018	18.7386	2.7400	2.7189	0.9643	8.3643	33.5261
2017	18.9069	2.7647	4.5866	0.9730	7.8415	35.0727
2016	19.0211	2.7814	4.5787	0.9789	7.5411	34.9012
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

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

Table 7
Unaudited

CITY OF YPSILANTI, MICHIGAN
Principal Property Tax Payers
Current Tax Year and Nine Years Ago
(expressed in thousands)

Taxpayer	Tax Year 2017			Tax Year 2008		
	Taxable Value	Rank	Percent of Total Taxable Value	Taxable Value	Rank	Percent of Total Taxable Value
DTE Energy	\$ 7,470	1	2.44%	\$ 9,086	3	2.26%
LEFORGE STATION II formerly PENINSULAR PLACE	4,933	2	1.61%	9,494	2	2.36%
CPI APARTMENT FUND 18	3,645	3	1.19%			
FORREST KNOLL APTS	1,889	4	0.62%			
YPSILANTI REALTY HOLDINGS	1,637	5	0.54%			
ERIE INVESTMENTS NO. 15	1,568	6	0.51%			
FHMC REAL ESTATE	1,551	7	0.51%			
HURON VIEW PROPERTIES	1,525	8	0.50%			
RIVERRAIN APARTMENTS	1,452	9	0.47%	2,181	8	0.54%
COMCAST OF THE SOUTH	1,253	10	0.41%			
AUTOMOTIVE COMPONENTS HOLDINGS				36,350	1	9.03%
FOREST HEALTH MEDICAL				7,492	4	1.86%
UNIVERSITY HOUSING				3,502	5	0.87%
RIVER DRIVE APARTMENTS				3,334	6	0.83%
BARNES & BARNES PROPERTIES				3,284	7	0.82%
CHIDESTER 2005, LLC				1,810	9	0.45%
ASAD KHAILANY				1,771	10	0.44%
	<u>\$ 26,923</u>		<u>8.80%</u>	<u>\$ 78,304</u>		<u>25.59%</u>
Total Taxable Value	<u>\$ 305,950</u>			<u>\$ 402,644</u>		

Source: City of Ypsilanti Assessing Division

CITY OF YPSILANTI, MICHIGAN
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended (1)	Taxes Levied For The Fiscal Year (2)	Collected Within The Fiscal Year of the Levy			Total Collections To Date		
		Amount	Percent of Levy	Delinquent Collections (3)	Amount	Percent of Levy	
2018	\$ 8,069,358	\$ 7,501,956	93.0%	\$ 567,402	\$ 8,069,358	100.0%	
2017	7,976,943	7,464,410	93.6%	512,533	7,976,943	100.0%	
2016	7,821,191	7,297,100	93.3%	524,091	7,821,191	100.0%	
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%	

(1) Property taxes are levied July 1st of the current fiscal year based on taxable property values as of the preceding December 31st. Summer taxes become delinquent as of September 15th. Winter taxes become delinquent as of February 15th. 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 1st for collection.

(2) Includes Industrial Facility Tax.

(3) Includes settlement from Washtenaw County Delinquent Tax Revolving Fund 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 Fiscal Years

Fiscal Year	General Obligation Bonds	Revenue Bonds	Unamortized Premium	Installment Obligations	Amounts Available in Debt Service Funds	Total Outstanding Debt	Total Taxable Value	Ratio of Total Debt To Taxable Value	Total Population	Total Debt Per Capita	Personal Income	Percent of Personal Income
2018	\$ 10,180,000	\$ 20,491,984	\$ 1,223,713	\$ 409,798	\$ (196,611)	\$ 32,108,884	\$ 305,949,602	10.49%	21,076	\$ 1,523	\$ 975,208	3.29%
2017	11,810,000	22,406,984	1,377,192	431,748	(190,375)	35,835,549	297,436,696	12.05%	21,018	1,705	955,982	3.75%
2016	14,160,000	25,491,984	399,767	453,072	(179,174)	40,325,649	296,109,391	13.62%	19,945	2,022	881,210	4.58%
2015	18,125,000	26,963,383	371,731	3,224,136	(150,642)	48,533,608	292,133,419	16.61%	20,081	2,417	882,098	5.50%
2014	19,925,000	28,612,720	402,709	3,090,350	(156,184)	51,874,595	289,614,595	17.91%	20,142	2,575	870,175	5.96%
2013	21,640,000	29,389,535	-	3,090,350	(1,788,071)	52,331,814	290,729,097	18.00%	19,621	2,667	800,948	6.53%
2012	23,080,000	29,921,984	-	3,090,350	(1,744,330)	54,348,004	309,194,034	17.58%	19,375	2,805	733,518	7.41%
2011	24,560,000	31,616,984	-	3,090,350	(1,766,812)	57,500,522	329,993,209	17.42%	19,435	2,959	735,790	7.81%
2010	25,805,000	33,277,955	-	3,090,350	(1,787,942)	60,385,363	370,475,911	16.30%	19,201	3,145	726,931	8.31%
2009	26,800,000	34,776,554	-	3,247,854	(1,773,204)	63,051,204	402,643,702	15.66%	20,437	3,085	773,724	8.15%

Source: City of Ypsilanti Finance Department
Details regarding the City's debt can be found in the notes to the financial statements.
Unamortized premium applies only to revenue bonds.

Table 10
Unaudited

CITY OF YPSILANTI, MICHIGAN
*Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years*

Fiscal Year	General Obligation Bonds	Less: Amounts Restricted to Repaying Principal	Net General Bonded Debt	Percent of Actual Taxable Value of Property	Per Capita
2018	\$ 10,180,000	\$ (196,611)	\$ 9,983,389	3.26%	\$ 474
2017	11,810,000	(190,375)	11,619,625	3.91%	553
2016	14,160,000	(179,174)	13,980,826	4.72%	701
2015	18,125,000	(150,642)	17,974,358	6.15%	895
2014	19,925,000	(156,184)	19,768,816	6.83%	981
2013	21,640,000	(1,788,071)	19,851,929	6.83%	1,012
2012	23,080,000	(1,744,330)	21,335,670	6.90%	1,101
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

CITY OF YPSILANTI, MICHIGAN
Computation of Net Direct and Overlapping Debt
June 30, 2018

	Gross Amount Outstanding	Self-Supporting or Paid by Benefited Government	Net Amount Outstanding
Direct debt			
General obligation bonds	\$ 10,180,000	\$ -	\$ 10,180,000
General obligation bonds - DDA	440,000	440,000	-
Revenue bonds and unamortized premiums (2)	21,715,697	21,715,697	-
Installment obligations	409,798	-	409,798
	<u>\$ 32,745,495</u>	<u>\$ 22,155,697</u>	<u>\$ 10,589,798</u>
Total direct debt			
	<u>\$ 32,745,495</u>	<u>\$ 22,155,697</u>	<u>\$ 10,589,798</u>
		Percentage Applicable to	Share Applicable to
	Net Debt Outstanding	City of Ypsilanti	City of Ypsilanti
Overlapping debt (1)			
Ypsilanti School District	\$ 92,712,185	28.22%	\$ 26,159,746
Washtenaw County	37,248,541	1.94%	722,622
Washtenaw Community College	9,245,000	1.98%	183,051
Ypsilanti District Library	1,255,000	16.85%	211,468
	<u>\$ 140,460,726</u>		<u>27,276,887</u>
Total direct and overlapping debt			<u>\$ 37,866,685</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 the notes to the financial statements.

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

CITY OF YPSILANTI, MICHIGAN
Legal Debt Margin Information
Last Ten Fiscal Years

Legal debt margin calculation for 2018	
Assessed value (state equalized value)	<u>\$ 393,167,700</u>
Debt limit (10% of assessed value)	<u>\$ 39,316,770</u>
Net debt subject to limitation:	
General obligation bonds	10,180,000
Less: amounts available for repayment of general obligation bonds	<u>(196,611)</u>
	<u>9,983,389</u>
Legal debt margin	<u>\$ 29,333,381</u>

Fiscal Year	Debt Limit	Net Debt Applicable to Limit	Legal Debt Margin	Ratio
2018	\$ 39,316,770	9,983,389	\$ 29,333,381	25.39%
2017	35,887,442	11,619,625	24,267,817	32.38%
2016	33,080,254	13,503,640	19,576,614	40.82%
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%

Source: City of Ypsilanti Finance Department

CITY OF YPSILANTI, MICHIGAN
Revenue Bond Coverage
Last Ten Fiscal Years

Fiscal Year Ended August 31,	Gross Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Total Debt Service Requirement (3)	Coverage
2017	\$ 42,326,307	\$ 32,898,538	\$ 9,427,769	\$ 6,923,769	136.2%
2016	39,405,150	32,304,067	7,101,083	6,431,896	110.4%
2015	36,497,656	29,589,319	6,908,337	7,925,358	87.2%
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	132.8%
2008	35,548,571	27,925,431	7,623,140	5,368,807	142.0%

(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.

Source: Ypsilanti Community Utilities Authority (YCUA) comprehensive annual financial report. YCUA is on an August 31st fiscal year end; as such, the 2018 report is not yet available.

CITY OF YPSILANTI, MICHIGAN
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (1)	Total		School Enrollment (3)	Unemployment Rates (4)
		Personal Income (2) (in thousands)	Per Capita Personal Income (2)		
2018	21,076	\$ 975,208	\$ 46,271	3,905	5.3%
2017	21,018	955,982	45,484	3,730	4.9%
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%

Year	Population (1)	Median Age (1)
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.
- (2) Estimate from U.S. Department of Commerce, Bureau of Economic Analysis.
(2013/14 data not available, so used year 2013 data for Washtenaw County).
(Total personal income = population x per capita).
- (3) Data from Ypsilanti Community Schools Administrative Office.
- (4) Labor market information at Michigan.gov (for Ann Arbor, MI MSA).

Table 15
Unaudited

CITY OF YPSILANTI, MICHIGAN
Principal Employers
Current Fiscal Year and Nine Years Ago

Employer	June 30, 2018			June 30, 2009		
	Employees	Rank	% of Workforce	Employees	Rank	% of Workforce
Eastern Michigan University	2,092	1	7.32%	1,958	1	17.08%
Ypsilanti Community Schools	595	2	2.08%	700	2	6.11%
Washtenaw County	250	3	0.87%	200	3	1.74%
Michigan Department of Health and Human Services	183	4	0.64%			
Marsh Plating & Finishing Services	140	5	0.49%	85	7	0.74%
The Gilbert Residence	136	6	0.48%			
Villa at Parkridge (Bortz Health Care)	125	7	0.44%	141	4	1.23%
Forest Health Services	121	8	0.42%	140	5	1.22%
City of Ypsilanti	96	9	0.34%	107	6	0.93%
Ypsilanti Health Center	90	10	0.31%			
Gene Butman Ford				60	8	0.52%
Walgreens				56	9	0.49%
Fischer Honda				26	10	0.23%
	<u>3,828</u>		<u>13.39%</u>	<u>3,473</u>		<u>30.29%</u>

Sources: Michigan Department of Technology, Management and Budget
City of Ypsilanti Finance Department
https://ycharts.com/indicators/ypsilanti_mi_labor_force

CITY OF YPSILANTI, MICHIGAN
Full-Time Equivalent Employees by Department
Last Ten Fiscal Years

Function/Program	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Mayor and City Council (1010)	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Administrative services										
City Manager (1720)	1.85	1.85	1.85	1.85	1.85	2.60	2.60	2.60	1.60	1.60
Human Resources (2700)	1.55	1.55	1.55	1.55	1.55	1.30	1.30	1.00	1.00	1.00
Ordinance Enforcement (341)	1.00	0.50	0.50	0.50	0.50	1.70	1.70	3.00	4.00	-
Building Inspection (3710)	5.25	3.75	3.58	3.35	3.25	2.20	2.20	-	-	4.00
Planning & Development (7210)	1.65	1.65	1.65	2.38	2.38	2.13	2.13	3.35	4.40	5.40
	<u>11.30</u>	<u>9.30</u>	<u>9.13</u>	<u>9.63</u>	<u>9.53</u>	<u>9.93</u>	<u>9.93</u>	<u>9.95</u>	<u>11.00</u>	<u>12.00</u>
Citizen services										
Voters Registration, school and county election (2621)	-	-	-	-	-	-	-	-	-	0.50
City Clerk (2150)	2.00	2.00	2.00	1.95	1.95	1.95	1.95	1.45	1.50	1.75
City Treasurer (2530)	1.50	1.50	1.34	1.34	1.34	1.34	1.68	1.50	1.00	2.00
	<u>3.50</u>	<u>3.50</u>	<u>3.34</u>	<u>3.29</u>	<u>3.29</u>	<u>3.29</u>	<u>3.63</u>	<u>2.95</u>	<u>2.50</u>	<u>4.25</u>
Administrative Hearing Bureau (3730)	-	-	-	0.10	0.10	0.15	0.15	0.15	0.50	0.10
Fire services										
Administration (3370)	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.50
Suppression (3390)	21.00	21.00	19.00	18.50	16.00	16.00	16.00	19.00	18.00	15.00
	<u>22.00</u>	<u>22.00</u>	<u>20.00</u>	<u>19.50</u>	<u>17.00</u>	<u>17.00</u>	<u>17.00</u>	<u>20.00</u>	<u>19.00</u>	<u>16.50</u>
Fiscal services										
Finance - Accounting (1910)	3.20	3.20	3.03	3.03	3.03	3.03	3.03	3.00	4.00	4.00
Finance - Assessor (2570)	1.00	1.00	1.00	0.93	0.33	0.33	0.33	-	-	-
	<u>4.20</u>	<u>4.20</u>	<u>4.03</u>	<u>3.96</u>	<u>3.36</u>	<u>3.36</u>	<u>3.36</u>	<u>3.00</u>	<u>4.00</u>	<u>4.00</u>
Police services										
Administration (3050)	2.00	2.00	2.00	2.00	2.00	2.00	2.00	3.00	3.00	3.00
Field Services (3070)	37.00	38.40	28.00	28.00	24.00	28.26	29.26	29.95	27.00	25.00
COPS Grant	-	-	3.00	3.00	2.00	2.00	2.00	-	-	-
Parking Enforcement (3110)	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	3.00
LAWNET Grant (312 & 316)	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	-
	<u>43.00</u>	<u>44.40</u>	<u>37.00</u>	<u>36.00</u>	<u>31.00</u>	<u>35.26</u>	<u>36.26</u>	<u>36.95</u>	<u>33.00</u>	<u>31.00</u>
Public services										
Parks, streets, building, parking lots, and garbage collection	19.00	17.00	17.00	17.00	17.00	17.00	16.00	16.00	17.00	17.27
Administration (4410)	3.75	3.75	3.88	3.88	3.81	3.88	3.88	4.00	4.00	4.00
	<u>22.75</u>	<u>20.75</u>	<u>20.88</u>	<u>20.88</u>	<u>20.81</u>	<u>20.88</u>	<u>19.88</u>	<u>20.00</u>	<u>21.00</u>	<u>21.27</u>
Total full-time employees	<u>106.75</u>	<u>104.15</u>	<u>94.38</u>	<u>93.36</u>	<u>85.09</u>	<u>89.87</u>	<u>90.21</u>	<u>93.00</u>	<u>91.00</u>	<u>89.12</u>
Total council and full-time employees	<u>113.75</u>	<u>111.15</u>	<u>101.38</u>	<u>100.36</u>	<u>92.09</u>	<u>96.87</u>	<u>97.21</u>	<u>100.00</u>	<u>98.00</u>	<u>96.12</u>

Source: City of Ypsilanti Finance Department

Table 17
Unaudited

CITY OF YPSILANTI, MICHIGAN
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public Safety										
Police services										
Number of uniform crime reporting	3,349	3,295	1,936	2,983	2,913	3,179	2,301	2,101	2,317	2,186
Number of traffic violations	7,502	8,458	3,253	3,609	3,024	3,528	1,779	1,257	1,881	1,374
Number of arrests	2,015	1,864	1,738	1,715	1,698	1,939	712	1,253	1,048	764
Number of parking violations	9,654	9,611	9,880	10,593	9,223	2,975	6,382	9,730	13,422	12,865
Fire services										
Number of calls answered	553	566	564	600	639	690	545	712	2,300	2,437
Number of inspections conducted	1,396	1,464	1,588	400	384	264	325	513	171	113
Public Services										
Miles of local streets maintained	21.22	21.22	21.22	21.22	21.22	21.22	21.22	21.22	21.22	21.22
Miles of major streets maintained	32.44	32.44	32.44	32.44	32.44	32.44	32.44	32.44	32.44	32.33
Public Utilities										
Miles of water mains	53.74	53.74	53.74	58.66	58.66	58.66	53.40	59.00	59.00	70.00
Number of fire hydrants	663	663	663	663	663	663	663	663	663	663

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

Table 18
Unaudited

CITY OF YPSILANTI, MICHIGAN
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
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	10	10	10	9	9	9	9	9	9	10
Unmarked police vehicles	6	6	7	7	7	7	7	8	8	7
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	-
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	-	-	-	-	-	-	-	-
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
Pickup truck	1	1	1	2	2	2	2	2	2	2
Utility van	1	1	1	-	-	-	-	-	-	-
Administrative Services										
Crown Victoria - CH	1	1	1	1	1	-	-	-	-	-
Impala	-	-	1	1	1	1	1	1	1	1
Taurus - CM	1	1	1	1	1	1	1	1	1	1
Building enforcement vehicles	2	2	3	3	3	2	2	2	3	2
Public Services										
Passenger:										
Crown Victoria	3	4	3	2	2	1	-	-	-	-
Escape	-	-	1	1	1	1	1	1	1	1
Van	1	1	1	-	-	-	-	-	-	-
Van with Aerial Lift	1	1	1	1	1	-	-	-	-	-
Trucks:										
Pick-up	8	9	8	7	7	5	4	4	4	4
with Aerial Lift	3	3	3	1	1	2	1	1	1	1
Dump	9	9	10	11	11	9	7	7	6	7
with Grapple	1	1	1	1	1	1	1	1	1	1
Stake	6	6	6	6	6	3	3	3	4	3
with Aerial Lift	-	-	-	1	1	1	1	1	1	1
Recycle Truck	1	1	1	-	-	-	-	-	-	-
Packer Truck	4	4	4	4	4	3	3	3	4	3
Brush Chipper	3	3	1	1	1	1	1	1	1	1

continued...

CITY OF YPSILANTI, MICHIGAN
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years
(continued)

Function/Program	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public Services (continued)										
Tractors:										
with Front Loader	2	2	2	1	1	-	-	-	1	-
with Front Loader/Rear Plow	1	1	1	1	1	1	1	1	1	-
with Bucket & Backhoe	1	1	1	1	1	-	-	-	-	-
with Drawn Rake	1	1	1	1	1	-	-	-	-	-
with Salt Spreader & Snow Plow	1	1	1	1	1	1	1	1	1	-
Garden	9	9	9	7	7	6	3	3	4	3
Wide Area Mower	1	1	1	1	1	1	1	1		1
Loader with Bucket	3	3	3	3	3	2	2	2	1	1
Rear Loader	-	-	1	1	1	1	1	1	1	1
Wheel Loader	-	-	-	-	-	-	-	1	1	1
Equipment:										
Gas Tester	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	1	2
Snow Blower	4	4	4	4	4	3	3	3	1	2
Traffic Counter	8	8	8	8	8	8	8	8	5	2
Star Drill	1	1	1	1	1	1	1	1	1	1
Flail Mower	1	1	-	-	-	-	-	-	-	-
Trailer	4	4	4	4	4	4	4	4	4	4
Sign Driver	-	-	1	1	1	1	1	1	1	1
Auger	2	2	2	2	2	2	2	2	2	1
Street Sweeper	2	2	2	3	3	2	2	2	2	2
Compactor	1	1	1	1	1	1	1	1	1	1
Cement Mixer	2	2	1	1	1	1	1	1	1	1
Bituminous	1	1	1	1	1	1	1	1	-	1
Hyd. Sewer Cleaner	2	2	1	1	1	1	1	1	1	1
Compressor	1	1	-	-	-	2	2	1	1	1
Concrete Pavement Saw	2	2	2	2	2	2	2	2	2	2
Parking Lot Plow	-	-	-	-	-	2	2	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	11	11	11	11	11	12	12	12
Weed Eater (brush cutter)	-	-	-	1	1	1	1	1	1	1
Rotary Lawn Mower	2	2	2	2	2	1	1	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	2	2	2	2	1	-	1	1	1
Maint. Drawn Tractor Blade	1	1	1	1	1	1	1	1	1	1
Sod Cutter	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	12	12	12	12	12	12	12	12
Power Pruner	4	4	3	3	3	3	3	3	3	3
Stump Cutter	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	-	-	-	-

continued...

CITY OF YPSILANTI, MICHIGAN
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years
(continued)

Function/Program	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public Services (continued)										
Equipment (continued):										
Pressure Washer	1	1	1	1	1	1	1	1	1	1
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	-	-	-	-
Sandblaster	-	1	1	1	1	1	1	1	1	1
Weed Eater/Hedge Trimmer	-	-	-	1	1	1	1	1	1	1
Edger/Trimmer/Weed Eater	-	-	-	-	-	1	1	1	1	1
Pallet Forks	-	-	-	-	-	-	-	1	1	1
Jackhammer	-	-	-	-	-	-	-	1	1	1
Backhoe	-	-	-	-	-	-	-	1	1	1
Stump Grinder	-	-	-	-	-	-	-	1	1	1
Snow Pusher Blade	-	-	-	-	-	-	-	1	1	1
Auger bit 24"	-	-	-	-	-	-	-	1	1	1
Auger bit 36"	-	-	-	-	-	-	-	1	1	1
Grader	-	-	-	-	-	-	-	1	1	1
Soil Conditioner	-	-	-	-	-	-	-	1	1	1
Brush Hog	-	-	-	-	-	-	-	1	1	1
Parks & Recreation:										
Parks:										
Active	8	8	8	8	8	8	8	8	8	8
Inactive	1	1	1	1	1	1	1	1	1	1
Tot Lots	3	3	3	3	3	3	3	3	3	3
Park Acreage:										
Active Parks	81	81	81	81	81	81	81	81	81	81
Inactive	2	2	2	2	2	2	2	2	2	2
Tot Lots	2	2	2	2	2	2	2	2	1	2
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	-	-	-	-	-
Pavillions	8	9	9	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	-	-	1	1	1	1	1	1	1	1
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	-	-	-	-	-	-	-	-	0.2	0.2
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	-	-	-	-	-	-	-	-	-	-

continued...

CITY OF YPSILANTI, MICHIGAN
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years
(concluded)

Function/Program	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Park and Play Area Acreage (continued)										
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	-	-	-	-	-	-	-
Frog Island Park	1	1	1	-	-	-	-	-	-	-
Parkridge 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	2	2	2	2	2	2	1	1	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 Headquarters	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

CITY OF YPSILANTI, MICHIGAN
Schedule of Insurance
As of June 30, 2018

Type of Coverage	Name of Company	Policy Period	Premium	Description
Michigan Municipal League Liability and Property Pool		8/01/17 - 8/01/18	\$ 192,835	Covers general liability, police professional liability and public officials errors & omissions. Limit of liability \$2,000,000.
Michigan Municipal League Liability and Property Pool		8/01/17 - 8/01/18	60,519	Covers automobiles.
Michigan Municipal League Liability and Property Pool		8/01/17 - 8/01/18	31,862	Covers buildings, attached property, and equipment.
Meadowbrook Insurance Group		8/30/17 - 8/30/18	2,816	Covers commercial storage tank.
Blue Cross - Blue Shield, EHIM, Sun Life, Fort Dearborn, MECA, UNUM, HC Waivers		7/01/17 - 6/30/18	2,454,025	Employee and retiree benefits: health, dental, prescription, life, vision and long-term disability.
Comp One Administrator and Accident Fund, MML Liability & Property Pool		7/01/17 - 6/30/18	192,801	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 \$1,000,000.

Source: City of Ypsilanti Finance Department.

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