

CITY OF HAMTRAMCK, MICHIGAN

FINANCIAL REPORT WITH SUPPLEMENTAL INFORMATION

June 30, 2019

CITY OF HAMTRAMCK, MICHIGAN

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1
Management's Discussion and Analysis	4
Financial Statements	
Government-wide Financial Statements	
Statement of Net Position (Deficit)	9
Statement of Activities	10
Fund Financial Statements	
Governmental Funds	
Balance Sheet	11
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position (Deficit)	12
Statement of Revenue, Expenditures, and Changes in Fund Balances	13
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	14
Proprietary Funds	
Statement of Net Position	15
Statement of Revenue, Expenses, and Changes in Net Position	16
Statement of Cash Flows	17
Fiduciary Funds	
Statement of Fiduciary Net Position	18
Statement of Changes in Fiduciary Net Position	19
Component Unit	
Statement of Net Position	20
Statement of Activities	21
Notes to Financial Statements	22
Required Supplemental Information	
Budgetary Comparison Schedule – General Fund	46
Budgetary Comparison Schedule – Majors Streets	47
Budgetary Comparison Schedule – Local Streets	48
Notes to Required Supplemental Information	49
Schedule of Changes in the Total OPEB Liability and Related Ratios	51
Schedule of City Contributions – OPEB	52
Schedule of Changes in the City Net Pension Liability and Related Ratios	53
Schedule of City Contributions – Pension	54

CITY OF HAMTRAMCK, MICHIGAN (Continued)

TABLE OF CONTENTS (Continued)

Other Supplemental Information

Nonmajor Governmental Funds	
Combining Balance Sheet	55
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances (Deficit)	56
Agency Fund – Statement of Assets and Liabilities	57

INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Hamtramck, Michigan

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

To the City Council
City of Hamtramck, Michigan
Page Two

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

Opinions

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

Other Matters – Required Supplemental Information

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

To the City Council
City of Hamtramck, Michigan
Page Three

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 accompanying combining non-major fund financial statements and fiduciary funds statement of assets and liabilities are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The combining non-major fund financial statements and fiduciary funds statement of assets and liabilities 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 non-major fund financial statements, and fiduciary funds statement of assets and liabilities are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The image shows a handwritten signature in dark ink. The letters 'UHY' are written in a large, cursive style, and 'LLP' is written in a smaller, more upright cursive style to the right of 'UHY'.

Farmington Hills, Michigan
December 18, 2019

CITY OF HAMTRAMCK, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019

Our discussion and analysis of the City of Hamtramck, Michigan's (the "City") financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2019. Please read it in conjunction with the City's financial statements.

Financial Highlights

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended June 30, 2019:

- The current year General Fund operations resulted in expenditures in excess of revenue by \$1,091,000, resulting in a reduction of fund balance to \$6,801,000. This result was anticipated by City Council when the appropriated approximately \$1 million for infrastructure improvements in the City. This appropriation was made by City Council with the intention of funding these projects from the General Fund fund balance.

Using this Annual Report

This annual report consists of a series of financial statements. The statement of net position (deficit) and the statement of activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing government services.

The fund financial statements present a short-term view; they tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the City's operations in more detail than the government-wide financial statements by providing information about the City's most significant funds. The fiduciary fund statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

CITY OF HAMTRAMCK, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019

Government-Wide Activities

The following table shows, in a condensed format, the net position (in thousands) as of June 30, 2019 and 2018:

	<u>Government Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Assets						
Cash and cash equivalents	\$ 13,979	\$ 12,835	\$ 7,980	\$ 6,457	\$ 21,960	\$ 19,292
Other assets	2,341	3,226	1,273	1,468	3,614	4,694
Capital assets	12,284	9,995	8,497	8,312	20,781	18,307
Total assets	<u>28,604</u>	<u>26,056</u>	<u>17,751</u>	<u>16,237</u>	<u>46,355</u>	<u>42,293</u>
Deferred Outflows	<u>6,479</u>	<u>2,562</u>	<u>-</u>	<u>-</u>	<u>6,479</u>	<u>2,562</u>
Liabilities						
Current liabilities	2,596	1,816	1,019	803	3,615	2,620
Long-term liabilities	88,487	82,887	5,318	5,585	93,805	88,472
Total liabilities	<u>91,083</u>	<u>84,703</u>	<u>6,337</u>	<u>6,388</u>	<u>97,421</u>	<u>91,092</u>
Deferred Inflows	<u>81</u>	<u>3,188</u>	<u>-</u>	<u>-</u>	<u>81</u>	<u>3,188</u>
Net Position						
Invested in capital assets -						
Net of related debt	10,833	8,171	2,935	2,485	13,767	10,656
Restricted	6,872	6,402	-	1,361	6,872	7,763
Unrestricted	(73,785)	(73,684)	8,479	6,003	(65,306)	(67,681)
Total net position (deficit)	<u>\$ (56,081)</u>	<u>\$ (59,110)</u>	<u>\$ 11,414</u>	<u>\$ 9,849</u>	<u>\$ (44,667)</u>	<u>\$ (49,262)</u>

The City's combined net position increased approximately 9 percent from a year ago, increasing from approximately \$(49,262,000) to \$(44,667,000). Analyzing the governmental activities separately from the business-type activities, the net position related to governmental activities increased by \$3,030,000 and the business-type activities increased by \$1,565,000.

**CITY OF HAMTRAMCK, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019**

The following table shows the changes in net position (in thousands) during the years ended June 30, 2019 and 2018:

	Government Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenue						
Program revenue:						
Charges for services	\$ 2,966	\$ 2,851	\$ 8,344	\$ 8,315	\$ 11,310	\$ 11,167
Operating grants and contributions	322	1,637	-	-	322	1,637
Capital grants and contributions	221	-	-	-	221	-
General revenue:						
Property taxes	6,917	6,968	-	-	6,917	6,968
Income taxes	3,078	2,734	-	-	3,078	2,734
State-shared revenue	3,490	3,407	-	-	3,490	3,407
State sources	2,763	2,194	-	-	2,763	2,194
Other miscellaneous income	645	510	-	-	645	510
Total revenue	20,403	20,301	8,344	8,315	28,746	28,616
Program Expenses						
General government	3,452	2,938	-	-	3,452	2,938
Public safety	9,810	8,691	-	-	9,810	8,691
Public works	3,131	2,467	-	-	3,131	2,467
Community and economic development	554	761	-	-	554	761
Code enforcement	27	-	-	-	27	-
Community and government affairs	-	96	-	-	-	96
Recreation and culture	399	216	-	-	399	216
Water and sewer	-	-	6,779	6,763	6,779	6,763
Total program expenses	17,373	15,167	6,779	6,763	24,152	21,931
Change in Net Position	\$ 3,030	\$ 5,133	\$ 1,565	\$ 1,552	\$ 4,594	\$ 6,686

Governmental Activities

Property taxes and revenues from the State of Michigan, including State-Shared Revenue, Act 51 road funding, and other grants, continue to be the City's two largest revenue sources. This year, they account for 64.6% of total governmental revenue.

Under full-accrual accounting which is similar to how a business would perform its accounting, the City incurred revenues in excess of expenses in fiscal year 2019. This is primarily due to a reduction in the net liability related to legacy costs such as pension and retiree healthcare.

Business-type Activities

The City's business-type activities consist of the Water and Sewer Fund which provides water and sanitary sewage disposal to its users. The City provides water and sewage treatment to residents through a contract with the Great Lakes Water Authority (GLWA).

The City is continually evaluating its operating costs, capital requirements, and its customer billing rates in order to address the needs of the system.

CITY OF HAMTRAMCK, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019

The City's Funds

Our analysis of the City's major funds follows the government-wide financial statements. The fund financial statements provide detail information about the most significant funds, not the City as a whole. The City Council creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millage. The City's major funds for 2019 include the General Fund, Major and Local Streets Funds, and the Water & Sewer Fund.

The General Fund pays for most of the City's governmental services. Its two largest source of revenue, property taxes and state shared revenue, remained relatively flat compared to 2018. In prior years, the City receive a significant revenue from a federal grant program which has ended. This resulted in an overall decrease in revenues for. Expenditures increased compared to 2018 as the City began making improvements to long neglected infrastructure. As a result, the current year General Fund expenditures exceeded revenues by approximately \$1,091,000.

General Fund Budgetary Highlights

Over the course of the year, the City amended the budget to take into account events during the year. The final amended budget included approximately \$108,000 more revenue than the originally adopted budget. However, actual revenue came in over the amended budget by approximately \$690,000.

Total expenditures showed a \$305,000 favorable variance compared to the amended budget. Many departments came in under budget with public safety and retiree costs approximately \$148,000 under budget, as the most significant. Again, the City maintained cost-containment methods during the year contributing to the overall decrease in expenditures compared to budget.

The final budget provided that the City would decrease fund balance by \$2,086,000; actual operations resulted in a decrease of \$1,091,000 to the fund balance.

Capital Asset and Debt Administration

Notable capital asset additions for governmental activities of \$2,978,000 included infrastructure roadways and alleys, building improvements and a significant upgrade to public safety systems.

Capital asset purchases in 2019 for business-type activities of \$370,000 included drainage system engineering and construction in the Water and Sewer fund.

**CITY OF HAMTRAMCK, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019**

Economic Factors and Next Year's Budgets and Rates

The City recently completed a city wide reappraisal of property. The reappraisal resulted in an increase in the city's total assessed value. While this does not have an immediate impact on revenue, it will generate a future increase in tax revenue as the properties with increased assessed values are sold. In addition, the City continues to see a positive trend in the sale price of property.

The City currently has a large liability in legacy costs for both current employees and retirees. The City has started the process of reducing some of the legacy costs to decrease this future liability.

The City is continuing to operate on reduced staff hours in City Hall. Furthermore, as employees have left the City positions have not been replaced, replaced with part time employees, or replaced at reduced benefit levels.

These positive trends, along with the City's other efforts in cost savings, will help to ensure the City is able to continue providing the best possible services to its residents.

Contacting the City's Management

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the City of Hamtramck's City Manager's Office, 3401 Evaline, Hamtramck, MI 48212.

CITY OF HAMTRAMCK, MICHIGAN
STATEMENT OF NET POSITION (DEFICIT)
June 30, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 13,979,471	\$ 7,980,358	\$ 21,959,829	\$ 146,518
Receivables, net	408,342	1,167,476	1,575,818	-
Internal balances	(24,394)	24,394	-	-
Internal balances	(6,377)	6,377	-	-
Due from fiduciary fund	100,230	74,935	175,165	-
Due from other governmental units	1,808,284	-	1,808,284	-
Prepaid expenses and other assets	54,993	-	54,993	-
Capital assets, net				
Assets not subject to depreciation	808,656	96,790	905,446	-
Assets subject to depreciation	<u>11,474,988</u>	<u>8,400,288</u>	<u>19,875,276</u>	-
Total assets	<u>28,604,193</u>	<u>17,750,618</u>	<u>46,354,811</u>	<u>146,518</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension	5,001,712	-	5,001,712	-
OPEB	<u>1,477,605</u>	<u>-</u>	<u>1,477,605</u>	<u>-</u>
Total deferred outflows of resources	<u>6,479,317</u>	<u>-</u>	<u>6,479,317</u>	<u>-</u>
LIABILITIES				
Accounts payable	1,485,634	738,221	2,223,855	-
Accrued liabilities and other	691,122	10,780	701,902	-
Due to fiduciary fund	31,995	-	31,995	1,206
Noncurrent liabilities				
Due within one year	387,425	270,000	657,425	-
Noncurrent liabilities				
Due in more than one year				
Compensated absences	1,460,975	25,671	1,486,646	-
Workers' compensation liability	92,512	-	92,512	-
Net OPEB liability	27,771,402	-	27,771,402	-
Net pension liability	58,098,748	-	58,098,748	-
Long-term debt	<u>1,063,680</u>	<u>5,292,337</u>	<u>6,356,017</u>	<u>-</u>
Total liabilities	<u>91,083,493</u>	<u>6,337,009</u>	<u>97,420,502</u>	<u>1,206</u>
DEFERRED INFLOWS OF RESOURCES				
OPEB	<u>80,836</u>	<u>-</u>	<u>80,836</u>	<u>-</u>
Total deferred inflows of resources	<u>80,836</u>	<u>-</u>	<u>80,836</u>	<u>-</u>
NET POSITION (DEFICIT)				
Net investment in capital assets	10,832,539	2,934,741	13,767,280	-
Restricted for				
Highways and streets	5,296,411	-	5,296,411	-
Public safety	411,731	-	411,731	-
Community development	496,922	-	496,922	-
Recreation and culture	246,250	-	246,250	-
Building and improvement fund	420,289	-	420,289	-
Unrestricted	<u>(73,784,961)</u>	<u>8,478,868</u>	<u>(65,306,093)</u>	<u>145,312</u>
Total net position (deficit)	<u>\$ (56,080,819)</u>	<u>\$ 11,413,609</u>	<u>\$ (44,667,210)</u>	<u>\$ 145,312</u>

CITY OF HAMTRAMCK, MICHIGAN
STATEMENT OF ACTIVITIES
Year Ended June 30, 2019

Functions/ Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Operating Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary government								
Governmental activities								
General government	\$ 3,452,399	\$ 77,378	\$ -	\$ -	\$ (3,375,021)	\$ -	\$ (3,375,021)	\$ -
Public safety	9,809,813	1,655,622	160,994	37,578	(7,955,619.00)	-	(7,955,619)	-
Public works	3,130,848	1,233,082	-	-	(1,897,766.00)	-	(1,897,766)	-
Community and economic development	554,250	-	161,149	183,809	(209,292)	-	(209,292)	-
Code enforcement	26,913	-	-	-	(26,913.00)	-	(26,913)	-
Recreation and culture	398,730	-	-	-	(398,730)	-	(398,730)	-
Total governmental activities	<u>17,372,953</u>	<u>2,966,082</u>	<u>322,143</u>	<u>221,387</u>	<u>(13,863,341)</u>	<u>-</u>	<u>(13,863,341)</u>	<u>-</u>
Business-type activities								
Water and sewer	6,779,064	8,343,869	-	-	-	1,564,805	1,564,805	-
Total business-type activities	<u>6,779,064</u>	<u>8,343,869</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,564,805</u>	<u>1,564,805</u>	<u>-</u>
Total primary government	<u>\$ 24,152,017</u>	<u>\$ 11,309,951</u>	<u>\$ 322,143</u>	<u>\$ 221,387</u>	<u>(13,863,341)</u>	<u>1,564,805</u>	<u>(12,298,536)</u>	<u>-</u>
Component unit	<u>\$ 41,523</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(41,523)</u>
General revenue								
Property taxes					6,916,663	-	6,916,663	48,671
Income taxes					3,078,125	-	3,078,125	-
State-shared revenue					3,490,196	-	3,490,196	-
State sources					2,763,197	-	2,763,197	-
Other miscellaneous income					644,773	-	644,773	-
Total general revenue					<u>16,892,954</u>	<u>-</u>	<u>16,892,954</u>	<u>48,671</u>
Change in Net Position					<u>3,029,613</u>	<u>1,564,805</u>	<u>4,594,418</u>	<u>7,148</u>
Net Position (Deficit) - Beginning of year					<u>(59,110,432)</u>	<u>9,848,804</u>	<u>(49,261,628)</u>	<u>138,164</u>
Net Position (Deficit) - End of year					<u>\$ (56,080,819)</u>	<u>\$ 11,413,609</u>	<u>\$ (44,667,210)</u>	<u>\$ 145,312</u>

CITY OF HAMTRAMCK, MICHIGAN
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2019

	General Fund	Major Streets Fund	Local Streets Fund	Nonmajor Funds	Total
Assets					
Cash and cash equivalents	\$ 6,906,914	\$ 3,138,566	\$ 2,121,439	\$ 1,812,552	\$ 13,979,471
Other receivables	178,144	(2,736)	-	126,723	302,131
Accounts receivable - court	106,213	-	-	-	106,213
Due from General Fund	-	-	-	329,607	329,607
Due from nonmajor governmental funds	250,980	2,675	-	-	253,655
Due from fiduciary fund	95,150	-	-	5,080	100,230
Due from other governmental units	1,113,179	248,676	76,356	370,073	1,808,284
Prepaid expenses and other assets	54,143	-	-	850	54,993
Total assets	\$ 8,704,723	\$ 3,387,181	\$ 2,197,795	\$ 2,644,885	\$ 16,934,584
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 849,735	\$ 90,821	\$ 193,531	\$ 351,547	\$ 1,485,634
Due to General Fund	-	-	-	250,980	250,980
Due to Major Streets Fund	-	-	-	2,675	2,675
Due to nonmajor governmental funds	329,607	-	-	-	329,607
Due to Water and Sewer Fund	24,394	-	-	6,377	30,771
Due to fiduciary fund	30,381	-	-	1,614	31,995
Accrued liabilities and other	669,257	2,612	1,601	13,882	687,352
Total liabilities	1,903,374	93,433	195,132	627,075	2,819,014
Deferred inflows of resources - Unavailable revenue	-	-	-	429,622	429,622
Fund Balances					
Nonspendable - prepaids	54,143	-	-	850	54,993
Restricted					
Highways and streets	-	3,293,748	2,002,663	-	5,296,411
Public safety	-	-	-	411,731	411,731
Community development	-	-	-	496,922	496,922
Recreation and culture	-	-	-	246,250	246,250
Building and improvement fund	-	-	-	420,289	420,289
Committed	-	-	-	12,146	12,146
Unrestricted	6,747,206	-	-	-	6,747,206
Total fund balances	6,801,349	3,293,748	2,002,663	1,588,188	13,685,948
Total liabilities and fund balances	\$ 8,704,723	\$ 3,387,181	\$ 2,197,795	\$ 2,644,885	\$ 16,934,584

CITY OF HAMTRAMCK, MICHIGAN
GOVERNMENTAL FUNDS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION (DEFICIT)
June 30, 2019

Fund Balance Reported in Governmental Funds	\$ 13,685,948
Amounts reported for governmental activities in the statement of net position (deficit) are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	12,283,644
Grants and other receivables that are collected after year end, such that they are not available to pay bills outstanding as of year end, are not recognized in the funds	429,622
Bonds payable and claims obligations are not due and payable in the current period and are not reported in the funds	(1,451,105)
Net pension liability is not reported in the governmental funds	(58,098,748)
Other postemployment benefit obligation is not reported in the governmental funds	(27,771,402)
Workers' compensation does not present a claim on current financial resources and is not reported as fund liabilities	(92,512)
Accrued interest is not due and payable in the current period and is not reported in the funds	(3,772)
Employee compensated absences are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities	(1,460,975)
Deferred inflows related to pension and OPEB activity	(80,836)
Deferred outflows related to pension and OPEB activity	<u>6,479,317</u>
Net Position (Deficit) of Governmental Activities	<u><u>\$ (56,080,819)</u></u>

CITY OF HAMTRAMCK, MICHIGAN
GOVERNMENTAL FUNDS
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
Year Ended June 30, 2019

	General Fund	Major Streets Fund	Local Streets Fund	Nonmajor Funds	Total
Revenue					
Property taxes	\$ 6,572,754	\$ -	\$ -	\$ 343,909	\$ 6,916,663
Income taxes	3,078,125	-	-	-	3,078,125
Licenses and permits	1,233,082	-	-	-	1,233,082
Federal grants	198,572	-	-	344,958	543,530
State-shared revenue	3,490,196	-	-	-	3,490,196
State sources	106,653	1,428,943	658,237	569,364	2,763,197
Fines and forfeitures	1,455,972	-	-	199,650	1,655,622
Charges for services	77,378	-	-	-	77,378
Other revenue	603,494	-	-	41,279	644,773
Total revenue	16,816,226	1,428,943	658,237	1,499,160	20,402,566
Expenditures					
Current					
General government	3,413,100	-	-	38,936	3,452,036
District court	719,293	-	-	-	719,293
Public safety	10,757,520	-	-	374,596	11,132,116
Public works	2,666,322	886,915	887,476	699,628	5,140,341
Community and economic development	323,579	-	-	230,671	554,250
Code enforcement	26,913	-	-	-	26,913
Recreation and culture	-	-	-	362,747	362,747
Total expenditures	17,906,727	886,915	887,476	1,706,578	21,387,696
Excess of Revenue Over (Under) Expenditures	(1,090,501)	542,028	(229,239)	(207,418)	(985,130)
Other Financing Sources (Uses)					
Transfers in	56,000	-	-	418,793	474,793
Transfers out	(418,793)	-	-	(56,000)	(474,793)
Total other financing sources (uses)	(362,793)	-	-	362,793	-
Net Change in Fund Balance	(1,453,294)	542,028	(229,239)	155,375	(985,130)
Fund Balances - Beginning of year	8,254,643	2,751,720	2,231,902	1,432,813	14,671,078
Fund Balances - End of year	\$ 6,801,349	\$ 3,293,748	\$ 2,002,663	\$ 1,588,188	\$ 13,685,948

CITY OF HAMTRAMCK, MICHIGAN
GOVERNMENTAL FUNDS

**RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES
 IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**
Year Ended June 30, 2019

Net Change in Fund Balances - Total Governmental Funds \$ (985,130)

Amounts reported for governmental activities in the statement of activities are different because:

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

Capital outlay	2,978,046
Depreciation expense	(689,245)

Repayment of bond principal are expenditures in the governmental funds, but not in the statement of activities	372,795
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Changes in workers' compensation liability recorded in statement of activities, but not the governmental funds	19,632
--	--------

Pension activity related to net pension liability is recorded in the statement of activities, but not in the governmental funds	1,610,953
---	-----------

Change in accrued interest payable and other	3,693
--	-------

Changes in accumulated employee sick and vacation pay and other similar expenses are not reported in the fund statements until they come due for payment	(2,127)
--	---------

Long-term grant revenues are recorded in the statement of activities but not the fund statements	333,335
--	---------

Other postemployment benefit activity is recognized in the statement of activities, but not in the governmental funds	<u>(754,339)</u>
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Change in Net Position of Governmental Activities	<u>\$ 3,029,613</u>
--	----------------------------

CITY OF HAMTRAMCK, MICHIGAN
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
June 30, 2019

	<u>Water and Sewer</u>
ASSETS	
Current assets	
Cash and cash equivalents	\$ 7,980,358
Receivables	1,167,476
Due from General Fund	24,394
Due from Nonmajor Governmental Funds	6,377
Due from Fiduciary Funds	<u>74,935</u>
Total current assets	<u>9,253,540</u>
Noncurrent assets	
Capital assets	
Assets not subject to depreciation	96,790
Assets subject to depreciation, net	<u>8,400,288</u>
Total noncurrent assets	<u>8,497,078</u>
Total assets	<u><u>\$ 17,750,618</u></u>
LIABILITIES	
Current liabilities	
Accounts payable	\$ 738,221
Accrued liabilities and other	10,780
Current portion of long-term debt	<u>270,000</u>
Total current liabilities	<u>1,019,001</u>
Noncurrent liabilities	
Compensated absences, net of current portion	25,671
Long-term debt	<u>5,292,337</u>
Total noncurrent liabilities	<u>5,318,008</u>
Total liabilities	<u>6,337,009</u>
NET POSITION	
Net investment in capital assets	2,934,741
Unrestricted	<u>8,478,868</u>
Total net position	<u><u>\$ 11,413,609</u></u>

CITY OF HAMTRAMCK, MICHIGAN
PROPRIETARY FUNDS
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
Year Ended June 30, 2019

	Water and Sewer
Operating Revenue	
Sale of water	\$ 3,083,181
Sewage disposal charges	5,255,117
Other sales to customers	<u>5,571</u>
Total operating revenue	<u>8,343,869</u>
Operating Expenses	
Cost of water	713,526
Cost of sewage treatment	4,086,192
Operation and maintenance	1,249,180
General administrative costs	400,478
Depreciation and amortization	<u>185,688</u>
Total operating expenses	<u>6,635,064</u>
Operating Income	<u>1,708,805</u>
Non-operating Expense	
Interest expense	<u>(144,000)</u>
Change in Net Position	<u>1,564,805</u>
Net Position - Beginning of year	<u>9,848,804</u>
Net Position - End of year	<u><u>\$ 11,413,609</u></u>

CITY OF HAMTRAMCK, MICHIGAN
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
Year Ended June 30, 2019

	<u>Water and Sewer</u>
Cash Flows from Operating Activities	
Receipts from customers	\$ 8,556,965
Payments to suppliers	(4,592,740)
Other operating expenses	<u>(1,661,331)</u>
Net cash provided by operating activities	<u>2,302,894</u>
Cash Flows used in Capital and Related Financing Activities	
Purchase of capital assets	(370,475)
Principal and interest paid on capital debt	<u>(409,000)</u>
Net cash used in capital and related financing activities	<u>(779,475)</u>
Net Increase in Cash and Cash Equivalents	1,523,419
Cash and Cash Equivalents - Beginning of year	<u>6,456,939</u>
Cash and Cash Equivalents - End of year	<u><u>\$ 7,980,358</u></u>
Reconciliation of Operating Income to Net Cash from Operating Activities	
Operating income	\$ 1,708,805
Adjustments to reconcile operating income to net cash from operating activities	
Depreciation and amortization	185,688
Changes in assets and liabilities:	
Receivables	213,096
Due from other funds	(30,771)
Due from other governmental units	12,343
Accounts payable	206,978
Accrued liabilities and other	<u>6,755</u>
Net cash provided by operating activities	<u><u>\$ 2,302,894</u></u>

CITY OF HAMTRAMCK, MICHIGAN
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2019

	Development Agreement Escrow Private Purpose Trust Fund	Agency Funds
	<u>Trust Fund</u>	<u>Agency Funds</u>
Assets		
Cash and cash equivalents	\$ 304,388	\$ 903,482
Receivables	80	468
Due from Major Streets Fund	-	30,381
Due from Water and Sewer Fund	-	1,614
Due from Component Unit	-	1,206
	<u> </u>	<u> </u>
Total assets	<u>\$ 304,468</u>	<u>\$ 937,151</u>
Liabilities		
Accounts payable and other liabilities	\$ 67,699	\$ 381
Due to General Fund	-	95,150
Due to Nonmajor Governmental Funds	-	5,080
Due to Water and Sewer Fund	-	74,935
Due to Other Governmental Units	-	708,713
Refundable deposits	-	52,892
	<u> </u>	<u> </u>
Total liabilities	<u>67,699</u>	<u>\$ 937,151</u>
Net position held in trust for development escrow account	<u>\$ 236,769</u>	

CITY OF HAMTRAMCK, MICHIGAN
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
June 30, 2019

	Development Agreement Escrow Private Purpose Trust Fund
Additions	
Interest earned	\$ 4,194
Total additions	<u>4,194</u>
Deductions	
Community and economic development	\$ <u>272,073</u>
Total deductions	<u>272,073</u>
Net decrease in net position	(267,879)
Net position held in trust - Beginning of year	<u>504,647</u>
Net position held in trust - End of year	<u><u>\$ 236,769</u></u>

CITY OF HAMTRAMCK, MICHIGAN
COMPONENT UNIT
STATEMENT OF NET POSITION
June 30, 2019

	Downtown Development Authority
Assets	
Cash and cash equivalents	<u>\$ 146,518</u>
Total assets	<u>146,518</u>
Liabilities	
Due to Fiduciary Funds	<u>1,206</u>
Total liabilities	<u>1,206</u>
Net position	<u><u>\$ 145,312</u></u>

CITY OF HAMTRAMCK, MICHIGAN
COMPONENT UNIT
STATEMENT OF ACTIVITIES
Year Ended June 30, 2019

	Downtown Development Authority
General revenue - Property tax capture	<u>\$ 48,671</u>
Expenses	<u>41,523</u>
Change in Net Position	7,148
Net position - Beginning of year	<u>138,164</u>
Net position - End of year	<u><u>\$ 145,312</u></u>

CITY OF HAMTRAMCK, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 - NATURE OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Hamtramck, Michigan (the "City") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the City of Hamtramck, Michigan:

Reporting Entity

The City of Hamtramck, Michigan is governed by an elected mayor and a six-member City Council.

The accompanying financial statements present the City and its component unit, an entity for which the City is considered to be financially accountable. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City (see discussion below for description).

Discretely Presented Component Unit

The Downtown Development Authority (DDA) was created to correct and prevent deterioration in the downtown district, encourage historical preservation, and to promote economic growth within the downtown district. The DDA's governing body consists of 10 individuals appointed by the mayor, subject to approval of the City Council. In addition, the DDA's budget is subject to approval by the City Council. The DDA does not issue a separate financial report. The DDA's administrative office is located at 3401 Evaline, Hamtramck, Michigan 48212.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position (deficit) and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component unit. The effect of interfund activity has been removed from these statements.

Governmental activities, normally supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

CITY OF HAMTRAMCK, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 - NATURE OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenue are reported instead as general revenue.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund, fiduciary fund, and component unit financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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 are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both 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 revenue to be available if it is collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Revenue is recognized in the accounting period in which it becomes susceptible to accrual, that is, when it becomes both measurable and available to finance expenditures of the fiscal period. Property taxes, state-shared revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period.

CITY OF HAMTRAMCK, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 - NATURE OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City reports the following major governmental funds:

General Fund - The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Major Streets - The Major Streets Fund is the City's special revenue fund account for the expenditures of motor fuel taxes that are earmarked by state law for major street and highway purposes.

Local Streets - The Local Streets Fund is the City's special revenue fund account for the expenditures of State of Michigan PA 51 monies that are used to construct and maintain local road systems.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the City's proprietary fund relates to charges to customers for sales and services. Operating expenses for the proprietary fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

The City reports the following major proprietary fund:

Water and Sewer Fund - The Water and Sewer Fund is used to account for the provision of water and sewer services to the residents of the City financed primarily by user charges. All activities necessary to provide such services are accounted for in this fund including, but not limited to, administration, operations, maintenance, billing, and collection.

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 expenditures for specified purpose other than debt service or capital projects. Additionally, the City reports the following fund types:

Fiduciary Fund - accounts for assets held by the City in a fiduciary capacity for others. 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.

CITY OF HAMTRAMCK, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 - NATURE OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Development Agreement Escrow Fund – The Development Agreement Escrow fund records money held in trust resulting from a 1981 court judgement. The judgment required the City to create a Tax Increment Finance Authority (TIFA) District (R-31). All revenue including property taxes, income taxes, and sale and building permit proceeds must be held in this fund and used for the replacement rehabilitation of homes in this district. The judgement called for the creation of two corporations to supervise the development in this district.

Capital Improvement Fund – the City has a Project Improvement Fund that is used to fund various capital projects.

Other Policies

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

Amounts reported as program revenue include: (1) charges to customers for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. General revenue includes all taxes.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the City's policy is to first apply restricted resources. When an expense is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the City's policy to spend funds in this order: committed, assigned, and unassigned.

Property Tax Revenue

Properties are assessed as of December 31. Property taxes are levied the following July 1 and become a lien on December 1. The taxes are due on February 28, after which point they are added to the county tax rolls.

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

The 2018 taxable valuation of the City totaled \$194,564,228, on which taxes levied consisted of 19.5994 mills for operating purposes, 2.9399 mills for rubbish services, 0.5000 mills for police and fire pension, 1.8171 mills for library, and 1.8251 for DDA District.

CITY OF HAMTRAMCK, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 - NATURE OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Net Assets or Equity

Cash and Cash Equivalents – Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. To the extent that cash from various funds has been pooled, pooled interest income is generally allocated to each fund using a weighted average of balance for the principal.

Receivables and Payables - In general, outstanding balances between funds are reported as “due to/from other funds.”

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

Capital Assets - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than \$10,000 for infrastructure assets and \$5,000 for all other capital assets and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed

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

Roads and sidewalks	30 years
Street lights	20 years
Water and sewer facilities	50 years
Building and building improvements	15 to 50 years
Vehicles	5 to 20 years
Machinery and equipment	5 to 12 years
Library collection	10 years

Compensated Absences (Vacation and Sick Leave) - It is the City's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. All sick and vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in government-wide statements.

CITY OF HAMTRAMCK, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 - NATURE OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-term Obligations - In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net position.

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

Other Postemployment Benefit Costs - The City offers healthcare benefits to qualified retirees. The City records a net OPEB liability for the difference between the total OPEB liability calculated by the actuary and the OPEB plan's fiduciary net position. The City to date has not set aside any funds towards this liability, hence the unfunded net OPEB liability is equal to the total OPEB liability calculated by the actuary.

Deferred Outflow and Inflow of Resources - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until then. The government-wide statements and proprietary funds report deferred outflows from the change in assumptions of the pension plan, as well as city contributions made after the measurement date of the net pension liability. The government-wide statements and proprietary funds report deferred outflows from the difference between projected and actual experience of the pension and OPEB and contributions made to the pension plan subsequent to the measurement date.

CITY OF HAMTRAMCK, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 - NATURE OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The government-wide statements and proprietary funds report deferred inflows from the difference between projected and actual earnings of the pension plan, difference between the projected and actual experience of the OPEB plan, and changes in assumptions of the OPEB plan. Unavailable revenue qualifies for reporting in this category and is reported only under a modified accrual basis of accounting. The governmental funds report unavailable revenues from special assessments, delinquent property taxes and grants that were not received within 60 days of year end.

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

Fund Equity - In the fund financial statements, governmental funds report the following components of fund balance:

- **Nonspendable** - Amounts that are not in spendable form or are legally or contractually required to be maintained intact.
- **Restricted** - Amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for specific purposes.
- **Committed** - Amounts that have been formally set aside by the City Council for use for specific purposes. Commitments are made and can be rescinded only via resolution of the City Council.
- **Assigned** – Amounts intended to be used by the government for specific purposes, but do not meet the criteria to be classified as restricted or committed. The City Council has the authority to assign funds.
- **Unassigned** - Amounts that do not fall into any other category above. This is the residual classification for amounts in the General Fund and represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes in the General Fund. In other governmental funds, only negative unassigned amounts are reported, if any, and represent expenditures incurred for specific purposes exceeding the amounts previously restricted, committed, or assigned to those purposes.

CITY OF HAMTRAMCK, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

Cumulative shortfall at July 1, 2018	<u>\$ (1,250,134)</u>
Revenue - Building fee revenue	427,869
Expenditures	<u>(322,136)</u>
Current year income	<u>105,733</u>
Cumulative shortfall at June 30, 2019	<u><u>\$ (1,144,401)</u></u>

NOTE 3 - DEPOSITS

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The law also allows investments outside the state of Michigan when fully insured. The City is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

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

Custodial Credit Risk of Bank Deposits - Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At year end, the City had \$20,678,604 in bank deposits (certifications of deposit, checking, and savings accounts), that were uninsured or uncollateralized. The City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the City evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

CITY OF HAMTRAMCK, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 4 - CAPITAL ASSETS

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

	Balance July 1, 2018	Additions	Disposals	Transfers	Balance June 30, 2019
Governmental Activities					
Capital assets not being depreciated					
Land	\$ 808,656	\$ -	\$ -	\$ -	\$ 808,656
Construction in progress	22,482			(22,482)	-
Subtotal	831,138	-	-	(22,482)	808,656
Capital assets being depreciated					
Land improvements	9,110,839	2,374,269	-	22,482	11,507,590
Street lights	683,201	-	-	-	683,201
Building and improvements	4,580,435	214,194	-	-	4,794,629
Machinery and equipment	841,442	379,119	-	-	1,220,561
Vehicles	4,565,131	-	-	-	4,565,131
Library collection	1,204,374	10,464	(19,425)	-	1,195,413
Subtotal	20,985,422	2,978,046	(19,425)	22,482	23,966,525
Accumulated depreciation					
Land improvements	4,759,195	275,314	-	-	5,034,509
Street lights	208,091	34,160	-	-	242,251
Building and improvements	1,879,960	104,219	-	-	1,984,179
Machinery and equipment	534,626	68,749	-	-	603,375
Vehicles	3,329,794	180,686	-	-	3,510,480
Library collection	1,110,051	26,117	(19,425)	-	1,116,743
Subtotal	11,821,717	689,245	(19,425)	-	12,491,537
Net capital assets being depreciated	9,163,705	2,288,801	-	22,482	11,474,988
Net capital assets	\$ 9,994,843	\$ 2,288,801	\$ -	\$ -	\$ 12,283,644

CITY OF HAMTRAMCK, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 4 - CAPITAL ASSETS (Continued)

	Balance July 1, 2018	Additions	Disposals	Balance June 30, 2019
Business-type Activities				
Capital assets not being depreciated				
Land	\$ 96,790	\$ -	\$ -	\$ 96,790
Subtotal	<u>96,790</u>	<u>-</u>	<u>-</u>	<u>96,790</u>
Capital assets being depreciated				
Water and sewer lines	10,131,015	370,475	-	10,501,490
Machinery and equipment	1,415,290	-	-	1,415,290
Subtotal	<u>11,546,305</u>	<u>370,475</u>	<u>-</u>	<u>11,916,780</u>
Accumulated depreciation				
Water and sewer lines	1,915,513	185,688	-	2,101,201
Machinery and equipment	1,415,291	-	-	1,415,291
Subtotal	<u>3,330,804</u>	<u>185,688</u>	<u>-</u>	<u>3,516,492</u>
Net capital assets being depreciated	<u>8,215,501</u>	<u>184,787</u>	<u>-</u>	<u>8,400,288</u>
Net capital assets	<u>\$ 8,312,291</u>	<u>\$ 184,787</u>	<u>\$ -</u>	<u>\$ 8,497,078</u>

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

Governmental Activities	
General government	\$ 95,510
Public safety	185,341
Public works	381,385
Recreation and culture	<u>27,009</u>
Total governmental activities	<u>\$ 689,245</u>
Business-type Activities	
Water and sewer	<u>\$ 185,688</u>
Total business-type activities	<u>\$ 185,688</u>

CITY OF HAMTRAMCK, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances is as follows:

Due From	Due To				Total
	General Fund	Nonmajor Governmental Funds	Fiduciary Funds	Component Unit	
General Fund	\$ -	\$ 250,980	\$ 95,150	\$ -	\$ 346,130
Major Streets Fund	-	2,675	-	-	2,675
Local Streets Fund	-	-	-	-	-
Nonmajor Governmental Funds	329,607	-	5,080	-	334,687
Water and Sewer Fund	24,394	6,377	74,935	-	105,706
Fiduciary Funds	30,381	1,614	-	1,206	33,201
Component Unit	-	-	-	-	-
	<u>\$ 384,382</u>	<u>\$ 261,646</u>	<u>\$ 175,165</u>	<u>\$ 1,206</u>	<u>\$ 822,399</u>

These balances result from the time lag between the dates that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

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

Transfer From	Transfer To		
	General Fund	Nonmajor Governmental Funds	Total
General Fund	\$ -	\$ 418,793	\$ 418,793
Nonmajor Governmental Funds	56,000	-	56,000
	<u>\$ 56,000</u>	<u>\$ 418,793</u>	<u>\$ 474,793</u>

NOTE 6 - LONG-TERM DEBT

The City issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City.

The Water and Sewer Fund revenue bonds are payable solely from the net revenue of the system and are not a general obligation of the City. The City has agreed to fix and maintain the system to provide rates for services provided by the system sufficient to provide for payment of necessary expenses of the system, including the principal and interest on the bonds, when due.

CITY OF HAMTRAMCK, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 6 - LONG-TERM DEBT (Continued)

The accumulated compensated absences represent the estimated liability to be paid to governmental fund-type employees under the City's sick and vacation pay policy. Under the City's policy, employees earn sick and vacation time based on time of service with the City.

Long-term debt activity can be summarized as follows:

	Interest Rate Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities						
Bonds and contracts payable						
Direct borrowings and direct placements:						
2012B Fiscal Stability:						
Amount of issue - \$1,340,000						
Maturing through 2021	2% - 3%	\$ 535,000	\$ -	\$ 170,000	\$ 365,000	\$ 180,000
2014 Fiscal Stability:						
, Amount of issue - \$2,070,027						
Maturing through 2024	2.30%	1,288,900	-	202,795	1,086,105	207,425
Total direct borrowings and direct placements principal outstanding		1,823,900	-	372,795	1,451,105	387,425
Accumulated compensated absences		1,458,848	2,127	-	1,460,975	-
Workers' compensation		112,144	-	19,632	92,512	-
Total governmental activities		<u>\$ 3,394,892</u>	<u>\$ 2,127</u>	<u>\$ 392,427</u>	<u>\$ 3,004,592</u>	<u>\$ 387,425</u>
Business-type Activities						
Bonds and contracts payable						
Direct borrowings and direct placements:						
2015 Michigan Finance Authority - Clean Water Program:						
Amount of issue - \$6,425,000						
Maturing through 2030	2.50%	\$ 5,827,337	\$ -	\$ 265,000	\$ 5,562,337	\$ 270,000
Total direct borrowings and direct placements principal outstanding		5,827,337	-	265,000	5,562,337	270,000
Accumulated compensated absences		22,700	2,971	-	25,671	-
Total business-type activities		<u>\$ 5,850,037</u>	<u>\$ 2,971</u>	<u>\$ 265,000</u>	<u>\$ 5,588,008</u>	<u>\$ 270,000</u>

CITY OF HAMTRAMCK, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 6 - LONG-TERM DEBT (Continued)

Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

Years Ending June 30	Governmental Activities		
	Direct Borrowings and Direct Placements		
	Principal	Interest	Total
2020	\$ 387,425	\$ 33,265	\$ 420,690
2021	397,257	22,957	420,214
2022	217,112	15,328	232,440
2023	222,105	10,334	232,439
2024	227,206	5,233	232,439
Total	\$ 1,451,105	\$ 87,117	\$ 1,538,222

Years Ending June 30	Business-Type Activities		
	Direct Borrowings and Direct Placements		
	Principal	Interest	Total
2019	\$ 270,000	\$ 139,058	\$ 409,058
2020	280,000	132,308	412,308
2021	285,000	125,308	410,308
2022	290,000	118,183	408,183
2023	300,000	110,933	410,933
2024-2028	1,610,000	438,792	2,048,792
2029-2033	1,825,000	227,167	2,052,167
2034-2036	702,337	25,367	727,704
Total	\$ 5,562,337	\$ 1,317,118	\$ 6,879,455

NOTE 7 - 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. Beginning July 1, 2011, the City became partially insured for workers compensation claims. The following is a summary of the City's risk management programs:

CITY OF HAMTRAMCK, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 7 - RISK MANAGEMENT (Continued)

General Liability – The City is exposed to various risks of loss related to property loss, torts, errors and omissions as well as medical benefits provided to employees. The City has purchased insurance coverage through commercial carriers for general and auto liability, auto physical damage, dishonesty, boiler and medical benefits. The City is partially self-insured for general liability claims.

Workers' Compensation - The City is partially self-insured for workers' compensation claims. The City estimates the liability for workers' compensation claims that have been incurred through the end of the fiscal year, including both those claims that have been reported as well as those that have not yet been reported. Changes in the estimated liabilities are as follows:

	<u>Workers'</u> <u>Compensation</u>	<u>General</u> <u>Liability</u>
	2019	2019
Unpaid claims - Beginning of year	\$ 112,144	\$ 142,000
Incurred claims, including claims incurred but not reported	(77,006)	296,774
Claim payments	<u>57,374</u>	<u>(438,774)</u>
Unpaid claims - End of year	<u>\$ 92,512</u>	<u>\$ -</u>

NOTE 8 - DEFINED BENEFIT PENSION PLAN

Plan Description - The City participates in an agent multiple-employer defined benefit pension plan administered by the Municipal Employees' Retirement System (MERS of Michigan) that covers certain general, nonunion, police, and patrol employees of the City. MERS was established as a statewide public employee pension plan by Michigan Legislature under PA 135 of 1945 and is administered by a nine-member retirement board. MERS issues a publicly available financial report which includes the financial statements and required supplemental information of this defined benefit plan. This report can be obtained at www.mersofmichigan.com or in writing to MERS at 1134 Municipal Way, Lansing, Michigan 48917.

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

CITY OF HAMTRAMCK, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 8 - DEFINED BENEFIT PENSION PLAN (Continued)

The MERS plan covers general employees, police employees, and department heads. Retirement benefits for general employees and nonunion employees hired before January 1, 2008 are calculated as 2.5 percent (80 percent max) of the employee's final three-year average salary times the employee's years of service. Normal retirement age is 60 with early retirement at 50 with 25 years of service or 55 with 15 years of service. Vesting period is 10 years.

Benefit terms provide for annual cost of living adjustments to each employee's retirement allowance subsequent to the employee's retirement date limited to increases in the Consumer Price Index.

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

Employees Covered by Benefit Terms – At the December 31, 2018 measurement date, the following employees were covered by the benefit terms:

Employees Covered by Benefit Terms

Inactive plan members or beneficiaries currently receiving benefits	221
Inactive plan members entitled to but not yet receiving benefits	104
Active plan members	<u>89</u>
Total employees covered by MERS	<u><u>414</u></u>

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

For the year ended June 30, 2019, the average active employee contribution rate ranges from 0 to 15 percent of annual pay and the City's average contribution rate ranges from 0 to 35.2 percent of annual payroll.

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

CITY OF HAMTRAMCK, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 8 - DEFINED BENEFIT PENSION PLAN (Continued)

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

<u>Changes in Net Pension Liability</u>	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Net Position</u>	<u>Net Pension Liability</u>
Balance at December 31, 2017	\$ 96,580,465	\$ 42,498,396	\$ 54,082,069
Service cost	522,168	-	522,168
Interest	7,322,542	-	7,322,542
Change to benefit terms	-	-	-
Experience differences	781,130	-	781,130
Contributions - Employer	-	4,213,221	(4,213,221)
Contributions - Employee	-	482,430	(482,430)
Net investment income	-	(1,621,066)	1,621,066
Transfers and fees	-	1,615,535	(1,615,535)
Benefit payments, including refunds	(7,904,832)	(7,904,832)	-
Administrative expenses	-	(80,959)	80,959
Net changes	<u>721,008</u>	<u>(3,295,671)</u>	<u>4,016,679</u>
Balance at December 31, 2018	<u>\$ 97,301,473</u>	<u>\$ 39,202,725</u>	<u>\$ 58,098,748</u>

Assumption Changes – There were no significant assumption changes which affect the measurement of the total pension liability from the time of the last measurement date at December 31, 2017 to December 31, 2018.

CITY OF HAMTRAMCK, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 8 - DEFINED BENEFIT PENSION PLAN (Continued)

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

For the year ended June 30, 2019, the City recognized pension expense of \$2,633,640. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Source	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 721,206	\$ -
Net difference between projected and actual earnings on pension plan investments	2,088,344	-
Employer contributions to the plan subsequent to the measurement date	<u>2,192,162</u>	<u>-</u>
Total	<u><u>\$ 5,001,712</u></u>	<u><u>\$ -</u></u>

Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows. These amounts are exclusive of the employer contributions to the plan made subsequent to the measurement date (\$2,192,162), which will impact the net pension liability in fiscal year 2019, rather than pension expense.

Years Ending June 30	Amount
2020	\$ 746,524
2021	546,071
2022	546,996
2023	969,960

Actuarial Assumptions – The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%	
Salary increases	3.75 - 14.75%	Including inflation
Investment rate of return	8.00%	Gross of pension plan investment expense, including inflation

CITY OF HAMTRAMCK, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 8 - DEFINED BENEFIT PENSION PLAN (Continued)

Actuarial Assumptions (Continued)

The mortality table used to project the mortality experience of nondisabled plan members is a 50 percent male – 50 percent female blend of the following tables:

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

For disabled retirees, the RP-2014 Disabled Retiree Mortality Table is used with a 50 percent male and 50 percent female blend.

The actuarial assumptions used in the December 31, 2018 valuation were based on assumptions that include a 10% margin for future mortality improvements, relative to the actual mortality experience seen in the 2009-2013 Experience Study.

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

Projected Cash Flows

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

CITY OF HAMTRAMCK, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 8 - DEFINED BENEFIT PENSION PLAN (Continued)

Projected Cash Flows (Continued)

The long-term expected rate of return on pension plan investments was determined using a model in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return as December 31, 2018, the measurement date, for each major class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global equity	55.5%	8.65%
Global fixed income	18.5%	3.76%
Real assets	13.5%	9.72%
Diversifying strategies	12.5%	7.50%

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the City, calculated using the discount rate of 8 percent, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7 percent) or one percentage point higher (9 percent) than the current rate:

	<u>1% Decrease (7.00%)</u>	<u>Discount Rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
Net pension liability of the City	\$ 67,718,691	\$ 58,098,748	\$ 49,963,056

Pension Plan Fiduciary Net Position – Detailed information about the plan’s fiduciary net position is available in the separately issued financial report found at www.mersomichigan.com. The plan’s fiduciary net position has been determined on the same basis used by the plan. The plan uses the economic resource measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employees contributions are recognized as expense when due and payable in accordance with the benefit terms.

CITY OF HAMTRAMCK, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS

Plan Description - The City provides healthcare benefits to all full-time employees upon retirement, in accordance with labor contracts. Currently, the plan has 213 members (including employees in active service, terminated employees not yet receiving benefits, and retired employees and beneficiaries currently receiving benefits).

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

Funding Policy - The obligation to contribute to and maintain the system for these employees was established by negotiation with the City's collective bargaining units. The City has no obligation to make contributions in advance of when the insurance premiums are due for payment (in other words, this may be financed on a "pay-as-you-go" basis). The retirees contribute varying amounts, as negotiated by collective bargaining units.

Employees Covered by Benefit Terms

The following members were covered by the contractual benefit terms:

Date of member count	June 30, 2019
Retirees and beneficiaries currently receiving benefits	145
Active plan members	<u>68</u>
Total plan members	<u><u>213</u></u>

Contributions

Retiree healthcare costs are funded by the City on a 'pay-as-you-go" basis. The City has no obligation to make contributions in advance of when the insurance premiums are due for payment. For the fiscal year ended June 30, 2019, the City made payments for postemployment healthcare benefits of \$1,098,615.

Total OPEB Liability

The City's total OPEB liability of \$27,771,402 was measured as of June 30, 2019 and was determined by an actuarial valuation as of June 30, 2017.

CITY OF HAMTRAMCK, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Total OPEB Liability (Continued)

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

Changes in Net OPEB Liability	Total OPEB Liability	Plan Net Position	Net OPEB Liability
Balance at July 1, 2018	\$ 25,782,790	\$ -	\$ 25,782,790
Changes for the year:			
Service cost	265,775	-	265,775
Interest	918,263	-	918,263
Differences between expected and actual experience	82,929	-	82,929
Changes in assumptions	1,820,260	-	1,820,260
Contributions - Employer	-	1,098,615	(1,098,615)
Benefit payments, including refunds	<u>(1,098,615)</u>	<u>(1,098,615)</u>	<u>-</u>
Net Changes	<u>1,988,612</u>	<u>-</u>	<u>1,988,612</u>
Balance at June 30, 2019	<u><u>\$ 27,771,402</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 27,771,402</u></u>

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

For the year ended June 30, 2019, the City recognized OPEB expense of \$1,852,954.

At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 226,425	\$ -
Changes in assumptions	<u>1,251,180</u>	<u>80,836</u>
Total	<u><u>\$ 1,477,605</u></u>	<u><u>\$ 80,836</u></u>

CITY OF HAMTRAMCK, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2020	\$ 668,916
2021	609,685
2022	118,168

Actuarial Assumptions

Actuarial assumptions used in the June 30, 2017 valuation were based on the results of the MERS 5-year experience study for the period January 1, 2009 to December 31, 2013 performed by the prior MERS pension actuary. The total OPEB liability as of June 30, 2019 was determined using an inflation assumption of 2.5 percent; assumed salary increases (including inflation) of 3.5 to 14.5 percent, a healthcare cost trend rate of 9.0 percent for 2019, reduced by decrements to an ultimate rate of 3.5 percent for 2028 and later years; and a 50 percent Male – 50 percent Female blend of the RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105 percent, the RP-2014 Employee Mortality Tables, and the RP-2014 Juvenile Mortality Tables. No load was applied in connection with the “Cadillac” tax. In addition, 100 percent of active employees currently receiving healthcare through the City were assumed to elect retiree coverage. These assumptions were applied to all periods included in the measurement, except for the discount rate, which was 3.56 percent in the calculation of the beginning of year total OPEB liability.

Discount Rate

The discount rate used to measure the total OPEB liability at June 30, 2019 was 3.13 percent; however, the discount rate used to measure the total OPEB liability at the beginning of the year was 3.62 percent. The discount rate was based on the 20-Year Municipal GO AA Bond Index.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, calculated using the discount rate of 3.13 percent, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point or lower or 1 percentage point higher than the current rate:

	1 Percent Decrease (2.13%)	Current Discount Rate (3.13%)	1 Percent Increase (4.13%)
Total OPEB liability of the Plan	\$ 32,154,660	\$ 27,771,402	\$ 24,247,447

CITY OF HAMTRAMCK, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

The following presents the total OPEB liability of the City, calculated using the healthcare cost trend rate of 9.0 percent, as well as what the City's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percent Decrease (8.0% Decreasing to 2.5%)	Current Healthcare Cost Trend Rate (9.0% Decreasing to 3.5%)	1 Percent Increase (10.0% Decreasing to 4.5%)
Total OPEB liability of the Plan	\$ 23,754,358	\$ 27,771,402	\$ 32,817,752

NOTE 10 - CONTINGENT LIABILITIES

The City has been named as a defendant in multiple claims and lawsuits requesting damages of various amounts. The various proceedings have not yet progressed to the point where legal opinions can be reached as to the ultimate liabilities, if any, after consideration of available insurance, where applicable, that may result from the resolution of these matters. The City has not recorded an estimate of this liability as of June 30, 2019.

NOTE 11 - UPCOMING ACCOUNTING PRONOUNCEMENTS

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying fiduciary activities of governments and improves guidance for accounting and financial reporting related to how these activities should be reported. The City is currently evaluating the impact this standard will have on the financial statements when adopted. GASB Statement No. 84 is effective for the City's financial statements for the year ending June 30, 2020.

CITY OF HAMTRAMCK, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 11 - UPCOMING ACCOUNTING PRONOUNCEMENTS (Continued)

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

NOTE 12 - SUBSEQUENT EVENTS

City's management has performed a review of events subsequent to the balance sheet date through December 18, 2019, the date the financial statements were available to be issued.

On August 30, 2019, the City issued Water Supply System Junior Lien Revenue Bonds to cover certain improvements to the City's Water Supply and Sewage Disposal System. The principal amount of the bonds issued was \$755,000 with annual payments due ranging from \$30,000 to \$45,000 until maturity on April 1, 2040. Interest on the bond will accrue at a rate of 2.0% per annum, payable April 1, 2020 and semi-annually thereafter.

REQUIRED SUPPLEMENTAL INFORMATION

CITY OF HAMTRAMCK, MICHIGAN
REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenue				
Property taxes	\$ 6,572,000	\$ 6,716,000	\$ 6,572,754	\$ (143,246)
Income taxes	2,289,600	2,289,600	3,078,125	788,525
Licenses and permits	1,292,000	1,292,000	1,233,082	(58,918)
Federal grants	575,000	575,000	198,572	(376,428)
State-shared revenue	3,426,300	3,426,300	3,490,196	63,896
State sources	97,500	101,500	106,653	5,153
Fines and forfeitures	1,200,000	1,200,000	1,455,972	255,972
Charges for services	115,600	55,600	77,378	21,778
Other revenue	450,500	470,500	603,494	132,994
Total revenue	<u>16,018,500</u>	<u>16,126,500</u>	<u>16,816,226</u>	<u>689,726</u>
Expenditures - Current				
General government				
Legislature	64,825	69,100	63,950	5,150
City Manager	350,725	196,575	178,865	17,710
Controller	294,350	277,090	271,646	5,444
Treasurer	156,590	145,610	144,547	1,063
City Assesor	219,220	219,176	261,100	(41,924)
City Clerk	154,405	148,696	148,104	592
Elections	38,055	44,155	33,794	10,361
Legal	300,000	942,150	981,938	(39,788)
Personnel	118,255	105,945	101,127	4,818
Income tax	366,057	366,032	352,577	13,455
General administration	1,014,189	963,121	875,452	87,669
Total general government	<u>3,076,671</u>	<u>3,477,650</u>	<u>3,413,100</u>	<u>64,550</u>
District Court	<u>783,515</u>	<u>769,340</u>	<u>719,293</u>	<u>50,047</u>
Public Safety				
Police	3,938,914	4,185,971	4,196,571	(10,600)
Fire	3,374,950	3,944,956	3,832,254	112,702
Retiree Benefits	3,032,340	2,774,740	2,728,695	46,045
Total public safety	<u>10,346,204</u>	<u>10,905,667</u>	<u>10,757,520</u>	<u>148,147</u>
Public Works - Sanitation	<u>1,777,815</u>	<u>2,587,540</u>	<u>2,666,322</u>	<u>(78,782)</u>
Community and economic development	<u>468,105</u>	<u>432,795</u>	<u>323,579</u>	<u>109,216</u>
Code enforcement	<u>34,270</u>	<u>34,270</u>	<u>26,913</u>	<u>7,357</u>
Total expenditures	<u>16,486,580</u>	<u>18,207,262</u>	<u>17,906,727</u>	<u>300,535</u>
Excess of Revenue Over (Under) Expenditures	<u>(468,080)</u>	<u>(2,080,762)</u>	<u>(1,090,501)</u>	<u>990,261</u>
Other Financing Sources (Uses)				
Transfers in	-	-	56,000	56,000
Transfers out	(125,040)	(139,215)	(418,793)	(279,578)
Net Change in Fund Balance	<u>(593,120)</u>	<u>(2,219,977)</u>	<u>(1,453,294)</u>	<u>766,683</u>
Fund Balance - Beginning of year	<u>8,254,643</u>	<u>8,254,643</u>	<u>8,254,643</u>	<u>-</u>
Fund Balance - End of year	<u>\$ 7,661,523</u>	<u>\$ 6,034,666</u>	<u>\$ 6,801,349</u>	<u>\$ 766,683</u>

CITY OF HAMTRAMCK, MICHIGAN
REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE - MAJOR STREETS
Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenue				
State sources	\$ 1,230,000	\$ 1,230,000	\$ 1,428,943	\$ 198,943
Expenditures				
Highways and streets	768,660	1,506,090	886,915	619,175
Net Change in Fund Balance	<u>461,340</u>	<u>(276,090)</u>	<u>542,028</u>	<u>(818,118)</u>
Fund Balance - Beginning of year	<u>2,751,720</u>	<u>2,751,720</u>	<u>2,751,720</u>	<u>-</u>
Fund Balance - End of year	<u>\$ 3,213,060</u>	<u>\$ 2,475,630</u>	<u>\$ 3,293,748</u>	<u>\$ (818,118)</u>

CITY OF HAMTRAMCK, MICHIGAN
REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE - LOCAL STREETS
Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenue				
State sources	\$ 359,500	\$ 381,500	\$ 658,237	\$ 276,737
Expenditures				
Highways and streets	1,039,905	797,905	887,476	(89,571)
Net Change in Fund Balance	<u>(680,405)</u>	<u>(416,405)</u>	<u>(229,239)</u>	<u>(187,166)</u>
Fund Balance - Beginning of year	<u>2,231,902</u>	<u>2,231,902</u>	<u>2,231,902</u>	<u>-</u>
Fund Balance - End of year	<u>\$ 1,551,497</u>	<u>\$ 1,815,497</u>	<u>\$ 2,002,663</u>	<u>\$ (187,166)</u>

CITY OF HAMTRAMCK, MICHIGAN
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
June 30, 2019

Budgetary Information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and all special revenue funds, except that operating transfers and debt proceeds have been included in the "revenue" and "expenditures" categories, rather than as "other financing sources (uses)." In addition, reimbursements of expenditures from other funds have been included in revenue, rather than as a reduction of expenses.

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

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

The budget document presents information by fund, function, department, and line items. The legal level of budgetary control adopted by the governing body is the department level. The city manager has the authority to approve budget amendments between line items within a department; however, any amendments changing department totals must be approved by the City Council.

Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

CITY OF HAMTRAMCK, MICHIGAN
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
June 30, 2019

Excess of Expenditures Over Appropriations in Budgeted Funds - During the year, the City of Hamtramck, Michigan incurred the following expenditures that were in excess of the amounts budgeted in the City's major funds:

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund			
General Government - City Assesor	\$ 219,176	\$ 261,100	\$ 41,924
General Government - Legal	\$ 942,150	\$ 981,938	\$ 39,788
Public Safety - Police	\$ 4,185,971	\$ 4,196,571	\$ 10,600
Public Works - Sanitation	\$ 2,587,540	\$ 2,666,322	\$ 78,782
Local Streets			
Highways and streets	\$ 797,905	\$ 887,476	\$ 89,571

The excess expenditures were attributed to more purchases made during the current year than expected.

CITY OF HAMTRAMCK, MICHIGAN
REQUIRED SUPPLEMENTAL INFORMATION
Schedule of Changes in the Total OPEB Liability and Related Ratios
LAST TWO YEARS
(Schedule is built prospectively upon implementation of GASB 75)

	<u>2019</u>	<u>2018</u>
Total OPEB Liability		
Service cost	\$ 265,775	\$ 276,210
Interest	918,263	897,777
Differences between expected and actual experience	82,929	452,125
Changes in actuarial assumptions	1,820,260	(215,720)
Benefit payments, including refunds	<u>(1,098,615)</u>	<u>(1,415,898)</u>
Net Change in Total OPEB Liability	1,988,612	(5,506)
Total OPEB Liability - Beginning of year	<u>25,782,790</u>	<u>25,788,296</u>
Total OPEB Liability - End of year	<u><u>\$ 27,771,402</u></u>	<u><u>\$ 25,782,790</u></u>
Plan Fiduciary Net Position		
Contributions - Employer	\$ 1,098,615	\$ 1,415,898
Benefit payments, including refunds	<u>(1,098,615)</u>	<u>(1,415,898)</u>
Net Change in Plan Fiduciary Net Position	-	-
Plan Fiduciary Net Position - Beginning of Year	<u>-</u>	<u>-</u>
Plan Fiduciary Net Position - End of Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
NET OPEB Liability - Ending	<u><u>\$ 27,771,402</u></u>	<u><u>\$ 25,782,790</u></u>
Plan Fiduciary net Position as a percentage of Total OPEB Liability		
Covered Payroll	\$ 3,723,263	\$ 3,594,807
Total OPEB Liability as a Percentage of Covered Payroll	745.89%	717.22%

CITY OF HAMTRAMCK, MICHIGAN
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF CITY CONTRIBUTIONS- OPEB
LAST TWO YEARS
(Schedule is built prospectively upon implementation of GASB 75)

	<u>2019</u>	<u>2018</u>
Actuarially determined contribution	\$ 1,858,270	\$ 1,864,156
Contributions in relation to the actuarially determined contribution	<u>1,098,615</u>	<u>1,415,898</u>
Contribution excess (deficiency)	<u>\$ (759,655)</u>	<u>\$ (448,258)</u>
Covered employee payroll	\$ 3,723,263	\$ 3,594,807
Contributions as a percentage of covered employee payroll	29.51%	39.39%

Actuarial valuation information relative to the determination of contributions:

Valuation date

Actuarially determined contribution rates are calculated as of June 30 each year, which is 12 months prior to the beginning of the fiscal year in which the contributions are required

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level Dollar
Remaining amortization period	23 years, closed
Asset valuation method	There are no assets.
Price inflation	2.5%
Wage inflation	3.5%
Salary increases	3.5 to 14.5% including inflation
Investment rate of return	3.56%, net of OPEB plan investment expense
Retirement age	Experience-based tables of rates that are specific to the type of eligibility condition
Mortality	A 50% Male - 50% Female blend of the RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105%, the RP-2014 Employee Mortality Tables, and the RP-2014 Juvenile Mortality Tables.
Health care trend rates	Initial trend of 9.0% gradually decreasing to an ultimate trend-rate of 3.5% in year 10
Excise Tax	No load was applied in connection with the "Cadillac" tax.
Aging factors	Based on the 2013 SOA Study "Health Care Costs - From Birth to Death"
Other information	There were no benefit changes during the year

CITY OF HAMTRAMCK, MICHIGAN
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF CHANGES IN THE CITY NET PENSION LIABILITY AND RELATED RATIOS
LAST FOUR FISCAL YEARS
(Schedule is built prospectively upon implementation of GASB 68)

	2019	2018	2017	2016
Total Pension Liability				
Service cost	\$ 522,168	\$ 541,633	\$ 538,706	\$ 564,484
Interest	7,322,542	7,236,039	7,345,944	7,228,630
Change to benefit terms	-	(12,979)	-	-
Experience differences	781,130	601,360	(1,338,316)	(1,298,294)
Change in actuarial assumptions	-	-	-	4,678,844
Other changes	-	-	-	225,895
Benefit payments, including refunds	<u>(7,904,832)</u>	<u>(7,924,923)</u>	<u>(7,820,686)</u>	<u>(8,123,012)</u>
Net change in total pension liability	721,008	441,130	(1,274,352)	3,276,547
Total Pension Liability - Beginning of year	<u>96,580,465</u>	<u>96,139,335</u>	<u>97,413,687</u>	<u>94,137,140</u>
Total Pension Liability - End of year	<u>\$ 97,301,473</u>	<u>\$ 96,580,465</u>	<u>\$ 96,139,335</u>	<u>\$ 97,413,687</u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ 4,213,221	\$ 3,924,934	\$ 3,540,664	\$ 3,351,106
Contributions - Employee	482,430	515,150	529,811	558,856
Net investment income	(1,621,066)	5,147,710	4,382,753	(5,198,513)
Administrative expenses	(80,959)	(81,883)	(86,626)	-
Transfers and fees	1,615,535	-	-	-
Benefit payments, including refunds	<u>(7,904,832)</u>	<u>(7,924,923)</u>	<u>(7,820,686)</u>	<u>(8,123,012)</u>
Net change in plan fiduciary net position	(3,295,671)	1,580,988	545,916	(9,411,563)
Plan Fiduciary Net Position - Beginning of year	<u>42,498,396</u>	<u>40,917,408</u>	<u>40,371,492</u>	<u>49,783,055</u>
Plan Fiduciary Net Position - End of year	<u>\$ 39,202,725</u>	<u>\$ 42,498,396</u>	<u>\$ 40,917,408</u>	<u>\$ 40,371,492</u>
City's Net Pension Liability - Ending	<u>\$ 58,098,748</u>	<u>\$ 54,082,069</u>	<u>\$ 55,221,927</u>	<u>\$ 57,042,195</u>
Plan Fiduciary Net Position as a Percent of Total Pension Liability	40.29%	44.00%	42.56%	41.44%
Covered Employee Payroll	\$ 4,644,127	\$ 4,718,262	\$ 4,462,514	\$ 4,638,309
City's Net Pension Liability as a Percent of Covered Employee Payroll	1251.02%	1146.23%	1237.46%	1229.81%

CITY OF HAMTRAMCK, MICHIGAN
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF CITY CONTRIBUTIONS- PENSION
LAST TEN FISCAL YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Actuarially determined contribution	\$ 4,244,592	\$ 4,658,312	\$ 4,666,848	\$ 4,474,296	\$ 3,169,757	\$ 3,239,661	\$ 3,169,757	\$ 3,538,769	\$ 3,215,370	\$ 2,946,379
Contributions in relation to the actuarially determined contribution	<u>4,244,592</u>	<u>4,658,312</u>	<u>5,082,339</u>	<u>3,497,280</u>	<u>3,423,084</u>	<u>1,127,814</u>	<u>839,667</u>	<u>3,538,769</u>	<u>3,215,370</u>	<u>2,946,379</u>
Contribution excess (deficiency)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 415,491</u>	<u>\$ (977,016)</u>	<u>\$ 253,327</u>	<u>\$ (2,111,847)</u>	<u>\$ (2,330,090)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 4,644,127	\$ 4,718,262	\$ 4,462,514	\$ 4,638,309	\$ 4,595,866	\$ 5,115,809	\$ 6,532,664	\$ 6,752,884	\$ 6,859,618	\$ 7,708,454
Contributions as a percentage of covered employee payroll	91.40%	98.73%	113.89%	75.40%	74.48%	22.05%	12.85%	52.40%	46.87%	38.22%

Actuarial valuation information relative to the determination of contributions:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry-age normal
Amortization method Level percentage of pay, closed
Remaining amortization period 20 years
Asset valuation method 5-year smoothed market
Inflation 2.5%
Salary increases 3.75% including inflation
Investment rate of return 8.00%
Retirement age Experience-based tables of rates that are specific to the type of eligibility condition
Mortality 50% Male - 50% Female blend of the RP-2014 Group Annuity Mortality Tables
Other information None

OTHER SUPPLEMENTAL INFORMATION

CITY OF HAMTRAMCK, MICHIGAN
OTHER SUPPLEMENTAL INFORMATION
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2019

	Special Revenue Funds											Capital Project Fund	Total Nonmajor Governmental Funds	
	Building and Improvements	Special Events	Michigan Indigent Defense Commission	911 Emergency	Miscellaneous Grants	Drug Law Enforcement State	Drug Law Enforcement Federal	Library	Community Development Block Grant	NSP 2 Grant	Police Training	Property Revitalization		Project Improvement
Assets														
Cash and cash equivalents	\$ 414,791	\$ 9,811	\$ 157,171	\$ 15,863	\$ (520)	\$ 63,645	\$ 191,135	\$ 250,107	\$ 188,292	\$ 82,454	\$ 25,335	\$ 414,468	\$ -	\$ 1,812,552
Accounts receivable	-	-	-	-	37,962	-	950	-	87,811	-	-	-	-	126,723
Due from General Fund	-	-	120	-	323,110	-	-	-	-	-	-	-	6,377	329,607
Due from Fiduciary Funds	-	-	-	-	-	-	-	5,080	-	-	-	-	-	5,080
Due from Other Governmental Units	5,498	-	-	-	355,502	-	-	9,073	-	-	-	-	-	370,073
Prepaid expense and other assets	-	-	-	-	-	-	-	850	-	-	-	-	-	850
Total assets	<u>\$ 420,289</u>	<u>\$ 9,811</u>	<u>\$ 157,291</u>	<u>\$ 15,863</u>	<u>\$ 716,054</u>	<u>\$ 63,645</u>	<u>\$ 192,085</u>	<u>\$ 265,110</u>	<u>\$ 276,103</u>	<u>\$ 82,454</u>	<u>\$ 25,335</u>	<u>\$ 414,468</u>	<u>\$ 6,377</u>	<u>\$ 2,644,885</u>
Liabilities and Fund Balance (Deficit)														
Liabilities														
Accounts payable	\$ -	\$ -	\$ 3,395	\$ 8,688	\$ 322,336	\$ 4,973	\$ -	\$ 7,500	\$ 4,655	\$ -	\$ -	\$ -	\$ -	\$ 351,547
Due to General Fund	-	-	20,600	-	-	-	-	-	230,380	-	-	-	-	250,980
Due to Major Streets Fund	-	-	-	-	-	-	-	-	2,675	-	-	-	-	2,675
Due to Water and Sewer Fund	-	-	-	-	-	-	-	-	-	-	-	-	6,377	6,377
Due to Fiduciary Funds	-	-	-	-	-	-	-	1,614	-	-	-	-	-	1,614
Accrued liabilities and other	-	-	-	4,644	154	188	-	8,896	-	-	-	-	-	13,882
Total liabilities	-	-	23,995	13,332	322,490	5,161	-	18,010	237,710	-	-	-	6,377	627,075
Deferred inflows of resources - Unavailable revenue	-	-	-	-	393,564	-	-	-	36,058	-	-	-	-	429,622
Fund Balances (Deficit)														
Nonspendable - prepaid expenses	-	-	-	-	-	-	-	850	-	-	-	-	-	850
Restricted														
Public safety	-	-	133,296	2,531	-	58,484	192,085	-	-	-	25,335	-	-	411,731
Community development	-	-	-	-	-	-	-	-	-	82,454	-	414,468	-	496,922
Recreation and culture	-	-	-	-	-	-	-	246,250	-	-	-	-	-	246,250
Building and improvement fund	420,289	-	-	-	-	-	-	-	-	-	-	-	-	420,289
Committed	-	9,811	-	-	-	-	-	-	2,335	-	-	-	-	12,146
Total fund balances (deficit)	420,289	9,811	133,296	2,531	-	58,484	192,085	247,100	2,335	82,454	25,335	414,468	-	1,588,188
Total liabilities and fund balances (deficit)	<u>\$ 420,289</u>	<u>\$ 9,811</u>	<u>\$ 157,291</u>	<u>\$ 15,863</u>	<u>\$ 716,054</u>	<u>\$ 63,645</u>	<u>\$ 192,085</u>	<u>\$ 265,110</u>	<u>\$ 276,103</u>	<u>\$ 82,454</u>	<u>\$ 25,335</u>	<u>\$ 414,468</u>	<u>\$ 6,377</u>	<u>\$ 2,644,885</u>

CITY OF HAMTRAMCK, MICHIGAN
OTHER SUPPLEMENTAL INFORMATION
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN
FUND BALANCES (DEFICIT)
Nonmajor Governmental Funds
Year Ended June 30, 2019

	Special Revenue Funds											Capital Project Fund	Total Nonmajor Governmental Funds	
	Building and Improvements	Special Events	Michigan Indigent Defense Commission	911 Emergency	Miscellaneous Grants	Drug Law Enforcement State	Drug Law Enforcement Federal	Library	Community Development Block Grant	NSP 2 Grant	Police Training	Property Revitalization		Project Improvement
Revenue														
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 343,909	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 343,909
Federal grants	-	-	-	-	-	-	60,274	-	284,684	-	-	-	-	344,958
State sources	-	-	150,855	-	352,782	30,348	-	30,746	-	-	4,633	-	-	569,364
Fines and forfeitures	84,382	-	-	115,268	-	-	-	-	-	-	-	-	-	199,650
Other revenue	-	-	-	-	-	-	-	32,891	-	-	-	8,388	-	41,279
Total revenue	84,382	-	150,855	115,268	352,782	30,348	60,274	407,546	284,684	-	4,633	8,388	-	1,499,160
Expenditures - Current														
General Government	825	-	31,734	-	-	-	-	-	-	-	-	-	6,377	38,936
Public Safety	-	-	-	241,791	-	132,805	-	-	-	-	-	-	-	374,596
Public Works	-	-	-	-	699,628	-	-	-	-	-	-	-	-	699,628
Community and Economic Development	-	-	-	-	-	-	-	-	230,671	-	-	-	-	230,671
Recreation and Culture	-	-	-	-	-	-	-	362,747	-	-	-	-	-	362,747
Total expenditures	825	-	31,734	241,791	699,628	132,805	-	362,747	230,671	-	-	-	6,377	1,706,578
Excess of Revenue Over Expenditures	83,557	-	119,121	(126,523)	(346,846)	(102,457)	60,274	44,799	54,013	-	4,633	8,388	(6,377)	(207,418)
Other Financing Sources (Uses)														
Transfers in	-	-	14,175	125,040	273,201	-	-	-	-	-	-	-	6,377	418,793
Transfers out	-	-	-	-	-	-	-	-	(56,000)	-	-	-	-	(56,000)
Net Change in Fund Balances	83,557	-	133,296	(1,483)	(73,645)	(102,457)	60,274	44,799	(1,987)	-	4,633	8,388	-	155,375
Fund Balances (Deficit) - Beginning of year	336,732	9,811	-	4,014	73,645	160,941	131,811	202,301	4,322	82,454	20,702	406,080	-	1,432,813
Fund Balances (Deficit) - End of year	\$ 420,289	\$ 9,811	\$ 133,296	\$ 2,531	\$ -	\$ 58,484	\$ 192,085	\$ 247,100	\$ 2,335	\$ 82,454	\$ 25,335	\$ 414,468	\$ -	\$ 1,588,188

CITY OF HAMTRAMCK, MICHIGAN
OTHER SUPPLEMENTAL INFORMATION
STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
June 30, 2019

	Agency Funds				
	Tax Collections	General	Highland Park Tax Collections	31st District Court	Total Agency Funds
Assets					
Cash and cash equivalents	\$ 216,661	\$ 152,300	\$ 292,850	\$ 241,671	\$ 903,482
Other receivables	468	-	-	-	468
Due from Major Streets Fund	-	-	30,381	-	30,381
Due from Water and Sewer Fund	1,614	-	-	-	1,614
Due from Other Governmental Units	1,206	-	-	-	1,206
	<u>1,206</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,206</u>
 Total assets	 <u>\$ 219,949</u>	 <u>\$ 152,300</u>	 <u>\$ 323,231</u>	 <u>\$ 241,671</u>	 <u>\$ 937,151</u>
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ 381	\$ 381
Due to General Fund	95,150	-	-	-	95,150
Due to Nonmajor Governmental Fund	5,080	-	-	-	5,080
Due to Water and Sewer Fund	74,935	-	-	-	74,935
Due to Other Governmental Units	44,784	152,300	323,231	188,398	708,713
Refundable Deposits	-	-	-	52,892	52,892
	<u>-</u>	<u>-</u>	<u>-</u>	<u>52,892</u>	<u>52,892</u>
 Total liabilities	 <u>\$ 219,949</u>	 <u>\$ 152,300</u>	 <u>\$ 323,231</u>	 <u>\$ 241,671</u>	 <u>\$ 937,151</u>