1. Council Meeting Agenda

    Documents:

    REVISED 12-18-18 FINAL AGENDA.PDF

2. Council Meeting Packet

    Documents:

    DECEMBER 18TH COUNCIL PACKET.PDF

Revised 12-18-18

CITY OF YPSILANTI
CITY COUNCIL REGULAR MEETING
CITY COUNCIL CHAMBERS - ONE SOUTH HURON ST.
YPSILANTI, MI 48197
TUESDAY, DECEMBER 18, 2018
7:00 p.m.

I. CALL TO ORDER –

II. ROLL CALL –

Council Member Brown	P A	Council Member Symanns	P A
Council Member Morgan	P A	Council Member Wilcoxen	P A
Council Member Murdock	P A	Mayor Bashert	P A
Mayor Pro-Tem Richardson	P A		

III. INVOCATION –

IV. PLEDGE OF ALLEGIANCE –

"I pledge allegiance to the flag, of the United States of America, and to the Republic for which it stands, one nation, under God, indivisible, with liberty and justice for all."

V. AGENDA APPROVAL –

VI. INTRODUCTIONS –

VII. PRESENTATIONS –

- 2018 Fire & Police actuarial valuation report - Jeff Tebeau, GRS Retirement Consulting

- Audit presentation - Mark Kettner and Daniel Clark, Rehmann Robson

VIII. AUDIENCE PARTICIPATION –

IX. REMARKS BY THE MAYOR –

XI. ORDINANCES – FIRST READING –

Ordinance No. 1329

1. An ordinance entitled, "Private Frontage Design for Single-Story Commercial and Large Single-Story Commercial Building Types to create an additional commercial frontage designation for Large Single Story Commercial and Single Story Commercial building types in the form-based districts, called Thoroughfare Commercial, numbered 122-485.

   A. Resolution No. 2018-313, determination
   B. Open public hearing
   C. Resolution No. 2018-314, close public hearing

Ordinance No. 1330

2. An ordinance to permit accessory structures in the form-based districts (CN, CN-Mid, CN-SF, etc) to be a maximum of 25' in height or to match the height of the primary structure, whichever is lesser.

   A. Resolution No. 2018-315, determination
   B. Open public hearing
   C. Resolution No. 2018-316, close public hearing

XII. CONSENT AGENDA – Resolution No. 2018-317

1. Resolution No. 2018-318, approving minutes December 3, 2018.

2. Resolution No. 2018-319, approving appointment to Boards and Commissions.

XIII. RESOLUTIONS/MOTIONS/DISCUSSIONS –

1. Resolution No. 2018-320, approving partnership agreement with the Washtenaw County Parks and Recreation Commission for the Border to Border Trail and authorizing an expenditure of $20,000 from the Parks and Recreation Capital Fund.

2. ~~Resolution No. 2018-321, approving contract with Michigan Office Supply (MOS) for managed print services.~~ **(Removed)**

3. ~~Resolution No. 2018-322, awarding contract to A&R Cement and Construction for the grate project and authorizing additional funding of $7,686 to cover the cost of the project.~~ **(Removed)**

4. Resolution No. 2018-325, supporting increase in funding for the Fire Protection Grant Program and Supporting House Bill 6348. **(added)**

5. Discussion of Property Disposition and Neighborhood Enterprise Zone Programs.

6. Resolution No. 2018-326, establishing the dates and times for the conduct of the City Council's Fiscal Year 2019-20 goal setting and budget prioritization work sessions. **(added)**

XIV. LIAISON REPORTS –

A. SEMCOG Update
B. Washtenaw Area Transportation Study
C. Urban County
D. Ypsilanti Downtown Development Authority
E. Ypsilanti Youth Safety Collaboration
F. Friends of Rutherford Pool
G. Housing Equity Leadership Team

XV. COUNCIL PROPOSED BUSINESS –

XVI. <u>COMMUNICATIONS FROM THE MAYOR</u> –

<u>Nomination - **Added**</u>

<u>Downtown Development Authority</u>
Jennifer Eastridge
1144 Roosevelt
Ypsilanti, MI 48197

XVII. <u>COMMUNICATIONS FROM THE CITY MANAGER</u> –

XVIII. <u>COMMUNICATIONS</u> –

XIX. <u>AUDIENCE PARTICIPATION</u> –

XX. <u>REMARKS FROM THE MAYOR</u> –

X. <u>CLOSED SESSION</u> –

Resolution No. 2018-323, convening into closed session to discuss collective bargaining strategies pursuant to Section 8(c) of the Michigan Open Meetings Act, Public Act 267 of 1976, being MCL 15.268(c), for the purpose of strategy session connected with the negotiation of the IAFF contract.

XXI. <u>ADJOURNMENT</u> –

Resolution No. 2018-324, adjourning the City Council meeting.

Revised 12-18-18

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Rehmann

Rehmann Robson

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INDEPENDENT AUDITORS' COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

December 17, 2018

Management and City Council
City of Ypsilanti, Michigan

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the *City of Ypsilanti, Michigan* (the "City") as of and for the year ended June 30, 2018, and have issued our report thereon dated December 17, 2018. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated September 13, 2018, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the City solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our findings regarding internal control over financial reporting and compliance noted during our audit in a separate letter to you dated December 17, 2018. In addition, we noted certain other matters which are included in Attachment A to this letter.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter and in our meeting about planning matters on October 9, 2018.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm has complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the City's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the City is included in Note 1 to the financial statements.

As described in Note 22 to the financial statements, the City changed accounting policies related to accounting for postemployment benefit plans by adopting Statement of Governmental Accounting Standards Board (GASB Statement) No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The cumulative effect of the accounting change as of the beginning of the year is reported in the proprietary funds statement of revenues, expenses, and changes in fund net position, and government-wide statement of activities.

No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements were:

- Management's estimate of the useful lives of depreciable capital assets is based on the length of time it is believed that those assets will provide some economic benefit in the future.

- Management's estimate of the accrued compensated absences is based on current hourly rates and policies regarding payment of sick and vacation banks.

- Management's estimate of the insurance claims incurred but not reported is based on information provided by the entity's third party administrators and subsequent claims activity.

- The assumptions used in the actuarial valuations of the pension and other postemployment benefits plans are based on historical trends and industry standards.

We evaluated the key factors and assumptions used to develop these estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

In addition, the financial statements include a net pension liability and other related amounts, which are dependent on estimates made by the plan. These estimates are based on historical trends and industry standards but are not within the control of management.

Significant Difficulties Encountered During the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. None of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the City's financial statements or the auditors' report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in Attachment C to this letter.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the City, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the City's auditors.

Other Information in Documents Containing Audited Financial Statements

Our responsibility for the supplementary information accompanying the financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole. We made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Upcoming Changes in Accounting Standards

Generally accepted accounting principles (GAAP) are continually changing in order to promote the usability and enhance the applicability of information included in external financial reporting. While it would not be practical to include an in-depth discussion of every upcoming change in professional standards, Attachment B to this letter contains a brief overview of recent pronouncements of the Governmental Accounting Standards Board (GASB) and their related effective dates. Management is responsible for reviewing these standards, determining their applicability, and implementing them in future accounting periods.

This information is intended solely for the use of the governing body and management of the *City of Ypsilanti, Michigan* and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

[redacted]

Attachment A - Consideration of Internal Control Over Financial Reporting

For the June 30, 2018 Audit

We have audited, in accordance with the auditing standards generally accepted in the United States of America the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the *City of Ypsilanti, Michigan* (the "City"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 17, 2018.

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Other Matters

Compensated Absences Accrual

The City is calculating its compensated absence accrual for unused sick time based on a 50% accrual for everyone over 20 years of service. However, we noted that some of the collective bargaining agreements may have different criteria for sick time payouts. We recommend the City calculate its accrual for each person based on the appropriate bargaining unit that the employee is in.

OPEB Census Data

We tested 12 employees from the census data that the City provides to its actuaries for purposes of calculating the OPEB liability. Of the 12 tested, we noted one employee whose information in the census did not match the personnel records of the City. We recommend that the City correct its census data and verify that correct information is included for all individuals in the census.

■ ■ ■ ■ ■

Attachment B – Upcoming Changes in Accounting Standards / Regulations

For the June 30, 2018 Audit

The following pronouncements of the Governmental Accounting Standards Board (GASB) have been released recently and may be applicable to the City in the near future. We encourage management to review the following information and determine which standard(s) may be applicable to the City. For the complete text of these and other GASB standards, visit www.gasb.org and click on the "Standards & Guidance" tab. If you have questions regarding the applicability, timing, or implementation approach for any of these standards, please contact your audit team.

GASB 83 ■ Certain Asset Retirement Obligations

Effective 06/15/2019 (your FY 2019)

This standard addresses accounting and financial reporting for certain asset retirement obligations--legally enforceable liabilities associated with the retirement of a tangible capital asset. We do not expect this standard to have any significant effect on the City.

GASB 84 ■ Fiduciary Activities

Effective 12/15/2019 (your FY 2020)

This standard establishes new criteria for determining how to report fiduciary activities in governmental financial statements. The focus is on whether the government is controlling the assets, and who the beneficiaries are. Under this revised standard, certain activities previously reported in agency funds may be reclassified in future periods. Due to the number of specific factors to consider, we will continue to assess the degree to which this standard may impact the City.

GASB 87 ■ Leases

Effective 12/15/2020 (your FY 2021)

This standard establishes a single model for reporting all leases (including those previously classified as operating and capital). Lessees will now report offsetting intangible lease assets and lease liabilities equal to the present value of future lease payments. Lessors will report offsetting lease receivables and deferred inflows of resources.

GASB 88 ■ Certain Disclosures Related to Debt

Effective 06/15/2019 (your FY 2019)

This standard provides guidance on note disclosures related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. We do not expect this standard to have any significant effect on the City.

GASB 89 ■ Accounting for Interest Cost Incurred before the End of a Construction Period

Effective 12/15/2020 (your FY 2021)

This standard eliminates the requirement for governments to capitalize interest during the construction period for business-type activities. As this simplifies the accounting for interest, early implementation is encouraged. We do not expect this standard to have any significant effect on the City.

Attachment B – Upcoming Changes in Accounting Standards / Regulations
For the June 30, 2018 Audit

GASB 90 ■ Majority Equity Interests
Effective 12/15/2019 (your FY 2020)

This standard addresses situations in which a government acquires a majority of the equity interest in a legally separate organization, and whether such holdings should be reported as an investment or a component unit. We do not expect this standard to have any significant effect on the City.

■ ■ ■ ■ ■

CITY OF YPSILANTI, MICHIGAN

Attachment C – Management Representations

For the June 30, 2018 Audit

The following pages contain the written representations that we requested from management.

December 17, 2018

Rehmann Robson
675 Robinson Road
Jackson, MI 49203

This representation letter is provided in connection with your audit of the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of ***City of Ypsilanti, Michigan*** (the "City"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, where applicable, and the respective budgetary comparison for the General Fund and each major special revenue fund of the City in conformity with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of December 17, 2018:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated September 13, 2018, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP. We have reviewed, approved, and taken responsibility for the financial statements and related notes.
2. We have reviewed and approved the various adjusting journal entries that were proposed by you for recording in our books and records and reflected in the financial statements.
3. We acknowledge our responsibility for 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.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
6. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP. For the purposes of this letter, related parties mean members of the governing body; board members; administrative officials; immediate families of administrative officials, board members, and members of the governing body; and any companies affiliated with or owned by such individuals.

7. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
8. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
9. With regard to items reported at fair value:
   a. The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
   b. The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
   c. The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.
   d. There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
10. All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
11. All funds and activities are properly classified.
12. All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
13. All components of net position and fund balance classifications have been properly reported.
14. All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
15. All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
16. All interfund and intra-entity transactions and balances have been properly classified and reported.
17. Deposit and investment risks have been properly and fully disclosed.
18. Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
19. All required supplementary information is measured and presented within the prescribed guidelines.
20. We believe that the actuarial assumptions and methods used to measure pension and other postemployment benefit liabilities and costs for financial accounting purposes are appropriate in the circumstances.
21. We are responsible for the fair presentation of the City's net pension liability as calculated by the Municipal Employees' Retirement System of Michigan (MERS) and related amounts. We provided MERS with complete and accurate information regarding the City's participation in the plan, and have reviewed the information provided by MERS for inclusion in the City's financial statements.

Information Provided

22. We have provided you with:
    a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
    b. Additional information that you have requested from us for the purpose of the audit; and
    c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

23. All transactions have been recorded in the accounting records and are reflected in the financial statements.
24. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
25. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
    a. Management;
    b. Employees who have significant roles in internal control; or
    c. Others where the fraud could have a material effect on the financial statements.
26. We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, vendors, regulators, or others.
27. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.
28. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
29. There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
30. The government has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
31. We have disclosed to you all guarantees, whether written or oral, under which the government is contingently liable.
32. We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
33. There are no:
    a. Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
    b. Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.*
    c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62.
34. The government has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
35. We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
36. We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB-62. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.

Supplementary Information in Relation to the Financial Statements as a Whole

37. With respect to the supplementary information accompanying the financial statements:
    a. We acknowledge our responsibility for the presentation of the supplementary information in accordance with accounting principles generally accepted in the United States of America.

b. We believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America.
c. The methods of measurement or presentation have not changed from those used in the prior period.
d. We believe the significant assumptions or interpretations underlying the measurement or presentation of the supplementary information, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.

Required Supplementary Information

38. With respect to the required supplementary information accompanying the financial statements:
    a. We acknowledge our responsibility for the presentation of the required supplementary information in accordance with accounting principles generally accepted in the United States of America.
    b. We believe the required supplementary information, including its form and content, is measured and fairly presented in accordance with accounting principles generally accepted in the United States of America.
    c. The methods of measurement or presentation have not changed from those used in the prior period.
    d. We believe the significant assumptions or interpretations underlying the measurement or presentation of the required supplementary information, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.

[redacted]

City of Ypsilanti, Michigan Police and Fire Retirement System

For the Years Ended June 30, 2018 and 2017

Financial Statements

City of Ypsilanti, Michigan Police and Fire Retirement System

Financial Statements

For the Years Ended June 30, 2018 and 2017

TABLE OF CONTENTS

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INDEPENDENT AUDITORS' REPORT

December 17, 2018

Retirement Board of the
City of Ypsilanti, Michigan
Police and Fire Retirement System
Ypsilanti, Michigan

We have audited the accompanying financial statements of the *City of Ypsilanti, Michigan, Police and Fire Retirement System* (the "System"), as of and for the year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Independent Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 auditor judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the City of Ypsilanti, Michigan, Police and Fire Retirement System as of June 30, 2018, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedules, as listed in the table of contents, be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the 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.

[redacted]

FINANCIAL STATEMENTS

CITY OF YPSILANTI, MICHIGAN POLICE AND FIRE RETIREMENT SYSTEM

Statements of Plan Net Position

June 30, 2018 and 2017

	2018	2017
Assets		
Cash and cash equivalents	$ 1,826,392	$ 1,208,763
Investments:		
U.S. agencies	1,688,669	1,898,091
Corporate bonds	3,933,480	4,370,001
Domestic equities	14,152,579	14,455,556
International equities	1,152,868	828,992
Mutual funds	5,000,272	5,264,531
Real estate investment trusts	236,230	383,153
Money market accounts	164,312	247,551
Total investments	26,328,410	27,447,875
Total assets	28,154,802	28,656,638
Liabilities		
Accounts payable	1,553,040	1,997,392
Net Position		
Restricted for pension benefits	$ 26,601,762	$ 26,659,246

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

CITY OF YPSILANTI, MICHIGAN POLICE AND FIRE RETIREMENT SYSTEM

Statements of Changes in Plan Net Position

Fiscal Years Ended June 30, 2018 and 2017

	2018	2017
Additions		
Contributions:		
Employer	$ 1,466,261	$ 1,355,989
Plan members	171,520	208,502
Total contributions	1,637,781	1,564,491
Investment earnings:		
Interest and dividends	721,840	621,429
Net appreciation in fair value of investments	1,467,343	2,100,512
Total investment earnings	2,189,183	2,721,941
Less: investment expenses	(101,595)	(102,016)
Net investment earnings	2,087,588	2,619,925
Total additions	3,725,369	4,184,416
Deductions		
Benefits	3,641,858	3,552,118
Refunds	70,013	1,033,846
Administrative expenses	70,982	72,546
Total deductions	3,782,853	4,658,510
Change in net position	(57,484)	(474,094)
Net position-beginning of year	26,659,246	27,133,340
Net position-end of year	$ 26,601,762	$ 26,659,246

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

1. PLAN DESCRIPTION

Plan Administration. The City of Ypsilanti, Michigan Police and Fire Retirement System (the System) is a single-employer defined benefit pension plan that provides retirement, disability and death benefits to all police and fire employees of the City and their beneficiaries. Plan benefit provisions were established and may be amended under the authority of City of Ypsilanti ordinances. Cost of living adjustments are provided to members and beneficiaries. Contribution requirements were established and may be amended subject to collective bargaining agreements and approval by the Retirement Board and City of Ypsilanti City Council. The financial statements of the System are included as a pension trust fund in the City's financial statements.

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

Plan Membership. At June 30, membership in the plan consisted of the following:

	2017	2016
Retirees and beneficiaries receiving benefits	128	121
Terminated employees entitled to but not yet receiving benefits	2	4
Active employees	30	35
Total	160	160

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

Eligibility	Amount of Benefit
20 or more years of service (25 years for Fire Chief) regardless of age or age 60 regardless of service.	Straight life pension equals 3.0% of three-year AFC times years of service for police and 3.0% of AFC times first 25 years of service, plus 1.0% of AFC times years of service in excess of 25 years, for fire. Additional benefit provisions apply to COAM members depending on hire dates.
25 or more years of service regardless of age for fire members hired after July 1, 2009	Straight life pension equals 2.5% of three-year AFC times years of service, with a 75% maximum.
25 or more years of service regardless of age for POAM/COAM members hired after July 1, 2009	Straight life pension equals 2.0% of three-year AFC times years of service.
Members hired after July 1, 2012	Same as members hired after July 1, 2009, except there is no annuity withdrawal options.

1. PLAN DESCRIPTION (continued)

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

Contributions. Plan members hired prior to July 1, 2009 are required to contribute 10% of their annual covered wages to the System for pension benefits. Plan members hired after July 1, 2009 are required to contribute 5% of their annual covered wages to the System for pension benefits. The City contributes such additional amounts as necessary, based on actuarial determinations, to provide assets sufficient to pay for member benefits. The City's pension contributions for the years ended June 30, 2018 and 2017 represented 51.54% and 42.72%, respectively, of the annual covered payroll.

Deferred Retirement Option Program (DROP). In lieu of retiring and receiving a monthly benefit, an eligible participant may elect to participate in the DROP by making an irrevocable election to terminate employment with the City and retire upon ceasing participation in the DROP. The DROP election must specify the future retirement date which must be within the maximum time period permitted (typically 3 to 5 years, based on bargaining unit and hire date). Upon entry in the DROP, the participant ceases to accrue years of service in the defined benefit pension plan. The participant remains an employee of the City for all other purposes, but the retirement benefit payment is calculated, and payments commence into a separate, restricted account. These monthly payments, along with interest earnings thereon, are not distributed to the participant until employment has terminated. DROP activity for the fiscal years ended June 30, 2018 and 2017 is as follows:

	2018	2017
Beginning balance	$ 1,263,177	$ 1,296,243
Credits	549,768	569,037
Interest	58,465	68,651
Distributions	(197,565)	(670,754)
Adjustments	(131,367)	-
Ending balance	$ 1,542,478	$ 1,263,177

2. SIGNIFICANT ACCOUNTING POLICIES

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

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

Administration. Administrative costs are financed through the System's earnings.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

3. DEPOSITS AND INVESTMENTS

Deposits

The System's cash and cash equivalents consist of amounts deposited in the City's cash management pool of demand deposit accounts and certificates of deposit. As such, it is not practicable to present separate custodial risk disclosures for the System's portion of this pool; accordingly, please refer to the City of Ypsilanti's comprehensive annual financial report for custodial risk disclosures of deposits.

Investments

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

Investment Allocation Policy. The System's policy in regard to the allocation of invested assets is established and may be amended by the Retirement Board. The policy pursues an investment strategy that protects the financial health of the System and reduces risk through the prudent portfolio diversification. The adopted asset allocation policy as of June 30, 2018 and 2017, is presented in the table below.

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

3. DEPOSITS AND INVESTMENTS (continued)

Investment Holdings. The following is a summary of the System's investments as of June 30:

	2018	2017
Investments at fair value, as determined by quoted market price:		
U.S. agencies	$ 1,688,669	$ 1,898,091
Corporate bonds	3,933,480	4,370,001
Domestic equities	14,152,579	14,455,556
International equities	1,152,868	828,992
Mutual funds	5,000,272	5,264,531
Domestic real estate investment trusts	236,230	383,153
Money market accounts	164,312	247,551
	$ 26,328,410	$27,447,875

Credit Risk. The System's investment policy provides that its investments in fixed income securities be limited to those rate BBB or better by a nationally recognized statistical rating organization. The System's investments in U.S. agencies were rated Aaa by Moody's Investor Services at both June 30, 2018 and 2017. The System's investments in corporate securities were rated by Moody's Investor Services as follows at June 30:

	2018	2017
A1	$ 151,450	$ 367,010
A2	639,582	717,110
A3	784,640	810,756
Aa1	209,056	217,600
Baa1	798,645	1,040,590
Baa2	1,350,107	1,216,935
	$ 3,933,480	$ 4,370,001

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

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

3. DEPOSITS AND INVESTMENTS (continued)

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the System's investment in a single issuer. The System's policy regarding concentration of credit risk does not specify limits regarding concentration of credit risk, although it provides guidelines regarding target maximums for investment types.

At June 30, 2018 and 2017, the investment portfolio did not have holdings in any one issue greater than 5% of the total investment portfolio.

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

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The System's investment policy requires a maximum term of maturity of 30 years for any single fixed income security. The System's investment policy does not address weighted average portfolio maturities.

As of June 30, 2018, maturities of the System's debt securities were as follows:

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

As of June 30, 2017, maturities of the System's debt securities were as follows:

		Maturities in Years			
	Fair Value	Less Than 1	1 to 5	6 to 10	More than 10
U.S. agencies	$ 1,898,091	$ 459	$ -	$ 1,887	$ 1,895,745
Corporate bonds	4,370,001	200,046	1,424,275	1,729,066	1,016,614
	$ 6,268,092	$ 200,505	$ 1,424,275	$1,730,953	$ 2,912,359

Of the above corporate bonds as of June 30, 2018 and 2017, $1,437,103 and $1,572,267, respectively, were callable. The System's policy regarding interest rate risk provides that fixed income maturities may not exceed 30 years; the System's holdings comply with this requirement.

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

In addition to the above, the System's holdings in mutual funds are primarily composed of underlying investments in international equities (approximately 68% of total mutual fund holdings of $5,000,272 at June 30, 2018 and 67% of total mutual fund holdings of $5,264,531 at June 30, 2018), predominately in European, Japanese and other Asian companies. The residual mutual fund underlying investments are in cash and cash equivalents, domestic equities and alternatives.

3. DEPOSITS AND INVESTMENTS (continued)

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

Rate of Return. For the years ended June 30, 2018 and 2017, the annual money-weighted rate of return on plan investments, net of investment expenses, was 8.35% and 10.34%, respectively. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

Fair Value Measurement. The System categorizes the fair value measurement of its investments within the fair value hierarchy established by GAAP. Level 1 inputs are quoted prices in active markets; Level 2 inputs are significant observable inputs; and Level 3 inputs are significant unobservable inputs. These levels are determined by the System's investment manager at the portfolio level based on a review of the investment class, structure and what kind of securities are held in the portfolio. The investment manager will request the information form the portfolio manager, if necessary.

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

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

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

The System had the following recurring fair value measurements as of June 30, 2017:

		Fair Value Measurements Using		
	Fair Value	Level 1	Level 2	Level 3
U.S. agencies	$ 1,898,091	$ -	$ 1,898,091	$ -
Corporate bonds	4,370,001	-	4,370,001	-
Domestic equities	14,455,556	14,455,556	-	-
International equities	828,992	828,992	-	-
Mutual funds	5,264,531	5,264,531	-	-
Real estate investment trusts	383,153	-	383,153	-
Portfolio cash	247,551	247,551	-	-
	$ 27,447,875	$ 20,796,630	$ 6,651,245	$ -

4. NET PENSION LIABILITY OF THE CITY

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

	2018	2017
Total pension liability	$ 47,061,520	$ 46,044,195
Plan fiduciary net position	(26,601,762)	(26,659,246)
City's net pension liability	$ 20,459,758	$ 19,384,949
Plan fiduciary net position as a percentage of the total pension liability	56.53%	57.90%

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of June 30, 2017 and rolled forward to the measurement date of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	No explicit price inflation assumption used
Salary increases	4.0% - 9.0%, average, including inflation
Investment rate of return	7.5%, net of pension plan investment expense, including inflation
Mortality rates	RP-2014 Healthy Annuitant Mortality Table for males and females projected 6 years to 2020, with MP-2014.

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

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

The long-term expected rate of return on System's investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation are discussed in the System's investment allocation policy in Note 3.

4. NET PENSION LIABILITY OF THE CITY (continued)

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

Sensitivity of Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the City, calculated using the discount rate of 7.5%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1% lower (6.5%) and 1% higher (8.5%) than the current discount rate:

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

GASB REQUIRED SUPPLEMENTARY INFORMATION

CITY OF YPSILANTI, MICHIGAN POLICE AND FIRE RETIREMENT SYSTEM
Schedule of Changes in Net Pension Liability and Related Ratios
Last Five Measurement Periods (1)

	2018	2017	2016	2015	2014
Total pension liability					
Service cost	$ 410,415	$ 483,184	$ 624,175	$ 767,076	$ 417,399
Interest	3,329,510	3,334,772	3,377,822	3,248,978	3,244,001
Benefit changes	-	-	-	-	88,956
Difference between expected and actual experience	989,272	297,192	-	481,589	(212,827)
Changes of assumptions	-	-	-	1,407,285	(203,836)
Benefit payments, including employee refunds	(3,711,871)	(4,585,964)	(4,425,057)	(3,806,050)	(3,078,288)
Other	-	-	-	-	-
Net change in total pension liability	1,017,326	(470,816)	(423,060)	2,098,878	255,405
Total pension liability - beginning	46,044,195	46,515,011	46,938,071	44,839,193	44,583,788
Total pension liability - ending (a)	$ 47,061,521	$ 46,044,195	$ 46,515,011	$ 46,938,071	$ 44,839,193
Plan net position					
Contributions - employer	$ 1,466,261	$ 1,355,989	$ 1,240,657	$ 1,395,423	$ 1,358,167
Contributions - member	171,520	208,502	234,471	274,671	275,422
Net investment income	2,079,275	2,619,925	(253,617)	1,002,019	4,982,234
Benefit payments, including employee refunds	(3,711,871)	(4,585,964)	(4,425,057)	(3,806,050)	(3,078,288)
Administrative expense	(62,668)	(72,546)	(67,345)	(59,069)	(60,012)
Other	-	-	-	-	-
Net change in plan net position	$ (57,483)	$ (474,094)	$ (3,270,891)	$ (1,193,006)	$ 3,477,523
Plan net position - beginning	$ 26,659,246	$ 27,133,340	$ 30,404,231	$ 31,597,237	$ 28,119,714
Plan net position - ending (b)	$ 26,601,763	$ 26,659,246	$ 27,133,340	$ 30,404,231	$ 31,597,237
Net pension asset - ending (a) - (b)	$ 20,459,758	$ 19,384,949	$ 19,381,671	$ 16,533,840	$ 13,241,956
Ratio of plan net position to total pension liability	56.53%	57.90%	58.33%	64.78%	70.47%
Covered payroll	$ 2,844,954	$ 3,174,402	$ 3,170,835	$ 3,298,809	$ 3,440,059
Net pension liability as a percentage of covered payroll	719.16%	610.66%	611.25%	501.21%	384.93%

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

CITY OF YPSILANTI, MICHIGAN POLICE AND FIRE RETIREMENT SYSTEM
Schedule of City of Ypsilanti Contributions
Last Five Fiscal Years (1)

	2018	2017	2016	2015	2014
Actuarially determined employer contributions	$ 1,466,260	$ 1,355,989	$ 1,240,657	$ 1,395,423	$ 1,347,529
Actual employer contributions	(1,466,261)	(1,355,989)	(1,240,657)	(1,395,423)	(1,358,167)
Contribution Deficiency (Excess)	$ (1)	$ -	$ -	$ -	$ (10,638)
City Covered Payroll	$ 2,844,954	$ 3,174,402	$ 3,170,835	$ 3,298,809	$ 3,440,059
Actual contributions as a Percentage of Covered Payroll	51.54%	42.72%	39.13%	42.30%	39.17%

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

Notes to Schedule

Valuation date	Actuarially determined contribution rates are calculated as of June 30 that is 12 months prior to the beginning of the fiscal year for which the contributions are reported
Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	28 years for 2016 valuation, 30 years prior to 6/30/15
Asset valuation method	5-year smoothing
Inflation	No explicit price inflation assumption used
Salary increases	4.0%-9.0%, average, including inflatoin
Investment rate of return	7.5%, net of pension plan investment expense, including inflation
Mortality	RP-2014 Health Annuitant Mortality Table

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

CITY OF YPSILANTI, MICHIGAN POLICE AND FIRE RETIREMENT SYSTEM

Schedule of Investment Returns

Last Six Fiscal Years (1)

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

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

YPSILANTI

MICHIGAN

City of Ypsilanti

Pride. Diversity. Heritage.

Community Impact

Comprehensive Annual Financial Report

Year Ended June 30, 2018

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City of Ypsilanti, Michigan

www.cityofypsilanti.com

Comprehensive Annual Financial Report

For the Year Ended June 30, 2018

Prepared by:

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

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City of Ypsilanti, Michigan

Comprehensive Annual Financial Report

For the Year Ended June 30, 2018

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CITY OF
YPSILANTI
Home of Eastern Michigan University

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City of Ypsilanti
Office of the City Manager

December 17, 2018

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

It is my pleasure to submit to you and the citizens of Ypsilanti, the Comprehensive Annual Financial Report (CAFR) of the City of Ypsilanti for the fiscal year ending June 30, 2018. Responsibility for both accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. The City uses a comprehensive system of internal controls to assure completeness and accuracy of the data presented in this report. These do not include controls whose cost exceeds the benefits to be derived from them, as the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. City employees operate under a comprehensive system of internal controls designed to ensure the completeness and accuracy of the data representing the City's activities. The administration believes, and has made its best efforts to ensure, that the data, as presented, is accurate in all aspects and that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City. It was prepared by staff in Fiscal Services, other City departments and Clark Schaefer Hackett & Co.

This report has been formulated following the guidelines recommended by the Government Finance Officers Association (GFOA) of the United States and Canada. Meeting the high standards as set forth in the guidelines of the GFOA can only assist us in improving the financial reporting of the City of Ypsilanti.

Wherever possible, the City has made use of grants to help meet the needs of the community. Examples of such grants benefitting the City include:

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

Rehmann Robson LLC, Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Ypsilanti's financial statements for the year ended June 30, 2018. The independent auditor's report is located at the front of the financial section of this report. Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

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Profile of the Government

The City of Ypsilanti, incorporated in 1858, is located in the southeast region of Michigan's lower peninsula in Washtenaw County, approximately 30 miles west of Detroit, with a population of 19,435. The City is bounded to the north by the Charter Township of Superior and on the west, south and east by the Charter Township of Ypsilanti.

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

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

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

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

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

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

Local Economy

Local unemployment is around 2.2 percent, which is below the state average (at July 2017, 3.5 percent) and below the national average of 4.4 percent. As the State of Michigan adapts to the challenges of a rapidly globalizing world, community and business leaders have come together like never before to respond. Economic development officials have implemented an aggressive strategy for business growth and expansion within the region offering numerous resources to businesses with financing opportunities. The City has earned and maintained its Redevelopment Ready Community status that creates technical funding opportunities, promotion of City priority redevelopment sites, and promotion to developers of clear and transparent development processes.

The City of Ypsilanti has a population of 19,435 according to the 2010 US Census. This is a decline from the census of 2000, which showed a population of 22,237. The City's state equalized value has decreased 23.5% compared to ten years ago. The City's total equalized value of taxable property for tax year 2017 is approximately $393 million, an increase of about $34.3 million, or roughly 9.56% of the prior year.

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

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

Long-term Financial Planning

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

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

The Water Street debt was severely limiting the City’s ability to allocate adequate resources to essential services and programs. The 38-acre redevelopment project, bounded by Michigan Avenue on the north and the Huron River on the south and west, continues to face formidable challenges due to the economy.

In 2006, the City refunded four bonds and combined them into a $15.74 million bond called the 2006 Capital Improvement Refunding Taxable Bonds. Originally, debt retirement was to be paid for through tax increment financing by captured growth in taxable value from new development, but development and tax base growth did not occur as planned. As a result, the City was required to use General Fund reserves to pay the annual debt payments. In March 2016, the City refinanced the unpaid bond balance of $13.245 million for 15 years with a down payment of $2.255 million and reduced the remaining debt to $10.44 million, leaving an original bond balance of $700,000. In July 2016, the City further reduced the old debt to $230,000. The City eliminated the old debt entirely through payoff in fiscal year 2018, thereby saving the City an estimated $140,000 in interest costs over the next 14 years. The City placed a proposal on the August 2016 ballot seeking approval for a millage levy to cover the new bond debt costs associated with the Water Street property, and the proposal was rejected by voters. A similar citizen-initiated proposal was placed on the August 2017 ballot, and this time the proposal passed to levy 2.3 mills equivalent to $718,000, to be used for the annual debt service of 2016 refunding bonds Series A, AKA Water Street bond debt, that will completely mature in fiscal year 2031.

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

Major Initiatives for the Year

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

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

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

Major Initiatives in the Future

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

Specialty teams, such as hazardous materials, technical rescue and swift water rescue, are all county teams. It would be impossible to finance these activities on our own. A large part of our training fund comes from the State (fireworks fund). Lastly, the county fire departments obtained over $3,000,000 of equipment grants over the past three years.

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

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

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

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

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

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

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

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

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

Acknowledgements

The preparation of this report on a timely basis was made possible by the dedicated services of Fiscal Services accounting staff and other City departments, as well as from Clark Schaefer Hackett & Co. I wish to express my appreciation and acknowledge those who assisted and contributed to the preparation of this report: Marilou Uy, Rheagan Basabica, and the staff from the Fiscal Services Department, and Joe Meyers, Bonnie Wessler, and Nan Schuette from the Community and Economic Development Department.

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

Respectfully submitted,

{signature omitted for security}
Darwin McClary,
City Manager

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Ypsilanti

Michigan

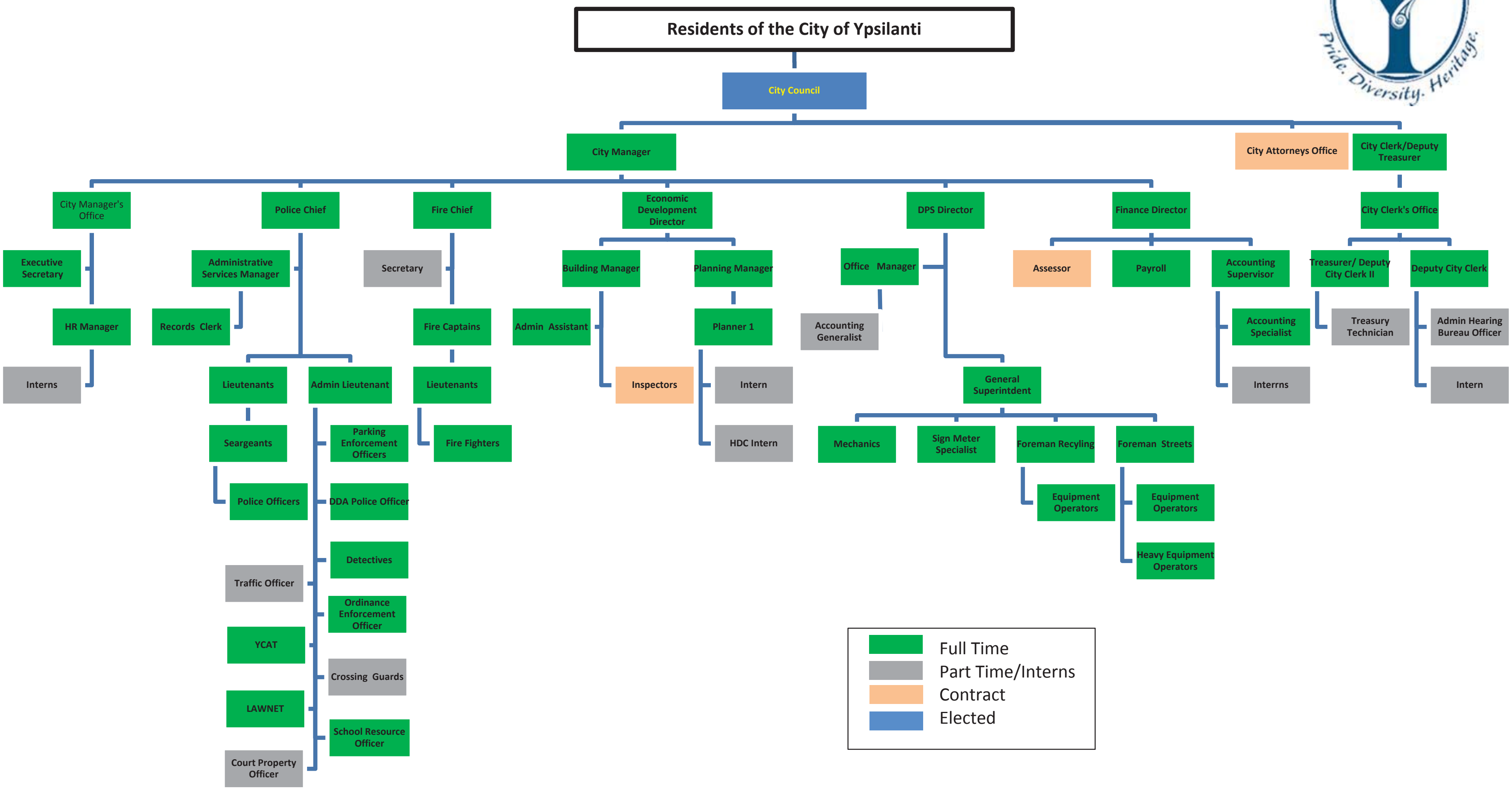
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

[redacted]

Executive Director/CEO

City of Ypsilanti Organizational Chart



CITY OF YPSILANTI, MICHIGAN

ELECTED OFFICIALS

CITY COUNCIL

Amanda Edmonds
Mayor

Nicole Brown
Mayor Pro-Tem

Council Members
Beth Bashert
Peter Murdock
Lois Richardson
Brian Robb
Daniel Vogt

Administration-Appointed Officials and Senior Management

Darwin McClary
City Manager

Marilou Uy
Director of Fiscal Services

Stan Kirton
Director of Public Services

Kimberly Teamer
City Treasurer

Frances McMullan
City Clerk

Max Anthouard
Fire Chief

Tony DeGuisti
Police Chief

Joe Meyers
Interim *Economic Development Director*

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FINANCIAL SECTION

CITY OF
YPSILANTI
Home of Eastern Michigan University

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Rehmann

Rehmann Robson

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INDEPENDENT AUDITORS' REPORT

December 17, 2018

Honorable Mayor and City Commission
City of Ypsilanti, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the *City of Ypsilanti, Michigan* (the "City"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Independent Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Ypsilanti, Michigan, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund and each major special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

[redacted]

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

The management of the City of Ypsilanti, Michigan (the City) presents readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, as listed in the table of contents.

Financial Highlights

Major financial highlights for fiscal year 2018 are listed below:

- The liabilities and deferred inflows of resources of the City exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by $10,043,142 (net position). Of this amount, a negative $29,972,757 in unrestricted net position was reported for the governmental activities, primarily due to recognition of net pension and other postemployment benefit (OPEB) liabilities.

- The City's total net position decreased by $319,912.

- The City's total revenues were $20,457,880, an increase of $1,385,586, or 7%, while total expenses were $20,777,792, a decrease of $70,637, or 0%.

- The City's general fund, the primary operating fund, increased by $542,649. The City's unassigned fund balance of the general fund totaled $4,397,639 at the end of the fiscal year, or 36% of general fund expenditures.

- The City's long-term bonds decreased by $3,545,000, with $30,671,984 outstanding as of the end of the fiscal year.

Overview of the Financial Statements

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

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues *(governmental activities)* from other functions that are intended to recover all or a significant portion of their costs through user fees and charges *(business-type activities).* The governmental activities of the City include general government, public safety, public works, refuse collection, highways, streets, and bridges, culture and recreation, and public transportation. The City does not have business-type activities.

The government-wide financial statements include not only the City itself (known as the *primary government),* but also legally separate component units: Downtown Development Authority, Depot Town Downtown Development Authority and Economic Development Corporation, for which the City is financially accountable. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself.

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

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

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

The City maintains 23 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general, major streets, capital improvement reserve and 2013 revenue refunding bonds funds, all four of which are considered to be major funds. Data from the other 19 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

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

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

Fiduciary Funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. The City's only fiduciary funds are agency funds that are custodial in nature.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's progress in funding its obligation to provide pension benefits to its police and fire employees, pension benefits to employees participating in the MERS plan, and other postemployment benefits.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position at Fiscal Year-End

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by $10,043,142 at the close of the most recent fiscal year.

Table 1
Net Position

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

A significant portion of the City's net position ($16,446,266) reflects its investment in capital assets (i.e., land, buildings, equipment and furniture, etc.), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to pay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

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

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

Change in Net Position during Fiscal Year 2018

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

Table 2
Changes in Net Position

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

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

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

FINANCIAL ANALYSIS OF THE CITY'S INDIVIDUAL FUNDS

Governmental Funds

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

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

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

General Fund

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

Major Streets Fund

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

Capital Improvement Reserve Fund

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

2013 Revenue Refunding Bonds Fund

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

GENERAL FUND BUDGETARY HIGHLIGHTS

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

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

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

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

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

Capital Assets at Year-End

(Net of Depreciation)

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

Debt Administration

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

Long-term Bonds at Year-End

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

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

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

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

The City continues to comply with the City, Village and Township Revenue Sharing (CVTRS) program to receive full CVTRS payments. The City implemented again the Public Act 52 (SB #7) limiting employer's medical benefit cost by making employees pay the difference between the actual health insurance costs minus hard cap set by the State of Michigan, Department of Treasury.

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

REQUESTS FOR ADDITIONAL INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers and investors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional information, you are welcome to contact the clerk's office at (734) 483-1100.

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

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

See accompanying notes to the basic financial statements.

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

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

See accompanying notes to the basic financial statements.

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

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

See accompanying notes to the basic financial statements.

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

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

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

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

See accompanying notes to the basic financial statements.

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

Net change in fund balances - total governmental funds		$ 1,144,100
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense:		
Capital asset additions	$ 131,264	
Depreciation expense	(2,592,075)	(2,460,811)
Revenues in the statement of activities that do not provide current finanical resources are reported as deferred inflows of resources or not reported in governmental funds:		
Unavailable revenue	89,147	
Change in lease receivable from YCUA	(1,197,858)	(1,108,711)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:		
Compensated absences	(79,415)	
Interest on long-term debt	33,797	
Amortization of deferred gain on refunding	1,440	
Amortization of premiums	153,479	
Change in net pension asset	1,318,791	
Change in net pension liability	(1,074,809)	
Change in net OPEB liability	(2,310,900)	
Change in deferred outflows - pension/OPEB	1,967,267	
Change in deferred inflows - pension/OPEB	(1,576,742)	(1,567,092)
Principal paid on long-term debt is recorded as an expenditure on the fund financial statements and recorded as a reduction of the long-term liability in the government-wide statements.		3,545,000
Internal service funds are used by management to charge the cost of certain equipment usage, insurance and benefits to individual funds. The net revenue (expense) attributable to those funds is reported with governmental activities.		127,602
Change in net position of governmental activities		$ (319,912)

CITY OF YPSILANTI, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

General Fund

Fiscal Year Ended June 30, 2018

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

continued

See accompanying notes to the basic financial statements.

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

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

See accompanying notes to the basic financial statements.

CITY OF YPSILANTI, MICHIGAN

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

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

See accompanying notes to the basic financial statements.

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

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

See accompanying notes to the basic financial statements.

CITY OF YPSILANTI, MICHIGAN

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

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

See accompanying notes to the basic financial statements.

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

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

See accompanying notes to the basic financial statements.

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

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

See accompanying notes to the basic financial statements.

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

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

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

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

See accompanying notes to the basic financial statements.

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

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

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Ypsilanti, Michigan (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the significant accounting policies used by the City.

A. Reporting Entity

The City is governed by an elected seven-member council. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Although blended component units are legally separate entities, in substance, they are part of the City's operations, whereas discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the City. The City only has discretely presented component units.

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

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

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

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

Brownfield Redevelopment Authority (BRA) – The BRA is responsible for administering brownfield redevelopment projects. The City Council appoints and may remove board members and approves the budget. The BRA had no financial activity during the fiscal year.

B. Government-wide and Fund Financial Statements

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Fund Financial Statements. The fund financial statements provide information about the City's funds, including its fiduciary funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the City's internal service funds are charges to other funds of the City for various services. Operating expenses for internal service funds include these services, administrative expenses, and depreciation on capital assets. All revenue and expense not meeting this definition are reported as nonoperating revenue and expenses.

Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

The City reports the following major governmental funds:

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

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

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

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

Additionally, the City reports the following fund types:

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

D. Deposits and Investments

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

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

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

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

E. Receivables and Payables

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

F. Inventory and Prepaid Items

Inventory in the general and internal service funds is valued at cost, using the first-in, first-out method. Inventory of governmental funds is recorded as an expenditure when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items, when incurred, in both the government-wide and fund financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Capital Assets

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

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

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

H. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for *deferred outflows of resources*. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category and are reported in the government-wide statement of net position; pension and other postemployment benefits (OPEB). These are addressed in Notes 17 and 18, respectively.

In addition to liabilities, the statement of financial position and governmental funds balance sheet will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element, deferred inflows of resources, represents revenue that applies to one or more future periods and so will not be recognized as an inflow of resources until that time. For the City, deferred inflows of resources include unavailable revenue, deferred charge on refunding, pension and OPEB. Unavailable revenue is reported only on the governmental fund financial statements and represents receivables that will not be collected within the available period (sixty days after fiscal year-end). Deferred charge on refunding results from the difference in the carrying value of refunded debt and its acquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred inflows of resources related to pensions and OPEB are addressed in Notes 17 and 18, respectively.

I. Compensated Absences

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing source. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

K. Fund Balances

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

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

L. Use of Estimates

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

2. BUDGETARY INFORMATION

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

2. BUDGETARY INFORMATION (continued)

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

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

3. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

State statutes provide that a local unit shall not incur expenditures in excess of the amounts appropriated. The approved budgets of the City were adopted on a fund level basis. During the fiscal year ended June 30, 2018, the City incurred expenditures in excess of amounts appropriated at the legal level of budgetary control as follows:

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

4. CONSTRUCTION CODE FEES

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

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

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

5. DEPOSITS AND INVESTMENTS

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

	Primary Government	Component Units	Total
Statement of Net Position			
Cash and cash equivalents	$ 11,245,144	$ 398,478	$ 11,643,622
Investments	4,712,291	-	4,712,291
Statement of Fiduciary Net Position			
Agency Fund	8,068	-	8,068
Pension Trust Fund:			
Cash and cash equivalents	1,826,392	-	1,826,392
Investments	26,328,410	-	26,328,410
	$ 44,120,305	$ 398,478	$ 44,518,783

Deposits and Investments	
Bank deposits (checking, savings and certificates of deposit)	$ 13,475,607
Investments in securities, mutual funds and similar vehicles:	
City investment pool (including $502,421 certificates of deposit with original maturities greater than three months)	4,712,291
Pension trust fund	26,328,410
Cash on hand	2,475
	$ 44,518,783

5. DEPOSITS AND INVESTMENTS (continued)

Custodial Credit Risk—Deposits. For deposits, custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to the City. The City's carrying balance as of June 30, 2018 was $13,475,607. As of June 30, 2018, $13,020,200 of the City's total bank balance of $13,770,200 was exposed to custodial credit risk as it was uninsured and uncollateralized.

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

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

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

For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that investment securities be held in third-party safekeeping by a designated institution and that the safekeeping agent follow the procedure of delivery vs. payment. As of June 30, 2018, none of the City's investments were exposed to custodial credit risk, as they were held in the City's name by the counterparty.

Credit Risk. As of June 30, 2018, the City's investments in commercial paper was rated P1 by Moody's and the local government investment pool was rated AAAm by Standard & Poor's. Ratings are not required for money market accounts. The City's investment policy does not have specific limits in excess of State law on investment credit risk.

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

Credit Suisse Commercial Paper	$ 1,501,132	8.3%

Interest Rate Risk. Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of investments. As of June 30, 2018, maturities of the City's investments in commercial paper were less than one year. The City's investment policy does not address interest rate risk.

Fair Value Measurements. The City categorizes the fair value measurements of its investments within the fair value hierarchy established by GAAP. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. These levels are determined by the City's investment manager based on a review of the investment class, structure and what kind of securities are held in the portfolio. The City's holdings are classified in Level 1 of the fair value hierarchy.

6. INVESTMENTS—PENSION TRUST FUNDS

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

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

The System's investments are held in a bank-administered trust fund. The following is a summary of the System's investments as of June 30, 2018:

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

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

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

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

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

6. INVESTMENTS—PENSION TRUST FUNDS (continued)

Concentration of Credit Risk. At June 30, 2018, the System did not have any holdings in any one issue greater than 5% of the total investment portfolio.

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

Interest Rate Risk. As of June 30, 2018, maturities of the System's debt securities were as follows:

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

Of the above corporate bonds, $1,437,103 of the total is callable.

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

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

In addition to the above, the System's holdings in mutual funds are primarily composed of underlying investments in international equities (approximately 68% of total mutual fund holdings of $5,000,272), predominately in European, Japanese and other Asian companies. The residual mutual fund underlying investments are in cash and cash equivalents, domestic equities and alternatives.

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

Fair Value Measurement. The System categorizes the fair value measurement of its investments within the fair value hierarchy established by GAAP. Level 1 inputs are quoted prices in active markets; Level 2 inputs are significant observable inputs; and Level 3 inputs are significant unobservable inputs. These levels are determined by the System's investment manager at the portfolio level based on a review of the investment class, structure and what kind of securities are held in the portfolio. The investment manager will request the information form the portfolio manager, if necessary.

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

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

6. INVESTMENTS—PENSION TRUST FUNDS (continued)

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

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

7. RECEIVABLES

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

8. CAPITAL ASSETS

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

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

8. CAPITAL ASSETS (continued)

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

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

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

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

9. PAYABLES

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

10. INTERFUND TRANSACTIONS

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

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

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

11. CONTINGENT LIABILITIES

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

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

The City is currently involved in various tax appeals pending before the Michigan Tax Tribunal. The appeals cover various commercial and industrial properties for the years 2016, 2017 and 2018. Due to the large number of appeals currently before the Tribunal, the time frame for resolution of these matters is unknown at this time. An estimate of the City's maximum exposure is approximately $789,000 in taxable value. The City is vigorously defending all such litigation.

12. LONG-TERM OBLIGATIONS

A. Primary Government

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

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

12. LONG-TERM OBLIGATIONS (continued)

A. Primary Government (continued)

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

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

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

Revenue Bonds. The City also issues bonds where the income derived from the acquired or constructed assets is pledged to pay debt service. In this instance, the income is derived from the Ypsilanti Community Utilities Authority (see Note 19), which manages and operates the related water and wastewater systems. The original amount of revenue bonds issued in the current and prior years was $33,024,702.

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

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

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

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

12. LONG-TERM OBLIGATIONS (continued)

B. Component Unit

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

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

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

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

13. FUND BALANCES

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

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

14. NET INVESTMENT IN CAPITAL ASSETS

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

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

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

15. RISK MANAGEMENT

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

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

16. PROPERTY TAXES

The government's property taxes are levied each July 1 on the taxable valuation of property located in the City as of the preceding December 31, the lien date. Property taxes are payable without penalty and interest through September 14; as of February 14 of the succeeding year, unpaid real property taxes are sold to and collected by Washtenaw County. Assessed values, as established annually by the government and subject to acceptance by the County, are equalized by the State at an estimated 50% of current market value. The taxable value of real and personal property in the City for the 2017 levy was $305,949,602. The City's general operating tax rate for fiscal year 2018 was 18.7386 mills plus 2.74 mills for sanitation, 2.7189 mills for streets, 0.9643 for public transit and 8.3643 mills for police and fire pension.

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

17. DEFINED BENEFIT PENSION PLANS

A. Police and Fire Retirement System

Plan Administration. The Police and Fire Retirement System is a single-employer defined benefit pension plan that is administered by the City of Ypsilanti Police and Fire Employees' Retirement System (the System); this plan covers all full-time police and fire employees of the City. The System provides retirement, disability, and death benefits to plan members and their beneficiaries. Cost of living adjustments are provided to members and beneficiaries. The System is included the City's financial report as a pension trust fund.

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

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

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

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

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

17. DEFINED BENEFIT PENSION PLANS (continued)

A. Police and Fire Retirement System (continued)

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

Eligibility	Amount of Benefit
20 or more years of service (25 years for Fire Chief) regardless of age or age 60 regardless of service.	Straight life pension equals 3.0% of three-year AFC times years of service for police and 3.0% of AFC times first 25 years of service, plus 1.0% of AFC times years of service in excess of 25 years, for fire. Additional benefit provisions apply to COAM members depending on hire dates.
25 or more years of service regardless of age for fire members hired after July 1, 2009	Straight life pension equals 2.5% of three-year AFC times years of service, with a 75% maximum.
25 or more years of service regardless of age for POAM/COAM members hired after July 1, 2009	Straight life pension equals 2.0% of three-year AFC times years of service.
Members hired after July 1, 2012	Same as members hired after July 1, 2009, except there is no annuity withdrawal options.

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

Contributions. The obligation to contribute to the System for these employees was established by City ordinances and state statute and requires a contribution from the employees of 10.0% of gross wages for plan members hired prior to July 1, 2009 and 5% of gross wages for plan members hired after July 1, 2009. The funding policy provides for periodic employer contributions at actuarially determined rates; the current rate is 51.54% of covered payroll.

17. DEFINED BENEFIT PENSION PLANS (continued)

A. Police and Fire Retirement System (continued)

Deferred Retirement Option Program (DROP). In lieu of retiring and receiving a monthly benefit, an eligible participant may elect to participate in the DROP by making an irrevocable election to terminate employment with the City and retire upon ceasing participation in the DROP. The DROP election must specify the future retirement date which must be within the maximum time period permitted (typically 3 to 5 years, based on bargaining unit and hire date). Upon entry in the DROP, the participant ceases to accrue years of service in the defined benefit pension plan. The participant remains an employee of the City for all other purposes, but the retirement benefit payment is calculated, and payments commence into a separate, restricted account. These monthly payments, along with interest earnings thereon, are not distributed to the participant until employment has terminated. DROP activity for the fiscal year ended June 30, 2018 is as follows:

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

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

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of June 30, 2017 and rolled forward to the measurement date of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	No explicit price inflation assumption used
Salary increases	4.0% - 9.0%, average, including inflation
Investment rate of return	7.5%, net of pension plan investment expense, including inflation
Mortality rates	RP-2014 Healthy Annuitant Mortality Table for males and females projected 6 years to 2020, with MP-2014.

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

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

17. DEFINED BENEFIT PENSION PLANS (continued)

A. Police and Fire Retirement System (continued)

Investment Allocation Policy. The System's policy in regard to the allocation of invested assets is established and may be amended by the Retirement Board. The policy pursues an investment strategy that protects the financial health of the System and reduces risk through the prudent portfolio diversification. The adopted asset allocation policy as of June 30, 2018, is presented in the table below.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018 are summarized below:

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

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

17. DEFINED BENEFIT PENSION PLANS (continued)

A. Police and Fire Retirement System (continued)

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

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

Sensitivity of Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the City, calculated using the discount rate of 7.5%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1% lower (6.5%) and 1% higher (8.5%) than the current discount rate:

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

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

	Deferred Outflows of Resources
Difference between expected and actual experience	$ 601,271
Net difference between projected and actual earnigns on pension plan investments	676,871
Total	$ 1,278,142

17. DEFINED BENEFIT PENSION PLANS (continued)

A. Police and Fire Retirement System (continued)

The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date, if any, will be recognized as a reduction in the net pension liability for the year ending June 30, 2019. Other amounts reported as deferred outflows of resources related to pension will be recognized in pension expense as follows:

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

B. Municipal Employees Retirement System of Michigan

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

Contributions. The obligation to contribute to and maintain the MERS for these employees was established by City ordinances and requires a contribution from the employees of 5.0% of annual compensation. The actuarially determined employer contribution rate, as established by the MERS Retirement Board, is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with such additional amount as necessary to finance any unfunded accrued liability. Employer contributions of 7.49% of annual payroll for only the non-union division were required for the year ended June 30, 2018. This was determined as part of an actuarial valuation at December 31, 2015, using the entry age normal cost method.

Benefits Provided. Pension benefits are calculated as final average compensation (based on a 5-year period) and multipliers ranging from 1.5% to 2.5%. Participants are considered to be fully vested in the plan after 10 years. Normal retirement age is 60 with early retirement at age 50 with 25 years of service. The employer may establish contribution rates to be paid by its covered employees. Currently, member contributions range from 0% to 5.0%.

17. DEFINED BENEFIT PENSION PLANS (continued)

B. Municipal Employees Retirement System of Michigan (continued)

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

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

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

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

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

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

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

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

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment and administrative expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

17. DEFINED BENEFIT PENSION PLANS (continued)

B. Municipal Employees Retirement System of Michigan (continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Expected Money-Weighted Rate Of Return
Global equity	57.50%	5.02%	2.88%
Global fixed income	20.00%	2.18%	0.44%
Real assets	12.50%	4.23%	0.52%
Diversifying strategies	10.00%	6.56%	0.66%
	100.00%		4.50%
Inflation			3.25%
Administrative expenses netted above			0.25%
Investment rate of return			8.00%

Discount Rate. The discount rate used to measure the total pension liability as of December 31, 2017 was 8.0%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

17. DEFINED BENEFIT PENSION PLANS (continued)

B. Municipal Employees Retirement System of Michigan (continued)

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

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

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

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

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

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

18. OTHER POSTEMPLOYMENT BENEFITS

The City provides retiree healthcare benefits for all eligible employees, their spouses and dependents who meet eligibility requirements. Depending on hire date, employees either participate in the Municipal Employees Retirement System (MERS) of Michigan's Retiree Health Funding Vehicle (defined benefit OPEB plan) or Health Care Savings Program (defined contribution OPEB plan). MERS pools assets of the participating employers for investment purposes but maintains separate accounts for each individual employer in the Retiree Health Funding Vehicle and each individual employee in the Health Care Savings Program. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at www.mersofmich.com.

A. MERS Retiree Health Funding Vehicle

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

Contributions. The City has no obligation to make contributions in advance of when the insurance premiums or benefits are due for payment; in other words, the plan may be financed on a pay-as-you-go basis. Administrative costs of the Plan are paid for by the City's general fund. Plan participants are not required to contribute to the Plan. For the fiscal year ended June 30, 2018, the City made contributions to advance-fund the Plan totaling $1,579,641.

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

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

Retired participants	137
Active participants (includes current employees with waivers)	79
Total	216

18. OTHER POSTEMPLOYMENT BENEFITS (continued)

A. MERS Retiree Health Funding Vehicle (continued)

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

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

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

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

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

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

The long-term expected rate of return on the OPEB plan investments was determined using a forward-looking estimate of capital market returns model for each investment major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and investment expenses. The target allocation and best estimates of arithmetic real rates of return for each asset class are summarized in the following table:

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

18. OTHER POSTEMPLOYMENT BENEFITS (continued)

A. MERS Retiree Health Funding Vehicle (continued)

Discount Rate. The discount rate used to measure the total OPEB liability as of June 30, 2018 was 7.0%. The projection of cash flows used to determine the discount rate assumes City contributions will be made at the rates agreed upon for employees and the actuarially determined rates. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

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

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

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

18. OTHER POSTEMPLOYMENT BENEFITS (continued)

A. MERS Retiree Health Funding Vehicle (continued)

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

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

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

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

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

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

18. OTHER POSTEMPLOYMENT BENEFITS (continued)

B. MERS Health Care Savings Program

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

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

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

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

19. JOINT VENTURE

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

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

20. TAX ABATEMENTS

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

21. LAND HELD FOR RESALE

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

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

22. CHANGE IN ACCOUNTING PRINCIPLE

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

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

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

Required Supplementary Information

CITY OF YPSILANTI

Home of Eastern Michigan University

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

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

(1) Information prior to 2014 was not available. The City will continue to present information for years available until a full ten-year trend is available.
(2) The measurement year is from January 1 through December 31.

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

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

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

Notes to Schedule

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	21 years
Asset valuation method	5-year smoothing
Inflation	2.50%
Salary increases	3.75%
Investment rate of return	7.75%
Retirement age	Age-based table of rates, that are specific to the type of eligibility condition. The Normal Retirement rates were first used for the December 31, 2009 actuarial valuations. The Early Retirement rates were first used for the December 31, 2011 actuarial valuations.
Mortality	RP-2014 Group Annuitant Mortality Table of a 50% Male and 50% Female blend. For disabled retirees, the regular mortality table is used with a 10-year set forward in ages to reflect the higher expected mortality rates of disabled members.

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

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

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

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

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

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

Notes to Schedule

Valuation date	Actuarially determined contribution rates are calculated as of June 30 that is 12 months prior to the beginning of the fiscal year for which the contributions are reported
Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	28 years for 2016 valuation, 30 years prior to 6/30/15
Asset valuation method	5-year smoothing
Inflation	No explicit price inflation assumption used
Salary increases	4.0%-9.0%, average, including inflatoin
Investment rate of return	7.5%, net of pension plan investment expense, including inflation
Mortality	RP-2014 Health Annuitant Mortality Table

Previous actuarial methods and assumptions:

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

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

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

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

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

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

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

CITY OF YPSILANTI, MICHIGAN

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

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

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

Notes to Schedule

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

Previous actuarial methods and assumptions:

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

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Supplemental Section

Combining and Other Financial Information

CITY OF
YPSILANTI
Home of Eastern Michigan University

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

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

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CITY OF YPSILANTI, MICHIGAN

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

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

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

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

CITY OF YPSILANTI, MICHIGAN

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

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

CITY OF YPSILANTI, MICHIGAN

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

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

CITY OF YPSILANTI, MICHIGAN

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

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

CITY OF YPSILANTI, MICHIGAN

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

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

CITY OF YPSILANTI, MICHIGAN

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

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

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

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

CITY OF YPSILANTI, MICHIGAN

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

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

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

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

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

CITY OF YPSILANTI, MICHIGAN

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

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

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

CITY OF YPSILANTI, MICHIGAN

Combining Statement of Net Position
Internal Service Funds
June 30, 2018

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

CITY OF YPSILANTI, MICHIGAN

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

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

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

	Motor Pool	Workers' Compensation	Retiree Health Care	Total Internal Service Funds
Cash Flows from Operating Activities				
Cash received from interfund charges	$ 738,727	$ 128,974	$ 1,608,831	$ 2,476,532
Cash payments for employee services and benefits	(183,728)	-	-	(183,728)
Cash payments for claims	-	(257,963)	(1,331,419)	(1,589,382)
Cash payments to suppliers for goods and services	(417,301)	-	(2,471)	(419,772)
Net cash flows from operating activities	137,698	(128,989)	274,941	283,650
Cash Flows from Capital and Related Financing Activities				
Acquisition of capital assets	(154,918)	-	-	(154,918)
Proceeds from sale of assets	24,508	-	-	24,508
Principal paid on capital lease	(21,950)	-	-	(21,950)
Interest paid on capital lease	(2,698)	-	-	(2,698)
Net cash flows from capital and related financing activities	(155,058)	-	-	(155,058)
Cash Flows from Investing Activities				
Investment earnings	21,947	3,829	9,223	34,999
Net increase (decrease) in cash and cash equivalents	4,587	(125,160)	284,164	163,591
Cash and cash equivalents beginning of year	939,041	226,001	1,536,767	2,701,809
Cash and cash equivalents end of year	$ 943,628	$ 100,841	$ 1,820,931	$ 2,865,400

Reconciliation of operating income (loss) to net cash flows from operating activities:

	Motor Pool	Workers' Compensation	Retiree Health Care	Total Internal Service Funds
Operating income (loss)	$ (333,299)	$ 128,152	$ 274,256	$ 69,109
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation	422,088	-	-	422,088
Changes in assets and liabilities:				
Receivables	(2,690)	(2,582)	3,156	(2,116)
Inventory	17,201	-	-	17,201
Prepaid items	-	11,455	(3,179)	8,276
Accounts payable	34,223	(8,051)	708	26,880
Accrued liabilities	175	-	-	175
Claims payable	-	(257,963)	-	(257,963)
Net cash flows from operating activities	$ 137,698	$ (128,989)	$ 274,941	$ 283,650

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

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

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

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

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

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

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

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

CITY OF YPSILANTI, MICHIGAN

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

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

CITY OF YPSILANTI, MICHIGAN

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

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

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

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

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STATISTICAL SECTION

CITY OF
YPSILANTI
Home of Eastern Michigan University

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Statistical Section

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

Contents **Page**

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

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

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

Source: City of Ypsilanti's financial statements
(1) The City implemented GASB 68 in FY2015. Information prior to FY2015 was not available to restate.
(2) The City implemented GASB 75 in FY2018. Information prior to FY2017 was not available to restate.

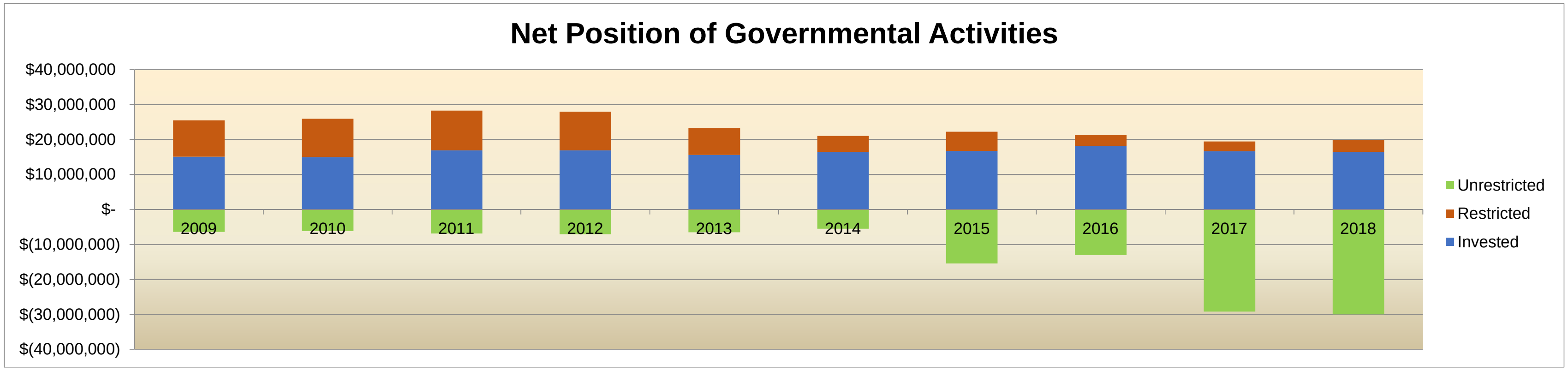


Table 2
Unaudited

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

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

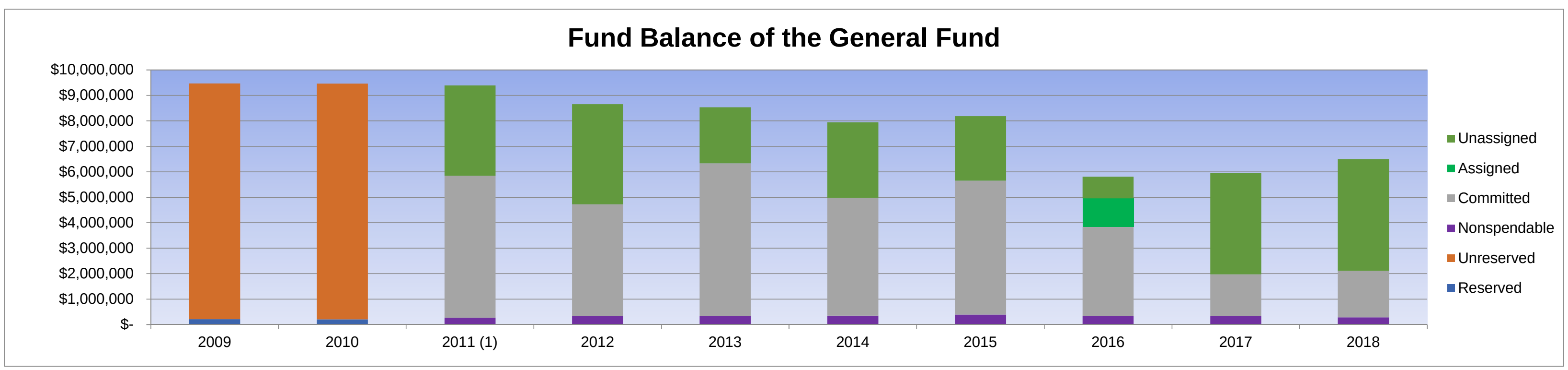
Source: City of Ypsilanti's financial statements

Table 3
Unaudited

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

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

Source: City of Ypsilanti's financial statements
(1) The City implemented the provisions GASB Statement No. 54 in fiscal 2011, which changed the governmental fund balance classifications.
The City has elected not to restate fund balance amounts for fiscal years prior to implementation.



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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Taxes and special assessments	$ 12,098,938	$ 11,417,456	$ 9,907,455	$ 10,555,401	$ 10,309,164	$ 10,656,453	$ 10,606,608	$ 10,452,347	$ 10,582,364	$ 10,345,083
Licenses and permits	657,459	530,812	666,586	734,250	748,417	648,881	867,227	822,818	880,933	1,061,002
Intergovernmental	7,667,265	7,880,092	8,369,061	6,678,576	7,112,100	6,851,138	9,076,428	9,002,708	8,232,651	8,099,175
Charges for services	582,283	533,974	542,669	448,341	733,730	417,906	475,814	471,898	635,838	483,949
Fines and forfeitures	445,965	475,530	597,265	516,393	499,099	414,468	315,907	356,170	446,318	484,649
Investment earnings	743,107	35,676	165,346	413,204	(33,737)	182,666	270,174	178,039	42,641	132,749
Donations and contributions	-	-	-	-	-	-	-	-	-	117,876
Other revenues	840,477	716,969	541,067	680,652	671,558	1,710,943	1,193,807	1,434,652	769,796	634,418
Total Revenues	23,035,494	21,590,509	20,789,449	20,026,817	20,040,331	20,882,455	22,805,965	22,718,632	21,590,541	21,358,901
Expenditures										
Current:										
General government	2,170,189	2,127,907	2,433,291	2,141,990	2,214,452	2,287,975	2,797,658	2,629,465	2,408,251	2,488,641
Public safety	8,431,824	8,182,781	8,326,438	8,093,201	7,264,800	7,806,628	8,048,474	7,954,140	7,853,131	8,500,480
Public works	1,194,766	912,196	848,754	788,210	2,085,725	3,597,878	902,141	1,193,485	997,658	783,880
Refuse collection	1,184,977	1,078,414	1,065,037	1,041,143	1,112,773	1,017,678	859,180	833,639	884,179	940,435
Highways, streets and bridges	1,691,811	1,540,487	1,592,516	1,740,226	1,806,267	1,476,912	2,318,364	2,523,389	2,229,228	1,450,475
Culture and recreation	358,179	457,372	348,756	300,134	284,251	1,136,746	309,980	2,174,842	1,048,105	413,267
Community development	146,167	544,408	498,817	75,033	92,208	32,448	55,522	46,002	-	-
Public transportation	226,756	158,967	218,000	262,183	308,175	274,846	267,238	315,229	282,327	283,544
Unallocated employee benefits	1,188,986	964,144	878,085	950,627	1,043,139	928,133	727,865	884,137	886,100	1,015,269
Tax tribunal refunds	-	-	-	397,353	13,735	12,712	260,020	49,000	(11,536)	(13,288)
Capital outlay	-	-	-	-	-	-	-	-	-	-
Debt service:										
Principal retirement	2,627,079	2,738,504	2,970,000	3,175,000	3,340,000	3,535,000	3,665,000	5,985,000	4,270,000	3,545,000
Interest and fiscal charges	2,692,892	2,705,052	2,561,716	2,326,442	2,204,172	2,157,920	1,883,263	1,781,392	1,412,552	1,017,275
Bond issuance costs	-	-	-	-	-	-	-	209,618	153,418	-
Total Expenditures	21,913,626	21,410,232	21,741,410	21,291,542	21,769,697	24,264,876	22,094,705	26,579,338	22,413,413	20,424,978
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	1,121,868	180,277	(951,961)	(1,264,725)	(1,729,366)	(3,382,421)	711,260	(3,860,706)	(822,872)	933,923
Other Financing Sources (Uses)										
Transfers in	1,219,140	2,300,123	1,639,043	2,122,966	6,759,280	4,928,666	2,140,163	4,614,790	1,610,549	1,442,333
Transfers out	(1,187,059)	(2,214,414)	(1,431,863)	(1,930,857)	(6,470,040)	(4,717,299)	(2,084,574)	(4,614,790)	(1,610,549)	(1,442,333)
Sale of assets	-	-	-	-	-	-	-	-	-	210,177
Issuance of debt	503,958	87,401	3,856,253	-	5,372,551	8,993,185	215,663	10,838,601	8,455,000	-
Bond premiums (discounts)	-	-	-	-	(83,208)	433,687	-	60,015	1,122,195	-
Payment to refunding escrow agent	-	-	(3,749,306)	-	(4,005,000)	(7,950,000)	-	(10,290,000)	(9,423,777)	-
Total Other Financing Sources (Uses)	536,039	173,110	314,127	192,109	1,573,583	1,688,239	271,252	608,616	153,418	210,177
Special Item - change in market value of land held for resale	-	-	-	-	(1,995,335)	-	-	-	(768,350)	-
Net Change in Fund Balances	$ 1,657,907	$ 353,387	$ (637,834)	$ (1,072,616)	$ (2,151,118)	$ (1,694,182)	$ 982,512	$ (3,252,090)	$ (1,437,804)	$ 1,144,100
Debt Service as a percentage of non-capital expenditures	25.2%	25.8%	29.9%	27.7%	26.3%	25.4%	26.7%	33.4%	26.6%	22.5%

Source: City of Ypsilanti's financial statements

CITY OF YPSILANTI, MICHIGAN

Assessed Value and Taxable Value of Real and Personal Property

Last Ten Fiscal Years

		Real Property (1)		Personal Property (1)		Total		Total
Tax Year	Fiscal Year Ended	Taxable Value	(2) Assessed Value	Taxable Value	(2) Assessed Value	Taxable Value	(2) Assessed Value	Direct Tax Rate
2017	2018	$ 289,053,202	$ 376,271,300	$ 16,896,400	$ 16,896,400	$ 305,949,602	$ 393,167,700	$ 33.5261
2016	2017	281,935,196	343,372,917	15,501,500	15,501,500	297,436,696	358,874,417	35.0727
2015	2016	278,962,991	313,904,850	17,146,400	16,897,689	296,109,391	330,802,539	34.9012
2014	2015	275,672,619	295,131,668	16,460,800	16,460,800	292,133,419	311,592,468	35.7735
2013	2014	271,120,783	283,777,190	18,493,812	18,493,812	289,614,595	302,271,002	36.4947
2012	2013	273,316,097	283,284,181	17,413,000	17,413,000	290,729,097	300,697,181	35.2060
2011	2012	290,163,934	309,315,255	19,030,100	19,030,100	309,194,034	328,345,355	33.6731
2010	2011	308,955,109	332,212,495	21,038,100	21,038,100	329,993,209	353,250,595	31.5314
2009	2010	339,950,191	380,570,998	30,525,720	30,525,720	370,475,911	411,096,718	30.8592
2008	2009	353,840,502	436,827,206	48,803,200	48,803,200	402,643,702	485,630,406	30.6016

Source: City of Ypsilanti's Assessing Division

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

(2) Estimated actual value equals the assessed value.

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

Fiscal Year Ended	City	Ypsilanti Public Schools	State Education Tax	Washtenaw Intermediate School District	County	Washtenaw Community College	Ypsilanti District Library	Ann Arbor Area Transit Authority	Totals	
									Homestead	Non-Homestead
2018	33.5261	25.8579	6.0000	5.4109	6.2122	3.4267	2.7166	0.6860	65.9785	83.8364
2017	35.0727	25.9712	6.0000	5.4509	6.2432	3.4360	2.7660	0.6943	67.6631	85.6343
2016	34.9012	26.0000	6.0000	3.9745	6.3058	3.4576	2.7922	0.7000	66.1313	84.1313
2015	35.7735	25.0000	6.0000	3.9745	6.2838	3.4576	2.8110	0.7000	66.0040	84.0004
2014	36.4947	25.0000	6.0000	3.9745	5.7801	3.4576	2.8102	-	65.5171	83.5171
2013	35.2060	25.0000	6.0000	3.9745	5.7654	3.6376	2.7845	-	64.3680	82.3680
2012	33.6731	25.0000	6.0000	3.9745	5.7518	3.7176	2.7410	-	62.8580	80.8580
2011	31.5314	25.0000	6.0000	3.9745	5.7448	3.6856	2.1574	-	60.0937	78.0937
2010	30.8592	24.2000	6.0000	3.9745	5.7418	3.6856	2.1575	-	58.6186	76.6186
2009	30.6016	25.0000	6.0000	3.9745	5.7018	3.6856	2.1553	-	59.1188	77.1188

Components of City Millage Rate

Fiscal Year Ended	General Operating	Sanitation	Streets	Public Transport	Police and Fire Pension	Total
2018	18.7386	2.7400	2.7189	0.9643	8.3643	33.5261
2017	18.9069	2.7647	4.5866	0.9730	7.8415	35.0727
2016	19.0211	2.7814	4.5787	0.9789	7.5411	34.9012
2015	19.0211	2.7814	4.6772	0.9789	8.3149	35.7735
2014	19.0211	2.7814	4.7904	0.9789	8.9229	36.4947
2013	19.0211	2.7814	5.0243	0.9789	7.4003	35.2060
2012	19.0211	2.7814	4.5685	0.9789	6.3232	33.6731
2011	19.0211	2.7814	4.3933	-	5.3356	31.5314
2010	19.0211	2.7814	3.9086	-	5.1481	30.8592
2009	19.0211	2.7814	3.7170	-	5.0821	30.6016

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

Table 7
Unaudited

CITY OF YPSILANTI, MICHIGAN

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

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

Source: City of Ypsilanti Assessing Division

CITY OF YPSILANTI, MICHIGAN

Property Tax Levies and Collections

Last Ten Fiscal Years

		Collected Within The Fiscal Year of the Levy			Total Collections To Date	
Fiscal Year Ended (1)	Taxes Levied For The Fiscal Year (2)	Amount	Percent of Levy	Delinquent Collections (3)	Amount	Percent of Levy
2018	$ 8,069,358	$ 7,501,956	93.0%	$ 567,402	$ 8,069,358	100.0%
2017	7,976,943	7,464,410	93.6%	512,533	7,976,943	100.0%
2016	7,821,191	7,297,100	93.3%	524,091	7,821,191	100.0%
2015	7,951,839	7,463,299	93.9%	426,318	7,889,617	99.2%
2014	8,066,559	7,417,171	91.9%	589,092	8,006,263	99.3%
2013	7,604,343	6,860,589	90.2%	708,138	7,568,727	99.5%
2012	7,836,628	6,978,910	89.1%	726,765	7,705,675	98.3%
2011	8,042,522	7,020,601	87.3%	899,747	7,920,348	98.5%
2010	8,867,882	7,871,640	88.8%	819,421	8,691,061	98.0%
2009	9,682,649	8,867,407	91.6%	716,759	9,584,166	99.0%

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

(2) Includes Industrial Facility Tax.

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

Source: City of Ypsilanti Treasury Division

Table 9
Unaudited

CITY OF YPSILANTI, MICHIGAN

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

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

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

CITY OF YPSILANTI, MICHIGAN

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Less: Amounts Restricted to Repaying Principal	Net General Bonded Debt	Percent of Actual Taxable Value of Property	Per Capita
2018	$ 10,180,000	$ (196,611)	$ 9,983,389	3.26%	$ 474
2017	11,810,000	(190,375)	11,619,625	3.91%	553
2016	14,160,000	(179,174)	13,980,826	4.72%	701
2015	18,125,000	(150,642)	17,974,358	6.15%	895
2014	19,925,000	(156,184)	19,768,816	6.83%	981
2013	21,640,000	(1,788,071)	19,851,929	6.83%	1,012
2012	23,080,000	(1,744,330)	21,335,670	6.90%	1,101
2011	24,560,000	(1,766,812)	22,793,188	6.91%	1,173
2010	25,805,000	(1,787,942)	24,017,058	6.48%	1,251
2009	26,800,000	(1,773,204)	25,026,796	6.22%	1,225

Table 11
Unaudited

CITY OF YPSILANTI, MICHIGAN

Computation of Net Direct and Overlapping Debt

June 30, 2018

	Gross Amount Outstanding	Self-Supporting or Paid by Benefited Government	Net Amount Outstanding
Direct debt			
General obligation bonds	$ 10,180,000	$ -	$ 10,180,000
General obligation bonds - DDA	440,000	440,000	-
Revenue bonds and unamortized premiums (2)	21,715,697	21,715,697	-
Installment obligations	409,798	-	409,798
Total direct debt	$ 32,745,495	$ 22,155,697	$ 10,589,798

	Net Debt Outstanding	Percentage Applicable to City of Ypsilanti	Share Applicable to City of Ypsilanti
Overlapping debt (1)			
Ypsilanti School District	$ 92,712,185	28.22%	$ 26,159,746
Washtenaw County	37,248,541	1.94%	722,622
Washtenaw Community College	9,245,000	1.98%	183,051
Ypsilanti District Library	1,255,000	16.85%	211,468
	$ 140,460,726		27,276,887
Total direct and overlapping debt			$ 37,866,685

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

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

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

CITY OF YPSILANTI, MICHIGAN

Legal Debt Margin Information

Last Ten Fiscal Years

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

Fiscal Year	Debt Limit	Net Debt Applicable to Limit	Legal Debt Margin	Ratio
2018	$ 39,316,770	9,983,389	$ 29,333,381	25.39%
2017	35,887,442	11,619,625	24,267,817	32.38%
2016	33,080,254	13,503,640	19,576,614	40.82%
2015	31,159,247	17,796,936	13,362,311	57.12%
2014	30,227,100	17,948,086	12,279,014	59.38%
2013	30,069,718	19,851,929	10,217,789	66.02%
2012	32,834,536	21,335,670	11,498,866	64.98%
2011	35,325,060	22,793,188	12,531,872	64.52%
2010	41,109,672	24,017,058	17,092,614	58.42%
2009	48,563,041	25,026,796	23,536,245	51.53%

Source: City of Ypsilanti Finance Department

Table 13
Unaudited

CITY OF YPSILANTI, MICHIGAN

Revenue Bond Coverage

Last Ten Fiscal Years

Fiscal Year Ended August 31,	Gross Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Total Debt Service Requirement (3)	Coverage
2017	$ 42,326,307	$ 32,898,538	$ 9,427,769	$ 6,923,769	136.2%
2016	39,405,150	32,304,067	7,101,083	6,431,896	110.4%
2015	36,497,656	29,589,319	6,908,337	7,925,358	87.2%
2014	35,000,803	27,676,654	7,324,149	5,544,573	132.1%
2013	34,042,779	27,922,287	6,120,492	5,844,681	104.7%
2012	34,764,666	27,565,394	7,199,272	4,509,206	159.7%
2011	33,586,953	26,167,217	7,419,736	5,683,760	130.5%
2010	31,115,683	25,491,690	5,623,993	6,002,290	93.7%
2009	34,348,642	26,841,880	7,506,762	5,653,810	132.8%
2008	35,548,571	27,925,431	7,623,140	5,368,807	142.0%

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

(2) Excludes depreciation expense.

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

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

CITY OF YPSILANTI, MICHIGAN

Demographic and Economic Statistics

Last Ten Fiscal Years

Fiscal Year	Population (1)	Total Personal Income (2) (in thousands)	Per Capita Personal Income (2)	School Enrollment (3)	Unemployment Rates (4)
2018	21,076	$ 975,208	$ 46,271	3,905	5.3%
2017	21,018	955,982	45,484	3,730	4.9%
2016	19,945	881,210	44,182	4,324	5.3%
2015	20,081	882,098	43,927	4,361	6.6%
2014	20,142	870,175	43,202	4,148	6.3%
2013	19,621	800,948	40,821	4,525	7.6%
2012	19,375	733,518	37,859	3,678	6.2%
2011	19,435	735,790	37,859	3,175	9.6%
2010	19,201	726,931	37,859	3,896	9.9%
2009	20,437	773,724	37,859	3,881	11.3%

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

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

CITY OF YPSILANTI, MICHIGAN

Principal Employers

Current Fiscal Year and Nine Years Ago

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

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

CITY OF YPSILANTI, MICHIGAN

Full-Time Equivalent Employees by Department

Last Ten Fiscal Years

	Fiscal Year Ended June 30,									
Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Mayor and City Council (1010)	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Administrative services										
City Manager (1720)	1.85	1.85	1.85	1.85	1.85	2.60	2.60	2.60	1.60	1.60
Human Resources (2700)	1.55	1.55	1.55	1.55	1.55	1.30	1.30	1.00	1.00	1.00
Ordinance Enforcement (341)	1.00	0.50	0.50	0.50	0.50	1.70	1.70	3.00	4.00	-
Building Inspection (3710	5.25	3.75	3.58	3.35	3.25	2.20	2.20	-	-	4.00
Planning & Development (7210)	1.65	1.65	1.65	2.38	2.38	2.13	2.13	3.35	4.40	5.40
	11.30	9.30	9.13	9.63	9.53	9.93	9.93	9.95	11.00	12.00
Citizen services										
Voters Registration, school and county election (2621)	-	-	-	-	-	-	-	-	-	0.50
City Clerk (2150)	2.00	2.00	2.00	1.95	1.95	1.95	1.95	1.45	1.50	1.75
City Treasurer (2530)	1.50	1.50	1.34	1.34	1.34	1.34	1.68	1.50	1.00	2.00
	3.50	3.50	3.34	3.29	3.29	3.29	3.63	2.95	2.50	4.25
Administrative Hearing Bureau (3730)	-	-	-	0.10	0.10	0.15	0.15	0.15	0.50	0.10
Fire services										
Administration (3370)	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.50
Suppression (3390)	21.00	21.00	19.00	18.50	16.00	16.00	16.00	19.00	18.00	15.00
	22.00	22.00	20.00	19.50	17.00	17.00	17.00	20.00	19.00	16.50
Fiscal services										
Finance - Accounting (1910)	3.20	3.20	3.03	3.03	3.03	3.03	3.03	3.00	4.00	4.00
Finance - Assessor (2570)	1.00	1.00	1.00	0.93	0.33	0.33	0.33	-	-	-
	4.20	4.20	4.03	3.96	3.36	3.36	3.36	3.00	4.00	4.00
Police services										
Administration (3050)	2.00	2.00	2.00	2.00	2.00	2.00	2.00	3.00	3.00	3.00
Field Services (3070)	37.00	38.40	28.00	28.00	24.00	28.26	29.26	29.95	27.00	25.00
COPS Grant	-	-	3.00	3.00	2.00	2.00	2.00	-	-	-
Parking Enforcement (3110)	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	3.00
LAWNET Grant (312 & 316)	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	-	-
School Liaison Contract (317)	1.00	1.00	1.00	-	-	-	-	1.00	1.00	-
	43.00	44.40	37.00	36.00	31.00	35.26	36.26	36.95	33.00	31.00
Public services										
Parks, streets, building, parking lots, and garbage collection	19.00	17.00	17.00	17.00	17.00	17.00	16.00	16.00	17.00	17.27
Administration (4410)	3.75	3.75	3.88	3.88	3.81	3.88	3.88	4.00	4.00	4.00
	22.75	20.75	20.88	20.88	20.81	20.88	19.88	20.00	21.00	21.27
Total full-time employees	106.75	104.15	94.38	93.36	85.09	89.87	90.21	93.00	91.00	89.12
Total council and full-time employees	113.75	111.15	101.38	100.36	92.09	96.87	97.21	100.00	98.00	96.12

Source: City of Ypsilanti Finance Department

Table 17
Unaudited

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

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

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

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

	Fiscal Year Ended June 30,									
Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police Services										
Police department building	1	1	1	1	1	1	1	1	1	1
Temporary detention cells	2	2	2	2	2	2	2	2	2	2
Vehicle patrol units:										
Police service automobiles	10	10	10	9	9	9	9	9	9	10
Unmarked police vehicles	6	6	7	7	7	7	7	8	8	7
Parking enforcement	2	2	2	2	2	2	2	2	2	2
Mobile command vehicle	1	1	1	1	1	1	1	1	1	1
Volunteer service vehicle	1	1	1	1	1	1	1	1	1	-
Fire Services										
Emergency services building	1	1	1	1	1	1	1	1	1	1
Vehicle units:										
Pumper truck	2	2	2	2	2	2	2	2	2	2
Pumper ladder truck	1	1	1	1	1	1	1	1	1	1
Rescue truck	1	1	-	-	-	-	-	-	-	-
Jaws of life	1	1	1	1	1	1	1	1	1	1
Chief's City car	1	1	1	1	1	1	1	1	1	1
Pickup truck	1	1	1	2	2	2	2	2	2	2
Utility van	1	1	1	-	-	-	-	-	-	-
Adminstrative Services										
Crown Victoria - CH	1	1	1	1	1	-	-	-	-	-
Impala	-	-	1	1	1	1	1	1	1	1
Taurus - CM	1	1	1	1	1	1	1	1	1	1
Building enforcement vehicles	2	2	3	3	3	2	2	2	3	2
Public Services										
Passenger:										
Crown Victoria	3	4	3	2	2	1	-	-	-	-
Escape	-	-	1	1	1	1	1	1	1	1
Van	1	1	1	-	-	-	-	-	-	-
Van with Aerial Lift	1	1	1	1	1	-	-	-	-	-
Trucks:										
Pick-up	8	9	8	7	7	5	4	4	4	4
with Aerial Lift	3	3	3	1	1	2	1	1	1	1
Dump	9	9	10	11	11	9	7	7	6	7
with Grapple	1	1	1	1	1	1	1	1	1	1
Stake	6	6	6	6	6	3	3	3	4	3
with Aerial Lift	-	-	-	1	1	1	1	1	1	1
Recycle Truck	1	1	1	-	-	-	-	-	-	-
Packer Truck	4	4	4	4	4	3	3	3	4	3
Brush Chipper	3	3	1	1	1	1	1	1	1	1

continued...

Table 18
Unaudited

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

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

continued…

CITY OF YPSILANTI, MICHIGAN

Capital Asset Statistics by Function/Program

Last Ten Fiscal Years

(continued)

	Fiscal Year Ended June 30,									
Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public Services (continued)										
Equipment (continued):										
Pressure Washer	1	1	1	1	1	1	1	1	1	1
Portable Space Heater	1	1	1	1	1	1	1	1	1	1
Power MIG 255	1	1	1	1	1	1	1	1	1	1
Precision TIG 275	1	1	1	1	1	1	1	1	1	1
Row Boat	1	1	1	1	1	1	-	-	-	-
Sandblaster	-	1	1	1	1	1	1	1	1	1
Weed Eater/Hedge Trimmer	-	-	-	1	1	1	1	1	1	1
Edger/Trimmer/Weed Eater	-	-	-	-	-	1	1	1	1	1
Pallet Forks	-	-	-	-	-	-	-	1	1	1
Jackhammer	-	-	-	-	-	-	-	1	1	1
Backhoe	-	-	-	-	-	-	-	1	1	1
Stump Grinder	-	-	-	-	-	-	-	1	1	1
Snow Pusher Blade	-	-	-	-	-	-	-	1	1	1
Auger bit 24"	-	-	-	-	-	-	-	1	1	1
Auger bit 36"	-	-	-	-	-	-	-	1	1	1
Grader	-	-	-	-	-	-	-	1	1	1
Soil Conditioner	-	-	-	-	-	-	-	1	1	1
Brush Hog	-	-	-	-	-	-	-	1	1	1
Parks & Recreation:										
Parks:										
Active	8	8	8	8	8	8	8	8	8	8
Inactive	1	1	1	1	1	1	1	1	1	1
Tot Lots	3	3	3	3	3	3	3	3	3	3
Park Acreage:										
Active Parks	81	81	81	81	81	81	81	81	81	81
Inactive	2	2	2	2	2	2	2	2	2	2
Tot Lots	2	2	2	2	2	2	2	2	1	2
Picnic Areas	9	9	9	9	9	9	9	9	9	9
Buildings:										
Parkridge Community Center	1	1	1	1	1	1	1	1	1	1
Senior Center	1	1	1	1	1	1	1	1	1	1
Concessions	1	1	1	1	1	-	-	-	-	-
Pavillions	8	9	9	9	9	9	9	9	9	9
Swimming Pool	1	1	1	1	1	1	1	1	1	1
Amphitheater	1	1	1	1	1	1	1	1	1	1
Multiuse Trail	-	-	1	1	1	1	1	1	1	1
Park and Play Area Acreage										
Candy Cane Park	7	7	7	7	7	7	7	7	7	7
Carrie Mattingly Tot Lot	1	1	1	1	1	1	1	1	1	1
Charles Street Tot Lot	-	-	-	-	-	-	-	-	0.2	0.2
Edith Hefley Park	1	1	1	1	1	1	1	1	1	1
Frog Island Park	7	7	7	7	7	7	7	7	7	7
Gilbert Park	-	-	-	-	-	-	-	-	-	-

continued…

CITY OF YPSILANTI, MICHIGAN

Capital Asset Statistics by Function/Program

Last Ten Fiscal Years

(concluded)

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
	Fiscal Year Ended June 30,									
Park and Play Area Acreage (continued)										
Parkridge Park Community Center	8	8	8	8	8	8	8	8	8	8
Peninsular Park	5	5	5	5	5	5	5	5	5	5
Prospect Park	10	10	10	10	10	10	10	10	10	10
Recreation Park/Pool/Senior Center	17	17	17	17	17	17	17	17	17	17
Riverside Park	14	14	14	14	14	14	14	14	14	14
Waterworks Park	13	13	13	13	13	13	13	13	13	13
Picnic										
Candy Cane Park	1	1	1	1	1	1	1	1	1	1
Edith Hefley Park	1	1	1	-	-	-	-	-	-	-
Frog Island Park	1	1	1	-	-	-	-	-	-	-
Parkridge Community Center	1	1	1	1	1	1	1	1	1	1
Peninsular Park	1	1	1	1	1	1	1	1	1	1
Prospect Park	2	2	2	2	2	2	2	2	2	2
Recreation Park/Pool/Senior Center	1	1	1	1	1	1	1	1	1	1
Riverside Park	1	1	1	1	1	1	1	1	1	1
Waterworks Park	1	1	1	1	1	1	1	1	1	1
Pavilions										
Recreation Park/Pool/Senior Center	1	1	1	1	1	1	1	1	1	1
Candy Cane Park	1	1	1	1	1	1	1	1	1	1
Prospect Park	2	2	2	2	2	2	2	2	2	2
Waterworks Park	1	1	1	1	1	1	1	1	1	1
Parkridge Park Community Center	1	1	1	1	1	1	1	1	1	1
Riverside Park	1	2	2	2	2	2	2	1	1	1
Peninsular Park	1	1	1	1	1	1	1	1	1	1
City Attractions										
Eastern Michigan Campus	1	1	1	1	1	1	1	1	1	1
Farmer's Market / Freighthouse	1	1	1	1	1	1	1	1	1	1
Michigan Firehouse Museum	1	1	1	1	1	1	1	1	1	1
Riverside Arts Center	1	1	1	1	1	1	1	1	1	1
RM Classic Cars US Headquarters	1	1	1	-	-	-	-	-	-	-
Ypsilanti Automotive Heritage Collection	1	1	1	1	1	1	1	1	1	1
Ypsilanti District Library	1	1	1	1	1	1	1	1	1	1
Ypsilanti Historical Museum	1	1	1	1	1	1	1	1	1	1
Ypsilanti Water Tower	1	1	1	1	1	1	1	1	1	1
Ypsilanti West Commerce Park	1	1	1	1	1	1	1	1	1	1

Source: City of Ypsilanti Finance Department

CITY OF YPSILANTI, MICHIGAN

Schedule of Insurance

As of June 30, 2018

Type of Coverage Name of Company	Policy Period	Premium	Description
Michigan Muncipal League Liability and Property Pool	8/01/17 - 8/01/18	$ 192,835	Covers general liability, police professional liability and public officials errors & omissions. Limit of liability $2,000,000.
Michigan Muncipal League Liability and Property Pool	8/01/17 - 8/01/18	60,519	Covers automobiles.
Michigan Muncipal League Liability and Property Pool	8/01/17 - 8/01/18	31,862	Covers buildings, attached property, and equipment.
Meadowbrook Insurnace Group	8/30/17 - 8/30/18	2,816	Covers commercial storage tank.
Blue Cross - Blue Shield, EHIM, Sun Life, Fort Dearborn, MECA, UNUM, HC Waivers	7/01/17 -6/30/18	2,454,025	Employee and retiree benefits: health, dental, prescription, life, vision and long-term disability.
Comp One Administrator and Accident Fund, MML Liability & Property Pool	7/01/17 -6/30/18	192,801	Workers compensation and employees liability excess insurance policy for self insured combined specific and aggregate agreement. Part one - employer liability $1,000,000, part two - workers compensation limit $5,000,000, part two - employer liability $1,000,000.

Source: City of Ypsilanti Finance Department.

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REQUEST FOR LEGISLATION
18 December 2018

From: Bonnie Wessler, City Planner

Subject: Zoning Text Amendment: Private Frontage Design

SUMMARY & BACKGROUND:
The Planning Commission reviewed two applications for new construction &/or expansion for single-story commercial building types within the NC district and the GC district in 2018, the first applications since the Commercial frontage has been made mandatory as part of the "bug fix" in 2017. Both pursued variances from the strict requirements of that standard; one has been granted, another has not yet been reviewed.

The majority of applications Planning Commission has seen since 2015 have been for renovations/expansions of existing buildings, and the Commercial frontage has been "encouraged," not required from 2014 to 2017; this appears to have resulted in satisfactory developments. Both single-story developments since the 2017 update feeling that the full requirement necessitates a variance, however, signals that it may not be a good fit. However, it is not desirable to have private frontage standards be purely optional, as they were in the past.

The proposed change would create an additional commercial frontage designation for Large Single Story Commercial and Single Story Commercial building types in the form-based districts, called Thoroughfare Commercial, numbered 122-485. The maximum distance between openings would be 5'; minimum ground floor transparency would be 50%; and the maximum height to bottom of window be 3'. Further, when the Planning Commission makes a finding that the frontage will be less than 15' from the edge of the roadway, with no on-street parking permitted on the block, on a frontage with more than 15,000 ADT at the latest count, with a speed limit of 35 mph or above, Planning Commission may choose to waive in whole or in part the above requirements.

The Planning Commission recommended the ordinance change unanimously at their August regular Planning Commission meeting. Staff likewise recommended approval.

RECOMMENDED ACTION: Approval

ATTACHMENTS: Staff Report, Planning Commission minutes excerpt, draft cutsheet.

CITY MANAGER APPROVAL: ________________________ COUNCIL AGENDA DATE: _________

CITY MANAGER COMMENTS: __________________________

FISCAL SERVICES DIRECTOR APPROVAL: _____________________________________

Resolution No. 2018 - 313
December 13, 2018

RESOLVED BY THE COUNCIL OF THE CITY OF YPSILANTI:

WHEREAS, the City has an interest in protecting the walkability and health of the community; and

WHEREAS, the City has an interest in promoting and supporting local businesses and their growth; and

WHEREAS, Planning Commission has found that the strict requirements of §122-484 to be not well-suited to certain locations; and

WHEREAS, the Planning Commission has recommended the City Council adopt the proposed ordinance change that would provide flexibility;

NOW THEREFORE BE IT RESOLVED THAT the Ypsilanti City Council approve the ordinance entitled Private Frontage Design for Single Story Commercial and Large Single-Story Commercial building types.

OFFERED BY: ______________________________

SUPPORTED BY: ______________________________

YES: NO: ABSENT: VOTE:

Ordinance No. 1329

An Ordinance Entitled "PRIVATE FRONTAGE DESIGN FOR SINGLE STORY COMMERCIAL AND LARGE SINGLE-STORY COMMERCIAL BUILDING TYPES"

THE CITY OF YPSILANTI ORDAINS:

That the Zoning Ordinance be updated in the following manner:

- Sec 122-477 (single story commercial building) and Sec 122-478 (large single story commercial building), subsection "Private Frontages" be updated to read ""Thoroughfare Commercial Required"
- And to insert a new section 122-485 entitled "Thoroughfare Commercial" as attached.

MADE, PASSED, AND ADOPTED BY THE YPSILANTI CITY COUNCIL THIS___________ DAY OF _______________, 2018

____
Frances McMullan, City Clerk

Attest
I do hereby confirm that the above Ordinance No. __________was published in the Washtenaw Legal News on the _____ day of __________, 2018.

____
Frances McMullan, City Clerk

CERTIFICATE OF ADOPTING
I hereby certify that the foregoing is a true copy of the Ordinance passed at the regular meeting of the City Council held on the _____ day of __________, 2018.

____
Frances McMullan, City Clerk

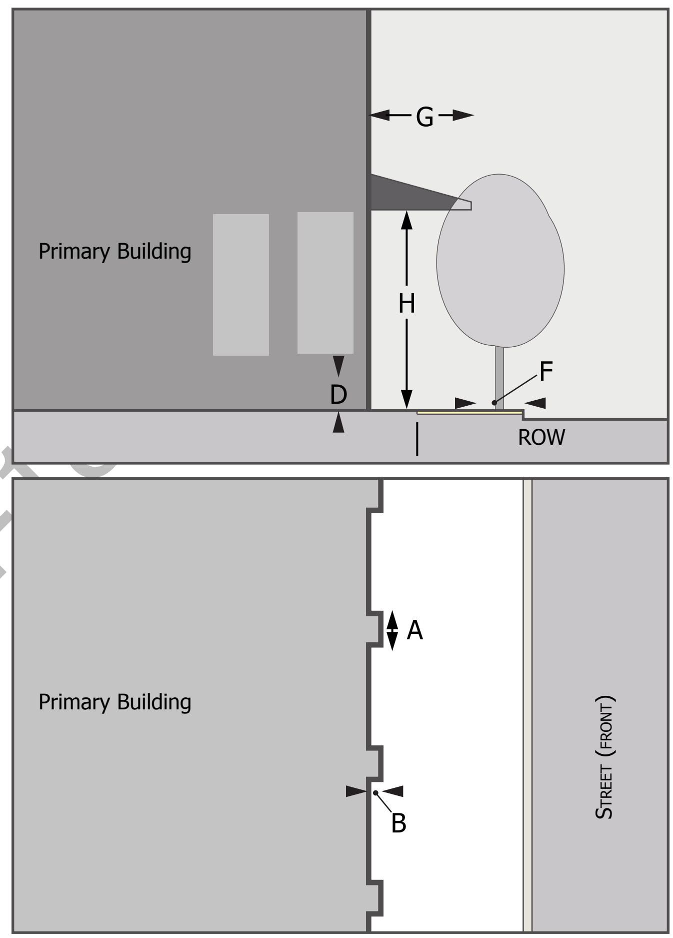
Notice Published: ________________________________
First Reading: ________________________________
Second Reading: ________________________________
Published: ________________________________
Effective Date: ________________________________

C THOROUGHFARE COMMERCIAL

This frontage design is intended to allow for design flexibility in certain areas of the City with a high volume of fast-moving traffic, in the interests of promoting both walkability and safety.

	FAÇADE DIMENSIONS	MIN	MAX
A	Distance between openings (ft)	--	5
B	Door recess (ft)	--	5
C	Ground floor transparency (%)	50	--
D	Height to bottom of window (ft)	--	3
	YARD REQUIREMENTS		
E	Must be landscaped/pervious, with a path at least 6 feet wide connecting the building entrance to the sidewalk.		
	OPTIONAL AWNING OR GALLERY		
F	Setback from curb (ft)	2	--
G	Clear depth - awning (ft)	4	10
	Clear depth - gallery (ft)	8	10
H	Clear height (ft)	8	--

FRONTAGE ZONE AND INTERFACE ZONE DIMENSIONS



(I) Any requirements of Thoroughfare Commercial may be modified by Planning Commission, provided the Planning Commission first makes a finding that:
- (i) the frontage will be less than 15' from the edge of the roadway, and
- (ii) there is no on-street parking permitted on the block, and
- (iii) the frontage has an ADT of more than 15,000, and
- (iv) the roadway has a speed limit of 35 mph or above.

City of Ypsilanti
Community & Economic Development Department

July 2018

Text Amendment
Required Private Frontages

GENERAL INFORMATION

Applicant:	City of Ypsilanti
Application Date:	June 2018
Action Requested:	Zoning Ordinance Text Amendment regarding Private Frontage design standards for Single Story Commercial and Large Single Story Commercial Building Types (122-477, 122-478, 122-485 (potential new))
Staff Recommendation:	Approval.

BACKGROUND

The Planning Commission has seen two applications for new construction &/or expansion for single-story commercial building types within the NC district (April) and the GC district (June). These are the first applications since the Commercial frontage has been made mandatory as part of the "bug fix." The first building was located the NC district, in a very walkable location, and the required Commercial frontage type (122-484) made sense for that location; the applicant, however, proposed something not in keeping with either the standards or the spirit of the section, and has seen fit to pursue a variance. The second application was for a much less walkable location in the GC district at the south border of the City, and proposed a frontage in keeping with the spirit of the requirement; however, this applicant has also chosen to pursue a variance.

The majority of applications this body has seen have been for renovations/expansions of existing buildings, and the Commercial frontage has been "encouraged," not required; this appears to have resulted in satisfactory developments. Both single-story developments feeling that the full requirement necessitates a variance, however, is a signal that it may not be a good fit. However, it is not desirable to have private frontage standards be purely optional, as they were in the past. Thus, staff is suggesting a middle ground: a more forgiving standard, and the possibility of Planning Commission waivers if certain findings are met.

EXISTING TEXT

SC SINGLE STORY COMMERCIAL BUILDING

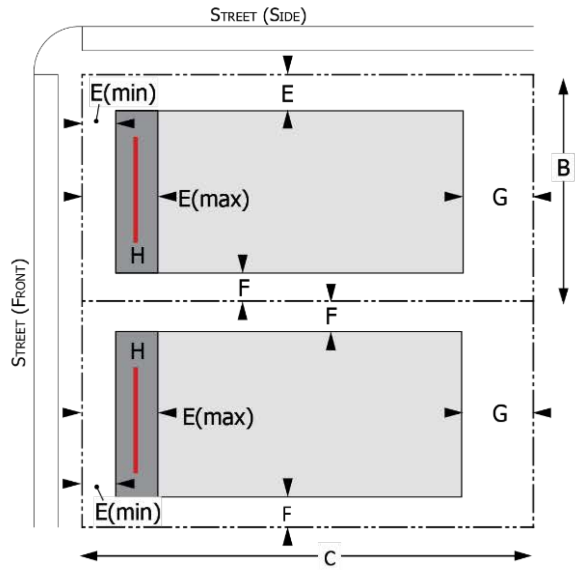
These are generally designed for a single commercial use, located in lots that accomodate accessory parking, loading, and waste disposal areas.

	LOT REQUIREMENTS	MIN	MAX
A	Lot size (sf)	7,500	90,000
B	Lot width (ft)	50	300
C	Lot depth (ft)	100	300
D	Lot coverage (%)	--	60
	BUILDING ENVELOPE	**MIN**	**MAX**
E	Street setback (front or side) (ft)	5(1)	15(1)
F	Side setback (interior lot line) (ft)	0	--
G	Rear setback (ft)	15(2)	--
H	Frontage buildout (%)	50	100
	ACCESSORY BUILDING ENVELOPE	**MIN**	**MAX**
I	Street setback (ft)	30	--
J	Side setback (ft)	10	--
K	Rear setback (ft)	10	--
L	Building footprint (sf)	--	800
	BUILDING HEIGHT	**MIN**	**MAX**
M	Principal building (stories)	1	1
N	Accessory structure(s) (ft)	--	15
	PARKING LOCATION		
	Permitted in the side, street side, and rear yards.		
	PRIVATE FRONTAGES		
	Commercial required.		

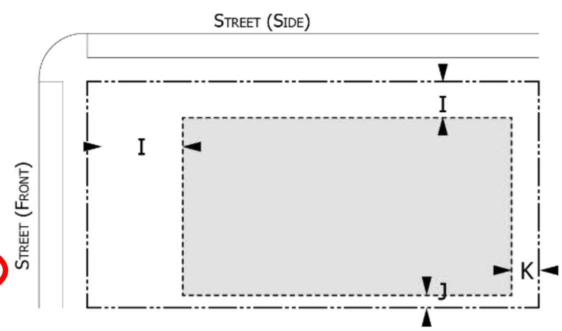
(1) If located on Washtenaw Avenue, must build no more than ten feet from future right-of-way line as defined in the ReImagine Washtenaw plan.
(2) When adjacent to existing detached single-family homes, the rear setback shall be a minimum of 25 feet.

Example

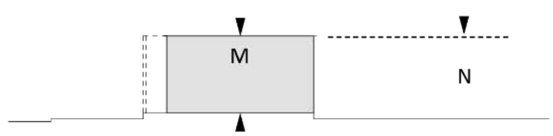
LOT REQUIREMENTS AND BUILDING ENVELOPE



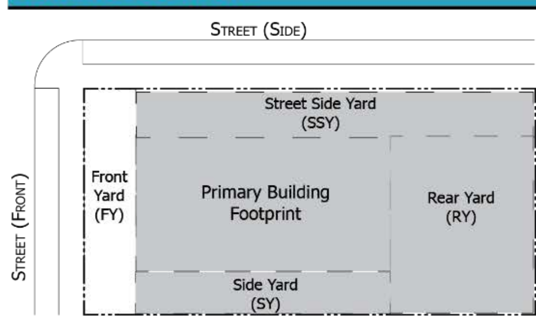
ACCESSORY BUILDING ENVELOPE



BUILDING HEIGHT



PARKING LOCATION



LS LARGE SINGLE STORY COMMERCIAL BUILDING

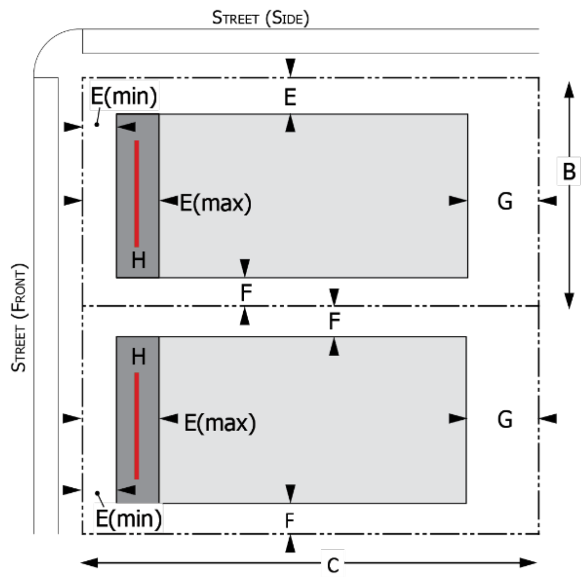
These are generally designed for more than one commercial use, each generally with its own entrance, located in lots that accomodate accessory parking, loading, and waste disposal areas.

	LOT REQUIREMENTS	MIN	MAX
A	Lot size (sf)	90,000	--
B	Lot width (ft)	300	block
C	Lot depth (ft)	300	block
D	Lot coverage (%)	45	80
	BUILDING ENVELOPE	**MIN**	**MAX**
E	Street setback (front or side) (ft)	5[1]	15[1]
F	Side setback (interior lot line) (ft)	0	--
G	Rear setback (ft)	10[2]	--
H	Frontage buildout (%)	50	100
	ACCESSORY BUILDING ENVELOPE	**MIN**	**MAX**
I	Street setback (ft)	30	--
J	Side setback (ft)	10	--
K	Rear setback (ft)	10	--
L	Building footprint (sf)	--	800
	BUILDING HEIGHT	**MIN**	**MAX**
M	Principal building (stories)	1	1
N	Accessory structure(s) (ft)	--	15
	PARKING LOCATION		
	Permitted in the side, street side, and rear yards.		
	PRIVATE FRONTAGES		
	Commercial required.		

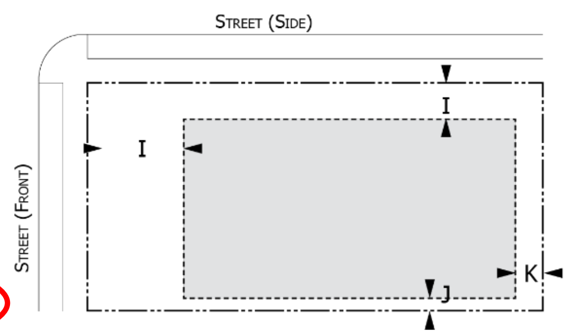
(1) If located on Washtenaw Avenue, must build no more than ten feet from future right-of-way line as defined in the ReImagine Washtenaw plan.
(2) When adjacent to existing detached single-family homes, the rear setback shall be a minimum of 25 feet.

EXAMPLE

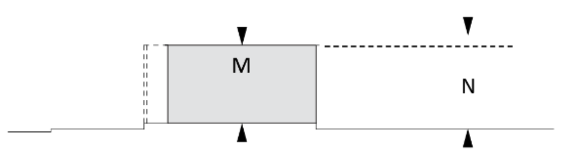
LOT REQUIREMENTS AND BUILDING ENVELOPE



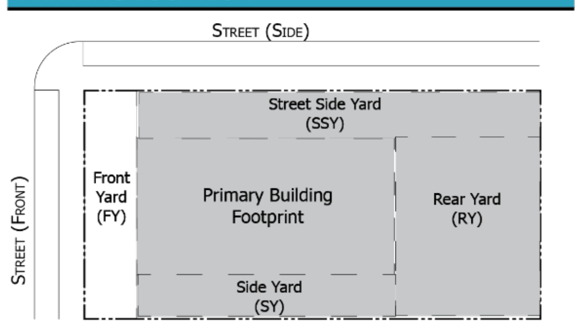
ACCESSORY BUILDING ENVELOPE



BUILDING HEIGHT



PARKING LOCATION

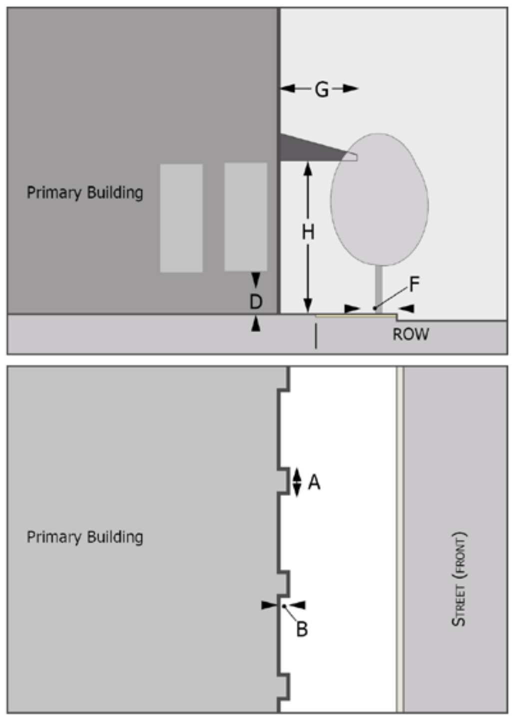


C COMMERCIAL

The façade is set back from the front lot line per applicable street setback requirements, typically at or near the front lot line with the entrance at sidewalk grade. The façade may include an awning, shed roof, or gallery (a lightweight colonnade with no habitable building space above it) that covers the sidewalk and may extend into the right-of-way. The facade has a substantial amount of glazing at the sidewalk level. Recessed entrances are acceptable.

	FAÇADE DIMENSIONS	MIN	MAX
A	Distance between openings (ft)	--	2
B	Door recess (ft)	--	5
C	Ground floor transparency (%)	60	--
D	Height to bottom of window (ft)	--	2.5
	YARD REQUIREMENTS		
E	Must be landscaped/pervious, with a path at least 6 feet wide connecting the building entrance to the sidewalk.		
	OPTIONAL AWNING OR GALLERY		
F	Setback from curb (ft)	2	--
G	Clear depth - awning (ft)	4	10
	Clear depth - gallery (ft)	8	10
H	Clear height (ft)	8	--

FRONTAGE ZONE AND INTERFACE ZONE DIMENSIONS



This standard is meant to mimic the feel of the downtown businesses, which are generally of the "commercial mixed use" building type and aesthetic. The GC district, although intended to be welcoming and accommodating of pedestrian and bicycle traffic, is largely dominated by vehicle traffic. These sites also generally provide their own parking and waste management, whereas the Center district tends to have shared parking and waste management. This results in a different style of building that is not as fully oriented to the public right-of-way. Some buildings, being constructed relatively close to the right-of-way on streets with more than 15,000 vehicles per day on streets with speed limits 35mph or greater and no parking lane buffering them, such as parts of Washtenaw, Hamilton, Huron, Michigan, and Huron River Drive, also have safety concerns.

SUGGESTED CHANGES

Staff suggests creating an additional commercial frontage designation to be required for large single story commercial buildings and single-story commercial buildings in the GC and NC districts. This commercial frontage could be called "Thoroughfare Commercial," potentially numbered 122-485. Staff suggests that the maximum distance between openings be raised to 5' (a 3' difference); minimum ground floor transparency be reduced to 50% (reduction of 10%); and that max height to bottom of window be increased to 3' (from 2.5').

Staff further recommends that for SC and LS buildings in the GC and NC districts, when findings are made as above (for frontages less than 15' from the edge of the roadway; with no on-street parking permitted on the block; on frontages with more than 15,000 vehicles per day by latest count, on frontages with speed limits set at 35mph or more; all must be met), Planning Commission may choose to waive those requirements as they see fit to promote the health, safety, and welfare of the community- both its residents and its visitors.

OTHER COMMUNITIES

Staff has been unable to locate codes for comparable situations in Michigan. FBCs are generally applied to areas that were built prior to auto-oriented design that are experiencing development pressure, such as historic downtowns. They are also often applied to greenfield areas to encourage compact, walkable *new* development. It is rare to see them in areas that are largely built-out with auto-oriented design, as is generally the case in many areas of our NC and GC districts. This amendment would grant the Planning Commission the same discretionary power in some private frontages that they have in other areas, such as parking and landscaping.

STANDARDS FOR AMENDMENTS §122-362(a)

(a) ***Text Amendment.*** *For a change to the text of the Zoning Ordinance, the Planning Commission shall consider and the City Council may consider, whether the proposed amendment meets the following standards:*

(1) The proposed amendment is consistent with the guiding values of the Master Plan; and

Applicable guiding values of the Master Plan include:

- Easily walk, bike, drive or take transit from anywhere to anywhere: this supports the "walk-friendly" feel of the GC and NC districts, while allowing Planning Commission discretion in making waivers under certain conditions to support business growth along highly-trafficked corridors.
- Ypsilanti is sustainable: per the decision-making rubric, this action maintains, and has the potential to create, job opportunities for Ypsilantians.
- Great place to do business, especially green and creative: This action retains and fosters the growth of businesses.

(2) The rezoning is consistent with description and purpose of the proposed district,

The description of GC is as follows: "Corridors are mixed-use and commercial areas located along the arteries of the City, such as Washtenaw, Huron, Hamilton, Michigan, Harriet, and River. General Corridor (GC). General corridors are located along roads with heavy traffic and have commercial establishments, restaurants, offices, and other businesses that are geared toward automobile traffic. Multiple-family residential building types and uses are appropriate in this district."

The amendment does not conflict with this, and allows flexibility in building design along said corridors.

The description of NC is as follows: "Neighborhood corridors have a linear land pattern and are adjacent to residential neighborhoods. The size, form and scale of buildings and the type and intensity of uses should be complementary to abutting single-family or core neighborhoods, including less intense multiple-family residential building types and uses."

This amendment does not conflict with this, and the majority of NC areas would be ineligible to take advantage of the PC waiver. Those areas of NC which may be able to take advantage of the waiver are along Washtenaw, generally from Cornell to Courtland, and East Michigan (north side) between the Huron River and Park.

(3) The proposed amendment is consistent with the intent of this Zoning Ordinance; and

Per §122-100, the intent of the ordinance is to promote the public health, safety, and welfare. In particular, to:

- create a safe, diverse, and sustainable city;
- meet the needs of the City's residents for food, fiber, energy, and other natural resources;
- guide the location of places of residence, recreation, industry, trade, service, and other uses of land;
- ensure that uses of the land shall be situated in appropriate locations and relationships;
- limit the inappropriate overcrowding of land and congestion of population and transportation systems and other public facilities;
- facilitate adequate and efficient provision for transportation systems, sewage disposal, water, energy, education, recreation, and other public service and facility needs;"

The proposed amendment seeks a middle ground between the previous ordinance- which had no standards for transparency on the first story of these commercial building types- and the current ordinance, which applies very strict standards on these building types. This amendment will help to ensure an appropriate relationship between each development and the right-of-way that suits their particular location.

(4) The proposed amendment will enhance the functionality, transportation network or character of the future development in the City; and

The change to the zoning ordinance does so.

(5) The proposed amendment will preserve the historic nature of the surrounding area and of the City; and

Staff does not anticipate that this amendment will negatively or positively affect the historic nature of the City.

(6) The proposed amendment will enhance the natural features and environmental sustainability of the City; and

Staff does not anticipate that this amendment will negatively affect the natural features or environmental sustainability of the City.

(7) The proposed amendment will protect the health, safety, and general welfare of the public; or

The proposed change to the zoning ordinance help to promote the health and safety of both those who are travelling along the right of way without a personal motor vehicle, as well as those who work and shop inside those buildings.

(8) The proposed amendment is needed to correct an error or omission in the original text; or

The most recent change to the zoning ordinance applied the Commercial frontage standard to all building types, as there was not a separate standard that could apply to these; this was an omission. This creates a separate standard and allows for more flexibility in certain specific locations, something that appears to be needed, per the most recent applications for which this standard would apply.

(9) The proposed amendment will address a community need in physical or economic conditions or development practices; and
Staff sees a need, as the only two development proposals of this building type have faced challenges designing frontages within the ordinance.

(10)The proposed amendment will not result in the creation of significant nonconformities in the City.
The proposed amendment will lessen the degree of nonconformities within the City, and make future conforming development of better design.

STAFF RECOMMENDATION

Staff recommends the Planning Commission recommend ***approval*** of the text amendment regarding private frontage design and the creation of a new private frontage design with the following findings:

1. The amendment is consistent with the guiding values of the Master Plan.
2. The amendment is consistent with the description and purpose of the districts.
3. The proposed amendment is consistent with the intent of the zoning ordinance.
4. The proposed amendment will enhance the functionality and character of the future development in the City.
5. The proposed amendment will help preserve the historic nature of the City.
6. The proposed amendment not negatively affect the City's natural features nor its environmental sustainability.
7. The proposed amendment will protect the health, safety, and general welfare of the public.
8. The proposed amendment corrects an oversight in the original text.
9. The proposed amendment will address a community need in development practices.
10. The proposed amendment will not result in the creation of significant nonconformities.

Bonnie Wessler
City Planner, Community & Economic Development Division

c.c. File

PLANNING COMMISSION
MEETING MINUTES
July 18, 2018
CITY COUNCIL CHAMBER
7:00 P.M.

I. CALL TO ORDER

The meeting was called to order at 7:04 p.m.

II. ROLL CALL

Present: H. Jugenitz, M. Dunwoodie, P. Hollifield, M. Simmons, C. Zuellig, T. Dennis, J. Talaga, J. McGadney

Absent: P. Hollifield (excused)

Staff: Bonnie Wessler, City Planner
Cynthia Kochanek, Preservation Planner
Nan Schuette, Executive Secretary

III. APPROVAL OF MINUTES

Commissioner Dennis moved to approve the minutes of June 20, 2018 (Support: J. Talaga) and the motion carried unanimously.

IV. AUDIENCE PARTICIPATION

None

V. PRESENTATION AND PUBLIC HEARING ITEMS

1. 203 N. Summit – Special Use and Site Plan

Staff report was presented by C. Kochanek, Preservation Planner, who stated that this is a request for approval of a three unit multiple family dwelling. It was tabled from the last meeting because of some concerns. Some new plans have been received which addresses these concerns; paving the lot, wheel stops, curbing on the southern end and not northern and better access for ADA spot. Still to be addressed are private frontages, as well as access to the barrier free space; they added a curbed island with a tree but doesn't quite meet what is required, needs to be closer to 160 sq. ft. Might be easier to put a tree somewhere else on the lot. There is still an issue with conflicting land use to the south; Staff would like to see some changes in fencing on the southern lot but if they are not receptive to that, they would require a variance. They are going to do a large picture window instead of a sliding door. Chair Dunwoodie asked staff to clarify the previous engineering review vs new engineering review, which Ms. Kochanek addressed adding that the engineer had approved the updated design with

6. Applicant to increase the size of the curbed island with the tree or to move the tree elsewhere internal to the site.
7. Applicant to provide curbing for aisle-ends and corners on the north end of the lot.
8. Applicant to provide staff with a lighting plan and cut sheets for lights for staff review.
9. Applicant to provide more details on the dumpster enclosure for engineering review and an executed shared use agreement for access.
10. Applicant to provide a visual buffer of at least 80% opacity and 6′ height on the south side of the parking lot that meets the existing fence on the west or apply for a variance.
11. Applicant to address all engineering concerns as listed in the engineering review.

The motion was supported by Commissioner Talaga. A roll call vote was taken and carried with a vote of 6:1 in support. Commissioner Zuellig opposed.

2. Private Frontage Design – Text Amendment

Ms. Wessler, City Planner, gave a brief presentation. We have recently begun requiring private frontage design of our commercial single story buildings. The two commercial single story buildings that have come before us both have ended up seeking variances, which is not a good way to start off that requirement. So, looking at them and other buildings that are of a friendlier design in these particular zoning districts the GC and NC districts, staff is looking at a more commercial frontage for these two districts. Staff is recommending allowing the distance between openings be raised to 5′ (a 3′ difference); minimum ground floor transparency be reduced to 50% (reduction of 10%); and that the maximum height to bottom window be increased to 3′ (from 2.5′). Not huge changes but would have been enough to avoid one of the variances that one of the applicants was asking for. Giving more ease and flexibility without totally opening things up. Commercial frontage design was designed with a downtown in mind, very pedestrian oriented. We do want the new construction to conform to some new frontage standard. It does have concessions in case it's a particularly hostile street to pedestrians; on frontages with more than 15,000 vehicles per day by latest count, on frontages with speed limits set at 35mph or more; all must be met. Planning Commission may choose to waive those requirements as they see fit to promote the health, safety, and welfare of the community, both its residents and its visitors.

This is just a first pass at this so would be happy to accept feedback.

Commissioner Jugenitz asked if there was something driving the 5′ proposal and Ms. Wessler felt that it was an adequate distance for openings without feeling hostile. It can be very subjective. Commissioner Jugenitz feels very strongly about "eyes on the street" but the character of the general corridors in Ypsilanti are noticeably different than the feel of the center and is generally supportive of adopting the standards. Chair Dunwoodie asked for clarification on requirements before coming before the commission, which Ms. Wessler clarified. Standards for proposed amendments were noted in the staff report dated July 2018 and Ms. Wessler also gave some examples of traffic reports. Chair Dunwoodie was inclined to support this text amendment from staff but asked for further input from the board.

Since there was no further input, Commissioner Talaga moved that the Planning Commission recommend to City Council approval of the text amendment regarding private frontage design and the creation of a new private frontage design with the following findings:

1. The amendment is consistent with the guiding values of the Master Plan.
2. The amendment is consistent with the description and purpose of the districts.
3. The proposed amendment is consistent with the description and purpose of the districts.
4. The proposed amendment will enhance the functionality and character of the future development in the city.
5. The proposed amendment will help preserve the historic nature of the City.
6. The proposed amendment not negatively affect the City's natural features nor its environmental sustainability.
7. The proposed amendment will protect the health, safety, and general welfare of the public.
8. The proposed amendment corrects an oversight in the original text.
9. The proposed amendment will address a community need in development practices.
10. The proposed amendment will not result in the creation of significant nonconformities.

The motion was supported by Commissioner Dennis. A roll call vote was taken and carried unanimously.

VI. NEW BUSINESS

1. Community Discussion – Traffic in the Bell-Kramer Neighborhood

City Planner Wessler stated that at the last Planning Commission meeting, we discussed the Special Use application for new commercial activity on S. Huron. A lot of the residents of the Bell/Kramer neighborhood were concerned about the increase in traffic in their neighborhood and increase in traffic at the gas station so they wanted ways to address. A couple of ideas that were discussed was to block Kramer St from S. Huron St to make the portion of Kramer St one way. Other things that were discussed was putting a sign saying "no right turns" from the Medical Marijuana or no left turns from the gas station. This was done at other locations and surprisingly seemed to work. Long term solutions could be speed bumps and as well as wait and see about their construction applications.

Chair Dunwoodie stated that since this is an item for community discussion, we should open the floor to the public. Commissioner Dennis moved to open the public portion of the hearing (Support: M. Simmons) and the motion carried unanimously. Since there was no input from the public, Commissioner Dennis moved to close the public portion of the hearing (Support: H. Jugenitz) and the motion carried unanimously.

Commissioner Jugenitz stated there is a lot of interest from the neighborhood and agreed with Ms. Wessler that we should monitor the situation while the construction is going on and see if there is any positive changes in traffic patterns, and if not, explore what the options are. Commissioner Jugenitz added that we should have community discussion at future meetings since there is a lot of interest from the neighborhood and would be good to monitor while the addition is under construction. People are concerned about this issue. Commissioner Dennis supports rescheduling. Ms. Wessler stated it was not noticed in the paper but neighborhood was notified and suggested we should be table until next meeting.

Resolution No. 2018 - 314
December 18, 2018

That the Public Hearing for An ordinance entitled, "Private Frontage Design for Single-Story Commercial and Large Single-Story Commercial Building Types to create an additional commercial frontage designation for Large Single Story Commercial and Single Story Commercial building types in the form-based districts, called Thoroughfare Commercial, numbered 122-485 be officially closed.

OFFERED BY: ________________________________

SUPPORTED BY: ______________________________

YES: NO: ABSENT: VOTE:

REQUEST FOR LEGISLATION
18 December 2018

From: Bonnie Wessler, City Planner

Subject: Zoning Text Amendment: Accessory Building Height Increase

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SUMMARY & BACKGROUND:
The applicant, Mr Estabrook, in the course of researching a proposed improvement on their property, discovered that the maximum height for detached accessory buildings is capped at 15 feet. The applicant's property is in a district that permits accessory dwelling units (ADUs) by right, and is interested in constructing a detached accessory structure that is both an ADU and a garage. As the square footage of detached accessory structures is capped, in this particular district, at 800 square feet, the applicant is interested in putting an ADU on the second story of a garage, and further believes that this is something that is important to have as an option for ADUs.

The proposed change would permit accessory structures in the form-based districts (CN, CN-Mid, CN-SF, etc) to be a maximum of 25' in height or to match the height of the primary structure, whichever is lesser. This echoes language that was in the Historic Overlay district prior to 2014, which permitted the same. The Form-based districts are those that tend to be in the older parts of the City, where taller outbuildings are more common. This change would not affect the R1 districts.

The Planning Commission recommended the ordinance change 5:1 at their October regular Planning Commission meeting. Staff likewise recommended approval.

RECOMMENDED ACTION: Approval

ATTACHMENTS: Staff Report, application, Planning Commission minutes excerpt.

CITY MANAGER APPROVAL: ________________________ COUNCIL AGENDA DATE: _________

CITY MANAGER COMMENTS: __________________________

FISCAL SERVICES DIRECTOR APPROVAL: _____________________________________

Resolution No. 2018 - 315
December 13, 2018

RESOLVED BY THE COUNCIL OF THE CITY OF YPSILANTI:

WHEREAS, the City has an interest in protecting the historic fabric of the community and in providing housing opportunities for its residents; and

WHEREAS, two-story outbuildings were common historically prior to the dominance of the automobile; and

WHEREAS, two-story outbuildings are well-situated to accommodate accessory dwelling units; and

WHEREAS, the Planning Commission has recommended the City Council adopt the proposed ordinance change;

NOW THEREFORE BE IT RESOLVED THAT the Ypsilanti City Council approve the ordinance entitled Accessory Building Height Increase in the Form-Based Districts.

OFFERED BY: ____

SUPPORTED BY: ____

YES: NO: ABSENT: VOTE:

Ordinance No. 1330

An Ordinance Entitled "ACCESSORY BUILDING HEIGHT INCREASE IN THE FORM-BASED DISTRICTS"

THE CITY OF YPSILANTI ORDAINS:

That the Zoning Ordinance be updated in the following manner:

- Sec 122-466 (mansion), Sec 122-467 (estate), Sec 122-468 (house), Sec 122-469 (cottage), subsection N be updated to read "the lesser of 25' or such that the highest point of the accessory structure is equal to or lesser than the height of the primary structure"
- And to append "except where otherwise noted" to Sec 122-651(b)(2)

MADE, PASSED, AND ADOPTED BY THE YPSILANTI CITY COUNCIL THIS___________ DAY OF _______________, 2018

____
Frances McMullan, City Clerk

Attest

I do hereby confirm that the above Ordinance No. __________was published in the Washtenaw Legal News on the _____ day of __________, 2018.

____
Frances McMullan, City Clerk

CERTIFICATE OF ADOPTING

I hereby certify that the foregoing is a true copy of the Ordinance passed at the regular meeting of the City Council held on the _____ day of __________, 2018.

____
Frances McMullan, City Clerk

Notice Published: ________________________________
First Reading: ___________________________________
Second Reading: _________________________________
Published: ______________________________________
Effective Date: __________________________________

City of Ypsilanti

Community & Economic Development Department

October 2018

Text Amendment
Accessory Building Height Increase

GENERAL INFORMATION

Applicant: George Estabrook, Jr

Application Date: 12 September 2018

Action Requested: Zoning Ordinance Text Amendment to increase the allowable height of accessory structures to 25' or the height of the primary structure, whichever is less, in the mansion, estate, house and cottage building types in all form based districts.

Staff Recommendation: Approval.

BACKGROUND

The applicant, in the course of researching a proposed improvement on their property, discovered that the maximum height for detached accessory buildings is capped at 15 feet. The applicant's property is in a district that permits accessory dwelling units (ADU) by right, and is interested in constructing a detached accessory structure that is both an ADU and a garage. As the square footage of detached accessory structures is capped, in this particular district, at 800 square feet, the applicant is interested in putting an ADU on the second story of a garage, and further believes that this is something that is important to have as an option for ADUs. The applicant worked with staff to develop the proposed language change.

PROPOSED CHANGED TEXT

Change Part 1:
"change 466 (mansion), 467 (estate), 468 (house), 469 (cottage), subsection N, to "the lesser of 25' or the height of the primary structure."" Currently, these sections read: "Accessory structure height: max 15'".

These building types may apply in the following districts:

BUILDING TYPE		CN-SF	CN-MID	CN	C	HC	NC	GC	HHS
MA	Mansion	L	L	L	--	L	--	--	--
ES	Estate	P	P	P	--	P	P	--	--
HS	House	P	P	P	--	P	P	--	P
CO	Cottage	P	P	P	--	--	--	--	--

MA MANSION

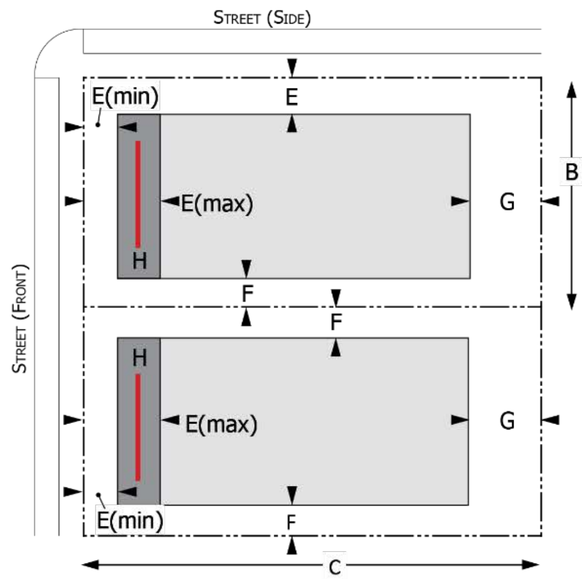
Mansions are generally very large buildings originally built as residences, located on very large lots that distinguish the building from others nearby with expansive yards. They generally have a single primary entrance.
This building type is only permitted as a Limited building type.

	LOT REQUIREMENTS	MIN	MAX
A	Lot size (sf)	14,440	--
B	Lot width (ft)	120	--
C	Lot depth (ft)	120	--
D	Lot coverage (%)	--	30
	BUILDING ENVELOPE	**MIN**	**MAX**
E	Street setback (front or side) (ft)	30 (1)	--
F	Side setback (interior lot line) (ft)	25	--
G	Rear setback (ft)	40	--
H	Frontage buildout (%)	--	--
	ACCESSORY BUILDING ENVELOPE	**MIN**	**MAX**
I	Street setback (ft)	30	--
J	Side setback (ft)	5	--
K	Rear setback (ft)	5	--
L	Building footprint (sf)	--	1,200
	Note: there is a maximum of two accessory buildings.		
	BUILDING HEIGHT	**MIN**	**MAX**
M	Principal building (stories)	1	3
N	Accessory structure(s) (ft)	--	15
	PARKING LOCATION		
	Permitted in the front, side, street-side, and rear yards.		

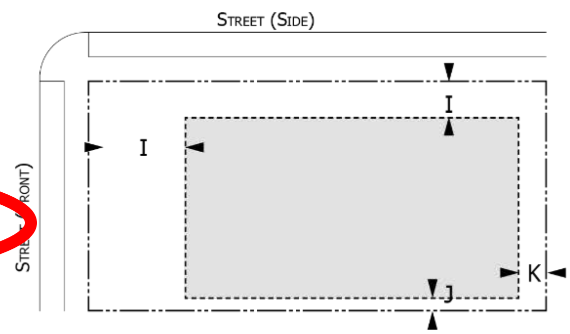
(1) Where an existing front yard setback line has been established by existing residential dwellings occupying 50 percent or more of the frontage within the same block on the same side of the street, the depth of the front yard must be within the range so established.

EXAMPLE

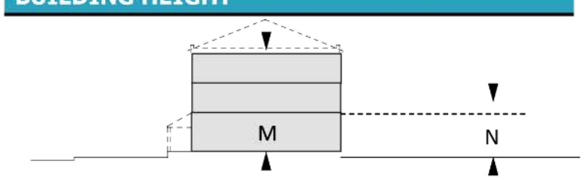
LOT REQUIREMENTS AND BUILDING ENVELOPE



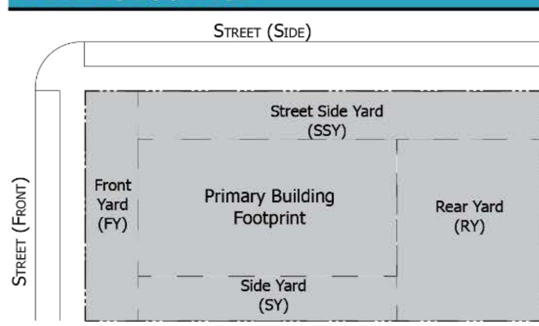
ACCESSORY BUILDING ENVELOPE



BUILDING HEIGHT



PARKING LOCATION



ES ESTATE

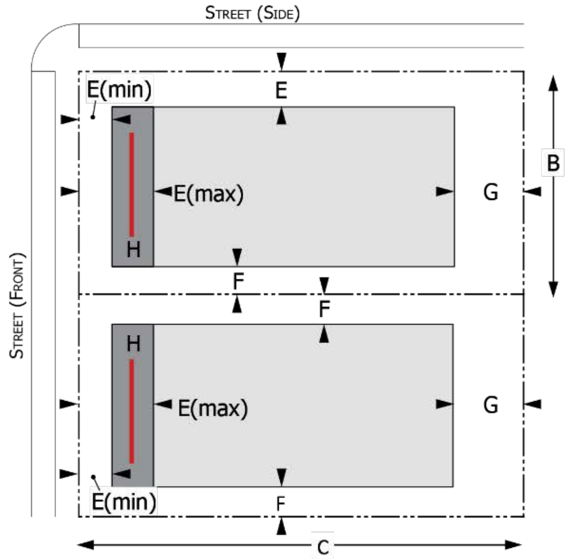
Large buildings, built as residences, located on large lots that accommodate large yards. They generally have distinguishing architectural features and one primary entrance.

	LOT REQUIREMENTS	MIN	MAX
A	Lot size (sf)	9,600	21,780
B	Lot width (ft)	80	120
C	Lot depth (ft)	120	--
D	Lot coverage (%)	--	30
	BUILDING ENVELOPE	**MIN**	**MAX**
E	Street setback (front or side) (ft)	20 (1)	--
F	Side setback (interior lot line) (ft)	10	--
G	Rear setback (ft)	25	--
H	Frontage buildout (%)	--	80
	ACCESSORY BUILDING ENVELOPE	**MIN**	**MAX**
I	Street setback (ft)	30	--
J	Side setback (ft)	5	--
K	Rear setback (ft)	5	--
L	Building footprint (sf)	--	950
	Note: there is a maximum of two accessory buildings.		
	BUILDING HEIGHT	**MIN**	**MAX**
M	Principal building (stories)	1	[illegible]
N	Accessory structure(s) (ft)	--	15
	PARKING LOCATION		
	Permitted in the side, [illegible], and rear yards.		
	PRIVATE FRONTAGES		
	Porch or Stoop required.		

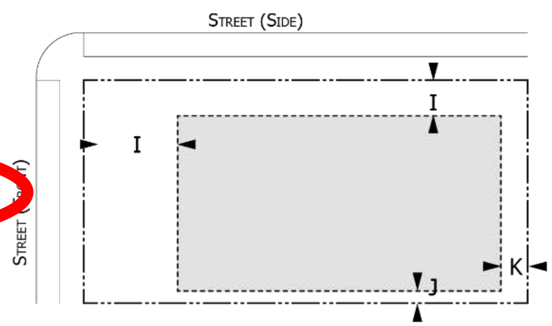
(1) Where an existing front yard setback line has been established by existing residential dwellings occupying 50 percent or more of the frontage within the same block on the same side of the street, the depth of the front yard must be within the range so established.

EXAMPLE

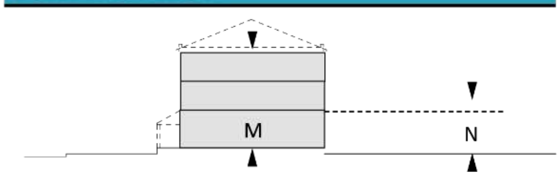
LOT REQUIREMENTS AND BUILDING ENVELOPE



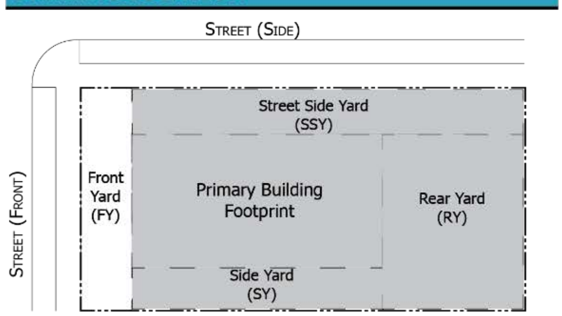
ACCESSORY BUILDING ENVELOPE



BUILDING HEIGHT



PARKING LOCATION



HS HOUSE

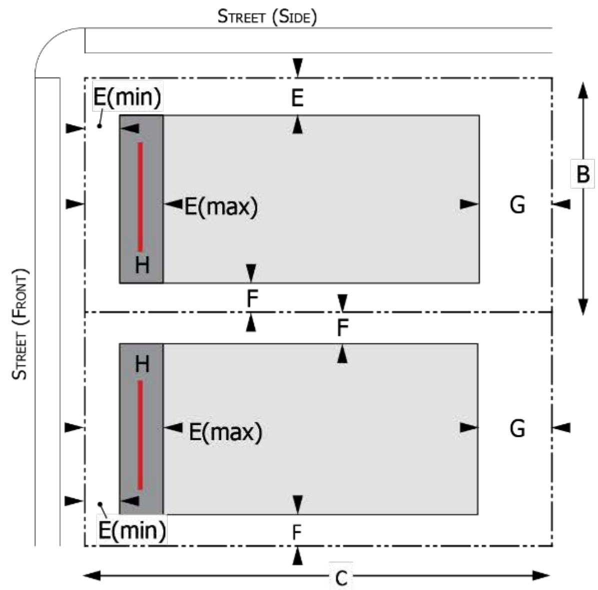
Houses are detached, generally single-family dwelling units. They are located on lots that accommodate a primary building with small side yards and relatively large rear or front yards. They generally have one primary entrance.

	LOT REQUIREMENTS	MIN	MAX
A	Lot size (sf)	4,000	12,000
B	Lot width (ft)	35	80
C	Lot depth (ft)	100	--
D	Lot coverage (%)	--	60
	BUILDING ENVELOPE	**MIN**	**MAX**
E	Street setback (front or side) (ft)	15 (1)	25
F	Side setback (interior lot line) (ft)	5	--
G	Rear setback (ft)	20	--
H	Frontage buildout (%)	60	80
	ACCESSORY BUILDING ENVELOPE	**MIN**	**MAX**
I	Street setback (ft)	30	--
J	Side setback (ft)	5	--
K	Rear setback (ft)	5	--
L	Building footprint (sf)	--	800
	Note: there is a maximum of two accessory buildings.		
	BUILDING HEIGHT	**MIN**	**MAX**
M	Principal building (stories)	1	3
N	Accessory structure(s) (ft)	--	15
	PARKING LOCATION		
	Permitted in the side, street-side, and rear yards.		
	PRIVATE FRONTAGES		
	Porch or Stoop required.		

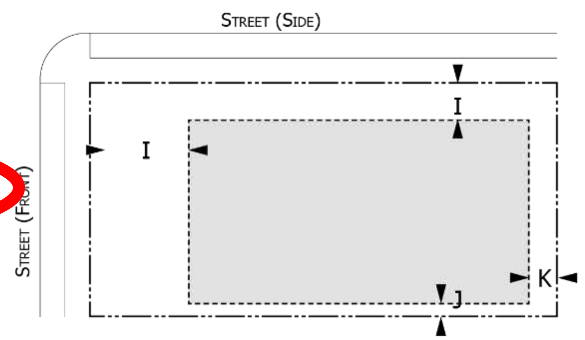
(1) Where an existing front yard setback line has been established by existing residential dwellings occupying 50 percent or more of the frontage within the same block on the same side of the street, the depth of the front yard must be within the range so established.

EXAMPLE

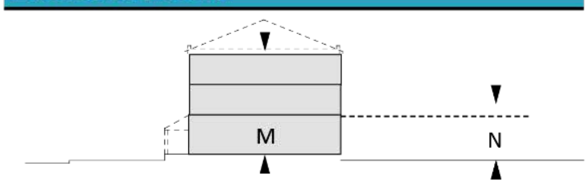
LOT REQUIREMENTS AND BUILDING ENVELOPE



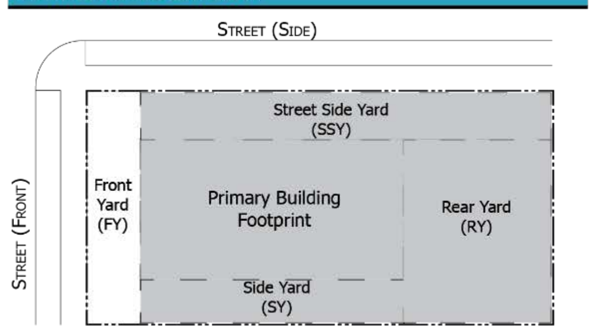
ACCESSORY BUILDING ENVELOPE



BUILDING HEIGHT



PARKING LOCATION



CO COTTAGE

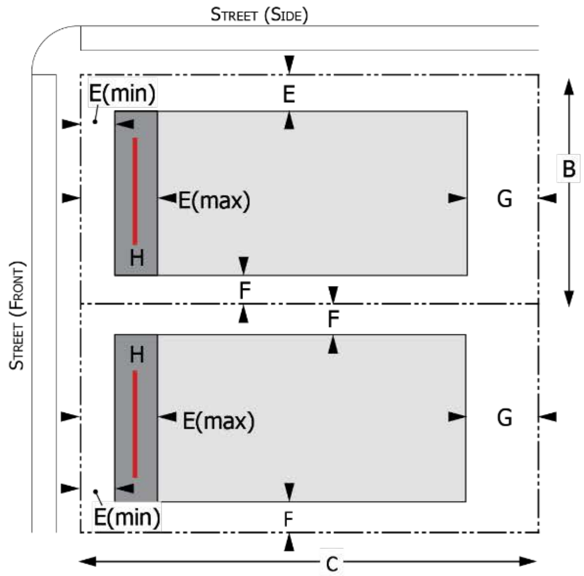
Cottages are generally small residential buildings, sized for a single dwelling, located on lots that accommodate a detached primary building with small yards. They are generally a single-story building or bungalow with a single primary entrance.

	LOT REQUIREMENTS	MIN	MAX
A	Lot size (sf)	2,500	6,300
B	Lot width (ft)	25	35
C	Lot depth (ft)	50	150
D	Lot coverage (%)	--	70
	BUILDING ENVELOPE	**MIN**	**MAX**
E	Street setback (front or side) (ft)	10 (1)	20
F	Side setback (interior lot line) (ft)	3	--
G	Rear setback (ft)	10	--
H	Frontage buildout (%)	70	90
	ACCESSORY BUILDING ENVELOPE	**MIN**	**MAX**
I	Street setback (ft)	30	--
J	Side setback (ft)	5	--
K	Rear setback (ft)	5	--
L	Building footprint (sf)	--	500
	Note: there is a maximum of two accessory buildings.		
	BUILDING HEIGHT	**MIN**	**MAX**
M	Principal building (stories)	1	2
N	Accessory structure(s) (ft)	--	15
	PARKING LOCATION		
	Permitted in the side, street side, and rear yards.		
	PRIVATE FRONTAGES		
	Porch or Stoop required.		

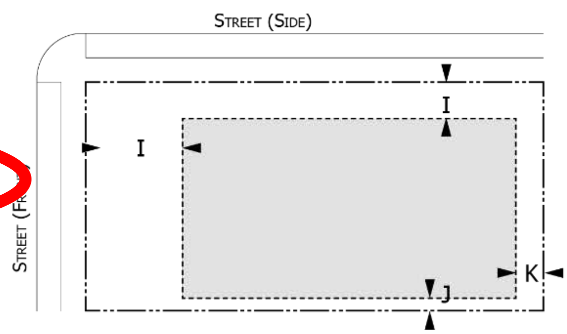
(1) Where an existing front yard setback line has been established by existing residential dwellings occupying 50 percent or more of the frontage within the same block on the same side of the street, the depth of the front yard must be within the range so established.

EXAMPLE

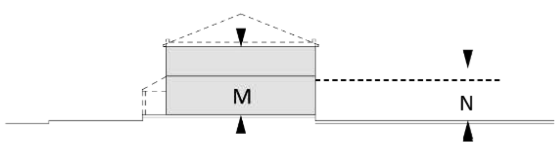
LOT REQUIREMENTS AND BUILDING ENVELOPE



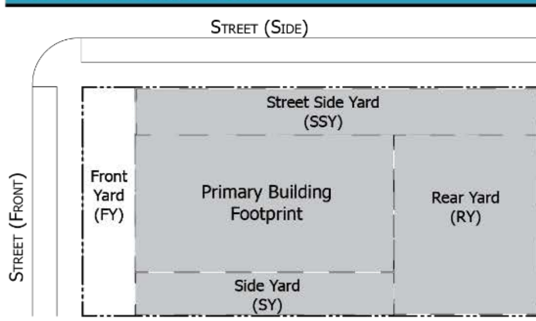
ACCESSORY BUILDING ENVELOPE



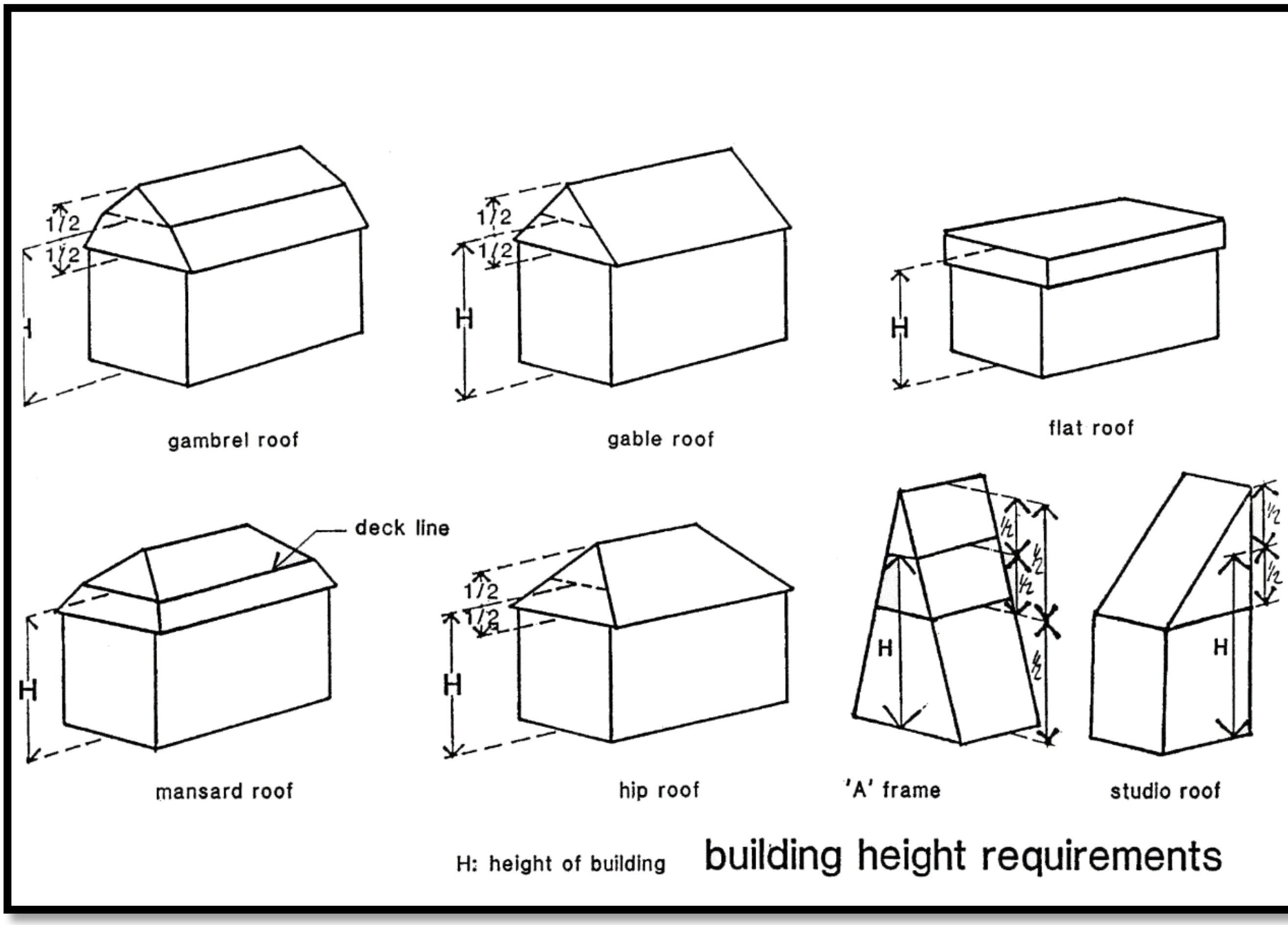
BUILDING HEIGHT



PARKING LOCATION



Height is defined as "the vertical distance from the established grade of the center of the front of the building to the highest point of the roof surface of a flat roof; to the deck line of mansard roof; to the mean height level between the eaves and ridge for a hip, gambrel or gabled roof; and 75 percent of the height of "A" frame. Chimneys, spires, antenna, and similar projections other than signs shall not be included in calculating building height."



These building types are only permitted in the form-based districts, which tend to be the older parts of the City. Taller outbuildings- carriage houses, small barns, etc- were once the norm, until the automobile rose to dominance. Taller outbuildings are occasionally needed even for vehicle storage currently, due in part to some taller vehicles (rather than longer or wider) being used for trades and modified to be accessible, the popularity of recreational vehicles, and even for storage of tools and recreational equipment.

In the case of existing single-story or ranch-style homes, this amendment would not allow the proposed detached accessory structure to be taller than the existing primary structure. This could help to maintain a sense of neighborhood cohesion. However, it is possible that the peak of the accessory structure could be taller than the peak of the primary structure. It would be possible to adjust the proposed wording to be: "…the lesser of 25′ or such that the highest point of the accessory structure is equal to or lesser than the height of the primary structure."

Taller buildings could also accommodate a second-story accessory dwelling unit. As the ordinance is written, an ADU would either have to be built in an existing building's second-story, as a first-floor use in a detached accessory building, or in an attached accessory structure.

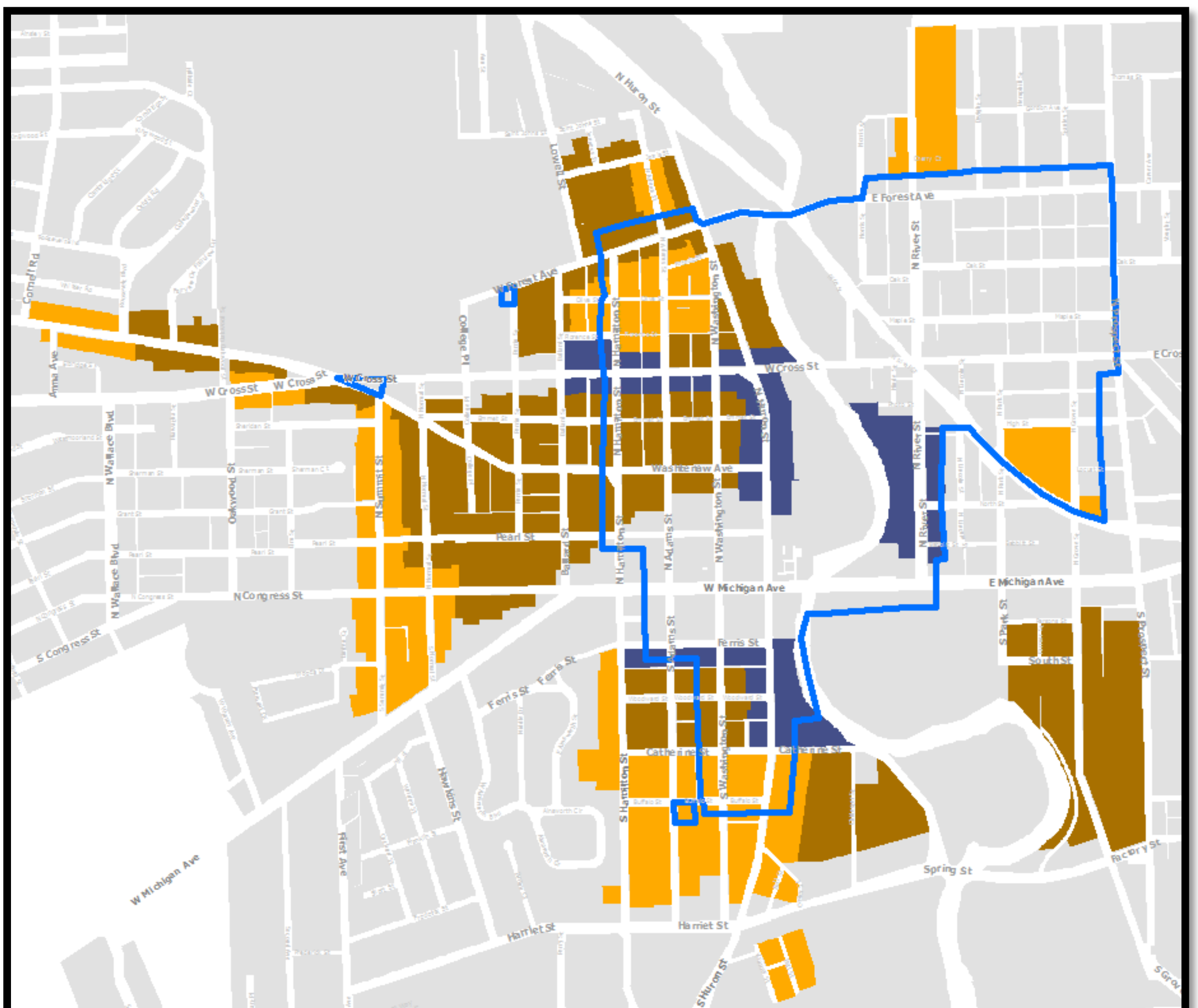
Change Part 2:
"change 651(b)(2) to add "and except where otherwise noted" to the end of the section.

Section 122-651(b)(2) currently reads:

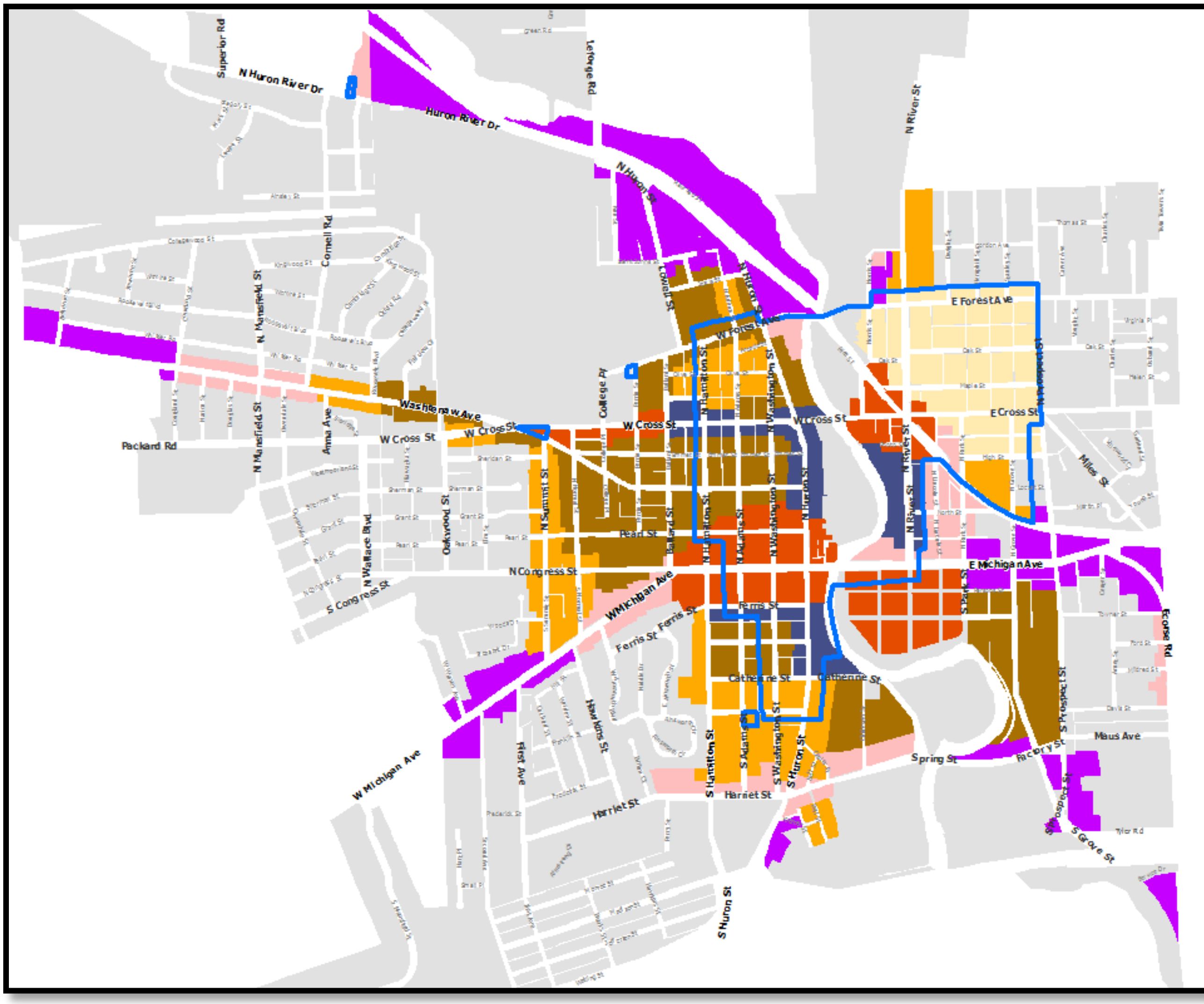
"Height. The maximum height for a detached accessory structure must be 15 feet; except in the PMD district, in which accessory structures may be constructed equal to the permitted maximum height of structures in such district, subject to Planning Commission review and approval."

The change would ensure that this section does not conflict with the higher heights that would be permitted in the form-based districts, but also does not permit higher heights in the more modern use-based districts, such as R1.

Map of Zoning Districts where ADUs are permitted (with Historic District in blue)



Map of Form-Based Zoning Districts



MASTER PLAN

Three guiding values of the Master Plan appear to relate to this request:

Diversity is Our Strength

Ypsilanti is a multicultural city with people from different races, sexual orientations, incomes, and walks of life. The ability to be who you are attracts people to Ypsilanti. In decisions, the City will ask how actions welcome, provide opportunity for and sustain its diverse population.

This will help enable new second-story detached accessory dwelling units to be constructed in the form-based districts where accessory dwelling units are permitted, and taller detached accessory structures in general for these building types. Second-story ADUs can help to encourage more economic diversity; taller accessory buildings can help enable those who may have a trade, home business, or atypical vehicle storage needs to live in these areas, again potentially fostering economic and social diversity.

Ypsilanti is sustainable
Every decision should foster the future, while replenishing resources – natural, economic and social. Efforts to make the city an environmentally sustainable place will continue. The financial viability of the city in 20 years should factor into decisions. Equity for everyone in Ypsilanti is another priority.

Much of the market demand for accessory dwelling units comes from three sources: a desire to live minimally in a small space; a desire to live independently near existing social support networks such as family and friends; or simply a desire to live near a certain fixed resource, such as a downtown, recreational amenities, school, or work. This change could help foster social sustainability.

Much of the interest in providing such housing supply comes from people who wish to have family members live close to them, and from the ability to collect rental income. This change could help foster both social sustainability and economic sustainability.

Density, generally speaking, helps to preserve natural resources. It is more efficient to live in a dense place; demand on car travel is reduced, and it takes fewer resources to provide essential services, such as utilities and public safety protection. This amendment could lead to increased density, which would then help to preserve natural resources.

Conversely, density and larger buildings are not to everyone's tastes. As with any new construction or development, there may be a "sorting period" in the area immediately adjoining any new construction.

Anyone, no matter what age or income, can find a place to call home in Ypsilanti
Housing options should match the needs of the people. Those needs will change as residents age and move. The need for safe, quality, affordable homes for all should be factored into decisions.

This amendment could lead to an increase in housing availability, and would make ADU development slightly easier in the zoning districts where it is a permitted use. This amendment could also make living in the form-based districts more accessible to those who are looking for taller outbuildings than currently possible.

STANDARDS FOR AMENDMENTS §122-362(a)

(a) ***Text Amendment.*** *For a change to the text of the Zoning Ordinance, the Planning Commission shall consider and the City Council may consider, whether the proposed amendment meets the following standards:*

(1) The proposed amendment is consistent with the guiding values of the Master Plan; and
Applicable guiding values of the Master Plan include:

- Diversity is our strength: per the decision-making rubric. This potentially improves the diversity of housing types available in Ypsilanti.
- Ypsilanti is sustainable: per the decision-making rubric, this action potentially increases the social and economic sustainability of the community, and potentially helps to protect natural resources.
- Anyone, no matter what age or income, can find a place to call home in Ypsilanti: per the decision-making rubric, this does increase the diversity in housing stock; this could increase the availability of housing; this could allow people with atypical vehicle needs &/or home

occupations to find homes in Ypsilanti; and this could aid those who wish to age in place &/or bring an aging family member to live with them &/or allow a family member to live nearby, yet independently.

(2) The rezoning is consistent with description and purpose of the proposed district, and.
Home occupations are explicitly permitted in all zoning districts where residential use is permitted. Accessory Dwelling Units are permitted in the HC, CN, and CN-Mid zoning districts. This allows residents more utility from these permitted uses.

(3) The proposed amendment is consistent with the intent of this Zoning Ordinance; and
Per §122-100, the intent of the ordinance is to promote the public health, safety, and welfare. In particular, to:
• create a safe, diverse, and sustainable city;
• meet the needs of the City's residents for food, fiber, energy, and other natural resources;
• guide the location of places of residence, recreation, industry, trade, service, and other uses of land;
• ensure that uses of the land shall be situated in appropriate locations and relationships;
• limit the inappropriate overcrowding of land and congestion of population and transportation systems and other public facilities;
• facilitate adequate and efficient provision for transportation systems, sewage disposal, water, energy, education, recreation, and other public service and facility needs;"
This would increase the diversity of the City, with minimal foreseeable negative impacts.

(4) The proposed amendment will enhance the functionality, transportation network or character of the future development in the City; and
The change to the zoning ordinance has the long-term potential to do so, but overall is anticipated to only have slight, yet positive, impacts.

(5) The proposed amendment will preserve the historic nature of the surrounding area and of the City; and
Staff does anticipates that this amendment will slightly positively affect the historic character of the City, by allowing more "carriage-house" style detached accessory structures to be built.

(6) The proposed amendment will enhance the natural features and environmental sustainability of the City; and
Staff does not anticipate that this amendment will negatively affect the natural features or environmental sustainability of the City, and should slightly enhance the region's environmental sustainability.

(7) The proposed amendment will protect the health, safety, and general welfare of the public; or
Staff does not anticipate any negative effects upon the health, safety, or welfare of the public.

(8) The proposed amendment is needed to correct an error or omission in the original text; or
Accessory dwelling units, while permitted, were not fully fleshed out in the 2014 ordinance revision. This is one step of likely many in working to enhance the accessory dwelling regulations.

(9) The proposed amendment will address a community need in physical or economic conditions or development practices; and

Staff does not anticipate that this change will significantly impact a community need in physical or economic conditions, but will permit some additional flexibility in the housing market, and will help to support home occupations.

(10)The proposed amendment will not result in the creation of significant nonconformities in the City.
The proposed amendment will not result in the creation of nonconformities within the City.

STAFF RECOMMENDATION

Staff recommends the Planning Commission recommend ***approval*** of amending the text of the Zoning Ordinance in the following manner:

- Updating 122-466 (mansion), 122-467 (estate), 122-468 (house), 122-469 (cottage), subsection N, to read "the lesser of 25' or the height of the primary structure;"
- And appending "except where otherwise noted." to 122-651(b)(2);

with the following findings:

1. The amendment is consistent with the guiding values of the Master Plan.
2. The amendment is consistent with the description and purpose of the district.
3. The proposed amendment is consistent with the intent of the zoning ordinance.
4. The proposed amendment will enhance the functionality and character of the future development in the City.
5. The proposed amendment will help preserve the historic nature of the City.
6. The proposed amendment will enhance the overall sustainability of the City.
7. The proposed amendment will protect the health, safety, and general welfare of the public.
8. The proposed amendment will address a community need.
9. The proposed amendment will not result in the creation of significant nonconformities.

____

Bonnie Wessler
City Planner, Community & Economic Development Division

c.c. File

City of Ypsilanti
Planning & Development Department

One South Huron • Ypsilanti, MI 48197
Phone: (734) 483-9646 • Fax: (734) 483-7260
www.cityofypsilanti.com

Non-refundable Fee: $1000

ZONING TEXT AMENDMENT APPLICATION

Applicant*

Name: George F Estabrook Jr

Address:

City	State	Zip
Ypsilanti	Michigan	48198

Phone / Fax:

E-Mail:

Change

Change requested (may continue on a separate sheet):

- Change 466, 467, 468, 469 subsection N to 'the Lesson of 25' or the height of the primary structure.
- change 651 (b)(2) to add 'and except where otherwise noted' to the end of the section.

Circumstances, factors, and other relevant information (may continue on a separate sheet):

to allow for better use of ADU's in the core neighborhoods.

Signature

I hereby attest that the above information is accurate. I am authorized to and grant permission to the City of Ypsilanti staff to be on the subject property, as applicable, for the purposes of preparing staff reports and/or evaluating this application.

Sig

Print Name: George F Estabrook Jr

PLANNING COMMISSION
MEETING MINUTES
October 17, 2018
CITY COUNCIL CHAMBERS
7:00 P.M.

I. CALL TO ORDER

The meeting was called to order at 7:00 p.m.

II. ROLL CALL

Present: M. Dunwoodie, J. Donnelly, J. Talaga, P. Hollifield, M. Simmons
H. Jugenitz

Absent: T. Dennis (Excused) J. McGadney (excused)

Staff: Bonnie Wessler, City Planner
Nan Schuette, Executive Secretary

III. APPROVAL OF MINUTES

Commissioner P. Hollifield moved to approve the minutes of September 19, 2018 with correction as noted (Support: J. Talaga) and the motion carried unanimously.

IV. AUDIENCE PARTICIPATION

None

V. PRESENTATION AND PUBLIC HEARING ITEMS

1. 937 Monroe St – Group Child Care Home

(ELIDED)

2. Accessory Building Height Increase

City Planner Wessler stated that an application had been received to amend the zoning ordinance to increase the allowable height of accessory structures to 25’ or the height of the primary structure, whichever is less, in the mansion, estate, house and cottage building types in all form based districts. Staff is recommending approval. The applicant, when researching some improvements to their property, came across the restriction that we have currently in our zoning ordinance that limits the height of detached accessory buildings to 15’. This would preclude the placement of any second story or any livable second story space on any detached building. As the square footage of detached accessory structures is capped, in this particular district, at 800 sq. ft, the applicant is interested in putting an accessory dwelling unit on the second story of a garage, and further believes that this is something that is important to have as an option for accessory dwelling units. The applicant worked with staff to develop the proposed language change. A couple of our zoning districts HC, CN and CN-mid permit accessory dwelling units so this precludes ACU's on garages. If you wanted to have one, you would have to choose between a garage or an ADCU which is the problem this applicant ran into.

We received some feedback from a former city planner, Richard Murphy, who stated that there was an overlay historic district that was in place from the mid-90's to 2013 which allowed 25' tall detached structures which was then the Historic Overlay District which is now the Historic District so there is definitely a precedent for allowing taller structures locally. They would also have to go to the Historic District Commission for their approval. Staff recommends approval with some modification to wording, explaining more in detail about the peak of the structure.

Some questions regarding highest point were discussed by board members. Ms. Wessler stated that we are not changing the definition.

Commissioner Hollifield moved to open the public portion of the hearing (Support: J. Talaga) and the motion carried unanimously.

Since there were no public comments, Commissioner Hollifield moved to close the public portion of the hearing (Support: M. Simmons) and the motion carried unanimously.

Commissioner Jugenitz moved that the Planning Commission recommended to City Council approval of amending the text of the Zoning Ordinance in the following manner:

- Updating Sec122-466 (mansion), Sec122-467 (estate), Sec122-468 (house), Sec 122-469 (cottage), subsection N to read "the lesser of 25' or such that the highest point of the accessory structure is equal to or lesser than the height of the primary structure"
- And appending "except where otherwise noted" to Sec122-651(b)(2)

With the following findings:

1. The amendment is consistent with the guiding values of the Master Plan.
2. The amendment is consistent with the description and purpose of the district.
3. The proposed amendment is consistent with the intent of the zoning ordinance.
4. The proposed amendment will enhance the functionality and character of the future development in the City.
5. The proposed amendment will help preserve the historic nature of the City.
6. The proposed amendment will enhance the overall sustainability of the City.
7. The proposed amendment will protect the health, safety, and general welfare of the public.
8. The proposed amendment will address a community need.
9. The proposed amendment will not result in the creation of significant nonconformities.

The motion was support by Commissioner Simmons. A roll call vote was taken and carried 5:1. Commissioner Hollifield opposed.

Resolution No. 2018 - 316
December 18, 2018

That the Public Hearing for An ordinance to permit accessory structures in the form-based districts (CN, CN-Mid, CN-SF, etc) to be a maximum of 25' in height or to match the height of the primary structure, whichever is lesser be officially closed.

OFFERED BY: ________________________________

SUPPORTED BY: ________________________________

YES: NO: ABSENT: VOTE:

Resolution No. 2018-317
December 18, 2018

RESOLVED BY THE COUNCIL OF THE CITY OF YPSILANTI:

That the following items be approved:

1. Resolution No. 2018-218, approving minutes December 3, 2018.

2. Resolution No. 2018-219, approving appointment to Boards and Commissions.

OFFERED BY: ______________________________

SUPPORTED BY: ______________________________

YES: NO: ABSENT: VOTE:

Resolution No. 2018 - 318
December 18, 2018

RESOLVED BY THE COUNCIL OF THE CITY OF YPSILANTI:

THAT the minutes of December 3, 2018 be approved.

OFFERED BY: ______________________________

SUPPORTED BY: ______________________________

YES: NO: ABSENT: VOTE:

Draft

CITY OF YPSILANTI
SPECIAL COUNCIL MEETING (INTERVIEWS)
CITY COUNCIL CHAMBERS
ONE SOUTH HURON ST. YPSILANTI, MI 48197
MONDAY, DECEMBER 3, 2018
6:00 P.M.

I. <u>CALL TO ORDER</u> –

The meeting was called to order at 6:10 p.m.

II. <u>ROLL CALL</u> –

Council Member Brown	Present	Council Member Symanns	Present
Council Member Morgan	Present	Council Member	Vacant
Council Member Murdock	Present	Mayor Bashert (6:29)	Present
Mayor Pro-Tem Richardson	Present		

Council Member Brown moved, seconded by Morgan to excuse the absence of Mayor Bashert.

On a voice vote, the motion carried, and the absence was excused.

III. <u>INVOCATION</u> –

Mayor Pro-Tem Richardson asked all to stand for a moment of silence.

IV. <u>PLEDGE OF ALLEGIANCE</u> –

"I pledge allegiance to the flag, of the United States of America, and to the Republic for which it stands, one nation, under God, indivisible, with liberty and justice for all."

V. <u>AUDIENCE PARTICIPATION</u> –

1. Mariah Zeisberg, 1220 Sherman, thanked Council for the work they do, and her neighbors whom applied to fill the Ward 2 vacancy. She was heartened to see each applicant discuss affordable housing. She would like to affordable housing to be thought in the context of white supremacy.
2. Desirae Simmons, Ward 3, is excited that seven very qualified applicants applied for the vacancy. Applicant Connor Barrie discussed safety for pedestrians, which is very important to this community. As a teacher in the community he would provide a connection to schools in this city. Parks are also a concern for the applicant, which is shared by many Council Members. She does not know applicant Stevenson personally, but is familiar with her work as a Historic District Commissioner. Her background with the HDC might come in handy when reviewing the potential development of 220 N. Park. Applicant Wilcoxen seems to understand issues in the city, and has discussed EMU needs to be a better partner.
3. Amber Fellows, Ward 3, appreciates those who put forward interest in serving as a Ward 2 Council Member. She was heartened to see the applicants discuss a need for

affordable housing. She was happy to see applicant Connor Barrie's interest in a community land trust. She has seen Applicant Wilcoxen in attendance at more Council meetings than any other applicant. She does not know Applicant Stevenson, but knows she does have a lot of experience. However, she does not agree with her approach toward affordable housing.

Mayor Pro-Tem Richardson stated Mayor Bashert is running late, but Council should extend the applicants courtesy and begin the interviews.

Council Member Murdock stated the applicants not being interviewed should not be in the room during interviews. City Attorney John Barr responded Council could do that if it wished.

Council Member Symanns stated Mayor Bashert is on her way, and the interviews should be delayed until she arrives. Council Member Murdock agreed.

Council Member Murdock moved, seconded by Council Member Symanns to recess the meeting until Mayor Bashert arrives.

Council Member Murdock withdrew his motion.

Council Member Symanns withdrew her second.

Council discussed procedures of the interview process. Mr. Barr interjected that Council should ask each applicant the same questions. Council determined it would use 'round robin' when asking questions, but not necessarily asking the questions they submitted.

Mayor Bashert asked if Council has considered making a decision tonight following the interviews. Council Member Brown responded she is not opposed to that considering time. Council Member Murdock agreed. Mayor Pro-Tem Richardson interjected it is her understanding Council has already determined it would vote at the regular meeting tomorrow, December 4th.

VI. REMARKS BY THE MAYOR –

- Apologized for being late to the meeting, especially to the candidates for the empty seat. She thanked them for their patience.

VII. WARD 2 COUNCIL MEMBER INTERVIEWS –

6:00 p.m.

- Benjamin Connor Barrie

Council Member Morgan

We have a representative form of government and this seat is for one of two seats representing Ward 2. If appointed to City Council, how will you go about representing the residents of Ward 2?

Benjamin Connor Barrie responded he understands it is unusual to be appointed to an elected position. In order to make sure he is doing his duty for all residents of Ward 2 he would have to do additional outreach. He has met many great people throughout the city while serving on the Parks and Recreation Commission, which has been a good foundation. However, if appointed he would hold a weekly, or bi-weekly office hours, and reach out to the neighborhood association to expand his connection to the community.

Council Member Symanns

Where do you feel the city's opportunities are for increasing our tax revenue and what would you do to support bringing those opportunities to fruition?

Mr. Connor Barrie responded Michigan law puts municipalities in a difficult situation regarding tax revenue. Proposition A and the Headley Amendment cause tax revenues to ratchet down very quickly, as was seen on the 2008 and 2009 financial crisis. By tying taxes to inflation it essential keeps revenues flat. To increase revenue through tax revenue the city would need to have new construction. City owned parcels could be sold for this purpose to expend tax revenue. He added accessory dwelling could also assist in expanding tax revenue, to a lesser degree. An income tax could also generate revenue, however, it has been denied by the voters in the past. However, at this point he would not recommend an income tax.

Council Member Brown

If selected to Council, (based on your profession) what lens or perspective that reflects fairness and balance will you add to Council?

Mr. Connor Barrie responded he works with Duo Security as a Program Manager which involves a lot of coalition building. Through his work he has honed skills in bringing diverse groups of people together and build consensus.

Mayor Bashert

Which is more important in the line of public service in your opinion, being a person of Credibility or the ability to foster partnerships and why?

Mr. Connor Barrie responded being a person of credibility is of the upmost important characteristic of elected officials. The constituency needs to know where its elected officials are coming from and why decisions are being made. Building coalitions is important, but being credible, especially to your constituents is more important.

Council Member Murdock

Tell us a little bit about how you balance having a process and achieving results? Do you lean one way or another?

Mr. Connor Barrie responded he would like to say both, he is results driven in his profession, but government and business are not the same. A functional process that allows for citizen participation is very important to public service.

Mayor Pro-Tem Richardson

I'm curious as to how well known you feel you are with your constituents? If not a lot, how will you work with them? If well known, how will you use that to meet their needs?

Mr. Connor Barrie responded he is moderately well known with his constituents. He further elaborated he is very well known in Normal Park, but not as well known in College Heights. He received a lot of encouragement from those in his neighborhood to apply for the position. If he were to be appointed he would immediately join the College Heights neighborhood association and Facebook Group. He would use that as a starting point to introduce himself. Much of being a successful elected official comes from having a personal connection with people, and make them comfortable with bringing their needs to you.

Council Member Morgan
<u>If you received a $1 million grant to use for the city any way you wanted, what would you do with it and why?</u>

Mr. Connor Barrie responded the biggest issue facing the city is affordable housing. He thinks the market for housing is going to benefit those making above the median income. He believes the city's efforts should be focused on its people having sufficient housing. He is excited about community land trust, possibly partnering with the county or non-profit to purchase land and sell them at a discount. $1 million would go a long way to fund the land trust, especially if it can find matching funds.

Council Member Symanns
<u>If someone came to you with a proposal to build a new piece of public infrastructure in our city (road, bridge, etc.) how would you evaluate whether that project was worth implementing?</u>

Mr. Connor Barrie responded with limited resources the city should not only focus on cost-benefit of the project, but also the opportunity cost of the project. Projects should equitably distributed and not favor development in one neighborhood, or Ward. There should also be adequate citizen participation for all public projects.

Council Member Brown
<u>What ideas/plans do/ would you propose for Water St.</u>

Mr. Connor Barrie replied he does not want to see anything happening on Water Street. It is public property, and it should be leveraged for a benefit. He would like to see a mixed use development with moderate density, with a subset of affordable housing. He would like to welcome more residents to the city without displacing vulnerable populations.

Council Member Brown
<u>Are you in support of the proposed train stop?</u>

Mr. Connor Barrie responded in the affirmative, and explained he supports mass transit, but would like to learn more prior to committing 100%.

Council Member Brown
<u>What are your thoughts regarding the dam?</u>

Mr. Connor Barrie replied prior to working for a software company his background was in ecology. His bias is toward dam removal, but in terms of the dam there is a lot to consider. The cost of removal versus repairing the dam is a factor. Ultimately, his decision would result from what would have the best financial benefit moving into the future.

Mr. Connor Barrie thanked Council for their time and happy to have been included in the process.

Mayor Pro-Tem Richardson asked where Mr. Connor Barrie lives. Mr. Connor Barrie responded his legal residence is 1111 Westmoorland and has lived there for the past five years.

Council Member Morgan asked when Mr. Connor Barrie felt like this was his community. Mr. Connor Barrie responded Ypsilanti is so welcoming that he and his wife felt like this was their community very quickly.

Council Member Symanns asked why Mr. Connor Barrie did not file and run for the Ward 2 seat during the election. Mr. Connor Barrie responded he began his current job in mid-April and did not feel he could run a campaign at the same time.

Council Member Brown asked what Mr. Connor Barrie thoughts are regarding diversity, equity, and inclusion. Mr. Connor Barrie replied better decisions are made when every voice is included, and we should go out of our way to ensure marginalized people are included. Diversity is one of the many things that make Ypsilanti a wonderful community and a strong community.

6:35 p.m.

- Anne Stevenson

Council Member Murdock

We have a representative form of government and this seat is for one of two seats representing Ward 2. If appointed to City Council, how will you go about representing the residents of Ward 2?

Anne Stevenson responded she is a program development manager for Washtenaw Community College. One of her tasks at that position is to provide needs assessments, and that tools could be used to understand what this community wants. Holding office hours, town hall meetings, and be accessible through many forms of communication. Allow for different mediums for Ward 2 residents to get in touch with her to understand their needs and do her best to represent them on Council.

Mayor Pro-Tem Richardson

Where do you feel the city's opportunities are for increasing our tax revenue and what would you do to support bringing those opportunities to fruition?

Ms. Stevenson responded this could be done in several different ways; housing is an issue as the city is running out of housing stock. In order to increase revenue the city needs to bring new residents in, possibly through new construction. Also, examine creative housing to bring more residents to the city. It is important to further economic growth and community development. There are some great organizations in the city that can create business development in the city, including SPARK and Backstreet Lot Studios. Ypsilanti has always been a creative out of the box community creating an environment for unique opportunities.

Council Member Morgan

If selected to Council, (based on your profession) what lens or perspective that reflects fairness and balance will you add to Council?

Ms. Stevenson replied she feels strongly that everyone should have a voice, and people should be empowered to speak. One of the reasons she loves this city is all people are allowed to speak their minds. She understands it is very important to listen to many voices, which some of them might not agree with her and that is okay. She is a patient, kind, and compassionate person and those characteristics will benefit her in the role of Council Member.

Council Member Symanns

Which is more important in the line of public service in your opinion, being a person of Credibility or the ability to foster partnerships and why?

Ms. Stevenson responded she does not believe a person can foster partnerships without credibility. A person must have credibility in order for potential partners to trust the person attempting to foster relationships.

Council Member Brown
Tell us a little bit about how you balance having a process and achieving results? Do you lean one way or another?

Ms. Stevenson responded she works hard to establish goals and distinguish what processes are needed to achieve that goal. She tries to look at the overall picture while deciding on the steps needed to get to the final product.

Mayor Bashert
I'm curious as to how well known you feel you are with your constituents? If not a lot, how will you work with them? If well known, how will you use that to meet their needs?

Ms. Stevenson responded she has served as the College Heights Neighborhood Association President for the past two years. While at that position she has become well known in at least part of the Ward. She has also served on the Historic District Commission for some time meeting several people from the community. She would go door to door to establish relationships and provide them contact information. She would also establish office hours in order for the public to speak with her in person.

Council Member Murdock
If you received a $1 million grant to use for the city any way you wanted, what would you do with it and why?

Ms. Stevenson replied it is important for the city to focus on affordable housing and she would use it to allow for committed affordable units. Units based on potential public land trusts in conjunction with other groups to maintain rents at a certain level for a certain amount of time.

Mayor Pro-Tem Richardson
If someone came to you with a proposal to build a new piece of public infrastructure in our city (road, bridge, etc.) how would you evaluate whether that project was worth implementing?

Ms. Stevenson replied she would need to work with experts as well as create study committees in order to research what project would hold the most value. She would hope Council would receive a presentation providing all compiled information in order to make an informed decision.

Council Member Morgan
What ideas/plans do/ would you propose for Water St.

Ms. Stevenson replied in 2013 she and Council Member Murdock served on steering committee for the Shape Ypsilanti Master Plan. Many ideas were produced during the charrette process and one charrette was completely focused on Water Street. She liked ideas regarding mixed use development, a park and boardwalk along the Huron River, and some green space. The blue prints for Water Street, including those ideas, are available and she still supports that type of development.

Council Member Morgan
Are you in support of the proposed train stop?

Ms. Stevenson responded in the affirmative, it would be financially beneficial for the city. The city will need to focus on addressing parking as a train stop will add to an already stressed system.

Council Member Murdock
<u>What are your thoughts regarding the dam?</u>

Ms. Stevenson responded she read the report and thinks based on that report the removal of the dam is feasible. She would like to do further research regarding the impact to bridges, other infrastructure, and residents living along the river should be completed. The city should also work to determine legal implications of what will happen to property boundaries if the river were to change course. There are still questions she would need answers regarding repairing the bridge to make a final determination.

Council Member Symanns asked why Ms. Stevenson did not file and run for the Ward 2 seat during the election. Ms. Stevenson responded at the time she was not thinking about running a campaign, she was still Chair of the Historic District Commission. Since things have shifted in her life and she has freed up her time, and when this process was made public she wanted to apply.

Council Member Brown asked what Ms. Stevenson thoughts are regarding diversity, equity, and inclusion. Ms. Stevenson responded this city always strives to be inclusive to all walks of life. There has been a lot support for the LGBTQ community from the leadership in this community. Her daughter is a part of that community and it is important for people to feel safe. She feels that Ypsilanti has done that through the Non-Discrimination Ordinance, originally approved in 1998. However, since then there has been a lot of work to listen to the different voices in this community. Then use that information to identify any obstacles those communities might face and find solutions.

Mayor Pro-Tem Richardson asked where Ms. Stevenson lives. Ms. Stevenson responded 707 Collegewood, in College Heights.

Council Member Morgan asked when Ms. Stevenson felt like this was her community. Ms. Stevenson responded she is originally from Ann Arbor, she and her husband decided to move to while she was in graduate school at Eastern. Once they visited the College Heights neighborhood they fell in love with the community. She feels Ypsilanti is filled with out of the box thinkers and identifies with that mindset, and is a better fit for her than Ann Arbor ever was.

Ms. Stevenson stated leadership is very important and a leader is someone that listens more than speaks. Leaders lead by example by putting themselves out in the community and speaking with people, and she believes she possesses those qualities. She thanked Council for interviewing her for the vacant Ward 2 seat.

<u>7:10 p.m.</u>

- Steve Wilcoxen

Council Member Symanns
<u>We have a representative form of government and this seat is for one of two seats representing Ward 2. If appointed to City Council, how will you go about representing the residents of Ward 2?</u>

Steve Wilcoxen responded he would use social media to maintain contact with the community, as well as maintain office hours to speak with community members. He would have a flexible schedule, as many community members have different schedules. He applauded the Mayor's use of a weekly newsletter to disseminate information. Just being out in the community is important, and there are many opportunities to be present in the community.

Council Member Brown

Where do you feel the city's opportunities are for increasing our tax revenue and what would you do to support bringing those opportunities to fruition?

Mr. Wilcoxen responded the city has a lot of undeveloped land and should actively recruit investment to the city. The city could foster a culture of improvement with landlords of current housing stock to increase the tax rate. He recommended marketing Water Street as smaller parcels, and devise different strategies for development. The cannabis market could see a boom in the next few years and the city could expand on its current ordinance.

Mayor Bashert

If selected to Council, (based on your profession) what lens or perspective that reflects fairness and balance will you add to Council?

Mr. Wilcoxen responded the department he works takes in information from customers, and that information can be clouded. Often customers come to him with conclusions rather than information, and to balance the information all data must be examined. He would try to take as many positions into account and work toward consensus.

Council Member Murdock

Which is more important in the line of public service in your opinion, being a person of Credibility or the ability to foster partnerships and why?

Mr. Wilcoxen responded he believes that is a false dichotomy, it is not an either or question. The goal is to do both of those things. He would hope that every collaboration he has he maintains his integrity, and respect the integrity of those involved in the collaboration.

Mayor Pro-Tem Richardson

Tell us a little bit about how you balance having a process and achieving results? Do you lean one way or another?

Mr. Wilcoxen responded the point of designing a process and having a process is to have an outcome with metrics. If a process is rushed, and the design is poor, the outcome will be flawed. If time is taken to achieve a quality process it might not produce the outcome you expected, but it is a valid result.

Council Member Morgan

I'm curious as to how well known you feel you are with your constituents? If not a lot, how will you work with them? If well known, how will you use that to meet their needs?

Mr. Wilcoxen responded he is not a public figure, he did not campaign for a seat. Running a campaign would require a whole other level of meeting the constituency, however, he has canvassed for certain campaigns over the years. He has not been in the community a lot, but he has been in it enough to understand the demographics. He certainly would need to get out into the community, and solicit information in order to make decisions.

Council Member Symanns

If you received a $1 million grant to use for the city any way you wanted, what would you do with it and why?

Mr. Wilcoxen responded $1 million is not a large amount of money when considering a city budget. That amount of money is more seed money than anything else, and will not fund anything into the future. He would have to examine the city's budget to understand where best to allocate those funds. Certainly, that money could be used to repair park infrastructure as discussed in the previous Council Meeting. However, he is not sure if it would be best used on that project.

Council Member Brown
<u>If someone came to you with a proposal to build a new piece of public infrastructure in our city (road, bridge, etc.) how would you evaluate whether that project was worth implementing?</u>

Mr. Wilcoxen responded he would examine who brought forth the proposal, what is the size and scope of the project, and who would benefit, would it be a small segment of the population or the entire city.

Mayor Bashert
<u>What ideas/plans do/ would you propose for Water St.</u>

Mr. Wilcoxen responded Water Street is an interesting conundrum. It is a brownfield, with contamination issues requiring remediation, which would vary dependent on the use of the site. The Shape Ypsi Master Plan called for mixed use development including diversified small businesses and options for housing. One of the objections he had with the International Village was it did not incorporate the plan outlined in the Master Plan. The correct people need to be recruited in order to phase that development in properly.

Mayor Bashert
<u>Are you in support of the proposed train stop?</u>

Mr. Wilcoxen responded there is a lot of history in this town regarding a train stop. It is his understanding Ypsilanti passed on the train stop and the possibility moved west to Ann Arbor. This was some years ago and he understands the need to move forward on this project so the city does not lose the opportunity. The city needs to move on this because it makes sense to have the train stop in the Ypsilanti.

Mayor Bashert
<u>What are your thoughts regarding the dam?</u>

Mr. Wilcoxen responded his Master's Thesis was on pH levels in sediments. The toxicity discussed in the sediments is not necessarily accurate, there is more to it than what is included in the report. However, the report is based on the paradigm the DEQ and the EPA use so that is what is included. If the dam is removed he knows there is toxicity not being accounted for in the sediment. The regulations do not account for the combinations of what has been found, nor do they account for how the sunlight will affect those combinations. The cost to repair the dam now is significantly lower than what it would cost to remove the dam. There are grants that could assist in financing either dam removal or repair. It is not urgent that then dam be removed now based on the findings of the report. Overall the point of removing dams to restore rivers to their more natural state is a good idea, and he likes that idea. However, there are lots of things the city would need to review prior to making this decision.

Mayor Pro-Tem Richardson asked where Mr. Wilcoxen lives. Mr. Wilcoxen responded he lives in College Heights on Whittier.

Council Member Morgan asked when Mr. Wilcoxen felt like this was his community. Mr. Wilcoxen responded he has been attracted to Ypsilanti for a long time, and moved to Ypsilanti in 1990. When he first moved here he thought he would live in Ypsilanti for six months. Twenty-eight years later he still lives here and that is because of the attraction of the city. It is very different than the surrounding area, it is a cross between a small farming town and Detroit. He stated he did not feel it was his community until much after he moved here. Once his son had been in school sometime he realized this is the only home he knows and this is where he and his family put down roots.

Council Member Symanns asked why Mr. Wilcoxen did not file and run for the Ward 2 seat during the election. Mr. Wilcoxen replied he was anticipating a different outcome in the election, and was comfortable with Council Member Symanns representing Ward 2. At the time he assessed his professional life and realized he did not have the time to mount a campaign.

Council Member Brown asked what Mr. Wilcoxen thoughts are regarding diversity, equity, and inclusion. Mr. Wilcoxen replied diversity can be defined in many ways; culturally, socioeconomic conditions, geographic areas. Equity involves fair treatment within the system, meaning not greater consequences for one group and everyone enjoys the benefits of the whole to a reasonable extent. There can be equity in profits without inclusion in the process, but there need to be people involved and encourage them to be involved in all levels of decision making.

Mr. Wilcoxen stated he has been in the community for a while, he is not a stranger. I has watched how decisions are made, and has chosen not to speak during audience participation. While he has been at meetings a lot, Council has not heard him speak a great deal. He makes this decision because if someone has already said what he was thinking he does not want to stand up and say I echo that.

VIII. AUDIENCE PARTICIPATION –

1. Sue Melke, 330 Chidester #409, asked when workable email addresses are going to be on the city website for Council.

2. Brian Geringer, 415 Pearl, stated the applicants did very well and he is pro community land trust. It is important to answer the questions as asked and not decide in between two options. The fact Mr. Wilcoxen stated he did not run is because he was expecting a different out come to the mayoral election which is a strong honest answer. He is happy to see environmentalist slight to many of the answers.

IX. REMARKS BY THE MAYOR –

None

X. COUNCIL DISCUSSION/MOTION –

Mayor Bashert asked if voting on the member tonight is a viable option.

Mayor Pro-Tem Richardson thanked the interviewees, and mentioned the public was informed Council would be making its decision during the December 4th meeting. She isn't against making a decision now, but Council should maintain what it has informed the public.

Council Member Murdock stated the Charter establishes Council would have enough information to make a decision following the interviews and he is still of that opinion.

Council Member Symanns thanked everyone for interviewing and this is a difficult decision, and she does not mind the time to think about it.

Council Member Morgan thanked the candidates, and stated a lot of positive things were said during the interviews. The answers were credible and honest and it is going to be a difficult decision for Council.

Council Member Brown appreciated the candidates interviewing, and that interviewing in general is difficult, which is magnified being in an Open Session. She is thankful there were so many applicants, and applicants that took time to do research regarding the position. This decision is going to be difficult, and is not opposed to making it tonight if that is the decision of the body. However, having time to consider the options would help the process, even if it were a recess.

Mayor Pro-Tem Richardson moved, seconded by Council Member Symanns to vote to appoint a Council Member to the Ward 2 vacancy during the December 4th meeting.

Council Member Brown asked if this vote is not approved, what would be the process for Council making its selection during this meeting. Mayor Bashert responded the appointment process will be similar to that of Mayor Pro-Tem. She explained each Council Member will state the name of their selection, once there are four affirmative votes for the vacancy that person is selected. Ms. Brown asked if that was the process in 2014 when a vacancy was filled. Ms. Bashert replied a Council Member put motioned to nominate a candidate, and she is open to that process.

Council Member Morgan stated as difficult as the decision is, he is willing to vote at this meeting.

Council Member Brown stated selection and appointment to the Ward 2 vacancy is first on the December 4th agenda.

Mayor Bashert stated the next few Council agendas are going to be long, and Ward 2 would appreciate having both seats filled. Also, selecting the new member now the interviewees not selected would not need to attend the December 4th meeting.

Council Member Brown stated this should be the first item on the December 4th agenda if it is not already. She can appreciate being considerate of peoples time, but this is an important selection and if Council needs more time to make its decision it should have that time.

Council Member Murdock stated there are two presentations scheduled for the December 4th meeting. If this decision is made first on the agenda those giving the presentations will need to wait, if the presentations are first the applicant need to wait.

Mayor Pro-Tem supported having the decisions first on the agenda prior to the presentations. The new member of would then be able to take their seat and hear the presentations from the standpoint of a Council Member.

Council Member Symanns stated a few weeks ago Council Member Murdock stated it was not too much to ask to have the applicants return for the next meeting. It appears the interviewees are fairly knowledgeable about the rail stop and dam, which are the topics of the December 4th presentations. She prefers to process this tonight and make her decision at the next meeting.

Mayor Pro-Tem Richardson called the question.

On a roll call, the vote to appoint a member during the December 4th meeting was as follows:

Council Member Brown	Yes	Council Member Symanns	Yes
Council Member Morgan	No	Mayor Bashert	Yes
Council Member Murdock	No	Ward 2 Vacancy	
Mayor Pro-Tem Richardson	Yes		

VOTE:

YES: 4 NO: 2 (Murdock, Morgan) ABSENT: 0 VACANCY: 1 (Ward 2) VOTE: Carried

XI. ADJOURNMENT –

OFFERED BY: Council Member Murdock
SECONDED BY: Council Member Brown

On a voice vote, the motion carried, and the meeting adjourned at 8:20 p.m.

Resolution No. 2018 – 319
December 18, 2018

RESOLVED BY THE COUNCIL OF THE CITY OF YPSILANTI:

THAT, the following individuals be appointed to the City of Ypsilanti Boards and Commissions as indicated below:

NAME	BOARD	EXPIRATION
Heidi Franknehauser (reappointment) 810 N. Congress Ypsilanti, MI 48197	Housing Commission	12/18/2023
Tom Roach (new appointment) 912 Pearl St. Ypsilanti, MI 48197	ZBA	5/1/2021
Jason Ringholz (new appointment) 1219 Westmoorland Ypsilanti, MI 48197	ZBA	5/1/2021

OFFERED BY: ____

SUPPORTED BY:____

YES: NO: ABSENT: VOTE:

REQUEST FOR LEGISLATION
18 December 2018

From: Bonnie Wessler, City Planner

Subject: Border to Border Trail Construction Partnership Opportunity

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The Border to Border (B2B) Trail enters the City at Hewitt and Huron River Drive, and exists it at Grove and I-94, going through EMU, City parks, and via a mix of shared-use path and sidewalks and bike lanes. As the B2B Trail sees more use, the Washtenaw County Parks and Recreation Commission (WCPRC) would like to improve the routing and the safety of the B2B Trail. As part of their recent Border to Border Trail Master Plan effort, they have prioritized projects in Frog Island and on Grove Road, and is proposing a partnership to execute them. In this partnership, the City's commitment would be capped at $20,000; rough cost estimates place the project at roughly $850,000 total.

Staff presented this potential partnership and described the gaps at Frog Island/Rice Street and on Grove Road from the east end of the Water Street Trail to I-94. The proposed shared-use pathways would significantly increase the ease with which people would be able to use the Border-to-Border Trail through the City, as well as providing scenic opportunities along the Huron River in Frog Island.

The attached project agreement lays out the terms of the partnership. The City will own the trail, once completed, and be responsible for its maintenance. The City will retain the design engineer and be responsible for up to $20,000 in design costs, but the WCPRC will be responsible for the bulk of the design costs (anticipated at approximately $80,000). The WCPRC will fund the construction engineering as well as the construction itself, and will lead the bidding process. This is not a blank check; should the City wish to add items that are not "actual and necessary to complete the construction of the Project," the City would be responsible for those costs.

The draft partnership agreement is attached. WCPRC has reviewed and approved it. The City attorney is in the process of review.

RECOMMENDED ACTION: Approval

ATTACHMENTS: Draft partnership agreement; 12/11/18 City staff presentation to Council & Parks & Recreation Commission; 11/13/2018 WCPRC staff memo to the WCPRC

CITY MANAGER APPROVAL: ________________________ COUNCIL AGENDA DATE: _________

CITY MANAGER COMMENTS: __________________________

FISCAL SERVICES DIRECTOR APPROVAL: _____________________________________

Resolution No. 2018 - 320
18 December 2018

RESOLVED BY THE COUNCIL OF THE CITY OF YPSILANTI:

WHEREAS, the Border to Border Trail is an important recreational asset to the City; and

WHEREAS, the Border to Border Trail is a project championed by the Washtenaw County Parks and Recreation Commission; and

WHEREAS, the Washtenaw County Parks and Recreation Commission desires to improve significant portions of the Border to Border Trail in partnership with the City; and

NOW THEREFORE BE IT RESOLVED that the Ypsilanti City Council approves as to form the attached partnership agreement with the Washtenaw County Parks and Recreation Commission, subject to all proper legal review; and

BE IT FURTHER RESOLVED that the Ypsilanti City Council authorizes the requested $20,000 expenditure to be drawn from the Parks and Recreation Capital Fund established for FY 2018/19, GL#414-7-7510-818-00.

OFFERED BY: ______________________________

SUPPORTED BY: ______________________________

YES: NO: ABSENT: VOTE:

BORDER-TO-BORDER TRAIL

FROG ISLAND AND GROVE ROAD TRAIL SEGMENT

AGREEMENT

This Agreement ("Agreement"), is entered into as of the ___ day of _________________, 2018, and memorializes and confirms certain verbal commitments and understandings previously made by the City of Ypsilanti, a public body corporate, with offices at One S Huron, Ypsilanti, Michigan 48197 ("**CITY**") and the Washtenaw County Parks and Recreation Commission, a public entity, with offices at 2230 Platt Road, Ann Arbor, Michigan 48104 (the "**WCPARC**").

1.0 ACKNOWLEDGMENTS

1.1 The parties desire to cooperate in the planning, funding, design, construction and development of the Border-to-Border/Iron Belle Trail Segment K, a non-motorized trail ("Trail") segments that are approximately 0.7 miles in length running generally adjacent to the Huron River within Frog Island Park, between Cross Street and Forest Ave. and along the west side of Grove Road, approximately 1000 feet north of Factory Street to the I-94 in the City of Ypsilanti(the "**Project**").

1.2 CITY in coordination with the WCPARC has been awarded a Michigan Department of Natural Resources ("**MDNR**") FY2018 Iron Belle Trail ("**TAP**") grant in the amount of $20,000.00 for the design of the Project.

1.3 The WCPARC may apply for additional Iron Belle Trail grants from the Natural Resources Trust Fund for the Project.

1.4 The Project is to be located within portions of the City of Ypsilanti's Frog Island Park and along City Street right of ways, and potentially parcels of land owned by private property owners. Easements and/or permits maybe required for the construction and use of the Project.

1.5 CITY shall be the OWNER of the trail upon final acceptance of construction

1.6 CITY shall operate, maintain, and repair the Project in accordance with non-motorized trail maintenance standards applied throughout the City.

NOW, THEREFORE, in exchange for their mutual promises as set forth herein the parties agree as follows:

2.0 FUNDING AND RESPONSIBILITIES OF THE PARTIES

2.1 Project Costs and Funding

2.1.1 The CITY and WCPARC shall be jointly responsible for all design project costs in excess of the MDNR Iron Belle Trail funds. The CITY's share of the design cost will be capped at $20,000.

The cost for construction phase and construction engineering will be fully the responsibility of the WCPARC, less any funds the WCPARC secures from any other private or public funding sources.

2.1.2 Design Phase: CITY will enter into a Contract with OHM for engineering services consisting of design/preliminary engineering, securing the required permits, and performing the project administration of the Project up to the construction phase. CITY may terminate the design phase of the Project at any time and provide written notice to WCPARC.

2.1.3 Bidding Phase: The design phase of the Project will include an engineer's estimate for the construction costs for the Project (the "Engineer's Estimate"). Should the lowest qualified bid exceed the Engineer's Estimate by more than ten percent (10%), WCPARC will decide to fund the increased project cost or rejecting all bids. If all bids are rejected, the Project will be cancelled or rebid at later date.

2.1.4 Construction Phase: WCPARC shall be responsible construction engineering and may hire a consultant to serve as the Project Engineer and perform all construction engineering services. These services shall include without limitation inspection; office technician; construction surveying; materials testing and inspection; and generating contractor pay estimates; and providing other construction contract documentation in accordance with MDOT guidelines, standard practices and procedures.

2.1.5 During the construction phase the Project Engineer shall consult with WCPARC and CITY regarding any items which may result in an increase to the estimated construction cost. WCPARC will be responsible for any and all actual and necessary construction and Project costs to complete the scope of the Project which WCPARC approved during the design phase. WCPARC shall also pay any additional construction costs incurred due to unforeseen field conditions or payment of field measured unit priced contract items.

2.2 WCPARC Responsibilities

2.2.1 In cooperation with CITY, WCPARC will oversee the Project in accordance with MDOT's requirements. WCPARC will enter into the necessary contract(s) with the Contractor relating to the Project; coordinate the preparation of construction documents with the WCPARC; secure the required easements or right-of-way for the Project; advertise and let bids; execute the necessary construction contract(s) for the Project; and administer the Project during construction in accordance with WCPARC's and MDOT's guidelines and standard practices and procedures.

2.3 CITY Responsibilities

2.3.1 Project Payments to CITY: WCPARC shall promptly make payment upon receipt of invoices issued by CITY as described herein.

2.3.2 CITY shall be the OWNER of the trail upon final acceptance of construction

2.3.3 CITY shall operate, maintain, and repair the Project in accordance with non-motorized trail maintenance standards applied throughout the City.

3.0 GENERAL PROVISIONS

3.1 All notices and invoices under this contract are deemed given when mailed by first class mail, postage pre-paid, e-mailed, or personally delivered as follows:

For the Washtenaw County Parks and Recreation Commission

Washtenaw County Parks and Recreation Commission
Attn: Coy Vaughn, Director
2230 Platt Road
Ann Arbor, Michigan 48109
E-mail: vaughnc@ewashtenaw.org

For the City of Ypsilanti

City of Ypsilanti
Attn: Darwin McClary, City Manager
One S. Huron Street
Ypsilanti, MI 48197
E-mail: dmcclary@cityofypsilanti.com

3.2 The obligations of the parties under this Agreement shall be null and void if any application for grant and/or funding referred to herein is not approved, unless otherwise agreed in writing by the parties.

3.3 This Agreement constitutes the entire Agreement between the parties and all previous communications between the parties, whether written or oral, with reference to the subject matter of this Agreement are hereby superseded.

3.4 If it is determined by a court of competent jurisdiction that any provision of this Agreement is contrary to law the remaining provisions of this Agreement shall continue in full force and effect.

3.5 This Agreement shall be interpreted and construed in all respects in accordance with the laws of the State of Michigan.

3.6 This Agreement has been jointly drafted by the parties and, therefore, shall be construed and interpreted accordingly.

3.7 Failure or delay in performance of this Agreement by any party shall not be deemed to be a breach thereof when such failure or delay is occasioned by or due to any act of God, labor strike, lock-out, war, riot, epidemic, explosion, terrorism, breakage or accident to machinery or equipment, the binding order of any court or governmental authority or any other cause, whether of the kind enumerated here or otherwise, not within the control of the party claimed to be responsible for such failure or delay or other similar alleged breach of this Agreement.

3.8 Without the prior written consent of the governing body of either party, neither this Agreement, any interest created by this Agreement, nor any claim arising under this Agreement shall be transferred or assigned by either party.

3.9 The parties agree and it is specifically understood that the parties' performance under this Agreement does not and shall not confer upon City of Ypsilanti and/or WCPARC any right, title or interest in the Project.

3.10 This Agreement does not create nor vest any rights or privileges in any third party not a party to this Agreement. Notwithstanding any other provision of this Agreement, this Agreement and actions taken by the parties under this Agreement shall not be construed by any third party or any court of law as vesting any rights or privileges in any third party under any circumstances.

3.11 Nothing herein shall be construed to constitute any party to this Agreement, or their member communities, contractors, agents or assigns, as a joint venture, agent, or general partner of the other, nor do the parties intend to create or engage in a joint venture or joint venture partnership by entering into and satisfying the terms and conditions of this Agreement.

3.12 This Agreement may be modified or amended only by written agreement, duly authorized and executed, of the parties hereto.

3.13 This Agreement shall be effective and binding on the date on which the last of the parties signs this Agreement. This Agreement may be executed in counterpart originals, one of which shall be retained by each party and each of which may serve as the original of this Agreement.

IN WITNESS WHEREOF, the parties have set their hands to this Agreement the day and year here written.

WASHTENAW COUNTY PARKS AND RECREATION COMMISSION

Dated: _______________, 2018 ____

By: Coy Vaughn
Its: Director

CITY OF YPSILANTI

Dated: _______________, 2018 ____

By: Darwin McClary
Its: City Manager

Dated: _______________, 2018 ____

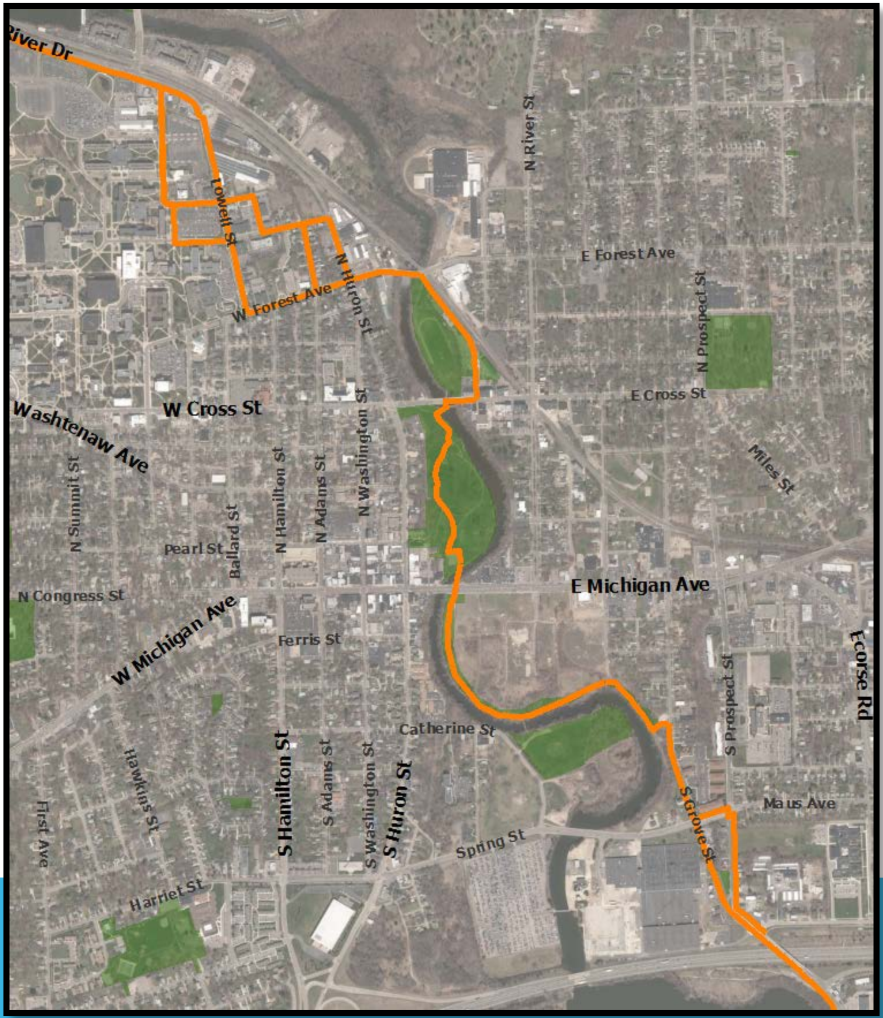
By:
Its:

Border to Border Partnership

City of Ypsilanti, MI
11 December 2018

Border to Border Trail

- Initiative of the Washtenaw County Parks & Recreation Commission, now partnered with the Huron-Waterloo Pathways Initiative
- Master Plan for City of Ypsilanti and Ypsilanti Township segments developed in 2017-18
- Intended to be a shared-use path for recreation; several segments in the City are on sidewalks and roadways



Rice Street / Frog Island Proposal

- Bike portion of B2B trail currently uses Rice
- Pedestrian portion of trail undefined (no infrastructure on Rice)

- City was awarded a $20,000 Iron Belle Trail development grant from the DNR in February to design the trail, then conceived to be adjacent to parking.
- During the design process, an alternative to reconstruct the existing pathway along the top of the bank, and connect it to Forest, was proposed.
- At least an additional $25,000 would be needed to complete this design work.
- Construction of this segment is anticipated to be roughly $450,000; risks include soil stability of the embankment.

Grove Street / Grove Proposal

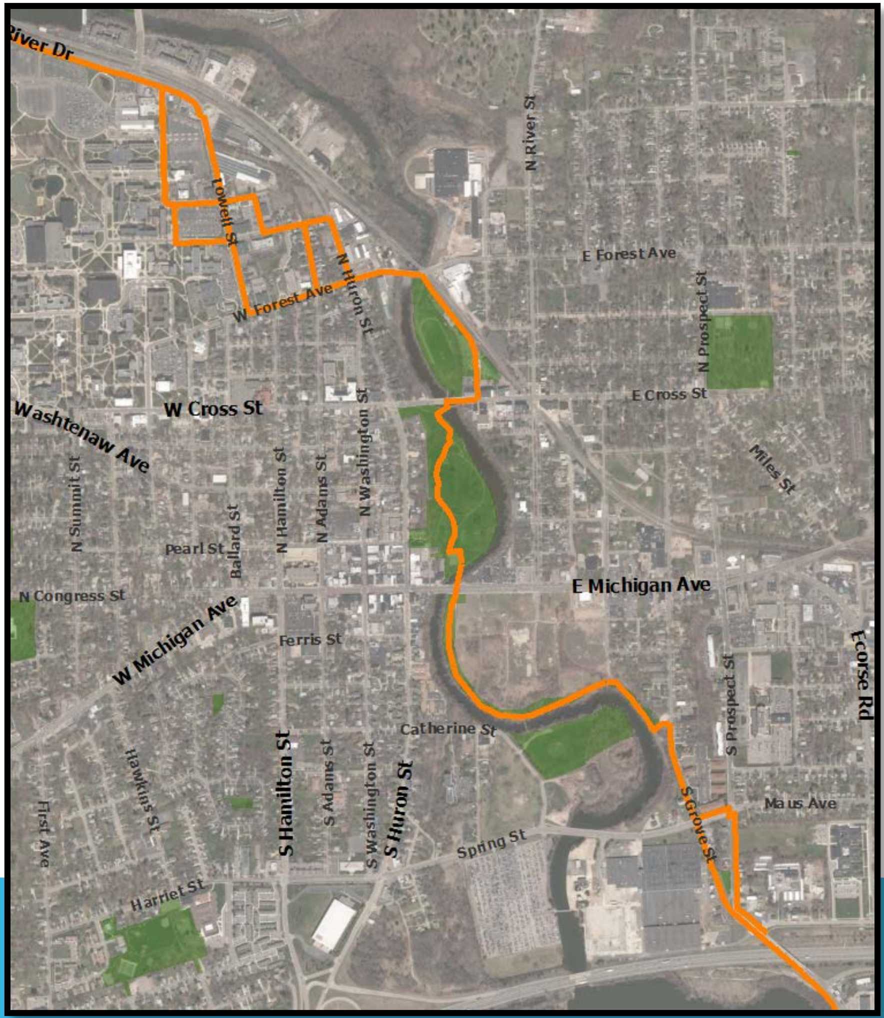
- Southbound bike portion of B2B trail currently uses bike lanes on Grove
- Northbound bike traffic uses the street or sidewalks
- Pedestrian portion of trail uses sidewalk; accessibility challenges exist

- City had previously examined the possibility to construct a shared-use path along the west side of Grove; due to funding limitations, this was not constructed but is feasible.
- Design engineering for this segment is anticipated to be approximately $40,000.
- Construction of this segment is anticipated to be approximately $400,000.

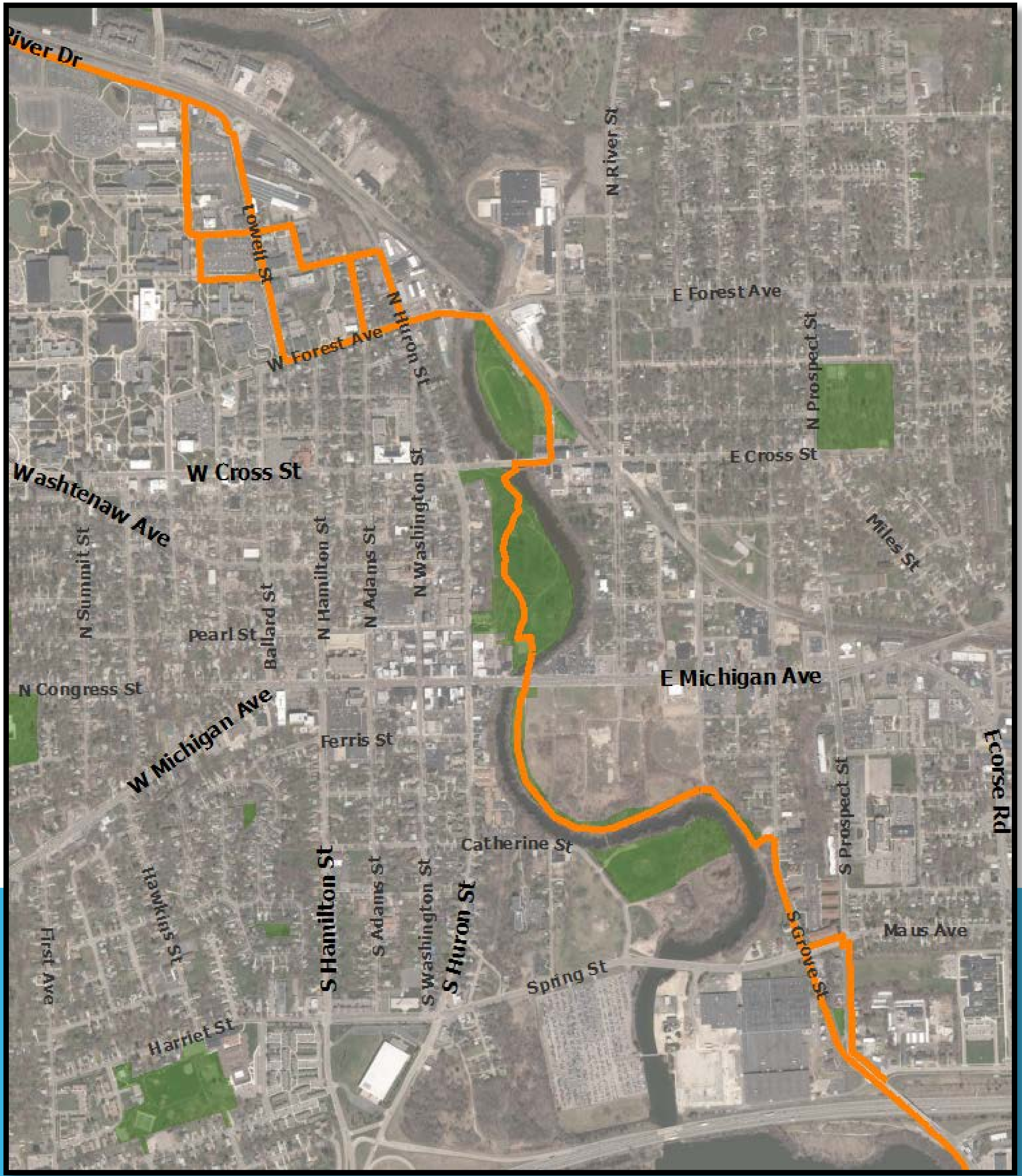
Partnership Proposal

- The City will own and maintain the trail segments once completed.
- The City will retain the design engineer; WCPRC will pay design costs above $20,000.
- The WCPRC will fund and/or manage construction engineering, the bid process, and the construction itself, as well as provide project management and oversight with the City's input. The City will not bear any costs.
- The City could request additional items be added to the scope, but would be responsible for all costs not "actual and necessary to complete the construction of the project."
- The WCPRC have drafted and approved a contract that would bind both parties.

- **Total anticipated cost to the City: $20,000**
- **Total anticipated cost to WCPRC: $850,000-$900,000.**



Questions?



River Dr
Lowell St
N River St
E Forest Ave
W Forest Ave
N Huron St
N Prospect St
E Cross St
W Cross St
Washtenaw Ave
Miles St
N Summit St
Ballard St
N Hamilton St
N Adams St
N Washington St
Pearl St
E Michigan Ave
N Congress St
W Michigan Ave
Ferris St
Ecorse Rd
S Prospect St
Catherine St
Hawkins St
S Hamilton St
S Adams St
S Washington St
S Huron St
First Ave
S Grove St
Maus Ave
Spring St
Harriet St

Washtenaw County Parks and Recreation Commission

MEMORANDUM

To: Washtenaw County Parks and Recreation Commission

From: Coy P. Vaughn, Director

Date: November 13, 2018

Re: City of Ypsilanti Border-to-Border Trail Project Agreement

Background

In 2017, Commission staff initiated a planning process to evaluate the route of the Border-to-Border Trail (B2B) east of US-23 to the Washtenaw-Wayne border. The plan is nearly complete and identified a series of "gaps" where re-routing or re-designing the trail to improve safety, navigability, and user experience should be explored. A steering committee helped determine and evaluate multiple options for each gap area prior to seeking public feedback at two meetings on the options. Through that process, a preferred route has been identified. The steering committee was comprised of staff of the Commission, the City of Ypsilanti, Ypsilanti Township, Eastern Michigan University, the Washtenaw Area Transportation Study (WATS), and the Friends of the Border-to-Border Trail.

Discussion

Through preliminary research and field investigations, City and Commission Staff have determined that two of the gaps and associated preferred alignments are feasible and could be built in the near-term: the trail through Frog Island Park (0.25 miles) and the trail along Grove Road from Water Street to I-94 (0.5 miles). The proposed plans would create a ten foot wide, road-separated pathway through both of the aforementioned segments. The estimated construction cost is approximately $800,000 and engineering work is typically 10% of the estimated construction cost ($80,000).

In late 2017, the City of Ypsilanti committed $20,000 and the Commission committed $5,000 toward a $20,000 MDNR Iron Belle Trail grant that was received to perform engineering work for a trailhead and trail in Frog Island Park. The City Engineer for Ypsilanti is OHM advisors, who has previously completed some engineering feasibility work for the City on both the Frog Island Park area and the Grove Road pathway. The proposed project agreement for the two segments is attached.

This work will create a shovel-ready project in the City of Ypsilanti that could be constructed in 2019 or 2020. Proposed construction funding would primarily come from the four-year road and trails millage, but the Huron Waterloo Pathways Initiative (HWPI) has also expressed interest in participating in cost sharing. The details of HWPI's commitment will be finalized through a separate project agreement pending a final engineer's estimate of construction costs after the design phase is complete.

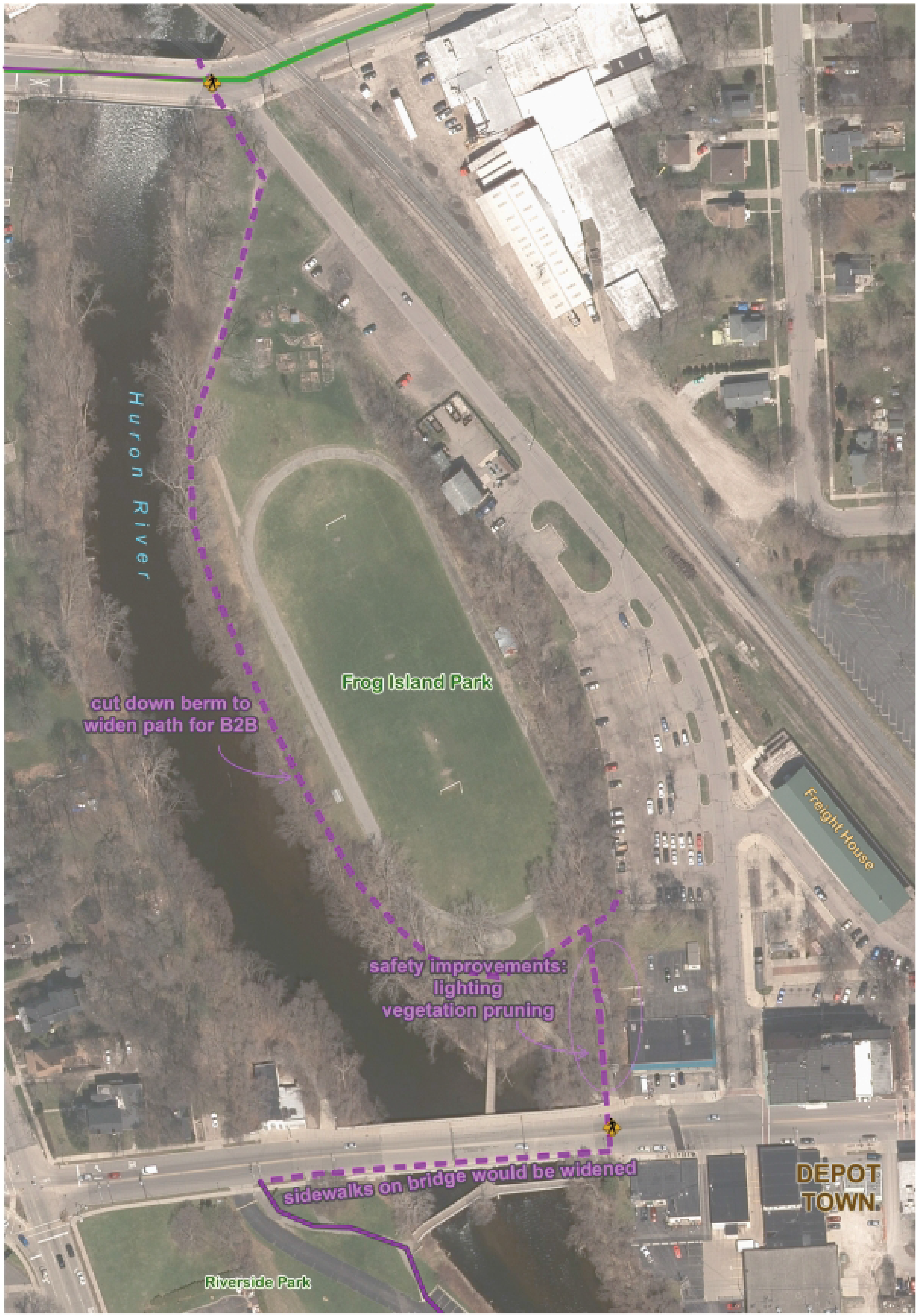
Recommendation

Based on review by Commission staff, and contingent upon final acceptance by legal counsel and Ypsilanti City Council, it is my recommendation that the Commission authorize staff to execute the project agreement with the City of Ypsilanti to begin engineering work, and subsequently seek construction bids, for the B2B trail in Frog Island Park and along Grove Road.

Attachments.

Border-to-Border Trail:
Ypsilanti Area Trail
Gap Locations
Trail Gap: EMU Area
Trail Gap: Frog Island Park
Trail Gap: Grove Road
Trail Gap: Wayne County Connection
City of Ann Arbor
City of Ypsilanti
Parker Mill County Park
Clark Rd.
E. Huron River Dr.
St. Joseph Mercy Hospital
N. Hewitt Rd.
Eastern Michigan University
N. Huron River Dr.
Washtenaw Ave.
Candy Cane Park
Peninsular Park
N. Hamilton St.
E. Forest Ave.
Prospect Park
E. Cross St.
Riverside Park
E. Michigan Ave.
Recreation Park
S. Huron St.
Parkridge Park
North Bay Park
Grove Rd.
Wiard Rd.
S. Harris Rd.
Nancy Park
Ford Lake
Ford Lake Park
Bridge Rd.
South Hydro Park
Rawsonville Rd.
Textile Rd.
Lakeside Park
Prepared by the Washtenaw County Parks & Recreation Commission
Data Source: Washtenaw County GIS December 2017
0 0.25 0.5 0.75 1 Miles
0 0.25 0.5 0.75 1 Kilometers
Washtenaw County Location Map
City of Chelsea
City of Dexter
City of Ann Arbor
City of Ypsilanti
Village of Manchester
City of Saline
City of Milan
Trail Gaps
Existing B2B Trail
Road Centerline
Railroad
Open Water
County Border
Parks and Preserves
City Limits

Frog Island Park: Preferred Alignment



Legend

- Preferred Alignment
- Crosswalk needed
- Existing Border-to-Border Trail
- Existing shared-use path
- Existing bike lane & sidewalk trail on both sides of street

N S E W

1 inch = 75 feet
1 centimeter = 9 meters

0 50 100 150 200 Feet

0 12.5 25 50 75 100 Meters

Created by: WCPARC staff
Date created: 03/15/2018
Data source: Washtenaw County GIS

Grove Road: Preferred Alignment

Legend

- Preferred Alignment
- Buildings
- Land Parcels
- Existing Border-to-Border Trail
- Existing shared-use path

1 inch = 236 feet
1 centimeter = 28 meters
0 230 460 690 920 Feet
0 30 60 120 180 240 Meters

Created by:WCPARC staff
Date created: 03/15/2018
Data source:Washtenaw County GIS

Amended
Resolution No. 2018-325
December 18, 2018

Resolution Supporting Full Funding for the State Fire Protection Mandate

Whereas, Public Act 289 provide for payments to municipalities for fire protection services received by state facilities, and

Whereas, The City of Ypsilanti provides 100% of the funding and resources for the required training, education, and apparatus to provide fire protection and fire education for Eastern Michigan University and its population; and

Whereas, The amount due to municipalities shall be determined by dividing the estimated equalized value of the state facilities located in the municipality by the sum of the state equalized valuation of the municipality and the estimated equalized value of the facilities, and multiplying the result by the fire protection expenditures of the municipality; and

Whereas, the protection of these assets is a statutory duty recognized by the law of the State Act 289, and it is a duty which should be paid first, before new programs or enhancements of discretionary programs are considered; and

Whereas; the intent of this Act has never been met since its conception in 1977, and

Whereas, Eastern Michigan University occupies 25% of Ypsilanti and its student population exceeds the City's population; and

Whereas, Eastern Michigan asset and the expense of protecting that asset should be fully borne by the State.

Whereas, the State's reliance on local communities to fund the State's shortfall is in essence an unfunded mandate; and

Whereas, full funding of Fire Protection Grants could be accomplished with little impact on the State's total budget.

Now, therefore be it resolved, that the Ypsilanti City Council encourages support to increase funding to the Fire Protection Grant Program and Supports House Bill 6348.

Be it further resolved, that the City of Ypsilanti supports any and all amendments to HB 6348 that may be considered currently or in the future to increase funding for this important program.

Be it further resolved, that the City Clerk forward certified copies of the approved resolution to Governor Snyder, State Senator Warren, and State Representative Peterson.

OFFERED BY:____

SUPPORTED BY:____

YES: NO: ABSENT: VOTE:

Council Information
December 18, 2018

To: Mayor and Council

From: Joe Meyers, Economic Development Director
Christopher Jacobs, Community Development Manager

Subject: Status of Property Disposition and Neighborhood Enterprise Zone Programs

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SUMMARY & BACKGROUND: At its January 2016 meeting, City Council adopted a Property Disposition Policy and amended it on April of 2017. Through the program, staff sold seventeen (18) lots to people from in and out of the city. Six of the properties were sold to seven different neighbors (one was split and sold to two neighbors) and 12 were sold as residential lots. Over the life of the program we have collected $17,007 over the life of the program and as added almost $200,000 in SEV and roughly $14,405 in taxes per year. In addition to the funds and tax dollars, the city is no longer providing summer and winter maintenance on these lots.
The program has been very successful and the city has 1 vacant lot (314 Parsons) and two (2) gap parcels that have not sold. The city currently owns one house that was not demolished through the Blight Elimination Grant in 2016 (448 S. Huron). The original plan for this house was to work with Washtenaw Community College's Youth Build program to redevelop the house but that deal fell through. In doing outreach with local realtors, it has been determined that the lot would be more desirable if it were a vacant lot. If council would approve it we could use our CDBG funding to demolish the house and sell the lot as vacant.

The Neighborhood Enterprise Zone program was enacted in April 2016. To date, we have three approved and completed projects. The three projects are as follows:

705 Franklin St – New Construction

Charles Richmond applied for a NEZ Certificate on 03/23/2017 to build a new 1,904 sq. ft single family home on a previously vacant lot. The total cost of this improvement is $75,000 with a 15 year exemption. Certificate of Occupancy provided on 1/22/2018

406 S Hamilton St – Rehab Facility

Lillie Covington applied for a NEZ Certificate on 10/30/17 to build a 20 x 24 garage that parks two vehicles. The total project cost of this improvement was $26,600 with a 15 year exemption. Final approval provided on 6/29/18.

888 Madison St – New Facility


Hamidah Kaufman applied for a NEZ Certificate on 12/13/2017 to build a new 681 sq. ft single family home, including a solar panel. The total cost of this improvement is $40,000 with a 15 year exemption. Certificate of Occupancy provided on 11/13/2018

In 2015 the City also received a grant for $50,000 to set up the NEZ and put funding to help pay for City permits for the NEZ district in relation to getting the incentive. To date we have approximately $20,000 left in the fund to pay for City permit fees.

Staff continues to field calls weekly to discuss the program. We have also implemented a flag system where if a resident comes in to pull a permit with the building department, they will be informed that they are potentially eligible and the Community Development Manager is informed.

ATTACHMENTS: Property Disposition Program and Neighborhood Enterprise Zone Program Policies, and Map

CITY MANAGER APPROVAL: ________________________COUNCIL AGENDA DATE: __________

CITY MANAGER COMMENTS: ___________________________

FISCAL SERVICES DIRECTOR APPROVAL: _______________________________________

CITY POLICY AND PROCEDURES REGARDING APPROVAL OF NEIGHBORHOOD ENTERPRISE ZONE CERTIFICATES

A. Eligibility

Under the Neighborhood Enterprise Zone (NEZ) Act, Public Act 147 of 1992, the city has identified an area South of Michigan Avenue Area (SOMA) as a NEZ (see attached map). Under this Act, the city may grant NEZ exemption certificates to "new" and/or "rehabilitated" structures.

B. Reason for NEZ

In 2011 a community needs assessment for the SOMA area was completed identifying the need for increased investment in this area. Currently home ownership is around 47% and only 2% of all houses in the zone have a true cash value over $80,000. In order to increase home ownership, increase the quality of life in the neighborhood, and increase home values, the NEZ tax incentive is essential.

C. Homestead Properties

The city council will consider NEZ Certificates for property owners within the zone who are making significant home improvements that increase the value of the home or property owners constructing new homes that hold or will be obtaining a Principal Residence Exemption certificate.

D. Conditions to Qualify for a NEZ Certificate

Property owners looking to apply for a NEZ Certificate will need to meet the following conditions:

1. The property must be located in the SOMA NEZ area (attached).
2. The property is vacant or the structure has a true cash value less than $80,000.
3. The primary use of the property is owner occupied residential (PRE Exemption).
4. No building permits for the improvements may be pulled prior to the time for which the certificate being applied.
5. All property taxes must be current and stay current throughout the length of the certificate.
6. Home improvement projects for homestead properties that are adding assessable value to the property need to exceed $3,500 if being completed by the property owner or $5,000 if being completed by a contractor.
7. Home must be brought into conformance with minimum local building code standards for occupancy.
8. The certificate is approved by the Ypsilanti City Council.

E. NEZ Certificate Terms for Homestead Properties

Each certificate requires approval of the City Council and has to be submitted to the State of Michigan to be filed with the City Tax Assessor. Each certificate is approved and evaluated independently. Mitigating circumstances may apply and impact the recommendation based on the location of the property, the impact of the improvements on the surrounding properties, and the history of the property.

New owner-occupied structures that will hold a homestead exemption will receive the highest consideration and will be eligible for the full 15 year NEZ certificate. New structure certificates will be considered if the unit is an owner occupied duplex.

Improvements to existing structures that hold a homestead exemption will be considered by the following criteria:

$3,500 - $7,500 in new investment –	6 YEAR NEZ CERTIFICATE
$7,501 - $11,500 in new investment –	12 YEAR NEZ CERTIFICATE
$11,501 and above in new investment –	15 YEAR NEZ CERTIFICATE

F. Historic District Structures

Public Act 147 of 1992 has different standards for issuing NEZ Improvement Certificates in Historic Districts. The time frame to issue certificates for Qualified Historic Buildings range from 11 years to 17 years and improvements to the existing structures will be considered by the following criteria:

$3,500 - $7,500 in new investment –	11 YEAR NEZ CERTIFICATE
$7,501 - $11,500 in new investment –	14 YEAR NEZ CERTIFICATE
$11,501 and above in new investment –	17 YEAR NEZ CERTIFICATE

Changes to the exterior of the structure must be made in compliance with the Ypsilanti Historic District Commission (HDC) ordinance and with the approval of the HDC.

Mitigating circumstances may apply and impact the recommendation based on the location of the property, the impact of the improvements on the surrounding properties, and the history of the property.

G. Land Value vs. Structure Value for NEZ Certificates

Property taxes are made up of two parts; land value and structure value. Land value is a set price based on size and location. The structure value is based on the size of the home, number of bathrooms, decks, garages, decks, etc. A home with a NEZ certificate will have two separate assessments; one for land value which will be assessed at the annual set tax rate, and one with the special NEZ assessment for the house value.

H. Starting Date of NEZ Certificate

The NEZ certificate starts on December 31 of the year in which the new or rehabilitated structure is substantially completed. In some circumstances, a new home can request the NEZ start in the following year when it becomes a principal residence.

I. Calculating NEZ Tax for New Home

The NEZ tax for a new home is determined by multiplying one-half (1/2) of the average state homestead mileage rate levied in the state in the immediately preceding calendar year by the taxable value of the new home, until three years before the certificate expires.

<u>During the last three years of the term of the extended certificate, the tax calculation changes to the following:</u>

In the tax year, two years before the certificate expires, the NEZ tax is the sum of the current taxable value of the home, excluding land, multiplied by five-eighths (5/8) the number of mills levied by the city and the county for operating purposes (excluding debt).

In the tax year one year before the certificate expires, the NEZ tax is the sum of the current taxable value of the home, excluding land, multiplied by three-fourths (3/4) the number of mills levied by the city and the county for operating purposes (excluding debt).

In the tax year the certificate expires, the NEZ tax is the sum of the current taxable value of the home, excluding land, multiplied by seven-eighths (7/8) the number of mills levied by the city and the county for operating purposes (excluding debt).

J. Calculating NEZ Tax for Rehabilitated Structure

The NEZ tax for a rehabilitated structure is the sum of the current taxable value of the new and/or rehabilitated structure, excluding land, multiplied by 1/2 the number of mills levied by the city and the county for operating purposes (excluding debt) and the current taxable value of the existing structure multiplied by the total number of mills levied by the city except for the last three years in which the certificate is in effect.

<u>During the last three years of the certificate, the tax calculation changes to the following:</u>

In the tax year, two years before the certificate expires, the NEZ tax is the sum of the current taxable value of the structure, excluding land, multiplied by five-eighths (5/8) the number of mills levied by the city and the county for operating purposes (excluding debt), plus the taxable value of the existing structure, excluding land, multiplied by the remaining total mills levied as ad valorem taxes.

In the tax year, one year before the certificate expires, the NEZ tax is the sum of the current taxable value of the structure, excluding land, multiplied by three-fourths (3/4) the number of mills levied by the city and the county for operating purposes (excluding debt), plus the taxable value of the existing structure, excluding land, multiplied by the remaining total mills levied as ad valorem taxes.

In the tax year the certificate expires, the NEZ tax is the sum of the current taxable value of the structure, excluding land, multiplied by seven-eighths (7/8) the number of mills levied by the city and the county for operating purposes (excluding debt), plus the taxable value of the existing structure, excluding land, multiplied by the remaining total mills levied as ad valorem taxes.

For More Information Contact:
Community Development Department
City of Ypsilanti

1 S. Huron St
Ypsilanti, MI 48197
Phone: 734-483-1100
jmeyers@cityofypsilanti.com
www.cityofypsilanti.com/NEZ

CITY POLICY AND PROCEDURES REGARDING DISPOSITION OF CITY OWNED PROPERTIES

A. Eligibility

Under the Charter of the City of Ypsilanti, when the City of Ypsilanti is a property owner the City may sell and dispose of property as it sees fit and in order to increase the number of taxable properties within the City.

B. Reason for Sale

The City owns both residential and commercial properties. The vast majority of the properties have been transferred to the City from Washtenaw County after the property has been seized due to tax foreclosure. The City continues to receive tax delinquent properties annually. When the City becomes the owner, the parcels become tax exempt and the City is required to maintain the properties in terms of security, grass, and snow maintenance. The cost to the City is increasing and straining City manpower to secure and maintain the properties.

C. Authority to Dispose of City Owned Property

To streamline the process of selling residential land and returning property to active tax rolls, the City shall annually hold a public hearing and consider a resolution to authorize the sale of subject parcels and delegate the authority to the City Manager to enter into purchase agreements selling city owned lots as seen in the legal notice. This process will be repeated as the City comes into ownership of additional residential properties.

Due to commercial properties having higher value and more public visibility, all such sales will require approval by City Council after a public hearing and notice has been made.

D. Residential Properties

All City-owned residential parcels are available for sale.

Sidelots for the purposes of this policy are a parcel of land with no structures that is zoned for residential use and that is abutted on no less than one side by a residential lot with a habitable structure.

(Sidelotting) Preference for sale shall be given to adjoining property owners that (1) own and have Homestead status on an adjoining parcel; (2) are current and have a record of staying current on all property taxes; and (3) have no outstanding tickets or property violations within the City of Ypsilanti.

If more than one adjoining parcels meets the above criteria, the City shall split the City-owned parcel 50/50 between the adjoining parcels.

Adjoining property owners shall be able to purchase sidelots for the amount of $1 plus the cost of closing due prior to the closing of the property.

(Non-sidelots) After options for sidelot sales have been explored, parcels may be sold to any interested party meeting the following conditions (1) Purchaser agrees if property is to be developed it will be maintained as a homestead use; (2) Purchaser is current on all property taxes and shall have no outstanding tickets or property violations in the City of Ypsilanti; (3) Purchaser agrees to repair or restore to any structure to habitable condition within 1 year of purchase. Should the purchaser fail to meet these requirements, the City would be able to reclaim the property within the first year at the expense of the purchaser.

The purchase price of the property shall be the value $1,000 plus closing costs and legal fees for preparation of the contract.

The City shall hold the proceeds in escrow for the first year. These funds would be used to reclaim the property if necessary. After the first year the proceeds would be released to the general fund to be earmarked for vacant property maintenance.

E. Commercial Properties (excluding Water Street Development Parcel)

Commercial Properties are assessed at a higher rate than residential property and are generally in higher traffic and public locations. The standard for selling commercial property is higher than residential and requires more screening and review.

An internal committee consisting of The Director of Community and Economic Development, the Community Development Manager, the Fiscal Services Director and the City Manager shall be created as a reviewing committee for any property sale request.

Interested parties shall provide the City a letter of interest outlining their intent for the use of the property, a proforma showing their capital planning for the use of the property, and two letters of reference regarding past business experience.

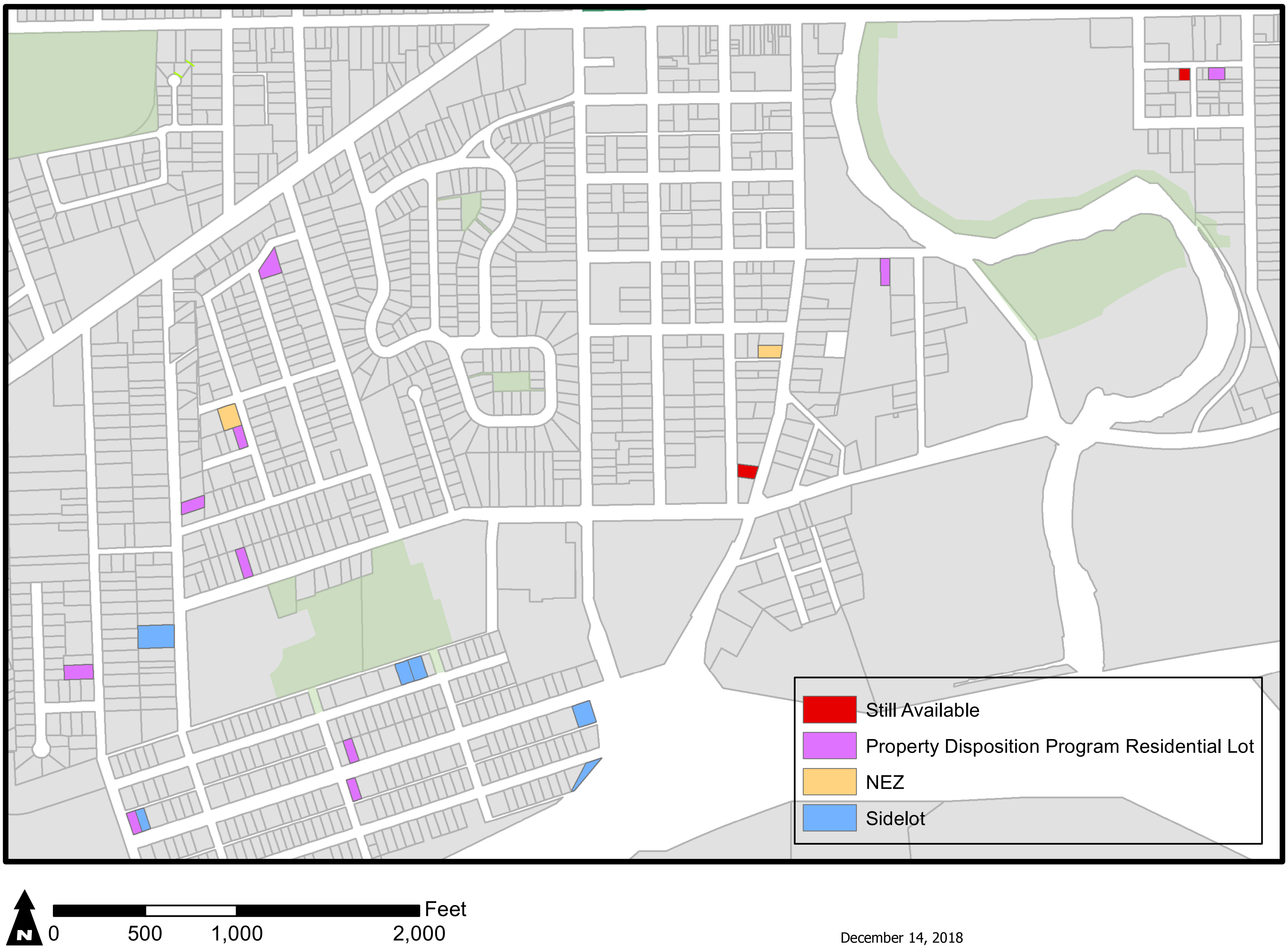
Should the review committee seek to recommend the request to City Council, a purchase agreement shall be created to be reviewed by City Council. A public hearing and notice shall be scheduled and the City Council would review and approve or deny the purchase agreement.

The purchase price shall not be less than $1,000 plus legal and closing costs. However, higher offers will be considered.

F. Unclaimed Land

Should vacant property remain unsold after one year, the City Manager should have the authority to negotiate interim use/lease agreements for parcels by residents for public gardens, public art, and other cultural uses. Residents seeking to use publicly owned property will be required to enter into an agreement with the City and have no less than a 90-day "out" clause for the sale or public use of the property.

Parcels



December 14, 2018

REQUEST FOR LEGISLATION
December 18, 2018

To: Honorable Mayor and Ypsilanti City Council

From: Darwin D. P. McClary, City Manager

Subject: **FY 2019-20 BUDGET PREPARATION CALENDAR AND GOAL SETTING/ BUDGET PRIORITIZATION WORK SESSIONS**

SUMMARY & BACKGROUND:
City council is being requested to adopt the FY 2019-20 Budget Calendar. The calendar outlines all of the major steps in the budget preparation and adoption process and provides a detailed framework and schedule for completing each task in the process. The schedule complies with the required processes and deadlines outlined in the city charter. City Council should also be prepared to schedule at least two (2) goal setting and budget priority work sessions for the month of January.

PREVIOUS COUNCIL ACTION:
None

FINANCIAL IMPACT:
None

RECOMMENDED ACTION:
The City Manager recommends that the city council adopt the FY 2019-20 Budget Preparation Calendar as presented and schedule at least two goal setting and budget priority meetings for the month of January.

ATTACHMENTS:
Proposed FY 2019-20 Budget Preparation Calendar

CITY MANAGER APPROVAL: DDPM **COUNCIL AGENDA DATE:** 12/18/18

CITY MANAGER COMMENTS: Adopt the FY 2019-20 Budget Preparation Calendar as presented and schedule goal setting and budget priority work sessions.

FINANCE DIRECTOR/TREASURER APPROVAL: ________________________________

Resolution No. 2018 - 326
December 18, 2018

RESOLVED BY THE COUNCIL OF THE CITY OF YPSILANTI:

WHEREAS, the City of Ypsilanti FY 2019-20 budget preparation process will commence in December 2018; and

WHEREAS, it is necessary to adopt a budget preparation schedule to assist in maintaining an appropriate schedule to ensure that all tasks related to the preparation and adoption of the budget are completed timely and in compliance with city charter and state law; and

WHEREAS, it is also necessary for the city council to schedule its 2019-20 goal setting and budget priority work sessions;

NOW THEREFORE BE IT RESOLVED BY THE CITY OF YPSILANTI that the city council does hereby adopt the FY 2019-20 Budget Preparation Calendar as prepared and presented by the City Manager; and

BE IT FURTHER RESOLVED that the city council does hereby establish the following dates and times for the conduct of the city council's FY 2019-20 goal setting and budget prioritization work sessions:

January ____, 2019, at _________ PM
January ____, 2019, at _________ PM
January ____, 2019, at _________ PM

OFFERED BY: ________________________________

SUPPORTED BY: ________________________________

YES: NO: ABSENT: VOTE:

FY 2019-20 BUDGET PREPARATION CALENDAR

DEADLINE	ACTION	RESPONSIBILITY
December 18, 2018	Adopt FY 2018-19 budget preparation calendar	City Council
December 18, 2018	Schedule city council goal setting work sessions	City Council
December 21, 2018	Distribute budget preparation instructions and forms to department heads	Finance Director/Treasurer
January 2 – 31, 2019	Conduct city council goal setting and budget priority work sessions	City Council
February 5, 2019	Adoption of resolution providing direction on budget priorities pursuant to Sec. 5.02 of the city charter	City Council
February 22, 2019	Submit preliminary property assessments to Finance Director/Treasurer; submit OPRA property assessment report to Economic Development Director for review and recommendation for corrections	Assessor
February 22, 2019	Submit departmental budget requests, fee schedules, CIP schedules, and supporting documentation to City Manager and Finance Director/Treasurer	Department Directors
February 22, 2019	Submit preliminary General Fund revenue estimates to City Manager	Finance Director/Treasurer

FY 2019-20 BUDGET PREPARATION CALENDAR

DEADLINE	ACTION	RESPONSIBILITY
February 25 – March 8, 2019	Meet with department directors to review departmental budget requests	City Manager and Finance Director/Treasurer
March 22, 2019	Submit final Board of Review property assessment figures to Finance Director/ Treasurer	Assessor
March 25 – March 29, 2019	Meet with department directors to review necessary adjustments to departmental budget requests	City Manager and Finance Director/Treasurer
April 1 – April 30, 2019	Prepare final proposed budget	City Manager and Finance Director/Treasurer
April 16, 2019	Schedule city council budget work sessions	City Council
May 1, 2019	Submit proposed budget and Capital Improvement Plan to City Council per Secs. 5.02 and 5.11 of city charter; schedule budget and Truth-in-Taxation (if necessary) public hearing	City Manager, Finance Director/Treasurer, and City Council
May 1, 2019	File and make available copy of proposed budget at Office of the City Clerk	Finance Director/Treasurer and City Clerk

FY 2019-20 BUDGET PREPARATION CALENDAR

DEADLINE	ACTION	RESPONSIBILITY
May 1 – May 3, 2019	Publish public notice of budget, Capital Improvement Program, and Truth-in-Taxation public hearings (at least 2 weeks prior to public hearing) pursuant to Secs. 5.05 and 5.12 of city charter	City Clerk
May 1 – May 24, 2019	Conduct city council budget work sessions	City Council
May 15, 2019	Courtesy submission of Capital Improvement Program (public structures and improvements only) to Planning Commission pursuant to Sec. 65 of Michigan Planning Enabling Act; approval by commission not required per charter and statute	City Planner and Planning Commission
May 21, 2019	Hold public hearing on proposed budget and Capital Improvement Plan pursuant to Secs. 5.05 and 5.12 of city charter	City Council
May 22 – May 31, 2019	Prepare final proposed budget	City Manager and Finance Director/Treasurer
June 4, 2019	Adopt Budget pursuant to Sec. 5.05 of city charter	City Council

FY 2019-20 BUDGET PREPARATION CALENDAR

DEADLINE	ACTION	RESPONSIBILITY
June 4, 2019	Introduce annual comprehensive city fee schedule resolution	City Council
June 18, 2019	Adopt Budget Appropriation and Tax Levy Ordinances pursuant to Sec. 5.06 of city charter	City Council
June 18, 2019	Adopt annual comprehensive city fee schedule	City Council
June 18, 2019	Adopt Capital Improvement Program by resolution pursuant to Sec. 5.12 of city charter	City Council
June 29 – 28, 2019	Certification of tax levy to Assessor/County Equalization	Finance Director/Treasurer and Assessor
July 1, 2019	Budget takes effect	

REQUEST FOR LEGISLATION
December 18, 2018

To: Mayor and Council

From: Darwin D. P. McClary, City Manager

Subject: CLOSED SESSION – COLLECTIVE BARGAINING STRATEGY SESSION FOR IAFF

SUMMARY & BACKGROUND:

As council is aware, the collective bargaining agreement for IAFF expired on June 30, 2017, and administration continues to be engaged in collective bargaining with this unit. Administration is requesting to convene into closed session with council to discuss collective bargaining strategy in accordance with the permissible provisions of Section 8 of the Michigan Open Meetings Act.

RECOMMENDED ACTION: To convene into closed session for the purpose of considering collective bargaining strategy in accordance with the permissible provisions of the Michigan Open Meetings Act, MCL 15.268(c).

ATTACHMENTS: None

CITY MANAGER APPROVAL: DDPM **COUNCIL AGENDA DATE:** 11/13/18

CITY MANAGER COMMENTS: Recommend convening into closed session as requested

FISCAL SERVICES DIRECTOR APPROVAL: ____________________

Resolution No. 2018 - 323
December 18, 2018

RESOLVED BY THE COUNCIL OF THE CITY OF YPSILANTI:

WHEREAS, the collective bargaining agreement for the city's IAFF bargaining unit expired on June 30, 2017; and

WHEREAS, it is necessary for the City Council and city administration to meet and confer periodically in closed session on collective bargaining strategy;

NOW THEREFORE BE IT RESOLVED BY THE CITY OF YPSILANTI that the City Council does hereby approve convening into closed session pursuant to Section 8(c) of the Michigan Open Meetings Act, Public Act 267 of 1976, being MCL 15.268(c), for the purpose of strategy session connected with the negotiation of the IAFF contract.

OFFERED BY: ________________________________

SUPPORTED BY: ______________________________

YES: NO: ABSENT: VOTE:

Resolution No. 2018-324
December 18, 2018

RESOLVED BY THE COUNCIL OF THE CITY OF YPSILANTI:

That the City Council Meeting be adjourned, on call, by the Mayor or three (3) members of Council.

OFFERED BY: ____

SUPPORTED BY: ____

YES: NO: ABSENT: VOTE: