

**CITY OF ECORSE  
WAYNE COUNTY, MICHIGAN  
Report on Financial Statements  
(With required supplementary and  
other supplemental information)**

**Year Ended June 30, 2021**

**City of Ecorse  
Financial Report  
For the Year Ended  
June 30, 2021**

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## INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and  
Members of the City Council  
City of Ecorse  
Wayne County, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Ecorse, Michigan (the "City"), as of and for the year ended June 30, 2021, 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.

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Ecorse, Michigan, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

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

### ***Other Information***

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

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

The introductory section has 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 it.

*Hodges Accounting & Advisory Services*

Hodges Accounting & Advisory Services

Taylor, Michigan  
December 14, 2021

**CITY OF ECORSE, MICHIGAN**  
**Management's Discussion and Analysis**

Our discussion and analysis of the City of Ecorse, Michigan's (the "City") financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2021. Please read it in conjunction with the City's financial statements.

**Financial Highlights**

- Total net position (deficit) \$(17,596,347)
- Change in total net position 9,073,925
- Fund balances, governmental funds 17,171,375
- Change in fund balances, governmental funds 2,360,668
- Unassigned fund balance, general fund 9,292,667
- Change in fund balance, general fund 1,162,232
- Long-term debt outstanding 20,234,850
- Change in long-term debt 1,337,905

**Using this Annual Report**

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

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

**The City as a Whole**

The following table shows, in a condensed format, the net position as of June 30, 2021 as compared to the prior year:



**CITY OF ECORSE, MICHIGAN**  
**Management's Discussion and Analysis**  
**(Continued)**

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 17,969,642	\$ 15,182,446	\$ 8,540,649	\$ 11,365,106	\$ 26,510,291	\$ 26,547,552
Capital assets, net	5,631,157	5,799,097	23,253,182	23,280,889	28,884,339	29,079,986
<b>Total assets</b>	<b>23,600,799</b>	<b>20,981,543</b>	<b>31,793,831</b>	<b>34,645,995</b>	<b>55,394,630</b>	<b>55,627,538</b>
<b>Deferred outflows</b>	<b>(563,746)</b>	<b>312,168</b>	<b>357,765</b>	<b>160,735</b>	<b>(205,981)</b>	<b>472,903</b>
Long-term liabilities	8,468,824	9,384,315	11,766,026	12,173,494	20,234,850	21,557,809
Other liabilities	859,095	457,391	677,456	712,931	1,536,551	1,170,322
Other noncurrent liabilities	30,360,023	34,348,164	2,727,350	1,699,612	33,087,373	36,047,776
<b>Total liabilities</b>	<b>39,687,942</b>	<b>44,189,870</b>	<b>15,170,832</b>	<b>14,586,037</b>	<b>54,858,774</b>	<b>58,775,907</b>
<b>Deferred inflows</b>	<b>945,458</b>	<b>3,149,776</b>	<b>100,925</b>	<b>248</b>	<b>1,046,383</b>	<b>3,150,024</b>
Net position:						
Net investment in capital as	5,631,157	5,799,097	11,503,712	11,125,708	17,134,869	16,924,805
Restricted	7,735,894	4,979,785	1,354,827	1,356,314	9,090,721	6,336,099
Unrestricted (deficit)	(30,963,398)	(37,449,154)	4,021,300	7,738,423	(26,942,098)	(29,710,731)
<b>Total net position</b>	<b>\$ (17,596,347)</b>	<b>\$ (26,670,272)</b>	<b>\$ 16,879,839</b>	<b>\$ 20,220,445</b>	<b>\$ (716,508)</b>	<b>\$ (6,449,827)</b>

The City's combined net deficit position decreased \$5,733,319 over the course of the fiscal year. As we look at the governmental activities separately from the business-type activities, we can see that governmental activities deficit net position decreased by \$9,073,925 and the business-type increased by \$3,340,606.

Of the total combined net position, approximately \$17.1 million is net investment in capital assets, while \$9.1 million is restricted for various purposes and cannot be used for general obligations. The following table shows the changes of the net position during the current year ended June 30, 2021 as compared to the prior year:

**CITY OF ECORSE, MICHIGAN**  
**Management's Discussion and Analysis**  
**(Continued)**

	Change in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
<b>Program revenues:</b>						
Charges for services		\$ 1,170,710	\$ 5,502,135	\$ 6,685,292	\$ 5,502,135	\$ 7,856,002
Operating grants		2,252,876		-	-	2,252,876
Capital grants		1,606,488		-	-	1,606,488
<b>General Revenues:</b>						
Property taxes	6,683,803	6,627,602	48,810	53,511	6,732,613	6,681,113
Grants and contributions not restricted to specific programs	7,822,088	7,060,604		-	7,822,088	7,060,604
Other	166,372	248,726	112,841	83,540	279,213	332,266
<b>Total revenues</b>	<u>14,672,263</u>	<u>18,967,006</u>	<u>5,663,787</u>	<u>6,822,343</u>	<u>20,336,049</u>	<u>25,789,349</u>
<b>Expenses:</b>						
General government	5,361	5,644,462	-	-	5,361	5,644,462
Public safety	4,029,460	3,736,270	-	-	4,029,460	3,736,270
Public works	746,877	1,427,938	-	-	746,877	1,427,938
Highways and streets	8,910	716,067	-	-	8,910	716,067
Recreation and culture	(42,125)	(192,162)	-	-	(42,125)	(192,162)
Community and economic development	409,850	465,175	-	-	409,850	465,175
Interest on long-term debt	440,005	502,928	-	-	440,005	502,928
Water and sewer	-	-	9,004,392	8,299,655	9,004,392	8,299,655
<b>Total expenses</b>	<u>5,598,338</u>	<u>12,300,678</u>	<u>9,004,392</u>	<u>8,299,655</u>	<u>14,602,730</u>	<u>20,600,333</u>
Change in net position	9,073,925	6,666,328	(3,340,606)	(1,477,312)	5,733,319	5,189,016
<b>Net position:</b>						
Beginning of year	<u>(26,670,272)</u>	<u>(33,336,600)</u>	<u>20,220,445</u>	<u>21,697,757</u>	<u>(6,449,827)</u>	<u>(11,638,843)</u>
<b>End of year</b>	<u><u>\$(17,596,347)</u></u>	<u><u>\$(26,670,272)</u></u>	<u><u>\$ 16,879,839</u></u>	<u><u>\$ 20,220,445</u></u>	<u><u>\$( 716,508)</u></u>	<u><u>\$( 6,449,827)</u></u>

### Governmental Activities

The City's total governmental revenues net of current year expenses resulted in an increase of \$9,073,925 in net position, compared to the prior year's net increase of \$6,666,328. The increase in net position was primarily due to the decrease in the City's net pension liability of \$3,328,268 and increased Cash and Investments of \$2,557,821.

### Business-type Activities

The City's business-type activities consist of the water and sewer enterprise fund. The City provides water to residents from the Detroit water system and sewage treatment through the downriver sewage treatment system and the DUWA acquired sewer system along with various other communities.

Business-type activities revenues net of current year expenses resulted in a decrease in net position of \$3,340,606 as compared to last year's increase of \$1,477,312. The decrease in net position is primarily due to the decrease in water and sewer usage and increased operating expenses.

**CITY OF ECORSE, MICHIGAN**  
**Management's Discussion and Analysis**  
**(Continued)**

**The City's Funds**

Our analysis of the City's major funds begins with the governmental funds balance sheet, following the government-wide financial statements. The fund financial statements provide detail information about the most significant funds, not the City as a whole. The City creates funds to help manage money for specific purposes as well as to show accountability for certain activities. The City's major governmental funds are the general and major streets funds.

The general fund pays for most of the City's governmental services. The most significant areas are general government and public safety, which incurred expenditures of \$8,343,003 and \$4,151,482 or 58 percent and 29 percent, respectfully, of the general fund's total expenditures for the fiscal year. During this fiscal year the main expenditures in the general government were the liability insurances, retiree pension and retiree healthcare costs. The public safety department is comprised of police and fire services. These areas were funded primarily by the City's operating and judgment levy millages.

The fund balance of the major streets special revenue fund increased by \$206,456 as compared to the prior fiscal year increase of \$331,612. This is the result of conservative budgeting practices by the City to keep road maintenance and construction expenditures within amounts received from the State restricted for this purpose.

**General Fund Budgetary Highlights**

The general fund total expenditures came in under budget by \$670,467 due primarily to the following reasons: expenditures for police and fire were under budget by \$92,820. Department of public works expenditures were under budget by \$56,939. Finally, general government expenditures were under budget by \$516,541.

**Capital Asset and Debt Administration**

During the fiscal year the City had an increase in the water and sewer system of \$818,974 which was primarily a water main replacement on 9<sup>th</sup> Street. The total net water and sewer capital assets decreased from the prior year by \$27,707.

	Capital Assets (Net of Depreciation)					
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 206,677	\$ 197,677	\$ 19,174	\$ 19,174	\$ 225,851	\$ 216,851
Land improvements	308,227	349,357	-	-	308,227	349,357
Buildings and systems	1,034,404	1,056,837	23,013,894	23,085,036	24,048,298	24,141,873
Vehicles	433,978	450,280	8,201	24,204	442,179	474,484
Equipment	577,090	647,962	77,000	78,680	654,090	726,642
Construction in progress	-	-	134,913	73,795	134,913	-
Infrastructure	3,070,782	3,096,984	-	-	3,070,782	3,096,984
<b>Total assets</b>	<b>\$5,631,157</b>	<b>\$5,799,097</b>	<b>\$23,253,182</b>	<b>\$23,280,889</b>	<b>\$28,884,340</b>	<b>\$29,006,191</b>

**CITY OF ECORSE, MICHIGAN**  
**Management's Discussion and Analysis**  
**(Continued)**

During the current year, the City had decreases to the water/sewer systems debt of \$405,711 through reductions in the City's allocation of debt and principle payments.

	General Obligation and Revenue Bonds					
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Clean Water Bonds	\$ -	\$ -	\$ 565,000	\$ 600,000	565,000	\$ 630,000
DUWA	-	-	6,358,566	6,213,105	6,358,566	6,213,105
Financial recovery bonds	5,580,000	6,275,000	-	-	5,580,000	6,275,000
Emergency loan	2,500,000	2,700,000	-	-	2,500,000	2,700,000
Unamortized discount	(107,914)	(115,108)	-	-	(129,496)	(122,302)
EPA Levy	-	-	58,760	65,600	58,760	65,600
Compensated Absences	496,736	524,423	16,556	18,314	513,292	542,737
State revolving fund loans	-	-	4,767,144	5,276,476	4,767,144	5,276,476
<b>Total</b>	<b>\$ 8,468,822</b>	<b>\$ 9,384,315</b>	<b>\$11,766,026</b>	<b>\$ 12,173,495</b>	<b>\$20,213,266</b>	<b>\$21,580,616</b>

Additional information of capital assets and long-term debt can be found in the notes to the financial statements.

**Economic Factors**

The City continues to operate conservatively due to uncertainties in the current economy. The day-to-day operations of the City are supervised by the City Administrator.

The City will continue working on a five-year projection, which includes the general fund to assist with budgeting and provide a financial roadmap for the years ahead.

The City continually monitors the adequacy of the water and sewer rates compared to operating costs; the City will continue to monitor the rates over the years and will adjust, accordingly.

**Contacting the City's Management**

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

City of Ecorse  
Statement of Net Position  
June 30, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Brownfield Redevelopment Authority
<b>Assets:</b>				
Cash & Cash Equivalents	\$ 13,067,306	\$ 6,013,937	\$ 19,081,243	\$ -
Investments	3,472,487	-	3,472,487	-
Accounts Receivable - Net of Allowances	556,778	936,283	1,493,061	-
Due From Component Units	192,235	171,648	363,883	-
Due From Other Governmental Units	538,022	48,810	586,832	-
Prepays and Other Assets	142,814	15,144	157,958	739,219
Restricted Assets - Cash	-	227,090	227,090	-
Restricted Assets - Prepays	-	1,127,737	1,127,737	-
Capital Assets - Non-depreciating	206,677	154,087	360,764	79,696
Capital Assets - Depreciating, net	5,424,480	23,099,095	28,523,575	-
<b>Total Assets</b>	<b>23,600,799</b>	<b>31,793,831</b>	<b>55,394,630</b>	<b>818,915</b>
<b>Deferred Outflows of Resources</b>				
Deferred Outflows of Resources	(563,746)	357,765	(205,981)	-
<b>Liabilities</b>				
Accounts Payable and Accrued Expenditures	\$ 699,908	\$ 667,537	\$ 1,367,445	\$ -
Accrued Interest Payable	60,828	-	60,828	-
Accrued Salaries	98,258	9,919	108,177	-
Due To Component Units	101	-	101	363,782
Long-term liabilities:				
Due within one year	1,102,806	516,431	1,619,237	-
Due in more than one year	7,366,018	11,249,595	18,615,613	-
Other Noncurrent Liabilities:				
DUWA obligation	-	-	-	-
Net Other Postemployment Benefit Obligation	11,087,744	-	11,087,744	-
Net Pension Liability	19,272,279	2,727,350	21,999,629	-
<b>Total Liabilities</b>	<b>39,687,942</b>	<b>15,170,832</b>	<b>54,858,774</b>	<b>363,782</b>
<b>Deferred Inflows of Resources</b>				
Deferred Inflows of Resources	945,458	100,925	1,046,383	-
<b>Net Position:</b>				
Net Invested in Capital Assets	5,631,157	11,503,712	17,134,869	79,696
Restricted for:				
Highways and Streets	3,699,778	-	3,699,778	-
Public Safety	30,106	-	30,106	-
Public Works	1,516,909	-	1,516,909	-
Debt Service	1,421,528	1,127,737	2,549,265	-
Community Development	3,588	-	3,588	-
Recreation and Culture	1,063,985	-	1,063,985	-
Funds on Deposit with Wayne County for Sewer Debt Reserve and Capital Outlay	-	227,090	227,090	-
Unrestricted (Deficit)	(30,963,398)	4,021,300	(26,942,098)	375,437
<b>Total net position (deficit)</b>	<b>\$ (17,596,347)</b>	<b>\$ 16,879,839</b>	<b>\$ (716,508)</b>	<b>\$ 455,133</b>

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

City of Ecorse  
Statement of Activities  
Year Ended June 30, 2021

Functions/programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Primary Government			Component Unit
					Governmental Activities	Business-Type Activities	Total	
Governmental activities:								
General Government	\$ 2,416,657	\$ 877,582	\$ 669,044	\$ 864,670	\$ (5,361)	\$ -	\$ (5,361)	\$ -
Public Safety	4,253,185	-	223,725	-	(4,029,460)	-	(4,029,460)	-
Public Works	1,326,235	-	579,358	-	(746,877)	-	(746,877)	-
Highways and Streets	1,082,376	-	-	1,073,466	(8,910)	-	(8,910)	-
Community and Economic Devl.	499,872	-	-	90,022	(409,850)	-	(409,850)	-
Recreation and Culture	222,275	11,648	252,752	-	42,125	-	42,125	-
Interest on Long-Term Debt	440,005	-	-	-	(440,005)	-	(440,005)	-
Unallocated Depreciation	-	-	-	-	-	-	-	-
<b>Total Governmental Activities</b>	<b>10,240,605</b>	<b>889,230</b>	<b>1,724,879</b>	<b>2,028,158</b>	<b>(5,598,338)</b>	<b>-</b>	<b>(5,598,338)</b>	<b>-</b>
Business-type activities:								
Water and sewer	9,067,553	5,663,787	-	-	-	(3,403,766)	(3,403,766)	-
<b>Total primary government</b>	<b>\$ 19,308,158</b>	<b>\$ 6,553,017</b>	<b>\$ 1,724,879</b>	<b>\$ 2,028,158</b>	<b>\$ (5,598,338)</b>	<b>\$ (3,403,766)</b>	<b>\$ (9,002,104)</b>	<b>\$ -</b>
Component unit:								
Brownfield redevelopment authority	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
General Revenues:								
Property taxes					6,683,803	46,072	6,729,875	-
Grants and contributions not restricted to specific programs					7,822,088	-	7,822,088	-
Unrestricted investment earnings					161,071	17,088	178,159	-
Miscellaneous					5,301	-	5,301	-
Total general revenues					14,672,263	63,160	14,735,423	-
Change in net position					9,073,925	(3,340,606)	5,733,319	-
Net position, beginning of year					(26,670,272)	20,220,445	(6,449,827)	455,133
Net position, end of year					\$ (17,596,347)	\$ 16,879,839	\$ (716,508)	\$ 455,133

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

City of Ecorse  
Balance Sheet  
Governmental Funds  
June 30, 2021

	General Fund	Major Highway Fund	Debt Stabilization Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>					
Cash & Cash Equivalents	\$ 5,288,921	\$ 2,389,116	\$ 1,421,528	\$ 3,967,741	\$ 13,067,306
Investments	3,472,487	-	-	-	3,472,487
Receivables:					
Accounts Receivable	556,778	-	-	-	556,778
Due From Component Units	244,647	-	-	(52,412)	192,235
Due From Fiduciary Funds	-	-	-	-	-
Due From Other Governmental Units	343,590	118,139	-	76,293	538,022
Prepays	142,814	-	-	-	142,814
Restricted Assets - Cash	-	-	-	-	-
Restricted Assets - Prepays	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 10,049,237</b>	<b>\$ 2,507,255</b>	<b>\$ 1,421,528</b>	<b>\$ 3,991,622</b>	<b>\$ 17,969,642</b>
<b>Liabilities and Fund Balances:</b>					
<b>Liabilities:</b>					
Accounts Payable	\$ 516,037	\$ 16,819	\$ -	\$ 167,033	699,889
Accrued Expenditures	19	-	-	-	19
Accrued Interest Payable	-	-	-	-	-
Accrued Salaries	97,599	-	-	659	98,258
Due To Component Units	101	-	-	-	101
<b>Total Liabilities</b>	<b>613,756</b>	<b>16,819</b>	<b>-</b>	<b>167,692</b>	<b>798,267</b>
<b>Fund Balances:</b>					
Nonspendable:					
Prepays	142,814	-	-	-	142,814
Restricted for:					
Highways and streets	-	2,490,436	-	1,209,342	3,699,778
Public safety	-	-	-	30,106	30,106
Public works	-	-	-	1,516,909	1,516,909
Debt service	-	-	1,421,528	-	1,421,528
Community development	-	-	-	3,588	3,588
Committed for:					
Recreation and culture	-	-	-	1,063,985	1,063,985
Unassigned	9,292,667	-	-	-	9,292,667
<b>Total Fund Balances</b>	<b>9,435,481</b>	<b>2,490,436</b>	<b>1,421,528</b>	<b>3,823,930</b>	<b>17,171,375</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 10,049,237</b>	<b>\$ 2,507,255</b>	<b>\$ 1,421,528</b>	<b>\$ 3,991,622</b>	<b>\$ 17,969,642</b>
<b>Total Governmental Fund Balances</b>					<b>\$ 17,171,375</b>
Amounts reported for governmental activities in the statement of net position are different because:					
Capital assets used in governmental activities are financial resources and are not reported in the funds					
Capital assets not being depreciated					\$ 206,677
Capital assets being depreciated, net					5,424,480
Long term liabilities are not due and payable in the current period and are not reported in the funds					
Bonds, loans and capital leases payable					(8,080,000)
Unamortized bond discount					107,912
Accrued interest on bonds payable					(60,828)
Net other postemployment benefit obligation					(11,087,744)
Compensated absences					(496,736)
Certain pension-related amounts, such as the net pension liability and deferred amounts are not due and payable in the current period or do not represent current financial resources and therefore are not reported in the funds.					
Net pension liability					(19,272,279)
Deferred inflows/outflows					(1,509,204)
<b>Net position of governmental activities</b>					<b>\$ (17,596,347)</b>

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

City of Ecorse  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
June 30, 2021

	General Fund	Major Highway Fund	Debt Stabilization Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property Taxes	\$ 5,783,384	\$ -	\$ 462,669	\$ 437,750	\$ 6,683,803
Licenses and Permits	123,743	-	-	-	123,743
Grants and Contributions	8,133,657	773,868	864,670	1,223,737	10,995,932
Charges for Services	877,582	-	-	-	877,582
Fines and Forfeitures	77,069	-	-	11,648	88,717
Interest and Rents	161,041	-	30	-	161,071
Other	378,381	5,129	-	172	383,682
Total Revenues	<u>15,534,857</u>	<u>778,997</u>	<u>1,327,369</u>	<u>1,673,307</u>	<u>19,314,530</u>
Expenditures:					
Current:					
General Government	8,343,003	-	-	-	8,343,003
Public Safety	4,151,482	-	-	3,870	4,155,352
Public Works	731,089	-	-	526,023	1,257,112
Highways & Streets	370,835	392,541	-	404,738	1,168,114
Community and Development	409,850	-	-	90,022	499,872
Recreation and Culture	108,461	-	-	86,943	195,404
Debt Payments:					
Principal	200,000	-	695,000	-	895,000
Interest	57,905	-	382,100	-	440,005
Total Expenditures	<u>14,372,625</u>	<u>392,541</u>	<u>1,077,100</u>	<u>1,111,596</u>	<u>16,953,862</u>
Revenues Over (Under) Expenditures	<u>1,162,232</u>	<u>386,456</u>	<u>250,269</u>	<u>561,711</u>	<u>2,360,668</u>
Other Financing Sources (Uses):					
Transfers In	-	-	-	180,000	180,000
Transfers Out	-	(180,000)	-	-	(180,000)
Total Other Financing Sources (Uses):	<u>-</u>	<u>(180,000)</u>	<u>-</u>	<u>180,000</u>	<u>-</u>
Net Change in Fund Balance	1,162,232	206,456	250,269	741,711	2,360,668
Fund Balances:					
Beginning of Year	8,273,249	3,418,462	1,171,259	1,947,737	14,810,707
End of Year	<u>\$ 9,435,481</u>	<u>\$ 3,624,918</u>	<u>\$ 1,421,528</u>	<u>\$ 2,689,448</u>	<u>\$ 17,171,375</u>

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



City of Ecorse  
 Reconciliation of the Statement of Revenues,  
 Expenditures and Changes in Fund Balances of Governmental Funds  
 To the Statement of Activities  
 Year Ended June 30, 2021

**Net change in fund balances total governmental funds** 2,360,668

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

Governmental funds report capital outlays as expenditures in the statement of activities.

These costs are allocated over their estimated useful lives as depreciation. Losses and gains on disposals of assets are not used in governmental funds.

Capital outlay	261,318
Depreciation expense	(429,258)

Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term liabilities in the statement of net position.

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal payments on long-term liabilities	895,000
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

Change in accrued interest payable on bonds and capital leases	24,825
Amortization of bond discount	(7,196)
Change in net pension liability and related deferred amounts	3,009,506
Change in net other postemployment benefit obligation and related deferred amounts	2,931,375
Change in the accrual for compensated absences	27,687

Change in net position of governmental activities	9,073,925
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City of Ecorse  
Statement of Net Position  
Water and Sewer Enterprise Fund  
June 30, 2021

**Assets**

Current Assets:

Cash and Cash Equivalents	\$ 6,013,937
Receivables - Net of Allowances	936,283
Due from Other Government Units	48,810
Prepaid Expenses	15,144
Due From Component Units	171,648
Total Current Assets	7,185,822

Noncurrent assets:

Restricted Assets - Cash	227,090
Restricted Assets - Prepays	1,127,737
Capital Assets - Non-depreciating	154,087
Capital Assets - Depreciating, net	23,099,095
Total Noncurrent Assets	24,608,009

**Total Assets**

31,793,831

**Deferred outflows of resources**

Deferred Pension Amounts	357,765
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**Liabilities**

Current Liabilities:

Accounts Payable	632,500
Accrued Expenditures	35,037
Accrued Salaries	9,919
Bonds, Loans, and Compensated Absences Payable, Current Portion	516,431
Total Current Liabilities	1,193,887

Noncurrent Liabilities:

Net Pension Liability	2,727,350
Net OPEB Liability	-
Bonds, Loans, and Compensated Absences Payable, Long Term Portion	11,249,595
Total Noncurrent Liabilities	13,976,945

**Total Liabilities**

15,170,832

**Deferred inflows of resources**

Deferred Pension Amounts	100,925
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**Net position**

Net invested in capital assets	11,503,712
Restricted prepaid assets	1,127,737
Restricted for funds on deposit with Wayne County for sewer debt reserve and capital outlay	227,090
Unrestricted	4,021,300
	16,879,839

**Total net position**

\$ 16,879,839

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

City of Ecorse  
Statement of Revenues, Expenses  
And Changes in Fund Net Position  
Water and Sewer Enterprise Fund  
June 30, 2021

<b>Operating revenues:</b>	
Charges for services:	
Water operations	\$ 2,594,333
Sewer operations	2,907,802
Intergovernmental revenue	48,810
Other revenue	112,841
<b>Total operating revenues</b>	<u>5,663,787</u>
<b>Operating expenses:</b>	
Personnel	1,203,782
Administrative fee	355,000
Repair and maintenance	665,780
Utilities	3,499,052
Contractual and Other	2,304,772
Depreciation & amortization	907,798
<b>Total operating expenses</b>	<u>8,936,185</u>
Net operating income (loss)	<u>(3,272,398)</u>
<b>Nonoperating revenues (expenses):</b>	
Property taxes	46,072
Investment income	17,088
Interest expense	(131,368)
<b>Total nonoperating revenues (expenses)</b>	<u>(68,207)</u>
<b>Change in net position</b>	(3,340,606)
Net position, beginning of year	<u>20,220,445</u>
<b>Net position, end of year</b>	<u>\$ 16,879,839</u>

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

City of Ecorse  
Statement of Cash Flows  
Water and Sewer Enterprise Fund  
For the Year Ended June 30, 2021

<b>Cash flows provided by (used in) operating activities:</b>	
Cash received from customers	\$ 6,114,132
Cash payments to suppliers for goods and services	(6,927,554)
Cash payments to employees	<u>(206,679)</u>
<b>Net cash provided by operating activities</b>	<u>(1,020,102)</u>
<b>Cash flows from capital and related financing activities:</b>	
Acquisition of capital assets	(876,603)
Proceeds from issuance of long-term debt	-
Principal payments on long-term debt	(413,308)
Interest payments on long-term debt	<u>(131,368)</u>
<b>Net cash (used) for capital and related financing activities</b>	<u>(1,421,279)</u>
<b>Cash flows from noncapital financing activities</b>	
Property taxes	<u>46,072</u>
<b>Cash flows from investing activities:</b>	
Net Proceeds (Used) from sale of cash equivalents	
Sale of investments	
Purchase of investments	
Interest and dividends	17,087
<b>Net cash provided (used) by investing activities</b>	<u>17,087</u>
<b>Net increase (decrease) in cash and investments</b>	(2,378,221)
Cash and cash equivalents at beginning of year	<u>8,619,248</u>
Cash at end of year	<u><u>\$ 6,241,027</u></u>
<b>Reconciliation of cash and investments per statement of net position:</b>	
Cash and Cash Equivalents	\$ 6,013,937
Restricted cash	227,090
	<u>\$ 6,241,027</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>	
Operating income (loss)	\$ (3,272,398)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation & Amortization expense	907,798
Changes in assets and liabilities:	
Accounts receivable, net	500,141
Due from other government	(48,911)
Prepaid items	(885)
Deferred Outflows and Inflows	(96,353)
Accounts Payable	(35,454)
Accrued Salaries	3,750
Accrued Expenditures	(3,770)
Net pension liability and deferred amounts	1,027,738
Accrued compensated absences	<u>(1,758)</u>
<b>Net cash provided by operating activities</b>	<u><u>\$ (1,020,102)</u></u>

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

City of Ecorse, Michigan  
Notes to Financial Statements  
June 30, 2021

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Reporting Entity

The City of Ecorse (the "City") is a municipal corporation currently governed and administered by a city council along with the Transition Advisory Board appointed by the State of Michigan. The accompanying financial statements present the government and its component unit, an entity for which the government is considered to be financially accountable. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government. The discretely presented component unit has a June 30 year end.

*Discretely Presented Component Unit.* The Ecorse Brownfield Redevelopment Authority (EBRA) whose board is appointed by the City Council, was created to facilitate the implementation of plans relating to the identification and treatment of environmentally distressed areas to promote revitalization within the brownfield redevelopment zone.

### Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

City of Ecorse, Michigan  
Notes to Financial Statements  
June 30, 2021  
(Continued)

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period or within one year for reimbursement-based grants, if any. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, intergovernmental revenue, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

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

The *major streets special revenue fund* accounts for the expenditure of motor fuel taxes that are earmarked by state law for major street and highway purposes.

*Debt service stabilization fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest on fiscal stabilization debt of governmental funds.

The government reports the following major proprietary fund:

The *water and sewer enterprise fund* accounts for the activities of the water distribution and sewage disposal systems, which are financed primarily by user charges.

City of Ecorse, Michigan  
Notes to Financial Statements  
June 30, 2021  
(Continued)

Additionally, the government 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.

As a general rule the effect of inter fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in-lieu of taxes and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, *general revenues* include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues 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 revenues of the water and sewer enterprise fund are charges to customers for sales and services. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

## **Assets, Deferred Outflows of Resources, Liabilities, and Equity**

### ***Deposits and Investments***

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

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 City's investments in municipal bonds are reported at amortized cost.

City of Ecorse, Michigan  
Notes to Financial Statements  
June 30, 2021  
(Continued)

***Receivables and Payables***

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of inter fund loans) or “advances to/from other funds” (i.e., the non-current portion of inter fund loans). All other outstanding balances between funds are reported as “due to/from other funds”. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

***Prepaid Items***

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

***Restricted Cash***

Restricted cash of \$227,090 in the enterprise fund represents amounts held by Wayne County for a sewer debt reserve and capital outlay.

***Capital Assets***

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition cost at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if any, are recorded as interest expense. No such interest expense was incurred during the current fiscal year.



City of Ecorse, Michigan  
Notes to Financial Statements  
June 30, 2021  
(Continued)

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

	<u>Years</u>
Land improvements	20
Buildings	20-50
Vehicles	5-8
Equipment	5-15
Infrastructure	40
Water and sewer systems	50

***Deferred Outflows of Resources***

The City reports deferred outflows of resources for change in expected and actual investment returns assumptions, and benefits provided in its pension plans.

***Compensated Absences***

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. A liability for vacation and sick pay benefits is accrued when incurred in the government-wide and enterprise fund financial statements, whereas it is reported in governmental funds only if it has matured, for example, as a result of employee resignations or retirements. The compensated absence liability will be liquidated primarily by the general fund and the water and sewer fund.

***Long-term Obligations***

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

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

City of Ecorse, Michigan  
Notes to Financial Statements  
June 30, 2021  
(Continued)

***Pensions***

The City offers a defined benefit pension plan to its employees. The City records a net pension liability for the difference between the total pension liability calculated by the actuary and the pension plan's fiduciary net position. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plan and additions to/deductions from the pension plan's fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. The net pension liability has historically been liquidated from the funds from which the individual salaries are paid, which are the General Fund and Water and Sewer Fund.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees Retirement System (MERS) of Michigan and additions to/deductions from the plan fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

***Defined Contribution Plan***

Full time employees that are not eligible for the now closed MERS Defined Benefit, or the open Police Hybrid DB/DC MERS Plan, are eligible to contribute to the AXA Equitable 457b Plan. The employer contributes varying amounts up to 10% based on compensation agreements. Employee and employer contributions are immediately vested. Actual account contributions for the year were \$127,567.

***Other Postemployment Benefit Costs***

The City offers retiree healthcare benefits to retirees. The City records a net OPEB liability for the difference between the total OPEB liability calculated by the actuary and the OPEB plan's fiduciary net position. For the purpose of measuring the net OPEB liability and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the OPEB plan and additions to/deductions from the OPEB plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are

City of Ecorse, Michigan  
Notes to Financial Statements  
June 30, 2021  
(Continued)

reported at cost. The net OPEB obligation has generally been liquidated from the funds which the individual salaries are paid, which are the General Fund and Water and Sewer Fund.

***Fund Balances***

Governmental funds report *non spendable fund balance* for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. *Restricted fund balance* is reported when externally imposed constraints are placed on the use of the resources by grantors, contributors, or laws or regulations of other governments. *Committed fund balance* is reported for amounts that can be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority; a formal resolution or action is required to establish, modify or rescind a fund balance commitment. *Assigned fund balance* is reported for amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. *Unassigned fund balance* is the residual classification for the general fund. When the City incurs expenditures for purposes for which various fund balance classifications can be used, it is the City's policy to use restricted fund balance first, then committed, assigned, and finally unassigned fund balance.

***Use of Estimates***

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

***New Accounting Standards***

During the year ended June 30, 2021 the City implemented Statement No. 84, Fiduciary Activities, issued by the Governmental Accounting Standards Board. Statement No. 84 required the City assess whether activities before the adoption of Statement No. 84 that were recorded as Agency Funds meet the criteria of a Fiduciary Fund as defined in Statement No. 84 or should be reported as a Governmental Fund. The City determined that activity recorded as Agency Funds prior to the adoption of Statement No. 84 meets the criteria of a Governmental Fund as defined in the standards, and have reported all former Agency Fund activities in the General Fund for the year ended June 30, 2021. Implementation of Statement No. 84 was also required to be on a retroactive basis. Impact of implementing GASB No. 84 on the current year financial statements were an increase to cash of \$336,360. Receivables went down \$250,000 and Payables went up \$86,360.

In June 2017, the Governmental Accounting Standards Board issued GASB Statement NO. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This

City of Ecorse, Michigan  
Notes to Financial Statements  
June 30, 2021  
(Continued)

statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement were effective for the City's financial statements for the year ending June 30, 2021. May 2020, GASB proposed to delay implementation date by one year due to COVID 19. (Statement No. 95 of the Governmental Accounting Standards Board).

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, which simplifies accounting for interest cost incurred before the end of construction and requires those costs to be expensed in the period incurred. As a result, interest cost incurred before the end of a construction period will not be capitalized and included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of the standard will be applied prospectively and result in increased interest expense during periods of construction. The provisions of this statement were effective for the City's financial statements and implemented by the City for the June 30, 2021 fiscal year.

In August 2018, the Governmental Accounting Standards Board issued Statement No. 90, *Majority Equity Interests*. This statement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. The City has no majority equity interest in a legally separate organization at this time that would cause the use of Statement 90.

City of Ecorse, Michigan  
Notes to Financial Statements  
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**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 fiscal year end. Budgets may be amended by the City Council with the approval of the Transition Advisory Board.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. The budget document is prepared by fund, function and department. The legal level of budgetary control is the department level for the general fund and the fund level for the special revenue funds.

**3. EXCESS OF EXPENDITURES OVER BUDGET**

P.A. 621 of 1978 as amended, provides that a local unit shall not incur expenditures in excess of the amounts appropriated.

The City had the following budget function overdrafts for the year ended June 30, 2021 as follows:

Fund	Function	Amounts by which expenditures exceeded appropriations
Community Development Block Grant	Community and Development	\$ 9,222

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Notes to Financial Statements  
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**4. DEPOSITS AND INVESTMENTS**

Custodial Credit Risk of Bank Deposits—Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned to the City. The City does not have a deposit policy for custodial credit risk. As of June 30, 2021, \$16,719,776 of the City's bank balance of \$17,230,668 (savings and checking accounts) was uninsured and uncollateralized. The City believes due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits.

The City chooses to disclose its investments by specifically identifying each. At June 30, 2021, the City had the following investments:

Investment	Maturity	Amortized Cost	Rating (Moody's)
Municipal bonds	5/1/2023	\$ 3,472,487	Aa1

*Investment and deposit risk*

*Interest Rate Risk.* Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. State law limits investment maturities for commercial paper to no more than 270 days after date of purchase. The City’s investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest. The maturity date for the investment held at year-end is disclosed in the table above.

*Credit Risk.* State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investments. Commercial paper must be rated within the two highest classification established by not less than two standard rating services. The City’s investment policy does not have specific limits in excess of state law on investment credit risk. The credit rating for the investments held at year end is identified above.

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Notes to Financial Statements  
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*Custodial Credit Risk - Deposits.* Deposits are exposed to custodial credit risk if they are not covered by depository insurance. As of June 30, 2021, \$16,719,776 of the City's total bank balance of \$17,230,668 was exposed to custodial credit risk. All the other banks balances of City of Ecorse are covered by FDIC.

*Custodial Credit Risk – Investments.* For an investment, 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. State law does not require and the City does not have a policy for investment custodial credit risk. None of the City's investments are subject to custodial credit risk because their existence is not evidenced by securities in physical or book form.

*Concentration of Credit Risk.* State law limits allowable investments but does not limit concentration of credit risk as identified in the list of authorized investments above. The City's investment policy does not have specific limits in excess of state law on concentration of credit risk. All investments held at year end are reported above.

In accordance with the City's investment policy and State law, all deposits are uncollateralized and held in the City's name. Due to the dollar amounts of cash deposits and the limits of FDIC insurance, the City believes it is impractical to insure all bank deposits. As a result, the City evaluates each financial institution and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

## **5. RECEIVABLES**

Receivables in the governmental activities are 51% accounts receivable and 49% due from other government units. Business-type activities receivables (net of an estimated allowance of \$222,954 for uncollectible accounts) are 95% due from customers and 5% due from other government units.

## **6. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2021 was as follows:

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

City of Ecorse, Michigan  
Notes to Financial Statements  
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	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 197,677	\$ 9,000	\$ -	\$ 206,677
Subtotal	<u>197,677</u>	<u>9,000</u>	<u>-</u>	<u>206,677</u>
Capital assets being depreciated				
Land improvements	2,299,054	-	-	2,299,054
Buildings	2,123,115	13,440	-	2,136,555
Vehicles	2,257,659	124,929	-	2,382,588
Equipment	1,111,082	28,210	-	1,139,292
Infrastructure	<u>12,107,040</u>	<u>85,738</u>	<u>-</u>	<u>12,192,778</u>
Subtotal	<u>19,897,950</u>	<u>252,317</u>	<u>-</u>	<u>20,150,267</u>
Less accumulated depreciation for:				
Land improvements	(1,949,697)	(41,130)	-	(1,990,827)
Buildings	(1,066,278)	(35,873)	-	(1,102,151)
Vehicles	(1,807,379)	(141,231)	-	(1,948,610)
Equipment	(463,120)	(99,082)	-	(562,202)
Infrastructure	<u>(9,010,056)</u>	<u>(111,940)</u>	<u>-</u>	<u>(9,121,996)</u>
Subtotal	<u>(14,296,530)</u>	<u>(429,257)</u>	<u>-</u>	<u>(14,725,787)</u>
Net capital assets being depreciated	<u>5,601,420</u>	<u>-</u>	<u>-</u>	<u>5,424,480</u>
Capital assets-net of depreciation	<u>\$ 5,799,097</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,631,157</u>

Depreciation was charged to functions as follows:

Governmental activities:	
General Government	\$ 82,292
Public Safety, Fire & Police	148,192
Department of Public Works	171,903
Parks & Recreation	<u>26,871</u>
Total governmental activities depreciation expense	<u>\$ 429,257</u>



City of Ecorse, Michigan  
Notes to Financial Statements  
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	<u>Beginning Balance</u>	<u>Additions</u>	<u>Adjustments</u>	<u>Transfers</u>	<u>Ending Balance</u>
<b>Business-type activities</b>					
Capital assets not being depreciated:					
Land	\$ 19,174	\$ -	\$ -	\$ -	\$ 19,174
Construction in progress	73,796	134,913		(73,796)	134,913
	<u>92,970</u>	<u>134,913</u>	<u>-</u>	<u>(73,796)</u>	<u>154,087</u>
Capital assets being depreciated:					
Land improvements	3,700	-	-	-	3,700
Buildings	187,000	-	-	-	187,000
Vehicles	80,016	-	-	-	80,016
Equipment	233,400	50,000	-	-	283,400
DUWA Intangible	5,934,851	-	-	-	5,934,851
Water and sewer mains	13,859,830	691,690	-	73,796	14,625,316
Sewage system	21,366,202	-	3,488	-	21,369,690
	<u>41,664,999</u>	<u>741,690</u>	<u>3,488</u>	<u>73,796</u>	<u>42,483,973</u>
Less accumulated depreciation and amortization for:					
Land improvements	(3,700)	-	-	-	(3,700)
Buildings	(187,000)	-	-	-	(187,000)
Vehicles	(55,812)	(16,003)	-	-	(71,815)
Equipment	(154,720)	(51,680)	-	-	(206,400)
DUWA	(415,441)	(237,394)	-	-	(652,835)
Water and sewer mains	(10,230,262)	(184,266)	-	-	(10,414,528)
Sewage system	(7,430,144)	(418,456)	-	-	(7,848,600)
	<u>(18,477,079)</u>	<u>(907,799)</u>	<u>-</u>	<u>-</u>	<u>(19,384,878)</u>
Total capital assets being depreciated and amortized, net	<u>23,187,920</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,099,095</u>
<b>Business-type activities capital assets, net</b>	<u>\$ 23,280,890</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,253,182</u>

City of Ecorse, Michigan  
Notes to Financial Statements  
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**7. PAYABLES**

Payables in the governmental activities are 81% accounts payable and 19% accrued liabilities. Business-type activities payables are entirely accounts payable, accrued liabilities and accrued interest.

**8. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS**

The composition of inter fund receivables and payables at year end was as follows:

	Receivable	Payable
General Fund:		
Comm.Dev. Block Grant	\$ 52,412	\$ -
Brownfield	192,235	-
Water and Sewer Fund	-	101
Comm.Dev. Block Grant:		
General Fund	-	52,412
Brownfield:		
General Fund	-	192,235
Water and Sewer Fund	-	171,547
Water and Sewer Fund:		
General Fund	101	-
Brownfield	171,547	-
Totals	\$ 416,295	\$ 416,295

These balances resulted from the time lag between the dates that (1) inter fund goods and services are provided or reimbursable expenditures occur and (2) payments between funds are made.

City of Ecorse, Michigan  
Notes to Financial Statements  
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	Transfers In	Transfers Out
Governmental Funds:		
Major Streets Fund	\$ -	\$ 180,000
Local Streets Fund	180,000	-
 Totals	 \$ 180,000	 \$ 180,000

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**9. LONG-TERM DEBT**

Related to governmental activities, the City of Ecorse has direct borrowings for Financial Recovery Bonds and direct borrowings and direct placements for Emergency Loans totaling \$5,580,000 and \$2,500,000, respectively. The City also has direct borrowings related to business-type activities totaling \$11,749,470.

The City of Ecorse issued Financial Recovery Bonds of \$9,495,000 in 2011. The first bond has a 5.8% interest rate and matures on 11/1/2026. The second bond has a 6.5% interest rate and matures on 11/1/2035. The interest is recurrent every six months.

Direct borrowings related to business-type activities of \$11,749,470 contain a pledge of the full faith and credit of the government whereas revenue bonds, including State Revolving Fund loans, pledge the income of the water and sewer operations for the repayment of the debt.

Direct borrowings related to business-type activities of \$11,749,470, also contains the DUWA debt of \$6,358,566. The Downriver Sewage Disposal System (the "System") is comprised of 13 member communities (the "communities") and was reported as an enterprise fund of Wayne County until 9/27/18. Until 9/27/18, the System was owned and operated by Wayne County and was on a 9/30 year-end. On 9/27/18, Wayne County sold the System to the Downriver Utility Wastewater Authority ("DUWA"). DUWA is a separate legal entity that serves the communities. As part of the transfer, DUWA received the capital assets as well as a majority of the cash and an assumption of the non-judgment levy funded long-term debt of the System ("transferred debt"). The County maintained the judgment levy debt and the related restricted assets. The judgment levy debt remained in the County's name but will continue to be financed directly by payments from the communities (County will invoice each community directly – communities will continue to levy the EPA tax).

City of Ecorse, Michigan  
Notes to Financial Statements  
June 30, 2021  
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After the transfer, DUWA issued an additional debt ("new debt") of \$58,725,000 to the county. The City of Ecorse was allocated of the new debt 10.58%, which is \$6,213,105. The original issuance of the DUWA Debt consisted of a Sr. Lien and a Jr. Lien. Since then, the Water Infrastructure Finance and Innovation Act (WIFIA) Loan has been added to the DUWA debt and the City of Ecorse's share of the debt has been adjusted down to 9.67%. Since the City of Ecorse does not use cash to pay this debt, the changes to these accounts are all considered a change in the percentage of share of the debt. The total DUWA debt as of 6/30/2021 for the county, excluding the State Revolving Fund loans, is \$65,755,593. The interest rate at the county level is 5%, with interest payments every 6 months and principal payments every 12 months. The Jr. Lien of \$338,450 is due in 2023.

Annual debt service requirements to maturity for governmental activities bonds and loans are as follows:

	<u>Emergency Loans</u>		<u>Financial Recovery Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ -	\$ 11,614	\$ 1,110,000	\$ 338,555
2023	-	-	330,000	267,995
2024	-	-	350,000	248,275
2025	500,000	-	370,000	227,395
2026-2030	2,000,000	-	2,220,000	763,553
2031-2035	-	-	1,200,000	88,400
	<u>\$ 2,500,000</u>	<u>\$ 11,614</u>	<u>\$ 5,580,000</u>	<u>\$ 1,934,173</u>

Annual DUWA debt requirements to maturity for business-type activities, consisting of the Sr. Lien and Jr. Lien, are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 120,875	\$ 261,259	\$ 382,134
2023	126,677	255,215	381,892
2023 Balloon (Jr. Lien)	338,450	-	338,450
2024	132,963	248,882	381,844
2025	140,215	242,234	382,449
2026-2030	901,244	1,092,372	1,993,616
2031-2035	1,179,740	838,752	2,018,492
2036-2040	1,515,289	511,881	2,027,170
2041-2043	1,108,182	112,680	1,220,862
Totals	<u>\$ 5,563,635</u>	<u>\$ 3,563,274</u>	<u>\$ 9,126,909</u>

City of Ecorse, Michigan  
Notes to Financial Statements  
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Annual debt service requirements to maturity for business-type activities debt less compensated absences and the DUWA Debt are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 395,556	\$ 123,359	\$ 518,915
2023	412,361	116,210	528,571
2024	421,583	106,150	527,733
2025	431,438	95,851	527,288
2026-2030	2,204,443	317,963	2,522,405
2031-2035	1,366,602	92,046	1,458,648
2036-2040	388,853	6,821	395,674
	<u>\$ 5,620,835</u>	<u>\$ 858,399</u>	<u>\$ 6,479,234</u>

Annual debt service requirements to maturity for the Clean Water Bonds are as follows:

<u>Fiscal year ending,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 35,000	\$ 13,687	\$ 48,687
2023	35,000	12,813	47,813
2024	35,000	11,938	46,938
2025	35,000	11,063	46,063
2026-2030	200,000	40,625	240,625
2031-2035	225,000	14,063	239,063
	<u>\$ 565,000</u>	<u>\$ 104,189</u>	<u>\$ 669,189</u>

City of Ecorse, Michigan  
Notes to Financial Statements  
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Changes in long-term obligations of the City for the year ended June 30, 2021, are as follows:

	Beginning Balance	Allocations & Additions	Payments & Reductions	Change in % of Share	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>						
<u>Bonds Payable</u>						
Financial Recovery Bonds	\$ 6,275,000	\$ -	\$ 695,000	\$ -	\$ 5,580,000	\$ 1,110,000
Total Bonds	<u>6,275,000</u>	<u>-</u>	<u>695,000</u>	<u>-</u>	<u>5,580,000</u>	<u>1,110,000</u>
<u>Loans &amp; Other Payables</u>						
Emergency Loans	2,700,000	-	200,000	-	2,500,000	-
Unamortized Discount	(115,108)	-	(7,194)	-	(107,914)	(7,194)
Total Notes	<u>2,584,892</u>	<u>-</u>	<u>192,806</u>	<u>-</u>	<u>2,392,086</u>	<u>(7,194)</u>
Compensated Absences	524,423	-	27,687	-	496,736	-
Total Governmental	<u>\$ 9,384,315</u>	<u>\$ -</u>	<u>\$ 915,493</u>	<u>\$ -</u>	<u>\$ 8,468,822</u>	<u>\$ 1,102,806</u>
<b>Business-Type Activities:</b>						
State Rev. Fd. Loans	5,276,476	-	371,467	(137,865)	4,767,144	353,356
DUWA Sr. Lien	5,842,805	-	-	(617,621)	5,225,184	120,875
DUWA Jr. Lien	370,300	-	-	(31,850)	338,450	-
WIFIA Loan (DUWA)	-	-	-	794,932	794,932	-
EPA Levy	65,600	-	6,840	-	58,760	7,200
Clean Water Bonds	600,000	-	35,000	-	565,000	35,000
Total Loans/Bonds	<u>12,155,181</u>	<u>-</u>	<u>413,307</u>	<u>7,596</u>	<u>11,749,470</u>	<u>516,431</u>
Compensated Absences	18,314	-	1,758	-	16,556	-
Total Business-Type	<u>\$ 12,173,495</u>	<u>\$ -</u>	<u>\$ 415,065</u>	<u>\$ 7,596</u>	<u>\$ 11,766,026</u>	<u>\$ 516,431</u>

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## 10. RISK MANAGEMENT

The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2021, the government carried insurance through various commercial carriers to cover risks of losses. The government has had settled claims resulting from these risks that exceeded its commercial coverage.

## 11. JOINT VENTURE

The City of Ecorse, along with 12 other communities, jointly participated in the Downriver Sewage Disposal system (the “System”). On September 27, 2018, the System transferred from the County of Wayne, Michigan (the “County”) to the Downriver Utility Wastewater Authority (“DUWA”). DUWA is a consortium formed in 2010 under Public Act 233 of 1955 to acquire and operate the sewer system. The same 13 communities that originally jointly participated in the System are now the members of DUWA and are effectively owners of the System. Debt balance transferred from WC (City of Ecorse portion) to DUWA, on 9/27/18 was \$6,492,374.

Existing County debt related to the System (City of Ecorse portion) was handled as follows:

- Judgment levy debt of \$125,372 remains as an obligation of the County and will continue to be paid directly from the communities (City of Ecorse) to the County.
- 2007 D series bonds (\$278,254) were refunded and reissued as part of the \$55,225,000 Senior Lien bond issuance.
- The outstanding State Revolving Fund (SRF) of \$6,492,374 was exchanged into DUWA’s name and has now become a liability of DUWA.

The new 2018 Senior Lien debt issuance with a face amount of \$55,225,000 and Junior Lien debt \$3.5 million. The Junior Lien debt is due 2023. The City of Ecorse was allocated at 10.58%, which is \$5,842,805 (Senior Lien debt) and \$370,300 (Junior Lien debt), respectively.

## 12. 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 August 1; as of March 1 of the succeeding year, unpaid real property taxes are sold to and collected by Wayne 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 totaled \$94,748,557. The government’s general operating tax rate for fiscal year 2020-21 was 18.6713 for general operating, 2.9481 mills for sanitation, 0.2500 mills for police and fire pension, 0.4913 mills for longevity, 26.5874 mills for police and

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fire special assessment, 0.2456 mills for library (library special revenue fund), 1.0000 mills for library special assessments, and 2.6892 mills for lighting special assessment.

**13. PENSION PLAN**

***General Information About the Plan***

*Plan Description.* The City participates in the Municipal Employees' Retirement System (MERS) of Michigan, a defined benefit pension plan providing certain retirement, disability and death benefits to plan members and beneficiaries. 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 by accessing the MERS website at: [www.mersofmich.com](http://www.mersofmich.com).

*Benefits Provided.* Pension benefits vary by division/bargaining unit and are calculated as final average compensation (based on a 3 year period) and multipliers ranging from 2.0% to 2.50%. 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, or age 55 with 15 years of service, depending on division/bargaining unit. Member contributions range from 0% to 5.0%. The plan is currently closed to new hires in all divisions, except for fire and general union employees.

*Employees Covered by Benefit Terms.* At December 31, 2020, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	123
Inactive employees entitled to but not yet receiving benefits	12
Active employees	27
Total membership	162

*Contributions.* The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2021, employer contributions ranged from \$ 5,287 to \$ 59,638. In addition, the employer may establish contribution rates to be paid by its covered employees.

*Net Pension Liability.* The City's net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.



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*Actuarial Assumptions.* The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 %
Salary increases	3.00 % in the long term
Investment rate of return	7.35 % net of investment expense and including inflation

Although no specific price inflation assumptions are needed for the valuation, the 3 % long-term wage inflation assumption would be consistent with a price inflation of 2.5%.

Mortality rates used were based on amount weighted sex distinct rates: the Pub-2010 Healthy Retiree Tables and the Pub-2010 Employee Mortality Tables and the Pub-2010 Juvenile Mortality Tables.

Future mortality improvements are assumed each year using scale MP-2019 applied fully generationally from the Pub-2010 base year of 2010.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global equity	55.50%	3.41%
Global fixed income	18.50%	0.23%
Real Assets	13.50%	0.97%
Diversifying strategies	12.50%	0.63%
	<u>100.00%</u>	

*Discount Rate.* The discount rate used to measure the total pension liability is 7.60% for 2020. 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

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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 Net Pension Liability***

The components of the change in the net pension liability are summarized as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2019	\$41,794,876	\$17,648,489	\$ 24,146,387
Changes for the year:			
Service cost	179,139	-	179,139
Interest	3,039,968	-	3,039,968
Differences between expected and actual experience	(404,421)	-	-
Changes in assumptions	1,227,815	-	1,227,815
Employer contributions	-	3,951,914	(3,951,914)
Employee contributions	-	83,667	(83,667)
Net investment income	-	2,343,237	(2,343,237)
Benefit payments, including refunds of employee contributions	(3,769,732)	(3,769,732)	-
Administrative expense	-	(35,786)	35,786
Other changes	1	-	1
Net changes	<u>272,770</u>	<u>2,573,300</u>	<u>(2,300,530)</u>
Balance as of December 2020	<u>\$42,067,646</u>	<u>\$20,221,789</u>	<u>\$ 21,845,857</u>

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate.* The following presents the net pension liability of the City, calculated using the discount rate of 7.60%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1% lower (6.60%) or 1% higher (8.60%) than the current rate:

	1% Decrease (6.60%)	Current Discount Rate (7.60%)	1% Increase (8.60%)
City's net pension liability	\$ 25,641,776	\$ 21,845,858	\$ 18,582,251

City of Ecorse, Michigan  
Notes to Financial Statements  
June 30, 2021  
(Continued)

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

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

For the year ended June 30, 2021, the City recognized pension expense of \$ 2,445,583. The City reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ (799,859)
Contributions subsequent to the measurement date	<u>2,861,274</u>	<u>-</u>
<b>Total</b>	<b>\$ 2,861,274</b>	<b>\$ (799,859)</b>

The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending June 30, 2021. Other amounts reported as pension-related deferred outflows of resources will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2022	\$ (177,633)
2023	(12,602)
2024	(402,101)
2025	<u>(207,524)</u>
<b>Total</b>	<b><u>\$ (799,859)</u></b>

**14. POSTEMPLOYMENT HEALTH CARE BENEFITS**

***General Information About the Plan***

*Plan Description.* The City provides other postemployment benefits (OPEB) to certain retirees and their beneficiaries. The benefits are provided through the City of Ecorse Retiree Health Care Plan (the Plan). The Plan is a single-employer defined benefit health care plan administered by the City. Administrative costs of the plan are paid for by the City’s general fund. The plan was adopted and established by action of the City Council. The Plan does not issue a separate or stand-alone report.

City of Ecorse, Michigan  
Notes to Financial Statements  
June 30, 2021  
(Continued)

The City has established a qualifying trust with Municipal Employees' Retirement System (MERS) of Michigan for purposes of funding the retiree health benefits thru the MERS Retiree Health Funding Vehicle. MERS is an agent multiple-employer retirement system that pools assets of the participating employers for investment purposes, but maintains separate accounts for each individual employee in the Health Care Savings Program and each individual employer in the Retiree Health Funding Vehicle. Since 1996, MERS is solely administered by a nine-member retirement board. Participating municipalities can contribute monies to the Trust as desired and no contribution method is imposed. These funds constitute a health care fund, which enable municipalities to accumulate monies to provide or subsidize health benefits for retirees and beneficiaries as defined by Code Section 213. The Retiree Health Funding Vehicle accounts are invested in the MERS portfolio choices and earnings are tax exempt as a result of the MERS Private Letter Ruling.

*Benefits Provided.* The Plan benefits vary by division/bargaining unit. The Plan provides health care, dental, prescription drug and life insurance benefits for retirees and their spouse. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the Plan, except for participant contributions as described below. Eligibility for health benefits are as follows:

- **General Union and General Non-Union:** Normal retirement age 50 with 25 years of service is eligible for medical for both the retiree and spouse. Normal retirement age 55 with 15 years of service is eligible for prescription drug for both the retiree and spouse. Normal retirement age 60 with 10 years of service is eligible for life insurance for retiree only. Retirees only are provided life insurance in the amount of \$5,000. No dental coverage is offered during retirement. Retirees do not receive reimbursement for Medicare Part B Premiums. Members hired on or after July 1, 2017 are not eligible for retiree medical, prescription drug, or life insurance coverage.
- **Police and Fire:** Normal retirement is 25 years of service regardless of age is eligible for medical, prescription drug and dental for both the retiree and spouse. Retirees are only provided with life insurance in the amount of \$5,000. Retirees do not receive reimbursement for Medicare Part B Premiums. Police members hired on or after January 1, 2012 are not eligible for retiree medical, prescription drug, dental or life insurance coverage. Fire members hired on or after July 1, 2017 are not eligible for retiree medical, prescription drug, dental or life insurance coverage.

City of Ecorse, Michigan  
Notes to Financial Statements  
June 30, 2021  
(Continued)

*Employees Covered by Benefit Terms.* At June 30, 2021, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	97
Inactive employees entitled to but not yet receiving benefits	0
Active employees	26
Total membership	123

The Plan is closed to General (Union and Non-Union) members hired on or after July 1, 2017. The Plan is closed to Police members hired on or after January 1, 2012. The Plan is closed to Fire members hired on or after July 1, 2017.

*Contributions.* The City Council establishes contribution rates based on an actuarially determined rate per funding valuation. There are no long-term contracts for contributions to the Plan. Retiree healthcare costs are paid by the City on a “pay-as-you-go” basis. The City has no obligation to make contributions in advance of when the insurance premiums are due for payment. Plan participants are not required to contribute to the Plan. For the year ended June 30, 2021, the City contributed \$788,336 to pay current premiums and \$300,000 to fund the OPEB trust. Effective for retirements on or after December 21, 2011, Plan members are required to contribute as follows:

- **General Non-Union and General Union:** Normal retirement age 50 with 25 years of service retiree and spouse share of cost is 20% of medical. Normal retirement age 55 with 15 years of service retiree and spouse share of cost is 20% of prescription drug. Normal retirement age 60 with 10 years of service the retiree has 0% share of cost on life insurance benefit.
- **Police and Fire:** Normal retirement is 25 years of service regardless of age the retiree and spouse share of cost are 20% on medical, prescription drug and dental. Retiree has 0% share of cost on life insurance benefit.

*Net OPEB Liability.* The City's net OPEB liability was measured as of June 30, 2021, 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 was determined by an actuarial valuation as of December 31, 2020, which used updated procedures to roll forward the estimated OPEB liability to June 30, 2021. The roll-forward procedure increases the December 31, 2020 actuarial accrued liability with normal cost and interest and decreases it with expected benefit payments. The valuation used the following actuarial assumptions, applied to all periods included in the measurement:

City of Ecorse, Michigan  
Notes to Financial Statements  
June 30, 2021  
(Continued)

Inflation	2.50	%
Salary increases	3.00 to 9.70	% in the long term
Healthcare cost trend rate	8.25	% initial trend gradually decrease 0.25% per year to a 4.50% long term rate.
Investment rate of return	5.75	% net of OPEB Plan investment expense.

No load was applied in connection with the “Cadillac” tax.

Although no specific price inflation assumptions are needed for the valuation, the 3.00% to 9.70% long-term wage inflation assumption would be consistent with a price inflation of 2.5%.

All assumptions are expectations of future experience, not market measures. The rationale for the rates of merit and longevity salary increase, base wage inflation, rates of mortality, normal retirement rates, early retirement rates, rates of separation from active membership, disability rates, and marriage assumption used in this valuation is included in the MERS 5-year experience study for the period January 1, 2014 to December 31, 2018, issued February 14, 2020. These assumptions were first used in the December 31, 2019 OPEB Funding Valuation.

Mortality rates used were based on the Pub-2010 with generational mortality improvement using scale MP-2019.

**Investment Policy.** The objectives of the Plan are to accommodate the varying needs of the participants by providing appropriate and diversified investment options. The investment options will include an assortment of investment choices across a range of asset classes, risk levels, and investment strategies, at a reasonable cost. Each investment option should be an appropriate building block to forming a reasonably diversified portfolio.

**Investment Rate of Return.** 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. Other municipalities have different investment choices depending on their individual preferences and expected need for resources to fund their OPEB obligations.

City of Ecorse, Michigan  
Notes to Financial Statements  
June 30, 2021  
(Continued)

These ranges are combined to produce the long-term expected rate of return by weighing 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	60.00%	7.45%
Global fixed income	20.00%	4.90%
Private investments	20.00%	9.50%
	100.00%	

**Discount Rate.** Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the plan’s fiduciary net position is projected to be sufficient to pay benefits) and (2) tax exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met). For the purpose of this valuation, the expected rate of return on OPEB plan investments is 5.75%; the municipal bond rate is 1.92 % , and the resulting *Single Discount Rate* is 5.75%.

A Single Discount Rate of 5.75% was used to measure the Total OPEB Liability. This Single Discount Rate was based on the expected rate of return on OPEB plan investments of 5.75%. The projection of cash flows used to determine this Single Discount Rate assumed that employer contributions will be made at rates equal to the projected benefit payments each year while an unfunded actuarial accrued liability exists and at rates equal to the actuarially determined service cost thereafter. Based on these assumptions, the OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the Total OPEB Liability.

City of Ecorse, Michigan  
Notes to Financial Statements  
June 30, 2021  
(Continued)

***Changes in Net OPEB Liability***

The components of the change in the net OPEB liability are summarized as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at July 1, 2020	\$ 12,947,472	\$ 1,199,855	\$ 11,747,617
Changes for the year:			
Service cost	128,500	-	128,500
Interest	725,509	-	725,509
Differences between expected and actual experience	(25,379)	-	(25,379)
Changes in assumptions	-	-	-
Employer contributions	-	1,088,336	(1,088,336)
Employee contributions	-	-	-
Net investment income	-	403,179	(403,179)
Benefit payments, including refunds of employee contributions	(788,336)	(788,336)	-
Administrative expense	-	(3,012)	3,012
Net changes	<u>40,294</u>	<u>700,167</u>	<u>(659,873)</u>
Balance as of June 30, 2021	<u>\$ 12,987,766</u>	<u>\$ 1,900,022</u>	<u>\$ 11,087,744</u>

The Plan fiduciary net position represents 14.63 percent of the total OPEB liability.

***Sensitivity of the Net OPEB Liability to Changes in the Discount Rate.*** The following presents the net OPEB liability of the City, calculated using the discount rate of 5.75%, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1% lower (4.75%) or 1% higher (6.75%) than the current rate:

	1% Decrease (4.75%)	Discount Rate (5.75%)	1% Increase (6.75%)
City's net OPEB liability	\$12,715,491	\$11,087,744	\$ 9,753,007



City of Ecorse, Michigan  
Notes to Financial Statements  
June 30, 2021  
(Continued)

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

For the year ended June 30, 2021, the City recognized OPEB expense of \$ (1,843,039). The City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 11,090
Changes in assumptions	-	-
Net differences between projected and actual earnings on OPEB plan investments	25,502	262,077
Total	\$ 25,502	\$ 273,167

OPEB-related deferred outflows of resources will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ (67,462)
2023	(57,891)
2024	(57,112)
2025	(65,200)
2026	-
Total	\$ (247,665)

City of Ecorse, Michigan  
Notes to Financial Statements  
June 30, 2021  
(Continued)

**OPEB Plan Fiduciary Net Position.** Detailed information about the OPEB plan’s fiduciary net position is not available in the separately issued financial report. For the purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the plan’s fiduciary net position and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the plan. The plan uses economic resources measurement focus and the full accrual basis of accounting. Investments are valued at fair value. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

**15. CLAIMS AND JUDGMENTS**

The City is and has been the defendant in a number of lawsuits that are currently pending, on appeal and/or have resulted in judgments against the City. There are no judgments that are currently a liability and are not recorded in the general fund. In addition, the City has one significant pending case, but it does not offer any serious estimated potential liability exposures. No liability has been recorded in the financial statements for these potential liabilities.

**16. NET INVESTMENT IN CAPITAL ASSETS**

Following is a summary of net investment in capital assets, as presented in the government-wide statement of net position:

	Governmental Activities	Business-type Activities
<b>Capital assets</b>		
Capital assets not being depreciated	\$ 206,677	\$ 154,087
Capital assets being depreciated, net	5,424,480	23,099,095
	5,631,157	23,253,182
 <b>Related debt</b>		
Due within one year	1,102,806	516,431
Due in more than one year	7,366,016	11,249,595
Less noncapital related debt, net of discount	(7,972,086)	-
Less compensated absences	(496,736)	(16,556)
	-	11,749,470
 <b>Net investment in capital assets</b>	<b>\$ 5,631,157</b>	<b>\$ 11,503,712</b>

City of Ecorse  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2021

	SPECIAL REVENUE FUNDS								DEBT SERVICE	TOTAL NONMAJOR GOVERNMENTAL FUNDS
	LOCAL HIGHWAY	RUBBISH	DRUG ENFORCEMENT	JUSTICE TRAINING	VEHICLE FORFEITURE	LIBRARY	COMMUNITY DEVELOPMENT BLOCK GRANT	2012 BOND		
<b>ASSETS:</b>										
Cash and Cash Equivalents	\$ 1,274,259	\$ 1,561,461	\$ 8,625	\$ 6,882	\$ 14,599	\$ 1,061,097	\$ 40,818	\$ 1,421,528	\$ 5,389,269	
Due from Other Governmental Units	45,325	-	-	-	-	15,738	15,230	-	76,293	
<b>TOTAL ASSETS</b>	<b>\$ 1,319,584</b>	<b>\$ 1,561,461</b>	<b>\$ 8,625</b>	<b>\$ 6,882</b>	<b>\$ 14,599</b>	<b>\$ 1,076,835</b>	<b>\$ 56,048</b>	<b>\$ 1,421,528</b>	<b>\$ 5,465,562</b>	
<b>LIABILITIES AND FUND BALANCE:</b>										
<b>LIABILITIES</b>										
Accounts Payable	\$ 110,242	\$ 44,552	\$ -	\$ -	\$ -	\$ 12,191	\$ 48	\$ -	\$ 167,033	
Accrued Salaries and Wages	-	-	-	-	-	659	-	-	659	
Due to Component Units	-	-	-	-	-	-	52,412	-	52,412	
<b>TOTAL LIABILITIES</b>	<b>110,242</b>	<b>44,552</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,850</b>	<b>52,460</b>	<b>-</b>	<b>220,104</b>	
<b>Fund Balance:</b>										
<b>Restricted for:</b>										
Highways and Streets	1,209,342	-	-	-	-	-	-	-	1,209,342	
Public Safety	-	-	8,625	6,882	14,599	-	-	-	30,106	
Public Works	-	1,516,909	-	-	-	-	-	-	1,516,909	
Debt Service	-	-	-	-	-	-	-	1,421,528	1,421,528	
Community Development	-	-	-	-	-	-	3,588	-	3,588	
<b>Committed for:</b>										
Recreation and Culture	-	-	-	-	-	1,063,985	-	-	1,063,985	
<b>TOTAL FUND BALANCES</b>	<b>1,209,342</b>	<b>1,516,909</b>	<b>8,625</b>	<b>6,882</b>	<b>14,599</b>	<b>1,063,985</b>	<b>3,588</b>	<b>1,421,528</b>	<b>5,245,458</b>	
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 1,319,584</b>	<b>\$ 1,561,461</b>	<b>\$ 8,625</b>	<b>\$ 6,882</b>	<b>\$ 14,599</b>	<b>\$ 1,076,835</b>	<b>\$ 56,048</b>	<b>\$ 1,421,528</b>	<b>\$ 5,465,562</b>	

City of Ecorse  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance  
Nonmajor Governmental Funds  
June 30, 2021

	SPECIAL REVENUE FUNDS							DEBT SERVICE	TOTAL NONMAJOR GOVERNMENTAL FUNDS
	LOCAL HIGHWAY	RUBBISH	DRUG ENFORCEMENT	JUSTICE TRAINING	VEHICLE FORFEITURE	LIBRARY	COMMUNITY DEVELOPMENT BLOCK GRANT	2012 BOND	
REVENUES:									
Property Taxes	-	308,215	-	-	-	129,535	-	462,669	
Federal Grants	-	-	-	-	-	-	79,807	-	\$ 79,807
State Grants	299,598	579,358	-	2,007	-	252,702	10,215	864,670	2,008,550
Contributions From Local Units	-	-	-	-	-	50	-	-	50
Fines and Forfeitures	-	-	-	-	-	11,648	-	-	11,648
Interest and Rents	-	-	-	-	-	-	-	30	30
Other	-	-	-	-	-	172	-	-	172
<b>TOTAL REVENUES</b>	<b>299,598</b>	<b>887,573</b>	<b>-</b>	<b>2,007</b>	<b>-</b>	<b>394,107</b>	<b>90,022</b>	<b>1,327,369</b>	<b>2,100,257</b>
EXPENDITURES:									
Public Safety	-	-	-	3,870	-	-	-	-	3,870
Public Works	-	526,023	-	-	-	-	-	-	526,023
Highways & Streets	404,738	-	-	-	-	-	-	-	404,738
Community and Development	-	-	-	-	-	-	90,022	-	90,022
Recreation and Culture	-	-	-	-	-	86,943	-	-	86,943
Debt Payments:									
Principal Repayments	-	-	-	-	-	-	-	695,000	695,000
Interest	-	-	-	-	-	-	-	382,100	382,100
<b>TOTAL EXPENDITURES</b>	<b>404,738</b>	<b>526,023</b>	<b>-</b>	<b>3,870</b>	<b>-</b>	<b>86,943</b>	<b>90,022</b>	<b>1,077,100</b>	<b>2,188,696</b>
REVENUES OVER (UNDER) EXPENDITURES	(105,140)	361,550	-	(1,863)	-	307,164	-	250,269	(88,439)
OTHER FINANCING SOURCES:									
Transfer In	180,000	-	-	-	-	-	-	-	180,000
Total Other Financing Sources	180,000	-	-	-	-	-	-	-	180,000
NET CHANGE IN FUND BALANCES	74,860	361,550	-	(1,863)	-	307,164	-	250,269	991,980
FUND BALANCE, beginning	1,134,482	1,155,359	8,625	8,745	14,599	756,821	3,588	1,171,259	4,253,478
<b>FUND BALANCE, ending</b>	<b>\$ 1,209,342</b>	<b>\$ 1,516,909</b>	<b>\$ 8,625</b>	<b>\$ 6,882</b>	<b>\$ 14,599</b>	<b>\$ 1,063,985</b>	<b>\$ 3,588</b>	<b>\$ 1,421,528</b>	<b>\$ 5,245,458</b>

City of Ecorse  
Statement of Revenues, Expenditures  
and Changes in Fund Balance -  
Budget and Actual  
For the Fiscal Year Ended June 30, 2021

	MOTOR VEHICLE HIGHWAY LOCAL STREET FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ACTUAL OVER (UNDER) FINAL BUDGET
REVENUES:				
State sources	\$ 255,200	\$ 262,788	\$ 299,598	\$ 36,810
Interest on savings and investments	12,000	-	-	-
<b>TOTAL REVENUES</b>	<b>267,200</b>	<b>262,788</b>	<b>299,598</b>	<b>36,810</b>
EXPENDITURES:				
Highways and streets	447,200	442,788	404,738	(38,050)
<b>TOTAL EXPENDITURES</b>	<b>447,200</b>	<b>442,788</b>	<b>404,738</b>	<b>(38,050)</b>
Revenues Over (Under) Expenditures	<b>(180,000)</b>	<b>(180,000)</b>	<b>(105,140)</b>	<b>74,860</b>
OTHER FINANCING SOURCES:				
Transfers From Other Funds	180,000	180,000	180,000	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>180,000</b>	<b>180,000</b>	<b>180,000</b>	<b>-</b>
Net Change In Fund Balance	-	-	74,860	74,860
<b>FUND BALANCE, beginning</b>	<b>1,134,482</b>	<b>1,134,482</b>	<b>1,134,482</b>	<b>-</b>
<b>FUND BALANCE, ending</b>	<b>\$ 1,134,482</b>	<b>\$ 1,134,482</b>	<b>\$ 1,209,342</b>	<b>\$ 74,860</b>

City of Ecorse  
Statement of Revenues, Expenditures and Changes  
In Fund Balances - Budget and Actual (Budgetary Basis)  
Nonmajor Special Revenue Funds  
June 30, 2021

	RUBBISH FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ACTUAL OVER (UNDER) FINAL BUDGET
REVENUES:				
Property Taxes	\$ 308,891	\$ 306,493	\$ 308,215	\$ 1,722
State Grants	222,404	579,359	579,358	(1)
Interest and Rents	5,000	-	-	-
<b>TOTAL REVENUES</b>	<b>536,295</b>	<b>885,852</b>	<b>887,573</b>	<b>1,721</b>
EXPENDITURES:				
Public works	573,320	573,320	526,023	(47,297)
<b>TOTAL EXPENDITURES</b>	<b>573,320</b>	<b>573,320</b>	<b>526,023</b>	<b>(47,297)</b>
Revenues Over (Under) Expenditures	(37,025)	312,532	361,550	49,018
Net Change In Fund Balance	(37,025)	312,532	361,550	49,018
FUND BALANCE, beginning	1,155,359	1,155,359	1,155,359	-
<b>FUND BALANCE, ending</b>	<b>\$ 1,118,334</b>	<b>\$ 1,467,891</b>	<b>\$ 1,516,909</b>	<b>\$ 49,018</b>

City of Ecorse  
Statement of Revenues, Expenditures and Changes  
In Fund Balances - Budget and Actual (Budgetary Basis)  
Nonmajor Special Revenue Funds  
June 30, 2021

	JUSTICE TRAINING			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ACTUAL OVER (UNDER) FINAL BUDGET
REVENUES:				
State Grants	\$ 4,401	\$ 2,008	\$ 2,007	\$ (1)
Interest and Rents	50	-	-	-
<b>TOTAL REVENUES</b>	<b>4,451</b>	<b>2,008</b>	<b>2,007</b>	<b>(1)</b>
EXPENDITURES:				
Public Safety - Training	4,451	5,000	3,870	(1,130)
<b>TOTAL EXPENDITURES</b>	<b>4,451</b>	<b>5,000</b>	<b>3,870</b>	<b>(1,130)</b>
Revenues Over (Under) Expenditures	-	(2,992)	(1,863)	1,129
Net Change In Fund Balance	-	(2,992)	(1,863)	1,129
FUND BALANCE, beginning	8,745	8,745	8,745	-
<b>FUND BALANCE, ending</b>	<b>\$ 8,745</b>	<b>\$ 5,753</b>	<b>\$ 6,882</b>	<b>\$ 1,129</b>

City of Ecorse  
Statement of Revenues, Expenditures and Changes  
In Fund Balances - Budget and Actual (Budgetary Basis)  
Nonmajor Special Revenue Funds  
June 30, 2021

	LIBRARY			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ACTUAL OVER (UNDER) FINAL BUDGET
REVENUES:				
Property Taxes	\$ 125,594	\$ 127,527	\$ 129,535	\$ 2,008
State Grants	100,565	251,373	252,702	1,329
Contributions from Local Units	-	50	50	-
Fines & Forfeitures	8,865	8,865	11,648	2,783
Interest & Rents	3,000	-	-	-
Other	-	173	172	(1)
<b>TOTAL REVENUES</b>	<b>238,024</b>	<b>387,988</b>	<b>394,107</b>	<b>6,119</b>
EXPENDITURES:				
Recreation and Culture	222,032	250,226	86,943	(163,283)
<b>TOTAL EXPENDITURES</b>	<b>222,032</b>	<b>250,226</b>	<b>86,943</b>	<b>(163,283)</b>
Revenues Over (Under) Expenditures	15,992	137,762	307,164	169,402
Net Change In Fund Balance	15,992	137,762	307,164	169,402
FUND BALANCE, beginning	756,821	756,821	756,821	-
<b>FUND BALANCE, ending</b>	<b>\$ 772,813</b>	<b>\$ 894,583</b>	<b>\$ 1,063,985</b>	<b>\$ 169,402</b>



City of Ecorse  
Statement of Revenues, Expenditures and Changes  
In Fund Balances - Budget and Actual (Budgetary Basis)  
Nonmajor Special Revenue Funds  
June 30, 2021

COMMUNITY DEVELOPMENT BLOCK GRANT				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ACTUAL OVER (UNDER) FINAL BUDGET
REVENUES:				
Federal Grants	\$ -	\$ 79,815	\$ 79,807	\$ (8)
State Grants	-	985	10,215	9,230
<b>TOTAL REVENUES</b>	<b>-</b>	<b>80,800</b>	<b>90,022</b>	<b>9,222</b>
EXPENDITURES:				
Community and Development	-	80,800	90,022	9,222
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>80,800</b>	<b>90,022</b>	<b>9,222</b>
Revenues Over (Under) Expenditures	-	-	-	-
Net Change In Fund Balance	-	-	-	-
FUND BALANCE, beginning	3,588	3,588	3,588	-
<b>FUND BALANCE, ending</b>	<b>\$ 3,588</b>	<b>\$ 3,588</b>	<b>\$ 3,588</b>	<b>\$ -</b>

**REQUIRED SUPPLEMENTARY INFORMATION**

City of Ecorse  
Statement of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual (Budgetary Basis)  
General Fund  
June 30, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ACTUAL OVER (UNDER) FINAL BUDGET
<b>Revenues</b>				
Property Taxes	\$ 5,774,349	\$ 5,588,847	\$ 5,783,384	\$ 194,537
Special Assessment	238,500	224,590	221,718	(2,872)
Licenses and Permits	80,550	113,110	123,743	10,633
Federal Grants	100,000	275,708	283,939	8,231
State Grants	3,989,068	7,816,890	7,822,088	5,198
Contributions from Local Units	26,860	26,870	27,630	760
Charges for Services	801,310	852,445	877,582	25,137
Fines and Forfeitures	268,000	61,000	77,069	16,069
Interest & Rents	102,000	100,229	161,041	60,812
Other	7,500	142,446	156,663	14,217
<b>Total revenues</b>	<b>11,388,137</b>	<b>15,202,135</b>	<b>15,534,857</b>	<b>332,722</b>
<b>Expenditures</b>				
Current:				
General government:				
Attorney	866,695	1,856,243	1,633,014	(223,229)
Finance	919,747	1,034,054	890,932	(143,122)
City Hall	686,426	759,039	647,551	(111,488)
Retiree Pension	2,537,870	3,941,604	3,941,488	(116)
Retiree Health Care	1,096,352	1,119,000	1,096,866	(22,134)
Other	271,199	149,604	133,152	(16,452)
<b>Total General Government</b>	<b>6,378,289</b>	<b>8,859,544</b>	<b>8,343,003</b>	<b>(516,541)</b>
Public Safety:				
Police and Fire	3,605,070	3,929,182	3,879,110	(50,072)
Building & Inspection	298,484	315,120	272,371	(42,749)
<b>Total public safety</b>	<b>3,903,554</b>	<b>4,244,302</b>	<b>4,151,482</b>	<b>(92,820)</b>
Public works:				
Public Works	787,113	788,028	731,089	(56,939)
Highway and streets:				
Highways and Streets	360,000	375,000	370,835	(4,165)
Debt service:				
Principal Repayments	-	200,000	200,000	-
Interest	58,301	57,906	57,905	(1)
<b>Total Debt Service</b>	<b>58,301</b>	<b>257,906</b>	<b>257,905</b>	<b>(1)</b>
Community and Development:				
Community and Development	338,492	513,861	409,850	(104,011)
Recreation and Culture:				
Recreation and Culture	140,586	153,612	108,461	(45,151)

City of Ecorse  
Statement of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual (Budgetary Basis)  
General Fund  
June 30, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ACTUAL OVER (UNDER) FINAL BUDGET
<b>Total expenditures</b>	11,966,335	15,192,253	14,372,625	(670,467)
Revenues Over (Under) Expenditures	(578,198)	9,882	1,162,232	1,152,350
<b>Net Change in Fund Bbalance</b>	(578,198)	9,882	1,162,232	1,152,350
Fund balance, beginning of year	8,273,249	8,273,249	8,273,249	-
<b>Fund balance, end of year</b>	<b>\$ 7,695,051</b>	<b>\$ 8,283,131</b>	<b>\$ 9,435,481</b>	<b>\$ 1,152,350</b>

City of Ecorse  
Statement of Revenues, Expenditures  
and Changes in Fund Balance-  
Budget and Actual  
For the Fiscal Year Ended June 30, 2021

MOTOR VEHICLE HIGHWAY MAJOR STREET FUND				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ACTUAL OVER (UNDER) FINAL BUDGET
REVENUES:				
State sources	\$ 636,143	\$ 637,434	\$ 723,868	\$ 86,434
Interest income	12,000	-	-	-
Other revenue	4,800	54,800	55,129	329
<b>TOTAL REVENUES</b>	<b>652,943</b>	<b>692,234</b>	<b>778,997</b>	<b>86,763</b>
EXPENDITURES:				
Highways and streets	472,943	1,314,613	392,542	(922,071)
<b>TOTAL EXPENDITURES</b>	<b>472,943</b>	<b>1,314,613</b>	<b>392,542</b>	<b>(922,071)</b>
Revenues Over (Under) Expenditures	<b>180,000</b>	<b>(622,379)</b>	<b>386,456</b>	<b>1,008,835</b>
OTHER FINANCING SOURCES (USES):				
Transfers to other funds	180,000	180,000	180,000	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>180,000</b>	<b>180,000</b>	<b>180,000</b>	-
Net Change In Fund Balance	-	(802,379)	206,456	1,008,835
<b>FUND BALANCE, beginning</b>	<b>2,283,980</b>	<b>2,283,980</b>	<b>2,283,980</b>	-
<b>FUND BALANCE, ending</b>	<b>\$ 2,283,980</b>	<b>\$ 1,481,601</b>	<b>\$ 2,490,436</b>	<b>\$ 1,008,835</b>

City of Ecorse  
Statement of Revenues, Expenditures and Changes  
In Fund Balances - Budget and Actual (Budgetary Basis)  
Nonmajor Governmental Fund  
June 30, 2021

	DEBT SERVICE FUND - 2012 BOND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ACTUAL OVER (UNDER) FINAL BUDGET
REVENUES:				
Property Taxes	\$ 430,776	\$ 441,675	\$ 462,669	\$ 20,994
State Grants	382,592	864,671	864,670	(1)
Interest and Rents	3,000	5,261	30	(5,231)
<b>TOTAL REVENUES</b>	<b>816,368</b>	<b>1,311,607</b>	<b>1,327,369</b>	<b>15,762</b>
EXPENDITURES:				
Principal Repayments	695,000	695,000	695,000	-
Interest	473,100	382,100	382,100	-
<b>TOTAL EXPENDITURES</b>	<b>1,168,100</b>	<b>1,077,100</b>	<b>1,077,100</b>	<b>-</b>
Revenues Over (Under) Expenditures	(351,732)	234,507	250,269	15,762
Net Change In Fund Balance	(351,732)	234,507	250,269	15,762
FUND BALANCE, beginning	1,171,259	1,171,259	1,171,259	-
<b>FUND BALANCE, ending</b>	<b>\$ 819,527</b>	<b>\$ 1,405,766</b>	<b>\$ 1,421,528</b>	<b>\$ 15,762</b>

**CITY OF ECORSE  
REQUIRED SUPPLEMENTAL INFORMATION  
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY  
DETERMINED AS OF THE PLAN YEAR ENDED DECEMBER 31**

	<b>2020</b> (12/31/20 Measurement Date)	<b>2019</b> (12/31/19 Measurement Date)	<b>2018</b> (12/31/18 Measurement Date)	<b>2017</b> (12/31/17 Measurement Date)	<b>2016</b> (12/31/16 Measurement Date)	<b>2015</b> (12/31/15 Measurement Date)	<b>2014</b> (12/31/14 Measurement Date)
<b>Total Pension Liability</b>							
Service Cost	\$ 179,139	\$ 175,984	\$ 206,822	\$ 189,305	\$ 186,962	\$ 194,132	\$ 191,053
Interest	3,039,968	2,977,590	3,173,217	3,189,721.00	3,200,465	3,141,599	3,174,890
Changes in benefit terms	-	-	-	-	-	-	-
Differences between expected and actual experience	(404,421)	18,891	(100,144)	160,460	263,363	395,764	-
Changes in assumptions	1,227,815	1,259,138	(163)	-	-	1,979,630	-
Others	1	156,714	74	(1,382)	(10,506)	(10,522)	(10,517)
Benefits payments, including refunds	(3,769,732)	(3,768,517)	(3,734,857)	(3,769,681)	(3,781,830)	(3,760,544)	(3,760,437)
Net change in total pension liability	272,770	819,800	(455,051)	(231,577)	(141,546)	1,940,059	(405,011)
Total pension liability - beginning of year	\$ 41,794,876	\$ 40,975,076	\$ 41,430,127	\$ 41,661,704	\$ 41,803,250	\$ 39,863,191	\$ 40,268,202
Total pension liability - end of year	<b>\$ 42,067,646</b>	<b>\$ 41,794,876</b>	<b>\$ 40,975,076</b>	<b>\$ 41,430,127</b>	<b>\$ 41,661,704</b>	<b>\$ 41,803,250</b>	<b>\$ 39,863,191</b>
<b>Plan Fiduciary Net Position</b>							
Contributions - Employer	3,951,914	3,372,870	3,378,304	2,809,524	4,684,468	2,429,229	1,602,541
Contributions - Member	83,667	80,407	85,341	81,354	86,226	85,425	84,791
Net Investment income(loss)	2,343,237	2,126,675.85	(654,740)	2,009,273	1,434,495	(189,400)	952,166
Administrative expenses	(35,786)	(36,811)	(33,027)	(31,880)	(28,430)	(30,625)	(34,427)
Benefit payments, including refunds	(3,769,732)	(3,768,517)	(3,734,857)	(3,769,681)	(3,781,830)	(3,760,544)	(3,760,437)
Other							
Net change in plan fiduciary net position	2,573,300	1,774,625	(958,979)	1,098,590	2,394,929	(1,465,915)	(1,155,366)
Plan fiduciary net position - beginning of year	\$ 17,648,489	\$ 15,873,864	\$ 16,832,843	\$ 15,734,253	\$ 13,339,324	\$ 14,805,239	\$ 15,960,605
Plan fiduciary net position - end of year	<b>\$ 20,221,788</b>	<b>\$ 17,648,489</b>	<b>\$ 15,873,864</b>	<b>\$ 16,832,843</b>	<b>\$ 15,734,253</b>	<b>\$ 13,339,324</b>	<b>\$ 14,805,239</b>
<b>City of Ecorse net pension liability - Ending</b>	<b>\$ 21,845,858</b>	<b>\$ 24,146,387</b>	<b>\$ 25,101,212</b>	<b>\$ 24,597,284</b>	<b>\$ 25,927,451</b>	<b>\$ 28,463,926</b>	<b>\$ 25,057,952</b>
Plan fiduciary net position as a percentage of total pension liability	48.07%	42.23%	38.74%	40.63%	37.77%	31.91%	37.14%
Covered employee payroll	1,842,903	1,584,076	1,833,471	1,650,070	1,612,357	1,688,425	1,668,040
City's net pension liability as a percentage of covered payroll	1185.40%	1524.32%	1369.05%	1490.68%	1608.05%	1685.83%	1502.24%

**Notes:**

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

GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.





City of Ecorse, Michigan  
 Required Supplementary Information  
 MERS Agent Multiple-Employer Defined Benefit Pension Plan  
 Schedule of Net Pension Liability

Fiscal Year Ended June 30,	Total Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Position as Percentage of Total Pension Liability	Covered Employee Payroll	Net Pension Liability as Percentage of Covered Payroll
2015	\$ 39,863,191	\$ 14,805,239	\$ 25,057,952	37.1%	\$ 1,668,040	1502.2%
2016	41,803,250	13,339,324	28,463,926	31.9%	1,688,425	1685.8%
2017	41,661,704	15,734,253	25,927,451	37.8%	1,612,357	1608.0%
2018	41,430,127	16,332,843	24,597,284	40.60%	1,650,070	1490.7%
2019	40,975,076	15,873,864	25,101,212	38.74%	1,833,471	1369.1%
2020	41,794,876	17,648,489	24,146,387	42.23%	1,584,076	1524.3%
2021	42,067,646	20,221,788	21,845,858	48.07%	1,842,903	1185.4%

Notes:

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

GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

City of Ecorse, Michigan  
Required Supplementary Information  
Other Post Employment Benefit Plan  
Schedule of Changes in Net OPEB Liability and Related Ratios Multiyear

Year Ended June 30,	2021	2020	2019	2018
<b>Total OPEB Liability</b>				
Service Cost	\$ 128,500	\$ 123,995	\$ 156,373	\$ 159,886
Interest on the Total OPEB Liability	725,509	1,051,180	1,039,821	1,028,027
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	(25,379)	(7,504,975)	(55,426)	103,617
Changes of assumptions	-	1,476,306	-	-
Benefit payments, including refunds of employee contributions	(788,336)	(836,849)	(1,017,230)	(1,152,088)
	<u>40,294</u>	<u>(5,690,343)</u>	<u>123,538</u>	<u>139,442</u>
Net change in total OPEB liability	40,294	(5,690,343)	123,538	139,442
Total OPEB liability - beginning of year	12,947,472	18,637,815	18,514,277	18,374,835
Total OPEB liability - end of year	<u><b>12,987,766</b></u>	<u><b>12,947,472</b></u>	<u><b>18,637,815</b></u>	<u><b>18,514,277</b></u>
<b>Plan Fiduciary Net Position</b>				
Employer contributions	1,088,336	1,436,849	1,329,230	1,407,088
Nonemployer contributing entities contributions	-	-	-	-
OPEB plan net investment income	403,179	11,073	27,343	-
Benefit payments, including refunds	(788,336)	(836,849)	(1,017,230)	(1,152,088)
OPEB plan administrative expenses	(3,012)	(1,876)	(854)	(186)
Other	-	-	-	(2,645)
	<u>700,167</u>	<u>609,197</u>	<u>338,489</u>	<u>252,169</u>
Net change in plan fiduciary net position	700,167	609,197	338,489	252,169
Plan fiduciary net position - beginning	1,199,855	590,658	252,169	-
Plan fiduciary net position - ending	<u><b>1,900,022</b></u>	<u><b>1,199,855</b></u>	<u><b>590,658</b></u>	<u><b>252,169</b></u>
<b>Net OPEB Liability - ending</b>	<u><b>\$ 11,087,744</b></u>	<u><b>\$ 11,747,617</b></u>	<u><b>\$ 18,047,157</b></u>	<u><b>\$ 18,262,108</b></u>
Plan fiduciary net position as a percentage of total OPEB liability	14.63%	9.27%	3.17%	1.36%
Covered employee payroll	2,174,937	1,957,982	2,007,398	1,755,718
City's net OPEB liability as a percentage of covered-employee payroll	509.80%	599.99%	899.03%	1040.15%

City of Ecorse, Michigan  
 Required Supplementary Information  
 Other Post Employment Benefit Plan  
 Schedule of Net OPEB Liability

Fiscal Year Ended June 30,	Total OPEB Liability	Plan Net Position	Net OPEB Liability	Plan Net Position as a % of Total OPEB Liability	Covered Payroll	Net OPEB Liability as a % of Covered Payroll
2018	\$ 18,514,277	\$ 252,169	\$ 18,262,108	1.36%	\$ 1,755,718	1040.15%
2019	\$ 18,637,815	\$ 590,658	\$ 18,047,157	3.17%	\$ 2,007,398	899.03%
2020	\$ 12,947,472	\$ 1,199,855	\$ 11,747,617	9.27%	\$ 1,957,982	599.99%
2021	\$ 12,987,766	\$ 1,900,022	\$ 11,087,744	14.63%	\$ 2,174,937	509.80%

City of Ecorse, Michigan  
 Required Supplementary Information  
 Other Post Employment Benefit Plan  
 Schedule of Contributions Multiyear &  
 Schedule of OPEB Investment Returns

Schedule of Contributions Multiyear

Fiscal Year Ended June 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2018	\$ 1,527,178	\$ 1,407,088	\$ 120,090.00	\$ 1,755,718	80.14%
2019	\$ 1,649,716	\$ 1,329,230	\$ 320,486.00	\$ 2,007,398	66.22%
2020	\$ 1,642,490	\$ 1,436,849	\$ 205,641.00	\$ 1,957,982	73.38%
2021	\$ 1,161,044	\$ 1,088,336	\$ 72,708.00	\$ 2,174,937	50.04%

Schedule of OPEB Investment Returns

	Last Two Fiscal Years	
	Year Ended June 30	
	2020	2019
Annual money-weighted rate of return, net of investment expenses (Total Market Portfolio)	7.31%	3.09%