

# **City of Wyandotte, Michigan**

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**Financial Report  
with Additional Information  
September 30, 2008**

# City of Wyandotte, Michigan

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# City of Wyandotte, Michigan

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## Independent Auditor's Report

To the City Council  
City of Wyandotte, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Wyandotte, Michigan as of and for the year ended September 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Wyandotte, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 units, each major fund, and the aggregate remaining fund information of the City of Wyandotte, Michigan as of September 30, 2008 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis, retirement system schedules of funding progress, and the budgetary comparison schedules, as identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

To the City Council  
City of Wyandotte, Michigan

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Wyandotte, Michigan's basic financial statements. The accompanying other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2009 on our consideration of the City of Wyandotte, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide opinions on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

*Plante & Moran, PLLC*

March 24, 2009

# City of Wyandotte, Michigan

## Management's Discussion and Analysis

Our discussion and analysis of the City of Wyandotte, Michigan's (the "City") financial performance provides an overview of the City's financial activities for the fiscal year ended September 30, 2008. Please read it in conjunction with the City's financial statements.

### Financial Highlights

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended September 30, 2008:

- Property tax revenue is the City's single, largest source of revenue. The City's 2007 taxable value (levied for the 2008 fiscal year) was \$707,014,000 (ad valorem), which represents an increase of \$30,332,000 or 4.48 percent in the current year. Increases in ad valorem taxable values in non-TIFA districts totaled 4.09 percent in the current year.
- State-shared revenue, our second largest revenue source, was reduced by the State of Michigan by approximately \$20,000 this year compared to the reduction of \$83,000 in the prior year. This represents a decrease of 1.0 percent in the current year. Further, the City is receiving approximately \$1,131,000 less per year since the year 2000.
- The City continued the sharing agreements with the Consolidated Tax Increment Finance Authority and Downtown Development Authority. The sharing agreement with the Tax Increment Finance Authority returned approximately \$2,214,000 to the General Fund in the current year compared to \$2,083,000 in the prior year. The sharing agreement with the Downtown Development Authority returned approximately \$105,000 to the General Fund in the current year compared to \$111,000 in the prior year. Portions of these funds were used to defray annual operating costs with the remainder being contributed to the City of Wyandotte Retirement System.
- In previous years, the expenditures for retiree health insurance were made from the Health and Life Insurance Reserve of the retirement system. Beginning in 2006, the City's General Fund paid for the annual cost of retiree health insurance due to a lack of funds in the reserve. The City paid \$1,936,000 in the current year compared to \$1,857,000 in the prior year for the gross cost of retiree health insurance. Included in these amounts are approximately \$0 in the current year and \$34,000 in the prior year to be applied to future retiree health insurance premiums.
- The City utilized the charter-authorized debt millage to pay the debt service on the bonds sold to construct the Department of Public Service facility, the bonds sold to construct the police department and the 27<sup>th</sup> District Court facility and to renovate the Yack Arena, the installment purchase agreement entered into by the City to fund various technology projects, and to repay debt incurred to purchase the Masonic Temple facility and a new zamboni for the Yack Arena.

# City of Wyandotte, Michigan

## Management's Discussion and Analysis (Continued)

The amended budget of the City's General Fund indicated that an excess of expenditures of approximately \$213,000 was to be expected. The actual results showed an excess of revenues of approximately \$310,000. This positive variance is primarily attributed to a higher amount of penalties and interest collected on delinquent tax receipts and a lower than expected capture of tax revenue by the tax increment districts. Charges for ambulance service, reimbursement for fuel purchases by non-profit organizations, and reimbursement from the regional transportation authority for fees incurred for transportation services also exceeded budgetary expectations.

These positive variances were offset by lower fines and fees received from the 27<sup>th</sup> District Court, primarily those associated with the City of Riverview, Michigan and lower than anticipated revenue from building permits. The City also realized a positive variance due to actual expenditures being less than budgeted expenditures. In addition to savings derived from hiring delays and elimination of open positions, savings have been realized from changing liability insurance carriers, delaying various purchases and improvement projects, and monitoring overtime usage.

The City remains cognizant of the difficult economic conditions that continue to negatively affect the operations of the City. As a result of this, we will continue to monitor operations to reduce expenditures and increase revenue where possible. In the recent past, the following actions have assisted the City in managing the City in light of the troubling environment:

- Reductions in expenditures were achieved through the elimination or delays in replacement of personnel positions when vacancies occur. Full-time employees have been reduced from 174 employees to 138 employees over the past 11 years.
- The City has also continued to reduce discretionary spending and has reduced certain elements of employer-paid healthcare coverage.
- The City recently reached an agreement with two collective bargaining units to eliminate traditional retiree healthcare coverage for new hires. This change was also instituted for non-union employee groups and represents an important step to contain future costs and liabilities for the City.
- The City recently performed a review of the operational environment of the City. The purpose of the review was to identify areas of operation that could be improved to better customer service at a reduced cost. Numerous recommendations were identified that would yield positive financial results to the City. The City has been implementing many of these recommendations and continues to review these issues and prioritize their implementation.

# City of Wyandotte, Michigan

## Management's Discussion and Analysis (Continued)

### Using this Annual Report

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

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

### The City as a Whole

The following table shows, in a condensed format, the net assets as of September 30, 2008 and 2007 (in thousands of dollars):

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
<b>Assets</b>						
Current assets	\$ 41,094	\$ 47,850	\$ 22,913	\$ 16,944	\$ 64,007	\$ 64,794
Noncurrent assets	83,285	84,371	101,249	97,046	184,534	181,417
Total assets	124,379	132,221	124,162	113,990	248,541	246,211
<b>Liabilities</b>						
Current liabilities	22,625	30,345	20,464	15,074	43,089	45,419
Long-term liabilities	12,274	13,174	52,252	50,893	64,526	64,067
Total liabilities	34,899	43,519	72,716	65,967	107,615	109,486
<b>Net Assets</b>						
Invested in capital assets -						
Net of related debt	60,533	59,845	26,496	24,396	87,029	84,241
Restricted	7,375	7,754	11,695	11,457	19,070	19,211
Unrestricted	21,572	21,103	13,255	12,170	34,827	33,273
Total net assets	<u>\$ 89,480</u>	<u>\$ 88,702</u>	<u>\$ 51,446</u>	<u>\$ 48,023</u>	<u>\$ 140,926</u>	<u>\$ 136,725</u>

The City of Wyandotte, Michigan has combined net assets of \$141 million in the current year compared to \$137 million in the prior year. Business-type activities comprise \$51 million and \$48 million of the total net assets in the respective years.

# City of Wyandotte, Michigan

## Management's Discussion and Analysis (Continued)

The following table shows the changes in the net assets during the fiscal years ended September 30, 2008 and 2007 (in thousands of dollars):

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
<b>Revenue</b>						
Program revenue:						
Charges for services	\$ 7,279	\$ 7,045	\$ 49,863	\$ 49,306	\$ 57,142	\$ 56,351
Operating grants and contributions	1,986	2,144	95	142	2,081	2,286
Capital grants and contributions	3,414	2,673	261	169	3,675	2,842
General revenue:						
Property taxes	12,732	12,467	-	-	12,732	12,467
State-shared revenue	3,291	3,309	-	-	3,291	3,309
Unrestricted investment earnings	(7)	1,568	1,421	1,625	1,414	3,193
(Loss) gain on sale of assets	(8)	(18)	122	29	114	11
Transfers and other revenue	(284)	(158)	456	612	172	454
Total revenue	28,403	29,030	52,218	51,883	80,621	80,913
<b>Program Expenses</b>						
General government	8,396	8,298	-	-	8,396	8,298
Public safety	9,934	9,160	-	-	9,934	9,160
Public works	7,153	6,435	-	-	7,153	6,435
Community and economic development	113	220	-	-	113	220
Recreation and culture	1,520	1,418	-	-	1,520	1,418
Interest on long-term debt	509	422	-	-	509	422
Business-type	-	-	48,795	48,705	48,795	48,705
Total program expenses	27,625	25,953	48,795	48,705	76,420	74,658
<b>Change in Net Assets</b>	<b>\$ 778</b>	<b>\$ 3,077</b>	<b>\$ 3,423</b>	<b>\$ 3,178</b>	<b>\$ 4,201</b>	<b>\$ 6,255</b>

### Governmental Activities

The City's total governmental revenues decreased by approximately \$627,000, or 2.2 percent, in the current year compared to an increase of \$2,040,000, or 7.5 percent, in the prior year. This decrease was a result of lower unrestricted investment earnings (\$443,000), primarily caused by a decrease in interest rates, and the investment loss (\$1,131,000) that occurred in the endowment reserve of the retirement system. The negative trend in performance of the investments was offset by increases in capital grants and contributions (\$741,000) which were comprised of contributions from the Tax Increment Finance Authority for the construction of the police and court facility (\$2,400,000) and road resurfacing projects (\$736,000). The City also received a grant related to the resurfacing of Ford Avenue (\$181,000). Finally, tax revenue increased by \$265,000 and charges for service increased \$234,000.

# City of Wyandotte, Michigan

## Management's Discussion and Analysis (Continued)

Expenses increased by approximately \$1,673,000, or 6.4 percent, in the current year compared to an increase of \$132,000, or less than 1 percent, in the prior year. Public work expenses increased (\$718,000) from the prior year primarily as a result of increased activity in the sidewalk replacement program, higher costs associated with solid waste programs, and increased cost for the price of gasoline and other petroleum products. Public safety expenditures increased (\$774,000) as result of the construction of the new police and court facility.

### Business-type Activities

The City's business-type activities consist of the Electric Fund, Water Fund, Cable Television Fund, Sewage Disposal Fund, Municipal Golf Course Fund, and Commercial Building Rental Fund. We provide electric, water, and cable television service to residents from city-owned facilities. We provide sewage treatment via the downriver sewage disposal system, which is co-owned with 13 communities and operated by the County of Wayne. Wyandotte Shores golf course is owned and operated by the City and offers golfers a nine-hole links-style course on the shores of the Detroit River. The Commercial Building Rental Fund accounts for the activity of the city-owned commercial building at 3200 Biddle Avenue.

The Electric Fund's operating revenue remained consistent with prior year, but expenses decreased by approximately 2 percent, primarily due to decreases in power production and fuel costs. Accordingly, the Electric Fund's operating income increased by \$645,000 to \$2,888,000, compared to \$2,243,000 in the previous year.

The Water Fund's financial performance remained relatively stable in the current year. Operating revenue increased by 5 percent and operating expenses increased by 10 percent, primarily due to a new \$200,000 franchise fee paid to the City. Operating income in the current year decreased by \$122,000 and was \$147,000 at year end. Through a series of water rate increases over the past several years, the Water Fund has been restoring its working capital position. The Water Fund has been assisted by annual contributions from the City's Tax Increment Financing Authority for water main construction. The current year contribution was \$262,000.

The Cable Television Fund's operating revenue increased by 10 percent, mainly due to increases in basic cable and cable internet revenues of \$279,000 and \$187,000, respectively. In addition, the fund began offering voice over internet protocol (VOIP) telephone services in the current year. VOIP revenue in the current year was \$163,000. Unfortunately, the Cable Television Fund realized a net operating loss of \$47,000 in the current year which was \$132,000 less than the net operating loss of \$179,000 in the prior year. This was primarily due to the reduction in franchise fees (\$200,000) paid to the City. The Cable Fund continues to maintain excess operating cash to retire the debt outstanding on the rebuild of its fiber optic cable network completed in 1999. The restriction of that cash (approximately \$1.14 million) has resulted in a deficit in unrestricted net assets of approximately \$1,417,000.

# City of Wyandotte, Michigan

## Management's Discussion and Analysis (Continued)

The operating results of the Sewage Disposal Fund indicate operating income of \$466,000 in the current year compared to operating income of \$837,000 in the prior year. These results are in line with expectations as the rate has been set to absorb anticipated costs associated with significant capital improvement projects being scheduled at the sewage treatment facility.

The municipal golf course showed an operating loss of \$132,000 in the current year as compared to \$99,000 in the prior year. The increased loss was primarily the result of higher maintenance and operating costs this year as compared to the prior year. This negative financial performance can be attributed to macro-economic conditions, the proliferation of golf courses in the area, and inherent limitations surrounding the operation of a nine-hole facility. In spite of the continued operating loss, cash flow was positive for the current year.

The city-owned commercial building realized net income of \$226,000, which is an increase of 29 percent from the previous year. This increase can be entirely attributed to the increased rental rates from existing tenants and lower interest costs on outstanding debt. These results are positive in light of the City's desire to acquire the building at no cost to the taxpayers.

### The City's Funds

Our analysis of the City's major funds begins on page 14, 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 Council creates funds to help manage money for specific purposes as well as to show accountability for certain activities. The City's major funds for 2008 include the General Fund, the Major Streets Fund, the Local Streets Fund, and the Solid Waste Disposal Fund.

The General Fund pays for most of the City's governmental services. The most significant is public safety, which incurred expenses of approximately \$9.1 million, or 51.7 percent, of the total General Fund expenditures in the current year as compared to \$8.9 million, or 51.4 percent, of the total General Fund expenditures in the prior fiscal year. Additional noteworthy expenditures include public works (\$3.6 million, or 20.49 percent, in the current fiscal year as compared to \$3.25 million, or 18.75 percent, of total expenditures in the prior fiscal year) and recreation and culture (\$1,208,000, or 6.9 percent, of total expenditures in the current fiscal year compared to \$1,471,000, or 8.5 percent, of total expenditures in the prior fiscal year). The decrease in the recreation and culture expenditures in the current year was due to the purchase of the former Masonic Temple building in the prior year. The City intends to convert this building to an art and cultural facility.

# City of Wyandotte, Michigan

## Management's Discussion and Analysis (Continued)

The Major and Local Streets Funds are responsible for the construction and maintenance of the road system within the City. Funding for these activities is primarily derived from taxes on motor vehicles and motor vehicle fuels. Expenditures in these funds were used for road construction, resurfacing, maintenance, plowing, salting, cleaning, and traffic services. Expenditures totaled approximately \$1.34 million in the current fiscal year compared to \$1.57 million in the prior fiscal year for the Major Streets Fund and \$1.34 million in the current fiscal year and \$1.79 million in the prior fiscal year for the Local Streets Fund. Although the Local Streets Fund ended the prior fiscal year with a deficit of \$68,000, this deficit was eliminated in the current year. The expenditures for the Major and Local Streets Funds continue to reflect the investment in ensuring the road system within the City is adequately maintained and improved.

The Solid Waste Disposal Fund provides for solid waste rubbish collection and disposal for city residents and businesses. Funding is primarily derived from a tax levy dedicated for solid waste disposal purposes. This tax levy totaled \$1.625 million in the current fiscal year and \$1.575 million in the prior fiscal year. User fees, totaling \$391,000 in the current year and \$238,000 in the prior year, also support certain elements of the disposal programs. Expenditures for rubbish collection and disposal totaled \$1.84 million in the current year and \$1.66 million in the prior fiscal year.

### **General Fund Budgetary Highlights**

Over the course of the year, the City Council revised the City budget several times. These budget amendments fall into three categories:

- Amendments and supplemental appropriations approved shortly after the beginning of the year to include projected expenditures that were not completed at the end of the prior fiscal year
- Changes made throughout the year to account for revised estimates based on new or better knowledge and new projects that the Council desired to pursue
- Increases in appropriations to prevent budget overruns

Even with these adjustments, actual expenditures were less than anticipated. This is primarily attributable to the management of personnel costs when vacancies arose, which effectively served as a hiring freeze. Also, the growth in property tax revenue, specifically penalties and interest on delinquent payments, and state-shared revenue exceeded the City's expectations. Additionally, the amount of user fees paid for the use of our ambulance service was higher than anticipated. Unfortunately, the City also realized less than expected revenue from building permits and court fines and fees originating from activity in the City of Riverview, Michigan.

In addition, savings were also derived from the City's continued decision to self-insure prescription drug coverage for active employees, the utilization of programs by the courts to alleviate prisoner holding and transportation costs, and lower costs for liability and property insurance.

# **City of Wyandotte, Michigan**

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## **Management's Discussion and Analysis (Continued)**

The most significant changes were increased appropriations for overtime for the police department (\$140,000), additional amounts due for the annual pension contribution (\$236,000), and additional amounts for gasoline and fuel costs due to the severe spike in oil prices that occurred during the fiscal year (\$200,000). Revenue adjustments included an increase in net revenue from fines and fees received from the district court (\$140,000) to reflect increased citations written by the Wyandotte police department.

### **Capital Asset and Debt Administration**

The City sold \$9.495 million in bonds during 2006 to renovate the Yack Arena and construct a new district court and police facility. The renovation of the Yack Arena was completed in 2007 and the district court and police facility was completed this year.

### **Economic Factors and Next Year's Budgets and Rates**

The City's budget for next year will continue to face a number of negative factors including reductions or lack of growth in state-shared revenue, escalating healthcare costs, depletion of reserve funds previously relied upon by the City, and reductions in property tax revenue due to the declining property values. Thus, the City needs to continue to monitor the budget very closely. No local tax increase is expected in the future but the delivery of services may be curtailed if the financial pressures continue.

### **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 clerk's office.

# City of Wyandotte, Michigan

## Statement of Net Assets (Deficit) September 30, 2008

	Primary Government			
	Governmental	Business-type	Total	Component Units
	Activities	Activities		
<b>Assets</b>				
Cash and investments (Note 3)	\$ 34,577,776	\$ 10,706,652	\$ 45,284,428	\$ 5,854,660
Receivables - Net:				
Taxes	2,157,597	-	2,157,597	1,854
Special assessments	587,780	-	587,780	-
Customer	-	7,271,536	7,271,536	-
Accrued interest	40,332	-	40,332	-
Other	955,255	-	955,255	75,713
Due from other governmental units	1,422,070	-	1,422,070	-
Note receivable	111,670	-	511,670	400,000
Due from component units (Note 9)	71,623	556	72,179	-
Due from primary government (Note 9)	-	-	-	3,515
Internal balances (Note 9)	1,035,283	(1,035,283)	-	-
Inventory	-	4,462,018	4,462,018	-
Prepaid expenses and other assets	134,342	1,506,865	1,641,207	-
Restricted assets (Note 12)	-	13,924,706	13,924,706	-
Investment in joint ventures (Note 7)	2,850,000	931,021	3,781,021	-
Land held for resale (Note 6)	134,732	-	134,732	1,253,702
Pension asset (Note 13)	6,556,316	-	6,556,316	-
Capital assets:				
Assets not subject to depreciation (Note 8)	18,135,929	2,090,107	20,226,036	-
Assets subject to depreciation - Net (Note 8)	54,417,226	82,581,673	136,998,899	-
Bond issuance costs (Note 5)	-	947,825	947,825	-
Long-term receivable (Note 18)	-	774,000	774,000	-
Advance to component unit (Note 9)	1,191,322	-	1,191,322	-
<b>Total assets</b>	<b>124,379,253</b>	<b>124,161,676</b>	<b>248,540,929</b>	<b>7,589,444</b>
<b>Liabilities</b>				
Accounts payable	2,744,132	7,298,546	10,042,678	350,930
Due to other governmental units	2,223,438	-	2,223,438	198,581
Due to component units (Note 9)	3,515	-	3,515	-
Due to primary government (Note 9)	-	-	-	72,179
Refundable deposits, bonds, etc.	1,221,837	690,728	1,912,565	-
Accrued liabilities and other	1,472,729	2,340,844	3,813,573	65,800
Deferred revenue (Note 4)	13,345,362	148,782	13,494,144	4,106,848
Noncurrent liabilities:				
Due within one year:				
Compensated absences	763,686	-	763,686	-
Current portion of long-term debt (Note 10)	850,000	4,983,809	5,833,809	908,752
Due in more than one year:				
Compensated absences	646,524	-	646,524	-
Long-term general liability and workers' compensation claims (Note 11)	457,562	421,655	879,217	-
Debt service payable from restricted assets	-	5,000,885	5,000,885	-
Advance from primary government (Note 9)	-	-	-	1,191,322
Long-term debt - Net of current portion and amount payable from restricted assets (Note 10)	11,170,000	51,830,522	63,000,522	1,370,721
<b>Total liabilities</b>	<b>34,898,785</b>	<b>72,715,771</b>	<b>107,614,556</b>	<b>8,265,133</b>
<b>Net Assets (Deficit)</b>				
Invested in capital assets - Net of related debt	60,533,155	26,496,376	87,029,531	-
Restricted for:				
Major and local streets projects	387,346	-	387,346	-
Construction and other	4,440,593	1,257,512	5,698,105	-
Debt service	1,349,303	9,253,570	10,602,873	-
Rubbish	1,198,262	-	1,198,262	-
Retiree health care	-	1,183,812	1,183,812	-
Unrestricted	21,571,809	13,254,635	34,826,444	(675,689)
<b>Total net assets (deficit)</b>	<b>\$ 89,480,468</b>	<b>\$ 51,445,905</b>	<b>\$ 140,926,373</b>	<b>\$ (675,689)</b>

The Notes to Financial Statements are an  
Integral Part of this Statement.

# City of Wyandotte, Michigan

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 8,396,193	\$ 2,646,870	\$ 27,497	\$ -
Public safety	9,933,950	2,830,554	63,913	2,401,112
Public works	7,152,938	912,453	1,805,099	953,004
Community and economic development	112,960	78,668	89,750	32,500
Recreation and culture	1,519,580	810,247	-	27,000
Interest on long-term debt	509,463	-	-	-
<b>Total governmental activities</b>	<b>27,625,084</b>	<b>7,278,792</b>	<b>1,986,259</b>	<b>3,413,616</b>
Business-type activities:				
Electric	34,509,410	35,252,651	94,782	-
Water	3,199,860	3,347,260	-	261,547
Cable television	7,120,539	7,005,016	-	-
Sewage disposal	2,894,153	3,094,647	-	-
Golf course	454,737	322,854	-	-
Building rental	616,380	840,731	-	-
<b>Total business-type activities</b>	<b>48,795,079</b>	<b>49,863,159</b>	<b>94,782</b>	<b>261,547</b>
<b>Total primary government</b>	<b>\$ 76,420,163</b>	<b>\$ 57,141,951</b>	<b>\$ 2,081,041</b>	<b>\$ 3,675,163</b>
<b>Component units:</b>				
Tax Increment Finance Authorities - Consolidated Development Area	\$ 7,764,537	\$ -	\$ -	\$ -
Tax Increment Finance Authorities - Downtown Development Area	650,052	15,559	-	-
Downtown Development Authority	-	-	-	-
Brownfield Redevelopment Authority	43,510	-	-	-
<b>Total component units</b>	<b>\$ 8,458,099</b>	<b>\$ 15,559</b>	<b>\$ -</b>	<b>\$ -</b>
<b>General revenues:</b>				
Property taxes				
State-shared revenue				
Unrestricted investment income (loss)				
Miscellaneous				
<b>Total general revenues</b>				
<b>Gain (Loss) on Sale of Fixed Assets</b>				
<b>Transfers</b>				
<b>Change in Net Assets</b>				
<b>Net Assets - Beginning of year - As restated (Note 20)</b>				
<b>Net Assets (Deficit) - End of year</b>				

**Statement of Activities**  
**Year Ended September 30, 2008**

Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (5,721,826)	\$ -	\$ (5,721,826)	\$ -
(4,638,371)	-	(4,638,371)	-
(3,482,382)	-	(3,482,382)	-
87,958	-	87,958	-
(682,333)	-	(682,333)	-
(509,463)	-	(509,463)	-
(14,946,417)	-	(14,946,417)	-
-	838,023	838,023	-
-	408,947	408,947	-
-	(115,523)	(115,523)	-
-	200,494	200,494	-
-	(131,883)	(131,883)	-
-	224,351	224,351	-
-	1,424,409	1,424,409	-
(14,946,417)	1,424,409	(13,522,008)	-
-	-	-	(7,764,537)
-	-	-	(634,493)
-	-	-	-
-	-	-	(43,510)
-	-	-	(8,442,540)
12,731,549	-	12,731,549	6,329,609
3,291,049	-	3,291,049	-
(6,522)	1,420,616	1,414,094	193,775
171,882	-	171,882	46,766
16,187,958	1,420,616	17,608,574	6,570,150
(7,799)	122,270	114,471	-
(455,757)	455,757	-	-
777,985	3,423,052	4,201,037	(1,872,390)
88,702,483	48,022,853	136,725,336	1,196,701
<b>\$ 89,480,468</b>	<b>\$ 51,445,905</b>	<b>\$ 140,926,373</b>	<b>\$ (675,689)</b>

# City of Wyandotte, Michigan

## Governmental Funds Balance Sheet September 30, 2008

	General Fund	Major Streets Fund	Local Streets Fund	Solid Waste Disposal	Construction	Nonmajor	Total
<b>Assets</b>							
Cash and investments (Note 3)	\$ 18,961,600	\$ 276,842	\$ 99,435	\$ 2,500,375	\$ 2,122,309	\$ 6,391,062	\$ 30,351,623
Receivables - Net:							
Taxes	1,683,991	-	-	234,461	-	239,145	2,157,597
Special assessments	-	-	-	-	-	587,780	587,780
Accrued interest	39,564	-	-	-	-	768	40,332
Other	863,279	-	-	55,744	-	36,232	955,255
Due from other governmental units	959,527	292,769	70,420	-	-	99,354	1,422,070
Due from component units (Note 9)	61,231	8,000	-	-	-	2,392	71,623
Due from other funds (Note 9)	554,782	9,654	-	262,099	-	818,131	1,644,666
Advances to other funds (Note 9)	-	-	-	-	-	369,692	369,692
Prepaid expenses and other assets	134,342	-	-	-	-	-	134,342
Land held for resale (Note 6)	-	-	-	-	-	134,732	134,732
Note receivable	-	-	-	-	-	111,670	111,670
Advance to component unit (Note 9)	-	-	-	-	-	925,946	925,946
<b>Total assets</b>	<b>\$ 23,258,316</b>	<b>\$ 587,265</b>	<b>\$ 169,855</b>	<b>\$3,052,679</b>	<b>\$ 2,122,309</b>	<b>\$ 9,716,904</b>	<b>\$38,907,328</b>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities</b>							
Accounts payable	\$ 760,615	\$ 96,722	\$ 450	\$ 164,568	\$ 1,433,140	\$ 285,958	\$ 2,741,453
Due to other governmental units	2,223,438	-	-	-	-	-	2,223,438
Due to component units (Note 9)	3,515	-	-	-	-	-	3,515
Due to other funds (Note 9)	3,987,890	60,405	109,654	-	-	86,567	4,244,516
Refundable deposits, bonds, etc.	1,221,827	-	-	-	-	10	1,221,837
Accrued liabilities and other	1,429,479	-	-	-	-	-	1,429,479
Deferred revenue (Note 4)	11,474,821	102,543	-	1,689,849	-	1,916,814	15,184,027
<b>Total liabilities</b>	<b>21,101,585</b>	<b>259,670</b>	<b>110,104</b>	<b>1,854,417</b>	<b>1,433,140</b>	<b>2,289,349</b>	<b>27,048,265</b>
<b>Fund Balances</b>							
Reserved for:							
Prepaid expenses	134,342	-	-	-	-	-	134,342
Noncurrent receivables	-	-	-	-	-	369,692	369,692
Construction code activity (Note 2)	82,714	-	-	-	-	-	82,714
Construction, debt service, and other	-	-	-	-	689,169	3,748,739	4,437,908
Subsequent year's expenditures	-	134,009	-	-	-	182,718	316,727
Unreserved, reported in:							
General Fund	1,939,675	-	-	-	-	-	1,939,675
Special Revenue Funds	-	193,586	59,751	1,198,262	-	3,126,406	4,578,005
<b>Total fund balances</b>	<b>2,156,731</b>	<b>327,595</b>	<b>59,751</b>	<b>1,198,262</b>	<b>689,169</b>	<b>7,427,555</b>	<b>11,859,063</b>
<b>Total liabilities and fund balances</b>	<b>\$ 23,258,316</b>	<b>\$ 587,265</b>	<b>\$ 169,855</b>	<b>\$3,052,679</b>	<b>\$ 2,122,309</b>	<b>\$ 9,716,904</b>	<b>\$38,907,328</b>

# City of Wyandotte, Michigan

## Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Assets September 30, 2008

<b>Fund Balance Reported in Governmental Funds</b>	\$ 11,859,063
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	72,553,155
Net pension assets are not financial resources and are not reported in the funds	6,556,316
Investments in joint ventures are not financial resources and are not reported in the funds	2,850,000
Special assessment receivables are expected to be collected over several years and are not available to pay for current year expenditures	604,757
Property tax receivables are expected to be collected over several years and are not available to pay for current year expenditures	248,038
Grants and other receivables that are collected after year end, such that they are not available to pay bills outstanding as of year end, are not recognized in the funds	985,870
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(12,020,000)
Employee compensated absences are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities	(1,410,210)
Interest payable is not due and payable in the current period and is not reported in the funds	(43,250)
Internal Service Funds are included as part of governmental activities	7,296,729
<b>Net Assets of Governmental Activities</b>	<b>\$ 89,480,468</b>

# City of Wyandotte, Michigan

## Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balance (Deficit) Year Ended September 30, 2008

	General Fund	Major Streets Fund	Local Streets Fund	Solid Waste Disposal	Construction	Nonmajor	Total
<b>Revenue</b>							
Property taxes	\$ 10,188,993	\$ -	\$ -	\$ 1,625,437	\$ -	\$ 894,646	\$ 12,709,076
Licenses and permits	533,012	-	-	-	-	-	533,012
Federal grants	-	181,069	-	-	-	139,830	320,899
State-shared revenue and grants	3,293,217	1,130,534	443,734	-	-	71,165	4,938,650
Contribution from component unit	-	28,439	735,543	-	2,401,112	253,346	3,418,440
Other charges for services	3,368,848	-	-	391,364	-	-	3,760,212
Other fines and forfeitures	1,810,359	-	-	-	-	-	1,810,359
Investment income	684,014	11,264	2,995	60,881	113,332	223,871	1,096,357
Other revenue	141,043	100,974	-	-	-	739,509	981,526
<b>Total revenue</b>	<b>20,019,486</b>	<b>1,452,280</b>	<b>1,182,272</b>	<b>2,077,682</b>	<b>2,514,444</b>	<b>2,322,367</b>	<b>29,568,531</b>
<b>Expenditures</b>							
General government	3,661,272	-	-	-	-	492,371	4,153,643
Public safety	9,124,452	-	-	-	5,827,902	117,052	15,069,406
Public works	3,606,269	1,335,386	1,337,224	1,844,747	-	1,248,311	9,371,937
Community and economic development	-	-	-	-	-	112,960	112,960
Recreation and culture	1,208,483	-	-	-	5,000	247,308	1,460,791
Debt service	-	-	-	-	-	1,116,026	1,116,026
<b>Total expenditures</b>	<b>17,600,476</b>	<b>1,335,386</b>	<b>1,337,224</b>	<b>1,844,747</b>	<b>5,832,902</b>	<b>3,334,028</b>	<b>31,284,763</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>2,419,010</b>	<b>116,894</b>	<b>(154,952)</b>	<b>232,935</b>	<b>(3,318,458)</b>	<b>(1,011,661)</b>	<b>(1,716,232)</b>
<b>Other Financing Sources (Uses)</b>							
Transfers in	-	-	282,633	-	-	903,120	1,185,753
Transfers out	(2,108,877)	(282,633)	-	-	-	-	(2,391,510)
<b>Total other financing sources (uses)</b>	<b>(2,108,877)</b>	<b>(282,633)</b>	<b>282,633</b>	<b>-</b>	<b>-</b>	<b>903,120</b>	<b>(1,205,757)</b>
<b>Net Change in Fund Balance</b>	<b>310,133</b>	<b>(165,739)</b>	<b>127,681</b>	<b>232,935</b>	<b>(3,318,458)</b>	<b>(108,541)</b>	<b>(2,921,989)</b>
<b>Fund Balance (Deficit) - Beginning of year</b>	<b>1,846,598</b>	<b>493,334</b>	<b>(67,930)</b>	<b>965,327</b>	<b>4,007,627</b>	<b>7,536,096</b>	<b>14,781,052</b>
<b>Fund Balance - End of year</b>	<b>\$ 2,156,731</b>	<b>\$ 327,595</b>	<b>\$ 59,751</b>	<b>\$ 1,198,262</b>	<b>\$ 689,169</b>	<b>\$ 7,427,555</b>	<b>\$ 11,859,063</b>

# City of Wyandotte, Michigan

## Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balance (Deficit) of Governmental Funds to the Statement of Activities Year Ended September 30, 2008

<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$ (2,921,989)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capital outlay	8,811,406
Depreciation expense	(5,605,338)
Net book value of assets disposed of	(7,799)
Revenues are recorded in the statement of activities when earned; they are not reported in the funds until collected or collectible within 60 days of year end	328,296
Investment loss on net pension assets reported in the statement of activities does not require the use of current resources and is not reported in the fund statements	(1,131,118)
Repayment of bond principal is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt)	600,000
Increase in accumulated employee sick and vacation pay and other similar expenses reported in the statement of activities do not require the use of current resources and, therefore, are not reported in the fund statements until they come due for payment	(19,366)
Accrued interest	6,563
Internal Service Funds are included as part of governmental activities	717,330
<b>Change in Net Assets of Governmental Activities</b>	<b>\$ 777,985</b>

# City of Wyandotte, Michigan

	Electric	Water	Cable Television	Sewage Disposal
<b>Assets</b>				
Current assets:				
Cash and investments (Note 3)	\$ 4,703,596	\$ 926,016	\$ 85,811	\$ 4,932,788
Receivables - Net - Customer	5,767,819	444,847	605,338	453,532
Due from component units (Note 9)	-	-	-	-
Due from other funds (Note 9)	49,211	1,122,063	9,500	505,032
Inventory	4,187,300	123,900	150,818	-
Prepaid expenses and other assets	109,881	23,265	93,430	1,216,466
<b>Total current assets</b>	<b>14,817,807</b>	<b>2,640,091</b>	<b>944,897</b>	<b>7,107,818</b>
Noncurrent assets:				
Restricted assets (Note 12)	12,446,179	168,678	1,309,849	-
Investment in joint ventures (Note 7)	-	-	-	931,021
Capital assets:				
Assets not subject to depreciation (Note 8)	1,945,107	-	-	-
Assets subject to depreciation - Net (Note 8)	46,286,439	8,842,076	4,007,996	17,846,285
Bond issuance costs (Note 5)	947,825	-	-	-
Long-term receivable (Note 18)	774,000	-	-	-
Advance to component unit (Note 9)	-	-	-	-
<b>Total noncurrent assets</b>	<b>62,399,550</b>	<b>9,010,754</b>	<b>5,317,845</b>	<b>18,777,306</b>
<b>Total assets</b>	<b>77,217,357</b>	<b>11,650,845</b>	<b>6,262,742</b>	<b>25,885,124</b>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	6,398,235	191,061	690,066	8,200
Due to other funds (Note 9)	9,500	897,661	1,122,063	2,173
Refundable deposits, bonds, etc.	548,778	-	141,950	-
Accrued liabilities and other	1,796,199	253,826	284,219	-
Deferred revenue (Note 4)	-	-	123,320	-
Current portion of long-term debt (Note 10)	3,862,727	-	414,932	573,115
<b>Total current liabilities</b>	<b>12,615,439</b>	<b>1,342,548</b>	<b>2,776,550</b>	<b>583,488</b>
Noncurrent liabilities:				
Advances from other funds (Note 9)	-	-	-	-
Long-term general liability and workers' compensation claims (Note 11)	421,655	-	-	-
Debt service payable from restricted assets	5,000,885	-	-	-
Long-term debt - Net of current portion and amount payable from restricted assets (Note 10)	39,500,195	-	909,973	11,340,946
<b>Total noncurrent liabilities</b>	<b>44,922,735</b>	<b>-</b>	<b>909,973</b>	<b>11,340,946</b>
<b>Total liabilities</b>	<b>57,538,174</b>	<b>1,342,548</b>	<b>3,686,523</b>	<b>11,924,434</b>
<b>Net Assets</b>				
Invested in capital assets - Net of related debt	3,507,551	8,842,076	2,683,091	5,932,224
Restricted (Note 12)	10,216,367	168,678	1,309,849	-
Unrestricted (deficit)	5,955,265	1,297,543	(1,416,721)	8,028,466
<b>Total net assets</b>	<b>\$ 19,679,183</b>	<b>\$ 10,308,297</b>	<b>\$ 2,576,219</b>	<b>\$ 13,960,690</b>

**Proprietary Funds  
Statement of Net Assets  
September 30, 2008**

Golf Course	Building Rental	Total Enterprise Funds	Internal Service
\$ 43,625	\$ 14,816	\$ 10,706,652	\$ 4,226,153
-	-	7,271,536	-
556	-	556	-
-	-	1,685,806	3,265,441
-	-	4,462,018	-
-	63,823	1,506,865	-
44,181	78,639	25,633,433	7,491,594
-	-	13,924,706	-
-	-	931,021	-
-	145,000	2,090,107	-
3,169,156	2,429,721	82,581,673	-
-	-	947,825	-
-	-	774,000	-
-	-	-	265,376
3,169,156	2,574,721	101,249,332	265,376
3,213,337	2,653,360	126,882,765	7,756,970
10,984	-	7,298,546	2,679
-	320,000	2,351,397	-
-	-	690,728	-
6,600	-	2,340,844	-
-	25,462	148,782	-
-	133,035	4,983,809	-
17,584	478,497	17,814,106	2,679
-	369,692	369,692	-
-	-	421,655	457,562
-	-	5,000,885	-
-	79,408	51,830,522	-
-	449,100	57,622,754	457,562
17,584	927,597	75,436,860	460,241
3,169,156	2,362,278	26,496,376	-
-	-	11,694,894	-
26,597	(636,515)	13,254,635	7,296,729
<b>\$ 3,195,753</b>	<b>\$ 1,725,763</b>	<b>\$ 51,445,905</b>	<b>\$ 7,296,729</b>

# City of Wyandotte, Michigan

	Electric	Water	Cable Television	Sewage Disposal
<b>Operating Revenue</b>				
Sale of water	\$ -	\$ 3,347,260	\$ -	\$ -
Sewage disposal charges	-	-	-	3,045,725
Sale of electricity	35,252,651	-	-	-
Other sales to customers	-	-	7,005,016	-
Other miscellaneous revenues	-	-	-	48,922
Total operating revenue	35,252,651	3,347,260	7,005,016	3,094,647
<b>Operating Expenses</b>				
Cost of water	-	809,189	-	-
Cost of sewage treatment	-	-	-	1,513,255
Cost of electrical production	21,631,387	-	-	-
Cost of insurance claims	-	-	-	-
Distribution	1,410,817	520,143	966,267	-
Transportation	70,838	33,022	23,325	-
Billing and administrative costs	577,602	282,433	529,166	-
Other operation and maintenance costs	4,099,652	943,537	1,206,408	694,967
Cable television royalties	-	-	3,645,461	-
Depreciation	4,574,186	611,536	681,236	420,192
Total operating expenses	32,364,482	3,199,860	7,051,863	2,628,414
<b>Operating Income (Loss)</b>	2,888,169	147,400	(46,847)	466,233
<b>Nonoperating Revenue (Expenses)</b>				
Investment and other income	860,610	176,297	129,055	252,213
Interest expense	(2,044,980)	-	(68,676)	(265,739)
Amortization of bond issuance costs	(99,948)	-	-	-
Gain on sale of assets	43,860	-	78,410	-
Grant revenue	94,782	-	-	-
<b>Income (Loss) - Before contributions</b>	1,742,493	323,697	91,942	452,707
<b>Capital Contributions</b>	-	261,547	-	-
<b>Transfers In</b>	-	-	-	455,757
<b>Change in Net Assets</b>	1,742,493	585,244	91,942	908,464
<b>Net Assets - Beginning of year</b>	17,936,690	9,723,053	2,484,277	13,052,226
<b>Net Assets - End of year</b>	<u>\$ 19,679,183</u>	<u>\$ 10,308,297</u>	<u>\$ 2,576,219</u>	<u>\$ 13,960,690</u>

**Proprietary Funds**

**Statement of Revenue, Expenses, and Changes in Net Assets**  
**Year Ended September 30, 2008**

Golf Course	Building Rental	Total Enterprise Funds	Internal Service
\$ -	\$ -	\$ 3,347,260	\$ -
-	-	3,045,725	-
-	-	35,252,651	-
322,854	705,115	8,032,985	-
-	135,616	184,538	69,800
322,854	840,731	49,863,159	69,800
-	-	809,189	-
-	-	1,513,255	-
-	-	21,631,387	-
-	-	-	133,587
-	-	2,897,227	-
-	-	127,185	-
-	-	1,389,201	-
319,708	446,848	7,711,120	-
-	-	3,645,461	-
135,029	117,363	6,539,542	-
454,737	564,211	46,263,567	133,587
(131,883)	276,520	3,599,592	(63,787)
1,113	1,328	1,420,616	31,117
-	(52,169)	(2,431,564)	-
-	-	(99,948)	-
-	-	122,270	-
-	-	94,782	-
(130,770)	225,679	2,705,748	(32,670)
-	-	261,547	-
-	-	455,757	750,000
(130,770)	225,679	3,423,052	717,330
3,326,523	1,500,084	48,022,853	6,579,399
<b>\$ 3,195,753</b>	<b>\$ 1,725,763</b>	<b>\$ 51,445,905</b>	<b>\$ 7,296,729</b>

# City of Wyandotte, Michigan

	Electric	Water	Cable Television
<b>Cash Flows from Operating Activities</b>			
Receipts from customers	\$ 34,681,149	\$ 3,419,710	\$ 6,885,470
Receipts from interfund services and reimbursements	-	-	-
Payments to suppliers	(21,328,250)	(2,431,775)	(5,332,510)
Payments to employees	(4,345,373)	(981,000)	(1,030,645)
Internal activity - Receipts from other funds	-	-	-
Claims paid	-	-	-
Net cash provided by (used in) operating activities	<u>9,007,526</u>	<u>6,935</u>	<u>522,315</u>
<b>Cash Flows from Noncapital Financing Activities</b> - Transfers (to) from other funds	(1,092,208)	256,763	835,445
<b>Cash Flows from Capital and Related Financing Activities</b>			
Receipt of capital grants	94,782	-	-
Proceeds from installment purchase agreement	2,385,761	-	33,453
Proceeds from sales of capital assets	43,860	-	78,410
Purchase of capital assets - Net of reimbursements	(4,595,007)	(558,481)	(1,081,694)
Principal and interest paid on capital debt	(5,517,595)	-	(481,991)
Asset constructed for customer - Net of repayment	636,000	-	-
Repayment on advances from other funds	-	-	-
Net cash used in capital and related financing activities	<u>(6,952,199)</u>	<u>(558,481)</u>	<u>(1,451,822)</u>
<b>Cash Flows from Investing Activities</b> - Interest received on investments	<u>860,610</u>	<u>176,297</u>	<u>129,055</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	1,823,729	(118,486)	34,993
<b>Cash and Cash Equivalents</b> - Beginning of year	<u>15,326,046</u>	<u>1,213,180</u>	<u>1,360,667</u>
<b>Cash and Cash Equivalents</b> - End of year	<u><b>\$ 17,149,775</b></u>	<u><b>\$ 1,094,694</b></u>	<u><b>\$ 1,395,660</b></u>
<b>Balance Sheet Classification of Cash and Cash Equivalents</b>			
Cash and investments	\$ 4,703,596	\$ 926,016	\$ 85,811
Restricted investments	<u>12,446,179</u>	<u>168,678</u>	<u>1,309,849</u>
Total cash and cash equivalents	<u><b>\$ 17,149,775</b></u>	<u><b>\$ 1,094,694</b></u>	<u><b>\$ 1,395,660</b></u>
<b>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities</b>			
Operating income (loss)	\$ 2,888,169	\$ 147,400	\$ (46,847)
Adjustments to reconcile operating income (loss) to net cash from operating activities:			
Depreciation and amortization	4,574,186	611,536	681,236
Changes in assets and liabilities:			
Receivables	(571,502)	72,450	(119,546)
Due from others	-	-	-
Inventories	(1,917,860)	(8,007)	(50,518)
Prepaid and other assets	(60,763)	(12,997)	(4,149)
Accounts payable	3,319,858	114,043	196,579
Due to others	-	(644,766)	-
Estimated claims liability	-	-	-
Accrued and other liabilities	783,253	(272,724)	(103,254)
Equity in joint venture	-	-	-
Deferred revenue	-	-	(12,336)
Customer deposits and other current liabilities	(7,815)	-	(18,850)
Net cash provided by (used in) operating activities	<u><b>\$ 9,007,526</b></u>	<u><b>\$ 6,935</b></u>	<u><b>\$ 522,315</b></u>

**Noncash Capital and Related Financing Activities** - During the year ended September 30, 2008, \$261,547 of asset additions were contributed to the Water Fund. In addition, the County issued capital improvement bonds for the Downriver Sewage Treatment System. The City has recorded its share of the debt and related utility improvements in the Sewage Disposal Fund in the amount of \$3,865,641 at September 30, 2008.

**Proprietary Funds  
Statement of Cash Flows  
Year Ended September 30, 2008**

Sewage Disposal	Golf Course	Building Rental	Total	Internal Service
\$ 3,083,017	\$ 322,298	\$ 800,105	\$ 49,191,749	\$ 78,980
610,854	-	-	610,854	-
(2,663,828)	(184,734)	(400,104)	(32,341,201)	(17,960)
-	(129,511)	-	(6,486,529)	-
613,818	-	-	613,818	-
-	-	-	-	(203,387)
<u>1,643,861</u>	<u>8,053</u>	<u>400,001</u>	<u>11,588,691</u>	<u>(142,367)</u>
455,757	-	-	455,757	4,000,000
-	-	-	94,782	-
-	-	-	2,419,214	-
-	-	-	122,270	-
(233,839)	(56,163)	-	(6,525,184)	-
(742,582)	-	(174,026)	(6,916,194)	-
-	-	-	636,000	-
-	-	(231,678)	(231,678)	-
<u>(976,421)</u>	<u>(56,163)</u>	<u>(405,704)</u>	<u>(10,400,790)</u>	<u>-</u>
<u>252,213</u>	<u>1,113</u>	<u>1,328</u>	<u>1,420,616</u>	<u>31,117</u>
1,375,410	(46,997)	(4,375)	3,064,274	3,888,750
<u>3,557,378</u>	<u>90,622</u>	<u>19,191</u>	<u>21,567,084</u>	<u>337,403</u>
<b><u>\$ 4,932,788</u></b>	<b><u>\$ 43,625</u></b>	<b><u>\$ 14,816</u></b>	<b><u>\$ 24,631,358</u></b>	<b><u>\$ 4,226,153</u></b>
\$ 4,932,788	\$ 43,625	\$ 14,816	\$ 10,706,652	\$ 4,226,153
-	-	-	13,924,706	-
<b><u>\$ 4,932,788</u></b>	<b><u>\$ 43,625</u></b>	<b><u>\$ 14,816</u></b>	<b><u>\$ 24,631,358</u></b>	<b><u>\$ 4,226,153</u></b>
\$ 466,233	\$ (131,883)	\$ 276,520	\$ 3,599,592	\$ (63,787)
420,192	135,029	117,363	6,539,542	-
(11,630)	(556)	-	(630,784)	9,180
610,854	-	-	610,854	-
-	-	-	(1,976,385)	-
(175,505)	-	46,744	(206,670)	-
(115,344)	4,061	-	3,519,197	(17,960)
613,818	-	-	(30,948)	-
-	-	-	-	(69,800)
-	1,402	-	408,677	-
(164,757)	-	-	(164,757)	-
-	-	(40,626)	(52,962)	-
-	-	-	(26,665)	-
<u>\$ 1,643,861</u>	<u>\$ 8,053</u>	<u>\$ 400,001</u>	<u>\$ 11,588,691</u>	<u>\$ (142,367)</u>

# City of Wyandotte, Michigan

## Fiduciary Funds Statement of Net Assets September 30, 2008

	Pension and Other Employee Benefits Trust	Agency
<b>Assets</b>		
Cash and cash equivalents (Note 3)	\$ 1,975,216	\$ 252,205
Investments (Note 3):		
Collateralized mortgage obligations	1,669,011	-
U.S. government securities	6,168,239	-
U.S. government agency obligations	8,452,146	-
Common trust funds/mutual funds	148,022	-
Stocks	11,584,022	-
Bonds	11,588,474	-
Foreign stock ADR	15,377,848	-
Foreign government obligations	5,936,521	-
Foreign corporate bonds	165,674	-
Receivables - Net - Accrued interest	319,759	1,435
Total assets	63,384,932	\$ 253,640
<b>Liabilities</b>		
Accounts payable	25,523	\$ -
Due to other governmental units	-	3,311
Refundable deposits, bonds, etc.	-	250,329
Total liabilities	25,523	\$ 253,640
<b>Net Assets Held in Trust for Pension and Other Employee Benefits</b>	<b>\$ 63,359,409</b>	

# City of Wyandotte, Michigan

## Fiduciary Funds Statement of Changes in Fiduciary Net Assets Year Ended September 30, 2008

### Additions (Reductions)

Investment income (loss):	
Interest and dividends	\$ 2,603,872
Net decrease in fair value of investments	(11,424,243)
Investment related expenses	<u>(598,013)</u>
Net investment loss	(9,418,384)
Contributions:	
Employer contributions from WDMS	756,613
Employee contributions	74,565
Employer contributions from all other funds	<u>4,442,659</u>
Net contributions	<u>5,273,837</u>
Total reductions	(4,144,547)

### Deductions

Benefits:	
Benefit payments	5,354,904
Health benefits	<u>1,834,546</u>
Total benefits	7,189,450
Other deductions - Employee transfers to alternate plan	<u>2,793,288</u>
Total deductions	<u>9,982,738</u>

**Net Decrease in Net Assets Held in Trust** (14,127,285)

**Net Assets Held in Trust for Pension and Other Employee Benefits - Beginning of year** 77,486,694

**Net Assets Held in Trust for Pension and Other Employee Benefits - End of year** \$ 63,359,409

# City of Wyandotte, Michigan

## Component Units Statement of Net Assets (Deficit) September 30, 2008

	Tax Increment Finance Authorities - Consolidated	Tax Increment Finance Authorities - Downtown	Downtown Development Authority	Brownfield Redevelopment Authority	Total
<b>Assets</b>					
Cash and investments (Note 3)	\$ 4,127,658	\$ 1,706,268	\$ 1,073	\$ 19,661	\$ 5,854,660
Receivables - Net:					
Taxes	-	-	1,854	-	1,854
Other	64,471	348	-	10,894	75,713
Due from primary government (Note 9)	3,515	-	-	-	3,515
Internal balances (Note 9)	912	(912)	-	-	-
Land held for resale (Note 6)	1,208,902	44,800	-	-	1,253,702
Note receivable	-	400,000	-	-	400,000
<b>Total assets</b>	<b>5,405,458</b>	<b>2,150,504</b>	<b>2,927</b>	<b>30,555</b>	<b>7,589,444</b>
<b>Liabilities</b>					
Accounts payable	294,257	40,039	-	16,634	350,930
Due to other governmental units	-	-	-	198,581	198,581
Due to primary government (Note 9)	10,392	61,787	-	-	72,179
Accrued liabilities and other	31,261	34,539	-	-	65,800
Deferred revenue (Note 4)	3,250,832	854,161	1,855	-	4,106,848
Advance from primary government (Note 9)	-	-	-	1,191,322	1,191,322
Long-term debt (Note 10)	1,545,551	680,202	-	53,720	2,279,473
<b>Total liabilities</b>	<b>5,132,293</b>	<b>1,670,728</b>	<b>1,855</b>	<b>1,460,257</b>	<b>8,265,133</b>
<b>Net Assets (Deficit) - Unrestricted</b>	<b>\$ 273,165</b>	<b>\$ 479,776</b>	<b>\$ 1,072</b>	<b>\$ (1,429,702)</b>	<b>\$ (675,689)</b>



**Component Units  
Statement of Activities  
Year Ended September 30, 2008**

Net (Expense) Revenue and Changes in Net Assets				
Tax Increment Finance Authorities - Consolidated	Tax Increment Finance Authorities - Downtown	Downtown Development Authority	Brownfield Redevelopment Authority	Total
\$ (7,668,042)	\$ -	\$ -	\$ -	\$ (7,668,042)
(96,495)	-	-	-	(96,495)
(7,764,537)	-	-	-	(7,764,537)
-	(591,194)	-	-	(591,194)
-	(43,299)	-	-	(43,299)
-	(634,493)	-	-	(634,493)
-	-	-	-	-
-	-	-	(26,846)	(26,846)
-	-	-	(16,664)	(16,664)
-	-	-	(43,510)	(43,510)
(7,764,537)	(634,493)	-	(43,510)	(8,442,540)
5,052,566	1,172,847	10	104,186	6,329,609
161,586	31,771	32	386	193,775
34,571	1,300	-	10,895	46,766
5,248,723	1,205,918	42	115,467	6,570,150
(2,515,814)	571,425	42	71,957	(1,872,390)
2,788,979	(91,649)	1,030	(1,501,659)	1,196,701
<b>\$ 273,165</b>	<b>\$ 479,776</b>	<b>\$ 1,072</b>	<b>\$ (1,429,702)</b>	<b>\$ (675,689)</b>

# City of Wyandotte, Michigan

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## Notes to Financial Statements September 30, 2008

### Note I - Nature of Business and Significant Accounting Policies

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

#### **Reporting Entity**

The City of Wyandotte, Michigan is governed by an elected six-member council and the mayor. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the City's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City (see discussion below for description).

**Blended Component Units** - The Wyandotte Building Authority is governed by a three-member board that is appointed by the mayor with City Council approval. Although it is legally separate from the City, it is reported as if it were part of the primary government because its primary purpose is to finance and construct the City's public buildings.

**Discretely Presented Component Units** - The following component units are reported within the component unit column to emphasize that they are legally separate from the City:

The Downtown Development Authority was created to correct and prevent deterioration in the downtown district, encourage historical preservation, and to promote economic growth within the downtown district. The Authority's governing body, which consists of nine individuals, is selected by the mayor with approval by the City Council. In addition, the Authority's budget is subject to approval by the City Council.

The Brownfield Redevelopment Authority was created, pursuant to Public Act 381 of 1996, to promote revitalization of environmentally distressed areas within the six-square mile boundary of the City. The Brownfield Redevelopment Authority is funded primarily by property tax revenue captures. The Brownfield Redevelopment Authority is governed by a nine-member board that is appointed by the mayor and confirmed by the City Council.

The Tax Increment Finance Authorities (TIFAs) were created to preserve and continuously improve the areas within the TIFA districts. The Consolidated Development Area TIFAs governing body and Downtown Development Area TIFAs governing body, which consist of nine individuals each, are selected by the mayor with approval by the City Council.

### **Note I - Nature of Business and Significant Accounting Policies (Continued)**

The Economic Development Corporation (EDC) was created to alleviate and prevent conditions of unemployment and to assist and retain local industries and commercial enterprises in their efforts to operate within the City. The EDC's governing body, which consists of nine individuals, is selected by the mayor with approval by the City Council. There was no financial activity related to the EDC in the current year.

Separate financial statements for the above discretely presented component units are not prepared.

**Jointly Governed Organizations** - Jointly governed organizations are discussed in Note 7.

#### **Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets (deficit) and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally 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 or segment 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 revenue.

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

### **Note I - Nature of Business and Significant Accounting Policies (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, fiduciary fund, and component unit financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The following major revenue sources meet the availability criterion: state-shared revenue, state gas and weight tax revenue, district court fines, and interest associated with the current fiscal period. Conversely, special assessments, delinquent personal property taxes, federal grant reimbursements, and other amounts will be collected after the period of availability; receivables have been recorded for these, along with a "deferred revenue" liability.

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

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the City's policy is to first apply restricted revenues.

The City reports the following major governmental funds:

**General Fund** - The General Fund is the City's primary operating fund and is used to provide for basic services including the following functions: legislative, judicial, elections, tax collection, property assessment, administration, public safety, engineering, public works, recreation, cultural, and planning. This fund accounts for all financial resources of the general government other than those required to be accounted for in another fund.

### **Note I - Nature of Business and Significant Accounting Policies (Continued)**

**Major Streets Fund** - The Major Streets Fund accounts for the construction, maintenance, and operation of the major street system within the city limits. A major street usually exhibits higher traffic volumes than local streets and typically leads to urban collectors (Wayne County or state roads). This fund accounts for the financial resources derived from the state gas and weight tax revenues that are restricted for use on major streets.

**Local Streets Fund** - The Local Streets Fund accounts for the construction and maintenance of the local street system within the city limits. A local street is typically not used for trip destinations but rather to access living dwellings or other local establishments. This fund accounts for the financial resources derived from the state gas and weight tax revenues that are restricted for use on local streets.

**Solid Waste Disposal Fund** - The Solid Waste Disposal Fund accounts for services to provide for solid waste pickup and disposal for city residents and businesses, including recycling efforts. It is funded primarily through the millage rate levied on the tax bills and various user charges.

**Construction Fund** - The Construction Fund accounts for the construction of the Police/Court/Yack facility. It is funded by bond proceeds.

The City reports the following major proprietary funds:

**Electric Fund** - The Electric Fund accounts for the activities of providing electric services to the residents (and businesses) of the City.

**Water Fund** - The Water Fund accounts for the activities of the water distribution system.

**Cable Television Fund** - The Cable Television Fund accounts for the activities of providing cable services (and Internet) to the residents (and businesses) of the City.

**Sewage Disposal Fund** - The Sewage Disposal Fund accounts for the operations, maintenance, and improvements to the sewage disposal system in the city. Operations are primarily funded through user charges.

**Golf Course Fund** - The Golf Course Fund accounts for the operations of Wyandotte Shores Golf Course.

**Building Rental Fund** - The Building Rental Fund accounts for the operations of the commercial building located at 3200 Biddle Avenue.

### **Note I - Nature of Business and Significant Accounting Policies (Continued)**

Additionally, the City reports the following internal service and fiduciary activities:

**Pension and Other Employee Benefit Trust Fund** - The Pension and Other Employee Benefit Trust Fund accounts for the activities of the City's defined benefit pension plan and healthcare trust. The plans accumulate resources for pension and postemployment health benefit payments to qualified employees.

**Agency Fund** - The Agency Fund accounts for assets held by the City in a trustee capacity. Agency Funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

**Internal Service Fund** - The Internal Service Fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governments. The City's Internal Service Fund has been established to account for insurance costs associated with the City's participation in the Michigan Municipal League for costs associated with workers' compensation, general liability, the self-insured portion of active employee health insurance, and retiree health insurance coverage. The Internal Service Fund is used to account for current coverage and to provide reserves for future catastrophic claims.

Private sector standards of accounting issued prior to December 1, 1989 are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The City has elected not to follow private sector standards issued after November 30, 1989 for its business-type activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements, except for such activity between the governmental and business-type funds. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relates to charges to customers for sales, rentals, and services. The Water and Sewer Disposal Funds also recognize the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

### **Note I - Nature of Business and Significant Accounting Policies (Continued)**

#### **Property Tax Revenue**

Properties are assessed as of December 31. The related property taxes are billed on August 1 of the following year, are due on September 30, become a lien on December 1, and have a final collection date of February 28 before they are added to the county tax rolls.

Property taxes billed on August 1 will be used to finance the following year's operations. As such, these taxes are recorded as deferred revenue in each respective fund at September 30.

The 2007 taxable valuation of the City totaled \$739,045,654 (a portion of which has been abated or resides in special tax districts), on which taxes levied consisted of 12.0538 mills for operating purposes, 2.5166 mills for debt service, 2.5166 mills for garbage and rubbish services, and .9865 mills for the sewer judgment levy. In addition, the City levied 1.9265 mills to support drain operation and maintenance. The City has attempted, but has been unable to identify the statutory or constitutional provisions that authorize the levy of this millage. The above levies resulted in approximately \$7,831,000 for operating purposes, \$1,173,000 for debt service, \$1,625,000 for garbage and rubbish services, \$890,000 for drain operation and maintenance, and \$456,000 for the sewer judgment levy. These amounts are recognized in the respective General Fund, Special Revenue Fund, Debt Service Fund, Enterprise Fund, and component unit financial statements as tax revenue.

#### **Assets, Liabilities, and Net Assets or Equity**

**Bank Deposits and Investments** - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

**Receivables and Payables** - In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts.

### Note I - Nature of Business and Significant Accounting Policies (Continued)

**Inventories and Prepaid Items** - Real estate inventories in the Special Revenue Funds and component units are valued at the lower of cost (specific identification, including demolition cost) or market. Inventories of the remaining governmental funds are recorded as expenditures when purchased rather than when consumed. Inventories of the Enterprise Funds are stated at the lower of cost, determined by the average cost method for general inventory and determined by the first-in, first-out method for coal inventory, or market. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

**Restricted Assets** - The revenue bonds of the Enterprise Funds require amounts to be set aside for construction, debt service principal and interest, operations and maintenance, and a bond reserve. These amounts have been classified as restricted assets. Unspent bond proceeds of the Enterprise Funds are required to be set aside for construction. These amounts have also been classified as restricted assets.

**Capital Assets** - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than \$2,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Assets are depreciated using the straight-line method over the following useful lives:

Roads and other infrastructure	20 to 25 years
Sidewalks	10 to 60 years
Distribution systems	8 to 50 years
Utility plant and treatment facilities	17 to 35 years
Buildings and building improvements	40 to 50 years
Land improvements	20 to 50 years
Vehicles	4 to 8 years
Machinery and equipment	3 to 35 years

**Compensated Absences (Vacation and Sick Leave)** - It is the City's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. Employees may receive payment of the accumulated sick leave and vacation balance at the rate determined by union contracts, which vary from unit to unit. A liability is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end.

### Note I - Nature of Business and Significant Accounting Policies (Continued)

**Long-term Obligations** - In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net assets. Bond premiums and discounts, as well as issuance costs, 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. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. 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 are reported as other financing uses. Issuance costs are reported as debt service expenditures.

**Fund Equity** - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

**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.

**Significant Customers** - The City has the following customers that represent significant amounts of operating revenue for the year ended September 30, 2008:

	Electricity Fees	Water Fees	Sewage Fees	Property Taxes
BASF Corporation	13 %	12 %	26 %	9 %
Electric Fund	- %	6 %	- %	- %
Wayne County	5 %	3 %	- %	- %
Wyandotte Hospital	3 %	2 %	- %	- %

# City of Wyandotte, Michigan

## Notes to Financial Statements September 30, 2008

### Note 2 - Stewardship, Compliance, and Accountability

**Construction Code Fees** - The City oversees building construction, in accordance with the State's Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The City charges fees for these services. The law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A summary of the current year activity and the cumulative surplus or shortfall generated since January 1, 2000 is as follows:

Cumulative surplus at October 1, 2007		\$	69,801
Current year permit revenue			615,783
Related expenses:			
Direct costs	\$	97,376	
Estimated indirect costs		505,494	602,870
Current year surplus			<u>12,913</u>
Cumulative surplus at September 30, 2008		\$	<u>82,714</u>

**Accumulated Deficit** - The City has an accumulated deficit in the Brownfield Redevelopment Authority. The deficit will be eliminated through the receipt of future tax captures.

### Note 3 - Deposits and Investments

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

The pension and other postemployment benefit fund is also authorized by Michigan Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles.

### **Note 3 - Deposits and Investments (Continued)**

The City has designated three banks for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States, certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution that has offices in Michigan, and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan, interlocal agreements and investment pools, but not the remainder of State statutory authority as listed above. The City's deposits and investment policies are in accordance with statutory authority.

#### **Declines in Investment Values**

Subsequent to year end, the City's investment portfolio has incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined.

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

#### **Custodial Credit Risk of Bank Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. At year end, the City had \$41,678,045 of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. In addition, the City's component units had \$5,251,391 of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. The City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the City evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

# City of Wyandotte, Michigan

## Notes to Financial Statements September 30, 2008

### Note 3 - Deposits and Investments (Continued)

#### 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. The City's investment policy does not restrict investment maturities, other than commercial paper which can only be purchased with a 270-day maturity. At year end, the average maturities of investments are as follows:

Investment	Fair Value	Weighted Average Maturity
U.S. Treasury bills	\$ 412,223	1.92 years
U.S. Federal Agency	285,447	1.57 years
U.S. Treasury bills (pension)	5,000,741	4.43 years
U.S. Federal Agency (pension)	6,080,976	11.51 years
Corporate bonds and notes (pension)	11,302,460	11.53 years
Collateralized mortgage obligations (pension)	1,669,011	29.50 years
Foreign corporate bonds and notes (pension)	540,209	6.19 years
Foreign government obligations (pension)	5,542,457	7.75 years

#### Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The City has no investment policy that would further limit its investment choices. As of year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Fair Value	Rating	Rating Organization
General government	\$ 8,131,118	AAA	S&P
	977,540	AA	S&P
	1,330,863	AA-	S&P
	2,833,031	A+	S&P
	3,083,809	A	S&P
	586,901	A-	S&P
	1,163,793	BBB+	S&P
	496,107	BBB	S&P
	4,122	BBB-	S&P
	59,503	B	S&P
	190,447	AAA	Moody's
	18,030,472	Aaa	Moody's
	7,112,214	N/A	Unrated
Component units	471,160	Aaa	Moody's

# City of Wyandotte, Michigan

## Notes to Financial Statements September 30, 2008

### Note 3 - Deposits and Investments (Continued)

#### Foreign Currency Risk

Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value as a result of changes in foreign currency exchange rates. The pension system does not restrict the amount of investments in foreign currency. The following deposits and securities are subject to foreign currency risk:

<u>Country</u>	<u>Fair Value of Bonds in U.S. Dollars</u>
Canadian dollar	\$ 451,450
Euro currency	569,959
Australian dollar	1,235,549
Polish zloty	614,034
Singapore dollar	232,461
Swedish krona	359,517
South African rand	419,468
New Zealand dollar	415,612
British pound sterling	726,867
Malaysian ringgit	733,424
Iceland krona	178,181
Various	146,144

### Note 4 - Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental and Enterprise Funds and component units also defer revenue recognition in connection with resources that have been received but not yet earned.

At the end of the current fiscal year, the various components of deferred revenue are as follows:

	<u>Unavailable - Governmental Activities</u>	<u>Unearned - Governmental Activities</u>	<u>Unearned - Business-type</u>	<u>Unearned - Component Units</u>
Delinquent property taxes	\$ 248,038	\$ -	\$ -	\$ -
Special assessments	604,757	-	-	-
ALS revenues	579,709	-	-	-
Property tax receipts for fiscal year 2009	-	13,345,362	-	4,106,848
Grants receivable	146,463	-	-	-
UDAG	113,236	-	-	-
Other	146,462	-	148,782	-
Total	<u>\$ 1,838,665</u>	<u>\$ 13,345,362</u>	<u>\$ 148,782</u>	<u>\$ 4,106,848</u>

### **Note 5 - Bond Issuance Costs**

During the years ended September 30, 2005 and 2002, the Department of Municipal Services incurred bond issuance costs in the amount of \$517,983 and \$931,515, respectively. The 2005 bond issuance costs related to new debt issuances (Series 2005A and 2005B) and the 2002 bond issuance costs related to the 2002 revenue refunding bonds. Amortization expense for the 2002 revenue refunding amounted to \$62,100 for the year ended September 30, 2008. Amortization expense for the 2005 revenue bonds amounted to \$37,848 for the year ended September 30, 2008.

### **Note 6 - Land Held for Resale**

The inventory in the Special Revenue Funds and component units consists of real property purchased for resale. The City purchases the property, demolishes the structure, if any, and resells the property for commercial or residential development. Inventory costs include the costs of land, existing structures, and demolition. Generally, the acquisition cost of inventory is substantially higher than its fair market value after demolition and site clearing. At September 30, 2008, inventory had a cost of \$875,021 and \$15,602,360 and a fair market value of \$134,732 and \$1,253,702 in the Special Revenue Funds and component units, respectively. Included in capital outlay and other expenses of the current year was a provision of \$152,554 and \$3,512,200 to record inventory at the lower of cost or market value in the Special Revenue Funds and component units, respectively. In the current year, sales of select properties within the Special Revenue Funds resulted in a loss on sale of \$7,293 and sales of select properties within the component units resulted in a gain on sale of \$14,943 included in miscellaneous income.

### **Note 7 - Joint Ventures**

#### **Southgate-Wyandotte Drainage District**

The City is a member of the Southgate-Wyandotte Drainage District, a joint venture with the City of Southgate that provides drainage services to the residents of Southgate and Wyandotte. The venture is administered by the Wayne County Drainage Board. The City paid approximately \$841,000 to Wayne County during the year for operation and maintenance.

The City of Wyandotte has approximately a 51 percent interest in the venture. The operations of the fund will be financed through assessments to the participating cities, Wayne County, and the State of Michigan. The City is aware that over the next several years there are preliminary plans for significant system improvements to take place. The City's equity interest in the venture in the amount of \$2,850,000 has been recorded in the government-wide statement of net assets at September 30, 2008.

### Note 7 - Joint Ventures (Continued)

#### Downriver Sewage Disposal System

The City, along with 12 other communities, jointly participates in the Downriver Sewage Disposal System. The City's share of capital assets, restricted assets (for debt service), and related debt is recorded in the Sewage Disposal Fund. During the year, the City paid approximately \$1,513,000 for operations of the system and \$743,000 for debt service. The City is not aware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future, except as discussed in Note 15. The City's equity interest in the venture in the amount of \$931,021 has been recorded in the proprietary and government-wide statements of net assets at September 30, 2008. Financial statements for the joint venture can be obtained from the administrative offices at 415 Clifford, Detroit, MI 48226.

### Note 8 - Capital Assets

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

	Balance October 1, 2007	Reclassifications	Additions	Disposals and Adjustments	Balance September 30, 2008
<b>Governmental Activities</b>					
Capital assets not being depreciated:					
Land	\$ 18,135,929	\$ -	\$ -	\$ -	\$ 18,135,929
Construction in progress	3,057,715	(3,057,715)	-	-	-
Subtotal	21,193,644	(3,057,715)	-	-	18,135,929
Capital assets being depreciated:					
Roads and other infrastructure	70,962,065	-	2,495,065	-	73,457,130
Sidewalks	34,026,363	-	238,736	-	34,265,099
Land improvements	6,043,081	-	-	-	6,043,081
Buildings and improvements	10,620,803	2,880,327	5,562,459	-	19,063,589
Machinery, equipment, and vehicles	10,734,867	177,388	515,146	(261,937)	11,165,464
Subtotal	132,387,179	3,057,715	8,811,406	(261,937)	143,994,363
Accumulated depreciation:					
Roads and other infrastructure	48,824,000	-	3,105,562	-	51,929,562
Sidewalks	22,376,959	-	1,235,260	-	23,612,219
Land improvements	2,510,556	-	277,899	-	2,788,455
Buildings and improvements	2,916,220	-	280,314	-	3,196,534
Machinery, equipment, and vehicles	7,598,202	-	706,303	(254,138)	8,050,367
Subtotal	84,225,937	-	5,605,338	(254,138)	89,577,137
Net capital assets being depreciated	48,161,242	3,057,715	3,206,068	(7,799)	54,417,226
Net capital assets	\$ 69,354,886	\$ -	\$ 3,206,068	\$ (7,799)	\$ 72,553,155

# City of Wyandotte, Michigan

## Notes to Financial Statements September 30, 2008

### Note 8 - Capital Assets (Continued)

	Balance October 1, 2007	Reclassifications	Additions	Disposals and Adjustments	Balance September 30, 2008
<b>Business-type Activities</b>					
Capital assets not being depreciated:					
Land	\$ 145,000	\$ -	\$ -	\$ -	\$ 145,000
Construction in progress	841,636	-	1,584,051	(480,580)	1,945,107
Subtotal	986,636	-	1,584,051	(480,580)	2,090,107
Capital assets being depreciated:					
Utility plant	101,207,623	-	2,519,703	-	103,727,326
Transmission	5,912,572	-	-	-	5,912,572
Pumping	3,364,543	-	116,043	-	3,480,586
Purification	5,501,283	-	-	-	5,501,283
Distribution	45,168,541	-	3,644,231	(25,307)	48,787,465
Transportation	1,580,909	-	90,011	(24,567)	1,646,353
Stores	785,345	-	123,175	(34,302)	874,218
Cable equipment	1,318,509	-	413,476	-	1,731,985
Studio	502,442	-	8,281	-	510,723
General	3,982,189	-	255,036	(53,851)	4,183,374
Buildings	4,154,718	-	-	-	4,154,718
Land improvements	2,937,427	-	-	-	2,937,427
Equipment and fixtures	1,366,777	-	56,163	-	1,422,940
Sewer lines	13,409,883	-	3,865,640	-	17,275,523
Subtotal	191,192,761	-	11,091,759	(138,027)	202,146,493
Accumulated depreciation:					
Utility plant	62,048,195	-	3,526,157	-	65,574,352
Transmission	4,627,559	-	161,627	-	4,789,186
Pumping	2,223,027	-	151,140	-	2,374,167
Purification	3,189,313	-	96,938	-	3,286,251
Distribution	31,093,813	-	1,642,247	(25,308)	32,710,752
Transportation	1,250,678	-	101,653	(24,567)	1,327,764
Stores	659,776	-	38,292	-	698,068
Cable equipment	981,609	-	161,573	-	1,143,182
Studio	450,700	-	10,856	-	461,556
General	2,601,831	-	104,229	-	2,706,060
Buildings	916,219	-	105,142	-	1,021,361
Land improvements	703,997	-	58,749	-	762,746
Equipment and fixtures	942,024	-	100,884	-	1,042,908
Sewer lines	1,386,412	-	280,055	-	1,666,467
Subtotal	113,075,153	-	6,539,542	(49,875)	119,564,820
Net capital assets being depreciated	78,117,608	-	4,552,217	(88,152)	82,581,673
Net capital assets	\$ 79,104,244	\$ -	\$ 6,136,268	\$ (568,732)	\$ 84,671,780

# City of Wyandotte, Michigan

## Notes to Financial Statements September 30, 2008

### Note 8 - Capital Assets (Continued)

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

Governmental activities:

General government	\$ 4,626,073
Public safety	468,791
Public works	215,431
Recreation and culture	295,043
	<u>295,043</u>
Total governmental activities	<u>\$ 5,605,338</u>

Business-type activities:

Electric	\$ 4,574,186
Water	611,536
Cable television	681,236
Sewage disposal	420,192
Golf course	135,029
Building rental	117,363
	<u>117,363</u>
Total business-type activities	<u>\$ 6,539,542</u>

**Construction Commitments** - The City has active construction projects at year end. Commitments with contractors, in which the City expects to utilize bond proceeds, grants, contributions from component units, and other sources, are as follows:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Automated meter reading system	\$ 890,938	\$ 1,941,238
Wind turbine	281,348	18,652
Substation nine	1,458,830	2,856,170
Police and court facility	8,125,325	1,074,892
Yack Arena improvements	3,745,782	-
	<u>3,745,782</u>	<u>-</u>
Total	<u>\$ 14,502,223</u>	<u>\$ 5,890,952</u>

# City of Wyandotte, Michigan

## Notes to Financial Statements September 30, 2008

### Note 9 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

#### Due to/from Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Major Streets Fund	\$ 60,405
	Local Streets Fund	100,000
	Other governmental funds	40,701
	Water Fund	351,503
	Sewage Disposal Fund	2,173
	Total General Fund	554,782
Major Streets Fund	Local Streets Fund	9,654
Solid Waste Disposal Fund	General Fund	262,099
Other governmental funds	General Fund	460,350
	Other governmental funds	37,781
	Building Rental Fund	320,000
	Total other governmental funds	818,131
Electric Fund	Water Fund	49,211
Water Fund	Cable Television Fund	1,122,063
Cable Television Fund	Electric Fund	9,500
Sewage Disposal	Other governmental funds	8,085
	Water Fund	496,947
	Total Sewage Disposal Fund	505,032
Internal Service Fund	General Fund	3,265,441
Tax Increment Finance Authorities - Consolidated	Tax Increment Finance Authorities - Downtown	912

#### Advances from/to Other Funds

Receivable Fund	Payable Fund	Amount
Other governmental funds	Building Rental Fund	\$ 369,692

# City of Wyandotte, Michigan

## Notes to Financial Statements September 30, 2008

### Note 9 - Interfund Receivables, Payables, and Transfers (Continued)

#### Due to/from Primary Government and Component Units

Receivable Fund	Payable Fund	Amount
General Fund	Tax Increment Finance Authorities - Downtown	\$ 61,231
Major Streets Fund	Tax Increment Finance Authorities - Consolidated	8,000
Other governmental funds	Tax Increment Finance Authorities - Consolidated	2,392
Golf Course Fund	Tax Increment Finance Authorities - Downtown	556
Tax Increment Finance Authorities - Consolidated	General Fund	3,515

#### Advances from/to Primary Government and Component Units

Receivable Fund	Payable Fund	Amount
Other governmental funds	Brownfield Redevelopment Authority	\$ 925,946
Internal Service Fund	Brownfield Redevelopment Authority	265,376

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

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

Fund Receiving Resources	Fund Providing Resources	Amount
Local Streets Fund	Major Streets Fund	\$ 282,633
Other governmental funds	General Fund	903,120
Sewage Disposal Fund	General Fund	455,757
Internal Service Fund	General Fund	750,000
	Total	<u>\$ 2,391,510</u>

# City of Wyandotte, Michigan

## Notes to Financial Statements September 30, 2008

### Note 9 - Interfund Receivables, Payables, and Transfers (Continued)

The transfer from the General Fund to the Sewage Fund was to pay the annual debt service for the court-ordered improvements to the Wyandotte wastewater treatment plant. The funds were derived from the judgment levy on the property tax bills. The transfer to other governmental funds was primarily to pay the annual debt service for the Department of Public Services facility bonds, the 27<sup>th</sup> District Court and police department facility construction and Yack Arena renovation bonds, the installment purchase agreement for various technology improvements, the purchase of the Masonic Temple facility, and the purchase of a new Zamboni. These funds are derived through tax levies. The transfer between the City's two street funds was to redistribute Act 51 revenue from the Major Streets Fund to the Local Streets Fund, where the funds were then spent. The transfer from the General Fund to the Internal Service Fund was to provide reserves for future claims.

### Note 10 - Long-term Debt

The City issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. County contractual agreements and installment purchase agreements are also general obligations of the government. Special assessment bonds provide for capital improvements that benefit specific properties, and will be repaid from amounts levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the City is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a reassessment of the district) are received. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

Description	Amount
<b>Governmental Activities:</b>	
<u>General Obligations:</u>	
1999 Building Authority Bonds, issued for \$5,000,000, with interest from 3.75% to 5.75%, maturing in 2013	\$ 2,550,000
2006 Capital Improvement Bonds for public safety, recreation and culture, and court improvements, issued for \$9,495,000, with interest from 4.00% to 4.25%, maturing in 2025	9,195,000
2006 Bank One purchase installment for technology improvements, issued for \$500,000, with interest of 4.28%, maturing in 2011	275,000
Total governmental activity debt	<u>\$ 12,020,000</u>

# City of Wyandotte, Michigan

## Notes to Financial Statements September 30, 2008

### Note 10 - Long-term Debt (Continued)

Description	Amount
<b>Business-type Activities:</b>	
<u>General Obligations:</u>	
1998 Cable television purchase installment, issued for \$3,994,031, with interest of 4.16%, maturing in 2011	\$ 1,166,531
2000 Building rental purchase installment, issued for \$995,000, with interest of 8.06%, maturing in 2010	212,443
Downriver sewage disposal system bonds, 13 issues totaling \$22,053,776, with interest from 1.625% to 5.00%, maturing from 2016 to 2028	11,914,061
2007 Cable television purchase installment, issued for \$200,000, with interest of 4.14%, maturing in 2011	158,374
2008 Electric purchase installment, issued for \$2,385,761, with interest of 7.06%, maturing in 2019	2,385,761
Subtotal	<u>15,837,170</u>
<u>Revenue Bonds:</u>	
1992 Electric Revenue Refunding Bonds issued for \$61,185,000, with interest of 6.25%, maturing in 2009	2,710,000
2002 Electric Revenue Refunding Bonds, net of unamortized premium and deferred refunding credit, issued for \$31,990,000, with interest from 3.25% to 5.38%, maturing in 2018	29,802,018
2005A Electric Revenue Bonds, net of unamortized premium, issued for \$6,104,826, with interest from 3.25% to 5.00%, maturing in 2016	4,873,362
2005B Electric Revenue Bonds, net of unamortized premium, issued for \$7,489,013, with interest from 3.50% to 4.50%, maturing in 2025	7,486,781
Less amounts payable from restricted assets	<u>(3,895,000)</u>
Subtotal	<u>40,977,161</u>
Total business-type activity debt	<u>\$ 56,814,331</u>

# City of Wyandotte, Michigan

## Notes to Financial Statements September 30, 2008

### Note 10 - Long-term Debt (Continued)

Description	Amount
<b>Component Units:</b>	
<b>General Obligations:</b>	
1999 Brownfield Revitalization Loan, issued for \$944,000, with interest of 2.25%, maturing in 2015	\$ 605,551
2006 Brownfield Redevelopment Loan, issued for \$89,735, with interest of 3.50%, maturing in 2011	53,720
2006 Downtown Development Note Payable, issued for \$400,000, with interest of 5.00%, maturing in 2018	370,202
Subtotal	<u>\$ 1,029,473</u>
<b>Revenue Bonds:</b>	
1992 Limited Tax Development Refunding Bonds, issued for \$11,940,000, with interest from 6.25% to 6.8%, maturing in 2010	\$ 940,000
1992 Downtown Development Refunding Bonds, issued for \$4,030,000, with interest from 6.20% to 6.25%, maturing in 2009	310,000
Subtotal	<u>1,250,000</u>
Total component unit activity debt	<u>\$ 2,279,473</u>

Long-term debt activity can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities -</b>					
General obligations	\$ 12,620,000	-	(600,000)	\$ 12,020,000	\$ 850,000
<b>Business-type Activities</b>					
General obligations	\$ 10,564,330	\$ 6,284,855	\$ (1,012,015)	\$ 15,837,170	\$ 1,248,809
Revenue bonds	48,250,069	-	(3,377,908)	44,872,161	3,895,000
Less portion payable from restricted assets	(3,475,000)	-	(420,000)	(3,895,000)	(160,000)
Total	<u>\$ 55,339,399</u>	<u>\$ 6,284,855</u>	<u>\$ (4,809,923)</u>	<u>\$ 56,814,331</u>	<u>\$ 4,983,809</u>
<b>Component Units</b>					
General obligations	\$ 1,148,908	-	(119,435)	\$ 1,029,473	\$ 123,752
Revenue bonds	2,060,000	-	(810,000)	1,250,000	785,000
Total	<u>\$ 3,208,908</u>	<u>\$ -</u>	<u>\$ (929,435)</u>	<u>\$ 2,279,473</u>	<u>\$ 908,752</u>

Total interest expense for the year was approximately \$3,115,000.

### Note 10 - Long-term Debt (Continued)

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

	Governmental Activities			Business-type Activities			Component Unit Activities		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2009	\$ 850,000	\$ 488,459	\$ 1,338,459	\$ 4,983,809	\$ 2,378,697	\$ 7,362,506	\$ 908,752	\$ 103,242	\$ 1,011,994
2010	900,000	452,378	1,352,378	5,196,222	2,268,606	7,464,828	590,850	59,528	650,378
2011	1,020,000	413,686	1,433,686	5,405,833	2,074,360	7,480,193	129,972	25,999	155,971
2012	950,000	375,800	1,325,800	5,299,918	1,866,803	7,166,721	134,247	21,966	156,213
2013	1,100,000	339,050	1,439,050	5,439,133	1,653,833	7,092,966	135,910	17,781	153,691
2014-2018	3,500,000	1,219,250	4,719,250	24,044,967	4,218,433	28,263,400	379,742	31,626	411,368
2019-2023	2,200,000	604,500	2,804,500	4,588,616	917,055	5,505,671	-	-	-
2024-2028	1,500,000	127,250	1,627,250	2,255,797	243,502	2,499,299	-	-	-
Thereafter	-	-	-	462,875	16,393	479,268	-	-	-
*	-	-	-	(862,839)	-	(862,839)	-	-	-
<b>Total</b>	<b>\$ 12,020,000</b>	<b>\$ 4,020,373</b>	<b>\$ 16,040,373</b>	<b>\$ 56,814,331</b>	<b>\$ 15,637,682</b>	<b>\$ 72,452,013</b>	<b>\$ 2,279,473</b>	<b>\$ 260,142</b>	<b>\$ 2,539,615</b>

\* Less unamortized discount/premiums on bonds payable and deferred refunding charges

### Electric Fund Revenue Bonds

The 1992 and the 2002 Electric Revenue Refunding Bonds and the 2005 Series A and B Revenue Bonds are payable out of the net revenue of the Electric Fund. During the year, net revenues of the system were \$8,786,278 compared to the annual debt service requirement of \$6,041,474. The City has no liability for these bonds if the net revenue pledged should prove insufficient.

An agreement has been entered into with BASF for steam service related to the 2005 Revenue Bonds. This agreement provides for reimbursement to the department for one-half of the principal and associated interest of the 2005 Electric Revenue Bonds (Series A) actually used by the department to fund the construction of the Steam Expansion Project through 2010.

The revenue bond ordinance contains certain covenants and provisions that, among other matters, relate to the following:

- Segregation of proceeds of the revenue bond issue
- Segregation of Electric Fund revenue
- Segregation of assets for debt service payments
- Segregation of assets for construction of improvements to the system
- Periodic transfers of net revenue to those funds segregated for debt service payments
- Sale, lease, or other disposition of all or any substantial part of the system
- Establishment of rates sufficient to provide for required level of debt service coverage
- Adoption of, and adherence to, budgeted operation and maintenance expenses

# City of Wyandotte, Michigan

## Notes to Financial Statements September 30, 2008

### Note 10 - Long-term Debt (Continued)

Included in the current assets of the Electric Fund at September 30, 2008 is approximately \$276,000 earmarked for future repairs of the system pursuant to the ordinance. Also included in the current liabilities of the Electric Fund at September 30, 2008 is that portion of the bond principal that was to be transferred within the next year to the bond interest and Redemption Fund for payment of bond principal.

### Note 11 - Risk Management

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

**General Liability** - The City currently keeps coverage that limits the maximum loss to \$20,000 per occurrence. Losses in excess of these limitations are insured up to a minimum of \$5,000,000 per occurrence depending on the nature of the claim. Losses in excess of the plan limitations are uninsured.

**Workers' Compensation** - The City (including the Department of Municipal Services) is partially uninsured for workers' compensation claims. The terms of the plan are subject to change each policy period. Subsequent to May 31, 1986, there is no aggregate insurance coverage limit. All claims are insured for the per occurrence exposure between the deductible as of May 31, 1986 of \$300,000 (\$400,000 and \$850,000 as of June 1, 1990 and 2002, respectively) and the policy limits equal to state statutory requirements.

The City estimates the liability for general liability, which includes workers' compensation claims. The Department of Municipal Services estimates the liability for workers' compensation claims in the Enterprise Funds. These estimates include claims that have been incurred through the end of the fiscal year, including claims that have been reported as well as those that have not yet been reported. Changes in the estimated liability for the past two fiscal years were as follows:

	<u>2008</u>	<u>2007</u>
<b>Self-insurance Fund</b>		
Estimated liability - Beginning of year	\$ 527,362	\$ 892,297
Incurred claims (including claims incurred but not reported)	133,587	390,179
Claim payments and changes in estimates	<u>(203,387)</u>	<u>(755,114)</u>
Estimated liability - End of year	<u>\$ 457,562</u>	<u>\$ 527,362</u>

# City of Wyandotte, Michigan

## Notes to Financial Statements September 30, 2008

### Note 11 - Risk Management (Continued)

	<u>2008</u>	<u>2007</u>
<b>Department of Municipal Services</b>		
Estimated liability - Beginning of year	\$ 484,971	\$ 507,619
Incurred claims (including claims incurred but not reported)	(99,925)	(25,917)
Claim payments and changes in estimates	<u>36,609</u>	<u>3,269</u>
Estimated liability - End of year	<u>\$ 421,655</u>	<u>\$ 484,971</u>

### Note 12 - Restricted Assets and Restricted and Designated Fund Balance/Net Assets

The balances for the restricted asset accounts are as follows:

	<u>Electric</u>	<u>Water</u>	<u>Cable</u>	<u>Total</u>
Unspent bond proceeds and related interest	\$ 1,123,927	\$ -	\$ -	\$ 1,123,927
Debt service	9,218,284	-	1,141,171	10,359,455
Capital improvements	1,257,512	-	-	1,257,512
Retiree health care	<u>846,456</u>	<u>168,678</u>	<u>168,678</u>	<u>1,183,812</u>
Total	<u>\$ 12,446,179</u>	<u>\$ 168,678</u>	<u>\$ 1,309,849</u>	<u>\$ 13,924,706</u>

In addition, the current liability payable from restricted assets for the Electric Fund includes \$1,105,885 for interest and \$3,895,000 for bond principal payable.

The Electric Fund assets restricted for debt service are pursuant to the 1992 revenue bond ordinance for revenue bond debt service. In conjunction with the bond ordinance, the Commission passed a resolution to reserve retained earnings in the Electric Fund of \$4,226,976, which represents 125 percent of the average annual debt service requirement for all outstanding bonds.

Assets have also been restricted in the Electric Fund for future capital improvements and to assist in paying future bond principal and interest payments pursuant to a resolution approved by the Commission.

Assets have been restricted in the Cable Fund to assist in paying future principal and interest payments on the installment purchase contract.

In the Electric, Water, and Cable Funds, monies have been restricted to pay future retiree healthcare costs, pursuant to a resolution approved by the Commission.

# City of Wyandotte, Michigan

## Notes to Financial Statements September 30, 2008

### Note 12 - Restricted Assets and Restricted and Designated Fund Balance/Net Assets (Continued)

Portions of net assets of the Enterprise Funds have been restricted for the following purposes at September 30, 2008:

	Electric	Water	Cable	Total
Debt service	\$ 8,112,399	\$ -	\$ 1,141,171	\$ 9,253,570
Capital improvements	1,257,512	-	-	1,257,512
Retiree health care	846,456	168,678	168,678	1,183,812
Total	<u>\$ 10,216,367</u>	<u>\$ 168,678</u>	<u>\$ 1,309,849</u>	<u>\$ 11,694,894</u>

### Note 13 - Defined Benefit Pension Plan

**Plan Description** - The Employees' Pension Plan is a single-employer defined benefit pension plan that is administered by the City of Wyandotte Employees' Retirement System. This plan covers substantially all full-time general employees hired prior to October 1, 1999, all union (AFSCME) general members hired prior to April 1, 2000, all union (IAFF) firefighters hired prior to October 1, 2000, all police and fire dispatchers hired prior to July 1, 2001, and Department of Municipal Services employees hired prior to October 1, 2006. The plan also covers all full-time police employees hired prior to February 1, 1999. The System provides retirement, disability, and death benefits to plan members and their beneficiaries. At September 30, 2007, the date of the most recent actuarial valuation, membership consisted of 270 retirees and beneficiaries currently receiving benefits, 33 terminated employees entitled to benefits but not yet receiving them, and 173 current active employees. The plan does not issue a separate financial report. This plan was closed to new employees during the year ended September 30, 2008.

**Contributions** - Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Administrative costs of the plan are financed through investment earnings. Please refer to Note 1 for further significant accounting policies.

**Funding Policy** - The obligation to contribute to and maintain the system for the employees was established by negotiation with the City's collective bargaining units and requires no contribution from the employees, except for certain police officers who are members of the patrol and command bargaining units. As of March 1, 1999 for patrol members and February 1, 2001 for command members, all eligible police officers that were hired after October 1, 1982 but prior to February 1, 1999 are required to contribute 5 percent of their qualified wages to the plan. The funding policy provides for periodic employer contributions at actuarially determined rates.

### Note 13 - Defined Benefit Pension Plan (Continued)

**Annual Pension Costs** - For the year ended September 30, 2008, the City's annual pension cost of \$3,263,202 for the plan was equal to the required and actual contribution. The annual pension costs consist of contributions from Municipal Service of \$756,613 and transfers from other funds of \$2,506,589. The pension cost for the three most recent years is included within this footnote.

**Actuarial Methods and Assumptions** - The annual required contribution was determined as part of an actuarial valuation at September 30, 2006, using the aggregate method. Significant actuarial assumptions used include (i) a 7.5 investment rate of return and (ii) projected salary increases of 4.5 percent to 9.6 percent per year, which include an inflation component of 4.5 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a four-year period. The unfunded actuarial liability is being amortized as a level percent of payroll on a closed basis. The remaining amortization period is 10 years and 19 years for the Municipal Service and general and police and fire divisions, respectively.

**Reserves** - As of September 30, 2008, the plan's contribution, retirement benefit payments, and Special Retirement Fund reserves have been fully funded as follows:

Legally required reserves:

Reserve for employees' contributions	\$ 865,728
Reserve for retired benefit payments	48,742,072

Additional reserves:

Reserve for employer contributions	5,445,555
Reserve for Special Retirement Fund	420,218
Reserve for retiree health benefits	1,329,520
Reserve for endowment	6,556,316

Total reserves	\$ 63,359,409
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Pension cost for the three most recent years is as follows:

	2006	2007	2008
Annual pension costs (APC)	\$ 2,738,989	\$ 3,210,120	\$ 3,263,202
Percentage of APC contributed	100%	100%	100%
Net pension asset	\$ 6,748,507	\$ 7,687,434	\$ 6,556,316

### Note 13 - Defined Benefit Pension Plan (Continued)

The following table reconciles the net pension asset from the beginning of the year to the end of the year:

Annual recommended contribution	\$ 3,263,202
Interest on the prior year's net pension asset	<u>(1,131,118)</u>
Annual pension cost	2,132,084
Amounts contributed - Payments of pension contribution	<u>(3,263,202)</u>
Decrease in net pension asset	(1,131,118)
Pension asset - Beginning of year	<u>7,687,434</u>
Pension asset - End of year	<u><u>\$ 6,556,316</u></u>

Funded status and funding progress for actuarial valuation as of September 30, 2007:

Actuarial value of assets	\$ 66,089,831
Actuarial accrued liability (AAL) (entry age)	\$ 81,426,795
Liabilities	\$ 15,336,964
Unfunded AAL (UAAL)	81.2%
Covered payroll	\$ 9,885,835
UAAL as a percentage of covered payroll	155.1%

The schedule of funding progress, presented as required supplemental information following the notes to the financial statements, presents multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

# City of Wyandotte, Michigan

## Notes to Financial Statements September 30, 2008

### Note 13 - Defined Benefit Pension Plan (Continued)

The following are condensed financial statements for the pension plan and postemployment healthcare plan:

	Pension Trust	Retiree Health Care	Total
<b>Statement of Net Assets</b>			
Cash and investments	\$ 61,741,827	\$ 1,323,346	\$ 63,065,173
Other assets	313,049	6,710	319,759
Liabilities	<u>(24,987)</u>	<u>(536)</u>	<u>(25,523)</u>
Net assets	<u>\$ 62,029,889</u>	<u>\$ 1,329,520</u>	<u>\$ 63,359,409</u>
<b>Statement of Changes in Net Assets</b>			
Investment (loss) income	\$ (9,567,874)	\$ 149,490	\$ (9,418,384)
Contributions	3,337,767	1,936,070	5,273,837
Benefit payments	(5,354,904)	(1,834,546)	(7,189,450)
Other decreases	<u>(2,793,288)</u>	<u>-</u>	<u>(2,793,288)</u>
Changes in net assets	<u>\$ (14,378,299)</u>	<u>\$ 251,014</u>	<u>\$ (14,127,285)</u>

### Note 14 - Defined Contribution Pension Plan

The City established a defined contribution pension plan under Section 401(a) of the Internal Revenue Code for the following employees:

- Police patrol officers hired on or after February 1, 1999
- Police command officers hired on or after February 1, 1999
- Nonunion administrative employees hired on or after October 1, 1999
- Nonunion administrative employees hired prior to October 1, 1999 who elected to transfer their accrued benefits from the defined benefit plan
- Technical, clerical, and AFSCME local 894 members hired on or after April 1, 2000
- Wyandotte firefighters IAFF local 346 members hired on or after October 1, 2000
- Police and fire dispatchers hired on or after July 1, 2001
- Police and fire dispatchers hired prior to July 1, 2002 who elected to transfer their accrued benefits from the defined benefit plan
- Department of Municipal Services employees hired on or after October 1, 2006
- Department of Municipal Services union employees hired prior to October 1, 2006 who elected to transfer their accrued benefits from the defined benefit plan

### **Note 14 - Defined Contribution Pension Plan (Continued)**

- Department of Municipal Services non-union employees hired prior to January 1, 2008 who elected to transfer their accrued benefits from the defined benefit plan

In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Investments are managed by a third party, and investment decisions are made by the individual employees. As established by the City of Wyandotte through collective bargaining agreements, the City and the employees contribute a percentage of employees' qualified earnings in the amount of 10 percent and 5 percent, respectively.

The employee contribution percentages noted above represent the required contribution. Employees are not permitted to contribute additional amounts. The City withholds from the employee earnings and remits to the plan each pay period. The City's contributions for each employee (plus interest allocated to the employee's account) are fully vested after five years of service.

In accordance with the above requirements, the City contributed approximately \$398,000 during the current year, and the employees contributed approximately \$199,000.

During the year ended September 30, 2008, 20 Department of Municipal Services employees previously enrolled in the defined benefit plan elected to switch to the defined contribution plan.

### **Note 15 - Other Postemployment Benefits**

**Plan Description** - The City provides retiree healthcare benefits to eligible employees and their spouses. Benefits are provided to nearly all employees upon retirement in accordance with labor contracts. Currently, the plan has 555 members (including employees in active service, terminated employees not yet receiving benefits, and retired employees and beneficiaries currently receiving benefits). During the current year, the City settled collective bargaining agreements with employees of the Department of Public Service represented by AFSCME and police and fire dispatchers represented by POAM. These settlements eliminated retiree health care for new hires. This provision was also extended to non-union employees of the City.

### Note 15 - Other Postemployment Benefits (Continued)

**Funding Policy** - The collective bargaining agreements and contracts require contributions from employees. Retiree health care costs are recognized when 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. For the fiscal year ended September 30, 2008, the City made payments for postemployment health benefit premiums of approximately \$2,259,700, of which \$1,835,000 and \$424,700 was paid by the Employees' Retirement System and the Enterprise Funds, respectively. In the current year, the General Fund transferred approximately \$1,936,000 to the reserve for retiree health benefits within the pension system.

The funding progress of the plan as of the most recent valuation date is as follows:

Valuation as of September 30, 2006:

Actuarial value of assets	\$ 1,796,917
Actuarial accrued liability (AAL)	87,665,241
Unfunded AAL (UAAL)	85,868,324
Funded ratio	2.1 %
Annual covered payroll	9,828,031
Ratio of UAAL to covered payroll	873.7%

**Actuarial Methods and Assumptions** - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

### **Note 15 - Other Postemployment Benefits (Continued)**

In the September 30, 2006 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on plan assets, and an annual healthcare cost trend rate of 10 percent initially, reduced by decrements to an ultimate rate of 4.5 percent after 12 years. Both rates included a 4.5 percent inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at September 30, 2006 was 30 years.

In addition, the City has established a Retiree Health Savings Plan with VantageCare. Under the plan, the City contributes \$50 per pay period for employees hired after January 1, 2008. Employees were required to contribute the same amount. In accordance with the requirements, the City expensed \$700 during the current year.

**Upcoming Reporting Change** - The Governmental Accounting Standards Board has recently released Statement Number 45, *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any other postemployment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing retiree healthcare coverage over the working life of the employee, rather than at the time the healthcare premiums are paid. The new pronouncement is effective for the year ending September 30, 2009.

### **Note 16 - Contingent Liabilities**

The City has been named as a defendant in numerous claims and lawsuits requesting damages of various amounts, the majority of which do not state a specific maximum. The various proceedings have not yet progressed to a point where a legal opinion can be reached as to the ultimate liability, if any, after consideration of available insurance, where applicable, that may result from the resolution of these matters. The City has not recorded an estimate of this liability at September 30, 2008.

### **Note 16 - Contingent Liabilities (Continued)**

In March 2005, United Skilled Trades, Inc. (UST) filed a suit against the City of Wyandotte Department of Municipal Services (the "Department") and others. UST alleged that it was owed money from the Department for services rendered pursuant to a contract for repair of a turbine. UST alleged that the Department is indebted to them in the amount of \$1,100,000. The Department vigorously defended its position that no material amounts were due to UST. On February 21, 2008, the Department received a decision in the case. The Court's verdict denied most of the claims of UST but did award two of their claims. The Court also ordered that any monies owing UST from this award be reduced by the Department's legal fees and other applicable costs. UST is currently disputing the decision. Management's estimate of the liability due UST as a result of this decision has been recorded in the financial statements of the Electric Fund as of September 30, 2008.

The City of Wyandotte Department of Municipal Services has received a notice of violation from the U.S. Environmental Protection Agency (EPA) related to the electric power plant. The Department is negotiating with the EPA to determine the resolution of this matter. The ultimate outcome of this matter is not known at this time. While it is possible that the EPA will request the Department to install additional equipment for future service, management does not believe that it is likely that the ultimate outcome of these discussions will result in any significant fines or costs related to prior periods in excess of amounts currently recorded in the financial statements.

### **Note 17 - Commitment**

The City was previously named as a defendant in a lawsuit alleging violations of the Clean Water Act occurring in the Downriver Sewage Treatment System. Several other communities, including Wayne County, were also named as defendants. Under the terms of the consent decree, the County issued debt for construction projects to expand the capacity of the system and eliminate any violations of the Clean Water Act. The total cost of the project is approximately \$338,000,000, with the City's share estimated to be approximately \$12,500,000. The outstanding balance payable at September 30, 2008 was approximately \$8,000,000. The bonds will be paid through a court-ordered judgment levy.

In addition, the City will be responsible for periodic capital improvements related to the system. The City's share of \$36,400,000 of outstanding capital improvement bonds is \$3,900,000 at September 30, 2008. The capital improvement bonds will be paid for through the net revenues of the system.

### **Note 18 - Long-term Receivable**

During the year ended September 30, 2006, the Department of Municipal Services entered into an agreement with a customer related to the construction of an asset. Under the terms of the agreement, the Department used proceeds from the 2005A Revenue Bonds to construct a steam line that is currently being used by the customer. The customer agreed to reimburse the Department for 50 percent of the debt service costs of the bond. Varying monthly payments will be made by the customer through December 31, 2010. The Department has recorded accounts receivable and reduced the cost of the underlying asset for the principal reimbursements. Interest reimbursements are offset against interest expense when received. During the current year, the Department received \$834,600 from the customer: \$636,000 for debt principal reimbursements, which reduced accounts receivable, and \$198,600 for interest, which reduced interest expense. At September 30, 2008, the outstanding balance related to this agreement is \$1,410,000, of which \$636,000 is included in current accounts receivable.

### **Note 19 - Subsequent Events**

Subsequent to year end, the Department of Municipal Services issued Electric System Revenue and Revenue Refunding Bonds, Series 2009A in the amount of \$24,770,000. The bonds were issued for the purpose of paying the cost of acquiring and constructing of extensions and improvements to the utility system and to refund a portion (\$21,585,000) of the City's outstanding 2002 Electric Refunding Bonds which had a balance of approximately \$30,750,000 at September 30, 2008.

### **Note 20 - Prior Period Adjustment**

During the current year, the City recorded a net pension asset related to the endowment reserve. Although the underlying pension assets were included in the fiduciary funds, the resultant net pension asset that should have been recorded under GASB 27 on the government-wide statements was not booked. As a result, in the current year, the City recorded an adjustment to beginning net assets in governmental activities to add the \$7,687,434 net pension asset. Accordingly, beginning net assets for governmental activities have been adjusted and restated from \$81,015,049 to \$88,702,483.

## **Required Supplemental Information**

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# City of Wyandotte, Michigan

## Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended September 30, 2008

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 10,032,428	\$ 10,032,428	\$ 10,188,993	\$ 156,565
Licenses and permits	490,150	740,150	533,012	(207,138)
State-shared revenue and grants	3,222,594	3,224,594	3,293,217	68,623
Other charges for services	2,866,852	2,942,363	3,368,848	426,485
Other fines and forfeitures	1,687,000	1,827,000	1,810,359	(16,641)
Investment income	700,000	700,000	684,014	(15,986)
Transfers out	(1,624,745)	(1,359,950)	(2,108,877)	(748,927)
Other revenue	2,014,293	2,070,293	2,250,009	179,716
Total revenue	19,388,572	20,176,878	20,019,575	(157,303)
<b>Expenditures</b>				
General government:				
Legislative	205,186	207,512	138,821	68,691
Judicial	962,361	971,386	926,973	44,413
Financial services and administration	340,963	347,785	344,792	2,993
General government	1,253,000	1,254,114	1,193,811	60,303
Assessor	205,950	208,721	207,950	771
City clerk	228,368	231,230	220,381	10,849
Treasurer	132,069	133,582	118,425	15,157
City commissions	27,156	27,156	22,742	4,414
Elections	32,242	32,242	29,896	2,346
Public safety:				
Police and civil defense	4,348,406	4,612,196	4,509,499	102,697
Fire	2,477,276	2,499,421	2,401,223	98,198
Public works:				
Engineering and D.P.S.	891,696	950,048	886,633	63,415
Other public works activities	2,876,928	3,205,940	3,026,252	179,688
Recreation and culture:				
Recreation	587,247	619,516	607,294	12,222
Swimming pool	14,342	14,342	13,878	464
Yack Arena	447,021	451,212	444,708	6,504
Youth assistance	41,928	44,825	44,699	126
Historical commission	116,556	135,869	128,806	7,063
Other functions	4,192,650	4,442,660	4,442,659	1
Total expenditures	19,381,345	20,389,757	19,709,442	680,315
<b>Net Change in Fund Balance</b>	<b>\$ 7,227</b>	<b>\$ (212,879)</b>	<b>\$ 310,133</b>	<b>\$ 523,012</b>

# City of Wyandotte, Michigan

## Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Major Streets Year Ended September 30, 2008

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Federal grants	\$ -	\$ -	\$ 181,069	\$ 181,069
State-shared revenue and grants	1,187,927	1,187,927	1,130,534	(57,393)
Contribution from component unit	-	-	28,439	28,439
Investment income	20,000	20,000	11,264	(8,736)
Transfers out	(296,982)	(296,982)	(282,633)	14,349
Other revenue	73,000	73,000	100,974	27,974
Total revenue	983,945	983,945	1,169,647	185,702
<b>Expenditures - Public works</b>	1,120,000	1,151,500	1,335,386	(183,886)
<b>Net Change in Fund Balance</b>	<u>\$ (136,055)</u>	<u>\$ (167,555)</u>	<u>\$ (165,739)</u>	<u>\$ 1,816</u>

# City of Wyandotte, Michigan

## Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Local Streets Year Ended September 30, 2008

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
State-shared revenue and grants	\$ 439,763	\$ 439,763	\$ 443,734	\$ 3,971
Contribution from component unit	-	-	735,543	735,543
Investment income	306,982	10,000	2,995	(7,005)
Transfers in	-	296,982	282,633	(14,349)
Total revenue	746,745	746,745	1,464,905	718,160
<b>Expenditures - Public works</b>	700,000	650,602	1,337,224	(686,622)
<b>Net Change in Fund Balance</b>	<b>\$ 46,745</b>	<b>\$ 96,143</b>	<b>\$ 127,681</b>	<b>\$ 31,538</b>

# City of Wyandotte, Michigan

## Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Solid Waste Disposal Year Ended September 30, 2008

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 1,623,282	\$ 1,623,282	\$ 1,625,437	\$ 2,155
Other charges for services	274,000	274,000	391,364	117,364
Investment income	70,000	70,000	60,881	(9,119)
Total revenue	1,967,282	1,967,282	2,077,682	110,400
<b>Expenditures - Public works</b>	1,939,612	1,939,612	1,844,747	94,865
<b>Net Change in Fund Balance</b>	<b>\$ 27,670</b>	<b>\$ 27,670</b>	<b>\$ 232,935</b>	<b>\$ 205,265</b>

# City of Wyandotte, Michigan

## Required Supplemental Information Employee Pension Plan Schedule of Funding Progress Year Ended September 30, 2008

The schedule of funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets* (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
9/30/02	\$ 57,402,504	\$ 68,250,392	\$ 10,847,888	84.1	\$ 10,902,873	99.5
9/30/03	57,557,323	73,253,459	15,696,136	78.6	10,730,847	146.3
9/30/04	57,814,081	72,165,278	14,351,197	80.1	10,428,270	137.6
9/30/05	58,988,538	79,228,316	20,239,778	74.5	9,654,771	209.6
9/30/06	62,339,944	81,536,737	19,196,793	76.5	9,828,031	195.3
9/30/07	66,089,831	81,426,795	15,336,964	81.2	9,885,835	155.1

\* Using market value excluding health benefit, special retirement, and endowment reserves

The schedule of employer contributions is as follows:

Fiscal Year Ended	Municipal Service Contribution	Reclassification from Endowment Reserve **	Annual Required Contribution	Percentage Contributed (Percent)
9/30/03	\$ 444,947	\$ 1,638,469	\$ 2,083,416	100.0
9/30/04	488,459	1,796,657	2,285,116	100.0
9/30/05	925,667	1,796,657	2,722,324	100.0
9/30/06	657,324	2,081,665	2,738,989	100.0
9/30/07	807,962	2,402,158	3,210,120	100.0
9/30/08	756,613	2,506,589	3,263,202	100.0

\*\* The endowment reserve represents prepaid employer contributions deposited by the City during the year ended September 30, 1990 as well as transfers from various City funds in subsequent years.

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of September 30, 2008, the latest actuarial valuation, follows:

Actuarial cost method***	Aggregate
Amortization method***	N/A
Remaining amortization period***	N/A
Asset valuation method	4-year smoothed market

# City of Wyandotte, Michigan

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## Required Supplemental Information Employee Pension Plan Schedule of Funding Progress (Continued) Year Ended September 30, 2008

Actuarial assumptions:

Investment rate of return	7.5%
Projected salary increases	4.5% - 9.6%
Includes inflation at	4.5%

\*\*\* Effective with the September 30, 2003 valuation, the aggregate cost method was implemented for general and police/fire groups. The aggregate cost method was phased in over the next four years and was fully implemented beginning with the September 30, 2006 valuation. Note that the aggregate cost method does not create an actuarial accrued liability. As a result, the above schedules continue to show the entry age normal cost method liability.

# City of Wyandotte, Michigan

## Note to Required Supplemental Information Year Ended September 30, 2008

**Budgetary Information** - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and Special Revenue Funds except that operating transfers and debt proceeds have been included in the "revenue" and "expenditures" categories, rather than as "other financing sources (uses)." All annual appropriations lapse at fiscal year end. The annual budget is prepared by the City management and adopted by the City Council; subsequent amendments are approved by the City Council.

The budget process is initiated in March, when the departments are given information and guidelines to assist them in formulating their budget requests. The department heads summarize departmental appropriation requests and submit them to the mayor, on or before June 1. During the month of June, the mayor reviews the appropriation requests, meets with the departments, and puts together the budget. The budget is submitted to the City Council in early July. During the next month, the City Council reviews the budget and considers any changes. After a public hearing, the final budget is adopted by resolution no later than September 30.

The budget document presents information by fund, function, department, and line items. The legal level of budgetary control adopted by the governing body is the department level.

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

A reconciliation of the budgetary comparison schedules to the fund-based statement of changes in fund balance is as follows:

	Budget Statement	Reimbursing Transfers from Other Funds	Operating Transfers	Operating Statement
General Fund:				
Total revenue	\$ 20,019,575	\$ (2,049,577)	\$ 2,108,877	\$ 20,078,875
Total expenditures	(19,709,442)	2,049,577	-	(17,659,865)
Other financing uses	-	-	(2,108,877)	(2,108,877)
Net change in fund balance	<u>\$ 310,133</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 310,133</u>
Major Streets Fund:				
Total revenue	\$ 1,169,647	\$ -	\$ 282,633	\$ 1,452,280
Total expenditures	(1,335,386)	-	-	(1,335,386)
Other financing uses	-	-	(282,633)	(282,633)
Net change in fund balance	<u>\$ (165,739)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (165,739)</u>

# City of Wyandotte, Michigan

## Note to Required Supplemental Information (Continued) Year Ended September 30, 2008

	<u>Budget Statement</u>	<u>Reimbursing Transfers from Other Funds</u>	<u>Proceeds from the Sale of Assets</u>	<u>Operating Transfers</u>	<u>Operating Statement</u>
Local Streets Fund:					
Total revenue	\$ 1,464,905	\$ -	\$ -	\$ (282,633)	\$ 1,182,272
Total expenditures	(1,337,224)	-	-	-	(1,337,224)
Other financing sources	-	-	-	282,633	282,633
Net change in fund balance	<u>\$ 127,681</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 127,681</u>

During the year, the City of Wyandotte, Michigan incurred expenditures that were in excess of the amounts budgeted, as follows:

	<u>Budget</u>	<u>Actual</u>
Major Streets Fund - Public works	\$ 1,151,500	\$ 1,335,386
Local Streets Fund - Public works	650,602	1,337,224

The variance in the Major and Local Streets Funds is due to the initiation of projects originally scheduled for 2009 in 2008 due to the earlier than anticipated availability of funding for the projects.

## **Other Supplemental Information**

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# City of Wyandotte, Michigan

	Nonmajor Special Revenue Funds					
	Equipment and Replacement	Drug Law Enforcement	Urban Development Action Grant	Grants	Public Improvement	Southgate- Wyandotte Drain O&M
<b>Assets</b>						
Cash and investments	\$ 232,038	\$ 216,584	\$ 657,210	\$ 107,111	\$ 131,638	\$ 920,315
Receivables - Net:						
Taxes	-	-	-	-	-	230,023
Special assessments	-	-	-	-	-	-
Accrued interest	316	-	-	-	-	-
Other	11,088	-	1,566	-	-	-
Due from other governmental units	-	-	60,000	30,300	-	-
Due from component units	-	-	2,392	-	-	-
Due from other funds	31,748	-	206,673	8,851	-	244,993
Advances to other funds	-	-	369,692	-	-	-
Land held for resale	-	-	90,495	-	44,237	-
Note receivable	-	-	111,670	-	-	-
Advance to component unit	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 275,190</b>	<b>\$ 216,584</b>	<b>\$ 1,499,698</b>	<b>\$ 146,262</b>	<b>\$ 175,875</b>	<b>\$ 1,395,331</b>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ 50,790	\$ 605	\$ 17,500	\$ 3,472	\$ 2,484	\$ -
Due to other funds	37,781	-	-	9,560	-	-
Refundable deposits, bonds, etc.	-	-	-	-	10	-
Deferred revenue	-	-	113,236	34,594	-	1,154,050
<b>Total liabilities</b>	<b>88,571</b>	<b>605</b>	<b>130,736</b>	<b>47,626</b>	<b>2,494</b>	<b>1,154,050</b>
<b>Fund Balances</b>						
Reserved for:						
Noncurrent receivables	-	-	369,692	-	-	-
Construction, debt service, and other	-	215,979	850,908	98,636	-	241,281
Subsequent year's expenditures	16,356	-	148,362	-	-	-
Unreserved, reported in Special Revenue Funds	170,263	-	-	-	173,381	-
<b>Total fund balances</b>	<b>186,619</b>	<b>215,979</b>	<b>1,368,962</b>	<b>98,636</b>	<b>173,381</b>	<b>241,281</b>
<b>Total liabilities and fund balances</b>	<b>\$ 275,190</b>	<b>\$ 216,584</b>	<b>\$ 1,499,698</b>	<b>\$ 146,262</b>	<b>\$ 175,875</b>	<b>\$ 1,395,331</b>

**Other Supplemental Information  
Combining Balance Sheet  
Nonmajor Governmental Funds  
September 30, 2008**

Nonmajor Special Revenue Funds				Nonmajor Debt Service Fund	Total
Sidewalk and Alley Paving	Special Events	Building Authority Improvement	EPA Cooperative Agreement	DPS Building Bonds and Police and Court Bonds	Nonmajor Governmental Funds
\$ 1,802,108	\$ 214,113	\$ 663,307	\$ 66,687	\$ 1,379,951	\$ 6,391,062
9,122	-	-	-	-	239,145
587,780	-	-	-	-	587,780
-	452	-	-	-	768
23,578	-	-	-	-	36,232
-	-	-	9,054	-	99,354
-	-	-	-	-	2,392
5,866	-	320,000	-	-	818,131
-	-	-	-	-	369,692
-	-	-	-	-	134,732
-	-	-	-	-	111,670
-	-	-	925,946	-	925,946
<b>\$2,428,454</b>	<b>\$ 214,565</b>	<b>\$ 983,307</b>	<b>\$1,001,687</b>	<b>\$1,379,951</b>	<b>\$ 9,716,904</b>
\$ 35,521	\$ 32,899	\$ 142,687	\$ -	\$ -	\$ 285,958
-	3,578	5,000	-	30,648	86,567
-	-	-	-	-	10
605,879	-	-	9,055	-	1,916,814
641,400	36,477	147,687	9,055	30,648	2,289,349
-	-	-	-	-	369,692
-	-	-	992,632	1,349,303	3,748,739
-	18,000	-	-	-	182,718
1,787,054	160,088	835,620	-	-	3,126,406
1,787,054	178,088	835,620	992,632	1,349,303	7,427,555
<b>\$2,428,454</b>	<b>\$ 214,565</b>	<b>\$ 983,307</b>	<b>\$1,001,687</b>	<b>\$1,379,951</b>	<b>\$ 9,716,904</b>

# City of Wyandotte, Michigan

	Nonmajor Special Revenue Funds					
	Equipment and Replacement	Drug Law Enforcement	Urban Development Action Grant	Grants	Public Improvement	Southgate- Wyandotte Drain O&M
<b>Revenue</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 894,646
Federal grants	-	-	-	139,830	-	-
State-shared revenue and grants	-	61,745	-	9,420	-	-
Contribution from component unit	-	-	-	-	-	-
Investment income	4,217	6,627	65,015	-	3,948	23,480
Other revenue	44,352	-	14,411	-	5,406	-
<b>Total</b>	<b>48,569</b>	<b>68,372</b>	<b>79,426</b>	<b>149,250</b>	<b>9,354</b>	<b>918,126</b>
<b>Expenditures - Current</b>						
General government	-	-	167,554	-	-	-
Public safety	-	117,052	-	-	-	-
Public works	128,928	-	-	-	2,484	866,070
Community and economic development	-	-	-	112,960	-	-
Recreation and culture	-	-	-	-	-	-
Debt service	115,626	-	-	-	-	-
<b>Total expenditures</b>	<b>244,554</b>	<b>117,052</b>	<b>167,554</b>	<b>112,960</b>	<b>2,484</b>	<b>866,070</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>(195,985)</b>	<b>(48,680)</b>	<b>(88,128)</b>	<b>36,290</b>	<b>6,870</b>	<b>52,056</b>
<b>Other Financing Sources - Transfers in</b>	<b>186,223</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>(9,762)</b>	<b>(48,680)</b>	<b>(88,128)</b>	<b>36,290</b>	<b>6,870</b>	<b>52,056</b>
<b>Fund Balances - Beginning of year</b>	<b>196,381</b>	<b>264,659</b>	<b>1,457,090</b>	<b>62,346</b>	<b>166,511</b>	<b>189,225</b>
<b>Fund Balances - End of year</b>	<b>\$ 186,619</b>	<b>\$ 215,979</b>	<b>\$ 1,368,962</b>	<b>\$ 98,636</b>	<b>\$ 173,381</b>	<b>\$ 241,281</b>

**Other Supplemental Information**  
**Combining Statement of Revenue, Expenditures, and Changes in**  
**Fund Balances**  
**Nonmajor Governmental Funds**  
**Year Ended September 30, 2008**

Nonmajor Special Revenue Funds				Nonmajor Debt Service Fund	Total Nonmajor Governmental Funds
Sidewalk and Alley Paving	Special Events	Building Authority Improvement	EPA Cooperative Agreement	DPS Building Bonds and Police and Court Bonds	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 894,646
-	-	-	-	-	139,830
-	-	-	-	-	71,165
253,346	-	-	-	-	253,346
81,819	7,509	16,512	1,169	13,575	223,871
152,475	239,357	283,508	-	-	739,509
487,640	246,866	300,020	1,169	13,575	2,322,367
100,000	-	224,342	-	475	492,371
-	-	-	-	-	117,052
250,829	-	-	-	-	1,248,311
-	-	-	-	-	112,960
-	247,308	-	-	-	247,308
-	-	-	-	1,000,400	1,116,026
350,829	247,308	224,342	-	1,000,875	3,334,028
136,811	(442)	75,678	1,169	(987,300)	(1,011,661)
-	-	-	-	716,897	903,120
136,811	(442)	75,678	1,169	(270,403)	(108,541)
1,650,243	178,530	759,942	991,463	1,619,706	7,536,096
<b>\$ 1,787,054</b>	<b>\$ 178,088</b>	<b>\$ 835,620</b>	<b>\$ 992,632</b>	<b>\$ 1,349,303</b>	<b>\$ 7,427,555</b>

# City of Wyandotte, Michigan

## Other Supplemental Information Statement of Assets and Liabilities Fiduciary Funds September 30, 2008

	Pension Trust Funds		
	Pension Trust	Retiree Health Care	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 1,933,768	\$ 41,448	\$ 1,975,216
Investments:			
Collateralized mortgage obligations	1,633,989	35,022	1,669,011
U.S. government securities	6,038,806	129,433	6,168,239
U.S. government agency obligations	8,274,788	177,358	8,452,146
Common trust funds/mutual funds	144,916	3,106	148,022
Stocks	11,340,945	243,077	11,584,022
Bonds	11,345,304	243,170	11,588,474
Foreign stock ADR	15,055,163	322,685	15,377,848
Foreign government obligations	5,811,950	124,571	5,936,521
Foreign corporate bonds	162,198	3,476	165,674
Receivables - Net - Accrued interest	313,049	6,710	319,759
Total assets	62,054,876	1,330,056	63,384,932
<b>Liabilities - Accounts payable</b>	24,987	536	25,523
<b>Net Assets Held in Trust for Pension and Other Employee Benefits</b>	<b><u>\$ 62,029,889</u></b>	<b><u>\$ 1,329,520</u></b>	<b><u>\$ 63,359,409</u></b>

# City of Wyandotte, Michigan

## Other Supplemental Information Combining Statement of Changes in Fiduciary Net Assets Fiduciary Funds Year Ended September 30, 2008

	Pension Trust	Retiree Health Care	Total
<b>Additions (Reductions)</b>			
Investment income (loss):			
Interest and dividends	\$ 2,454,382	\$ 149,490	\$ 2,603,872
Net decrease in fair value of investments	(11,424,243)	-	(11,424,243)
Investment related expenses	(598,013)	-	(598,013)
Net investment income (loss)	(9,567,874)	149,490	(9,418,384)
Contributions:			
Employer contributions from WDMS	756,613	-	756,613
Employee contributions	74,565	-	74,565
Employer contributions from all other funds	2,506,589	1,936,070	4,442,659
Net contributions	3,337,767	1,936,070	5,273,837
Total additions (reductions)	(6,230,107)	2,085,560	(4,144,547)
<b>Deductions</b>			
Benefits:			
Benefit payments	5,354,904	-	5,354,904
Health benefits	-	1,834,546	1,834,546
Net benefits	5,354,904	1,834,546	7,189,450
Other deductions - Employee transfers to alternate plan	2,793,288	-	2,793,288
Total deductions	8,148,192	1,834,546	9,982,738
<b>Net (Decrease) Increase in Net Assets Held in Trust</b>	(14,378,299)	251,014	(14,127,285)
<b>Net Assets Held in Trust for Pension and Other Employee Benefits - Beginning of year</b>	76,408,188	1,078,506	77,486,694
<b>Net Assets Held in Trust for Pension and Other Employee Benefits - End of year</b>	<u>\$ 62,029,889</u>	<u>\$ 1,329,520</u>	<u>\$ 63,359,409</u>