

# **City of Wyandotte, Michigan**

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## **Financial Report with Additional Information September 30, 2009**

# 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, 2009, 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. The financial statements of the City of Wyandotte Department of Municipal Services, which includes the Electric, Water, and Cable Television funds, were audited under auditing standards generally accepted in the United States of America, but were not audited in accordance with the additional standards under *Government Auditing Standards*. 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, 2009 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, 2010 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.

As discussed in Note 15, the City implemented GASB Statement No. 45, *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions*, during the year. As a result, the government-wide statements and Enterprise Funds now report the cost of retiree health care as those benefits are earned by the employees.

*Plante & Moran, PLLC*

March 24, 2010

# 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, 2009. 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, 2009:

- Property tax revenue is the City's single, largest source of revenue. The City's 2008 taxable value (levied for the 2009 fiscal year) was \$692,345,000 (ad valorem), which represents a decrease of \$14,669,000 or 2.07 percent in the current year.
- State-shared revenue, our second largest revenue source, was reduced by the State of Michigan by approximately \$198,000 this year compared to the reduction of \$20,000 in the prior year. This represents a decrease of 6.1 percent in the current year. Further, the City is receiving approximately \$1,329,000 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 \$2,135,000 of general operating tax revenue and \$446,000 of debt levy tax revenue to the General Fund in the current year compared to \$2,214,000 of general operating tax revenue in the prior year. The sharing agreement with the Downtown Development Authority returned approximately \$124,000 to the General Fund in the current year compared to \$105,000 in the prior year. Portions of these funds were used to defray annual operating costs and assist in the renovation of a facility that will house the Wyandotte Art Center project. The remainder of the funds was 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 \$2,081,000 in the current year compared to \$1,936,000 in the prior year for the gross cost of retiree health insurance. Included in these amounts is approximately \$63,000 in the current year and \$0 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 \$658,000 was to be expected. The actual results showed an excess of expenditures of approximately \$107,000. This positive variance is primarily attributed to the discretionary decision to use investment earnings from the Endowment Reserve of the Retirement System to defray a portion of the annual pension contribution from the General Fund. The positive variance also resulted from actual expenditures being less than budgeted expenditures across most departments of the City. 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.

These positive variances were offset by lower than anticipated property tax receipts, reduced 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 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 136 employees over the past 12 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 three 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, 2009 and 2008 (in thousands of dollars):

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
<b>Assets</b>						
Current assets	\$ 41,750	\$ 41,094	\$ 19,500	\$ 22,913	\$ 61,250	\$ 64,007
Noncurrent assets	<u>83,163</u>	<u>83,285</u>	<u>98,047</u>	<u>101,249</u>	<u>181,210</u>	<u>184,534</u>
Total assets	124,913	124,379	117,547	124,162	242,460	248,541
<b>Liabilities</b>						
Current liabilities	25,267	22,625	12,735	20,464	38,002	43,089
Long-term liabilities	<u>13,111</u>	<u>12,274</u>	<u>55,709</u>	<u>52,252</u>	<u>68,820</u>	<u>64,526</u>
Total liabilities	<u>38,378</u>	<u>34,899</u>	<u>68,444</u>	<u>72,716</u>	<u>106,822</u>	<u>107,615</u>
<b>Net Assets</b>						
Investment in capital assets -						
Net of related debt	60,855	60,533	26,106	26,496	86,961	87,029
Restricted	6,476	5,764	10,765	11,695	17,241	17,459
Unrestricted	<u>19,204</u>	<u>23,183</u>	<u>12,232</u>	<u>13,255</u>	<u>31,436</u>	<u>36,438</u>
Total net assets	<u>\$ 86,535</u>	<u>\$ 89,480</u>	<u>\$ 49,103</u>	<u>\$ 51,446</u>	<u>\$ 135,638</u>	<u>\$ 140,926</u>



# City of Wyandotte, Michigan

## Management's Discussion and Analysis (Continued)

The City of Wyandotte, Michigan has combined net assets of \$136 million in the current year compared to \$141 million in the prior year. Business-type activities comprise \$49 million and \$51 million of the total net assets in the respective years.

The following table shows the changes in the net assets during the fiscal years ended September 30, 2009 and 2008 (in thousands of dollars):

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
<b>Revenue</b>						
Program revenue:						
Charges for services	\$ 6,608	\$ 7,279	\$ 49,685	\$ 49,863	\$ 56,293	\$ 57,142
Operating grants and contributions	1,992	1,986	48	95	2,040	2,081
Capital grants and contributions	1,340	3,414	-	261	1,340	3,675
General revenue:						
Property taxes	13,039	12,732	-	-	13,039	12,732
State-shared revenue	3,091	3,291	-	-	3,091	3,291
Unrestricted investment earnings	338	(7)	493	1,421	831	1,414
(Loss) gain on sale of assets	(21)	(8)	84	122	63	114
Transfers and other revenue	(37)	(284)	258	456	221	172
Total revenue	26,350	28,403	50,568	52,218	76,918	80,621
<b>Program Expenses</b>						
General government	9,230	8,396	-	-	9,230	8,396
Public safety	10,926	9,934	-	-	10,926	9,934
Public works	6,902	7,153	-	-	6,902	7,153
Community and economic development	149	113	-	-	149	113
Recreation and culture	1,454	1,520	-	-	1,454	1,520
Interest on long-term debt	634	509	-	-	634	509
Business-type	-	-	52,911	48,795	52,911	48,795
Total program expenses	29,295	27,625	52,911	48,795	82,206	76,420
<b>Change in Net Assets</b>	<b>\$ (2,945)</b>	<b>\$ 778</b>	<b>\$ (2,343)</b>	<b>\$ 3,423</b>	<b>\$ (5,288)</b>	<b>\$ 4,201</b>

### Governmental Activities

The City's total governmental revenues decreased by approximately \$2,053,000, or 7.2 percent, in the current year compared to a decrease of \$627,000, or 2.2 percent, in the prior year. This decrease was a result of a reduction in capital grants and contributions (\$2,074,000) which included a one-time contribution from the Tax Increment Finance Authority for the construction of the police and court facility (\$2,400,000) and the receipt of a grant related to the resurfacing of Ford Avenue (\$181,000) in the prior year. Finally, increases were realized in tax revenue (\$307,000) and investment earnings (\$331,000). Unfortunately, decreases also resulted from charges for service (\$671,000) and state shared revenue (\$200,000).

# City of Wyandotte, Michigan

## Management's Discussion and Analysis (Continued)

Expenses increased by approximately \$1,670,000, or 6.0 percent, in the current year compared to an increase of \$1,673,000, or 6.4 percent, in the prior year. Public safety expenses increased by \$992,000 and general government expenditures increased \$834,000 from the prior year. Both of these increases were primarily attributed to the recognition of OPEB expenditures of \$1,187,000 and \$506,000, respectively. General government expenditures also increased due to a reduction in capital projects. Public works expenses decreased \$251,000 from the prior year even though OPEB expenditures totaling \$506,000 were recognized in the current year. This increase was offset by lower gasoline and oil expenditures that resulted from the drop in price of petroleum products and increased capital activity associated with road improvement projects.

### 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 decreased from the prior year by approximately 3 percent, and the operating expenses increased by approximately 9 percent. The decrease in revenue was primarily due to decreases in power sales. Expenses increased due to a greater occurrence of general repairs and maintenance as well as increases in other power production costs. Accordingly, the Electric Fund's operating income decreased by \$3,896,000 to (\$1,008,000) in the current year, compared to net income of \$2,888,000 in the previous year.

The financial performance of the Water Fund remained relatively stable in the current year. Both operating revenue and expenses increased by approximately 7 percent. The increase in revenue was primarily due to the increased rates being charged. The increase in expenses was primarily due to the Department's implementation of GASB 45 in the current year, which increased retiree healthcare expenses by \$154,380. Operating income in the current year increased by \$2,000 to \$149,000 compared to a decrease of \$122,000 in the prior year. Through a planned series of water rate increases over the past several years, the Water Fund has been restoring its working capital position. Historically, the Water Fund has been assisted by annual contributions from the City's Tax Increment Financing Authority for water main construction, but there was no contribution in the current year. Unrestricted net assets in the current year total \$1,335,000 as compared to \$1,298,000 in the prior year.

The Cable Television Fund's operating revenue increased by approximately 8 percent, mainly due to increases in basic cable (\$287,000), cable internet service (\$125,000) and voice over internet protocol (VOIP) telephone service (\$213,239). The Cable Television Fund realized a net operating loss of \$164,000 in the current year, an increase of \$117,000 as compared to the net operating loss of \$47,000 in the prior year. The increased loss was primarily due to the

# City of Wyandotte, Michigan

## Management's Discussion and Analysis (Continued)

Departments implementation of GASB 45 in the current year which increased retiree healthcare expenses by \$85,859. 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 \$1.1 million) is the primary reason for the deficit in unrestricted net assets of \$1,584,000.

The operating results of the Sewage Disposal Fund indicate operating income of \$35,000 in the current year compared to operating income of \$466,000 in the prior year. Revenue and expenditures were less than anticipated due to a reduction in usage by customers. Nonetheless, these results are in line with expectations as the previous years' rate had 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 \$168,000 in the current year as compared to \$132,000 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 addition to the continued operating loss, cash flow was negative for the current year.

The city-owned commercial building realized net income of \$336,000, which is an increase of 49 percent from the previous year. This increase can be primarily attributed to increased rent received from 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 2009 include the General Fund.

The General Fund pays for most of the City's governmental services. The most significant is public safety, which incurred expenses of approximately \$9.2 million, or 52.5 percent, of the total General Fund expenditures in the current year as compared to \$9.1 million, or 51.7 percent, of the total General Fund expenditures in the prior fiscal year. Additional noteworthy expenditures include public works (\$3.4 million, or 19.6 percent, in the current fiscal year as compared to \$3.6 million, or 20.5 percent, of total expenditures in the prior fiscal year) and recreation and culture (\$1.3 million, or 7.2 percent, of total expenditures in the current fiscal year compared to \$1.2 million, or 6.9 percent, of total expenditures in the prior fiscal year). The increase in the recreation and culture expenditures in the current year was due to the purchase of the former Masonic Temple building, which was paid off in the current year. The City is on schedule to convert this building to an art and cultural facility during the upcoming fiscal year.

# City of Wyandotte, Michigan

## Management's Discussion and Analysis (Continued)

### 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. Unfortunately, declines in property tax revenue, state-shared revenue, revenue from building permits, court fines and fees originating from activity in the City of Riverview, Michigan, served to mitigate any positive results from reducing expenditures. In addition, savings were also derived from the City's continued decision to self-insure prescription drug coverage for active employees, and lower costs for liability and property insurance. The 27<sup>th</sup> District Court also did not have to reimburse the City of Riverview for any revenue generated by activity in their city, thus reducing the cost of judicial operations.

The most significant changes were increased appropriations for overtime for the police department (\$102,000), additional amounts due for the annual pension contribution for the police department (\$108,000), additional costs associated with prisoner transport and housing (\$72,000), and a reduction in amounts provided for gasoline and fuel costs due to the decrease 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 (\$102,000) to reflect increased citations written by the Wyandotte police department, increased grant revenue (\$106,000), and reduced investment earnings (\$540,000).

### 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 last year. These bonds will mature in 2026. In addition, the debt service on the bonds sold in 1999 to construct the facility that houses the Department of Public Service will be repaid in 2013.

# **City of Wyandotte, Michigan**

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

### **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. Although no local tax increase is anticipated in the future, it is likely that the delivery of services may be curtailed if additional revenue is not realized.

### **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, 2009

	Primary Government			
	Governmental	Business-type	Total	Component Units
	Activities	Activities		
<b>Assets</b>				
Cash and investments (Note 3)	\$ 35,386,595	\$ 8,723,493	\$ 44,110,088	\$ 4,658,423
Receivables - Net:				
Taxes	2,249,594	-	2,249,594	1,411
Special assessments	594,623	-	594,623	-
Customer	-	6,885,303	6,885,303	-
Accrued interest	15,057	-	15,057	-
Other	1,078,230	-	1,078,230	64,807
Due from other governmental units	1,108,492	-	1,108,492	-
Note receivable	88,112	-	88,112	400,000
Due from component units (Note 9)	490	-	490	-
Due from primary government (Note 9)	-	-	-	717,092
Internal balances (Note 9)	1,083,784	(1,083,784)	-	-
Inventory	-	3,428,209	3,428,209	-
Prepaid expenses and other assets	145,420	1,546,641	1,692,061	-
Restricted assets (Note 12)	-	12,354,551	12,354,551	-
Investment in joint ventures (Note 7)	3,050,000	854,778	3,904,778	-
Land held for resale (Note 6)	155,232	-	155,232	1,487,132
Pension asset (Note 13)	6,622,586	-	6,622,586	-
Capital assets:				
Assets not subject to depreciation (Note 8)	18,135,929	736,506	18,872,435	-
Assets subject to depreciation - Net (Note 8)	53,866,639	82,164,110	136,030,749	-
Bond issuance costs (Note 5)	-	1,799,205	1,799,205	-
Long-term receivable (Note 17)	-	138,000	138,000	-
Advance to component unit (Note 9)	1,332,667	-	1,332,667	-
<b>Total assets</b>	<b>124,913,450</b>	<b>117,547,012</b>	<b>242,460,462</b>	<b>7,328,865</b>
<b>Liabilities</b>				
Accounts payable	2,492,669	5,053,248	7,545,917	377,962
Due to City agency fund	-	-	-	45,264
Due to other governmental units	3,754,648	-	3,754,648	164,292
Due to component units (Note 9)	717,092	-	717,092	-
Due to primary government (Note 9)	-	-	-	490
Refundable deposits, bonds, etc.	1,380,354	651,748	2,032,102	-
Accrued liabilities and other	1,657,357	1,250,476	2,907,833	39,361
Deferred revenue (Note 4)	13,049,475	180,457	13,229,932	4,059,539
Noncurrent liabilities:				
Due within one year:				
Compensated absences	834,445	-	834,445	-
General liability and workers' compensation claims	503,599	405,867	909,466	-
Current portion of long-term debt (Note 10)	877,032	5,193,129	6,070,161	590,850
Due in more than one year:				
Compensated absences	642,350	-	642,350	-
Debt service payable from restricted assets	-	4,725,134	4,725,134	-
Net OPEB obligation (Note 15)	2,198,928	718,989	2,917,917	-
Advance from primary government (Note 9)	-	-	-	1,332,667
Long-term debt - Net of current portion and amount payable from restricted assets (Note 10)	10,270,000	50,264,641	60,534,641	776,815
<b>Total liabilities</b>	<b>38,377,949</b>	<b>68,443,689</b>	<b>106,821,638</b>	<b>7,387,240</b>
<b>Net Assets (Deficit)</b>				
Invested in capital assets - Net of related debt	60,855,536	26,106,306	86,961,842	-
Restricted for:				
Major and local streets projects	75,344	-	75,344	-
Construction and other	4,129,840	1,263,561	5,393,401	-
Debt service	938,024	8,312,095	9,250,119	-
Rubbish	1,332,535	-	1,332,535	-
Retiree health care	-	1,189,506	1,189,506	-
Unrestricted	19,204,222	12,231,855	31,436,077	(58,375)
<b>Total net assets (deficit)</b>	<b>\$ 86,535,501</b>	<b>\$ 49,103,323</b>	<b>\$ 135,638,824</b>	<b>\$ (58,375)</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	\$ 9,229,799	\$ 2,602,680	\$ 53,163	\$ -
Public safety	10,926,499	2,388,943	139,001	-
Public works	6,902,156	861,628	1,749,039	1,321,129
Community and economic development	148,816	68,978	32,253	16,400
Recreation and culture	1,453,687	685,905	19,000	3,000
Interest on long-term debt	634,178	-	-	-
<b>Total governmental activities</b>	<b>29,295,135</b>	<b>6,608,134</b>	<b>1,992,456</b>	<b>1,340,529</b>
Business-type activities:				
Electric	37,302,819	34,152,292	48,300	-
Water	3,428,158	3,577,129	-	-
Cable television	7,771,522	7,564,634	-	-
Sewage disposal	3,329,772	3,168,492	-	-
Golf course	487,170	318,700	-	-
Building rental	591,222	904,135	-	-
<b>Total business-type activities</b>	<b>52,910,663</b>	<b>49,685,382</b>	<b>48,300</b>	<b>-</b>
<b>Total primary government</b>	<b>\$ 82,205,798</b>	<b>\$ 56,293,516</b>	<b>\$ 2,040,756</b>	<b>\$ 1,340,529</b>
<b>Component units:</b>				
Tax Increment Finance Authorities - Consolidated Development Area	\$ 4,158,517	\$ 2,025	\$ -	\$ -
Tax Increment Finance Authorities - Downtown Development Area	768,287	14,987	-	-
Downtown Development Authority	-	-	-	-
Brownfield Redevelopment Authority	252,478	-	-	-
<b>Total component units</b>	<b>\$ 5,179,282</b>	<b>\$ 17,012</b>	<b>\$ -</b>	<b>\$ -</b>
General revenues:				
Property taxes				
State-shared revenue				
Unrestricted investment income				
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</b>				
<b>Net Assets (Deficit) - End of year</b>				

**Statement of Activities**  
**Year Ended September 30, 2009**

Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (6,573,956)	\$ -	\$ (6,573,956)	\$ -
(8,398,555)	-	(8,398,555)	-
(2,970,360)	-	(2,970,360)	-
(31,185)	-	(31,185)	-
(745,782)	-	(745,782)	-
(634,178)	-	(634,178)	-
<u>(19,354,016)</u>	<u>-</u>	<u>(19,354,016)</u>	<u>-</u>
-	(3,102,227)	(3,102,227)	-
-	148,971	148,971	-
-	(206,888)	(206,888)	-
-	(161,280)	(161,280)	-
-	(168,470)	(168,470)	-
-	312,913	312,913	-
<u>-</u>	<u>(3,176,981)</u>	<u>(3,176,981)</u>	<u>-</u>
(19,354,016)	(3,176,981)	(22,530,997)	-
-	-	-	(4,156,492)
-	-	-	(753,300)
-	-	-	-
-	-	-	(252,478)
<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,162,270)</u>
13,038,774	-	13,038,774	5,712,722
3,090,616	-	3,090,616	-
337,606	492,532	830,138	25,233
220,921	-	220,921	41,629
<u>16,687,917</u>	<u>492,532</u>	<u>17,180,449</u>	<u>5,779,584</u>
(21,291)	84,290	62,999	-
<u>(257,577)</u>	<u>257,577</u>	<u>-</u>	<u>-</u>
(2,944,967)	(2,342,582)	(5,287,549)	617,314
<u>89,480,468</u>	<u>51,445,905</u>	<u>140,926,373</u>	<u>(675,689)</u>
<b><u>\$ 86,535,501</u></b>	<b><u>\$ 49,103,323</u></b>	<b><u>\$ 135,638,824</u></b>	<b><u>\$ (58,375)</u></b>



# City of Wyandotte, Michigan

## Governmental Funds Balance Sheet September 30, 2009

	General Fund	Nonmajor	Total
<b>Assets</b>			
Cash and investments (Note 3)	\$ 23,159,928	\$ 8,081,760	\$ 31,241,688
Receivables - Net:			
Taxes	1,649,854	599,740	2,249,594
Special assessments	-	594,623	594,623
Accrued interest	9,595	373	9,968
Other	1,012,731	65,499	1,078,230
Due from other governmental units	641,122	467,370	1,108,492
Due from component units (Note 9)	-	490	490
Due from other funds (Note 9)	869,122	4,551,055	5,420,177
Advances to other funds (Note 9)	-	126,286	126,286
Prepaid expenses and other assets	145,420	-	145,420
Land held for resale (Note 6)	-	155,232	155,232
Note receivable	-	88,112	88,112
Advance to component unit (Note 9)	-	1,074,274	1,074,274
	<u>\$ 27,487,772</u>	<u>\$ 15,804,814</u>	<u>\$ 43,292,586</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 842,304	\$ 1,646,592	\$ 2,488,896
Due to other governmental units	3,754,648	-	3,754,648
Due to component units (Note 9)	254,698	462,394	717,092
Due to other funds (Note 9)	6,992,984	735,136	7,728,120
Refundable deposits, bonds, etc.	1,380,344	10	1,380,354
Accrued liabilities and other	1,471,169	-	1,471,169
Deferred revenue (Note 4)	10,742,080	4,144,073	14,886,153
	<u>25,438,227</u>	<u>6,988,205</u>	<u>32,426,432</u>
<b>Fund Balances</b>			
Reserved for:			
Prepaid expenses	145,420	-	145,420
Noncurrent receivables	-	1,200,560	1,200,560
Construction, debt service, and other	-	3,078,124	3,078,124
Unreserved, reported in:			
General Fund	1,904,125	-	1,904,125
Special Revenue Funds	-	4,537,925	4,537,925
	<u>2,049,545</u>	<u>8,816,609</u>	<u>10,866,154</u>
Total fund balances	<u>2,049,545</u>	<u>8,816,609</u>	<u>10,866,154</u>
Total liabilities and fund balances	<u>\$ 27,487,772</u>	<u>\$ 15,804,814</u>	<u>\$ 43,292,586</u>

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

# City of Wyandotte, Michigan

## Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Assets September 30, 2009

<b>Fund Balance Reported in Governmental Funds</b>	\$ 10,866,154
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	72,002,568
Net pension assets are not financial resources and are not reported in the funds	6,622,586
Investments in joint ventures are not financial resources and are not reported in the funds	3,050,000
Special assessment receivables are expected to be collected over several years and are not available to pay for current year expenditures	604,413
Property tax receivables are expected to be collected over several years and are not available to pay for current year expenditures	251,552
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	980,713
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(11,147,032)
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	(1,476,795)
Interest payable is not due and payable in the current period and is not reported in the funds	(186,188)
Net OPEB obligation does not present a claim on current financial resources and is not reported as a fund liability	(2,198,928)
Internal Service Funds are included as part of governmental activities	7,166,458
<b>Net Assets of Governmental Activities</b>	<b>\$ 86,535,501</b>

# City of Wyandotte, Michigan

## Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balance Year Ended September 30, 2009

	General Fund	Nonmajor	Total
<b>Revenue</b>			
Property taxes	\$ 10,299,570	\$ 2,735,690	\$ 13,035,260
Licenses and permits	380,986	-	380,986
Federal grants	82,000	151,755	233,755
State-shared revenue and grants	3,115,527	1,553,251	4,668,778
Contribution from component unit	-	706,385	706,385
Other charges for services	3,359,684	237,720	3,597,404
Other fines and forfeitures	1,645,727	-	1,645,727
Investment income	187,465	113,938	301,403
Other revenue	97,817	1,246,040	1,343,857
	19,168,776	6,744,779	25,913,555
<b>Expenditures</b>			
General government	3,649,407	347,354	3,996,761
Public safety	9,210,372	631,903	9,842,275
Public works	3,442,093	5,956,333	9,398,426
Community and economic development	-	148,816	148,816
Recreation and culture	1,254,431	643,970	1,898,401
Debt service	-	1,364,208	1,364,208
	17,556,303	9,092,584	26,648,887
<b>Excess of Revenue Over (Under)</b>			
<b>Expenditures</b>	1,612,473	(2,347,805)	(735,332)
<b>Other Financing Sources (Uses)</b>			
Transfers in	-	1,784,156	1,784,156
Transfers out	(1,719,659)	(322,074)	(2,041,733)
<b>Net Change in Fund Balance</b>	(107,186)	(885,723)	(992,909)
<b>Fund Balance - Beginning of year</b>	2,156,731	9,702,332	11,859,063
<b>Fund Balance - End of year</b>	<b>\$ 2,049,545</b>	<b>\$ 8,816,609</b>	<b>\$ 10,866,154</b>

# City of Wyandotte, Michigan

## Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities Year Ended September 30, 2009

<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$ (992,909)
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	4,491,838
Capital contributions from other governmental units	679,000
Depreciation expense	(5,700,134)
Net book value of assets disposed of	(21,291)
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	(1,987)
Increase in 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	66,270
Increases in investments in joint ventures are not increases to current financial resources and are not reported in the funds	200,000
Repayment of bond principal is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt)	872,968
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	(66,585)
Increase in net OPEB obligation expense reported in the statement of activities does not require the use of current resources, and therefore is not reported in the fund statements until it comes due for payment	(2,198,928)
Accrued interest	(142,938)
Internal Service Funds are included as part of governmental activities	(130,271)
<b>Change in Net Assets of Governmental Activities</b>	<b>\$ (2,944,967)</b>

# City of Wyandotte, Michigan

	Electric	Water	Cable Television	Sewage Disposal
<b>Assets</b>				
Current assets:				
Cash and investments (Note 3)	\$ 2,716,486	\$ 1,022,543	\$ 87,350	\$ 4,881,223
Receivables - Net - Customer	5,121,919	553,814	668,723	540,847
Accrued interest	-	-	-	-
Due from other funds (Note 9)	-	1,431,349	7,532	721,555
Inventory	3,202,757	115,468	109,984	-
Prepaid expenses and other assets	88,399	11,638	45,700	1,250,609
<b>Total current assets</b>	<b>11,129,561</b>	<b>3,134,812</b>	<b>919,289</b>	<b>7,394,234</b>
Noncurrent assets:				
Restricted assets (Note 12)	10,868,460	169,475	1,316,616	-
Investment in joint ventures (Note 7)	-	-	-	854,778
Capital assets:				
Assets not subject to depreciation (Note 8)	591,506	-	-	-
Assets subject to depreciation - Net (Note 8)	46,481,537	9,063,350	3,649,354	17,616,434
Bond issuance costs (Note 5)	1,799,205	-	-	-
Long-term receivable (Note 17)	138,000	-	-	-
Advance to component unit (Note 9)	-	-	-	-
<b>Total noncurrent assets</b>	<b>59,878,708</b>	<b>9,232,825</b>	<b>4,965,970</b>	<b>18,471,212</b>
<b>Total assets</b>	<b>71,008,269</b>	<b>12,367,637</b>	<b>5,885,259</b>	<b>25,865,446</b>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	4,067,904	44,467	510,173	423,256
Due to other funds (Note 9)	40,435	1,359,053	1,398,446	-
Refundable deposits, bonds, etc.	531,423	-	120,325	-
Accrued liabilities and other	728,856	241,924	277,818	-
Deferred revenue (Note 4)	-	-	110,984	-
General liability and workers' compensation claims (Note 11)	405,867	-	-	-
Current portion of long-term debt (Note 10)	4,093,952	-	416,617	609,151
<b>Total current liabilities</b>	<b>9,868,437</b>	<b>1,645,444</b>	<b>2,834,363</b>	<b>1,032,407</b>
Noncurrent liabilities:				
Advances from other funds (Note 9)	-	-	-	-
Debt service payable from restricted assets	4,725,134	-	-	-
Net OPEB obligation (Note 15)	478,740	154,380	85,869	-
Long-term debt - Net of current portion and amount payable from restricted assets (Note 10)	39,039,490	-	493,356	10,731,795
<b>Total noncurrent liabilities</b>	<b>44,243,364</b>	<b>154,380</b>	<b>579,225</b>	<b>10,731,795</b>
<b>Total liabilities</b>	<b>54,111,801</b>	<b>1,799,824</b>	<b>3,413,588</b>	<b>11,764,202</b>
<b>Net Assets</b>				
Invested in capital assets - Net of related debt	2,603,061	9,063,350	2,739,381	6,275,488
Restricted (Note 12)	9,279,071	169,475	1,316,616	-
Unrestricted (deficit)	5,014,336	1,334,988	(1,584,326)	7,825,756
<b>Total net assets</b>	<b>\$ 16,896,468</b>	<b>\$ 10,567,813</b>	<b>\$ 2,471,671</b>	<b>\$ 14,101,244</b>

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

**Proprietary Funds  
Statement of Net Assets  
September 30, 2009**

Non-Major Enterprise	Total Enterprise Funds	Internal Service
\$ 15,891	\$ 8,723,493	\$ 4,144,907
-	6,885,303	-
-	-	5,089
-	2,160,436	3,265,441
-	3,428,209	-
150,295	1,546,641	-
166,186	22,744,082	7,415,437
-	12,354,551	-
-	854,778	-
145,000	736,506	-
5,353,435	82,164,110	-
-	1,799,205	-
-	138,000	-
-	-	258,393
5,498,435	98,047,150	258,393
5,664,621	120,791,232	7,673,830
7,448	5,053,248	3,773
320,000	3,117,934	-
-	651,748	-
1,878	1,250,476	-
69,473	180,457	-
-	405,867	503,599
73,409	5,193,129	-
472,208	15,852,859	507,372
126,286	126,286	-
-	4,725,134	-
-	718,989	-
-	50,264,641	-
126,286	55,835,050	-
598,494	71,687,909	507,372
5,425,026	26,106,306	-
-	10,765,162	-
(358,899)	12,231,855	7,166,458
<b>\$ 5,066,127</b>	<b>\$ 49,103,323</b>	<b>\$ 7,166,458</b>

# City of Wyandotte, Michigan

	Electric	Water	Cable Television	Sewage Disposal
<b>Operating Revenue</b>				
Sale of water	\$ -	\$ 3,577,129	\$ -	\$ -
Sewage disposal charges	-	-	-	3,127,901
Sale of electricity	34,152,292	-	-	-
Other sales to customers	-	-	7,564,634	-
Other miscellaneous revenues	-	-	-	40,591
Total operating revenue	34,152,292	3,577,129	7,564,634	3,168,492
<b>Operating Expenses</b>				
Cost of water	-	826,047	-	-
Cost of sewage treatment	-	-	-	1,690,682
Cost of electrical production	23,399,230	-	-	-
Cost of insurance claims	-	-	-	-
Distribution	1,452,061	525,189	1,108,030	-
Transportation	81,918	12,233	22,019	-
Billing and administrative costs	1,054,665	433,084	583,210	-
Other operation and maintenance costs	4,445,614	973,089	1,354,455	925,782
Cable television royalties	-	-	3,841,069	-
Depreciation	4,726,559	658,516	819,475	517,005
Total operating expenses	35,160,047	3,428,158	7,728,258	3,133,469
<b>Operating Income (Loss)</b>	(1,007,755)	148,971	(163,624)	35,023
<b>Nonoperating Revenue (Expenses)</b>				
Investment and other income	283,827	110,545	53,735	44,257
Interest expense	(2,013,634)	-	(43,264)	(196,303)
Amortization of bond issuance costs	(129,138)	-	-	-
Gain on sale of assets	35,685	-	48,605	-
Grant revenue	48,300	-	-	-
Total nonoperating revenue (expenses)	(1,774,960)	110,545	59,076	(152,046)
<b>Income (Loss) - Before transfers</b>	(2,782,715)	259,516	(104,548)	(117,023)
<b>Transfers In</b>	-	-	-	257,577
<b>Change in Net Assets</b>	(2,782,715)	259,516	(104,548)	140,554
<b>Net Assets - Beginning of year</b>	19,679,183	10,308,297	2,576,219	13,960,690
<b>Net Assets - End of year</b>	<u>\$ 16,896,468</u>	<u>\$ 10,567,813</u>	<u>\$ 2,471,671</u>	<u>\$ 14,101,244</u>

**Proprietary Funds**

**Statement of Revenue, Expenses, and Changes in Net Assets**

**Year Ended September 30, 2009**

Non-Major Enterprise	Total Enterprise Funds	Internal Service
\$ -	\$ 3,577,129	\$ -
-	3,127,901	-
-	34,152,292	-
1,052,965	8,617,599	-
169,870	210,461	-
<u>1,222,835</u>	<u>49,685,382</u>	<u>-</u>
-	826,047	-
-	1,690,682	-
-	23,399,230	-
-	-	168,739
-	3,085,280	-
-	116,170	-
-	2,070,959	-
805,793	8,504,733	-
-	3,841,069	-
249,337	6,970,892	-
<u>1,055,130</u>	<u>50,505,062</u>	<u>168,739</u>
167,705	(819,680)	(168,739)
168	492,532	38,468
(23,262)	(2,276,463)	-
-	(129,138)	-
-	84,290	-
-	48,300	-
<u>(23,094)</u>	<u>(1,780,479)</u>	<u>(38,468)</u>
144,611	(2,600,159)	(130,271)
<u>-</u>	<u>257,577</u>	<u>-</u>
144,611	(2,342,582)	(130,271)
4,921,516	51,445,905	7,296,729
<u>\$ 5,066,127</u>	<u>\$ 49,103,323</u>	<u>\$ 7,166,458</u>



# City of Wyandotte, Michigan

	Electric	Water	Cable Television
<b>Cash Flows from Operating Activities</b>			
Receipts from customers	\$ 34,798,192	\$ 3,468,162	\$ 7,501,249
Payments for interfund services and reimbursements	-	-	-
Payments to suppliers	(27,915,289)	(1,296,989)	(5,916,125)
Payments to employees	(4,464,251)	(946,107)	(1,038,480)
Claims paid	-	-	-
Net cash provided by (used in) operating activities	<u>2,418,652</u>	<u>1,225,066</u>	<u>546,644</u>
<b>Cash Flows from Noncapital Financing Activities</b> - Transfers (to) from other funds	80,146	(358,497)	278,351
<b>Cash Flows from Capital and Related Financing Activities</b>			
Receipt of capital grants	48,300	-	-
Proceeds from installment purchase agreement	24,118,447	-	-
Proceeds from sales of capital assets	35,685	-	48,605
Property taxes (restricted for capital or capital debt)	-	-	-
Purchase of capital assets - Net of reimbursements	(3,568,056)	(879,790)	(460,833)
Principal and interest paid on capital debt	(27,617,830)	-	(458,196)
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>(6,347,454)</u>	<u>(879,790)</u>	<u>(870,424)</u>
<b>Cash Flows from Investing Activities</b> - Interest received on investments	<u>283,827</u>	<u>110,545</u>	<u>53,735</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(3,564,829)	97,324	8,306
<b>Cash and Cash Equivalents</b> - Beginning of year	<u>17,149,775</u>	<u>1,094,694</u>	<u>1,395,660</u>
<b>Cash and Cash Equivalents</b> - End of year	<u><b>\$ 13,584,946</b></u>	<u><b>\$ 1,192,018</b></u>	<u><b>\$ 1,403,966</b></u>
<b>Balance Sheet Classification of Cash and Cash Equivalents</b>			
Cash and investments	\$ 2,716,486	\$ 1,022,543	\$ 87,350
Restricted investments	<u>10,868,460</u>	<u>169,475</u>	<u>1,316,616</u>
Total cash and cash equivalents	<u><b>\$ 13,584,946</b></u>	<u><b>\$ 1,192,018</b></u>	<u><b>\$ 1,403,966</b></u>
<b>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities</b>			
Operating income (loss)	\$ (1,007,755)	\$ 148,971	\$ (163,624)
Adjustments to reconcile operating income (loss) to net cash from operating activities:			
Depreciation and amortization	4,726,559	658,516	819,475
Changes in assets and liabilities:			
Receivables	645,900	(108,967)	(63,385)
Due from others	-	-	-
Inventories	984,543	8,432	40,834
Prepaid and other assets	21,482	11,627	47,730
Accounts payable	(2,330,331)	(146,594)	(179,893)
Due to others	-	510,603	-
Estimated claims liability	-	-	-
Accrued and other liabilities	(604,391)	142,478	79,468
Equity in joint venture	-	-	-
Deferred revenue	-	-	(12,336)
Customer deposits and other current liabilities	(17,355)	-	(21,625)
Net cash provided by (used in) operating activities	<u><b>\$ 2,418,652</b></u>	<u><b>\$ 1,225,066</b></u>	<u><b>\$ 546,644</b></u>

**Proprietary Funds  
Statement of Cash Flows  
Year Ended September 30, 2009**

Sewage Disposal	Non-Major	Total	Internal Service
\$ 3,081,177	\$ 1,267,402	\$ 50,116,182	\$ 6,983
(218,696)	-	(218,696)	-
(2,159,308)	(754,858)	(38,042,569)	1,094
-	(145,665)	(6,594,503)	-
-	-	-	(122,702)
703,173	366,879	5,260,414	(114,625)
-	-	-	-
-	-	48,300	-
-	-	24,118,447	-
-	-	84,290	-
257,577	-	257,577	-
(287,154)	(3,895)	(5,199,728)	-
(769,418)	(162,296)	(29,007,740)	-
-	-	636,000	-
-	(243,406)	(243,406)	-
(798,995)	(409,597)	(9,306,260)	-
44,257	168	492,532	33,379
(51,565)	(42,550)	(3,553,314)	(81,246)
4,932,788	58,441	24,631,358	4,226,153
<b>\$ 4,881,223</b>	<b>\$ 15,891</b>	<b>\$ 21,078,044</b>	<b>\$ 4,144,907</b>
\$ 4,881,223	\$ 15,891	\$ 8,723,493	\$ 4,144,907
-	-	12,354,551	-
<b>\$ 4,881,223</b>	<b>\$ 15,891</b>	<b>\$ 21,078,044</b>	<b>\$ 4,144,907</b>
\$ 35,023	\$ 167,705	\$ (819,680)	\$ (168,739)
517,005	249,337	6,970,892	-
(87,315)	556	386,789	6,983
(218,696)	-	(218,696)	-
-	-	1,033,809	-
(34,143)	(86,472)	(39,776)	-
415,056	(3,536)	(2,245,298)	1,094
-	-	510,603	-
-	-	-	46,037
-	(4,722)	(387,167)	-
76,243	-	76,243	-
-	-	(12,336)	-
-	44,011	5,031	-
<b>\$ 703,173</b>	<b>\$ 366,879</b>	<b>\$ 5,260,414</b>	<b>\$ (114,625)</b>

# City of Wyandotte, Michigan

## Fiduciary Funds Statement of Net Assets September 30, 2009

	Pension and Other Employee Benefits Trust	Agency
<b>Assets</b>		
Cash and cash equivalents (Note 3)	\$ 2,722,279	\$ 337,940
Investments (Note 3):		
Collateralized mortgage obligations	1,454,038	-
U.S. government securities	6,405,467	-
U.S. government agency obligations	6,075,203	-
Common trust funds/mutual funds	543,078	-
Stocks	11,061,498	-
Bonds	14,585,785	-
Foreign stock ADR	15,818,284	-
Foreign government obligations	4,950,043	-
Foreign corporate bonds	540,172	-
Receivables - Net - Accrued interest	369,192	5,790
Due from component units	-	45,264
Total assets	64,525,039	\$ 388,994
<b>Liabilities</b>		
Accounts payable	54,357	\$ -
Due to other governmental units	-	11,117
Refundable deposits, bonds, etc.	-	377,877
Total liabilities	54,357	\$ 388,994
<b>Net Assets Held in Trust for Pension and Other Employee Benefits</b>	<b>\$ 64,470,682</b>	

# City of Wyandotte, Michigan

## Fiduciary Funds Statement of Changes in Fiduciary Net Assets Year Ended September 30, 2009

### Additions

#### Investment income:

Interest and dividends	\$ 2,418,636
Net increase in fair value of investments	1,779,569
Investment related expenses	<u>(548,893)</u>

Net investment income 3,649,312

#### Contributions:

Employer contributions from WDMS	494,056
Employee contributions	77,803
Employer contributions from all other funds	<u>4,104,878</u>

Net contributions 4,676,737

Total additions 8,326,049

### Deductions - Benefits

Benefit payments	5,436,361
Health benefits	<u>1,778,415</u>

Total deductions 7,214,776

**Net Increase in Net Assets Held in Trust** 1,111,273

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

**Net Assets Held in Trust for Pension and Other Employee Benefits - End of year** \$ 64,470,682

# City of Wyandotte, Michigan

## Component Units Statement of Net Assets (Deficit) September 30, 2009

	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)	\$ 3,354,405	\$ 1,268,703	\$ 1,520	\$ 33,795	\$ 4,658,423
Receivables - Net:					
Taxes	-	-	1,411	-	1,411
Other	53,321	592	-	10,894	64,807
Due from primary government (Note 9)	682,054	35,038	-	-	717,092
Internal balances (Note 9)	34,289	-	-	(34,289)	-
Land held for resale (Note 6)	1,442,332	44,800	-	-	1,487,132
Note receivable	-	400,000	-	-	400,000
	<u>5,566,401</u>	<u>1,749,133</u>	<u>2,931</u>	<u>10,400</u>	<u>7,328,865</u>
<b>Liabilities</b>					
Accounts payable	258,868	102,460	-	16,634	377,962
Due to other governmental units	-	-	-	164,292	164,292
Due to primary government (Note 9)	45,654	100	-	-	45,754
Accrued liabilities and other	18,575	20,786	-	-	39,361
Deferred revenue (Note 4)	3,624,568	433,559	1,412	-	4,059,539
Advance from primary government (Note 9)	-	-	-	1,332,667	1,332,667
Long-term debt (Note 10)	989,710	338,896	-	39,059	1,367,665
	<u>4,937,375</u>	<u>895,801</u>	<u>1,412</u>	<u>1,552,652</u>	<u>7,387,240</u>
<b>Net Assets (Deficit) - Unrestricted</b>	<u><b>\$ 629,026</b></u>	<u><b>\$ 853,332</b></u>	<u><b>\$ 1,519</b></u>	<u><b>\$ (1,542,252)</b></u>	<u><b>\$ (58,375)</b></u>

# City of Wyandotte, Michigan

	<u>Expenses</u>	<u>Program Revenues</u>
		<u>Charges for Services</u>
<b>Functions/Programs</b>		
Tax Increment Finance Authorities - Consolidated governmental activities:		
Community and economic development	\$ 4,090,877	\$ 2,025
Debt service	67,640	-
	<u>4,158,517</u>	<u>2,025</u>
Total Tax Increment Finance Authorities - Consolidated		
Tax Increment Finance Authorities - Downtown governmental activities:		
Community and economic development	745,084	14,987
Debt service	23,203	-
	<u>768,287</u>	<u>14,987</u>
Total Tax Increment Finance Authorities - Downtown governmental activities		
Downtown Development Authority	-	-
Brownfield Redevelopment Authority - Governmental activities:		
Community and economic development	235,981	-
Debt service	16,497	-
	<u>252,478</u>	<u>-</u>
Total Brownfield Redevelopment authority		
Total governmental activities	<u>\$ 5,179,282</u>	<u>\$ 17,012</u>
General revenues:		
Property taxes		
Unrestricted investment income		
Miscellaneous		
		Total general revenues
<b>Change in Net Assets</b>		
<b>Net Assets (Deficit) - Beginning of year</b>		
<b>Net Assets (Deficit) - End of year</b>		

**Component Units  
Statement of Activities  
Year Ended September 30, 2009**

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
\$ (4,088,852)	\$ -	\$ -	\$ -	\$ (4,088,852)
(67,640)	-	-	-	(67,640)
(4,156,492)	-	-	-	(4,156,492)
-	(730,097)	-	-	(730,097)
-	(23,203)	-	-	(23,203)
-	(753,300)	-	-	(753,300)
-	-	-	-	-
-	-	-	(235,981)	(235,981)
-	-	-	(16,497)	(16,497)
-	-	-	(252,478)	(252,478)
(4,156,492)	(753,300)	-	(252,478)	(5,162,270)
4,473,223	1,118,473	443	120,583	5,712,722
20,309	4,863	4	57	25,233
18,821	3,520	-	19,288	41,629
4,512,353	1,126,856	447	139,928	5,779,584
355,861	373,556	447	(112,550)	617,314
273,165	479,776	1,072	(1,429,702)	(675,689)
<b>\$ 629,026</b>	<b>\$ 853,332</b>	<b>\$ 1,519</b>	<b>\$ (1,542,252)</b>	<b>\$ (58,375)</b>

# City of Wyandotte, Michigan

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## Notes to Financial Statements September 30, 2009

### 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 fund:

**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.

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.

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

**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.

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

**Pension and Other Employee Benefit Trust Funds** - The Pension and Other Employee Benefit Trust Funds account for the activities of the retirement system and the trust established to account for costs related to retiree health care.

**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 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.

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

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 Sewage 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.

#### **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 2008 taxable valuation of the City totaled \$740,251,405 (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 .5488 mills for the sewer judgment levy. In addition, the City levied 2.3642 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 \$7,907,000 for operating purposes, \$1,693,000 for debt service, \$1,625,000 for garbage and rubbish services, \$1,108,000 for drain operation and maintenance, and \$257,000 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.

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

**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.

**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. The City has an obligation recorded for the Ecorse Creek pollution bonds and the Downriver Sewage Disposal System (Series A and B and State Revolving Fund) bonds, which are to be paid from a combination of debt levy revenue and through rates. Total tax collections received in the current year were \$253,000 compared to principal and interest payments of \$769,000 on related debt.

**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.

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

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.

**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.

**Pension and Other Postemployment Benefit Costs** - The City offers both pension and retiree healthcare benefits to retirees. The City receives an actuarial valuation to compute the annual required contribution (ARC) necessary to fund the obligation over the remaining amortization period. In the governmental funds, pension and OPEB costs are recognized as contributions are made. For the government-wide statements and proprietary funds, the City reports the full accrual cost equal to the current year required contribution, adjusted for interest and "adjustment to the ARC" on the beginning of year underpaid amount, if any.

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

**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.

**Upcoming Reporting Changes** - In June 2007, the GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, effective for the City's 2010 fiscal year end. This statement requires capitalization of identifiable intangible assets in the statement of net assets and provides guidance for amortization of intangible assets unless they are considered to have an indefinite useful life. This statement also establishes specified conditions upon which internally generated intangible assets should be recognized and amortized, including internally generated computer software. The City is currently evaluating the impact this standard will have on the financial statements when adopted.

In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Under this standard, the fund balance classifications of reserved, designated, and unreserved will be replaced with five new classifications: nonspendable, restricted, committed, assigned, and unassigned. The City is currently evaluating the impact this standard will have on the financial statements when adopted. The City will implement Statement No. 54 beginning with the fiscal year ending September 30, 2011.

# City of Wyandotte, Michigan

## Notes to Financial Statements September 30, 2009

### Note 1 - Nature of Business and Significant Accounting Policies (Continued)

**Significant Customers** - The City has the following customers that represent significant amounts of operating revenue for the year ended September 30, 2009:

	Electricity Fees	Water Fees	Sewage Fees	Property Taxes
BASF Corporation	13 %	14 %	23 %	9 %
Electric Fund	- %	4 %	- %	- %
Wayne County	6 %	4 %	- %	- %
Wyandotte Hospital	3 %	2 %	- %	- %

### 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, 2008	\$	82,714
Current year permit revenue		463,148
Related expenses:		
Direct costs	\$	111,690
Estimated indirect costs		512,735
Current year shortfall		<u>(161,277)</u>
Cumulative shortfall at September 30, 2009	\$	<u>(78,563)</u>

**Accumulated Deficit** - The City has an accumulated deficit in the Major Streets Fund and Brownfield Redevelopment Authority. The deficit in the Major Streets Fund is related to grant reimbursement revenue that was not received within the 60-day availability period and will be eliminated once the grant revenue is collected. Management expects the deficit in the Brownfield Redevelopment Authority to 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.

The City has designated three banks for the deposit of its funds. The investment policy adopted by the council and mayor 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.

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 \$39,437,548 of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. In addition, the City's component units had \$4,148,249 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.

### 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	\$ 542,407	1.40 years
U.S. Federal Agency	182,521	.44 years
U.S. Treasury bills (pension)	5,696,902	7.02 years
U.S. Federal Agency (pension)	3,401,316	12.74 years
Corporate bonds and notes (pension)	14,312,172	11.24 years
Collateralized mortgage obligations (pension)	1,454,038	28.15 years
Foreign corporate bonds and notes (pension)	689,200	7.55 years
Foreign government obligations (pension)	4,801,016	11.34 years
U.S. Treasury bills (retiree health care)	93,468	5.94 years
U.S. Federal Agency (retiree health care)	250,158	3.36 years
Corporate bonds and notes (retiree health care)	273,613	4.76 years

# City of Wyandotte, Michigan

## Notes to Financial Statements September 30, 2009

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

#### 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	\$ 5,734,253	AAA	S&P
	836,361	AA+	S&P
	654,173	AA	S&P
	788,768	AA-	S&P
	3,482,635	A+	S&P
	4,709,496	A	S&P
	675,652	A-	S&P
	1,353,858	BBB+	S&P
	1,337,285	BBB	S&P
	372,133	BBB-	S&P
	60,950	BB	S&P
	355,327	CCC	S&P
	484,811	AAA	Moody's
	17,125,332	Aaa	Moody's
	26,714	Aa2	Moody's
	10,608	Aa3	Moody's
	106,852	A1	Moody's
129,438	A2	Moody's	
6,631,767	N/A	Unrated	
Component units	472,308	Aaa	Moody's

# City of Wyandotte, Michigan

## Notes to Financial Statements September 30, 2009

### 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	\$ 397,889
Euro currency	719,875
Australian dollar	1,271,422
Polish zloty	439,624
Swedish krona	321,525
South African rand	154,863
New Zealand dollar	442,291
British pound sterling	659,893
Malaysian ringgit	542,661
Various	540,172

### 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	\$ 251,552	\$ -	\$ -	\$ -
Special assessments	604,413	-	-	-
ALS revenues	627,413	-	-	-
Property tax receipts for fiscal year 2010	-	13,049,475	-	4,059,539
Grants receivable	199,626	-	-	-
UDAG	89,677	-	-	-
Other	63,997	-	180,457	-
Total	<u>\$ 1,836,678</u>	<u>\$ 13,049,475</u>	<u>\$ 180,457</u>	<u>\$ 4,059,539</u>

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

During the years ended September 30, 2005 and 2002, the City of Wyandotte 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. New refunding bonds were issued by the department in 2009 incurring issuance costs in the amount of \$980,518. Amortization expense for the 2002 revenue refunding amounted to \$62,100 for the year ended September 30, 2009. Amortization expense for the 2005 revenue bonds amounted to \$37,848 for the year ended September 30, 2009. Amortization expense for the 2009 refunding bonds amounted to \$29,190 for the year ended September 30, 2009.

### **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, 2009, inventory had a cost of \$988,281 and \$17,903,062 and a fair market value of \$155,232 and \$1,487,132 in the Special Revenue Funds and component units, respectively. Included in capital outlay and other expenses of the current year was a provision of \$162,676 and \$2,728,852 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 \$275 and sales of select properties within the component units resulted in a loss on sale of \$947 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 \$885,000 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 \$3,050,000 has been recorded in the government-wide statement of net assets at September 30, 2009.

### 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 \$1,691,000 for operations of the system and \$769,000 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. The City's equity interest in the venture in the amount of \$854,778 has been recorded in the proprietary and government-wide statements of net assets at September 30, 2009. 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, 2008	Reclassifications	Additions	Disposals and Adjustments	Balance September 30, 2009
<b>Governmental Activities</b>					
Capital assets not being depreciated -					
Land	\$ 18,135,929	\$ -	\$ -	\$ -	\$ 18,135,929
Capital assets being depreciated:					
Roads and other infrastructure	73,457,130	-	3,184,364	-	76,641,494
Sidewalks	34,265,099	-	363,432	-	34,628,531
Land improvements	6,043,081	-	-	-	6,043,081
Buildings and improvements	19,063,589	-	1,028,019	-	20,091,608
Machinery, equipment, and vehicles	11,165,464	-	595,022	(269,787)	11,490,699
Subtotal	143,994,363	-	5,170,837	(269,787)	148,895,413
Accumulated depreciation:					
Roads and other infrastructure	51,929,562	-	3,121,218	-	55,050,780
Sidewalks	23,612,219	-	1,246,009	-	24,858,228
Land improvements	2,788,455	-	284,871	-	3,073,326
Buildings and improvements	3,196,534	-	368,739	-	3,565,273
Machinery, equipment, and vehicles	8,050,367	-	679,297	(248,497)	8,481,167
Subtotal	89,577,137	-	5,700,134	(248,497)	95,028,774
Net capital assets being depreciated	54,417,226	-	(529,297)	(21,290)	53,866,639
Net capital assets	\$ 72,553,155	\$ -	\$ (529,297)	\$ (21,290)	\$ 72,002,568

# City of Wyandotte, Michigan

## Notes to Financial Statements September 30, 2009

### Note 8 - Capital Assets (Continued)

	Balance October 1, 2008	Reclassifications	Additions	Disposals and Adjustments	Balance September 30, 2009
<b>Business-type Activities</b>					
Capital assets not being depreciated:					
Land	\$ 145,000	\$ -	\$ -	\$ -	\$ 145,000
Construction in progress	1,945,107	-	310,156	(1,663,757)	591,506
Subtotal	2,090,107	-	310,156	(1,663,757)	736,506
Capital assets being depreciated:					
Utility plant	103,727,326	-	458,801	-	104,186,127
Transmission	5,912,572	-	-	-	5,912,572
Pumping	3,480,586	-	455,326	-	3,935,912
Purification	5,501,283	-	-	-	5,501,283
Distribution	48,787,465	-	5,383,548	-	54,171,013
Transportation	1,646,353	-	14,995	-	1,661,348
Stores	874,218	-	3,580	-	877,798
Cable equipment	1,731,985	-	112,956	-	1,844,941
Studio	510,723	-	17,766	-	528,489
General	4,183,374	-	35,866	-	4,219,240
Buildings	4,154,718	-	-	-	4,154,718
Land improvements	2,937,427	-	-	-	2,937,427
Equipment and fixtures	1,422,940	-	70,491	-	1,493,431
Sewer lines	17,275,523	-	-	-	17,275,523
Subtotal	202,146,493	-	6,553,329	-	208,699,822
Accumulated depreciation:					
Utility plant	65,574,352	-	3,515,456	-	69,089,808
Transmission	4,789,186	-	159,032	-	4,948,218
Pumping	2,374,167	-	165,662	-	2,539,829
Purification	3,286,251	-	92,836	-	3,379,087
Distribution	32,710,752	-	1,933,886	-	34,644,638
Transportation	1,327,764	-	104,220	-	1,431,984
Stores	698,068	-	35,339	-	733,407
Cable equipment	1,143,182	-	189,646	-	1,332,828
Studio	461,556	-	11,785	-	473,341
General	2,706,060	-	129,215	-	2,835,275
Buildings	1,021,361	-	105,142	-	1,126,503
Land improvements	762,746	-	58,749	-	821,495
Equipment and fixtures	1,042,908	-	97,830	-	1,140,738
Sewer lines	1,666,467	-	372,094	-	2,038,561
Subtotal	119,564,820	-	6,970,892	-	126,535,712
Net capital assets being depreciated	82,581,673	-	(417,563)	-	82,164,110
Net capital assets	\$ 84,671,780	\$ -	\$ (107,407)	\$ (1,663,757)	\$ 82,900,616

# City of Wyandotte, Michigan

## Notes to Financial Statements September 30, 2009

### Note 8 - Capital Assets (Continued)

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

Governmental activities:

General government	\$ 4,664,003
Public safety	547,239
Public works	193,054
Recreation and culture	295,838
Total governmental activities	<u>\$ 5,700,134</u>

Business-type activities:

Electric	\$ 4,726,559
Water	658,516
Cable television	819,475
Sewage disposal	517,005
Golf course	143,052
Building rental	106,285
Total business-type activities	<u>\$ 6,970,892</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>
Johnson Controls, Inc. (1)	\$ -	\$ 3,866,200
Wind turbine (2)	<u>212,265</u>	<u>87,732</u>
Total	<u>\$ 212,265</u>	<u>\$ 3,953,932</u>

(1) Funded with installment purchase agreement signed subsequent to year end

(2) Funded by grants and other sources



# City of Wyandotte, Michigan

## Notes to Financial Statements September 30, 2009

### 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	Other governmental funds	\$ 514,412
	Water Fund	354,710
	Total General Fund	869,122
Other governmental funds	General Fund	3,723,362
	Other governmental funds	220,724
	Building Rental Fund	320,000
	Water Fund	286,969
	Total other governmental funds	4,551,055
Water Fund	Electric Fund	32,903
	Cable Television Fund	1,398,446
	Total Water Fund	1,431,349
Cable Television Fund	Electric Fund	7,532
Sewage Disposal	General Fund	4,181
	Water Fund	717,374
	Total Sewage Disposal Fund	721,555
Internal Service Fund	General Fund	3,265,441
Tax Increment Finance Authorities - Consolidated	Brownfield Redevelopment Authority	34,289

#### Advances from/to Other Funds

Receivable Fund	Payable Fund	Amount
Other governmental funds	Building Rental Fund	\$ 126,286

# City of Wyandotte, Michigan

## Notes to Financial Statements September 30, 2009

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

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

Receivable Fund	Payable Fund	Amount
Other governmental funds	Tax Increment Finance Authorities - Consolidated	\$ 390
	Tax Increment Finance Authorities - Downtown	100
	Total other governmental funds	490
Agency Fund	Tax Increment Finance Authorities - Consolidated	45,264
Tax Increment Finance Authorities - Consolidated	General Fund	248,182
	Other governmental funds	433,872
	Total Tax Increment Finance Authorities - Consolidated	682,054
Tax Increment Finance Authorities - Downtown	General Fund	6,516
	Other governmental funds	28,522
	Total Tax Increment Finance Authorities - Downtown	35,038

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

Receivable Fund	Payable Fund	Amount
Other governmental funds	Brownfield Redevelopment Authority	\$ 1,074,274
Internal Service Fund	Brownfield Redevelopment Authority	258,393

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.

# City of Wyandotte, Michigan

## Notes to Financial Statements September 30, 2009

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

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

<u>Fund Receiving Resources</u>	<u>Fund Providing Resources</u>	<u>Amount</u>
Other governmental funds	General Fund	\$ 1,462,082
	Other governmental funds	322,074
	Total other governmental funds	1,784,156
Sewage Disposal Fund	General Fund	257,577
	Total	<u>\$ 2,041,733</u>

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.

### 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.

# City of Wyandotte, Michigan

## Notes to Financial Statements September 30, 2009

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

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	\$ 2,100,000
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	8,895,000
2006 Bank One purchase installment for technology improvements, issued for \$500,000, with interest of 4.28%, maturing in 2011	152,032
Total governmental activity debt	<u>\$ 11,147,032</u>
<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	\$ 791,531
2000 Building rental purchase installment, issued for \$995,000, with interest of 8.06%, maturing in 2010	73,409
Downriver sewage disposal system bonds, 13 issues totaling \$22,053,776, with interest from 1.625% to 5.00%, maturing from 2016 to 2028	11,340,946
2007 Cable television purchase installment, issued for \$200,000, with interest of 4.14%, maturing in 2011	118,442
2008 Electric purchase installment, issued for \$2,385,761, with interest of 7.06%, maturing in 2019	2,258,034
Subtotal	<u>14,582,362</u>
<u>Revenue Bonds:</u>	
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	8,505,028
2005A Electric Revenue Bonds, net of unamortized premium, issued for \$6,104,826, with interest from 3.25% to 5.00%, maturing in 2016	4,262,874
2005B Electric Revenue Bonds, net of unamortized premium, issued for \$7,489,013, with interest from 3.50% to 4.50%, maturing in 2025	7,236,037
2009 Revenue Refunding Bonds - Net of unamortized premium and deferred refunding charge	24,606,469
Less amounts payable from restricted assets	<u>(3,735,000)</u>
Subtotal	<u>40,875,408</u>
Total business-type activity debt	<u>\$ 55,457,770</u>

# City of Wyandotte, Michigan

## Notes to Financial Statements September 30, 2009

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

Description	Amount
<b>Component Units:</b>	
<u>General Obligations:</u>	
1999 Brownfield Revitalization Loan, issued for \$944,000, with interest of 2.25%, maturing in 2015	\$ 524,710
2006 Brownfield Redevelopment Loan, issued for \$89,735, with interest of 3.50%, maturing in 2011	39,059
2006 Downtown Development Note Payable, issued for \$400,000, with interest of 5.00%, maturing in 2018	<u>338,896</u>
Subtotal	902,665
<u>Revenue Bonds:</u>	
1992 Limited Tax Development Refunding Bonds, issued for \$11,940,000, with interest from 6.25% to 6.8%, maturing in 2010	<u>465,000</u>
Total component unit activity debt	<u>\$ 1,367,665</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	\$ 12,020,000	\$ -	\$ (872,968)	\$ 11,147,032	\$ 877,032
<b>Business-type Activities</b>					
General obligations	\$ 15,837,170	\$ -	\$ (1,254,808)	\$ 14,582,362	\$ 1,298,129
Revenue bonds	44,872,161	24,770,000	(25,031,753)	44,610,408	3,735,000
Less portion payable from restricted assets	(3,895,000)	160,000	-	(3,735,000)	160,000
Total	<u>\$ 56,814,331</u>	<u>\$ 24,930,000</u>	<u>\$ (26,286,561)</u>	<u>\$ 55,457,770</u>	<u>\$ 5,193,129</u>
<b>Component Units</b>					
General obligations	\$ 1,029,473	\$ -	\$ (126,808)	\$ 902,665	\$ 125,850
Revenue bonds	1,250,000	-	(785,000)	465,000	465,000
Total	<u>\$ 2,279,473</u>	<u>\$ -</u>	<u>\$ (911,808)</u>	<u>\$ 1,367,665</u>	<u>\$ 590,850</u>

Total interest expense for the year was approximately \$3,023,000.

### 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
2010	\$ 877,032	\$ 452,378	\$ 1,329,410	\$ 5,033,129	\$ 2,197,392	\$ 7,230,521	\$ 590,850	\$ 59,528	\$ 650,378
2011	1,020,000	413,686	1,433,686	5,250,833	2,009,116	7,259,949	129,972	25,999	155,971
2012	950,000	375,800	1,325,800	5,069,918	1,801,560	6,871,478	134,247	21,966	156,213
2013	1,100,000	339,050	1,439,050	5,344,133	1,589,569	6,933,702	132,854	17,781	150,635
2014	600,000	295,050	895,050	5,521,212	1,335,661	6,856,873	130,429	13,467	143,896
2015-2019	3,300,000	1,078,850	4,378,850	23,932,405	3,453,027	27,385,432	249,313	18,159	267,472
2020-2024	2,300,000	513,350	2,813,350	5,358,773	1,201,868	6,560,641	-	-	-
2025-2029	1,000,000	63,750	1,063,750	3,843,300	57,681	3,900,981	-	-	-
Thereafter	-	-	-	253,659	(42,822)	210,837	-	-	-
*	-	-	-	(414,592)	-	(414,592)	-	-	-
<b>Total</b>	<b>\$ 11,147,032</b>	<b>\$ 3,531,914</b>	<b>\$ 14,678,946</b>	<b>\$ 59,192,770</b>	<b>\$ 13,603,052</b>	<b>\$ 72,795,822</b>	<b>\$ 1,367,665</b>	<b>\$ 156,900</b>	<b>\$ 1,524,565</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, the 2005 Series A and B Revenue Bonds and the 2009 Refunding Bonds are payable out of the net revenue of the Electric Fund. During the year, net revenues of the system were \$5,057,241 compared to the annual debt service requirement of \$5,670,599. 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

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

Included in the current assets of the Electric Fund at September 30, 2009 is approximately \$250,000 earmarked for future repairs of the system pursuant to the ordinance. Also included in the current liabilities of the Electric Fund at September 30, 2009 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.

**Advance and Current Refunding** - During the year, the department issued \$24,770,000 in revenue bonds with an interest rate ranging from 4.0 percent to 5.25 percent. The proceeds of these bonds were used to advance refund \$21,585,000 of outstanding 2002 Electric Fund revenue bonds with an average interest rate of 4.75 percent. The net proceeds were \$24,329,924 (after a \$540,442 premium and a payment of \$980,518 in underwriting fees, insurance, and other issuance costs). Proceeds of \$21,229,924 plus an additional \$566,553 of Electric Debt Service Reserve Fund monies were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the original bonds. As a result, the bonds are considered to be defeased and the liability for the bonds has been removed from the Electric Fund. The remaining proceeds of \$3,100,000 were used for capital improvements. The advance refunding reduced total debt service payments over the next eight years by approximately \$686,100, which represents an economic gain of approximately \$453,100.

### 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 June 1, 2002 of \$850,000 and the policy limits equal to state statutory requirements.

# City of Wyandotte, Michigan

## Notes to Financial Statements September 30, 2009

### Note 11 - Risk Management (Continued)

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>2009</u>	<u>2008</u>
<b>Self-insurance Fund</b>		
Estimated liability - Beginning of year	\$ 457,562	\$ 527,362
Incurred claims (including claims incurred but not reported)	168,739	133,587
Claim payments and changes in estimates	<u>(122,702)</u>	<u>(203,387)</u>
Estimated liability - End of year	<u>\$ 503,599</u>	<u>\$ 457,562</u>
<b>Department of Municipal Services</b>		
Estimated liability - Beginning of year	\$ 421,655	\$ 484,971
Incurred claims (including claims incurred but not reported)	(38,069)	(99,925)
Claim payments and changes in estimates	<u>22,281</u>	<u>36,609</u>
Estimated liability - End of year	<u>\$ 405,867</u>	<u>\$ 421,655</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	\$ 599,255	\$ -	\$ -	\$ 599,255
Debt service	8,155,088	-	1,147,141	9,302,229
Capital improvements	1,263,561	-	-	1,263,561
Retiree health care	<u>850,556</u>	<u>169,475</u>	<u>169,475</u>	<u>1,189,506</u>
Total	<u>\$ 10,868,460</u>	<u>\$ 169,475</u>	<u>\$ 1,316,616</u>	<u>\$ 12,354,551</u>

In addition, the current liability payable from restricted assets for the Electric Fund includes \$990,134 for interest and \$3,735,000 for bond principal payable.



# City of Wyandotte, Michigan

## Notes to Financial Statements September 30, 2009

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

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 \$3,437,119, 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 pursuant to a resolution approved by the Commission.

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.

Portions of net assets of the Enterprise Funds have been restricted for the following purposes at September 30, 2009:

	Electric	Water	Cable	Total
Debt service	\$ 7,164,954	\$ -	\$ 1,147,141	\$ 8,312,095
Capital improvements	1,263,561	-	-	1,263,561
Retiree health care	850,556	169,475	169,475	1,189,506
Total	<u>\$ 9,279,071</u>	<u>\$ 169,475</u>	<u>\$ 1,316,616</u>	<u>\$ 10,765,162</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, 2008, the date of the most recent actuarial valuation, membership consisted of 272 retirees and beneficiaries currently receiving benefits, 33 terminated employees entitled to benefits but not yet receiving them, and 145 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.

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

**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.

**Annual Pension Costs** - For the year ended September 30, 2009, the City's annual pension cost of \$2,451,389 for the plan was equal to the required contribution of \$2,862,580, less interest of \$411,191 on the net pension asset. The City's actual contribution for the year ended September 30, 2009 was \$2,517,659, which consisted of contributions from Municipal Service of \$494,056 and transfers from other funds of \$2,023,603. 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, 2007, 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 9 years and 18 years for the Municipal Service and general and police and fire divisions, respectively.

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

**Reserves** - As of September 30, 2009, 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	\$ 986,818
Reserve for retired benefit payments	48,034,204

Additional reserves:

Reserve for employer contributions	6,653,598
Reserve for Special Retirement Fund	419,529
Reserve for retiree health benefits	143,598
Reserve for endowment	<u>6,622,586</u>

Total reserves	<u>\$ 62,860,333</u>
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Pension cost for the three most recent years is as follows:

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Annual pension costs (APC)	\$ 3,210,120	\$ 3,263,202	\$ 2,451,389
Percentage of APC contributed	100%	100%	102.7%
Net pension asset	\$ 7,687,434	\$ 6,556,316	\$ 6,622,586

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

Annual recommended contribution	\$ 2,862,580
Interest on the prior year's net pension asset	<u>(411,191)</u>
Annual pension cost	2,451,389
Amounts contributed - Payments of pension contribution	<u>(2,517,659)</u>
Increase in net pension asset	66,270
Pension asset - Beginning of year	<u>6,556,316</u>
Pension asset - End of year	<u>\$ 6,622,586</u>

# City of Wyandotte, Michigan

## Notes to Financial Statements September 30, 2009

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

Funded status and funding progress for actuarial valuation as of September 30, 2008:

Actuarial value of assets	\$ 63,311,358
Actuarial accrued liability (AAL) (entry age)	\$ 79,817,705
Unfunded AAL (UAAL)	\$ 16,506,347
Funded ratio	79.3%
Covered payroll	\$ 8,539,612
UAAL as a percentage of covered payroll	193.3%

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.

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

	<u>Pension Trust</u>	<u>Retiree Health Care</u>	<u>Total</u>
<b>Statement of Net Assets</b>			
Cash and investments	\$ 62,402,620	\$ 1,753,227	\$ 64,155,847
Other assets	368,348	844	369,192
Liabilities	<u>(54,233)</u>	<u>(124)</u>	<u>(54,357)</u>
Net assets	<u>\$ 62,716,735</u>	<u>\$ 1,753,947</u>	<u>\$ 64,470,682</u>
<b>Statement of Changes in Net Assets</b>			
Investment income	\$ 3,527,745	\$ 121,567	\$ 3,649,312
Contributions	2,595,462	2,081,275	4,676,737
Benefit payments	<u>(5,436,361)</u>	<u>(1,778,415)</u>	<u>(7,214,776)</u>
Changes in net assets	<u>\$ 686,846</u>	<u>\$ 424,427</u>	<u>\$ 1,111,273</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

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

- Technical, clerical, and AFSCME local 894 members hired on or after April 1, 2000
- Wyandotte firefighters IAFF local 356 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
- 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 \$505,000 during the current year, and the employees contributed approximately \$252,500.

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. 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 year ended September 30, 2008, 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. During the year ended September 30, 2009, the City settled the collective bargaining agreement with the Wyandotte firefighters IAFF Local 356 which also eliminated retiree health care for new hires.

This is a single employer defined benefit plan administered by the City. The benefits are provided under collective bargaining agreements (or other legal authority for providing benefits). The plan does not issue a separate stand-alone financial statement. Administrative costs are paid by the plan through employer contributions.

**Funding Policy** - The collective bargaining agreements and contracts require contributions from employees. Retiree healthcare 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, 2009, the City made payments for postemployment health benefit premiums of approximately \$2,307,000, of which \$1,778,000 and \$529,000 was paid by the Retiree Health Care Fund and the Enterprise Funds, respectively. In the current year, the General Fund transferred approximately \$520,000 to the reserve for retiree health benefits within the Employees' Retirement System and approximately \$1,561,000 to the Retiree Health Care trust that was opened during the current year.

# City of Wyandotte, Michigan

## Notes to Financial Statements September 30, 2009

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

**Funding Progress** - For the year ended September 30, 2009, the City has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of September 30, 2006. The valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. This valuation's computed contribution and actual funding are summarized as follows:

Annual required contribution (recommended)	<u>\$ 5,528,269</u>
Annual OPEB cost	5,528,269
Amounts contributed:	
Payments of current premiums	(529,077)
Transfers from General Fund	<u>(2,081,275)</u>
Increase in net OPEB obligation	2,917,917
OPEB obligation - Beginning of year	<u>-</u>
OPEB obligation - End of year	<u>\$ 2,917,917</u>

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution *	Annual OPEB Costs	Employer Contributions		Net OPEB Obligation
				Percentage of ARC Contributed	Percentage OPEB Costs Contributed	
9/30/09	9/30/06	\$ 5,528,269	\$ 5,528,269	47.2 %	47.2 %	\$ 2,917,917

The funding progress of the plan 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
9/30/06	\$ 1,796,917	\$ 87,665,241	\$ 85,868,324	2.1 %	\$ 9,828,031	873.7 %

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

**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.

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 a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, 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.

**New Accounting Standard** - In the current year, the City implemented the Governmental Accounting Standards Board's Statement No. 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 pronouncement causes the government-wide statements and the proprietary funds to recognize the cost of providing retiree healthcare expenses over the working life of the employee, rather than at the time the healthcare expenses are paid. This statement was implemented prospectively. Implementing the statement caused an additional expense to be reported in the governmental activities of \$2,198,928 and the business-type activities of \$718,989 in excess of what would have been reported in prior years.



### 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, 2009.

The City of Wyandotte Department of Municipal Services (the "Department") has entered into various contracts for the purchase and transportation of coal which is used by the Electric Fund. Under the terms of the contracts, the Department is subject to minimum purchase requirements. During the current year, the Department failed to meet certain minimum purchased required and was assessed volume deficiency penalties totaling \$1,690,200. This amount has been included in the operating expenses of the Electric Fund. There were no penalties assessed in 2008 related to these commitments.

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 disputed the decision and in March 2010 was awarded \$1.2 million by the Court. The Department intends to appeal this decision and expects the award amount to be reduced. Management's estimate of the liability due UST has been recorded in the financial statements of the Electric Fund as of September 30, 2009.

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 significant additional equipment at the power plant 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 - 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, 2009, the outstanding balance related to this agreement is \$774,000, of which \$636,000 is included in current accounts receivable.

### **Note 18 - Subsequent Event**

Subsequent to year end, the Department entered into a \$3,866,200 installment purchase agreement for the purchase of equipment, improvements, and energy conservation measures related to the electric power plant.

## **Required Supplemental Information**

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# City of Wyandotte, Michigan

## Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended September 30, 2009

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 10,651,679	\$ 10,651,679	\$ 10,299,570	\$ (352,109)
Licenses and permits	612,650	612,650	380,986	(231,664)
Federal grants	-	82,000	82,000	-
State-shared revenue and grants	3,061,866	3,086,777	3,115,527	28,750
Other charges for services	3,271,690	3,320,690	3,359,684	38,994
Other fines and forfeitures	1,758,000	1,860,000	1,645,727	(214,273)
Investment income	740,000	200,000	187,465	(12,535)
Transfers out	(1,923,007)	(1,923,007)	(1,719,659)	203,348
Other revenue	2,168,500	2,235,757	2,285,281	49,524
Total revenue	20,341,378	20,126,546	19,636,581	(489,965)
<b>Expenditures</b>				
General government:				
Legislative	122,274	112,031	107,925	4,106
Judicial	1,070,436	1,058,436	918,515	139,921
Financial services and administration	362,192	379,904	378,473	1,431
General government	1,322,000	1,322,000	1,260,577	61,423
Assessor	218,662	251,220	248,394	2,826
City clerk	236,073	236,073	228,739	7,334
Treasurer	135,704	135,834	131,989	3,845
City commissions	27,956	27,956	21,622	6,334
Elections	47,138	47,138	42,721	4,417
Public safety:				
Police and civil defense	4,616,335	4,754,290	4,670,024	84,266
Fire	2,660,454	2,648,654	2,489,902	158,752
Public works:				
Engineering and D.P.S.	946,038	946,038	920,999	25,039
Other public works activities	3,229,039	3,008,039	2,921,863	86,176
Recreation and culture:				
Recreation	580,433	649,114	619,387	29,727
Swimming pool	14,542	14,542	10,308	4,234
Yack Arena	509,746	487,679	475,493	12,186
Youth assistance	44,266	44,266	44,142	124
Historical commission	136,293	142,742	136,601	6,141
Other functions	4,010,678	4,518,626	4,116,093	402,533
Total expenditures	20,290,259	20,784,582	19,743,767	1,040,815
<b>Net Change in Fund Balance</b>	<b>\$ 51,119</b>	<b>\$ (658,036)</b>	<b>\$ (107,186)</b>	<b>\$ 550,850</b>

# City of Wyandotte, Michigan

## Required Supplemental Information Employee Pension Plan Schedule of Funding Progress Year Ended September 30, 2009

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
9/30/03	\$ 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
9/30/08	63,311,358	79,817,705	16,506,347	79.3	8,539,612	193.3

\* 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	Contribution from Other Funds	Annual Required Contribution	Percentage Contributed (Percent)
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
9/30/09	494,056	2,023,603	2,862,580	88.0

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of September 30, 2009, 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, 2009

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, 2009

**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	\$ 19,636,581	\$ (2,187,464)	\$ 1,719,659	\$ 19,168,776
Total expenditures	(19,743,767)	2,187,464	-	(17,556,303)
Other financing uses	-	-	(1,719,659)	(1,719,659)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Net change in fund balance	\$ (107,186)	\$ -	\$ -	\$ (107,186)

## **Other Supplemental Information**

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# City of Wyandotte, Michigan

	Nonmajor Special Revenue Funds					
	Major Streets	Local Streets	Solid Waste Disposal	Construction	Equipment and Replacement	Drug Law Enforcement
<b>Assets</b>						
Cash and investments	\$ 225,238	\$ 67,220	\$ 1,606,749	\$ 284,967	\$ 122,629	\$ 246,726
Receivables - Net:						
Taxes	-	-	259,514	-	-	-
Special assessments	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	40
Other	8,505	-	31,076	-	-	250
Due from other governmental units	308,723	65,473	-	-	-	-
Due from component units	-	-	390	-	-	-
Due from other funds	290,320	-	1,320,934	445,822	52,462	-
Advances to other funds	-	-	-	-	-	-
Land held for resale	-	-	-	-	-	-
Note receivable	-	-	-	-	-	-
Advance to component unit	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 832,786</b>	<b>\$ 132,693</b>	<b>\$3,218,663</b>	<b>\$ 730,789</b>	<b>\$ 175,091</b>	<b>\$ 247,016</b>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ 780,939	\$ 35,296	\$ 266,288	\$ 329,567	\$ 30,413	\$ 788
Due to component units	-	-	-	-	-	-
Due to other funds	29,360	44,540	-	-	138,013	12,925
Refundable deposits, bonds, etc.	-	-	-	-	-	-
Deferred revenue	140,407	-	1,619,840	-	-	-
<b>Total liabilities</b>	<b>950,706</b>	<b>79,836</b>	<b>1,886,128</b>	<b>329,567</b>	<b>168,426</b>	<b>13,713</b>
<b>Fund Balances</b>						
Reserved for:						
Noncurrent receivables	-	-	-	-	-	-
Construction, debt service, and other	-	-	-	401,222	-	233,303
Unreserved, reported in Special Revenue Funds	(117,920)	52,857	1,332,535	-	6,665	-
<b>Total fund balances</b>	<b>(117,920)</b>	<b>52,857</b>	<b>1,332,535</b>	<b>401,222</b>	<b>6,665</b>	<b>233,303</b>
<b>Total liabilities and fund balances</b>	<b>\$ 832,786</b>	<b>\$ 132,693</b>	<b>\$3,218,663</b>	<b>\$ 730,789</b>	<b>\$ 175,091</b>	<b>\$ 247,016</b>

**Other Supplemental Information  
Combining Balance Sheet  
Nonmajor Governmental Funds  
September 30, 2009**

Nonmajor Special Revenue Funds								Nonmajor Debt Service Fund
Urban Development Action Grant	Grants	Public Improvement	Southgate- Wyandotte Drain O&M	Sidewalk and Alley Paving	Special Events	Building Authority Improvement	EPA Cooperative Agreement	DPS Building Bonds and Police and Court Bonds
\$ 587,528	\$ 42,741	\$ 120,354	\$ 337,030	\$ 1,945,429	\$ 193,970	\$ 762,988	\$ 101,935	\$ 1,436,256
-	-	-	328,963	11,263	-	-	-	-
-	-	-	-	594,623	-	-	-	-
-	-	-	154	-	179	-	-	-
1,566	-	-	-	23,578	524	-	-	-
60,000	24,120	-	-	-	-	-	9,054	-
-	-	-	-	-	100	-	-	-
223,707	35,343	-	1,845,814	16,653	-	320,000	-	-
126,286	-	-	-	-	-	-	-	-
110,995	-	44,237	-	-	-	-	-	-
88,112	-	-	-	-	-	-	-	-
183,328	-	-	-	-	-	-	890,946	-
<b>\$ 1,381,522</b>	<b>\$ 102,204</b>	<b>\$ 164,591</b>	<b>\$2,511,961</b>	<b>\$2,591,546</b>	<b>\$ 194,773</b>	<b>\$ 1,082,988</b>	<b>\$1,001,935</b>	<b>\$1,436,256</b>
\$ 17,500	\$ 29,931	\$ 3,285	\$ 500	\$ 116,357	\$ 35,331	\$ 59	\$ -	\$ 338
1,480	-	205	460,709	-	-	-	-	-
-	12,404	-	-	-	-	-	-	497,894
-	-	10	-	-	-	-	-	-
89,678	58,396	-	1,611,834	614,863	-	-	9,055	-
108,658	100,731	3,500	2,073,043	731,220	35,331	59	9,055	498,232
309,614	-	-	-	-	-	-	890,946	-
963,250	1,473	-	438,918	-	-	-	101,934	938,024
-	-	161,091	-	1,860,326	159,442	1,082,929	-	-
1,272,864	1,473	161,091	438,918	1,860,326	159,442	1,082,929	992,880	938,024
<b>\$ 1,381,522</b>	<b>\$ 102,204</b>	<b>\$ 164,591</b>	<b>\$2,511,961</b>	<b>\$2,591,546</b>	<b>\$ 194,773</b>	<b>\$ 1,082,988</b>	<b>\$1,001,935</b>	<b>\$1,436,256</b>

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**Other Supplemental Information (Continued)**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**September 30, 2009**

Total  
Nonmajor  
Governmental  
Funds

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\$ 8,081,760

599,740  
594,623  
373  
65,499  
467,370  
490  
4,551,055  
126,286  
155,232  
88,112  
1,074,274

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**\$ 15,804,814**

\$ 1,646,592  
462,394  
735,136  
10  
4,144,073

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6,988,205

1,200,560  
3,078,124  
4,537,925

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8,816,609

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**\$ 15,804,814**

# City of Wyandotte, Michigan

	Nonmajor Special Revenue Funds					
	Major Streets	Local Streets	Solid Waste Disposal	Construction	Equipment and Replacement	Drug Law Enforcement
<b>Revenue</b>						
Property taxes	\$ -	\$ -	\$ 1,625,084	\$ -	\$ -	\$ -
Federal grants	109,022	-	-	-	-	-
State-shared revenue and grants	1,088,296	402,945	-	-	-	53,090
Contribution from component unit	17,955	434,897	-	-	-	-
Other charges for services	-	-	237,720	-	-	-
Investment income	1,217	613	8,503	5,925	940	731
Other revenue	363,667	-	-	-	44,351	-
<b>Total revenue</b>	<b>1,580,157</b>	<b>838,455</b>	<b>1,871,307</b>	<b>5,925</b>	<b>45,291</b>	<b>53,821</b>
<b>Expenditures - Current</b>						
General government	-	-	-	-	-	-
Public safety	-	-	-	353,056	242,350	36,497
Public works	1,753,598	1,117,423	1,737,034	-	49,730	-
Community and economic development - Community redevelopment (CDBG, etc)	-	-	-	-	-	-
Recreation and culture	-	-	-	386,638	-	-
Debt service	-	-	-	-	135,558	-
<b>Total expenditures</b>	<b>1,753,598</b>	<b>1,117,423</b>	<b>1,737,034</b>	<b>739,694</b>	<b>427,638</b>	<b>36,497</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>(173,441)</b>	<b>(278,968)</b>	<b>134,273</b>	<b>(733,769)</b>	<b>(382,347)</b>	<b>17,324</b>
<b>Other Financing Sources (Uses)</b>						
Transfers in	-	272,074	-	445,822	202,393	-
Transfers out	(272,074)	-	-	-	-	-
<b>Net Change in Fund Balances</b>	<b>(445,515)</b>	<b>(6,894)</b>	<b>134,273</b>	<b>(287,947)</b>	<b>(179,954)</b>	<b>17,324</b>
<b>Fund Balances - Beginning of year</b>	<b>327,595</b>	<b>59,751</b>	<b>1,198,262</b>	<b>689,169</b>	<b>186,619</b>	<b>215,979</b>
<b>Fund Balances - End of year</b>	<b>\$ (117,920)</b>	<b>\$ 52,857</b>	<b>\$ 1,332,535</b>	<b>\$ 401,222</b>	<b>\$ 6,665</b>	<b>\$ 233,303</b>

**Other Supplemental Information**  
**Combining Statement of Revenue, Expenditures, and Changes in**  
**Fund Balances**  
**Nonmajor Governmental Funds**  
**Year Ended September 30, 2009**

Nonmajor Special Revenue Funds							
Urban Development Action Grant	Grants	Public Improvement	Southgate- Wyandotte Drain O&M	Sidewalk and Alley Paving	Special Events	Building Authority Improvement	EPA Cooperative Agreement
\$ -	\$ -	\$ -	\$ 1,110,606	\$ -	\$ -	\$ -	\$ -
-	42,733	-	-	-	-	-	-
-	8,920	-	-	-	-	-	-
-	-	-	-	253,533	-	-	-
-	-	-	-	-	-	-	-
48,391	-	481	3,141	35,065	1,914	2,452	248
33,187	-	6,234	-	248,107	236,772	313,722	-
81,578	51,653	6,715	1,113,747	536,705	238,686	316,174	248
177,676	-	-	-	100,000	-	68,865	-
-	-	-	-	-	-	-	-
-	-	19,005	916,110	363,433	-	-	-
-	148,816	-	-	-	-	-	-
-	-	-	-	-	257,332	-	-
-	-	-	-	-	-	-	-
177,676	148,816	19,005	916,110	463,433	257,332	68,865	-
(96,098)	(97,163)	(12,290)	197,637	73,272	(18,646)	247,309	248
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(96,098)	(97,163)	(12,290)	197,637	73,272	(18,646)	247,309	248
1,368,962	98,636	173,381	241,281	1,787,054	178,088	835,620	992,632
<b>\$ 1,272,864</b>	<b>\$ 1,473</b>	<b>\$ 161,091</b>	<b>\$ 438,918</b>	<b>\$ 1,860,326</b>	<b>\$ 159,442</b>	<b>\$ 1,082,929</b>	<b>\$ 992,880</b>

**Other Supplemental Information**  
**Combining Statement of Revenue, Expenditures, and Changes in**  
**Fund Balances (Continued)**  
**Nonmajor Governmental Funds**  
**Year Ended September 30, 2009**

Nonmajor Debt Service Fund	Total Nonmajor Governmental Funds
DPS Building	
Bonds and	
Police and	
Court Bonds	
\$ -	\$ 2,735,690
-	151,755
-	1,553,251
-	706,385
-	237,720
4,317	113,938
-	1,246,040
4,317	6,744,779
813	347,354
-	631,903
-	5,956,333
-	148,816
-	643,970
1,228,650	1,364,208
1,229,463	9,092,584
(1,225,146)	(2,347,805)
863,867	1,784,156
(50,000)	(322,074)
(411,279)	(885,723)
1,349,303	9,702,332
<b>\$ 938,024</b>	<b>\$ 8,816,609</b>

# City of Wyandotte, Michigan

## Other Supplemental Information Combining Statement of Net Assets Nonmajor Enterprise Funds September 30, 2009

	Golf Course	Building Rental	Total
<b>Assets</b>			
Current assets:			
Cash and investments	\$ 6,680	\$ 9,211	\$ 15,891
Prepaid expenses and other assets	-	150,295	150,295
Total current assets	6,680	159,506	166,186
Noncurrent assets -			
Capital assets:			
Assets not subject to depreciation	-	145,000	145,000
Assets subject to depreciation - Net	3,029,999	2,323,436	5,353,435
Total assets	3,036,679	2,627,942	5,664,621
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	7,448	-	7,448
Due to other funds	-	320,000	320,000
Accrued liabilities and other	1,878	-	1,878
Deferred revenue	-	69,473	69,473
Current portion of long-term debt	-	73,409	73,409
Total current liabilities	9,326	462,882	472,208
Noncurrent liabilities -			
Advances from other funds	-	126,286	126,286
Total liabilities	9,326	589,168	598,494
<b>Net Assets</b>			
Invested in capital assets	3,029,999	2,395,027	5,425,026
Unrestricted	(2,646)	(356,253)	(358,899)
Total net assets	<b>\$ 3,027,353</b>	<b>\$ 2,038,774</b>	<b>\$ 5,066,127</b>

# City of Wyandotte, Michigan

## Other Supplemental Information Combining Statement of Revenue, Expenses, and Changes in Net Assets Nonmajor Enterprise Funds Year Ended September 30, 2009

	<u>Golf Course</u>	<u>Building Rental</u>	<u>Total</u>
<b>Operating Revenue</b>			
Other sales to customers	\$ 318,700	\$ 734,265	\$ 1,052,965
Other miscellaneous revenues	-	169,870	169,870
Total operating revenue	<u>318,700</u>	<u>904,135</u>	<u>1,222,835</u>
<b>Operating Expenses</b>			
Other operation and maintenance costs	344,118	461,675	805,793
Depreciation	<u>143,052</u>	<u>106,285</u>	<u>249,337</u>
Total operating expenses	<u>487,170</u>	<u>567,960</u>	<u>1,055,130</u>
<b>Operating Income (Loss)</b>	(168,470)	336,175	167,705
<b>Nonoperating Revenue (Expenses)</b>			
Investment and other income	70	98	168
Interest expense	<u>-</u>	<u>(23,262)</u>	<u>(23,262)</u>
<b>Change in Net Assets</b>	(168,400)	313,011	144,611
<b>Net Assets - Beginning of year</b>	<u>3,195,753</u>	<u>1,725,763</u>	<u>4,921,516</u>
<b>Net Assets - End of year</b>	<u><b>\$ 3,027,353</b></u>	<u><b>\$ 2,038,774</b></u>	<u><b>\$ 5,066,127</b></u>



# City of Wyandotte, Michigan

## Other Supplemental Information Combining Statement of Cash Flows Nonmajor Enterprise Funds Year Ended September 30, 2009

	Golf Course	Building Rental	Total
<b>Cash Flows from Operating Activities</b>			
Receipts from customers	\$ 319,256	\$ 948,146	\$ 1,267,402
Payments to suppliers	(206,711)	(548,147)	(754,858)
Payments to employees	(145,665)	-	(145,665)
Net cash provided by (used in) operating activities	(33,120)	399,999	366,879
<b>Cash Flows from Capital and Related Financing Activities</b>			
Purchase of capital assets - Net of reimbursements	(3,895)	-	(3,895)
Principal and interest paid on capital debt	-	(162,296)	(162,296)
Repayment of advances from other funds	-	(243,406)	(243,406)
Net cash used in capital and related financing activities	(3,895)	(405,702)	(409,597)
<b>Cash Flows from Investment Activities</b> - Interest received on investments	70	98	168
<b>Net Decrease in Cash and Cash Equivalents</b>	(36,945)	(5,605)	(42,550)
<b>Cash and Cash Equivalents</b> - Beginning of year	43,625	14,816	58,441
<b>Cash and Cash Equivalents</b> - End of year	<u>\$ 6,680</u>	<u>\$ 9,211</u>	<u>\$ 15,891</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities</b>			
Operating income (loss)	\$ (168,470)	\$ 336,175	\$ 167,705
Adjustments to reconcile operating income (loss) to net cash from operating activities:			
Depreciation and amortization	143,052	106,285	249,337
Changes in assets and liabilities:			
Receivables	556	-	556
Prepaid and other assets	-	(86,472)	(86,472)
Accounts payable	(3,536)	-	(3,536)
Accrued and other liabilities	(4,722)	-	(4,722)
Customer deposits and other current liabilities	-	44,011	44,011
Net cash provided by (used in) operating activities	<u>\$ (33,120)</u>	<u>\$ 399,999</u>	<u>\$ 366,879</u>

# City of Wyandotte, Michigan

## Other Supplemental Information Statement of Assets and Liabilities Fiduciary Funds September 30, 2009

	Pension Trust Funds		
	Pension Trust	Retiree Health	
		Care	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 2,681,383	\$ 40,896	\$ 2,722,279
Investments:			
Collateralized mortgage obligations	1,450,716	3,322	1,454,038
U.S. government securities	6,297,580	107,887	6,405,467
U.S. government agency obligations	5,811,738	263,465	6,075,203
Common trust funds/mutual funds	171,606	371,472	543,078
Stocks	10,450,298	611,200	11,061,498
Bonds	14,279,477	306,308	14,585,785
Foreign stock ADR	15,782,149	36,135	15,818,284
Foreign government obligations	4,938,735	11,308	4,950,043
Foreign corporate bonds	538,938	1,234	540,172
Receivables - Net - Accrued interest	362,770	831	363,601
Due from other funds	5,578	13	5,591
Total assets	<u>62,770,968</u>	<u>1,754,071</u>	<u>64,525,039</u>
<b>Liabilities - Accounts payable</b>	<u>54,233</u>	<u>124</u>	<u>54,357</u>
<b>Net Assets Held in Trust for Pension and Other Employee Benefits</b>	<u><u>\$ 62,716,735</u></u>	<u><u>\$ 1,753,947</u></u>	<u><u>\$ 64,470,682</u></u>

# City of Wyandotte, Michigan

## Other Supplemental Information Combining Statement of Changes in Fiduciary Net Assets Fiduciary Funds Year Ended September 30, 2009

	Pension Trust	Retiree Health Care	Total
<b>Additions</b>			
Investment income:			
Interest and dividends	\$ 2,335,062	\$ 83,574	\$ 2,418,636
Net decrease in fair value of investments	1,736,400	43,169	1,779,569
Investment related expenses	(543,717)	(5,176)	(548,893)
Net investment income	3,527,745	121,567	3,649,312
Contributions:			
Employer contributions from WDMS	494,056	-	494,056
Employee contributions	77,803	-	77,803
Employer contributions from all other funds	2,023,603	2,081,275	4,104,878
Net contributions	2,595,462	2,081,275	4,676,737
Total additions	6,123,207	2,202,842	8,326,049
<b>Deductions - Benefits</b>			
Benefit payments	5,436,361	-	5,436,361
Health benefits	-	1,778,415	1,778,415
Total deductions	5,436,361	1,778,415	7,214,776
<b>Net Increase in Net Assets Held in Trust</b>	686,846	424,427	1,111,273
<b>Net Assets Held in Trust for Pension and Other Employee Benefits - Beginning of year</b>	62,029,889	1,329,520	63,359,409
<b>Net Assets Held in Trust for Pension and Other Employee Benefits - End of year</b>	<b>\$ 62,716,735</b>	<b>\$ 1,753,947</b>	<b>\$ 64,470,682</b>