

City of Wyandotte, Michigan

Financial Report with Supplemental Information September 30, 2011

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 (the "City") as of and for the year ended September 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Wyandotte, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Wyandotte, Michigan as of September 30, 2011 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 schedule of funding progress, and the budgetary comparison schedule, 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 23, 2012 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.

During the year, the City implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*, as discussed in Note 1. As a result of this requirement implementation, certain funds are now reported as capital projects funds rather than special revenue funds. In addition, fund balance classifications in the governmental fund financial statements have been changed to reflect the five new classifications under GASB No. 54.

Plante & Morse, PLLC

March 23, 2012

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, 2011. 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, 2011:

- Property tax revenue is the City's single largest source of revenue. The City's 2010 taxable value (levied for the 2011 fiscal year) was \$631,008,000 (ad valorem), which represents a decrease of 8.86 percent and a cumulative reduction of 10.91 percent over the past two years.
- State-shared revenue, our second largest revenue source, was reduced by the State of Michigan by approximately \$156,000 this year compared to the reduction of \$166,000 in the prior year. This represents a decrease of 5.4 percent in the current year, and a cumulative reduction of 10.8 percent over the past two years. Further, the City is receiving approximately \$1,651,000 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 to the General Fund in the current year and \$120,000 of debt levy tax revenue compared to \$2,129,000 of general operating tax revenue in the prior year. The sharing agreement with the Downtown Development Authority returned approximately \$322,000 to the General Fund in the current year compared to \$334,000 in the prior year. Portions of these funds were used to defray annual operating costs and repay debt obligations. Remaining funds were 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 \$2,144,000 in the current year compared to \$2,081,000 in the prior year, for the gross cost of retiree health insurance. Included in these amounts is approximately \$16,000 in the current year and \$98,000 in the prior year to be applied to future retiree health insurance premiums.
- The City utilized the charter-authorized debt millage to pay the debt service on the bonds sold to construct the Department of Public Service facility, the bonds sold to construct the police facility and the 27th District Court facility and to renovate the Yack Arena, the installment purchase agreement entered into by the City to fund various technology projects, to repay debt incurred to renovate the Masonic Temple facility, and for debt incurred for the acquisition of two fire rescue vehicles.

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 \$123,000 was to be expected. The actual results showed an excess of revenue of approximately \$893,000. This positive variance is primarily attributed to the capitalization of assets (houses) relative to the Neighborhood Stabilization Program 2 (NSP2), which caused an excess of revenue over expenditures related to the NSP2 program of \$1,252,000, offset by excess expenditures for non-NSP2 activity of \$359,000. The excess expenditures were primarily the result of less-than-anticipated receipts of state-shared revenue and federal grant reimbursements, reduced revenue from the fines and forfeitures originating from the 27th District Court, and lower than expected revenue from license sales, building permits, recreation programming, and operations of the Yack Arena. Also contributing to this negative variance was the discretionary decision to forgo a budgeted transfer from the Self-insurance Fund into the General Fund.

The negative variance in non-NSP2 activities was offset by 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 health insurance coverage levels, delaying various purchases and improvement projects, monitoring overtime usage, and the implementation of a pay freeze for all nonunion employees.

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 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 129 employees over the past 14 years.
- The City has also continued to reduce discretionary spending and has reduced certain elements of employer-paid healthcare coverage. Subsequent to year end, the City implemented an 80/20 healthcare premium cost-sharing provision with eligible employee groups.
- The City recently reached agreements with all five collective bargaining units to eliminate traditional retiree healthcare coverage for new hires. This change was also instituted for nonunion employee groups and represents an important step to contain future costs and liabilities for the City.
- A pay freeze was enacted for all nonunion employees. It is the City's intention to extend this pay freeze to all union members upon the expiration of their collective bargaining agreements.

City of Wyandotte, Michigan

Management's Discussion and Analysis (Continued)

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 provide 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.

Using this Annual Report

This annual report consists of a series of financial statements. The statement of net assets 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, 2011 and 2010 (in thousands of dollars):

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Assets						
Current assets	\$ 36,114	\$ 39,158	\$ 20,080	\$ 17,747	\$ 56,194	\$ 56,905
Capital assets	67,543	69,728	81,708	84,092	149,251	153,820
Other noncurrent assets	12,786	10,785	11,492	11,783	24,278	22,568
Total assets	116,443	119,671	113,280	113,622	229,723	233,293
Liabilities						
Current liabilities	19,506	21,903	17,237	17,760	36,743	39,663
Long-term liabilities	15,779	14,675	45,920	50,047	61,699	64,722
Total liabilities	35,285	36,578	63,157	67,807	98,442	104,385
Net Assets						
Investment in capital assets -						
Net of related debt	58,293	59,458	29,708	28,104	88,001	87,562
Restricted	9,392	7,017	8,113	8,724	17,505	15,741
Unrestricted	13,473	16,618	12,302	8,987	25,775	25,605
Total net assets	<u>\$ 81,158</u>	<u>\$ 83,093</u>	<u>\$ 50,123</u>	<u>\$ 45,815</u>	<u>\$ 131,281</u>	<u>\$ 128,908</u>

City of Wyandotte, Michigan

Management's Discussion and Analysis (Continued)

The City of Wyandotte, Michigan has combined net assets of \$131 million in the current year compared to \$129 million in the prior year. Business-type activities comprise \$50 million and \$46 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, 2011 and 2010 (in thousands of dollars):

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenue						
Program revenue:						
Charges for services	\$ 6,554	\$ 6,047	\$ 58,417	\$ 51,678	\$ 64,971	\$ 57,725
Operating grants and contributions	1,800	1,742	2,455	185	4,255	1,927
Capital grants and contributions	5,455	1,706	-	167	5,455	1,873
General revenue:						
Property taxes	12,276	13,146	-	3	12,276	13,149
State-shared revenue	2,769	2,925	-	-	2,769	2,925
Unrestricted investment earnings	139	181	556	502	695	683
Transfers and other revenue	574	574	-	-	574	574
Total revenue	29,567	26,321	61,428	52,535	90,995	78,856
Program Expenses						
General government	8,076	7,792	-	-	8,076	7,792
Public safety	11,703	11,710	-	-	11,703	11,710
Public works	6,730	7,656	-	-	6,730	7,656
Community and economic development	3,102	472	-	-	3,102	472
Recreation and culture	1,471	1,682	-	-	1,471	1,682
Interest on long-term debt	420	451	-	-	420	451
Business-type	-	-	57,120	55,823	57,120	55,823
Total program expenses	31,502	29,763	57,120	55,823	88,622	85,586
Change in Net Assets	\$ (1,935)	\$ (3,442)	\$ 4,308	\$ (3,288)	\$ 2,373	\$ (6,730)

Governmental Activities

The City's total governmental revenue increased by approximately \$3,246,000, or 12.3 percent, in the current year compared to a decrease of \$29,000, or .1 percent, in the prior year. Capital grants and contributions increased \$3,749,000 primarily due to the NSP2 program. Charges for services increased \$507,000 primarily due to increased fire rescue revenue and recreation program receipts. Unfortunately, these increases were offset by decreases in tax revenue (\$870,000), state shared revenue (\$156,000), and unrestricted investment income (\$42,000).

City of Wyandotte, Michigan

Management's Discussion and Analysis (Continued)

Expenses increased by approximately \$1,739,000, or 5.8 percent, in the current year compared to an increase of \$468,000, or 1.6 percent, in the prior year. Community and economic development expenses increased by \$2,630,000, which was primarily due to the NSP2 program. General government expenses increased by \$284,000, which was primarily due to the allocation of Internal Service Fund operating loss. These increases were offset slightly by decreases of approximately \$7,000 in public safety expenses, \$926,000 in public works expenses, \$211,000 in recreation and culture expenses, and \$31,000 in interest on long-term debt.

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 increased by approximately 16 percent from the prior year, while operating expenses remained comparable. The increase in revenue was primarily due to increases in electric rates which were effective January 1, 2011 as well as increases in power sales for various customer classes. Accordingly, the Electric Fund realized operating income of \$4,493,000, compared to an operating loss of (\$1,570,000) in the previous year.

The financial performance of the Water Fund remained relatively stable in the current year. Operating revenue decreased by approximately 1 percent, while operating expenses decreased by approximately 4 percent. The decrease in expenses was primarily due to small decreases in various operational expenses. Operating income in the current year increased by \$100,000 and was \$122,500 at year end. 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; however, during the current year, no contribution was made. Unrestricted net assets in the current year total \$2,862,000 as compared to \$2,045,000 in the prior year.

The Cable Television Fund's operating revenue increased by approximately 7 percent. This increase was primarily due to rate increases in basic cable and internet charges that resulted in revenue increase of \$326,000 and \$184,000, respectively. The Cable Television Fund realized a net operating loss of \$116,000 in the current year, a decrease of \$489,000 as compared to the net operating loss of \$605,000 in the prior year. As noted above, these results are directly attributable to increases in operating revenue as operating expenses remained stable compared to the prior year.

City of Wyandotte, Michigan

Management's Discussion and Analysis (Continued)

The operating results of the Sewage Disposal Fund indicate operating income of \$516,000 in the current year compared to operating income of \$401,000 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 rate has been set to absorb anticipated costs associated with significant capital improvement projects being scheduled at the sewage treatment facility and with the local collection system.

The municipal golf course showed an operating loss of \$76,000 in the current year as compared to \$180,000 in the prior year. The decreased loss was entirely the result of reduced operating expenses as operating revenue was less than the prior year by \$15,000. This continued negative financial performance can be attributed to macro-economic conditions, the proliferation of golf courses in the area, and inherent limitations surrounding the operation of a nine-hole facility. In spite of the continued operating loss, cash flow was positive for the current year.

The City-owned commercial building realized net income of \$213,000, which is a decrease of 15 percent from the previous year. This decrease can be primarily attributed to reduced rent and expense reimbursements received from tenants. These results are positive in light of the City's desire to acquire the building at no cost to the taxpayers which it accomplished last year when the debt was paid off on the building.

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 detailed 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 2011 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 \$9.9 million, or 48.3 percent, of the total General Fund expenditures in the current year as compared to \$9.7 million, or 54.9 percent, of the total General Fund expenditures in the prior fiscal year. Additional noteworthy expenditures include public works (\$3.1 million, or 15.2 percent, in the current fiscal year as compared to \$3.0 million, or 17.1 percent, of total expenditures in the prior fiscal year) and recreation and culture (\$1.2 million, or 5.8 percent, of total expenditures in the current fiscal year compared to \$1.3 million, or 7.2 percent, of total expenditures in the prior 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 a pay freeze enacted for nonunion employees, and the management of personnel costs when vacancies arose, which effectively served as a hiring freeze, as well as the capitalization of assets (houses) relative to the NSP2 program. Unfortunately, declines in property tax revenue, state-shared revenue, building permit revenue, court fines and fees, and recreation program revenue served to mitigate most of the 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, lower costs for liability and property insurance, increased contributions from employees for their health insurance premiums, continued closure of the defined benefit retirement system to new entrants, elimination of retiree healthcare coverage for new employees, and savings from the consolidation of police and fire dispatching with neighboring communities.

The most significant changes to the adopted budget were increased appropriations for overtime for the police department (\$142,000), increased cost for gasoline and other petroleum products (\$300,000), and reductions in employee wages and benefits due to the elimination of various positions within the city (\$140,000). Revenue adjustments included an increase in net revenue from fines and fees received from the district court (\$142,000) to reflect anticipated citations written by the Wyandotte police department, increased grant revenue (\$40,000), and reduced investment earnings (\$100,000). In addition, various budget amendments related to the NSP2 program occurred during the year.

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 in 2009. 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

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 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 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 September 30, 2011

	Primary Government			Component Units
	Governmental	Business-type	Total	
	Activities	Activities		
Assets				
Cash and investments (Note 3)	\$ 28,085,835	\$ 6,157,671	\$ 34,243,506	\$ 3,891,205
Receivables - Net:				
Taxes	2,009,994	5,468	2,015,462	-
Customer	-	8,822,182	8,822,182	-
Accrued interest	2,326	-	2,326	-
Other	1,287,354	-	1,287,354	219,270
Due from other governmental units	2,630,859	260,936	2,891,795	-
Special assessments	616,473	-	616,473	-
Due from component units (Note 9)	550,117	-	550,117	-
Due from primary government (Note 9)	-	-	-	650,951
Internal balances (Note 9)	800,077	(800,077)	-	-
Inventory	-	3,934,911	3,934,911	-
Prepaid expenses and other assets	131,387	1,698,414	1,829,801	-
Restricted assets (Note 12)	-	8,980,490	8,980,490	-
Investment in joint ventures (Note 7)	2,400,000	1,111,149	3,511,149	-
Land held for resale (Note 6)	1,704,696	-	1,704,696	2,055,824
Net pension asset (Note 13)	7,068,278	-	7,068,278	-
Note receivable	39,097	-	39,097	400,000
Capital assets:				
Assets not subject to depreciation (Note 8)	18,135,929	991,688	19,127,617	-
Assets subject to depreciation (Note 8)	49,406,717	80,716,526	130,123,243	-
Bond issuance costs (Note 5)	-	1,400,855	1,400,855	-
Advance to component unit (Note 9)	1,574,335	-	1,574,335	-
Total assets	116,443,474	113,280,213	229,723,687	7,217,250
Liabilities				
Accounts payable	1,889,498	3,635,319	5,524,817	369,623
Due to other governmental units	288,991	-	288,991	153,581
Due to component units (Note 9)	616,715	34,236	650,951	-
Due to primary government (Note 9)	-	-	-	550,117
Refundable deposits, bonds, etc.	1,675,453	637,609	2,313,062	-
Accrued liabilities and other	661,820	1,974,105	2,635,925	398,209
Deferred revenue (Note 4)	11,857,880	154,041	12,011,921	2,016,408
Noncurrent liabilities:				
Due within one year:				
Payable from restricted assets	-	4,917,353	4,917,353	-
Compensated absences	914,453	-	914,453	-
General liability and workers' compensation claims	651,828	-	651,828	-
Current portion of long-term debt (Note 10)	950,000	5,884,979	6,834,979	122,726
Due in more than one year:				
Compensated absences	695,157	-	695,157	-
Advances from primary government (Note 9)	-	-	-	1,574,335
Net OPEB obligation (Note 16)	6,783,980	2,453,421	9,237,401	-
Long-term debt (Note 10)	8,300,000	43,466,628	51,766,628	506,253
Total liabilities	35,285,775	63,157,691	98,443,466	5,691,252
Net Assets				
Invested in capital assets - Net of related debt	58,292,646	29,707,462	88,000,108	-
Restricted for:				
Major and local street projects	419,020	-	419,020	-
Police	192,225	-	192,225	-
Debt service	-	7,773,833	7,773,833	-
Grants	3,850,794	-	3,850,794	30,360
Sidewalk and alley paving	2,185,106	-	2,185,106	-
Rubbish	1,466,561	-	1,466,561	-
Retiree health care	-	339,304	339,304	-
Drains	1,278,737	-	1,278,737	-
Unrestricted	13,472,610	12,301,923	25,774,533	1,495,638
Total net assets	\$ 81,157,699	\$ 50,122,522	\$ 131,280,221	\$ 1,525,998

City of Wyandotte, Michigan

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 8,076,003	\$ 3,139,630	\$ -	\$ -
Public safety	11,703,488	2,141,703	82,438	-
Public works	6,729,804	609,802	1,504,364	1,112,656
Community and economic development	3,102,007	-	212,973	4,342,356
Recreation and culture	1,470,613	662,761	639	-
Interest on long-term debt	420,181	-	-	-
Total governmental activities	31,502,096	6,553,896	1,800,414	5,455,012
Business-type activities:				
Electric	41,234,784	42,092,245	2,454,511	-
Water	3,388,159	3,510,681	-	-
Cable television	8,404,372	8,278,315	-	-
Sewage disposal	3,178,193	3,484,650	-	-
Golf course	375,547	299,756	-	-
Building rental	539,288	751,832	-	-
Total business-type activities	57,120,343	58,417,479	2,454,511	-
Total primary government	\$ 88,622,439	\$ 64,971,375	\$ 4,254,925	\$ 5,455,012
Component units:				
Tax Increment Finance Authorities - Consolidated	\$ 3,473,185	\$ -	\$ -	\$ -
Tax Increment Finance Authorities - Downtown	566,761	-	-	-
Downtown Development Authority	-	-	-	-
Brownfield Redevelopment Authority	255,818	-	-	-
Downriver Central Dispatch	660,525	660,525	-	-
Total component units	\$ 4,956,289	\$ 660,525	\$ -	\$ -
General revenue:				
Property taxes				
State-shared revenue				
Investment income				
Other miscellaneous income				
Total general revenue				
Change in Net Assets				
Net Assets - Beginning of year				
Net Assets - End of year				

Statement of Activities Year Ended September 30, 2011

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (4,936,373)	\$ -	\$ (4,936,373)	\$ -
(9,479,347)	-	(9,479,347)	-
(3,502,982)	-	(3,502,982)	-
1,453,322	-	1,453,322	-
(807,213)	-	(807,213)	-
(420,181)	-	(420,181)	-
(17,692,774)	-	(17,692,774)	-
-	3,311,972	3,311,972	-
-	122,522	122,522	-
-	(126,057)	(126,057)	-
-	306,457	306,457	-
-	(75,791)	(75,791)	-
-	212,544	212,544	-
-	3,751,647	3,751,647	-
(17,692,774)	3,751,647	(13,941,127)	-
-	-	-	(3,473,185)
-	-	-	(566,761)
-	-	-	-
-	-	-	(255,818)
-	-	-	-
-	-	-	(4,295,764)
12,275,961	400	12,276,361	3,947,213
2,768,859	-	2,768,859	-
139,313	555,760	695,073	9,901
573,705	-	573,705	317,221
15,757,838	556,160	16,313,998	4,274,335
(1,934,936)	4,307,807	2,372,871	(21,429)
83,092,635	45,814,715	128,907,350	1,547,427
\$ 81,157,699	\$ 50,122,522	\$ 131,280,221	\$ 1,525,998

City of Wyandotte, Michigan

Governmental Funds Balance Sheet September 30, 2011

	General Fund	Nonmajor Funds	Total
Assets			
Cash and investments (Note 3)	\$ 15,179,848	\$ 9,814,313	\$ 24,994,161
Receivables - Net:			
Taxes	1,485,715	524,279	2,009,994
Special assessments	-	616,473	616,473
Accrued interest	2,326	-	2,326
Other	1,249,783	37,571	1,287,354
Due from other governmental units	1,988,672	642,187	2,630,859
Due from component units (Note 9)	499,000	51,117	550,117
Due from other funds (Note 9)	746,866	2,180,779	2,927,645
Prepaid expenses and other assets	131,387	-	131,387
Land held for resale (Note 6)	1,555,464	149,232	1,704,696
Note receivable	-	39,097	39,097
Advance to component unit (Note 9)	-	1,325,486	1,325,486
	<u>\$ 22,839,061</u>	<u>\$ 15,380,534</u>	<u>\$ 38,219,595</u>
Total assets			
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 1,007,169	\$ 870,410	\$ 1,877,579
Due to other governmental units	288,991	-	288,991
Due to component units (Note 9)	7,263	609,452	616,715
Due to other funds (Note 9)	5,913,840	842,875	6,756,715
Advances from other funds (Note 9)	-	435,845	435,845
Refundable deposits, bonds, etc.	1,675,433	20	1,675,453
Accrued liabilities and other	505,236	-	505,236
Deferred revenue (Note 4)	10,488,431	3,828,939	14,317,370
	<u>19,886,363</u>	<u>6,587,541</u>	<u>26,473,904</u>
Total liabilities			
Fund Balances			
Nonspendable:			
Real estate held for resale	-	44,237	44,237
Prepays	131,387	-	131,387
Long-term receivable	-	1,325,486	1,325,486
Restricted:			
Major and local street projects	-	167,599	167,599
Police	-	192,225	192,225
Grants	1,555,464	1,200,728	2,756,192
Rubbish	-	1,466,561	1,466,561
Sidewalk and alley paving	-	1,559,656	1,559,656
Drains	-	1,278,737	1,278,737
Committed - Special events	-	97,841	97,841
Assigned:			
Debt service	-	3,857	3,857
Capital projects	-	1,491,159	1,491,159
Unassigned	1,265,847	(35,093)	1,230,754
	<u>2,952,698</u>	<u>8,792,993</u>	<u>11,745,691</u>
Total fund balances			
	<u>\$ 22,839,061</u>	<u>\$ 15,380,534</u>	<u>\$ 38,219,595</u>
Total liabilities and fund balances			

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, 2011

Fund Balance Reported in Governmental Funds	\$ 11,745,691
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	67,542,646
Net pension asset is not a financial resource and is not reported in the fund	7,068,278
Investments in joint ventures are not financial resources and are not reported in the funds	2,400,000
Special assessment receivables are expected to be collected over several years and are not available to pay for current year expenditures	630,835
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	1,828,655
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(9,250,000)
Accrued interest is not due and payable in the current period and is not reported in the funds	(156,584)
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	(1,609,610)
Net OPEB obligation does not present a claim on current financial resources and is not reported as a fund liability	(6,783,980)
Internal Service Funds are included as part of governmental activities	<u>7,741,768</u>
Net Assets of Governmental Activities	<u>\$ 81,157,699</u>

City of Wyandotte, Michigan

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended September 30, 2011

	General Fund	Nonmajor Funds	Total
Revenue			
Property taxes	\$ 9,473,458	\$ 2,894,061	\$ 12,367,519
Licenses and permits	397,598	-	397,598
Federal grants	4,245,787	374,590	4,620,377
State-shared revenue and grants	2,824,699	1,549,882	4,374,581
Other charges for services	3,868,566	313,646	4,182,212
Fines and forfeitures	1,428,184	-	1,428,184
Investment income	40,293	66,319	106,612
Contribution from component unit	-	664,701	664,701
Other revenue:			
Special assessments	-	320,982	320,982
Other miscellaneous income	455,084	435,645	890,729
Total revenue	22,733,669	6,619,826	29,353,495
Expenditures			
Current:			
General government	3,330,704	209,611	3,540,315
Public safety	9,946,676	54,772	10,001,448
Public works	3,133,671	5,598,735	8,732,406
Community and economic development	2,993,397	108,610	3,102,007
Recreation and culture	1,202,546	295,370	1,497,916
Debt service	-	1,455,410	1,455,410
Total expenditures	20,606,994	7,722,508	28,329,502
Excess of Revenue Over (Under) Expenditures	2,126,675	(1,102,682)	1,023,993
Other Financing Sources (Uses)			
Transfers in	-	1,617,646	1,617,646
Transfers out	(1,233,191)	(384,455)	(1,617,646)
Net Change in Fund Balances	893,484	130,509	1,023,993
Fund Balances - Beginning of year	2,059,214	8,662,484	10,721,698
Fund Balances - End of year	\$ 2,952,698	\$ 8,792,993	\$ 11,745,691

City of Wyandotte, Michigan

Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended September 30, 2011

Net Change in Fund Balances - Total Governmental Funds	\$ 1,023,993
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capital outlay	2,987,514
Depreciation expense	(5,242,449)
Capital contributions from other governmental units	69,891
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	111,073
Increase in the net pension asset reported in the statement of activities does not require the use of current resources and is not reported in the fund statements	274,999
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	1,020,000
Change in accrued interest payable and other	15,229
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	(14,943)
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	(2,094,563)
Internal Service Funds are included as part of governmental activities	<u>(85,680)</u>
Change in Net Assets of Governmental Activities	<u>\$ (1,934,936)</u>

City of Wyandotte, Michigan

	Enterprise Funds			
	Electric	Water	Cable Television	Sewage Disposal
Assets				
Current assets:				
Cash and investments	\$ 610,637	\$ 573,362	\$ 958,479	\$ 4,008,130
Receivables - Net	6,969,712	487,817	793,337	837,720
Due from other funds (Note 9)	-	3,555,843	-	670,635
Inventory	3,708,529	101,808	124,574	-
Prepaid expenses and other assets	39,380	-	11,161	1,484,393
Total current assets	11,328,258	4,718,830	1,887,551	7,000,878
Noncurrent assets:				
Restricted assets (Note 12)	8,641,186	169,652	169,652	-
Advances to other funds	-	-	-	-
Investment in joint ventures (Note 7)	-	-	-	1,111,149
Capital assets:				
Assets not subject to depreciation (Note 8)	846,688	-	-	-
Assets subject to depreciation (Note 8)	46,783,929	8,126,541	3,642,194	17,075,362
Bond issuance costs (Note 5)	1,400,855	-	-	-
Advance to component unit (Note 9)	-	-	-	-
Total noncurrent assets	57,672,658	8,296,193	3,811,846	18,186,511
Total assets	69,000,916	13,015,023	5,699,397	25,187,389
Liabilities				
Current liabilities:				
Accounts payable	2,774,167	78,477	461,812	316,238
Due to component units	-	-	-	-
Due to other funds (Note 9)	1,650,278	1,025,341	2,061,310	-
Refundable deposits, bonds, etc.	572,909	-	64,700	-
Accrued liabilities and other	1,186,387	286,943	488,835	-
Deferred revenue (Note 4)	-	-	86,312	5,468
General liability and workers' compensation claims	-	-	-	-
Current portion of long-term debt (Note 10)	4,924,701	-	178,012	782,266
Total current liabilities	11,108,442	1,390,761	3,340,981	1,103,972
Noncurrent liabilities:				
Advances from other funds (Note 9)	-	-	-	269,647
Debt service payable from restricted assets	4,917,353	-	-	-
Net OPEB obligation (Note 16)	1,712,313	466,444	274,664	-
Long-term debt - Net of current portion and amount payable from restricted assets (Note 10)	34,035,201	-	178,030	9,253,397
Total noncurrent liabilities	40,664,867	466,444	452,694	9,523,044
Total liabilities	51,773,309	1,857,205	3,793,675	10,627,016
Net Assets (Deficit)				
Invested in capital assets - Net of related debt	6,021,570	8,126,541	3,286,152	7,039,699
Restricted (Note 12)	7,773,833	169,652	169,652	-
Unrestricted	3,432,204	2,861,625	(1,550,082)	7,520,674
Total net assets	\$ 17,227,607	\$ 11,157,818	\$ 1,905,722	\$ 14,560,373

**Proprietary Funds
Statement of Net Assets
September 30, 2011**

Enterprise Funds		Governmental Activities
Nonmajor Enterprise	Total Enterprise Funds	Internal Service
\$ 7,063	\$ 6,157,671	\$ 3,091,674
-	9,088,586	-
21	4,226,499	4,359,500
-	3,934,911	-
163,480	1,698,414	-
<u>170,564</u>	<u>25,106,081</u>	<u>7,451,174</u>
-	8,980,490	-
-	-	705,492
-	1,111,149	-
145,000	991,688	-
5,088,500	80,716,526	-
-	1,400,855	-
-	-	248,849
<u>5,233,500</u>	<u>93,200,708</u>	<u>954,341</u>
5,404,064	118,306,789	8,405,515
4,625	3,635,319	11,919
34,236	34,236	-
20,000	4,756,929	-
-	637,609	-
11,940	1,974,105	-
62,261	154,041	-
-	-	651,828
-	5,884,979	-
<u>133,062</u>	<u>17,077,218</u>	<u>663,747</u>
-	269,647	-
-	4,917,353	-
-	2,453,421	-
-	43,466,628	-
<u>-</u>	<u>51,107,049</u>	<u>-</u>
133,062	68,184,267	663,747
5,233,500	29,707,462	-
-	8,113,137	-
37,502	12,301,923	7,741,768
<u>\$ 5,271,002</u>	<u>\$ 50,122,522</u>	<u>\$ 7,741,768</u>

City of Wyandotte, Michigan

	Enterprise Funds			
	Electric	Water	Cable Television	Sewage Disposal
Operating Revenue				
Sale of water	\$ -	\$ 3,510,681	\$ -	\$ -
Sewage disposal charges	-	-	-	3,351,784
Sale of electricity	42,092,245	-	-	-
Other sales to customers	-	-	8,278,315	-
Other miscellaneous revenue	-	-	-	132,866
Total operating revenue	42,092,245	3,510,681	8,278,315	3,484,650
Operating Expenses				
Cost of water	-	839,647	-	-
Cost of sewage treatment	-	-	-	1,602,144
Cost of electrical production	25,112,234	-	-	-
Cost of insurance claims	-	-	-	-
Transportation	81,199	27,571	29,339	-
Other operation and maintenance costs	5,456,078	993,877	1,807,824	797,636
Billing and administrative costs	1,183,932	423,551	561,751	-
Distribution	1,397,118	513,301	1,026,228	-
Cable television royalties	-	-	4,351,869	-
Depreciation	4,368,680	590,212	617,618	569,061
Total operating expenses	37,599,241	3,388,159	8,394,629	2,968,841
Operating Income (Loss)	4,493,004	122,522	(116,314)	515,809
Nonoperating Revenue (Expenses)				
Property tax revenue	-	-	-	400
Investment and other income	268,547	171,562	98,887	16,747
Grant expenses	(1,501,237)	-	-	-
Interest expense	(1,878,598)	-	(9,743)	(209,352)
Amortization of bond issuance costs	(255,708)	-	-	-
Grant revenue	2,454,511	-	-	-
Total nonoperating revenue (expenses)	(912,485)	171,562	89,144	(192,205)
Change in Net Assets	3,580,519	294,084	(27,170)	323,604
Net Assets - Beginning of year	13,647,088	10,863,734	1,932,892	14,236,769
Net Assets - End of year	\$ 17,227,607	\$ 11,157,818	\$ 1,905,722	\$ 14,560,373

Proprietary Funds
Statement of Revenue, Expenses, and Changes in Net Assets
Year Ended September 30, 2011

Enterprise Funds		
Nonmajor Enterprise	Total	Internal Service
\$ -	\$ 3,510,681	\$ -
-	3,351,784	-
-	42,092,245	-
937,590	9,215,905	-
113,998	246,864	-
1,051,588	58,417,479	-
-	839,647	-
-	1,602,144	-
-	25,112,234	-
-	-	118,381
-	138,109	-
721,400	9,776,815	-
-	2,169,234	-
-	2,936,647	-
-	4,351,869	-
193,435	6,339,006	-
914,835	53,265,705	118,381
136,753	5,151,774	(118,381)
-	400	-
17	555,760	32,701
-	(1,501,237)	-
-	(2,097,693)	-
-	(255,708)	-
-	2,454,511	-
17	(843,967)	32,701
136,770	4,307,807	(85,680)
5,134,232	45,814,715	7,827,448
\$ 5,271,002	\$ 50,122,522	\$ 7,741,768

City of Wyandotte, Michigan

	Enterprise Funds			
	Electric	Water	Cable Television	Sewage Disposal
Cash Flows from Operating Activities				
Receipts from customers	\$ 40,105,457	\$ 3,553,736	\$ 8,209,112	\$ 3,180,980
Receipts from interfund services and reimbursements	-	-	-	276,438
Payments to suppliers	(29,998,883)	(1,983,352)	(6,562,934)	(2,564,326)
Payments to employees	(4,269,392)	(875,775)	(1,037,744)	-
Internal activity - Payments to other funds	-	-	-	-
Claims paid	-	-	-	-
Net cash provided by (used in) operating activities	5,837,182	694,609	608,434	893,092
Cash Flows from Noncapital Financing Activities				
Transfers from (to) other funds	324,200	(337,180)	12,979	-
Repayments of loans from other funds	-	-	-	(63,094)
Net cash provided by (used in) noncapital financing activities	324,200	(337,180)	12,979	(63,094)
Cash Flows from Capital and Related Financing Activities				
Issuance of bonds	449,080	-	310,703	-
Grant revenue	2,250,103	-	-	-
Grant expenses	(1,501,237)	-	-	-
Property taxes (restricted for capital or capital debt)	-	-	-	400
Purchase of capital assets - Net of reimbursements	(2,865,057)	(67,680)	(844,606)	-
Principal and interest paid on capital debt	(6,488,725)	-	(461,484)	(908,396)
Asset constructed for customer - Net of repayment	138,000	-	-	-
Repayment of advances from other funds	-	-	-	-
Net cash used in capital and related financing activities	(8,017,836)	(67,680)	(995,387)	(907,996)
Cash Flows from Investing Activities - Interest received on investments	268,547	171,562	98,887	16,747
Net (Decrease) Increase in Cash and Cash Equivalents	(1,587,907)	461,311	(275,087)	(61,251)
Cash and Cash Equivalents - Beginning of year	10,839,730	281,703	1,403,218	4,069,381
Cash and Cash Equivalents - End of year	\$ 9,251,823	\$ 743,014	\$ 1,128,131	\$ 4,008,130
Balance Sheet Classification of Cash and Cash Equivalents				
Cash and investments	\$ 610,637	\$ 573,362	\$ 958,479	\$ 4,008,130
Restricted cash	8,641,186	169,652	169,652	-
Total cash and cash equivalents	\$ 9,251,823	\$ 743,014	\$ 1,128,131	\$ 4,008,130
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities				
Operating income (loss)	\$ 4,493,004	\$ 122,522	\$ (116,314)	\$ 515,809
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation and amortization	4,368,680	590,212	617,618	569,061
Bad debt expense	75,000	-	65,000	-
Changes in assets and liabilities:				
Receivables	(2,061,788)	43,055	(134,203)	(303,670)
Due from others	-	-	-	276,438
Inventories	(746,381)	(1,158)	(41,887)	-
Prepaid and other assets	3,382	13,460	(1,629)	(174,685)
Accounts payable	(1,045,049)	42,158	46,203	91,240
Due to others	4,215	(276,442)	-	-
Estimated claims liability	-	-	-	-
Accrued and other liabilities	715,884	160,802	218,582	-
Deferred revenue	-	-	(12,336)	(81,101)
Customer deposits and other current liabilities	30,235	-	(32,600)	-
Net cash provided by (used in) operating activities	\$ 5,837,182	\$ 694,609	\$ 608,434	\$ 893,092

**Proprietary Funds
Statement of Cash Flows
Year Ended September 30, 2011**

Enterprise Funds		Governmental Activities
Nonmajor Enterprise	Total	Internal Service Fund
\$ 1,053,657	\$ 56,102,942	\$ -
-	276,438	-
(561,519)	(41,671,014)	(3,214)
(114,618)	(6,297,529)	-
-	-	(477,516)
-	-	(209,069)
<u>377,520</u>	<u>8,410,837</u>	<u>(689,799)</u>
-	(1)	63,094
-	(63,094)	-
-	(63,095)	63,094
-	759,783	-
-	2,250,103	-
-	(1,501,237)	-
-	400	-
(178,395)	(3,955,738)	-
-	(7,858,605)	-
-	138,000	-
(300,000)	(300,000)	-
(478,395)	(10,467,294)	-
17	555,760	39,568
(100,858)	(1,563,792)	(587,137)
107,921	16,701,953	3,678,811
<u>\$ 7,063</u>	<u>\$ 15,138,161</u>	<u>\$ 3,091,674</u>
\$ 7,063	\$ 6,157,671	\$ 3,091,674
-	8,980,490	-
<u>\$ 7,063</u>	<u>\$ 15,138,161</u>	<u>\$ 3,091,674</u>
\$ 136,753	\$ 5,151,774	\$ (118,381)
193,435	6,339,006	-
-	140,000	-
2,069	(2,454,537)	-
-	276,438	-
-	(789,426)	-
45,878	(113,594)	-
(615)	(866,063)	(3,214)
-	(272,227)	(477,516)
-	-	(90,688)
-	1,095,268	-
-	(93,437)	-
-	(2,365)	-
<u>\$ 377,520</u>	<u>\$ 8,410,837</u>	<u>\$ (689,799)</u>

City of Wyandotte, Michigan

Fiduciary Funds Statement of Fiduciary Net Assets September 30, 2011

	Pension and Other Employee Benefits Trust	<u>Agency Fund</u>
Assets		
Cash and cash equivalents (Note 3)	\$ 3,544,258	\$ 385,879
Investments (Note 3):		
Collateralized mortgage obligations	170,926	-
U.S. government securities	8,379,875	-
U.S. government agency obligations	5,494,667	-
Common trust funds/mutual funds	1,511,854	-
Stocks	10,232,787	-
Foreign stock ADR	15,414,699	-
Foreign government obligations	7,675,451	-
Bonds	10,512,208	-
Foreign corporate bonds	1,005,794	-
Receivables - Net - Accrued interest	<u>584,964</u>	<u>-</u>
Total assets	64,527,483	<u><u>\$ 385,879</u></u>
Liabilities		
Accounts payable	32,799	\$ -
Due to other governmental units	-	4,879
Due to primary government	177,320	-
Refundable deposits, bonds, etc.	-	381,000
Accrued liabilities and other	<u>363,812</u>	<u>-</u>
Total liabilities	<u>573,931</u>	<u><u>\$ 385,879</u></u>
Net Assets Held in Trust for Pension and Other Employee Benefits	<u><u>\$63,953,552</u></u>	

City of Wyandotte, Michigan

Fiduciary Funds Statement of Changes in Fiduciary Net Assets - Pension and Other Employee Benefits Trust Year Ended September 30, 2011

	<u>Pension and Other Employee Benefits Trust</u>
Additions	
Investment income:	
Interest and dividends	\$ 2,457,774
Net increase in fair value of investments	(2,727,596)
Investment-related expenses	(631,959)
Contributions:	
Employer	5,959,285
Employee	<u>76,222</u>
Total contributions	<u>6,035,507</u>
Total additions	5,133,726
Deductions	
Benefit payments	5,522,926
Health benefits	<u>2,920,943</u>
Total deductions	<u>8,443,869</u>
Net Decrease in Net Assets Held in Trust	(3,310,143)
Net Assets Held in Trust for Pension and Other Employee Benefits - Beginning of year	<u>67,263,695</u>
Net Assets Held in Trust for Pension and Other Employee Benefits - End of year	<u><u>\$63,953,552</u></u>

City of Wyandotte, Michigan

Component Units Statement of Net Assets (Deficit) September 30, 2011

	Tax Increment Finance Authorities - Consolidated	Tax Increment Finance Authorities - Downtown	Downtown Development Authority	Brownfield Redevelopment Authority	Downriver Central Dispatch	Total
Assets						
Cash and investments (Note 3)	\$ 2,702,804	\$ 1,013,014	\$ 1,569	\$ 173,818	\$ -	\$ 3,891,205
Receivables - Net	36,179	-	-	10,894	172,197	219,270
Due from primary government (Note 9)	638,420	12,531	-	-	-	650,951
Internal balances (Note 9)	63,612	677	-	(64,289)	-	-
Land held for resale (Note 6)	2,011,024	44,800	-	-	-	2,055,824
Note receivable	-	400,000	-	-	-	400,000
Total assets	5,452,039	1,471,022	1,569	120,423	172,197	7,217,250
Liabilities						
Accounts payable	331,158	21,831	-	16,634	-	369,623
Due to other governmental units	-	-	-	153,581	-	153,581
Due to primary government (Note 9)	377,920	-	-	-	172,197	550,117
Accrued liabilities and other	377,704	20,505	-	-	-	398,209
Deferred revenue (Note 4)	1,632,649	383,759	-	-	-	2,016,408
Due within one year - Current portion of long-term debt (Note 10)	86,421	36,305	-	-	-	122,726
Due in more than one year: Advance from primary government (Note 9)	-	-	-	1,574,335	-	1,574,335
Long-term debt (Note 10)	271,109	235,144	-	-	-	506,253
Total liabilities	3,076,961	697,544	-	1,744,550	172,197	5,691,252
Net Assets (Deficit)						
Restricted - NSP grant land held for resale	30,360	-	-	-	-	30,360
Unrestricted	2,344,718	773,478	1,569	(1,624,127)	-	1,495,638
Total net assets (deficit)	\$ 2,375,078	\$ 773,478	\$ 1,569	\$ (1,624,127)	\$ -	\$ 1,525,998

City of Wyandotte, Michigan

	<u>Expenses</u>	<u>Program Revenue</u>
		<u>Charges for Services</u>
Functions/Programs		
Tax Increment Finance Authorities - Consolidated governmental activities:		
Community and economic development	\$ 3,464,745	\$ -
Debt service	<u>8,440</u>	<u>-</u>
Total Tax Increment Finance Authorities - Consolidated governmental activities	3,473,185	-
Tax Increment Finance Authorities - Downtown governmental activities:		
Community and economic development	552,031	-
Debt service	<u>14,730</u>	<u>-</u>
Total Tax Increment Finance Authorities - Downtown governmental activities	566,761	-
Downtown Development Authority	-	-
Brownfield Redevelopment Authority - Governmental activities	255,818	-
Downriver Central Dispatch - Governmental activities - Public safety	<u>660,525</u>	<u>660,525</u>
Total component units	<u>\$ 4,956,289</u>	<u>\$ 660,525</u>
		General revenue:
		Property taxes
		Investment income
		Other miscellaneous income
		Total general revenue
		Change in Net Assets
		Net Assets (Deficit) - Beginning of year
		Net Assets (Deficit) - End of year

**Component Units
Statement of Activities
Year Ended September 30, 2011**

Net (Expense) Revenue and Changes in Net Assets					
Tax Increment Finance Authorities - Consolidated	Tax Increment Finance Authorities - Downtown	Downtown Development Authority	Brownfield Redevelopment Authority	Downriver Central Dispatch	Total
\$ (3,464,745)	\$ -	\$ -	\$ -	\$ -	\$ (3,464,745)
(8,440)	-	-	-	-	(8,440)
(3,473,185)	-	-	-	-	(3,473,185)
-	(552,031)	-	-	-	(552,031)
-	(14,730)	-	-	-	(14,730)
-	(566,761)	-	-	-	(566,761)
-	-	-	-	-	-
-	-	-	(255,818)	-	(255,818)
-	-	-	-	-	-
(3,473,185)	(566,761)	-	(255,818)	-	(4,295,764)
3,242,310	578,318	-	126,585	-	3,947,213
7,124	2,740	2	35	-	9,901
294,636	22,585	-	-	-	317,221
3,544,070	603,643	2	126,620	-	4,274,335
70,885	36,882	2	(129,198)	-	(21,429)
2,304,193	736,596	1,567	(1,494,929)	-	1,547,427
\$ 2,375,078	\$ 773,478	\$ 1,569	\$ (1,624,127)	\$ -	\$ 1,525,998

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2011

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 legally 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 Downtown Development Authority's governing body, which consists of nine individuals, is selected by the mayor with approval by the City Council. In addition, the Downtown Development Authority's budget is subject to approval by the City's 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 1 - 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.

The Downriver Central Dispatch (DCD) was created to enhance public safety through the sharing of technology and information resources to support the centralized dispatching of public safety resources. The DCD's governing body consists of one representative appointed by each governmental unit who is a member of the DCD. The DCD's budget is subject to approval by the City.

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

Jointly Governed Organization - 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 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 revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

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

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

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.

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 and general liability, as well as the self-insured portion of workers' compensation, general liability, and prescription drug coverage for active employees and retirees. The Internal Service Fund is used to account for current coverage and to provide reserves for future catastrophic claims.

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

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

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

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relates to charges to customers for sales, rentals, and services. The water and sewer disposal funds also recognizes 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.

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

The 2010 taxable valuation of the City totaled \$665,529,517 (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, and 2.5166 mills for garbage and rubbish services. In addition, the City levied 3.4130 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 \$7,675,000 for operating purposes, \$1,200,000 for debt service, \$1,400,000 for garbage and rubbish services, and \$1,470,000 for drain operation and maintenance. These amounts are recognized in the respective General Fund, special revenue fund, and component unit financial statements as tax revenue. Some amounts are also recognized in the debt service fund through a transfer of tax funds from the General Fund.

Assets, Liabilities, and Net Assets or Equity

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

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

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

Inventories and Prepaid Items - Real estate inventories in the special revenue funds, capital projects 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.

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

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

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

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

Roads and other infrastructure	20 to 25 years
Sidewalks	10 to 60 years
Distribution systems	10 to 15 years
Utility plant and treatment facilities	20 to 50 years
Buildings and building improvements	40 to 50 years
Land improvements	20 to 50 years
Vehicles	4 to 15 years
Machinery and equipment	3 to 35 years

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

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

Long-term Obligations - In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

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.

Fund Equity - 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 on the use of the resources reported in governmental funds. Under this standard, the fund balance classifications of reserved, designated, and unreserved/undesignated were replaced with five new classifications - nonspendable, restricted, committed, assigned, and unassigned. The City implemented Statement No. 54 during the year. As a result of this implementation, the Construction, Equipment and Replacement, Public Improvement, and Building Authority Improvement Funds are reported as capital projects funds rather than special revenue funds as they were reported in the past.

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2011

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

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

- **Nonspendable:** Amounts that are not in spendable form or are legally or contractually required to be maintained intact.
- **Restricted:** Amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose.
- **Committed:** Amounts that have been formally set aside by the City Council for use for specific purposes. Commitments are made and can be rescinded only via resolution of the City Council.
- **Assigned:** Intent to spend resources on specific purposes expressed by the City Council or City Administrator, who is authorized by resolution approved by the City Council to make assignments.
- **Unassigned:** Amounts that do not fall into any other category above. This is the residual classification for amounts in the General Fund and represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes in the General Fund. In other governmental funds, only negative unassigned amounts are reported, if any, and represent expenditures incurred for specific purposes exceeding the amounts previously restricted, committed, or assigned to those purposes.

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.

Reclassifications - Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

Significant Customers - The City has the following customers that represent significant amounts of operating revenue for the year ended September 30, 2011:

	Electricity Fees	Water Fees	Sewage Fees	Property Taxes
BASF Corporation	28%	13%	28%	10%
Electric Fund	-	8	-	-
Wayne County	8	-	-	-
Wyandotte Hospital	5	2	-	-

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2011

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 shortfall at October 1, 2010		\$	(225,431)
Current year permit revenue			552,136
Related expenses:			
Direct costs	\$	122,859	
Estimated indirect costs		523,143	646,002
			<u> </u>
Current year shortfall			<u>(93,866)</u>
Cumulative shortfall at September 30, 2011		\$	<u>(319,297)</u>

Accumulated Deficit - The City has accumulated deficits in the Brownfield Redevelopment Authority and the grants fund. The City also has accumulated unrestricted deficits in the cable television and golf course funds. Management expects the deficit in the Brownfield Redevelopment Authority to be eliminated through the receipt of future tax captures. The deficit in the grants 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.

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.

Note 3 - Deposits and Investments (Continued)

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 two 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 \$40,013,485 of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. In addition, the City's component units had \$3,380,354 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	\$ 589,750	1.24 years
U.S. Federal Agency	153,903	1.45 years
U.S. Treasury bills (pension)	6,437,608	6.30 years
U.S. Federal Agency (pension)	7,544,926	13.13 years
Corporate bonds and notes (pension)	10,351,017	9.56 years
Collateralized mortgage obligations (pension)	170,926	25.26 years
Foreign corporate bonds and notes (pension)	377,351	6.46 years
Foreign government obligations (pension)	7,496,942	9.57 years
U.S. Treasury bills (retiree health care)	55,035	5.20 years
U.S. Federal Agency (retiree health care)	37,245	1.63 years
Corporate bonds and notes (retiree health care)	159,845	4.06 years

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2011

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
Primary government	\$ 3,769,597	AAA	S&P
	3,863,835	AA+	S&P
	327,107	AA	S&P
	1,200,912	AA-	S&P
	2,413,037	A+	S&P
	2,995,911	A	S&P
	1,765,211	A-	S&P
	409,640	BBB+	S&P
	1,346,634	BBB	S&P
	911,005	BBB-	S&P
	170,926	CCC	S&P
	11,890,016	AAA	Moody's
	55,035	Aaa	Moody's
	11,161,688	N/A	Unrated
Component units	475,447	N/A	Unrated

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	\$ 756,347
Euro currency	524,735
Australian dollar	1,534,851
Polish zloty	816,237
Mexican peso	791,786
Norwegian krone	524,417
South African rand	351,483
New Zealand dollar	509,858
British pound	1,058,582
Malaysian ringgit	618,880
South Korean won	565,626
Various	628,443

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.

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2011

Note 4 - Deferred Revenue (Continued)

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

	Unavailable - Governmental Activities	Unearned - Governmental Activities	Unearned - Business-type	Unearned - Component Units
Delinquent property taxes	\$ 201,190	\$ -	\$ -	\$ -
Special assessments	630,835	-	-	-
ALS revenue	523,025	-	-	-
Property tax receipts for fiscal year 2011	-	11,857,880	-	2,016,408
Grants receivable	954,874	-	-	-
UDAG	40,663	-	-	-
Other	108,903	-	154,041	-
Total	<u>\$ 2,459,490</u>	<u>\$ 11,857,880</u>	<u>\$ 154,041</u>	<u>\$ 2,016,408</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 of Municipal Services 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, 2011. Amortization expense for the 2005 revenue bonds amounted to \$37,848 for the year ended September 30, 2011. Amortization expense for the 2009 refunding bonds amounted to \$50,064 for the year ended September 30, 2011.

Note 6 - Land Held for Resale

The inventory in the General Fund, Special Revenue Funds, Capital Projects Funds, and component units consists of real property purchased for resale. The City purchases the property, demolishes or rehabilitates the structure, if any, and resells the property for commercial or residential development. Inventory costs include the costs of land, existing structures, rehabilitation, and demolition. Generally, the acquisition cost of inventory is substantially higher than its fair market value after demolition and site clearing. At September 30, 2011, inventory had a cost of \$607,168, \$318,666 and \$18,673,241 and an estimated fair market value of \$104,995, \$44,237, and \$1,680,824 in the special revenue funds, capital projects funds, and component units, respectively. Included in capital outlay and other expenses of the current year was a provision of \$42,919, \$0, and \$1,546,839 to record inventory at the lower of cost or market value in the special revenue funds, capital projects funds, and component units, respectively. Inventory of \$1,555,464 was recorded in the General Fund during the year ended September 30, 2011, representing rehabilitation costs associated with properties purchased under the Neighborhood Stabilization Programs. In the current year, no sales occurred of properties within the General Fund or special revenue funds and sales of select properties within the component units resulted in a gain on sale of \$107,157 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 \$897,000 to Wayne County during the year for operation and maintenance.

The City of Wyandotte has approximately a 50.5 percent interest in the venture. The operations of the fund will be financed through assessments to the participating cities, Wayne County, and the State of Michigan. The City is aware that over the next several years there are preliminary plans for significant system improvements to take place. The City's equity interest in the venture in the amount of \$2,400,000 has been recorded in the government-wide statement of net assets at September 30, 2011.

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 \$1,602,000 for operations of the system and \$908,000 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 \$1,111,149 has been recorded in the proprietary and government-wide statements of net assets at September 30, 2011. Financial statements for the joint venture can be obtained from the administrative offices at 400 Monroe Street, Suite 400, 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, 2010	Additions	Disposals and Adjustments	Balance September 30, 2011
Governmental Activities				
Capital assets not being depreciated -				
Land	\$ 18,135,929	\$ -	\$ -	\$ 18,135,929
Capital assets being depreciated:				
Roads and other infrastructure	78,632,466	2,046,246	-	80,678,712
Sidewalks	34,902,051	408,307	-	35,310,358
Buildings and improvements	20,364,153	32,309	-	20,396,462
Machinery, equipment, and vehicles	12,167,774	304,230	(199,576)	12,272,428
Land improvements	6,043,081	272,112	-	6,315,193
Subtotal	152,109,525	3,063,204	(199,576)	154,973,153
Accumulated depreciation:				
Roads and other infrastructure	58,019,083	2,726,998	-	60,746,081
Sidewalks	26,111,865	1,257,430	-	27,369,295
Buildings and improvements	3,953,415	394,308	-	4,347,723
Machinery, equipment, and vehicles	9,092,441	603,816	(193,776)	9,502,481
Land improvements	3,340,960	259,896	-	3,600,856
Subtotal	100,517,764	5,242,448	(193,776)	105,566,436
Net capital assets being depreciated	51,591,761	(2,179,244)	(5,800)	49,406,717
Net capital assets	\$ 69,727,690	\$ (2,179,244)	\$ (5,800)	\$ 67,542,646

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2011

Note 8 - Capital Assets (Continued)

	Balance October 1, 2010	Additions	Disposals and Adjustments	Balance September 30, 2011
Business-type Activities				
Capital assets not being depreciated:				
Land	\$ 145,000	\$ -	\$ -	\$ 145,000
Construction in progress	304,537	542,151	-	846,688
Subtotal	449,537	542,151	-	991,688
Capital assets being depreciated:				
Utility plant	109,951,094	610,938	-	110,562,032
Transmission	6,124,653	821,566	-	6,946,219
Pumping	3,935,912	-	-	3,935,912
Purification	5,501,283	-	-	5,501,283
Distribution	55,335,752	1,326,745	-	56,662,497
Transportation	1,696,097	449,080	-	2,145,177
Stores	877,798	-	-	877,798
Cable equipment	2,379,720	-	-	2,379,720
Land improvements	2,937,427	-	-	2,937,427
Studio	537,615	-	-	537,615
General	4,414,595	26,859	-	4,441,454
Buildings	4,154,718	150,308	-	4,305,026
Equipment and fixtures	1,856,172	28,087	-	1,884,259
Sewer lines	17,275,523	-	-	17,275,523
Subtotal	216,978,359	3,413,583	-	220,391,942
Accumulated depreciation:				
Utility plant	72,355,788	3,325,889	-	75,681,677
Transmission	5,072,968	99,880	-	5,172,848
Pumping	2,707,801	147,426	-	2,855,227
Purification	3,469,280	56,900	-	3,526,180
Distribution	36,768,615	1,773,064	-	38,541,679
Transportation	1,524,873	86,910	-	1,611,783
Stores	765,231	29,541	-	794,772
Cable equipment	1,468,105	65,337	-	1,533,442
Land improvements	880,244	58,749	-	938,993
Studio	484,978	10,558	-	495,536
General	2,949,701	121,914	-	3,071,615
Buildings	1,231,645	105,142	-	1,336,787
Equipment and fixtures	1,246,526	85,602	-	1,332,128
Sewer lines	2,410,655	372,094	-	2,782,749
Subtotal	133,336,410	6,339,006	-	139,675,416
Net capital assets being depreciated	83,641,949	(2,925,423)	-	80,716,526
Net capital assets	\$ 84,091,486	\$ (2,383,272)	\$ -	\$ 81,708,214

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2011

Note 8 - Capital Assets (Continued)

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

Governmental activities:

General government	\$ 4,279,675
Public safety	530,226
Public works	164,850
Recreation and culture	267,697
Total governmental activities	<u>\$ 5,242,448</u>

Business-type activities:

Electric	\$ 4,368,680
Water	590,212
Cable television	617,618
Sewage disposal	569,061
Golf course	107,408
Building rental	86,027
Total business-type activities	<u>\$ 6,339,006</u>

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2011

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	\$ 255,156
	Water Fund	491,710
	Total General Fund	746,866
Other governmental funds	General Fund	1,554,319
	Other governmental funds	587,719
	Building Rental Fund	20,000
	Electric Fund	18,741
	Total other governmental funds	2,180,779
Water Fund	Electric Fund	1,494,533
	Cable Television Fund	2,061,310
	Total Water Fund	3,555,843
Sewage Disposal	Water Fund	670,635
Golf Course Fund	General Fund	21
Internal Service Fund	General Fund	4,359,500
Tax Increment Finance Authorities - Downtown	Tax Increment Finance Authorities - Consolidated	677
Tax Increment Finance Authorities - Consolidated	Brownfield Redevelopment Authority	64,289

Advances from/to Other Funds

Receivable Fund	Payable Fund	Amount
Internal Service Fund	Sewage Disposal Fund	\$ 269,647
	Other governmental funds	435,845
	Total	\$ 705,492

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2011

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

Due to/from Primary Government and Component Units

Receivable Fund	Payable Fund	Amount
General Fund	Tax Increment Finance Authorities - Consolidated	\$ 326,803
	Downriver Central Dispatch	172,197
	Total General Fund	499,000
Other governmental funds	Tax Increment Finance Authorities - Consolidated	51,117
Tax Increment Finance Authorities - Consolidated	Other governmental funds	604,184
	Golf Course Fund	34,236
	Total Tax Increment Finance Authorities - Consolidated	638,420
Tax Increment Finance Authorities - Downtown	General Fund	7,263
	Other governmental funds	5,268
	Total Tax Increment Finance Authorities - Downtown	12,531

Advances from/to Primary Government and Component Units

Receivable Fund	Payable Fund	Amount
Other governmental funds	Brownfield Redevelopment Authority	\$ 1,325,486
Internal Service Fund	Brownfield Redevelopment Authority	248,849

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, 2011

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

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

Fund Receiving Resources	Fund Providing Resources	Amount
Other governmental funds	General Fund	\$ 1,233,191
	Other governmental funds	<u>384,455</u>
	Total other governmental funds	<u>\$ 1,617,646</u>

The transfer to other governmental funds was primarily to pay the annual debt service for the Department of Public Services facility bonds, the 27th District Court and police department facility construction, and Yack Arena renovation bonds. 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 re-assessment of the City) are received. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

Description	Amount
Governmental Activities	
General obligations:	
1999 Building Authority Bonds, issued for \$5,000,000, with interest from 3.75 percent to 5.75 percent, maturing in 2013	\$ 1,100,000
2006 Capital Improvement Bonds for public safety, recreation and culture, and court improvements, issued for \$9,495,000, with interest from 4.00 percent to 4.25 percent, maturing in 2026	<u>8,150,000</u>
Total governmental activity debt	<u>\$ 9,250,000</u>

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2011

Note 10 - Long-term Debt (Continued)

Description	Amount
Business-type Activities	
General obligations:	
1998 Cable television purchase installment, issued for \$3,994,031, with interest of 4.16 percent, maturing in 2012	\$ 41,531
Downriver sewage disposal system bonds, 13 issues totaling \$22,053,776, with interest from 1.625 percent to 5.00 percent, maturing from 2016 to 2031	10,035,663
2007 Cable television purchase installment, issued for \$200,000, with interest of 4.14%, maturing in 2012	36,197
2008 Electric purchase installment, issued for \$2,385,761, with interest of 7.06 percent, maturing in 2019	1,833,159
2010 Electric purchase installment, issued for \$3,866,200, with interest of 4.25 percent, maturing in 2019	3,551,937
2011 Cable purchase installment, issued for \$310,703, with interest of 4.73 percent, maturing in 2014	278,314
2011 Electric purchase installment, issued for \$449,080, with interest of 3.75 percent, maturing in 2016	433,006
Subtotal	<u>16,209,807</u>
Revenue bonds:	
2002 Electric Revenue Refunding Bonds, net of unamortized premium and deferred refunding credit, issued for \$31,990,000, with interest from 3.25 percent to 5.38 percent, maturing in 2018	2,941,676
2005A Electric Revenue Bonds, net of unamortized premium, issued for \$6,104,826, with interest from 3.25 percent to 5.00 percent, maturing in 2016	3,041,898
2005B Electric Revenue Bonds, net of unamortized premium, issued for \$7,489,013, with interest from 3.50 percent to 4.50 percent, maturing in 2025	6,584,549
2009 Revenue Refunding Bonds - Net of unamortized premium and deferred refunding charge	24,623,677
Less amounts payable from restricted assets	<u>(4,050,000)</u>
Subtotal	<u>33,141,800</u>
Total business-type activity debt	<u>\$ 49,351,607</u>

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2011

Note 10 - Long-term Debt (Continued)

Description	Amount
Component Units Activities	
General obligations:	
1999 Brownfield Revitalization Loan, issued for \$944,000, with interest of 2.25 percent, maturing in 2015	\$ 357,530
2006 Downtown Development Note Payable, issued for \$400,000, with interest of 5.00 percent, maturing in 2018	<u>271,449</u>
Total component units activities debt	<u>\$ 628,979</u>

Long-term debt activity can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
General obligations	\$ 10,270,000	\$ -	\$ (1,020,000)	\$ 9,250,000	\$ 950,000
Business-type Activities					
General obligations	\$ 17,157,069	\$ 759,783	\$ (1,707,045)	\$ 16,209,807	\$ 1,549,979
Revenue bonds	40,981,104	-	(3,789,304)	37,191,800	1,100,000
Less portion payable from restricted assets	<u>(3,895,000)</u>	<u>-</u>	<u>(155,000)</u>	<u>(4,050,000)</u>	<u>2,950,000</u>
Total	<u>\$ 54,243,173</u>	<u>\$ 759,783</u>	<u>\$ (5,651,349)</u>	<u>\$ 49,351,607</u>	<u>\$ 5,599,979</u>
Component Unit Activities					
General obligations	\$ 748,055	\$ -	\$ (119,076)	\$ 628,979	\$ 112,726

Total interest expense for the year was approximately \$2,541,000.

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

Years Ending September 30	Governmental Activities			Business-type Activities			Component Unit Activities		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2012	\$ 950,000	\$ 375,800	\$ 1,325,800	\$ 5,599,979	\$ 2,025,042	\$ 7,625,021	\$ 122,726	\$ 21,168	\$ 143,894
2013	1,100,000	339,050	1,439,050	5,877,903	1,792,160	7,670,063	126,510	17,386	143,896
2014	600,000	295,050	895,050	6,062,150	1,515,123	7,577,273	130,429	13,467	143,896
2015	600,000	271,050	871,050	6,266,311	1,269,147	7,535,458	134,490	9,405	143,895
2016	700,000	247,050	947,050	6,615,341	1,012,637	7,627,978	44,235	5,195	49,430
2017-2021	2,800,000	820,850	3,620,850	15,914,524	2,404,787	18,319,311	70,589	3,559	74,148
2022-2026	2,500,000	317,000	2,817,000	5,068,204	898,647	5,966,851	-	-	-
2027-2031	-	-	-	2,200,395	117,213	2,317,608	-	-	-
*	-	-	-	(203,200)	-	(203,200)	-	-	-
Total	<u>\$ 9,250,000</u>	<u>\$ 2,665,850</u>	<u>\$ 11,915,850</u>	<u>\$ 53,401,607</u>	<u>\$ 11,034,756</u>	<u>\$ 64,436,363</u>	<u>\$ 628,979</u>	<u>\$ 70,180</u>	<u>\$ 699,159</u>

*Less unamortized discount/premium on bonds payable and deferred refunding charges..

Note 10 - Long-term Debt (Continued)

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 operating revenue of the system was \$10,517,400 compared to the annual debt service requirement of \$5,681,701. 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 provided 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 December 2010. On January 1, 2011, the initial period expired. Pursuant to language set forth in the original agreement, the customer continues to reimburse the Department a significant portion of the related debt service payments in the form of a "facilities charge." The Department records these facilities charges as revenue upon receipt (at which time it is considered to be earned).

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

Included in the current liabilities of the Electric Fund at September 30, 2011 is the 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.

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2011

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. The City is partially uninsured for general liability and 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, except for law enforcement claims, which limits the maximum loss to \$25,000 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.

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:

	Self-insurance Fund		Department of Municipal Services	
	2011	2010	2011	2010
Estimated liability - Beginning of year	\$ 742,516	\$ 503,599	\$ 356,975	\$ 405,867
Incurred claims - Including claims incurred but not reported	118,381	469,297	(43,761)	(80,100)
Claim payments and changes in estimates	(209,069)	(230,380)	2,102	31,208
Estimated liability - End of year	<u>\$ 651,828</u>	<u>\$ 742,516</u>	<u>\$ 315,316</u>	<u>\$ 356,975</u>

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2011

Note 12 - Restricted Assets and Restricted Net Assets

The balances for the restricted asset accounts are as follows:

	<u>Electric</u>	<u>Water</u>	<u>Cable</u>
Debt service	\$ 8,641,186	\$ -	\$ -
Retiree health care	-	169,652	169,652
Total	<u>\$ 8,641,186</u>	<u>\$ 169,652</u>	<u>\$ 169,652</u>

In addition, the current liability payable from restricted assets for the Electric Fund includes \$867,353 for interest and \$4,050,000 for bond principal payable.

The Electric Fund assets restricted for debt service are pursuant to the 1992 revenue bond ordinance for revenue bond debt service. In conjunction with the bond ordinance, the Commission passed a resolution to reserve retained earnings in the Electric Fund of \$2,952,533, which represents 125 percent of the average annual debt service requirement for all outstanding bonds. The remaining amount of the restriction relates to monies set aside to cover the future principal and interest payments on the bonds in accordance with the bond ordinance.

In the water and cable funds, monies have been restricted to pay future retiree healthcare costs, pursuant to a resolution approved by the Commission.

In the Electric Fund, the Commission pursuant to a resolution authorized the creation of a restricted account for environmental expenses. At September 30, 2011, no monies have been transferred.

Portions of net assets of the enterprise funds have been restricted for the following purposes at September 30, 2011:

	<u>Electric</u>	<u>Water</u>	<u>Cable</u>
Debt service	\$ 7,773,833	\$ -	\$ -
Retiree health care	-	169,652	169,652
Total	<u>\$ 7,773,833</u>	<u>\$ 169,652</u>	<u>\$ 169,652</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 is closed to new hires. The system provides retirement, disability, and death benefits to plan members and their beneficiaries. At September 30, 2010, the date of the most recent actuarial valuation, membership consisted of 269 retirees and beneficiaries currently receiving benefits, 30 terminated employees entitled to benefits but not yet receiving them, and 127 current active employees. The plan does not issue a separate financial report.

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.

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

Annual Pension Cost and Net Pension Asset

Annual required contribution	\$ 3,221,084
Interest on net pension asset	<u>(509,496)</u>
Annual pension cost (APC)	2,711,588
Amounts contributed - Payments of pension contribution	<u>(2,986,587)</u>
Increase in net pension asset	274,999
Net pension asset - Beginning of year	<u>6,793,279</u>
Net pension asset - End of year	<u>\$ 7,068,278</u>

Note 13 - Defined Benefit Pension Plan (Continued)

Annual Pension Cost - For the year ended September 30, 2011, the City's annual pension cost of \$2,711,588 for the plan was equal to the required contribution of \$3,221,084, less investment interest of \$509,496 on the net pension asset. The City's actual contribution for the year ended September 30, 2011 was \$2,986,587, which consisted of contributions from Municipal Service of \$626,722 and transfers from other funds of \$2,359,865. The pension cost for the three most recent years is as follows:

	Fiscal Year Ended September 30		
	2011	2010	2009
Annual pension cost (APC)	\$ 2,711,588	\$ 2,417,692	\$ 2,451,389
Percentage of APC contributed	110.1 %	107.1 %	102.7 %
Net pension asset	\$ 7,068,278	\$ 6,793,279	\$ 6,622,586

Funding Status and Funding Progress - As of September 30, 2010, the most recent actuarial valuation date, the plan was 75.6 percent funded. The actuarial accrued liability for benefits was \$81,579,669, and the actuarial value of assets was \$61,667,711, resulting in an unfunded actuarial accrued liability of \$19,911,958. The covered payroll (annual payroll to active employees covered by the plan) was \$7,683,934, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 259.1 percent.

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

Actuarial Methods and Assumptions - The annual required contribution was determined as part of an actuarial valuation at September 30, 2009, 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 7 years and 16 years for the Municipal Service and general and police and fire divisions, respectively.

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2011

Note 13 - Defined Benefit Pension Plan (Continued)

Reserves - As of September 30, 2011, 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	\$ 1,242,308
Reserve for retired benefit payments	49,130,116

Additional reserves:

Reserve for employer contributions	4,687,990
Reserve for Special Retirement Fund	419,744
Reserve for endowment	6,424,479

Note 14 - Pension and Other Employee Benefit Trust Funds

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

	<u>Pension Trust</u>	<u>Retiree Health Care</u>	<u>Total</u>
<u>Statement of Net Assets</u>			
Cash and investments	\$ 62,079,963	\$ 1,862,556	\$ 63,942,519
Other assets	221,152	363,812	584,964
Liabilities	396,478	177,453	573,931
Net assets	<u>\$ 61,904,637</u>	<u>\$ 2,048,915</u>	<u>\$ 63,953,552</u>
<u>Statement of Changes in Net Assets</u>			
Investment loss	\$ (866,096)	\$ (35,685)	\$ (901,781)
Contributions	3,062,809	2,972,698	6,035,507
Benefit payments and deductions	5,522,926	2,920,943	8,443,869
Net change in net assets	<u>\$ (3,326,213)</u>	<u>\$ 16,070</u>	<u>\$ (3,310,143)</u>

Note 15 - Defined Contribution Pension Plan

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

- Police patrol officers hired on or after February 1, 1999
- Police command officers hired on or after February 1, 1999
- Nonunion administrative employees hired on or after October 1, 1999
- Nonunion administrative employees hired prior to October 1, 1999 who elected to transfer their accrued benefits from the defined benefit plan
- Technical, clerical, and AFSCME local 894 members hired on or after April 1, 2000
- Wyandotte firefighters IAFF local 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 nonunion 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 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 \$583,000 during the current year, and the employees contributed approximately \$291,500.

Note 16 - Other Postemployment Benefits

Plan Description - The City provides retiree healthcare benefits to certain eligible employees and their spouses. Currently, the plan has 480 members (including employees in active service, terminated employees not yet receiving benefits, and retired employees and beneficiaries currently receiving benefits). The City has eliminated retiree health care for all new hires except for the Department of Municipal Service employees.

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, 2011, the City made payments for postemployment health benefit premiums of approximately \$2,973,000. In the current year, the General Fund transferred approximately \$2,144,000 into to the Retiree Health Care Trust. In addition, \$216,000 and \$613,000 in premiums were paid by the General Fund and enterprise funds, respectively.

Funding Progress - For the year ended September 30, 2011, the City has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of September 30, 2009. 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)	\$ 6,115,316
Interest on the prior year's net OPEB obligation	278,836
Less adjustment to the annual required contribution	<u>(380,404)</u>
Annual OPEB cost	6,013,748
Amounts contributed:	
Payments of current premiums	(828,985)
Transfers from General Fund	<u>(2,143,713)</u>
Increase in net OPEB obligation	3,041,050
OPEB obligation - Beginning of year	<u>6,196,351</u>
OPEB obligation - End of year	<u>\$ 9,237,401</u>

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2011

Note 16 - Other Postemployment Benefits (Continued)

Employer contributions and annual OPEB cost data for the current and two preceding years were as follows:

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
9/30/10	9/30/06	5,801,315	5,932,622	47.8	44.7	6,196,351
9/30/11	9/30/09	6,115,316	6,013,748	48.6	49.4	9,237,401

The funding progress of the plan is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial 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	2.0	\$ 9,828,031	873.7
9/30/09	1,753,947	71,968,845	70,214,898	2.4	*	*

* The September 30, 2009 valuation amortizes the unfunded actuarial accrued liability as a level dollar amount, not the level percentage used in the September 30, 2006 valuation; therefore, the covered payroll and UAAL as a percentage of covered payroll are not reported in the valuation.

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. The schedule of funding progress, presented above, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

Note 16 - Other Postemployment Benefits (Continued)

In the September 30, 2009, 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 9 percent initially, reduced by decrements to an ultimate rate of 4.5 percent after 10 years. Both rates included a 4.5 percent inflation assumption. The UAAL is being amortized as a level dollar amount on closed basis. The remaining amortization period at September 30, 2009 was 30 years.

Note 17 - 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, 2011.

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 incurred losses related to the resale of coal totaling approximately \$570,000 which have been included in the operating expenses of the Electric Fund.

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 bench verdict denied most of the claims of UST but did award two of its 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. In March 2010, the judge clarified and amended the earlier bench verdict and entered a judgment awarding \$1.2 million to UST. In May 2010, the Department filed motions to alter and amend judgment for a new trial; however, this was denied by the Circuit Court. On June 2, 2010, the Department filed a claim of appeal with the Michigan Court of Appeals and, as of January 19, 2011, all briefs were filed. As of the date of this report, the Department awaits argument in the Wayne County Circuit Court. The Department 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, 2011.

Note 17 - Contingent Liabilities (Continued)

The City of Wyandotte Department of Municipal Services received a notice of violation several years ago from the U.S. Environmental Protection Agency (EPA) related to the electric power plant. During the current year, the Department entered into a consent decree with the EPA related to this violation. Under the terms and conditions of the consent decree, the Department was required to pay a \$112,000 penalty and \$220,000 to purchase natural gas vehicles. In addition, the Department is also required to install additional controls at the power plant and perform a substantial supplemental environmental project which will achieve continuous compliance with emissions limits. The Department estimates that the cost for the additional controls and project work will be between \$8 million and \$10 million. Based on the status of the pending settlements, the Department anticipates that the equipment installation will be completed by 2014. During the negotiation process with the EPA, the Department already completed numerous projects at the electric power plant to improve its compliance.

Note 18 - Upcoming Accounting Pronouncements

In November 2010, the GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. This statement addresses financial reporting related to service concession arrangements which are a type of public-private or public-public partnership. An SCA is an arrangement between a transferor (a government) and an operator (whether a government or nongovernment) in which the transferor conveys to an operator the right and relation obligation to provide services through the use of infrastructure or another public asset in exchange for significant consideration and the operator collects and is compensated by fees from third parties. The City is currently evaluating the impact this standard will have on the financial statements when adopted during the City's 2012-2013 fiscal year.

In November 2010, the GASB issued Statement No. 61, *The Financial Reporting Entity Omnibus*. This pronouncement, which is an amendment to Statement No. 14 and Statement No. 34, modifies certain requirements for inclusion of component units in the financial reporting entity. This statement also amends the criteria for reporting components units as if they were part of the primary government (that is, blending) in certain circumstances. Lastly, the statement also clarifies the reporting of equity interests in legally separate organizations. The City is currently evaluating the impact this standard will have on the financial statements when adopted during the City's 2012-2013 fiscal year.

Note 18 - Upcoming Accounting Pronouncements (Continued)

In December 2010, the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement incorporates into GASB literature certain accounting and financial reporting guidance issued on or before November 30, 1989 that is included in FASB Statements and Interpretations, APB Opinions, and Accounting Research Bulletins of the AICPA Committee on Accounting Procedure. The City is currently evaluating the impact this standard will have on the financial statements when adopted during the City's 2012-2013 fiscal year.

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The statement will be effective for the City's 2012-2013 fiscal year. The statement incorporates deferred outflows of resources and deferred inflows of resources, as defined by GASB Concepts Statement No. 4, into the definitions of the required components of the residual measure of net position, formerly net assets. This statement also provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Once implemented, this statement will impact the format and reporting of the balance sheet at the government-wide level and also at the fund level.

Required Supplemental Information

City of Wyandotte, Michigan

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended September 30, 2011

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 9,487,301	\$ 9,487,301	\$ 9,473,458	\$ (13,843)
Licenses and permits	420,450	420,450	397,598	(22,852)
Federal grants	3,086,143	4,734,450	4,245,787	(488,663)
State-shared revenue and grants	3,089,897	3,129,897	2,824,699	(305,198)
Charges for services	4,070,415	3,759,655	3,868,566	108,911
Fines and forfeitures	1,763,000	1,905,038	1,428,184	(476,854)
Investment income	150,000	50,000	40,293	(9,707)
Transfers out	(1,339,949)	(1,339,949)	(1,233,191)	106,758
Other revenue	2,503,400	2,531,400	2,614,821	83,421
Total revenue	23,230,657	24,678,242	23,660,215	(1,018,027)
Expenditures				
General government:				
Legislative	132,190	132,790	118,375	14,415
Judicial	1,050,637	1,050,637	930,872	119,765
Financial services and administration	444,663	444,663	443,792	871
Information technology	-	42,111	43,591	(1,480)
Treasurer	135,319	135,319	123,973	11,346
Assessor	208,866	210,141	208,799	1,342
City commissions	30,456	30,456	23,877	6,579
Clerk	258,506	257,506	255,951	1,555
Elections	30,047	31,047	27,877	3,170
General government	1,299,500	1,299,500	1,192,650	106,850
Public safety:				
Police and civil defense	5,181,094	5,311,635	5,343,444	(31,809)
Dispatch	692,201	210,028	192,872	17,156
Fire	3,365,739	3,365,740	3,346,104	19,636
Public works:				
Engineering and D.P.S.	1,034,489	1,092,271	1,034,368	57,903
Other public works activities	3,071,293	3,406,337	3,109,030	297,307
Community and economic development	2,848,800	4,370,276	2,993,397	1,376,879
Recreation and culture:				
Recreation	630,039	646,136	640,537	5,599
Youth assistance	43,532	44,242	43,825	417
Historical commission	161,816	154,205	144,729	9,476
Swimming pool	14,742	16,197	15,784	413
Yack Arena	407,834	405,970	389,171	16,799
Other functions	2,143,713	2,143,713	2,143,713	-
Total expenditures	23,185,476	24,800,920	22,766,731	2,034,189
Net Change in Fund Balance	\$ 45,181	\$ (122,678)	\$ 893,484	\$ 1,016,162

City of Wyandotte, Michigan

Required Supplemental Information Pension System Schedule Year Ended September 30, 2011

The schedule of funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets* (a)	Actuarial Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
9/30/05	\$ 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
9/30/09	62,495,960	80,852,846	18,356,886	77.3	8,288,276	221.5
9/30/10	61,667,711	81,579,669	19,911,958	75.6	7,683,934	259.1

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

The schedule of employer contributions is as follows:

Fiscal Year Ended	Actuarial Valuation Date	Municipal Service Contribution	Contribution from Other Funds	Annual Required Contribution	Percentage Contributed
9/30/06	9/30/04	\$ 657,324	\$ 2,081,665	\$ 2,738,989	100.0%
9/30/07	9/30/05	807,962	2,402,158	3,210,120	100.0
9/30/08	9/30/06	756,613	2,506,589	3,263,202	100.0
9/30/09	9/30/07	494,056	2,023,603	2,862,580	88.0
9/30/10	9/30/08	649,458	1,938,927	3,063,175	84.5
9/30/11	9/30/09	626,722	2,359,865	3,221,084	92.7

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of September 30, 2011, the latest actuarial valuation, follows:

Amortization cost method***	Entry age
Amortization method***	N/A
Remaining amortization period***	N/A
Asset valuation method	4-year smoothed market
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, 2011

Note - Budgetary Information

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

	<u>Total Revenue</u>	<u>Total Expenditures</u>	<u>Other Financing Uses</u>
General Fund:			
Amounts per operating statement	\$ 22,733,669	\$ 20,606,994	\$ 1,233,191
Reimbursing transfers from other funds	2,159,737	2,159,737	-
Operating transfers	<u>(1,233,191)</u>	<u>-</u>	<u>(1,233,191)</u>
Amounts per budget statement	<u>\$ 23,660,215</u>	<u>\$ 22,766,731</u>	<u>\$ -</u>

Other Supplemental Information

City of Wyandotte, Michigan

Special Revenue Funds

	Major Streets	Local Streets	Solid Waste Disposal	Drug Law Enforcement	Urban Development Action Grant	Grants	Southgate-Wyandotte Drain O&M
Assets							
Cash and investments	\$ 165,333	\$ 225,397	\$ 2,686,900	\$ 192,256	\$ 826,662	\$ 94,573	\$ 2,275,926
Receivables - Net:							
Taxes	-	-	213,778	-	-	-	275,989
Special assessments	-	-	-	-	-	-	-
Other	-	-	12,672	-	1,566	-	-
Due from other governmental units	339,311	169,085	-	-	60,000	64,737	-
Due from component units	-	-	-	-	-	-	51,117
Due from other funds	28,183	141	116,949	750	85,694	49,380	134,442
Land held for resale	-	-	-	-	104,995	-	-
Note receivable	-	-	-	-	39,097	-	-
Advance to component unit	-	-	-	-	258,027	-	-
Total assets	\$ 532,827	\$ 394,623	\$ 3,030,299	\$ 193,006	\$ 1,376,041	\$ 208,690	\$ 2,737,474
Liabilities and Fund Balances							
Liabilities							
Accounts payable	\$ 173,265	\$ 85,785	\$ 225,950	\$ 781	\$ 17,500	\$ 83,722	\$ -
Due to component units	-	-	2,236	-	31,319	-	3,032
Due to other funds	100,000	149,380	-	-	-	83,480	-
Advances from other funds	-	-	-	-	-	-	-
Refundable deposits, bonds, etc.	-	-	-	-	-	-	-
Deferred revenue	151,720	99,701	1,335,552	-	40,663	76,581	1,455,705
Total liabilities	424,985	334,866	1,563,738	781	89,482	243,783	1,458,737
Fund Balances (Deficit)							
Nonspendable:							
Real estate held for resale	-	-	-	-	-	-	-
Long-term receivable	-	-	-	-	258,027	-	-
Restricted:							
Major and local street projects	107,842	59,757	-	-	-	-	-
Police	-	-	-	192,225	-	-	-
Grants	-	-	-	-	1,028,532	-	-
Rubbish	-	-	1,466,561	-	-	-	-
Sidewalk and alley paving	-	-	-	-	-	-	-
Drains	-	-	-	-	-	-	1,278,737
Committed - Special events	-	-	-	-	-	-	-
Assigned:							
Debt service	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	(35,093)	-
Total fund balances (deficit)	107,842	59,757	1,466,561	192,225	1,286,559	(35,093)	1,278,737
Total liabilities and fund balances (deficit)	\$ 532,827	\$ 394,623	\$ 3,030,299	\$ 193,006	\$ 1,376,041	\$ 208,690	\$ 2,737,474

**Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2011**

Special Revenue Funds			Debt Service Fund	Capital Projects Funds				Total Nonmajor Governmental Funds
Sidewalk and Alley Paving	Special Events	EPA Cooperative Agreement	DPS Building Bonds and Police and Court Bonds	Construction	Equipment and Replacement	Public Improvement	Building Authority Improvement	
\$ 1,667,103	\$ 128,647	\$ 172,197	\$ 1,941	\$ 307,890	\$ 44,875	\$ 81,291	\$ 943,322	\$ 9,814,313
5,387	-	-	24,507	-	4,618	-	-	524,279
616,473	-	-	-	-	-	-	-	616,473
23,333	-	-	-	-	-	-	-	37,571
-	-	9,054	-	-	-	-	-	642,187
-	-	-	-	-	-	-	-	51,117
14,477	-	-	974,781	-	755,982	-	20,000	2,180,779
-	-	-	-	-	-	44,237	-	149,232
-	-	-	-	-	-	-	-	39,097
-	-	1,067,459	-	-	-	-	-	1,325,486
\$ 2,326,773	\$ 128,647	\$ 1,248,710	\$ 1,001,229	\$ 307,890	\$ 805,475	\$ 125,528	\$ 963,322	\$ 15,380,534
\$ 136,280	\$ 30,791	\$ -	\$ -	\$ 62,681	\$ 30,413	\$ 1,946	\$ 21,296	\$ 870,410
-	-	-	572,865	-	-	-	-	609,452
-	15	-	400,000	-	110,000	-	-	842,875
-	-	-	-	-	435,845	-	-	435,845
-	-	-	-	-	-	20	-	20
630,837	-	9,055	24,507	-	4,618	-	-	3,828,939
767,117	30,806	9,055	997,372	62,681	580,876	1,966	21,296	6,587,541
-	-	-	-	-	-	44,237	-	44,237
-	-	1,067,459	-	-	-	-	-	1,325,486
-	-	-	-	-	-	-	-	167,599
-	-	-	-	-	-	-	-	192,225
-	-	172,196	-	-	-	-	-	1,200,728
-	-	-	-	-	-	-	-	1,466,561
1,559,656	-	-	-	-	-	-	-	1,559,656
-	-	-	-	-	-	-	-	1,278,737
-	97,841	-	-	-	-	-	-	97,841
-	-	-	3,857	-	-	-	-	3,857
-	-	-	-	245,209	224,599	79,325	942,026	1,491,159
-	-	-	-	-	-	-	-	(35,093)
1,559,656	97,841	1,239,655	3,857	245,209	224,599	123,562	942,026	8,792,993
\$ 2,326,773	\$ 128,647	\$ 1,248,710	\$ 1,001,229	\$ 307,890	\$ 805,475	\$ 125,528	\$ 963,322	\$ 15,380,534

City of Wyandotte, Michigan

	Special Revenue Funds						
	Major Streets	Local Streets	Solid Waste Disposal	Drug Law Enforcement	Urban Development Action Grant	Grants	Southgate-Wyandotte Drain O&M
Revenue							
Property taxes	\$ -	\$ -	\$ 1,417,449	\$ -	\$ -	\$ -	\$ 1,474,261
Federal grants	131,600	-	-	-	-	85,767	-
State-shared revenue and grants	1,116,742	406,542	-	26,598	-	-	-
Charges for services	-	-	313,646	-	-	-	-
Investment income	-	157	3,004	438	33,231	1	1,069
Contribution from component unit	45,586	619,115	-	-	-	-	-
Other revenue:							
Special assessments	-	-	-	-	-	-	-
Other miscellaneous income	70,321	-	-	-	19,023	-	-
Total revenue	1,364,249	1,025,814	1,734,099	27,036	52,254	85,768	1,475,330
Expenditures							
Current:							
General government	-	-	-	-	57,919	-	-
Public safety	-	-	-	54,772	-	-	-
Public works	1,086,100	1,336,439	1,821,108	-	-	-	926,689
Community and economic development - Community redevelopment (CDBG, etc.)	-	-	-	-	-	108,610	-
Recreation and culture	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Total expenditures	1,086,100	1,336,439	1,821,108	54,772	57,919	108,610	926,689
Excess of Revenue Over (Under) Expenditures	278,149	(310,625)	(87,009)	(27,736)	(5,665)	(22,842)	548,641
Other Financing Sources (Uses)							
Transfers in	-	286,883	-	-	-	-	-
Transfers out	(274,455)	-	-	-	-	-	-
Total other financing (uses) sources	(274,455)	286,883	-	-	-	-	-
Net Change in Fund Balances	3,694	(23,742)	(87,009)	(27,736)	(5,665)	(22,842)	548,641
Fund Balances (Deficit) - Beginning of year	104,148	83,499	1,553,570	219,961	1,292,224	(12,251)	730,096
Fund Balances (Deficit) - End of year	\$ 107,842	\$ 59,757	\$ 1,466,561	\$ 192,225	\$ 1,286,559	\$ (35,093)	\$ 1,278,737

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and Changes in
Fund Balances (Deficit)
Nonmajor Governmental Funds
Year Ended September 30, 2011

Special Revenue Funds			Debt Service Fund	Capital Projects Fund				Total Nonmajor Governmental Funds
Sidewalk and Alley Paving	Special Events	EPA Cooperative Agreement	DPS Building Bonds and Police and Court Bonds	Construction	Equipment and Replacement	Public Improvement	Building Authority Improvement	
\$ -	\$ -	\$ -	\$ 1,941	\$ -	\$ 410	\$ -	\$ -	\$ 2,894,061
-	-	157,223	-	-	-	-	-	374,590
-	-	-	-	-	-	-	-	1,549,882
-	-	-	-	-	-	-	-	313,646
25,475	-	182	307	624	198	208	1,425	66,319
-	-	-	-	-	-	-	-	664,701
320,982	-	-	-	-	-	-	-	320,982
-	291,486	-	-	-	44,351	10,464	-	435,645
<u>346,457</u>	<u>291,486</u>	<u>157,405</u>	<u>2,248</u>	<u>624</u>	<u>44,959</u>	<u>10,672</u>	<u>1,425</u>	<u>6,619,826</u>
100,000	-	-	-	-	-	-	51,692	209,611
-	-	-	-	-	-	-	-	54,772
408,307	-	-	-	-	3,213	16,879	-	5,598,735
-	-	-	-	-	-	-	-	108,610
-	295,370	-	-	-	-	-	-	295,370
-	-	-	1,357,688	21,384	76,338	-	-	1,455,410
<u>508,307</u>	<u>295,370</u>	<u>-</u>	<u>1,357,688</u>	<u>21,384</u>	<u>79,551</u>	<u>16,879</u>	<u>51,692</u>	<u>7,722,508</u>
(161,850)	(3,884)	157,405	(1,355,440)	(20,760)	(34,592)	(6,207)	(50,267)	(1,102,682)
-	-	-	974,781	-	355,982	-	-	1,617,646
-	-	-	-	-	(110,000)	-	-	(384,455)
-	-	-	974,781	-	245,982	-	-	1,233,191
(161,850)	(3,884)	157,405	(380,659)	(20,760)	211,390	(6,207)	(50,267)	130,509
<u>1,721,506</u>	<u>101,725</u>	<u>1,082,250</u>	<u>384,516</u>	<u>265,969</u>	<u>13,209</u>	<u>129,769</u>	<u>992,293</u>	<u>8,662,484</u>
<u>\$ 1,559,656</u>	<u>\$ 97,841</u>	<u>\$ 1,239,655</u>	<u>\$ 3,857</u>	<u>\$ 245,209</u>	<u>\$ 224,599</u>	<u>\$ 123,562</u>	<u>\$ 942,026</u>	<u>\$ 8,792,993</u>

City of Wyandotte, Michigan

Other Supplemental Information Combining Statement of Net Assets Nonmajor Enterprise Funds September 30, 2011

	Golf Course	Building Rental	Total
Assets			
Current assets:			
Cash and investments	\$ 5,191	\$ 1,872	\$ 7,063
Due from other funds	21	-	21
Prepaid expenses and other assets	-	163,480	163,480
Total current assets	5,212	165,352	170,564
Noncurrent assets - Capital assets:			
Assets not subject to depreciation	-	145,000	145,000
Assets subject to depreciation - Net	2,807,069	2,281,431	5,088,500
Total assets	2,812,281	2,591,783	5,404,064
Liabilities - Current liabilities			
Accounts payable	4,625	-	4,625
Due to component units	34,236	-	34,236
Due to other funds	-	20,000	20,000
Accrued liabilities and other	1,878	10,062	11,940
Deferred revenue	-	62,261	62,261
Total liabilities	40,739	92,323	133,062
Net Assets			
Invested in capital assets	2,807,069	2,426,431	5,233,500
Unrestricted	(35,527)	73,029	37,502
Total net assets	\$ 2,771,542	\$ 2,499,460	\$ 5,271,002

City of Wyandotte, Michigan

Other Supplemental Information Combining Statement of Revenue, Expenses, and Changes in Net Assets Nonmajor Enterprise Funds Year Ended September 30, 2011

	<u>Golf Course</u>	<u>Building Rental</u>	<u>Total</u>
Operating Revenue			
Other sales to customers	\$ 299,460	\$ 638,130	\$ 937,590
Other miscellaneous revenue	296	113,702	113,998
Total operating revenue	<u>299,756</u>	<u>751,832</u>	<u>1,051,588</u>
Operating Expenses			
Other operating and maintenance costs	268,139	453,261	721,400
Depreciation	107,408	86,027	193,435
Total operating expenses	<u>375,547</u>	<u>539,288</u>	<u>914,835</u>
Operating (Loss) Income	(75,791)	212,544	136,753
Nonoperating Revenue - Investment income	<u>-</u>	<u>17</u>	<u>17</u>
Change in Net Assets	(75,791)	212,561	136,770
Net Assets - Beginning of year	<u>2,847,333</u>	<u>2,286,899</u>	<u>5,134,232</u>
Net Assets - End of year	<u>\$ 2,771,542</u>	<u>\$ 2,499,460</u>	<u>\$ 5,271,002</u>

City of Wyandotte, Michigan

Other Supplemental Information Combining Statement of Cash Flows Nonmajor Enterprise Funds Year Ended September 30, 2011

	<u>Golf Course</u>	<u>Building Rental</u>	<u>Total</u>
Cash Flows from Operating Activities			
Receipts from customers	\$ 301,825	\$ 751,832	\$ 1,053,657
Payments to suppliers	(154,136)	(407,383)	(561,519)
Payments to employees	(114,618)	-	(114,618)
Net cash provided by operating activities	33,071	344,449	377,520
Cash Flows from Capital and Related Financing Activities			
Purchase of capital assets	(28,087)	(150,308)	(178,395)
Repayment of loans from other funds	-	(300,000)	(300,000)
Net cash used in capital and related financing activities	(28,087)	(450,308)	(478,395)
Cash Flows from Investing Activities - Interest received on investments			
	-	17	17
Net Increase (Decrease) in Cash and Cash Equivalents	4,984	(105,842)	(100,858)
Cash and Cash Equivalents - Beginning of year	207	107,714	107,921
Cash and Cash Equivalents - End of year	<u>\$ 5,191</u>	<u>\$ 1,872</u>	<u>\$ 7,063</u>
Reconciliation of Operating (Loss) Income to Net Cash from Operating Activities			
Operating (loss) income	\$ (75,791)	\$ 212,544	\$ 136,753
Adjustments to reconcile operating (loss) income to net cash from operating activities:			
Depreciation and amortization	107,408	86,027	193,435
Changes in assets and liabilities:			
Receivables	4,159	-	4,159
Due from others	(2,090)	-	(2,090)
Prepaid and other assets	-	37,036	37,036
Accounts payable	(615)	-	(615)
Accrued and other liabilities	-	8,842	8,842
Net cash provided by operating activities	<u>\$ 33,071</u>	<u>\$ 344,449</u>	<u>\$ 377,520</u>

City of Wyandotte, Michigan

Other Supplemental Information Statement of Assets and Liabilities Fiduciary Funds September 30, 2011

	Pension Trust Funds		
	Pension Trust	Retiree Health Care	Total Pension Trust Funds
Assets			
Cash and cash equivalents	\$ 3,484,795	\$ 59,463	\$ 3,544,258
Investments:			
Collateralized mortgage obligations	170,926	-	170,926
U.S. government securities	8,324,449	55,426	8,379,875
U.S. government agency obligations	5,456,976	37,691	5,494,667
Common trust funds/mutual funds	237,090	1,274,764	1,511,854
Stocks	9,958,766	274,021	10,232,787
Foreign stock ADR	15,414,699	-	15,414,699
Foreign government obligations	7,675,451	-	7,675,451
Bonds	10,351,017	161,191	10,512,208
Foreign corporate bonds	1,005,794	-	1,005,794
Receivables - Net - Accrued interest	221,152	363,812	584,964
Total assets	62,301,115	2,226,368	64,527,483
Liabilities			
Accounts payable	32,666	133	32,799
Due to primary government	-	177,320	177,320
Accrued liabilities and other	363,812	-	363,812
Total liabilities	396,478	177,453	573,931
Net Assets Held in Trust for Pension and Other Employee Benefits	\$ 61,904,637	\$ 2,048,915	\$ 63,953,552

City of Wyandotte, Michigan

Other Supplemental Information Combining Statement of Changes in Fiduciary Net Assets Fiduciary Funds Year Ended September 30, 2011

	Pension Trust	Retiree Health Care	Total
Additions			
Investment income (loss):			
Interest and dividends	\$ 2,396,547	\$ 61,227	\$ 2,457,774
Net decrease in fair value of investments	(2,630,684)	(96,912)	(2,727,596)
Investment related expenses	(631,959)	-	(631,959)
Contributions:			
Employer	2,986,587	2,972,698	5,959,285
Employee	76,222	-	76,222
Net contributions	<u>3,062,809</u>	<u>2,972,698</u>	<u>6,035,507</u>
Total additions	2,196,713	2,937,013	5,133,726
Deductions			
Benefit payments	5,522,926	-	5,522,926
Health benefits	-	2,920,943	2,920,943
Total deductions	<u>5,522,926</u>	<u>2,920,943</u>	<u>8,443,869</u>
Net (Decrease) Increase in Net Assets Held in Trust	(3,326,213)	16,070	(3,310,143)
Net Assets Held in Trust for Pension and Other Employee Benefits - Beginning of year	<u>65,230,850</u>	<u>2,032,845</u>	<u>67,263,695</u>
Net Assets Held in Trust for Pension and Other Employee Benefits - End of year	<u>\$ 61,904,637</u>	<u>\$ 2,048,915</u>	<u>\$ 63,953,552</u>