

# **City of Wyandotte, Michigan**

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**Financial Report  
with Supplemental Information  
September 30, 2012**

# 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, 2012, 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, 2012 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.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2013 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, grant agreements, and other matters. 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 recorded a prior period adjustment to recognize long-term liabilities incurred for property that was purchased in the component units in previous years as discussed in Note 19.

*Plante & Morse, PLLC*

March 25, 2013

# City of Wyandotte, Michigan

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## 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, 2012. 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, 2012:

- Property tax revenue is the City's single largest source of revenue. The City's 2011 taxable value (levied for the 2012 fiscal year) was \$571,956,000 (ad valorem), which represents a decrease of 9.36 percent and a cumulative reduction of 18.22 percent over the past two years.
- State-shared revenue, our second largest revenue source, was reduced by the State of Michigan by approximately \$141,000 this year compared to the reduction of \$156,000 in the prior year. This represents a decrease of 5.0 percent in the current year, and a cumulative reduction of 10.4 percent over the past two years. Further, the City is receiving approximately \$1,785,000 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 \$2,124,000 of general operating tax revenue to the General Fund in the current year and \$320,000 of debt levy tax revenue compared to \$2,135,000 of general operating tax revenue and \$120,000 of debt levy tax revenue in the prior year. The sharing agreement with the Downtown Development Authority returned approximately \$337,000 to the General Fund in the current year compared to \$322,000 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, which was equal to the amount in the prior year, for the gross cost of retiree health insurance. Included in these amounts is approximately \$0 in the current year and \$16,000 in the prior year to be applied to future retiree health insurance premiums.
- In the current year, 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 27<sup>th</sup> District Court facility, and to renovate the Yack Arena.

# City of Wyandotte, Michigan

## Management's Discussion and Analysis (Continued)

- In November 2011, the electors of the City approved an additional operating millage for a three-year period. The current year includes the increased revenue from these additional 1.75 operating mills. This supplemental operating millage will be in effect through the 2014 fiscal year.
- Subsequent to the end of the fiscal year, the City moved the City Hall to 3200 Biddle, a commercial building that was purchased by the City in 2000 and been rented to commercial tenants since. The City will be occupying approximately 63 percent of this building while continuing to rent the remaining 37 percent. This tenant revenue will be used to reduce the operating and maintenance costs incurred by the City in this new building.

The amended budget of the City's General Fund indicated that an excess of revenues of approximately \$1,463,000 was to be expected. This positive expectation was primarily the result of the additional tax revenue from the supplemental operating tax millage that was approved by the citizens in November 2011. The actual results showed an excess of revenue of approximately \$2,313,000. 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 \$2,134,000. This City's General Fund also experienced an excess of revenue over expenditures from non-NSP2 activities of \$179,000. The negative revenue variance from the City's amended budget was primarily the result of less-than-anticipated receipts of federal grant reimbursements, reduced revenue from the fines and forfeitures originating from the 27<sup>th</sup> District Court, reimbursement to Wayne County for delinquent property tax revenue paid to the City in prior years which remained uncollectible, and reduced reimbursement for Department of Public Service activities related to street maintenance. 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 and members of collective bargaining units whose contracts expired during the current year.

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 120 employees over the past 15 years.
- The City has also continued to reduce discretionary spending and has reduced certain elements of employer-paid healthcare coverage including the implementation of an 80/20 healthcare premium cost-sharing provision with eligible employee groups.

# City of Wyandotte, Michigan

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## Management's Discussion and Analysis (Continued)

- 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 and members of collective bargaining units whose contracts expired in 2012. It is the City's intention to extend this pay freeze to all union members upon the expiration of their collective bargaining agreements.
- The City has collaborated with neighboring communities to achieve efficiencies, cost savings, and improved service to our citizens in the areas of 911 dispatching and animal control services. The City will continue to identify areas where collaboration can achieve similar advantages that assist in managing the budget.

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.

# City of Wyandotte, Michigan

## Management's Discussion and Analysis (Continued)

### The City as a Whole

The following table shows, in a condensed format, the net assets as of September 30, 2012 and 2011 (in thousands of dollars):

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
<b>Assets</b>						
Current assets	\$ 38,803	\$ 36,114	\$ 26,332	\$ 20,080	\$ 65,135	\$ 56,194
Capital assets	64,866	67,543	79,617	81,708	144,483	149,251
Other noncurrent assets	13,443	12,786	11,779	11,492	25,222	24,278
Total assets	117,112	116,443	117,728	113,280	234,840	229,723
<b>Liabilities</b>						
Current liabilities	21,149	19,506	18,391	17,237	39,540	36,743
Long-term liabilities	16,721	15,779	42,541	45,920	59,262	61,699
Total liabilities	37,870	35,285	60,932	63,157	98,802	98,442
<b>Net Assets</b>						
Investment in capital assets -						
Net of related debt	56,566	58,293	31,209	29,708	87,775	88,001
Restricted	12,200	9,392	8,358	8,113	20,558	17,505
Unrestricted	10,476	13,473	17,229	12,302	27,705	25,775
Total net assets	<b>\$ 79,242</b>	<b>\$ 81,158</b>	<b>\$ 56,796</b>	<b>\$ 50,123</b>	<b>\$ 136,038</b>	<b>\$ 131,281</b>

The City of Wyandotte, Michigan has combined net assets of \$136 million in the current year compared to \$131 million in the prior year. Business-type activities comprise \$57 million and \$50 million of the total net assets in the respective years.

# City of Wyandotte, Michigan

## Management's Discussion and Analysis (Continued)

The following table shows the changes in the net assets during the fiscal years ended September 30, 2012 and 2011 (in thousands of dollars):

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
<b>Revenue</b>						
Program revenue:						
Charges for services	\$ 6,519	\$ 6,554	\$ 60,004	\$ 58,417	\$ 66,523	\$ 64,971
Operating grants and contributions	2,093	1,800	2,098	2,455	4,191	4,255
Capital grants and contributions	3,245	5,455	-	-	3,245	5,455
General revenue:						
Property taxes	12,508	12,276	-	-	12,508	12,276
State-shared revenue	2,635	2,769	-	-	2,635	2,769
Unrestricted investment earnings	152	139	1,281	556	1,433	695
Transfers and other revenue	607	574	-	-	607	574
Total revenue	27,759	29,567	63,383	61,428	91,142	90,995
<b>Program Expenses</b>						
General government	8,513	8,076	-	-	8,513	8,076
Public safety	11,250	11,703	-	-	11,250	11,703
Public works	6,618	6,730	-	-	6,618	6,730
Community and economic development	1,383	3,102	-	-	1,383	3,102
Recreation and culture	1,550	1,471	-	-	1,550	1,471
Interest on long-term debt	360	420	-	-	360	420
Business-type	-	-	56,710	57,120	56,710	57,120
Total program expenses	29,674	31,502	56,710	57,120	86,384	88,622
<b>Change in Net Assets</b>	<b>\$ (1,915)</b>	<b>\$ (1,935)</b>	<b>\$ 6,673</b>	<b>\$ 4,308</b>	<b>\$ 4,758</b>	<b>\$ 2,373</b>

### Governmental Activities

The City's total governmental revenue decreased by approximately \$1,808,000, or 6.1 percent, in the current year compared to an increase of \$3,246,000, or 12.3 percent, in the prior year. Capital grants and contributions decreased \$2,210,000 primarily due to the NSP2 program. Property taxes increased \$232,000 primarily due to the effect of the additional 1.75 operating mills approved by the citizens in November 2011 offset by the decline in property values. Unfortunately, these increases were offset by decreases in state-shared revenue (\$141,000).

Expenses decreased by approximately \$1,828,000, or 5.8 percent, in the current year compared to an increase of \$1,739,000, or 5.8 percent in the prior year. Community and economic development expenses decreased by \$1,719,000, which was primarily due to the NSP2 program. Additional decreases of approximately \$453,000 in public safety expenses and \$112,000 in public works expenses were primarily related to the reduction in workforce. Interest on long-term debt also decreased by \$60,000. These decreases were offset by an increase in general government expenses of \$437,000, which was primarily due to the expense recognized due to the decrease in the net pension asset, and an increase in recreation and culture expenses of \$79,000 related to capital investment in facilities.

# City of Wyandotte, Michigan

## Management's Discussion and Analysis (Continued)

### 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 was comparable to the prior year, decreasing by less than 1 percent. Accordingly, the Electric Fund realized operating income of \$5,380,000 compared to an operating income of \$4,493,000 in the previous year. In addition, the Electric Fund met the requirements of the bond ordinance related to debt service coverage ratio (approximately 194 percent of annual debt service compared to the requirement of 110 of the actual debt service) and actual expenditures of the Electric Fund did not exceed the budget. The Electric Fund also repaid all internal short-term borrowings from other funds during the current year.

The financial performance of the Water Fund remained relatively stable in the current year. Operating revenue increased by approximately 5 percent, while operating expenses were stable compared to the prior year. Operating income in the current year increased by \$182,000 and was \$304,000 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 \$3,558,000 as compared to \$2,862,000 in the prior year. In addition, all internal short-term loans made to other funds were repaid to the Water Fund during the year.

The Cable Television Fund's operating revenue increased by approximately 15 percent. This increase was primarily due to franchise fees and retransmission fees now being passed on directly to the customers as well as increases to subscriber rates for both basic cable and internet service. This resulted in a combined increase to operating income of \$988,000 in the current year, an increase of \$1,104,000 compared to the net operating loss of (\$116,000) in the prior year. In addition, all internal short-term borrowings from other funds were paid back during the current year and the deficit in unrestricted net assets, which was scheduled to be eliminated by 2015 according to the five-year deficit elimination plan filed with the Michigan Department of Treasury in May 2012, was eliminated at the end of the current year.

The operating results of the Sewage Disposal Fund indicate operating income of \$532,000 in the current year compared to operating income of \$516,000 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.

# City of Wyandotte, Michigan

## Management's Discussion and Analysis (Continued)

The municipal golf course showed an operating loss of \$36,000 in the current year as compared to \$76,000 in the prior year. The decreased loss was entirely the result of increased operating revenue in the form of user fees as operating expenses were only \$1,300 less than the prior year. Although the golf course has showed financial improvements in its operations, there continues to be negative pressures associated with the financial results of the operations. These negative pressures are attributable to general 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 \$50,000, which is a decrease of 77 percent from the previous year. This decrease can be primarily attributed to reduced rent and expense reimbursements received from tenants as the building was being transitioned to the City's new city hall. These results are positive in light of the City's desire to acquire and renovate the building at no cost to the taxpayers which it has accomplished over the past 12 years.

### **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 2012 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 \$9.7 million, or 52.6 percent, of the total General Fund expenditures in the current year as compared to \$9.9 million, or 48.3 percent, of the total General Fund expenditures in the prior fiscal year. Additional noteworthy expenditures include public works (\$2.9 million, or 15.8 percent, in the current fiscal year as compared to \$3.1 million, or 15.2 percent, of total expenditures in the prior fiscal year) and recreation and culture (\$1.1 million, or 5.7 percent, of total expenditures in the current fiscal year compared to \$1.2 million, or 5.8 percent, of total expenditures in the prior fiscal year).

### **General Fund Budgetary Highlights**

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

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

# City of Wyandotte, Michigan

## Management's Discussion and Analysis (Continued)

Even with these adjustments, actual expenditures were less than anticipated. This is primarily attributable to a pay freeze enacted for nonunion employees, concessions by collective bargaining units, and the management of personnel costs when vacancies arose, which effectively served as a hiring freeze. Additionally, the capitalization of assets (houses) relative to the NSP2 program provided a positive financial effect to the City budget. This positive effect will be eliminated over the next year as the inventory of these federally subsidized homes is sold to buyers. Unfortunately, reductions in state-shared revenue, investment earnings, and court fines and fees served to mitigate some 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 and animal control services with neighboring communities.

The most significant changes to the adopted budget were reductions in employee wages and benefits due to the elimination of various positions within the city and the implementation of increased employee cost sharing of health insurance premiums (\$593,000). Revenue adjustments included an increase in tax revenue (\$1,025,000) due to the additional operating tax millage approved by the citizens in November 2011, increased state-shared revenue (\$357,000) from the State's Economic Incentive Vitality Program (EVIP), increased revenue from licenses and permits (\$32,000), and reduced investment earnings (\$120,000). 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.

### **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 stagnant state-shared revenue projections, 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 additional 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, 2012

	Primary Government			Component Units
	Governmental	Business-type	Total	
	Activities	Activities		
<b>Assets</b>				
Cash and investments (Note 3)	\$ 31,936,784	\$ 14,257,042	\$ 46,193,826	\$ 3,187,093
Receivables - Net:				
Taxes	2,029,420	2,967	2,032,387	-
Customer	-	8,407,057	8,407,057	-
Accrued interest	2,299	8	2,307	3
Other	1,418,106	-	1,418,106	230,636
Due from other governmental units	2,139,060	269,066	2,408,126	-
Special assessments	524,964	-	524,964	-
Due from component units (Note 9)	271,690	-	271,690	-
Due from primary government (Note 9)	-	-	-	1,057,174
Internal balances (Note 9)	357,186	(357,186)	-	-
Inventory	-	1,831,860	1,831,860	-
Prepaid expenses and other assets	123,612	1,920,794	2,044,406	-
Restricted assets (Note 12)	-	9,185,742	9,185,742	-
Investment in joint ventures (Note 7)	2,097,000	1,342,837	3,439,837	-
Land held for resale (Note 6)	2,834,412	-	2,834,412	2,392,572
Net pension asset (Note 13)	6,680,857	-	6,680,857	-
Note receivable	-	-	-	400,000
Capital assets:				
Assets not subject to depreciation (Note 8)	18,135,929	460,681	18,596,610	-
Assets subject to depreciation (Note 8)	46,730,438	79,156,198	125,886,636	-
Bond issuance costs (Note 5)	-	1,250,843	1,250,843	-
Advance to component unit (Note 9)	1,830,342	-	1,830,342	-
<b>Total assets</b>	<b>117,112,099</b>	<b>117,727,909</b>	<b>234,840,008</b>	<b>7,267,478</b>
<b>Liabilities</b>				
Accounts payable	2,730,006	2,899,183	5,629,189	716,720
Due to other governmental units	23,278	-	23,278	138,582
Due to component units (Note 9)	1,056,674	500	1,057,174	-
Due to primary government (Note 9)	-	-	-	271,690
Refundable deposits, bonds, etc.	1,771,598	1,063,763	2,835,361	-
Accrued liabilities and other	1,177,118	3,081,130	4,258,248	304,830
Deferred revenue (Note 4)	12,024,039	113,577	12,137,616	1,849,101
Noncurrent liabilities:				
Due within one year:				
Payable from restricted assets	-	5,162,302	5,162,302	-
Compensated absences	666,195	-	666,195	-
General liability and workers' compensation claims	600,218	-	600,218	-
Current portion of long-term debt (Note 10)	1,100,000	6,069,816	7,169,816	283,369
Due in more than one year:				
Compensated absences	795,068	-	795,068	-
Advances from primary government (Note 9)	-	-	-	1,830,342
Net OPEB obligation (Note 16)	8,725,686	3,287,621	12,013,307	-
Long-term debt (Note 10)	7,200,000	39,253,805	46,453,805	645,930
<b>Total liabilities</b>	<b>37,869,880</b>	<b>60,931,697</b>	<b>98,801,577</b>	<b>6,040,564</b>
<b>Net Assets</b>				
Invested in capital assets - Net of related debt	56,566,367	31,209,101	87,775,468	-
Restricted for:				
Major and local street projects	970,996	-	970,996	-
Police	94,826	-	94,826	-
Debt service	-	8,018,938	8,018,938	-
Grants	6,148,300	-	6,148,300	13,000
Sidewalk and alley paving	1,861,059	-	1,861,059	-
Rubbish	1,381,974	-	1,381,974	-
Retiree health care	-	339,502	339,502	-
Drains	1,742,762	-	1,742,762	-
Unrestricted	10,475,935	17,228,671	27,704,606	1,213,914
<b>Total net assets</b>	<b>\$ 79,242,219</b>	<b>\$ 56,796,212</b>	<b>\$ 136,038,431</b>	<b>\$ 1,226,914</b>

# City of Wyandotte, Michigan

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 8,512,870	\$ 3,233,243	\$ 19,000	\$ -
Public safety	11,249,699	2,140,786	60,426	-
Public works	6,618,265	478,182	1,514,396	607,998
Community and economic development	1,383,156	-	482,306	2,636,953
Recreation and culture	1,550,441	666,894	16,900	-
Interest on long-term debt	360,487	-	-	-
<b>Total governmental activities</b>	<b>29,674,918</b>	<b>6,519,105</b>	<b>2,093,028</b>	<b>3,244,951</b>
Business-type activities:				
Electric	40,415,172	41,977,196	2,283,811	-
Water	3,384,747	3,689,086	-	-
Cable television	8,571,728	9,548,645	-	-
Sewage disposal	3,423,203	3,674,879	-	-
Golf course	374,162	337,719	-	-
Building rental	540,698	590,744	-	-
<b>Total business-type activities</b>	<b>56,709,710</b>	<b>59,818,269</b>	<b>2,283,811</b>	<b>-</b>
<b>Total primary government</b>	<b>\$ 86,384,628</b>	<b>\$ 66,337,374</b>	<b>\$ 4,376,839</b>	<b>\$ 3,244,951</b>
<b>Component units:</b>				
Tax Increment Finance Authorities - Consolidated	\$ 2,374,081	\$ -	\$ -	\$ 20,000
Tax Increment Finance Authorities - Downtown	594,466	-	-	-
Downtown Development Authority	-	-	-	-
Brownfield Redevelopment Authority	210,486	-	-	-
Downriver Central Dispatch	730,567	730,567	-	-
<b>Total component units</b>	<b>\$ 3,909,600</b>	<b>\$ 730,567</b>	<b>\$ -</b>	<b>\$ 20,000</b>
General revenue:				
Property taxes				
State-shared revenue				
Investment income				
Other miscellaneous income				
Total general revenue				
<b>Change in Net Assets</b>				
<b>Net Assets - As restated - Beginning of year (Note 19)</b>				
<b>Net Assets - End of year</b>				

## Statement of Activities Year Ended September 30, 2012

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (5,260,627)	\$ -	\$ (5,260,627)	\$ -
(9,048,487)	-	(9,048,487)	-
(4,017,689)	-	(4,017,689)	-
1,736,103	-	1,736,103	-
(866,647)	-	(866,647)	-
(360,487)	-	(360,487)	-
(17,817,834)	-	(17,817,834)	-
-	3,845,835	3,845,835	-
-	304,339	304,339	-
-	976,917	976,917	-
-	251,676	251,676	-
-	(36,443)	(36,443)	-
-	50,046	50,046	-
-	5,392,370	5,392,370	-
(17,817,834)	5,392,370	(12,425,464)	-
-	-	-	(2,354,081)
-	-	-	(594,466)
-	-	-	-
-	-	-	(210,486)
-	-	-	-
-	-	-	(3,159,033)
12,507,766	882	12,508,648	3,230,533
2,634,797	-	2,634,797	-
152,100	1,280,438	1,432,538	5,198
607,691	-	607,691	194,824
15,902,354	1,281,320	17,183,674	3,430,555
(1,915,480)	6,673,690	4,758,210	271,522
81,157,699	50,122,522	131,280,221	955,392
<b>\$ 79,242,219</b>	<b>\$ 56,796,212</b>	<b>\$ 136,038,431</b>	<b>\$ 1,226,914</b>

# City of Wyandotte, Michigan

## Governmental Funds Balance Sheet September 30, 2012

	General Fund	Nonmajor Funds	Total
<b>Assets</b>			
Cash and investments (Note 3)	\$ 19,345,107	\$ 10,347,924	\$ 29,693,031
Receivables - Net:			
Taxes	1,535,529	493,891	2,029,420
Special assessments	-	524,964	524,964
Accrued interest	2,279	14	2,293
Other	1,210,228	207,878	1,418,106
Due from other governmental units	1,661,319	477,741	2,139,060
Due from component units (Note 9)	253,985	17,705	271,690
Due from other funds (Note 9)	147,284	2,348,005	2,495,289
Prepaid expenses and other assets	123,612	-	123,612
Land held for resale (Note 6)	2,680,680	153,732	2,834,412
Advance to component unit (Note 9)	-	1,193,405	1,193,405
	<u>\$ 26,960,023</u>	<u>\$ 15,765,259</u>	<u>\$ 42,725,282</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 1,847,369	\$ 858,899	\$ 2,706,268
Due to other governmental units	23,278	-	23,278
Due to component units (Note 9)	750	1,055,924	1,056,674
Due to other funds (Note 9)	6,267,972	850,182	7,118,154
Advances from other funds (Note 9)	-	435,845	435,845
Refundable deposits, bonds, etc.	1,771,578	20	1,771,598
Accrued liabilities and other	1,035,847	-	1,035,847
Deferred revenue (Note 4)	10,747,325	3,358,753	14,106,078
	<u>21,694,119</u>	<u>6,559,623</u>	<u>28,253,742</u>
<b>Fund Balances</b>			
Nonspendable:			
Real estate held for resale	-	44,237	44,237
Prepays	123,612	-	123,612
Long-term receivable	-	1,193,405	1,193,405
Restricted:			
Major and local street projects	-	850,997	850,997
Police	-	94,826	94,826
Grants	3,054,998	1,428,824	4,483,822
Rubbish	-	1,381,974	1,381,974
Sidewalk and alley paving	-	1,327,118	1,327,118
Drains	-	1,742,762	1,742,762
Committed - Special events	-	116,851	116,851
Assigned:			
Debt service	-	35,823	35,823
Capital projects	-	988,819	988,819
Unassigned	2,087,294	-	2,087,294
	<u>5,265,904</u>	<u>9,205,636</u>	<u>14,471,540</u>
Total fund balances	<u>\$ 26,960,023</u>	<u>\$ 15,765,259</u>	<u>\$ 42,725,282</u>
Total liabilities and fund balances	<u>\$ 26,960,023</u>	<u>\$ 15,765,259</u>	<u>\$ 42,725,282</u>

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

# City of Wyandotte, Michigan

## Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Assets September 30, 2012

<b>Fund Balance Reported in Governmental Funds</b>	\$ 14,471,540
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	64,866,367
Net pension asset is not a financial resource and is not reported in the fund	6,680,857
Investments in joint ventures are not financial resources and are not reported in the funds	2,097,000
Special assessment receivables are expected to be collected over several years and are not available to pay for current year expenditures	534,749
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	1,547,290
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(8,300,000)
Accrued interest is not due and payable in the current period and is not reported in the funds	(141,271)
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	(1,461,263)
Net OPEB obligation does not present a claim on current financial resources and is not reported as a fund liability	(8,725,686)
Internal Service Funds are included as part of governmental activities	<u>7,672,636</u>
<b>Net Assets of Governmental Activities</b>	<b><u>\$ 79,242,219</u></b>

# City of Wyandotte, Michigan

## Governmental Funds

### Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended September 30, 2012

	General Fund	Nonmajor Funds	Total
<b>Revenue</b>			
Property taxes	\$ 9,830,769	\$ 2,701,087	\$ 12,531,856
Licenses and permits	435,507	-	435,507
Federal grants	3,414,317	207,692	3,622,009
State-shared revenue and grants	2,683,797	1,686,462	4,370,259
Other charges for services	4,035,783	320,565	4,356,348
Fines and forfeitures	1,233,237	-	1,233,237
Investment income	26,714	83,175	109,889
Contribution from component unit	-	272,587	272,587
Other revenue:			
Special assessments	-	253,716	253,716
Other miscellaneous income	516,401	392,570	908,971
Total revenue	22,176,525	5,917,854	28,094,379
<b>Expenditures</b>			
Current:			
General government	3,456,177	639,933	4,096,110
Public safety	9,733,567	128,020	9,861,587
Public works	2,917,541	4,488,215	7,405,756
Community and economic development	1,341,698	41,458	1,383,156
Recreation and culture	1,062,115	233,394	1,295,509
Debt service	-	1,326,412	1,326,412
Total expenditures	18,511,098	6,857,432	25,368,530
<b>Excess of Revenue Over (Under) Expenditures</b>	3,665,427	(939,578)	2,725,849
<b>Other Financing Sources (Uses)</b>			
Transfers in	-	1,628,642	1,628,642
Transfers out	(1,352,221)	(276,421)	(1,628,642)
<b>Net Change in Fund Balances</b>	2,313,206	412,643	2,725,849
<b>Fund Balances - Beginning of year</b>	2,952,698	8,792,993	11,745,691
<b>Fund Balances - End of year</b>	\$ 5,265,904	\$ 9,205,636	\$ 14,471,540

# 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, 2012**

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 2,725,849</b>
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	2,217,505
Depreciation expense	(4,893,784)
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	(377,451)
Decrease 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	(387,421)
Decreases in investments in joint ventures are not decreases to current financial resources and are not reported in the funds	(303,000)
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	950,000
Change in accrued interest payable and other	15,313
Decrease 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	148,347
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	(1,941,706)
Internal Service Funds are included as part of governmental activities	<u>(69,132)</u>
<b>Change in Net Assets of Governmental Activities</b>	<b><u>\$ (1,915,480)</u></b>

# City of Wyandotte, Michigan

	Enterprise Funds			
	Electric	Water	Cable Television	Sewage Disposal
<b>Assets</b>				
Current assets:				
Cash and investments	\$ 5,393,454	\$ 3,956,119	\$ 552,098	\$ 4,295,171
Receivables - Net	6,383,350	531,550	1,047,591	716,607
Due from other funds (Note 9)	-	-	-	36,113
Inventory	1,616,586	114,861	100,413	-
Prepaid expenses and other assets	99,095	18,523	27,274	1,509,708
Total current assets	13,492,485	4,621,053	1,727,376	6,557,599
Noncurrent assets:				
Restricted assets (Note 12)	8,846,240	169,751	169,751	-
Advances to other funds	-	-	-	-
Investment in joint ventures (Note 7)	-	-	-	1,342,837
Capital assets:				
Assets not subject to depreciation (Note 8)	315,681	-	-	-
Assets subject to depreciation (Note 8)	44,914,096	7,900,597	3,195,911	18,240,029
Bond issuance costs (Note 5)	1,250,843	-	-	-
Advance to component unit (Note 9)	-	-	-	-
Total noncurrent assets	55,326,860	8,070,348	3,365,662	19,582,866
Total assets	68,819,345	12,691,401	5,093,038	26,140,465
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	1,969,170	124,493	501,522	299,818
Due to component units	-	-	-	-
Due to other funds (Note 9)	155,697	36,113	-	-
Refundable deposits, bonds, etc.	1,044,588	-	19,175	-
Accrued liabilities and other	2,341,092	288,067	394,333	-
Deferred revenue (Note 4)	-	-	73,976	2,967
General liability and workers' compensation claims	-	-	-	-
Current portion of long-term debt (Note 10)	5,142,406	-	141,329	786,081
Total current liabilities	10,652,953	448,673	1,130,335	1,088,866
Noncurrent liabilities:				
Advances from other funds (Note 9)	-	-	-	208,090
Debt service payable from restricted assets	5,162,302	-	-	-
Net OPEB obligation (Note 16)	2,282,859	613,904	390,858	-
Long-term debt - Net of current portion and amount payable from restricted assets (Note 10)	29,155,869	-	72,897	10,025,039
Total noncurrent liabilities	36,601,030	613,904	463,755	10,233,129
Total liabilities	47,253,983	1,062,577	1,594,090	11,321,995
<b>Net Assets (Deficit)</b>				
Invested in capital assets - Net of related debt	7,847,345	7,900,597	2,981,685	7,428,909
Restricted (Note 12)	8,018,938	169,751	169,751	-
Unrestricted	5,699,079	3,558,476	347,512	7,389,561
Total net assets	\$ 21,565,362	\$ 11,628,824	\$ 3,498,948	\$ 14,818,470

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

**Proprietary Funds  
Statement of Net Assets  
September 30, 2012**

Enterprise Funds		Governmental Activities
Nonmajor Enterprise	Total Enterprise Funds	Internal Service
\$ 60,200	\$ 14,257,042	\$ 2,243,753
-	8,679,098	6
6,601	42,714	4,771,961
-	1,831,860	-
266,194	1,920,794	-
<u>332,995</u>	<u>26,731,508</u>	<u>7,015,720</u>
-	9,185,742	-
-	-	643,935
-	1,342,837	-
145,000	460,681	-
4,905,565	79,156,198	-
-	1,250,843	-
-	-	636,937
<u>5,050,565</u>	<u>91,396,301</u>	<u>1,280,872</u>
5,383,560	118,127,809	8,296,592
4,180	2,899,183	23,738
500	500	-
-	191,810	-
-	1,063,763	-
57,638	3,081,130	-
36,634	113,577	-
-	-	600,218
-	6,069,816	-
<u>98,952</u>	<u>13,419,779</u>	<u>623,956</u>
-	208,090	-
-	5,162,302	-
-	3,287,621	-
-	39,253,805	-
<u>-</u>	<u>47,911,818</u>	<u>-</u>
<u>98,952</u>	<u>61,331,597</u>	<u>623,956</u>
5,050,565	31,209,101	-
-	8,358,440	-
234,043	17,228,671	7,672,636
<u>\$ 5,284,608</u>	<u>\$ 56,796,212</u>	<u>\$ 7,672,636</u>

# City of Wyandotte, Michigan

	Enterprise Funds			
	Electric	Water	Cable Television	Sewage Disposal
<b>Operating Revenue</b>				
Sale of water	\$ -	\$ 3,689,086	\$ -	\$ -
Sewage disposal charges	-	-	-	3,510,988
Sale of electricity	41,977,196	-	-	-
Other sales to customers	-	-	9,548,645	-
Other miscellaneous revenue	-	-	-	163,891
<b>Total operating revenue</b>	<b>41,977,196</b>	<b>3,689,086</b>	<b>9,548,645</b>	<b>3,674,879</b>
<b>Operating Expenses</b>				
Cost of water	-	847,504	-	-
Cost of sewage treatment	-	-	-	1,704,760
Cost of electrical production	23,577,692	-	-	-
Cost of insurance claims	-	-	-	-
Transportation	87,456	27,462	41,340	-
Other operation and maintenance costs	5,597,195	963,049	1,427,153	868,859
Billing and administrative costs	1,181,332	421,658	527,195	-
Distribution	1,533,245	515,570	764,167	-
Cable television royalties	-	-	5,080,079	-
Depreciation	4,620,558	609,504	720,547	569,061
<b>Total operating expenses</b>	<b>36,597,478</b>	<b>3,384,747</b>	<b>8,560,481</b>	<b>3,142,680</b>
<b>Operating Income (Loss)</b>	<b>5,379,718</b>	<b>304,339</b>	<b>988,164</b>	<b>532,199</b>
<b>Nonoperating Revenue (Expenses)</b>				
Property tax revenue	-	-	-	882
Investment and other income	491,920	166,667	616,309	5,539
Grant expenses	(1,815,802)	-	-	-
Interest expense	(1,746,184)	-	(11,247)	(280,523)
Amortization of bond issuance costs	(255,708)	-	-	-
Contribution revenue	186,142	-	-	-
Grant revenue	2,097,669	-	-	-
<b>Total nonoperating (expenses) revenue</b>	<b>(1,041,963)</b>	<b>166,667</b>	<b>605,062</b>	<b>(274,102)</b>
<b>Change in Net Assets</b>	<b>4,337,755</b>	<b>471,006</b>	<b>1,593,226</b>	<b>258,097</b>
<b>Net Assets - Beginning of year</b>	<b>17,227,607</b>	<b>11,157,818</b>	<b>1,905,722</b>	<b>14,560,373</b>
<b>Net Assets - End of year</b>	<b>\$ 21,565,362</b>	<b>\$ 11,628,824</b>	<b>\$ 3,498,948</b>	<b>\$ 14,818,470</b>

**Proprietary Funds**  
**Statement of Revenue, Expenses, and Changes in Net Assets**  
**Year Ended September 30, 2012**

Enterprise Funds		
Nonmajor Enterprise	Total	Internal Service
\$ -	\$ 3,689,086	\$ -
-	3,510,988	-
-	41,977,196	-
775,237	10,323,882	-
153,226	317,117	-
928,463	59,818,269	-
-	847,504	-
-	1,704,760	-
-	23,577,692	-
-	-	111,642
-	156,258	-
713,832	9,570,088	-
-	2,130,185	-
-	2,812,982	-
-	5,080,079	-
201,028	6,720,698	-
914,860	52,600,246	111,642
13,603	7,218,023	(111,642)
-	882	-
3	1,280,438	42,510
-	(1,815,802)	-
-	(2,037,954)	-
-	(255,708)	-
-	186,142	-
-	2,097,669	-
3	(544,333)	42,510
13,606	6,673,690	(69,132)
5,271,002	50,122,522	7,741,768
<b>\$ 5,284,608</b>	<b>\$ 56,796,212</b>	<b>\$ 7,672,636</b>

# City of Wyandotte, Michigan

	Enterprise Funds			
	Electric	Water	Cable Television	Sewage Disposal
<b>Cash Flows from Operating Activities</b>				
Receipts from customers	\$ 42,731,650	\$ 2,681,544	\$ 9,294,391	\$ 3,793,499
Receipts from (payments on) interfund services and reimbursements	-	-	-	634,522
Payments to suppliers	(24,232,981)	(1,740,133)	(6,858,742)	(2,847,042)
Payments to employees	(4,319,827)	(897,503)	(969,603)	-
Claims paid	-	-	-	-
Net cash provided by (used in) operating activities	14,178,842	43,908	1,466,046	1,580,979
<b>Cash Flows from Noncapital Financing Activities</b>				
Transfers (to) from other funds	(1,494,533)	3,555,843	(2,061,310)	-
Repayments of loans from other funds	-	-	-	(61,557)
Net cash (used in) provided by noncapital financing activities	(1,494,533)	3,555,843	(2,061,310)	(61,557)
<b>Cash Flows from Capital and Related Financing Activities</b>				
Issuance of bonds	201,798	-	-	-
Grant revenue	2,115,718	-	-	-
Grant expenses	(1,815,802)	-	-	-
Property taxes (restricted for capital or capital debt)	-	-	-	882
Purchase of capital assets - Net of reimbursements	(2,388,150)	(383,562)	(274,264)	(193,558)
Principal and interest paid on capital debt	(6,470,356)	-	(153,063)	(1,045,236)
City contribution	-	-	200,000	-
Repayment of advances from other funds	-	-	-	-
Net cash used in capital and related financing activities	(8,356,792)	(383,562)	(227,327)	(1,237,912)
<b>Cash Flows from Investing Activities - Interest received on investments</b>				
	660,354	166,667	416,309	5,531
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>				
	4,987,871	3,382,856	(406,282)	287,041
<b>Cash and Cash Equivalents - Beginning of year</b>				
	9,251,823	743,014	1,128,131	4,008,130
<b>Cash and Cash Equivalents - End of year</b>				
	<u>\$ 14,239,694</u>	<u>\$ 4,125,870</u>	<u>\$ 721,849</u>	<u>\$ 4,295,171</u>
<b>Balance Sheet Classification of Cash and Cash Equivalents</b>				
Cash and investments	\$ 5,393,454	\$ 3,956,119	\$ 552,098	\$ 4,295,171
Restricted cash	8,846,240	169,751	169,751	-
Total cash and cash equivalents	<u>\$ 14,239,694</u>	<u>\$ 4,125,870</u>	<u>\$ 721,849</u>	<u>\$ 4,295,171</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities</b>				
Operating income (loss)	\$ 5,379,718	\$ 304,339	\$ 988,164	\$ 532,199
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation and amortization	4,620,558	609,504	720,547	569,061
Bad debt expense	99,996	-	60,000	-
Changes in assets and liabilities:				
Receivables	654,458	(1,007,542)	(314,254)	118,620
Due from others	-	-	-	634,522
Inventories	2,091,943	(13,053)	24,161	-
Prepaid and other assets	(59,715)	(20,017)	(16,113)	30,896
Accounts payable	(554,998)	47,512	39,710	(16,420)
Due to others	(48)	(25,419)	-	-
Estimated claims liability	-	-	-	-
Accrued and other liabilities	1,475,251	148,584	21,692	-
Deferred revenue	-	-	(12,336)	(287,899)
Customer deposits and other current liabilities	471,679	-	(45,525)	-
Net cash provided by (used in) operating activities	<u>\$ 14,178,842</u>	<u>\$ 43,908</u>	<u>\$ 1,466,046</u>	<u>\$ 1,580,979</u>

**Noncash Capital and Related Financing Activities** - During the year ended September 30, 2012, the Sewage Disposal Fund recorded \$1,540,170 of asset additions and long-term debt related to its portion of long-term debt issued by the Downriver Sewage Disposal System.

**Proprietary Funds  
Statement of Cash Flows  
Year Ended September 30, 2012**

Enterprise Funds		Governmental Activities
Nonmajor Enterprise	Total	Internal Service Fund
\$ 902,836	\$ 59,403,920	\$ -
(6,580)	627,942	-
(695,005)	(36,373,903)	-
(110,024)	(6,296,957)	-
-	-	(151,433)
91,227	17,361,002	(151,433)
-	-	(738,992)
-	(61,557)	-
-	(61,557)	(738,992)
-	201,798	-
-	2,115,718	-
-	(1,815,802)	-
-	882	-
(18,093)	(3,257,627)	-
-	(7,668,655)	-
-	200,000	-
(20,000)	(20,000)	-
(38,093)	(10,243,686)	-
3	1,248,864	42,504
53,137	8,304,623	(847,921)
7,063	15,138,161	3,091,674
<b>\$ 60,200</b>	<b>\$ 23,442,784</b>	<b>\$ 2,243,753</b>
\$ 60,200	\$ 14,257,042	\$ 2,243,753
-	9,185,742	-
<b>\$ 60,200</b>	<b>\$ 23,442,784</b>	<b>\$ 2,243,753</b>
\$ 13,603	\$ 7,218,023	\$ (111,642)
201,028	6,720,698	-
-	159,996	-
(25,627)	(574,345)	-
(6,580)	627,942	-
-	2,103,051	-
(102,714)	(167,663)	-
11,517	(472,679)	11,819
-	(25,467)	-
-	-	(51,610)
-	1,645,527	-
-	(300,235)	-
-	426,154	-
<b>\$ 91,227</b>	<b>\$ 17,361,002</b>	<b>\$ (151,433)</b>

# City of Wyandotte, Michigan

## Fiduciary Funds Statement of Fiduciary Net Assets September 30, 2012

	Pension and Other Employee Benefits Trust	Agency Fund
<b>Assets</b>		
Cash and cash equivalents (Note 3)	\$ 10,785,504	\$ 386,525
Investments (Note 3):		
Collateralized mortgage obligations	146,505	-
U.S. government securities	6,777,788	-
U.S. government agency obligations	7,494,766	-
Common trust funds/mutual funds	4,867,259	-
Stocks	9,830,371	-
Foreign stock ADR	6,382,744	-
Foreign government obligations	10,834,376	-
Bonds	9,819,309	-
Foreign corporate bonds	814,251	-
Receivables - Net - Accrued interest	504,461	-
Total assets	68,257,334	\$ 386,525
<b>Liabilities</b>		
Accounts payable	12,500	\$ -
Due to other governmental units	-	5,608
Due to primary government	1,488,039	-
Refundable deposits, bonds, etc.	-	380,917
Accrued liabilities and other	80,039	-
Total liabilities	1,580,578	\$ 386,525
<b>Net Assets Held in Trust for Pension and Other Employee Benefits</b>	<b>\$ 66,676,756</b>	

# City of Wyandotte, Michigan

## Fiduciary Funds Statement of Changes in Fiduciary Net Assets - Pension and Other Employee Benefits Trust Year Ended September 30, 2012

	<u>Pension and Other Employee Benefits Trust</u>
<b>Additions</b>	
Investment income:	
Interest and dividends	\$ 2,168,467
Net increase in fair value of investments	4,442,565
Investment-related expenses	<u>(574,896)</u>
Net investment income	6,036,136
Contributions:	
Employer	5,825,453
Employee	<u>72,448</u>
Total contributions	<u>5,897,901</u>
Total additions	11,934,037
<b>Deductions</b>	
Benefit payments	5,744,638
Health benefits	<u>3,466,195</u>
Total deductions	<u>9,210,833</u>
<b>Net Increase in Net Assets Held in Trust</b>	2,723,204
<b>Net Assets Held in Trust for Pension and Other Employee Benefits - Beginning of year</b>	<u>63,953,552</u>
<b>Net Assets Held in Trust for Pension and Other Employee Benefits - End of year</b>	<u><b>\$ 66,676,756</b></u>

# City of Wyandotte, Michigan

## Component Units Statement of Net Assets (Deficit) September 30, 2012

	Tax Increment Finance Authorities - Consolidated	Tax Increment Finance Authorities - Downtown	Downtown Development Authority	Brownfield Redevelopment Authority	Downriver Central Dispatch	Total
<b>Assets</b>						
Cash and investments (Note 3)	\$ 2,102,515	\$ 849,834	\$ 1,583	\$ 233,161	\$ -	\$ 3,187,093
Receivables - Net	48,652	26,013	-	10,894	145,080	230,639
Due from primary government (Note 9)	1,051,614	5,560	-	-	-	1,057,174
Internal balances (Note 9)	79,289	-	-	(79,289)	-	-
Land held for resale (Note 6)	1,997,772	394,800	-	-	-	2,392,572
Note receivable	-	400,000	-	-	-	400,000
<b>Total assets</b>	<b>5,279,842</b>	<b>1,676,207</b>	<b>1,583</b>	<b>164,766</b>	<b>145,080</b>	<b>7,267,478</b>
<b>Liabilities</b>						
Accounts payable	636,097	56,454	-	24,169	-	716,720
Due to other governmental units	-	-	-	138,582	-	138,582
Due to primary government (Note 9)	-	1,588	-	125,022	145,080	271,690
Accrued liabilities and other	257,212	20,354	-	27,264	-	304,830
Deferred revenue (Note 4)	1,483,799	365,302	-	-	-	1,849,101
Due within one year - Current portion of long-term debt (Note 10)	132,836	150,533	-	-	-	283,369
Due in more than one year: Advance from primary government (Note 9)	-	400,000	-	1,430,342	-	1,830,342
Long-term debt (Note 10)	448,930	197,000	-	-	-	645,930
<b>Total liabilities</b>	<b>2,958,874</b>	<b>1,191,231</b>	<b>-</b>	<b>1,745,379</b>	<b>145,080</b>	<b>6,040,564</b>
<b>Net Assets (Deficit)</b>						
Restricted - NSP grant land held for resale	13,000	-	-	-	-	13,000
Unrestricted	2,307,968	484,976	1,583	(1,580,613)	-	1,213,914
<b>Total net assets (deficit)</b>	<b>\$ 2,320,968</b>	<b>\$ 484,976</b>	<b>\$ 1,583</b>	<b>\$ (1,580,613)</b>	<b>\$ -</b>	<b>\$ 1,226,914</b>

# City of Wyandotte, Michigan

Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Capital Grants and Contributions	Tax Increment Finance Authorities - Consolidated
Tax Increment Finance Authorities - Consolidated governmental activities:				
Community and economic development	\$ 2,214,975	\$ -	\$ 20,000	\$ (2,194,975)
Debt service	159,106	-	-	(159,106)
Total Tax Increment Finance Authorities - Consolidated governmental activities	2,374,081	-	20,000	(2,354,081)
Tax Increment Finance Authorities - Downtown governmental activities:				
Community and economic development	581,493	-	-	-
Debt service	12,973	-	-	-
Total Tax Increment Finance Authorities - Downtown governmental activities	594,466	-	-	-
Downtown Development Authority	-	-	-	-
Brownfield Redevelopment Authority - Governmental activities:				
Community and economic development	96,804	-	-	-
Debt service	113,682	-	-	-
Total Brownfield Redevelopment Authority - Governmental activities	210,486	-	-	-
Downriver Central Dispatch - Governmental activities - Public safety	730,567	730,567	-	-
<b>Total component units</b>	<b>\$ 3,909,600</b>	<b>\$ 730,567</b>	<b>\$ 20,000</b>	(2,354,081)
General revenue:				
Property taxes				2,596,146
Investment income				4,306
Other miscellaneous income				53,101
Total general revenue				2,653,553
<b>Change in Net Assets</b>				299,472
<b>Net Assets (Deficit) - As restated - Beginning of year (Note 19)</b>				2,021,496
<b>Net Assets (Deficit) - End of year</b>				<b>\$ 2,320,968</b>

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

**Component Units**  
**Statement of Activities**  
**Year Ended September 30, 2012**

Net (Expense) Revenue and Changes in Net Assets				
Tax Increment Finance Authorities - Downtown	Downtown Development Authority	Brownfield Redevelopment Authority	Downriver Central Dispatch	Total
\$ -	\$ -	\$ -	\$ -	\$ (2,194,975)
-	-	-	-	(159,106)
-	-	-	-	(2,354,081)
(581,493)	-	-	-	(581,493)
(12,973)	-	-	-	(12,973)
(594,466)	-	-	-	(594,466)
-	-	-	-	-
-	-	(96,804)	-	(96,804)
-	-	(113,682)	-	(113,682)
-	-	(210,486)	-	(210,486)
-	-	-	-	-
(594,466)	-	(210,486)	-	(3,159,033)
510,738	12	123,637	-	3,230,533
890	2	-	-	5,198
11,360	-	130,363	-	194,824
522,988	14	254,000	-	3,430,555
(71,478)	14	43,514	-	271,522
556,454	1,569	(1,624,127)	-	955,392
<b>\$ 484,976</b>	<b>\$ 1,583</b>	<b>\$ (1,580,613)</b>	<b>\$ -</b>	<b>\$ 1,226,914</b>

### **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 revenue reported for the various functions concerned.

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

#### **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 2011 taxable valuation of the City totaled \$610,934,200 (a portion of which has been abated or resides in special tax districts), on which taxes levied consisted of 13.8038 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 \$8,073,000 for operating purposes, \$1,352,000 for debt service, \$1,294,000 for garbage and rubbish services, and \$1,384,000 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.

**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.

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

**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.

**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.

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

**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 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.

# City of Wyandotte, Michigan

## Notes to Financial Statements September 30, 2012

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

**Significant Customers** - The City has the following customers that represent significant amounts of operating revenue for the year ended September 30, 2012:

	Electricity Fees	Water Fees	Sewage Fees	Property Taxes
BASF Corporation	19%	13%	25%	10%
Electric Fund	-	9	-	-
Wayne County	5	-	-	-
Wyandotte Hospital	3	2	-	-

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

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

Cumulative shortfall at October 1, 2011	\$ (319,297)
Current year permit revenue	614,503
Related expenses:	
Direct costs	\$ 134,096
Estimated indirect costs	496,275
Current year shortfall	<u>(15,868)</u>
Cumulative shortfall at September 30, 2012	<u>\$ (335,165)</u>

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

### Note 3 - Deposits and Investments

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

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

The City has designated 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 \$48,662,172 of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. In addition, the City's component units had \$2,590,633 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	\$ 532,022	.89 years
U.S. Federal Agency	234,049	1.72 years
U.S. Treasury bills (pension)	7,458,147	11.45 years
U.S. Federal Agency (pension)	6,715,348	9.06 years
Corporate bonds and notes (pension)	9,648,065	10.17 years
Collateralized mortgage obligations (pension)	146,505	24 years
Foreign corporate bonds and notes (pension)	814,251	4.73 years
Foreign government obligations (pension)	10,834,376	9.06 years
U.S. Treasury bills (retiree health care)	62,440	6.66 years
U.S. Federal Agency (retiree health care)	36,619	3.56 years
Corporate bonds and notes (retiree health care)	171,244	3.56 years

# City of Wyandotte, Michigan

## Notes to Financial Statements September 30, 2012

### 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	\$ 1,555,549	AAA	S&P
	2,874,991	AA+	S&P
	395,318	AA	S&P
	439,925	AA-	S&P
	1,563,551	A+	S&P
	954,286	A	S&P
	965,084	A-	S&P
	871,220	BBB+	S&P
	943,208	BBB	S&P
	556,063	BBB-	S&P
	99,059	AAA	Moody's
	17,097,464	Aaa	Moody's
	790,518	Aa1	Moody's
	217,982	Aa2	Moody's
	798,722	Aa3	Moody's
	525,357	A1	Moody's
	1,779,735	A2	Moody's
	1,172,512	A3	Moody's
	3,924,086	Baa1	Moody's
	1,432,842	Baa2	Moody's
294,853	Baa3	Moody's	
254,475	Ba1	Moody's	
1,564,108	P-1	Moody's	
	8,512,215	N/A	Unrated
Component units	475,732	N/A	Unrated

# City of Wyandotte, Michigan

## Notes to Financial Statements September 30, 2012

### 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:

Country	Fair Value of Bonds in U.S. Dollars
Euro currency	\$ 1,004,024
Australian dollar	2,125,806
Polish zloty	1,067,591
Mexican peso	2,524,153
South African rand	676,025
New Zealand dollar	657,497
British pound	1,323,832
Malaysian ringgit	754,886
South Korean won	798,723

### Note 4 - Deferred Revenue

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

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

	Unavailable - Governmental Activities	Unearned - Governmental Activities	Unearned - Business-type	Unearned - Component Units
Delinquent property taxes	\$ 177,100	\$ -	\$ -	\$ -
Special assessments	534,749	-	-	-
ALS revenue	654,202	-	-	-
Property tax receipts for fiscal year 2012	-	12,024,039	-	1,849,101
Grants receivable	589,779	-	-	-
UDAG	1,566	-	-	-
Other	124,643	-	113,577	-
Total	\$ 2,082,039	\$ 12,024,039	\$ 113,577	\$ 1,849,101

### **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, 2012. Amortization expense for the 2005 revenue bonds amounted to \$37,848 for the year ended September 30, 2012. Amortization expense for the 2009 refunding bonds amounted to \$50,064 for the year ended September 30, 2012.

### **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, 2012, inventory had a cost of \$609,652, \$318,666, and \$19,443,933 and an estimated fair market value of \$109,495, \$44,237, and \$2,392,572 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 \$10,585, \$0, and \$1,275,683 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 \$2,680,680 was recorded in the General Fund at September 30, 2012, representing rehabilitation costs associated with properties purchased under the Neighborhood Stabilization Programs. In the current year, no sales of properties held in special revenue funds occurred and sales of select properties within the component units resulted in a gain on sale of \$46,528 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.

# City of Wyandotte, Michigan

## Notes to Financial Statements September 30, 2012

### Note 7 - Joint Ventures (Continued)

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 \$2,097,000 has been recorded in the government-wide statement of net assets at September 30, 2012.

#### 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 \$1,705,000 for operations of the system and \$1,030,000 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 investment in the working capital of the venture of \$1,342,837 has been recorded in the proprietary and government-wide statements of net assets at September 30, 2012. 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, 2011	Additions	Disposals and Adjustments	Balance September 30, 2012
<b>Governmental Activities</b>				
Capital assets not being depreciated - Land	\$ 18,135,929	\$ -	\$ -	\$ 18,135,929
Capital assets being depreciated:				
Roads and other infrastructure	80,678,712	1,279,598	-	81,958,310
Sidewalks	35,310,358	395,307	-	35,705,665
Buildings and improvements	20,396,462	411,907	-	20,808,369
Machinery, equipment, and vehicles	12,272,428	130,693	-	12,403,121
Land improvements	6,315,193	-	-	6,315,193
Subtotal	154,973,153	2,217,505	-	157,190,658
Accumulated depreciation:				
Roads and other infrastructure	60,746,081	2,374,106	-	63,120,187
Sidewalks	27,369,295	1,263,274	-	28,632,569
Buildings and improvements	4,347,723	398,487	-	4,746,210
Machinery, equipment, and vehicles	9,502,481	591,313	-	10,093,794
Land improvements	3,600,856	266,604	-	3,867,460
Subtotal	105,566,436	4,893,784	-	110,460,220
Net capital assets being depreciated	49,406,717	(2,676,279)	-	46,730,438
Net capital assets	\$ 67,542,646	\$ (2,676,279)	\$ -	\$ 64,866,367

### Note 8 - Capital Assets (Continued)

	Balance October 1, 2011	Additions	Disposals and Adjustments	Balance September 30, 2012
<b>Business-type Activities</b>				
Capital assets not being depreciated:				
Land	\$ 145,000	\$ -	\$ -	\$ 145,000
Construction in progress	846,688	-	(531,007)	315,681
Subtotal	991,688	-	(531,007)	460,681
Capital assets being depreciated:				
Utility plant	110,562,032	1,527,647	-	112,089,679
Transmission	6,946,219	614,220	-	7,560,439
Pumping	3,935,912	298,303	-	4,234,215
Purification	5,501,283	78,065	-	5,579,348
Distribution	56,662,497	492,815	-	57,155,312
Transportation	2,145,177	486,568	-	2,631,745
Stores	877,798	25,000	-	902,798
Cable equipment	2,379,720	152,615	-	2,532,335
Land improvements	2,937,427	-	-	2,937,427
Studio	537,615	3,863	-	541,478
General	4,441,454	66,444	(542,354)	3,965,544
Buildings	4,305,026	-	-	4,305,026
Equipment and fixtures	1,884,259	18,093	(14,728)	1,887,624
Sewer lines	17,275,523	1,540,170	-	18,815,693
Subtotal	220,391,942	5,303,803	(557,082)	225,138,663
Accumulated depreciation:				
Utility plant	75,681,677	3,310,913	-	78,992,590
Transmission	5,172,848	94,750	-	5,267,598
Pumping	2,855,227	141,478	-	2,996,705
Purification	3,526,180	45,660	-	3,571,840
Distribution	38,541,679	2,134,791	(398,921)	40,277,549
Transportation	1,611,783	131,982	-	1,743,765
Stores	794,772	15,331	-	810,103
Cable equipment	1,533,442	87,931	-	1,621,373
Land improvements	938,993	58,749	-	997,742
Studio	495,536	11,431	-	506,967
General	3,071,615	117,251	-	3,188,866
Buildings	1,336,787	113,875	-	1,450,662
Equipment and fixtures	1,332,128	84,462	(14,728)	1,401,862
Sewer lines	2,782,749	372,094	-	3,154,843
Subtotal	139,675,416	6,720,698	(413,649)	145,982,465
Net capital assets being depreciated	80,716,526	(1,416,895)	(143,433)	79,156,198
Net capital assets	\$ 81,708,214	\$ (1,416,895)	\$ (674,440)	\$ 79,616,879

# City of Wyandotte, Michigan

## Notes to Financial Statements September 30, 2012

### Note 8 - Capital Assets (Continued)

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

Governmental activities:

General government	\$ 3,943,832
Public safety	522,940
Public works	155,621
Recreation and culture	271,391
Total governmental activities	<u>\$ 4,893,784</u>

Business-type activities:

Electric	\$ 4,620,558
Water	609,504
Cable television	720,547
Sewage disposal	569,061
Golf course	106,268
Building rental	94,760
Total business-type activities	<u>\$ 6,720,698</u>

**Construction Commitments** - The City has active construction projects at year end. The City's commitments with contractors/suppliers as of September 30, 2012 are as follows:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Fort Street Lighting Upgrade	\$ -	\$ 440,000
Coal Contract (Coal Re-sold to C. Reiss)	-	934,774
Coal Contract (Contract satisfied)	-	511,642
Coal - Shipping (Chicago to Wyan.)	-	215,129
Substation #9/T&D Construction	<u>607,128</u>	<u>367,872</u>
Total	<u>\$ 607,128</u>	<u>\$ 2,469,417</u>

# City of Wyandotte, Michigan

## Notes to Financial Statements September 30, 2012

### 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	\$ 10,280
	Electric Fund	137,004
	Total General Fund	147,284
Other governmental funds	General Fund	1,907,781
	Other governmental funds	421,531
	Electric Fund	18,693
	Total other governmental funds	2,348,005
Sewage Disposal	Water Fund	36,113
Other enterprise funds	General Fund	137
	Other governmental funds	6,464
	Total other enterprise funds	6,601
Internal Service Fund	General Fund	4,360,054
	Other governmental funds	411,907
	Total Internal Service Fund	4,771,961
Tax Increment Finance Authorities - Consolidated	Brownfield Redevelopment Authority	79,289

#### Advances from/to Other Funds

Receivable Fund	Payable Fund	Amount
Internal Service Fund	Sewage Disposal Fund	\$ 208,090
	Other governmental funds	435,845
	Total	\$ 643,935

# City of Wyandotte, Michigan

## Notes to Financial Statements September 30, 2012

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

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

Receivable Fund	Payable Fund	Amount
General Fund	Tax Increment Finance Authorities - Downtown	\$ 1,154
	Brownfield Redevelopment Authority	107,751
	Downriver Central Dispatch	<u>145,080</u>
	Total General Fund	253,985
Other governmental funds	Tax Increment Finance Authorities - Downtown	434
	Brownfield Redevelopment Authority	17,271
	Total other governmental funds	17,705
Tax Increment Finance Authorities - Consolidated	General Fund	750
	Other governmental funds	<u>1,050,864</u>
	Total Tax Increment Finance Authorities - Consolidated	1,051,614
Tax Increment Finance Authorities - Downtown	Other governmental funds	5,060
	Other enterprise funds	<u>500</u>
	Total Tax Increment Finance Authorities - Downtown	5,560

# City of Wyandotte, Michigan

## Notes to Financial Statements September 30, 2012

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

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

Receivable Fund	Payable Fund	Amount
Other governmental funds	Brownfield Redevelopment Authority	\$ 1,193,405
Internal Service Fund	Tax Increment Finance Authorities - Downtown	400,000
	Brownfield Redevelopment Authority	<u>236,937</u>
	Total Internal Service Fund	636,937

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

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

Fund Receiving Resources	Fund Providing Resources	Amount
Other governmental funds	General Fund	\$ 1,352,221
	Other governmental funds	<u>276,421</u>
	Total other governmental funds	<u>\$ 1,628,642</u>

The transfer to other governmental funds from the General Fund 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.

# City of Wyandotte, Michigan

## Notes to Financial Statements September 30, 2012

### 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
<b>Governmental Activities</b>	
General obligations:	
1999 Building Authority Bonds, issued for \$5,000,000, with interest from 3.75 percent to 5.75 percent, maturing in 2013	\$ 600,000
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>7,700,000</u>
Total governmental activity debt	<u>\$ 8,300,000</u>
<b>Business-type Activities</b>	
General obligations:	
Downriver sewage disposal system bonds, 14 issues totaling \$23,593,946, with interest from 1.625 percent to 5.00 percent, maturing from 2016 to 2033	\$ 10,811,120
2007 Cable television purchase installment, issued for \$200,000, with interest of 4.14 percent, maturing in 2013	36,197
2008 Electric purchase installment, issued for \$2,385,761, with interest of 7.06 percent, maturing in 2019	1,614,568
2010 Electric purchase installment, issued for \$3,866,200, with interest of 4.35 percent, maturing in 2019	3,222,471
2011 Cable purchase installment, issued for \$310,703, with interest of 4.73 percent, maturing in 2014	178,030
2011 Electric purchase installment, issued for \$449,080, with interest of 3.75 percent, maturing in 2016	367,186
2012 Electric purchase installment, issued for \$201,798, with interest of 3.2 percent, maturing in 2016	<u>181,554</u>
Subtotal	16,411,126

# City of Wyandotte, Michigan

## Notes to Financial Statements September 30, 2012

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

Description	Amount
<b>Business-type Activities (Continued)</b>	
Revenue bonds:	
2005A Electric Revenue Bonds, net of unamortized premium, issued for \$6,104,826, with interest from 4.50 percent to 5.00 percent, maturing in 2016	\$ 2,431,410
2005B Electric Revenue Bonds, net of unamortized premium, issued for \$7,489,013, with interest from 3.75 percent to 4.50 percent, maturing in 2025	6,183,805
2009 Revenue Refunding Bonds - Net of unamortized premium and deferred refunding charge	24,632,281
Less amounts payable from restricted assets	<u>(4,335,000)</u>
Subtotal	<u>28,912,496</u>
Total business-type activity debt	<u>\$ 45,323,622</u>
<b>Component Units Activities</b>	
General obligations:	
1999 Brownfield Revitalization Loan, issued for \$944,000, with interest of 2.25 percent, maturing in 2015	\$ 271,108
Various installment purchase agreements	423,048
2006 Downtown Development Note Payable, issued for \$400,000, with interest of 5.00 percent, maturing in 2018	<u>235,143</u>
Total component units activities debt	<u>\$ 929,299</u>

Long-term debt activity can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
General obligations	\$ 9,250,000	\$ -	\$ (950,000)	\$ 8,300,000	\$ 1,100,000
<b>Business-type Activities</b>					
General obligations	\$ 16,209,807	\$ 1,741,968	\$ (1,540,649)	\$ 16,411,126	\$ 1,589,816
Revenue bonds	37,191,800	-	(3,944,304)	33,247,496	-
Less portion payable from restricted assets	<u>(4,050,000)</u>	<u>-</u>	<u>(285,000)</u>	<u>(4,335,000)</u>	<u>4,335,000</u>
Total	<u>\$ 49,351,607</u>	<u>\$ 1,741,968</u>	<u>\$ (5,769,953)</u>	<u>\$ 45,323,622</u>	<u>\$ 5,924,816</u>
<b>Component Unit Activities</b>					
General obligations	\$ 1,147,268	\$ -	\$ (217,969)	\$ 929,299	\$ 227,179

Total interest expense for the year was approximately \$2,658,000.

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

Annual debt service requirements to maturity for the above bonds and note obligations, excluding installment purchase agreements, are as follows:

Years Ending September 30	Governmental Activities			Business-type Activities			Component Unit Activities		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2013	\$ 1,100,000	\$ 339,050	\$ 1,439,050	\$ 5,924,816	\$ 1,791,404	\$ 7,716,220	\$ 126,508	\$ 17,386	\$ 143,894
2014	600,000	295,050	895,050	6,151,228	1,527,170	7,678,398	130,429	13,467	143,896
2015	600,000	271,050	871,050	6,357,407	1,278,738	7,636,145	134,490	9,405	143,895
2016	700,000	247,050	947,050	6,768,756	1,017,838	7,786,594	44,235	5,195	49,430
2017	800,000	219,050	1,019,050	5,774,652	642,027	6,416,679	46,474	2,956	49,430
2018-2022	2,500,000	707,050	3,207,050	11,591,173	1,975,685	13,566,858	24,115	603	24,718
2023-2027	2,000,000	211,750	2,211,750	5,152,179	758,995	5,911,174	-	-	-
2028-2032	-	-	-	1,941,078	48,311	1,989,389	-	-	-
Thereafter	-	-	-	94,837	-	94,837	-	-	-
*	-	-	-	(97,504)	-	(97,504)	-	-	-
<b>Total</b>	<b>\$ 8,300,000</b>	<b>\$ 2,290,050</b>	<b>\$ 10,590,050</b>	<b>\$ 49,658,622</b>	<b>\$ 9,040,168</b>	<b>\$ 58,698,790</b>	<b>\$ 506,251</b>	<b>\$ 49,012</b>	<b>\$ 555,263</b>

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

### Electric Fund Revenue Bonds

The 1992 and the 2002 Electric Revenue Refunding Bonds, the 2005 Series A and B Revenue Bonds, and the 2009 Refunding Bonds are payable out of the net revenue of the Electric Fund. During the year, net operating revenue of the system was \$10,937,517 compared to the annual debt service requirement of \$5,802,699. 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

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

- 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, 2012 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.

### 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:

# City of Wyandotte, Michigan

## Notes to Financial Statements September 30, 2012

### Note 11 - Risk Management (Continued)

	Self-insurance Fund		Department of Municipal Services	
	2012	2011	2012	2011
Estimated liability - Beginning of year	\$ 651,828	\$ 742,516	\$ 315,316	\$ 356,975
Incurring claims - Including claims incurred but not reported	111,642	118,381	(2,301)	(11,883)
Claim payments and changes in estimates	<u>(163,252)</u>	<u>(209,069)</u>	<u>(22,865)</u>	<u>(29,776)</u>
Estimated liability - End of year	<u>\$ 600,218</u>	<u>\$ 651,828</u>	<u>\$ 290,150</u>	<u>\$ 315,316</u>

### Note 12 - Restricted Assets and Restricted Net Assets

The balances for the restricted asset accounts are as follows:

	Electric	Water	Cable
Debt service	\$ 8,846,240	\$ -	\$ -
Retiree health care	-	169,751	169,751
Total	<u>\$ 8,846,240</u>	<u>\$ 169,751</u>	<u>\$ 169,751</u>

In addition, the current liability payable from restricted assets for the Electric Fund includes \$827,302 for interest and \$4,335,000 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 \$2,690,738, 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 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, 2012, no monies have been transferred.

# City of Wyandotte, Michigan

## Notes to Financial Statements September 30, 2012

### Note 12 - Restricted Assets and Restricted Net Assets (Continued)

Portions of net assets of the enterprise funds have been restricted for the following purposes at September 30, 2012:

	Electric	Water	Cable
Debt service	\$ 8,018,938	\$ -	\$ -
Retiree health care	-	169,751	169,751
Total	<u>\$ 8,018,938</u>	<u>\$ 169,751</u>	<u>\$ 169,751</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, 2011, the date of the most recent actuarial valuation, membership consisted of 269 retirees and beneficiaries currently receiving benefits, 29 terminated employees entitled to benefits but not yet receiving them, and 121 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.

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

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

#### Annual Pension Cost and Net Pension Asset

Annual required contribution	\$ 3,557,542
Interest on net pension asset	<u>(530,121)</u>
Annual pension cost (APC)	3,027,421
Amounts contributed - Payments of pension contribution	<u>(2,640,000)</u>
Decrease in net pension asset	(387,421)
Net pension asset - Beginning of year	<u>7,068,278</u>
Net pension asset - End of year	<u>\$ 6,680,857</u>

**Annual Pension Cost** - For the year ended September 30, 2012, the City's annual pension cost of \$3,027,421 for the plan was equal to the required contribution of \$3,557,542, less investment interest of \$530,121 on the net pension asset. The City's actual contribution for the year ended September 30, 2012 was \$2,640,000, which consisted of contributions from Municipal Service of \$743,625 and transfers from other funds of \$1,896,375. The pension cost for the three most recent years is as follows:

	Fiscal Year Ended September 30		
	2012	2011	2010
Annual pension cost (APC)	\$ 3,027,421	\$ 2,711,588	\$ 2,417,692
Percentage of APC contributed	87.2 %	110.1 %	107.1 %
Net pension asset	\$ 6,680,857	\$ 7,068,278	\$ 6,793,279

**Funding Status and Funding Progress** - As of September 30, 2011, the most recent actuarial valuation date, the plan was 72.4 percent funded. The actuarial accrued liability for benefits was \$82,314,913, and the actuarial value of assets was \$59,628,852, resulting in an unfunded actuarial accrued liability of \$22,686,061. The covered payroll (annual payroll to active employees covered by the plan) was \$7,428,795, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 305.4 percent.

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

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

**Actuarial Methods and Assumptions** - The annual required contribution was determined as part of an actuarial valuation at September 30, 2010, 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 six years and 15 years for the Municipal Service and general and police and fire divisions, respectively.

**Reserves** - As of September 30, 2012, 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	\$ 883,045
Reserve for retired benefit payments	50,030,161

Additional reserves:

Reserve for employer contributions	7,154,927
Reserve for Special Retirement Fund	422,355
Reserve for endowment	6,197,594

### Note 14 - Pension and Other Employee Benefit Trust Funds

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

	Pension Trust	Retiree Health Care	Total
<b><u>Statement of Net Assets</u></b>			
Cash and investments	\$ 64,356,199	\$ 3,396,674	\$ 67,752,873
Other assets	424,422	80,039	504,461
Liabilities	92,539	1,488,039	1,580,578
Net assets	<u>\$ 64,688,082</u>	<u>\$ 1,988,674</u>	<u>\$ 66,676,756</u>
<b><u>Statement of Changes in Net Assets</u></b>			
Investment income	\$ 5,815,635	\$ 220,501	\$ 6,036,136
Contributions	2,712,448	3,185,453	5,897,901
Benefit payments and deductions	5,744,638	3,466,195	9,210,833
Net change in net assets	<u>\$ 2,783,445</u>	<u>\$ (60,241)</u>	<u>\$ 2,723,204</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 \$584,000 during the current year, and the employees contributed approximately \$292,000.

### Note 16 - Other Postemployment Benefits

**Plan Description** - The City provides retiree healthcare benefits to certain eligible employees and their spouses. Currently, the plan has 460 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. In the current year, the General Fund transferred approximately \$2,144,000 to the Retiree Health Care Trust. In addition, \$335,000 and \$707,000 in premiums were paid by the General Fund and enterprise funds, respectively.

**Funding Progress** - For the year ended September 30, 2012, 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)	\$ 6,115,283
Interest on the prior year's net OPEB obligation	415,683
Less adjustment to the annual required contribution	<u>(569,607)</u>
Annual OPEB cost	5,961,359
Amounts contributed:	
Payments of current premiums	(1,041,740)
Transfers from General Fund	<u>(2,143,713)</u>
Increase in net OPEB obligation	2,775,906
OPEB obligation - Beginning of year	<u>9,237,401</u>
OPEB obligation - End of year	<u>\$ 12,013,307</u>

# City of Wyandotte, Michigan

## Notes to Financial Statements September 30, 2012

### 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	
9/30/10	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
9/30/12	9/30/09	6,115,283	5,961,359	52.1	53.4	12,013,307

The funding progress of the plan is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll* (c)	UAAL as a Percentage of Covered Payroll
9/30/06	\$ 1,796,917	\$ 87,665,241	\$ 85,868,324	2.0	\$ 9,828,031	873.7
9/30/09	1,753,947	71,968,845	70,214,898	2.4	*	*
9/30/11	1,862,556	83,409,901	81,547,345	2.2	*	*

\* The September 30, 2009 and 2011 valuations amortize 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 multi-year 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, 2011, 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, 2011 was 28 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, 2012.

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. Oral arguments were held in Wayne County Circuit Court in December 2012 and as of the date of this report; the case is now under submission, with a decision anticipated to be received in the near future. 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, 2012 and 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 prior 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, which was also paid in the prior year. In addition, the Department is 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 already completed numerous projects at the electric power plant to improve its compliance; however, it is estimated that the cost for the additional controls and project work will be between \$8 million and \$10 million if a baghouse is installed. During the current year, the Department ceased coal combustion in one of their boilers, began using natural gas in that boiler, and entered into negotiations with the EPA. As part of the negotiations, the Department has proposed that the EPA modify the consent decree to forego the installation of the baghouse if they continue to burn natural gas and no longer burn coal in that boiler. As of the date of this report, negotiations on this matter were pending.

The City has entered into various agreements to repay developers for Brownfield remediation and cleanup. The repayments will be funded by incremental tax captures and are contingent upon increasing Brownfield property tax values. The outstanding amount owed is approximately \$450,000 as of September 30, 2012.

### **Note 18 - Upcoming Accounting Pronouncements**

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 component 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 2013 fiscal year or 2012-2013 fiscal year.

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.

### Note 18 - Upcoming Accounting Pronouncements (Continued)

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 position. 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.

In March 2012, the GASB issued GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which is required to be implemented for financial statements for periods beginning after December 15, 2012. Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows and inflows of resources, certain items that were previously reported as assets and liabilities. This statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources. Statement No. 65 will be implemented for the City's 2013-2014 fiscal year.

In June 2012, the GASB issued two new pension standards, GASB Statement No. 67, *Financial Reporting for Pension Plans*, and No. 68, *Accounting and Financial Reporting for Pensions*. These new standards significantly revise the current accounting and reporting for pensions, both from an employer perspective as well as from a plan perspective. Employers providing defined benefit pensions to its employees must now, under these new standards, recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This net pension liability that will be recorded on the government-wide, proprietary, and discretely presented component units statements will be computed differently than the current unfunded actuarial accrued liability, using specific parameters set forth by the GASB. The statement also enhances accountability and transparency through revised and expanded note disclosures and required supplemental information (RSI). Statement No. 67 is required to be adopted as of September 30, 2014 and Statement No. 68 one year later.

# City of Wyandotte, Michigan

## Notes to Financial Statements September 30, 2012

### Note 19 - Prior Period Adjustment

During the current year, the City recorded long-term liabilities related to properties purchased on an installment basis in the TIFA Consolidated and the TIFA Downtown component units. The properties were purchased in prior years and will be paid for over a period of years. As a result, the City recorded adjustments to reduce beginning net assets as follows:

	Net Assets September 30, 2011	Prior Period Adjustment	Net Assets October 1, 2011 (as restated)
TIFA Consolidated	\$ 2,375,078	\$ 353,582	\$ 2,021,496
TIFA Downtown	<u>773,478</u>	<u>217,024</u>	<u>556,454</u>
Total	<u>\$ 3,148,556</u>	<u>\$ 570,606</u>	<u>\$ 2,577,950</u>

## **Required Supplemental Information**

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# City of Wyandotte, Michigan

## Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended September 30, 2012

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 8,845,115	\$ 9,870,169	\$ 9,830,769	\$ (39,400)
Licenses and permits	424,650	428,400	435,507	7,107
Federal grants	3,925,795	4,602,369	3,414,317	(1,188,052)
State-shared revenue and grants	2,100,866	2,476,866	2,683,797	206,931
Charges for services	4,379,689	3,968,456	4,035,783	67,327
Fines and forfeitures	1,507,000	1,347,000	1,233,237	(113,763)
Investment income	150,000	30,000	26,714	(3,286)
Transfers out	(1,060,656)	(1,060,656)	(1,352,221)	(291,565)
Other revenue	2,546,400	2,592,910	2,453,072	(139,838)
Total revenue	22,818,859	24,255,514	22,760,975	(1,494,539)
<b>Expenditures</b>				
General government:				
Legislative	127,454	125,866	116,295	9,571
Judicial	981,168	971,435	904,247	67,188
Financial services and administration	444,292	447,967	475,959	(27,992)
Information technology	115,892	115,024	115,367	(343)
Treasurer	130,893	130,557	124,055	6,502
Assessor	162,043	157,438	156,042	1,396
City commissions	29,545	29,545	21,170	8,375
Clerk	256,391	249,913	253,284	(3,371)
Elections	39,476	52,886	43,029	9,857
General government	1,293,000	1,340,372	1,309,501	30,871
Public safety:				
Police and civil defense	5,156,151	5,048,056	5,285,189	(237,133)
Dispatch	722,714	215,173	165,222	49,951
Fire	3,199,615	3,109,299	3,189,908	(80,609)
Other public safety activities	-	30,532	28,992	1,540
Public works:				
Engineering and D.P.S.	1,066,513	1,028,740	1,008,288	20,452
Other public works activities	3,150,665	2,971,412	2,672,195	299,217
Community and economic development	3,508,223	3,502,152	1,341,698	2,160,454
Recreation and culture:				
Recreation	582,615	522,530	504,795	17,735
Youth assistance	44,287	43,221	43,043	178
Historical commission	143,499	149,898	138,921	10,977
Swimming pool	12,665	12,665	11,377	1,288
Yack Arena	376,143	394,113	395,479	(1,366)
Other functions	2,143,713	2,143,713	2,143,713	-
Total expenditures	23,686,957	22,792,507	20,447,769	2,344,738
<b>Net Change in Fund Balance</b>	<b>\$ (868,098)</b>	<b>\$ 1,463,007</b>	<b>\$ 2,313,206</b>	<b>\$ 850,199</b>

# City of Wyandotte, Michigan

## Required Supplemental Information Pension System Schedule Year Ended September 30, 2012

The schedule of funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets* (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
9/30/06	\$ 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
9/30/11	59,628,852	82,314,913	22,686,061	72.4	7,428,795	305.4

\* 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
9/30/07	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
9/30/12	9/30/10	743,625	1,896,375	3,557,542	74.2

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of September 30, 2012, 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, 2012

### 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	\$ 22,176,525	\$ 18,511,098	\$ 1,352,221
Reimbursing transfers from other funds	1,936,671	1,936,671	-
Operating transfers	<u>(1,352,221)</u>	<u>-</u>	<u>(1,352,221)</u>
Amounts per budget statement	<u>\$ 22,760,975</u>	<u>\$ 20,447,769</u>	<u>\$ -</u>

## **Other Supplemental Information**

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# 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
<b>Assets</b>							
Cash and investments	\$ 109,109	\$ 225,857	\$ 2,562,819	\$ 95,218	\$ 675,603	\$ 208,984	\$ 2,744,248
Receivables - Net:							
Taxes	-	-	198,366	-	-	-	259,294
Special assessments	-	-	-	-	-	-	-
Accrued interest	-	-	5	-	1	-	6
Other	-	-	12,949	-	171,596	-	-
Due from other governmental units	267,704	109,782	-	-	60,000	31,201	-
Due from component units	-	-	7,764	-	-	-	9,941
Due from other funds	162,042	199,489	112,978	-	87,144	-	127,761
Land held for resale	-	-	-	-	109,495	-	-
Advance to component unit	-	-	-	-	250,946	-	-
<b>Total assets</b>	<b>\$ 538,855</b>	<b>\$ 535,128</b>	<b>\$ 2,894,881</b>	<b>\$ 95,218</b>	<b>\$ 1,354,785</b>	<b>\$ 240,185</b>	<b>\$ 3,141,250</b>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities</b>							
Accounts payable	\$ 28,516	\$ 74,362	\$ 273,087	\$ 392	\$ 17,500	\$ 39,078	\$ -
Due to component units	-	-	-	-	299	-	29,365
Due to other funds	109	-	-	-	-	141,702	-
Advances from other funds	-	-	-	-	-	-	-
Refundable deposits, bonds, etc.	-	-	-	-	-	-	-
Deferred revenue	79,678	40,321	1,239,820	-	1,566	49,019	1,369,123
<b>Total liabilities</b>	<b>108,303</b>	<b>114,683</b>	<b>1,512,907</b>	<b>392</b>	<b>19,365</b>	<b>229,799</b>	<b>1,398,488</b>
<b>Fund Balances</b>							
Nonspendable:							
Real estate held for resale	-	-	-	-	-	-	-
Long-term receivable	-	-	-	-	250,946	-	-
Restricted:							
Major and local street projects	430,552	420,445	-	-	-	-	-
Police	-	-	-	94,826	-	-	-
Grants	-	-	-	-	1,084,474	10,386	-
Rubbish	-	-	1,381,974	-	-	-	-
Sidewalk and alley paving	-	-	-	-	-	-	-
Drains	-	-	-	-	-	-	1,742,762
Committed - Special events	-	-	-	-	-	-	-
Assigned:							
Debt service	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-
<b>Total fund balances</b>	<b>430,552</b>	<b>420,445</b>	<b>1,381,974</b>	<b>94,826</b>	<b>1,335,420</b>	<b>10,386</b>	<b>1,742,762</b>
<b>Total liabilities and fund balances</b>	<b>\$ 538,855</b>	<b>\$ 535,128</b>	<b>\$ 2,894,881</b>	<b>\$ 95,218</b>	<b>\$ 1,354,785</b>	<b>\$ 240,185</b>	<b>\$ 3,141,250</b>

**Other Supplemental Information  
Combining Balance Sheet  
Nonmajor Governmental Funds  
September 30, 2012**

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	
\$ 1,349,694	\$ 151,497	\$ 333,964	\$ -	\$ 308,014	\$ 402,052	\$ 88,960	\$ 1,091,905	\$ 10,347,924
10,135	-	-	22,854	-	3,242	-	-	493,891
524,964	-	-	-	-	-	-	-	524,964
2	-	-	-	-	-	-	-	14
23,333	-	-	-	-	-	-	-	207,878
-	-	9,054	-	-	-	-	-	477,741
-	-	-	-	-	-	-	-	17,705
16,370	-	-	1,352,221	-	290,000	-	-	2,348,005
-	-	-	-	-	-	44,237	-	153,732
-	-	942,459	-	-	-	-	-	1,193,405
<b>\$ 1,924,498</b>	<b>\$ 151,497</b>	<b>\$ 1,285,477</b>	<b>\$ 1,375,075</b>	<b>\$ 308,014</b>	<b>\$ 695,294</b>	<b>\$ 133,197</b>	<b>\$ 1,091,905</b>	<b>\$ 15,765,259</b>
\$ 53,304	\$ 34,646	\$ -	\$ 138	\$ 62,681	\$ 30,413	\$ -	\$ 244,782	\$ 858,899
-	-	-	1,026,260	-	-	-	-	1,055,924
-	-	-	290,000	-	-	-	418,371	850,182
-	-	-	-	-	435,845	-	-	435,845
-	-	-	-	-	-	20	-	20
544,076	-	9,054	22,854	-	3,242	-	-	3,358,753
597,380	34,646	9,054	1,339,252	62,681	469,500	20	663,153	6,559,623
-	-	-	-	-	-	44,237	-	44,237
-	-	942,459	-	-	-	-	-	1,193,405
-	-	-	-	-	-	-	-	850,997
-	-	-	-	-	-	-	-	94,826
-	-	333,964	-	-	-	-	-	1,428,824
-	-	-	-	-	-	-	-	1,381,974
1,327,118	-	-	-	-	-	-	-	1,327,118
-	-	-	-	-	-	-	-	1,742,762
-	116,851	-	-	-	-	-	-	116,851
-	-	-	35,823	-	-	-	-	35,823
-	-	-	-	245,333	225,794	88,940	428,752	988,819
1,327,118	116,851	1,276,423	35,823	245,333	225,794	133,177	428,752	9,205,636
<b>\$ 1,924,498</b>	<b>\$ 151,497</b>	<b>\$ 1,285,477</b>	<b>\$ 1,375,075</b>	<b>\$ 308,014</b>	<b>\$ 695,294</b>	<b>\$ 133,197</b>	<b>\$ 1,091,905</b>	<b>\$ 15,765,259</b>

# 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
<b>Revenue</b>							
Property taxes	\$ -	\$ -	\$ 1,301,170	\$ -	\$ -	\$ -	\$ 1,392,626
Federal grants	120,755	-	-	-	-	86,937	-
State-shared revenue and grants	1,105,685	550,351	-	30,426	-	-	-
Charges for services	-	-	320,565	-	-	-	-
Investment income	-	120	1,462	195	24,817	-	581
Contribution from component unit	80,654	191,933	-	-	-	-	-
Other revenue:							
Special assessments	-	-	-	-	-	-	-
Other miscellaneous income	72,717	-	-	-	49,629	-	-
<b>Total revenue</b>	<b>1,379,811</b>	<b>742,404</b>	<b>1,623,197</b>	<b>30,621</b>	<b>74,446</b>	<b>86,937</b>	<b>1,393,207</b>
<b>Expenditures</b>							
Current:							
General government	-	-	-	-	25,585	-	-
Public safety	-	-	-	128,020	-	-	-
Public works	780,680	658,137	1,707,784	-	-	-	929,182
Community and economic development - Community redevelopment (CDBG, etc.)	-	-	-	-	-	41,458	-
Recreation and culture	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>780,680</b>	<b>658,137</b>	<b>1,707,784</b>	<b>128,020</b>	<b>25,585</b>	<b>41,458</b>	<b>929,182</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>599,131</b>	<b>84,267</b>	<b>(84,587)</b>	<b>(97,399)</b>	<b>48,861</b>	<b>45,479</b>	<b>464,025</b>
<b>Other Financing Sources (Uses)</b>							
Transfers in	-	276,421	-	-	-	-	-
Transfers out	(276,421)	-	-	-	-	-	-
<b>Total other financing (uses) sources</b>	<b>(276,421)</b>	<b>276,421</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>322,710</b>	<b>360,688</b>	<b>(84,587)</b>	<b>(97,399)</b>	<b>48,861</b>	<b>45,479</b>	<b>464,025</b>
<b>Fund Balances (Deficit) - Beginning of year</b>	<b>107,842</b>	<b>59,757</b>	<b>1,466,561</b>	<b>192,225</b>	<b>1,286,559</b>	<b>(35,093)</b>	<b>1,278,737</b>
<b>Fund Balances - End of year</b>	<b>\$ 430,552</b>	<b>\$ 420,445</b>	<b>\$ 1,381,974</b>	<b>\$ 94,826</b>	<b>\$ 1,335,420</b>	<b>\$ 10,386</b>	<b>\$ 1,742,762</b>

**Other Supplemental Information**  
**Combining Statement of Revenue, Expenditures, and Changes in**  
**Fund Balances**  
**Nonmajor Governmental Funds**  
**Year Ended September 30, 2012**

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	
\$ -	\$ -	\$ -	\$ 6,157	\$ -	\$ 1,134	\$ -	\$ -	\$ 2,701,087
-	-	-	-	-	-	-	-	207,692
-	-	-	-	-	-	-	-	1,686,462
-	-	-	-	-	-	-	-	320,565
17,855	-	36,768	-	124	61	118	1,074	83,175
-	-	-	-	-	-	-	-	272,587
253,716	-	-	-	-	-	-	-	253,716
-	252,404	-	-	-	-	17,820	-	392,570
<u>271,571</u>	<u>252,404</u>	<u>36,768</u>	<u>6,157</u>	<u>124</u>	<u>1,195</u>	<u>17,938</u>	<u>1,074</u>	<u>5,917,854</u>
100,000	-	-	-	-	-	-	514,348	639,933
-	-	-	-	-	-	-	-	128,020
404,109	-	-	-	-	-	8,323	-	4,488,215
-	-	-	-	-	-	-	-	41,458
-	233,394	-	-	-	-	-	-	233,394
-	-	-	1,326,412	-	-	-	-	1,326,412
<u>504,109</u>	<u>233,394</u>	<u>-</u>	<u>1,326,412</u>	<u>-</u>	<u>-</u>	<u>8,323</u>	<u>514,348</u>	<u>6,857,432</u>
(232,538)	19,010	36,768	(1,320,255)	124	1,195	9,615	(513,274)	(939,578)
-	-	-	1,352,221	-	-	-	-	1,628,642
-	-	-	-	-	-	-	-	(276,421)
-	-	-	1,352,221	-	-	-	-	1,352,221
(232,538)	19,010	36,768	31,966	124	1,195	9,615	(513,274)	412,643
1,559,656	97,841	1,239,655	3,857	245,209	224,599	123,562	942,026	8,792,993
<u>\$ 1,327,118</u>	<u>\$ 116,851</u>	<u>\$ 1,276,423</u>	<u>\$ 35,823</u>	<u>\$ 245,333</u>	<u>\$ 225,794</u>	<u>\$ 133,177</u>	<u>\$ 428,752</u>	<u>\$ 9,205,636</u>

# City of Wyandotte, Michigan

## Other Supplemental Information Combining Statement of Net Assets Nonmajor Enterprise Funds September 30, 2012

	Golf Course	Building Rental	Total
<b>Assets</b>			
Current assets:			
Cash and investments	\$ 45,094	\$ 15,106	\$ 60,200
Due from other funds	137	6,464	6,601
Prepaid expenses and other assets	-	266,194	266,194
Total current assets	45,231	287,764	332,995
Noncurrent assets - Capital assets:			
Assets not subject to depreciation	-	145,000	145,000
Assets subject to depreciation - Net	2,718,894	2,186,671	4,905,565
Total assets	2,764,125	2,619,435	5,383,560
<b>Liabilities - Current liabilities</b>			
Accounts payable	2,960	1,220	4,180
Due to component units	-	500	500
Accrued liabilities and other	26,066	31,572	57,638
Deferred revenue	-	36,634	36,634
Total liabilities	29,026	69,926	98,952
<b>Net Assets</b>			
Invested in capital assets	2,718,894	2,331,671	5,050,565
Unrestricted	16,205	217,838	234,043
Total net assets	<b>\$ 2,735,099</b>	<b>\$ 2,549,509</b>	<b>\$ 5,284,608</b>

# City of Wyandotte, Michigan

## Other Supplemental Information Combining Statement of Revenue, Expenses, and Changes in Net Assets Nonmajor Enterprise Funds Year Ended September 30, 2012

	<u>Golf Course</u>	<u>Building Rental</u>	<u>Total</u>
<b>Operating Revenue</b>			
Other sales to customers	\$ 337,719	\$ 437,518	\$ 775,237
Other miscellaneous revenue	-	153,226	153,226
Total operating revenue	<u>337,719</u>	<u>590,744</u>	<u>928,463</u>
<b>Operating Expenses</b>			
Other operating and maintenance costs	267,894	445,938	713,832
Depreciation	<u>106,268</u>	<u>94,760</u>	<u>201,028</u>
Total operating expenses	<u>374,162</u>	<u>540,698</u>	<u>914,860</u>
<b>Operating (Loss) Income</b>	(36,443)	50,046	13,603
<b>Nonoperating Revenue</b> - Investment income	<u>-</u>	<u>3</u>	<u>3</u>
<b>Change in Net Assets</b>	(36,443)	50,049	13,606
<b>Net Assets</b> - Beginning of year	<u>2,771,542</u>	<u>2,499,460</u>	<u>5,271,002</u>
<b>Net Assets</b> - End of year	<u>\$ 2,735,099</u>	<u>\$ 2,549,509</u>	<u>\$ 5,284,608</u>

# City of Wyandotte, Michigan

## Other Supplemental Information Combining Statement of Cash Flows Nonmajor Enterprise Funds Year Ended September 30, 2012

	<u>Golf Course</u>	<u>Building Rental</u>	<u>Total</u>
<b>Cash Flows from Operating Activities</b>			
Receipts from customers	\$ 337,719	\$ 565,117	\$ 902,836
Payments to suppliers	(169,699)	(531,886)	(701,585)
Payments to employees	(110,024)	-	(110,024)
Net cash provided by operating activities	57,996	33,231	91,227
<b>Cash Flows from Capital and Related Financing Activities</b>			
Purchase of capital assets	(18,093)	-	(18,093)
Repayment of loans from other funds	-	(20,000)	(20,000)
Net cash used in capital and related financing activities	(18,093)	(20,000)	(38,093)
<b>Cash Flows from Investing Activities - Interest received on investments</b>			
	-	3	3
<b>Net Increase in Cash and Cash Equivalents</b>	39,903	13,234	53,137
<b>Cash and Cash Equivalents - Beginning of year</b>	5,191	1,872	7,063
<b>Cash and Cash Equivalents - End of year</b>	<u>\$ 45,094</u>	<u>\$ 15,106</u>	<u>\$ 60,200</u>
<b>Reconciliation of Operating (Loss) Income to Net Cash from Operating Activities</b>			
Operating (loss) income	\$ (36,443)	\$ 50,046	\$ 13,603
Adjustments to reconcile operating (loss) income to net cash from operating activities:			
Depreciation and amortization	106,268	94,760	201,028
Changes in assets and liabilities:			
Receivables	-	(25,627)	(25,627)
Due from others	(116)	(6,464)	(6,580)
Prepaid and other assets	-	(102,714)	(102,714)
Accounts payable	(11,713)	23,230	11,517
Net cash provided by operating activities	<u>\$ 57,996</u>	<u>\$ 33,231</u>	<u>\$ 91,227</u>

# City of Wyandotte, Michigan

## Other Supplemental Information Statement of Assets and Liabilities Fiduciary Funds September 30, 2012

	Pension Trust	Retiree Health Care	Total Pension Trust Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 9,458,168	\$ 1,327,336	\$ 10,785,504
Investments:			
Collateralized mortgage obligations	146,505	-	146,505
U.S. government securities	6,715,348	62,440	6,777,788
U.S. government agency obligations	7,458,147	36,619	7,494,766
Common trust funds/mutual funds	3,337,997	1,529,262	4,867,259
Stocks	9,560,598	269,773	9,830,371
Foreign stock ADR	6,382,744	-	6,382,744
Foreign government obligations	10,834,376	-	10,834,376
Bonds	9,648,065	171,244	9,819,309
Foreign corporate bonds	814,251	-	814,251
Receivables - Net - Accrued interest	424,422	80,039	504,461
Total assets	64,780,621	3,476,713	68,257,334
<b>Liabilities</b>			
Accounts payable	12,500	-	12,500
Due to primary government	-	1,488,039	1,488,039
Accrued liabilities and other	80,039	-	80,039
Total liabilities	92,539	1,488,039	1,580,578
<b>Net Assets Held in Trust for Pension and Other Employee Benefits</b>	<b>\$ 64,688,082</b>	<b>\$ 1,988,674</b>	<b>\$ 66,676,756</b>

# City of Wyandotte, Michigan

## Other Supplemental Information Combining Statement of Changes in Fiduciary Net Assets Fiduciary Funds Year Ended September 30, 2012

	Pension Trust	Retiree Health Care	Total
<b>Additions</b>			
Investment income:			
Interest and dividends	\$ 2,097,418	\$ 71,049	\$ 2,168,467
Net increase in fair value of investments	4,293,113	149,452	4,442,565
Investment related expenses	(574,896)	-	(574,896)
Net investment income	5,815,635	220,501	6,036,136
Contributions:			
Employer	2,640,000	3,185,453	5,825,453
Employee	72,448	-	72,448
Net contributions	2,712,448	3,185,453	5,897,901
Total additions	8,528,083	3,405,954	11,934,037
<b>Deductions</b>			
Benefit payments	5,744,638	-	5,744,638
Health benefits	-	3,466,195	3,466,195
Total deductions	5,744,638	3,466,195	9,210,833
<b>Net Increase (Decrease) in Net Assets Held in Trust</b>	2,783,445	(60,241)	2,723,204
<b>Net Assets Held in Trust for Pension and Other Employee Benefits - Beginning of year</b>	61,904,637	2,048,915	63,953,552
<b>Net Assets Held in Trust for Pension and Other Employee Benefits - End of year</b>	<b>\$ 64,688,082</b>	<b>\$ 1,988,674</b>	<b>\$ 66,676,756</b>