

City of Wyandotte, Michigan

Financial Report with Supplemental Information September 30, 2013

City of Wyandotte, Michigan

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Independent Auditor's Report

To the City Council
City of Wyandotte, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, 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, 2013 and the related notes to the financial statements, which collectively comprise the City of Wyandotte, Michigan's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Wyandotte, Michigan as of September 30, 2013 and the respective changes in its financial position and, where applicable, cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

To the City Council
City of Wyandotte, Michigan

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension and OPEB system schedules, 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.

Other Information

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 other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2014 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 an opinion 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* in considering the City of Wyandotte, Michigan's internal control over financial reporting and compliance.

Plante & Moran, PLLC

March 20, 2014

City of Wyandotte, Michigan

Management's Discussion and Analysis

Our discussion and analysis of the City of Wyandotte, Michigan's (the "City") financial performance provides an overview of the City's financial activities for the fiscal year ended September 30, 2013. 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, 2013:

- Property tax revenue is the City's single largest source of revenue. The City's 2012 taxable value (levied for the 2013 fiscal year) was \$540,471,000 (ad valorem), which represents a decrease of 5.50 percent and a cumulative reduction of 14.86 percent over the past two years.
- State-shared revenue, our second largest revenue source, increased by approximately \$81,000 this year compared to the reduction of \$141,000 in the prior year. This represents an increase of 3.1 percent in the current year and a cumulative reduction of 1.9 percent over the past two years. Furthermore, the City is receiving approximately \$1,704,000 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 \$1,865,000 of general operating tax revenue to the General Fund in the current year and \$320,000 of debt levy tax revenue compared to \$2,124,000 of general operating tax revenue and \$320,000 of debt levy tax revenue in the prior year. The sharing agreement with the Downtown Development Authority returned approximately \$318,000 to the General Fund in the current year compared to \$337,000 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 \$2,168,000 in the current year compared to \$2,144,000 in the prior year for the gross cost of retiree health insurance.
- 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 27th 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.
- During 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 \$1,473,000 was to be expected. Without considering the effects of the Neighborhood Stabilization Program 2 (NSP2) program, the General Fund anticipated an excess of expenditures of \$45,000. The actual results showed an excess of expenditures over revenues of approximately \$1,629,000. This negative variance is primarily attributed to the sale of assets (houses) capitalized in the previous year related to the NSP2 program. The NSP2 program realized an excess of expenditures over revenue of \$2,647,000 in the current year as compared to an excess of revenues over expenditures of \$2,134,000 in the prior year. The City's General Fund also experienced an excess of revenue over expenditures from non-NSP2 activities of approximately \$1,018,000.

The positive variance in non-NSP2 activities was primarily due to 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. This positive variance was offset by reduced revenue from the fines and forfeitures originating from the 27th 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 offsetting the positive variance was the discretionary decision to forgo a budgeted transfer from the Self-insurance Fund into the General Fund and by the operating transfer to the Building Maintenance Fund which experienced significant expenditures in the prior year as a result of the transition to the new City Hall building.

The City remains cognizant of the difficult economic conditions that continue to negatively affect the operations of the City. As a result, 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 125 employees over the past 16 years. In addition, numerous employees are now being shared between the City and the Department of Municipal Services.

City of Wyandotte, Michigan

Management's Discussion and Analysis (Continued)

- 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.
- 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 and 2013. It is the City's intention to extend this pay freeze to the remaining union members upon the expiration of their collective bargaining agreement in 2014.
- The City has collaborated with neighboring communities to achieve efficiencies, cost savings, and improved service to our citizens in the areas of 911 dispatching, animal control services, and property valuation and assessing. 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 position and the statement of activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing government services.

The fund financial statements present a short-term view; they tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the City's operations in more detail than the government-wide financial statements by providing information about the City's most significant funds. The fiduciary fund 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 position as of September 30, 2013 and 2012 (in thousands of dollars):

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Assets						
Current assets	\$ 38,424	\$ 38,803	\$ 30,225	\$ 26,332	\$ 68,649	\$ 65,135
Capital assets	64,325	64,866	75,852	79,617	140,177	144,483
Other noncurrent assets	12,308	13,443	10,518	11,779	22,826	25,222
Total assets	115,057	117,112	116,595	117,728	231,652	234,840
Liabilities						
Current liabilities	20,147	21,149	18,008	18,391	38,155	39,540
Long-term liabilities	18,891	16,721	38,531	42,541	57,422	59,262
Total liabilities	39,038	37,870	56,539	60,932	95,577	98,802
Net Position						
Net investment in capital assets	57,125	56,566	31,766	31,209	88,891	87,775
Restricted	9,312	12,200	7,140	8,358	16,452	20,558
Unrestricted	9,582	10,476	21,150	17,229	30,732	27,705
Total net position	\$ 76,019	\$ 79,242	\$ 60,056	\$ 56,796	\$ 136,075	\$ 136,038

The City of Wyandotte, Michigan has combined net position of \$136 million in the current year, which is virtually the same as the prior year. Business-type activities comprise \$60 million and \$57 million of the total net position in the respective years.

City of Wyandotte, Michigan

Management's Discussion and Analysis (Continued)

The following table shows the changes in the net position during the fiscal years ended September 30, 2013 and 2012 (in thousands of dollars):

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenue						
Program revenue:						
Charges for services	\$ 6,420	\$ 6,519	\$ 60,207	\$ 60,004	\$ 66,627	\$ 66,523
Operating grants and contributions	2,647	2,093	1,134	2,098	3,781	4,191
Capital grants and contributions	2,487	3,245	-	-	2,487	3,245
General revenue:						
Property taxes	11,852	12,508	-	-	11,852	12,508
State-shared revenue	2,716	2,635	-	-	2,716	2,635
Unrestricted investment earnings	146	152	497	1,281	643	1,433
Transfers and other revenue	2,034	607	-	-	2,034	607
Total revenue	28,302	27,759	61,838	63,383	90,140	91,142
Program Expenses						
General government	8,925	8,513	-	-	8,925	8,513
Public safety	11,199	11,250	-	-	11,199	11,250
Public works	4,975	6,618	-	-	4,975	6,618
Community and economic development	4,931	1,383	-	-	4,931	1,383
Recreation and culture	1,174	1,550	-	-	1,174	1,550
Interest on long-term debt	321	360	-	-	321	360
Business-type	-	-	58,578	56,710	58,578	56,710
Total program expenses	31,525	29,674	58,578	56,710	90,103	86,384
Change in Net Position	\$ (3,223)	\$ (1,915)	\$ 3,260	\$ 6,673	\$ 37	\$ 4,758

Governmental Activities

The City's total governmental revenue increased by approximately \$543,000, or 2 percent, in the current year compared to a decrease of \$1,808,000, or 6.1 percent, in the prior year. Capital grants and contributions decreased \$758,000 primarily due to the NSP2 program. Transfers and other revenue increased \$1,427,000 this year compared to an increase of \$33,000 in the prior year, which is primarily the result of transferring the portion of the City-owned commercial building occupied by the new city hall from the Building Rental Fund fixed assets to governmental activities fixed assets. State-shared revenue increased \$81,000 compared to a decrease of \$135,000 in the prior year.

Expenses increased by approximately \$1,851,000, or 6.2 percent, in the current year compared to a decrease of \$1,828,000, or 5.8 percent in the prior year. Public work expenses decreased \$1,643,000, primarily due to the adjustment in equity interest in the Southgate/Wyandotte Drain District. Recreation and culture expenses declined by \$376,000 due to staff reductions and reduced capital projects. Interest on long-term debt also decreased by \$39,000.

City of Wyandotte, Michigan

Management's Discussion and Analysis (Continued)

These decreases were offset by an increase in community and economic development expenses (\$3,548,000) associated with the sale of NSP2 homes capitalized in the prior year. General government expenses also increased \$412,000, which was primarily due to increased revenue sharing earned by the City of Riverview in accordance with the Joint Management Agreement for the 27th District Court (\$33,500), increased costs related to street lighting (\$83,290), and increased contributions to the defined benefit retirement system.

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, increasing by less than 2.0 percent, while operating expenses increased by almost 5.0 percent. Accordingly, the Electric Fund realized operating income of \$4,241,000 compared to an operating income of \$5,380,000 in the previous year. In addition, the Electric Fund met the requirements of the bond ordinance related to debt service coverage ratio (approximately 165 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 financial performance of the Water Fund remained relatively stable in the current year. Operating revenue increased by less than one-quarter of 1.0 percent while operating expenses decreased by 2.5 percent. Operating income in the current year increased by \$88,000 and was \$392,000 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 past few years, no contribution was made. Unrestricted net assets in the current year total \$4,276,000 as compared to \$3,558,000 in the prior year.

The Cable Television Fund's operating revenue increased by approximately 2.0 percent compared to the prior year primarily due to rate adjustments that more adequately reflect the cost to provide services. This resulted in a combined increase to operating income of \$108,000 in the current year, compared to an increase of \$988,000 in the prior year.

The operating results of the Sewage Disposal Fund indicate operating income of \$350,000 in the current year compared to operating income of \$532,000 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 \$96,000 in the current year as compared to \$36,000 in the prior year. The increased loss was entirely the result of increased operating and maintenance costs as operating revenue was 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 a net loss of \$67,000 in the current year compared to net income of \$50,000 in the prior year. This decrease can be primarily attributed to reduced rent and expense reimbursements received from tenants as the City finally occupied the building for the new City Hall. These results were anticipated and corollary savings were realized in the General Fund due to the operating costs of the new City Hall being absorbed within this fund.

The City's Funds

Our analysis of the City's major funds begins on page 15, 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 2013 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 \$8.9 million, or 41.9 percent of the total General Fund expenditures in the current year as compared to \$9.7 million, or 52.6 percent, of the total General Fund expenditures in the prior fiscal year. During the current fiscal year, significant expenditures also occurred for community and economic development of \$4.9 million, or 22.9 percent of the total General Fund expenditures. Community and economic development expenditures totaled \$1.3 million, or 7.2 percent, in the prior year. This increased activity is due to the NSP2 program. Additional noteworthy expenditures include public works (\$2.7 million, or 12.7 percent, in the current fiscal year as compared to \$2.9 million, or 15.8 percent, of total expenditures in the prior fiscal year) and recreation and culture (\$1.0 million, or 4.7 percent of total expenditures in the current fiscal year compared to \$1.1 million, or 5.7 percent of total expenditures in the prior fiscal year). The reductions in all expenditure categories, except community and economic development activities, are entirely offset by the increase in total expenditures caused by the activity of the NSP2 program.

City of Wyandotte, Michigan

Management's Discussion and Analysis (Continued)

General Fund Budgetary Highlights

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

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

Even with these adjustments, actual expenditures were less than anticipated. This is primarily attributable to a pay freeze enacted for nonunion employees, concessions by collective bargaining units, and the management of personnel costs when vacancies arose, which effectively served as a hiring freeze. Additionally, the reimbursement for administrative services related to the NSP2 program helped offset employee costs previously borne by the General Fund. Unfortunately, reductions in user receipts from ambulance service, court fines and fees, and investment earnings 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, 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, animal control services, and property valuation and assessing with neighboring communities.

The most significant changes to the adopted budget were an increase in personnel costs in the fire department due to the receipt of the SAFER grant which allowed the hiring of four additional firefighters, 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. Revenue adjustments included an increase in federal grant revenue from the SAFER grant (\$145,000). 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 were repaid in the current year.

City of Wyandotte, Michigan

Management's Discussion and Analysis (Continued)

Economic Factors and Next Year's Budgets and Rates

The City's budget for next year will continue to be challenging to manage while continuing to offer the same level of service. The additional operating millage approved in November 2011 will expire at the end of the next fiscal year. Other negative factors including stagnant state-shared revenue projections and property tax revenue, escalating healthcare costs, depletion of reserve funds previously relied upon by the City, and minimal investment earnings, Thus, the City needs to continue to monitor the budget very closely. The City will be asking the voters to approve additional an additional operating millage to replace the millage expiring in the next fiscal year. Without the additional operating millage, it is likely that the delivery of services may be curtailed.

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 Position September 30, 2013

	Primary Government			Component Units
	Governmental	Business-type	Total	
	Activities	Activities		
Assets				
Cash and investments (Note 3)	\$ 32,396,596	\$ 18,041,571	\$ 50,438,167	\$ 4,662,562
Receivables - Net:				
Taxes	1,835,478	1,882	1,837,360	-
Customer	-	9,024,831	9,024,831	-
Accrued interest	1,341	97	1,438	39
Other	1,679,336	-	1,679,336	324,820
Due from other governmental units	1,205,050	283,886	1,488,936	-
Special assessments	395,022	-	395,022	-
Due from component units (Note 9)	534,891	-	534,891	-
Due from primary government (Note 9)	-	-	-	37,300
Internal balances (Note 9)	265,024	(265,024)	-	-
Inventory	-	1,166,031	1,166,031	-
Prepaid expenses and other assets	112,371	1,971,445	2,083,816	-
Restricted assets (Note 12)	-	7,867,828	7,867,828	-
Investment in joint ventures (Note 7)	3,495,000	1,550,361	5,045,361	-
Land held for resale (Note 6)	611,047	-	611,047	2,301,314
Net pension asset (Note 13)	6,854,807	-	6,854,807	-
Note receivable	-	-	-	400,000
Capital assets:				
Assets not subject to depreciation (Note 8)	18,229,021	690,837	18,919,858	-
Assets subject to depreciation (Note 8)	46,096,037	75,160,902	121,256,939	-
Bond issuance costs (Note 5)	-	1,100,831	1,100,831	-
Advance to component unit (Note 9)	1,346,710	-	1,346,710	-
Total assets	115,057,731	116,595,478	231,653,209	7,726,035
Liabilities				
Accounts payable	1,188,911	2,464,399	3,653,310	474,149
Due to other governmental units	2,270,896	-	2,270,896	123,581
Due to component units (Note 9)	37,300	-	37,300	-
Due to primary government (Note 9)	-	-	-	534,891
Refundable deposits, bonds, etc.	1,899,503	1,037,704	2,937,207	-
Accrued liabilities and other	752,815	2,897,730	3,650,545	60,610
Deferred revenue (Note 4)	11,752,055	99,832	11,851,887	1,801,859
Noncurrent liabilities:				
Due within one year:				
Payable from restricted assets	-	5,207,238	5,207,238	-
Compensated absences	735,990	-	735,990	-
General liability and workers' compensation claims	909,953	-	909,953	-
Current portion of long-term debt (Note 10)	600,000	6,300,643	6,900,643	303,840
Due in more than one year:				
Compensated absences	753,909	-	753,909	-
Advances from primary government (Note 9)	-	-	-	1,346,710
Net OPEB obligation (Note 16)	11,537,005	4,125,182	15,662,187	-
Long-term debt (Note 10)	6,600,000	34,405,988	41,005,988	481,599
Total liabilities	39,038,337	56,538,716	95,577,053	5,127,239
Net Position				
Net investment in capital assets	57,125,058	31,765,939	88,890,997	-
Restricted for:				
Major and local street projects	1,099,360	-	1,099,360	-
Police	74,845	-	74,845	-
Debt service	-	6,801,002	6,801,002	-
Grants	3,099,335	-	3,099,335	13,000
Sidewalk and alley paving	1,680,176	-	1,680,176	-
Rubbish	1,238,864	-	1,238,864	-
Retiree health care	-	339,588	339,588	-
Drains	2,119,682	-	2,119,682	-
Unrestricted	9,582,074	21,150,233	30,732,307	2,585,796
Total net position	\$ 76,019,394	\$ 60,056,762	\$ 136,076,156	\$ 2,598,796

City of Wyandotte, Michigan

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 8,925,027	\$ 3,522,487	\$ 11	\$ -
Public safety	11,198,769	1,630,643	145,134	-
Public works	4,975,463	601,607	1,543,427	659,992
Community and economic development:				
Redevelopment and housing	4,931,049	-	-	-
Other community and economic development	-	-	958,158	1,826,964
Recreation and culture	1,173,595	664,950	-	-
Interest on long-term debt	320,717	-	-	-
Total governmental activities	31,524,620	6,419,687	2,646,730	2,486,956
Business-type activities:				
Electric	41,010,267	42,659,454	1,134,165	-
Water	3,299,099	3,691,068	-	-
Cable television	8,659,084	9,749,555	-	-
Sewage disposal	3,214,401	3,318,113	-	-
Golf course	431,898	336,394	-	-
Building rental	519,603	452,627	-	-
Total business-type activities	57,134,352	60,207,211	1,134,165	-
Total primary government	\$ 88,658,972	\$ 66,626,898	\$ 3,780,895	\$ 2,486,956
Component units:				
Tax Increment Finance Authorities - Consolidated	\$ 1,523,790	\$ -	\$ -	\$ -
Tax Increment Finance Authorities - Downtown	504,055	-	-	-
Downtown Development Authority	-	-	-	-
Brownfield Redevelopment Authority	82,622	-	-	-
Downriver Central Dispatch	805,445	805,445	-	-
Downriver Central Animal Control Agency	182,739	182,739	-	-
Total component units	\$ 3,098,651	\$ 988,184	\$ -	\$ -
General revenue:				
Property taxes				
State-shared revenue				
Investment income				
Other miscellaneous income				
Total general revenue				
Transfer of Capital Assets				
Change in Net Position				
Net Position - Beginning of year				
Net Position - End of year				

Statement of Activities Year Ended September 30, 2013

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (5,402,529)	\$ -	\$ (5,402,529)	\$ -
(9,422,992)	-	(9,422,992)	-
(2,170,437)	-	(2,170,437)	-
(4,931,049)	-	(4,931,049)	-
2,785,122	-	2,785,122	-
(508,645)	-	(508,645)	-
(320,717)	-	(320,717)	-
(19,971,247)	-	(19,971,247)	-
-	2,783,352	2,783,352	-
-	391,969	391,969	-
-	1,090,471	1,090,471	-
-	103,712	103,712	-
-	(95,504)	(95,504)	-
-	(66,976)	(66,976)	-
-	4,207,024	4,207,024	-
(19,971,247)	4,207,024	(15,764,223)	-
-	-	-	(1,523,790)
-	-	-	(504,055)
-	-	-	-
-	-	-	(82,622)
-	-	-	-
-	-	-	-
-	-	-	(2,110,467)
11,852,209	-	11,852,209	2,888,745
2,716,037	-	2,716,037	-
146,328	497,073	643,401	2,189
590,301	-	590,301	591,415
15,304,875	497,073	15,801,948	3,482,349
1,443,547	(1,443,547)	-	-
(3,222,825)	3,260,550	37,725	1,371,882
79,242,219	56,796,212	136,038,431	1,226,914
\$ 76,019,394	\$ 60,056,762	\$ 136,076,156	\$ 2,598,796

City of Wyandotte, Michigan

Governmental Funds Balance Sheet September 30, 2013

	General Fund	Nonmajor Funds	Total
Assets			
Cash and investments (Note 3)	\$ 20,287,249	\$ 10,090,754	\$ 30,378,003
Receivables - Net:			
Taxes	1,398,435	437,043	1,835,478
Special assessments	-	395,022	395,022
Accrued interest	1,105	168	1,273
Other	1,186,973	492,363	1,679,336
Due from other governmental units	730,929	474,121	1,205,050
Due from component units (Note 9)	368,177	166,714	534,891
Due from other funds (Note 9)	160,132	1,251,055	1,411,187
Prepaid expenses and other assets	112,371	-	112,371
Land held for resale (Note 6)	448,770	162,277	611,047
Advance to component unit (Note 9)	-	1,114,997	1,114,997
	<u>\$ 24,694,141</u>	<u>\$ 14,584,514</u>	<u>\$ 39,278,655</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 676,149	\$ 511,958	\$ 1,188,107
Due to other governmental units	2,270,896	-	2,270,896
Due to component units (Note 9)	37,300	-	37,300
Due to other funds (Note 9)	5,539,830	1,001,444	6,541,274
Advances from other funds (Note 9)	-	435,845	435,845
Refundable deposits, bonds, etc.	1,899,483	20	1,899,503
Accrued liabilities and other	629,877	-	629,877
Deferred revenue (Note 4)	10,003,736	3,134,780	13,138,516
	<u>21,057,271</u>	<u>5,084,047</u>	<u>26,141,318</u>
Fund Balances			
Nonspendable:			
Real estate held for resale	-	162,277	162,277
Prepays	112,371	-	112,371
Long-term receivable	-	1,114,997	1,114,997
Restricted:			
Major and local street projects	-	1,099,360	1,099,360
Police	-	74,845	74,845
Grants	408,277	1,395,551	1,803,828
Rubbish	-	1,238,864	1,238,864
Sidewalk and alley paving	-	1,276,177	1,276,177
Drains	-	2,119,682	2,119,682
Committed - Special events	-	167,939	167,939
Assigned:			
Debt service	-	106,460	106,460
Capital projects	-	744,315	744,315
Unassigned	3,116,222	-	3,116,222
	<u>3,636,870</u>	<u>9,500,467</u>	<u>13,137,337</u>
Total fund balances	<u>\$ 24,694,141</u>	<u>\$ 14,584,514</u>	<u>\$ 39,278,655</u>
Total liabilities and fund balances	<u>\$ 24,694,141</u>	<u>\$ 14,584,514</u>	<u>\$ 39,278,655</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 Position September 30, 2013

Fund Balance Reported in Governmental Funds	\$ 13,137,337
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	64,325,058
Net pension asset is not a financial resource and is not reported in the fund	6,854,807
Investments in joint ventures are not financial resources and are not reported in the funds	3,495,000
Special assessment receivables are expected to be collected over several years and are not available to pay for current year expenditures	399,608
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	986,853
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(7,200,000)
Accrued interest is not due and payable in the current period and is not reported in the funds	(122,938)
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	(1,489,899)
Net OPEB obligation does not present a claim on current financial resources and is not reported as a fund liability	(11,537,005)
Internal service funds are included as part of governmental activities	<u>7,170,573</u>
Net Position of Governmental Activities	<u>\$ 76,019,394</u>

City of Wyandotte, Michigan

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended September 30, 2013

	General Fund	Nonmajor Funds	Total
Revenue			
Property taxes	\$ 9,326,651	\$ 2,533,605	\$ 11,860,256
Licenses and permits	489,208	-	489,208
Federal grants	3,366,586	139,976	3,506,562
State-shared revenue and grants	2,727,765	1,669,927	4,397,692
Other charges for services	3,997,406	350,436	4,347,842
Fines and forfeitures	1,138,292	-	1,138,292
Investment income	25,955	60,196	86,151
Contribution from component unit	-	409,852	409,852
Other revenue:			
Special assessments	-	386,394	386,394
Other miscellaneous income	394,980	476,115	871,095
Total revenue	21,466,843	6,026,501	27,493,344
Expenditures			
Current:			
General government	3,775,524	780,437	4,555,961
Public safety	8,949,447	50,507	8,999,954
Public works	2,715,306	4,965,526	7,680,832
Community and economic development	4,896,739	34,310	4,931,049
Recreation and culture	999,719	220,644	1,220,363
Debt service	-	1,439,388	1,439,388
Total expenditures	21,336,735	7,490,812	28,827,547
Excess of Revenue Over (Under) Expenditures	130,108	(1,464,311)	(1,334,203)
Other Financing Sources (Uses)			
Transfers in (Note 9)	-	2,240,853	2,240,853
Transfers out (Note 9)	(1,759,142)	(481,711)	(2,240,853)
Total other financing (uses) sources	(1,759,142)	1,759,142	-
Net Change in Fund Balances	(1,629,034)	294,831	(1,334,203)
Fund Balances - Beginning of year	5,265,904	9,205,636	14,471,540
Fund Balances - End of year	\$ 3,636,870	\$ 9,500,467	\$ 13,137,337

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, 2013

Net Change in Fund Balances - Total Governmental Funds	\$ (1,334,203)
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	2,800,663
Transfer of capital assets from Building Rental Enterprise Fund	1,443,547
Depreciation expense	(4,534,489)
Net book value of assets disposed of	(251,031)
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	(695,577)
Increase in the net pension asset reported in the statement of activities does not require the use of current resources and is not reported in the fund statements	173,950
Increases in investments in joint ventures are not increases to current financial resources and are not reported in the funds	1,398,000
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	1,100,000
Change in accrued interest payable and other	18,333
Increase in accumulated employee sick and vacation pay and other similar expenses reported in the statement of activities do not require the use of current resources and therefore are not reported in the fund statements until they come due for payment	(28,636)
Increase in net OPEB obligation reported in the statement of activities does not require the use of current resources, and therefore is not reported in the fund statements until it comes due for payment	(2,811,319)
Internal service funds are included as part of governmental activities	(502,063)
Change in Net Position of Governmental Activities	<u>\$ (3,222,825)</u>

City of Wyandotte, Michigan

	Enterprise Funds			
	Electric	Water	Cable Television	Sewage Disposal
Assets				
Current assets:				
Cash and investments	\$ 7,023,473	\$ 5,571,119	\$ 2,192,053	\$ 3,009,108
Receivables - Net	7,059,615	561,567	1,070,426	619,088
Due from other funds (Note 9)	6,992	-	-	890,571
Inventory	985,793	120,541	59,697	-
Prepaid expenses and other assets	339,079	30,727	35,845	1,492,724
Total current assets	15,414,952	6,283,954	3,358,021	6,011,491
Noncurrent assets:				
Restricted assets (Note 12)	7,528,240	169,794	169,794	-
Advances to other funds	-	-	-	-
Investment in joint ventures (Note 7)	-	-	-	1,550,361
Capital assets:				
Assets not subject to depreciation (Note 8)	638,929	-	-	-
Assets subject to depreciation (Note 8)	42,371,749	7,674,890	2,650,339	19,088,570
Bond issuance costs (Note 5)	1,100,831	-	-	-
Advance to component unit (Note 9)	-	-	-	-
Total noncurrent assets	51,639,749	7,844,684	2,820,133	20,638,931
Total assets	67,054,701	14,128,638	6,178,154	26,650,422
Liabilities				
Current liabilities:				
Accounts payable	1,755,747	129,623	445,003	123,555
Due to other funds (Note 9)	159,092	891,539	6,024	-
Refundable deposits, bonds, etc.	1,019,379	-	18,325	-
Accrued liabilities and other	2,206,285	273,512	360,295	-
Deferred revenue (Note 4)	-	-	61,640	1,882
General liability and workers' compensation claims	-	-	-	-
Current portion of long-term debt (Note 10)	5,411,975	-	81,849	806,819
Total current liabilities	10,552,478	1,294,674	973,136	932,256
Noncurrent liabilities:				
Advances from other funds (Note 9)	-	-	-	142,784
Debt service payable from restricted assets	5,207,238	-	-	-
Net OPEB obligation (Note 16)	2,893,870	713,276	518,036	-
Long-term debt - Net of current portion and amount payable from restricted assets (Note 10)	23,742,058	-	-	10,663,930
Total noncurrent liabilities	31,843,166	713,276	518,036	10,806,714
Total liabilities	42,395,644	2,007,950	1,491,172	11,738,970
Net Position				
Net investment in capital assets	10,477,476	7,674,890	2,568,490	7,617,821
Restricted (Note 12)	6,801,002	169,794	169,794	-
Unrestricted	7,380,579	4,276,004	1,948,698	7,293,631
Total net position	\$ 24,659,057	\$ 12,120,688	\$ 4,686,982	\$ 14,911,452

**Proprietary Funds
Statement of Net Position
September 30, 2013**

Enterprise Funds		Governmental Activities
Nonmajor Enterprise	Total Enterprise Funds	Internal Service
\$ 245,818	\$ 18,041,571	\$ 2,018,593
-	9,310,696	68
36,927	934,490	5,252,327
-	1,166,031	-
73,070	1,971,445	-
<u>355,815</u>	<u>31,424,233</u>	<u>7,270,988</u>
-	7,867,828	-
-	-	578,629
-	1,550,361	-
51,908	690,837	-
3,375,354	75,160,902	-
-	1,100,831	-
-	-	231,713
<u>3,427,262</u>	<u>86,370,759</u>	<u>810,342</u>
3,783,077	117,794,992	8,081,330
10,471	2,464,399	804
75	1,056,730	-
-	1,037,704	-
57,638	2,897,730	-
36,310	99,832	-
-	-	909,953
-	6,300,643	-
<u>104,494</u>	<u>13,857,038</u>	<u>910,757</u>
-	142,784	-
-	5,207,238	-
-	4,125,182	-
-	34,405,988	-
<u>-</u>	<u>43,881,192</u>	<u>-</u>
<u>104,494</u>	<u>57,738,230</u>	<u>910,757</u>
3,427,262	31,765,939	-
-	7,140,590	-
251,321	21,150,233	7,170,573
<u>\$ 3,678,583</u>	<u>\$ 60,056,762</u>	<u>\$ 7,170,573</u>

City of Wyandotte, Michigan

	Enterprise Funds			
	Electric	Water	Cable Television	Sewage Disposal
Operating Revenue				
Sale of water	\$ -	\$ 3,691,068	\$ -	\$ -
Sewage disposal charges	-	-	-	3,318,113
Sale of electricity	42,659,454	-	-	-
Income from customers and tenants	-	-	9,749,555	-
Other miscellaneous revenue	-	-	-	-
Total operating revenue	42,659,454	3,691,068	9,749,555	3,318,113
Operating Expenses				
Cost of water	-	854,129	-	-
Cost of sewage treatment	-	-	-	1,520,141
Cost of electrical production	26,478,288	-	-	-
Cost of insurance claims	-	-	-	-
Transportation	87,408	26,817	25,177	-
Other operation and maintenance costs	5,405,089	1,106,855	1,822,463	843,818
Billing and administrative costs	466,144	222,832	366,925	-
Distribution	1,431,688	476,165	781,350	-
Cable television royalties	-	-	5,005,583	-
Depreciation	4,550,312	612,301	651,747	603,736
Total operating expenses	38,418,929	3,299,099	8,653,245	2,967,695
Operating Income (Loss)	4,240,525	391,969	1,096,310	350,418
Nonoperating Revenue (Expenses)				
Investment and other income (loss)	310,343	99,895	97,563	(10,730)
Grant expenses	(944,884)	-	-	-
Interest expense	(1,499,070)	-	(5,839)	(246,706)
Amortization of bond issuance costs	(147,384)	-	-	-
Grant revenue	1,134,165	-	-	-
Transfer of capital assets between funds	-	-	-	-
Total nonoperating (expenses) revenue	(1,146,830)	99,895	91,724	(257,436)
Change in Net Position	3,093,695	491,864	1,188,034	92,982
Net Position - Beginning of year	21,565,362	11,628,824	3,498,948	14,818,470
Net Position - End of year	\$ 24,659,057	\$ 12,120,688	\$ 4,686,982	\$ 14,911,452

Proprietary Funds

Statement of Revenue, Expenses, and Changes in Net Position
Year Ended September 30, 2013

Enterprise Funds		
Nonmajor Enterprise	Total	Internal Service
\$ -	\$ 3,691,068	\$ -
-	3,318,113	-
-	42,659,454	-
611,353	10,360,908	-
177,668	177,668	-
789,021	60,207,211	-
-	854,129	-
-	1,520,141	-
-	26,478,288	-
-	-	562,545
-	139,402	-
759,406	9,937,631	-
-	1,055,901	-
-	2,689,203	-
-	5,005,583	-
192,095	6,610,191	-
951,501	54,290,469	562,545
(162,480)	5,916,742	(562,545)
2	497,073	60,482
-	(944,884)	-
-	(1,751,615)	-
-	(147,384)	-
-	1,134,165	-
(1,443,547)	(1,443,547)	-
(1,443,545)	(2,656,192)	60,482
(1,606,025)	3,260,550	(502,063)
5,284,608	56,796,212	7,672,636
\$ 3,678,583	\$ 60,056,762	\$ 7,170,573

City of Wyandotte, Michigan

	Enterprise Funds			
	Electric	Water	Cable Television	Sewage Disposal
Cash Flows from Operating Activities				
Receipts from customers and tenants	\$ 41,778,909	\$ 3,661,051	\$ 9,726,720	\$ 3,414,636
Payments on interfund services and reimbursements	-	-	-	(854,458)
Payments to suppliers	(28,736,723)	(1,700,615)	(7,025,351)	(2,730,762)
Payments to employees	(4,500,119)	(914,120)	(920,567)	-
Claims paid	-	-	-	-
Net cash provided by (used in) operating activities	8,542,067	1,046,316	1,780,802	(170,584)
Cash Flows from Noncapital Financing Activities				
Transfers (to) from other funds	(6,992)	855,426	6,024	-
Repayments of loans from other funds	-	-	-	(65,306)
Net cash (used in) provided by noncapital financing activities	(6,992)	855,426	6,024	(65,306)
Cash Flows from Capital and Related Financing Activities				
Grant revenue	1,338,446	-	-	-
Grant expenses	(944,884)	-	-	-
Purchase of capital assets - Net of reimbursements	(2,006,491)	(415,993)	(106,175)	(125,272)
Principal and interest paid on capital debt	(6,595,748)	-	(138,216)	(924,901)
Net cash used in capital and related financing activities	(8,208,677)	(415,993)	(244,391)	(1,050,173)
Cash Flows from Investing Activities - Interest received on investments and other income	(14,379)	129,294	97,563	-
Net Increase (Decrease) in Cash and Cash Equivalents	312,019	1,615,043	1,639,998	(1,286,063)
Cash and Cash Equivalents - Beginning of year	14,239,694	4,125,870	721,849	4,295,171
Cash and Cash Equivalents - End of year	\$ 14,551,713	\$ 5,740,913	\$ 2,361,847	\$ 3,009,108
Balance Sheet Classification of Cash and Cash Equivalents				
Cash and investments	\$ 7,023,473	\$ 5,571,119	\$ 2,192,053	\$ 3,009,108
Restricted cash	7,528,240	169,794	169,794	-
Total cash and cash equivalents	\$ 14,551,713	\$ 5,740,913	\$ 2,361,847	\$ 3,009,108
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities				
Operating income (loss)	\$ 4,240,525	\$ 391,969	\$ 1,096,310	\$ 350,418
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation and amortization	4,550,312	612,301	651,747	603,736
Bad debt expense	100,000	-	60,000	-
Changes in assets and liabilities:				
Receivables	(980,545)	(30,017)	(82,835)	96,523
Due from others	2,546	-	-	(854,458)
Inventories	630,793	(5,680)	40,716	-
Prepaid and other assets	(232,562)	(3,423)	(3,477)	97,359
Accounts payable	(213,424)	5,130	(56,519)	(176,263)
Estimated claims liability	-	-	-	-
Accrued and other liabilities	469,631	76,036	88,046	-
Deferred revenue	-	-	(12,336)	(287,899)
Customer deposits and other current liabilities	(25,209)	-	(850)	-
Net cash provided by (used in) operating activities	\$ 8,542,067	\$ 1,046,316	\$ 1,780,802	\$ (170,584)

Noncash Capital and Related Financing Activities - During the year ended September 30, 2013, the Sewage Disposal Fund recorded \$1,327,005 of asset additions and long-term debt related to its portion of long-term debt issued by the Downriver Sewage Disposal System. The Building Rental Fund transferred a building with a net book value of \$1,443,547 to the governmental activities of the City.

**Proprietary Funds
Statement of Cash Flows
Year Ended September 30, 2013**

Enterprise Funds		Governmental Activities
Nonmajor Enterprise	Total	Internal Service Fund
\$ 788,697	\$ 59,370,013	\$ -
-	(854,458)	-
(527,310)	(40,720,761)	-
(63,432)	(6,398,238)	-
-	-	(275,744)
197,955	11,396,556	(275,744)
-	854,458	-
-	(65,306)	-
-	789,152	-
-	1,338,446	-
-	(944,884)	-
(12,339)	(2,666,270)	-
-	(7,658,865)	-
(12,339)	(9,931,573)	-
2	212,480	50,584
185,618	2,466,615	(225,160)
60,200	23,442,784	2,243,753
\$ 245,818	\$ 25,909,399	\$ 2,018,593
\$ 245,818	\$ 18,041,571	\$ 2,018,593
-	7,867,828	-
\$ 245,818	\$ 25,909,399	\$ 2,018,593
\$ (162,480)	\$ 5,916,742	\$ (562,545)
192,095	6,610,191	-
-	160,000	-
(324)	(997,198)	-
(30,251)	(882,163)	-
-	665,829	-
193,124	51,021	-
5,791	(435,285)	(22,934)
-	-	309,735
-	633,713	-
-	(300,235)	-
-	(26,059)	-
\$ 197,955	\$ 11,396,556	\$ (275,744)

City of Wyandotte, Michigan

Fiduciary Funds Statement of Fiduciary Net Position September 30, 2013

	Pension and Other Employee Benefits Trust	Agency Fund
Assets		
Cash and cash equivalents (Note 3)	\$ 4,239,402	\$ 441,156
Investments (Note 3):		
Collateralized mortgage obligations	137,512	-
U.S. government securities	5,662,290	-
U.S. government agency obligations	5,607,443	-
Common trust funds/Mutual funds	8,738,432	-
Stocks	11,264,424	-
Foreign stock ADR	14,406,943	-
Foreign government obligations	10,036,748	-
Bonds	7,218,145	-
Foreign corporate bonds	710,374	-
Receivables - Net - Accrued interest	307,135	-
Total assets	68,328,848	\$ 441,156
Liabilities		
Accounts payable	128,332	\$ -
Due to other governmental units	-	6,414
Due to primary government	334,978	-
Refundable deposits, bonds, etc.	-	434,742
Accrued liabilities and other	6,603	-
Total liabilities	469,913	\$ 441,156
Net Position Held in Trust for Pension and Other Employee Benefits	\$ 67,858,935	

City of Wyandotte, Michigan

Fiduciary Funds Statement of Changes in Fiduciary Net Position - Pension and Other Employee Benefits Trust Year Ended September 30, 2013

	<u>Pension and Other Employee Benefits Trust</u>
Additions	
Investment income (loss):	
Interest and dividends	\$ 1,985,002
Net increase in fair value of investments	2,502,868
Investment-related expenses	<u>(359,226)</u>
Net investment income	4,128,644
Contributions:	
Employer	7,018,334
Employee	<u>55,280</u>
Total contributions	<u>7,073,614</u>
Total additions	11,202,258
Deductions	
Pension benefit payments	6,510,783
Health benefit payments	<u>3,509,296</u>
Total deductions	<u>10,020,079</u>
Net Increase in Net Position Held in Trust	1,182,179
Net Position Held in Trust for Pension and Other Employee Benefits - Beginning of year	<u>66,676,756</u>
Net Position Held in Trust for Pension and Other Employee Benefits - End of year	<u>\$ 67,858,935</u>

City of Wyandotte, Michigan

Component Units Statement of Net Position September 30, 2013

	Tax Increment Finance Authorities - Consolidated	Tax Increment Finance Authorities - Downtown	Downtown Development Authority	Brownfield Redevelopment Authority	Downriver Central Dispatch	Downriver Central Animal Control Agency	Total
Assets							
Cash and investments (Note 3)	\$ 3,937,775	\$ 478,983	\$ 1,583	\$ 244,221	\$ -	\$ -	\$ 4,662,562
Receivables - Net	46,778	15,000	-	10,894	252,187	-	324,859
Due from primary government (Note 9)	37,300	-	-	-	-	-	37,300
Internal balances (Note 9)	186,729	(92,440)	-	(94,289)	-	-	-
Land held for resale (Note 6)	1,906,514	394,800	-	-	-	-	2,301,314
Note receivable	-	400,000	-	-	-	-	400,000
Total assets	6,115,096	1,196,343	1,583	160,826	252,187	-	7,726,035
Liabilities							
Accounts payable	464,351	9,798	-	-	-	-	474,149
Due to other governmental units	-	-	-	123,581	-	-	123,581
Due to primary government (Note 9)	144,963	11,106	-	126,635	252,187	-	534,891
Accrued liabilities and other	9,960	23,386	-	27,264	-	-	60,610
Deferred revenue (Note 4)	1,442,489	359,370	-	-	-	-	1,801,859
Due within one year - Current portion of long-term debt (Note 10)	263,766	40,074	-	-	-	-	303,840
Due in more than one year: Advance from primary government (Note 9)	-	-	-	1,346,710	-	-	1,346,710
Long-term debt (Note 10)	324,674	156,925	-	-	-	-	481,599
Total liabilities	2,650,203	600,659	-	1,624,190	252,187	-	5,127,239
Net Position (Deficit)							
Restricted - NSP grant land held for resale	13,000	-	-	-	-	-	13,000
Unrestricted	3,451,893	595,684	1,583	(1,463,364)	-	-	2,585,796
Total net position (deficit)	\$ 3,464,893	\$ 595,684	\$ 1,583	\$ (1,463,364)	\$ -	\$ -	\$ 2,598,796

City of Wyandotte, Michigan

Functions/Programs	Expenses	Program Revenue		Net (Expense)
		Charges for Services	Capital Grants and Contributions	Revenue and Changes in Net Position
				Tax Increment Finance Authorities - Consolidated
Functions/Programs				
Tax Increment Finance Authorities - Consolidated governmental activities:				
Community and economic development	\$ 1,363,607	\$ -	\$ -	\$ (1,363,607)
Debt service	160,183	-	-	(160,183)
Total Tax Increment Finance Authorities - Consolidated governmental activities	1,523,790	-	-	(1,523,790)
Tax Increment Finance Authorities - Downtown governmental activities:				
Community and economic development	436,728	-	-	-
Debt service	67,327	-	-	-
Total Tax Increment Finance Authorities - Downtown governmental activities	504,055	-	-	-
Downtown Development Authority	-	-	-	-
Brownfield Redevelopment Authority - Governmental activities:				
Community and economic development	23,446	-	-	-
Debt service	59,176	-	-	-
Total Brownfield Redevelopment Authority - Governmental activities	82,622	-	-	-
Downriver Central Dispatch - Governmental activities - Public safety	805,445	805,445	-	-
Downriver Central Animal Control Agency - Public Safety	182,739	182,739	-	-
Total component units	<u>\$ 3,098,651</u>	<u>\$ 988,184</u>	<u>\$ -</u>	(1,523,790)
General revenue:				
Property taxes				2,277,508
Investment income				2,134
Other miscellaneous income				388,073
Total general revenue				<u>2,667,715</u>
Change in Net Position				1,143,925
Net Position - Beginning of year				<u>2,320,968</u>
Net Position - End of year				<u>\$ 3,464,893</u>

**Component Units
Statement of Activities
Year Ended September 30, 2013**

Net (Expense) Revenue and Changes in Net Position					
Tax Increment Finance Authorities - Downtown	Downtown Development Authority	Brownfield Redevelopment Authority	Downriver Central Dispatch	Downriver Central Animal Control Agency	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,363,607)
-	-	-	-	-	(160,183)
-	-	-	-	-	(1,523,790)
(436,728)	-	-	-	-	(436,728)
(67,327)	-	-	-	-	(67,327)
(504,055)	-	-	-	-	(504,055)
-	-	-	-	-	-
-	-	(23,446)	-	-	(23,446)
-	-	(59,176)	-	-	(59,176)
-	-	(82,622)	-	-	(82,622)
-	-	-	-	-	-
-	-	-	-	-	-
(504,055)	-	(82,622)	-	-	(2,110,467)
487,287	-	123,950	-	-	2,888,745
32	-	23	-	-	2,189
127,444	-	75,898	-	-	591,415
614,763	-	199,871	-	-	3,482,349
110,708	-	117,249	-	-	1,371,882
484,976	1,583	(1,580,613)	-	-	1,226,914
\$ 595,684	\$ 1,583	\$ (1,463,364)	\$ -	\$ -	\$ 2,598,796

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2013

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 Council.

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

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

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

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

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 Council.

The Downriver Central Animal Control Agency (DCACA) was created to enhance animal control services by sharing of costs and responsibilities. The DCACA's governing body consists of one representative appointed by each governmental unit who is a member of the DCACA. The DCACA's budget is subject to approval by the City Council.

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 position 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.

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

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.

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 position 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)

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 sewage disposal funds also recognize the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Property Tax Revenue

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

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

The 2012 taxable valuation of the City totaled \$570,469,653 (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 \$7,572,000 for operating purposes, \$1,309,000 for debt service, \$1,203,000 for garbage and rubbish services, and \$1,329,000 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.

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

Assets, Liabilities, and Net Position 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 is 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 an allowance for uncollectible amounts.

Inventories and Prepaid Items - Land held for resale and real estate inventories in the General Fund, 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.

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

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

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

Roads and other infrastructure	20 to 25 years
Sidewalks	10 to 60 years
Distribution systems	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 position. 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, 2013

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, 2013:

	Electricity Fees	Water Fees	Sewage Fees	Property Taxes
BASF Corporation	17%	12%	30%	10%
Electric Fund	-	10	-	-
Wayne County	5	-	-	-
Wyandotte Hospital	3	2	-	-

Accounting and Reporting Change - During the year, the City adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. 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 measures of net position, formerly net assets. The 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. Since the City has no deferred outflows or inflows until adoption of GASB Statement No. 65 (see Note 18), the only impact of the adoption of GASB Statement No. 63 on the City is a change in terminology from "net assets" to "net position."

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, 2012	\$	(335,165)
Current year permit revenue		697,118
Related expenses:		
Direct costs	\$	135,308
Estimated indirect costs		489,179
		<u>624,487</u>
Current year shortfall		<u>72,631</u>
Cumulative shortfall at September 30, 2013	\$	<u>(262,534)</u>

Note 2 - Stewardship, Compliance, and Accountability (Continued)

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 347 of 2012 to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, debt, or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles.

The City has designated three banks for the deposit of its funds. The investment policy adopted by the City 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, mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan, and 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.

Note 3 - Deposits and Investments (Continued)

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 \$42,405,542 of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. In addition, the City's component units had \$4,054,147 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.

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	\$ 360,013	.54 years
U.S. federal agency	410,009	.69 years
U.S. Treasury bills (pension)	5,608,001	21.18 years
U.S. federal agency (pension)	5,581,958	10.85 years
Corporate bonds and notes (pension)	7,027,749	6.39 years
Collateralized mortgage obligations (pension)	137,512	23 years
Foreign corporate bonds and notes (pension)	710,374	3.35 years
Foreign government obligations (pension)	10,036,748	7.94 years
U.S. Treasury bills (retiree health care)	54,289	8.08 years
U.S. federal agency (retiree health care)	25,486	4.15 years
Corporate bonds and notes (retiree health care)	190,396	3.30 years

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2013

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	\$ 571,834	AAA	S&P
	1,882,567	AA+	S&P
	428,091	AA	S&P
	432,597	AA-	S&P
	1,153,151	A+	S&P
	1,060,023	A	S&P
	776,757	A-	S&P
	1,182,976	BBB+	S&P
	737,907	BBB	S&P
	486,547	BBB-	S&P
	17,061,206	AAA	Moody's
	3,923,414	Aaa	Moody's
	2,294,298	Aa1	Moody's
	654,468	Aa3	Moody's
	243,447	A1	Moody's
	992,139	A2	Moody's
	37,497	A3	Moody's
	2,637,731	Baa1	Moody's
	1,224,329	Baa2	Moody's
	5,623	BBB	Moody's
270,765	Ba1	Moody's	
1,754,191	P-1	Moody's	
	6,925,845	N/A	Unrated
Component units	478,953	N/A	Unrated

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2013

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	\$ 1,152,895
Australian dollar	1,571,089
Polish zloty	614,674
Mexican peso	1,938,822
South African rand	570,590
New Zealand dollar	522,098
British pound	1,159,317
South Korean won	654,468

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	\$ 173,639	\$ -	\$ -	\$ -
Special assessments	395,022	-	-	-
ALS revenue	632,907	-	-	-
Property tax receipts for fiscal year 2014	-	11,752,055	-	1,801,859
Grants	50,914	-	-	-
UDAG	1,566	-	-	-
Other	132,413	-	99,832	-
Total	\$ 1,386,461	\$ 11,752,055	\$ 99,832	\$ 1,801,859

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, 2013. Amortization expense for the 2005 revenue bonds amounted to \$37,848 for the year ended September 30, 2013. Amortization expense for the 2009 refunding bonds amounted to \$50,064 for the year ended September 30, 2013.

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, 2013, inventory had a cost of \$679,167, \$318,666, and \$18,048,735 and an estimated fair market value of \$118,040, \$44,237, and \$2,301,314 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 \$96,371, \$0, and \$581,710 to record inventory at the lower of cost or market value in the special revenue funds, capital projects funds, and component units, respectively. 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 \$377,490 included in miscellaneous income.

Inventory of \$448,770 was recorded in the General Fund at September 30, 2013, representing rehabilitation costs associated with properties purchased under the Neighborhood Stabilization Programs. No gains were recognized on the sale of homes sold under the Neighborhood Stabilization Program in the General Fund.

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 \$922,000 to Wayne County during the year for operations and maintenance.

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2013

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 \$3,495,000 has been recorded in the government-wide statement of net position at September 30, 2013.

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 \$1,728,000 for operations of the system and \$903,000 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 \$1,550,361 has been recorded in the proprietary and government-wide statements of net position at September 30, 2013. 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, 2012	Additions	Disposals and Adjustments	Balance September 30, 2013
Governmental Activities				
Capital assets not being depreciated - Land	\$ 18,135,929	\$ 93,092	\$ -	\$ 18,229,021
Capital assets being depreciated:				
Roads and other infrastructure	81,958,310	1,596,303	-	83,554,613
Sidewalks	35,705,665	359,466	-	36,065,131
Buildings and improvements	20,808,369	1,740,626	(276,827)	22,272,168
Machinery, equipment, and vehicles	12,403,121	358,442	(974,995)	11,786,568
Land improvements	6,315,193	96,281	-	6,411,474
Subtotal	157,190,658	4,151,118	(1,251,822)	160,089,954
Accumulated depreciation:				
Roads and other infrastructure	63,120,187	2,063,381	-	65,183,568
Sidewalks	28,632,569	1,269,375	-	29,901,944
Buildings and improvements	4,746,210	373,885	(276,827)	4,843,268
Machinery, equipment, and vehicles	10,093,794	533,017	(723,964)	9,902,847
Land improvements	3,867,460	294,830	-	4,162,290
Subtotal	110,460,220	4,534,488	(1,000,791)	113,993,917
Net capital assets being depreciated	46,730,438	(383,370)	(251,031)	46,096,037
Net capital assets	\$ 64,866,367	\$ (290,278)	\$ (251,031)	\$ 64,325,058

Note 8 - Capital Assets (Continued)

	Balance October 1, 2012	Additions	Disposals and Adjustments	Balance September 30, 2013
Business-type Activities				
Capital assets not being depreciated:				
Land	\$ 145,000	\$ -	\$ (93,092)	\$ 51,908
Construction in progress	315,681	323,248	-	638,929
Subtotal	460,681	323,248	(93,092)	690,837
Capital assets being depreciated:				
Utility plant	112,171,243	424,651	(30,670)	112,565,224
Transmission	7,559,048	419,338	-	7,978,386
Pumping	3,221,351	220,867	-	3,442,218
Purification	3,821,708	142,738	-	3,964,446
Distribution	49,949,948	837,971	(71,516)	50,716,403
Transportation	2,777,987	399,008	(38,698)	3,138,297
Stores	988,421	-	-	988,421
Cable equipment	2,578,653	84,073	-	2,662,726
Land improvements	2,937,427	-	-	2,937,427
Studio	544,946	-	-	544,946
General	3,034,061	73,675	-	3,107,736
Buildings	4,305,027	-	(1,976,443)	2,328,584
Equipment and fixtures	1,887,624	8,995	(192,723)	1,703,896
Sewer lines	29,361,218	1,452,278	-	30,813,496
Subtotal	225,138,662	4,063,594	(2,310,050)	226,892,206
Accumulated depreciation:				
Utility plant	79,024,319	3,345,414	-	82,369,733
Transmission	5,267,598	57,550	-	5,325,148
Pumping	1,985,153	137,707	-	2,122,860
Purification	3,571,841	33,014	-	3,604,855
Distribution	32,905,600	1,763,650	-	34,669,250
Transportation	1,748,848	257,055	(39,297)	1,966,606
Stores	846,998	13,875	-	860,873
Cable equipment	1,771,374	135,758	-	1,907,132
Land improvements	997,741	58,749	-	1,056,490
Studio	513,357	7,961	-	521,318
General	3,001,674	62,376	-	3,064,050
Buildings	1,412,455	113,875	(625,988)	900,342
Equipment and fixtures	1,440,073	75,528	(196,066)	1,319,535
Sewer lines	11,495,433	547,679	-	12,043,112
Subtotal	145,982,464	6,610,191	(861,351)	151,731,304
Net capital assets being depreciated	79,156,198	(2,546,597)	(1,448,699)	75,160,902
Net capital assets	\$ 79,616,879	\$ (2,223,349)	\$ (1,541,791)	\$ 75,851,739

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2013

Note 8 - Capital Assets (Continued)

During the current year, City Hall moved into a City-owned building at 3200 Biddle Avenue. In the past, the City would rent the entire building to tenants. Since the City moved into the building, a portion of the building that was originally recorded in the Building Rental fund was transferred to governmental activities. The net book value of the transfer was \$1,443,547.

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

Governmental activities:

General government	\$ 3,638,787
Public safety	488,821
Public works	128,775
Recreation and culture	<u>278,105</u>
Total governmental activities	<u>\$ 4,534,488</u>

Business-type activities:

Electric	\$ 4,550,312
Water	612,301
Cable television	651,747
Sewage disposal	603,736
Golf course	108,883
Building rental	<u>83,212</u>
Total business-type activities	<u>\$ 6,610,191</u>

Construction Commitments - The City has active construction projects at year end. The City's commitments with contractors/suppliers as of September 30, 2013 are as follows:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Fort Street Lighting Upgrade	\$ 395,036	\$ 584,163
BASF Geothermal Phase II Installation	9,531	260,469
Templin Building Geothermal Installation	<u>107,520</u>	<u>123,630</u>
Total	<u>\$ 512,087</u>	<u>\$ 968,262</u>

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2013

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	\$ 22,204
	Electric Fund	137,853
	Other enterprise funds	75
	Total General Fund	<u>\$ 160,132</u>
Other governmental funds	General Fund	\$ 1,179,776
	Other governmental funds	50,040
	Electric Fund	21,239
	Total other governmental funds	<u>\$ 1,251,055</u>
Electric Fund	Water Fund	\$ 968
	Cable Television Fund	6,024
	Total Water Fund	<u>\$ 6,992</u>
Sewage Disposal	Water Fund	<u>\$ 890,571</u>
Other enterprise funds	Other governmental funds	<u>\$ 36,927</u>
Internal Service Fund	General Fund	\$ 4,360,054
	Other governmental funds	892,273
	Total Internal Service Fund	<u>\$ 5,252,327</u>
Tax Increment Finance Authorities - Consolidated	Brownfield Redevelopment Authority	\$ 94,289
	Tax Increment Finance Authorities - Downtown	92,440
	Total Tax Increment Finance Authorities - Consolidated	<u>\$ 186,729</u>

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2013

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

Advances from/to Other Funds

Receivable Fund	Payable Fund	Amount
Internal Service Fund	Sewage Disposal Fund	\$ 142,784
	Other governmental funds	435,845
	Total	<u>\$ 578,629</u>

Due to/from Primary Government and Component Units

Receivable Fund	Payable Fund	Amount
General Fund	Tax Increment Finance Authorities - Downtown	\$ 6,893
	Brownfield Redevelopment Authority	109,097
	Downriver Central Dispatch	252,187
	Total General Fund	<u>\$ 368,177</u>
Other governmental funds	Tax Increment Finance Authorities - Downtown	\$ 4,213
	Total Tax Increment Finance Authorities - Consolidated	144,963
	Brownfield Redevelopment Authority	17,538
	Total other governmental funds	<u>\$ 166,714</u>
Total Tax Increment Finance Authorities - Consolidated	General Fund	<u>\$ 37,300</u>

Advances from/to Primary Government and Component Units

Receivable Fund	Payable Fund	Amount
Other governmental funds	Brownfield Redevelopment Authority	\$ 1,114,997
Internal Service Fund	Brownfield Redevelopment Authority	231,713

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2013

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

These balances primarily 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. The nonmajor special revenue funds advance to the Brownfield Redevelopment Authority relates to the outstanding balance of revolving loans. The original projects were paid for with grant funding. The Brownfield Redevelopment Authority is utilizing tax captures to pay back the outstanding advance to the nonmajor special revenue funds over time. After the advance is repaid, the City will be able to use the funds to make new revolving funds in accordance with grant requirements.

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

<u>Fund Receiving Resources</u>	<u>Fund Providing Resources</u>	<u>Amount</u>
Other governmental funds	General Fund	\$ 1,759,142
	Other governmental funds	<u>481,711</u>
	Total other governmental funds	<u>\$ 2,240,853</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 \$281,711 transfer between the City's two street funds was to redistribute Act 51 revenue from the Major Streets Fund to the Local Streets Fund, where the funds were then spent. The Equipment and Replacement Fund transferred \$200,000 to the Debt Service Fund to transfer excess fund balance derived from the debt levy.

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. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

<u>Description</u>	<u>Amount</u>
Governmental Activities	
General obligations:	
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>\$ 7,200,000</u>

Note 10 - Long-term Debt (Continued)

Description	Amount
Business-type Activities	
General obligations:	
Downriver sewage disposal system bonds, 15 issues totaling \$24,920,951, with interest from 1.625 percent to 5.00 percent, maturing from 2016 to 2035	\$ 11,470,749
2008 Electric purchase installment, issued for \$2,385,761, with interest of 7.06 percent, maturing in 2019	1,405,328
2010 Electric purchase installment, issued for \$3,866,200, with interest of 4.35 percent, maturing in 2019	2,865,107
2011 Cable purchase installment, issued for \$310,703, with interest of 4.73 percent, maturing in 2014	81,849
2011 Electric purchase installment, issued for \$449,080, with interest of 3.75 percent, maturing in 2016	304,647
2012 Electric purchase installment, issued for \$201,798, with interest of 3.2 percent, maturing in 2016	149,083
Subtotal	<u>16,276,763</u>
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	1,820,922
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	5,683,061
2009 Revenue Refunding Bonds - Net of unamortized premium and deferred refunding charge	21,405,885
Less amounts payable from restricted assets	<u>(4,480,000)</u>
Subtotal	<u>24,429,868</u>
Total business-type activity debt	<u>\$ 40,706,631</u>
Component Units Activities	
General obligations:	
1999 Brownfield Revitalization Loan, issued for \$944,000, with interest of 2.25 percent, maturing in 2015	\$ 182,742
Various installment purchase agreements	405,698
2006 Downtown Development Note Payable, issued for \$400,000, with interest of 5.00 percent, maturing in 2018	196,999
Total component units activities debt	<u>\$ 785,439</u>

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2013

Note 10 - Long-term Debt (Continued)

Long-term debt activity can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities -					
General obligations	\$ 8,300,000	\$ -	\$ (1,100,000)	\$ 7,200,000	\$ 600,000
Business-type Activities					
General obligations	\$ 16,411,126	\$ 1,327,005	\$ (1,461,368)	\$ 16,276,763	\$ 1,615,643
Revenue bonds (net of premiums)	33,247,496	-	(4,337,628)	28,909,868	4,685,000
Less portion payable from restricted assets	(4,335,000)	-	(145,000)	(4,480,000)	-
Total	\$ 45,323,622	\$ 1,327,005	\$ (5,943,996)	\$ 40,706,631	\$ 6,300,643
Component Unit Activities -					
General obligations	\$ 929,299	\$ -	\$ (143,860)	\$ 785,439	\$ 303,840

Total interest expense for the year was approximately \$2,157,000.

Annual debt service requirements to maturity for the above bonds and note obligations, excluding installment purchase agreements, unamortized premiums on bonds payable, and deferred refunding charges, are as follows:

Years Ending September 30	Governmental Activities			Business-type Activities			Component Unit Activities		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2014	\$ 600,000	\$ 295,050	\$ 895,050	\$ 6,300,643	\$ 1,601,230	\$ 7,901,873	\$ 303,840	\$ 31,200	\$ 335,040
2015	600,000	271,050	871,050	6,152,712	1,353,249	7,505,961	178,706	18,631	197,337
2016	700,000	247,050	947,050	6,774,768	1,075,640	7,850,408	90,493	12,378	102,871
2017	800,000	219,050	1,019,050	5,829,634	882,622	6,712,256	188,287	8,000	196,287
2018	800,000	187,050	987,050	6,093,897	640,463	6,734,360	24,113	603	24,716
2019-2023	2,200,000	604,500	2,804,500	6,914,730	2,210,608	9,125,338	-	-	-
2024-2028	1,500,000	127,250	1,627,250	5,117,852	708,669	5,826,521	-	-	-
2029-2033	-	-	-	1,668,839	88,688	1,757,527	-	-	-
Thereafter	-	-	-	333,556	7,841	341,397	-	-	-
Total	\$ 7,200,000	\$ 1,951,000	\$ 9,151,000	\$ 45,186,631	\$ 8,569,010	\$ 53,755,641	\$ 785,439	\$ 70,812	\$ 856,251

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 \$9,543,318 compared to the annual debt service requirement of \$5,768,300. The City has no liability for these bonds if the net revenue pledged should prove insufficient.

Note 10 - Long-term Debt (Continued)

An agreement has been entered into with BASF for steam service related to the 2005 Revenue Bonds. This agreement provided for reimbursement to the Department for one-half of the principal and associated interest of the 2005 Electric Revenue Bonds (Series A) actually used by the department to fund the construction of the steam expansion project through December 2010. On January 1, 2011, the initial period expired. Pursuant to language set forth in the original agreement, the customer continues to reimburse the department a significant portion of the related debt service payments in the form of a "facilities charge." The department records these facilities charges as revenue upon receipt (at which time it is considered to be earned).

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

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

Included in the current liabilities of the Electric Fund at September 30, 2013 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.

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2013

Note 11 - Risk Management (Continued)

General Liability - The City currently keeps coverage that limits the maximum loss to \$20,000 per occurrence, except for law enforcement claims, which limits the maximum loss to \$25,000 per occurrence. Losses in excess of these limitations are insured up to a minimum of \$5,000,000 per occurrence depending on the nature of the claim. Losses in excess of the plan limitations are uninsured.

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

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

	Self-insurance Fund		Department of Municipal Services	
	2013	2012	2013	2012
Estimated liability - Beginning of year	\$ 600,218	\$ 651,828	\$ 290,150	\$ 315,316
Incurred claims - Including claims incurred but not reported	562,545	111,642	35,391	(2,301)
Claim payments and changes in estimates	<u>(252,810)</u>	<u>(163,252)</u>	<u>(63,820)</u>	<u>(22,865)</u>
Estimated liability - End of year	<u>\$ 909,953</u>	<u>\$ 600,218</u>	<u>\$ 261,721</u>	<u>\$ 290,150</u>

Note 12 - Restricted Assets and Restricted Net Position

The balances for the restricted asset accounts are as follows:

	Electric	Water	Cable
Debt service	\$ 7,528,240	\$ -	\$ -
Retiree health care	<u>-</u>	<u>169,794</u>	<u>169,794</u>
Total	<u>\$ 7,528,240</u>	<u>\$ 169,794</u>	<u>\$ 169,794</u>

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2013

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

In addition, the current liability payable from restricted assets for the Electric Fund includes \$727,238 for interest and \$4,480,000 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 net position in the Electric Fund of \$2,398,653, 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, 2013, no monies have been transferred.

Portions of net position of the enterprise funds have been restricted for the following purposes at September 30, 2013:

	<u>Electric</u>	<u>Water</u>	<u>Cable</u>
Debt service	\$ 6,801,002	\$ -	\$ -
Retiree health care	-	169,794	169,794
Total	<u>\$ 6,801,002</u>	<u>\$ 169,794</u>	<u>\$ 169,794</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, 2012, the date of the most recent actuarial valuation, membership consisted of 278 retirees and beneficiaries currently receiving benefits, 26 terminated employees entitled to benefits but not yet receiving them, and 110 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.

Note 13 - Defined Benefit Pension Plan (Continued)

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

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

Annual Pension Cost and Net Pension Asset

Annual required contribution	\$ 4,082,722
Interest on net pension asset	<u>(501,063)</u>
Annual pension cost (APC)	3,581,659
Amounts contributed - Payments of pension contribution	<u>(3,755,609)</u>
Increase in net pension asset	173,950
Net pension asset - Beginning of year	<u>6,680,857</u>
Net pension asset - End of year	<u>\$ 6,854,807</u>

Annual Pension Cost - For the year ended September 30, 2013, the City's annual pension cost of \$3,581,659 for the plan was equal to the required contribution of \$4,082,722, less investment interest of \$501,063 on the net pension asset. The City's actual contribution for the year ended September 30, 2013 was \$3,755,609, which consisted of contributions from municipal service of \$930,035 and transfers from other funds of \$2,825,574. The pension cost for the three most recent years is as follows:

	Fiscal Year Ended September 30		
	2013	2012	2011
Annual pension cost (APC)	\$ 3,581,659	\$ 3,027,421	\$ 2,711,588
Percentage of APC contributed	104.9 %	87.2 %	110.1 %
Net pension asset	\$ 6,854,807	\$ 6,680,857	\$ 7,068,278

Note 13 - Defined Benefit Pension Plan (Continued)

Funding Status and Funding Progress - As of September 30, 2012, the most recent actuarial valuation date, the plan was 71.8 percent funded. The actuarial accrued liability for benefits was \$84,173,702, and the actuarial value of assets was \$60,434,373, resulting in an unfunded actuarial accrued liability of \$23,739,329. The covered payroll (annual payroll to active employees covered by the plan) was \$6,803,552, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 348.9 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.

Actuarial Methods and Assumptions - The annual required contribution was determined as part of an actuarial valuation at September 30, 2011, 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.

Reserves - As of September 30, 2013, 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	\$ 982,478
Reserve for retired benefit payments	54,477,291

Additional reserves:

Reserve for employer contributions	3,830,580
Reserve for Special Retirement Fund	428,735
Reserve for endowment	6,319,182

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2013

Note 14 - Pension and Other Employee Benefit Trust Funds

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

	<u>Pension Trust</u>	<u>Retiree Health Care</u>	<u>Total</u>
<u>Statement of Net Position</u>			
Cash and investments	\$ 65,859,463	\$ 2,162,250	\$ 68,021,713
Other assets	307,135	-	307,135
Liabilities	<u>128,332</u>	<u>341,581</u>	<u>469,913</u>
Net position	<u>\$ 66,038,266</u>	<u>\$ 1,820,669</u>	<u>\$ 67,858,935</u>
<u>Statement of Changes in Net Position</u>			
Investment income	\$ 4,050,078	\$ 78,566	\$ 4,128,644
Contributions	3,810,889	3,262,725	7,073,614
Benefit payments and deductions	<u>6,510,783</u>	<u>3,509,296</u>	<u>10,020,079</u>
Net change in net position	<u>\$ 1,350,184</u>	<u>\$ (168,005)</u>	<u>\$ 1,182,179</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

Note 15 - Defined Contribution Pension Plan (Continued)

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 \$599,000 during the current year and the employees contributed approximately \$299,500.

Note 16 - Other Postemployment Benefits

Plan Description - The City provides retiree healthcare benefits to certain eligible employees and their spouses. Currently, the plan has 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 \$2,168,000 to the Retiree Health Care Trust. In addition, \$367,000 and \$727,000 in premiums were paid by the General Fund and enterprise funds, respectively.

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2013

Note 16 - Other Postemployment Benefits (Continued)

Funding Progress - For the year ended September 30, 2013, the City has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of September 30, 2011. 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)	\$ 7,124,448
Interest on the prior year's net OPEB obligation	540,598
Less adjustment to the annual required contribution	<u>(753,440)</u>
Annual OPEB cost	6,911,606
Amounts contributed:	
Payments of current premiums	(1,094,326)
Transfers from General Fund	<u>(2,168,400)</u>
Increase in net OPEB obligation	3,648,880
OPEB obligation - Beginning of year	<u>12,013,307</u>
OPEB obligation - End of year	<u>\$ 15,662,187</u>

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	
9/30/11	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
9/30/13	9/30/11	7,124,448	6,911,606	45.8	47.2	15,662,187

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2013

Note 16 - Other Postemployment Benefits (Continued)

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*	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.

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 for any possible liability at September 30, 2013.

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 the Wayne County Circuit Court in December 2012 and on April 2, 2013, the Michigan Court of Appeals issued its opinion reversing the Court's judgment in part and remanding the case back to the Circuit Court for further proceedings. 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 and on July 16, 2013, the Department filed a Motion for Entry of Judgment requesting the Circuit Court to accept and enter a proposed judgment of \$454,492.91. Management's estimate of the anticipated judgement/settlement to be paid to UST has been recorded as a liability in the financial statements of the Electric Fund as of September 30, 2013.

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 and entered into a consent decree with the EPA related to this violation. Under the terms and conditions of the consent decree, the Department was required to pay a \$112,000 penalty and \$220,000 to purchase natural gas vehicles. In addition, the Department is 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. To address the matter more cost effectively, 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 it continues 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 Department also continues to be involved in various contingent matters arising in the normal course of operations. While insurance coverage and other potential remedies are available in certain circumstances to varying degrees, no opinion can currently be given as to the ultimate outcome of these matters. No provision has been made for the ultimate liability, if any, that may result from the resolution of these matters.

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, 2013.

Note 18 - Upcoming Accounting Pronouncements

In March 2012, the GASB issued 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.

Note 18 - Upcoming Accounting Pronouncements (Continued)

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 their 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.

Required Supplemental Information

City of Wyandotte, Michigan

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended September 30, 2013

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 9,381,577	\$ 9,381,577	\$ 9,326,651	\$ (54,926)
Licenses and permits	411,100	411,100	489,208	78,108
Federal grants	1,456,578	4,340,605	3,366,586	(974,019)
State-shared revenue and grants	2,623,252	2,623,252	2,727,765	104,513
Charges for services	4,058,264	4,090,237	3,997,406	(92,831)
Fines and forfeitures	1,370,000	1,370,000	1,138,292	(231,708)
Investment income	50,000	50,000	25,955	(24,045)
Transfers out	(1,013,312)	(996,312)	(1,759,142)	(762,830)
Other revenue	2,646,900	2,689,982	2,557,980	(132,002)
Total revenue	20,984,359	23,960,441	21,870,701	(2,089,740)
Expenditures				
General government:				
Legislative	135,121	135,121	119,883	15,238
Judicial	996,328	972,828	917,628	55,200
Financial services and administration	579,674	607,767	576,819	30,948
Information technology	116,300	118,650	115,159	3,491
Treasurer	137,407	143,507	135,756	7,751
Assessor	180,193	206,303	177,319	28,984
City commissions	35,807	36,107	31,609	4,498
Clerk	262,118	272,518	267,434	5,084
Elections	45,885	45,885	39,583	6,302
General government	1,355,500	1,368,400	1,440,498	(72,098)
Public safety:				
Police and civil defense	4,846,130	4,787,591	4,447,298	340,293
Dispatch	207,714	206,014	175,797	30,217
Fire	3,200,897	3,355,677	3,190,834	164,843
Animal control	49,928	72,337	58,918	13,419
Public works:				
Engineering	1,081,914	1,097,614	1,014,586	83,028
DPS	2,968,634	3,096,288	2,694,256	402,032
Community and economic development	1,369,226	2,677,630	4,896,739	(2,219,109)
Recreation and culture:				
Recreation	458,094	472,644	441,836	30,808
Youth assistance	43,946	44,496	42,989	1,507
Historical commission	196,355	204,062	193,560	10,502
Swimming pool	14,042	14,042	11,562	2,480
Yack Arena	382,449	383,549	341,272	42,277
Other functions	2,168,400	2,168,400	2,168,400	-
Total expenditures	20,832,062	22,487,430	23,499,735	(1,012,305)
Net Change in Fund Balance	\$ 152,297	\$ 1,473,011	\$ (1,629,034)	\$ (3,102,045)

City of Wyandotte, Michigan

Required Supplemental Information Pension System Schedule Year Ended September 30, 2013

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
9/30/07	\$ 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	*	*
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	*	*
9/30/12	60,434,373	84,173,702	23,739,329	71.8	6,803,552	348.9

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

The aggregate actuarial cost method is used to determine the annual required contribution of the employer (ARC). The entry age actuarial cost method is used for the presentation above to serve as a surrogate for the funded status and funding progress of the plan.

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
9/30/08	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
9/30/13	9/30/11	930,035	2,825,574	4,082,722	92.0

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of September 30, 2013, the latest actuarial valuation, follows:

Amortization cost method***	Aggregate cost
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. The aggregate cost method was phased in over the next four years and was fully implemented beginning with the September 30, 2006 valuation.

City of Wyandotte, Michigan

Required Supplemental Information Other Postemployment Benefit Plan Schedule Year Ended September 30, 2013

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	\$ 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.

The schedule of employer contributions is as follows:

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution	Percentage Contributed
9/30/11	9/30/09	\$ 6,115,316	48.6
9/30/12	9/30/09	6,115,283	52.1
9/30/13	9/30/11	7,124,448	45.8

City of Wyandotte, Michigan

Note to Required Supplemental Information Year Ended September 30, 2013

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	\$ 21,466,843	\$ 21,336,735	\$ 1,759,142
Reimbursing transfers from other funds	2,163,000	2,163,000	-
Operating transfers	<u>(1,759,142)</u>	<u>-</u>	<u>(1,759,142)</u>
Amounts per budget statement	<u>\$ 21,870,701</u>	<u>\$ 23,499,735</u>	<u>\$ -</u>

City of Wyandotte, Michigan

Note to Required Supplemental Information (Continued) **Year Ended September 30, 2013**

Excess of expenditures over appropriations in budgeted funds - During the year, the City's General Fund incurred significant expenditures that were in excess of the amounts budgeted, as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General government	\$ 1,355,500	\$ 1,440,498	\$ (84,998)
Community and economic development	1,369,226	4,896,739	(3,527,513)

Other Supplemental Information

City of Wyandotte, Michigan

Special Revenue Funds

	Major Streets	Local Streets	Solid Waste Disposal	Drug Law Enforcement	Urban Development Action Grant	Grants	Southgate-Wyandotte Drain O&M
Assets							
Cash and investments	\$ 228,495	\$ 425,707	\$ 2,247,576	\$ 74,845	\$ 366,541	\$ 79,753	\$ 3,038,518
Receivables - Net:							
Taxes	-	-	176,339	-	-	-	230,902
Special assessments	-	-	-	-	-	-	-
Accrued interest	-	-	58	-	9	-	71
Other	-	-	8,338	-	460,698	-	-
Due from other governmental units	267,864	117,477	-	-	60,000	28,780	-
Due from component units	-	-	129,231	-	1,855	-	35,628
Due from other funds	80,000	99,040	140,780	-	87,144	-	164,843
Land held for resale	-	-	-	-	118,040	-	-
Advance to component unit	-	-	-	-	247,538	-	-
Total assets	\$ 576,359	\$ 642,224	\$ 2,702,322	\$ 74,845	\$ 1,341,825	\$ 108,533	\$ 3,469,962
Liabilities and Fund Balances							
Liabilities							
Accounts payable	\$ 38,994	\$ 80,189	\$ 134,736	\$ -	\$ 40,562	\$ 29,544	\$ -
Due to other funds	40	-	-	-	-	22,204	-
Advances from other funds	-	-	-	-	-	-	-
Refundable deposits, bonds, etc.	-	-	-	-	-	-	-
Deferred revenue	-	-	1,328,722	-	1,566	20,411	1,350,280
Total liabilities	39,034	80,189	1,463,458	-	42,128	72,159	1,350,280
Fund Balances							
Nonspendable:							
Real estate held for resale	-	-	-	-	118,040	-	-
Long-term receivable	-	-	-	-	247,538	-	-
Restricted:							
Major and local street projects	537,325	562,035	-	-	-	-	-
Police	-	-	-	74,845	-	-	-
Grants	-	-	-	-	934,119	36,374	-
Rubbish	-	-	1,238,864	-	-	-	-
Sidewalk and alley paving	-	-	-	-	-	-	-
Drains	-	-	-	-	-	-	2,119,682
Committed - Special events	-	-	-	-	-	-	-
Assigned:							
Debt service	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-
Total fund balances	537,325	562,035	1,238,864	74,845	1,299,697	36,374	2,119,682
Total liabilities and fund balances	\$ 576,359	\$ 642,224	\$ 2,702,322	\$ 74,845	\$ 1,341,825	\$ 108,533	\$ 3,469,962

**Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2013**

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	
\$ 1,300,577	\$ 203,891	\$ 425,058	\$ -	\$ 301,943	\$ 478,285	\$ 103,897	\$ 815,668	\$ 10,090,754
4,935	-	-	22,047	-	2,820	-	-	437,043
395,022	-	-	-	-	-	-	-	395,022
30	-	-	-	-	-	-	-	168
23,327	-	-	-	-	-	-	-	492,363
-	-	-	-	-	-	-	-	474,121
-	-	-	-	-	-	-	-	166,714
22,428	360	-	156,460	-	50,000	-	450,000	1,251,055
-	-	-	-	-	-	44,237	-	162,277
-	-	867,459	-	-	-	-	-	1,114,997
\$ 1,746,319	\$ 204,251	\$ 1,292,517	\$ 178,507	\$ 301,943	\$ 531,105	\$ 148,134	\$ 1,265,668	\$ 14,584,514
\$ 61,208	\$ 36,312	\$ -	\$ -	\$ 56,574	\$ 30,413	\$ -	\$ 3,426	\$ 511,958
-	-	-	50,000	-	-	-	929,200	1,001,444
-	-	-	-	-	435,845	-	-	435,845
-	-	-	-	-	-	20	-	20
408,934	-	-	22,047	-	2,820	-	-	3,134,780
470,142	36,312	-	72,047	56,574	469,078	20	932,626	5,084,047
-	-	-	-	-	-	44,237	-	162,277
-	-	867,459	-	-	-	-	-	1,114,997
-	-	-	-	-	-	-	-	1,099,360
-	-	-	-	-	-	-	-	74,845
-	-	425,058	-	-	-	-	-	1,395,551
-	-	-	-	-	-	-	-	1,238,864
1,276,177	-	-	-	-	-	-	-	1,276,177
-	-	-	-	-	-	-	-	2,119,682
-	167,939	-	-	-	-	-	-	167,939
-	-	-	106,460	-	-	-	-	106,460
-	-	-	-	245,369	62,027	103,877	333,042	744,315
1,276,177	167,939	1,292,517	106,460	245,369	62,027	148,114	333,042	9,500,467
\$ 1,746,319	\$ 204,251	\$ 1,292,517	\$ 178,507	\$ 301,943	\$ 531,105	\$ 148,134	\$ 1,265,668	\$ 14,584,514

City of Wyandotte, Michigan

	Special Revenue Funds						
	Major Streets	Local Streets	Solid Waste Disposal	Drug Law Enforcement	Urban Development Action Grant	Grants	Southgate-Wyandotte Drain O&M
Revenue							
Property taxes	\$ -	\$ -	\$ 1,203,357	\$ -	\$ -	\$ -	\$ 1,329,348
Federal grants	79,678	-	-	-	-	60,298	-
State-shared revenue and grants	1,175,170	464,237	-	30,520	-	-	-
Charges for services	-	-	350,436	-	-	-	-
Investment income	-	34	1,047	6	19,606	-	896
Contribution from component unit	3,105	406,747	-	-	-	-	-
Other revenue:							
Special assessments	-	-	-	-	-	-	-
Other miscellaneous income	74,178	-	-	-	79,104	-	-
Total revenue	1,332,131	871,018	1,554,840	30,526	98,710	60,298	1,330,244
Expenditures							
Current:							
General government	-	-	-	-	134,433	-	-
Public safety	-	-	-	50,507	-	-	-
Public works	943,647	1,011,139	1,697,950	-	-	-	953,324
Community and economic development - Community redevelopment (CDBG, etc.)	-	-	-	-	-	34,310	-
Recreation and culture	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Total expenditures	943,647	1,011,139	1,697,950	50,507	134,433	34,310	953,324
Excess of Revenue Over (Under) Expenditures	388,484	(140,121)	(143,110)	(19,981)	(35,723)	25,988	376,920
Other Financing Sources (Uses)							
Transfers in	-	281,711	-	-	-	-	-
Transfers out	(281,711)	-	-	-	-	-	-
Total other financing (uses) sources	(281,711)	281,711	-	-	-	-	-
Net Change in Fund Balances	106,773	141,590	(143,110)	(19,981)	(35,723)	25,988	376,920
Fund Balances - Beginning of year	430,552	420,445	1,381,974	94,826	1,335,420	10,386	1,742,762
Fund Balances - End of year	\$ 537,325	\$ 562,035	\$ 1,238,864	\$ 74,845	\$ 1,299,697	\$ 36,374	\$ 2,119,682

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and Changes in
Fund Balances
Nonmajor Governmental Funds
Year Ended September 30, 2013

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	
\$ -	\$ -	\$ -	\$ 883	\$ -	\$ 17	\$ -	\$ -	\$ 2,533,605
-	-	-	-	-	-	-	-	139,976
-	-	-	-	-	-	-	-	1,669,927
-	-	-	-	-	-	-	-	350,436
22,131	1	16,094	-	36	19	32	294	60,196
-	-	-	-	-	-	-	-	409,852
386,394	-	-	-	-	-	-	-	386,394
-	271,731	-	-	-	36,197	14,905	-	476,115
<u>408,525</u>	<u>271,732</u>	<u>16,094</u>	<u>883</u>	<u>36</u>	<u>36,233</u>	<u>14,937</u>	<u>294</u>	<u>6,026,501</u>
100,000	-	-	-	-	-	-	546,004	780,437
-	-	-	-	-	-	-	-	50,507
359,466	-	-	-	-	-	-	-	4,965,526
-	-	-	-	-	-	-	-	34,310
-	220,644	-	-	-	-	-	-	220,644
-	-	-	1,439,388	-	-	-	-	1,439,388
<u>459,466</u>	<u>220,644</u>	<u>-</u>	<u>1,439,388</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>546,004</u>	<u>7,490,812</u>
(50,941)	51,088	16,094	(1,438,505)	36	36,233	14,937	(545,710)	(1,464,311)
-	-	-	1,509,142	-	-	-	450,000	2,240,853
-	-	-	-	-	(200,000)	-	-	(481,711)
-	-	-	1,509,142	-	(200,000)	-	450,000	1,759,142
(50,941)	51,088	16,094	70,637	36	(163,767)	14,937	(95,710)	294,831
1,327,118	116,851	1,276,423	35,823	245,333	225,794	133,177	428,752	9,205,636
<u>\$ 1,276,177</u>	<u>\$ 167,939</u>	<u>\$ 1,292,517</u>	<u>\$ 106,460</u>	<u>\$ 245,369</u>	<u>\$ 62,027</u>	<u>\$ 148,114</u>	<u>\$ 333,042</u>	<u>\$ 9,500,467</u>

City of Wyandotte, Michigan

Other Supplemental Information Combining Statement of Net Position Nonmajor Enterprise Funds September 30, 2013

	Golf Course	Building Rental	Total
Assets			
Current assets:			
Cash and investments	\$ 53,857	\$ 191,961	\$ 245,818
Due from other funds	-	36,927	36,927
Prepaid expenses and other assets	-	73,070	73,070
Total current assets	53,857	301,958	355,815
Noncurrent assets - Capital assets:			
Assets not subject to depreciation	-	51,908	51,908
Assets subject to depreciation - Net	2,622,350	753,004	3,375,354
Total assets	2,676,207	1,106,870	3,783,077
Liabilities - Current liabilities			
Accounts payable	10,471	-	10,471
Due to other funds	75	-	75
Accrued liabilities and other	26,066	31,572	57,638
Deferred revenue	-	36,310	36,310
Total liabilities	36,612	67,882	104,494
Net Position			
Net investment in capital assets	2,622,350	804,912	3,427,262
Unrestricted	17,245	234,076	251,321
Total net position	\$ 2,639,595	\$ 1,038,988	\$ 3,678,583

City of Wyandotte, Michigan

Other Supplemental Information Combining Statement of Revenue, Expenses, and Changes in Net Position Nonmajor Enterprise Funds Year Ended September 30, 2013

	<u>Golf Course</u>	<u>Building Rental</u>	<u>Total</u>
Operating Revenue			
Income from customers and tenants	\$ 336,394	\$ 274,959	\$ 611,353
Other tenant revenue	-	177,668	177,668
Total operating revenue	336,394	452,627	789,021
Operating Expenses			
Other operating and maintenance costs	323,015	436,391	759,406
Depreciation	108,883	83,212	192,095
Total operating expenses	431,898	519,603	951,501
Operating Loss	(95,504)	(66,976)	(162,480)
Nonoperating Revenue - Investment income	-	2	2
Loss - Before special item	(95,504)	(66,974)	(162,478)
Special Item - Transfer of building	-	(1,443,547)	(1,443,547)
Change in Net Position	(95,504)	(1,510,521)	(1,606,025)
Net Position - Beginning of year	2,735,099	2,549,509	5,284,608
Net Position - End of year	<u>\$ 2,639,595</u>	<u>\$ 1,038,988</u>	<u>\$ 3,678,583</u>

City of Wyandotte, Michigan

Other Supplemental Information Combining Statement of Cash Flows Nonmajor Enterprise Funds Year Ended September 30, 2013

	Golf Course	Building Rental	Total
Cash Flows from Operating Activities			
Receipts from customers and tenants	\$ 336,394	\$ 452,303	\$ 788,697
Payments to suppliers	(251,860)	(275,450)	(527,310)
Payments to employees	(63,432)	-	(63,432)
	21,102	176,853	197,955
Cash Flows Used In Capital and Related Financing Activities			
Purchase of capital assets	(12,339)	-	(12,339)
Cash Flows from Investing Activities			
Interest received on investments	-	2	2
	8,763	176,855	185,618
Net Increase in Cash and Cash Equivalents	8,763	176,855	185,618
Cash and Cash Equivalents - Beginning of year	45,094	15,106	60,200
Cash and Cash Equivalents - End of year	\$ 53,857	\$ 191,961	\$ 245,818
Reconciliation of Operating Loss to Net Cash from Operating Activities			
Operating loss	\$ (95,504)	\$ (66,976)	\$ (162,480)
Adjustments to reconcile operating loss to net cash from operating activities:			
Depreciation and amortization	108,883	83,212	192,095
Changes in assets and liabilities:			
Receivables	-	(324)	(324)
Due from others	212	(30,463)	(30,251)
Prepaid and other assets	-	193,124	193,124
Accounts payable	7,511	(1,720)	5,791
	21,102	176,853	197,955
Net cash provided by operating activities	\$ 21,102	\$ 176,853	\$ 197,955

Noncash Capital and Related Financing Activities - During the year ended September 30, 2013, the Building Rental Fund transferred a building with a net book value of \$1,443,547 to the governmental activities of the City.

City of Wyandotte, Michigan

Other Supplemental Information Statement of Assets and Liabilities Fiduciary Funds September 30, 2013

	Pension Trust	Retiree Health Care	Total Pension Trust Funds
Assets			
Cash and cash equivalents	\$ 4,225,134	\$ 14,268	\$ 4,239,402
Investments:			
Collateralized mortgage obligations	137,512	-	137,512
U.S. government securities	5,608,001	54,289	5,662,290
U.S. government agency obligations	5,581,958	25,485	5,607,443
Common trust funds/Mutual funds	7,082,199	1,656,233	8,738,432
Stocks	11,042,845	221,579	11,264,424
Foreign stock ADR	14,406,943	-	14,406,943
Foreign government obligations	10,036,748	-	10,036,748
Bonds	7,027,749	190,396	7,218,145
Foreign corporate bonds	710,374	-	710,374
Receivables - Net	307,135	-	307,135
Total assets	66,166,598	2,162,250	68,328,848
Liabilities			
Accounts payable	128,332	-	128,332
Due to primary government	-	334,978	334,978
Accrued liabilities and other	-	6,603	6,603
Total liabilities	128,332	341,581	469,913
Net Position Held in Trust for Pension and Other Employee Benefits	\$ 66,038,266	\$ 1,820,669	\$ 67,858,935

City of Wyandotte, Michigan

Other Supplemental Information Combining Statement of Changes in Fiduciary Net Position Fiduciary Funds Year Ended September 30, 2013

	Pension Trust	Retiree Health Care	Total
Additions			
Investment income (loss):			
Interest and dividends	\$ 1,919,074	\$ 65,928	\$ 1,985,002
Net increase in fair value of investments	2,490,230	12,638	2,502,868
Investment related expenses	(359,226)	-	(359,226)
Net investment income	4,050,078	78,566	4,128,644
Contributions:			
Employer	3,755,609	3,262,725	7,018,334
Employee	55,280	-	55,280
Net contributions	3,810,889	3,262,725	7,073,614
Total additions	7,860,967	3,341,291	11,202,258
Deductions			
Benefit payments	6,510,783	-	6,510,783
Health benefits	-	3,509,296	3,509,296
Total deductions	6,510,783	3,509,296	10,020,079
Net Increase (Decrease) in Net Position Held in Trust	1,350,184	(168,005)	1,182,179
Net Position Held in Trust for Pension and Other Employee Benefits - Beginning of year	64,688,082	1,988,674	66,676,756
Net Position Held in Trust for Pension and Other Employee Benefits - End of year	\$ 66,038,266	\$ 1,820,669	\$ 67,858,935