

City of Wyandotte, Michigan

Financial Report with Supplemental Information September 30, 2014

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, 2014 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.

To the City Council
City of Wyandotte, Michigan

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, 2014 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.

Emphasis of Matter

As described in Note 2 to the financial statements, during the year ended September 30, 2014, the City adopted the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. As a result, certain balances have been reclassified to deferred inflows of resources on the City's governmental funds balance sheet and governmental activities statement of net position. In addition, certain balances have been reclassified to deferred outflows of resources on the proprietary funds balance sheet and the business-type activities statement of net position. Our opinion is not modified with respect to this matter.

In addition, as discussed in Notes 2 and 13 to the basic financial statements, during the year ended September 30, 2014, the City implemented GASB Statement No. 67, *Financial Reporting for Pension Plans - an Amendment of GASB No. 25*. Adopting this statement resulted in significant changes to the defined benefit pension plan related footnote disclosures as well as the required supplemental information schedules. Our opinion is not modified with respect to this matter.

As described in Note 19 to the consolidated financial statements, the 2013 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Required Supplemental Information

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

To the City Council
City of Wyandotte, Michigan

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 & Morse, PLLC

March 20, 2015

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, 2014. 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, 2014:

- Property tax revenue is the City's single largest source of revenue. The City's 2013 taxable value (levied for the 2014 fiscal year) was \$555,513,700 (ad valorem), which represents an increase of 2.7 percent compared to the prior year and a cumulative reduction of 2.8 percent over the past two years.
- State-shared revenue, our second largest revenue source, increased by approximately \$80,000 this year compared to an increase of \$81,000 in the prior year. This represents an increase of 2.9 percent in the current year and a cumulative increase of 6.11 percent over the past two years. However, the City is receiving approximately \$1,624,000 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 \$1,764,000 of general operating tax revenue to the General Fund in the current year and \$130,000 of debt levy tax revenue compared to \$1,865,000 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 \$313,000 to the General Fund in the current year compared to \$318,000 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 \$2,300,000 in the current year compared to \$2,168,000 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 and the 27th District Court facility, to purchase fire rescue equipment, 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. In May 2014, the electors of the City approved an additional operating millage for a five-year period beginning in the 2015 fiscal year. This supplemental millage will allow for an additional 3.0 operating mills to be levied through the 2019 fiscal year.

The General Fund ended the year with nearly break-even results and had an overall net change in fund balance of (\$53,000). The amended budget of the City's General Fund indicated that an excess of expenditures of approximately (\$240,000) was to be expected. This positive variance is primarily attributed to lower than anticipated expenditures in virtually all departments offset by an inventory adjustment (expense of \$230,500) for selling the NSP homes that were capitalized in the previous year. The homes were acquired and rehabilitated with federal grant funding from the U.S. Department of Housing and Urban Development. The homes were required to be capitalized when purchased and are removed from inventory when sold. The NSP activity had a significant impact on the General Fund over the past several years and breaks even over the life of the program.

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 129 employees over the past 17 years. In addition, numerous employees are now being shared between the City and the Department of Municipal Services and with neighboring communities through various collaborative initiatives.
- 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 through at least 2015.
- 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.

City of Wyandotte, Michigan

Management's Discussion and Analysis (Continued)

The City recently performed a review of the operational environment of the City. The purpose of the review was to identify areas of operation that could be improved to provide better customer service at a reduced cost. Numerous recommendations were identified that would yield positive financial results to the City. The City has been implementing many of these recommendations and continues to review these issues and prioritize their implementation.

Using this Annual Report

This annual report consists of a series of financial statements. The statement of net 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, 2014 and 2013 (in thousands of dollars):

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Assets						
Current assets	\$ 40,654	\$ 38,424	\$ 26,738	\$ 30,225	\$ 67,392	\$ 68,649
Capital assets	62,428	64,325	71,749	75,852	134,177	140,177
Other noncurrent assets	11,849	12,308	9,821	8,875	21,670	21,183
Total assets	114,931	115,057	108,308	114,952	223,239	230,009
Deferred Outflows of Resources	-	-	507	543	507	543
Liabilities						
Current liabilities	10,132	8,395	13,673	18,008	23,805	26,403
Long-term liabilities	20,876	18,891	39,018	38,531	59,894	57,422
Total liabilities	31,008	27,286	52,691	56,539	83,699	83,825
Deferred Inflows of Resources	12,737	11,752	-	-	12,737	11,752
Net Position						
Net investment in capital assets	55,828	57,125	31,884	30,666	87,712	87,791
Restricted	8,619	9,312	7,262	7,140	15,881	16,452
Unrestricted	6,739	9,582	16,978	21,150	23,717	30,732
Total net position	\$ 71,186	\$ 76,019	\$ 56,124	\$ 58,956	\$ 127,310	\$ 134,975

The City of Wyandotte, Michigan has combined net position of \$127.3 million in the current year, which is a decrease of \$7.7 million from the prior year. Business-type activities comprise \$56 million and \$59 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, 2014 and 2013 (in thousands of dollars):

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenue						
Program revenue:						
Charges for services	\$ 6,660	\$ 6,420	\$ 61,297	\$ 60,207	\$ 67,957	\$ 66,627
Operating grants and contributions	2,238	2,647	648	1,134	2,886	3,781
Capital grants and contributions	1,095	2,487	-	-	1,095	2,487
General revenue:						
Property taxes	11,570	11,852	-	-	11,570	11,852
State-shared revenue	2,796	2,716	-	-	2,796	2,716
Unrestricted investment earnings	291	146	179	497	470	643
Transfers and other revenue	240	2,034	-	-	240	2,034
Total revenue	24,890	28,302	62,124	61,838	87,014	90,140
Program Expenses						
General government	9,396	8,925	-	-	9,396	8,925
Public safety	11,571	11,199	-	-	11,571	11,199
Public works	6,595	4,975	-	-	6,595	4,975
Community and economic development	308	4,931	-	-	308	4,931
Recreation and culture	1,382	1,174	-	-	1,382	1,174
Interest on long-term debt	471	321	-	-	471	321
Business-type	-	-	64,956	58,431	64,956	58,431
Total program expenses	29,723	31,525	64,956	58,431	94,679	89,956
Change in Net Position	\$ (4,833)	\$ (3,223)	\$ (2,832)	\$ 3,407	\$ (7,665)	\$ 184

Governmental Activities

The City's total governmental revenue decreased by approximately \$3,412,000, or 12 percent, in the current year compared to an increase of \$543,000, or 2 percent, in the prior year. Capital grants and contributions decreased \$1,392,000 primarily due to the winding down of the Department of Housing and Urban Development NSP federal grant programs. Transfers and other revenue decreased \$1,794,000 this year compared to an increase of \$1,427,000 in the prior year. The large decrease 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 in the prior year.

Expenses decreased by approximately \$1,802,000, or 6.0 percent, in the current year compared to a decrease of \$1,851,000, or 6.2 percent in the prior year. Public work expenses increased \$1,620,000, primarily due to increased street maintenance and an adjustment in the equity interest in the Southgate/Wyandotte Drain District in the prior year. Community and economic development expenses declined by \$4,623,000 primarily due to the NSP federal grant programs coming to an end.

City of Wyandotte, Michigan

Management's Discussion and Analysis (Continued)

Business-type Activities

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

The Electric Fund's operating revenue was comparable to the prior year, increasing by approximately 2.0 percent, while operating expenses increased by approximately 22 percent. The increase in operating expenses was attributable to the efficiencies of existing equipment required for the production of steam utilizing natural gas, availability of other internal generation for the production of steam, and higher than forecasted market prices for natural gas during the winter of 2014 due to the demand for natural gas. Accordingly, the Electric Fund realized an operating loss of \$3,440,000 as compared to an operating income of \$4,388,000 in the previous year.

The financial performance of the Water Fund remained relatively stable in the current year. Operating revenue increased by 1.0 percent while operating expenses decreased by 6.0 percent. Operating income in the current year increased by \$244,000 and was \$636,000 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. In addition to the replacement of aging water mains, the Water Fund will begin an extensive capital improvement project at the filter plant in the upcoming year. Unrestricted net assets in the current year total \$5,422,000 as compared to \$4,276,000 in the prior year.

The Cable Television Fund's operating revenue decreased by less than 1 percent in the current year compared to an increase of approximately 2.0 percent in the prior year. The relatively minor decrease in operating revenue was primarily due to rate adjustments during the year. Operating income in the current year was \$1,005,000 compared to \$1,096,000 in the prior year, a decrease of \$91,000.

The operating results of the Sewage Disposal Fund indicate operating income of \$356,000 in the current year compared to operating income of \$350,000 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 \$109,000 in the current year as compared to a loss of \$96,000 in the prior year. Operating expenses remained consistent; however, operating revenue decreased by nearly \$15,000, which caused the increase in the current year loss. Although the golf course has shown 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 \$28,000 in the current year compared to net loss of \$67,000 in the prior year. This decrease in the loss can be primarily attributable to lower depreciation expense and higher tenant revenue

The City's Funds

Our analysis of the City's major funds begins on page 17, 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 2014 include the General Fund.

The General Fund pays for most of the City's governmental services. The most significant is public safety, which incurred expenses of approximately \$9.6 million, or 54.2 percent of the total General Fund expenditures in the current year as compared to \$8.9 million, or 41.9 percent, of the total General Fund expenditures in the prior fiscal year. Additional noteworthy expenditures include public works (\$2.7 million, or 15.4 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 5.5 percent of total expenditures in the current fiscal year compared to \$1.0 million, or 4.7 percent of total expenditures in the prior fiscal year). The large reduction in community and economic development expenditures (\$250,000, or 1.4 percent, in the current year as compared to \$4.9 million, or 22.9 percent, of total expenditures in the prior fiscal year) is the result of the Department of Housing and Urban Development NSP federal grant programs coming to an end. There was a minimal amount of NSP activity during the current year and only three homes remain left to sell at year end.

City of Wyandotte, Michigan

Management's Discussion and Analysis (Continued)

General Fund Budgetary Highlights

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

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

Even with these adjustments, actual expenditures were less than anticipated. This is primarily attributable to the management of personnel costs when vacancies arose, which effectively served as a hiring freeze, lower gasoline and oil prices, reduced costs due to the implementation of a new enterprise resource planning (ERP) system, and deferral of capital equipment purchases. 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.

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. Fortunately, the electors approved another additional operating millage in May 2014 which essentially replaces the previous supplemental operating millage approved in November 2011 which expired at the end of the current fiscal year. Other negative factors include tepid increases in 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.

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, 2014

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and investments (Note 4)	\$ 35,107,747	\$ 15,518,299	\$ 50,626,046	\$ 5,760,302
Receivables - Net:				
Taxes	1,887,354	-	1,887,354	-
Customer	-	8,566,080	8,566,080	-
Accrued interest	3,694	472	4,166	190
Other	1,591,579	-	1,591,579	238,921
Due from other governmental units	1,027,424	26,610	1,054,034	-
Special assessments	357,300	-	357,300	-
Due from component units (Note 9)	288,678	10,313	298,991	-
Due from primary government (Note 9)	-	-	-	63,449
Internal balances	266,526	(266,526)	-	-
Inventory	-	1,050,001	1,050,001	-
Prepaid expenses and other assets	123,255	1,832,655	1,955,910	-
Restricted assets	-	8,270,092	8,270,092	-
Investment in joint ventures (Note 7)	3,438,000	1,550,361	4,988,361	-
Land held for resale (Note 6)	377,547	-	377,547	1,901,726
Net pension asset (Note 13)	6,801,317	-	6,801,317	-
Note receivable	-	-	-	243,055
Capital assets:				
Assets not subject to depreciation (Note 8)	18,229,021	977,446	19,206,467	-
Assets subject to depreciation (Note 8)	44,199,444	70,771,981	114,971,425	-
Advance to component unit (Note 9)	1,231,819	-	1,231,819	-
Total assets	114,930,705	108,307,784	223,238,489	8,207,643
Deferred Outflows of Resources - Deferred charges on refunding	-	506,853	506,853	-
Liabilities				
Accounts payable	1,798,150	2,953,387	4,751,537	547,747
Due to other governmental units	3,294,336	-	3,294,336	108,581
Due to component units (Note 9)	63,449	-	63,449	-
Due to primary government (Note 9)	-	-	-	298,991
Refundable deposits, bonds, etc.	1,887,206	1,071,588	2,958,794	-
Accrued liabilities and other	787,843	2,691,445	3,479,288	52,145
Unearned revenue	-	272,958	272,958	-
Noncurrent liabilities:				
Due within one year:				
Compensated absences	792,700	-	792,700	-
General liability and workers' compensation claims	908,064	-	908,064	-
Current portion of long-term debt (Note 10)	600,000	6,683,219	7,283,219	177,001
Due in more than one year:				
Compensated absences	698,858	-	698,858	-
Liabilities to be paid from restricted assets	-	5,300,971	5,300,971	-
Advances from primary government (Note 9)	-	-	-	1,231,819
Net OPEB obligation (Note 16)	14,177,430	4,712,474	18,889,904	-
Long-term debt (Note 10)	6,000,000	29,004,206	35,004,206	304,596
Total liabilities	31,008,036	52,690,248	83,698,284	2,720,880

City of Wyandotte, Michigan

Statement of Net Position (Continued) September 30, 2014

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Deferred Inflows of Resources -				
Property taxes levied for the following year (Note 5)	\$ 12,736,605	\$ -	\$ 12,736,605	\$ 1,750,249
Net Position				
Net investment in capital assets	55,828,465	31,883,855	87,712,320	-
Restricted for:				
Major and local street projects	524,790	-	524,790	-
Police	21,076	-	21,076	-
Debt service	-	6,196,983	6,196,983	-
Grants	2,893,541	-	2,893,541	11,650
Sidewalk and alley paving	1,588,796	-	1,588,796	-
Rubbish	1,160,504	-	1,160,504	-
Drains	2,430,265	-	2,430,265	-
Working Capital - MPPA	-	673,100	673,100	-
Grant reserves	-	392,019	392,019	-
Unrestricted	6,738,627	16,978,432	23,717,059	3,724,864
Total net position	\$ 71,186,064	\$ 56,124,389	\$ 127,310,453	\$ 3,736,514

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	\$ 9,395,560	\$ 3,927,765	\$ -	\$ -
Public safety	11,571,321	1,437,938	283,198	-
Public works	6,595,291	660,043	1,712,195	970,476
Community and economic development:				
Redevelopment and housing	308,177	-	-	-
Other community and economic development	-	-	242,636	125,355
Recreation and culture	1,382,471	634,636	-	-
Interest on long-term debt	470,582	-	-	-
Total governmental activities	29,723,402	6,660,382	2,238,029	1,095,831
Business-type activities:				
Electric	48,821,512	43,521,230	648,341	-
Water	3,098,056	3,734,464	-	-
Cable television	8,707,744	9,711,353	-	-
Sewage disposal	3,402,054	3,540,271	-	-
Golf course	430,158	321,530	-	-
Building rental	496,733	468,483	-	-
Total business-type activities:	64,956,257	61,297,331	648,341	-
Total primary government	\$ 94,679,659	\$ 67,957,713	\$ 2,886,370	\$ 1,095,831
Component units:				
Tax Increment Finance Authorities - Consolidated	\$ 1,567,226	\$ -	\$ -	\$ -
Tax Increment Finance Authorities - Downtown	793,871	-	-	-
Brownfield Redevelopment Authority	79,738	-	-	-
Downriver Central Dispatch	797,306	797,306	-	-
Downriver Central Animal Control Agency	200,106	200,106	-	-
Total component units:	\$ 3,438,247	\$ 997,412	\$ -	\$ -
General revenues:				
Property taxes				
State-shared revenue				
Investment income				
Other miscellaneous income				
Total general revenues				
Change in Net Position				
Net Position - Beginning of year - As restated (Notes 2 and 19)				
Net Position - End of year				

Statement of Activities Year Ended September 30, 2014

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (5,467,795)	\$ -	\$ (5,467,795)	\$ -
(9,850,185)	-	(9,850,185)	-
(3,252,577)	-	(3,252,577)	-
(308,177)	-	(308,177)	-
367,991	-	367,991	-
(747,835)	-	(747,835)	-
(470,582)	-	(470,582)	-
(19,729,160)	-	(19,729,160)	-
-	(4,651,941)	(4,651,941)	-
-	636,408	636,408	-
-	1,003,609	1,003,609	-
-	138,217	138,217	-
-	(108,628)	(108,628)	-
-	(28,250)	(28,250)	-
-	(3,010,585)	(3,010,585)	-
(19,729,160)	(3,010,585)	(22,739,745)	-
-	-	-	(1,567,226)
-	-	-	(793,871)
-	-	-	(79,738)
-	-	-	-
-	-	-	-
-	-	-	(2,440,835)
11,569,564	-	11,569,564	2,917,210
2,795,526	-	2,795,526	-
291,163	179,043	470,206	5,202
239,577	-	239,577	180,141
14,895,830	179,043	15,074,873	3,102,553
(4,833,330)	(2,831,542)	(7,664,872)	661,718
76,019,394	58,955,931	134,975,325	3,074,796
\$ 71,186,064	\$ 56,124,389	\$ 127,310,453	\$ 3,736,514

City of Wyandotte, Michigan

Governmental Funds Balance Sheet September 30, 2014

	General Fund	Nonmajor Funds	Total
Assets			
Cash and investments (Note 4)	\$ 22,497,081	\$ 10,405,523	\$ 32,902,604
Receivables - Net:			
Taxes	1,521,839	365,515	1,887,354
Special assessments	-	357,300	357,300
Accrued interest	2,545	819	3,364
Other	1,144,611	446,968	1,591,579
Due from other governmental units	599,796	427,628	1,027,424
Due from component units (Note 9)	189,034	99,644	288,678
Due from other funds (Note 9)	226,985	1,349,585	1,576,570
Prepaid expenses and other assets	123,255	-	123,255
Land held for resale (Note 6)	218,270	159,277	377,547
Advance to component unit (Note 9)	-	1,008,249	1,008,249
	<u>\$ 26,523,416</u>	<u>\$ 14,620,508</u>	<u>\$ 41,143,924</u>
Total assets			
Liabilities			
Accounts payable	\$ 642,901	\$ 1,148,107	\$ 1,791,008
Due to other governmental units	3,294,336	-	3,294,336
Due to component units (Note 9)	62,995	454	63,449
Due to other funds (Note 9)	5,644,994	990,879	6,635,873
Advances from other funds (Note 9)	-	344,754	344,754
Refundable deposits, bonds, etc.	1,887,186	20	1,887,206
Accrued liabilities and other	674,905	-	674,905
	<u>12,207,317</u>	<u>2,484,214</u>	<u>14,691,531</u>
Total liabilities			
Deferred Inflows of Resources			
Unavailable revenue (Note 5)	351,289	563,868	915,157
Property taxes levied for the following year (Note 5)	<u>10,381,369</u>	<u>2,355,236</u>	<u>12,736,605</u>
	<u>10,732,658</u>	<u>2,919,104</u>	<u>13,651,762</u>
Total deferred inflows of resources			
Fund Balances			
Nonspendable:			
Inventory/Assets held for resale	-	159,277	159,277
Prepays	123,255	-	123,255
Long-term receivable	-	1,008,249	1,008,249
Restricted:			
Major and local street projects	-	524,790	524,790
Police	-	21,076	21,076
Grants	218,270	1,483,476	1,701,746
Rubbish	-	1,160,504	1,160,504
Sidewalk and alley paving	-	1,231,496	1,231,496
Drains	-	2,430,265	2,430,265
Committed - Special events	-	248,336	248,336
Assigned:			
Debt service	-	136,095	136,095
Capital projects	-	813,626	813,626
Unassigned	<u>3,241,916</u>	<u>-</u>	<u>3,241,916</u>
	<u>3,583,441</u>	<u>9,217,190</u>	<u>12,800,631</u>
Total fund balances			
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 26,523,416</u>	<u>\$ 14,620,508</u>	<u>\$ 41,143,924</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, 2014

Fund Balance Reported in Governmental Funds	\$ 12,800,631
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	62,428,465
Net pension asset is not a financial resource and is not reported in the fund	6,801,317
Investments in joint ventures are not financial resources and are not reported in the funds	3,438,000
Special assessment receivables are expected to be collected over several years and are not available to pay for current year expenditures	357,301
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	557,856
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	(1,491,558)
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(6,600,000)
Accrued interest is not due and payable in the current period and is not reported in the funds	(112,938)
Net OPEB obligation does not present a claim on current financial resources and is not reported as a fund liability	(14,177,430)
Internal service funds are included as part of governmental activities	7,184,420
Net Position of Governmental Activities	<u>\$ 71,186,064</u>

City of Wyandotte, Michigan

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended September 30, 2014

	General Fund	Nonmajor Funds	Total
Revenue			
Property taxes	\$ 9,071,568	\$ 2,603,714	\$ 11,675,282
Licenses and permits	503,686	-	503,686
Federal grants	440,884	81,756	522,640
State-shared revenue and grants	2,817,889	1,842,774	4,660,663
Other charges for services	4,261,433	474,026	4,735,459
Fines and forfeitures	1,231,334	-	1,231,334
Investment income	11,982	49,323	61,305
Contribution from component unit	-	770,531	770,531
Other revenue	425,651	544,967	970,618
Total revenue	18,764,427	6,367,091	25,131,518
Expenditures			
Current:			
General government	4,149,901	139,407	4,289,308
Public safety	9,586,711	73,824	9,660,535
Public works	2,730,615	6,213,658	8,944,273
Community and economic development	256,733	51,444	308,177
Recreation and culture	979,753	205,146	1,184,899
Debt service	-	1,081,032	1,081,032
Total expenditures	17,703,713	7,764,511	25,468,224
Excess of Revenue Over (Under) Expenditures	1,060,714	(1,397,420)	(336,706)
Other Financing Sources (Uses)			
Transfers in (Note 9)	-	1,402,552	1,402,552
Transfers out (Note 9)	(1,114,143)	(288,409)	(1,402,552)
Total other financing (uses) sources	(1,114,143)	1,114,143	-
Net Change in Fund Balances	(53,429)	(283,277)	(336,706)
Fund Balances - Beginning of year	3,636,870	9,500,467	13,137,337
Fund Balances - End of year	\$ 3,583,441	\$ 9,217,190	\$ 12,800,631

City of Wyandotte, Michigan

	Enterprise Funds			
	Electric	Water	Cable Television	Sewage Disposal
Assets				
Current assets:				
Cash and cash equivalents (Note 4)	\$ 2,217,371	\$ 6,660,309	\$ 3,576,436	\$ 2,789,190
Receivables - Net	6,491,987	524,099	873,320	703,756
Due from component units (Note 9)	10,313	-	-	-
Due from other funds (Note 9)	91,778	-	24,405	791,208
Inventory	878,716	110,979	60,306	-
Prepaid expenses and other assets	127,444	44,824	31,206	1,538,724
Total current assets	9,817,609	7,340,211	4,565,673	5,822,878
Noncurrent assets:				
Restricted assets (Note 12)	8,270,092	-	-	-
Advances to other funds (Note 9)	-	-	-	-
Investment in joint ventures	-	-	-	1,550,361
Capital assets: (Note 8)				
Assets not subject to depreciation	925,538	-	-	-
Assets subject to depreciation	39,130,123	7,336,041	2,582,088	18,504,179
Advance to component unit (Note 9)	-	-	-	-
Total noncurrent assets	48,325,753	7,336,041	2,582,088	20,054,540
Total assets	58,143,362	14,676,252	7,147,761	25,877,418
Deferred Outflows of Resources	506,853	-	-	-
Liabilities				
Current liabilities:				
Accounts payable	2,126,067	148,112	520,185	157,971
Due to other funds (Note 9)	194,267	809,906	96,042	-
Refundable deposits, bonds, etc.	1,053,488	-	18,100	-
Accrued liabilities and other	2,141,550	301,321	190,936	-
Unearned revenue	187,344	-	49,304	-
Debt service payable from restricted assets	-	-	-	-
Current portion of long-term debt (Note 10)	5,787,942	-	-	895,277
Total current liabilities	11,490,658	1,259,339	874,567	1,053,248
Noncurrent liabilities:				
Advances from other funds (Note 9)	-	-	-	73,502
Liabilities to be paid from restricted assets	5,300,971	-	-	-
Net OPEB obligation (Note 16)	3,531,996	659,128	521,350	-
Long-term debt - Net of current portion and amount payable from restricted assets (Note 10)	19,303,324	-	-	9,700,882
Total noncurrent liabilities	28,136,291	659,128	521,350	9,774,384
Total liabilities	39,626,949	1,918,467	1,395,917	10,827,632
Net Position				
Net investment in capital assets	10,786,248	7,336,041	2,582,088	7,908,020
Restricted	7,262,102	-	-	-
Unrestricted	974,916	5,421,744	3,169,756	7,141,766
Total net position	\$ 19,023,266	\$ 12,757,785	\$ 5,751,844	\$ 15,049,786

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

**Proprietary Funds
Statement of Net Position
September 30, 2014**

Enterprise Funds		Governmental Activities
Nonmajor Enterprise	Total Enterprise Funds	Internal Service
\$ 274,993	\$ 15,518,299	\$ 2,205,143
-	8,593,162	330
-	10,313	-
-	907,391	5,252,327
-	1,050,001	-
90,457	1,832,655	-
<u>365,450</u>	<u>27,911,821</u>	<u>7,457,800</u>
-	8,270,092	-
-	-	418,256
-	1,550,361	-
51,908	977,446	-
3,219,550	70,771,981	-
-	-	223,570
<u>3,271,458</u>	<u>81,569,880</u>	<u>641,826</u>
<u>3,636,908</u>	<u>109,481,701</u>	<u>8,099,626</u>
-	506,853	-
1,052	2,953,387	7,142
200	1,100,415	-
-	1,071,588	-
57,638	2,691,445	-
36,310	272,958	-
-	-	908,064
-	6,683,219	-
<u>95,200</u>	<u>14,773,012</u>	<u>915,206</u>
-	73,502	-
-	5,300,971	-
-	4,712,474	-
<u>-</u>	<u>29,004,206</u>	<u>-</u>
<u>-</u>	<u>39,091,153</u>	<u>-</u>
<u>95,200</u>	<u>53,864,165</u>	<u>915,206</u>
3,271,458	31,883,855	-
-	7,262,102	-
270,250	16,978,432	7,184,420
<u>\$ 3,541,708</u>	<u>\$ 56,124,389</u>	<u>\$ 7,184,420</u>

City of Wyandotte, Michigan

	Enterprise Funds			
	Electric	Water	Cable Television	Sewage Disposal
Operating Revenue				
Sale of water	\$ -	\$ 3,734,464	\$ -	\$ -
Sewage disposal charges	-	-	-	3,402,800
Sale of electricity	43,521,230	-	-	-
Income from customers and tenants	-	-	9,711,353	-
Other miscellaneous revenue	-	-	-	137,471
Charges to other funds	-	-	-	-
Total operating revenue	43,521,230	3,734,464	9,711,353	3,540,271
Operating Expenses				
Cost of water	-	864,826	-	-
Cost of sewage treatment	-	-	-	1,853,544
Cost of electrical production	34,519,717	-	-	-
Cost of insurance claims	-	-	-	-
Transportation	62,421	31,907	30,940	-
Other operation and maintenance	5,645,800	938,866	1,916,012	662,227
Billing & administrative costs	511,421	230,299	332,046	-
Distributions	1,399,440	473,935	759,501	-
Cable television royalties	-	-	4,967,116	-
Depreciation	4,822,351	558,223	700,507	668,646
Total operating expenses	46,961,150	3,098,056	8,706,122	3,184,417
Operating (Loss) Income	(3,439,920)	636,408	1,005,231	355,854
Nonoperating Revenue (Expenses)				
Investment and other income	116,981	689	61,253	117
Grant expenses	(596,101)	-	-	-
Interest expense	(1,264,261)	-	(1,622)	(217,637)
Grant revenue	648,341	-	-	-
Total nonoperating (expenses) income	(1,095,040)	689	59,631	(217,520)
Net (Loss) Income	(4,534,960)	637,097	1,064,862	138,334
Net Position - Beginning of year	23,558,226	12,120,688	4,686,982	14,911,452
Net Position - End of year	\$ 19,023,266	\$ 12,757,785	\$ 5,751,844	\$ 15,049,786

Proprietary Funds

Statement of Revenue, Expenses, and Changes in Net Position

Year Ended September 30, 2014

Enterprise Funds		Governmental Activities
Nonmajor Enterprise	Total Enterprise Funds	Internal Service
\$ -	\$ 3,734,464	\$ -
-	3,402,800	-
-	43,521,230	-
603,229	10,314,582	-
186,784	324,255	-
-	-	100,344
<u>790,013</u>	<u>61,297,331</u>	<u>100,344</u>
-	864,826	-
-	1,853,544	-
-	34,519,717	-
-	-	216,011
-	125,268	-
771,088	9,933,993	-
-	1,073,766	-
-	2,632,876	-
-	4,967,116	-
155,803	6,905,530	-
<u>926,891</u>	<u>62,876,636</u>	<u>216,011</u>
(136,878)	(1,579,305)	(115,667)
3	179,043	129,514
-	(596,101)	-
-	(1,483,520)	-
-	648,341	-
<u>3</u>	<u>(1,252,237)</u>	<u>129,514</u>
(136,875)	(2,831,542)	13,847
<u>3,678,583</u>	<u>58,955,931</u>	<u>7,170,573</u>
<u>\$ 3,541,708</u>	<u>\$ 56,124,389</u>	<u>\$ 7,184,420</u>

City of Wyandotte, Michigan

	Enterprise Funds			
	Electric	Water	Cable Television	Sewage Disposal
Cash Flows from Operating Activities				
Receipts from customers and tenants	\$ 44,078,545	\$ 3,771,932	\$ 9,884,054	\$ 3,454,096
Payments on interfund services and reimbursements	(36,860,654)	(1,596,204)	(7,179,071)	-
Payments to suppliers	(4,017,652)	(956,014)	(918,985)	(2,427,992)
Payments to employees	-	-	-	-
Claims paid	-	-	-	-
Net cash provided by (used in) operating activities	3,200,239	1,219,714	1,785,998	1,026,104
Cash Flows from Noncapital Financing Activities				
Transfers (to) from other funds	(84,786)	11,478	73,308	-
Repayments of loans from other funds	36,024	(93,111)	9,757	(69,282)
Net cash (used in) provided by noncapital financing activities	(48,762)	(81,633)	83,065	(69,282)
Cash Flows from Capital and Related Financing Activities				
Proceeds from debt issuance	850,000	-	-	-
Grant revenue	648,341	-	-	-
Grant expenses	(596,101)	-	-	-
Purchase of capital assets - Net of reimbursements	(1,869,962)	(219,374)	(632,256)	(84,255)
Principal and interest paid on capital debt	(6,364,986)	-	(83,471)	(1,092,485)
Net cash used in capital and related financing activities	(7,332,708)	(219,374)	(715,727)	(1,176,740)
Cash Flows from Investing Activities - Interest received on investments and other income	116,981	689	61,253	-
Net (Decrease) Increase in Cash and Cash Equivalents	(4,064,250)	919,396	1,214,589	(219,918)
Cash and Cash Equivalents - Beginning of year	14,551,713	5,740,913	2,361,847	3,009,108
Cash and Cash Equivalents - End of year	\$ 10,487,463	\$ 6,660,309	\$ 3,576,436	\$ 2,789,190
Balance Sheet Classification of Cash and Cash Equivalents				
Cash and investments	\$ 2,217,371	\$ 6,660,309	\$ 3,576,436	\$ 2,789,190
Restricted assets	8,270,092	-	-	-
Total cash and cash equivalents	\$ 10,487,463	\$ 6,660,309	\$ 3,576,436	\$ 2,789,190
Reconciliation of Operating (Loss) Income to Net Cash from Operating Activities				
Operating (loss) income	\$ (3,439,920)	\$ 636,408	\$ 1,005,231	\$ 355,854
Adjustments to reconcile operating (loss) income to net cash from operating activities:				
Depreciation and amortization	4,822,351	558,223	700,507	668,646
Bad debt expense	163,032	41,252	331,842	-
Changes in assets and liabilities:				
Receivables	394,283	(3,784)	(159,141)	(86,175)
Due from others	-	-	-	99,363
Inventories	107,077	9,562	(609)	-
Prepaid insurance and other current assets	211,635	(14,097)	4,639	(46,000)
Accounts payable	370,320	18,489	82,135	34,416
Estimated claims liability	-	-	-	-
Accrued and other liabilities	(288,118)	27,809	(169,359)	-
Deferred revenue	-	-	(12,561)	-
Customer deposits and other current liabilities	859,579	(54,148)	3,314	-
Net cash provided by (used in) operating activities	\$ 3,200,239	\$ 1,219,714	\$ 1,785,998	\$ 1,026,104

**Proprietary Funds
Statement of Cash Flows
Year Ended September 30, 2014**

Enterprise Funds		Governmental Activities
Nonmajor Enterprise	Total	Internal Service Fund
\$ 790,013	\$ 61,978,640	\$ -
37,052	(45,598,877)	100,344
(741,564)	(9,062,207)	6,338
(56,330)	(56,330)	-
-	-	(209,757)
29,171	7,261,226	(103,075)
-	-	160,373
-	(116,612)	-
-	(116,612)	160,373
-	850,000	-
-	648,341	-
-	(596,101)	-
-	(2,805,847)	-
-	(7,540,942)	-
-	(9,444,549)	-
4	178,927	129,252
29,175	(2,121,008)	186,550
245,818	25,909,399	2,018,593
\$ 274,993	\$ 23,788,391	\$ 2,205,143
\$ 274,993	\$ 15,518,299	\$ 2,205,143
-	8,270,092	-
\$ 274,993	\$ 23,788,391	\$ 2,205,143
\$ (136,878)	\$ (1,579,305)	\$ (115,667)
155,803	6,905,530	-
-	536,126	-
-	145,183	8,143
37,052	136,415	-
-	116,030	-
(17,387)	138,790	-
(9,419)	495,941	6,338
-	-	(1,889)
-	(429,668)	-
-	(12,561)	-
-	808,745	-
\$ 29,171	\$ 7,261,226	\$ (103,075)

City of Wyandotte, Michigan

Fiduciary Funds Statement of Fiduciary Net Position September 30, 2014

	Pension and Other Employee Benefits Trust	Agency Fund
Assets		
Cash and cash equivalents (Note 4)	\$ 2,940,368	\$ 429,287
Investments (Note 4):		
Collateralized mortgage obligations	108,167	-
U.S. government securities	8,810,316	-
U.S. government agency obligations	3,162,733	-
Common trust funds/Mutual funds	20,114,770	-
Foreign stock ADR	19,234,928	-
Foreign government obligations	7,437,081	-
Stocks	273,232	-
Bonds	6,218,825	-
Foreign corporate bonds	381,571	-
Receivables:		
Accrued interest receivable	93,937	-
Other receivables	7,696	-
Total assets	68,783,624	\$ 429,287
Liabilities		
Accounts payable	12,501	\$ -
Due to other governmental units	-	6,609
Due to primary government	549,633	-
Refundable deposits, bonds, etc.	-	422,678
Accrued liabilities and other	7,696	-
Total liabilities	569,830	\$ 429,287
Net Position Held in Trust for Pension and Other Employee Benefits	\$ 68,213,794	

City of Wyandotte, Michigan

Fiduciary Funds Statement of Changes in Fiduciary Net Position - Pension and Other Employee Benefits Trust Year Ended September 30, 2014

	Pension and Other Employee Benefits Trust
Additions	
Investment income (loss):	
Interest and dividends	\$ 1,182,549
Net increase in fair value of investments	2,860,672
Investment-related expenses	<u>(518,448)</u>
Net investment income	3,524,773
Contributions:	
Employer	7,060,559
Employee	<u>48,194</u>
Total contributions	<u>7,108,753</u>
Total additions	10,633,526
Deductions	
Pension benefit payments	6,461,217
Health benefit payments	<u>3,817,450</u>
Total deductions	<u>10,278,667</u>
Net Increase in Net Position Held in Trust	354,859
Net Position Held in Trust for Pension and Other Employee Benefits - Beginning of year	<u>67,858,935</u>
Net Position Held in Trust for Pension and Other Employee Benefits - End of year	<u>\$ 68,213,794</u>

City of Wyandotte, Michigan

	Tax Increment Finance Authorities - Consolidated	Tax Increment Finance Authorities - Downtown	Downtown Development Authority	Brownfield Redevelopment Authority	Downriver Central Dispatch
Assets					
Cash and cash equivalents (Note 4)	\$ 4,955,606	\$ 639,161	\$ 1,585	\$ 163,950	\$ -
Receivables - Net	35,888	5,000	-	10,894	187,329
Due from primary government (Note 9)	62,995	454	-	-	-
Internal balances	109,289	-	-	(109,289)	-
Land held for resale (Note 6)	1,856,926	44,800	-	-	-
Note receivable	-	243,055	-	-	-
Total assets	7,020,704	932,470	1,585	65,555	187,329
Liabilities					
Accounts payable	545,206	2,541	-	-	-
Due to other governmental units	-	-	-	108,581	-
Due to primary government	82,881	18,468	-	10,313	187,329
Accrued liabilities and other	1,699	23,182	-	27,264	-
Due within one year - Current portion of long-term debt (Note 10)	134,898	42,103	-	-	-
Due in more than one year - Advance from primary government (Note 9)	-	-	-	1,231,819	-
Long-term debt (Note 10)	189,775	114,821	-	-	-
Total liabilities	954,459	201,115	-	1,377,977	187,329
Deferred Inflows of Resources					
Property taxes levied for the following year	1,405,437	344,812	-	-	-
Net Position (Deficit)					
Restricted - NSP grant land held for resale	11,650	-	-	-	-
Unrestricted	4,649,158	386,543	1,585	(1,312,422)	-
Total net position (deficit)	<u>\$ 4,660,808</u>	<u>\$ 386,543</u>	<u>\$ 1,585</u>	<u>\$ (1,312,422)</u>	<u>\$ -</u>

**Component Units
Statement of Net Position
September 30, 2014**

Downriver Central Animal Control Agency	Total
\$ -	\$ 5,760,302
-	239,111
-	63,449
-	-
-	1,901,726
-	243,055
-	8,207,643
-	547,747
-	108,581
-	298,991
-	52,145
-	177,001
-	1,231,819
-	304,596
-	2,720,880
-	1,750,249
-	11,650
-	3,724,864
\$ -	\$ 3,736,514

City of Wyandotte, Michigan

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Tax Increment Finance Authorities - Consolidated governmental activities:				
Community and economic development	\$ 1,519,654	\$ -	\$ -	\$ -
Debt service	47,572	-	-	-
Total Tax Increment Finance Authorities - Consolidated governmental activities	1,567,226	-	-	-
Tax Increment Finance Authorities - Downtown governmental activities:				
Community and economic development	784,683	-	-	-
Debt service	9,188	-	-	-
Total Tax Increment Finance Authorities - Downtown governmental activities	793,871	-	-	-
Downtown Development Authority	-	-	-	-
Brownfield Redevelopment Authority - Governmental activities:				
Community and economic development	23,000	-	-	-
Debt service	56,738	-	-	-
Total Brownfield Redevelopment Authority - Governmental activities	79,738	-	-	-
Downriver Central Dispatch - Governmental activities - Public safety	797,306	797,306	-	-
Total component units	<u>\$ 3,238,141</u>	<u>\$ 797,306</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:
 Property taxes
 Investment income
 Other miscellaneous income
 Total general revenues

Change in Net Position

Net Position - Beginning of year

Net Position - End of year

**Component Units
Statement of Activities
Year Ended September 30, 2014**

Net (Expense) Revenue and Changes in Net Position						
Tax Increment Finance Authorities - Consolidated	Tax Increment Finance Authorities - Downtown	Downtown Development Authority	Brownfield Redevelopment Authority	Downriver Central Dispatch	Total	
\$ (1,519,654)	\$ -	\$ -	\$ -	\$ -	\$ (1,519,654)	
(47,572)	-	-	-	-	(47,572)	
(1,567,226)	-	-	-	-	(1,567,226)	
-	(784,683)	-	-	-	(784,683)	
-	(9,188)	-	-	-	(9,188)	
-	(793,871)	-	-	-	(793,871)	
-	-	-	-	-	-	
-	-	-	(23,000)	-	(23,000)	
-	-	-	(56,738)	-	(56,738)	
-	-	-	(79,738)	-	(79,738)	
-	-	-	-	-	-	
(1,567,226)	(793,871)	-	(79,738)	-	(2,440,835)	
2,274,979	496,185	-	146,046	-	2,917,210	
2,187	2,999	2	14	-	5,202	
9,975	85,546	-	84,620	-	180,141	
2,287,141	584,730	2	230,680	-	3,102,553	
719,915	(209,141)	2	150,942	-	661,718	
3,940,893	595,684	1,583	(1,463,364)	-	3,074,796	
\$ 4,660,808	\$ 386,543	\$ 1,585	\$ (1,312,422)	\$ -	\$ 3,736,514	

Note I - Summary of 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 - Summary of 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.

Accounting and Reporting Principles

The City follows accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board.

Report Presentation

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. 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. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Property taxes are recognized as revenues 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. The statements also present a schedule reconciling these amounts to the modified accrual based presentation found in the fund-based statements.

Note I - Summary of Significant Accounting Policies (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Taxes and other items not properly included among program revenues are reported instead as general revenue.

For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges between the City's water and sewer function and various other functions of the City. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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.

Fund Accounting

The City accounts for its various activities in several different funds, in order to demonstrate accountability for how we have spent certain resources - separate funds allow us to show the particular expenditures that specific revenues were used for. The various funds are aggregated into three broad fund types:

Governmental funds include all activities that provide general governmental services that are not business-type activities. This includes the General Fund, special revenue funds, debt service funds, capital project funds, and permanent funds. The City reports the following funds as "major" governmental funds:

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

Note I - Summary of Significant Accounting Policies (Continued)

Proprietary funds include enterprise funds (which provide goods or services to users in exchange for charges or fees) and internal service funds (which provide goods or services to other funds of the City). The City reports the following funds as “major” enterprise 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.

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.

Fiduciary funds include amounts held in a fiduciary capacity for others. These amounts will not be used to operate our government's programs. Activities that are reported as fiduciary include:

- **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.

Note I - Summary of Significant Accounting Policies (Continued)

Interfund Activity - During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

Basis of Accounting

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the government has spent its resources.

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension and retiree health care related costs, or sick and vacation pay) are not counted until they come due for payment. In addition, debt service expenditures, claims and judgments are recorded only when payment is due.

Revenues are not recognized until they are collected, or collected soon enough after the end of the year that they are available to pay for obligations outstanding at the end of the year. For this purpose, the City considers amounts collected within 60 days of year end to be available for recognition. 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 and federal grant reimbursements will be collected after the period of availability; receivables have been recorded for these, along with a "deferred inflow".

Note I - Summary of Significant Accounting Policies (Continued)

Proprietary funds and fiduciary funds use the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Specific Balances and Transactions

Cash and Cash Equivalents - 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 - Investments are reported at fair value or estimated fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

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 - Amounts have been set aside related to working capital, debt service, and grants in the Electric Fund. These amounts have been restricted pursuant to Wyandotte Department of Municipal Service Commission resolution. These amounts have been classified as restricted assets.

Capital Assets - Capital assets, which include property, plant, equipment, intangible assets, 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 - Summary of Significant Accounting Policies (Continued)

Infrastructure, intangibles, buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Capital asset class	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

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 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 expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize bond issuances as an "other financing source," as well as bond premiums and discounts. The General Fund and debt service funds are generally used to liquidate governmental long-term debt.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Note I - Summary of Significant Accounting Policies (Continued)

In addition to liabilities, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The government has items that qualify for reporting in this category. The deferred inflows of resources related to unavailable revenues in the governmental funds are from special assessments, grants, and other revenues. In addition, the government also has property taxes levied for the next fiscal year. These amounts are shown as deferred inflows of resources on both the governmental funds balance sheet as well as the statement of financial position.

Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

Note I - Summary of Significant Accounting Policies (Continued)

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The City Council has by resolution authorized the City administrator to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

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 2013 taxable valuation of the City totaled \$555,513,700 (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 on a net basis resulted in approximately \$7,383,000 for operating purposes, \$1,109,000 for debt service, \$1,289,000 for garbage and rubbish services, and \$1,308,000 for drain operation and maintenance. These amounts are recognized in the respective General Fund and Special Revenue Fund financial statements as tax revenue. The special tax districts record their portion of taxes in the respective component units' 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 - Summary of 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.

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.

Proprietary Funds Operating Classification - 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. 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.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Significant Customers - The City has the following customers that represent significant amounts of operating revenue for the year ended September 30, 2014:

	Electricity Fees	Water Fees	Sewage Fees	Property Taxes
BASF Corporation	25%	14%	30%	11%
Electric Fund	-	7	-	-
Wayne County	8	-	-	-
Wyandotte Hospital	3	3	-	-

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2014

Note 2 - Change in Accounting

During the current year, the City adopted GASB Statement Number 65, *Items Previously Reported as Assets and Liabilities*. The objective of this statement is to establish standards that reclassify certain items that were previously reported as assets and liabilities and instead to classify them as deferred inflows of resources, deferred outflows of resources, or as outflows of resources.

As a result of implementing this statement, deferred amounts on debt refundings has been reclassified as deferred outflows of resources and bond issuance costs have been reclassified as an outflow of resources (an expense). In addition, property taxes levied for the following year have been reclassified from deferred revenue to deferred inflows of resources.

As a result of implementing this statement, the following assets and liabilities as of September 30, 2013 have been reclassified within the statements as indicated:

Item	Amount	Prior Reporting Classification/Treatment	New Classification after Adoption of GASB 65
Deferred amounts on debt refundings	\$ 543,057	Adjustment to the bonds payable liability	Deferred outflow of resources
Bond issuance costs	1,100,831	Asset	Outflow of resources (an expense)

The effect of this correction was to expense bond issuance costs rather than capitalizing them and reporting them as an asset. The effect of this change is as follows:

	Electric Fund	Business-type Activities
Net Position- September 30, 2013 - As previously reported	24,659,057	60,056,762
Capitalized bond issuance costs expensed under GASB Statement No. 65	<u>(1,100,831)</u>	<u>(1,100,831)</u>
Net Position-September 30, 2014 - As restated	<u>\$ 23,558,226</u>	<u>\$ 58,955,931</u>

During the current year, the City adopted GASB Statement Number 67, *Financial Reporting for Pension Plans*. This statement required changes to the actuarial valuations resulting in a different measurement of the liability of the employer(s) to plan members for benefits provided through the pension plan. As a result, the disclosures within the pension footnote have changed considerably along with the related schedules in the required supplemental information.

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2014

Note 3 - 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, 2013		\$	(262,534)
Current year permit revenue			667,680
Related expenses:			
Direct costs	\$	103,200	
Estimated indirect costs		509,709	612,909
			<u>54,771</u>
Current year shortfall			<u>54,771</u>
Cumulative shortfall at September 30, 2014		\$	<u>(207,763)</u>

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

Note 4 - 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 Funds are 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.

Note 4 - Deposits and Investments (Continued)

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.

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 \$47,506,922 of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. In addition, the City's component units had \$5,256,716 of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. The City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the City evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Note 4 - Deposits and Investments (Continued)

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The City's investment policy does not restrict investment maturities, other than commercial paper which can only be purchased with a 270-day maturity. At year end, the average maturities of investments are as follows:

Investment	Fair Value	Weighted Average Maturity
U.S. Treasury bills	\$ 231,141	.46 years
U.S. federal agency	543,081	.99 years
U.S. Treasury bills (pension)	8,715,811	36.99 years
U.S. federal agency (pension)	3,157,633	15.78 years
Corporate bonds and notes (pension)	6,042,370	6.78 years
Collateralized mortgage obligations (pension)	108,167	22 years
Foreign corporate bonds and notes (pension)	381,571	3.02 years
Foreign government obligations (pension)	7,437,081	13.82 years
U.S. Treasury bills (retiree health care)	94,505	41.17 years
U.S. federal agency (retiree health care)	5,100	2.13 years
Corporate bonds and notes (retiree health care)	176,455	2.75 years

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2014

Note 4 - 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 (including Pension and Retiree Health Care Funds)	\$ 761,216	AAA	S&P
	1,085,902	AA+	S&P
	322,496	AA	S&P
	113,468	AA-	S&P
	666,414	A+	S&P
	1,154,528	A	S&P
	550,333	A-	S&P
	956,248	BBB+	S&P
	909,106	BBB	S&P
	217,299	BBB-	S&P
	14,481,333	AAA	Moody's
	1,911,467	Aa1	Moody's
	756,403	Aa1u	Moody's
	874,856	Aa3	Moody's
	865,192	A2	Moody's
	2,095,534	A3	Moody's
	963,261	Baa1	Moody's
	1,593,773	Baa2	Moody's
	302	B1	Moody's
		8,418,864	N/A
Component units	365,543	N/A	Unrated

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2014

Note 4 - 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	\$ 110,542
Australian dollar	666,034
Polish zloty	30,602
Brazilian real	554,246
Mexican peso	1,933,277
Chilean peso	988,096
South African rand	457,510
New Zealand dollar	35,829
British pound	756,403
Malaysian ringgit	288,572
South Korean won	629,057

Note 5 - Deferred Inflows/Outflows of Resources

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

	Governmental Funds	Government- wide Statements
Property taxes levied for the next fiscal year	\$ 12,736,605	\$ 12,736,605
Special assessments - Unavailable	357,301	-
Grant revenue - Unavailable	141,939	-
ALS Revenue - Unavailable	415,917	-
Total deferred inflows	\$ 13,651,762	\$ 12,736,605

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2014

Note 5 - Deferred Inflows/Outflows of Resources (Continued)

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

	Proprietary Funds	Government- wide Statements
Bond refunding deferred charge being amortized	\$ 506,853	\$ 506,853

The component units also include \$1,750,249 of deferred inflows for property taxes levied for the next fiscal year.

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, 2014, inventory had a cost of \$647,848, \$318,666, and \$16,764,076 and an estimated fair market value of \$115,040, \$44,237, and \$1,901,726 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 \$1,900, \$0, and \$267,812 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, sales of properties held in special revenue funds resulted in a loss on sale of \$1,500 and sales of select properties within the component units resulted in a gain on sale of \$219,761 included in miscellaneous income.

Inventory of \$218,270 was recorded in the General Fund at September 30, 2014, representing rehabilitation costs associated with properties purchased under the Neighborhood Stabilization Program. 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 under Chapter 20 of the Michigan Drain Code. The inter-county drain activity is administered by the Wayne County Drainage Board. The City paid approximately \$896,000 to Wayne County during the year for operations and maintenance.

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2014

Note 7 - Joint Ventures (Continued)

The City of Wyandotte has approximately a 50.5 participation 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 interest in the working capital of the venture in the amount of \$3,438,000 has been recorded in the government-wide statement of net position at September 30, 2014.

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 \$1,854,000 for operations of the system and \$1,085,000 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, 2014. 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, 2013	Additions	Disposals and Adjustments	Balance September 30, 2014
Governmental Activities				
Capital assets not being depreciated - Land	\$ 18,229,021	\$ -	\$ -	\$ 18,229,021
Capital assets being depreciated:				
Roads and other infrastructure	83,554,613	2,841,927	(574,364)	85,822,176
Sidewalks	36,065,131	185,296	-	36,250,427
Buildings and improvements	22,272,168	75,607	-	22,347,775
Machinery, equipment, and vehicles	11,786,568	134,071	(93,050)	11,827,589
Land improvements	6,411,474	-	(1,193,214)	5,218,260
Subtotal	160,089,954	3,236,901	(1,860,628)	161,466,227
Accumulated depreciation:				
Roads and other infrastructure	65,183,568	1,930,384	(301,541)	66,812,411
Sidewalks	29,901,944	1,287,908	-	31,189,852
Buildings and improvements	4,843,268	376,827	-	5,220,095
Machinery, equipment, and vehicles	9,902,847	470,848	(93,050)	10,280,645
Land improvements	4,162,290	227,927	(626,437)	3,763,780
Subtotal	113,993,917	4,293,894	(1,021,028)	117,266,783
Net capital assets being depreciated	46,096,037	(1,056,993)	(839,600)	44,199,444
Net capital assets	\$ 64,325,058	\$ (1,056,993)	\$ (839,600)	\$ 62,428,465

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2014

Note 8 - Capital Assets (Continued)

	Balance October 1, 2013	Reclassifications	Additions	Disposals and Adjustments	Balance September 30, 2014
Business-type Activities					
Capital assets not being depreciated:					
Land	\$ 51,908	\$ -	\$ -	\$ -	\$ 51,908
Construction in progress	638,929	(62,075)	348,684	-	925,538
Subtotal	690,837	(62,075)	348,684	-	977,446
Capital assets being depreciated:					
Utility plant	112,565,224	(547,137)	1,253,684	-	113,271,771
Transmission	7,978,386	(2,067,205)	-	-	5,911,181
Pumping	3,442,218	(231,208)	83,328	-	3,294,338
Purification	3,964,446	(128,781)	75,726	-	3,911,391
Distribution	50,716,403	3,583,221	462,961	-	54,762,585
Transportation	3,138,297	-	987	(71,734)	3,067,550
Stores	988,421	(56,754)	31,754	-	963,421
Cable equipment	2,662,726	(552,307)	281,615	-	2,392,034
Land improvements	2,937,427	-	-	-	2,937,427
Studio	544,946	7,336	23,756	-	576,038
General	3,107,736	54,910	156,469	-	3,319,115
Buildings	2,328,584	-	-	-	2,328,584
Equipment and fixtures	1,703,896	-	-	-	1,703,896
Sewer lines	30,813,496	-	84,255	-	30,897,751
Subtotal	226,892,206	62,075	2,454,535	(71,734)	229,337,082
Accumulated depreciation:					
Utility plant	82,369,733	(1,169)	3,393,985	-	85,762,549
Transmission	5,325,148	35,744	91,258	-	5,452,150
Pumping	2,122,860	(600)	125,389	-	2,247,649
Purification	3,604,855	-	27,409	-	3,632,264
Distribution	34,669,250	363,461	1,966,777	-	36,999,488
Transportation	1,966,606	(4,825)	235,556	(71,734)	2,125,603
Stores	860,873	(417)	10,098	-	870,554
Cable equipment	1,907,132	(64,795)	116,417	-	1,958,754
Land improvements	1,056,490	-	58,749	-	1,115,239
Studio	521,318	-	9,555	-	530,873
General	3,064,050	(327,399)	104,637	-	2,841,288
Buildings	900,342	-	76,304	-	976,646
Equipment and fixtures	1,319,535	-	76,809	-	1,396,344
Sewer lines	12,043,112	-	612,588	-	12,655,700
Subtotal	151,731,304	-	6,905,531	(71,734)	158,565,101
Net capital assets being depreciated	75,160,902	62,075	(4,450,996)	-	70,771,981
Net capital assets	\$ 75,851,739	\$ -	\$ (4,102,312)	\$ -	\$ 71,749,427

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2014

Note 8 - Capital Assets (Continued)

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

Governmental activities:

General government	\$ 3,452,342
Public safety	446,762
Public works	111,555
Recreation and culture	283,235
Total governmental activities	<u>\$ 4,293,894</u>

Business-type activities:

Electric	\$ 4,822,351
Water	558,223
Cable television	700,507
Sewage disposal	668,646
Golf course	110,168
Building rental	45,636
Total business-type activities	<u>\$ 6,905,531</u>

Construction Commitments - The City has active construction projects at year end. The City's commitments with contractors/suppliers as of September 30, 2014 are as follows:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Fort Street Lighting Upgrade	\$ 463,063	\$ 516,136
BASF Geothermal Phase II Installation	14,481	255,519
Total	<u>\$ 477,544</u>	<u>\$ 771,655</u>

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2014

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	47,305
	Electric Fund	156,518
	Water Fund	6,252
	Cable Fund	16,710
	Other enterprise funds	200
	Total General Fund	<u>\$ 226,985</u>
Other governmental funds	General Fund	\$ 1,260,535
	Other governmental funds	51,301
	Electric Fund	<u>37,749</u>
	Total other governmental funds	<u>\$ 1,349,585</u>
Electric Fund	Water Fund	\$ 12,446
	Cable Television Fund	<u>79,332</u>
	Total Water Fund	<u>\$ 91,778</u>
Sewage Disposal	Water Fund	<u>\$ 791,208</u>
Cable Fund	General Fund	<u>\$ 24,405</u>
Internal Service Fund	General Fund	\$ 4,360,054
	Other governmental funds	<u>892,273</u>
	Total Internal Service Fund	<u>\$ 5,252,327</u>
Tax Increment Finance Authorities - Consolidated	Brownfield Redevelopment Authority	<u>\$ 109,289</u>

Advances from/to Other Funds

Receivable Fund	Payable Fund	Amount
Internal Service Fund	Sewage Disposal Fund	\$ 73,502
	Other governmental funds	<u>344,754</u>
	Total	<u>\$ 418,256</u>

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2014

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

Due to/from Primary Government and Component Units

Receivable Fund	Payable Fund	Amount
General Fund	Tax Increment Finance Authorities - Downtown	\$ 1,705
	Downriver Central Dispatch	187,329
	Total General Fund	<u>\$ 189,034</u>
Other governmental funds	Tax Increment Finance Authorities - Downtown	\$ 16,763
	Total Tax Increment Finance Authorities - Consolidated	<u>82,881</u>
	Total other governmental funds	<u>\$ 99,644</u>
Electric Fund	Brownfield Redevelopment Authority	<u>\$ 10,313</u>
Total Tax Increment Finance Authorities - Consolidated	General Fund	<u>\$ 62,995</u>
Total Tax Increment Finance Authorities - Downtown	Other governmental funds	<u>\$ 454</u>

Advances from/to Primary Government and Component Units

Receivable Fund	Payable Fund	Amount
Other governmental funds	Brownfield Redevelopment Authority	\$ 1,008,249
Internal Service Fund	Brownfield Redevelopment Authority	223,570

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2014

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.

The internal service fund advance to the other governmental funds is an internal loan for the purchase of fire equipment which is scheduled to be paid over the next two years.

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

Fund Receiving Resources	Fund Providing Resources	Amount
Other governmental funds	General Fund	\$ 1,114,143
	Other governmental funds	<u>288,409</u>
	Total other governmental funds	<u>\$ 1,402,552</u>

The transfer to other governmental funds from the General Fund was primarily to pay the annual debt service for the 27th District Court and police department facility construction, and Yack Arena renovation bonds. These funds are derived through tax levies. The \$288,409 transfer between the City's two street funds was to redistribute Act 51 revenue from the Major Streets Fund to the Local Streets Fund, where the funds were then spent.

Note 10 - Long-term Debt

The City issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. County contractual agreements and installment purchase agreements are also general obligations of the government. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

Description	Amount
Governmental Activities	
General obligations:	
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>\$ 6,600,000</u>

Note 10 - Long-term Debt (Continued)

Description	Amount
Business-type Activities	
General obligations:	
Downriver sewage disposal system bonds, 22 issues totaling \$18,891,204, with interest from 1.625 percent to 5.00 percent, maturing from 2016 to 2035	\$ 10,596,159
2008 Electric purchase installment, issued for \$2,385,761, with interest of 4.53 percent, maturing in 2019	1,166,961
2010 Electric purchase installment, issued for \$3,866,200, with interest of 4.35 percent, maturing in 2019	2,471,012
2011 Electric purchase installment, issued for \$449,080, with interest from 3.75 percent to 4.73 percent, maturing in 2016	233,930
2012 Electric purchase installment, issued for \$201,798, with interest of 3.2 percent, maturing in 2016	120,270
2014 Electric purchase installment, issued for \$850,000, with interest of 2 percent, maturing in 2021	<u>850,000</u>
Subtotal	15,438,332
Revenue bonds:	
2005A Electric Revenue Bonds, net of unamortized premium, issued for \$6,104,826, with interest from 4 percent to 5 percent, maturing in 2016	1,210,434
2005B Electric Revenue Bonds, net of unamortized premium, issued for \$7,489,013, with interest from 4 percent to 4.50 percent, maturing in 2025	5,157,317
2009 Revenue Refunding Bonds - Net of unamortized premium	18,566,342
Less amounts payable from restricted assets	<u>(4,685,000)</u>
Subtotal	<u>20,249,093</u>
Total business-type activity debt	<u>\$ 35,687,425</u>
Component Units Activities	
General obligations:	
1999 Brownfield Revitalization Loan, issued for \$944,000, with interest of 2.25 percent, maturing in 2015	\$ 92,387
Various installment purchase agreements	232,286
2006 Downtown Development Note Payable, issued for \$400,000, with interest of 5.00 percent, maturing in 2018	<u>156,924</u>
Total component units activities debt	<u>\$ 481,597</u>

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2014

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	\$ 7,200,000	\$ -	\$ (600,000)	\$ 6,600,000	\$ 600,000
Business-type Activities					
General obligations	\$ 16,276,763	\$ 850,000	\$ (1,688,431)	\$ 15,438,332	\$ 1,788,219
Revenue bonds (net of premiums)	28,909,868	-	(3,975,775)	24,934,093	4,895,000
Less portion payable from restricted assets	(4,480,000)	(205,000)	-	(4,685,000)	-
Total	\$ 40,706,631	\$ 645,000	\$ (5,664,206)	\$ 35,687,425	\$ 6,683,219
Component Unit Activities -					
General obligations	\$ 785,439	\$ -	\$ (303,842)	\$ 481,597	\$ 177,001

Total interest expense for the year was approximately \$1,864,000.

Annual debt service requirements to maturity for the above bonds and note obligations, excluding unamortized premiums on bonds payable are as follows:

Years Ending September 30	Governmental Activities			Business-type Activities			Component Unit Activities		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2015	\$ 600,000	\$ 271,050	\$ 871,050	\$ 6,473,218	\$ 1,323,410	\$ 7,796,628	\$ 177,001	\$ 18,631	\$ 195,632
2016	700,000	247,050	947,050	6,941,349	1,069,537	8,010,886	92,197	12,378	104,575
2017	800,000	219,050	1,019,050	5,950,412	851,251	6,801,663	188,287	8,000	196,287
2018	800,000	187,050	987,050	6,216,945	575,357	6,792,302	24,112	603	24,715
2019	400,000	154,650	554,650	2,343,133	487,806	2,830,939	-	-	-
2020-2024	2,300,000	513,350	2,813,350	6,314,726	1,569,726	7,884,452	-	-	-
2025-2029	1,000,000	63,750	1,063,750	4,633,406	482,528	5,115,934	-	-	-
2030-2034	-	-	-	1,014,669	44,583	1,059,252	-	-	-
Thereafter	-	-	-	80,474	1,610	82,084	-	-	-
Total	\$ 6,600,000	\$ 1,655,950	\$ 8,255,950	\$ 39,968,332	\$ 6,405,808	\$ 46,374,140	\$ 481,597	\$ 39,612	\$ 521,209

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 \$1,995,070 compared to the annual debt service requirement of \$5,751,926. 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, 2014 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, 2014

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	
	2014	2013	2014	2013
Estimated liability - Beginning of year	\$ 909,953	\$ 600,218	\$ 261,721	\$ 290,150
Incurred claims - Including claims incurred but not reported	216,011	562,545	(13,467)	35,391
Claim payments and changes in estimates	<u>(217,900)</u>	<u>(252,810)</u>	<u>(62,025)</u>	<u>(63,820)</u>
Estimated liability - End of year	<u>\$ 908,064</u>	<u>\$ 909,953</u>	<u>\$ 186,229</u>	<u>\$ 261,721</u>

Note 12 - Restricted Assets and Restricted Net Position

The balances for the restricted asset accounts are as follows:

	Electric Fund
Debt service	\$ 7,204,973
Restricted working capital - MPPA	673,100
Restricted grant reserves	<u>392,019</u>
Total	<u>\$ 8,270,092</u>

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

In addition, the current liability payable from restricted assets for the Electric Fund includes \$615,971 for interest and \$4,685,000 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 \$1,984,500 which represents 10 percent of the principal 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.

The Electric Fund assets restricted for MPPA working capital are contractually restricted by way of an energy services agreement entered into the MPPA by the Department in October 2012.

The Electric Fund assets restricted for grant reserves represent the balances outstanding as of September 30, 2014 related to grant funds advanced to the Department by the Department of Energy in 2011 to be used for loan loss reserves and interest rate buy downs on approved energy related projects for qualifying customers of the Department.

In the Electric Fund, the Commission, pursuant to a resolution, authorized the creation of a restricted account for environmental expenses. At September 30, 2014, no monies have been transferred.

Portions of net position of the enterprise funds have been restricted for the following purposes at September 30, 2014:

	<u>Electric Fund</u>
Debt service	\$ 6,196,983
Restricted working capital - MPPA	673,100
Restricted grant reserves	<u>392,019</u>
Total	<u>\$ 7,262,102</u>

Note 13 - Defined Benefit Pension Plan

Plan Administration - The City of Wyandotte Employees' Retirement System administers the City of Wyandotte Employees' Pension Plan - a single employer defined benefit pension plan that provides pensions for employees of the City. The System covers substantially all full-time general employees hired prior to October 1, 1999, all union (AFSCME) general members hired prior to April 1, 2000, all union (IAFF) firefighters hired prior to October 1, 2000, all fire dispatchers and police hired prior to July 1, 2001, and all Municipal Services employees hired prior to October 1, 2006. The plan is closed to new hires. Benefit terms have been established by contractual agreements between the City and the various employee union representation; amendments are subject to the same process.

Management of the Plan is vested in the Retirement Commission, which consists of seven members-four elected by plan members (General, Police, Fire, and Municipal Services), one appointed by the City, one appointed by Municipal Services Commission, and the City Treasurer, who serves as an ex-officio member.

Plan Membership - At September 30, 2013, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	283
Inactive plan members entitled to but not yet receiving benefits	25
Active plan members	92
Total	<u>400</u>

Benefits Provided - The Pension Plan provides retirement, disability, and death benefits. Retirement benefits for members are calculated for the various groups as follows:

General plan members - Total service times 1.4 percent of the member's final average compensation (FAC). The FAC is calculated as the three highest consecutive years out of the last five. For members hired prior to October 1, 1982, the minimum benefit is total service times 2 percent of FAC. Maximum benefit is 70 percent of FAC.

Police Patrol and Command members - FAC times the sum of 2.5 percent of the first 25 years of service plus 1 percent for years of service in excess of 25 years, up to 75 percent of FAC. FAC for Police Patrol is calculated as the highest one year out of the last 10 if hired on or before October 1, 1982. For Police Patrol hired after October 1, 1982 and Police Command hired before February 1, 1999, it is the highest three out of last 10 consecutive years.

Note 13 - Defined Benefit Pension Plan (Continued)

Fire members - If hired prior to October 1, 1982, the minimum benefit is FAC times the sum of 2.8 percent of the first 25 years of service plus 1 percent for years of service in excess of 25 years, up to 75 percent of FAC less the annuity equivalent of the member's hypothetical contribution balance. For all other Fire members, the benefit is calculated as FAC times the sum of 2.5 percent of the first 25 years of service plus 1 percent for years of service in excess of 25 years, up to 75 percent of FAC less the annuity equivalent of the member's hypothetical contribution balance. FAC for Fire members is calculated as the highest three out of the last 10 consecutive years.

Municipal Service members - FAC times 1.65, 1.7 or 1.7 percent for non-exempt, exempt, and hourly members, respectively. FAC is calculated as the highest 3 consecutive years out of the last 10.

General, Police, and Fire plan members with 25 years of service or age 55 with 10 years of service are eligible to retire. Municipal Service plan members with 30 years (25 years for Municipal Services hourly) of service or age 60 with 10 years of service are eligible to retire. General and Municipal Services have a mandatory retirement age of 70 years while Police and Fire is age 60. All plan members are eligible for non-duty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Death benefits equal the worker's compensation benefit.

Contributions - Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, the Retirement System retains an independent actuary to determine the annual contribution. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. Contribution requirements of plan members are established and may be amended by the board of trustees in accordance with the City Charter, union contracts, and plan provisions. For the year ended September 30, 2014, the Police Patrol members hired after October 1, 1982 contributed 5 percent of annual pay and Police Command members hired after October 1, 1982 contributed 5 percent of payroll retroactive to February 1, 2000. All other members do not contribute. The City's average contribution rate was 70.65 percent of annual payroll.

Note 13 - Defined Benefit Pension Plan (Continued)

Pension Plan Investments - Policy and Rate of Return

Investment Policy - The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Pension Board by a majority vote of its members. It is the policy of the Pension Board to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board's adopted asset allocation policy as of September 30, 2014:

<u>Asset class</u>	<u>Target Allocation</u>
Domestic Fixed Income	20%
International Fixed Income	20%
Domestic Equity	28%
International Equity	17%
Hedged Strategies	13%
Cash	2%

Rate of Return - For the year ended September 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 5.31 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Pension Plan Reserves

In accordance with Plan documents, the following reserves are required to be set aside within the pension plan:

The retiree reserve is to be computed annually by the actuary as the present value of estimated benefit payments for all current retirees. The amounts reserved may be used solely to pay monthly retiree benefit payments.

The employee reserve is credited as employee contributions are received throughout the year; the Plan maintains a record of the amount contributed by each employee, and credits interest annually at a rate of 5 percent. For any employee who terminates before vesting in the pension plan, their balance is returned to them; for those who stay until retirement, the balance is transferred into the retiree reserve.

The employer reserve account is used to account for the residual net position balance in the pension plan after funding the above two reserves.

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2014

Note 13 - Defined Benefit Pension Plan (Continued)

	<u>Required reserve</u>	<u>Amount funded</u>
Retiree reserve	\$ 59,291,928	\$ 56,985,643
Employee reserve	\$ -	\$ 1,079,796
Employer reserve	N/A	\$ -

Net Pension Liability of the City

The City reports pension expense based on funding requirements, as directed by GASB 27. Beginning next year, the City will adopt GASB 68 which will require the measurement of pension expense as it is earned, rather than as it is funded. The net pension liability of the City has been measured as of September 30, 2014 and is composed of the following:

The components of the net pension liability of the City at September 30, 2014 were as follows:

Total pension liability	\$ (83,727,938)
Plan fiduciary net position	<u>66,497,101</u>
City's net position liability	(17,230,837)

Plan fiduciary net position as a percentage of the total pension liability	79.4 %
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Actuarial Assumptions - The September 30, 2014 total pension liability was determined by an actuarial valuation as of September 30, 2013, which used update procedures to roll forward the estimated liability to September 30, 2014. The valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	4.5 %
Salary increases	5 to 9.6 % average, including inflation
Investment rate of return	7.5 % net of pension plan investment expense, including inflation

Mortality rates were based on the 1984 Group Annuity Mortality Table, set back 0 years for men and 6 years for women.

Discount Rate - The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Note 13 - Defined Benefit Pension Plan (Continued)

Projected Cash Flows

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return as of September 30, 2013 for each major asset class included in the pension plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following table.

Asset class	Long-term expected real rate of return
Domestic Fixed Income	2.00%
International Fixed Income	0.50%
Domestic Equity	5.25%
International Equity	5.25%
Hedged Strategies	4.00%
Cash	-0.25%

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the City, calculated using the discount rate of 7.5 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% decrease (6.5%)	Current discount rate (7.5%)	1% increase (8.5%)
Net pension liability of the City	\$ 24,999,746	\$ 17,230,837	\$ 10,509,800

Pension Cost

The pension plan does not issue a separate financial report.

Note 13 - Defined Benefit Pension Plan (Continued)

Annual Pension Cost and Net Pension Asset

Annual required contribution	\$ 4,026,503
Interest on net pension asset	<u>(514,111)</u>
Annual pension cost (APC)	3,512,392
Contributions made	<u>(3,458,902)</u>
Decrease in net pension asset	53,490
Net pension asset - Beginning of year	<u>6,854,807</u>
Net pension asset - End of year	<u>\$ 6,801,317</u>

Annual Pension Cost - For the year ended September 30, 2014, the City's annual pension cost of \$3,512,392 for the plan was equal to the City's required contribution of \$4,026,503, less investment interest of \$514,111 on the net pension asset. The City's actual contribution for the year ended September 30, 2014 was \$3,458,902, which consisted of contributions from municipal service of \$815,305 and transfers from other funds of \$2,643,597. The pension cost for the three most recent years is as follows:

	Fiscal Year Ended September 30		
	2014	2013	2012
Annual pension cost (APC)	\$ 3,512,392	\$ 3,581,659	\$ 3,027,421
Percentage of APC contributed	98.5 %	104.9 %	87.2 %
Net pension asset	6,801,317	6,854,807	6,680,857

Funding Status and Funding Progress - As of September 30, 2013, the most recent actuarial valuation date, the plan was 73.3 percent funded. The actuarial accrued liability for benefits was \$83,294,911, and the actuarial value of assets was \$61,042,504, resulting in an unfunded actuarial accrued liability of \$22,252,407. The covered payroll (annual payroll to active employees covered by the plan) was \$5,718,130, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 389.2 percent.

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

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2014

Note 13 - Defined Benefit Pension Plan (Continued)

Actuarial Methods and Assumptions - The annual required contribution was determined as part of an actuarial valuation at September 30, 2012, using the entry age actuarial cost method. Significant actuarial assumptions used include (a) a 7.5 investment rate of return and (b) 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.

Note 14 - Pension and Other Employee Benefit Trust Funds

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

	Pension Trust	Retiree Health Care	Total
<u>Statement of Net Position</u>			
Cash and investments	\$ 66,407,969	\$ 2,274,022	\$ 68,681,991
Other assets	101,633	-	101,633
Liabilities	12,501	557,329	569,830
Net position	<u>\$ 66,497,101</u>	<u>\$ 1,716,693</u>	<u>\$ 68,213,794</u>
<u>Statement of Changes in Net Position</u>			
Investment income	\$ 3,412,955	\$ 111,817	\$ 3,524,772
Contributions	3,507,097	3,601,657	7,108,754
Benefit payments and deductions	6,461,217	3,817,450	10,278,667
Net change in net position	<u>\$ 458,835</u>	<u>\$ (103,976)</u>	<u>\$ 354,859</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

Note 15 - Defined Contribution Pension Plan (Continued)

- Police and fire dispatchers hired on or after July 1, 2001
- Police and fire dispatchers hired prior to July 1, 2002 who elected to transfer their accrued benefits from the defined benefit plan
- Department of Municipal Services employees hired on or after October 1, 2006
- Department of Municipal Services union employees hired prior to October 1, 2006 who elected to transfer their accrued benefits from the defined benefit plan
- Department of Municipal Services nonunion employees hired prior to January 1, 2008 who elected to transfer their accrued benefits from the defined benefit plan

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

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

In accordance with the above requirements, the City contributed approximately \$684,000 during the current year and the employees contributed approximately \$342,000.

Note 16 - Other Postemployment Benefits

Plan Description - The City provides retiree healthcare benefits to certain eligible employees and their spouses. Currently, the plan has 449 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.

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2014

Note 16 - Other Postemployment Benefits (Continued)

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 \$2,300,000 to the Retiree Health Care Trust. In addition, \$345,000 and \$957,000 in premiums were paid by the General Fund and enterprise funds, respectively.

Funding Progress - For the year ended September 30, 2014, 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)	\$ 7,124,395
Interest on the prior year's net OPEB obligation	704,798
Less adjustment to the annual required contribution	<u>(999,820)</u>
Annual OPEB cost	6,829,373
Amounts contributed:	
Payments of current premiums	(1,301,656)
Transfers from General Fund	<u>(2,300,000)</u>
Increase in net OPEB obligation	3,227,717
OPEB obligation - Beginning of year	<u>15,662,187</u>
OPEB obligation - End of year	<u>\$ 18,889,904</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	
9/30/12	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
9/30/14	9/30/11	7,124,395	6,829,373	50.6	52.7	18,889,904

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	*	*
9/30/13	2,161,623	97,950,537	95,788,914	2.2	*	*

* The September 30, 2009, 2011, and 2013 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, 2013 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 8 percent initially, reduced by decrements to an ultimate rate of 3.5 percent after 10 years. Both rates included a 0 percent inflation assumption. The UAAL is being amortized as a level dollar amount on closed basis. The remaining amortization period at September 30, 2013 was 26 years.

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2014

Note 17 - Related Party Transactions

City-owned facilities are users of the Wyandotte Department of Municipal Services (the "Department") electric and water services. The Department includes in its revenue charges from the sale of such services. Pursuant to the revenue bond ordinance, the Department charges the City for street and public lighting services. In turn, the City has charged the Department an equal amount for services in lieu of property taxes. In 2006, the Department also began paying the City a fee for use of City services (i.e., police and fire protection, etc.) and infrastructure. The Department also provides billing and cash collection services for the City's sewer use charges, which are then remitted to the City upon collection. The Department earns a related collection fee for these services.

Included in the Department's cable expenses is a franchise fee payable to the City equal to 5 percent of the gross revenue of the Cable Television Fund for the year ended September 30, 2014.

Beginning in 2009, the water department began paying the City a franchise fee based on an annual dollar amount agreed upon by the City and the Department.

A summary of these transactions with the City for the year ended September 30, 2014 is as follows:

	<u>2014</u>
Department of Municipal Services	
Revenue:	
Electric and water services	\$ 682,314
Street and public lighting	634,521
Collection fee	76,420
Department of Municipal Services	
Expenses:	
In lieu of property taxes	(634,521)
Cable television franchise fees	(485,568)
Water franchise fee	(200,000)
City services	(779,808)
Remittances to City for sewage use charge collections	(2,477,433)
Payable to Sewage Disposal Fund	(791,208)
Payable to Solid Waste Disposal Fund	(37,749)
Payable to General Fund	(162,770)

Note 18 - 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, 2014.

Note 18 - Contingent Liabilities (Continued)

In March 2005, United Skilled Trades, Inc. (UST) filed a suit against the 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. In November 2014, a Stipulation for Entry of Judgment and Proposed Judgment was jointly presented to the Court and a final settlement agreement was reached in full and final satisfaction of the Judgment for \$ 360,000 and this matter is now resolved. The Department has recorded a liability of \$360,000 at September 30, 2014 related to this matter.

Note 18 - Contingent Liabilities (Continued)

The Department 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 burns coal in that boiler. The Department remains committed to working cooperatively with the EPA to resolve all issues of past non-compliance, establish a system of accountability and safeguards to ensure future compliance and negotiate the terms of a new Consent Decree that will provide for Wyandotte's future generation at the Facility, including the construction of new, natural gas-fired units. As of the date of this report, negotiations on this matter were pending.

During the year ended September 30, 2014, the Department identified certain issues of noncompliance with the consent decree and reported them to the EPA. The Department has corrected the issues of noncompliance and is currently negotiating a settlement with the EPA. The estimated penalties for noncompliance have been recorded as a liability at September 30, 2014.

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. In addition, the City has an agreement with the Department for repayment of approximately \$3.5 million in costs related to a Brownfield project. The repayments will be funded by incremental tax captures and are contingent upon increasing Brownfield property tax values. The outstanding amount owed to developers is approximately \$500,000 as of September 30, 2014. Of the \$3.5 million potential reimbursement to the Department, the City expects that the Department will recover approximately \$300,000 under the Brownfield tax capture process.

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2014

Note 19 - Prior Period Adjustment

Beginning net position has been restated in the Tax Increment Finance Authorities - Consolidated Fund in order to properly record beginning of the year notes receivable and recognize revenue for property that was sold in a prior year. The property was removed from inventory in a prior year when a downpayment on the property was received. The City did not record the associated notes receivable for the balance of the property sale. The note receivable was paid in full during the year ended September 30, 2014.

The effect of this correction was to increase ending net position as of September 30, 2013 for the Tax Increment Finance Authorities - Consolidated Fund by \$476,000.

The effect of this change is as follows:

	Tax Increment Finance Authorities - Consolidated Component Unit	Total Component Units
Fund Balance - September 30, 2013 - as previously reported	\$ 3,464,893	\$ 2,598,796
Adjustment for notes receivable	476,000	476,000
Fund Balance - September 30, 2013 - as restated	<u>\$ 3,940,893</u>	<u>\$ 3,074,796</u>

Note 20 - Upcoming Accounting Pronouncements

In June 2012, the GASB issued GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Statement No. 68 requires governments providing defined benefit pensions to 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 note disclosures and required supplemental information (RSI). The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for financial statements for the year ended September 30, 2015.

Note 20 - Upcoming Accounting Pronouncements (Continued)

In February 2015, the Governmental Accounting Standards Board issued GASB Statement No. 72, *Fair Value Measurement and Application*. The requirements of this statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and acceptable valuation techniques. This statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. GASB Statement No. 72 is required to be adopted for years beginning after June 15, 2015. The City is currently evaluating the impact this standard will have on the financial statements when adopted, during the City's 2016 fiscal year.

Note 21 - Subsequent Events

Subsequent to the year ended September 30, 2014, the City authorized issuance of 2014 Refunding Bonds (limited tax general obligation) in the amount of \$6,750,000.

Required Supplemental Information

City of Wyandotte, Michigan

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended September 30, 2014

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 9,000,992	\$ 8,993,684	\$ 9,071,568	\$ 77,884
Licenses and permits	413,050	492,550	503,686	11,136
Federal grants	287,253	499,478	440,884	(58,594)
State-shared revenue and grants	2,688,944	2,796,376	2,817,889	21,513
Charges for services	4,484,996	4,437,423	4,261,433	(175,990)
Fines and forfeitures	1,330,000	1,270,000	1,231,334	(38,666)
Investment income	50,000	50,000	11,982	(38,018)
Transfers out	(801,871)	(1,106,871)	(1,114,143)	(7,272)
Other revenue	2,467,692	2,911,400	2,557,654	(353,746)
Total revenue	19,921,056	20,344,040	19,782,287	(561,753)
Expenditures				
General government:				
Legislative	136,068	115,129	99,777	15,352
Judicial	969,491	953,679	935,807	17,872
Financial services and administration	580,488	576,525	567,139	9,386
Information technology	117,589	157,646	143,536	14,110
Treasurer	130,290	146,353	131,805	14,548
Assessor	397,510	397,510	375,919	21,591
City commissions	36,807	36,807	19,920	16,887
Clerk	266,060	266,060	260,424	5,636
Elections	29,805	46,615	45,845	770
General government	1,290,615	1,581,230	1,603,576	(22,346)
Public safety:				
Police and civil defense	4,865,542	4,904,129	4,742,368	161,761
Dispatch	249,880	249,955	174,020	75,935
Fire	3,632,410	3,622,710	3,486,138	136,572
Animal control	23,601	54,871	41,785	13,086
Public works:				
Engineering	1,061,568	1,136,908	1,009,477	127,431
DPS	2,942,393	2,913,735	2,630,194	283,541
Community and economic development	-	32,225	256,733	(224,508)
Recreation and culture:				
Recreation	475,446	475,651	443,246	32,405
Youth assistance	43,981	44,181	40,899	3,282
Historical commission	205,750	205,750	191,241	14,509
Swimming pool	13,642	13,642	11,366	2,276
Yack Arena	352,323	353,168	324,501	28,667
Other functions	2,300,000	2,300,000	2,300,000	-
Total expenditures	20,121,259	20,584,479	19,835,716	748,763
Net Change in Fund Balance	\$ (200,203)	\$ (240,439)	\$ (53,429)	\$ 187,010

City of Wyandotte, Michigan

Required Supplemental Information Pension System Schedule Year Ended September 30, 2014

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
9/30/08	\$ 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
9/30/13	61,042,504	83,294,911	22,252,407	73.3	5,718,130	389.2

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

City of Wyandotte, Michigan

Required Supplemental Information Other Postemployment Benefit Plan Schedule Year Ended September 30, 2014

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	-	-
9/30/13	2,161,623	97,950,537	95,788,914	2.2	-	-

* The September 30, 2009, 2011, and 2013 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
9/30/14	9/30/11	7,124,395	50.6

City of Wyandotte, Michigan

Note to Required Supplemental Information Year Ended September 30, 2014

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	\$ 18,764,427	\$ 17,703,713	\$ 1,114,143
Reimbursing transfers from other funds	2,132,003	2,132,003	-
Operating transfers	<u>(1,114,143)</u>	<u>-</u>	<u>(1,114,143)</u>
Amounts per budget statement	<u>\$ 19,782,287</u>	<u>\$ 19,835,716</u>	<u>\$ -</u>

City of Wyandotte, Michigan

Note to Required Supplemental Information (Continued) **Year Ended September 30, 2014**

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	\$ 1,581,230	\$ 1,603,576	\$ (22,346)
Community and economic development	32,225	256,733	(224,508)

City of Wyandotte, Michigan

Required Supplemental Information Schedule of Investment Returns Last Ten Fiscal Years

	2014	2013*	2012*	2011*	2010*	2009*	2008*	2007*	2006*	2005*
Annual money-weighted rate of return, net of investment expense	5.3 %	- %	- %	- %	- %	- %	- %	- %	- %	- %

*GASB 67 was implemented for FYE September 30, 2014 and does not require retroactive implementation for this schedule. Data will be added as information is available until 10 years of such information is available.

City of Wyandotte, Michigan

Required Supplemental Information Schedule of Changes in the City Net Pension Liability and Related Ratios Last Ten Fiscal Years

	2014	2013*	2012*	2011*	2010*	2009*	2008*	2007*	2006*	2005*
Total Pension Liability										
Service cost	\$ 857,274	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	6,036,970	-	-	-	-	-	-	-	-	-
Changes in benefit terms	-	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	-	-	-	-	-	-	-	-	-	-
Changes in assumptions	-	-	-	-	-	-	-	-	-	-
Benefit payments, including refunds	(6,461,217)	-	-	-	-	-	-	-	-	-
Net Change in Total Pension Liability	433,027	-	-	-	-	-	-	-	-	-
Total Pension Liability - Beginning of year	83,294,911	-	-	-	-	-	-	-	-	-
Total Pension Liability - End of year	<u>\$ 83,727,938</u>	<u>\$ -</u>								
Plan Fiduciary Net Position										
Contributions - Employer	\$ 3,458,902	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions - Member	48,194	-	-	-	-	-	-	-	-	-
Net investment income	3,412,956	-	-	-	-	-	-	-	-	-
Administrative expenses	-	-	-	-	-	-	-	-	-	-
Benefit payments, including refunds	(6,461,217)	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	458,835	-	-	-	-	-	-	-	-	-
Plan Fiduciary Net Position - Beginning of year	66,038,266	-	-	-	-	-	-	-	-	-
Plan Fiduciary Net Position - End of year	<u>\$ 66,497,101</u>	<u>\$ -</u>								
City's Net Pension Liability - Ending	<u>\$ 17,230,837</u>	<u>\$ -</u>								
Plan Fiduciary Net Position as a Percent of Total Pension Liability	79.42 %	-	-	-	-	-	-	-	-	-
Covered Employee Payroll	\$ 5,471,985	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's Net Pension Liability as a Percent of Covered Employee Payroll	314.9 %	-	-	-	-	-	-	-	-	-

*GASB 67 was implemented for FYE September 30, 2014 and does not require retroactive implementation for this schedule. Data will be added as information is available until 10 years of such information is available.

City of Wyandotte, Michigan

Required Supplemental Information Schedule of City Contributions Last Ten Fiscal Years

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Actuarially determined contribution	\$ 4,143,858	\$ 4,016,207	\$ 3,554,138	\$ 3,293,747	\$ 3,054,056	\$ 2,990,850	\$ 3,287,470	\$ 3,216,237	\$ 2,760,358	\$ 2,730,295
Contributions in relation to the actuarially determined contribution	3,458,902	3,755,609	2,640,000	2,986,587	2,588,385	2,517,659	3,263,202	3,210,120	2,738,989	2,722,324
Contribution Deficiency	\$ 684,956	\$ 260,598	\$ 914,138	\$ 307,160	\$ 465,671	\$ 473,191	\$ 24,268	\$ 6,117	\$ 21,369	\$ 7,971
Covered Employee Payroll	\$ 5,471,985	\$ 5,718,130	\$ 6,803,552	\$ 7,428,795	\$ 7,683,934	\$ 8,288,276	\$ 8,539,612	\$ 9,885,835	\$ 9,828,031	\$ 9,654,771
Contributions as a Percentage of Covered Employee Payroll	63.2 %	65.7 %	38.8 %	40.2 %	33.7 %	30.4 %	38.2 %	32.5 %	27.9 %	28.2 %

Notes to Schedule of City Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation Date Actuarially determined contribution rates are calculated as of September 30 each year, which is 12 months prior to the beginning of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Aggregate
Amortization method	N/A
Remaining amortization period	N/A
Asset valuation method	Market value
Inflation	4.50%
Salary increases	4.50% to 9.60%, including inflation
Investment rate of return	7.50% net of investment and administrative expenses
Retirement age	Age-based table of rates that are specific to the type of eligibility condition.
Mortality	1984 Group Annuity Mortality Table, set back 0 years for men and 6 years for women.
Other information	N/A

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	\$ 270,890	\$ 239,057	\$ 2,059,905	\$ 21,471	\$ 402,790	\$ 140,041	\$ 3,286,910
Receivables - Net:							
Taxes	-	-	164,989	-	-	-	176,224
Special assessments	-	-	-	-	-	-	-
Accrued interest	-	-	283	-	45	-	344
Other	-	-	10,439	-	422,290	-	-
Due from other governmental units	281,155	106,745	-	-	-	39,728	-
Due from component units	-	-	-	-	1,500	-	98,144
Due from other funds	25,000	21,301	384,964	-	87,144	13,302	367,297
Land held for resale	-	-	-	-	115,040	-	-
Advance to component unit	-	-	-	-	240,790	-	-
Total assets	\$ 577,045	\$ 367,103	\$ 2,620,580	\$ 21,471	\$ 1,269,599	\$ 193,071	\$ 3,928,919
Liabilities							
Accounts payable	\$ 129,003	\$ 201,291	\$ 128,827	\$ 395	\$ 17,500	\$ 29,501	\$ 448,216
Due to component units	-	-	454	-	-	-	-
Due to other funds	1,301	-	-	-	-	47,305	-
Advances from other funds	-	-	-	-	-	-	-
Refundable deposits, bonds, etc.	-	-	-	-	-	-	-
Total liabilities	130,304	201,291	129,281	395	17,500	76,806	448,216
Deferred Inflows of Resources							
Unavailable revenue	87,763	-	11,010	-	-	68,506	14,987
Property taxes levied for the following year	-	-	1,319,785	-	-	-	1,035,451
Total deferred inflows of resources	87,763	-	1,330,795	-	-	68,506	1,050,438
Fund Balances							
Nonspendable:							
Real estate held for resale	-	-	-	-	115,040	-	-
Long-term receivable	-	-	-	-	240,790	-	-
Restricted:							
Major and local street projects	358,978	165,812	-	-	-	-	-
Police	-	-	-	21,076	-	-	-
Grants	-	-	-	-	896,269	47,759	-
Rubbish	-	-	1,160,504	-	-	-	-
Sidewalk and alley paving	-	-	-	-	-	-	-
Drains	-	-	-	-	-	-	2,430,265
Committed - Special events	-	-	-	-	-	-	-
Assigned:							
Debt service	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-
Total fund balances	358,978	165,812	1,160,504	21,076	1,252,099	47,759	2,430,265
Total liabilities, deferred inflows of resources, and fund balances	\$ 577,045	\$ 367,103	\$ 2,620,580	\$ 21,471	\$ 1,269,599	\$ 193,071	\$ 3,928,919

**Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2014**

Special Revenue Funds			Debt Service Funds	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	
\$ 1,265,453	\$ 282,328	\$ 539,448	\$ -	\$ 301,963	\$ 278,510	\$ 112,701	\$ 1,204,056	\$ 10,405,523
13,292	-	-	9,545	-	1,465	-	-	365,515
357,300	-	-	-	-	-	-	-	357,300
147	-	-	-	-	-	-	-	819
14,239	-	-	-	-	-	-	-	446,968
-	-	-	-	-	-	-	-	427,628
-	-	-	-	-	-	-	-	99,644
23,507	-	-	186,095	-	240,975	-	-	1,349,585
-	-	-	-	-	-	44,237	-	159,277
-	-	767,459	-	-	-	-	-	1,008,249
\$ 1,673,938	\$ 282,328	\$ 1,306,907	\$ 195,640	\$ 301,963	\$ 520,950	\$ 156,938	\$ 1,204,056	\$ 14,620,508
\$ 71,850	\$ 33,992	\$ -	\$ -	\$ 56,574	\$ 30,413	\$ -	\$ 545	\$ 1,148,107
-	-	-	-	-	-	-	-	454
-	-	-	50,000	-	-	-	892,273	990,879
-	-	-	-	-	344,754	-	-	344,754
-	-	-	-	-	-	20	-	20
71,850	33,992	-	50,000	56,574	375,167	20	892,818	2,484,214
370,592	-	-	9,545	-	1,465	-	-	563,868
-	-	-	-	-	-	-	-	2,355,236
370,592	-	-	9,545	-	1,465	-	-	2,919,104
-	-	-	-	-	-	44,237	-	159,277
-	-	767,459	-	-	-	-	-	1,008,249
-	-	-	-	-	-	-	-	524,790
-	-	-	-	-	-	-	-	21,076
-	-	539,448	-	-	-	-	-	1,483,476
-	-	-	-	-	-	-	-	1,160,504
1,231,496	-	-	-	-	-	-	-	1,231,496
-	-	-	-	-	-	-	-	2,430,265
-	248,336	-	-	-	-	-	-	248,336
-	-	-	136,095	-	-	-	-	136,095
-	-	-	-	245,389	144,318	112,681	311,238	813,626
1,231,496	248,336	1,306,907	136,095	245,389	144,318	156,918	311,238	9,217,190
\$ 1,673,938	\$ 282,328	\$ 1,306,907	\$ 195,640	\$ 301,963	\$ 520,950	\$ 156,938	\$ 1,204,056	\$ 14,620,508

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	\$ -	\$ -	\$ 1,290,978	\$ -	\$ -	\$ -	\$ 1,310,556
Federal grants	18,943	-	-	-	-	62,813	-
State-shared revenue and grants	1,153,637	669,363	-	19,774	-	-	-
Charges for services	-	-	474,026	-	-	-	-
Investment income	-	20	801	281	20,002	16	3,583
Contribution from component unit	315,335	455,196	-	-	-	-	-
Other revenue:							
Special assessments	-	-	-	-	-	-	-
Other miscellaneous income	70,201	-	-	-	(50,700)	-	-
Total revenue	1,558,116	1,124,579	1,765,805	20,055	(30,698)	62,829	1,314,139
Expenditures							
Current:							
General government	-	-	-	-	16,900	-	-
Public safety	-	-	-	73,824	-	-	-
Public works	1,448,054	1,809,211	1,844,165	-	-	-	926,933
Community and economic development - Community redevelopment (CDBG, etc.)	-	-	-	-	-	51,444	-
Recreation and culture	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	76,623
Total expenditures	1,448,054	1,809,211	1,844,165	73,824	16,900	51,444	1,003,556
Excess of Revenue Over (Under) Expenditures	110,062	(684,632)	(78,360)	(53,769)	(47,598)	11,385	310,583
Other Financing Sources (Uses)							
Transfers in	-	288,409	-	-	-	-	-
Transfers out	(288,409)	-	-	-	-	-	-
Total other financing (uses) sources	(288,409)	288,409	-	-	-	-	-
Net Change in Fund Balances	(178,347)	(396,223)	(78,360)	(53,769)	(47,598)	11,385	310,583
Fund Balances - Beginning of year	537,325	562,035	1,238,864	74,845	1,299,697	36,374	2,119,682
Fund Balances - End of year	\$ 358,978	\$ 165,812	\$ 1,160,504	\$ 21,076	\$ 1,252,099	\$ 47,759	\$ 2,430,265

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and Changes in
Fund Balances
Nonmajor Governmental Funds
Year Ended September 30, 2014

Special Revenue Funds			Debt Service Fund	Capital Projects Fund				Total Nonmajor Governmental Funds
Sidewalk and Alley Paving	Special Events	EPA Cooperative Agreement	DPS Building Bonds and Police and Court Bonds	Construction	Equipment and Replacement	Public Improvement	Building Authority Improvement	
\$ -	\$ -	\$ -	\$ 1,967	\$ -	\$ 213	\$ -	\$ -	\$ 2,603,714
-	-	-	-	-	-	-	-	81,756
-	-	-	-	-	-	-	-	1,842,774
-	-	-	-	-	-	-	-	474,026
10,021	2	14,390	-	20	12	17	158	49,323
-	-	-	-	-	-	-	-	770,531
230,593	-	-	-	-	-	-	-	230,593
-	285,541	-	-	-	-	8,787	545	314,374
240,614	285,543	14,390	1,967	20	225	8,804	703	6,367,091
100,000	-	-	-	-	-	-	22,507	139,407
-	-	-	-	-	-	-	-	73,824
185,295	-	-	-	-	-	-	-	6,213,658
-	-	-	-	-	-	-	-	51,444
-	205,146	-	-	-	-	-	-	205,146
-	-	-	895,500	-	108,909	-	-	1,081,032
285,295	205,146	-	895,500	-	108,909	-	22,507	7,764,511
(44,681)	80,397	14,390	(893,533)	20	(108,684)	8,804	(21,804)	(1,397,420)
-	-	-	923,168	-	190,975	-	-	1,402,552
-	-	-	-	-	-	-	-	(288,409)
-	-	-	923,168	-	190,975	-	-	1,114,143
(44,681)	80,397	14,390	29,635	20	82,291	8,804	(21,804)	(283,277)
1,276,177	167,939	1,292,517	106,460	245,369	62,027	148,114	333,042	9,500,467
\$ 1,231,496	\$ 248,336	\$ 1,306,907	\$ 136,095	\$ 245,389	\$ 144,318	\$ 156,918	\$ 311,238	\$ 9,217,190

City of Wyandotte, Michigan

Other Supplemental Information Combining Statement of Net Position Nonmajor Enterprise Funds September 30, 2014

	Golf Course	Building Rental	Total
Assets			
Current assets:			
Cash and investments	\$ 46,103	\$ 228,890	\$ 274,993
Prepaid expenses and other assets	-	90,457	90,457
Total current assets	46,103	319,347	365,450
Noncurrent assets:			
Capital assets:			
Assets not subject to depreciation	-	51,908	51,908
Assets subject to depreciation - Net	2,512,182	707,368	3,219,550
Total assets	2,558,285	1,078,623	3,636,908
Liabilities			
Current liabilities:			
Accounts payable	1,052	-	1,052
Due to other funds	200	-	200
Accrued liabilities and other	26,066	31,572	57,638
Unearned revenue	-	36,310	36,310
Total liabilities	27,318	67,882	95,200
Deferred Inflows of Resources			
	-	-	-
Total Net Position			
Net investment in capital assets	2,512,182	759,276	3,271,458
Unrestricted	18,785	251,465	270,250
Total net position	\$ 2,530,967	\$ 1,010,741	\$ 3,541,708

City of Wyandotte, Michigan

Other Supplemental Information Combining Statement of Revenue, Expenses, and Changes in Net Position Nonmajor Enterprise Funds Year Ended September 30, 2014

	<u>Golf Course</u>	<u>Building Rental</u>	<u>Total</u>
Operating Revenue			
Income from customers and rent from tenants	\$ 321,530	\$ 281,699	\$ 603,229
Other tenant revenue	-	186,784	186,784
Total operating revenue	321,530	468,483	790,013
Operating Expenses			
Other operating and maintenance costs	319,990	451,098	771,088
Depreciation	110,168	45,635	155,803
Total operating expenses	430,158	496,733	926,891
Operating Loss	(108,628)	(28,250)	(136,878)
Nonoperating Revenue - Investment income	-	3	3
Change in Net Position	(108,628)	(28,247)	(136,875)
Net Position - Beginning of year	2,639,595	1,038,988	3,678,583
Net Position - End of year	<u>\$ 2,530,967</u>	<u>\$ 1,010,741</u>	<u>\$ 3,541,708</u>

City of Wyandotte, Michigan

Other Supplemental Information Combining Statement of Cash Flows Nonmajor Enterprise Funds Year Ended September 30, 2014

	Golf Course	Building Rental	Total
Cash Flows from Operating Activities			
Receipts from customers and tenants	\$ 321,530	\$ 468,483	\$ 790,013
Receipts from interfund services and reimbursements	-	36,927	36,927
Payments to suppliers	(272,954)	(468,485)	(741,439)
Payments to employees	(56,330)	-	(56,330)
Net cash (used in) provided by operating activities	(7,754)	36,925	29,171
Cash Flows from Investing Activities - Interest received on investments			
	-	4	4
Net (Decrease) Increase in Cash and Cash Equivalents	(7,754)	36,929	29,175
Cash and Cash Equivalents - Beginning of year	53,857	191,961	245,818
Cash and Cash Equivalents - End of year	\$ 46,103	\$ 228,890	\$ 274,993
Reconciliation of Operating Loss to Net Cash from Operating Activities			
Operating loss	\$ (108,628)	\$ (28,250)	\$ (136,878)
Adjustments to reconcile operating loss to net cash from operating activities:			
Depreciation and amortization	110,168	45,635	155,803
Changes in assets and liabilities:			
Due from others	125	36,927	37,052
Prepaid and other assets	-	(17,387)	(17,387)
Accounts payable	(9,419)	-	(9,419)
Net cash (used in) provided by operating activities	\$ (7,754)	\$ 36,925	\$ 29,171

City of Wyandotte, Michigan

Other Supplemental Information Statement of Assets and Liabilities Fiduciary Funds September 30, 2014

	Pension Trust	Retiree Health Care	Total Pension Trust Funds
Assets			
Cash and cash equivalents	\$ 2,936,343	\$ 4,025	\$ 2,940,368
Investments:			
Collateralized mortgage obligations	108,167	-	108,167
U.S. government securities	8,715,811	94,505	8,810,316
U.S. government agency obligations	3,157,633	5,100	3,162,733
Common trust funds/Mutual funds	18,357,994	1,756,776	20,114,770
Stocks	36,071	237,161	273,232
Foreign stock ADR	19,234,928	-	19,234,928
Foreign government obligations	7,437,081	-	7,437,081
Bonds	6,042,370	176,455	6,218,825
Foreign corporate bonds	381,571	-	381,571
Receivables - Net	101,633	-	101,633
Total assets	66,509,602	2,274,022	68,783,624
Liabilities			
Accounts payable	12,501	-	12,501
Due to primary government	-	549,633	549,633
Accrued liabilities and other	-	7,696	7,696
	12,501	557,329	569,830
Net Position Held in Trust for Pension and Other Employee Benefits	\$ 66,497,101	\$ 1,716,693	\$ 68,213,794

City of Wyandotte, Michigan

Other Supplemental Information Combining Statement of Changes in Fiduciary Net Position Fiduciary Funds Year Ended September 30, 2014

	Pension Trust	Retiree Health Care	Total
Additions			
Investment income (loss):			
Interest and dividends	\$ 1,118,792	\$ 63,757	\$ 1,182,549
Net increase in fair value of investments	2,812,612	48,060	2,860,672
Investment related expenses	(518,448)	-	(518,448)
Net investment income	3,412,956	111,817	3,524,773
Contributions:			
Employer	3,458,902	3,601,657	7,060,559
Employee	48,194	-	48,194
Net contributions	3,507,096	3,601,657	7,108,753
Total additions	6,920,052	3,713,474	10,633,526
Deductions			
Benefit payments	6,461,217	-	6,461,217
Health benefits	-	3,817,450	3,817,450
Total deductions	6,461,217	3,817,450	10,278,667
Net Increase (Decrease) in Net Position Held in Trust	458,835	(103,976)	354,859
Net Position Held in Trust for Pension and Other Employee Benefits - Beginning of year	66,038,266	1,820,669	67,858,935
Net Position Held in Trust for Pension and Other Employee Benefits - End of year	<u>\$ 66,497,101</u>	<u>\$ 1,716,693</u>	<u>\$ 68,213,794</u>