

City of Wyandotte, Michigan

Financial Report with Supplemental Information September 30, 2015

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, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Wyandotte, Michigan (the "City") as of and for the year ended September 30, 2015 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, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Wyandotte, Michigan as of September 30, 2015 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, 2015, the City adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which establishes accounting and financial reporting standards for defined benefit pensions provided to employees of governmental employers through pension plans. 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 3, 2016 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 3, 2016

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, 2015. 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, 2015:

- Property tax revenue is the City's single largest source of revenue. The City's 2014 taxable value (levied for the 2015 fiscal year) was \$557,781,300 (a portion of which has been abated or resides in special tax districts), which represents an increase of 0.4 percent compared to the prior year and a cumulative increase of 3.1 percent over the past two years.
- State-shared revenue, our second largest revenue source, increased by approximately \$120,000 this year compared to an increase of \$80,000 in the prior year. This represents an increase of 2.8 percent in the current year and a cumulative increase of 8.9 percent over the past two years. However, the City is receiving approximately \$1,751,000 less per year since the year 2000.
- The City continued the sharing agreements with the Consolidated Tax Increment Finance Authority and Downtown Development Authority. The sharing agreement with the Tax Increment Finance Authority returned approximately \$2,024,000 of general operating tax revenue to the General Fund in the current year and \$130,000 of debt levy tax revenue compared to \$1,764,000 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 \$344,000 to the General Fund in the current year compared to \$313,000 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 \$2,700,000 in the current year compared to \$2,300,000 in the prior year for the gross cost of retiree health insurance.

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, which began 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 an overall net change in fund balance of \$446,000. The amended budget of the City's General Fund indicated that an excess of expenditures of approximately (\$97,000) was to be expected. This positive variance is primarily attributed to lower than anticipated expenditures in virtually all departments due to reduced expenditures (\$371,000) for health insurance as compared to the budget offset by an inventory adjustment (expense of \$218,300) 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 131 employees over the past 18 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 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 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.

The City as a Whole

The following table shows, in a condensed format, the net position as of September 30, 2015 and 2014 (in thousands of dollars):

	Governmental Activities		Business-type Activities		Total	
	2015	2014*	2015	2014*	2015	2014*
Assets						
Current assets	\$ 39,279	\$ 40,654	\$ 44,168	\$ 26,738	\$ 83,447	\$ 67,392
Capital assets	62,261	62,428	74,200	71,749	136,461	134,177
Other noncurrent assets	3,127	11,849	90	9,821	3,217	21,670
Total assets	104,667	114,931	118,458	108,308	223,125	223,239
Deferred Outflows of Resources	6,941	-	2,765	507	9,706	507
Liabilities						
Current liabilities	8,143	10,132	9,764	13,673	17,907	23,805
Long-term liabilities	48,724	20,876	57,537	39,018	106,261	59,894
Total liabilities	56,867	31,008	67,301	52,691	124,168	83,699
Deferred Inflows of Resources	13,143	12,737	41	-	13,184	12,737
Net Position						
Net investment in capital assets	56,441	55,828	39,195	31,884	95,636	87,712
Restricted	7,310	8,619	1,510	7,262	8,820	15,881
Unrestricted	(22,153)	6,739	13,176	16,978	(8,977)	23,717
Total net position	\$ 41,598	\$ 71,186	\$ 53,881	\$ 56,124	\$ 95,479	\$ 127,310

* GASB Statement No. 68 was implemented by the City in fiscal year 2015. Fiscal year 2014 amounts shown have not been modified to reflect the retroactive application of the change.

City of Wyandotte, Michigan

Management's Discussion and Analysis (Continued)

The City of Wyandotte, Michigan has combined net position of \$95.5 million in the current year, which is a decrease of \$31.8 million from the prior year. The decrease is primarily related to the City implementing GASB Statement No. 68, which recorded the unfunded portion of the pension system. Business-type activities comprise \$54 million and \$56 million of the total net position in the respective years.

The following table shows the changes in the net position during the fiscal years ended September 30, 2015 and 2014 (in thousands of dollars):

	Governmental Activities		Business-type Activities		Total	
	2015	2014*	2015	2014*	2015	2014*
Revenue						
Program revenue:						
Charges for services	\$ 7,108	\$ 6,660	\$ 61,917	\$ 61,297	\$ 69,025	\$ 67,957
Operating grants and contributions	2,320	2,238	-	648	2,320	2,886
Capital grants and contributions	880	1,095	1,604	-	2,484	1,095
General revenue:						
Property taxes	12,180	11,570	-	-	12,180	11,570
State-shared revenue	2,834	2,796	-	-	2,834	2,796
Unrestricted investment earnings	83	291	865	179	948	470
Transfers and other revenue	403	240	-	-	403	240
Total revenue	25,808	24,890	64,386	62,124	90,194	87,014
Program Expenses						
General government	8,276	9,396	-	-	8,276	9,396
Public safety	16,817	11,571	-	-	16,817	11,571
Public works	8,599	6,595	-	-	8,599	6,595
Community and economic development	124	308	-	-	124	308
Recreation and culture	1,329	1,382	-	-	1,329	1,382
Interest on long-term debt	97	471	-	-	97	471
Business-type	-	-	62,751	64,956	62,751	64,956
Total program expenses	35,242	29,723	62,751	64,956	97,993	94,679
Change in Net Position	\$ (9,434)	\$ (4,833)	\$ 1,635	\$ (2,832)	\$ (7,799)	\$ (7,665)

* GASB Statement No. 68 was implemented by the City in fiscal year 2015. Fiscal year 2014 amounts shown have not been modified to reflect the retroactive application of the change.

Governmental Activities

The City's total governmental revenue increased by approximately \$918,000, or 3.6 percent, in the current year compared to a decrease of \$3,412,000, or 12 percent, in the prior year. Charges for services increased \$448,000 primarily due to increased collections from the ambulance service. Property taxes also increased \$610,000 as a result of the additional operating millage approved by the voters in November of 2014.

Expenses increased by approximately \$5,519,000, or 18 percent, in the current year compared to a decrease of \$1,802,000, or 6.0 percent, in the prior year. With the implementation of GASB Statement No. 68, the City recognized approximately \$5.9 million in expense in the current year. Interest on long-term debt decreased by \$374,000 primarily as a result of refunding the 2006 Capital Improvement Bonds.

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 decreased by approximately 10.5 percent. The decrease in operating expenses is attributable to the recovery from the higher-than-forecasted market prices and demand for natural gas during the harsh winter of 2014 that had a severe and negative impact on the operating results in the prior fiscal year.

The financial performance of the Water Fund remained relatively stable in the current year absent the first time impact of GASB Statement No. 68. Operating revenue increased by approximately 3.5 percent while operating expenses increased by approximately 10.5 percent compared to the prior year. Operating income in the current year decreased by \$185,998 and was \$450,410 at year end.

The Cable Television Fund's operating revenue decreased by approximately 1 percent compared to the prior year. Operating revenue continues to be impacted by an eroding subscriber base for cable television that has been offset by steady Internet and VoIP revenue streams and by management's implementation of penalties for late payment.

The operating results of the Sewage Disposal Fund indicate operating loss of \$342,000 in the current year compared to operating income of \$356,000 in the prior year. Revenue and expenditures were less than anticipated due to a reduction in usage by customers. Current year results reflect an increase in expenditures of approximately \$180,000 to repair and replace sewer mains that were identified as needing maintenance as a result of our annual sewer inspection program.

The municipal golf course showed an operating loss of \$99,000 in the current year as compared to a loss of \$109,000 in the prior year. Operating expenses remained consistent, increasing less than 1.0 percent while operating revenue increased by approximately 1.7 percent. 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.

City of Wyandotte, Michigan

Management's Discussion and Analysis (Continued)

The City-owned commercial building realized a net loss of \$49,000 in the current year compared to a net loss of \$28,000 in the prior year. This increased loss is primarily attributable to lower expense reimbursements from tenants due to the departure of a tenant during the fiscal year.

The City's Funds

Our analysis of the City's major funds begins on page 15, following the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the City as a whole. The City Council creates funds to help manage money for specific purposes as well as to show accountability for certain activities. The City's major funds for 2015 include the General Fund.

The General Fund pays for most of the City's governmental services. The most significant is public safety, which incurred expenses of approximately \$9.9 million, or 55 percent of the total General Fund expenditures in the current year as compared to \$9.6 million, or 54.2 percent, of the total General Fund expenditures in the prior fiscal year. Additional noteworthy expenditures include public works (\$3 million, or 16.5 percent, in the current fiscal year as compared to \$2.7 million, or 15.4 percent, of total expenditures in the prior fiscal year) and recreation and culture (\$1.0 million, or 5.3 percent of total expenditures in the current fiscal year compared to \$1.0 million, or 5.5 percent of total expenditures in the prior fiscal year).

General Fund Budgetary Highlights

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

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

City of Wyandotte, Michigan

Management's Discussion and Analysis (Continued)

Even with these adjustments, actual expenditures were less than anticipated. This is primarily attributable to the management of personnel costs when vacancies arose, which effectively served as a hiring freeze, lower gasoline and oil prices, lower health insurance premiums compared to the budget, and deferral of capital equipment purchases. Unfortunately, reductions in court fines and fees, cellular tower rental revenue, and miscellaneous revenue 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 were refunded during the fiscal year and replaced with \$5.82 million of general obligation bonds. These bonds are scheduled to mature in 2026

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 2014 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, 2015

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and investments (Note 4)	\$ 33,993,956	\$ 16,693,057	\$ 50,687,013	\$ 6,263,096
Receivables - Net:				
Taxes	1,820,005	-	1,820,005	-
Customer	-	10,095,572	10,095,572	-
Accrued interest	2,645	220	2,865	88
Other	1,608,869	-	1,608,869	326,682
Due from other governmental units	1,115,161	56,280	1,171,441	-
Special assessments	286,194	-	286,194	-
Due from component units (Note 8)	305,483	20,906	326,389	-
Due from primary government (Note 8)	-	-	-	19,814
Internal balances	34,850	(34,850)	-	-
Inventory	-	1,036,646	1,036,646	-
Prepaid expenses and other assets	111,064	1,294,790	1,405,854	-
Restricted assets	-	13,569,039	13,569,039	-
Investment in joint ventures (Note 6)	1,851,100	1,435,614	3,286,714	-
Land held for resale (Note 5)	159,277	-	159,277	1,934,860
Note receivable	-	-	-	226,387
Capital assets:				
Assets not subject to depreciation (Note 7)	18,229,021	7,997,943	26,226,964	-
Assets subject to depreciation (Note 7)	44,032,319	66,202,475	110,234,794	-
Note receivable	-	90,000	90,000	-
Advance to component unit (Note 8)	1,116,989	-	1,116,989	-
Total assets	104,666,933	118,457,692	223,124,625	8,770,927
Deferred Outflows of Resources				
Bond refunding loss being amortized	-	1,016,945	1,016,945	-
Deferred outflows related to pensions (Note 12)	6,940,654	1,748,181	8,688,835	-
Total deferred outflows of resources	6,940,654	2,765,126	9,705,780	-
Liabilities				
Accounts payable	1,792,328	3,124,926	4,917,254	282,974
Due to other governmental units	1,833,270	-	1,833,270	93,581
Accrued liabilities and other	886,962	2,489,678	3,376,640	116,679
Unearned revenue	-	47,931	47,931	-
Due to primary government (Note 8)	-	-	-	326,389
Noncurrent liabilities:				
Due within one year:				
Due to component units (Note 8)	19,814	-	19,814	-
Compensated absences	651,855	-	651,855	-
General liability and workers' compensation claims	601,372	-	601,372	-
Refundable deposits, bonds, etc.	1,662,337	2,215,559	3,877,896	-
Current portion of long-term debt (Note 9)	695,000	1,885,833	2,580,833	192,838
Due in more than one year:				
Compensated absences	748,775	-	748,775	-
Liabilities to be paid from restricted assets	-	848,679	848,679	-
Advances from primary government (Note 8)	-	-	-	1,116,989
Other noncurrent liabilities	-	916,724	916,724	-
Net OPEB obligation	16,796,570	5,887,051	22,683,621	-
Net pension liability (Note 12)	26,054,105	6,562,394	32,616,499	-
Long-term debt (Note 9)	5,125,000	43,322,109	48,447,109	110,053
Total liabilities	56,867,388	67,300,884	124,168,272	2,239,503

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

City of Wyandotte, Michigan

Statement of Net Position (Continued) September 30, 2015

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Deferred Inflows of Resources				
Deferred inflows related to pensions (Note 12)	\$ 162,783	\$ 41,001	\$ 203,784	\$ -
Property taxes levied for the following year	12,979,731	-	12,979,731	1,990,551
Total deferred inflows of resources	13,142,514	41,001	13,183,515	1,990,551
Net Position				
Net investment in capital assets	56,441,340	39,194,867	95,636,207	-
Restricted for:				
Major and local street projects	828,076	-	828,076	-
Police	46,190	-	46,190	-
Grants	1,595,708	-	1,595,708	-
Sidewalk and alley paving	1,232,847	-	1,232,847	-
Rubbish	1,130,730	-	1,130,730	-
Drains	2,475,516	-	2,475,516	-
NSP grant land held for resale	-	-	-	11,650
Working capital - MPPA	-	1,120,100	1,120,100	-
Grant reserves	-	389,532	389,532	-
Unrestricted	(22,152,722)	13,176,434	(8,976,288)	4,529,223
Total net position	<u>\$ 41,597,685</u>	<u>\$ 53,880,933</u>	<u>\$ 95,478,618</u>	<u>\$ 4,540,873</u>

City of Wyandotte, Michigan

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 8,275,922	\$ 3,794,339	\$ -	\$ -
Public safety	16,500,359	2,001,885	353,565	-
Public works	8,915,873	645,094	1,871,059	863,937
Community and economic development:				
Redevelopment and housing	123,872	-	-	-
Other community and economic development	-	-	94,989	16,399
Recreation and culture	1,328,714	665,863	-	-
Interest on long-term debt	97,240	-	-	-
Total governmental activities	35,241,980	7,107,181	2,319,613	880,336
Business-type activities:				
Electric	45,197,388	44,367,426	-	1,604,099
Water	3,421,988	3,872,398	-	-
Cable television	9,309,556	9,613,035	-	-
Sewage disposal	3,929,563	3,320,111	-	-
Golf course	426,117	326,965	-	-
Building rental	466,243	416,742	-	-
Total business-type activities	62,750,855	61,916,677	-	1,604,099
Total primary government	\$ 97,992,835	\$ 69,023,858	\$ 2,319,613	\$ 2,484,435
Component units:				
Tax Increment Finance Authorities - Consolidated	\$ 1,850,237	\$ -	\$ -	\$ -
Tax Increment Finance Authorities - Downtown	430,993	-	-	-
Brownfield Redevelopment Authority	193,765	-	-	-
Downriver Central Dispatch	815,711	815,711	-	-
Downriver Central Animal Control Agency	180,774	180,774	-	-
Downriver Consolidated Assessing	377,240	377,240	-	-
Total component units	\$ 3,848,720	\$ 1,373,725	\$ -	\$ -
General revenue:				
Property taxes				
State-shared revenue				
Investment income				
Other miscellaneous income				
General revenue				
Total general revenue				

Change in Net Position

Net Position - Beginning of year - As restated (Note 2)

Net Position - End of year

Statement of Activities Year Ended September 30, 2015

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (4,481,583)	\$ -	\$ (4,481,583)	\$ -
(14,144,909)	-	(14,144,909)	-
(5,535,783)	-	(5,535,783)	-
(123,872)	-	(123,872)	-
111,388	-	111,388	-
(662,851)	-	(662,851)	-
(97,240)	-	(97,240)	-
(24,934,850)	-	(24,934,850)	-
-	774,137	774,137	-
-	450,410	450,410	-
-	303,479	303,479	-
-	(609,452)	(609,452)	-
-	(99,152)	(99,152)	-
-	(49,501)	(49,501)	-
-	769,921	769,921	-
(24,934,850)	769,921	(24,164,929)	-
-	-	-	(1,850,237)
-	-	-	(430,993)
-	-	-	(193,765)
-	-	-	-
-	-	-	-
-	-	-	(2,474,995)
12,180,014	-	12,180,014	3,172,133
2,833,757	-	2,833,757	-
83,040	864,775	947,815	92
400,663	-	400,663	107,129
3,000	-	3,000	-
15,500,474	864,775	16,365,249	3,279,354
(9,434,376)	1,634,696	(7,799,680)	804,359
51,032,061	52,246,237	103,278,298	3,736,514
\$ 41,597,685	\$ 53,880,933	\$ 95,478,618	\$ 4,540,873

City of Wyandotte, Michigan

Governmental Funds Balance Sheet September 30, 2015

	General Fund	Nonmajor Funds	Total
Assets			
Cash and investments (Note 4)	\$ 20,130,187	\$ 12,513,204	\$ 32,643,391
Receivables - Net:			
Taxes	1,473,005	347,000	1,820,005
Special assessments	-	286,194	286,194
Accrued interest	2,110	381	2,491
Other	1,211,605	397,264	1,608,869
Due from other governmental units	603,959	511,202	1,115,161
Due from component units (Note 8)	300,069	5,414	305,483
Due from other funds (Note 8)	592,177	361,507	953,684
Prepaid expenses and other assets	111,064	-	111,064
Land held for resale (Note 5)	-	159,277	159,277
Advance to component unit (Note 8)	-	901,720	901,720
	<u>\$ 24,424,176</u>	<u>\$ 15,483,163</u>	<u>\$ 39,907,339</u>
Total assets			
Liabilities			
Accounts payable	\$ 625,454	\$ 1,166,874	\$ 1,792,328
Due to other governmental units	1,833,270	-	1,833,270
Accrued liabilities and other	798,066	-	798,066
Due to component units (Note 8)	19,814	-	19,814
Due to other funds (Note 8)	4,515,452	763,436	5,278,888
Refundable deposits, bonds, etc.	1,662,317	20	1,662,337
Advances from other funds (Note 8)	-	1,881,373	1,881,373
	<u>9,454,373</u>	<u>3,811,703</u>	<u>13,266,076</u>
Total liabilities			
Deferred Inflows of Resources			
Unavailable revenue	343,984	487,405	831,389
Property taxes levied for the following year	<u>10,596,260</u>	<u>2,383,471</u>	<u>12,979,731</u>
Total deferred inflows of resources	10,940,244	2,870,876	13,811,120
Fund Balances			
Nonspendable:			
Inventory/Assets held for resale	-	159,277	159,277
Prepays	111,064	-	111,064
Long-term receivable	-	901,720	901,720
Restricted:			
Major and local street projects	-	747,753	747,753
Police	-	46,190	46,190
Grants	-	1,517,693	1,517,693
Rubbish	-	1,122,285	1,122,285
Sidewalk and alley paving	-	931,498	931,498
Drains	-	2,464,688	2,464,688
Committed - Special events	-	324,745	324,745
Assigned:			
Debt service	-	200,041	200,041
Capital projects	-	667,522	667,522
Unassigned	3,918,495	(282,828)	3,635,667
	<u>4,029,559</u>	<u>8,800,584</u>	<u>12,830,143</u>
Total fund balances			
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 24,424,176</u>	<u>\$ 15,483,163</u>	<u>\$ 39,907,339</u>

City of Wyandotte, Michigan

Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Position September 30, 2015

Fund Balance Reported in Governmental Funds	\$ 12,830,143
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	62,261,340
Investments in joint ventures are not financial resources and are not reported in the funds	1,851,100
Special assessment receivables are expected to be collected over several years and are not available to pay for current year expenditures	285,951
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	545,438
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	(1,400,630)
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(5,820,000)
Accrued interest is not due and payable in the current period and is not reported in the funds	(88,896)
Net OPEB obligation does not present a claim on current financial resources and is not reported as a fund liability	(16,796,570)
Net pension liability is not due and payable in the current period and is not reported in the funds	(26,054,105)
Deferred outflows related to pensions are not a financial resource and are not reported in the funds	6,940,654
Deferred inflows related to pensions are not due and payable in the current period and are not reported in the funds	(162,783)
Internal service funds are included as part of governmental activities	<u>7,206,043</u>
Net Position of Governmental Activities	<u>\$ 41,597,685</u>

City of Wyandotte, Michigan

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended September 30, 2015

	General Fund	Nonmajor Funds	Total
Revenue			
Property taxes	\$ 9,840,169	\$ 2,345,587	\$ 12,185,756
Licenses and permits	449,455	-	449,455
Federal grants	302,029	263,758	565,787
State-shared revenue and grants	2,833,757	1,852,509	4,686,266
Other charges for services	4,515,242	421,873	4,937,115
Fines and forfeitures	1,278,154	-	1,278,154
Investment income	6,313	43,533	49,846
Contribution from component unit	-	702,694	702,694
Other revenue	335,694	672,828	1,008,522
Total revenue	19,560,813	6,302,782	25,863,595
Expenditures			
Current:			
General government	3,946,751	203,926	4,150,677
Public safety	9,904,997	26,487	9,931,484
Public works	2,987,384	6,346,768	9,334,152
Community and economic development	218,270	132,289	350,559
Recreation and culture	950,050	215,879	1,165,929
Debt service	-	993,469	993,469
Total expenditures	18,007,452	7,918,818	25,926,270
Excess of Revenue Over (Under) Expenditures	1,553,361	(1,616,036)	(62,675)
Other Financing Sources (Uses)			
Face value of debt issue	-	5,820,000	5,820,000
Debt premium or discount	-	394,618	394,618
Transfers in (Note 8)	-	1,405,044	1,405,044
Transfers out (Note 8)	(1,107,243)	(297,801)	(1,405,044)
Payment to bond refunding escrow agent	-	(6,122,431)	(6,122,431)
Total other financing (uses) sources	(1,107,243)	1,199,430	92,187
Net Change in Fund Balances	446,118	(416,606)	29,512
Fund Balances - Beginning of year	3,583,441	9,217,190	12,800,631
Fund Balances - End of year	\$ 4,029,559	\$ 8,800,584	\$ 12,830,143

City of Wyandotte, Michigan

Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended September 30, 2015

Net Change in Fund Balances - Total Governmental Funds	\$ 29,512
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capital outlay	3,938,633
Depreciation expense	(4,099,737)
Net book value of assets disposed of	(6,021)
Revenue is recorded in the statement of activities when earned; it is not reported in the funds until collected or collectible within 60 days of year end	(83,768)
Decreases in joint ventures are not increases to current financial resources and are not reported in the funds	(1,586,900)
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	780,000
Change in accrued interest payable and other	24,045
Decrease in accumulated employee sick and vacation pay and other similar expenses reported in the statement of activities do not require the use of current resources, and therefore are not reported in the fund statements until they come due for payment	90,928
Increase in net pension obligation reported in the statement of activities does not require the use of current resources and therefore is not reported in the fund until it becomes due for payment	(12,701,422)
Change in deferred inflows related to pensions is reported in the statement of activities	(162,783)
Change in deferred outflows related to pensions is reported in the statement of activities	6,940,654
Increase in net OPEB obligation reported on the statement of activities does not require the use of current resources, and therefore is not reported in the fund statements until it comes due for payment	(2,619,140)
Internal service funds are included as part of governmental activities	<u>21,623</u>
Change in Net Position of Governmental Activities	<u>\$ (9,434,376)</u>

City of Wyandotte, Michigan

	Enterprise Funds			
	Electric	Water	Cable Television	Sewage Disposal
Assets				
Current assets:				
Cash and cash equivalents (Note 4)	\$ 2,570,710	\$ 6,731,406	\$ 3,723,043	\$ 3,340,440
Receivables - Net	7,873,291	648,416	1,009,705	620,660
Due from component units (Note 8)	20,906	-	-	-
Due from other funds (Note 8)	118,403	693	-	573,262
Inventory	735,224	100,010	201,412	-
Prepaid expenses and other assets	446,277	41,394	40,184	766,935
Total current assets	11,764,811	7,521,919	4,974,344	5,301,297
Noncurrent assets:				
Restricted assets (Note 11)	13,569,039	-	-	-
Advances to other funds (Note 8)	-	-	-	-
Investment in joint ventures	-	-	-	1,435,614
Capital assets (Note 7):				
Assets not subject to depreciation	5,457,095	2,482,000	6,940	-
Assets subject to depreciation	34,503,323	7,328,495	3,420,784	17,886,927
Long-term receivable	90,000	-	-	-
Advance to component unit (Note 8)	-	-	-	-
Total noncurrent assets	53,619,457	9,810,495	3,427,724	19,322,541
Total assets	65,384,268	17,332,414	8,402,068	24,623,838
Deferred Outflows of Resources				
Bond refunding loss being amortized	1,016,945	-	-	-
Deferred outflows related to pensions (Note 12)	1,107,635	386,592	253,954	-
Total deferred outflows	2,124,580	386,592	253,954	-
Liabilities				
Current liabilities:				
Accounts payable	1,309,256	462,121	865,152	477,892
Accrued liabilities and other	1,916,344	252,484	263,212	-
Due to other funds	42,587	650,681	63,940	-
Unearned revenue	-	-	36,968	-
General liability and workers' compensation claims	-	-	-	-
Refundable deposits, bonds, etc.	1,133,149	1,039,186	43,224	-
Current portion of long-term debt	927,459	-	-	958,374
Total current liabilities	5,328,795	2,404,472	1,272,496	1,436,266
Noncurrent liabilities:				
Liabilities to be paid from restricted assets	848,679	-	-	-
Net OPEB obligation (Note 15)	4,476,021	662,534	748,496	-
Net pension liability (Note 15)	4,157,886	1,451,204	953,304	-
Other noncurrent liabilities	115,090	747,089	54,545	-
Long-term debt - Net of current portion (Note 9)	34,579,601	-	-	8,742,508
Total noncurrent liabilities	44,177,277	2,860,827	1,756,345	8,742,508
Total liabilities	49,506,072	5,265,299	3,028,841	10,178,774
Deferred Inflows of Resources -				
Deferred inflows related to pensions (Note 12)	25,978	9,067	5,956	-
Net Position				
Net investment in capital assets	16,521,693	8,024,220	3,348,055	8,186,045
Restricted	1,509,632	-	-	-
Unrestricted	(54,527)	4,420,420	2,273,170	6,259,019
Total net position	\$ 17,976,798	\$ 12,444,640	\$ 5,621,225	\$ 14,445,064

**Proprietary Funds
Statement of Net Position
September 30, 2015**

Enterprise Funds		Governmental Activities
Nonmajor Enterprise	Total Enterprise Funds	Internal Service
\$ 327,458	\$ 16,693,057	\$ 1,350,565
-	10,152,072	154
-	20,906	-
30,000	722,358	4,360,054
-	1,036,646	-
-	1,294,790	-
357,458	29,919,829	5,710,773
-	13,569,039	-
-	-	1,881,373
-	1,435,614	-
51,908	7,997,943	-
3,062,946	66,202,475	-
-	90,000	-
-	-	215,269
<u>3,114,854</u>	<u>89,295,071</u>	<u>2,096,642</u>
3,472,312	119,214,900	7,807,415
-	1,016,945	-
-	1,748,181	-
-	2,765,126	-
10,505	3,124,926	-
57,638	2,489,678	-
-	757,208	-
10,963	47,931	-
-	-	601,372
-	2,215,559	-
-	1,885,833	-
79,106	10,521,135	601,372
-	848,679	-
-	5,887,051	-
-	6,562,394	-
-	916,724	-
-	43,322,109	-
-	57,536,957	-
79,106	68,058,092	601,372
-	41,001	-
3,114,854	39,194,867	-
-	1,509,632	-
278,352	13,176,434	7,206,043
<u>\$ 3,393,206</u>	<u>\$ 53,880,933</u>	<u>\$ 7,206,043</u>

City of Wyandotte, Michigan

	Enterprise Funds			
	Electric	Water	Cable Television	Sewage Disposal
Operating Revenue				
Sale of water	\$ -	\$ 3,872,398	\$ -	\$ -
Sewage disposal charges	-	-	-	3,320,111
Sale of electricity	44,367,426	-	-	-
Income from customers and tenants	-	-	9,613,035	-
Other miscellaneous revenue	-	-	-	-
Total operating revenue	44,367,426	3,872,398	9,613,035	3,320,111
Operating Expenses				
Cost of water	-	800,775	-	-
Cost of sewage treatment	-	-	-	1,942,825
Cost of electrical production	30,358,365	-	-	-
Cost of insurance claims	-	-	-	-
Transportation	44,518	19,672	27,462	-
Other operation and maintenance	4,294,713	997,421	2,076,295	1,075,728
Billing and administrative costs	669,738	329,203	339,652	-
Distributions	1,939,794	722,883	882,230	-
Cable television royalties	-	-	5,083,369	-
Depreciation	4,752,616	552,034	900,548	643,791
Total operating expenses	42,059,744	3,421,988	9,309,556	3,662,344
Operating Income (Loss)	2,307,682	450,410	303,479	(342,233)
Nonoperating Revenue (Expenses)				
Investment and other income	634,728	29	225,137	4,730
Grant expenses	(1,510,396)	-	-	-
Interest expense	(1,072,234)	-	-	(267,219)
Bond issuance costs and amortization	(555,014)	-	-	-
Grant revenue	1,172,598	-	-	-
Total nonoperating (expenses) income	(1,330,318)	29	225,137	(262,489)
Income (Loss) - Before Contributions	977,364	450,439	528,616	(604,722)
Capital Contributions	431,501	-	-	-
Net Income (Loss)	1,408,865	450,439	528,616	(604,722)
Net Position - Beginning of year - As restated (Note 2)	16,567,933	11,994,201	5,092,609	15,049,786
Net Position - End of year	\$ 17,976,798	\$ 12,444,640	\$ 5,621,225	\$ 14,445,064

Proprietary Funds

Statement of Revenue, Expenses, and Changes in Net Position
Year Ended September 30, 2015

Enterprise Funds		Governmental Activities
Nonmajor Enterprise	Total Enterprise Funds	Internal Service
\$ -	\$ 3,872,398	\$ -
-	3,320,111	-
-	44,367,426	-
591,602	10,204,637	-
152,105	152,105	-
<u>743,707</u>	<u>61,916,677</u>	<u>-</u>
-	800,775	-
-	1,942,825	-
-	30,358,365	-
-	-	11,571
-	91,652	-
735,354	9,179,511	-
-	1,338,593	-
-	3,544,907	-
-	5,083,369	-
157,006	7,005,995	-
<u>892,360</u>	<u>59,345,992</u>	<u>11,571</u>
(148,653)	2,570,685	(11,571)
151	864,775	33,194
-	(1,510,396)	-
-	(1,339,453)	-
-	(555,014)	-
-	1,172,598	-
<u>151</u>	<u>(1,367,490)</u>	<u>33,194</u>
(148,502)	1,203,195	21,623
-	431,501	-
(148,502)	1,634,696	21,623
<u>3,541,708</u>	<u>52,246,237</u>	<u>7,184,420</u>
<u>\$ 3,393,206</u>	<u>\$ 53,880,933</u>	<u>\$ 7,206,043</u>

City of Wyandotte, Michigan

	Enterprise Funds			
	Electric	Water	Cable Television	Sewage Disposal
Cash Flows from Operating Activities				
Receipts from customers and tenants	\$ 43,439,675	\$ 3,748,081	\$ 9,501,055	\$ 3,278,321
Payments on interfund services and reimbursements	-	-	-	118,583
Payments to suppliers	(30,451,243)	1,093,786	(6,320,000)	(1,588,099)
Payments to employees	(6,827,971)	(1,584,393)	(1,479,851)	-
Claims paid	-	-	-	-
Net cash provided by (used in) operating activities	6,160,461	3,257,474	1,701,204	1,808,805
Cash Flows from Noncapital Financing Activities				
Loans made to other funds	-	-	-	-
Interfund borrowing and repayment - Net	(178,305)	(159,918)	(33,550)	(73,502)
Net cash used in noncapital financing activities	(178,305)	(159,918)	(33,550)	(73,502)
Cash Flows from Capital and Related Financing Activities				
Proceeds from debt issuance	35,803,343	-	-	-
Grant revenue	860,132	-	-	-
Grant expenses	(1,197,930)	-	-	-
Proceeds from sales of capital assets	254,654	-	-	-
Purchase of capital assets	(4,546,017)	(3,026,488)	(1,746,184)	(26,539)
Principal and interest paid on capital debt	(9,514,981)	-	-	(1,162,754)
Payments to escrow agent	(22,689,290)	-	-	-
Net cash used in capital and related financing activities	(1,030,089)	(3,026,488)	(1,746,184)	(1,189,293)
Cash Flows from Investing Activities - Interest received on investments and other income	700,219	29	225,137	5,240
Net Increase (Decrease) in Cash and Cash Equivalents	5,652,286	71,097	146,607	551,250
Cash and Cash Equivalents - Beginning of year	10,487,463	6,660,309	3,576,436	2,789,190
Cash and Cash Equivalents - End of year	<u>\$ 16,139,749</u>	<u>\$ 6,731,406</u>	<u>\$ 3,723,043</u>	<u>\$ 3,340,440</u>
Balance Sheet Classification of Cash and Cash Equivalents				
Cash and investments	\$ 2,570,710	\$ 6,731,406	\$ 3,723,043	\$ 3,340,440
Restricted assets	13,569,039	-	-	-
Total cash and cash equivalents	<u>\$ 16,139,749</u>	<u>\$ 6,731,406</u>	<u>\$ 3,723,043</u>	<u>\$ 3,340,440</u>
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities				
Operating income (loss)	\$ 2,307,682	\$ 450,410	\$ 303,479	\$ (342,233)
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation and amortization	4,752,616	552,034	900,548	643,791
Bad debt expense	86,880	(11,992)	42,165	-
Changes in assets and liabilities:				
Receivables	(1,014,631)	(112,325)	(154,145)	82,844
Due from others	-	-	-	217,946
Inventories	143,492	10,969	(141,106)	-
Prepaid insurance and other current assets	(408,833)	3,430	(8,978)	886,536
Accounts payable	(816,811)	314,009	346,415	319,921
Estimated claims liability	-	-	-	-
Accrued and other liabilities	1,217,749	(39,770)	72,276	-
Unearned revenue	(187,344)	-	73,289	-
Customer deposits and other current liabilities	79,661	2,090,709	267,261	-
Net cash provided by operating activities	<u>\$ 6,160,461</u>	<u>\$ 3,257,474</u>	<u>\$ 1,701,204</u>	<u>\$ 1,808,805</u>
Noncash Transactions - Capital contribution from BASF	<u>\$ 431,501</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Proprietary Funds
Statement of Cash Flows
Year Ended September 30, 2015**

Enterprise Funds		Governmental Activities
Nonmajor Enterprise	Total	Internal Service Fund
\$ 718,360	\$ 60,685,492	\$ 158
(30,200)	88,383	-
(579,301)	(37,844,857)	(7,142)
(56,544)	(9,948,759)	-
-	-	(310,120)
52,315	12,980,259	(317,104)
-	-	(570,844)
-	(445,275)	-
-	(445,275)	(570,844)
-	35,803,343	-
-	860,132	-
-	(1,197,930)	-
-	254,654	-
-	(9,345,228)	-
-	(10,677,735)	-
-	(22,689,290)	-
-	(6,992,054)	-
150	930,775	33,370
52,465	6,473,705	(854,578)
274,993	23,788,391	2,205,143
\$ 327,458	\$ 30,262,096	\$ 1,350,565
\$ 327,458	\$ 16,693,057	\$ 1,350,565
-	13,569,039	-
\$ 327,458	\$ 30,262,096	\$ 1,350,565
\$ (148,653)	\$ 2,570,685	\$ (11,571)
157,006	7,005,995	-
-	117,053	-
(25,347)	(1,223,604)	8,301
(30,200)	187,746	-
-	13,355	-
90,457	562,612	-
9,052	172,586	(7,142)
-	-	(306,692)
-	1,250,255	-
-	(114,055)	-
-	2,437,631	-
\$ 52,315	\$ 12,980,259	\$ (317,104)
\$ -	\$ 431,501	\$ -

City of Wyandotte, Michigan

Fiduciary Funds Statement of Fiduciary Net Position September 30, 2015

	Pension and Other Employee Benefits Trust	Agency Fund
Assets		
Cash and cash equivalents (Note 4)	\$ 1,784,647	\$ 466,817
Investments (Note 4):		
U.S. government securities	6,437,909	-
U.S. government agency obligations	3,659,129	-
Common trust funds/Mutual funds	22,381,577	-
Foreign stock ADR	14,320,910	-
Stocks	8,174,957	-
Bonds	6,043,803	-
Foreign corporate bonds	341,439	-
Receivables:		
Accrued interest receivable	101,798	-
Other receivables	65,342	-
Due from other governmental units	133,456	5,116
	63,444,967	<u>\$ 471,933</u>
Total assets		
Liabilities		
Accounts payable	18,450	\$ -
Accrued liabilities and other	24,948	-
Due to other governmental units	-	40,976
Due to primary government	187,984	-
Refundable deposits, bonds, etc	-	430,957
	231,382	<u>\$ 471,933</u>
Total liabilities		
Net Position Held in Trust for Pension and Other Employee Benefits	<u>\$ 63,213,585</u>	

City of Wyandotte, Michigan

Fiduciary Funds Statement of Changes in Fiduciary Net Position - Pension and Other Employee Benefits Trust Year Ended September 30, 2015

	Pension and Other Employee Benefits Trust
Additions	
Investment income (loss):	
Interest and dividends	\$ 1,312,138
Net decrease in fair value of investments	(3,446,280)
Investment-related expenses	(317,293)
Contributions:	
Employer	7,490,318
Employee	36,955
Total contributions	<u>7,527,273</u>
Total additions	5,075,838
Deductions	
Pension benefit payments	6,536,096
Health benefit payments	3,539,951
Total deductions	<u>10,076,047</u>
Net Decrease in Net Position Held in Trust	(5,000,209)
Net Position Held in Trust for Pension and Other Employee Benefits - Beginning of year	<u>68,213,794</u>
Net Position Held in Trust for Pension and Other Employee Benefits - End of year	<u><u>\$ 63,213,585</u></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)	\$ 5,280,146	\$ 780,993	\$ 1,585	\$ 200,372	\$ -
Receivables - Net	34,505	2,890	-	10,894	187,147
Due from primary government (Note 8)	19,814	-	-	-	-
Internal balances	(840)	840	-	-	-
Land held for resale (Note 5)	1,890,060	44,800	-	-	-
Note receivable	-	226,387	-	-	-
Total assets	7,223,685	1,055,910	1,585	211,266	187,147
Liabilities					
Accounts payable	247,036	35,938	-	-	-
Due to other governmental units	-	-	-	93,581	-
Accrued liabilities and other	4,303	5,112	-	107,264	-
Due to primary government (Note 8)	3,790	23,212	-	20,906	187,147
Due within one year - Current portion of long-term debt (Note 9)	148,603	44,235	-	-	-
Due in more than one year - Advance from primary government (Note 8)	-	-	-	1,116,989	-
Long-term debt (Note 9)	39,467	70,586	-	-	-
Total liabilities	443,199	179,083	-	1,338,740	187,147
Deferred Inflows of Resources -					
Property taxes levied for the following year	1,598,144	392,407	-	-	-
Net Position (Deficit)					
Restricted - NSP grant land held for resale	11,650	-	-	-	-
Unrestricted	5,170,692	484,420	1,585	(1,127,474)	-
Total net position (deficit)	<u>\$ 5,182,342</u>	<u>\$ 484,420</u>	<u>\$ 1,585</u>	<u>\$ (1,127,474)</u>	<u>\$ -</u>

**Component Units
Statement of Net Position
September 30, 2015**

Downriver Central Animal Control Agency	Downriver Consolidated Assessing	Total
\$ -	\$ -	\$ 6,263,096
36,929	54,405	326,770
-	-	19,814
-	-	-
-	-	1,934,860
-	-	226,387
<u>36,929</u>	<u>54,405</u>	<u>8,770,927</u>
-	-	282,974
-	-	93,581
-	-	116,679
36,929	54,405	326,389
-	-	192,838
-	-	1,116,989
-	-	110,053
<u>36,929</u>	<u>54,405</u>	<u>2,239,503</u>
-	-	1,990,551
-	-	11,650
-	-	4,529,223
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,540,873</u>

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	\$ 1,748,636	\$ -	\$ -	\$ -
Debt service	101,601	-	-	-
Total Tax Increment Finance Authorities - Consolidated governmental activities	1,850,237	-	-	-
Tax Increment Finance Authorities - Downtown governmental activities:				
Community and economic development	423,491	-	-	-
Debt service	7,502	-	-	-
Total Tax Increment Finance Authorities - Downtown governmental activities	430,993	-	-	-
Downtown Development Authority	-	-	-	-
Brownfield Redevelopment Authority - Governmental activities:				
Community and economic development	103,029	-	-	-
Debt service	90,736	-	-	-
Total Brownfield Redevelopment Authority - Governmental activities	193,765	-	-	-
Downriver Central Dispatch - Governmental activities - Public safety	815,711	815,711	-	-
Downriver Central Animal Control Agency - Governmental activities - Public safety	180,774	180,774	-	-
Downriver Consolidated Assessing - Governmental activities - General government	377,240	377,240	-	-
Total component units	<u>\$ 3,848,720</u>	<u>\$ 1,373,725</u>	<u>\$ -</u>	<u>\$ -</u>
General revenue:				
Property taxes				
Investment income				
Other miscellaneous income				
Total general revenue				
Transfers				
Change in Net Position				
Net Position - Beginning of year				
Net Position - End of year				

**Component Units
Statement of Activities
Year Ended September 30, 2015**

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	Downriver Central Animal Control Agency
\$ (1,748,636) (101,601)	\$ - -	\$ - -	\$ - -	\$ - -	\$ - -
(1,850,237)	-	-	-	-	-
-	(423,491) (7,502)	-	-	-	-
-	(430,993)	-	-	-	-
-	-	-	-	-	-
-	-	-	(103,029) (90,736)	-	-
-	-	-	(193,765)	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(1,850,237)	(430,993)	-	(193,765)	-	-
2,468,274	519,716	-	184,143	-	-
92	-	-	-	-	-
3,405	9,154	-	94,570	-	-
2,471,771	528,870	-	278,713	-	-
(100,000)	-	-	100,000	-	-
521,534	97,877	-	184,948	-	-
4,660,808	386,543	1,585	(1,312,422)	-	-
\$ 5,182,342	\$ 484,420	\$ 1,585	\$ (1,127,474)	\$ -	\$ -

City of Wyandotte, Michigan

Component Units Statement of Activities (Continued) Year Ended September 30, 2015

Net (Expense) Revenue and Changes in Net
Position

Downriver Consolidated Assessing	Total
\$ -	\$ (1,748,636)
-	(101,601)
-	(1,850,237)
-	(423,491)
-	(7,502)
-	(430,993)
-	-
-	(103,029)
-	(90,736)
-	(193,765)
-	-
-	-
-	-
-	(2,474,995)
-	3,172,133
-	92
-	107,129
-	3,279,354
-	-
-	804,359
-	3,736,514
\$ -	\$ 4,540,873

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.

Note I - Summary of Significant Accounting Policies (Continued)

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. The TIFA has reserved \$155,194 for a future DNR grant match.

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.

The Downriver Consolidated Assessing Agency (DCAA) was created to enhance assessing services by sharing of costs and responsibilities. The DCAA's governing body consists of one representative appointed by each governmental unit who is a member of the DCAA. The DCAA'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 6.

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.

Note I - Summary of Significant Accounting Policies (Continued)

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 revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: (1) charges to customers or applicants 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 revenue 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 revenue 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 revenue was used for. The various funds are aggregated into three broad fund types:

Note I - Summary of Significant Accounting Policies (Continued)

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 fund as a “major” governmental fund:

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

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.

Note I - Summary of Significant Accounting Policies (Continued)

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.

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 healthcare 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.

Note I - Summary of Significant Accounting Policies (Continued)

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".

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 pursuant to contractual restrictions, grant reserves, and unspent bond proceeds. These amounts have been classified as restricted assets.

Note I - Summary of Significant Accounting Policies (Continued)

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.

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

<u>Capital Asset Class</u>	<u>Lives</u>
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.

Note I - Summary of Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element 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 two items that qualify for reporting in this category. They are 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. In addition, the City reports deferred outflows of resources related to pensions.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element 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 revenue in the governmental funds are from special assessments, grants, and other revenue. 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 net position. The City also reports deferred inflows of resources related to pensions.

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.

Note I - Summary of Significant Accounting Policies (Continued)

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).

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 City 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.

Note I - Summary of Significant Accounting Policies (Continued)

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 2014 taxable valuation of the City totaled approximately \$548,000,000 (a portion of which has been abated or resides in special tax districts) on which taxes levied consisted of 15.0538 mills for operating purposes, 2.5166 mills for debt service, and 2.5166 mills for garbage and rubbish services. In addition, the City levied 2.6630 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 \$8,163,000 for operating purposes, \$1,107,000 for debt service, \$1,318,000 for garbage and rubbish services, and \$1,026,000 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.

Pension - The City offers a defined benefit pension plan to its employees. The City records a net pension liability for the difference between the total pension liability calculated by the actuary and the pension plan's fiduciary net position. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plan and additions to/deductions from the pension plan's fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The net pension liability has historically been liquidated from the funds from which the individual salaries are paid.

Other Postemployment Benefit Costs - The City offers 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, 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. The net OPEB obligation has generally been liquidated from the funds from which the individual salaries are paid.

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2015

Note I - Summary of Significant Accounting Policies (Continued)

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, 2015:

	Electricity Fees	Water Fees	Sewage Fees	Property Taxes
BASF Corporation	23 %	20 %	30 %	10 %
Electric Fund	-	7	-	-
Wayne County	8	9	-	-
Wyandotte Hospital	3	-	-	-

Unearned Revenue - Unearned revenue relates to a contract in the Cable Television Fund between the Department of Wyandotte Public Schools related to construction and usage of the department's fiber optic cable system. Monies received in advance will be recognized over the term of the contract.

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2015

Note 2 - Change in Accounting

During the current year, the City adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. As a result, the government-wide statements and the proprietary funds now include a liability for our unfunded legacy costs. Some of the changes in this net pension liability will be recognized immediately as part of the pension expense measurement, and part will be deferred and recognized over future years. Refer to the pension note for further details. This change does not impact the General Fund or any other governmental fund.

The financial statements for the year ended September 30, 2015 have been restated in order to adopt GASB Statement No. 68. The effect of this new accounting standard was a decrease in net position to record the net pension liability at September 30, 2014.

The beginning net position of governmental activities, business-type activities, and the proprietary funds has been restated as follows:

	Governmental Activities	Business-type Activities	Electric Fund	Water Fund	Cable Television Fund
Net position - September 30, 2014 - As previously reported	\$ 71,186,064	\$ 56,124,389	\$ 19,023,266	\$ 12,757,785	\$ 5,751,844
Adjustment for implementation of GASB Statement No. 68	<u>(20,154,003)</u>	<u>(3,878,152)</u>	<u>(2,455,333)</u>	<u>(763,584)</u>	<u>(659,235)</u>
Net position - September 30, 2014 - As restated	<u>\$ 51,032,061</u>	<u>\$ 52,246,237</u>	<u>\$ 16,567,933</u>	<u>\$ 11,994,201</u>	<u>\$ 5,092,609</u>

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, 2014		\$ (207,763)
Current year permit revenue		676,562
Related expenses:		
Direct costs	\$ 107,001	
Estimated indirect costs	<u>561,827</u>	<u>668,828</u>
Current year surplus		<u>7,734</u>
Cumulative shortfall at September 30, 2015		<u>\$ (200,029)</u>

Note 3 - Stewardship, Compliance, and Accountability (Continued)

Accumulated Deficit - The City has an accumulated deficit in the Local Streets Fund and the Brownfield Redevelopment Authority. The deficit in the Local Streets Fund is a result of road construction projects that are to be partially funded with future Act 51 road funds. The deficit will be eliminated in future years as the revenue is collected and the advance from the Internal Service Fund is repaid. 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.

The City has designated three banks for the deposit of its funds. The investment policy adopted by the City Council and mayor in accordance with Public Act 196 of 1997 has authorized investment in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States, certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution that has offices in Michigan, mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan, and interlocal agreements and investment pools, but not the remainder of State statutory authority as listed above. The City's deposits and investment policies are in accordance with statutory authority.

Note 4 - Deposits and Investments (Continued)

The City's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. At year end, the City had \$59,902,264 of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. In addition, the City's component units had \$2,781,038 of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the City evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Interest Rate Risk

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

Investment	Fair Value	Weighted Average Maturity
U.S. Treasury bills	\$ 416,189	.35 years
U.S. Federal agency	360,742	.56 years
U.S. Treasury bills (pension)	6,336,171	8.93 years
U.S. Federal agency (pension)	3,659,129	16.65 years
Corporate bonds and notes (pension)	5,867,257	7.78 years
Foreign corporate bonds and notes (pension)	341,439	5.71 years
U.S. Treasury bills (retiree health care)	101,738	23.33 years
Corporate bonds and notes (retiree health care)	176,546	2.23 years

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2015

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)	\$ 380,537	AAA	S&P
	2,729,773	AA+	S&P
	241,375	AA	S&P
	180,133	AA-	S&P
	672,549	A+	S&P
	1,221,442	A	S&P
	735,337	A-	S&P
	1,010,700	BBB+	S&P
	853,714	BBB	S&P
	214,860	BBB-	S&P
	101,738	AAA	Moody's
	11,256	A2	Moody's
	27,661	A3	Moody's
	94,422	Baa1	Moody's
	22,032	Baa2	Moody's
	10,781	Baa3	Moody's
10,393	Bba2	Moody's	
	14,294,498	N/A	Unrated
Component units	364,692	N/A	Unrated

Note 5 - Land Held for Resale

The inventory in the 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, 2015, inventory had a cost of \$647,848, \$318,666, and \$16,511,005 and an estimated fair market value of \$115,040, \$44,237, and \$1,934,860 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 \$31,284, \$0, and \$140,711 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 within the component units resulted in a gain on sale of \$6,913 included in miscellaneous income.

Note 6 - 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 \$926,000 to Wayne County during the year for operations and maintenance.

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 \$1,851,100 has been recorded in the government-wide statement of net position at September 30, 2015.

Note 6 - Joint Ventures (Continued)

Downriver Sewage Disposal System

The City, along with 12 other communities, jointly participates in the Downriver Sewage Disposal System. The City's share of capital assets, restricted assets (for debt service), and related debt is recorded in the Sewage Disposal Fund. During the year, the City paid approximately \$1,943,000 for operations of the system and \$1,159,000 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 \$1,435,614 has been recorded in the proprietary and government-wide statements of net position at September 30, 2015. Financial statements for the joint venture can be obtained from the administrative offices at 400 Monroe Street, Suite 400, Detroit, MI 48226.

Note 7 - Capital Assets

Capital asset activity of the City's governmental and business-type activities was as follows:

	Balance October 1, 2014	Additions	Disposals and Adjustments	Balance September 30, 2015
Governmental Activities				
Capital assets not being depreciated - Land	\$ 18,229,021	\$ -	\$ -	\$ 18,229,021
Capital assets being depreciated:				
Roads and other infrastructure	85,822,176	2,760,148	-	88,582,324
Sidewalks	36,250,427	506,457	-	36,756,884
Buildings and improvements	22,347,775	99,514	-	22,447,289
Machinery, equipment, and vehicles	11,827,589	519,446	(126,361)	12,220,674
Land improvements	5,218,260	53,068	-	5,271,328
Subtotal	161,466,227	3,938,633	(126,361)	165,278,499
Accumulated depreciation:				
Roads and other infrastructure	66,812,411	1,903,062	-	68,715,473
Sidewalks	31,189,852	1,127,242	-	32,317,094
Buildings and improvements	5,220,095	381,183	-	5,601,278
Machinery, equipment, and vehicles	10,280,645	467,872	(120,340)	10,628,177
Land improvements	3,763,780	220,378	-	3,984,158
Subtotal	117,266,783	4,099,737	(120,340)	121,246,180
Net capital assets being depreciated	44,199,444	(161,104)	(6,021)	44,032,319
Net capital assets	\$ 62,428,465	\$ (161,104)	\$ (6,021)	\$ 62,261,340

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2015

Note 7 - Capital Assets (Continued)

	Balance October 1, 2014	Reclassifications	Additions	Disposals and Adjustments	Balance September 30, 2015
Business-type Activities					
Capital assets not being depreciated:					
Land	\$ 51,908	\$ -	\$ -	\$ -	\$ 51,908
Construction in progress	925,538	-	7,025,447	(4,950)	7,946,035
Subtotal	977,446	-	7,025,447	(4,950)	7,997,943
Capital assets being depreciated:					
Utility plant	113,271,771	-	-	(9,531)	113,262,240
Transmission	5,911,181	-	-	-	5,911,181
Pumping	3,294,338	-	12,443	-	3,306,781
Purification	3,911,391	-	6,292	-	3,917,683
Distribution	54,762,585	-	1,431,673	-	56,194,258
Transportation	3,067,550	-	52,310	(449,080)	2,670,780
Stores	963,421	-	-	-	963,421
Cable equipment	2,392,034	-	779,132	-	3,171,166
Land improvements	2,937,427	-	-	-	2,937,427
Studio	576,038	-	-	-	576,038
General	3,319,115	-	447,843	-	3,766,958
Buildings	2,328,584	-	-	-	2,328,584
Equipment and fixtures	1,703,896	-	-	-	1,703,896
Sewer lines	30,897,751	-	-	-	30,897,751
Subtotal	229,337,082	-	2,729,693	(458,611)	231,608,164
Accumulated depreciation:					
Utility plant	85,762,549	-	3,366,298	-	89,128,847
Transmission	5,452,150	-	90,603	-	5,542,753
Pumping	2,247,649	-	105,343	-	2,352,992
Purification	3,632,264	-	28,021	-	3,660,285
Distribution	36,999,488	-	2,012,752	-	39,012,240
Transportation	2,125,603	-	199,652	(138,466)	2,186,789
Stores	870,554	-	8,186	-	878,740
Cable equipment	1,808,754	-	198,735	-	2,007,489
Land improvements	1,115,239	-	58,749	-	1,173,988
Studio	530,873	-	8,260	-	539,133
General	2,991,288	-	187,348	-	3,178,636
Buildings	976,646	-	81,795	-	1,058,441
Equipment and fixtures	1,396,344	-	72,520	(401)	1,468,463
Sewer lines	12,655,700	-	587,733	(26,540)	13,216,893
Subtotal	158,565,101	-	7,005,995	(165,407)	165,405,689
Net capital assets being depreciated	70,771,981	-	(4,276,302)	(293,204)	66,202,475
Net capital assets	\$ 71,749,427	\$ -	\$ 2,749,145	\$ (298,154)	\$ 74,200,418

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2015

Note 7 - Capital Assets (Continued)

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

Governmental activities:

General government	\$ 3,264,907
Public safety	426,308
Public works	142,972
Recreation and culture	265,550
	<u>4,099,737</u>
Total governmental activities	<u>\$ 4,099,737</u>

Business-type activities:

Electric	\$ 4,752,616
Water	552,034
Cable television	900,548
Sewage disposal	643,791
Golf course	105,874
Building rental	51,132
	<u>7,005,995</u>
Total business-type activities	<u>\$ 7,005,995</u>

Construction Commitments - The City has active construction projects at year end. The City's commitments with contractors/suppliers as of September 30, 2015 are as follows:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
BASF Geothermal Phase II Installation	\$ 755,000	\$ 245,000
Water Filter Plant Rehabilitation	723,000	3,095,436
Substation 6 - Phase I B Redundant Feed	791,905	791,905
Bishop Park Lighting	62,861	237,139
Micro Wind Turbines	13,500	161,500
Substation 7 - MVA Transformers	-	601,969
	<u>2,346,266</u>	<u>5,132,949</u>
Total	<u>\$ 2,346,266</u>	<u>\$ 5,132,949</u>

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2015

Note 8 - 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	\$ 581,913
	Cable Fund	10,264
	Total General Fund	<u>\$ 592,177</u>
Other governmental funds	General Fund	\$ 155,398
	Other governmental funds	181,522
	Electric Fund	24,587
	Total other governmental funds	<u>\$ 361,507</u>
Electric Fund	Water Fund	\$ 74,419
	Cable Television Fund	43,984
	Total Electric Fund	<u>\$ 118,403</u>
Water Fund	Cable Fund	<u>\$ 693</u>
Sewage Disposal Fund	Water Fund	<u>\$ 573,262</u>
Other Enterprise Funds	Electric Fund	\$ 18,000
	Water Fund	3,000
	Cable Fund	9,000
	Total other enterprise funds	<u>\$ 30,000</u>
Internal Service Fund	General Fund	<u>\$ 4,360,054</u>
Tax Increment Finance Authorities - Consolidated	Tax Increment Finance Authorities - Downtown	<u>\$ 840</u>

Advances from/to Other Funds

Receivable Fund	Payable Fund	Amount
Internal Service Fund	Other governmental funds	<u>\$ 1,881,373</u>

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2015

Note 8 - 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	\$ 21,588
	Downriver Central Dispatch	187,147
	Downriver Central Animal Control	36,929
	Downriver Consolidated Assessing	54,405
	Total General Fund	<u>\$ 300,069</u>
Other governmental funds	Tax Increment Finance Authorities - Downtown	\$ 1,624
	Total Tax Increment Finance Authorities - Consolidated	<u>3,790</u>
	Total other governmental funds	<u>\$ 5,414</u>
Electric Fund	Brownfield Redevelopment Authority	<u>\$ 20,906</u>
Total Tax Increment Finance Authorities - Consolidated	General Fund	<u>\$ 19,814</u>

Advances from/to Primary Government and Component Units

Receivable Fund	Payable Fund	Amount
Other governmental funds	Brownfield Redevelopment Authority	\$ 901,720
Internal Service Fund	Brownfield Redevelopment Authority	215,269

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.

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2015

Note 8 - Interfund Receivables, Payables, and Transfers (Continued)

The internal service fund advance to the other governmental funds is an internal loan for the purchase of equipment, City Hall improvements, and road construction which will be paid back over time.

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	\$ 1,107,243
	Other governmental funds	<u>297,801</u>
	Total other governmental funds	<u>\$ 1,405,044</u>
Brownfield Redevelopment Authority	Tax Increment Finance Authorities - Consolidated	<u>\$ 100,000</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 \$297,801 transfer between the City's two street funds was to redistribute Act 51 revenue from the Major Streets Fund to the Local Streets Fund, where the funds were then spent. The transfer from the Tax Increment Finance Authorities - Consolidated to the Brownfield Redevelopment Authority was to reduce the accumulated deficit in the Brownfield Fund.

Note 9 - 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:	
2014 Refunding Bonds issued for \$5,820,000, with interest from 2.00 percent to 4.00 percent, maturing in 2025	<u>\$ 5,820,000</u>

Note 9 - 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	\$ 9,700,882
2008 Electric purchase installment, issued for \$2,385,761, with interest of 4.53 percent, maturing in 2019	917,576
2010 Electric purchase installment, issued for \$3,866,200, with interest of 4.35 percent, maturing in 2019	2,045,250
2012 Electric purchase installment, issued for \$201,798, with interest of 3.2 percent, maturing in 2016	90,522
2014 Electric purchase installment, issued for \$850,000, with interest of 2 percent, maturing in 2021	735,369
Subtotal	<u>13,489,599</u>
Revenue bonds:	
2015 Series A Electric System Revenue and Revenue Refunding Bonds, issued for \$21,810,000, with a premium of \$1,068,343, with interest from 3.50 percent to 5.00 percent, maturing in 2044	22,878,343
2015 Series B Electric System Revenue and Revenue Refunding Bonds, issued for \$8,840,000, with interest of 4.92 percent, maturing in 2026	8,840,000
Subtotal	<u>31,718,343</u>
Total business-type activity debt	<u>\$ 45,207,942</u>
Component Units Activities	
General obligations:	
Various installment purchase agreements	\$ 188,070
2006 Downtown Development note payable, issued for \$400,000, with interest of 5.00 percent, maturing in 2018	114,821
Total component units activities debt	<u>\$ 302,891</u>

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2015

Note 9 - 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	\$ 6,600,000	\$ 5,820,000	\$ (6,600,000)	\$ 5,820,000	\$ 695,000
Business-type Activities					
General obligations	\$ 15,438,332	\$ -	\$ (1,948,734)	\$ 13,489,598	\$ 1,885,833
Revenue bonds	24,934,093	35,803,343	(29,019,092)	31,718,344	-
Total	\$ 40,372,425	\$ 35,803,343	\$ (30,967,826)	\$ 45,207,942	\$ 1,885,833
Component Unit Activities -					
General obligations	\$ 481,597	\$ -	\$ (178,706)	\$ 302,891	\$ 192,838

Total interest expense for the year was approximately \$1,736,000.

Annual debt service requirements to maturity for the above bonds and note obligations, excluding unamortized premiums on bonds payable of \$1,068,343 are as follows:

Years Ending September 30	Governmental Activities			Business-type Activities			Component Unit Activities		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 695,000	\$ 213,350	\$ 908,350	\$ 1,885,834	\$ 1,154,630	\$ 3,040,464	\$ 192,838	\$ 12,379	\$ 205,217
2017	790,000	192,500	982,500	2,090,412	1,809,717	3,900,129	85,941	4,929	90,870
2018	790,000	160,900	950,900	2,191,945	1,731,699	3,923,644	24,112	603	24,715
2019	390,000	129,300	519,300	3,623,133	1,613,858	5,236,991	-	-	-
2020	390,000	113,700	503,700	2,353,085	1,476,574	3,829,659	-	-	-
2021-2025	2,295,000	344,700	2,639,700	12,182,930	5,779,437	17,962,367	-	-	-
2026-2030	470,000	14,100	484,100	8,182,221	3,385,551	11,567,772	-	-	-
2031-2035	-	-	-	3,855,039	2,371,157	6,226,196	-	-	-
2036-2040	-	-	-	3,475,000	1,514,375	4,989,375	-	-	-
2041-2045	-	-	-	4,300,000	559,250	4,859,250	-	-	-
Total	\$ 5,820,000	\$ 1,168,550	\$ 6,988,550	\$ 44,139,599	\$ 21,396,248	\$ 65,535,847	\$ 302,891	\$ 17,911	\$ 320,802

Advance and Current Refundings - During the year, the City issued \$5,820,000 in general obligation bonds with an average interest rate of 3.64 percent. The proceeds of these bonds were used to advance refund \$6,000,000 of outstanding capital improvement bonds with an average interest rate of 4.07 percent. The net proceeds of \$6,122,431 (after payment of \$84,890 in underwriting fees, insurance, and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the original bonds. As a result, the bonds are considered to be defeased and the liability for the bonds has been removed from the statement of net position. The advance refunding reduced total debt service payments over the next 12 years by approximately \$36,800, which represents an economic gain of approximately \$319,700.

Note 9 - Long-term Debt (Continued)

During the year, the Department of Municipal Services (the "Department") issued \$30,650,000 in Electric System Revenue and Revenue Refunding Bonds with interest ranging from 3.5 percent to 5.0 percent. The proceeds of these bonds plus \$6,828,265 of cash were used to currently refund the Electric System Revenue Bonds - Series 2005A of \$600,000 with interest ranging from 4.0 to 5.0 percent, to currently refund the Electric System Revenue Bonds - Series 2005B of \$4,575,000 with interest ranging from 4.0 to 4.5 percent, to advance refund the Electric System Revenue and Revenue Refunding Bonds - Series 2009A of \$14,670,000 with interest ranging from 4.0 to 5.25 percent, to currently refund the Electric System Revenue Bond Anticipation Notes - Series 2014 of \$1,500,000 with interest ranging from 1.0 to 1.1 percent, and to fund \$15,000,000 of new projects. The net proceeds of \$37,689,291 (after receiving a premium of \$1,068,343 and a payment of \$857,318 in underwriting fees, insurance, and other issuance costs) were used to fund a capital project and to refund the debt issues discussed above. A total of \$22,689,290 of the proceeds was deposited into an escrow fund consisting of cash and investments in U.S. government securities. The funds were deposited into the irrevocable trust with an escrow agent to provide for all future debt service payments on the original bonds. As a result, the bonds are considered to be defeased and the liability for the bonds has been removed from the Electric Fund's long-term debt account. The advance refunding increased the payment period and increased the total debt service payments over the next 30 years by approximately \$2,112,000, which represents an economic loss of approximately \$1,068,000.

Electric Fund Revenue Bonds

The 2015 Series A and B Revenue and Refunding Bonds are payable out of the net revenue of the Electric Fund. During the year, net operating revenue of the system was \$8,227,177. Fiscal year 2016 debt service requirements total \$767,202. The City of Wyandotte, Michigan has no liability for these bonds if the net revenue pledged should prove insufficient.

An agreement was 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). BASF satisfied its obligation in August 2015.

Note 9 - Long-term Debt (Continued)

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 construction of improvements to the system
- Sale, lease, or other disposition of all or any substantial part of the system
- Granting any franchise or other rights or operating a system that will compete with 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 and Interest Redemption Fund for payment of bond principal. During 2015, the revenue bond ordinance was amended and no longer required segregation of assets for debt service payments so long as they have an insurance surety policy. The Electric Fund has an insurance surety policy in place at September 30, 2015. Therefore, at September 30, 2015, there are no restricted assets to cover future principal and interest payments on the bonds.

Note 10 - Risk Management

The City is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The City has purchased commercial insurance for claims related to medical benefits. The City is partially uninsured for general liability and workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

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

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2015

Note 10 - Risk Management (Continued)

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 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	
	2015	2014	2015	2014
Estimated liability - Beginning of year	\$ 908,064	\$ 909,953	\$ 186,229	\$ 261,721
Incurred claims - Including claims incurred but not reported	11,571	216,011	85,704	(13,467)
Claim payments and changes in estimates	(318,263)	(217,900)	(119,402)	(62,025)
Estimated liability - End of year	<u>\$ 601,372</u>	<u>\$ 908,064</u>	<u>\$ 152,531</u>	<u>\$ 186,229</u>

Note 11 - Restricted Assets and Restricted Net Position

The balances for the restricted asset accounts are as follows:

	Electric Fund
Unspent bond proceeds	\$ 12,059,407
Restricted working capital - MPPA	1,120,100
Restricted grant reserves	<u>389,532</u>
Total	<u>\$ 13,569,039</u>

Note 11 - Restricted Assets and Restricted Net Position (Continued)

All assets legally restricted relate to activity of the Electric Fund. When an expense is incurred that allows the use of restricted assets (such as allowable expenses pursuant to the Electric System Revenue and Revenue Refunding Bonds, Series 2015A and Series 2015B), those assets are applied before utilizing any unrestricted assets.

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 unspent bond proceeds relate to the Electric System Revenue and Revenue Refunding Bonds, Series 2015A and Series 2015B. At September 30, 2015, there was \$848,679 of liabilities to be paid from these restricted bond proceeds.

The assets previously restricted for debt service were pursuant to the 1992 revenue bond ordinance for revenue bond debt service. The ordinance was amended during 2015 to remove this restriction.

The Electric Fund assets restricted for grant reserves represent the balances outstanding as of September 30, 2015 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.

Portions of net position of the enterprise funds have been restricted for the following purposes at September 30, 2015:

	<u>Electric Fund</u>
Restricted working capital - MPPA	\$ 1,120,100
Restricted grant reserves	<u>389,532</u>
Total	<u>\$ 1,509,632</u>

Note 12 - Pension Plan

Pension Plan Description

Plan Description - 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 the Municipal Services Commission, and the City Treasurer, who serves as an ex-officio member.

Employees Covered by Benefit Terms - At September 30, 2014, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	282
Inactive plan members entitled to but not yet receiving benefits	24
Active plan members	<u>85</u>
Total employees covered by the plan	<u><u>391</u></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 the last 10 consecutive years.

Note 12 - 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 three 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 members 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 workers' 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 Retirement Commission in accordance with the City Charter, union contracts, and plan provisions. For the year ended September 30, 2015, 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. For the year ended September 30, 2015, the City contributed the actuarial required contribution of \$4,076,644, which consisted of \$3,565,840 in contributions from municipal services and transfers from other funds as well as \$599,378 from supplemental reserves in the pension system which are not considered for annual actuarially required contribution purposes.

Note 12 - 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 Pension Board's adopted asset allocation policy as of September 30, 2015:

Asset Class	Target Allocation
Domestic Fixed Income	27 %
International Fixed Income	13 %
Domestic Equity	28 %
International Equity	17 %
Hedged Strategies	13 %
Cash	2 %

Rate of Return - For the year ended September 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (2.46) 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, 2015

Note 12 - Pension Plan (Continued)

	Required Reserve	Amount Funded
Retiree reserve	\$ 66,512,340	\$ 64,698,360
Employee reserve	666,241	666,241

Net Pension Liability

The components of the net pension liability of the City at September 30, 2015 were as follows:

Total pension liability	\$ (93,863,755)
Plan fiduciary net position	<u>61,247,256</u>
City's net pension liability	<u>\$ (32,616,499)</u>

Plan fiduciary net position as a percentage of the total pension liability 65.3 %

The City has chosen to use September 30, 2015 as its measurement date for the net pension liability. The September 30, 2015 reported net pension liability was determined using a measure of the total pension liability and the pension net position as of September 30, 2015. The September 30, 2015 total pension liability was determined by an actuarial valuation performed as of September 30, 2014, which used update procedures to roll forward the estimated liability to September 30, 2015.

Changes in the net pension liability during the measurement year were as follows:

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at September 30, 2014	\$ 83,727,938	\$ 66,497,103	\$ 17,230,835
Service cost	787,912	-	787,912
Interest	6,064,038	-	6,064,038
Differences between expected and actual experience	(669,257)	-	(669,257)
Changes in assumptions	10,489,220	-	10,489,220
Contributions - Employer	-	3,565,840	(3,565,840)
Contributions - Employee	-	36,955	(36,955)
Net investment income	-	(2,316,546)	2,316,546
Benefit payments, including refunds	<u>(6,536,096)</u>	<u>(6,536,096)</u>	<u>-</u>
Net changes	<u>10,135,817</u>	<u>(5,249,847)</u>	<u>15,385,664</u>
Balance at September 30, 2015	<u>\$ 93,863,755</u>	<u>\$ 61,247,256</u>	<u>\$ 32,616,499</u>

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2015

Note 12 - Pension Plan (Continued)

Assumption Changes - Since the last measurement date, the City has changed the mortality table used to calculate the total pension liability from the 1984 Group Annuity Mortality Table to the RP-2014 Mortality Table.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2015, the City recognized pension expense of \$10,466,453. At September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 203,784
Changes in assumptions	3,193,894	-
Net difference between projected and actual earnings on pension plan investments	<u>5,494,941</u>	<u>-</u>
Total	<u>\$ 8,688,835</u>	<u>\$ 203,784</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Years Ending September 30</u>	<u>Amount</u>
2016	\$ 4,363,846
2017	1,373,735
2018	1,373,735
2019	1,373,735

Actuarial Assumptions - The total pension liability in the September 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 %
Salary increases	3 to 8.1 % Average, including inflation
Investment rate of return	7.0 % Net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 Mortality Table projected seven years with scale MP-2014.

Note 12 - Pension Plan (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 7.0 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.

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, 2014 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	1.58 %
International Fixed Income	3.10 %
Domestic Equity	6.28 %
International Equity	8.62 %
Hedged Strategies	3.47 %

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2015

Note 12 - Pension Plan (Continued)

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 7.0 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 (6.0 percent) or 1 percentage point higher (8.0 percent) than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Net pension liability of the City	\$ 41,925,439	\$ 32,616,499	\$ 24,266,040

Note 13 - 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	\$ 61,005,504	\$ 2,138,867	\$ 63,144,371
Other assets	260,202	40,394	300,596
Liabilities	(18,450)	(212,932)	(231,382)
Net position	<u>\$ 61,247,256</u>	<u>\$ 1,966,329</u>	<u>\$ 63,213,585</u>
<u>Statement of Changes in Net Position</u>			
Investment loss	\$ (2,316,546)	\$ (134,889)	\$ (2,451,435)
Contributions	3,602,797	3,924,476	7,527,273
Benefit payments and deductions	(6,536,096)	(3,539,951)	(10,076,047)
Net change in net position	<u>\$ (5,249,845)</u>	<u>\$ 249,636</u>	<u>\$ (5,000,209)</u>

Note 14 - Defined Contribution Pension Plan

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

- Police patrol officers hired on or after February 1, 1999
- Police command officers hired on or after February 1, 1999
- Nonunion administrative employees hired on or after October 1, 1999
- Nonunion administrative employees hired prior to October 1, 1999 who elected to transfer their accrued benefits from the defined benefit plan

Note 14 - Defined Contribution Pension Plan (Continued)

- Technical, clerical, and AFSCME Local 894 members hired on or after April 1, 2000
- Wyandotte firefighters IAFF Local 356 members hired on or after October 1, 2000
- Police and fire dispatchers hired on or after July 1, 2001
- Police and fire dispatchers hired prior to July 1, 2002 who elected to transfer their accrued benefits from the defined benefit plan
- Department of Municipal Services employees hired on or after October 1, 2006
- Department of Municipal Services union employees hired prior to October 1, 2006 who elected to transfer their accrued benefits from the defined benefit plan
- Department of Municipal Services 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 \$712,000 during the current year and the employees contributed approximately \$356,000.

Note 15 - Other Postemployment Benefits

Plan Description - The City provides retiree healthcare benefits to certain eligible employees and their spouses. Currently, the plan has 505 members (including employees in active service, terminated employees not yet receiving benefits, and retired employees and beneficiaries currently receiving benefits). The City has eliminated retiree health care for all new hires except for the Department of Municipal Service employees.

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

Funding Policy - The collective bargaining agreements and contracts require contributions from employees. Retiree healthcare costs are recognized when paid by the City on a "pay-as-you-go" basis. The City has no obligation to make contributions in advance of when the insurance premiums are due for payment. In the current year, the General Fund transferred approximately \$2,700,000 to the Retiree Health Care Trust. In addition, \$555,000 and \$670,000 in premiums were paid by the General Fund and enterprise funds, respectively.

Funding Progress - For the year ended September 30, 2015, the City has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of September 30, 2013. 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)	\$ 8,096,830
Interest on the prior year's net OPEB obligation	850,046
Less adjustment to the annual required contribution	<u>(1,228,681)</u>
Annual OPEB cost	7,718,195
Amounts contributed:	
Payments of current premiums	(1,224,478)
Transfers from General Fund	<u>(2,700,000)</u>
Increase in net OPEB obligation	3,793,717
OPEB obligation - Beginning of year	<u>18,889,904</u>
OPEB obligation - End of year	<u>\$ 22,683,621</u>

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2015

Note 15 - Other Postemployment Benefits (Continued)

Employer contributions and annual OPEB cost data for the current and three 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
9/30/15	9/30/13	8,096,830	7,718,195	48.8	51.2	22,683,621

The funding progress of the plan is as follows:

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

Note 15 - Other Postemployment Benefits (Continued)

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.

Note 16 - 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, 2015.

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.

Note 16 - Related Party Transactions (Continued)

A summary of these transactions with the City for the year ended September 30, 2015 is as follows:

Department of Municipal Services		
Revenue:		
Electric and water services	\$	792,299
Street and public lighting		634,521
Collection fee		66,564
Department of Municipal Services		
Expenses:		
In lieu of property taxes		(634,521)
Cable television franchise fees		(479,924)
Water franchise fee		(200,000)
City services		(820,347)
Remittances to City for sewage use charge collections		(2,663,914)
Payable to Sewage Disposal Fund		(573,261)
Payable to Solid Waste Disposal Fund		(24,588)
Payable to Building Rental Fund		(30,000)
Payable to General Fund		(1,862)
Receivable from General Fund		30,100

Note 17 - Contingent Liabilities

The City has been named as a defendant in numerous claims and lawsuits requesting damages of various amounts, the majority of which do not state a specific maximum. The various proceedings have not yet progressed to a point where a legal opinion can be reached as to the ultimate liability, if any, after consideration of available insurance, where applicable, that may result from the resolution of these matters. The City has not recorded an estimate for any possible liability at September 30, 2015.

Note 17 - 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 was paid in November 2014.

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 noncompliance, 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.

Note 17 - Contingent Liabilities (Continued)

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, 2015.

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.

A lawsuit has been filed regarding the municipal franchise fees involving the City-owned cable and utilities described in Note 16. The federal claims were dismissed but are currently on appeal. Discovery is pending on the State claims. The City has not recorded an estimate for any possible liability at September 30, 2015.

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 \$460,000 as of September 30, 2015. 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.

Note 18 - Upcoming Accounting Pronouncements

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.

In June 2015, the GASB issued two new standards addressing accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, addresses reporting by OPEB plans whereas GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, addresses accounting and reporting by employer governments that provide OPEB benefits to their employees. Along with the currently required statement of fiduciary net position and statement of changes in fiduciary net position, OPEB plans will now be required to include in the financial statements more extensive footnote disclosures and required supplementary information related to the measurement of the OPEB liabilities for which assets have been accumulated. In addition, the City will, after adoption of GASB 75, recognize on the face of the financial statements its net OPEB liability. The City is currently evaluating the impact these standards will have on the financial statements when adopted. GASB 74 is effective for fiscal years beginning after June 15, 2016 whereas GASB 75 is effective one year later.

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*. This Statement will require governments to disclose in their financial statement information related to tax abatement agreements. The City is currently evaluating the impact this standard will have on the financial statements when adopted, during the 2017 fiscal year.

Note 19 - Subsequent Events

Subsequent to the year ended September 30, 2015, Wayne County issued \$18 million in State Revolving Fund bonds for the Downriver Sewage Disposal System. The City's portion of the bonds is approximately \$2 million.

Required Supplemental Information

City of Wyandotte, Michigan

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended September 30, 2015

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 9,825,494	\$ 9,825,494	\$ 9,840,169	\$ 14,675
Licenses and permits	470,600	470,600	449,455	(21,145)
Federal grants	226,726	226,726	302,029	75,303
State-shared revenue and grants	2,872,067	2,872,067	2,833,757	(38,310)
Charges for services	4,241,523	4,382,748	4,515,242	132,494
Fines and forfeitures	1,297,000	1,297,000	1,278,154	(18,846)
Investment income	25,000	25,000	6,313	(18,687)
Transfers out	(761,924)	(1,111,924)	(1,107,243)	4,681
Other revenue	2,994,400	3,001,563	2,504,975	(496,588)
Total revenue	21,190,886	20,989,274	20,622,851	(366,423)
Expenditures				
General government:				
Legislative	111,995	113,072	103,012	10,060
Judicial	949,124	956,660	965,194	(8,534)
Financial services and administration	570,269	578,705	566,755	11,950
Information technology	169,978	171,593	169,209	2,384
Treasurer	173,206	165,749	143,588	22,161
Assessor	173,666	178,743	151,335	27,408
City commissions	26,807	26,807	18,615	8,192
Clerk	252,100	259,733	258,481	1,252
Elections	29,853	43,053	41,081	1,972
General government	1,329,200	1,529,200	1,475,295	53,905
Public safety:				
Police and civil defense	5,077,775	5,113,469	4,804,290	309,179
Dispatch	250,560	255,943	178,111	77,832
Fire	3,666,138	3,694,544	3,516,824	177,720
Animal control	57,970	60,123	55,614	4,509
Public works:				
Engineering	1,137,313	1,190,088	1,121,680	68,408
DPS	2,968,703	2,978,780	2,685,865	292,915
Community and economic development	-	-	218,270	(218,270)
Recreation and culture:				
Recreation	462,077	474,205	423,504	50,701
Youth assistance	58,805	59,882	50,679	9,203
Historical commission	189,184	198,501	180,522	17,979
Swimming pool	13,741	13,741	10,604	3,137
Yack Arena	338,732	339,808	322,689	17,119
Other functions	2,720,221	2,720,221	2,715,516	4,705
Total expenditures	20,727,417	21,122,620	20,176,733	945,887
Net Change in Fund Balance	\$ 463,469	\$ (133,346)	\$ 446,118	\$ 579,464

City of Wyandotte, Michigan

Note to Required Supplemental Information Year Ended September 30, 2015

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	\$ 19,560,813	\$ 18,007,452	\$ 1,107,243
Reimbursing transfers from other funds	2,169,281	2,169,281	-
Operating transfers	<u>(1,107,243)</u>	<u>-</u>	<u>(1,107,243)</u>
Amounts per budget statement	<u>\$ 20,622,851</u>	<u>\$ 20,176,733</u>	<u>\$ -</u>

City of Wyandotte, Michigan

Note to Required Supplemental Information (Continued) Year Ended September 30, 2015

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>
Judicial	\$ 949,124	\$ 956,660	\$ (7,536)
Community and economic development	-	218,270	(218,270)

Judicial exceeded budget due to increase shared court volume. The expenditures were offset by the additional fines and fees collected.

Community and economic development exceeded budget due to adjustment of NSP homes sold during the year.

City of Wyandotte, Michigan

Required Supplemental Information Other Postemployment Benefit Plan Schedule Year Ended September 30, 2015

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
9/30/15	9/30/13	8,096,830	48.8

City of Wyandotte, Michigan

Required Supplemental Information Schedule of Investment Returns Last Ten Fiscal Years

	2015	2014	2013*	2012*	2011*	2010*	2009*	2008*	2007*	2006*
Annual money-weighted rate of return, net of investment expense	(2.5)%	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

	2015	2014	2013*	2012*	2011*	2010*	2009*	2008*	2007*	2006*
Total Pension Liability										
Service cost	\$ 787,912	\$ 857,274	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	6,064,038	6,036,970	-	-	-	-	-	-	-	-
Changes in benefit terms	-	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(669,257)	-	-	-	-	-	-	-	-	-
Changes in assumptions	10,489,220	-	-	-	-	-	-	-	-	-
Benefit payments, including refunds	(6,536,096)	(6,461,217)	-	-	-	-	-	-	-	-
Net Change in Total Pension Liability	10,135,817	433,027	-							
Total Pension Liability - Beginning of year	83,727,938	83,294,911	-							
Total Pension Liability - End of year	\$ 93,863,755	\$ 83,727,938	\$ -							
Plan Fiduciary Net Position										
Contributions - Employer	\$ 3,565,840	\$ 3,458,902	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions - Member	36,955	48,194	-	-	-	-	-	-	-	-
Net investment income	(2,316,546)	3,412,956	-	-	-	-	-	-	-	-
Administrative expenses	-	-	-	-	-	-	-	-	-	-
Benefit payments, including refunds	(6,536,096)	(6,920,052)	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	(5,249,847)	458,835	-							
Plan Fiduciary Net Position - Beginning of year	66,497,103	66,038,268	-							
Plan Fiduciary Net Position - End of year	\$ 61,247,256	\$ 66,497,103	\$ -							
City's Net Pension Liability - Ending	\$ 32,616,499	\$ 17,230,835	\$ -							
Plan Fiduciary Net Position as a Percent of Total Pension Liability	65.25 %									
Covered Employee Payroll	\$ 5,440,897	\$ 5,471,985	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's Net Pension Liability as a Percent of Covered Employee Payroll	599.5 %									

*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.

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	\$ 578,669	\$ 508,268	\$ 2,519,911	\$ 46,455	\$ 388,539	\$ 140,217	\$ 3,532,883
Receivables - Net:							
Taxes	-	-	156,848	-	-	-	166,308
Special assessments	-	-	-	-	-	-	-
Accrued interest	-	-	132	-	21	-	160
Other	-	-	925	-	381,971	-	-
Due from other governmental units	203,705	219,152	-	-	50,000	38,345	-
Due from component units	-	-	789	-	2,408	-	2,217
Due from other funds	113,621	2,578	24,587	-	87,144	93,611	-
Land held for resale	-	-	-	-	115,040	-	-
Advance to component unit	-	-	-	-	234,261	-	-
Total assets	\$ 895,995	\$ 729,998	\$ 2,703,192	\$ 46,455	\$ 1,259,384	\$ 272,173	\$ 3,701,568
Liabilities							
Accounts payable	\$ 145,664	\$ 242,180	\$ 116,433	\$ 265	\$ 54,363	\$ 57,669	\$ -
Due to other funds	2,578	180,323	114,630	-	-	126,030	183,980
Refundable deposits, bonds, etc.	-	-	-	-	-	-	-
Advances from other funds	-	510,000	-	-	-	-	-
Total liabilities	148,242	932,503	231,063	265	54,363	183,699	183,980
Deferred Inflows of Resources							
Unavailable revenue	-	80,323	8,445	-	-	78,015	10,828
Property taxes levied for the following year	-	-	1,341,399	-	-	-	1,042,072
Total deferred inflows of resources	-	80,323	1,349,844	-	-	78,015	1,052,900
Fund Balances							
Nonspendable:							
Inventory/Assets held for resale	-	-	-	-	115,040	-	-
Long-term receivable	-	-	-	-	234,261	-	-
Restricted:							
Major and local street projects	747,753	-	-	-	-	-	-
Police	-	-	-	46,190	-	-	-
Grants	-	-	-	-	855,720	10,459	-
Rubbish	-	-	1,122,285	-	-	-	-
Sidewalk and alley paving	-	-	-	-	-	-	-
Drains	-	-	-	-	-	-	2,464,688
Committed - Special events	-	-	-	-	-	-	-
Assigned:							
Debt service	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-
Unassigned	-	(282,828)	-	-	-	-	-
Total fund balances	747,753	(282,828)	1,122,285	46,190	1,205,021	10,459	2,464,688
Total liabilities, deferred inflows of resources, and fund balances	\$ 895,995	\$ 729,998	\$ 2,703,192	\$ 46,455	\$ 1,259,384	\$ 272,173	\$ 3,701,568

**Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2015**

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	
\$ 992,631	\$ 355,817	\$ 651,514	\$ 350,963	\$ 301,919	\$ 844,056	\$ 118,631	\$ 1,182,731	\$ 12,513,204
15,399	-	-	7,178	-	1,267	-	-	347,000
286,194	-	-	-	-	-	-	-	286,194
68	-	-	-	-	-	-	-	381
14,368	-	-	-	-	-	-	-	397,264
-	-	-	-	-	-	-	-	511,202
-	-	-	-	-	-	-	-	5,414
39,966	-	-	-	-	-	-	-	361,507
-	-	-	-	-	-	44,237	-	159,277
-	-	667,459	-	-	-	-	-	901,720
\$ 1,348,626	\$ 355,817	\$ 1,318,973	\$ 358,141	\$ 301,919	\$ 845,323	\$ 162,868	\$ 1,182,731	\$ 15,483,163
\$ 115,779	\$ 31,072	\$ -	\$ -	\$ 56,574	\$ 346,875	\$ -	\$ -	\$ 1,166,874
-	-	-	150,922	-	4,973	-	-	763,436
-	-	-	-	-	-	20	-	20
-	-	-	-	-	479,100	-	892,273	1,881,373
115,779	31,072	-	150,922	56,574	830,948	20	892,273	3,811,703
301,349	-	-	7,178	-	1,267	-	-	487,405
-	-	-	-	-	-	-	-	2,383,471
301,349	-	-	7,178	-	1,267	-	-	2,870,876
-	-	-	-	-	-	44,237	-	159,277
-	-	667,459	-	-	-	-	-	901,720
-	-	-	-	-	-	-	-	747,753
-	-	-	-	-	-	-	-	46,190
-	-	651,514	-	-	-	-	-	1,517,693
-	-	-	-	-	-	-	-	1,122,285
931,498	-	-	-	-	-	-	-	931,498
-	-	-	-	-	-	-	-	2,464,688
-	324,745	-	-	-	-	-	-	324,745
-	-	-	200,041	-	-	-	-	200,041
-	-	-	-	245,345	13,108	118,611	290,458	667,522
-	-	-	-	-	-	-	-	(282,828)
931,498	324,745	1,318,973	200,041	245,345	13,108	162,848	290,458	8,800,584
\$ 1,348,626	\$ 355,817	\$ 1,318,973	\$ 358,141	\$ 301,919	\$ 845,323	\$ 162,868	\$ 1,182,731	\$ 15,483,163

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	\$ -	\$ -	\$ 1,312,608	\$ -	\$ -	\$ -	\$ 1,029,967
Federal grants	98,621	-	70,148	-	-	94,989	-
State-shared revenue and grants	1,191,265	609,708	-	51,536	-	-	-
Charges for services	-	-	421,873	-	-	-	-
Investment income	-	-	236	-	19,260	-	264
Contribution from component unit	184,448	518,246	-	-	-	-	-
Other revenue	62,560	-	-	-	16,808	-	-
Total revenue	1,536,894	1,127,954	1,804,865	51,536	36,068	94,989	1,030,231
Expenditures							
Current:							
General government	-	-	-	-	83,146	-	-
Public safety	-	-	-	26,422	-	-	-
Public works	850,318	1,874,395	1,843,084	-	-	-	956,054
Community and economic development - Community redevelopment (CDBG, etc.)	-	-	-	-	-	132,289	-
Recreation and culture	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	39,754
Total expenditures	850,318	1,874,395	1,843,084	26,422	83,146	132,289	995,808
Excess of Revenue Over (Under) Expenditures	686,576	(746,441)	(38,219)	25,114	(47,078)	(37,300)	34,423
Other Financing Sources (Uses)							
Face value of debt issue	-	-	-	-	-	-	-
Debt premium or discount	-	-	-	-	-	-	-
Transfers in	-	297,801	-	-	-	-	-
Transfers out	(297,801)	-	-	-	-	-	-
Payment to bond refunding escrow agent	-	-	-	-	-	-	-
Total other financing (uses) sources	(297,801)	297,801	-	-	-	-	-
Net Change in Fund Balances	388,775	(448,640)	(38,219)	25,114	(47,078)	(37,300)	34,423
Fund Balances - Beginning of year	358,978	165,812	1,160,504	21,076	1,252,099	47,759	2,430,265
Fund Balances - End of year	\$ 747,753	\$ (282,828)	\$ 1,122,285	\$ 46,190	\$ 1,205,021	\$ 10,459	\$ 2,464,688

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and Changes in
Fund Balances
Nonmajor Governmental Funds
Year Ended September 30, 2015

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	
\$ -	\$ -	\$ -	\$ 2,483	\$ -	\$ 529	\$ -	\$ -	\$ 2,345,587
-	-	-	-	-	-	-	-	263,758
-	-	-	-	-	-	-	-	1,852,509
-	-	-	-	-	-	-	-	421,873
11,707	-	12,066	-	-	-	-	-	43,533
-	-	-	-	-	-	-	-	702,694
<u>294,752</u>	<u>292,288</u>	<u>-</u>	<u>490</u>	<u>-</u>	<u>-</u>	<u>5,930</u>	<u>-</u>	<u>672,828</u>
306,459	292,288	12,066	2,973	-	529	5,930	-	6,302,782
100,000	-	-	-	-	-	-	20,780	203,926
-	-	-	-	44	21	-	-	26,487
506,457	-	-	-	-	316,460	-	-	6,346,768
-	-	-	-	-	-	-	-	132,289
-	215,879	-	-	-	-	-	-	215,879
-	-	-	935,719	-	17,996	-	-	993,469
<u>606,457</u>	<u>215,879</u>	<u>-</u>	<u>935,719</u>	<u>44</u>	<u>334,477</u>	<u>-</u>	<u>20,780</u>	<u>7,918,818</u>
(299,998)	76,409	12,066	(932,746)	(44)	(333,948)	5,930	(20,780)	(1,616,036)
-	-	-	5,820,000	-	-	-	-	5,820,000
-	-	-	394,618	-	-	-	-	394,618
-	-	-	904,505	-	202,738	-	-	1,405,044
-	-	-	-	-	-	-	-	(297,801)
-	-	-	(6,122,431)	-	-	-	-	(6,122,431)
-	-	-	996,692	-	202,738	-	-	1,199,430
(299,998)	76,409	12,066	63,946	(44)	(131,210)	5,930	(20,780)	(416,606)
<u>1,231,496</u>	<u>248,336</u>	<u>1,306,907</u>	<u>136,095</u>	<u>245,389</u>	<u>144,318</u>	<u>156,918</u>	<u>311,238</u>	<u>9,217,190</u>
<u>\$ 931,498</u>	<u>\$ 324,745</u>	<u>\$ 1,318,973</u>	<u>\$ 200,041</u>	<u>\$ 245,345</u>	<u>\$ 13,108</u>	<u>\$ 162,848</u>	<u>\$ 290,458</u>	<u>\$ 8,800,584</u>

City of Wyandotte, Michigan

Other Supplemental Information Combining Statement of Net Position Nonmajor Enterprise Funds September 30, 2015

	Golf Course	Building Rental	Total
Assets			
Current assets:			
Cash and investments	\$ 51,641	\$ 275,817	\$ 327,458
Due from other funds	-	30,000	30,000
Total current assets	51,641	305,817	357,458
Noncurrent assets - Capital assets:			
Assets not subject to depreciation	-	51,908	51,908
Assets subject to depreciation - Net	2,406,709	656,237	3,062,946
Total noncurrent assets	2,406,709	708,145	3,114,854
Total assets	2,458,350	1,013,962	3,472,312
Liabilities			
Current liabilities:			
Accounts payable	469	10,036	10,505
Accrued liabilities and other	26,066	31,572	57,638
Unearned revenue	-	10,963	10,963
Total liabilities	26,535	52,571	79,106
Total Net Position			
Net investment in capital assets	2,406,709	708,145	3,114,854
Unrestricted	25,106	253,246	278,352
Total net position	\$ 2,431,815	\$ 961,391	\$ 3,393,206

City of Wyandotte, Michigan

Other Supplemental Information Combining Statement of Revenue, Expenses, and Changes in Net Position Nonmajor Enterprise Funds Year Ended September 30, 2015

	<u>Golf Course</u>	<u>Building Rental</u>	<u>Total</u>
Operating Revenue			
Income from customers and rent from tenants	\$ 326,965	\$ 264,637	\$ 591,602
Other tenant revenue	-	152,105	152,105
Total operating revenue	326,965	416,742	743,707
Operating Expenses			
Other operating and maintenance costs	320,243	415,111	735,354
Depreciation	105,874	51,132	157,006
Total operating expenses	426,117	466,243	892,360
Operating Loss	(99,152)	(49,501)	(148,653)
Nonoperating Revenue - Investment income	-	151	151
Change in Net Position	(99,152)	(49,350)	(148,502)
Net Position - Beginning of year	2,530,967	1,010,741	3,541,708
Net Position - End of year	<u>\$ 2,431,815</u>	<u>\$ 961,391</u>	<u>\$ 3,393,206</u>

City of Wyandotte, Michigan

Other Supplemental Information Combining Statement of Cash Flows Nonmajor Enterprise Funds Year Ended September 30, 2015

	Golf Course	Building Rental	Total
Cash Flows from Operating Activities			
Receipts from customers and tenants	\$ 326,965	\$ 391,395	\$ 718,360
Receipts from interfund services and reimbursements	(325)	(30,000)	(30,325)
Payments to suppliers	(264,558)	(314,618)	(579,176)
Payments to employees	(56,544)	-	(56,544)
Net cash provided by operating activities	5,538	46,777	52,315
Cash Flows from Investing Activities - Interest received on investments			
	-	150	150
Net Increase in Cash and Cash Equivalents	5,538	46,927	52,465
Cash and Cash Equivalents - Beginning of year	46,103	228,890	274,993
Cash and Cash Equivalents - End of year	\$ 51,641	\$ 275,817	\$ 327,458
Reconciliation of Operating Loss to Net Cash from Operating Activities			
Operating loss	\$ (99,152)	\$ (49,501)	\$ (148,653)
Adjustments to reconcile operating loss to net cash from operating activities:			
Depreciation and amortization	105,874	51,132	157,006
Changes in assets and liabilities:			
Receivables	-	(25,347)	(25,347)
Due from others	(200)	(30,000)	(30,200)
Prepaid and other assets	-	90,457	90,457
Accounts payable	(984)	10,036	9,052
Net cash provided by operating activities	\$ 5,538	\$ 46,777	\$ 52,315

City of Wyandotte, Michigan

Other Supplemental Information Statement of Assets and Liabilities Fiduciary Funds September 30, 2015

	Pension Trust	Retiree Health Care	Total Pension Trust Funds
Assets			
Cash and cash equivalents	\$ 1,778,262	\$ 6,385	\$ 1,784,647
Investments:			
U.S. government securities	6,336,171	101,738	6,437,909
U.S. government agency obligations	3,659,129	-	3,659,129
Common trust funds/Mutual funds	20,691,587	1,689,990	22,381,577
Stocks	8,010,749	164,208	8,174,957
Foreign stock ADR	14,320,910	-	14,320,910
Bonds	5,867,257	176,546	6,043,803
Foreign corporate bonds	341,439	-	341,439
Receivables - Net	260,202	40,394	300,596
Total assets	61,265,706	2,179,261	63,444,967
Liabilities			
Accounts payable	18,450	-	18,450
Accrued liabilities and other	-	24,948	24,948
Due to primary government	-	187,984	187,984
Total liabilities	18,450	212,932	231,382
Net Position Held in Trust for Pension and Other Employee Benefits	\$ 61,247,256	\$ 1,966,329	\$ 63,213,585

City of Wyandotte, Michigan

Other Supplemental Information Combining Statement of Changes in Fiduciary Net Position Fiduciary Funds Year Ended September 30, 2015

	Pension Trust	Retiree Health Care	Total
Additions			
Investment income (loss):			
Interest and dividends	\$ 1,203,381	\$ 108,757	\$ 1,312,138
Net decrease in fair value of investments	(3,202,634)	(243,646)	(3,446,280)
Investment-related expenses	(317,293)	-	(317,293)
Contributions:			
Employer	3,565,842	3,924,476	7,490,318
Employee	36,955	-	36,955
Net contributions	<u>3,602,797</u>	<u>3,924,476</u>	<u>7,527,273</u>
Total additions	1,286,251	3,789,587	5,075,838
Deductions			
Benefit payments	6,536,096	-	6,536,096
Health benefits	-	3,539,951	3,539,951
Total deductions	<u>6,536,096</u>	<u>3,539,951</u>	<u>10,076,047</u>
Net (Decrease) Increase in Net Position Held in Trust	(5,249,845)	249,636	(5,000,209)
Net Position Held in Trust for Pension and Other Employee Benefits - Beginning of year	<u>66,497,101</u>	<u>1,716,693</u>	<u>68,213,794</u>
Net Position Held in Trust for Pension and Other Employee Benefits - End of year	<u>\$ 61,247,256</u>	<u>\$ 1,966,329</u>	<u>\$ 63,213,585</u>