

City of Wyandotte, Michigan

Financial Report with Supplemental Information September 30, 2016

City of Wyandotte, Michigan

Contents

Report Letter	1-2
Management's Discussion and Analysis	3-9
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position	10-11
Statement of Activities	12-13
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	14
Reconciliation of the Balance Sheet to the Statement of Net Position	15
Statement of Revenue, Expenditures, and Changes in Fund Balances	16
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
Proprietary Funds:	
Statement of Net Position	18-19
Statement of Revenue, Expenses, and Changes in Net Position	20-21
Statement of Cash Flows	22-23
Fiduciary Funds:	
Statement of Fiduciary Net Position	24
Statement of Changes in Fiduciary Net Position - Pension and Other Employee Benefits Trust	25
Component Units:	
Statement of Net Position	26-27
Statement of Activities	28-29
Notes to Financial Statements	30-69
Required Supplemental Information	70
Budgetary Comparison Schedule - General Fund	71
Note to Required Supplemental Information	72-73
Other Postemployment Benefit Plan Schedule	74
Schedule of Investment Returns	75
Schedule of Changes in the City Net Pension and Related Ratios	76
Schedule of City Contributions	77

City of Wyandotte, Michigan

Contents (Continued)

Other Supplemental Information	78
Nonmajor Governmental Funds:	
Combining Balance Sheet	79-80
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances	81-82
Nonmajor Enterprise Funds:	
Combining Statement of Net Position	83
Combining Statement of Revenue, Expenses, and Changes in Net Position	84
Combining Statement of Cash Flows	85
Fiduciary Funds:	
Statement of Assets and Liabilities	86
Combining Statement of Changes in Fiduciary Net Position	87

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, 2016 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. 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.

Opinion

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, 2016 and the respective changes in its financial position and, where applicable, cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

To the City Council
City of Wyandotte, Michigan

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.

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.

Plante & Morse, PLLC

March 17, 2017

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, 2016. 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, 2016:

- Property tax revenue is the City's single largest source of revenue. The City's 2015 taxable value (levied for the 2016 fiscal year) was \$565,753,504 (a portion of which has been abated or resides in special tax districts), which represents an increase of 1.41 percent compared to the prior year and a cumulative increase of 1.81 percent over the past two years.
- State-shared revenue, our second largest revenue source, increased by approximately \$10,000 this year compared to an increase of \$120,000 in the prior year. This represents an increase of 0.35 percent in the current year and a cumulative increase of 1.72 percent over the past two years. However, the City is receiving approximately \$1,741,000 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 Consolidated Tax Increment Finance Authority returned approximately \$2,116,000 of general operating tax revenue to the General Fund in the current year and \$150,000 of debt levy tax revenue compared to \$2,024,000 of general operating tax revenue and \$130,000 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 \$344,000 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 \$2,400,000 in the current year compared to \$2,700,000 in the prior year for the gross cost of retiree health insurance.
- 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.

City of Wyandotte, Michigan

Management's Discussion and Analysis (Continued)

The General Fund ended the year with an overall net change in fund balance of \$623,000. The amended budget of the City's General Fund indicated that an excess of expenditures of approximately (\$95,000) was to be expected. This positive variance is primarily attributed to lower than anticipated expenditures in virtually all departments, although the primary reasons for the positive variance are due to the inherent delays in hiring additional police officers (\$404,000) as a result of a significant number of retirements within the department, and reduced expenditures for gasoline and oil due to favorable prices (\$182,000).

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 134 employees over the past 19 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.
- 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.

Although it has been a number of years, the City 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.

City of Wyandotte, Michigan

Management's Discussion and Analysis (Continued)

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, 2016 and 2015 (in thousands of dollars):

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Assets						
Current assets	\$ 39,807	\$ 39,279	\$ 46,058	\$ 44,168	\$ 85,865	\$ 83,447
Capital assets	61,227	62,261	65,229	74,200	126,456	136,461
Other noncurrent assets	2,938	3,127	74	90	3,012	3,217
Total assets	103,972	104,667	111,361	118,458	215,333	223,125
Deferred Outflows of Resources	2,675	6,941	1,781	2,765	4,456	9,706
Liabilities						
Current liabilities	7,981	8,143	11,106	9,764	19,087	17,907
Long-term liabilities	49,331	48,724	57,170	57,537	106,501	106,261
Total liabilities	57,312	56,867	68,276	67,301	125,588	124,168
Deferred Inflows of Resources	12,543	13,143	-	41	12,543	13,184
Net Position						
Net investment in capital assets	56,102	56,441	30,839	39,195	86,941	95,636
Restricted	7,547	7,310	1,614	1,510	9,161	8,820
Unrestricted	(26,857)	(22,153)	12,413	13,176	(14,444)	(8,977)
Total net position	<u>\$ 36,792</u>	<u>\$ 41,598</u>	<u>\$ 44,866</u>	<u>\$ 53,881</u>	<u>\$ 81,658</u>	<u>\$ 95,479</u>

The City of Wyandotte, Michigan has combined net position of \$81.7 million in the current year, which is a decrease of \$13.7 million from the prior year. The decrease is primarily related to a \$10 million impairment loss. Business-type activities comprise \$45 million and \$54 million of the total net position in the respective years.

City of Wyandotte, Michigan

Management's Discussion and Analysis (Continued)

The following table shows the changes in the net position during the fiscal years ended September 30, 2016 and 2015 (in thousands of dollars):

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenue						
Program revenue:						
Charges for services	\$ 6,988	\$ 7,108	\$ 59,540	\$ 61,917	\$ 66,528	\$ 69,025
Operating grants and contributions	2,060	2,320	-	-	2,060	2,320
Capital grants and contributions	903	880	413	1,604	1,316	2,484
General revenue:						
Property taxes	12,292	12,180	-	-	12,292	12,180
State-shared revenue	2,844	2,834	-	-	2,844	2,834
Unrestricted investment earnings	95	83	313	865	408	948
Transfers and other revenue	472	403	-	-	472	403
Total revenue	25,654	25,808	60,266	64,386	85,920	90,194
Program Expenses						
General government	7,784	8,276	-	-	7,784	8,276
Public safety	13,832	16,817	-	-	13,832	16,817
Public works	7,179	8,599	-	-	7,179	8,599
Community and economic development	56	124	-	-	56	124
Recreation and culture	1,346	1,329	-	-	1,346	1,329
Interest on long-term debt	262	97	-	-	262	97
Business-type	-	-	59,229	62,751	59,229	62,751
Total program expenses	30,459	35,242	59,229	62,751	89,688	97,993
Special item - Impairment loss	-	-	(10,052)	-	-	-
Change in Net Position	\$ (4,805)	\$ (9,434)	\$ (9,015)	\$ 1,635	\$ (3,768)	\$ (7,799)

Governmental Activities

The City's total governmental revenue decreased by approximately \$154,000, or 0.60 percent, in the current year compared to an increase of \$918,000, or 3.6 percent, in the prior year.

Expenses decreased by approximately \$4,783,000, or 13.6 percent, in the current year compared to an increase of \$5,519,000, or 18 percent, in the prior year. With the implementation of GASB Statement No. 68 in the prior year, the City recognized approximately \$5.9 million in expense.

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.

City of Wyandotte, Michigan

Management's Discussion and Analysis (Continued)

The Electric Fund's operating revenue decreased compared to the prior year, decreasing by approximately 6.0 percent, while operating expenses decreased by approximately 10.6 percent. The decrease in operating revenue is attributable to the reduced sales prices of electricity pursuant to the department's long-term power purchase agreements (PPAs) in the PJM interconnection region. The reduced sales prices correspond to the general overall lower market value of electrical generation in both the MISO and PJM interconnection regions. In addition, the expiration of a facility charge for steam delivery also contributed to decreased operating revenue when compared to the prior year. The decrease in operating expenses is attributable to the City's current economic dispatch power supply model which takes advantage of the lower cost market electrical supply resulting in a higher percentage of the City's power supply requirements being supplied by less costly market purchases.

The financial performance of the Water Fund remained relatively stable in the current year. Operating revenue increased by approximately 5.2 percent while operating expenses increased by approximately 5.1 percent compared to the prior year. The increase in operating revenue is attributed to increased water usage in the warmer summer months as compared to the prior year. Operating income in the current year increased by \$24,892 and was \$475,302 at year end. The Water Fund has built adequate working capital and unrestricted net position to address ongoing and necessary infrastructure improvements and maintenance required by the system. The rehabilitation of the water filter plant, which was completed during the fiscal year and is being paid for through a series on installment payments ending in fiscal year 2018, was partially funded during the current year through accumulated unrestricted net position.

The Cable Television Fund's operating revenue decreased by approximately 1.1 percent compared to the prior year. Operating revenue continues to be impacted by an eroding subscriber base for cable television that has been partially offset by increasing internet and steady VoIP revenue streams.

The operating results of the Sewage Disposal Fund indicate operating loss of \$1,410,000 in the current year compared to operating loss of \$342,000 in the prior year. Revenue and expenditures were less than anticipated due to a reduction in usage by customers. In addition, the investment in joint venture caused an increase of \$1,746,000 in expenses.

The municipal golf course showed an operating loss of \$96,000 in the current year as compared to a loss of \$99,000 in the prior year. Operating expenses remained consistent, decreasing less than 2.0 percent while operating revenue decreased by approximately 1.4 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 gain of \$50,000 in the current year compared to a net loss of \$49,000 in the prior year. This increased gain is primarily attributable to reduced amounts spent on operating and maintaining the building with the most significant decrease (\$69,500) in the consumption of electricity due to the departure of the medical offices that vacated the fourth floor in the prior year.

The City's Funds

Our analysis of the City's major funds begins on page 14, following the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the City as a whole. The City Council creates funds to help manage money for specific purposes as well as to show accountability for certain activities. The City's major funds for 2016 include the General Fund. Major enterprise funds are discussed in the preceding section.

The General Fund pays for most of the City's governmental services. The most significant is public safety, which incurred expenses of approximately \$9.7 million, or 55.92 percent of the total General Fund expenditures in the current year as compared to \$9.9 million, or 55 percent, of the total General Fund expenditures in the prior fiscal year. Additional noteworthy expenditures include public works (\$2.9 million, or 16.49 percent, in the current fiscal year as compared to \$3 million, or 16.5 percent, of total expenditures in the prior fiscal year) and recreation and culture (\$934,000, or 5.4 percent of total expenditures in the current fiscal year compared to \$1.0 million, or 5.3 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 City 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 conservative discretionary spending, management of personnel costs when vacancies arose, lower gasoline and oil prices, and deferral of capital equipment purchases. Unfortunately, reductions in 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 2015 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, 2016

	Primary Government		Total	Component Units
	Governmental Activities	Business-type Activities		
Assets				
Cash and investments (Note 4)	\$ 34,586,503	\$ 21,651,988	\$ 56,238,491	\$ 6,990,898
Receivables - Net:				
Taxes	1,775,249	-	1,775,249	88,620
Customer	-	9,403,550	9,403,550	-
Accrued interest	11,040	1,526	12,566	615
Other	1,330,062	-	1,330,062	396,303
Due from other governmental units	1,054,611	26,180	1,080,791	-
Special assessments	358,652	-	358,652	-
Due from component units (Note 8)	556,568	-	556,568	-
Due from primary government (Note 8)	-	-	-	24,469
Internal balances	25,994	(25,994)	-	-
Inventory	-	855,951	855,951	-
Prepaid expenses and other assets	107,665	1,844,110	1,951,775	-
Restricted assets (Note 11)	-	12,611,988	12,611,988	-
Investment in joint ventures (Note 6)	1,788,335	(311,211)	1,477,124	-
Land held for resale (Note 5)	159,277	-	159,277	1,887,769
Note receivable	-	-	-	209,719
Capital assets:				
Assets not subject to depreciation (Note 7)	18,229,021	822,548	19,051,569	-
Assets subject to depreciation (Note 7)	42,998,212	64,406,934	107,405,146	-
Note receivable	-	73,500	73,500	-
Advance to component unit (Note 8)	990,644	-	990,644	-
Total assets	103,971,833	111,361,070	215,332,903	9,598,393
Deferred Outflows of Resources				
Bond refunding loss being amortized	-	983,047	983,047	-
Deferred outflows related to pensions (Note 12)	2,674,843	797,689	3,472,532	-
Total deferred outflows of resources	2,674,843	1,780,736	4,455,579	-
Liabilities				
Accounts payable	2,178,361	4,253,049	6,431,410	350,671
Due to other governmental units	1,263,258	-	1,263,258	15,000
Due to component units (Note 8)	24,469	-	24,469	-
Due to primary government (Note 8)	-	-	-	556,568
Accrued liabilities and other	944,442	2,445,094	3,389,536	175,392
Unearned revenue	-	24,632	24,632	-
Noncurrent liabilities:				
Due within one year:				
Compensated absences	650,610	-	650,610	-
General liability and workers' compensation claims	556,975	-	556,975	-
Refundable deposits, bonds, etc.	1,572,980	2,267,453	3,840,433	-
Current portion of long-term debt (Note 9)	790,000	2,115,908	2,905,908	111,000
Due in more than one year:				
Compensated absences	828,224	-	828,224	-
Liabilities to be paid from restricted assets	-	62,003	62,003	-
Due to other governmental units	-	-	-	63,581
Advances from primary government (Note 8)	-	-	-	990,644
Other noncurrent liabilities	-	1,130,973	1,130,973	-
Net OPEB obligation	19,706,682	6,776,730	26,483,412	-
Net pension liability (Note 12)	24,460,722	7,294,656	31,755,378	-
Long-term debt (Note 9)	4,335,000	41,905,704	46,240,704	91,175
Total liabilities	57,311,723	68,276,202	125,587,925	2,354,031

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

City of Wyandotte, Michigan

Statement of Net Position (Continued) September 30, 2016

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Deferred Inflows of Resources -				
Property taxes levied for the following year	\$ 12,542,608	\$ -	\$ 12,542,608	\$ 1,560,467
Net Position				
Net investment in capital assets	56,102,233	30,838,914	86,941,147	-
Restricted for:				
Major and local street projects	828,387	-	828,387	-
Police	137,517	-	137,517	-
Grants	1,724,376	-	1,724,376	-
Sidewalk and alley paving	1,389,966	-	1,389,966	-
Rubbish	1,020,563	-	1,020,563	-
Drains	2,446,689	-	2,446,689	-
Working capital - MPPA	-	1,230,080	1,230,080	-
Grant reserves	-	384,104	384,104	-
Unrestricted	(26,857,386)	12,412,506	(14,444,880)	5,683,895
Total net position	\$ 36,792,345	\$ 44,865,604	\$ 81,657,949	\$ 5,683,895

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	\$ 7,784,487	\$ 3,791,709	\$ -	\$ -
Public safety	13,831,940	1,720,915	119,570	-
Public works	7,178,943	820,362	1,873,010	869,431
Community and economic development:				
Redevelopment and housing	56,141	-	-	-
Other community and economic development	-	-	67,662	33,260
Recreation and culture	1,345,688	655,223	-	-
Interest on long-term debt	261,902	-	-	-
Total governmental activities	30,459,101	6,988,209	2,060,242	902,691
Business-type activities:				
Electric	39,607,344	41,703,104	-	412,820
Water	3,597,215	4,072,517	-	-
Cable television	10,051,065	9,510,073	-	-
Sewage disposal	5,272,287	3,599,663	-	-
Golf course	418,419	322,242	-	-
Building rental	282,901	332,664	-	-
Total business-type activities	59,229,231	59,540,263	-	412,820
Total primary government	\$ 89,688,332	\$ 66,528,472	\$ 2,060,242	\$ 1,315,511
Component units:				
Tax Increment Finance Authorities - Consolidated	\$ 1,715,537	\$ -	\$ -	\$ -
Tax Increment Finance Authorities - Downtown	368,236	-	-	-
Brownfield Redevelopment Authority	179,761	-	-	-
Downriver Central Dispatch	786,263	786,263	-	-
Downriver Central Animal Control Agency	179,769	179,769	-	-
Downriver Consolidated Assessing	377,571	377,571	-	-
Total component units	\$ 3,607,137	\$ 1,343,603	\$ -	\$ -
General revenue:				
Property taxes				
State-shared revenue				
Investment income				
Other miscellaneous income				
Total general revenue				
Special Item - Impairment loss (Note 7)				
Change in Net Position				
Net Position - Beginning of year				
Net Position - End of year				

Statement of Activities Year Ended September 30, 2016

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (3,992,778)	\$ -	\$ (3,992,778)	\$ -
(11,991,455)	-	(11,991,455)	-
(3,616,140)	-	(3,616,140)	-
(56,141)	-	(56,141)	-
100,922	-	100,922	-
(690,465)	-	(690,465)	-
(261,902)	-	(261,902)	-
(20,507,959)	-	(20,507,959)	-
-	2,508,580	2,508,580	-
-	475,302	475,302	-
-	(540,992)	(540,992)	-
-	(1,672,624)	(1,672,624)	-
-	(96,177)	(96,177)	-
-	49,763	49,763	-
-	723,852	723,852	-
(20,507,959)	723,852	(19,784,107)	-
-	-	-	(1,715,537)
-	-	-	(368,236)
-	-	-	(179,761)
-	-	-	-
-	-	-	-
-	-	-	(2,263,534)
12,292,390	-	12,292,390	3,297,608
2,843,597	-	2,843,597	-
94,825	313,046	407,871	1,858
471,807	-	471,807	107,090
15,702,619	313,046	16,015,665	3,406,556
-	(10,052,227)	(10,052,227)	-
(4,805,340)	(9,015,329)	(13,820,669)	1,143,022
41,597,685	53,880,933	95,478,618	4,540,873
\$ 36,792,345	\$ 44,865,604	\$ 81,657,949	\$ 5,683,895

City of Wyandotte, Michigan

Governmental Funds Balance Sheet September 30, 2016

	General Fund	Nonmajor Funds	Total
Assets			
Cash and investments (Note 4)	\$ 21,297,434	\$ 11,928,295	\$ 33,225,729
Receivables - Net:			
Taxes	1,438,560	336,689	1,775,249
Special assessments	-	358,652	358,652
Accrued interest	7,320	2,651	9,971
Other	971,845	358,217	1,330,062
Due from other governmental units	625,359	429,252	1,054,611
Due from component units (Note 8)	425,850	130,718	556,568
Due from other funds (Note 8)	29,496	1,091,921	1,121,417
Prepaid expenses and other assets	107,665	-	107,665
Land held for resale (Note 5)	-	159,277	159,277
Advance to component unit (Note 8)	-	781,350	781,350
	<u>\$ 24,903,529</u>	<u>\$ 15,577,022</u>	<u>\$ 40,480,551</u>
Total assets			
Liabilities			
Accounts payable	\$ 573,901	\$ 1,603,595	\$ 2,177,496
Due to other governmental units	1,263,258	-	1,263,258
Due to component units (Note 8)	24,469	-	24,469
Due to other funds (Note 8)	5,401,672	53,805	5,455,477
Advances from other funds (Note 8)	-	1,678,010	1,678,010
Accrued liabilities and other	850,684	13,550	864,234
Refundable deposits, bonds, etc.	1,572,960	20	1,572,980
	<u>9,686,944</u>	<u>3,348,980</u>	<u>13,035,924</u>
Total liabilities			
Deferred Inflows of Resources			
Unavailable revenue	358,795	590,020	948,815
Property taxes levied for the following year	10,205,099	2,337,509	12,542,608
	<u>10,563,894</u>	<u>2,927,529</u>	<u>13,491,423</u>
Total deferred inflows of resources			
Fund Balances			
Nonspendable:			
Inventory/Assets held for resale	-	159,277	159,277
Prepays	107,665	-	107,665
Long-term receivable	-	781,350	781,350
Restricted:			
Major and local street projects	-	723,998	723,998
Police	-	137,517	137,517
Grants	-	1,622,837	1,622,837
Rubbish	-	1,012,568	1,012,568
Sidewalk and alley paving	-	1,022,681	1,022,681
Drains	-	2,436,935	2,436,935
Committed - Special events	-	445,249	445,249
Assigned:			
Subsequent year's budget	257,638	-	257,638
Debt service	-	272,147	272,147
Capital projects	-	685,954	685,954
Unassigned	4,287,388	-	4,287,388
	<u>4,652,691</u>	<u>9,300,513</u>	<u>13,953,204</u>
Total fund balances			
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 24,903,529</u>	<u>\$ 15,577,022</u>	<u>\$ 40,480,551</u>

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

City of Wyandotte, Michigan

Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Position September 30, 2016

Fund Balance Reported in Governmental Funds	\$ 13,953,204
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	61,227,233
Investments in joint ventures are not financial resources and are not reported in the funds	1,788,335
Special assessment receivables are expected to be collected over several years and are not available to pay for current year expenditures	358,409
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	590,406
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	(1,478,834)
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(5,125,000)
Accrued interest is not due and payable in the current period and is not reported in the funds	(80,208)
Net OPEB obligation does not present a claim on current financial resources and is not reported as a fund liability	(19,706,682)
Net pension liability is not due and payable in the current period and is not reported in the funds	(24,460,722)
Deferred outflows related to pensions are not a financial resource and are not reported in the funds	2,674,843
Internal service funds are included as part of governmental activities	<u>7,051,361</u>
Net Position of Governmental Activities	<u>\$ 36,792,345</u>

City of Wyandotte, Michigan

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended September 30, 2016

	General Fund	Nonmajor Funds	Total
Revenue			
Property taxes	\$ 9,929,376	\$ 2,365,515	\$ 12,294,891
Licenses and permits	699,340	-	699,340
Federal grants	-	67,662	67,662
State-shared revenue and grants	2,843,597	2,072,903	4,916,500
Other charges for services	4,088,240	435,000	4,523,240
Fines and forfeitures	1,228,567	-	1,228,567
Investment income	14,263	52,443	66,706
Contribution from component unit	-	789,108	789,108
Other revenue	271,175	651,117	922,292
Total revenue	19,074,558	6,433,748	25,508,306
Expenditures			
Current:			
General government	3,841,232	186,311	4,027,543
Public safety	9,682,475	28,249	9,710,724
Public works	2,855,659	5,631,603	8,487,262
Community and economic development	-	56,231	56,231
Recreation and culture	934,428	202,967	1,137,395
Debt service	-	966,090	966,090
Total expenditures	17,313,794	7,071,451	24,385,245
Excess of Revenue Over (Under) Expenditures	1,760,764	(637,703)	1,123,061
Other Financing Sources (Uses)			
Transfers in (Note 8)	-	1,444,683	1,444,683
Transfers out (Note 8)	(1,137,632)	(307,051)	(1,444,683)
Total other financing (uses) sources	(1,137,632)	1,137,632	-
Net Change in Fund Balances	623,132	499,929	1,123,061
Fund Balances - Beginning of year	4,029,559	8,800,584	12,830,143
Fund Balances - End of year	\$ 4,652,691	\$ 9,300,513	\$ 13,953,204

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, 2016

Net Change in Fund Balances - Total Governmental Funds	\$ 1,123,061
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capital outlay	2,810,324
Depreciation expense	(3,821,900)
Net book value of assets disposed of	(22,532)
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	117,426
Decreases in joint ventures are not increases to current financial resources and are not reported in the funds	(62,765)
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	695,000
Change in accrued interest payable and other	8,688
Increase in accumulated employee sick and vacation pay and other similar expenses reported in the statement of activities do not require the use of current resources, and therefore are not reported in the fund statements until they come due for payment	(78,204)
Decrease 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	1,593,383
Change in deferred outflows and inflows related to pensions is reported in the statement of activities	(4,103,027)
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	(2,910,112)
Internal service funds are included as part of governmental activities	(154,682)
Change in Net Position of Governmental Activities	<u>\$ (4,805,340)</u>

City of Wyandotte, Michigan

	Enterprise Funds			
	Electric	Water	Cable Television	Sewage Disposal
Assets				
Current assets:				
Cash and cash equivalents (Note 4)	\$ 7,497,252	\$ 6,216,681	\$ 3,515,120	\$ 3,987,853
Receivables - Net	7,126,513	683,388	918,576	702,779
Due from other funds (Note 8)	167,670	-	2,925	677,034
Inventory	694,235	121,164	40,552	-
Prepaid expenses and other assets	423,493	43,477	47,756	1,329,354
Total current assets	15,909,163	7,064,710	4,524,929	6,697,020
Noncurrent assets:				
Restricted assets (Note 11)	12,611,988	-	-	-
Advances to other funds (Note 8)	-	-	-	-
Investment in joint ventures (Note 6)	-	-	-	(311,211)
Capital assets (Note 7):				
Assets not subject to depreciation	768,940	425	1,275	-
Assets subject to depreciation	28,682,399	11,128,986	3,436,360	18,240,346
Long-term receivable	73,500	-	-	-
Advance to component unit (Note 8)	-	-	-	-
Total noncurrent assets	42,136,827	11,129,411	3,437,635	17,929,135
Total assets	58,045,990	18,194,121	7,962,564	24,626,155
Deferred Outflows of Resources				
Bond refunding loss being amortized	983,047	-	-	-
Deferred outflows related to pensions (Note 12)	554,296	129,036	114,357	-
Total deferred outflows	1,537,343	129,036	114,357	-
Liabilities				
Current liabilities:				
Accounts payable	1,250,955	108,008	523,853	2,348,976
Due to other funds (Note 8)	25,966	758,024	89,605	-
Accrued liabilities and other	1,974,041	247,881	185,386	-
Unearned revenue	-	-	24,632	-
General liability and workers' compensation claims	-	-	-	-
Refundable deposits, bonds, etc.	1,167,508	1,044,321	55,624	-
Current portion of long-term debt	1,191,528	-	-	924,380
Total current liabilities	5,609,998	2,158,234	879,100	3,273,356
Noncurrent liabilities:				
Liabilities to be paid from restricted assets	62,003	-	-	-
Net OPEB obligation (Note 15)	4,796,981	1,022,074	957,675	-
Net pension liability (Note 15)	5,068,891	1,180,000	1,045,765	-
Other noncurrent liabilities	59,082	1,042,381	29,510	-
Long-term debt - Net of current portion (Note 9)	33,352,462	-	-	8,553,242
Total noncurrent liabilities	43,339,419	3,244,455	2,032,950	8,553,242
Total liabilities	48,949,417	5,402,689	2,912,050	11,826,598
Net Position				
Net investment in capital assets	6,692,129	9,042,709	3,370,601	8,762,724
Restricted	1,614,184	-	-	-
Unrestricted	2,327,603	3,877,759	1,794,270	4,036,833
Total net position	\$ 10,633,916	\$ 12,920,468	\$ 5,164,871	\$ 12,799,557

**Proprietary Funds
Statement of Net Position
September 30, 2016**

Enterprise Funds		Governmental Activities
Nonmajor Enterprise	Total Enterprise Funds	Internal Service
\$ 435,082	\$ 21,651,988	\$ 1,360,774
-	9,431,256	1,069
-	847,629	4,360,054
-	855,951	-
30	1,844,110	-
<u>435,112</u>	<u>34,630,934</u>	<u>5,721,897</u>
-	12,611,988	-
-	-	1,678,010
-	(311,211)	-
51,908	822,548	-
2,918,843	64,406,934	-
-	73,500	-
-	-	209,294
<u>2,970,751</u>	<u>77,603,759</u>	<u>1,887,304</u>
3,405,863	112,234,693	7,609,201
-	983,047	-
-	797,689	-
-	1,780,736	-
21,257	4,253,049	865
28	873,623	-
37,786	2,445,094	-
-	24,632	-
-	-	556,975
-	2,267,453	-
-	2,115,908	-
<u>59,071</u>	<u>11,979,759</u>	<u>557,840</u>
-	62,003	-
-	6,776,730	-
-	7,294,656	-
-	1,130,973	-
-	41,905,704	-
<u>-</u>	<u>57,170,066</u>	<u>-</u>
<u>59,071</u>	<u>69,149,825</u>	<u>557,840</u>
2,970,751	30,838,914	-
-	1,614,184	-
376,041	12,412,506	7,051,361
<u>\$ 3,346,792</u>	<u>\$ 44,865,604</u>	<u>\$ 7,051,361</u>

City of Wyandotte, Michigan

	Enterprise Funds			
	Electric	Water	Cable Television	Sewage Disposal
Operating Revenue				
Sale of water	\$ -	\$ 4,072,517	\$ -	\$ -
Sewage disposal charges	-	-	-	3,599,663
Sale of electricity	41,703,104	-	-	-
Income from customers and tenants	-	-	9,510,073	-
Other miscellaneous revenue	-	-	-	-
Total operating revenue	41,703,104	4,072,517	9,510,073	3,599,663
Operating Expenses				
Cost of water	-	854,678	-	-
Cost of sewage treatment	-	-	-	3,704,761
Cost of electrical production	26,658,269	-	-	-
Cost of insurance claims	-	-	-	-
Transportation	70,081	32,843	40,243	-
Other operation and maintenance	5,500,429	1,331,631	2,432,124	671,220
Billing and administrative costs	689,169	358,030	382,016	-
Distributions	1,328,487	361,902	1,003,231	-
Cable television royalties	-	-	5,247,799	-
Depreciation	3,343,038	658,131	945,652	633,906
Total operating expenses	37,589,473	3,597,215	10,051,065	5,009,887
Operating Income (Loss)	4,113,631	475,302	(540,992)	(1,410,224)
Nonoperating Revenue (Expenses)				
Investment and other income	200,765	526	84,638	27,117
Grant expenses	(428,524)	-	-	-
Interest expense	(1,613,658)	-	-	(262,400)
Amortization related to long-term debt	24,311	-	-	-
Grant revenue	257,682	-	-	-
Total nonoperating (expenses) income	(1,559,424)	526	84,638	(235,283)
Income (Loss) - Before capital contributions and special item	2,554,207	475,828	(456,354)	(1,645,507)
Capital Contributions	155,138	-	-	-
Special Item - Impairment loss (Note 7)	(10,052,227)	-	-	-
Net (Loss) Income	(7,342,882)	475,828	(456,354)	(1,645,507)
Net Position - Beginning of year	17,976,798	12,444,640	5,621,225	14,445,064
Net Position - End of year	\$ 10,633,916	\$ 12,920,468	\$ 5,164,871	\$ 12,799,557

Proprietary Funds

Statement of Revenue, Expenses, and Changes in Net Position
Year Ended September 30, 2016

Enterprise Funds		Governmental Activities
Nonmajor Enterprise	Total Enterprise Funds	Internal Service
\$ -	\$ 4,072,517	\$ -
-	3,599,663	-
-	41,703,104	-
600,797	10,110,870	-
54,109	54,109	-
<u>654,906</u>	<u>59,540,263</u>	<u>-</u>
-	854,678	-
-	3,704,761	-
-	26,658,269	-
-	-	182,801
-	143,167	-
557,217	10,492,621	-
-	1,429,215	-
-	2,693,620	-
-	5,247,799	-
144,103	5,724,830	-
<u>701,320</u>	<u>56,948,960</u>	<u>182,801</u>
(46,414)	2,591,303	(182,801)
-	313,046	28,119
-	(428,524)	-
-	(1,876,058)	-
-	24,311	-
-	257,682	-
<u>-</u>	<u>(1,709,543)</u>	<u>28,119</u>
(46,414)	881,760	(154,682)
-	155,138	-
<u>-</u>	<u>(10,052,227)</u>	<u>-</u>
(46,414)	(9,015,329)	(154,682)
3,393,206	53,880,933	7,206,043
<u>\$ 3,346,792</u>	<u>\$ 44,865,604</u>	<u>\$ 7,051,361</u>

City of Wyandotte, Michigan

	Enterprise Funds			
	Electric	Water	Cable Television	Sewage Disposal
Cash Flows from Operating Activities				
Receipts from customers and tenants	\$ 42,470,788	\$ 4,037,545	\$ 9,601,202	\$ 3,642,626
Payments on interfund services and reimbursements	-	-	-	(203,135)
Payments to suppliers	(27,741,682)	(1,367,273)	(7,404,330)	(1,344,904)
Payments to employees	(6,317,934)	(1,621,136)	(1,575,873)	-
Claims paid	-	-	-	-
Net cash provided by (used in) operating activities	8,411,172	1,049,136	620,999	2,094,587
Cash Flows from Noncapital Financing Activities				
Transfers (to) from other funds	(16,621)	100,772	-	-
Interfund borrowing and repayment - Net	(49,267)	7,264	42,003	-
Net cash (used in) provided by noncapital financing activities	(65,888)	108,036	42,003	-
Cash Flows from Capital and Related Financing Activities				
Grant revenue	257,682	-	-	-
Grant expenses	(428,524)	-	-	-
Purchase of capital assets	(2,731,048)	(1,672,443)	(955,563)	(987,325)
Principal and interest paid on capital debt	(1,674,668)	-	-	(485,918)
Net cash used in capital and related financing activities	(4,576,558)	(1,672,443)	(955,563)	(1,473,243)
Cash Flows from Investing Activities - Interest received on investments and other income	200,765	526	84,638	26,069
Net Increase (Decrease) in Cash and Cash Equivalents	3,969,491	(514,725)	(207,923)	647,413
Cash and Cash Equivalents - Beginning of year	16,139,749	6,731,406	3,723,043	3,340,440
Cash and Cash Equivalents - End of year	\$ 20,109,240	\$ 6,216,681	\$ 3,515,120	\$ 3,987,853
Balance Sheet Classification of Cash and Cash Equivalents				
Cash and investments	\$ 7,497,252	\$ 6,216,681	\$ 3,515,120	\$ 3,987,853
Restricted assets	12,611,988	-	-	-
Total cash and cash equivalents	\$ 20,109,240	\$ 6,216,681	\$ 3,515,120	\$ 3,987,853
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities				
Operating income (loss)	\$ 4,113,631	\$ 475,302	\$ (540,992)	\$ (1,410,224)
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation and amortization	3,343,038	658,131	945,652	633,906
Bad debt expense	100,969	(3,522)	122,403	-
Changes in assets and liabilities:				
Receivables	666,715	(31,450)	(31,274)	(80,813)
Due from others	-	-	-	(103,772)
Inventories	40,989	(21,154)	160,860	-
Prepaid insurance and other current assets	73,182	(2,083)	(7,572)	1,184,406
Accounts payable	(844,977)	(354,113)	(360,562)	1,871,084
Estimated claims liability	-	-	-	-
Accrued and other liabilities	(820,052)	(318,294)	357,455	-
Unearned revenue	-	-	(12,336)	-
Customer deposits and other current liabilities	1,737,677	646,319	(12,635)	-
Net cash provided by (used in) operating activities	\$ 8,411,172	\$ 1,049,136	\$ 620,999	\$ 2,094,587
Noncash Transactions				
Capital contributions	\$ 155,138	\$ -	\$ -	\$ -
Capital acquisitions	-	304,604	-	-
Asset impairment	(10,052,227)	-	-	-

**Proprietary Funds
Statement of Cash Flows
Year Ended September 30, 2016**

Enterprise Funds		Governmental Activities
Nonmajor Enterprise	Total	Internal Service Fund
\$ 643,943	\$ 60,396,104	\$ (2,168)
29,873	(173,262)	-
(509,122)	(38,367,311)	865
(57,070)	(9,572,013)	-
-	-	(219,055)
107,624	12,283,518	(220,358)
-	84,151	203,363
-	-	-
-	84,151	203,363
-	257,682	-
-	(428,524)	-
-	(6,346,379)	-
-	(2,160,586)	-
-	(8,677,807)	-
-	311,998	27,204
107,624	4,001,880	10,209
327,458	30,262,096	1,350,565
\$ 435,082	\$ 34,263,976	\$ 1,360,774
\$ 435,082	\$ 21,651,988	\$ 1,360,774
-	12,611,988	-
\$ 435,082	\$ 34,263,976	\$ 1,360,774
\$ (46,414)	\$ 2,591,303	\$ (182,801)
144,103	5,724,830	-
-	219,850	-
(10,963)	512,215	5,975
30,028	(73,744)	-
-	180,695	-
(30)	1,247,903	-
(9,100)	302,332	865
-	-	(44,397)
-	(780,891)	-
-	(12,336)	-
-	2,371,361	-
\$ 107,624	\$ 12,283,518	\$ (220,358)
\$ -	\$ 155,138	\$ -
-	304,604	-
-	(10,052,227)	-

City of Wyandotte, Michigan

Fiduciary Funds Statement of Fiduciary Net Position September 30, 2016

	Pension and Other Employee Benefits Trust	Agency Fund
Assets		
Cash and cash equivalents (Note 4)	\$ 1,703,638	\$ 409,996
Investments (Note 4):		
U.S. government securities	12,629,786	-
Common trust funds/Mutual funds	37,855,429	-
Global equities	1,662,270	-
Global fixed income	10,927,298	-
Receivables:		
Accrued interest receivable	92,729	-
Other receivables	134,996	-
Due from other governmental units	-	1,080
Total assets	65,006,146	\$ 411,076
Liabilities		
Accounts payable	66,193	\$ -
Accrued liabilities and other	18,575	-
Due to other governmental units	-	39,496
Refundable deposits, bonds, etc.	-	371,580
Total liabilities	84,768	\$ 411,076
Net Position Held in Trust for Pension and Other Employee Benefits	\$ 64,921,378	

City of Wyandotte, Michigan

Fiduciary Funds Statement of Changes in Fiduciary Net Position - Pension and Other Employee Benefits Trust Year Ended September 30, 2016

	<u>Pension and Other Employee Benefits Trust</u>
Additions	
Investment income:	
Interest and dividends	\$ 1,248,325
Net increase in fair value of investments	4,116,902
Investment-related expenses	<u>(228,399)</u>
Net investment income	5,136,828
Contributions:	
Employer	7,502,286
Employee	<u>19,285</u>
Total contributions	<u>7,521,571</u>
Total additions	12,658,399
Deductions	
Pension benefit payments	7,245,135
Health benefit payments	<u>3,705,471</u>
Total deductions	<u>10,950,606</u>
Net Increase in Net Position Held in Trust	1,707,793
Net Position Held in Trust for Pension and Other Employee Benefits - Beginning of year	<u>63,213,585</u>
Net Position Held in Trust for Pension and Other Employee Benefits - End of year	<u>\$ 64,921,378</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)	\$ 5,744,933	\$ 855,707	\$ 1,585	\$ 388,673	\$ -
Receivables - Net	170,388	40,474	-	10,894	167,630
Due from primary government (Note 8)	24,469	-	-	-	-
Land held for resale (Note 5)	1,842,969	44,800	-	-	-
Note receivable	-	209,719	-	-	-
Total assets	7,782,759	1,150,700	1,585	399,567	167,630
Liabilities					
Accounts payable	349,648	1,023	-	-	-
Due to other governmental units	-	-	-	15,000	-
Due to primary government (Note 8)	112,936	5,129	-	174,721	167,630
Accrued liabilities and other	1,613	9,026	-	164,753	-
Due within one year - Current portion of long-term debt (Note 9)	64,526	46,474	-	-	-
Due in more than one year - Due to other governmental units	-	-	-	63,581	-
Due in more than one year - Advance from primary government (Note 8)	-	-	-	990,644	-
Long-term debt (Note 9)	67,063	24,112	-	-	-
Total liabilities	595,786	85,764	-	1,408,699	167,630
Deferred Inflows of Resources -					
Property taxes levied for the following year	1,181,141	379,326	-	-	-
Net Position (Deficit) - Unrestricted	\$ 6,005,832	\$ 685,610	\$ 1,585	\$ (1,009,132)	\$ -

**Component Units
Statement of Net Position
September 30, 2016**

Downriver Central Animal Control Agency	Downriver Consolidated Assessing	Total
\$ -	\$ -	\$ 6,990,898
27,604	68,548	485,538
-	-	24,469
-	-	1,887,769
-	-	209,719
<u>27,604</u>	<u>68,548</u>	<u>9,598,393</u>
-	-	350,671
-	-	15,000
27,604	68,548	556,568
-	-	175,392
-	-	111,000
-	-	63,581
-	-	990,644
-	-	91,175
<u>27,604</u>	<u>68,548</u>	<u>2,354,031</u>
-	-	1,560,467
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,683,895</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	\$ 1,621,330	\$ -	\$ -	\$ -
Debt service	94,207	-	-	-
Total Tax Increment Finance Authorities - Consolidated governmental activities	1,715,537	-	-	-
Tax Increment Finance Authorities - Downtown governmental activities:				
Community and economic development	363,577	-	-	-
Debt service	4,659	-	-	-
Total Tax Increment Finance Authorities - Downtown governmental activities	368,236	-	-	-
Downtown Development Authority	-	-	-	-
Brownfield Redevelopment Authority - Governmental activities:				
Community and economic development	80,491	-	-	-
Debt service	99,270	-	-	-
Total Brownfield Redevelopment Authority - Governmental activities	179,761	-	-	-
Downriver Central Dispatch - Governmental activities - Public safety	786,263	786,263	-	-
Downriver Central Animal Control Agency - Governmental activities - Public safety	179,769	179,769	-	-
Downriver Consolidated Assessing - Governmental activities - General government	377,571	377,571	-	-
Total component units	<u>\$ 3,607,137</u>	<u>\$ 1,343,603</u>	<u>\$ -</u>	<u>\$ -</u>
General revenue:				
Property taxes				
Investment income				
Other miscellaneous income				
Total general revenue				
Change in Net Position				
Net Position - Beginning of year				
Net Position - End of year				

Component Units
Statement of Activities
Year Ended September 30, 2016

Net (Expense) Revenue and Changes in Net Position						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	Downriver Consolidated Assessing	Total
\$ (1,621,330)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,621,330)
(94,207)	-	-	-	-	-	-	(94,207)
(1,715,537)	-	-	-	-	-	-	(1,715,537)
-	(363,577)	-	-	-	-	-	(363,577)
-	(4,659)	-	-	-	-	-	(4,659)
-	(368,236)	-	-	-	-	-	(368,236)
-	-	-	-	-	-	-	-
-	-	-	(80,491)	-	-	-	(80,491)
-	-	-	(99,270)	-	-	-	(99,270)
-	-	-	(179,761)	-	-	-	(179,761)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(1,715,537)	(368,236)	-	(179,761)	-	-	-	(2,263,534)
2,535,486	562,474	-	199,648	-	-	-	3,297,608
1,858	-	-	-	-	-	-	1,858
1,683	6,952	-	98,455	-	-	-	107,090
2,539,027	569,426	-	298,103	-	-	-	3,406,556
823,490	201,190	-	118,342	-	-	-	1,143,022
5,182,342	484,420	1,585	(1,127,474)	-	-	-	4,540,873
\$ 6,005,832	\$ 685,610	\$ 1,585	\$ (1,009,132)	\$ -	\$ -	\$ -	\$ 5,683,895

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 units 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 1 - 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 \$1,109,693 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 for which specific revenue was used. 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)

Revenue is not recognized until it is collected, or collected soon enough after the end of the year that it is 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.

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2016

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 acquisition cost.

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

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

Long-term Obligations - In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method; bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize bond issuances as an "other financing source," as well as bond premiums and discounts. The General Fund and debt service funds are generally used to liquidate governmental long-term debt.

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. One is the deferred charge on refunding reported in the statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. 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.

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

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

Note I - Summary of Significant Accounting Policies (Continued)

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.

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

Note I - Summary of Significant Accounting Policies (Continued)

The 2015 taxable valuation of the City totaled approximately \$566,000,000 (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 \$8,307,000 for operating purposes, \$1,138,000 for debt service, \$1,339,000 for garbage and rubbish services, and \$1,031,000 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 certain employees. The plan is closed to all new hires. 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, 2016

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, 2016:

	Electricity Fees	Water Fees	Sewage Fees	Property Taxes
BASF Corporation	25 %	22 %	31 %	4 %
Electric Fund	-	7	-	-
Wayne County	8	4	-	-
Wyandotte Hospital	4	-	-	-

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, 2016

Note 2 - Change in Accounting

During the year, the City adopted GASB Statement No. 72, *Fair Value Measurement and Application*. As a result, the notes to the financial statements now include enhanced disclosures about fair value measurement, the level of fair value hierarchy, and valuation techniques.

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, 2015		\$	(200,029)
Current year permit revenue			655,379
Related expenses:			
Direct costs	\$	116,758	
Estimated indirect costs		<u>521,062</u>	<u>637,820</u>
Current year surplus			<u>17,559</u>
Cumulative shortfall at September 30, 2016		\$	<u>(182,470)</u>

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

Note 4 - Deposits and Investments

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

Note 4 - Deposits and Investments (Continued)

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

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

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

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. At year end, the City had \$57,397,037 of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. In addition, the City's component units had \$3,860,148 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.

Note 4 - Deposits and Investments (Continued)

Interest Rate Risk

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

Investment	Fair Value	Weighted Average Maturity
U.S. government issues	\$ 110,112	.17 years
U.S. government issues (pension)	12,523,077	13.01 years
Corporate bonds and notes (pension)	6,172,403	8.23 years
Foreign corporate bonds and notes (pension)	2,039,119	2.21 years
U.S. government issues (retiree health care)	106,709	7.37 years
Corporate bonds and notes (retiree health care)	181,548	2.33 years

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)	\$ 9,873,256	AAA	Moody's
	41,675	Aa1	Moody's
	693,827	A1	Moody's
	513,276	A2	Moody's
	1,099,704	A3	Moody's
	1,381,531	Baa1	Moody's
	1,492,420	Baa2	Moody's
	412,979	Baa3	Moody's
	10,194,486	N/A	Unrated

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2016

Note 4 - Deposits and Investments (Continued)

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The City's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The City has the following recurring fair value measurements as of September 30, 2016:

Assets Measured at Fair Value on a Recurring Basis

	Balance at September 30, 2016	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level:				
Debt securities:				
U.S. government securities	\$ 12,850,009	\$ -	\$ 12,850,009	\$ -
Global fixed income	7,086,856	7,086,856	-	-
Commercial paper	6,965,512	-	6,965,512	-
Total debt securities	26,902,377	7,086,856	19,815,521	-
Equity securities - Global equities	1,306,215	1,306,215	-	-
Common trust/Mutual funds	37,855,429	37,855,429	-	-
Total investments by fair value level	66,064,021	\$ 46,248,500	\$ 19,815,521	\$ -
Investments measured at net asset value (NAV) - Global fixed income	3,840,441			
Total investments measured at fair value	\$ 69,904,462			

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

The fair value of U.S. government securities at September 30, 2016 was determined primarily based on level 2 inputs. The City estimates the fair value of these investments using other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Note 4 - Deposits and Investments (Continued)

The City holds shares or interests in investment companies whereby the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

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, 2016, inventory had a cost of \$647,848, \$318,666, and \$16,264,123 and an estimated fair market value of \$115,040, \$44,237, and \$1,887,769 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 \$5,200, \$0, and \$248,115 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 loss on sale of \$149,630 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 accrued approximately \$989,950 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 \$1,788,335 has been recorded in the government-wide statement of net position at September 30, 2016.

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 \$3,705,000 for operations of the system and \$945,000 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 other than the proposed transfer of the system from Wayne County to the Downriver Utility Wastewater Authority (DUWA), a joint venture of the communities that participate in the operations of the system. DUWA has minimal operations and as such, the City's investment in joint venture is not reflected in the financial statements of the City. If the transfer takes place, DUWA will issue revenue bonds to pay for the system and the incremental debt service above the portion already attributed to the City would be paid by system revenue. The City's investment in the working capital of the Downriver Sewage Disposal System joint venture of (\$311,211) has been recorded in the proprietary and government-wide statements of net position at September 30, 2016. 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, 2015	Additions	Disposals and Adjustments	Balance September 30, 2016
Governmental Activities				
Capital assets not being depreciated - Land	\$ 18,229,021	\$ -	\$ -	\$ 18,229,021
Capital assets being depreciated:				
Roads and other infrastructure	88,582,324	2,196,785	-	90,779,109
Sidewalks	36,756,884	134,104	-	36,890,988
Buildings and improvements	22,447,289	56,724	-	22,504,013
Machinery, equipment, and vehicles	12,220,674	406,316	(462,373)	12,164,617
Land improvements	5,271,328	16,395	-	5,287,723
Subtotal	165,278,499	2,810,324	(462,373)	167,626,450
Accumulated depreciation:				
Roads and other infrastructure	68,715,473	1,808,652	-	70,524,125
Sidewalks	32,317,094	968,992	-	33,286,086
Buildings and improvements	5,601,278	382,694	-	5,983,972
Machinery, equipment, and vehicles	10,628,177	450,567	(439,842)	10,638,902
Land improvements	3,984,158	210,995	-	4,195,153
Subtotal	121,246,180	3,821,900	(439,842)	124,628,238
Net capital assets being depreciated	44,032,319	(1,011,576)	(22,531)	42,998,212
Net capital assets	\$ 62,261,340	\$ (1,011,576)	\$ (22,531)	\$ 61,227,233

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2016

Note 7 - Capital Assets (Continued)

	Balance October 1, 2015	Reclassifications	Additions	Disposals and Adjustments	Balance September 30, 2016
Business-type Activities					
Capital assets not being depreciated:					
Land	\$ 51,908	\$ -	\$ -	\$ -	\$ 51,908
Construction in progress	7,946,035	(7,669,062)	493,667	-	770,640
Subtotal	7,997,943	(7,669,062)	493,667	-	822,548
Capital assets being depreciated:					
Utility plant	113,262,240	816,481	125,289	(10,052,227)	104,151,783
Transmission	5,911,181	-	-	-	5,911,181
Pumping	3,306,781	2,482,000	1,373,886	-	7,162,667
Purification	3,917,683	-	27,190	-	3,944,873
Distribution	56,194,258	4,351,143	2,433,919	-	62,979,320
Transportation	2,670,780	-	467,570	-	3,138,350
Stores	963,421	19,438	146,358	-	1,129,217
Cable equipment	3,171,166	-	658,244	-	3,829,410
Land improvements	2,937,427	-	-	-	2,937,427
Studio	576,038	-	13,015	-	589,053
General	3,766,958	-	79,658	-	3,846,616
Buildings	2,328,584	-	-	-	2,328,584
Equipment and fixtures	1,703,896	-	17,341	-	1,721,237
Sewer lines	30,897,751	-	969,984	-	31,867,735
Subtotal	231,608,164	7,669,062	6,312,454	(10,052,227)	235,537,453
Accumulated depreciation:					
Utility plant	89,128,847	-	1,660,767	-	90,789,614
Transmission	5,542,753	-	90,603	-	5,633,356
Pumping	2,352,992	-	158,905	-	2,511,897
Purification	3,660,285	-	28,564	-	3,688,849
Distribution	39,012,240	-	2,210,716	-	41,222,956
Transportation	2,186,789	-	285,175	-	2,471,964
Stores	878,740	-	16,406	-	895,146
Cable equipment	2,007,489	-	304,571	-	2,312,060
Land improvements	1,173,988	-	58,748	-	1,232,736
Studio	539,133	-	14,005	-	553,138
General	3,178,636	-	177,109	-	3,355,745
Buildings	1,058,441	-	76,916	-	1,135,357
Equipment and fixtures	1,468,463	-	54,612	-	1,523,075
Sewer lines	13,216,893	-	587,733	-	13,804,626
Subtotal	165,405,689	-	5,724,830	-	171,130,519
Net capital assets being depreciated	66,202,475	7,669,062	587,624	(10,052,227)	64,406,934
Net capital assets	\$ 74,200,418	\$ -	\$ 1,081,291	\$ (10,052,227)	\$ 65,229,482

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2016

Note 7 - Capital Assets (Continued)

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

Governmental activities:

General government	\$ 3,011,830
Public safety	424,609
Public works	140,060
Recreation and culture	245,401
	<u>245,401</u>
Total governmental activities	<u>\$ 3,821,900</u>

Business-type activities:

Electric	\$ 3,343,038
Water	658,131
Cable television	945,652
Sewage disposal	633,906
Golf course	97,850
Building rental	46,253
	<u>46,253</u>
Total business-type activities	<u>\$ 5,724,830</u>

Construction Commitments - The City has active construction projects at year end. The City's commitments with contractors/suppliers as of September 30, 2016 are as follows:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Bishop Park lighting	\$ 310,028	\$ 255
Micro wind turbines	398,707	68,000
Advanced metering infrastructure (AMI)	-	3,085,220
11th Street substation fencing	41,080	41,080
	<u>41,080</u>	<u>41,080</u>
Total	<u>\$ 749,815</u>	<u>\$ 3,194,555</u>

Special Item - During 2016, the Wyandotte Department of Municipal Services (the "Department") and the Environmental Protection Agency (EPA) entered into an amended consent decree. Under the terms and conditions of that agreement, the City was required to permanently retire Boiler 8 at the Electric Fund's power plant. Boiler 8 had an original cost of \$42,380,899 and accumulated depreciation of \$32,328,672 at the time of impairment. The impairment loss of \$10,052,227 was reported as a special item on the statement of revenue, expenses and changes in net position. Utility plant assets reported within the Electric Fund include idle and impaired assets totaling \$32,328,672 that are fully depreciated, resulting in zero net book value.

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2016

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	\$ 29,468
	Other enterprise funds	28
	Total General Fund	<u>\$ 29,496</u>
Other governmental funds	General Fund	\$ 1,041,618
	Other governmental funds	24,337
	Electric Fund	<u>25,966</u>
	Total other governmental funds	<u>\$ 1,091,921</u>
Electric Fund	Water Fund	\$ 78,065
	Cable Television Fund	<u>89,605</u>
	Total Electric Fund	<u>\$ 167,670</u>
Sewage Disposal Fund	Water Fund	<u>\$ 677,034</u>
Internal Service Fund	General Fund	<u>\$ 4,360,054</u>
Cable Television Fund	Water Fund	<u>\$ 2,925</u>

Advances from/to Other Funds

Receivable Fund	Payable Fund	Amount
Internal Service Fund	Other governmental funds	<u>\$ 1,678,010</u>

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2016

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	\$ 5,129
	Downriver Central Dispatch	167,630
	Downriver Central Animal Control	27,604
	Downriver Consolidated Assessing	68,548
	Brownfield Redevelopment Authority	<u>156,939</u>
	Total General Fund	<u>\$ 425,850</u>
Other governmental funds	Brownfield Redevelopment Authority	\$ 17,782
	Total Tax Increment Finance Authorities - Consolidated	<u>112,936</u>
	Total other governmental funds	<u>\$ 130,718</u>
Total Tax Increment Finance Authorities - Consolidated	General Fund	<u>\$ 24,469</u>

Advances from/to Primary Government and Component Units

Receivable Fund	Payable Fund	Amount
Other governmental funds	Brownfield Redevelopment Authority	\$ 781,350
Internal Service Fund	Brownfield Redevelopment Authority	209,294

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, 2016

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	\$ 1,137,632
	Other governmental funds	<u>307,051</u>
	Total other governmental funds	<u>\$ 1,444,683</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 \$307,051 transfer between the City's two street funds was to redistribute Act 51 revenue from the Major Streets Fund to the Local Streets Fund, where the funds were then spent.

Note 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>\$ 5,125,000</u>

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2016

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	\$ 9,477,622
2008 Electric purchase installment, issued for \$2,385,761, with interest of 4.53 percent, maturing in 2019	656,664
2010 Electric purchase installment, issued for \$3,866,200, with interest of 4.35 percent, maturing in 2019	1,586,050
2014 Electric purchase installment, issued for \$850,000, with interest of 2 percent, maturing in 2021	<u>618,544</u>
Subtotal	12,338,880
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	22,842,732
2015 Series B Electric System Revenue and Revenue Refunding Bonds, issued for \$8,840,000, with interest of 4.92 percent, maturing in 2026	<u>8,840,000</u>
Subtotal	<u>31,682,732</u>
Total business-type activity debt	<u>\$ 44,021,612</u>
Component Units Activities	
General obligations:	
Various installment purchase agreements	\$ 131,589
2006 Downtown Development note payable, issued for \$400,000, with interest of 5.00 percent, maturing in 2018	<u>70,586</u>
Total component units activities debt	<u>\$ 202,175</u>

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2016

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	\$ 5,820,000	\$ -	\$ (695,000)	\$ 5,125,000	\$ 790,000
Business-type Activities					
General obligations	\$ 13,489,598	\$ 458,107	\$ (1,608,826)	\$ 12,338,879	\$ 1,810,908
Revenue bonds	31,718,344	-	(35,611)	31,682,733	305,000
Total	\$ 45,207,942	\$ 458,107	\$ (1,644,437)	\$ 44,021,612	\$ 2,115,908
Component Unit Activities -					
General obligations	\$ 302,891	\$ -	\$ (100,716)	\$ 202,175	\$ 111,000

Total interest expense for the year was approximately \$2,134,000.

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

Years Ending September 30	Governmental Activities			Business-type Activities			Component Unit Activities		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2017	\$ 790,000	\$ 192,500	\$ 982,500	\$ 2,115,908	\$ 1,822,300	\$ 3,938,208	\$ 111,000	\$ 7,433	\$ 118,433
2018	790,000	160,900	950,900	2,218,256	1,743,626	3,961,882	40,993	2,615	43,608
2019	390,000	129,300	519,300	3,650,159	1,625,111	5,275,270	17,387	1,505	18,892
2020	390,000	113,700	503,700	2,358,969	1,487,132	3,846,101	17,909	984	18,893
2,021	390,000	98,100	488,100	2,717,884	1,459,755	4,177,639	14,886	447	15,333
2021-2025	2,375,000	260,700	2,635,700	12,239,362	5,270,137	17,509,499	-	-	-
2026-2030	-	-	-	6,851,006	3,117,117	9,968,123	-	-	-
2031-2035	-	-	-	3,787,335	2,202,598	5,989,933	-	-	-
2036-2040	-	-	-	3,525,000	1,339,375	4,864,375	-	-	-
2041-2045	-	-	-	3,525,000	363,625	3,888,625	-	-	-
Total	\$ 5,125,000	\$ 955,200	\$ 6,080,200	\$ 42,988,879	\$ 20,430,776	\$ 63,419,655	\$ 202,175	\$ 12,984	\$ 215,159

Advance and Current Refundings - In the prior year, the City defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. The old bonds are not callable. Accordingly, the trust accounts' assets and liabilities for the defeased bonds are not included in the basic financial statements. At September 30, 2016, \$5,300,000 of bonds outstanding are considered defeased.

In the prior year, the City defeased certain bonds of the Department of Municipal Services by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts' assets and liabilities for the defeased bonds are not included in the basic financial statements. At September 30, 2016, \$11,025,000 of bonds outstanding are considered defeased.

Note 9 - Long-term Debt (Continued)

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 \$9,299,350. Fiscal year 2017 debt service requirements total \$1,774,341. The City of Wyandotte, Michigan has no liability for these bonds if the net revenue pledged should prove insufficient.

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

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, 2016

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	
	2016	2015	2016	2015
Estimated liability - Beginning of year	\$ 601,372	\$ 908,064	\$ 152,531	\$ 186,229
Incurred claims - Including claims incurred but not reported	182,801	11,571	91,215	85,704
Claim payments and changes in estimates	(227,198)	(318,263)	(101,618)	(119,402)
Estimated liability - End of year	<u>\$ 556,975</u>	<u>\$ 601,372</u>	<u>\$ 142,128</u>	<u>\$ 152,531</u>

Note 11 - Restricted Assets and Restricted Net Position

The balances for the restricted asset accounts are as follows:

	Electric Fund
Unspent bond proceeds	\$ 10,997,804
Restricted working capital - MPPA	1,230,080
Restricted grant reserves	384,104
Total	<u>\$ 12,611,988</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, 2016, there was \$62,003 of liabilities to be paid from these restricted bond proceeds.

The Electric Fund assets restricted for grant reserves represent the balances outstanding as of September 30, 2016 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, 2016:

	<u>Electric Fund</u>
Restricted working capital - MPPA	\$ 1,230,080
Restricted grant reserves	<u>384,104</u>
Total	<u>\$ 1,614,184</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.

Note 12 - Pension Plan (Continued)

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, 2015, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	300
Inactive plan members entitled to but not yet receiving benefits	22
Active plan members	<u>63</u>
Total employees covered by the plan	<u><u>385</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.

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.

Note 12 - Pension Plan (Continued)

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 nonduty 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, 2016, 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, 2016, the City contributed the actuarial required contribution of \$4,097,426, which consisted of \$3,699,614 in contributions from municipal services and transfers from other funds as well as \$397,812 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 Retirement Commission by a majority vote of its members. It is the policy of the Retirement Commission 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, 2016:

Asset Class	Target Allocation
Domestic fixed income	33 %
International fixed income	7
Domestic equity	33
International equity	13
Hedged strategies	12
Cash	2

Rate of Return - For the year ended September 30, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 8.38 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, 2016

Note 12 - Pension Plan (Continued)

	Required Reserve	Amount Funded
Retiree reserve	\$ 75,504,234	\$ 62,132,113
Employee reserve	548,071	548,071

Net Pension Liability

The components of the net pension liability of the City at September 30, 2016 were as follows:

Total pension liability	\$ (94,435,562)
Plan fiduciary net position	<u>62,680,184</u>
City's net pension liability	<u>\$ (31,755,378)</u>

Plan fiduciary net position as a percentage of the total pension liability 66.4 %

The City has chosen to use September 30, 2016 as its measurement date for the net pension liability. The September 30, 2016 reported net pension liability was determined using a measure of the total pension liability and the pension net position as of September 30, 2016. The September 30, 2016 total pension liability was determined by an actuarial valuation performed as of September 30, 2015, which used update procedures to roll forward the estimated liability to September 30, 2016.

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, 2015	\$ 93,863,755	\$ 61,247,256	\$ 32,616,499
Service cost	578,924	-	578,924
Interest	6,336,827	-	6,336,827
Changes in benefits	825,125	-	825,125
Differences between expected and actual experience	76,066	-	76,066
Contributions - Employer	-	3,699,614	(3,699,614)
Contributions - Employee	-	19,285	(19,285)
Net investment income	-	4,959,164	(4,959,164)
Benefit payments, including refunds	<u>(7,245,135)</u>	<u>(7,245,135)</u>	<u>-</u>
Net changes	<u>571,807</u>	<u>1,432,928</u>	<u>(861,121)</u>
Balance at September 30, 2016	<u>\$ 94,435,562</u>	<u>\$ 62,680,184</u>	<u>\$ 31,755,378</u>

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2016

Note 12 - Pension Plan (Continued)

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

For the year ended September 30, 2016, the City recognized pension expense of \$7,851,009. At September 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 9,633	\$ -
Net difference between projected and actual earnings on pension plan investments	<u>3,462,899</u>	<u>-</u>
Total	<u>\$ 3,472,532</u>	<u>\$ -</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>
2017	\$ 1,218,791
2018	1,209,159
2019	1,209,159
2020	(164,577)

Actuarial Assumptions - The total pension liability in the September 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 %
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.

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.

Note 12 - Pension Plan (Continued)

Projected Cash Flows

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return as of September 30, 2016 for each major asset class included in the pension plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following table.

Asset Class	Long-term Expected Real Rate of Return
Domestic fixed income	2.59 %
International fixed income	3.09
Domestic equity	6.27
International equity	8.61
Hedged strategies	3.47
Cash or cash equivalents	0.00

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	\$ 41,265,283	\$ 31,755,378	\$ 23,648,163

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2016

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
Statement of Net Position			
Cash and investments	\$ 62,454,459	\$ 2,323,962	\$ 64,778,421
Other assets	227,725	-	227,725
Liabilities	(2,000)	(82,768)	(84,768)
Net position	<u>\$ 62,680,184</u>	<u>\$ 2,241,194</u>	<u>\$ 64,921,378</u>
Statement of Changes in Net Position			
Investment income	\$ 4,959,164	\$ 177,664	\$ 5,136,828
Contributions	3,718,899	3,802,672	7,521,571
Benefit payments and deductions	(7,245,135)	(3,705,471)	(10,950,606)
Net change in net position	<u>\$ 1,432,928</u>	<u>\$ 274,865</u>	<u>\$ 1,707,793</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
- Technical, clerical, and AFSCME Local 894 members hired on or after April 1, 2000
- Wyandotte firefighters IAFF Local 356 members hired on or after October 1, 2000
- Police and fire dispatchers hired on or after July 1, 2001
- Police and fire dispatchers hired prior to July 1, 2002 who elected to transfer their accrued benefits from the defined benefit plan
- Department of Municipal Services employees hired on or after October 1, 2006
- Department of Municipal Services union employees hired prior to October 1, 2006 who elected to transfer their accrued benefits from the defined benefit plan
- Department of Municipal Services nonunion employees hired prior to January 1, 2008 who elected to transfer their accrued benefits from the defined benefit plan

Note 14 - Defined Contribution Pension Plan (Continued)

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

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

In accordance with the above requirements, the City contributed approximately \$769,000 during the current year and the employees contributed approximately \$384,500.

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 \$2,400,000 to the Retiree Health Care Trust. In addition, \$490,000 and \$913,000 in premiums were paid by the General Fund and enterprise funds, respectively.

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2016

Note 15 - Other Postemployment Benefits (Continued)

Funding Progress - For the year ended September 30, 2016, 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)	\$ 8,096,761
Interest on the prior year's net OPEB obligation	1,020,763
Less adjustment to the annual required contribution	<u>(1,515,063)</u>
Annual OPEB cost	7,602,461
Amounts contributed:	
Payments of current premiums	(1,402,670)
Transfers from General Fund	<u>(2,400,000)</u>
Increase in net OPEB obligation	3,799,791
OPEB obligation - Beginning of year	<u>22,683,621</u>
OPEB obligation - End of year	<u>\$ 26,483,412</u>

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
9/30/16	9/30/13	8,096,761	7,602,461	47.0	50.0	26,483,411

Note 15 - Other Postemployment Benefits (Continued)

The funding progress of the plan is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll* (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.

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 a closed basis. The remaining amortization period at September 30, 2013 was 26 years.

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2016

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, 2016.

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

A summary of these transactions for the year ended September 30, 2016 is as follows:

City of Wyandotte:

Revenue:		
In lieu of property taxes	\$	652,048
Cable television franchise fees		469,565
Water franchise fee		175,000
City services		843,683
Building rent		180,000
Expenses:		
Electric and water services		(870,869)
Street and public lighting		(652,048)
Collection fee		(68,132)
Remittances to City for sewage use charge collections		3,591,788
Receivable for Sewage Disposal Fund		677,034
Receivable for Solid Waste Disposal Fund		25,966

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, 2016.

Note 17 - Contingent Liabilities (Continued)

The Wyandotte Department of Municipal Services (the "Department") received a notice of violation several years ago from the U.S. Environmental Protection Agency (EPA) related to the electric power plant operations and entered into a consent decree in 2011 with the EPA to resolve these issues. Under the terms and conditions of the original consent decree, the Department upgraded or installed environmental controls for compliance, paid a required penalty of \$112,000, and instituted a supplemental improvement plan of \$220,000 for the purchase of natural gas vehicles. Another requirement of this consent decree was the evaluation of coal containment/separation and flue gas emission reductions requiring new controls and equipment. The economic feasibility study concluded that the required changes would cost upwards of \$10 million; therefore, the Department, in an effort to manage costs more effectively and to maintain environmental compliance, withdrew its use of coal and moved to natural gas.

During the year ended September 30, 2014, the Department identified certain issues of noncompliance with the 2011 consent decree and reported them to the EPA. During 2016, the Department and the EPA entered into an amended consent decree. Under the terms and conditions of the negotiated amended consent decree, the Department would pay a stipulated penalty of \$425,000, no longer would have coal as a fuel option, thereby removing it from the Renewable Operating Permit, and permanently shuttering boiler 8, a fluidized bed boiler capable of burning coal and tire derived fuel. As discussed in Note 7, the Department has reported an impairment loss related to the permanent retirement of the coal burning boiler. At September 30, 2016, all liabilities have been satisfied and are currently in compliance with terms and conditions of the amended consent decree.

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, 2016.

A class action complaint regarding basement flooding was filed in July 2015 against the City as a result of a severe rain event in August 2014. At this point, plaintiffs have filed a third amended complaint against the City, Wayne County, and the Southgate Wyandotte Drainage District. Discovery has taken place and depositions are in progress. The City has not recorded an estimate for any possible liability at September 30, 2016.

Note 17 - Contingent Liabilities (Continued)

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 \$851,000 as of September 30, 2016. 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 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 statement more extensive footnote disclosures and required supplemental information related to the measurement of the OPEB liabilities for which assets have been accumulated. In addition, the City will, after adoption of GASB Statement No. 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 Statement No. 74 is effective for fiscal years beginning after June 15, 2016, whereas GASB Statement No. 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 statements 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.

Required Supplemental Information

City of Wyandotte, Michigan

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended September 30, 2016

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 10,019,122	\$ 10,019,122	\$ 9,929,376	\$ (89,746)
Licenses and permits	470,600	472,100	699,340	227,240
Federal grants	46,192	46,192	-	(46,192)
State-shared revenue and grants	2,926,165	2,926,165	2,843,597	(82,568)
Charges for services	4,016,891	4,080,800	4,088,240	7,440
Fines and forfeitures	1,263,000	1,263,000	1,228,567	(34,433)
Investment income	5,000	5,000	14,263	9,263
Transfers out	(1,147,278)	(1,147,278)	(1,137,632)	9,646
Other revenue	3,022,400	3,022,400	2,274,223	(748,177)
Total revenue	20,622,092	20,687,501	19,939,974	(747,527)
Expenditures				
General government:				
Legislative	110,761	111,173	107,021	4,152
Judicial	1,039,775	1,047,863	1,000,938	46,925
Financial services and administration	567,406	589,922	582,511	7,411
Information technology	180,165	189,525	187,489	2,036
Treasurer	172,376	179,418	143,384	36,034
Assessor	169,348	169,753	147,656	22,097
City commissions	26,807	26,807	19,284	7,523
Clerk	131,248	169,467	154,442	15,025
Elections	31,205	42,113	40,673	1,440
General government	1,330,370	1,330,370	1,331,219	(849)
Public safety:				
Police and civil defense	4,701,804	4,789,215	4,307,443	481,772
Dispatch	229,080	236,077	171,610	64,467
Fire	3,701,389	3,777,057	3,649,073	127,984
Animal control	48,836	53,638	43,543	10,095
Public works:				
Engineering	1,053,289	1,085,123	1,025,072	60,051
DPS	2,782,167	2,822,343	2,402,744	419,599
Recreation and culture:				
Recreation	483,610	489,990	420,319	69,671
Youth assistance	51,595	52,534	50,639	1,895
Historical commission	196,903	200,615	160,835	39,780
Swimming pool	15,787	15,787	13,269	2,518
Yack Arena	354,717	356,550	320,866	35,684
Other functions	3,047,089	3,047,089	3,036,812	10,277
Total expenditures	20,425,727	20,782,429	19,316,842	1,465,587
Net Change in Fund Balance	\$ 196,365	\$ (94,928)	\$ 623,132	\$ 718,060

City of Wyandotte, Michigan

Note to Required Supplemental Information Year Ended September 30, 2016

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	\$ 19,074,558	\$ 17,313,794	\$ 1,137,632
Reimbursing transfers from other funds	2,003,048	2,003,048	-
Operating transfers	<u>(1,137,632)</u>	<u>-</u>	<u>(1,137,632)</u>
Amounts per budget statement	<u>\$ 19,939,974</u>	<u>\$ 19,316,842</u>	<u>\$ -</u>

City of Wyandotte, Michigan

Note to Required Supplemental Information (Continued) Year Ended September 30, 2016

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General government	\$ 1,330,370	\$ 1,331,219	\$ (849)

General government exceeded budget due to a slight increase in contractual services fees.

City of Wyandotte, Michigan

Required Supplemental Information Other Postemployment Benefit Plan Schedule Year Ended September 30, 2016

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
9/30/09	\$ 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; 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
9/30/12	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
9/30/16	9/30/13	8,096,761	47.0

City of Wyandotte, Michigan

Required Supplemental Information Schedule of Investment Returns Last Ten Fiscal Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Annual money-weighted rate of return, net of investment expense	8.4 %	(2.5)%	5.3 %	- %	- %	- %	- %	- %	- %	- %

* GASB Statement No. 67 was implemented for fiscal year end 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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Total Pension Liability										
Service cost	\$ 578,924	\$ 787,912	\$ 857,274	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	6,336,827	6,064,038	6,036,970	-	-	-	-	-	-	-
Changes in benefit terms	825,125	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	76,066	(669,257)	-	-	-	-	-	-	-	-
Changes in assumptions	-	10,489,220	-	-	-	-	-	-	-	-
Benefit payments, including refunds	(7,245,135)	(6,536,096)	(6,461,217)	-	-	-	-	-	-	-
Net Change in Total Pension Liability	571,807	10,135,817	433,027	-	-	-	-	-	-	-
Total Pension Liability - Beginning of year	93,863,755	83,727,938	83,294,911	-	-	-	-	-	-	-
Total Pension Liability - End of year	\$ 94,435,562	\$ 93,863,755	\$ 83,727,938	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Plan Fiduciary Net Position										
Contributions - Employer	\$ 3,699,614	\$ 3,565,840	\$ 3,458,902	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions - Member	19,285	36,955	48,194	-	-	-	-	-	-	-
Net investment income	4,959,164	(2,316,546)	3,412,956	-	-	-	-	-	-	-
Administrative expenses	-	-	-	-	-	-	-	-	-	-
Benefit payments, including refunds	(7,245,135)	(6,536,096)	(6,461,217)	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	1,432,928	(5,249,847)	458,835	-	-	-	-	-	-	-
Plan Fiduciary Net Position - Beginning of year	61,247,256	66,497,103	66,038,268	-	-	-	-	-	-	-
Plan Fiduciary Net Position - End of year	\$ 62,680,184	\$ 61,247,256	\$ 66,497,103	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's Net Pension Liability - Ending	\$ 31,755,378	\$ 32,616,499	\$ 17,230,835	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Plan Fiduciary Net Position as a Percent of Total Pension Liability	66.37 %	65.25 %	79.42 %							
Covered Employee Payroll	\$ 4,038,704	\$ 5,440,897	\$ 5,471,985	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's Net Pension Liability as a Percent of Covered Employee Payroll	786.3 %	599.5 %	314.9 %							

* GASB Statement No. 67 was implemented for fiscal year end September 30, 2014 and does not require retroactive implementation for this schedule. Data will be added as information is available until 10 years of such information is available.

City of Wyandotte, Michigan

Required Supplemental Information Schedule of City Contributions Last Ten Fiscal Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially determined contribution	\$ 4,097,426	\$ 4,076,644	\$ 4,143,858	\$ 4,016,207	\$ 3,554,138	\$ 3,293,747	\$ 3,054,056	\$ 2,990,850	\$ 3,287,470	\$ 3,216,237
Contributions in relation to the actuarially determined contribution*	3,699,614	3,565,840	3,458,902	3,755,609	2,640,000	2,986,587	2,588,385	2,517,659	3,263,202	3,210,120
Contribution Deficiency	\$ 397,812	\$ 510,804	\$ 684,956	\$ 260,598	\$ 914,138	\$ 307,160	\$ 465,671	\$ 473,191	\$ 24,268	\$ 6,117
Covered Employee Payroll	\$ 4,038,704	\$ 5,440,897	\$ 5,471,985	\$ 5,718,130	\$ 6,803,552	\$ 7,428,795	\$ 7,683,934	\$ 8,288,276	\$ 8,539,612	\$ 9,885,835
Contributions as a Percentage of Covered Employee Payroll	91.6 %	65.5 %	63.2 %	65.7 %	38.8 %	40.2 %	33.7 %	30.4 %	38.2 %	32.5 %

Notes to Schedule of City Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date	Actuarially determined contribution rates are calculated as of September 30 each year, which is 12 months prior to the beginning of the fiscal year in which the contributions are reported.
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry-age Normal
Amortization method	Level Dollar
Remaining amortization period	15 years, Closed for General 12 years, Closed for Police/Fire 20 years, Closed for Municipal Services. Early Retirement Incentive Program (ERIP): UAL associated with ERIP amortized by level dollar contributions year, five years starting with the contributions for the fiscal year beginning October 1, 2016
Asset valuation method	4-year smoothed market value
Inflation	2.75%
Salary increases	3.0% to 8.1%
Investment rate of return	7.0%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	The RP-2014 Mortality Table projected seven years with scale MP-2014.
Other information	* The contribution deficiency noted above was supplemented by reserves in the pension system which have not been taken into consideration by the actuary when calculating the actuarially required contribution.

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	\$ 350,482	\$ 430,145	\$ 2,064,349	\$ 137,575	\$ 423,476	\$ 170,603	\$ 4,127,858
Receivables - Net:							
Taxes	-	-	155,465	-	-	-	164,412
Special assessments	-	-	-	-	-	-	-
Accrued interest	-	-	915	-	147	-	1,112
Other	-	-	60	-	343,803	-	-
Due from other governmental units	204,791	180,167	-	-	-	44,294	-
Due from component units	112,936	-	8,640	-	-	-	9,142
Due from other funds	38,000	130,271	195,243	-	87,144	33,486	178,244
Land held for resale	-	-	-	-	115,040	-	-
Advance to component unit	-	-	-	-	228,891	-	-
Total assets	\$ 706,209	\$ 740,583	\$ 2,424,672	\$ 137,575	\$ 1,198,501	\$ 248,383	\$ 4,480,768
Liabilities							
Accounts payable	\$ 163,109	\$ 87,573	\$ 119,631	\$ 58	\$ 21,500	\$ 95,486	\$ 989,925
Due to other funds	271	24,066	-	-	-	29,468	-
Advances from other funds	-	343,386	-	-	-	-	-
Accrued liabilities and other	-	-	-	-	13,550	-	-
Refundable deposits, bonds, etc.	-	-	-	-	-	-	-
Total liabilities	163,380	455,025	119,631	58	35,050	124,954	989,925
Deferred Inflows of Resources							
Unavailable revenue	-	104,389	7,995	-	-	101,539	9,754
Property taxes levied for the following year	-	-	1,284,478	-	-	-	1,044,154
Total deferred inflows of resources	-	104,389	1,292,473	-	-	101,539	1,053,908
Fund Balances							
Nonspendable:							
Inventory/Assets held for resale	-	-	-	-	115,040	-	-
Long-term receivable	-	-	-	-	228,891	-	-
Restricted:							
Major and local street projects	542,829	181,169	-	-	-	-	-
Police	-	-	-	137,517	-	-	-
Grants	-	-	-	-	819,520	21,890	-
Rubbish	-	-	1,012,568	-	-	-	-
Sidewalk and alley paving	-	-	-	-	-	-	-
Drains	-	-	-	-	-	-	2,436,935
Committed - Special events	-	-	-	-	-	-	-
Assigned:							
Debt service	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-
Total fund balances	542,829	181,169	1,012,568	137,517	1,163,451	21,890	2,436,935
Total liabilities, deferred inflows of resources, and fund balances	\$ 706,209	\$ 740,583	\$ 2,424,672	\$ 137,575	\$ 1,198,501	\$ 248,383	\$ 4,480,768

**Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2016**

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	
\$ 969,086	\$ 475,257	\$ 781,427	\$ 48,295	\$ 301,915	\$ 353,150	\$ 132,339	\$ 1,162,338	\$ 11,928,295
8,877	-	-	6,988	-	947	-	-	336,689
358,652	-	-	-	-	-	-	-	358,652
477	-	-	-	-	-	-	-	2,651
14,354	-	-	-	-	-	-	-	358,217
-	-	-	-	-	-	-	-	429,252
-	-	-	-	-	-	-	-	130,718
47,805	-	-	223,852	-	157,876	-	-	1,091,921
-	-	-	-	-	-	44,237	-	159,277
-	-	552,459	-	-	-	-	-	781,350
\$ 1,399,251	\$ 475,257	\$ 1,333,886	\$ 279,135	\$ 301,915	\$ 511,973	\$ 176,576	\$ 1,162,338	\$ 15,577,022
\$ 9,285	\$ 30,008	\$ -	\$ -	\$ 56,574	\$ 30,413	\$ -	\$ 33	\$ 1,603,595
-	-	-	-	-	-	-	-	53,805
-	-	-	-	-	442,351	-	892,273	1,678,010
-	-	-	-	-	-	-	-	13,550
-	-	-	-	-	-	20	-	20
9,285	30,008	-	-	56,574	472,764	20	892,306	3,348,980
358,408	-	-	6,988	-	947	-	-	590,020
8,877	-	-	-	-	-	-	-	2,337,509
367,285	-	-	6,988	-	947	-	-	2,927,529
-	-	-	-	-	-	44,237	-	159,277
-	-	552,459	-	-	-	-	-	781,350
-	-	-	-	-	-	-	-	723,998
-	-	-	-	-	-	-	-	137,517
-	-	781,427	-	-	-	-	-	1,622,837
-	-	-	-	-	-	-	-	1,012,568
1,022,681	-	-	-	-	-	-	-	1,022,681
-	-	-	-	-	-	-	-	2,436,935
-	445,249	-	-	-	-	-	-	445,249
-	-	-	272,147	-	-	-	-	272,147
-	-	-	-	245,341	38,262	132,319	270,032	685,954
1,022,681	445,249	1,333,886	272,147	245,341	38,262	176,556	270,032	9,300,513
\$ 1,399,251	\$ 475,257	\$ 1,333,886	\$ 279,135	\$ 301,915	\$ 511,973	\$ 176,576	\$ 1,162,338	\$ 15,577,022

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	\$ -	\$ -	\$ 1,331,087	\$ -	\$ -	\$ -	\$ 1,033,036
Federal grants	-	-	-	-	-	67,662	-
State-shared revenue and grants	1,228,204	725,129	-	119,570	-	-	-
Charges for services	-	-	435,000	-	-	-	-
Investment income	-	-	1,055	-	23,763	-	811
Contribution from component unit	609,424	179,684	-	-	-	-	-
Other revenue	-	-	-	-	552	-	-
Total revenue	1,837,628	904,813	1,767,142	119,570	24,315	67,662	1,033,847
Expenditures							
Current:							
General government	-	-	-	-	65,885	-	-
Public safety	-	-	-	28,243	-	-	-
Public works	1,735,501	739,189	1,876,859	-	-	-	1,019,950
Community and economic development - Community redevelopment (CDBG, etc.)	-	-	-	-	-	56,231	-
Recreation and culture	-	-	-	-	-	-	-
Debt service	-	8,678	-	-	-	-	41,650
Total expenditures	1,735,501	747,867	1,876,859	28,243	65,885	56,231	1,061,600
Excess of Revenue Over (Under) Expenditures	102,127	156,946	(109,717)	91,327	(41,570)	11,431	(27,753)
Other Financing Sources (Uses)							
Transfers in	-	307,051	-	-	-	-	-
Transfers out	(307,051)	-	-	-	-	-	-
Total other financing (uses) sources	(307,051)	307,051	-	-	-	-	-
Net Change in Fund Balances	(204,924)	463,997	(109,717)	91,327	(41,570)	11,431	(27,753)
Fund Balances - Beginning of year	747,753	(282,828)	1,122,285	46,190	1,205,021	10,459	2,464,688
Fund Balances - End of year	\$ 542,829	\$ 181,169	\$ 1,012,568	\$ 137,517	\$ 1,163,451	\$ 21,890	\$ 2,436,935

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and Changes in
Fund Balances
Nonmajor Governmental Funds
Year Ended September 30, 2016

Special Revenue Funds			Debt Service Fund	Capital Projects Fund				Total Nonmajor Governmental Funds
Sidewalk and Alley Paving	Special Events	EPA Cooperative Agreement	DPS Building Bonds and Police and Court Bonds	Construction	Equipment and Replacement	Public Improvement	Building Authority Improvement	
\$ -	\$ -	\$ -	\$ 1,201	\$ -	\$ 191	\$ -	\$ -	\$ 2,365,515
-	-	-	-	-	-	-	-	67,662
-	-	-	-	-	-	-	-	2,072,903
-	-	-	-	-	-	-	-	435,000
11,901	-	14,913	-	-	-	-	-	52,443
-	-	-	-	-	-	-	-	789,108
<u>313,386</u>	<u>323,471</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,708</u>	<u>-</u>	<u>651,117</u>
325,287	323,471	14,913	1,201	-	191	13,708	-	6,433,748
100,000	-	-	-	-	-	-	20,426	186,311
-	-	-	-	4	2	-	-	28,249
134,104	-	-	-	-	126,000	-	-	5,631,603
-	-	-	-	-	-	-	-	56,231
-	202,967	-	-	-	-	-	-	202,967
-	-	-	908,851	-	6,911	-	-	966,090
<u>234,104</u>	<u>202,967</u>	<u>-</u>	<u>908,851</u>	<u>4</u>	<u>132,913</u>	<u>-</u>	<u>20,426</u>	<u>7,071,451</u>
91,183	120,504	14,913	(907,650)	(4)	(132,722)	13,708	(20,426)	(637,703)
-	-	-	979,756	-	157,876	-	-	1,444,683
-	-	-	-	-	-	-	-	(307,051)
-	-	-	979,756	-	157,876	-	-	1,137,632
91,183	120,504	14,913	72,106	(4)	25,154	13,708	(20,426)	499,929
931,498	324,745	1,318,973	200,041	245,345	13,108	162,848	290,458	8,800,584
<u>\$ 1,022,681</u>	<u>\$ 445,249</u>	<u>\$ 1,333,886</u>	<u>\$ 272,147</u>	<u>\$ 245,341</u>	<u>\$ 38,262</u>	<u>\$ 176,556</u>	<u>\$ 270,032</u>	<u>\$ 9,300,513</u>

City of Wyandotte, Michigan

Other Supplemental Information Combining Statement of Net Position Nonmajor Enterprise Funds September 30, 2016

	Golf Course	Building Rental	Total
Assets			
Current assets:			
Cash and investments	\$ 54,028	\$ 381,054	\$ 435,082
Prepaid expenses and other assets	-	30	30
Total current assets	54,028	381,084	435,112
Noncurrent assets - Capital assets:			
Assets not subject to depreciation	-	51,908	51,908
Assets subject to depreciation - Net	2,308,859	609,984	2,918,843
Total assets	2,362,887	1,042,976	3,405,863
Liabilities - Current liabilities			
Accounts payable	1,155	20,102	21,257
Due to other funds	28	-	28
Accrued liabilities and other	26,066	11,720	37,786
Total liabilities	27,249	31,822	59,071
Total Net Position			
Net investment in capital assets	2,308,859	661,892	2,970,751
Unrestricted	26,779	349,262	376,041
Total net position	\$ 2,335,638	\$ 1,011,154	\$ 3,346,792

City of Wyandotte, Michigan

Other Supplemental Information Combining Statement of Revenue, Expenses, and Changes in Net Position Nonmajor Enterprise Funds Year Ended September 30, 2016

	<u>Golf Course</u>	<u>Building Rental</u>	<u>Total</u>
Operating Revenue			
Income from customers and rent from tenants	\$ 322,242	\$ 278,555	\$ 600,797
Other tenant revenue	-	54,109	54,109
Total operating revenue	322,242	332,664	654,906
Operating Expenses			
Other operating and maintenance costs	320,569	236,648	557,217
Depreciation	97,850	46,253	144,103
Total operating expenses	418,419	282,901	701,320
Change in Net Position	(96,177)	49,763	(46,414)
Net Position - Beginning of year	2,431,815	961,391	3,393,206
Net Position - End of year	<u>\$ 2,335,638</u>	<u>\$ 1,011,154</u>	<u>\$ 3,346,792</u>

City of Wyandotte, Michigan

Other Supplemental Information Combining Statement of Cash Flows Nonmajor Enterprise Funds Year Ended September 30, 2016

	Golf Course	Building Rental	Total
Cash Flows from Operating Activities			
Receipts from customers and tenants	\$ 322,242	\$ 321,701	\$ 643,943
Receipts from interfund services and reimbursements	(97)	29,970	29,873
Payments to suppliers	(262,688)	(246,434)	(509,122)
Payments to employees	(57,070)	-	(57,070)
Net Increase in Cash and Cash Equivalents - Net cash provided by operating activities	2,387	105,237	107,624
Cash and Cash Equivalents - Beginning of year	51,641	275,817	327,458
Cash and Cash Equivalents - End of year	<u>\$ 54,028</u>	<u>\$ 381,054</u>	<u>\$ 435,082</u>
Reconciliation of Operating (Loss) Income to Net Cash from Operating Activities			
Operating (loss) income	\$ (96,177)	\$ 49,763	\$ (46,414)
Adjustments to reconcile operating (loss) income to net cash from operating activities:			
Depreciation and amortization	97,850	46,253	144,103
Changes in assets and liabilities:			
Receivables	-	(10,963)	(10,963)
Due from other funds	28	30,000	30,028
Prepaid and other assets	-	(30)	(30)
Accounts payable	686	(9,786)	(9,100)
Net cash provided by operating activities	<u>\$ 2,387</u>	<u>\$ 105,237</u>	<u>\$ 107,624</u>

City of Wyandotte, Michigan

Other Supplemental Information Statement of Assets and Liabilities Fiduciary Funds September 30, 2016

	Pension Trust	Retiree Health Care	Total Pension Trust Funds
Assets			
Cash and cash equivalents	\$ 1,682,559	\$ 21,079	\$ 1,703,638
Investments:			
U.S. government securities	12,523,077	106,709	12,629,786
Common trust funds/Mutual funds	36,196,859	1,658,570	37,855,429
Global equities	1,306,215	356,055	1,662,270
Global fixed income	10,745,749	181,549	10,927,298
Receivables - Net	227,725	-	227,725
Total assets	62,682,184	2,323,962	65,006,146
Liabilities			
Accounts payable	2,000	64,193	66,193
Accrued liabilities and other	-	18,575	18,575
Total liabilities	2,000	82,768	84,768
Net Position Held in Trust for Pension and Other Employee Benefits	\$ 62,680,184	\$ 2,241,194	\$ 64,921,378

City of Wyandotte, Michigan

Other Supplemental Information Combining Statement of Changes in Fiduciary Net Position Fiduciary Funds Year Ended September 30, 2016

	Pension Trust	Retiree Health Care	Total
Additions			
Investment income:			
Interest and dividends	\$ 1,131,513	\$ 116,812	\$ 1,248,325
Net increase in fair value of investments	4,056,050	60,852	4,116,902
Investment-related expenses	(228,399)	-	(228,399)
Net investment income	4,959,164	177,664	5,136,828
Contributions:			
Employer	3,699,614	3,802,672	7,502,286
Employee	19,285	-	19,285
Net contributions	3,718,899	3,802,672	7,521,571
Total additions	8,678,063	3,980,336	12,658,399
Deductions			
Benefit payments	7,245,135	-	7,245,135
Health benefits	-	3,705,471	3,705,471
Total deductions	7,245,135	3,705,471	10,950,606
Net Increase in Net Position Held in Trust	1,432,928	274,865	1,707,793
Net Position Held in Trust for Pension and Other Employee Benefits - Beginning of year	61,247,256	1,966,329	63,213,585
Net Position Held in Trust for Pension and Other Employee Benefits - End of year	\$ 62,680,184	\$ 2,241,194	\$ 64,921,378