

CITY OF WYANDOTTE
REQUEST FOR COUNCIL ACTION

late (24)

MEETING DATE: March 3, 2014

AGENDA ITEM # _____

ITEM: WMS DIGITAL BANDWIDTH RECLAMATION (GOING ALL DIGITAL) PROJECT

PRESENTER: Steve Timcoe, Superintendent Telecommunications 

INDIVIDUALS IN ATTENDANCE: Rod Lesko, General Manager
Paul LaManes Asst. General Manager 

BACKGROUND: Wyandotte Municipal Services offers our full expanded basic cable lineup in analog format. Technology has advanced such that cable operators now offer most or their entire cable programming lineup digitally. Not only is the service signal quality improved in the digital format but we can offer many more digital services in the same bandwidth that the analog signals currently occupy. Reclaiming the bandwidth now occupied by our analog signals will allow us to offer many more services that we are not currently able to provide. This bandwidth reclamation project (also called “going all digital”) will allow us to launch many additional HD channels, enhance our internet services, expand our VOD offerings and open up the possibility of other service launches to enhance our overall product offerings. It will also allow us to conduct our commercial insertion (ad sales) operations on basic, digital and HD versions of various programming networks. The AMT bid is valid through May 30, 2014 and if awarded to AMT, is only valid for work performed in calendar year 2014.

STRATEGIC PLAN/GOALS: Providing the public with friendly, responsive, reliable and customer-focused services that are fiscally responsible.

ACTION REQUESTED: Concur with the resolution from the Wyandotte Municipal Service Commission to authorize the General Manager to accept the proposal from the lowest qualified bidder (AMT – Advanced Media Technologies) for the WMS Bandwidth Reclamation Project (bid file # 4600) as recommended by WMS Management.

BUDGET IMPLICATIONS & ACCOUNT NUMBER: This project was approved as part of the FY2014 Cable Telecommunications Capital Budget (project # 1045CA). The approved capital budget total is \$663,125. It is planned that \$437,338 dedicated to customer premise equipment will be directly recovered via an equipment fee estimated at \$1.99 per month which provides a ROI on the equipment of approximately 18 months.

IMPLEMENTATION PLAN: Award bid to AMT as the lowest qualified bidder. Plan and execute project as detailed in the AMT Bandwidth Reclamation Bid/Project Response.

COMMISSION RECOMMENDATION: Award bid to Advanced Media Technologies as lowest qualified bidder. Plan and execute project as detailed in the AMT – Advanced Media Technology Wyandotte Municipal Services digital Bandwidth Reclamation Project Response.

CITY ADMINISTRATOR'S RECOMMENDATION: *Shupabele*

LEGAL COUNSEL'S RECOMMENDATION: Approved to Form – William R. Look, Attorney.
Reviewed and approved – Paul Breakman, Attorney (Duncan-Allen)

MAYOR'S RECOMMENDATION: *Joseph R Peterson*

LIST OF ATTACHMENTS

- Request for Commission Action – Digital Bandwidth Reclamation “Going all Digital” project
- Public Bid WMS DIGITAL BANDWIDTH RECLAMATION PROJECT (partial)
 - WMS Digital Bandwidth Reclamation Project letter
 - Public Bid File Project info
 - Project Description and Scope
 - Note: full document on file
- AMT – Digital Bandwidth Reclamation Project Response (partial)
 - Summary of Proposal
 - Proposal Pricing Options
 - Detailed Pricing Quote
 - Statement of Work
 - Note: Full document on file
- WMS Digital Bandwidth Reclamation Project Bid Summary

MODEL RESOLUTION:

BE IT RESOLVED by the City Council that Council Concurs with the Wyandotte Municipal Service Commission in the following resolution.

A Resolution to authorize the General Manager to award the WMS Digital Bandwidth Reclamation Project to Advanced Media Technology (AMT) per Advanced Media Technologies (AMT) submission of their ‘Wyandotte Municipal Services Digital Bandwidth Reclamation Project Response’ for an amount not to exceed \$ 225,787.00 for project infrastructure and for an amount not to exceed \$ 437,338.00 for customer premise equipment to be recovered through an equipment fee as recommended by WMS Management. Total project cost not to exceed \$663,125.00.

I move the adoption of the foregoing resolution.

MOTION by

Councilmen _____

Supported by Councilman _____

<u>YEAS</u>	<u>COUNCIL</u>	<u>NAYS</u>
	Stec	
	Sabuda	
	Sutherby-Fricke	
	Galeski	
	Schultz	
	Miciura Jr	

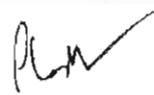
CITY OF WYANDOTTE – Department of Municipal Services
REQUEST FOR COMMISSION ACTION

MEETING DATE: 2/19/2014

RESOLUTION # 02-2014-0405

ITEM: WMS Digital Bandwidth Reclamation "Going All Digital" Project

PRESENTER: Steve Timcoc-CATV Superintendent 

INDIVIDUALS CONSULTED: Rod Lesko-General Manager, Paul LaManes-Assistant GM  

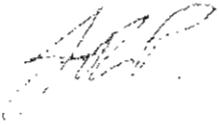
BACKGROUND: Wyandotte Municipal Services offers our full expanded basic cable lineup in analog format. Technology has advanced such that cable operators now offer most or their entire cable programming lineup digitally. Not only is the service signal quality improved in the digital format but we can offer many more digital services in the same bandwidth that the analog signals currently occupy. Reclaiming the bandwidth now occupied by our analog signals will allow us to offer many more services that we are not currently able to provide. This bandwidth reclamation project (also called "going all digital") will allow us to launch many additional HD channels, enhance our internet services, expand our VOD offerings and open up the possibility of other service launches to enhance our overall product offerings. It will also allow us to conduct our commercial insertion (ad sales) operations on basic, digital and HD versions of various programming networks. The AMT bid is valid through May 30, 2014 and if awarded to AMT, is only valid for work performed in calendar year 2014.

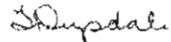
STRATEGIC PLAN/GOALS: Providing the public with friendly, responsive, reliable and customer-focused services that are fiscally responsible.

ACTION REQUESTED: Authorize the General Manager to accept the proposal from the lowest qualified bidder Advanced Media Technologies (AMT) for the WMS Bandwidth Reclamation Project (bid file # 4600) as recommended by WMS Management.

BUDGET IMPLICATIONS: This project was approved as part of the FY2014 Cable Telecommunications Capital Budget (project # 1045CA). The approved capital budget total is \$663,125. It is planned that \$437,338 dedicated to customer premise equipment will be directly recovered via an equipment fee estimated at \$1.99 per month which provides a ROI on the equipment of approximately 18 months.

IMPLEMENTATION PLAN: Award bid to AMT as the lowest qualified bidder. Plan and execute project as detailed in the AMT Bandwidth Reclamation Bid/Project Response.

MAYOR'S RECOMMENDATION: 

CITY ADMINISTRATOR REVIEW: 

LEGAL COUNSEL REVIEW: Approved to Form – William R. Look, Attorney.
Reviewed and approved – Paul Breakman, Attorney (Duncan-Allen)

LIST OF ATTACHMENTS

- Public Bid WMS DIGITAL BANDWIDTH RECLAMATION PROJECT (Partial)
 - WMS Digital Bandwidth Reclamation Project letter
 - Public Bid File Project info
 - Project Description and Scope
 - Note: full document on file
- AMT – Digital Bandwidth Reclamation Project Response (Partial)
 - Summary of Proposal
 - Proposal Pricing Options
 - Detailed Pricing Quote
 - Statement of Work
 - Note: Full document on file
- WMS Digital Bandwidth Reclamation Project Bid Summary

RESOLUTION:

RESOLUTION AUTHORIZING THE GENERAL MANAGER TO AWARD THE WMS DIGITAL BANDWIDTH RECLAMATION PROJECT TO THE LOWEST QUALIFIED BIDDER – ADVANCED MEDIA TECHNOLOGIES (AMT).

BE IT ORDAINED BY THE MUNICIPAL SERVICES COMMISSION OF THE CITY OF WYANDOTTE, STATE OF MICHIGAN:

WHEREAS, the City of Wyandotte, (“MUNICIPALITY”) owns and operates a cable telecommunications system for the sale of cable telecommunications (cable TV, internet & phone services) for the benefit of its citizens and taxpayers; and

WHEREAS, Wyandotte Municipal Services currently has a full expanded basic cable lineup broadcast in analog signal format and desires to reclaim that bandwidth by implementing a project that would eliminate the analog signals and replace them with the digital version of said signals, and

WHEREAS, the elimination of the analog signals will allow WMS to launch many additional HD channels, enhance our internet services, expand our VOD offerings, and open up the possibility of other service launches to enhance our service product offerings, and

WHEREAS, Wyandotte Municipal Services is interested in awarding the project to the lowest qualified bidder, Advanced Media Technologies (AMT),

NOW, THEREFORE, BE IT RESOLVED by the Municipal Services Commission of the Municipality of Wyandotte, Michigan, that:

SECTION 1: The General Manager is hereby authorized to award the WMS Digital Bandwidth Reclamation Project to Advanced Media Technology (AMT) per Advanced Media Technologies (AMT) submission of their ‘Wyandotte Municipal Services Digital Bandwidth Reclamation Project Response’ for an amount not to exceed \$ 225,787.00 for project infrastructure and for an amount not to exceed \$ 437,338.00 for customer premise equipment to be recovered through an equipment fee. Total project cost not to exceed \$ 663,125.00.

I move the adoption of the foregoing resolution.

MOTION by Commissioner _____

Supported by Commissioner _____
YEAS COMMISSIONER NAYS

ADOPTED this

ATTEST:

WYANDOTTE MUNICIPAL SERVICE COMMISSION

By: _____
President

By: _____
Secretary

Municipal Service Commission
Gerald P. Cole
Frederick C. DeLisle
James Figurski
Michael Sadowski
Leslie G. Lupo



Electric, Steam, Water
Cable Television and High Speed Internet
Service since 1889

Melanie L. McCoy
General Manager and Secretary
3200 Biddle Avenue, Suite 200
Wyandotte, MI. 48192-0658
Telephone: (734) 324-7100
Fax: (734) 556-3173

September 24, 2012

To Whom It May Concern:

Subject: Public Bid
WMS Digital Bandwidth Reclamation Project

Wyandotte Municipal Services (WMS) is soliciting bids for an analog cable programming elimination and bandwidth reclamation project. The current analog channels will be made available in a standard definition digital format. The result of this will be the reclamation of bandwidth so that WMS can launch additional HD channels, additional Digital Channels additional VOD, allow for DOCSIS 3.0 High Speed Internet, Digital Ad Insertion and other services. The successful bidder will provide comprehensive information detailing architecture, equipment, process, timeline, price and other pertinent information related to the implementation of this project.

WMS owns & operates a full service 750 MHz, hybrid fiber coax (HFC) cable telecommunications plant. WMS makes available Cable TV, High Speed Internet & Digital Phone service to all homes & businesses within the geographic boundaries of the City of Wyandotte, Michigan. In addition, WMS also provides cable & data services to all WMS departments, the City of Wyandotte & Wyandotte Public Schools via this infrastructure. WMS also owns and operates electric power plant and water/filter plant providing both commercial and residential electric and water services.

Bids must be submitted to:

Wyandotte Municipal Services:
3200 Biddle Avenue Suite 200
Wyandotte, Michigan 48192
Attention: Steve Timcoe, Superintendent - CATV

Or via email to: Steve Timcoe at stimcoe@wyan.org

Proposals must be received by November 8, 2012, 3:30 pm EST.

Public Bid

Sealed proposals identified on the outside of the envelope, will be received by the Wyandotte Municipal Service Commission, 3200 Biddle Avenue, Suite 200, Wyandotte, MI 48192 until 3:00 p.m., local time, November 8, 2012 at which time and place they will be opened and read aloud to furnish:

BID FILE # 4600 PROJECT TITLE: WMS Digital Bandwidth Reclamation Project

Instruction to bidders and bidding forms may be obtained from the Department of Municipal Service, 3200 Biddle Avenue, Suite 200, Wyandotte, MI 48192. Wyandotte Municipal Services reserves the right to reject any or all bids, to waive irregularities therein, and to accept that bid which will best serve its interests.

Project Information

Project Description and Scope

Wyandotte Municipal Services (WMS) is soliciting bid for reducing and/or eliminating the analog based services (Basic & Expanded Basic cable programming) provided via their cable television infrastructure and offering those same services in a standard digital format, therefore allowing the reclamation of bandwidth to add additional services such as High Definition programming, Standard Definition Digital programming, Channel Bonding for enhanced DOCSIS Internet Services, etc. The successful bidder will provide detailed information as to type of equipment/material, equipment/material manufacturer, technology, methodology for implementation and all other pertinent information associated with project solution. WMS owns & operates a full service 750 MHz, hybrid fiber coax (HFC) cable telecommunications plant. WMS makes available cable TV, High Speed Internet & Digital Phone service to all homes & businesses within the geographic boundaries of the City of Wyandotte, Michigan. In addition, WMS also provides cable & data services to all WMS departments, the City of Wyandotte & Wyandotte Public Schools via this infrastructure. WMS also owns and operates electric power plant and water/filter plant providing both commercial and residential electric and water services.

General & Detailed Information & Specifications

Wyandotte Municipal Services (WMS) is a HFC (hybrid fiber co-axial) cable telecommunications plant built around the following basic physical specifications:

- Hybrid Fiber Co-Axial physical infrastructure
- 750MHz design – 50MHz to 750Mhz forward (downstream) & 5Mhz to 42MHz return (upstream)
- Single mode fiber connection to cable fiber nodes and many point to point fiber connections
- 1000 homes passed per node average
- 14 nodes total
- Philips Diamond net Nodes, GNA's, LE's, taps, splitters & couplers
- Commscope QR (Quantum Reach) .540 & .715 hardline coaxial distribution cable
- Complete Cable Telecommunications Head End with associated satellite dish receivers, tower and off air broadcast receive antennas.
- RF & fiber optic interconnects to City of Wyandotte facilities
- RF & fiber optic interconnects to Wyandotte Public Schools facilities
- Fiber Optic interconnect with Comcast for Wyandotte Police, Wastewater Treatment & WMS

Attachments

Equipment specifications attached (Exhibit A)

Infrastructure (cable plant) strand footage, passings attached (Exhibit B)

Subscriber Counts attached (Exhibit C)

Channel Lineup attached (Exhibit D)

Digital Conversion Basic Channel equipment attached (Exhibit E)

QAM – SEM V channel assignments attached (Exhibit F)

Rate Card (Cable TV, Additional Digital Cable Features, Seasonal Rates, Unreturned Equipment, Internet, Residential Phone, Business Phone, Service Rates) attached (Exhibit G)

Internet Service Levels, Speed & Bandwidth attached (Exhibit H)

Digital Phone feature information attached (Exhibit I)

WMS HITS CMC EIA channel assignments attached (Exhibit J)

Additional Project Description & Scope

1. Bidder will provide documentation of capability to provide the necessary knowledge and expertise to review WMS infrastructure and recommend the optimal and scalable network for the future.
2. Bidder will provide cost effective solution to eliminate/convert expanded basic cable programming lineup from current analog format to standard definition digital format.
3. Bidder will provide qualification and references to other similar projects they have deployed.
4. Proposal will allow the reclamation of as much bandwidth (frequency spectrum) as possible.
5. Expanded Basic line up (Ch 24-78) conversion to digital is mandatory. Basic lineup (Ch 2-18) conversion should be reviewed and detailed but is optional.
6. Proposal should detail conversion implementation strategy (segmented stages or all at once).

7. Proposal should consider and provide for 'turnkey' solution with equipment, wiring, activation, customer premise equipment deployment, technical support and engineering expertise being provided for as much as is possible.
8. Proposal will provide for DTA solution for non digital capable customer premise equipment (analog TV's).
9. Proposed DTA will be in compliance with all FCC rules & requirements.
10. Proposed DTA should have minimally a 'now & after' program guide.
11. Proposed DTA is not required to be addressable or VOD capable.
12. Bidder's proposal will utilize and incorporate as much of the current WMS head end equipment as possible to minimize head end capital equipment expenditures.
13. Bidder will give favor to but is not bound to manufacturer's equipment currently in use by WMS for multiplexing and QAM modulation (Motorola SEM-V's & Motorola Cherrypickers (formerly Teryon) or equivalent).
14. Proposed equipment must be fully compatible with head end equipment currently used by WMS.
15. WMS design & equipment currently uses ASI but is open to proposals for ASI, ASI/Ethernet or Ethernet anticipating the proposal will offer most cost effective solution to utilize current existing technology & equipment with available technology & equipment while positioning for future.
16. WMS is partnered with Comcast Spotlight for ad insertion and equipment must be compatible with ad insertion (digital splicing) technologies employed by WMS & Comcast.
17. Proposal should include all costs associated with implementing digital ad insertion (equipment, license keys, etc.).
18. Proposal should reference the likelihood of advanced broadcast technologies (MPEG-4 or other) and the future impact of this on the equipment proposed, if applicable.

19. WMS will work with successful Bidder to produce a coordinated project plan which will guide the project team.
20. WMS & successful Bidder will jointly coordinate project and as project progresses will specify: project team members and contact information, project schedule, dependencies and anticipated timeline, and detailed project activities with responsible owners identified.
21. WMS will provide any reasonable requested documentation such as (design maps, as-built, existing infrastructure, existing infrastructure configuration, network interconnectivity design, etc.) that is not already provided with this bid package.
22. WMS will provide full access to facilities as reasonably requested.
23. Knowledgeable WMS personnel will be made available throughout the project.
24. Bidder will provide any information on financing or lease payment options if available.
25. Bidder will line item detail with cost individually all equipment and services proposed.

Additional Information, Terms, and Conditions

Questions and Clarifications

Any questions or clarifications regarding this Public Bid should be addressed in writing to Steve Timcoe via email at STimcoe@wyan.org or by mail to Steve Timcoe, Wyandotte Municipal Services, 3200 Biddle Avenue, Wyandotte, MI 48192. All responses shall be made in writing and will be issued in the timeliest fashion possible. If any question is not answered prior to submission of bids then an assumption should be stated in the proposal.

Pre-Bid Meeting and Site Visit

An optional site visit and pre-bid meeting will be arranged by Wyandotte Municipal Services before project bids are due. All Bidders are encouraged to attend this site visit to view the facilities before submitting a bid. Bidders are not required to attend the facilities visit or pre-bid meeting. Bidders that do not wish to attend the pre-bid meeting can alternatively contact WMS using the information presented in the aforementioned Questions and Clarifications section of this document.

Costs for Developing Proposal

All costs for developing proposals shall be borne by the proposing suppliers. Wyandotte Municipal Services shall not be responsible for any costs associated with the development of proposals.

Right to Reject Any or All Proposals

Wyandotte Municipal Services reserves the right to reject any or all proposals.

Proprietary Data

All information submitted in responses to this Request for Proposals may become public information. WMS is unable to maintain confidentiality of proprietary information.

Find More Information about Wyandotte Municipal Services

Website @: www.wyan.org

Facebook @: Wyandotte Municipal Services



Wyandotte Municipal Services Digital Bandwidth Reclamation Project Response

Date: 8 November 2012

Revised: 10/2013





Wyandotte Municipal Services - Digital Simulcast Launch

Summary of Proposal

AMT's solution proposes to upgrade WMS' existing analog lineup and simulcast those channels for deployment to clear QAM televisions, Digital Terminal Adapters (HD-DTA's) and set tops using the following methodology:

- Existing analog channels with ASI receivers will be converted to Gigabit Ethernet Multicast via Motorola AGB Media Converters.
- Existing analog channels with non ASI receivers will be encoded using the ATX DigiVu encoding platform.
- ESPN and ESPN2 SD will be deployed via GigE Multicast directly from the receivers.
- Fox Networks and Off-Air Broadcasters will transcode native HD content to SD using the Sencore TXS transcoding platform.
- The entire digital simulcast lineup will be run through a Motorola CAP1000 to provide Ad-Insertion, PSIP, and Rate Shaping capabilities.
- All of the content will then run through a Motorola Apex Edge QAM device and be deployed on the system using 8 QAM channels.
 - AMT will work with WMS to realign the existing channel lineup to free the 8 QAM channels needed to launch.
- The DTAs can be deployed to customers using AMT's Direct Fulfillment services.
 - Direct Shipment to Customers homes with WMS customized install packages.
 - AMT will work with WMS and GLDS to minimize manual entry required for provisioning of DTAs.
- Note: Due to the all digital nature of DTA's and DCX Set tops, channels 2-18 must be converted to digital, and therefore those channels are included in the proposal. The project will not be impacted should WMS choose to keep those channels simulcasting in analog indefinitely.

AMT's solution offers the following benefits:

- Leverages WMS' existing infrastructure and equipment.
- Fully backwards compatible with WMS' existing CPE equipment.
- Leaves WMS' existing digital services untouched, minimizing risk to existing services.
- Allows WMS to turn off analog channels on a schedule that they choose.
- Allows Reclamation of 47 EIA Channels (64 if WMS chooses to drop 2-18 Analog).



Wyandotte Municipal Services - Digital Simulcast Launch

Proposal Pricing Options

Headend Equipment

Total Proposal Price:	\$225,787
Includes Installation Services	

CPE Equipment

DCX3510 Dual Tuner DVR	\$268
DCX700 HD Set-top	\$144
DTA100 SD Adapter	\$33.04
DTA100U – HD Adapter	\$49.75
Direct Fulfillment Services	Priced from no additional cost per device to \$2.00 per device depending upon customization requirements



Advanced Media Technologies, Inc.
 3150 SW 15th Street
 Deerfield Beach, FL 33442

Phone: 954-427-5711
 Fax: 954-427-9688
 Toll Free: 888-293-5856

Bill To:
 Wyandotte Municipal Services
 Rob Samacki
 P.O. Box 658
 3005 Biddle Avenue
 Wyandotte, MI 48192

QUOTE

Page 1

QUOTE NUMBER: SQ0050587
 DATE: 10/30/13

SALESPERSON: Anthony Dart
 CUSTOMER NO: CUST002130

Ship To:
 Wyandotte Municipal Services
 P.O. Box 658
 3005 Biddle Avenue
 Wyandotte, MI 48192

CUSTOMER P.O.	SHIP VIA	SHIPMENT METHOD	TERMS	
OPTION 1 TRANSCODING		FOB-SP SHIPPING POINT	NET DUE 30 DAYS	
QTY	ITEM NUMBER	DESCRIPTION	UNIT PRICE USD	AMOUNT
1	CAP-1000-0	Back-UP/Base CAP-1000 Chassis with GbE module, DSP module, Two power supplies, Two fan trays installed, LicenseGuard, DataFlash card and mounting brackets. All HW ports active. No ASI cards Grooming and PRED 512 streams	25,000.00	25,000.00
8	CAP1-SLX-RS-MP2	1 MUX ENABLES RATE SHAPPING FOR 3HD/12SD MPEG-2 STREAMS	5,000.00	40,000.00
55	CAP1-SLX-AI-MP2	ENABLES AD INSERTION FOR 1 MPEG-2 HD OR SD STREAM	750.00	41,250.00
2	AGB240	ASI TO GIGE BRIDGE, 24 ASI IN, DUAL PS AC	6,670.00	13,340.00
1	0317EX3200-PACK 2	JUNIPER EX3200 SWITHC CONSISTS OF: 1- 0317EX3200-48T JUNIPER EX320048T LAYER 3 SWITCH 1- 0317SVC-ND-EX3200-48T JUNIPER J CARE NEXT DAY 1- 0317EX-UM-4SFP - 4 PORT 1 G SFP UPLINK MOD	4,100.00	4,100.00
4	DM7041-R-L	SFP-RJ45 MOD W/BAILLATCH, ROHS, FOR ALL MOTOROLA PRODUCTS	76.00	304.00
1	APEX V48 AC BCAST	APEX 1000 48 OAM CHANNELS - BCAST INCLUDES: 1 EA APEX CHASSIS, 1 EA-AC-PS MOD, 1 EA-PS-FILLER MOD, 3 EA - 2 X 8 QAM MODULES P/N 541928-005	10,350.00	10,350.00
2	OAT100R	Off-Air Transcoder, 8VSB to QAM, 8 Channels, 1RU	1,760.00	3,520.00

Continued.



Advanced Media Technologies, Inc.
 3150 SW 15th Street
 Deerfield Beach, FL 33442

Phone: 954-427-5711
 Fax: 954-427-9688
 Toll Free: 888-293-5856

Bill To:
 Wyandotte Municipal Services
 Rob Sarnacki
 P.O. Box 658
 3005 Biddle Avenue
 Wyandotte, MI 48192

Ship To:
 Wyandotte Municipal Services
 P.O. Box 658
 3005 Biddle Avenue
 Wyandotte, MI 48192

QUOTE

Page 2

QUOTE NUMBER: SQ0050587
 DATE: 10/30/13

SALESPERSON: Anthony Dart
 CUSTOMER NO: CUST002130

CUSTOMER P.O.	SHIP VIA	SHIPMENT METHOD	TERMS
OPTION 1 TRANSCODING		FOB-SP SHIPPING POINT	NET DUE 30 DAYS

QTY	ITEM NUMBER	DESCRIPTION	UNIT PRICE USD	AMOUNT
Continued.				
NEED TTL-CABLE FOR EACH SYSTEM				
2	TTL-232R-5V-AJ	USB to TTL Serial Converter Cable, 3.5mm Audio Jack, 5V TTL Level	24.00	48.00
2	DSR4410	DIGICIPHER II RECEIVER W/ASI & 2 STEREO AUDIO OUTPUTS 508111-001-00	1,075.00	2,150.00
3	O9850-4	POWERVU RECEIVER 4RF ASI OUT NAP 4005967 Part consists of: 1. D9850-NAP-ASI-1RU 1RU with NAP-ISE & ASI 2. CAB-PWR-DMN-US AC PWR CABLE, US, IEC, 10AMP, 1.83m	860.00	2,640.00
1	DGV3IP	DIGIVU 3RU CHASSIS WITH IP OUTPUT INCLUDED IP OUT CARD	1,955.00	1,955.00
4	DV2CE	DIGIVU 2 CH SD MPEG2 ENCODER CARD	1,025.00	4,100.00
7	VDA6800+S	ANALOG VIDEO DA, W/ 5 I/O REAR CONNECTOR	130.00	910.00
7	ARG6800+S	REMOTE GAIN, ANA. AUD. DA, W/5x3-PIN AUDIO REAR CONN	250.00	1,750.00
1	FR6822+QXFE	FRAME, 2 RU, ETHERNET, HTTP,	1,075.00	1,075.00

Continued.



Advanced Media Technologies, Inc.
 3150 SW 15th Street
 Deerfield Beach, FL 33442

Phone: 954-427-5711
 Fax: 954-427-9688
 Toll Free: 888-293-5856

Bill To:
 Wyandotte Municipal Services
 Rob Sarnacki
 P.O. Box 658
 3005 Biddle Avenue
 Wyandotte, MI 48192

Ship To:
 Wyandotte Municipal Services
 P.O. Box 658
 3005 Biddle Avenue
 Wyandotte, MI 48192

QUOTE

Page 3

QUOTE NUMBER: SQ0050587
 DATE: 10/30/13

SALESPERSON: Anthony Dart
 CUSTOMER NO: CUST002130

CUSTOMER P.O.	SHIP VIA	SHIPMENT METHOD	TERMS
OPTION 1 TRANSCODING		FOB-SP SHIPPING POINT	NET DUE 30 DAYS

QTY	ITEM NUMBER	DESCRIPTION	UNIT PRICE USD	AMOUNT
-----	-------------	-------------	-------------------	--------

Continued.

FANS, ONE PS, QSEE

2	TXS 3600	CHASSIS TRANSCODER AC POWERED	1,000.00	2,000.00
2	TXS 36080	8 ENGINE TRANSCODE PLATFORM/BOTTOM	8,595.00	17,190.00
1	TXS 36081	8 ENGINE TRANSCODE PLAFTORM / TOP	8,595.00	8,595.00
17	TXS 38710	SINGLE SERVICE SD, MPEG-2 ENCODING LICENSE	1,030.00	17,510.00
1	HARDWARE	MISC CABLE AND CONNECTORS	1,000.00	1,000.00
		** Professional Services **		
1	PSPRO-DNU	Equipment Installation and Cabling (1 week including Travel Time)	5,000.00	5,000.00
1	PSPRO-DNU	Onsite Configuration, Launch, and Testing (2 weeks including Travel Time)	12,000.00	12,000.00
1	PSPRO-DNU	Project Management, Documentation Preparation and Remote Support	5,000.00	5,000.00
1	PSPRO-DNU	Travel and Expense	5,000.00	5,000.00



Advanced Media Technologies, Inc.
 3150 SW 15th Street
 Deerfield Beach, FL 33442

Phone: 954-427-5711
 Fax: 954-427-9688
 Toll Free: 888-293-5856

Bill To:
 Wyandotte Municipal Services
 Rob Sarnacki
 P.O. Box 658
 3005 Biddle Avenue
 Wyandotte, MI 48192

Ship To:
 Wyandotte Municipal Services
 P.O. Box 658
 3005 Biddle Avenue
 Wyandotte, MI 48192

QUOTE

Page 4

QUOTE NUMBER: SQ0050587
 DATE: 10/30/13

SALESPERSON: Anthony Dart
 CUSTOMER NO: CUST002130

CUSTOMER P.O.	SHIP VIA	SHIPMENT METHOD	TERMS
OPTION 1 TRANSCODING		FOB-SP SHIPPING POINT	NET DUE 30 DAYS

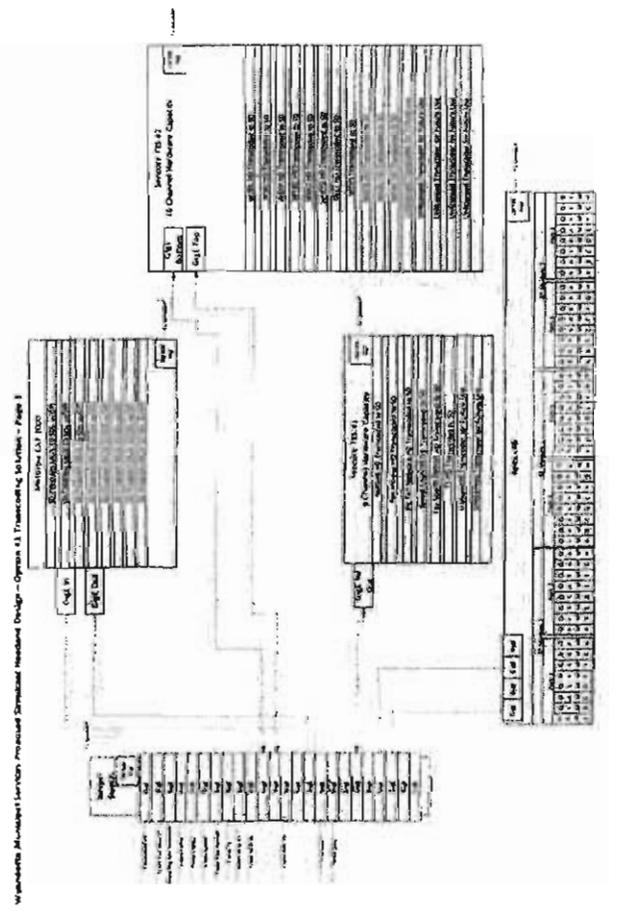
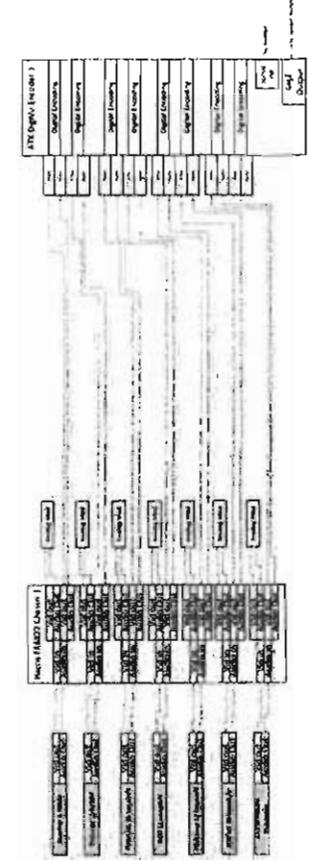
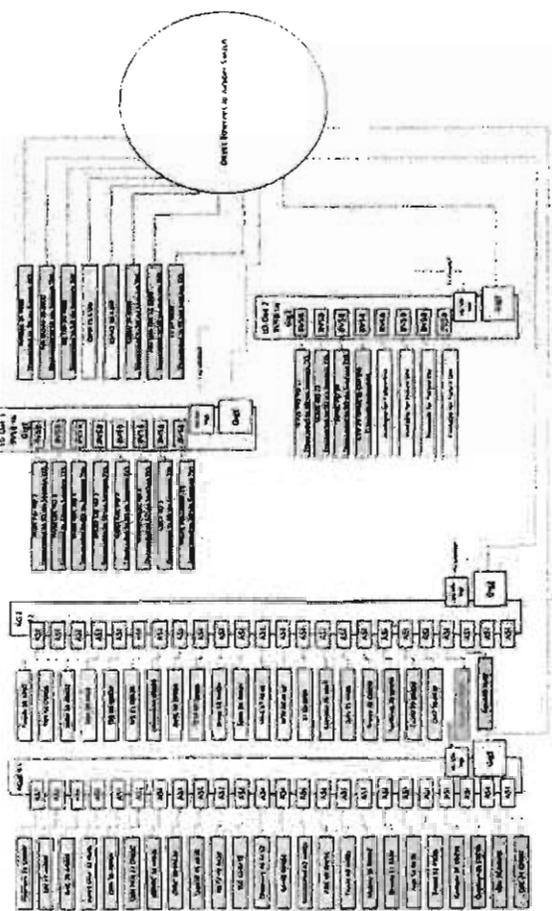
QTY	ITEM NUMBER	DESCRIPTION	UNIT PRICE USD	AMOUNT
			Total USD	225,787.00

Quote Valid for 30 Days from Above Date
 AMT Standard Terms and Conditions apply
 Special Order Items are Non Returnable
 Sales Tax or Use Tax May Apply

All Shipments will be insured, unless otherwise specified by customer.

Unless otherwise specified, the above quote does not include shipping charges, which will be the full responsibility of the customer

Please Visit us at www.amt.com





Advanced Media Technologies, Inc.
 3150 SW 15th Street
 Deerfield Beach, FL 33442

Phone: 954-427-5711
 Fax: 954-427-9688
 Toll Free: 888-293-5856

Bill To:
 Wyandotte Municipal Services
 Rob Sarnacki
 P.O. Box 658
 3005 Biddle Avenue
 Wyandotte, MI 48192

Ship To:
 Wyandotte Municipal Services
 P.O. Box 658
 3005 Biddle Avenue
 Wyandotte, MI 48192

QUOTE

Page 1

QUOTE NUMBER: SQ0050615
 DATE: 10/30/13

SALESPERSON: Anthony Dart
 CUSTOMER NO. CUST002130

CUSTOMER P.O.	SHIP VIA	SHIPMENT METHOD	TERMS
CPE		FOB-SP SHIPPING POINT	NET DUE 30 DAYS

QTY	ITEM NUMBER	DESCRIPTION	UNIT PRICE USD	AMOUNT
1	DCX3510/F080/012	DCX3510 64 MB FLASH, 640 MB SYSTEM RAM WITH MOT M-CARD, 500GGB HARD DRIVE, 500105-125V PS/CORD FOR N. AMERICA, MOCA, EXT SATA, THIN CLIENT SOFTWARE. P/N 584145-001-00	268.00	268.00
1	DCX700/A080/013	DCX700/A080/013 MPEG 2/4 64 MB 512 MB RAM, with MoCA. P/N 578201-001-00	141.00	141.00
1	DTA100/2300/000	DIGITAL TRANSPORT ADAPTER, STANDARD DEF., CONSUMER PACKAGING, INCLUDES REMOTE, POWER CORD, IR TETHER, COAXIAL CABLE AND MOUNTING TAPE. MOTOROLA PART# 555116-001-00	33.04	33.04
1	DTA100U-HD/4300/011	DTA100U/4300/011 DIGITAL TRANSPORT ADAPTER SELF INSTALL KIT, HDMI AND COAX CABLE, REMOTE CONTROL AND POWER CORD INCLUDED P/N 590710-001-00	49.75	49.75
Total USD				491.79

Quote Valid for 30 Days from Above Date
 AMT Standard Terms and Conditions apply
 Special Order Items are Non Returnable
 Sales Tax or Use Tax May Apply

All Shipments will be insured, unless otherwise specified by customer.

Unless otherwise specified, the above quote does not include shipping charges, which will be the full responsibility of the customer.

Please Visit us at www.amt.com

Statement of Work

Wyandotte Municipal Services

Digital Simulcast Launch – Wyandotte Michigan



1. Introduction

This Statement of Work ("Statement of Work" or "SOW") describes the services to be performed by Advanced Media Technology assigned resources ("AMT") and the responsibilities of Wyandotte Municipal Services ("Customer") during the project herein described as Digital Simulcast Launch. Receipt of a Purchase Order from Customer shall constitute acceptance of this SOW. This SOW is subject to AMT's Standard Terms and Conditions and supersedes all proposals, oral or written, all negotiations, and all preprinted terms and conditions on purchase order forms issued by Customer relating to the services described in this SOW. This SOW is valid for 60 days from issuance.

Any additional services outside the scope of, or reduction in, the Services within this SOW at the direction of Customer shall be considered Services subject to additional or reduced charges. Any agreement by the parties hereto to perform additional or reduced Services shall be reflected in a written and executed Change Order or amendment to this Statement of Work if applicable.

For good and valuable consideration, the parties agree as follows:

1.1 General Project Scope & Responsibilities

The purpose and scope of this Statement of Work is to complete the headend launch and testing related to the WMS Digital Simulcast Project. The intention is for AMT to install, configure, and test all equipment purchased for that project in order to facilitate the simulcast launch, and to further support the launch of that Simulcast lineup out to the Wyandotte System. The actual fulfillment and customer premise installs beyond the initial launch and testing phase will be outside the scope of this SOW and will be addressed by a separate agreement with AMT for that fulfillment project.

- Location: Wyandotte, MI
- Estimated project duration: 3 Weeks for Install and Testing, actual launch date to be coordinated with NAS and WMS.
- Estimated project start date: TBD

AMT Responsibilities:

- Host a kick-off call to discuss this SOW.
- Develop site specific project plan per the scope of this SOW.
- Create and manage schedule of project resources.
- Conduct status calls to update customer of project progress.
- Track open action items and risks.
- Conduct quality review.
- Obtain customer acceptance.

Customer Responsibilities:

- Submit a PO to AMT to accept the SOW and schedule the work.
- Provide project and site point of contact (POC).
- Confirm in writing site readiness at least two (2) weeks prior to start of work.
- Attend project team meetings.
- Provide access and an escort to the site as required.
- Receive and provide equipment access at headend site location to field team as required.
- Setup and confirm maintenance window clearance.
- Provide space, electrical, HVAC, grounding, lighting, surge protection, and all other relevant physical requirements per manufacturer specifications and national, state and local codes, licenses, and permits.
- Install system equipment not otherwise quoted in this SOW as specified by the BOM and System drawings.
- Wire, label, and connect all equipment not otherwise quoted in this SOW.
- Provide IP Address assignments or schemas for Multicast and Management network components
- Provide test environment or method of testing for verification of new system/services.
- Allow Remote Access to AMT for testing and troubleshooting during project.

1.2 System Verification, Installation, and Test**AMT Responsibilities:**

- Complete Facility Inspection Checklist:
 - a.) Confirm site prerequisites are accomplished prior to the commencement of work.
 - b.) Perform inspection of wiring and equipment installed by the Customer, within scope of this SOW, prior to the commencement of work.

AMT Responsibilities Continued:

- Install and Cabling
 - Install the following equipment in Rack and connect to power:
 - Motorola AGB240
 - Motorola Apex1000
 - Motorola CAP1000
 - Harris Chassis, Video/Audio Splitters
 - ATX DigiVu Encoder and Dual Encoder Cards
 - Sencore TXS Transcoders
 - LG Oat100 Off-air Receivers
 - Juniper 48 Port Switch
 - Run, Connectorize, and test ASI Cables
 - Run, Connectorize, and test Cat6 Ethernet Cables for GigE Multicast Video Traffic
 - Run, Connectorize, and test Cat6 Ethernet Cables for Device Management to customer's existing NAS OAM&P Network.
 - Run, Connectorize, and test up to Audio and Video Connections between existing receivers and Harris DA splitters, and between Harris DA Splitters and existing Modulators and ATX Encoding Equipment.
- Configuration
 - Configure AGB Media Converters per design documentation
 - Configure Juniper switch for video data processing per design documentation and AMT baseline configuration template.
 - Configure Motorola CAP1000 for Rate Shaping, DPI Insertion, and PSIP Manipulation per design documentation. AMT will work with Comcast Spotlight where appropriate to assist in DPI use with Ad Insertion.
 - Configure Sencore TXS Transcoders per design documentation
 - Configure ATX DigiVu Encoders per design documentation
 - Configure Motorola Apex per agreed upon design documentation
- Launch & Testing
 - Once all devices are configured, AMT will test all services on a clear QAM test plant to confirm all channels are working correctly and prepared for mapping.
 - Complete NAS Channel Map Change form for digital simulcast launch. Working with Customer, AMT will remotely test launch and work with NAS to resolve mapping issues.
 - Will require Customer to provide Set Top boxes of each type to be launched a TV for testing, and a Slingbox for remote access.
- Documentation
 - AMT will provide the following documentation as part of launch
 - Channel Map and Apex Output Configuration
 - Signal Flow Diagram

AMT Responsibilities Continued:

- General Items:
 - Attempt resolution of issues occurring during functional test.
 - Report issues with installation, wiring, or cabling to Customer.
 - Report issues not immediately resolvable to Customer for warranty treatment with manufacturer.
 - Perform overview training for customer

Customer Responsibilities:

- Project will require 8 open QAM channels to deploy simulcast channels. See Project Plan document for process, but customer responsible to identify which channels will be removed from Analog for transition window, and will confirm contractual compliance to move those channels.
- Other than those changes, channels 2-78 will remain static throughout the launch process
- Customer will be responsible for connecting output of Apex to existing distribution plant and setting output levels to meet their plant needs. Apex only allows for 2db of output level adjustment per QAM channel.
- Project includes DPI Ad Insertion Capability, however, Customer will be responsible to work with Comcast Spotlight to deploy and configure Digital Ad Insertion equipment.
- Provide network engineering resource to address IP network configuration issues.
- Secure Programmer and Provider (NAS and Rovi) Contracts
- Provide substitute equipment for any items not documented properly on the RFP documentation.
- Provide for all surveys, permitting, zoning, and other relevant civil requirements.
- Provide all required receivers, fittings, cable, and materials not purchased through AMT.
- Confirm proper signals to equipment for both inputs and outputs.
- Monitor functional test performed by AMT.
- Resolve issues reported by AMT with installation, wiring, cabling, equipment, source, or other failure.
- Attend training as required.
- Secure maintenance and support provision as required.
- Complete linear video launch out to the field.
- Sign Project Completion Form.

1.3 Completion Criteria

- Configuration and functional test of equipment within scope of this SOW is complete.
- Project documentation is provided to the Customer.

1.4 Restrictions

- Customer will designate one (1) management-level person within its organization ("Project Sponsor") to make final decisions and resolve disputes with regard to the scope within this SOW, with budget authority to approve project change orders, and to sign-off Project Acceptance Form.
- AMT is not responsible for issues outside of its immediate control and responsibilities not identified in this SOW (i.e. Customer site readiness, Customer network readiness, 3rd party readiness, etc.) which impact the project outcome, and does not relieve Customer of obligation to AMT for fees and expenses incurred.
- Project changes or delay by Customer is scope change resulting in additional fees and expenses including, but not limited to, labor charges, travel expenses, and change fees.
- Customer is liable for all fees and expenses incurred by AMT if SOW is terminated after project start including, but not limited to, labor charges, travel expenses, and termination fees.
- This Statement of Work is based upon both AMT and Customer mutual understanding of the project. Material changes to scope, level-of-effort, timeline, resources, and/or fees required to complete the project will be communicated in writing via change order to Customer and agreed to by both parties.

2. Pricing

1	PSPRI	Equipment Installation and Cabling (1 week including travel time)	\$5,000	\$5,000
1	PSENG	Onsite Configuration, Launch, and Testing (2 weeks including travel time)	\$12,000	\$12,000
1	PSPRI	Project Management, Documentation Preparation and Remote Support	\$5,000	\$5,000
1		Travel & Expense	\$5,000	\$5,000
	TOTAL			\$27,000

2.1 Assumptions and Conditions

- Quoted fees are labor and travel cost estimates to accomplish defined scope based on a mutual understanding of the scope and existing system conditions as communicated by Customer as defined in this SOW.
- Fees for work outside the scope defined in this SOW will be computed based on current AMT day rates for estimated time for work performed on behalf of Customer sites regardless of location of work performed, and for travel to/from sites. Travel expenses for additional work not defined in this scope and not customer furnished including travel to/from site, air or rail fees, hotel, rental car, per diems, and other related expenses are billable at cost plus 15%.
- Project expenses and supplies not included in Bills of Materials and not customer furnished are billable at cost plus 15%.
- Customer will be invoiced on project completion or on a bi-weekly/monthly basis with payment terms to be determined by AMT based upon creditworthiness of the customer, which terms may be modified upon written notification to customer.
- Customer must fill out an AMT's credit application and provide necessary data in order to establish credit terms with AMT.
- Customer will maintain a PO with AMT in amount specified in this SOW for tech service fees including labor, travel expenses, and materials.
- Day rate for downtime due to unforeseen customer delay is composed of AMT current day rate plus applicable government published per diem rates.
- Assigned AMT resources work 8-10 hours per project day, 40 hours per project week, including maintenance window. Overtime work must be approved by AMT project management in advance, along with rate differential.
- Travel expenses included in rate assume regional travel to tier2/3 markets with 2-week advance air purchase. Additional travel costs for exceptions are invoiced at cost plus 15%.
- Payment is due per the established credit terms with AMT. Any amounts which the Customer disputes must be reported in writing to AMT project management within

the established payment terms. If disputes are not reported in writing within the established payment terms, all amounts are due and payable and Customer waives its rights to any disputes regarding work done or payments due or paid which have already become due. All other invoiced amounts are due per the Customer's established payment terms with AMT.

- Late payment on other than disputed amounts will be assessed at monthly interest fee at 1.5%, and at AMT's sole discretion result in work cessation until such past due amounts are satisfied.
- Above pricing does not apply to hazardous duty or hardship conditions unless specifically stated.

2.2 Warranty

Advanced Media Technologies, Inc. (AMT) hereby represents and warrants that all Services provided hereunder will be performed in a good and workmanlike manner and in accordance with the related Statement of Work (SOW). The warranty shall be valid for ninety (90) days from the date that performance of such Services has been rendered (the "Service Warranty Period"). In the event that CUSTOMER reasonably determines that any work under the SOW has not been performed in accordance with the SOW, CUSTOMER designated personnel shall promptly notify AMT, but in no event after the expiration of the Service Warranty Period. AMT's warranties extend to the CUSTOMER and to no other person or entity. AMT's warranties as hereinabove set forth shall not be enlarged, diminished or affected by, and no obligation or liability shall arise or grow out of, AMT's rendering of technical advice or Services in connection with furnishing the Equipment, Software and/or Services, other than as provided herein. During the term of the applicable Service Warranty Period, AMT's sole and exclusive liability for a breach of warranty described in this Section shall be to correct the nonconformities so as to comply with the conditions set forth in the SOW. THE TERMS AND CONDITIONS SET FORTH IN THIS SECTION CONTAIN THE EXCLUSIVE WARRANTIES RELATING TO THE SERVICES PROVIDED HEREUNDER AND ARE IN LIEU OF ALL OTHER WARRANTIES, EXPRESS, IMPLIED OR STATUTORY, INCLUDING, BUT NOT LIMITED TO, WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE AND ANY OTHER IMPLIED WARRANTY OR OBLIGATION ON THE PART OF AMT. In no event shall AMT be liable for indirect, incidental, special or consequential damages, including loss of use, loss of business opportunity, loss of goodwill or loss of profits arising under the performance of services, nor shall AMT's liability hereunder exceed the price actually received or receivable by AMT with respect to the specific Services provided.

**WMS Digital Bandwidth Reclamation Project
Bid File # 4600**

Summary

Bidder	Bid Amount	Alternate # 1	Alternate # 2	Total
Advanced Media Technologies	\$225,787.00 (Transcoding Technology)	\$201,049.00 (Encoding technology)	33.04 ea x 12,250 = \$404,740 DTA100 SD Adapter	\$630,527.00
Evolution Digital	*Disqualified: Does not meet scope of work			N/A
Arris	** \$265,954.21	** \$160,674.50	\$62,481.50	N/A

Capital Budget FY2014 for this project is \$663,125.00

Note: In addition to having been Published this Bid was sent directly to twelve (12) cable industry companies/contractors

* Evolution sent pricing and specs on Customer Premise equipment. Did not meet scope of work requirements

** Arris bid only met partial scope of work but was also inclusive of other work that will be done as part of a separate project: WMS Homes Per Node Reduction

CITY OF WYANDOTTE
REQUEST FOR COUNCIL ACTION

late 25

MEETING DATE: March 3, 2014

AGENDA ITEM # _____

ITEM: Municipal Services – Quarter Ending 12/31/2013 Financial Results

PRESENTER: Paul LaManes – Assistant General Manager 

INDIVIDUALS IN ATTENDANCE: Rod Lesko -- General Manager

BACKGROUND: Quarterly Financial Results (As currently required by the City Charter) are presented within 45 days after calendar quarter end. Attached are the quarterly results for the quarter ending December 31, 2013.

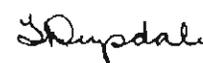
STRATEGIC PLAN/GOALS: Fiscally responsible operations.

ACTION REQUESTED: Receive and place on file the quarterly financial results for the City of Wyandotte – Department of Municipal Services for the quarter ending December 31, 2013.

BUDGET IMPLICATIONS & ACCOUNT NUMBER: N/A

IMPLEMENTATION PLAN: N/A

MAYOR'S RECOMMENDATION: 

CITY ADMINISTRATOR'S RECOMMENDATION: 

LEGAL COUNSEL'S RECOMMENDATION: N/A

LIST OF ATTACHMENTS

- Executive Summary of Operating Results
- 12/31/2013 Municipal Services Financial Results by Fund – Actual v. Budget
- 12/31/2013 Municipal Services Financial Results by Fund – FY14 v. FY13

RESOLUTION:

BE IT RESOLVED by the City Council to receive and place on file the quarterly financial results for the Department of Municipal Services for the quarter ending December 31, 2013.

I move the adoption of the foregoing resolution.

MOTION by Councilperson _____

Supported by Councilperson _____

YEAS

COUNCIL

NAYS

- Stec
- Sabuda
- Sutherby-Fricke
- Galeski
- Schultz
- Miciura Jr.

City of Wyandotte – Department of Municipal Service

Executive Summary – Financial Results for the Quarter Ending December 31, 2013

Electric

- Electric operations resulted in a net loss through December 31, 2013 of approximately \$ 161,000 which is a similar result to prior year first quarter results.
- Purchased electricity for the year has been greater than during the first quarter of the prior year due to favorable market pricing. Favorable market conditions for purchase power were anticipated in the FY14 budget and therefore actual purchased power is consistent with budgeted expectations for the first quarter.
- Actual revenue results trail budgeted forecasts, and therefore lead to trailing overall operating results when compared to budget, due to the limitations of our current accounting software for allocating budgeted revenue based on the seasonal nature of electric usage. These limitations will be corrected with the new BS&A software by allowing monthly allocations of revenue based on historical usage experience for a particular month versus an even allocation to all twelve (12) months.
- Year to Year, Grant Activity slowed during the first quarter however the department was awarded the WIRES II Grant during October 2013 and activity on that grant should pick up over the balance of the fiscal year.
- Due to the harsh winter, Natural Gas unit prices and volumes will begin to show their impact on the overall operating results for Electric YTD during the second quarter.

Water

- Water operations resulted in net income through December 31, 2013 of approximately \$ 110,000 compared to net income last year for the same period of approximately \$ 50,000.
- Due to the harsh winter, the impact of the over 40 main breaks YTD (14 YTD at this time last year) will begin to show their impact on the overall operating results for the Water Fund during the second quarter.
- Similar to Electric, the seasonal nature of water operations impacts the actual v. budgeted operating results and is a limitation that will be corrected with implementation of the new BS&A software.
- Approved capital projects for both distribution and filtration will begin to commence as the fiscal year progresses.

Cable/Internet/Telecommunications

- Cable operations resulted in net income through December 31, 2013 of approximately \$ 275,000 compared to net income last year for the same period of approximately \$ 351,000. The decline is primarily due to disputed costs for transferred T-1 lines during the first quarter of the prior fiscal year that resulted in no expense for that quarter.
- Actual results for operating revenue trailed budgeted forecasts due to actual subscribers for cable services falling below projections. Less than forecasted contractual expenditures (Programming royalties) are a natural result of decreased subscribers.
- Cable has demonstrated positive operating results for two (2) consecutive fiscal years and during the first quarter of fiscal 2014 to allow commencement of certain capital projects. Although the Cable Fund has improved operating results, working capital and unrestricted fund balance, diligence must be maintained as capital projects commence so that operations continue to sustain overall department financial objectives.

**Department of Municipal Services
Statement of Revenue and Expenditures
Electric Fund - FY'14 vs. FY'13**

	Year to Date - thru December		
	Prior Year	Current Year	Fav/(Unfav)
Revenue:			
Operating Revenue	\$ 9,608,047	\$ 9,981,113	\$ 373,066
Miscellaneous Income	\$ 83,349	\$ 53,862	\$ (29,488)
interest income	\$ 395	\$ 610	\$ 215
Sale of Merchandise & Sundry Income	\$ 535,272	\$ 190,689	\$ (344,583)
Total Revenue	\$ 10,227,063	\$ 10,226,274	\$ (789)
Operating Expenditures:			
Fuels, Chemicals and Commodities	\$ 2,448,434	\$ 2,513,679	\$ (65,245)
General Department	\$ 3,991,923	\$ 4,617,131	\$ (625,209)
Boilers	\$ 167,830	\$ 172,605	\$ (4,775)
Meter Readers	\$ 60,955	\$ 46,746	\$ 14,209
Store Room	\$ 21,714	\$ 23,645	\$ (1,931)
Transmission & Distribution	\$ 457,920	\$ 338,235	\$ 119,685
Customer Service	\$ 49,888	\$ 55,224	\$ (5,336)
Commission	\$ -	\$ -	\$ -
General Manager	\$ 50,443	\$ 55,175	\$ (4,732)
Accounting Department	\$ 7,946	\$ 6,598	\$ 1,348
Information Systems	\$ 31,368	\$ 28,180	\$ 3,187
Customer Assistance	\$ 38,582	\$ 50,868	\$ (12,285)
Special Services	\$ 13,711	\$ 11,745	\$ 1,966
Collection	\$ 26,196	\$ 24,653	\$ 1,543
Administration	\$ 572,193	\$ 528,839	\$ 43,355
Employees Benefits	\$ -	\$ -	\$ -
Insurances	\$ 136,044	\$ 135,135	\$ 909
Contractual	\$ 573,760	\$ 189,917	\$ 383,843
Building Maintenance	\$ 1,592	\$ 1,654	\$ (62)
Vehicles	\$ 22,595	\$ 13,355	\$ 9,240
Depreciation	\$ 1,300,000	\$ 1,219,500	\$ 80,500
Total Operating Expense	\$ 9,973,093	\$ 10,032,883	\$ (59,790)
Non Operating Expenditures:			
Amortization & Interest expense	\$ 418,418	\$ 354,396	\$ 64,022
Total Expenditures	\$ 10,391,511	\$ 10,387,278	\$ 4,232
Estimated Revenue over(Expenditures)	\$ (164,448)	\$ (161,004)	\$ 3,443

Department of Municipal Services
Statement of Revenue and Expenditures
Electric Fund

	Amended Budget 2012-2013	Actual 2012-2013	Budget 2013-2014	Amended Budget 2013-2014	Allocated Budget December 2013	Actual - MTD December 2013	Actual - YTD December 2013	Annual Budget Over / (Under)
Revenue:								
Operating Revenue	\$ 41,442,930.00	\$ 41,758,769.95	\$ 41,849,847.00	\$ 41,849,847.00	\$ 10,462,461.75	\$ 3,437,430.14	\$ 9,981,112.98	\$ (481,348.77)
Miscellaneous Income	\$ 167,827.00	\$ 378,660.38	\$ 164,566.00	\$ 164,566.00	\$ 41,141.50	\$ 15,008.77	\$ 53,861.89	\$ 12,720.39
Interest Income	\$ 500.00	\$ 1,345.13	\$ 500.00	\$ 500.00	\$ 125.00	\$ 209.29	\$ 609.96	\$ 484.96
Sale of Merchandise & Sundry Income	\$ 2,568,666.00	\$ 1,965,185.22	\$ 1,658,266.00	\$ 1,658,266.00	\$ 414,566.50	\$ 61,387.98	\$ 190,689.19	\$ (223,877.31)
Total Revenue	\$ 44,179,923.00	\$ 44,103,960.68	\$ 43,673,179.00	\$ 43,673,179.00	\$ 10,918,294.75	\$ 3,514,036.18	\$ 10,226,274.02	\$ (692,020.73)
Operating Expenditures:								
Fuels, Chemicals and Commodities	\$ 6,344,500.00	\$ 7,795,270.18	\$ 6,634,326.00	\$ 6,634,326.00	\$ 1,658,581.50	\$ 960,056.93	\$ 2,513,678.90	\$ 855,097.40
General Department	\$ 18,050,471.00	\$ 19,386,113.29	\$ 19,456,773.00	\$ 19,456,773.00	\$ 4,864,193.25	\$ 1,692,896.56	\$ 4,617,131.16	\$ (247,062.09)
Boilers	\$ 1,263,800.00	\$ 996,920.80	\$ 1,245,000.00	\$ 1,245,000.00	\$ 311,250.00	\$ 39,824.88	\$ 172,604.51	\$ (138,645.49)
Meter Readers	\$ 258,309.00	\$ 248,589.78	\$ 236,026.00	\$ 236,026.00	\$ 59,006.50	\$ 10,990.41	\$ 46,745.88	\$ (12,260.62)
Store Room	\$ 103,589.00	\$ 97,829.12	\$ 103,421.00	\$ 103,421.00	\$ 25,855.25	\$ 8,015.10	\$ 23,644.79	\$ (2,210.46)
Transmission & Distribution	\$ 2,130,369.00	\$ 1,508,204.03	\$ 2,310,950.00	\$ 2,310,950.00	\$ 577,737.50	\$ 101,447.50	\$ 338,235.23	\$ (239,502.27)
Customer Service	\$ 274,563.00	\$ 212,837.98	\$ 219,094.00	\$ 219,094.00	\$ 54,773.50	\$ 18,348.49	\$ 55,224.39	\$ 450.89
Commission	\$ 5,600.00	\$ 2,161.64	\$ 5,600.00	\$ 5,600.00	\$ 1,400.00	\$ -	\$ -	\$ (1,400.00)
General Manager	\$ 243,105.00	\$ 233,918.99	\$ 231,192.00	\$ 231,192.00	\$ 57,798.00	\$ 18,079.89	\$ 55,174.74	\$ (2,623.26)
Accounting Department	\$ 25,661.00	\$ 29,526.04	\$ 32,711.00	\$ 32,711.00	\$ 8,177.75	\$ 2,064.82	\$ 6,598.38	\$ (1,579.37)
Information Systems	\$ 201,272.00	\$ 171,278.61	\$ 223,920.00	\$ 223,920.00	\$ 55,980.00	\$ 8,917.25	\$ 28,180.36	\$ (27,799.64)
Customer Assistance	\$ 179,241.00	\$ 182,156.65	\$ 153,278.00	\$ 153,278.00	\$ 38,319.50	\$ 10,900.67	\$ 50,867.55	\$ 12,548.05
Special Services	\$ 46,228.00	\$ 35,740.83	\$ 53,425.00	\$ 53,425.00	\$ 13,356.25	\$ 4,011.39	\$ 11,744.54	\$ (1,611.71)
Collection	\$ 110,384.00	\$ 96,533.55	\$ 102,644.00	\$ 102,644.00	\$ 25,661.00	\$ 7,731.70	\$ 24,652.71	\$ (1,008.29)
Administration	\$ 2,596,530.00	\$ 2,306,908.06	\$ 2,499,560.00	\$ 2,499,560.00	\$ 624,890.00	\$ 163,349.01	\$ 528,838.53	\$ (96,051.47)
Employees Benefits	\$ -	\$ (44,848.80)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Insurances	\$ 542,701.00	\$ 428,940.57	\$ 540,541.00	\$ 540,541.00	\$ 135,135.25	\$ 45,045.08	\$ 135,135.24	\$ (0.01)
Contractual	\$ 2,511,538.00	\$ 1,033,507.22	\$ 1,523,842.00	\$ 1,523,842.00	\$ 380,960.50	\$ 34,117.42	\$ 189,917.29	\$ (191,043.21)
Building Maintenance	\$ 16,000.00	\$ 4,503.43	\$ 7,500.00	\$ 7,500.00	\$ 1,875.00	\$ 1,126.42	\$ 1,653.51	\$ (221.49)
Vehicles	\$ 86,500.00	\$ 87,408.04	\$ 90,500.00	\$ 90,500.00	\$ 22,625.00	\$ 2,498.94	\$ 13,355.06	\$ (9,269.94)
Depreciation	\$ 5,200,000.00	\$ 4,550,311.84	\$ 4,878,000.00	\$ 4,878,000.00	\$ 1,219,500.00	\$ 406,500.00	\$ 1,219,500.00	\$ -
Total Operating Expense	\$ 40,190,361.00	\$ 39,363,811.85	\$ 40,548,303.00	\$ 40,548,303.00	\$ 10,137,075.75	\$ 3,535,922.46	\$ 10,032,882.77	\$ (104,192.98)
Non Operating Expenditures:								
Amortization & interest expense	\$ 1,652,966.00	\$ 1,646,453.58	\$ 1,418,072.00	\$ 1,418,072.00	\$ 354,518.00	\$ 118,033.84	\$ 354,395.64	\$ (122.36)
Total Expenditures	\$ 41,843,327.00	\$ 41,010,265.43	\$ 41,966,375.00	\$ 41,966,375.00	\$ 10,491,593.75	\$ 3,653,956.30	\$ 10,387,278.41	\$ (104,315.34)
Estimated Revenue over(Expenditures)	\$ 2,336,596.00	\$ 3,093,695.25	\$ 1,706,804.00	\$ 1,706,804.00	\$ 426,701.00	\$ (139,920.12)	\$ (161,004.39)	\$ (587,705.39)

Department of Municipal Services
Statement of Revenue and Expenditures
Water Fund - FY'14 vs. FY'13

	Year to Date - thru December		
	Prior Year	Current Year	Fav/(Unfav)
Revenue:			
Operating Revenue	\$ 900,186	\$ 933,585	\$ 33,398
Miscellaneous Income	\$ 17,579	\$ 18,185	\$ 606
Interest Income	\$ 46	\$ 55	\$ 10
Sale of Merchandise & Sundry Income	\$ 14,284	\$ 350	\$ (13,934)
Total Revenue	\$ 932,095	\$ 952,176	\$ 20,081
Operating Expenditures:			
Fuels, Chemicals & Commodities	\$ 31,306	\$ 30,877	\$ 429
Filter Plant	\$ 150,669	\$ 155,907	\$ (5,238)
General Department	\$ 89,540	\$ 99,488	\$ (9,948)
Water Department Maintenance	\$ 12,132	\$ 10,296	\$ 1,837
Meter Readers	\$ 18,349	\$ 13,572	\$ 4,777
Store Room	\$ 3,435	\$ 3,741	\$ (306)
Transmission & Distribution	\$ 158,233	\$ 136,631	\$ 21,602
Customer Service	\$ 23,407	\$ 21,570	\$ 1,837
Commission	\$ -	\$ -	\$ -
General Manager	\$ 8,067	\$ 8,721	\$ (654)
Superintendent	\$ 50,414	\$ 35,947	\$ 14,467
Accounting Department	\$ 1,589	\$ 1,320	\$ 270
Informational Systems	\$ 5,176	\$ 4,642	\$ 535
Customer Assistance	\$ 6,777	\$ 8,478	\$ (1,701)
Special Services	\$ 2,285	\$ 1,957	\$ 327
Collection	\$ 4,431	\$ 4,178	\$ 253
Administration	\$ 119,632	\$ 110,338	\$ 9,294
Hospitalization	\$ -	\$ -	\$ -
Insurance	\$ 10,417	\$ 11,100	\$ (683)
Contractual	\$ 5,627	\$ 507	\$ 5,120
Building Maintenance	\$ 265	\$ 276	\$ (10)
Vehicles	\$ 3,195	\$ 6,728	\$ (3,533)
Depreciation	\$ 177,500	\$ 175,750	\$ 1,750
Total Operating Expense	\$ 882,447	\$ 842,021	\$ 40,426
Estimated Revenue over (Expenditures)	\$ 49,648	\$ 110,154	\$ 60,506

Department of Municipal Services
Statement of Revenue and Expenditures
Water Fund

	Amended Budget 2012-2013	Actual 2012-2013	Budget 2013-2014	Amended Budget 2013-2014	Allocated Budget December 2013	Actual - MTD December 2013	Actual - YTD December 2013	Annual Budget Over / (Under)
Revenue:								
Operating Revenue	\$ 3,942,669.00	\$ 3,688,978.96	\$ 3,822,463.00	\$ 3,822,463.00	\$ 955,615.75	\$ 316,243.34	\$ 933,584.73	\$ (22,031.02)
Miscellaneous income	\$ 65,316.00	\$ 77,321.36	\$ 76,000.00	\$ 76,000.00	\$ 19,000.00	\$ 6,079.69	\$ 18,185.43	\$ (814.57)
Interest Income	\$ 65.00	\$ 184.43	\$ 65.00	\$ 65.00	\$ 16.25	\$ 18.39	\$ 55.37	\$ 39.12
Sale of Merchandise & Sundry income	\$ 21,000.00	\$ 24,480.41	\$ 4,000.00	\$ 4,000.00	\$ 1,000.00	\$ -	\$ 350.00	\$ (650.00)
Total Revenue	\$ 4,029,050.00	\$ 3,790,965.16	\$ 3,902,528.00	\$ 3,902,528.00	\$ 975,632.00	\$ 322,341.42	\$ 952,175.53	\$ (23,456.47)
Operating Expenditures:								
Fuels, Chemicals & Commodities	\$ 214,400.00	\$ 135,527.85	\$ 220,550.00	\$ 220,550.00	\$ 55,137.50	\$ 17,470.25	\$ 30,876.76	\$ (24,260.74)
Filter Plant	\$ 679,721.00	\$ 622,155.00	\$ 641,544.00	\$ 641,544.00	\$ 160,386.00	\$ 55,282.39	\$ 155,907.23	\$ (4,478.77)
General Department	\$ 499,668.00	\$ 379,824.95	\$ 443,096.00	\$ 443,096.00	\$ 110,774.00	\$ 42,663.28	\$ 99,487.76	\$ (11,286.24)
Water Department Maintenance	\$ 56,967.00	\$ 34,676.70	\$ 47,293.00	\$ 47,293.00	\$ 11,823.25	\$ 2,321.90	\$ 10,295.61	\$ (1,527.64)
Meter Readers	\$ 79,371.00	\$ 72,221.76	\$ 76,978.00	\$ 76,978.00	\$ 19,244.50	\$ 2,910.93	\$ 13,572.36	\$ (5,672.14)
Store Room	\$ 14,977.00	\$ 14,640.49	\$ 15,259.00	\$ 15,259.00	\$ 3,814.75	\$ 1,257.33	\$ 3,740.51	\$ (74.24)
Transmission & Distribution	\$ 657,615.00	\$ 632,291.44	\$ 578,331.00	\$ 578,331.00	\$ 144,582.75	\$ 44,389.61	\$ 136,630.81	\$ (7,951.94)
Customer Service	\$ 99,638.00	\$ 95,945.50	\$ 193,201.00	\$ 193,201.00	\$ 48,300.25	\$ 5,358.40	\$ 21,569.57	\$ (26,730.68)
Commission	\$ 50.00	\$ 8.37	\$ 50.00	\$ 50.00	\$ 12.50	\$ -	\$ -	\$ (12.50)
General Manager	\$ 38,093.00	\$ 36,621.86	\$ 36,158.00	\$ 36,158.00	\$ 9,039.50	\$ 2,970.31	\$ 8,721.03	\$ (318.47)
Superintendent	\$ 215,401.00	\$ 146,959.82	\$ 139,296.00	\$ 139,296.00	\$ 34,824.00	\$ 11,304.73	\$ 35,946.51	\$ 1,122.51
Accounting Department	\$ 4,975.00	\$ 5,905.23	\$ 6,600.00	\$ 6,600.00	\$ 1,650.00	\$ 412.97	\$ 1,319.69	\$ (330.31)
Informational Systems	\$ 36,055.00	\$ 28,144.28	\$ 39,844.00	\$ 39,844.00	\$ 9,961.00	\$ 1,431.16	\$ 4,641.57	\$ (5,319.43)
Customer Assistance	\$ 28,811.61	\$ 29,618.78	\$ 27,309.00	\$ 27,309.00	\$ 6,827.25	\$ 1,816.90	\$ 8,478.37	\$ 1,651.12
Special Services	\$ 7,662.00	\$ 5,506.67	\$ 8,906.00	\$ 8,906.00	\$ 2,226.50	\$ 668.53	\$ 1,957.29	\$ (269.21)
Collection	\$ 17,856.39	\$ 15,979.94	\$ 17,539.00	\$ 17,539.00	\$ 4,384.75	\$ 1,306.47	\$ 4,178.34	\$ (206.41)
Administration	\$ 463,546.00	\$ 359,089.51	\$ 460,882.00	\$ 460,882.00	\$ 115,220.50	\$ 36,783.26	\$ 110,337.50	\$ (4,883.00)
Hospitalization	\$ -	\$ (22,424.40)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Insurance	\$ 41,209.00	\$ 36,174.84	\$ 44,400.00	\$ 44,400.00	\$ 11,100.00	\$ 3,700.00	\$ 11,100.00	\$ -
Contractual	\$ 64,260.00	\$ 30,364.67	\$ 64,260.00	\$ 64,260.00	\$ 16,065.00	\$ 83.99	\$ 507.16	\$ (15,557.84)
Building Maintenance	\$ 1,500.00	\$ 750.58	\$ 1,550.00	\$ 1,550.00	\$ 387.50	\$ 187.74	\$ 275.59	\$ (111.91)
Vehicles	\$ 30,500.00	\$ 26,817.11	\$ 31,500.00	\$ 31,500.00	\$ 7,875.00	\$ 2,204.03	\$ 6,727.68	\$ (1,147.32)
Depreciation	\$ 710,000.00	\$ 612,300.06	\$ 703,000.00	\$ 703,000.00	\$ 175,750.00	\$ 58,583.33	\$ 175,749.99	\$ (0.01)
Total Operating Expense	\$ 3,962,276.00	\$ 3,299,101.01	\$ 3,797,546.00	\$ 3,797,546.00	\$ 949,386.50	\$ 293,107.51	\$ 842,021.33	\$ (107,365.17)
Estimated Revenue over (Expenditures)	\$ 66,774.00	\$ 491,864.15	\$ 104,982.00	\$ 104,982.00	\$ 26,245.50	\$ 29,233.91	\$ 110,154.20	\$ 83,908.70

Department of Municipal Services
Statement of Revenue and Expenditures
Cable Television Fund - FY'14 vs. FY'13

	Year to Date - thru December		
	Prior Year	Current Year	Fav/(Unfav)
Revenue:			
Operating Revenue	\$ 2,429,846	\$ 2,423,008	\$ (6,838)
Miscellaneous & Sundry Income	\$ 14,902	\$ 18,913	\$ 4,011
Interest Income	\$ 229	\$ 213	\$ (15)
Rental Income/Misc	\$ (4,363)	\$ (7,195)	\$ (2,831)
Total Revenue	\$ 2,440,613	\$ 2,434,940	\$ (5,673)
Operating Expenditures:			
Cable TV Headend	\$ 75,181	\$ 78,813	\$ (3,632)
Cable TV Studio	\$ 22,604	\$ 28,734	\$ (6,130)
Store Room	\$ 10,303	\$ 11,224	\$ (921)
Transmission & Distribution	\$ 157,949	\$ 168,188	\$ (10,239)
Customer Service	\$ 11,365	\$ 6,619	\$ 4,746
Commission	\$ -	\$ -	\$ -
General Manager	\$ 25,658	\$ 27,613	\$ (1,955)
Superintendent's Office	\$ 38,777	\$ 43,448	\$ (4,670)
Accounting Department	\$ 6,357	\$ 5,279	\$ 1,078
Informational Systems Department	\$ 15,529	\$ 13,928	\$ 1,602
Customer Assistance Department	\$ 19,356	\$ 25,432	\$ (6,077)
Special Services	\$ 6,850	\$ 5,872	\$ 978
Collection	\$ 14,313	\$ 12,952	\$ 1,361
Administration	\$ 120,284	\$ 171,139	\$ (50,855)
Hospitalization	\$ -	\$ -	\$ -
Insurances	\$ 51,406	\$ 62,943	\$ (11,537)
Contractual	\$ 1,274,069	\$ 1,272,848	\$ 1,221
Building Maintenance	\$ 796	\$ 1,206	\$ (410)
Vehicles	\$ 3,361	\$ 7,646	\$ (4,285)
Depreciation	\$ 233,500	\$ 214,475	\$ 19,025
Total Operating Expenditures	\$ 2,087,658	\$ 2,158,359	\$ (70,701)
Non Operating Expenditures:			
Interest Expense	\$ 2,004	\$ 862	\$ 1,142
Total expenditures	\$ 2,089,662	\$ 2,159,221	\$ (69,559)
Estimated Revenue over (Expenditures)	\$ 350,952	\$ 275,719	\$ (75,233)

Department of Municipal Services
Statement of Revenue and Expenditures
Cable Television Fund

	Amended Budget 2012-2013	Actual 2012-2013	Budget 2013-2014	Amended Budget 2013-2014	Allocated Budget December 2013	Actual - MTD December 2013	Actual - YTD December 2013	Annual Budget Over (under)
Revenue:								
Operating Revenue	\$ 9,769,453.00	\$ 9,820,267.13	\$ 10,041,810.00	\$ 10,041,810.00	\$ 2,510,452.50	\$ 805,534.72	\$ 2,423,008.34	\$ (87,444.16)
Miscellaneous & Sundry Income	\$ 89,200.00	\$ 56,764.52	\$ 203,154.00	\$ 203,154.00	\$ 50,788.50	\$ 9,452.31	\$ 18,912.93	\$ (31,875.57)
Interest Income	\$ 605.00	\$ 786.53	\$ 605.00	\$ 605.00	\$ 151.25	\$ 71.07	\$ 213.32	\$ 62.07
Rental Income/Misc	\$ (34,664.00)	\$ (30,701.15)	\$ (38,707.00)	\$ (38,707.00)	\$ (9,676.75)	\$ (1,972.07)	\$ (7,194.51)	\$ 2,482.24
Total Revenue	\$ 9,824,594.00	\$ 9,847,117.03	\$ 10,206,862.00	\$ 10,206,862.00	\$ 2,551,715.50	\$ 813,086.03	\$ 2,434,940.08	\$ (116,775.42)
Operating Expenditures:								
Cable TV Headend	\$ 377,433.00	\$ 295,685.18	\$ 354,111.00	\$ 354,111.00	\$ 88,527.75	\$ 26,405.91	\$ 78,813.46	\$ (9,714.29)
Cable TV Studio	\$ 133,824.00	\$ 114,308.76	\$ 137,099.00	\$ 137,099.00	\$ 34,274.75	\$ 9,248.68	\$ 28,734.22	\$ (5,540.53)
Store Room	\$ 44,600.00	\$ 45,281.23	\$ 45,204.00	\$ 45,204.00	\$ 11,301.00	\$ 3,778.64	\$ 11,223.64	\$ (77.36)
Transmission & Distribution	\$ 722,560.00	\$ 706,647.76	\$ 709,846.00	\$ 709,846.00	\$ 177,461.50	\$ 56,569.58	\$ 168,188.01	\$ (9,273.49)
Customer Service	\$ 36,250.00	\$ 27,516.81	\$ 26,250.00	\$ 26,250.00	\$ 6,562.50	\$ 6,335.98	\$ 6,619.22	\$ 56.72
Commission	\$ 100.00	\$ 25.09	\$ 100.00	\$ 100.00	\$ 25.00	\$ -	\$ -	\$ (25.00)
General Manager	\$ 120,494.00	\$ 119,187.21	\$ 114,745.00	\$ 114,745.00	\$ 28,686.25	\$ 9,347.37	\$ 27,613.28	\$ (1,072.97)
Superintendent's Office	\$ 179,297.00	\$ 168,734.84	\$ 187,123.00	\$ 187,123.00	\$ 46,780.75	\$ 14,389.10	\$ 43,447.69	\$ (3,333.06)
Accounting Department	\$ 20,542.00	\$ 23,620.81	\$ 26,000.00	\$ 26,000.00	\$ 6,500.00	\$ 1,651.85	\$ 5,278.69	\$ (1,221.31)
Informational Systems Department	\$ 113,213.00	\$ 86,821.63	\$ 124,978.00	\$ 124,618.00	\$ 31,154.50	\$ 4,297.19	\$ 13,927.65	\$ (17,226.85)
Customer Assistance Department	\$ 88,332.00	\$ 92,419.51	\$ 81,932.00	\$ 81,932.00	\$ 20,483.00	\$ 5,449.84	\$ 25,432.19	\$ 4,949.19
Special Services	\$ 23,550.00	\$ 19,317.92	\$ 26,711.00	\$ 26,711.00	\$ 6,677.75	\$ 2,005.53	\$ 5,871.86	\$ (805.89)
Collection	\$ 55,840.00	\$ 51,115.94	\$ 54,402.00	\$ 54,402.00	\$ 13,600.50	\$ 4,026.38	\$ 12,951.51	\$ (648.99)
Administration	\$ 747,570.00	\$ 803,806.75	\$ 783,230.00	\$ 783,230.00	\$ 195,807.50	\$ 59,733.05	\$ 171,139.45	\$ (24,668.05)
Hospitalization	\$ -	\$ (7,474.80)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Insurances	\$ 225,849.00	\$ 161,091.14	\$ 251,773.00	\$ 251,773.00	\$ 62,943.25	\$ 20,981.08	\$ 62,943.24	\$ (0.01)
Contractual	\$ 5,320,081.00	\$ 5,262,070.37	\$ 5,471,282.00	\$ 5,471,642.00	\$ 1,367,910.50	\$ 439,734.59	\$ 1,272,847.89	\$ (95,062.61)
Building Maintenance	\$ 11,300.00	\$ 4,103.11	\$ 11,300.00	\$ 11,300.00	\$ 2,825.00	\$ 563.21	\$ 1,205.76	\$ (1,619.24)
Vehicles	\$ 29,300.00	\$ 25,176.59	\$ 30,300.00	\$ 30,300.00	\$ 7,575.00	\$ 1,289.98	\$ 7,646.32	\$ 71.32
Depreciation	\$ 934,000.00	\$ 651,748.47	\$ 857,900.00	\$ 857,900.00	\$ 214,475.00	\$ 71,491.67	\$ 214,475.01	\$ 0.01
Total Operating Expenditures	\$ 9,184,135.00	\$ 8,651,204.32	\$ 9,294,286.00	\$ 9,294,286.00	\$ 2,323,571.50	\$ 737,299.63	\$ 2,158,359.09	\$ (165,212.41)
Non Operating Expenditures:								
Interest Expense	\$ 6,574.00	\$ 5,838.90	\$ 1,620.00	\$ 1,620.00	\$ 405.00	\$ 251.93	\$ 861.94	\$ 456.94
Total expenditures	\$ 9,190,709.00	\$ 8,657,043.22	\$ 9,295,906.00	\$ 9,295,906.00	\$ 2,323,976.50	\$ 737,551.56	\$ 2,159,221.03	\$ (164,755.47)
Estimated Revenue over (Expenditures)	\$ 633,885.00	\$ 1,190,073.81	\$ 910,956.00	\$ 910,956.00	\$ 227,739.00	\$ 75,534.47	\$ 275,719.05	\$ 47,980.05

CITY OF WYANDOTTE
REQUEST FOR COUNCIL ACTION

late
26

MEETING DATE: March 3, 2014

AGENDA ITEM #

ITEM: Fiscal 2013 City of Wyandotte – Department of Municipal Services Audited Financial Statements

PRESENTER: Paul LaManes – Assistant General Manager *PLM*

INDIVIDUALS IN ATTENDANCE: Rod Lesko – Acting General Manager

BACKGROUND: An independent audit of the Department of Municipal Services Financial Statements for the fiscal year ending September 30, 2013 was recently completed by Plante & Moran. Electric, Water and Cable all experienced positive operating results for Fiscal 2013 and the auditors rendered an unqualified opinion that the financial statements presented fairly, in all material respects, the financial position of each fund.

STRATEGIC PLAN/GOALS: Continued fiscally responsible operations for the City of Wyandotte – Department of Municipal Services.

ACTION REQUESTED: Receive and place on file the audited financial statements for the City of Wyandotte – Department of Municipal Services for the year ending September 30, 2013.

BUDGET IMPLICATIONS & ACCOUNT NUMBER: N/A

IMPLEMENTATION PLAN: N/A

MAYOR'S RECOMMENDATION: *JLP*

CITY ADMINISTRATOR'S RECOMMENDATION: *SDysdal*

LEGAL COUNSEL'S RECOMMENDATION: N/A

LIST OF ATTACHMENTS

- 9/30/2013 Audited Financial Statements

MODEL RESOLUTION:

BE IT RESOLVED by the City Council to receive and place on file the audited Financial Statements for the Department of Municipal Services for the fiscal year ending September 30, 2013.

I move the adoption of the foregoing resolution.

MOTION by Councilmen _____

Supported by Councilman _____

YEAS

COUNCIL

NAYS

Stec
Sabuda
Sutherby-Fricke
Galeski
Schultz
Miciura Jr.

**City of Wyandotte, Michigan
Department of Municipal Service**

**Financial Report
September 30, 2013**

**City of Wyandotte, Michigan
Department of Municipal Service**

Contents

Report Letter	1-3
Management's Discussion and Analysis	4-8
Basic Financial Statements	
Statement of Net Position	9
Statement of Revenue, Expenses, and Changes in Net Assets	10
Statement of Cash Flows	11-12
Notes to Financial Statements	13-35



Plante & Moran, PLLC
Suite 740
7310 Woodward Ave.
Detroit, MI 48202
Tel: 313.878.1630
plantemoran.com

Independent Auditor's Report

To the Members of the Municipal
Service Commission
City of Wyandotte, Michigan
Department of Municipal Service

Report on the Financial Statements

We have audited the accompanying financial statements of each major fund of the City of Wyandotte, Michigan Department of Municipal Service (the "Department") as of and for the year ended September 30, 2013 and the related notes to the financial statements, which collectively comprise the Department'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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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



To the Members of the Municipal
Service Commission
City of Wyandotte, Michigan
Department of Municipal Service

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of each major fund of the City of Wyandotte, Michigan Department of Municipal Service as of September 30, 2013 and the changes in financial position and, where applicable, cash flows, for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

We draw attention to Note 1, which explains that these financial statements present only the Department and do not purport to, and do not, present fairly the financial position of the City of Wyandotte as of September 30, 2013, the changes in its financial position, and the changes in its cash flows, where applicable, for the year then ended, in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplemental Information

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

Report on Summarized Comparative Information

We have previously audited the Department's September 30, 2012 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 8, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2012 is consistent, in all material respects, with the audited financial statements from which it has been derived.

To the Members of the Municipal
Service Commission
City of Wyandotte, Michigan
Department of Municipal Service

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2014 on our consideration of the City of Wyandotte, Michigan Department of Municipal Service's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Wyandotte, Michigan Department of Municipal Service's internal control over financial reporting and compliance.

Plante & Moran, PLLC

January 29, 2014

City of Wyandotte, Michigan Department of Municipal Service

Management's Discussion and Analysis

Our discussion and analysis of the City of Wyandotte, Michigan Department of Municipal Service's (the "Department") performance provides an overview of the Department's financial activities for the fiscal year ended September 30, 2013. Please read it in conjunction with the Department's financial statements.

Using this Annual Report

The City of Wyandotte, Michigan Department of Municipal Service (the "Department") is a department created by the City of Wyandotte (the "City") that is governed and operated independently from the City by the Municipal Service Commission (the "Commission"). The Commission provides electric, water, cable television, internet, and VoIP phone services to users in the City and accounts for these activities in separate funds. This annual report consists of a series of financial statements. The statement of net position and the statement of revenue, expenses, and changes in net position provide information about the financial activities of the Department. This is followed by the statement of cash flows, which presents detailed information about the changes in the Department's cash position during the year.

Financial Highlights

Electric Fund

- The Electric Fund's operating revenue was comparable to the prior year, increasing by less than 2 percent, while operating expenses increased by almost 5 percent. The increase in operating expenses is attributable to the increased volume of natural gas required for power production in existing facilities.
- Accordingly, the Electric Fund's operating income was \$4,240,525 compared to operating income of \$5,379,718 in the previous year. In addition to the existing facilities and their operating efficiencies with respect to natural gas usage volumes, the decrease in operating income was also attributable to the mild weather experienced during the summer months of 2013 that impacted electric usage.
- The Department's bond ordinance specifies that the Department's Electric Fund budget provide net revenue that equals or exceeds 110 percent of its annual debt service requirement. The ratio that measures the relationship between the Department's net revenue and its annual debt service requirement is known as the "debt service coverage ratio." While the 110 percent debt service coverage ratio test is prospective, it is important that the Department's actual results yield net revenue that equals or exceeds 110 percent of the annual debt service requirement. The actual debt service coverage ratio for the year exceeded 110 percent (approximately 165 percent for the year ended September 30, 2013).

City of Wyandotte, Michigan Department of Municipal Service

Management's Discussion and Analysis (Continued)

For the purpose of computing the above debt service coverage ratio, the Department's current year increase to the net other postemployment benefit (OPEB) obligation of \$837,561 for the year ended September 30, 2013 was added back to the computation of amounts available for debt. Refer to Note 14 for additional details regarding net OPEB obligation.

- Another financial covenant in the Department's bond ordinance requires that actual expenditures of the Department do not exceed budget. The Department's actual operating expenses did not exceed the budget.

Water Fund

- The financial performance of the Water Fund remained relatively stable in the current year. Operating revenue increased by less than one-quarter of 1 percent while operating expenses decreased by approximately 2.5 percent compared to the prior year. Operating income in the current year increased by \$87,630 and was \$391,969 at year end.
- Through a planned series of water rate adjustments over the past several years, the Water Fund has built an adequate working capital position and continues to build an adequate unrestricted net position to address ongoing infrastructure improvements and maintenance required by the system. Historically, the Water Fund has been assisted by annual contributions from the City's Tax Increment Financing Authority for water main construction; however, during the past several years, no contributions were made.
- This year's financial statement reports unrestricted net position of \$4,276,004 (as compared to \$3,558,476 in the prior year). The Department is continuing to review its rate structure for the water utility, along with other options, to continue to maintain the financial condition of the Water Fund.

Cable Television Fund

- The Cable Television Fund's operating revenue increased by approximately 2 percent compared to the prior year. The increase was primarily due to rate adjustments that more adequately reflect costs to provide services. This resulted in a combined increase to operating revenue of approximately \$200,000.
- The Cable Television Fund realized operating income of \$1,096,310 in the current year. This represented an increase of \$108,146 in operating income as compared to operating income of \$988,164 realized in the prior year. As noted above, these results are primarily attributable to the rate adjustments described above.
 - Through a planned series of cable rate adjustments over the past several years the Cable Television Fund has been restoring its working capital position.

City of Wyandotte, Michigan
Department of Municipal Service

Management's Discussion and Analysis (Continued)

- o This year's financial statement reports unrestricted net position of \$1,948,698 as compared to \$347,512 in the prior year. The Department reviews its rate structure annually, along with other options, in order to continue to maintain the financial condition of the Cable Television Fund. The Department is also building an adequate unrestricted net position that will allow it to address overall system infrastructure improvements.

Condensed Financial Information

The following table presents condensed information about the Department's financial position compared to the prior year:

	September 30		Change	
	2013	2012	Amount	Percent
Assets				
Current assets	\$ 25,056,927	\$ 19,840,914	\$ 5,216,013	26.29
Restricted assets	7,867,828	9,185,742	(1,317,914)	(14.35)
Property, plant, and equipment	53,335,907	56,326,285	(2,990,378)	(5.31)
Other	1,100,831	1,250,843	(150,012)	(11.99)
Total assets	87,361,493	86,603,784	757,709	0.87
Liabilities				
Current liabilities	12,820,288	12,231,961	588,327	4.81
Liabilities payable from restricted assets	5,207,238	5,162,302	44,936	0.87
Long-term liabilities	27,867,240	32,516,387	(4,649,147)	(14.30)
Total liabilities	45,894,766	49,910,650	(4,015,884)	(8.05)
Net Assets				
Invested in capital assets - Net of debt	20,720,856	18,729,627	1,991,229	10.63
Restricted assets	7,140,590	8,358,440	(1,217,850)	(14.57)
Unrestricted	13,605,281	9,605,067	4,000,214	41.65
Total net assets	<u>\$ 41,466,727</u>	<u>\$ 36,693,134</u>	<u>\$ 4,773,593</u>	13.01

City of Wyandotte, Michigan Department of Municipal Service

Management's Discussion and Analysis (Continued)

The following table presents condensed information about the Department's revenue and expenses compared to the prior year:

	Year Ended September 30		Change	
	2013	2012	Amount	Percent
Total operating revenue	\$ 56,100,077	\$ 55,214,927	\$ 885,150	1.60
Total operating expenses	50,371,273	48,542,706	1,828,567	3.77
Operating Income	5,728,804	6,672,221	(943,417)	(14.14)
Nonoperating expense	(955,211)	(270,234)	(684,977)	253.48
Net Income	\$ 4,773,593	\$ 6,401,987	\$ (1,628,394)	(25.44)

Capital Asset and Debt Administration

During the current year, the Department purchased various capital assets. The following is a summary of the activity by fund.

The Electric Fund purchased substation equipment and geothermal infrastructure and made improvements to the boilers, controls, and intake screens at the power plant. Also included in capital asset additions were the purchase of a forklift for the power plant and a Digger Derrick unit for the electric transmission and distribution system. In addition, significant completion occurred on the Fort Street lighting upgrade project with the balance of the project expected to be completed during the 2014 calendar year.

The most significant capital purchases in the Water Fund were for continued water main and meter replacements. Additional infrastructure improvements at the filter plant for valves and to the 6th Street facility for roofing were also completed during the fiscal year.

The Cable Television Fund made investments as necessary in cable and internet modems and converters, which comprised the majority of capital purchases during the year.

Purchases of capital assets for all funds during the year were funded from operations and no new debt was issued.

Economic Factors and Next Year's Operations

The Electric Fund has been significantly impacted by the operating efficiencies caused by existing boilers on power production costs due to the increased use of natural gas. The Department continues to work on alternative plans to insure that the utilization of natural gas is as efficient as possible given the existing facilities. The Department has also implemented a series of rate adjustments in the Water and Cable Television Funds to improve its financial condition and position those funds to meet recommended working capital and infrastructure needs for the future.

**City of Wyandotte, Michigan
Department of Municipal Service**

Management's Discussion and Analysis (Continued)

Contacting the Department's Management

This financial report is intended to provide our consumers and investors with a general overview of the Department's finances. If you have questions about this report or need additional information, we welcome you to contact the Department's general manager.

City of Wyandotte, Michigan
Department of Municipal Service

Statement of Net Position

	September 30				
	2013			2012	
	Electric Fund	Water Fund	Cable Television Fund	Total	Total
Assets					
Current assets:					
Cash and cash equivalents (Note 3)	\$ 7,023,473	\$ 5,571,119	\$ 2,192,053	\$ 14,786,645	\$ 9,901,671
Receivables:					
Billed (Note 4)	3,737,806	282,979	1,070,426	5,091,211	4,751,219
Unbilled contributions	-	-	-	-	186,142
Unbilled customer billings	3,109,398	278,588	-	3,387,986	2,998,950
Due from other governmental units	212,411	-	-	212,411	26,180
Due from other funds (Note 6)	6,992	-	-	6,992	-
Fuel, materials, supplies, and other inventories	985,793	120,541	59,697	1,166,031	1,831,860
Prepaid insurance and other inventories	339,079	30,727	35,845	405,651	144,892
Total current assets	15,414,952	6,283,954	3,358,021	25,056,927	19,840,914
Noncurrent assets:					
Restricted assets (Note 8)	7,528,240	169,794	169,794	7,867,828	9,185,742
Bond issuance costs (Note 13)	1,100,831	-	-	1,100,831	1,250,843
Property, plant, and equipment - Net (Note 5)	43,010,678	7,674,890	2,650,339	53,335,907	56,326,285
Total noncurrent assets	51,639,749	7,844,684	2,820,133	62,304,566	66,762,870
Total assets	<u>\$ 67,054,701</u>	<u>\$ 14,128,638</u>	<u>\$ 6,178,154</u>	<u>\$ 87,361,493</u>	<u>\$ 86,603,784</u>
Liabilities and Net Position					
Current portion of long-term debt (Note 7)	5,411,975	-	81,849	5,493,824	5,283,735
Accounts payable	1,755,747	129,623	445,003	2,330,373	2,595,185
Due to other funds (Note 6)	-	968	6,024	6,992	-
Due to City of Wyandotte (Note 10)	158,243	890,571	-	1,048,814	191,810
Other accrued liabilities	2,207,134	273,512	360,295	2,840,941	3,023,492
Deferred revenue	-	-	61,640	61,640	73,976
Customer deposits and other current liabilities	1,019,379	-	18,325	1,037,704	1,063,763
Total current liabilities	10,552,478	1,294,674	973,136	12,820,288	12,231,961
Noncurrent liabilities:					
Liabilities to be paid from restricted assets	5,207,238	-	-	5,207,238	5,162,302
Long-term debt - Net of current portion and amount payable from restricted assets (Note 7)	23,742,058	-	-	23,742,058	29,228,766
Net OPEB obligation (Note 14)	2,893,870	713,276	518,036	4,125,182	3,287,621
Total noncurrent liabilities	31,843,166	713,276	518,036	33,074,478	37,678,689
Total liabilities	42,395,644	2,007,950	1,491,172	45,894,766	49,910,650
Net Position					
Net investment in capital assets	10,477,476	7,674,890	2,568,490	20,720,856	18,729,627
Restricted (Note 8)	6,801,002	169,794	169,794	7,140,590	8,358,440
Unrestricted	7,380,579	4,276,004	1,948,698	13,605,281	9,605,067
Total net position	24,659,057	12,120,688	4,686,982	41,466,727	36,693,134
Total liabilities and net position	<u>\$ 67,054,701</u>	<u>\$ 14,128,638</u>	<u>\$ 6,178,154</u>	<u>\$ 87,361,493</u>	<u>\$ 86,603,784</u>

City of Wyandotte, Michigan
Department of Municipal Service

Statement of Revenue, Expenses, and Changes in Net Assets

	Year Ended September 30				
	2013			2012	
	Electric Fund	Water Fund	Cable Television Fund	Total	Total
Operating Revenue	\$ 42,659,454	\$ 3,691,068	\$ 9,749,555	\$ 56,100,077	\$ 55,214,927
Operating Expenses					
Production, pumping, and purification	26,478,288	854,129	-	27,332,417	24,425,196
Distribution	1,431,688	476,165	780,530	2,688,383	2,812,982
Cable television royalties	-	-	5,005,583	5,005,583	5,080,079
Customer service	134,453	53,563	27,517	215,533	247,770
Office and administrative	331,691	169,269	340,228	841,188	1,048,216
General fringes and other	5,405,089	1,106,855	1,822,463	8,334,407	8,821,596
Transportation	87,408	26,817	25,177	139,402	156,258
Depreciation	4,550,312	612,301	651,747	5,814,360	5,950,609
Total operating expenses	38,418,929	3,299,099	8,653,245	50,371,273	48,542,706
Operating Income	4,240,525	391,969	1,096,310	5,728,804	6,672,221
Nonoperating Income (Expenses)					
Grant revenue	1,134,165	-	-	1,134,165	2,097,669
Grant expenses	(944,884)	-	-	(944,884)	(1,815,802)
Contribution revenue	-	-	-	-	186,142
Interest and other income	310,343	99,895	97,563	507,801	1,274,896
Interest expense	(1,499,070)	-	(5,839)	(1,504,909)	(1,757,431)
Amortization of bond issuance costs	(147,384)	-	-	(147,384)	(255,708)
Total nonoperating (expenses) income	(1,146,830)	99,895	91,724	(955,211)	(270,234)
Net Income	3,093,695	491,864	1,188,034	4,773,593	6,401,987
Net Position - Beginning of year	21,565,362	11,628,824	3,498,948	36,693,134	30,291,147
Net Position - End of year	<u>\$ 24,659,057</u>	<u>\$ 12,120,688</u>	<u>\$ 4,686,982</u>	<u>\$ 41,466,727</u>	<u>\$ 36,693,134</u>

City of Wyandotte, Michigan

Department of Municipal Service

Statement of Cash Flows

	Year Ended September 30				2012
	2013				
	Electric Fund	Water Fund	Cable Television Fund	Total	Total
Cash Flows from Operating Activities					
Cash received from customers	\$ 41,778,909	\$ 3,661,051	\$ 9,726,720	\$ 55,166,680	\$ 54,707,585
Cash payments to suppliers for goods and services	(28,736,723)	(1,700,615)	(7,025,351)	(37,462,689)	(32,831,856)
Cash payments to employees for services	(4,500,119)	(914,120)	(920,567)	(6,334,806)	(6,186,933)
Net cash provided by operating activities	8,542,067	1,046,316	1,780,802	11,369,185	15,688,796
Cash Flows from Noncapital Financing Activities					
Interfund borrowing and repayments - Net	(6,992)	968	6,024	-	-
Sewage collections due to City of Wyandotte	-	854,458	-	854,458	-
Net cash (used in) provided by noncapital financing activities	(6,992)	855,426	6,024	854,458	-
Cash Flows from Capital and Related Financing Activities					
Proceeds from debt issuance	-	-	-	-	201,798
Grant revenue	1,338,446	-	-	1,338,446	2,115,718
Grant expenses	(944,884)	-	-	(944,884)	(1,815,802)
Principal and interest paid on capital debt	(6,595,748)	-	(138,216)	(6,733,964)	(6,623,419)
City contribution	-	-	-	-	200,000
Purchase of capital assets	(2,006,491)	(415,993)	(106,175)	(2,528,659)	(3,045,976)
Net cash used in capital and related financing activities	(8,208,677)	(415,993)	(244,391)	(8,869,061)	(8,967,681)
Cash Flows from Investment Activities - Interest received on investments and other income	(14,379)	129,294	97,563	212,478	1,243,330
Net Increase in Cash and Cash Equivalents	312,019	1,615,043	1,639,998	3,567,060	7,964,445
Cash and Cash Equivalents - Beginning of year	14,239,694	4,125,870	721,849	19,087,413	11,122,968
Cash and Cash Equivalents - End of year	<u>\$ 14,551,713</u>	<u>\$ 5,740,913</u>	<u>\$ 2,361,847</u>	<u>\$ 22,654,473</u>	<u>\$ 19,087,413</u>
Reconciliation to Statement of Net Position					
Cash and investments	\$ 7,023,473	\$ 5,571,119	\$ 2,192,053	\$ 14,786,645	\$ 9,901,671
Restricted assets	7,528,240	169,794	169,794	7,867,828	9,185,742
Total	<u>\$ 14,551,713</u>	<u>\$ 5,740,913</u>	<u>\$ 2,361,847</u>	<u>\$ 22,654,473</u>	<u>\$ 19,087,413</u>

City of Wyandotte, Michigan
Department of Municipal Service

Statement of Cash Flows (Continued)

	Year Ended September 30				
	2013			2012	
	Electric Fund	Water Fund	Cable Television Fund	Total	Total
Reconciliation of Operating Income to Net Cash from Operating Activities					
Operating Income	\$ 4,240,525	\$ 391,969	\$ 1,096,310	\$ 5,728,804	\$ 6,672,221
Adjustments to reconcile operating income to net cash from operating activities:					
Depreciation and amortization	4,550,312	612,301	651,747	5,814,360	5,950,609
Bad debt expense	100,000	-	60,000	160,000	159,996
Changes in assets and liabilities:					
Receivables	(980,545)	(30,017)	(82,835)	(1,093,397)	(667,338)
Inventory	630,793	(5,680)	40,716	665,829	2,103,051
Prepaid insurance and other current assets	(232,562)	(3,423)	(3,477)	(239,462)	(95,845)
Accounts payable	(213,424)	5,130	(56,519)	(264,813)	(467,776)
Accrued and other liabilities	469,631	76,036	88,046	633,713	1,645,527
Due to City of Wyandotte	2,546	-	-	2,546	(25,467)
Deferred revenue	-	-	(12,336)	(12,336)	(12,336)
Customer deposits and other current liabilities	(25,209)	-	(850)	(26,059)	426,154
Net cash provided by operating activities	<u>\$ 8,542,067</u>	<u>\$ 1,046,316</u>	<u>\$ 1,780,802</u>	<u>\$ 11,369,185</u>	<u>\$ 15,688,796</u>

City of Wyandotte, Michigan

Department of Municipal Service

Notes to Financial Statements

September 30, 2013

Note 1 - Nature of the Entity

The Department of Municipal Service (the "Department") is a department created by the City of Wyandotte, Michigan (the "City") that is governed and operated independently from the City by the Municipal Service Commission (the "Commission"). The Commission provides electric, water, cable television, and Internet services to users in the City and accounts for these activities in the following separate major funds: Electric Fund, Water Fund, and Cable Television Fund.

The funds of the Department are included in the basic financial statements of the City at September 30, 2013 as enterprise funds.

Note 2 - Summary of Significant Accounting Policies

The accounting policies of the Department 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:

Reporting Entity

The accompanying basic financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. In accordance with these guidelines, there are no component units to be included in these financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements are reported using the economic resources measurement focus and the 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.

As a general rule, the effect of interfund activity has been eliminated from the financial statements.

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 operating revenue represents billings to customers based primarily on usage by the Department's customers. 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.

City of Wyandotte, Michigan
Department of Municipal Service

Notes to Financial Statements
September 30, 2013

Note 2 - Summary of Significant Accounting Policies (Continued)

Assets, Liabilities, and Net Position or Equity

Cash Equivalents - Cash equivalents consist of highly liquid investments with an original maturity of three months or less, including certificates of deposit, government investment pools, and other cash management funds. In addition, the statement of cash flows includes both restricted and unrestricted cash and cash equivalents. Investments are reported at fair value, based on quoted market prices.

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds."

Inventories - Inventories 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.

Significant Customers - The electric department has three significant customers: BASF Corporation, Wayne County, and Wyandotte Hospital, representing approximately 17, 5, and 3 percent, respectively, of the electric department's operating revenue for the year ended September 30, 2013.

The water department has three significant customers: BASF Corporation, the Department of Municipal Service's Electric Department, and the Wyandotte Hospital, representing approximately 12, 10, and 2 percent, respectively, of the water department's operating revenue for the year ended September 30, 2013.

Property, Plant, and Equipment - Property, plant, and equipment are recorded at cost or, if donated, at their estimated fair value on the date donated. Depreciation is charged as an expense against the operations of the Department on a straight-line basis. No depreciation expense has been recorded for amounts reflected as construction in progress.

Property, plant, and equipment are defined by the Department as assets with an estimated useful life of more than one year. Interest incurred during the construction of capital assets being financed is included as part of the capitalized value of the assets constructed. During the current year, there was no interest expense capitalized.

**City of Wyandotte, Michigan
Department of Municipal Service**

**Notes to Financial Statements
September 30, 2013**

Note 2 - Summary of Significant Accounting Policies (Continued)

Property, plant, and equipment are depreciated using the following useful lives:

Utility plant	20-25 years
Transmission	10-15 years
Pumping	40-50 years
Purification	20-40 years
Distribution	10-15 years
Transportation	4-15 years
Stores	10-15 years
Cable equipment	10 years
Studio	10-15 years
General	5-10 years

Deferred Revenue - Deferred revenue relates to a contract in the Cable Television Fund between the Department and 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.

Compensated Absences (Vacation and Sick Leave) - It is the Department's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. All vacation pay is accrued when incurred.

Long-term Obligations - Long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

Pension Plan - The Department has a defined benefit retirement plan covering substantially all permanent, full-time employees hired before October 1, 2006 through participation in the City of Wyandotte Employees' Retirement System. In addition, the Department provides pension benefits to all employees of the Department hired on or after October 1, 2006 through a defined contribution plan. The Department's policy is to fund retirement cost accrued.

Other Postemployment Benefit Costs - The Department offers healthcare benefits to retirees. The Department receives an actuarial valuation to compute the annual required contribution (ARC) necessary to fund the obligation over the remaining amortization period. The Department 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 unpaid amount, if any.

City of Wyandotte, Michigan
Department of Municipal Service

Notes to Financial Statements
September 30, 2013

Note 2 - Summary of Significant Accounting Policies (Continued)

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.

Emissions Allowance - The Environmental Protection Agency has granted emission allowances to the Department related to the emission of certain pollutants. No amounts are recorded at the date of the grant. The Department estimates the allowances needed for future years. As appropriate, the Department may purchase additional allowances or sell the estimated future excess allowances. The purchase and sale of allowances by emission type are accounted for separately and are not offset against transactions involving allowances of different emission types. Purchased allowances net of proceeds from the sale of related allowances are recorded as an asset and will be expensed during the applicable period. Proceeds from the sale of allowances are recognized as income at the time of sale.

There were no emissions allowances purchased or sold in the current year.

Reclassifications - Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

Implementation of GASB Statement No. 63 - In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The 2013 financial report reflects the implementation of this statement. The statement incorporates deferred outflows of resources and deferred inflows of resources, as defined by GASB Concepts Statement No. 4, into the definitions of the required components of the residual measure of net position, formerly net assets. This statement also provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.

City of Wyandotte, Michigan

Department of Municipal Service

Notes to Financial Statements September 30, 2013

Note 3 - Deposits and Investments

Michigan Compiled Laws section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The law also allows investments outside the state of Michigan when fully insured. 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 mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Department has designated one bank for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of state statutory authority as listed above. The Department's deposits and investment policies are in accordance with statutory authority.

The Department'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 Department's deposits may not be returned to it. The Department's deposits are comprised of checking and certificates of deposit accounts which approximate \$5,899,000 at September 30, 2013. The Department's federal depository insurance coverage is combined with all of the deposits of the City of Wyandotte, Michigan; hence, the specific coverage pertaining to the deposits of the Department cannot be determined. The City of Wyandotte (and therefore the Department) does not have a deposit policy for custodial credit risk. The organization as a whole 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 Department 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.

City of Wyandotte, Michigan
Department of Municipal Service

Notes to Financial Statements
September 30, 2013

Note 3 - Deposits and Investments (Continued)

Credit Risk - State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Department 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
Bank investment pools	\$ 16,981,432	AAA	Moody's

Note 4 - Billed and Unbilled Accounts Receivable

Billed accounts receivable, net of allowance for uncollectible accounts, are as follows:

	2013				2012
	Electric	Water	Cable	Total	Total
Accounts receivable	\$ 4,102,512	\$ 282,979	\$ 1,099,698	\$ 5,485,189	\$ 5,109,119
Less allowance for uncollectibles	(364,706)	-	(29,272)	(393,978)	(357,900)
Net receivables	<u>\$ 3,737,806</u>	<u>\$ 282,979</u>	<u>\$ 1,070,426</u>	<u>\$ 5,091,211</u>	<u>\$ 4,751,219</u>

Unbilled accounts receivable from customers represent services that have been provided to customers through September 30, 2013 for which billings were processed subsequent to year end.

City of Wyandotte, Michigan
Department of Municipal Service

Notes to Financial Statements
September 30, 2013

Note 5 - Property, Plant, and Equipment

	Balance September 30, 2012	Additions	Disposals and Adjustments	Balance September 30, 2013
Capital assets not being depreciated - Construction in progress	\$ 315,681	\$ 323,248	\$ -	\$ 638,929
Capital assets being depreciated:				
Utility plant	112,171,243	424,651	(30,670)	112,565,224
Transmission	7,559,048	419,338	-	7,978,386
Pumping	3,221,351	220,867	-	3,442,218
Purification	3,821,708	142,738	-	3,964,446
Distribution	49,949,948	837,971	(71,516)	50,716,403
Transportation	2,777,987	399,008	(38,698)	3,138,297
Stores	988,421	-	-	988,421
Cable equipment	2,578,653	84,073	-	2,662,726
Studio	544,946	-	-	544,946
General	3,034,061	73,675	-	3,107,736
Total capital assets being depreciated	186,647,366	2,602,321	(140,884)	189,108,803
Accumulated depreciation:				
Utility plant	79,024,319	3,345,414	-	82,369,733
Transmission	5,267,598	57,550	-	5,325,148
Pumping	1,985,153	137,707	-	2,122,860
Purification	3,571,841	33,014	-	3,604,855
Distribution	32,905,600	1,763,650	-	34,669,250
Transportation	1,748,848	257,055	(39,297)	1,966,606
Stores	846,998	13,875	-	860,873
Cable equipment	1,621,374	135,758	-	1,757,132
Studio	513,357	7,961	-	521,318
General	3,151,674	62,376	-	3,214,050
Total accumulated depreciation	130,636,762	5,814,360	(39,297)	136,411,825
Net capital assets being depreciated	56,010,604	(3,212,039)	(101,587)	52,696,978
Net capital assets	\$ 56,326,285	\$ (2,888,791)	\$ (101,587)	\$ 53,335,907

Depreciation of \$4,550,312 and \$4,620,558 for the Electric Fund, \$612,301 and \$609,504 for the Water Fund, and \$651,747 and \$720,547 for the Cable Television Fund has been included in operating expenses of the appropriate fund for the years ended September 30, 2013 and 2012, respectively.

City of Wyandotte, Michigan
Department of Municipal Service

Notes to Financial Statements
September 30, 2013

Note 5 - Property, Plant, and Equipment (Continued)

Construction Commitments - The Department has active construction projects and other purchase commitments at year end. The Department's commitments (some with contractors/suppliers, and others committed based on resolution of the Commission and thus considered a future obligation by management) as of September 30, 2013 are as follows:

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

Note 6 - Interfund Receivables and Payables

The composition of interfund balances is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Due to/from Other Funds		
Electric Fund	Cable Television Fund	\$ 6,024
	Water Fund	<u>968</u>
	Total Electric Fund	<u>\$ 6,992</u>

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

City of Wyandotte, Michigan
Department of Municipal Service

Notes to Financial Statements
September 30, 2013

Note 7 - Long-term Debt

Outstanding Debt

Long-term debt outstanding is as follows:

	Interest Rate Ranges	2013			2012
		Electric Fund	Cable Television Fund	Total	Total
2005A Revenue Bonds - Net of unamortized premium	4.00-5.00%	\$ 1,820,922	\$ -	\$ 1,820,922	\$ 2,431,410
2005B Revenue Bonds - Net of unamortized premium	4.00-4.50%	5,683,061	-	5,683,061	6,183,805
2009 Revenue Refunding Bonds - Net of unamortized premium and deferred refunding charge	4.00-5.25%	21,405,885	-	21,405,885	24,632,281
2007 installment purchase agreement	4.14%	-	-	-	36,197
2008 installment purchase agreement	4.53%	1,405,328	-	1,405,328	1,614,568
2010 installment purchase agreement	4.35%	2,865,107	-	2,865,107	3,222,471
2011 installment purchase agreement	3.75-4.73%	304,647	81,849	386,496	545,215
2012 installment purchase agreement	3.20%	149,083	-	149,083	181,554
Less current portion		(5,411,975)	(81,849)	(5,493,824)	(5,283,735)
Less portion payable from restricted assets		(4,480,000)	-	(4,480,000)	(4,335,000)
Total long-term debt - Net of current portion and amount payable from restricted assets		\$ 23,742,058	\$ -	\$ 23,742,058	\$ 29,228,766

**City of Wyandotte, Michigan
Department of Municipal Service**

**Notes to Financial Statements
September 30, 2013**

Note 7 - Long-term Debt (Continued)

Changes in Long-term Debt

The following is a summary of long-term debt transactions of the Department for the years ended September 30, 2013 and 2012:

	Long-term Debt - September 30, 2012	Debt Issued	Deferred Charge and Premiums	Debt Retired	Debt Refunded	Discount	Long-term Debt - September 30, 2013	Due Within One Year
2005 Series A Electric System Revenue Bonds (Net of Premiums)	\$ 2,431,410	\$ -	\$ -	\$ (600,000)	\$ -	\$ (10,488)	\$ 1,820,922	\$ (600,000)
2005 Series B Electric System Revenue Bonds (Net of Premiums)	6,183,805	-	-	(500,000)	-	(744)	5,683,061	(575,000)
2007 Cable Installment Purchase Agreement	36,197	-	-	(36,197)	-	-	-	-
2008 Electric Installment Purchase Agreement	1,614,568	-	-	(209,240)	-	-	1,405,328	(238,367)
2009 Series A Electric Revenue and Refunding Bonds (Net of Premiums)	24,632,281	-	36,204	(3,235,000)	-	(27,600)	21,405,885	(3,510,000)
2010 Electric Installment Purchase Agreement	3,222,471	-	-	(357,364)	-	-	2,865,107	(394,095)
2011 Cable Installment Purchase Agreement	178,029	-	-	(96,180)	-	-	81,849	(81,849)
2011 Electric Installment Purchase Agreement	367,186	-	-	(62,539)	-	-	304,647	(70,717)
2012 Electric Installment Purchase Agreement	181,554	-	-	(32,471)	-	-	149,083	(23,795)
Total long-term debt	\$ 38,847,501	\$ -	\$ 36,204	\$ (5,128,991)	\$ -	\$ (38,832)	\$ 33,715,882	\$ (5,493,823)

Debt Service Requirements - The annual total principal and interest requirements to service all debt outstanding as of September 30, 2013, excluding unamortized discount premiums on bonds payable and deferred refunding charges, are as follows:

Years Ending September 30	Electric Fund			Cable Television Fund			Total
	Principal	Interest	Total	Principal	Interest	Total	
2014	\$ 5,206,975	\$ 1,264,180	\$ 6,471,155	\$ 81,849	\$ 1,622	\$ 83,471	\$ 6,554,626
2015	5,463,073	1,042,804	6,505,877	-	-	-	6,505,877
2016	5,871,402	807,489	6,678,891	-	-	-	6,678,891
2017	4,932,467	603,978	5,536,445	-	-	-	5,536,445
2018	5,172,328	356,101	5,528,429	-	-	-	5,528,429
2019-2023	4,122,919	1,083,378	5,206,297	-	-	-	5,206,297
2024-2028	2,585,000	300,276	2,885,276	-	-	-	2,885,276
2029	380,000	-	380,000	-	-	-	380,000
Total	\$ 33,734,164	\$ 5,458,206	\$ 39,192,370	\$ 81,849	\$ 1,622	\$ 83,471	\$ 39,275,841

Interest - For the years ended September 30, 2013 and 2012, total interest costs of \$1,499,070 and \$1,746,184, respectively, were incurred in the Electric Fund and \$5,839 and \$11,247, respectively, were incurred in the Cable Television Fund.

City of Wyandotte, Michigan
Department of Municipal Service

Notes to Financial Statements
September 30, 2013

Note 7 - Long-term Debt (Continued)

Electric Fund Revenue Bonds - The 1992 and the 2002 Electric Revenue Refunding Bonds, the 2005 Series A and B Revenue Bonds, and the 2009 Refunding Bonds are payable out of the net revenue of the Electric Fund. During the year, net operating revenue of the system was \$9,543,318 compared to the annual debt service requirement of \$5,768,300. The City of Wyandotte, Michigan has no liability for these bonds if the net revenue pledged should prove insufficient.

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

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

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

Included in the current liabilities of the Electric Fund at September 30, 2013 and 2012 is the portion of the bond principal that was to be transferred within the next year to the Bond and Interest Redemption Fund for payment of bond principal.

City of Wyandotte, Michigan
Department of Municipal Service

Notes to Financial Statements
September 30, 2013

Note B - Restricted Net Position

Certain assets are restricted pursuant to commission resolution. When an expense is incurred that allows the use of restricted assets (such as bond debt principal and interest), those assets are applied before utilizing any unrestricted assets.

Restricted assets consist of the following:

	2013			2012	
	Electric Fund	Water Fund	Cable Television Fund	Total	Total
Debt service	\$ 7,528,240	\$ -	\$ -	\$ 7,528,240	\$ 8,846,240
Retiree healthcare	-	169,794	169,794	339,588	339,502
Total restricted assets	7,528,240	169,794	169,794	7,867,828	9,185,742
Less accrued interest payable from restricted assets	(727,238)	-	-	(727,238)	(827,302)
Total restricted net position	\$ 6,801,002	\$ 169,794	\$ 169,794	\$ 7,140,590	\$ 8,358,440

The Electric Fund assets restricted for debt service are pursuant to the 1992 revenue bond ordinance for revenue bond debt service. In conjunction with the bond ordinance, the Commission passed a resolution to reserve retained earnings in the Electric Fund of \$2,398,653, which represents 125 percent of the average annual debt service requirement for all outstanding bonds. The remaining amount of the restriction relates to monies set aside to cover the future principal and interest payments on the bonds.

In the Water and Cable Television Funds, monies have been restricted to pay future retiree healthcare costs; pursuant to a resolution approved by the Commission.

In the Electric Fund, the Commission, pursuant to a resolution, authorized the creation of a restricted account for environmental expenses. At September 30, 2013, no monies have been transferred.

City of Wyandotte, Michigan
Department of Municipal Service

Notes to Financial Statements
September 30, 2013

Note 9 - Defined Benefit Pension Plan

Defined Benefit Plan

Plan Description - The Department participates in the City of Wyandotte Employees' Retirement System, a defined benefit pension plan that covers all employees of the City hired before October 1, 2006. The system provides retirement, disability, and death benefits to plan members and their beneficiaries. The City of Wyandotte Employees' Retirement System's financial report (which includes financial statements and required supplemental information for the system) is presented in the City of Wyandotte's September 30, 2013 annual financial report, which may be obtained at the City offices at 3131 Biddle Avenue.

At September 30, 2012, the date of the Department's most recent actuarial valuation, membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	77
Terminated employees entitled to benefits but not yet receiving them	15
Current active employees	58

Contributions - Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Please refer to Note 2 for further significant accounting policies.

Funding Policy - The obligation to contribute to and maintain the system for these employees was established by negotiation with the Department's collective bargaining unit and City ordinance. Effective October 1, 1994, employee contributions are no longer required.

Annual Pension Cost - For the year ended September 30, 2013, the Department's annual pension cost of \$888,456 for the plan was equal to the Department's required and actual contribution. Funding information for the Department's participation in the pension plan for the fiscal years ended September 30 is as follows:

	2013	2012	2011
Annual pension cost (APC)	\$ 888,456	\$ 773,346	\$ 626,722
Percentage of APC contributed	100 %	100 %	100 %
Net pension obligation	\$ -	\$ -	\$ -

City of Wyandotte, Michigan
Department of Municipal Service

Notes to Financial Statements
September 30, 2013

Note 9 - Defined Benefit Pension Plan (Continued)

Funded status and funding progress for actuarial valuation of September 30, 2012 are as follows:

	<u>System Total</u>	<u>Department Allocation</u>	
Actuarial value of assets	\$ 60,434,373	\$ 20,306,142	
Actuarial accrued liability (AAL) (entry age)	84,173,702	N/A	*
Unfunded AAL (UAAL)	23,739,329	N/A	*
Funded ratio	71.8 %	N/A	
Covered payroll	6,803,552	3,649,775	
UAAL as percentage of covered payroll	348.9 %	N/A	*

* Department UAAL not broken out in actuarial valuation; thus, UAAL and funding ratios are not available.

Actuarial Methods and Assumptions - The annual required contribution was determined as part of an actuarial valuation at September 30, 2012, using the entry age actuarial cost method. Significant actuarial assumptions used include (i) a 7.5 percent investment rate of return and (ii) projected salary increases of 4.5 percent to 9.6 percent per year, which include an inflation component of 4.5 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a four-year period.

Additional Information - The Department's 2013 contribution represented approximately 22 percent of total contributions required of all participating entities. The assets of the entire system can be called upon to satisfy the obligations of any particular division since the system is ultimately a City-wide PERS. The valuation payroll for all employees covered by the system for the year ended September 30, 2012 (the date of the most recent actuary report) was approximately \$6,804,000. The Department's covered payroll for 2013 was approximately \$3,650,000.

City of Wyandotte, Michigan
Department of Municipal Service

Notes to Financial Statements
September 30, 2013

Note 9 - Defined Benefit Pension Plan (Continued)

Defined Contribution Pension Plan

Plan Description - The Department provides pension benefits that cover all employees of the Department hired on or after October 1, 2006 through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment. As established by a Commission-approved resolution, the Department contributes 10 percent of gross earnings and the employees contribute 5 percent. New employees' accounts are fully vested after five years of service. Employees who choose to switch from the defined benefit plan to the defined contribution plan will be vested immediately. At September 30, 2013, there were 52 employees in the defined contribution plan.

The Department's total payroll during the current year covering this group of employees was \$2,353,076. The current year contribution was calculated based on covered payroll in the same amount, resulting in an employer contribution of \$235,308. Department employees' contributions were \$117,654.

Note 10 - Related Party Transactions

City-owned facilities are users of Department electric and water services. The Department includes its revenue charges from the sale of such services. Pursuant to the revenue bond ordinance, the Department charges the City for street and public safety 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 years ended September 30, 2013 and 2012.

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.

City of Wyandotte, Michigan
Department of Municipal Service

Notes to Financial Statements
September 30, 2013

Note 10 - Related Party Transactions (Continued)

A summary of these transactions with the City for the years ended September 30, 2013 and 2012 is as follows:

	2013	2012
Department revenue:		
Electric and water services	\$ 701,219	\$ 739,227
Street and public safety lighting	541,067	457,777
Collection fee	-	83,326
Department expenses:		
In lieu of property taxes	(541,067)	(457,577)
Cable television franchise fees	(487,313)	(476,589)
Water franchise fee	(200,000)	(200,000)
City services	(747,277)	(642,773)
Remittances to City for sewage use charge collections	(3,185,256)	(4,900,000)
Payable to City of Wyandotte - Sewage Disposal Fund	(890,571)	36,113
Payable to City of Wyandotte - Solid Waste Disposal Fund	(21,239)	(18,693)
Payable to City of Wyandotte - General Fund	(137,004)	(137,004)
Contributions by the City (Vinewood Substation)	-	186,142

Note 11 - Risk Management

The Department 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 Department has purchased commercial insurance for claims related to general liability and medical benefits. The Department is partially uninsured for 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.

Workers' Compensation - All claims incurred are the responsibility of the Department up to \$2,000,000 per employee (in the case of disease) or \$2,000,000 per accident (for bodily injury). The Department has purchased commercial insurance coverage for claims incurred, which exceed the amounts previously described.

City of Wyandotte, Michigan
Department of Municipal Service

Notes to Financial Statements
September 30, 2013

Note 11 - Risk Management (Continued)

The Department estimates the liability for workers' compensation 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. These estimates are recorded in the Department's Electric Fund, Water Fund, and Cable Television Fund.

Changes in the estimated liability were as follows:

Estimated liability - October 1, 2011	\$ 315,316
Estimated claims incurred - Net of changes in estimated Claim payments	(2,301) <u>(22,865)</u>
Estimated liability - September 30, 2012	290,150
Estimated claims incurred - Net of changes in estimated Claim payments	35,391 <u>(63,820)</u>
Estimated liability - September 30, 2013	<u>\$ 261,721</u>

City of Wyandotte, Michigan
Department of Municipal Service

Notes to Financial Statements
September 30, 2013

Note 12 - Contingent Liabilities

In March 2005, United Skilled Trades, Inc. (UST) filed a suit against the Department and others. UST alleged that it was owed money from the Department for services rendered pursuant to a contract for repair of a turbine. UST alleged that the Department is indebted to them in the amount of \$1,100,000. The Department vigorously defended its position that no material amounts were due to UST. On February 21, 2008, the Department received a decision in the case. The Court's bench verdict denied most of the claims of UST but did award two of its claims. The Court also ordered that any monies owing UST from this award be reduced by the Department's legal fees and other applicable costs. UST disputed the decision. In March 2010, the judge clarified and amended the earlier bench verdict and entered a judgment awarding \$1.2 million to UST. In May 2010, the Department filed motions to alter and amend judgment for a new trial; however, this was denied by the Circuit Court. On June 2, 2010, the Department filed a claim of appeal with the Michigan Court of Appeals and, as of January 19, 2011, all briefs were filed. Oral arguments were held in the Wayne County Circuit Court in December 2012 and on April 2, 2013 the Michigan Court of Appeals issued its opinion reversing the Court's judgment in part and remanding the case back to the Circuit Court for further proceedings. As of the date of this report, the case is now under submission, with a decision anticipated to be received in the near future. The Department expects the award amount to be reduced and on July 16, 2013 the Department filed a Motion for Entry of Judgment requesting the Circuit Court to accept and enter a proposed judgment of \$ 454,492.91. Management's estimate of the anticipated judgement/settlement to be paid to UST has been recorded as a liability in the financial statements of the Electric Fund as of September 30, 2013 and 2012.

City of Wyandotte, Michigan
Department of Municipal Service

Notes to Financial Statements
September 30, 2013

Note 12 - Contingent Liabilities (Continued)

The Department received a notice of violation several years ago from the U.S. Environmental Protection Agency (EPA) related to the electric power plant and entered into a consent decree with the EPA related to this violation. Under the terms and conditions of the consent decree, the Department was required to pay a \$112,000 penalty and \$220,000 to purchase natural gas vehicles. In addition, the Department is required to install additional controls at the power plant and perform a substantial supplemental environmental project which will achieve continuous compliance with emissions limits. The Department already completed numerous projects at the electric power plant to improve its compliance; however, it is estimated that the cost for the additional controls and project work will be between \$8 million and \$10 million if a baghouse is installed. To address the matter more cost effectively, the Department ceased coal combustion in one of their boilers, began using natural gas in that boiler, and entered into negotiations with the EPA. As part of the negotiations, the Department has proposed that the EPA modify the consent decree to forego the installation of the baghouse if it continues to burn natural gas and no longer burn coal in that boiler. As of the date of this report, negotiations on this matter were pending.

The Department also continues to be involved in various contingent matters arising in the normal course of operations. While insurance coverage and other potential remedies are available in certain circumstances to varying degrees, no opinion can currently be given as to the ultimate outcome of these matters. No provision has been made for the ultimate liability, if any, that may result from the resolution of these matters.

Note 13 - Bond Issuance Costs

During the years ended September 30, 2005 and 2002, the Department incurred bond issuance costs in the amount of \$517,983 and \$931,515, respectively. The 2005 bond issuance costs related to new debt issuances (Series 2005A and 2005B) and the 2002 bond issuance costs related to the 2002 revenue refunding bonds. New refunding bonds were issued by the Department in 2009, incurring issuance costs in the amount of \$980,518. Amortization expense for the 2002 revenue refunding amounted to \$62,100 for the year ended September 30, 2013. Amortization expense for the 2005 revenue bonds amounted to \$37,848 for the years ended September 30, 2013. Amortization expense for the 2009 refunding bonds was \$50,064 for the year ended September 30, 2013.

City of Wyandotte, Michigan
Department of Municipal Service

Notes to Financial Statements
September 30, 2013

Note 14 - Other Postemployment Benefits

Plan Description - The Department provides healthcare benefits to all full-time employees upon retirement in accordance with labor contracts. The Department includes pre-Medicare retirees and their dependents in its insured healthcare plan, with some contribution required by most participants, depending upon employee group classifications. The Department purchases Medicare supplemental insurance for retirees eligible for Medicare.

This is a single-employer defined benefit plan administered by the Department. The plan does not issue a separate stand-alone financial statement.

At September 30, 2011, the date of the Department's most recent actuarial valuation, membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	56
Terminated employees entitled to benefits but not yet receiving them	-
Current active employees	77

Funding Policy - The labor contracts do not require a contribution from union employees. Nonunion employees are required to pay 20 percent of healthcare costs. Retiree healthcare costs are recognized when paid by the Department on a "pay-as-you-go" basis. The Department has no obligation to make contributions in advance of when the insurance premiums are due for payment. Net expenditures for postemployment healthcare benefits are recognized in the Electric, Water, and Cable Television Funds as the insurance premiums become due; these amounts (as adjusted for the implicit rate subsidy pursuant to GASB No. 45) were approximately \$510,000, \$127,000, and \$91,000, respectively, during the year ended September 30, 2013 and \$490,000, \$132,000, and \$84,000 in the Electric, Water, and Cable Television Funds, respectively, during the year ended September 30, 2012.

City of Wyandotte, Michigan
Department of Municipal Service

Notes to Financial Statements
September 30, 2013

Note 14 - Other Postemployment Benefits (Continued)

Funding Progress - For the year ended September 30, 2013 the Department has estimated the cost of providing retiree health care benefits through an actuarial valuation as of September 30, 2011. The valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period of 28 years. This valuation's computed contribution and actual funding are summarized as follows:

Annual required contribution (recommended)	\$ 1,625,587
Interest on the prior year's net OPEB obligation	147,943
Less adjustment to the annual required contribution	<u>(208,832)</u>
Annual OPEB cost	1,564,698
Amounts contributed:	
Payments of current premiums	(727,137)
Advance funding	<u>-</u>
Increase in net OPEB obligation	837,561
OPEB obligation - Beginning of year	<u>3,287,621</u>
OPEB obligation - End of year	<u>\$ 4,125,182</u>

Funded status and funding progress for the most recent actuarial valuations are as follows:

	Actuarial Valuation as of		
	September 30		
	2011	2009	2006
Actuarial value of assets	\$ -	\$ -	\$ -
Actuarial accrued liability (AAL) (entry age)	18,428,534	17,381,962.0	18,012,350
Unfunded AAL (UAAL)	18,428,534	17,381,962.0	18,012,350
Funded ratio	- %	- %	- %
Covered payroll	*	*	4,539,471
UAAL as a percentage of covered payroll	*	*	396.8 %

City of Wyandotte, Michigan
Department of Municipal Service

Notes to Financial Statements
September 30, 2013

Note 14 - Other Postemployment Benefits (Continued)

- * The September 30, 2011 and 2009 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.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the September 30, 2011 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 9 percent initially, reduced by decrements to an ultimate rate of 4.55 percent after 10 years. Both rates included a 4.5 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at September 30, 2011 was 28 years.

Additional Information - The Department was included in the City of Wyandotte, Michigan's actuarial valuation for the City of Wyandotte Retiree Health Care Plan. Additional information about the plan, including actuarial methods and assumptions, can be found in the City of Wyandotte, Michigan's financial report.

City of Wyandotte, Michigan
Department of Municipal Service

Notes to Financial Statements
September 30, 2013

Note 15 - Upcoming Accounting Pronouncements

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

In June 2012, the GASB issued GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Statement No. 68 requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This net pension liability that will be recorded on the government-wide, proprietary, and discretely presented component units statements will be computed differently than the current unfunded actuarial accrued liability, using specific parameters set forth by the GASB. The Statement also enhances accountability and transparency through revised note disclosures and required supplementary information (RSI). The Department is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this Statement are effective for financial statements for the year ended September 30, 2015.