

City of Wyandotte, Michigan

Financial Report with Supplemental Information September 30, 2017

City of Wyandotte, Michigan

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Independent Auditor's Report

To the City Council
City of Wyandotte, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Wyandotte, Michigan (the "City") as of and for the year ended September 30, 2017 and the related notes to the financial statements, which collectively comprise the City of Wyandotte, Michigan's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Wyandotte, Michigan as of September 30, 2017 and the respective changes in its financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the City Council
City of Wyandotte, Michigan

Emphasis of Matter

As described in Note 2 to the financial statements, during the year ended September 30, 2017, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. Our opinion is not modified with respect to this matter.

Required Supplemental Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Wyandotte, Michigan's basic financial statements. The other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

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

Plante & Moran, PLLC

March 20, 2018

City of Wyandotte, Michigan

Management's Discussion and Analysis

Our discussion and analysis of the City of Wyandotte, Michigan's (the "City") financial performance provides an overview of the City's financial activities for the fiscal year ended September 30, 2017. Please read it in conjunction with the City's financial statements.

Financial Highlights

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended September 30, 2017:

- Property tax revenue is the City's single largest source of revenue. The City's 2016 taxable value (levied for the 2017 fiscal year) was \$540,049,137 (a portion of which has been abated or resides in special tax districts), which represents a decrease of 4.54 percent compared to the prior year and a cumulative decrease of 3.13 percent over the past two years.
- State-shared revenue, our second largest revenue source, increased by approximately \$376,000 this year compared to an increase of \$10,000 in the prior year. This represents an increase of 13 percent in the current year and a cumulative increase of 14 percent over the past two years. However, the City is receiving approximately \$1,594,000 less per year since the year 2000.
- The City continued the sharing agreements with the Consolidated Tax Increment Finance Authority and Downtown Development Authority. The sharing agreement with the Consolidated Tax Increment Finance Authority returned approximately \$1,736,000 of general operating tax revenue to the General Fund in the current year and \$150,000 of debt levy tax revenue compared to \$2,116,000 of general operating tax revenue and \$150,000 of debt levy tax revenue in the prior year. The sharing agreement with the Downtown Development Authority returned approximately \$377,000 to the General Fund in the current year compared to \$344,000 in the prior year. Portions of these funds were used to defray annual operating costs and repay debt obligations. Remaining funds were contributed to the City of Wyandotte retirement system.
- In previous years, the expenditures for retiree health insurance were made from the Health and Life Insurance Reserve of the retirement system. Beginning in 2006, the City's General Fund paid for the annual cost of retiree health insurance due to a lack of funds in the reserve. The City paid \$2,550,000 in the current year compared to \$2,400,000 in the prior year for the gross cost of retiree health insurance.
- In May 2014, the electors of the City approved an additional operating millage for a five-year period, which began in the 2015 fiscal year. This supplemental millage will allow for an additional 3.0 operating mills to be levied through the 2019 fiscal year.

City of Wyandotte, Michigan

Management's Discussion and Analysis (Continued)

The General Fund ended the year with an overall net change in fund balance of approximately (\$80,000). The amended budget of the City's General Fund indicated that an excess of expenditures of approximately (\$259,000) was to be expected. This positive variance is primarily attributed to lower than anticipated expenditures in virtually all departments, although the primary reasons for the positive variance are due to the inherent delays in hiring additional police officers (\$165,000) as a result of a significant number of retirements within the department, turnover within the Downriver Consolidated Dispatch operations and the delays in replacing personnel (\$62,000), lower costs associated with property and liability insurance (\$44,000), costs associated with the Michigan Health Insurance Claims Assessment (\$62,000), and reduced expenditures for gasoline and oil due to favorable prices (\$159,000).

The City remains cognizant of the difficult economic conditions that continue to negatively affect the operations of the City. As a result, we will continue to monitor operations to reduce expenditures and increase revenue where possible. In the recent past, the following actions have assisted in managing the City in light of the troubling environment:

- Reductions in expenditures were achieved through the elimination or delays in replacement of personnel positions when vacancies occur. Full-time employees have been reduced from 174 employees to 133 employees over the past 20 years. In addition, numerous employees are now being shared between the City and the Department of Municipal Services and with neighboring communities through various collaborative initiatives.
- The City has also continued to reduce discretionary spending and has reduced certain elements of employer-paid healthcare coverage including the implementation of an 80/20 healthcare premium cost-sharing provision with eligible employee groups.
- The City reached agreements with all five collective bargaining units to eliminate traditional retiree healthcare coverage for new hires. This change was also instituted for nonunion employee groups and represents an important step to contain future costs and liabilities for the City.
- The City has collaborated with neighboring communities to achieve efficiencies, cost savings, and improved service to our citizens in the areas of 911 dispatching, animal control services, and property valuation and assessing. The City will continue to identify areas where collaboration can achieve similar advantages that assist in managing the budget.

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

City of Wyandotte, Michigan

Management's Discussion and Analysis (Continued)

Using this Annual Report

This annual report consists of a series of financial statements. The statement of net position and the statement of activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year and whether the taxpayers have funded the full cost of providing government services.

The fund financial statements present a short-term view; they tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the City's operations in more detail than the government-wide financial statements by providing information about the City's most significant funds. The fiduciary fund statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

The City as a Whole

The following table shows, in a condensed format, the net position as of September 30, 2017 and 2016 (in thousands of dollars):

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Assets						
Current assets	\$ 39,883	\$ 39,807	\$ 52,543	\$ 46,058	\$ 92,426	\$ 85,865
Capital assets	60,752	61,227	64,222	65,229	124,974	126,456
Other noncurrent assets	2,695	2,938	55	74	2,750	3,012
Total assets	103,330	103,972	116,820	111,361	220,150	215,333
Deferred Outflows of Resources	598	2,675	1,168	1,781	1,766	4,456
Liabilities						
Current liabilities	7,687	7,981	13,971	11,106	21,658	19,087
Long-term liabilities	50,310	49,331	56,423	57,170	106,733	106,501
Total liabilities	57,997	57,312	70,394	68,276	128,391	125,588
Deferred Inflows of Resources	12,713	12,543	-	-	12,713	12,543
Net Position						
Net investment in capital assets	56,437	56,102	30,032	30,839	86,469	86,941
Restricted	8,070	7,547	1,685	1,614	9,755	9,161
Unrestricted	(31,289)	(26,857)	15,877	12,413	(15,412)	(14,444)
Total net position	<u>\$ 33,218</u>	<u>\$ 36,792</u>	<u>\$ 47,594</u>	<u>\$ 44,866</u>	<u>\$ 80,812</u>	<u>\$ 81,658</u>

The City of Wyandotte, Michigan has combined net position of \$80.9 million in the current year, which is a decrease of \$847,000 from the prior year. The decrease is primarily related to a \$10 million impairment loss associated with the permanent retirement of Boiler 8 in the Electric Fund's power plant. Business-type activities comprise \$48 million and \$45 million of the total net position in the respective years.

City of Wyandotte, Michigan

Management's Discussion and Analysis (Continued)

The following table shows the changes in the net position during the fiscal years ended September 30, 2017 and 2016 (in thousands of dollars):

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenue						
Program revenue:						
Charges for services	\$ 6,853	\$ 6,988	\$ 55,867	\$ 59,540	\$ 62,720	\$ 66,528
Operating grants and contributions	2,284	2,060	-	-	2,284	2,060
Capital grants and contributions	974	903	122	413	1,096	1,316
General revenue:						
Property taxes	11,901	12,292	-	-	11,901	12,292
State-shared revenue	3,220	2,844	-	-	3,220	2,844
Unrestricted investment earnings	163	95	111	313	274	408
Other miscellaneous income	488	472	-	-	488	472
Total revenue	25,883	25,654	56,100	60,266	81,983	85,920
Program Expenses						
General government	5,232	7,784	-	-	5,232	7,784
Public safety	13,099	13,832	-	-	13,099	13,832
Public works	9,149	7,179	-	-	9,149	7,179
Community and economic development	138	56	-	-	138	56
Recreation and culture	1,545	1,346	-	-	1,545	1,346
Interest on long-term debt	294	262	-	-	294	262
Business-type	-	-	53,372	59,229	53,372	59,229
Total program expenses	29,457	30,459	53,372	59,229	82,829	89,688
Special Item - Impairment loss	-	-	-	(10,052)	-	-
Change in Net Position	\$ (3,574)	\$ (4,805)	\$ 2,728	\$ (9,015)	\$ (846)	\$ (3,768)

Governmental Activities

The City's total governmental revenue increased by approximately \$229,000, or 0.90 percent, in the current year compared to a decrease of \$154,000, or 0.60 percent, in the prior year.

Expenses decreased by approximately \$1,002,000, or 3.3 percent, in the current year compared to a decrease of \$4,783,000, or 13.6 percent, in the prior year.

Business-type Activities

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

City of Wyandotte, Michigan

Management's Discussion and Analysis (Continued)

The Electric Fund's operating revenue decreased compared to the prior year, decreasing by approximately 10.7 percent, while operating expenses decreased by approximately 8.6 percent. The reduction in revenue is attributed to the removal of the Large Volume Steam rate, as this service is no longer required by the customer, the impact of this removal on the LI rate, and a relatively cool summer that impacted residential usage. The decrease in operating expenses is attributable to active budget monitoring and the reduction in the usage of natural gas, water, and other costs due to the changes in steam production requirements.

The financial performance of the Water Fund declined in the current year as measured by GAAP. However, water rates are set on a cash basis; therefore, when noncash operating expenses are considered, the Water Fund had positive operating results for the current year. Operating revenue decreased by approximately 8.0 percent, while operating expenses increased by approximately 14.5 percent compared to the prior year. The decrease in operating revenue is attributed to decreased water usage in the warmer summer months as compared to the prior year due both to cooler weather and changes in customer usage patterns. The increase in operating expenses is attributed to the net increase in actual and accrued retiree benefit obligations. Operating income in the current year decreased by \$325,000 and resulted in a loss for the current year of \$371,000. The Water Fund has built adequate working capital and unrestricted net position to address ongoing and necessary infrastructure improvements and maintenance required by the system. One infrastructure improvement, the rehabilitation of the water filter plant, is being paid for through a series of installment payments ending in fiscal year 2018 and was partially funded during the current year through accumulated unrestricted net position as was anticipated in the budget process.

The Cable Television Fund's operating revenue increased by approximately 7.1 percent compared to the prior year. Operating revenue increased due to billing adjustments implemented based on a cost of service study completed prior to the beginning of fiscal year 2017.

The operating results of the Sewage Disposal Fund indicate operating gain of \$1,585,000 in the current year compared to operating loss of \$1,410,000 in the prior year. Revenue and expenditures were less than anticipated due to a reduction in usage by customers. The difference from the prior year was the result of a write-down of the investment in joint venture of \$1,746,000, which increased expenses in the prior year.

The municipal golf course showed an operating loss of \$87,000 in the current year as compared to a loss of \$96,000 in the prior year. Operating expenses remained consistent, decreasing less than 1.0 percent, while operating revenue increased by approximately 1.7 percent. Although the golf course has shown financial improvements in its operations, there continue to be negative pressures associated with the financial results of the operations. These negative pressures are attributable to general macroeconomic conditions, the proliferation of golf courses in the area, and inherent limitations surrounding the operation of a nine-hole facility. In spite of the continued operating loss, cash flow was positive for the current year.

City of Wyandotte, Michigan

Management's Discussion and Analysis (Continued)

The City-owned commercial building realized a net gain of \$44,000 in the current year compared to a net gain of \$50,000 in the prior year. This slight decrease in gain is primarily attributable to reduced amounts received for rent and expense reimbursements offset by lesser reductions in amounts spent on operating and maintaining the building.

The City's Funds

Our analysis of the City's major funds begins on page 14, following the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the City as a whole. The City Council creates funds to help manage money for specific purposes as well as to show accountability for certain activities. The City's major fund for 2017 includes the General Fund. Major enterprise funds are discussed in the following section.

The General Fund pays for most of the City's governmental services. The most significant is public safety, which incurred expenses of approximately \$10.4 million, or 56.7 percent of the total General Fund expenditures, in the current year as compared to \$9.7 million, or 55.9 percent, of the total General Fund expenditures in the prior fiscal year. Additional noteworthy expenditures include public works (\$3 million, or 16.12 percent, in the current fiscal year as compared to \$2.9 million, or 16.5 percent, of total expenditures in the prior fiscal year) and recreation and culture (\$1 million, or 5.6 percent of total expenditures, in the current fiscal year as compared to \$934,000, or 5.4 percent of total expenditures, in the prior fiscal year).

General Fund Budgetary Highlights

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

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

City of Wyandotte, Michigan

Management's Discussion and Analysis (Continued)

Even with these adjustments, actual expenditures were less than anticipated. This is primarily attributable to the conservative discretionary spending, management of personnel costs when vacancies arose, lower gasoline and oil prices, and deferral of capital equipment purchases. Unfortunately, reductions in property tax revenue and less than anticipated state-shared revenue served to mitigate some of the positive results from reducing expenditures. The City also received less reimbursement for cooperative initiatives, which negatively affected revenue but also represented a positive variance in expenditures. The City also elected to forgo a discretionary transfer from the Self Insurance Fund, which was budgeted for the fiscal year. In addition, savings were also derived from the City's continued decision to self-insure prescription drug coverage for active employees, increased contributions from employees for their health insurance premiums, continued closure of the defined benefit retirement system to new entrants, elimination of retiree healthcare coverage for new employees, and savings from the consolidation of police and fire dispatching, animal control services, and property valuation and assessing with neighboring communities.

Capital Asset and Debt Administration

The City sold \$9.495 million in bonds during 2006 to renovate the Yack Arena and construct a new district court and police facility. The renovation of the Yack Arena was completed in 2007 and the district court and police facility was completed in 2009. These bonds were refunded during the 2015 fiscal year and replaced with \$5.82 million of general obligation bonds. These bonds are scheduled to mature in 2026.

Economic Factors and Next Year's Budgets and Rates

The City's budget for next year will continue to be challenging to manage while continuing to offer the same level of service. Fortunately, the electors approved another additional operating millage in May 2014 which essentially replaces the previous supplemental operating millage approved in November 2011, which expired at the end of the 2014 fiscal year. Other negative factors include tepid increases in state-shared revenue projections and property tax revenue, escalating healthcare costs, increased actuarial required contributions to the defined benefit retirement system to defray the unfunded liability, potential new required contributions for OPEB liabilities, depletion of reserve funds previously relied upon by the City, and minimal investment earnings. Thus, the City needs to continue to monitor the budget very closely.

Contacting the City's Management

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the clerk's office.

City of Wyandotte, Michigan

Statement of Net Position September 30, 2017

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and investments (Note 4)	\$ 34,924,411	\$ 28,343,521	\$ 63,267,932	\$ 8,203,558
Receivables - Net:				
Taxes	1,766,157	-	1,766,157	-
Customer	-	8,765,623	8,765,623	-
Accrued interest	6,495	722	7,217	291
Other	1,319,789	-	1,319,789	326,696
Due from other governmental units	1,032,971	617,972	1,650,943	-
Special assessments	236,044	-	236,044	-
Due from component units (Note 8)	388,311	-	388,311	-
Due from primary government (Note 8)	-	-	-	15,697
Internal balances	29,015	(29,015)	-	-
Inventory	-	1,697,553	1,697,553	-
Prepaid expenses and other assets	160,020	1,679,662	1,839,682	1,582
Restricted assets (Note 11)	-	10,938,601	10,938,601	-
Investment in joint ventures (Note 6)	1,672,923	527,470	2,200,393	-
Land held for resale (Note 5)	160,777	-	160,777	1,838,599
Note receivable	-	-	-	193,051
Capital assets:				
Assets not subject to depreciation (Note 7)	18,229,021	2,450,157	20,679,178	-
Assets subject to depreciation (Note 7)	42,543,045	61,771,956	104,315,001	-
Note receivable	-	55,500	55,500	-
Advance to component unit (Note 8)	860,533	-	860,533	-
Total assets	103,329,512	116,819,722	220,149,234	10,579,474
Deferred Outflows of Resources				
Bond refunding loss being amortized	-	949,149	949,149	-
Deferred outflows related to pensions (Note 12)	598,040	218,566	816,606	-
Total deferred outflows of resources	598,040	1,167,715	1,765,755	-
Liabilities				
Accounts payable	1,640,155	6,999,978	8,640,133	472,938
Due to other governmental units	1,203,847	-	1,203,847	15,000
Due to component units (Note 8)	15,697	-	15,697	-
Due to primary government (Note 8)	-	-	-	388,311
Accrued liabilities and other	996,405	2,456,002	3,452,407	240,692
Unearned revenue	-	12,296	12,296	-
Noncurrent liabilities:				
Due within one year:				
Compensated absences	850,104	-	850,104	-
General liability and workers' compensation claims	624,961	-	624,961	-
Refundable deposits, bonds, etc.	1,565,786	2,250,242	3,816,028	-
Current portion of long-term debt (Note 9)	790,000	2,253,253	3,043,253	40,993
Due in more than one year:				
Compensated absences	717,235	-	717,235	-
Liabilities to be paid from restricted assets	-	501,642	501,642	-
Due to other governmental units	-	-	-	48,581
Advances from primary government (Note 8)	-	-	-	860,533
Other noncurrent liabilities	-	25,520	25,520	-
Net OPEB obligation (Note 15)	24,681,515	7,508,242	32,189,757	-
Net pension liability (Note 12)	21,366,374	7,808,813	29,175,187	-
Long-term debt (Note 9)	3,545,000	40,577,525	44,122,525	50,182
Total liabilities	57,997,079	70,393,513	128,390,592	2,117,230

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

City of Wyandotte, Michigan

Statement of Net Position (Continued) September 30, 2017

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Deferred Inflows of Resources - Property taxes levied for the following year	\$ 12,713,000	\$ -	\$ 12,713,000	\$ 1,412,364
Net Position				
Net investment in capital assets	56,437,066	30,031,866	86,468,932	-
Restricted for:				
Major and local street projects	824,409	-	824,409	-
Police	156,914	-	156,914	-
Grants	1,881,660	-	1,881,660	-
Sidewalk and alley paving	1,221,761	-	1,221,761	-
Rubbish	876,810	-	876,810	-
Drains	3,108,043	-	3,108,043	-
Working capital - MPPA	-	1,230,080	1,230,080	-
Grant reserves	-	384,377	384,377	-
Energy optimization surplus	-	71,021	71,021	-
Unrestricted	(31,289,190)	15,876,580	(15,412,610)	7,049,880
Total net position	\$ 33,217,473	\$ 47,593,924	\$ 80,811,397	\$ 7,049,880

City of Wyandotte, Michigan

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 5,232,568	\$ 3,618,821	\$ -	\$ -
Public safety	13,098,567	2,061,525	49,418	-
Public works	9,149,289	500,348	2,112,819	897,685
Community and economic development:				
Redevelopment and housing	138,174	-	-	-
Other community and economic development	-	-	121,057	76,226
Recreation and culture	1,544,465	671,927	-	-
Interest on long-term debt	294,109	-	-	-
Total governmental activities	29,457,172	6,852,621	2,283,294	973,911
Business-type activities:				
Electric	36,018,368	37,259,918	-	122,726
Water	4,118,868	3,747,585	-	-
Cable television	9,845,212	10,184,181	-	-
Sewage disposal	2,697,744	4,026,047	-	-
Golf course	414,977	327,775	-	-
Building rental	277,161	321,292	-	-
Total business-type activities	53,372,330	55,866,798	-	122,726
Total primary government	\$ 82,829,502	\$ 62,719,419	\$ 2,283,294	\$ 1,096,637
Component units:				
Tax Increment Finance Authorities - Consolidated				
	\$ 1,503,544	\$ -	\$ -	\$ -
Tax Increment Finance Authorities - Downtown				
	622,674	-	-	-
Brownfield Redevelopment Authority				
	206,746	-	-	-
Downriver Central Dispatch				
	750,176	750,176	-	-
Downriver Central Animal Control Agency				
	159,696	159,696	-	-
Downriver Consolidated Assessing				
	403,288	403,288	-	-
Total component units	\$ 3,646,124	\$ 1,313,160	\$ -	\$ -
General revenue:				
Property taxes				
State-shared revenue				
Investment income				
Other miscellaneous income				
Total general revenue				
Change in Net Position				
Net Position - Beginning of year				
Net Position - End of year				

Statement of Activities Year Ended September 30, 2017

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (1,613,747)	\$ -	\$ (1,613,747)	\$ -
(10,987,624)	-	(10,987,624)	-
(5,638,437)	-	(5,638,437)	-
(138,174)	-	(138,174)	-
197,283	-	197,283	-
(872,538)	-	(872,538)	-
(294,109)	-	(294,109)	-
(19,347,346)	-	(19,347,346)	-
-	1,364,276	1,364,276	-
-	(371,283)	(371,283)	-
-	338,969	338,969	-
-	1,328,303	1,328,303	-
-	(87,202)	(87,202)	-
-	44,131	44,131	-
-	2,617,194	2,617,194	-
(19,347,346)	2,617,194	(16,730,152)	-
-	-	-	(1,503,544)
-	-	-	(622,674)
-	-	-	(206,746)
-	-	-	-
-	-	-	-
-	-	-	(2,332,964)
11,900,852	-	11,900,852	3,364,075
3,219,886	-	3,219,886	-
163,206	111,126	274,332	4,689
488,530	-	488,530	330,185
15,772,474	111,126	15,883,600	3,698,949
(3,574,872)	2,728,320	(846,552)	1,365,985
36,792,345	44,865,604	81,657,949	5,683,895
\$ 33,217,473	\$ 47,593,924	\$ 80,811,397	\$ 7,049,880

City of Wyandotte, Michigan

Governmental Funds Balance Sheet September 30, 2017

	General Fund	Nonmajor Funds	Total
Assets			
Cash and investments (Note 4)	\$ 20,778,638	\$ 12,514,261	\$ 33,292,899
Receivables - Net:			
Taxes	1,439,970	326,187	1,766,157
Special assessments	-	236,044	236,044
Accrued interest	4,737	1,253	5,990
Other	1,003,270	316,519	1,319,789
Due from other governmental units	656,813	376,158	1,032,971
Due from component units (Note 8)	388,011	300	388,311
Due from other funds (Note 8)	91,466	818,825	910,291
Prepaid expenses and other assets	160,020	-	160,020
Land held for resale (Note 5)	-	160,777	160,777
Advance to component unit (Note 8)	-	661,313	661,313
	<u>\$ 24,522,925</u>	<u>\$ 15,411,637</u>	<u>\$ 39,934,562</u>
Total assets			
Liabilities			
Accounts payable	\$ 499,100	\$ 1,134,932	\$ 1,634,032
Due to other governmental units	1,203,847	-	1,203,847
Due to component units (Note 8)	-	15,697	15,697
Due to other funds (Note 8)	5,112,716	128,614	5,241,330
Advances from other funds (Note 8)	-	1,327,402	1,327,402
Accrued liabilities and other	902,807	26,556	929,363
Refundable deposits, bonds, etc.	1,565,766	20	1,565,786
	<u>9,284,236</u>	<u>2,633,221</u>	<u>11,917,457</u>
Total liabilities			
Deferred Inflows of Resources			
Unavailable revenue	351,552	527,723	879,275
Property taxes levied for the following year	10,314,198	2,398,802	12,713,000
	<u>10,665,750</u>	<u>2,926,525</u>	<u>13,592,275</u>
Total deferred inflows of resources			
Fund Balances			
Nonspendable:			
Inventory/Assets held for resale	-	160,777	160,777
Prepays	160,020	-	160,020
Long-term receivable	-	661,313	661,313
Restricted:			
Major and local street projects	-	718,586	718,586
Police	-	156,914	156,914
Grants	-	1,705,329	1,705,329
Rubbish	-	869,877	869,877
Sidewalk and alley paving	-	998,398	998,398
Drains	-	3,099,702	3,099,702
Committed - Special events	-	558,118	558,118
Assigned:			
Subsequent year's budget	513,832	-	513,832
Debt service	-	434,521	434,521
Capital projects	-	488,356	488,356
Unassigned	3,899,087	-	3,899,087
	<u>4,572,939</u>	<u>9,851,891</u>	<u>14,424,830</u>
Total fund balances			
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 24,522,925</u>	<u>\$ 15,411,637</u>	<u>\$ 39,934,562</u>

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

City of Wyandotte, Michigan

Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Position September 30, 2017

Fund Balance Reported in Governmental Funds	\$ 14,424,830
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	60,772,066
Investments in joint ventures are not financial resources and are not reported in the funds	1,672,923
Special assessment receivables are expected to be collected over several years and are not available to pay for current year expenditures	223,363
Grants and other receivables that are collected after year end, such that they are not available to pay bills outstanding as of year end, are not recognized in the funds	655,912
Employee compensated absences are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities	(1,567,339)
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(4,335,000)
Accrued interest is not due and payable in the current period and is not reported in the funds	(67,042)
Net OPEB obligation does not present a claim on current financial resources and is not reported as a fund liability	(24,681,515)
Net pension liability is not due and payable in the current period and is not reported in the funds	(21,366,374)
Deferred outflows related to pensions are not a financial resource and are not reported in the funds	598,040
Internal service funds are included as part of governmental activities	<u>6,887,609</u>
Net Position of Governmental Activities	<u>\$ 33,217,473</u>

City of Wyandotte, Michigan

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended September 30, 2017

	General Fund	Nonmajor Funds	Total
Revenue			
Property taxes	\$ 9,593,578	\$ 2,313,986	\$ 11,907,564
Licenses and permits	501,790	-	501,790
Federal grants	-	121,057	121,057
State-shared revenue and grants	3,219,886	2,433,322	5,653,208
Other charges for services	4,340,136	457,171	4,797,307
Fines and forfeitures	1,264,114	-	1,264,114
Investment income	26,681	48,688	75,369
Contribution from component unit	-	626,600	626,600
Other revenue	428,229	488,765	916,994
Total revenue	19,374,414	6,489,589	25,864,003
Expenditures			
Current:			
General government	3,951,808	164,133	4,115,941
Public safety	10,388,733	142,048	10,530,781
Public works	2,952,201	5,341,132	8,293,333
Community and economic development	-	138,174	138,174
Recreation and culture	1,016,191	200,182	1,216,373
Debt service	-	1,097,775	1,097,775
Total expenditures	18,308,933	7,083,444	25,392,377
Excess of Revenue Over (Under) Expenditures	1,065,481	(593,855)	471,626
Other Financing Sources (Uses)			
Transfers in (Note 8)	-	1,530,780	1,530,780
Transfers out (Note 8)	(1,145,233)	(385,547)	(1,530,780)
Total other financing (uses) sources	(1,145,233)	1,145,233	-
Net Change in Fund Balances	(79,752)	551,378	471,626
Fund Balances - Beginning of year	4,652,691	9,300,513	13,953,204
Fund Balances - End of year	\$ 4,572,939	\$ 9,851,891	\$ 14,424,830

City of Wyandotte, Michigan

Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended September 30, 2017

Net Change in Fund Balances - Total Governmental Funds	\$ 471,626
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capital outlay	3,124,588
Depreciation expense	(3,579,755)
Revenue is recorded in the statement of activities when earned; it is not reported in the funds until collected or collectible within 60 days of year end	(69,540)
Decreases in joint ventures are not increases to current financial resources and are not reported in the funds	(115,412)
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	790,000
Change in accrued interest payable and other	13,166
Increase in accumulated employee sick and vacation pay and other similar expenses reported in the statement of activities do not require the use of current resources and, therefore, are not reported in the fund statements until they come due for payment	(88,505)
Decrease in net pension obligation reported in the statement of activities does not require the use of current resources and, therefore, is not reported in the fund until it becomes due for payment	3,094,348
Change in deferred outflows and inflows related to pensions is reported in the statement of activities	(2,076,803)
Increase in net OPEB obligation reported on the statement of activities does not require the use of current resources and, therefore, is not reported in the fund statements until it comes due for payment	(4,974,833)
Internal service funds are included as part of governmental activities	<u>(163,752)</u>
Change in Net Position of Governmental Activities	<u>\$ (3,574,872)</u>

City of Wyandotte, Michigan

	Enterprise Funds			
	Electric	Water	Cable Television	Sewage Disposal
Assets				
Current assets:				
Cash and cash equivalents (Note 4)	\$ 12,179,485	\$ 5,620,737	\$ 3,653,264	\$ 6,335,007
Receivables - Net	6,130,537	603,807	1,075,090	1,574,883
Due from other funds (Note 8)	-	115	-	382,453
Inventory	1,531,273	123,960	42,320	-
Prepaid expenses and other assets	446,041	65,602	41,942	1,126,077
Total current assets	20,287,336	6,414,221	4,812,616	9,418,420
Noncurrent assets:				
Restricted assets (Note 11)	10,938,601	-	-	-
Advances to other funds (Note 8)	-	-	-	-
Investment in joint ventures (Note 6)	-	-	-	527,470
Capital assets (Note 7):				
Assets not subject to depreciation	2,384,283	2,429	11,537	-
Assets subject to depreciation	26,157,250	10,615,244	3,532,395	18,691,771
Long-term receivable	55,500	-	-	-
Advance to component unit (Note 8)	-	-	-	-
Total noncurrent assets	39,535,634	10,617,673	3,543,932	19,219,241
Total assets	59,822,970	17,031,894	8,356,548	28,637,661
Deferred Outflows of Resources				
Bond refunding loss being amortized	949,149	-	-	-
Deferred outflows related to pensions (Note 12)	144,595	43,097	30,874	-
Total deferred outflows	1,093,744	43,097	30,874	-
Liabilities				
Current liabilities:				
Accounts payable	1,322,404	90,851	568,627	4,979,799
Due to other funds (Note 8)	29,130	382,453	-	-
Accrued liabilities and other	1,944,309	264,728	206,753	-
Unearned revenue	-	-	12,296	-
General liability and workers' compensation claims	-	-	-	-
Refundable deposits, bonds, etc.	1,170,790	1,039,197	40,255	-
Current portion of long-term debt (Note 9)	1,268,669	-	-	984,584
Total current liabilities	5,735,302	1,777,229	827,931	5,964,383
Noncurrent liabilities:				
Liabilities to be paid from restricted assets	501,642	-	-	-
Net OPEB obligation (Note 15)	5,357,501	1,205,539	945,202	-
Net pension liability (Note 12)	5,166,012	1,539,738	1,103,063	-
Other noncurrent liabilities	14,834	3,300	7,386	-
Long-term debt - Net of current portion (Note 9)	32,048,181	-	-	8,529,344
Total noncurrent liabilities	43,088,170	2,748,577	2,055,651	8,529,344
Total liabilities	48,823,472	4,525,806	2,883,582	14,493,727
Net Position				
Net investment in capital assets	4,937,252	9,575,176	3,514,391	9,177,843
Restricted (Note 11)	1,685,478	-	-	-
Unrestricted	5,470,512	2,974,009	1,989,449	4,966,091
Total net position	\$ 12,093,242	\$ 12,549,185	\$ 5,503,840	\$ 14,143,934

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

**Proprietary Funds
Statement of Net Position
September 30, 2017**

Enterprise Funds		Governmental Activities
Nonmajor Enterprise	Total Enterprise Funds	Internal Service
\$ 555,028	\$ 28,343,521	\$ 1,631,512
-	9,384,317	505
-	382,568	4,360,054
-	1,697,553	-
-	1,679,662	-
555,028	41,487,621	5,992,071
-	10,938,601	-
-	-	1,327,402
-	527,470	-
51,908	2,450,157	-
2,775,296	61,771,956	-
-	55,500	-
-	-	199,220
2,827,204	75,743,684	1,526,622
3,382,232	117,231,305	7,518,693
-	949,149	-
-	218,566	-
-	1,167,715	-
38,297	6,999,978	6,123
-	411,583	-
40,212	2,456,002	-
-	12,296	-
-	-	624,961
-	2,250,242	-
-	2,253,253	-
78,509	14,383,354	631,084
-	501,642	-
-	7,508,242	-
-	7,808,813	-
-	25,520	-
-	40,577,525	-
-	56,421,742	-
78,509	70,805,096	631,084
2,827,204	30,031,866	-
-	1,685,478	-
476,519	15,876,580	6,887,609
\$ 3,303,723	\$ 47,593,924	\$ 6,887,609

City of Wyandotte, Michigan

	Enterprise Funds			
	Electric	Water	Cable Television	Sewage Disposal
Operating Revenue				
Sale of water	\$ -	\$ 3,743,636	\$ -	\$ -
Sewage disposal charges	-	-	-	4,026,047
Sale of electricity	37,010,549	-	-	-
Income from customers and tenants	-	-	9,852,334	-
Other miscellaneous revenue	249,369	3,949	331,847	-
Total operating revenue	37,259,918	3,747,585	10,184,181	4,026,047
Operating Expenses				
Cost of water	-	839,336	-	-
Cost of sewage treatment	-	-	-	1,145,194
Cost of electrical production	24,499,782	-	-	-
Cost of insurance claims	-	-	-	-
Transportation	74,875	32,470	21,268	-
Other operation and maintenance	4,731,489	1,330,360	2,141,193	643,698
Billing and administrative costs	635,508	371,089	428,120	-
Distributions	1,452,455	912,112	928,215	-
Cable television royalties	-	-	5,343,426	-
Depreciation	2,978,886	633,501	982,990	652,541
Total operating expenses	34,372,995	4,118,868	9,845,212	2,441,433
Operating Income (Loss)	2,886,923	(371,283)	338,969	1,584,614
Nonoperating Revenue (Expenses)				
Investment income	95,050	-	-	16,074
Grant expenses	(82,051)	-	-	-
Interest expense	(1,550,802)	-	-	(256,311)
Amortization related to long-term debt	(12,520)	-	-	-
Grant revenue	88,554	-	-	-
Total nonoperating (expenses) income	(1,461,769)	-	-	(240,237)
Income (Loss) - Before capital contributions and special item	1,425,154	(371,283)	338,969	1,344,377
Capital Contributions	34,172	-	-	-
Net Income (Loss)	1,459,326	(371,283)	338,969	1,344,377
Net Position - Beginning of year	10,633,916	12,920,468	5,164,871	12,799,557
Net Position - End of year	<u>\$ 12,093,242</u>	<u>\$ 12,549,185</u>	<u>\$ 5,503,840</u>	<u>\$ 14,143,934</u>

Proprietary Funds

Statement of Revenue, Expenses, and Changes in Net Position

Year Ended September 30, 2017

Enterprise Funds		Governmental Activities
Nonmajor Enterprise	Total Enterprise Funds	Internal Service
\$ -	\$ 3,743,636	\$ -
-	4,026,047	-
-	37,010,549	-
598,641	10,450,975	-
50,426	635,591	-
<u>649,067</u>	<u>55,866,798</u>	<u>-</u>
-	839,336	-
-	1,145,194	-
-	24,499,782	-
-	-	251,589
-	128,613	-
548,591	9,395,331	-
-	1,434,717	-
-	3,292,782	-
-	5,343,426	-
143,547	5,391,465	-
<u>692,138</u>	<u>51,470,646</u>	<u>251,589</u>
(43,071)	4,396,152	(251,589)
2	111,126	87,837
-	(82,051)	-
-	(1,807,113)	-
-	(12,520)	-
-	88,554	-
<u>2</u>	<u>(1,702,004)</u>	<u>87,837</u>
(43,069)	2,694,148	(163,752)
-	34,172	-
(43,069)	2,728,320	(163,752)
3,346,792	44,865,604	7,051,361
<u>\$ 3,303,723</u>	<u>\$ 47,593,924</u>	<u>\$ 6,887,609</u>

City of Wyandotte, Michigan

	Enterprise Funds			
	Electric	Water	Cable Television	Sewage Disposal
Cash Flows from Operating Activities				
Receipts from customers and tenants	\$ 38,255,894	\$ 3,827,166	\$ 10,027,667	\$ 3,812,136
Payments on interfund services and reimbursements	-	-	-	294,581
Payments to suppliers	(25,283,508)	(1,769,656)	(6,992,457)	(452,470)
Payments to employees	(5,420,970)	(1,119,174)	(1,721,099)	-
Claims paid	-	-	-	-
Net cash provided by operating activities	7,551,416	938,336	1,314,111	3,654,247
Cash Flows from Noncapital Financing Activities				
Interfund borrowings and repayments - Net	167,785	(81,105)	(86,680)	-
Transfers from (to) other funds	3,049	(294,581)	-	-
Net cash provided by (used in) noncapital financing activities	170,834	(375,686)	(86,680)	-
Cash Flows from Capital and Related Financing Activities				
Grant revenue	88,554	-	-	-
Grant expenses	(82,051)	-	-	-
Purchase of capital assets	(2,034,908)	(1,158,594)	(1,089,287)	(1,103,966)
Principal and interest paid on capital debt	(2,780,049)	-	-	(220,263)
Net cash used in capital and related financing activities	(4,808,454)	(1,158,594)	(1,089,287)	(1,324,229)
Cash Flows from Investing Activities - Interest received on investments and other income	95,050	-	-	17,136
Net Increase (Decrease) in Cash and Cash Equivalents	3,008,846	(595,944)	138,144	2,347,154
Cash and Cash Equivalents - Beginning of year	20,109,240	6,216,681	3,515,120	3,987,853
Cash and Cash Equivalents - End of year	<u>\$ 23,118,086</u>	<u>\$ 5,620,737</u>	<u>\$ 3,653,264</u>	<u>\$ 6,335,007</u>
Statement of Net Position Classification of Cash and Cash Equivalents				
Cash and investments	\$ 12,179,485	\$ 5,620,737	\$ 3,653,264	\$ 6,335,007
Restricted assets	10,938,601	-	-	-
Total cash and cash equivalents	<u>\$ 23,118,086</u>	<u>\$ 5,620,737</u>	<u>\$ 3,653,264</u>	<u>\$ 6,335,007</u>
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities				
Operating income (loss)	\$ 2,886,923	\$ (371,283)	\$ 338,969	\$ 1,584,614
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation and amortization	2,978,886	633,501	982,990	652,541
Changes in assets and liabilities:				
Receivables	995,976	79,581	(156,514)	(281,242)
Due from others	-	-	-	294,581
Inventories	(837,038)	(2,796)	(1,768)	-
Prepaid insurance and other current assets	(12,530)	(22,125)	5,814	(635,404)
Accounts payable	478,104	(17,157)	44,774	2,039,157
Unearned revenue	-	-	(12,336)	-
Accrued and other liabilities	651,394	638,615	112,182	-
Customer deposits and other current liabilities	409,701	-	-	-
Net cash provided by operating activities	<u>\$ 7,551,416</u>	<u>\$ 938,336</u>	<u>\$ 1,314,111</u>	<u>\$ 3,654,247</u>
Noncash Transactions - Capital contributions	\$ 34,172	\$ -	\$ -	\$ -

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

**Proprietary Funds
Statement of Cash Flows
Year Ended September 30, 2017**

Enterprise Funds		Governmental Activities
Nonmajor Enterprise	Total	Internal Service Fund
\$ 598,641	\$ 56,521,504	\$ 1,931
50,398	344,979	180,630
(469,829)	(34,967,920)	5,258
(59,266)	(8,320,509)	-
-	-	(175,460)
<u>119,944</u>	<u>13,578,054</u>	<u>12,359</u>
-	-	-
-	(291,532)	169,978
-	(291,532)	169,978
-	88,554	-
-	(82,051)	-
-	(5,386,755)	-
-	(3,000,312)	-
-	(8,380,564)	-
<u>2</u>	<u>112,188</u>	<u>88,401</u>
119,946	5,018,146	270,738
435,082	34,263,976	1,360,774
<u>\$ 555,028</u>	<u>\$ 39,282,122</u>	<u>\$ 1,631,512</u>
\$ 555,028	\$ 28,343,521	\$ 1,631,512
-	10,938,601	-
<u>\$ 555,028</u>	<u>\$ 39,282,122</u>	<u>\$ 1,631,512</u>
\$ (43,071)	\$ 4,396,152	\$ (251,589)
143,547	5,391,465	-
-	637,801	10,074
(28)	294,553	180,630
-	(841,602)	-
30	(664,215)	-
17,040	2,561,918	5,258
-	(12,336)	67,986
2,426	1,404,617	-
-	409,701	-
<u>\$ 119,944</u>	<u>\$ 13,578,054</u>	<u>\$ 12,359</u>
\$ -	\$ 34,172	\$ -

City of Wyandotte, Michigan

Fiduciary Funds Statement of Fiduciary Net Position September 30, 2017

	Pension and Other Employee Benefits Trust	Agency Fund
Assets		
Cash and cash equivalents (Note 4)	\$ 1,745,246	\$ 353,806
Investments (Note 4):		
U.S. government securities	8,155,690	-
Common trust funds/Mutual funds	40,299,315	-
Global equities	1,703,568	-
Global fixed income	15,666,453	-
Receivables:		
Accrued interest receivable	112,338	-
Other receivables	2,440	-
Due from other governmental units	-	78,541
Total assets	67,685,050	\$ 432,347
Liabilities		
Accrued liabilities and other	170,837	\$ -
Due to other governmental units	-	45,199
Refundable deposits, bonds, etc.	-	387,148
Total liabilities	170,837	\$ 432,347
Net Position Held in Trust for Pension and Other Employee Benefits	\$ 67,514,213	

City of Wyandotte, Michigan

Fiduciary Funds Statement of Changes in Fiduciary Net Position - Pension and Other Employee Benefits Trust Year Ended September 30, 2017

Additions

Investment income:	
Interest and dividends	\$ 1,305,923
Net increase in fair value of investments	5,157,975
Investment-related expenses	<u>(229,800)</u>
Net investment income	6,234,098
Contributions:	
Employer	7,760,473
Employee	<u>15,258</u>
Total contributions	<u>7,775,731</u>
Total additions	14,009,829

Deductions

Pension benefit payments	7,372,687
Health benefit payments	<u>4,044,307</u>
Total deductions	<u>11,416,994</u>

Net Increase in Net Position Held in Trust 2,592,835

Net Position Held in Trust for Pension and Other Employee Benefits -
Beginning of year 64,921,378

Net Position Held in Trust for Pension and Other Employee Benefits -
End of year \$ 67,514,213

City of Wyandotte, Michigan

	Tax Increment Finance Authorities - Consolidated	Tax Increment Finance Authorities - Downtown	Downtown Development Authority	Brownfield Redevelopment Authority	Downriver Central Dispatch
Assets					
Cash and cash equivalents (Note 4)	\$ 6,931,894	\$ 1,018,165	\$ 1,586	\$ 251,913	\$ -
Receivables - Net	83,648	19,000	-	-	140,355
Due from primary government (Note 8)	11,952	3,745	-	-	-
Prepaid expenses and other assets	-	1,582	-	-	-
Land held for resale (Note 5)	1,793,799	44,800	-	-	-
Note receivable	-	193,051	-	-	-
Total assets	8,821,293	1,280,343	1,586	251,913	140,355
Liabilities					
Accounts payable	460,578	12,360	-	-	-
Due to other governmental units	-	-	-	15,000	-
Due to primary government (Note 8)	125,846	38,126	-	-	140,355
Accrued liabilities and other	1,613	12,606	-	226,473	-
Due within one year - Current portion of long-term debt (Note 9)	16,881	24,112	-	-	-
Due in more than one year - Due to other governmental units	-	-	-	48,581	-
Due in more than one year - Advance from primary government (Note 8)	-	-	-	860,533	-
Long-term debt (Note 9)	50,182	-	-	-	-
Total liabilities	655,100	87,204	-	1,150,587	140,355
Deferred Inflows of Resources - Property taxes levied for the following year	1,067,692	344,672	-	-	-
Net Position - Unrestricted	\$ 7,098,501	\$ 848,467	\$ 1,586	\$ (898,674)	\$ -

**Component Units
Statement of Net Position
September 30, 2017**

Downriver Central Animal Control Agency	Downriver Consolidated Assessing	Total
\$ -	\$ -	\$ 8,203,558
25,293	58,691	326,987
-	-	15,697
-	-	1,582
-	-	1,838,599
-	-	193,051
<u>25,293</u>	<u>58,691</u>	<u>10,579,474</u>
-	-	472,938
-	-	15,000
25,293	58,691	388,311
-	-	240,692
-	-	40,993
-	-	48,581
-	-	860,533
-	-	50,182
<u>25,293</u>	<u>58,691</u>	<u>2,117,230</u>
-	-	1,412,364
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,049,880</u>

City of Wyandotte, Michigan

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Tax Increment Finance Authorities - Consolidated governmental activities:				
Community and economic development	\$ 1,405,909	\$ -	\$ -	\$ -
Debt service	97,635	-	-	-
Total Tax Increment Finance Authorities - Consolidated governmental activities	1,503,544	-	-	-
Tax Increment Finance Authorities - Downtown governmental activities:				
Community and economic development	619,717	-	-	-
Debt service	2,957	-	-	-
Total Tax Increment Finance Authorities - Downtown governmental activities	622,674	-	-	-
Downtown Development Authority	-	-	-	-
Brownfield Redevelopment Authority - Governmental activities:				
Community and economic development	84,721	-	-	-
Debt service	122,025	-	-	-
Total Brownfield Redevelopment Authority - Governmental activities	206,746	-	-	-
Downriver Central Dispatch - Governmental activities - Public safety	750,176	750,176	-	-
Downriver Central Animal Control Agency - Governmental activities - Public safety	159,696	159,696	-	-
Downriver Consolidated Assessing - Governmental activities - General government	403,288	403,288	-	-
Total component units	<u>\$ 3,646,124</u>	<u>\$ 1,313,160</u>	<u>\$ -</u>	<u>\$ -</u>

General revenue:
Property taxes
Investment income
Other miscellaneous income

Total general revenue

Change in Net Position

Net Position - Beginning of year

Net Position - End of year

Component Units
Statement of Activities
Year Ended September 30, 2017

Net (Expense) Revenue and Changes in Net Position						Net (Expense) Revenue and Changes in Net Position	
Tax Increment Finance Authorities - Consolidated	Tax Increment Finance Authorities - Downtown	Downtown Development Authority	Brownfield Redevelopment Authority	Downriver Central Dispatch	Downriver Central Animal Control Agency	Downriver Consolidated Assessing	Total
\$ (1,405,909)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,405,909)
(97,635)	-	-	-	-	-	-	(97,635)
(1,503,544)	-	-	-	-	-	-	(1,503,544)
-	(619,717)	-	-	-	-	-	(619,717)
-	(2,957)	-	-	-	-	-	(2,957)
-	(622,674)	-	-	-	-	-	(622,674)
-	-	-	-	-	-	-	-
-	-	-	(84,721)	-	-	-	(84,721)
-	-	-	(122,025)	-	-	-	(122,025)
-	-	-	(206,746)	-	-	-	(206,746)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(1,503,544)	(622,674)	-	(206,746)	-	-	-	(2,332,964)
2,575,856	556,047	-	232,172	-	-	-	3,364,075
3,674	959	1	55	-	-	-	4,689
16,683	228,525	-	84,977	-	-	-	330,185
2,596,213	785,531	1	317,204	-	-	-	3,698,949
1,092,669	162,857	1	110,458	-	-	-	1,365,985
6,005,832	685,610	1,585	(1,009,132)	-	-	-	5,683,895
\$ 7,098,501	\$ 848,467	\$ 1,586	\$ (898,674)	\$ -	\$ -	\$ -	\$ 7,049,880

Note I - Summary of Significant Accounting Policies

The accounting policies of the City of Wyandotte, Michigan (the "City") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the City of Wyandotte, Michigan:

Reporting Entity

The City of Wyandotte, Michigan is governed by an elected six-member council and the mayor. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Although blended component units are legally separate entities, in substance, they are part of the City's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City (see discussion below for description).

Blended Component Units

The Wyandotte Building Authority is governed by a three-member board that is appointed by the mayor with City Council approval. Although it is legally separate from the City, it is reported as if it were part of the primary government because its primary purpose is to finance and construct the City's public buildings.

Discretely Presented Component Units - The following component units are reported within the component units column to emphasize that they are legally separate from the City:

The Downtown Development Authority was created to correct and prevent deterioration in the downtown district, encourage historical preservation, and to promote economic growth within the downtown district. The Downtown Development Authority's governing body, which consists of nine individuals, is selected by the mayor with approval by the City Council. In addition, the Downtown Development Authority's budget is subject to approval by the City Council.

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

Note I - Summary of Significant Accounting Policies (Continued)

The Tax Increment Finance Authorities (TIFAs) were created to preserve and continuously improve the areas within the TIFA districts. The Consolidated Development Area TIFAs' governing body and Downtown Development Area TIFAs' governing body, which consist of nine individuals each, are selected by the mayor with approval by the City Council. The TIFA has reserved \$1.3 million for a future DNR grant match.

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

The Downriver Central Dispatch (DCD) was created to enhance public safety through the sharing of technology and information resources to support the centralized dispatching of public safety resources. The DCD's governing body consists of one representative appointed by each governmental unit that is a member of the DCD. The DCD's budget is subject to approval by the City Council.

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

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

Separate financial statements for the above discretely presented component units are not prepared.

Jointly Governed Organization - Jointly governed organizations are discussed in Note 6.

Accounting and Reporting Principles

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

Note I - Summary of Significant Accounting Policies (Continued)

Report Presentation

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

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

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Fund Accounting

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

Note I - Summary of Significant Accounting Policies (Continued)

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

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

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

- **Electric Fund** - The Electric Fund accounts for the activities of providing electric services to the residents (and businesses) of the City.
- **Water Fund** - The Water Fund accounts for the activities of the water distribution system.
- **Cable Television Fund** - The Cable Television Fund accounts for the activities of providing cable services (and Internet) to the residents (and businesses) of the City.
- **Sewage Disposal Fund** - The Sewage Disposal Fund accounts for the operations, maintenance, and improvements to the sewage disposal system in the City. Operations are primarily funded through user charges.

Internal Service Fund - The Internal Service Fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governments. The City's Internal Service Fund has been established to account for insurance costs associated with workers' compensation and general liability, as well as the self-insured portion of workers' compensation, and general liability. The Internal Service Fund is used to account for current coverage and to provide reserves for future catastrophic claims.

Note I - Summary of Significant Accounting Policies (Continued)

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

- **Pension and Other Employee Benefit Trust Funds** - The Pension and Other Employee Benefit Trust Funds account for the activities of the retirement system and the trust established to account for costs related to retiree health care.
- **Agency Fund** - The Agency Fund accounts for assets held by the City in a trustee capacity. Agency Funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

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

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

Basis of Accounting

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

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

Note I - Summary of Significant Accounting Policies (Continued)

Revenue is not recognized until it is collected, or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the City considers amounts collected within 60 days of year end to be available for recognition. The following major revenue sources meet the availability criterion: state-shared revenue, state gas and weight tax revenue, district court fines, and interest associated with the current fiscal period. Conversely, special assessments, federal grant reimbursements, and other revenue will be collected after the period of availability; receivables have been recorded for these, along with a "deferred inflow."

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

Specific Balances and Transactions

Cash and Cash Equivalents - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired.

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

Inventories and Prepaid Items - Land held for resale and real estate inventories in the special revenue funds, capital projects funds, and component units are valued at the lower of cost (specific identification, including demolition cost) or market. Inventories of the remaining governmental funds are recorded as expenditures when purchased rather than when consumed. Inventories of the enterprise funds are stated at the lower of cost, determined by the average cost method for general inventory, or market. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted Assets - Amounts have been set aside pursuant to contractual restrictions, grant reserves, and unspent bond proceeds. These amounts have been classified as restricted assets. Refer to Note II for further discussion.

Capital Assets - Capital assets, which include property, plant, equipment, intangible assets, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition cost.

Note I - Summary of Significant Accounting Policies (Continued)

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

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

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

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

Note I - Summary of Significant Accounting Policies (Continued)

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

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

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

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

Note I - Summary of Significant Accounting Policies (Continued)

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

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

Property Tax Revenue

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

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

The 2016 taxable valuation of the City totaled approximately \$540,000,000 (a portion of which has been abated or resides in special tax districts) on which taxes levied consisted of 15.0538 mills for operating purposes, 2.5166 mills for debt service, and 2.5166 mills for garbage and rubbish services. In addition, the City levied 2.6630 mills to support drain operation and maintenance, and the statutory or constitutional provisions that authorize the levy have not been identified. The above levies on a net basis resulted in approximately \$7,984,000 for operating purposes, \$1,146,000 for debt service, \$1,284,000 for garbage and rubbish services, and \$1,039,000 for drain operation and maintenance. These amounts are recognized in the respective General Fund and Special Revenue Fund financial statements as tax revenue. The special tax districts record their portion of taxes in the respective component units' financial statements as tax revenue. Some amounts are also recognized in the Debt Service Fund through a transfer of tax funds from the General Fund.

Note I - Summary of Significant Accounting Policies (Continued)

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

Other Postemployment Benefit Costs - The City offers retiree healthcare benefits to retirees. The plan is closed to all new hires. The City receives an actuarial valuation to compute the annual required contribution (ARC) necessary to fund the obligation over the remaining amortization period. In the governmental funds, OPEB costs are recognized as contributions are made. For the government-wide statements and proprietary funds, the City reports the full accrual cost equal to the current year required contribution, adjusted for interest and "adjustment to the ARC" on the beginning of year underpaid amount, if any. The net OPEB obligation has generally been liquidated from the funds from which the individual salaries are paid.

Compensated Absences (Vacation and Sick Leave) - It is the City's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. Employees may receive payment of the accumulated sick leave and vacation balance at the rate determined by union contracts, which vary from unit to unit. A liability is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end.

Proprietary Funds Operating Classification - Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relates to charges to customers for sales, rentals, and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2017

Note 1 - 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.

Significant Customers - The City has the following customers that represent significant amounts of operating revenue for the year ended September 30, 2017:

	Electricity Fees	Water Fees	Sewage Fees	Property Taxes
BASF Corporation	24 %	22 %	33 %	6 %
Electric Fund	-	4	-	-
Wayne County, Michigan	10	2	-	-
Wyandotte Hospital	4	-	-	-

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

Note 2 - Change in Accounting

During the year, the City adopted GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This statement required changes to the actuarial valuations resulting in a different measurement of the liability of the employer(s) to plan members for benefits provided through the other postemployment benefits (OPEB) plan. As a result, the disclosures within the OPEB plan footnotes have changed considerably, along with the related schedules in the required supplemental information.

Note 3 - Stewardship, Compliance, and Accountability

Construction Code Fees - The City oversees building construction, in accordance with the State's Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The City charges fees for these services. The law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A summary of the current year activity and the cumulative surplus or shortfall generated since January 1, 2000 is as follows:

Cumulative shortfall at October 1, 2016		\$	(182,470)
Current year permit revenue			697,096
Related expenses:			
Direct costs	\$	137,957	
Estimated indirect costs		611,739	749,696
			<u> </u>
Current year shortfall			<u>(52,600)</u>
Cumulative shortfall at September 30, 2017		\$	<u>(235,070)</u>

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

Note 4 - Deposits and Investments

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

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

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2017

Note 4 - Deposits and Investments (Continued)

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

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

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. At year end, the City had \$61,233,881 of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. In addition, the City's component units had \$5,063,056 of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the City evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Interest Rate Risk

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

Investment	Fair Value	Weighted-average Maturity (in Years)
U.S. government issues (pension)	\$ 8,053,493	18.27
Corporate bonds and notes (pension)	10,722,719	8.98
Foreign corporate bonds and notes (pension)	1,993,144	1.85
U.S. government issues (retiree health care)	103,703	7.99
Corporate bonds and notes (retiree health care)	181,919	3.60

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2017

Note 4 - Deposits and Investments (Continued)

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The City has no investment policy that would further limit its investment choices. As of year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Fair Value	Rating	Rating Organization
Primary government (including Pension and Retiree Health Care Funds)	\$ 5,932,005	AAA	Moody's
	163,476	Aa1	Moody's
	833,608	A1	Moody's
	1,111,348	A2	Moody's
	1,644,278	A3	Moody's
	1,871,416	Baa1	Moody's
	1,515,838	Baa2	Moody's
	1,643,816	Baa3	Moody's
	48,350	Ba1	Moody's
	11,035,093	N/A	Unrated

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

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

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2017

Note 4 - Deposits and Investments (Continued)

The City has the following recurring fair value measurements as of September 30, 2017:

Assets Measured at Fair Value on a Recurring Basis

	Balance at September 30, 2017	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level:				
Debt securities:				
U.S. government securities	\$ 8,157,773	\$ -	\$ 8,157,773	\$ -
Global fixed income	11,604,527	11,604,527	-	-
Commercial paper	7,968,268	-	7,968,268	-
Total debt securities	27,730,568	11,604,527	16,126,041	-
Equity securities - Global equities	1,294,760	1,294,760	-	-
Common trust/Mutual funds	40,299,315	40,299,315	-	-
Total investments by fair value level	69,324,643	\$ 53,198,602	\$ 16,126,041	\$ -
Investments measured at net asset value (NAV) - Global fixed income	4,061,926			
Total investments measured at fair value	\$ 73,386,569			

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

The fair value of U.S. government securities at September 30, 2017 was determined primarily based on Level 2 inputs. The City estimates the fair value of these investments using other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

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

Note 5 - Land Held for Resale

The inventory in the special revenue funds, capital projects funds, and component units consists of real property purchased for resale. The City purchases the property, demolishes or rehabilitates the structure, if any, and resells the property for commercial or residential development. Inventory costs include the costs of land, existing structures, rehabilitation, and demolition. Generally, the acquisition cost of inventory is substantially higher than its fair market value after demolition and site clearing. At September 30, 2017, inventory had a cost of \$671,663, \$318,666, and \$15,464,065 and an estimated fair market value of \$116,540, \$44,237, and \$1,838,599 in the special revenue funds, capital projects funds, and component units, respectively. Included in capital outlay and other expenses of the current year was a provision of \$8,800, \$0, and \$356,575 to record inventory at the lower of cost or market value in the special revenue funds, capital projects funds, and component units, respectively. In the current year, sales of properties held within the special revenue funds and component units resulted in a loss on sale of \$4,500 and \$207,556, respectively, included in miscellaneous income.

Note 6 - Joint Ventures

Southgate-Wyandotte Drainage District

The City is a member of the Southgate-Wyandotte Drainage District, a joint venture with the City of Southgate, Michigan that provides drainage services to the residents of Southgate and Wyandotte under Chapter 20 of the Michigan Drain Code. The intercounty drain activity is administered by the Wayne County Drainage Board. The City accrued approximately \$776,696 to Wayne County, Michigan during the year for operations and maintenance.

The City of Wyandotte, Michigan has approximately a 50.5 participation interest in the venture. The operations of the fund will be financed through assessments to the participating cities, Wayne County, Michigan, and the State of Michigan. The City is aware that over the next several years there are preliminary plans for significant system improvements to take place. The City's interest in the working capital of the venture in the amount of \$1,672,923 has been recorded in the government-wide statement of net position at September 30, 2017.

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2017

Note 6 - Joint Ventures (Continued)

Downriver Sewage Disposal System

The City, along with 12 other communities, jointly participates in the Downriver Sewage Disposal System. The City's share of capital assets, restricted assets (for debt service), and related debt is recorded in the Sewage Disposal Fund. During the year, the City accrued approximately \$1,914,000 for operations of the system and paid \$461,000 for debt service. The City is not aware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future other than the proposed transfer of the system from Wayne County, Michigan to the Downriver Utility Wastewater Authority (DUWA), a joint venture of the communities that participate in the operations of the system. DUWA has minimal operations, and as such, the City's investment in joint venture is not reflected in the financial statements of the City. If the transfer takes place, DUWA will issue revenue bonds to pay for the system and the incremental debt service above the portion already attributed to the City would be paid by system revenue. The City's investment in the working capital of the Downriver Sewage Disposal System joint venture of \$527,470 has been recorded in the proprietary and government-wide statements of net position at September 30, 2017. Financial statements for the joint venture can be obtained from the administrative offices at 400 Monroe Street, Suite 400, Detroit, MI 48226.

Note 7 - Capital Assets

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

	Balance October 1, 2016	Additions	Disposals and Adjustments	Balance September 30, 2017
Governmental Activities				
Capital assets not being depreciated - Land	\$ 18,229,021	\$ -	\$ -	\$ 18,229,021
Capital assets being depreciated:				
Roads and other infrastructure	90,779,109	2,686,545	-	93,465,654
Sidewalks	36,890,988	115,222	-	37,006,210
Buildings and improvements	22,504,013	33,908	-	22,537,921
Machinery, equipment, and vehicles	12,164,617	213,913	(25,000)	12,353,530
Land improvements	5,287,723	75,000	-	5,362,723
Subtotal	167,626,450	3,124,588	(25,000)	170,726,038
Accumulated depreciation:				
Roads and other infrastructure	70,524,125	1,785,216	-	72,309,341
Sidewalks	33,286,086	768,684	-	34,054,770
Buildings and improvements	5,983,972	383,618	-	6,367,590
Machinery, equipment, and vehicles	10,638,902	427,492	(25,000)	11,041,394
Land improvements	4,195,153	214,745	-	4,409,898
Subtotal	124,628,238	3,579,755	(25,000)	128,182,993
Net capital assets being depreciated	42,998,212	(455,167)	-	42,543,045
Net capital assets	\$ 61,227,233	\$ (455,167)	\$ -	\$ 60,772,066

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2017

Note 7 - Capital Assets (Continued)

	Balance October 1, 2016	Reclassifications	Additions	Disposals and Adjustments	Balance September 30, 2017
Business-type Activities					
Capital assets not being depreciated:					
Land	\$ 51,908	\$ -	\$ -	\$ -	\$ 51,908
Construction in progress	770,640	-	1,627,609	-	2,398,249
Subtotal	822,548	-	1,627,609	-	2,450,157
Capital assets being depreciated:					
Utility plant	104,151,783	-	51,093	-	104,202,876
Transmission	5,911,181	-	-	-	5,911,181
Pumping	7,162,667	-	27,090	-	7,189,757
Purification	3,944,873	-	-	-	3,944,873
Distribution	62,979,320	-	807,555	-	63,786,875
Transportation	3,138,350	-	313,479	-	3,451,829
Stores	1,129,217	-	19,335	-	1,148,552
Cable equipment	3,829,410	-	354,624	-	4,184,034
Land improvements	2,937,427	-	-	-	2,937,427
Studio	589,053	-	14,937	-	603,990
General	3,846,616	-	64,408	-	3,911,024
Buildings	2,328,584	-	-	-	2,328,584
Equipment and fixtures	1,721,237	-	-	-	1,721,237
Sewer lines	31,867,735	-	1,103,966	-	32,971,701
Subtotal	235,537,453	-	2,756,487	-	238,293,940
Accumulated depreciation:					
Utility plant	90,789,614	-	1,289,507	-	92,079,121
Transmission	5,633,356	-	90,603	-	5,723,959
Pumping	2,511,897	-	154,986	-	2,666,883
Purification	3,688,849	-	28,564	-	3,717,413
Distribution	41,222,956	-	2,144,821	-	43,367,777
Transportation	2,471,964	-	319,983	-	2,791,947
Stores	895,146	-	17,373	-	912,519
Cable equipment	2,312,060	-	354,389	-	2,666,449
Land improvements	1,232,736	-	58,749	-	1,291,485
Studio	553,138	-	11,461	-	564,599
General	3,355,745	-	183,690	-	3,539,435
Buildings	1,135,357	-	76,916	-	1,212,273
Equipment and fixtures	1,523,075	-	53,290	-	1,576,365
Sewer lines	13,804,626	-	607,133	-	14,411,759
Subtotal	171,130,519	-	5,391,465	-	176,521,984
Net capital assets being depreciated	64,406,934	-	(2,634,978)	-	61,771,956
Net capital assets	\$ 65,229,482	\$ -	\$ (1,007,369)	\$ -	\$ 64,222,113

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2017

Note 7 - Capital Assets (Continued)

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

Governmental activities:

General government	\$ 2,789,428
Public safety	409,585
Public works	136,926
Recreation and culture	243,816
	<u>3,579,755</u>
Total governmental activities	<u>\$ 3,579,755</u>

Business-type activities:

Electric	\$ 2,978,886
Water	633,501
Cable television	982,990
Sewage disposal	652,541
Golf course	97,294
Building rental	46,253
	<u>5,391,465</u>
Total business-type activities	<u>\$ 5,391,465</u>

Construction Commitments - The City has active construction projects in the Electric Fund at year end. The City's commitments with contractors/suppliers in the Electric Fund as of September 30, 2017 are as follows:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Micro wind turbines	\$ 398,707	\$ 68,000
Advanced metering infrastructure (AMI)	437,756	2,647,464
Bishop Park lighting - Phase II	1,829	158,395
Auxiliary steam boiler	567,053	1,682,947
Sub 8 - XMFR & 69 kV loop relaying	111,310	138,690
Sub 10 - 69 kV loop breaker replacements/control house	219,879	380,121
	<u>1,736,534</u>	<u>5,075,617</u>
Total	<u>\$ 1,736,534</u>	<u>\$ 5,075,617</u>

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2017

Note 8 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Due to/from Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other governmental funds	\$ 91,466
Other governmental funds	General Fund	\$ 752,662
	Other governmental funds	37,148
	Electric Fund	<u>29,015</u>
	Total other governmental funds	<u>\$ 818,825</u>
Water Fund	Electric Fund	\$ 115
Sewage Disposal Fund	Water Fund	\$ 382,453
Internal Service Fund	General Fund	\$ 4,360,054

Advances from/to Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Internal Service Fund	Other governmental funds	\$ 1,327,402

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2017

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

Due to/from Primary Government and Component Units

Receivable Fund	Payable Fund	Amount
General Fund	Tax Increment Finance Authorities - Downtown	\$ 38,126
	Total Tax Increment Finance Authorities - Consolidated	125,546
	Downriver Central Dispatch	140,355
	Downriver Central Animal Control	25,293
	Downriver Consolidated Assessing	58,691
	Total General Fund	<u>\$ 388,011</u>
Other governmental funds	Total Tax Increment Finance Authorities - Consolidated	<u>\$ 300</u>
Total Tax Increment Finance Authorities - Consolidated	Other governmental funds	<u>\$ 11,952</u>
Total Tax Increment Finance Authorities - Downtown	Other governmental funds	<u>\$ 3,745</u>

Advances from/to Primary Government and Component Units

Receivable Fund	Payable Fund	Amount
Other governmental funds	Brownfield Redevelopment Authority	<u>\$ 661,313</u>
Internal Service Fund	Brownfield Redevelopment Authority	<u>\$ 199,220</u>

These balances primarily result from the time lag between the dates that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made. The nonmajor special revenue funds advance to the Brownfield Redevelopment Authority relates to the outstanding balance of revolving loans. The original projects were paid for with grant funding. The Brownfield Redevelopment Authority is utilizing tax captures to pay back the outstanding advance to the nonmajor special revenue funds over time. After the advance is repaid, the City will be able to use the funds to make new revolving funds in accordance with grant requirements.

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2017

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

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

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

<u>Fund Receiving Resources</u>	<u>Fund Providing Resources</u>	<u>Amount</u>
Other governmental funds	General Fund	\$ 1,145,233
	Other governmental funds	<u>385,547</u>
	Total other governmental funds	<u>\$ 1,530,780</u>

The transfer to other governmental funds from the General Fund was primarily to pay the annual debt service for the 27th District Court and police department facility construction and Yack Arena renovation bonds. These funds are derived through tax levies. The \$385,547 transfer between the City's two street funds was to redistribute Act 51 revenue from the Major Streets Fund to the Local Streets Fund, where the funds were then spent.

Note 9 - Long-term Debt

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

<u>Description</u>	<u>Amount</u>
Governmental Activities	
General obligations - 2014 Refunding Bonds issued for \$5,820,000, with interest from 2.00 percent to 4.00 percent, maturing in 2025	<u>\$ 4,335,000</u>

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2017

Note 9 - Long-term Debt (Continued)

Description	Amount
Business-type Activities	
General obligations:	
Downriver sewage disposal system bonds, 21 issues totaling \$20,708,185, with interest from 2.0 percent to 5.7 percent, maturing from 2018 to 2037	\$ 9,513,927
2008 Electric purchase installment, issued for \$2,385,761, with interest of 4.53 percent, maturing in 2019	383,691
2010 Electric purchase installment, issued for \$3,866,200, with interest of 4.35 percent, maturing in 2019	1,091,556
2014 Electric purchase installment, issued for \$850,000, with interest of 2 percent, maturing in 2021	<u>499,482</u>
Subtotal	11,488,656
Revenue bonds:	
2015 Series A Electric System Revenue and Revenue Refunding Bonds, issued for \$21,810,000, with a premium of \$1,068,343, with interest from 3.50 percent to 5.00 percent, maturing in 2044	22,502,122
2015 Series B Electric System Revenue and Revenue Refunding Bonds, issued for \$8,840,000, with interest of 4.92 percent, maturing in 2026	<u>8,840,000</u>
Subtotal	<u>31,342,122</u>
Total business-type activity debt	<u>\$ 42,830,778</u>
Description	Amount
Component Units Activities	
General obligations:	
Various installment purchase agreements	\$ 67,063
2006 Downtown Development note payable, issued for \$400,000, with interest of 5.00 percent, maturing in 2018	<u>24,112</u>
Total component units activities debt	<u>\$ 91,175</u>

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2017

Note 9 - Long-term Debt (Continued)

Long-term debt activity can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities -					
General obligations	\$ 5,125,000	\$ -	\$ (790,000)	\$ 4,335,000	\$ 790,000
Business-type Activities					
General obligations	\$ 12,338,879	\$ 1,866,643	\$ (2,716,866)	\$ 11,488,656	\$ 1,923,253
Revenue bonds	31,682,733	-	(340,611)	31,342,122	330,000
Total	\$ 44,021,612	\$ 1,866,643	\$ (3,057,477)	\$ 42,830,778	\$ 2,253,253
Component Unit Activities -					
General obligations	\$ 202,175	\$ -	\$ (111,000)	\$ 91,175	\$ 40,993

Total interest expense for the year was approximately \$2,040,000.

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

Years Ending September 30	Governmental Activities			Business-type Activities			Component Unit Activities		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2018	\$ 790,000	\$ 160,900	\$ 950,900	\$ 2,253,253	\$ 1,776,829	\$ 4,030,082	\$ 40,993	\$ 2,615	\$ 43,608
2019	390,000	129,300	519,300	3,687,582	1,657,576	5,345,158	17,387	1,505	18,892
2020	390,000	113,700	503,700	2,398,212	1,517,434	3,915,646	17,909	984	18,893
2021	390,000	98,100	488,100	2,452,817	1,412,375	3,865,192	14,886	447	15,333
2022	480,000	90,300	570,300	2,371,779	1,303,260	3,675,039	-	-	-
2023-2027	1,895,000	170,400	2,065,400	12,584,975	4,821,398	17,406,373	-	-	-
2028-2032	-	-	-	5,578,237	2,921,550	8,499,787	-	-	-
2033-2037	-	-	-	4,091,802	2,025,648	6,117,450	-	-	-
2038-2042	-	-	-	3,705,000	1,158,625	4,863,625	-	-	-
2043-2047	-	-	-	2,710,000	207,750	2,917,750	-	-	-
Total	\$ 4,335,000	\$ 762,700	\$ 5,097,700	\$ 41,833,657	\$ 18,802,445	\$ 60,636,102	\$ 91,175	\$ 5,551	\$ 96,726

Advance and Current Refundings - In a prior year, the City defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. The old bonds are not callable. Accordingly, the trust accounts' assets and liabilities for the defeased bonds are not included in the basic financial statements. At September 30, 2017, \$4,500,000 of bonds outstanding is considered defeased.

In a prior year, the City defeased certain bonds of the Department of Municipal Services by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts' assets and liabilities for the defeased bonds are not included in the basic financial statements. At September 30, 2017, \$7,235,000 of bonds outstanding is considered defeased.

Note 9 - Long-term Debt (Continued)

Electric Fund Revenue Bonds

The 2015 Series A and B Revenue and Refunding Bonds are payable out of the net revenue of the Electric Fund. During the year, net operating revenue of the system was \$6,975,197. Fiscal year 2018 debt service requirements total \$1,783,466. The City of Wyandotte, Michigan has no liability for these bonds if the net revenue pledged should prove insufficient.

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

- Segregation of proceeds of the revenue bond issue
- Segregation of Electric Fund revenue
- Segregation of assets for construction of improvements to the system
- Sale, lease, or other disposition of all or any substantial part of the system
- Granting any franchise or other rights or operating a system that will compete with the system
- Establishment of rates sufficient to provide for required level of debt service coverage
- Adoption of and adherence to budgeted operation and maintenance expenses

Note 10 - Risk Management

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

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

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2017

Note 10 - Risk Management (Continued)

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

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

	Self-insurance Fund		Department of Municipal Services	
	2017	2016	2017	2016
Estimated liability - Beginning of year	\$ 556,975	\$ 601,372	\$ 142,128	\$ 152,531
Incurred claims - Including claims incurred but not reported	251,588	182,801	4,458	91,215
Claim payments and changes in estimates	(183,602)	(227,198)	(29,468)	(101,618)
Estimated liability - End of year	<u>\$ 624,961</u>	<u>\$ 556,975</u>	<u>\$ 117,118</u>	<u>\$ 142,128</u>

Note 11 - Restricted Assets and Restricted Net Position

The balances for the restricted asset accounts are as follows:

	Electric Fund
Unspent bond proceeds	\$ 9,324,144
Restricted working capital - MPPA	1,230,080
Restricted grant reserves	384,377
Total	<u>\$ 10,938,601</u>

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

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2017

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

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

The unspent bond proceeds relate to the Electric System Revenue and Revenue Refunding Bonds, Series 2015A and Series 2015B. At September 30, 2017, there was \$501,642 of liabilities to be paid from these restricted bond proceeds.

The Electric Fund assets restricted for grant reserves represent the balances outstanding as of September 30, 2017 related to grant funds advanced to the Department by the Department of Energy in 2011 to be used for loan loss reserves and interest rate buy-downs on approved energy-related projects for qualifying customers of the Department.

Portions of net position of the enterprise funds have been restricted for the following purposes at September 30, 2017:

	<u>Electric Fund</u>
Restricted working capital - MPPA	\$ 1,230,080
Energy optimization surplus	71,021
Restricted grant reserves	<u>384,377</u>
Total	<u>\$ 1,685,478</u>

Note 12 - Pension Plan

Pension Plan Description

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

Management of the plan is vested in the retirement commission, which consists of seven members: four elected by plan members (general, police, fire, and municipal services), one appointed by the City, one appointed by the municipal services commission, and the city treasurer, who serves as an ex-officio member.

Note 12 - Pension Plan (Continued)

Employees Covered by Benefit Terms - At September 30, 2016, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	306
Inactive plan members entitled to but not yet receiving benefits	20
Active plan members	<u>58</u>
Total employees covered by the plan	<u><u>384</u></u>

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

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

Police Patrol and Command Members - FAC times the sum of 2.5 percent of the first 25 years of service plus 1 percent for years of service in excess of 25 years, up to 75 percent of FAC. FAC is calculated as the highest three out of the last 10 consecutive years.

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

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

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

Note 12 - Pension Plan (Continued)

Contributions - Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, the retirement system retains an independent actuary to determine the annual contribution. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. Contribution requirements of plan members are established and may be amended by the retirement commission in accordance with the City Charter, union contracts, and plan provisions. For the year ended September 30, 2017, the police patrol and police command members contributed 5 percent of annual pay. For the year ended September 30, 2017, the City contributed the actuarial required contribution of \$4,224,526, which consisted of \$1,032,345 in contributions from municipal services and \$2,742,540 in transfers from other funds, as well as \$449,641 from supplemental reserves in the pension system, which are not considered for annual actuarially required contribution purposes.

Pension Plan Investments - Policy and Rate of Return

Investment Policy - The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the retirement commission by a majority vote of its members. It is the policy of the retirement commission to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the pension board's adopted asset allocation policy as of September 30, 2017:

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

Rate of Return - For the year ended September 30, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 10.07 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Note 12 - Pension Plan (Continued)

Pension Plan Reserves

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

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

The employee reserve is credited as employee contributions are received throughout the year; the plan maintains a record of the amount contributed by each employee and credits interest annually at a rate of 5 percent.

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

	Required Reserve	Amount Funded
Retiree reserve	\$ 74,468,826	\$ 64,662,267
Employee reserve	493,938	493,938

Net Pension Liability

The components of the net pension liability of the City at September 30, 2017 were as follows:

Total pension liability	\$ (94,331,391)
Plan fiduciary net position	<u>65,156,204</u>
City's net pension liability	<u>\$ (29,175,187)</u>

Plan fiduciary net position as a percentage of the total pension liability	69.1 %
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The City has chosen to use September 30, 2017 as its measurement date for the net pension liability. The September 30, 2017 reported net pension liability was determined using a measure of the total pension liability and the pension net position as of September 30, 2017. The September 30, 2017 total pension liability was determined by an actuarial valuation performed as of September 30, 2016, which used update procedures to roll forward the estimated liability to September 30, 2017.

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2017

Note 12 - Pension Plan (Continued)

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

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at September 30, 2016	\$ 94,435,562	\$ 62,680,184	\$ 31,755,378
Service cost	561,063	-	561,063
Interest	6,372,082	-	6,372,082
Differences between expected and actual experience	335,373	-	335,373
Contributions - Employer	-	3,774,885	(3,774,885)
Contributions - Employee	-	15,258	(15,258)
Net investment income	-	6,058,638	(6,058,638)
Benefit payments, including refunds	(7,372,687)	(7,372,687)	-
Miscellaneous other charges	-	(72)	72
Net changes	(104,169)	2,476,022	(2,580,191)
Balance at September 30, 2017	\$ 94,331,393	\$ 65,156,206	\$ 29,175,187

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

For the year ended September 30, 2017, the City recognized pension expense of \$3,850,620. At September 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 816,606	\$ -

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

Years Ending September 30	Amount
2018	\$ 849,875
2019	849,875
2020	(523,860)
2021	(359,284)

Note 12 - Pension Plan (Continued)

Actuarial Assumptions - The total pension liability in the September 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 %	
Salary increases	3 to 8.1 %	Average, including inflation
Investment rate of return	7.0 %	Net of pension plan investment expense, including inflation

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

Discount Rate - The discount rate used to measure the total pension liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that city contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Projected Cash Flows

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return as of September 30, 2017 for each major asset class included in the pension plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following table.

Asset Class	Long-term Expected Real Rate of Return
Domestic fixed income	2.93 %
International fixed income	4.34
Domestic equity	5.56
International equity	7.80
Hedged strategies	2.83
Cash or cash equivalents	2.0

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2017

Note 12 - Pension Plan (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the City, calculated using the discount rate of 7.0 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0 percent) or 1 percentage point higher (8.0 percent) than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Net pension liability of the City	\$ 38,503,757	\$ 29,175,187	\$ 21,207,339

Note 13 - Pension and Other Employee Benefit Trust Funds

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

	Pension Trust	Retiree Health Care	Total
Statement of Net Position			
Cash and investments	\$ 65,041,427	\$ 2,528,845	\$ 67,570,272
Other assets	114,779	-	114,778
Liabilities	-	(170,837)	(170,837)
Net position	<u>\$ 65,156,206</u>	<u>\$ 2,358,008</u>	<u>\$ 67,514,213</u>
Statement of Changes in Net Position			
Investment income	\$ 6,058,565	\$ 175,533	\$ 6,234,098
Contributions	3,790,143	3,985,588	7,775,731
Benefit payments and deductions	(7,372,687)	(4,044,307)	(11,416,994)
Net change in net position	<u>\$ 2,476,021</u>	<u>\$ 116,814</u>	<u>\$ 2,592,835</u>

Note 14 - Defined Contribution Pension Plan

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

- Police patrol officers hired on or after February 1, 1999
- Police command officers hired on or after February 1, 1999
- Nonunion administrative employees hired on or after October 1, 1999
- Nonunion administrative employees hired prior to October 1, 1999 who elected to transfer their accrued benefits from the defined benefit plan
- AFSCME Local 894 members hired on or after April 1, 2000
- Wyandotte firefighters IAFF Local 356 members hired on or after October 1, 2000

Note 14 - Defined Contribution Pension Plan (Continued)

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

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

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

In accordance with the above requirements, the City contributed approximately \$839,000 during the current year and the employees contributed approximately \$419,500.

Note 15 - Other Postemployment Benefits

Plan Description - The City provides retiree healthcare benefits to certain eligible employees and their spouses. Currently, the plan has 420 members (including employees in active service, terminated employees not yet receiving benefits, and retired employees and beneficiaries currently receiving benefits). The City has eliminated retiree health care for all new hires.

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

Note 15 - Other Postemployment Benefits (Continued)

Funding Policy - Retiree healthcare costs are recognized when paid by the City on a "pay-as-you-go" basis. The City has no obligation to make contributions in advance of when the insurance premiums are due for payment. In the current year, the General Fund transferred approximately \$2,550,000 to the Retiree Health Care Trust. In addition, \$428,000 and \$1,000,000 in premiums were paid by the General Fund and enterprise funds, respectively.

Funding Progress - For the year ended September 30, 2017, the City has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of September 30, 2015. The valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. This valuation's computed contribution and actual funding are summarized as follows:

Annual required contribution (recommended)	\$ 10,440,580
Interest on the prior year's net OPEB obligation	1,059,336
Less adjustment to the annual required contribution	<u>(1,807,996)</u>
Annual OPEB cost	9,691,920
Amounts contributed:	
Payments of current premiums	(1,435,575)
Transfers from General Fund	<u>(2,550,000)</u>
Increase in net OPEB obligation	5,706,345
OPEB obligation - Beginning of year	<u>26,483,412</u>
OPEB obligation - End of year	<u>\$ 32,189,757</u>

Employer contributions and annual OPEB cost data for the current and four preceding years were as follows:

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution*	Annual OPEB Costs	Employer Contributions		Net OPEB Obligation
				Percentage of ARC Contributed	Percentage OPEB Costs Contributed	
9/30/13	9/30/11	\$ 7,124,448	\$ 6,911,606	45.8 %	47.2 %	\$ 15,662,187
9/30/14	9/30/11	7,124,395	6,829,373	50.6	52.7	18,889,904
9/30/15	9/30/13	8,096,830	7,718,195	48.8	51.2	22,683,621
9/30/16	9/30/13	8,096,761	7,602,461	47.0	50.0	26,483,411
9/30/17	9/30/15	10,440,580	9,691,920	38.2	41.1	32,189,757

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2017

Note 15 - Other Postemployment Benefits (Continued)

The funding progress of the plan is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll* (c)	UAAL as a Percentage of Covered Payroll
9/30/11	\$ 1,862,556	\$ 83,409,901	\$ 81,547,345	2.2 %	*	*
9/30/13	2,161,623	97,950,537	95,788,914	2.2	*	*
9/30/15	2,138,550	129,130,793	126,992,243	1.7	*	*

* The September 30, 2011, 2013, and 2015 valuations amortize the unfunded actuarial accrued liability as a level dollar amount; therefore, the covered payroll and UAAL as a percentage of covered payroll are not reported in the valuation.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented above, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the September 30, 2015 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 8 percent initially, reduced by decrements to an ultimate rate of 3.0 percent after 16 years. Both rates included a 0 percent inflation assumption. The UAAL is being amortized as a level dollar amount on a closed basis. The remaining amortization period at September 30, 2015 was 24 years.

City of Wyandotte, Michigan

Notes to Financial Statements September 30, 2017

Note 16 - OPEB Plan

Plan Administration - The City administers the City of Wyandotte Retiree Health Care Plan (the "Plan"), a single-employer defined benefit OPEB plan, that is used to provide postemployment benefits other than pensions (OPEB) for certain eligible employees and their spouses.

Management of the Plan is vested with the City Council.

Plan Membership - At September 30, 2017, plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	268
Inactive plan members entitled to but not yet receiving benefits	11
Active plan members	141
Total	<u>420</u>

The City has eliminated retiree health care for all new hires.

Benefits Provided - The Plan provides healthcare benefits for retirees and their spouses. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the Plan.

Contributions - Retiree healthcare costs are recognized when paid by the City of a "pay-as-you-go" basis. The City has no obligation to make contributions in advance of when the insurance premiums are due for payment. However, during the year ended September 30, 2017, the City made contributions of \$2,550,000 into the Plan to advance fund these benefits, as determined by the City Council through annual budget resolutions. Plan members are not required to contribute to the Plan.

OPEB Plan Investments

Investment Policy - The Plan's policy in regard to the allocation of invested assets is established and may be amended by the City Council by a majority vote of its members. The following was the board's adopted asset allocation policy as of September 30, 2017:

Asset Class	Target Allocation (%)
Domestic equity	45.00 %
Global equity	15.00
Domestic fixed income	21.00
Global fixed income	7.00
Real estate and alternatives	10.00
Cash	2.00

Note 16 - OPEB Plan (Continued)

Rate of Return

For the year ended September 30, 2017, the annual money-weighted rate of return on plan investments, net of investment expense, was 8.28 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability

The City reports OPEB expense based on funding requirements, as directed by GASB Statement No. 45. Beginning next year, the City will adopt GASB Statement No. 75, which will require the measurement of OPEB expense as it is earned, rather than as it is funded. The net OPEB liability of the City has been measured as of September 30, 2017 and is composed of the following:

Total OPEB liability	\$ 143,939,079
Plan fiduciary net position	<u>(2,358,008)</u>
Net OPEB liability	<u>\$ 141,581,071</u>
Plan fiduciary net position as a percentage of the total OPEB liability	2 %

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of September 30, 2015, which used update procedures to roll forward the estimated liability to September 30, 2017. The valuation used the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75 %
Healthcare cost trend rate	8.00 % Gradually decreasing to 3.0 percent in year 10
Investment rate of return	7.00 % Net of OPEB plan investment expense, including inflation

Salary increases were 3.0 to 8.1 percent, including inflation. Mortality rates were based on the RP-2014 Mortality Table projected seven years with Scale MP-2014. A 1.0 percent load was applied in connection with the "Cadillac" tax. Aging factors were based on an internal GRS study using several pricing manuals from National Health Care Consultant groups and incorporating analysis and data from a SOA survey regarding aging practices used in healthcare valuations.

Note 16 - OPEB Plan (Continued)

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return as of September 30, 2017 for each major asset class included in the target asset allocation are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return
Domestic equity	7.13 %
Global equity	7.18
Domestic fixed income	2.90
Global fixed income	2.50
Real estate and alternatives	4.60
Cash or cash equivalents	1.70

Projected Cash Flows

Based on those assumptions, the OPEB plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate incorporates a municipal bond rate which was 3.50 percent. The bond rate was based on the daily rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index". The Plan's fiduciary net position and future contributions were sufficient to finance the benefit payments for one year. As a result, the municipal bond rate was applied to all benefit payments.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - The following presents the net OPEB liability, calculated using the discount rate of 3.5 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.5 percent) or 1 percentage point higher (4.5 percent) than the current rate:

	1 Percent Decrease (2.5%)	Current Discount Rate (3.5%)	1 Percent Increase (4.5%)
Net OPEB liability	<u>\$ 164,385,359</u>	<u>\$ 141,581,071</u>	<u>\$ 123,225,928</u>

Note 16 - OPEB Plan (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the net OPEB liability, calculated using the healthcare cost trend rate of 8.0 percent, gradually decreasing to 3.0 percent in year 10, as well as what the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower (7.0 percent, decreasing to 2.0 percent) or 1 percentage point higher (9.0 percent, decreasing to 4.0 percent) than the current rate:

	1 Percent Decrease (7.0%) Decreasing to 2.0%)	Current Healthcare Cost Trend Rate (8.0%) Decreasing to 3.0%)	1 Percent Increase (9.0%) Decreasing to 4.0%)
Net OPEB liability	<u>\$ 119,879,449</u>	<u>\$ 141,581,071</u>	<u>\$ 169,062,747</u>

Note 17 - Related Party Transactions

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

Included in the Department's cable expenses is a franchise fee payable to the City equal to 5 percent of the gross revenue of the Cable Television Fund for the year ended September 30, 2017.

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

Note 17 - Related Party Transactions (Continued)

A summary of these transactions for the year ended September 30, 2017 is as follows:

City of Wyandotte, Michigan:

Revenue:		
In lieu of property taxes	\$	642,503
Cable television franchise fees		471,775
Water (city services)		175,000
Electric (city services)		877,325
Building rent		180,000
Expenses:		
Electric and water services		(666,966)
Street and public lighting		(642,503)
Collection fee		(65,883)
Remittances to City for sewage use charge collections		4,334,168
Receivable for Sewage Disposal Fund		382,453
Receivable for Solid Waste Disposal Fund		29,015
Payable from General Fund		(126)

Note 18 - Contingent Liabilities

The City has been named as a defendant in numerous claims and lawsuits requesting damages of various amounts, the majority of which do not state a specific maximum. The various proceedings have not yet progressed to a point where a legal opinion can be reached as to the ultimate liability, if any, after consideration of available insurance, where applicable, that may result from the resolution of these matters. The City has not recorded an estimate for any possible liability at September 30, 2017.

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

A lawsuit has been filed regarding the municipal franchise fees involving the City-owned cable and utilities described in Note 17. The Wayne County Circuit court granted the City's motion for summary disposition, denied the plaintiffs' motion for partial summary disposition, and dismissed the case. Plaintiffs then appealed to the Michigan Court of Appeals. Briefing in the Court of Appeals is complete and parties are now waiting for the court to schedule oral argument, after which the court will issue its opinion.

Note 18 - Contingent Liabilities (Continued)

A class action complaint regarding basement flooding was filed in July 2015 against the City as a result of a severe rain event in August 2014. At this point, plaintiffs have filed a third amended complaint against the City, Wayne County, Michigan, and the Southgate Wyandotte Drainage District. In August 2017, a Motion for Summary Disposition was filed. The plaintiffs have since filed a motion to certify the matter as a class action lawsuit. The court has requested that the parties reconvene for a settlement conference prior to the court considering the motion for summary disposition and the plaintiffs' motion for class certification. The City has not recorded an estimate for any possible liability at September 30, 2017.

The City has entered into various agreements to repay developers for Brownfield remediation and cleanup. In addition, the City has an agreement with the Department for repayment of approximately \$3.5 million in costs related to a Brownfield project. The repayments will be funded by incremental tax captures and are contingent upon increasing Brownfield property tax values. The outstanding amount owed to developers is approximately \$781,710 as of September 30, 2017. Of the \$3.5 million potential reimbursement to the Department, the City expects that the Department will recover approximately \$300,000 under the Brownfield tax capture process.

Note 19 - Upcoming Accounting Pronouncements

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which addresses reporting by governments that provide postemployment benefits other than pensions (OPEB) to their employees and for governments that finance OPEB for employees of other governments. This OPEB standard will require the City to recognize on the face of the financial statements its net OPEB liability. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the City's financial statements for the year ending September 30, 2018.

In November, 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*, which establishes criteria for determining the timing and pattern of recognition of a liability and corresponding deferred outflow of resources for asset retirement obligations. The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the City's financial statements for the year ending September 30, 2019.

Note 19 - Upcoming Accounting Pronouncements (Continued)

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying fiduciary activities of governments and improves guidance for accounting and financial reporting related to how these activities should be reported. The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the City's financial statements for the year ending September 30, 2019.

In March 2017, the GASB issued Statement No. 85, *Omnibus 2017*, which addresses practice issues that have been identified during implementation and application of certain GASB statements. The statement addresses a variety of topics, including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pension and other postemployment benefits (OPEB)). The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the City's financial statements for the year ending September 30, 2018.

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*, which improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the City's financial statements for the year ending September 30, 2018.

In June 2017, the GASB issued Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the City's financial statements for the year ending September 30, 2021.

Note 20 - Tax Abatements

The City uses the Industrial Facilities Tax exemption (PA 198 of 1974) to enter into agreements with local businesses to construct new industrial facilities or rehabilitate historical facilities. Under the program, the City grants reductions of 50 percent of the property tax bill for new property (or it can freeze taxable values for rehabilitation properties) for up to 12 years.

For the fiscal year ended September 30, 2017, the City abated \$459,234 of taxes under this program. There are no provisions to recapture taxes; however, the abatement may be eliminated if taxes are not paid timely.

Additionally, the Brownfield Redevelopment Authority, a discretely presented component unit, uses Brownfield Redevelopment Agreements under PA 381 of 1996 to reimburse taxpayers that remediate environmental contamination on their properties. As a result of these agreements, the Brownfield's tax revenue is reduced. For the fiscal year ended September 30, 2017, the Authority abated \$232,173 of taxes under this program. There are no provisions to recapture taxes.

In addition, the City has abatements related to the Personal Property Tax (Act 328 of 1998, as amended by PA 20 of 1999) which reduce future taxes to the extend new purchases of eligible personal property will be 100 percent exempt from personal property tax. Taxes in the current year were reduced by \$5,846,718.

The City also has abatements related to the Commercial Facility Tax Exemption, Obsolete Property Rehabilitation Act, and Neighborhood Enterprise Zone exemption. These abatements totaled \$2,767,807 in the current year.

There are no significant abatements made by other governments that reduce the City's tax revenue.

Required Supplemental Information

City of Wyandotte, Michigan

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended September 30, 2017

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 9,740,952	\$ 9,740,952	\$ 9,593,578	\$ (147,374)
Licenses and permits	498,000	498,000	501,790	3,790
State-shared revenue and grants	3,357,509	3,357,509	3,219,886	(137,623)
Charges for services	4,505,624	4,488,924	4,340,136	(148,788)
Fines and forfeitures	1,263,000	1,263,000	1,264,114	1,114
Investment income	25,000	5,000	26,681	21,681
Transfers out	(1,144,080)	(1,144,080)	(1,145,233)	(1,153)
Other revenue	3,168,000	3,168,000	2,536,950	(631,050)
Total revenue	21,414,005	21,377,305	20,337,902	(1,039,403)
Expenditures				
General government:				
Legislative	114,906	114,906	114,585	321
Judicial	1,056,245	1,056,245	1,001,184	55,061
Financial services and administration	635,323	635,323	598,999	36,324
Information technology	194,966	194,966	198,137	(3,171)
Treasurer	165,080	166,360	140,360	26,000
Assessor	195,596	195,596	163,956	31,640
City commissions	27,360	26,577	21,630	4,947
Clerk	172,006	170,226	165,475	4,751
Elections	59,720	58,720	51,148	7,572
General government	1,518,046	1,518,046	1,362,850	155,196
Public safety:				
Police and civil defense	4,806,151	4,806,151	4,560,105	246,046
Dispatch	274,539	274,539	173,234	101,305
Fire	4,068,655	4,046,872	4,058,506	(11,634)
Animal control	101,150	101,150	61,840	39,310
Public works:				
Engineering	1,219,936	1,205,019	1,160,717	44,302
DPS	2,850,089	2,847,983	2,451,941	396,042
Recreation and culture:				
Recreation	515,342	515,342	472,295	43,047
Youth assistance	55,510	55,510	55,182	328
Historical commission	180,611	180,611	167,290	13,321
Swimming pool	17,227	17,227	14,484	2,743
Yack Arena	363,486	363,486	338,440	25,046
Other functions	3,085,688	3,085,688	3,085,296	392
Total expenditures	21,677,632	21,636,543	20,417,654	1,218,889
Net Change in Fund Balance	\$ (263,627)	\$ (259,238)	\$ (79,752)	\$ 179,486

City of Wyandotte, Michigan

Note to Required Supplemental Information Year Ended September 30, 2017

Note - Budgetary Information

Budgetary Information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and all special revenue funds, except that operating transfers and reimbursements have been included in the "revenue" and "expenditures" categories, rather than as "other financing sources (uses)." All annual appropriations lapse at fiscal year end. The annual budget is prepared by the City's management and adopted by the City Council; subsequent amendments are approved by the City Council.

The budget process is initiated in March, when the departments are given information and guidelines to assist them in formulating their budget requests. The department heads summarize departmental appropriation requests and submit them to the mayor on or before June 1. During the month of June, the mayor reviews the appropriation requests, meets with the departments, and puts together the budget. The budget is submitted to the City Council in early July. During the next month, the City Council reviews the budget and considers any changes. After a public hearing, the final budget is adopted by resolution no later than September 30.

The budget document presents information by fund, function, department, and line items. The legal level of budgetary control adopted by the governing body is the department level.

Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

A reconciliation of the budgetary comparison schedules to the fund-based statement of changes in fund balance is as follows:

	<u>Total Revenue</u>	<u>Total Expenditures</u>	<u>Other Financing Uses</u>
General Fund:			
Amounts per operating statement	\$ 19,374,414	\$ 18,308,933	\$ 1,145,233
Reimbursing transfers from other funds	2,108,721	2,108,721	-
Operating transfers	<u>(1,145,233)</u>	<u>-</u>	<u>(1,145,233)</u>
Amounts per budget statement	<u>\$ 20,337,902</u>	<u>\$ 20,417,654</u>	<u>\$ -</u>

City of Wyandotte, Michigan

Note to Required Supplemental Information (Continued) **Year Ended September 30, 2017**

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Information technology	\$ 194,966	\$ 198,137	\$ (3,171)
Fire	4,046,872	4,058,506	(11,634)

Information technology and fire both exceeded budget due to the cost of health care, which was slightly more than budgeted.

City of Wyandotte, Michigan

Required Supplemental Information Other Postemployment Benefit Plan Schedule Year Ended September 30, 2017

The schedule of funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
9/30/11	\$ 1,862,556	\$ 83,409,901	\$ 81,547,345	2.2 %	\$ -	- %
9/30/13	2,161,623	97,950,537	95,788,914	2.2	-	-
9/30/15	2,138,550	129,130,793	126,992,243	1.7	-	-

* The September 30, 2011, 2013, and 2015 valuations amortize the unfunded actuarial accrued liability as a level dollar amount; therefore, the covered payroll and UAAL as a percentage of covered payroll are not reported in the valuation.

The schedule of employer contributions is as follows:

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution	Percentage Contributed
9/30/12	9/30/09	\$ 6,115,283	52.1 %
9/30/13	9/30/11	7,124,448	45.8
9/30/14	9/30/11	7,124,395	50.6
9/30/15	9/30/13	8,096,830	48.8
9/30/16	9/30/13	8,096,761	47.0
9/30/17	9/30/15	10,440,580	38.2

City of Wyandotte, Michigan

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Total Pension Liability										
Service cost	\$ 561,063	\$ 578,924	\$ 787,912	\$ 857,274	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	6,372,082	6,336,827	6,064,038	6,036,970	-	-	-	-	-	-
Changes in benefit terms	-	825,125	-	-	-	-	-	-	-	-
Differences between expected and actual experience	335,373	76,066	(669,257)	-	-	-	-	-	-	-
Changes in assumptions	-	-	10,489,220	-	-	-	-	-	-	-
Benefit payments, including refunds	(7,372,687)	(7,245,135)	(6,536,096)	(6,461,217)	-	-	-	-	-	-
Net Change in Total Pension Liability	(104,169)	571,807	10,135,817	433,027	-	-	-	-	-	-
Total Pension Liability - Beginning of year	94,435,562	93,863,755	83,727,938	83,294,911	-	-	-	-	-	-
Total Pension Liability - End of year	\$ 94,331,393	\$ 94,435,562	\$ 93,863,755	\$ 83,727,938	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Plan Fiduciary Net Position										
Contributions - Employer	\$ 3,774,885	\$ 3,699,614	\$ 3,565,840	\$ 3,458,902	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions - Member	15,258	19,285	36,955	48,194	-	-	-	-	-	-
Net investment income (loss)	6,058,638	4,959,164	(2,316,546)	3,412,956	-	-	-	-	-	-
Administrative expenses	-	-	-	-	-	-	-	-	-	-
Benefit payments, including refunds	(7,372,687)	(7,245,135)	(6,536,096)	(6,461,217)	-	-	-	-	-	-
Other	(72)	-	-	-	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	2,476,022	1,432,928	(5,249,847)	458,835	-	-	-	-	-	-
Plan Fiduciary Net Position - Beginning of year	62,680,184	61,247,256	66,497,103	66,038,268	-	-	-	-	-	-
Plan Fiduciary Net Position - End of year	\$ 65,156,206	\$ 62,680,184	\$ 61,247,256	\$ 66,497,103	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's Net Pension Liability - Ending	\$ 29,175,187	\$ 31,755,378	\$ 32,616,499	\$ 17,230,835	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Plan Fiduciary Net Position as a Percent of Total Pension Liability	69.07 %	66.37 %	65.25 %	79.42 %	- %	- %	- %	- %	- %	- %
Covered Employee Payroll	\$ 4,031,336	\$ 4,038,704	\$ 5,440,897	\$ 5,471,985	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's Net Pension Liability as a Percent of Covered Employee Payroll	723.7 %	786.3 %	599.5 %	314.9 %	- %	- %	- %	- %	- %	- %

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

City of Wyandotte, Michigan

Required Supplemental Information Schedule of City Contributions Last Ten Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined contribution	\$ 4,224,526	\$ 4,097,426	\$ 4,076,644	\$ 4,143,858	\$ 4,016,207	\$ 3,554,138	\$ 3,293,747	\$ 3,054,056	\$ 2,990,850	\$ 3,287,470
Contributions in relation to the actuarially determined contribution*	<u>3,774,885</u>	<u>3,699,614</u>	<u>3,565,840</u>	<u>3,458,902</u>	<u>3,755,609</u>	<u>2,640,000</u>	<u>2,986,587</u>	<u>2,588,385</u>	<u>2,517,659</u>	<u>3,263,202</u>
Contribution Deficiency	<u>\$ 449,641</u>	<u>\$ 397,812</u>	<u>\$ 510,804</u>	<u>\$ 684,956</u>	<u>\$ 260,598</u>	<u>\$ 914,138</u>	<u>\$ 307,160</u>	<u>\$ 465,671</u>	<u>\$ 473,191</u>	<u>\$ 24,268</u>
Covered Employee Payroll	\$ 4,031,336	\$ 4,038,704	\$ 5,440,897	\$ 5,471,985	\$ 5,718,130	\$ 6,803,552	\$ 7,428,795	\$ 7,683,934	\$ 8,288,276	\$ 8,539,612
Contributions as a Percentage of Covered Employee Payroll	93.6 %	91.6 %	65.5 %	63.2 %	65.7 %	38.8 %	40.2 %	33.7 %	30.4 %	38.2 %

Notes to Schedule of City Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date	Actuarially determined contribution rates are calculated as of September 30 each year, which is 12 months prior to the beginning of the fiscal year in which the contributions are reported.
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry-age normal
Amortization method	Level dollar
Remaining amortization period	13 years, closed for general 10 years, closed for police/fire 18 years, closed for municipal services. Early Retirement Incentive Program (ERIP): UAL associated with ERIP amortized by level dollar contributions year, five years starting with the contributions for the fiscal year beginning October 1, 2016
Asset valuation method	Four-year smoothed market value
Inflation	3.0 percent
Salary increases	3.0 to 8.1 percent
Investment rate of return	7.0 percent
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	The RP-2014 Mortality Table projected seven years with scale MP-2014.
Other information	* The contribution deficiency noted above was supplemented by reserves in the pension system which have not been taken into consideration by the actuary when calculating the actuarially required contribution.

City of Wyandotte, Michigan

Required Supplemental Information Schedule of Investment Returns Last Ten Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Annual money-weighted rate of return - Net of investment expense	10.1 %	8.4 %	(2.5)%	5.3 %	- %	- %	- %	- %	- %	- %

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

City of Wyandotte, Michigan

Required Supplemental Information OPEB Plan Schedule of Changes in the City Net OPEB Liability and Related Ratios Last Ten Fiscal Years (Schedule is built prospectively upon implementation of GASB No. 74)

	2017
Total OPEB Liability	
Service cost	\$ 2,831,180
Interest	4,615,318
Changes in benefit terms	-
Differences between expected and actual experience	(953,238)
Changes in assumptions	(8,964,413)
Benefit payments, including refunds	(4,044,307)
Net Change in Total OPEB Liability	(6,515,460)
Total OPEB Liability - Beginning of year	150,454,539
Total OPEB Liability - End of year	\$ 143,939,079
Plan Fiduciary Net Position	
Contributions - Employer	\$ 3,985,588
Contributions - Active and inactive plan members not yet receiving benefits	-
Net investment income	175,533
Administrative expenses	-
Benefit payments, including refunds	(4,044,307)
Other	-
Net Change in Plan Fiduciary Net Position	116,814
Plan Fiduciary Net Position - Beginning of year	2,241,194
Plan Fiduciary Net Position - End of year	\$ 2,358,008
Net OPEB Liability - Ending	\$ 141,581,071
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	1.64 %
Covered Employee Payroll	\$ 8,319,044
Net OPEB Liability as a Percentage of Covered Employee Payroll	1,701.9 %

City of Wyandotte, Michigan

Required Supplemental Information

OPEB Plan

Note to Schedule of Changes in the Net OPEB Liability

Changes in Assumptions - The beginning of year total OPEB liability was based on a single discount rate of 3.08 percent and the end of year total OPEB liability was based on a single discount rate of 3.50 percent.

City of Wyandotte, Michigan

Required Supplemental Information OPEB Plan Schedule of City Contributions Last Ten Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	\$ 8,304,191	\$ 8,096,761	\$ 8,096,830	\$ 7,124,395	\$ 7,124,448	\$ 6,115,283	\$ 6,115,316	\$ 5,801,315	\$ 5,528,269
Contributions in relation to the actuarially determined contribution	3,985,588	3,802,670	3,924,476	3,601,657	3,262,725	3,185,453	2,972,698	2,654,188	2,610,352
Contribution Deficiency	<u>\$ 4,318,603</u>	<u>\$ 4,294,091</u>	<u>\$ 4,172,354</u>	<u>\$ 3,522,738</u>	<u>\$ 3,861,723</u>	<u>\$ 2,929,830</u>	<u>\$ 3,142,618</u>	<u>\$ 3,147,127</u>	<u>\$ 2,917,917</u>

Notes to Schedule of City Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date	Actuarially determined contribution rates are calculated as of September 30, two years prior to the end of the fiscal year in which the contributions are reported.
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry-age normal
Amortization method	Level dollar, closed
Remaining amortization period	24 years
Asset valuation method	Market value of assets
Inflation	0 percent
Healthcare cost trend rates	8.0 percent trend, gradually decreasing to 2.50 percent in year 10
Salary increases	0 percent
Investment rate of return	4.0 percent, net of OPEB plan investment expense, including inflation
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	The RP-2014 Mortality Table projected seven years with Scale MP-2014
Other information	A 1.0 percent load was applied in connection with the "Cadillac" tax. Aging factors were based on an internal GRS study using several pricing manuals from National Health Care Consultant groups and incorporating analysis and data from a SOA survey regarding aging practices used in healthcare valuations

City of Wyandotte, Michigan

Required Supplemental Information OPEB Plan Schedule of Investment Returns Last Ten Fiscal Years

(Schedule is built prospectively upon implementation of GASB No. 74)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Annual money-weighted rate of return - Net of investment expense	8.3 %	- %	- %	- %	- %	- %	- %	- %	- %	- %

Other Supplemental Information

City of Wyandotte, Michigan

Special Revenue Funds

	Major Streets	Local Streets	Solid Waste Disposal	Drug Law Enforcement	Urban Development Action Grant	Grants	Southgate-Wyandotte Drain O&M
Assets							
Cash and investments	\$ 482,565	\$ 493,725	\$ 1,957,041	\$ 157,327	\$ 461,078	\$ 173,854	\$ 4,277,644
Receivables - Net:							
Taxes	-	-	152,915	-	-	-	166,340
Special assessments	-	-	-	-	-	-	-
Accrued interest	-	-	433	-	69	-	526
Other	-	-	-	-	302,167	-	-
Due from other governmental units	141,935	158,335	-	-	-	75,888	-
Due from component units	-	-	-	-	300	-	-
Due from other funds	15,714	93,000	181,099	-	72,144	21,434	164,156
Land held for resale	-	-	-	-	116,540	-	-
Advance to component unit	-	-	-	-	223,854	-	-
Total assets	\$ 640,214	\$ 745,060	\$ 2,291,488	\$ 157,327	\$ 1,176,152	\$ 271,176	\$ 4,608,666
Liabilities							
Accounts payable	\$ 262,757	\$ 54,552	\$ 118,460	\$ 184	\$ 17,500	\$ 32,951	\$ 394,779
Due to component units	-	-	1,047	-	-	-	14,650
Due to other funds	53,000	17,148	-	229	-	57,121	-
Advances from other funds	-	173,408	-	-	-	-	-
Accrued liabilities and other	-	-	-	-	26,556	-	-
Refundable deposits, bonds, etc.	-	-	-	-	-	-	-
Total liabilities	315,757	245,108	119,507	413	44,056	90,072	409,429
Deferred Inflows of Resources							
Unavailable revenue	-	105,823	6,933	-	-	176,331	8,341
Property taxes levied for the following year	-	-	1,295,171	-	-	-	1,091,194
Total deferred inflows of resources	-	105,823	1,302,104	-	-	176,331	1,099,535
Fund Balances							
Nonspendable:							
Inventory/Assets held for resale	-	-	-	-	116,540	-	-
Long-term receivable	-	-	-	-	223,854	-	-
Restricted:							
Major and local street projects	324,457	394,129	-	-	-	-	-
Police	-	-	-	156,914	-	-	-
Grants	-	-	-	-	791,702	4,773	-
Rubbish	-	-	869,877	-	-	-	-
Sidewalk and alley paving	-	-	-	-	-	-	-
Drains	-	-	-	-	-	-	3,099,702
Committed - Special events	-	-	-	-	-	-	-
Assigned:							
Debt service	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-
Total fund balances	324,457	394,129	869,877	156,914	1,132,096	4,773	3,099,702
Total liabilities, deferred inflows of resources, and fund balances	\$ 640,214	\$ 745,060	\$ 2,291,488	\$ 157,327	\$ 1,176,152	\$ 271,176	\$ 4,608,666

**Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2017**

Special Revenue Funds			Debt Service Funds	Capital Projects Funds				Total Nonmajor Governmental Funds
Sidewalk and Alley Paving	Special Events	EPA Cooperative Agreement	DPS Building Bonds and Police and Court Bonds	Construction	Equipment and Replacement	Public Improvement	Building Authority Improvement	
\$ 1,052,351	\$ 590,153	\$ 908,854	\$ 204,552	\$ 215,736	\$ 511,077	\$ 134,418	\$ 893,886	\$ 12,514,261
-	-	-	6,158	-	450	-	324	326,187
236,044	-	-	-	-	-	-	-	236,044
225	-	-	-	-	-	-	-	1,253
14,352	-	-	-	-	-	-	-	316,519
-	-	-	-	-	-	-	-	376,158
-	-	-	-	-	-	-	-	300
41,309	-	-	229,969	-	-	-	-	818,825
-	-	-	-	-	-	44,237	-	160,777
-	-	437,459	-	-	-	-	-	661,313
\$ 1,344,281	\$ 590,153	\$ 1,346,313	\$ 440,679	\$ 215,736	\$ 511,527	\$ 178,655	\$ 894,210	\$ 15,411,637
\$ 110,083	\$ 30,919	\$ -	\$ -	\$ 82,334	\$ 30,413	\$ -	\$ -	\$ 1,134,932
-	-	-	-	-	-	-	-	15,697
-	1,116	-	-	-	-	-	-	128,614
-	-	-	-	-	442,351	-	711,643	1,327,402
-	-	-	-	-	-	-	-	26,556
-	-	-	-	-	-	20	-	20
110,083	32,035	-	-	82,334	472,764	20	711,643	2,633,221
223,363	-	-	6,158	-	450	-	324	527,723
12,437	-	-	-	-	-	-	-	2,398,802
235,800	-	-	6,158	-	450	-	324	2,926,525
-	-	-	-	-	-	44,237	-	160,777
-	-	437,459	-	-	-	-	-	661,313
-	-	-	-	-	-	-	-	718,586
-	-	-	-	-	-	-	-	156,914
-	-	908,854	-	-	-	-	-	1,705,329
-	-	-	-	-	-	-	-	869,877
998,398	-	-	-	-	-	-	-	998,398
-	-	-	-	-	-	-	-	3,099,702
-	558,118	-	-	-	-	-	-	558,118
-	-	-	434,521	-	-	-	-	434,521
-	-	-	-	133,402	38,313	134,398	182,243	488,356
998,398	558,118	1,346,313	434,521	133,402	38,313	178,635	182,243	9,851,891
\$ 1,344,281	\$ 590,153	\$ 1,346,313	\$ 440,679	\$ 215,736	\$ 511,527	\$ 178,655	\$ 894,210	\$ 15,411,637

City of Wyandotte, Michigan

	Special Revenue Funds						
	Major Streets	Local Streets	Solid Waste Disposal	Drug Law Enforcement	Urban Development Action Grant	Grants	Southgate-Wyandotte Drain O&M
Revenue							
Property taxes	\$ -	\$ -	\$ 1,274,114	\$ -	\$ -	\$ -	\$ 1,039,690
Federal grants	-	-	-	-	-	121,057	-
State-shared revenue and grants	1,709,502	674,402	-	49,418	-	-	-
Charges for services	-	-	457,171	-	-	-	-
Investment income	-	83	2,428	-	17,244	-	2,816
Contribution from component unit	-	626,600	-	-	-	-	-
Other (expense) revenue	-	-	-	-	(4,499)	-	-
Total revenue	1,709,502	1,301,085	1,733,713	49,418	12,745	121,057	1,042,506
Expenditures							
Current:							
General government	-	-	-	-	44,100	-	-
Public safety	-	-	-	30,021	-	-	-
Public works	1,542,327	1,468,358	1,876,404	-	-	-	338,821
Community and economic development - Community redevelopment (CDBG, etc.)	-	-	-	-	-	138,174	-
Recreation and culture	-	-	-	-	-	-	-
Debt service	-	5,314	-	-	-	-	40,918
Total expenditures	1,542,327	1,473,672	1,876,404	30,021	44,100	138,174	379,739
Excess of Revenue Over (Under) Expenditures	167,175	(172,587)	(142,691)	19,397	(31,355)	(17,117)	662,767
Other Financing Sources (Uses)							
Transfers in	-	385,547	-	-	-	-	-
Transfers out	(385,547)	-	-	-	-	-	-
Total other financing (uses) sources	(385,547)	385,547	-	-	-	-	-
Net Change in Fund Balances	(218,372)	212,960	(142,691)	19,397	(31,355)	(17,117)	662,767
Fund Balances - Beginning of year	542,829	181,169	1,012,568	137,517	1,163,451	21,890	2,436,935
Fund Balances - End of year	\$ 324,457	\$ 394,129	\$ 869,877	\$ 156,914	\$ 1,132,096	\$ 4,773	\$ 3,099,702

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and Changes in
Fund Balances
Nonmajor Governmental Funds
Year Ended September 30, 2017

Special Revenue Funds			Debt Service Fund	Capital Projects Fund				Total Nonmajor Governmental Funds
Sidewalk and Alley Paving	Special Events	EPA Cooperative Agreement	DPS Building Bonds and Police and Court Bonds	Construction	Equipment and Replacement	Public Improvement	Building Authority Improvement	
\$ -	\$ -	\$ -	\$ 141	\$ -	\$ 10	\$ -	\$ 31	\$ 2,313,986
-	-	-	-	-	-	-	-	121,057
-	-	-	-	-	-	-	-	2,433,322
-	-	-	-	-	-	-	-	457,171
12,726	-	12,427	-	88	41	79	756	48,688
-	-	-	-	-	-	-	-	626,600
178,213	313,051	-	-	-	-	2,000	-	488,765
190,939	313,051	12,427	141	88	51	2,079	787	6,489,589
100,000	-	-	-	-	-	-	20,033	164,133
-	-	-	-	112,027	-	-	-	142,048
115,222	-	-	-	-	-	-	-	5,341,132
-	-	-	-	-	-	-	-	138,174
-	200,182	-	-	-	-	-	-	200,182
-	-	-	983,000	-	-	-	68,543	1,097,775
215,222	200,182	-	983,000	112,027	-	-	88,576	7,083,444
(24,283)	112,869	12,427	(982,859)	(111,939)	51	2,079	(87,789)	(593,855)
-	-	-	1,145,233	-	-	-	-	1,530,780
-	-	-	-	-	-	-	-	(385,547)
-	-	-	1,145,233	-	-	-	-	1,145,233
(24,283)	112,869	12,427	162,374	(111,939)	51	2,079	(87,789)	551,378
1,022,681	445,249	1,333,886	272,147	245,341	38,262	176,556	270,032	9,300,513
\$ 998,398	\$ 558,118	\$ 1,346,313	\$ 434,521	\$ 133,402	\$ 38,313	\$ 178,635	\$ 182,243	\$ 9,851,891

City of Wyandotte, Michigan

Other Supplemental Information Combining Statement of Net Position Nonmajor Enterprise Funds September 30, 2017

	<u>Golf Course</u>	<u>Building Rental</u>	<u>Total</u>
Assets			
Current assets - Cash and investments	\$ 65,718	\$ 489,310	\$ 555,028
Noncurrent assets - Capital assets:			
Assets not subject to depreciation	-	51,908	51,908
Assets subject to depreciation - Net	<u>2,211,565</u>	<u>563,731</u>	<u>2,775,296</u>
Total assets	2,277,283	1,104,949	3,382,232
Liabilities - Current liabilities			
Accounts payable	2,781	35,516	38,297
Accrued liabilities and other	<u>26,066</u>	<u>14,146</u>	<u>40,212</u>
Total liabilities	<u>28,847</u>	<u>49,662</u>	<u>78,509</u>
Net Position			
Net investment in capital assets	2,211,565	615,639	2,827,204
Unrestricted	<u>36,871</u>	<u>439,648</u>	<u>476,519</u>
Total net position	<u><u>\$ 2,248,436</u></u>	<u><u>\$ 1,055,287</u></u>	<u><u>\$ 3,303,723</u></u>

City of Wyandotte, Michigan

Other Supplemental Information Combining Statement of Revenue, Expenses, and Changes in Net Position Nonmajor Enterprise Funds Year Ended September 30, 2017

	<u>Golf Course</u>	<u>Building Rental</u>	<u>Total</u>
Operating Revenue			
Income from customers and rent from tenants	\$ 327,775	\$ 270,866	\$ 598,641
Other tenant revenue	-	50,426	50,426
Total operating revenue	327,775	321,292	649,067
Operating Expenses			
Other operating and maintenance costs	317,683	230,908	548,591
Depreciation	97,294	46,253	143,547
Total operating expenses	414,977	277,161	692,138
Operating (Loss) Income	(87,202)	44,131	(43,071)
Nonoperating Revenue - Investment income	-	2	2
Change in Net Position	(87,202)	44,133	(43,069)
Net Position - Beginning of year	2,335,638	1,011,154	3,346,792
Net Position - End of year	<u>\$ 2,248,436</u>	<u>\$ 1,055,287</u>	<u>\$ 3,303,723</u>

City of Wyandotte, Michigan

Other Supplemental Information Combining Statement of Cash Flows Nonmajor Enterprise Funds Year Ended September 30, 2017

	<u>Golf Course</u>	<u>Building Rental</u>	<u>Total</u>
Cash Flows from Operating Activities			
Receipts from customers and tenants	\$ 327,775	\$ 270,866	\$ 598,641
Receipts from interfund services and reimbursements	(28)	50,426	50,398
Payments to suppliers	(256,791)	(213,038)	(469,829)
Payments to employees	(59,266)	-	(59,266)
	<u>11,690</u>	<u>108,254</u>	<u>119,944</u>
Net cash provided by operating activities			
Cash Flows from Investing Activities - Interest received on investments			
	<u>-</u>	<u>2</u>	<u>2</u>
Net Increase in Cash and Cash Equivalents	11,690	108,256	119,946
Cash and Cash Equivalents - Beginning of year	<u>54,028</u>	<u>381,054</u>	<u>435,082</u>
Cash and Cash Equivalents - End of year	<u>\$ 65,718</u>	<u>\$ 489,310</u>	<u>\$ 555,028</u>
Reconciliation of Operating (Loss) Income to Net Cash from Operating Activities			
Operating (loss) income	\$ (87,202)	\$ 44,131	\$ (43,071)
Adjustments to reconcile operating (loss) income to net cash from operating activities:			
Depreciation and amortization	97,294	46,253	143,547
Changes in assets and liabilities:			
Due from other funds	(28)	-	(28)
Prepaid and other assets	-	30	30
Accounts payable	1,626	15,414	17,040
Accrued and other liabilities	-	2,426	2,426
	<u>-</u>	<u>2,426</u>	<u>2,426</u>
Net cash provided by operating activities	<u>\$ 11,690</u>	<u>\$ 108,254</u>	<u>\$ 119,944</u>

City of Wyandotte, Michigan

Other Supplemental Information Statement of Assets and Liabilities Fiduciary Funds September 30, 2017

	Pension Trust	Retiree Health Care	Total Pension Trust Funds
Assets			
Cash and cash equivalents	\$ 1,693,582	\$ 51,664	\$ 1,745,246
Investments:			
U.S. government securities	8,053,493	102,197	8,155,690
Common trust funds/Mutual funds	38,516,564	1,782,751	40,299,315
Global equities	1,294,760	408,808	1,703,568
Global fixed income	15,483,028	183,425	15,666,453
Receivables - Net	114,778	-	114,778
Total assets	65,156,205	2,528,845	67,685,050
Liabilities - Accrued liabilities and other	-	170,837	170,837
Net Position Held in Trust for Pension and Other Employee Benefits	\$ 65,156,205	\$ 2,358,008	\$ 67,514,213

City of Wyandotte, Michigan

Other Supplemental Information Combining Statement of Changes in Fiduciary Net Position Fiduciary Funds Year Ended September 30, 2017

	Pension Trust	Retiree Health Care	Total
Additions			
Investment income:			
Interest and dividends	\$ 1,240,568	\$ 65,355	\$ 1,305,923
Net increase in fair value of investments	5,034,318	123,657	5,157,975
Investment-related expenses	(216,321)	(13,479)	(229,800)
Net investment income	6,058,565	175,533	6,234,098
Contributions:			
Employer	3,774,885	3,985,588	7,760,473
Employee	15,258	-	15,258
Net contributions	3,790,143	3,985,588	7,775,731
Total additions	9,848,708	4,161,121	14,009,829
Deductions			
Benefit payments	7,372,687	-	7,372,687
Health benefits	-	4,044,307	4,044,307
Total deductions	7,372,687	4,044,307	11,416,994
Net Increase in Net Position Held in Trust	2,476,021	116,814	2,592,835
Net Position Held in Trust for Pension and Other Employee Benefits - Beginning of year	62,680,184	2,241,194	64,921,378
Net Position Held in Trust for Pension and Other Employee Benefits - End of year	<u>\$ 65,156,205</u>	<u>\$ 2,358,008</u>	<u>\$ 67,514,213</u>