
City of Wyandotte, Michigan

**Financial Report
with Supplemental Information
September 30, 2019**

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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, 2019 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Wyandotte, Michigan as of September 30, 2019 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

Other Matters

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 Supplemental 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.



February 25, 2020

As management of the City of Wyandotte, Michigan (the "City"), we offer readers this narrative overview and analysis of the financial activities for the year ended September 30, 2019.

Financial Highlights

As discussed in further detail in this discussion and analysis, the following represent the most significant financial highlights for the year ended September 30, 2019:

- Property tax revenue is the City's single largest source of revenue. The City's 2018 taxable value (levied for the 2019 fiscal year) was \$557,822,735 (a portion of which has been abated or resides in special tax districts), which represents an increase of 1.86 percent compared to the prior year and a cumulative increase of 3.29 percent over the past two years.
- State-shared revenue, our second largest revenue source, increased by approximately \$195,000 this year compared to an increase of \$260,000 in the prior year. This represents an increase of 5.6 percent in the current year and a cumulative increase of 14.1 percent over the past two years. However, the City is receiving approximately \$1,139,000 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 \$1,813,000 of general operating tax revenue to the General Fund in the current year and \$150,000 of debt levy tax revenue compared to \$1,751,000 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 \$397,000 to the General Fund in the current year compared to \$383,000 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's 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 \$2,538,020 in the current year compared to \$2,500,000 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. In May 2019, voters approved a new supplemental operating millage authorizing the additional 3.0 operating mills for five additional years.

The General Fund ended the year with an overall net change in fund balance of approximately \$288,000. The amended budget of the City's General Fund indicated that an excess of expenditures of approximately \$84,000 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 savings in medical insurance costs for active employees due to a favorable rate increase compared to the rate increase assumptions used when developing the budget (\$126,000) and lower than anticipated expenditures for part-time employees in virtually all departments (\$130,000).

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. The number of full-time employees has 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.

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

City of Wyandotte, Michigan

Management's Discussion and Analysis (Continued)

The City as a Whole

The following table shows, in a condensed format, the net position as of September 30, 2019 and 2018:

	Governmental Activities		Business Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Assets						
Current and other assets:						
Cash and investments - Cash and cash equivalents	\$ 34,828,732	\$ 34,989,977	\$ 33,209,631	\$ 29,032,684	\$ 68,038,363	\$ 64,022,661
Receivables	4,486,764	4,679,423	9,451,402	9,586,611	13,938,166	14,266,034
Other assets	3,680,612	3,340,368	5,779,109	10,894,916	9,459,721	14,235,284
Capital assets	64,179,683	63,718,547	75,672,806	71,531,950	139,852,489	135,250,497
Total assets	107,175,791	106,728,315	124,112,948	121,046,161	231,288,739	227,774,476
Deferred Outflows of Resources	8,649,770	3,492,220	3,804,600	2,103,226	12,454,370	5,595,446
Liabilities						
Current liabilities	5,798,780	7,671,557	6,949,875	6,898,416	12,748,655	14,569,973
Noncurrent liabilities	101,205,861	90,244,090	78,044,920	78,453,292	179,250,781	168,697,382
Total liabilities	107,004,641	97,915,647	84,994,795	85,351,708	191,999,436	183,267,355
Deferred Inflows of Resources	13,302,496	12,888,448	-	-	13,302,496	12,888,448
Net Position						
Net investment in capital assets	61,024,683	60,173,547	34,925,487	30,831,103	95,950,170	91,004,650
Restricted	10,512,639	9,109,961	2,106,172	1,614,774	12,618,811	10,724,735
Unrestricted	(76,018,898)	(69,867,068)	5,891,094	5,351,802	(70,127,804)	(64,515,266)
Total net position	<u>\$ (4,481,576)</u>	<u>\$ (583,560)</u>	<u>\$ 42,922,753</u>	<u>\$ 37,797,679</u>	<u>\$ 38,441,177</u>	<u>\$ 37,214,119</u>

The City of Wyandotte, Michigan has a combined net position of \$38.4 million in the current year, which is an increase of \$1.2 million from the prior year. The increase is primarily due to the City's business-type activities, as detailed below. Business-type activities compose \$43 million and \$38 million of the total net position in 2019 and 2018, respectively.

City of Wyandotte, Michigan

Management's Discussion and Analysis (Continued)

City's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenue						
Program revenue:						
Charges for services	\$ 7,323,251	\$ 7,042,878	\$ 58,789,047	\$ 59,014,093	\$ 66,112,298	\$ 66,056,971
Operating grants	4,041,115	3,913,525	776,384	300,733	4,817,499	4,214,258
General revenue:						
Taxes - Property taxes	12,169,391	12,024,508	-	-	12,169,391	12,024,508
State-shared revenue	3,674,540	3,479,593	-	-	3,674,540	3,479,593
Investment earnings	460,453	184,551	275,629	132,913	736,082	317,464
Other revenue	477,361	473,992	-	-	477,361	473,992
Total revenue	28,146,111	27,119,047	59,841,060	59,447,739	87,987,171	86,566,786
Expenses						
General government	7,233,756	6,224,541	-	-	7,233,756	6,224,541
District court	1,037,129	998,746	-	-	1,037,129	998,746
Public safety	15,018,909	11,776,070	-	-	15,018,909	11,776,070
Public works	7,165,958	6,573,799	-	-	7,165,958	6,573,799
Community and economic development	83,960	75,665	-	-	83,960	75,665
Recreation and culture	1,194,659	1,312,388	-	-	1,194,659	1,312,388
Debt service	309,756	247,624	-	-	309,756	247,624
Business-type	-	-	54,715,986	55,058,033	54,715,986	55,058,033
Total expenses	32,044,127	27,208,833	54,715,986	55,058,033	86,760,113	82,266,866
Special and extraordinary items	-	-	-	(1,240,026)	-	(1,240,026)
Change in Net Position	(3,898,016)	(89,786)	5,125,074	3,149,680	1,227,058	3,059,894
Net Position - Beginning of year	(583,560)	(493,774)	37,797,679	34,648,039	37,214,119	34,154,265
Net Position - End of year	\$ (4,481,576)	\$ (583,560)	\$ 42,922,753	\$ 37,797,719	\$ 38,441,177	\$ 37,214,159

Governmental Activities

The City's total governmental revenue increased by approximately \$1,027,000, or 3.8 percent, in the current year compared to an increase of \$1,237,000, or 0.50 percent, in the prior year. Expenses increased by approximately \$4,835,000, or 18 percent, in the current year compared to a decrease of \$2,200,000, or 7.6 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 Utility Wastewater Authority (DUWA), which is co-owned with 12 communities and operated by the DUWA. Wyandotte Shores golf course is owned and operated by the City and offers golfers a nine-hole linksstyle course on the shores of the Detroit River. The Commercial Building Rental Fund accounts for the activity of the city-owned commercial building at 3200 Biddle Avenue.

The Electric Fund's operating revenue decreased compared to the prior year by approximately 3.0 percent, while operating expenses decreased by approximately 1.8 percent. The decrease in revenue is attributed to a mild summer in 2019, which resulted in decreased residential electric demand. The decrease in operating expenses is attributable to favorable market prices for the purchase of wholesale power and decreased demand due to the mild summer.

The Water Fund's operating revenue increased by approximately 10.3 percent, while operating expenses decreased by approximately 1.6 percent compared to the prior year. The increase in operating revenue is attributed to an adjustment to both the water usage and fixed meter charges offsetting the trending decline in water usage. The decrease in operating expenses is attributed to the net decrease in actual and accrued retiree pension and healthcare obligations. For actual healthcare expenses during the current fiscal year, this is primarily due to the transition of retired employees into 65 and over retiree healthcare plans. The department was also restructured, resulting in decreased expenses during the current year.

The Cable Television Fund realized operating income of \$970,450 in the current year, as compared to operating income of \$285,648 in the prior year. The department has stabilized declining margins on cable television programming due to continued programming royalty cost increases by implementing a time-sensitive periodic adjustment for the pass-through of these cost increases, on a semiannual basis, and implementing a sports programming fee.

The results of the Sewage Disposal Fund indicate operating gain of approximately \$684,000 in the current year compared to operating gain of approximately \$1,264,000 in the prior year due to the one-time equity interest adjustment of \$567,000 that occurred in the prior year as a result of the transfer of the Downriver Sewage Disposal System to DUWA.

The municipal golf course showed an operating loss of approximately \$47,000 in the current year, as compared to a loss of approximately \$59,000 in the prior year. Operating expenses remained consistent, decreasing less than 2 percent, while operating revenue increased by approximately 1.2 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.

The city-owned commercial building realized a net gain of \$364 in the current year compared to a net loss of approximately \$24,000 in the prior year. This slight increase in gain is primarily attributable to reductions in amounts spent on operating and maintaining the building.

Financial Analysis of Individual Funds

Our analysis of the City's major funds begins on page 13, 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 governmental fund for 2019 is the General Fund. Major enterprise funds are discussed in the preceding section.

The General Fund pays for most of the City's governmental services. The most significant is public safety, which incurred expenses of approximately \$11.2 million, or 59.5 percent of the total General Fund expenditures, in the current year, as compared to \$10.4 million, or 56.5 percent of the total General Fund expenditures, in the prior fiscal year. Additional noteworthy expenditures include public works (\$2.6 million, or 13.6 percent of total expenditures, in the current fiscal year, as compared to \$2.8 million, or 15.3 percent of total expenditures, in the prior fiscal year) and recreation and culture (\$1.0 million, or 5.5 percent of total expenditures, in the current fiscal year, as compared to \$1.2 million, or 6.4 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

Even with these adjustments, actual expenditures were less than anticipated. This is primarily attributable to a smaller increase in medical insurance premiums than anticipated, conservative discretionary spending, management of personnel costs when vacancies arose, and deferral of capital equipment purchases. The City also elected to forgo a discretionary transfer from the Self-insurance Fund that 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 Assets 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. See Note 6 for a summary of the City's capital assets and Note 8 for a summary of the City's long-term debt.

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 even in light of the electors' approval of the five-year supplemental operating millage, which was approved in May 2019. Negative factors causing these challenges 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, new required contributions for OPEB liabilities, and depletion of reserve funds previously relied upon by the City. Thus, the City needs to continue to monitor the budget very closely.

Requests for Further Information

This financial report is intended to provide a general overview of the City's finances and demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional information, please contact the clerk's office. This report, city budgets, and other financial information are available on the City's website at www.wyandotte.net.

September 30, 2019

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and investments (Note 3)	\$ 34,828,732	\$ 33,209,631	\$ 68,038,363	\$ 9,101,641
Receivables:				
Property taxes receivable	1,649,768	-	1,649,768	-
Special assessments receivable	142,593	-	142,593	-
Customer receivables	-	9,510,737	9,510,737	-
Accrued interest receivable	7,229	908	8,137	1,001
Other receivables	1,320,168	-	1,320,168	252,406
Due from other governments	1,044,579	-	1,044,579	-
Due from component units (Note 7)	262,184	-	262,184	-
Due from primary government (Note 7)	-	-	-	59,346
Internal balances	60,243	(60,243)	-	-
Inventory	-	1,163,031	1,163,031	-
Prepaid expenses and other assets	151,860	796,402	948,262	2,142
Due from fiduciary funds	928,458	-	928,458	-
Restricted assets	-	3,819,676	3,819,676	-
Investment in joint ventures (Note 5)	1,871,641	-	1,871,641	-
Land held for resale (Note 4)	163,977	-	163,977	1,767,982
Capital assets:				
Assets not subject to depreciation (Note 6)	18,229,021	8,263,497	26,492,518	-
Assets subject to depreciation - Net (Note 6)	45,950,662	67,409,309	113,359,971	-
Advance to component unit (Note 7)	564,676	-	564,676	-
Total assets	107,175,791	124,112,948	231,288,739	11,184,518
Deferred Outflows of Resources				
Deferred charges on bond refunding (Note 8)	-	881,353	881,353	-
Deferred pension costs (Note 13)	797,454	279,457	1,076,911	-
Deferred OPEB costs (Note 14)	7,852,316	2,643,790	10,496,106	-
Total deferred outflows of resources	8,649,770	3,804,600	12,454,370	-
Liabilities				
Accounts payable	1,297,305	3,307,876	4,605,181	712,152
Due to other governmental units	2,035,449	-	2,035,449	15,000
Due to component units (Note 7)	59,346	-	59,346	-
Due to primary government (Note 7)	-	-	-	262,184
Refundable deposits, bonds, etc.	1,353,147	861,278	2,214,425	-
Accrued liabilities and other	1,053,533	2,780,721	3,834,254	359,124
Noncurrent liabilities:				
Due within one year:				
Payable from restricted assets	-	396,269	396,269	-
Compensated absences	846,026	-	846,026	-
Provision for claims (Note 10)	578,973	131,609	710,582	-
Current portion of long-term debt (Note 8)	390,000	2,531,214	2,921,214	17,909
Due in more than one year:				
Compensated absences	691,536	-	691,536	-
Advances from primary government (Note 7)	-	-	-	564,676
Due to other governmental units	-	-	-	18,581
Long-term debt - Net of current portion (Note 8)	2,765,000	41,679,320	44,444,320	14,887
Net pension liability (Note 13)	21,058,479	7,379,709	28,438,188	-
Net OPEB liability (Note 14)	74,875,847	25,926,799	100,802,646	-
Total liabilities	107,004,641	84,994,795	191,999,436	1,964,513
Deferred Inflows of Resources - Property taxes levied for the following year	13,302,496	-	13,302,496	1,637,077

Statement of Net Position (Continued)

September 30, 2019

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Net Position				
Net investment in capital assets	\$ 61,024,683	\$ 34,925,487	\$ 95,950,170	\$ -
Restricted:				
Major and local street projects	2,003,095	-	2,003,095	-
Police	198,587	-	198,587	-
Grants	2,881,095	-	2,881,095	-
Sidewalk and alley paving	1,085,240	-	1,085,240	-
Rubbish	727,017	-	727,017	-
Drains	3,617,605	-	3,617,605	-
Working capital - MPPA	-	1,166,178	1,166,178	-
Grant reserves	-	385,128	385,128	-
Energy optimization surplus	-	554,866	554,866	-
Unrestricted	(76,018,898)	5,891,094	(70,127,804)	7,582,928
	<u>\$ (4,481,576)</u>	<u>\$ 42,922,753</u>	<u>\$ 38,441,177</u>	<u>\$ 7,582,928</u>
Total net position				

City of Wyandotte, Michigan

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 7,233,756	\$ 4,072,369	\$ -	\$ -
District court	1,037,129	1,318,267	70,371	-
Public safety	15,018,909	527,772	74,056	-
Public works	7,165,958	690,836	3,816,751	-
Community and economic development	83,960	-	79,937	-
Recreation and culture	1,194,659	714,007	-	-
Debt service	309,756	-	-	-
Total governmental activities	32,044,127	7,323,251	4,041,115	-
Business-type activities:				
Electric	36,131,329	38,409,122	181,773	-
Water	3,682,059	4,260,837	-	-
Cable Television	10,228,143	11,198,403	-	-
Sewage Disposal	3,934,071	4,230,891	594,611	-
Golf Course	412,810	365,706	-	-
Building Rental	327,574	324,088	-	-
Total business-type activities	54,715,986	58,789,047	776,384	-
Total primary government	\$ 86,760,113	\$ 66,112,298	\$ 4,817,499	\$ -
Component units:				
Tax Increment Finance Authorities - Consolidated	\$ 2,434,090	\$ -	\$ -	\$ -
Tax Increment Finance Authorities - Downtown	661,336	-	-	-
Brownfield Redevelopment Authority	175,275	-	-	-
Downriver Central Dispatch	850,923	850,923	-	-
Downriver Central Animal Control Agency	149,466	149,466	-	-
Downriver Consolidated Assessing	401,365	401,365	-	-
Total component units	\$ 4,672,455	\$ 1,401,754	\$ -	\$ -
General revenue:				
Property taxes				
State-shared revenue				
Investment income				
Loss on sale of capital assets				
Other miscellaneous income				
Total general revenue				
Change in Net Position				
Net Position (Deficit) - Beginning of year				
Net Position (Deficit) - End of year				

Statement of Activities

Year Ended September 30, 2019

Net (Expense) Revenue and Changes in Net Position				
Primary Government				
Governmental Activities	Business Type Activities	Total	Component Units	
\$ (3,161,387)	\$ -	\$ (3,161,387)	\$ -	
351,509	-	351,509	-	
(14,417,081)	-	(14,417,081)	-	
(2,658,371)	-	(2,658,371)	-	
(4,023)	-	(4,023)	-	
(480,652)	-	(480,652)	-	
(309,756)	-	(309,756)	-	
(20,679,761)	-	(20,679,761)	-	
-	2,459,566	2,459,566	-	
-	578,778	578,778	-	
-	970,260	970,260	-	
-	891,431	891,431	-	
-	(47,104)	(47,104)	-	
-	(3,486)	(3,486)	-	
-	4,849,445	4,849,445	-	
(20,679,761)	4,849,445	(15,830,316)	-	
-	-	-	(2,434,090)	
-	-	-	(661,336)	
-	-	-	(175,275)	
-	-	-	-	
-	-	-	-	
-	-	-	-	
-	-	-	(3,270,701)	
12,169,391	-	12,169,391	3,314,722	
3,674,540	-	3,674,540	-	
460,453	275,629	736,082	99,675	
(21,974)	-	(21,974)	-	
499,335	-	499,335	125,306	
16,781,745	275,629	17,057,374	3,539,703	
(3,898,016)	5,125,074	1,227,058	269,002	
(583,560)	37,797,679	37,214,119	7,313,926	
\$ (4,481,576)	\$ 42,922,753	\$ 38,441,177	\$ 7,582,928	

Governmental Funds
Balance Sheet

September 30, 2019

	General Fund	Nonmajor Funds	Total Governmental Funds
Assets			
Cash and investments (Note 3)	\$ 19,787,828	\$ 14,472,097	\$ 34,259,925
Receivables:			
Property taxes receivable	1,343,427	306,341	1,649,768
Special assessments receivable	-	142,593	142,593
Accrued interest receivable	5,654	1,575	7,229
Other receivables	1,091,210	228,958	1,320,168
Due from other governments	673,844	370,735	1,044,579
Due from component units (Note 7)	260,353	1,831	262,184
Due from other funds (Note 7)	67,931	838,372	906,303
Prepaid expenses and other assets	151,860	-	151,860
Due from fiduciary funds	928,458	-	928,458
Land held for resale (Note 4)	-	163,977	163,977
Advance to component unit (Note 7)	-	387,769	387,769
	<u>\$ 24,310,565</u>	<u>\$ 16,914,248</u>	<u>\$ 41,224,813</u>
Total assets			
Liabilities			
Accounts payable	\$ 601,698	\$ 691,442	\$ 1,293,140
Due to other governmental units	2,035,449	-	2,035,449
Due to component units (Note 7)	39,044	20,302	59,346
Due to other funds (Note 7)	3,355,780	129,227	3,485,007
Advances from other funds (Note 7)	-	3,971,814	3,971,814
Refundable deposits, bonds, etc.	1,353,147	-	1,353,147
Accrued liabilities and other	955,205	50,953	1,006,158
	<u>8,340,323</u>	<u>4,863,738</u>	<u>13,204,061</u>
Total liabilities			
Deferred Inflows of Resources			
Unavailable revenue	320,902	477,748	798,650
Property taxes levied for the following year	10,686,066	2,479,780	13,165,846
	<u>11,006,968</u>	<u>2,957,528</u>	<u>13,964,496</u>
Total deferred inflows of resources			
Total liabilities and deferred inflows of resources	19,347,291	7,821,266	27,168,557

Governmental Funds
Balance Sheet (Continued)

September 30, 2019

	General Fund	Nonmajor Funds	Total Governmental Funds
Fund Balances			
Nonspendable:			
Inventory/Assets held for resale	\$ -	\$ 163,977	\$ 163,977
Prepays	151,860	-	151,860
Long-term receivable	-	387,769	387,769
Restricted:			
Roads	-	2,003,095	2,003,095
Police	-	198,587	198,587
Grants	-	2,042,428	2,042,428
Rubbish	-	723,627	723,627
Sidewalk and alley paving	-	949,077	949,077
Drains	-	3,613,957	3,613,957
Committed - Special events	-	785,952	785,952
Assigned:			
Subsequent year's budget	279,859	-	279,859
Capital projects	-	590,791	590,791
Debt service	-	556,611	556,611
Unassigned	4,531,555	(2,922,889)	1,608,666
	<u>4,963,274</u>	<u>9,092,982</u>	<u>14,056,256</u>
	<u>4,963,274</u>	<u>9,092,982</u>	<u>14,056,256</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 24,310,565</u>	<u>\$ 16,914,248</u>	<u>\$ 41,224,813</u>

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

September 30, 2019

Fund Balances Reported in Governmental Funds	\$ 14,056,256
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	64,179,683
Receivables that are not collected soon after year end are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds	662,000
Investments in joint ventures are not financial resources and are not reported in the funds	1,871,641
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(3,155,000)
Accrued interest is not due and payable in the current period and is not reported in the funds	(47,375)
Some employee fringe benefits 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:	
Employee compensated absences	(1,537,562)
Pension benefits	(20,261,025)
Retiree healthcare benefits	(67,023,531)
Internal service funds are included as part of governmental activities	<u>6,773,337</u>
Net Position of Governmental Activities	<u>\$ (4,481,576)</u>

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended September 30, 2019

	General Fund	Nonmajor Funds	Total Governmental Funds
Revenue			
Taxes	\$ 9,785,914	\$ 2,394,851	\$ 12,180,765
Special assessments	-	152,937	152,937
Intergovernmental:			
Federal grants	-	79,937	79,937
State sources	3,674,540	3,218,606	6,893,146
Charges for services	4,392,470	579,988	4,972,458
Fines and forfeitures	1,318,267	-	1,318,267
Licenses and permits	580,857	-	580,857
Investment income	145,107	160,300	305,407
Other revenue	428,200	1,161,567	1,589,767
	20,325,355	7,748,186	28,073,541
Expenditures			
Current services:			
General government	3,065,542	35,020	3,100,562
District court	966,758	70,371	1,037,129
Public safety	11,236,751	546,696	11,783,447
Public works	2,575,035	6,070,694	8,645,729
Community and economic development	-	83,960	83,960
Recreation and culture	1,029,670	193,682	1,223,352
Debt service	-	706,256	706,256
	18,873,756	7,706,679	26,580,435
Excess of Revenue Over Expenditures	1,451,599	41,507	1,493,106
Other Financing Sources (Uses)			
Transfers in	-	2,112,432	2,112,432
Transfers out	(1,163,586)	(948,846)	(2,112,432)
	(1,163,586)	1,163,586	-
Net Change in Fund Balances	288,013	1,205,093	1,493,106
Fund Balances - Beginning of year	4,675,261	7,887,889	12,563,150
Fund Balances - End of year	\$ 4,963,274	\$ 9,092,982	\$ 14,056,256

Governmental Funds

**Reconciliation of the Statement of Revenue, Expenditures, and Changes in
Fund Balances to the Statement of Activities**

Year Ended September 30, 2019

Net Change in Fund Balances Reported in Governmental Funds	\$ 1,493,106
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:	
Net book value of assets disposed of	(21,975)
Depreciation expense	(3,415,124)
Capital outlay	3,898,235
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available	(22,780)
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	390,000
Interest expense is recognized in the government-wide statements as it accrues	6,500
Some employee costs (pension, OPEB, and compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	(6,173,151)
Internal service funds are included as part of governmental activities	<u>(52,827)</u>
Change in Net Position of Governmental Activities	<u><u>\$ (3,898,016)</u></u>

City of Wyandotte, Michigan

	Enterprise Funds			
	Electric	Water	Cable Television	Sewage Disposal
Assets				
Current assets:				
Cash and cash equivalents (Note 3)	\$ 18,448,253	\$ 4,801,575	\$ 5,942,957	\$ 3,353,620
Receivables - Net	6,610,153	861,547	933,148	1,106,797
Due from other funds (Note 7)	6,693	115	1,906	316,903
Inventory	983,014	123,008	57,009	-
Prepaid expenses and other assets	388,905	51,545	42,460	313,492
Total current assets	26,437,018	5,837,790	6,977,480	5,090,812
Noncurrent assets:				
Restricted assets (Note 11)	2,419,242	-	-	1,400,434
Advances to other funds (Note 7)	-	-	-	-
Capital assets: (Note 6)				
Assets not subject to depreciation	7,011,761	918,671	281,157	-
Assets subject to depreciation - Net	26,893,670	10,577,709	2,522,097	24,875,558
Advance to component unit (Note 7)	-	-	-	-
Total noncurrent assets	36,324,673	11,496,380	2,803,254	26,275,992
Total assets	62,761,691	17,334,170	9,780,734	31,366,804
Deferred Outflows of Resources				
Deferred charges on bond refunding (Note 8)	881,353	-	-	-
Deferred pension costs (Note 13)	197,291	51,399	30,767	-
Deferred OPEB costs (Note 14)	1,907,207	400,387	336,196	-
Total deferred outflows of resources	2,985,851	451,786	366,963	-
Liabilities				
Current liabilities:				
Accounts payable	1,310,373	725,184	603,261	648,580
Due to other funds (Note 7)	40,173	317,293	1,260	-
Refundable deposits, bonds, etc.	845,928	-	15,350	-
Accrued liabilities and other	2,294,394	276,815	176,062	-
Provision for claims (Note 10)	112,646	4,567	14,396	-
Current portion of long-term debt (Note 8)	1,925,067	276	828	605,043
Total current liabilities	6,528,581	1,324,135	811,157	1,253,623
Noncurrent liabilities:				
Payable from restricted assets	396,269	-	-	-
Net pension liability (Note 13)	5,209,916	1,357,288	812,505	-
Net OPEB liability (Note 14)	18,703,362	3,926,465	3,296,972	-
Long-term debt - Net of current portion (Note 8)	27,942,074	1,145	3,433	13,732,668
Total noncurrent liabilities	52,251,621	5,284,898	4,112,910	13,732,668
Total liabilities	58,780,202	6,609,033	4,924,067	14,986,291
Net Position				
Net investment in capital assets	5,787,579	11,494,959	2,798,993	12,251,773
Restricted (Note 11)	2,106,172	-	-	-
Unrestricted	(926,411)	(318,036)	2,424,637	4,128,740
Total net position	\$ 6,967,340	\$ 11,176,923	\$ 5,223,630	\$ 16,380,513

Proprietary Funds
Statement of Net Position

September 30, 2019

Enterprise Funds		Governmental Activities
Nonmajor Enterprise	Total	Internal Service
\$ 663,226	\$ 33,209,631	\$ 568,807
-	9,511,645	-
-	325,617	2,638,947
-	1,163,031	-
-	796,402	-
663,226	45,006,326	3,207,754
-	3,819,676	-
-	-	3,971,814
51,908	8,263,497	-
2,540,275	67,409,309	-
-	-	176,907
2,592,183	79,492,482	4,148,721
3,255,409	124,498,808	7,356,475
-	881,353	-
-	279,457	-
-	2,643,790	-
-	3,804,600	-
20,478	3,307,876	4,165
27,134	385,860	-
-	861,278	-
33,450	2,780,721	-
-	131,609	578,973
-	2,531,214	-
81,062	9,998,558	583,138
-	396,269	-
-	7,379,709	-
-	25,926,799	-
-	41,679,320	-
-	75,382,097	-
81,062	85,380,655	583,138
2,592,183	34,925,487	-
-	2,106,172	-
582,164	5,891,094	6,773,337
\$ 3,174,347	\$ 42,922,753	\$ 6,773,337

City of Wyandotte, Michigan

	Enterprise Funds			
	Electric	Water	Cable Television	Sewage Disposal
Operating Revenue				
Sale of water	\$ -	\$ 4,239,152	\$ -	\$ -
Sewage disposal charges	-	-	-	4,230,891
Sale of electricity	38,183,973	-	-	-
Income from customers and rent from tenants	-	-	10,755,003	-
Other miscellaneous revenue	237,669	21,685	443,400	-
Total operating revenue	38,421,642	4,260,837	11,198,403	4,230,891
Operating Expenses				
Cost of water pumping and purification	-	833,523	-	-
Cost of sewage treatment	-	-	-	2,064,070
Cost of electrical production	24,851,949	-	-	-
Cost of insurance claims	-	-	-	-
Transportation	78,467	35,312	25,688	-
Other operation and maintenance	2,595,196	980,769	1,069,285	578,605
Distributions	4,730,776	1,228,217	2,746,276	-
Cable television royalties and retransmission fees	-	-	5,377,374	-
Depreciation	2,490,656	604,175	1,009,330	904,655
Total operating expenses	34,747,044	3,681,996	10,227,953	3,547,330
Operating Income (Loss)	3,674,598	578,841	970,450	683,561
Nonoperating Revenue (Expense)				
Investment income	134,134	17,660	52,980	66,733
Interest expense	(1,384,099)	(63)	(190)	(386,741)
Grant expenses	(186)	-	-	-
Amortization related to long-term debt	(12,520)	-	-	-
Grant revenue	181,773	-	-	594,611
Total nonoperating (expense) revenue	(1,080,898)	17,597	52,790	274,603
Change in Net Position	2,593,700	596,438	1,023,240	958,164
Net Position - Beginning of year	4,373,640	10,580,485	4,200,390	15,422,349
Net Position - End of year	\$ 6,967,340	\$ 11,176,923	\$ 5,223,630	\$ 16,380,513

Proprietary Funds

Statement of Revenue, Expenses, and Changes in Net Position

Year Ended September 30, 2019

Enterprise Funds		Governmental Activities
Nonmajor Enterprise	Total	Internal Service
\$ -	\$ 4,239,152	\$ -
-	4,230,891	-
-	38,183,973	-
641,794	11,396,797	-
48,000	750,754	-
689,794	58,801,567	-
-	833,523	-
-	2,064,070	-
-	24,851,949	-
-	-	207,873
-	139,467	-
589,199	5,813,054	-
-	8,705,269	-
-	5,377,374	-
151,185	5,160,001	-
740,384	52,944,707	207,873
(50,590)	5,856,860	(207,873)
4,122	275,629	155,046
-	(1,771,093)	-
-	(186)	-
-	(12,520)	-
-	776,384	-
4,122	(731,786)	155,046
(46,468)	5,125,074	(52,827)
3,220,815	37,797,679	6,826,164
\$ 3,174,347	\$ 42,922,753	\$ 6,773,337

Proprietary Funds
Statement of Cash Flows

Year Ended September 30, 2019

	Enterprise Funds					Governmental	
	Electric	Water	Cable Television	Sewage Disposal	Nonmajor Enterprise	Internal Service	
Cash Flows from Operating Activities							
Receipts from customers	\$ 38,744,169	\$ 4,054,698	\$ 11,287,899	\$ 4,123,594	\$ 661,455	\$ 58,871,815	\$ -
Receipts from interfund services and reimbursements	-	-	-	12,195	75,520	87,715	-
Payments to suppliers	(23,530,141)	(1,265,016)	(7,191,833)	(2,511,302)	(557,776)	(35,056,068)	(4,470)
Payments to employees and fringes	(6,322,979)	(1,912,656)	(1,864,490)	-	(59,661)	(10,159,786)	-
Claims paid	-	-	-	-	-	-	(186,803)
Net cash provided by (used in) operating activities	8,891,049	877,026	2,231,576	1,624,487	119,538	13,743,676	(191,273)
Cash Flows from Noncapital Financing Activities							
Interfund borrowings and repayments - Net	15,431	(15,969)	(16,458)	-	-	(16,996)	261,234
Grants	-	-	-	594,611	-	594,611	-
Net cash provided by (used in) noncapital financing activities	15,431	(15,969)	(16,458)	594,611	-	577,615	261,234
Cash Flows from Capital and Related Financing Activities							
Purchase of capital assets	(6,408,886)	(1,165,438)	(652,531)	(269,237)	-	(8,496,092)	-
Principal and interest paid on capital debt	(4,374,065)	(238)	(715)	(2,019,992)	-	(6,395,010)	-
Grant revenue	181,773	-	-	-	-	181,773	-
Grant expenses	(186)	-	-	-	-	(186)	-
Net cash used in capital and related financing activities	(10,601,364)	(1,165,676)	(653,246)	(2,289,229)	-	(14,709,515)	-
Cash Flows Provided by Investing Activities - Interest received on investments	134,134	17,660	52,980	66,659	4,122	275,555	155,046
Net (Decrease) Increase in Cash	(1,560,750)	(286,959)	1,614,852	(3,472)	123,660	(112,669)	225,007
Cash - Beginning of year	22,428,245	5,088,534	4,328,105	3,357,092	539,566	35,741,542	343,800
Cash - End of year	<u>\$ 20,867,495</u>	<u>\$ 4,801,575</u>	<u>\$ 5,942,957</u>	<u>\$ 3,353,620</u>	<u>\$ 663,226</u>	<u>\$ 35,628,873</u>	<u>\$ 568,807</u>
Classification of Cash							
Cash and investments	\$ 18,448,253	\$ 4,801,575	\$ 5,942,957	\$ 3,353,620	\$ 663,226	\$ 33,209,631	\$ 568,807
Restricted cash	2,419,242	-	-	-	-	2,419,242	-
Total cash	<u>\$ 20,867,495</u>	<u>\$ 4,801,575</u>	<u>\$ 5,942,957</u>	<u>\$ 3,353,620</u>	<u>\$ 663,226</u>	<u>\$ 35,628,873</u>	<u>\$ 568,807</u>

Proprietary Funds
Statement of Cash Flows (Continued)

Year Ended September 30, 2019

	Enterprise Funds					Governmental	
	Electric	Water	Cable Television	Sewage Disposal	Nonmajor Enterprise	Internal Service	
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities							
Operating income (loss)	\$ 3,674,598	\$ 578,841	\$ 970,450	\$ 683,561	\$ (50,590)	\$ 5,856,860	\$ (207,873)
Adjustments to reconcile operating income (loss) to net cash from operating activities:							
Depreciation and amortization	2,490,656	604,175	1,009,330	904,655	151,185	5,160,001	-
Changes in assets and liabilities:							
Receivables	322,527	(206,139)	89,496	(107,297)	19,661	118,248	-
Due to and from other funds	-	-	-	12,195	27,520	39,715	-
Inventories	969,266	(1,689)	(15,295)	-	-	952,282	-
Prepaid and other assets	49,291	5,573	14,237	41,367	-	110,468	-
Net pension or OPEB liability	2,677,139	193,329	338,136	-	-	3,208,604	-
Accounts payable	7,627	(55,086)	64,526	90,006	(28,238)	78,835	(4,470)
Estimated claims liability	-	-	-	-	-	-	21,070
Deferrals related to pension or OPEB	(1,261,267)	(255,879)	(218,126)	-	-	(1,735,272)	-
Accrued and other liabilities	(38,788)	13,901	(21,178)	-	-	(46,065)	-
Total adjustments	5,216,451	298,185	1,261,126	940,926	170,128	7,886,816	16,600
Net cash provided by (used in) operating activities	<u>\$ 8,891,049</u>	<u>\$ 877,026</u>	<u>\$ 2,231,576</u>	<u>\$ 1,624,487</u>	<u>\$ 119,538</u>	<u>\$ 13,743,676</u>	<u>\$ (191,273)</u>
Significant Noncash Transactions - Direct-financed capital acquisitions							
	\$ 800,865	\$ 1,596	\$ 4,786	\$ -	\$ -	\$ 807,247	\$ -

**Fiduciary Funds
Statement of Fiduciary Net Position**

September 30, 2019

	Pension and Other Employee Benefits Trust	Agency
Assets		
Cash and cash equivalents	\$ 826,986	\$ 446,252
Investments:		
U.S. government securities	185,150	-
Common trust funds/Mutual funds	64,941,432	-
Global fixed income	2,665,785	-
Receivables:		
Accrued interest receivable	318	-
Other receivables	-	1,005
Due from other governments	-	5,580
	68,619,671	\$ 452,837
Liabilities		
Due to other governmental units	-	\$ 74,085
Due to primary government	928,458	-
Refundable deposits, bonds, etc.	-	378,752
	928,458	\$ 452,837
Net Position	\$ 67,691,213	

Fiduciary Funds
Statement of Changes in Fiduciary Net Position - Pension and Other
Employee Benefits Trust

Year Ended September 30, 2019

Additions

Investment income (loss):	
Interest and dividends	\$ 1,662,593
Net increase in fair value of investments	1,053,520
Investment-related expenses	<u>(185,467)</u>
Net investment income	2,530,646
Contributions:	
Employer contributions	7,825,824
Employee contributions	<u>15,256</u>
Total contributions	<u>7,841,080</u>
Total additions	10,371,726

Deductions

Pension benefit payments	7,255,781
Health benefits	<u>3,850,264</u>
Total deductions	<u>11,106,045</u>

Net Decrease in Net Position

(734,319)

Net Position Restricted for Pension and Other Employee Benefits - Beginning of year

68,425,532

Net Position Restricted for Pension and Other Employee Benefits - End of year

\$ 67,691,213

City of Wyandotte, Michigan

	Tax Increment Finance Authorities - Consolidated	Tax Increment Finance Authorities - Downtown	Downtown Development Authority
Assets			
Cash and cash equivalents (Note 3)	\$ 7,500,676	\$ 1,271,400	\$ 1,601
Receivables - Net	9,675	-	-
Due from primary government (Note 7)	59,346	-	-
Prepaid expenses and other assets	-	2,142	-
Land held for resale (Note 4)	1,723,182	44,800	-
Total assets	9,292,879	1,318,342	1,601
Liabilities			
Accounts payable	634,427	77,725	-
Due to other governmental units	-	-	-
Due to primary government (Note 7)	-	18,452	-
Accrued liabilities and other	23,000	10,492	-
Noncurrent liabilities:			
Due within one year - Current portion of long-term debt (Note 8)	17,909	-	-
Due in more than one year:			
Advances from primary government (Note 7)	-	-	-
Due to other governmental units	-	-	-
Long-term debt - Net of current portion (Note 8)	14,887	-	-
Total liabilities	690,223	106,669	-
Deferred Inflows of Resources - Property taxes levied for the following year	1,283,093	353,984	-
Net Position - Unrestricted	\$ 7,319,563	\$ 857,689	\$ 1,601

Component Units
Statement of Net Position

September 30, 2019

Brownfield Redevelopment Authority	Downriver Central Dispatch	Downriver Central Animal Control Agency	Downriver Consolidated Assessing	Total
\$ 327,964	\$ -	\$ -	\$ -	\$ 9,101,641
-	170,305	19,864	53,563	253,407
-	-	-	-	59,346
-	-	-	-	2,142
-	-	-	-	1,767,982
327,964	170,305	19,864	53,563	11,184,518
-	-	-	-	712,152
15,000	-	-	-	15,000
-	170,305	19,864	53,563	262,184
325,632	-	-	-	359,124
-	-	-	-	17,909
564,676	-	-	-	564,676
18,581	-	-	-	18,581
-	-	-	-	14,887
923,889	170,305	19,864	53,563	1,964,513
-	-	-	-	1,637,077
\$ (595,925)	\$ -	\$ -	\$ -	\$ 7,582,928

City of Wyandotte, Michigan

	Program Revenue			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
Tax Increment Finance Authorities - Consolidated:				
Community and economic development	\$ 2,323,624	\$ -	\$ -	\$ -
Debt service	110,466	-	-	-
Total Tax Increment Finance Authorities - Consolidated	2,434,090	-	-	-
Tax Increment Finance Authorities - Downtown - Community and economic development	661,336	-	-	-
Downtown Development Authority	-	-	-	-
Brownfield Redevelopment Authority:				
Community and economic development	61,340	-	-	-
Debt service	113,935	-	-	-
Total Brownfield Redevelopment Authority	175,275	-	-	-
Downriver Central Dispatch - Governmental activities - Public Safety	850,923	850,923	-	-
Downriver Central Animal Control Agency - Governmental activities - Public Safety	149,466	149,466	-	-
Downriver Consolidated Assessing - Governmental activities - General government	401,365	401,365	-	-
Total component units	\$ 4,672,455	\$ 1,401,754	\$ -	\$ -

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, 2019

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
\$ (2,323,624)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (2,323,624)
(110,466)	-	-	-	-	-	-	(110,466)
(2,434,090)	-	-	-	-	-	-	(2,434,090)
-	(661,336)	-	-	-	-	-	(661,336)
-	-	-	-	-	-	-	-
-	-	-	(61,340)	-	-	-	(61,340)
-	-	-	(113,935)	-	-	-	(113,935)
-	-	-	(175,275)	-	-	-	(175,275)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(2,434,090)	(661,336)	-	(175,275)	-	-	-	(3,270,701)
2,521,341	549,233	-	244,148	-	-	-	3,314,722
80,684	16,156	12	2,823	-	-	-	99,675
-	932	-	124,374	-	-	-	125,306
2,602,025	566,321	12	371,345	-	-	-	3,539,703
167,935	(95,015)	12	196,070	-	-	-	269,002
7,151,628	952,704	1,589	(791,995)	-	-	-	7,313,926
\$ 7,319,563	\$ 857,689	\$ 1,601	\$ (595,925)	\$ -	\$ -	\$ -	\$ 7,582,928

September 30, 2019

Note 1 - Significant Accounting Policies

The following is a summary of the significant accounting policies used by the City of Wyandotte, Michigan (the "City"):

Reporting Entity

The City 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 (the "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, the Building Authority is reported as if it were part of the primary government because its sole 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 promote economic growth within the downtown district. The Downtown Development Authority's governing body, which consists of nine individuals, is selected by the mayor with approval by the City Council. In addition, the Downtown Development Authority's budget is subject to approval by the City Council.

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

The tax increment finance authorities (TIFA) were created to preserve and continuously improve the areas within the TIFA districts. The Consolidated Development Area TIFA's governing body and Downtown Development Area TIFA's governing body each consist of nine individuals selected by the mayor with approval by the City Council. The TIFAs have reserved \$1,436,000 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 consists of nine individuals 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.

Note 1 - Significant Accounting Policies (Continued)

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 5.

Accounting and Reporting Principles

The City follows accounting principles generally accepted in the United States of America (GAAP) applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board. The following is a summary of the significant accounting policies used by the City:

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, as applicable. 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, unrestricted intergovernmental receipts, and other items not properly included among program revenue are reported instead as general revenue.

As a general rule, the effect of interfund activity has been removed from the government-wide financial statements. Exceptions to this general rule occur when there are charges between the City's water and sewer function and various other functions. 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, if any, are reported as separate columns in the fund financial statements.

Note 1 - Significant Accounting Policies (Continued)

Fund Accounting

The City accounts for its various activities in several different funds in order to demonstrate accountability for how it spends certain resources; separate funds allow the City to show the particular expenditures for which specific revenue is used. The various funds are aggregated into three broad fund types:

Governmental Funds

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:

- 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

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.

Fiduciary Funds

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 the following:

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

Note 1 - Significant Accounting Policies (Continued)

Interfund Activity

During the course of operations, the City 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 City 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.

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, as applicable, 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.

Note 1 - Significant Accounting Policies (Continued)

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. In the Sewage Disposal Fund, restricted assets relate to reserves held at Downriver Utility Wastewater Authority (DUWA), a joint venture of the City. Refer to Note 5 for more information on DUWA. Refer to Note 11 for further discussion on the restricted assets of the Electric Fund.

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 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 estimated acquisition value at the date of donation.

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

	Depreciable Life - Years
Roads and other infrastructure	20 to 25
Sidewalks	10 to 60
Distribution systems	10 to 15
Utility plant and treatment facilities	20 to 50
Buildings and building improvements	40 to 50
Land improvements	20 to 50
Vehicles	4 to 15
Machinery and equipment	3 to 35

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 and premiums as "other financing sources" and bond discounts as "other financing uses." The General Fund and debt service funds are generally used to liquidate governmental long-term debt.

Note 1 - Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources

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

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. This amount is shown as deferred inflows of resources on both the governmental funds balance sheet and 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 City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

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

Note 1 - Significant Accounting Policies (Continued)

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 2018 taxable valuation of the City totaled approximately \$558,000,000 (a portion of which has been abated or resides in special tax districts), on which taxes levied consisted of 14.9921 mills for operating purposes, 2.5063 mills for debt service, and 2.5063 mills for garbage and rubbish services. In addition, the City levied 2.7453 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 \$8,173,000 for operating purposes, \$1,162,000 for debt service, \$1,313,000 for garbage and rubbish services, and \$1,092,000 for drain operation and maintenance. These amounts are recognized in the respective General Fund and special revenue fund financial statements as tax revenue. The special tax districts record their portion of taxes in the respective component units' financial statements as tax revenue. Some amounts are also recognized in the debt service fund through a transfer of tax funds from the General Fund.

Pension

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

September 30, 2019

Note 1 - Significant Accounting Policies (Continued)

Compensated Absences (Vacation and Sick Leave)

It is the City's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. Employees may receive payment of the accumulated sick leave and vacation balance at the rate determined by union contracts, which vary from unit to unit. A liability is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end. The compensated absence liability has historically been liquidated from the funds from which the individual salaries are paid.

Proprietary Funds Operating Classification

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

Use of Estimates

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

Significant Customers

The City's electric department has one significant customer, BASF Corporation, representing approximately 21 percent of the electric department's operating revenue for the year ended September 30, 2019.

The City's water department has one significant customer, BASF Corporation, representing approximately 20 percent of the water department's operating revenue for the year ended September 30, 2019.

Upcoming Accounting Pronouncements

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. 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, 2020.

In June 2017, the Governmental Accounting Standards Board 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-of-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.

September 30, 2019

Note 1 - Significant Accounting Policies (Continued)

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which simplifies accounting for interest cost incurred before the end of construction and requires those costs to be expensed in the period incurred. As a result, interest cost incurred before the end of a construction period will not be capitalized and included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This statement also reiterates that, in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of the standard will be applied prospectively and result in increased interest expense during periods of construction. The provisions of this statement are effective for the City's financial statements for the September 30, 2021 fiscal year.

In August 2018, the Governmental Accounting Standards Board issued Statement No. 90, *Majority Equity Interests*. This statement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. The City is currently evaluating the impact this standard will have on the financial statements when adopted for the year ending September 30, 2020.

Note 2 - Stewardship, Compliance, and Accountability

Excess of Expenditures Over Appropriations in Budgeted Funds

The City did not have significant expenditure budget variances.

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, 2018		\$ (299,962)
Current year permit revenue		759,026
Related expenses:		
Direct costs	\$ 167,661	
Estimated indirect costs	558,115	725,776
Current year surplus		<u>33,250</u>
Cumulative shortfall September 30, 2019		<u><u>\$ (266,712)</u></u>

Fund Deficits

The City has an accumulated deficit in the Brownfield Redevelopment Authority, Construction, and Equipment and Replacement funds. Management expects the deficit in the Brownfield Redevelopment Authority to be eliminated through the receipt of future tax captures. The deficit in the Construction and Equipment and Replacement funds will be eliminated through the receipt of future debt millage transferred to these funds.

Note 3 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The law also allows investments outside the state of Michigan when fully insured. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications that matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions that 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 Benefits 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, real estate (if the trust fund's assets exceed \$250 million), debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles.

The City has designated three banks for the deposit of its funds. The investment policy adopted by the City Council and the mayor in accordance with Public Act 196 of 1997 has authorized investment in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; certificates of deposit; savings accounts, deposit accounts or depository receipts of a financial institution that has offices in Michigan; mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan; and interlocal agreements and investment pools, but not the remainder of state statutory authority, as listed above. The City's deposits and investments 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 approximately \$64.6 million of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. In addition, the City's component units had approximately \$7.1 million 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.

September 30, 2019

Note 3 - Deposits and Investments (Continued)

At year end, the City had the following investments:

Investment	Carrying Value	Weighted- average Maturity (Years)
Fiduciary Funds		
U.S. government issues	\$ 185,150	4.43
Corporate bonds and notes	<u>119,400</u>	5.09
Total	<u>\$ 304,550</u>	

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 September 30, 2019, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Moody's A3	Moody's A2	Moody's Baa1	Moody's Baa2	Moody's Baa3
Fiduciary Funds					
Corporate bonds and notes	\$ 16,600	\$ 7,202	\$ 16,343	\$ 64,423	\$ 14,832

Fair Value Measurements

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 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.

September 30, 2019

Note 3 - Deposits and Investments (Continued)

The City has the following recurring fair value measurements as of September 30, 2019:

	Investments Measured at Fair Value on a Recurring Basis at September 30, 2019			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Other Significant Unobservable Inputs (Level 3)	Balance at September 30, 2019
Debt securities:				
U.S. Treasury securities	\$ -	\$ 185,150	\$ -	\$ 185,150
Corporate bonds	119,400	-	-	119,400
Total debt securities	119,400	185,150	-	304,550
Common trust/Mutual fund	64,941,432	-	-	64,941,432
Total	<u>\$ 65,060,832</u>	<u>\$ 185,150</u>	<u>\$ -</u>	65,245,982
Investments measured at NAV - Fixed-income fund				<u>2,546,385</u>
Total assets				<u>\$ 67,792,367</u>

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. Treasury securities at September 30, 2019 was determined primarily based on Level 2 inputs. The City estimates the fair value of these investments using other inputs, such as interest rates, yield curves, and matrix pricing models that are observable at commonly quoted intervals.

The valuation method for investments measured at net asset value (NAV) per share (or its equivalent) is presented on the table below.

Investments in Entities that Calculate Net Asset Value per Share

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.

At September 30, 2019, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	Carrying Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Fixed-income fund	\$ 2,546,385	\$ -	Daily	Two days

The fixed-income fund invests predominantly in fixed-income instruments in the U.S. and developed and emerging-market countries.

Note 4 - 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, 2019, inventory had a cost of \$621,550, \$318,666, and \$14,604,646 and an estimated fair market value of \$119,740, \$44,237, and \$1,767,982 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 \$7,180, \$0, and \$537,613 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 TIFA component units resulted in a loss on sale of \$73,783, included in expense.

Note 5 - 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 incurred approximately \$777,227 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 \$1,871,641 has been recorded in the government-wide statement of net position at September 30, 2019.

Downriver Utility Wastewater Authority

The City, along with 12 other communities, is a member of the Downriver Utility Wastewater Authority (DUWA), which is a consortium formed under Public Act 233 of 1955 to acquire and operate the sewer 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 \$2,064,070 for operations of the system and paid \$2,188,081 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. Financial statements for the joint venture can be obtained from the administrative offices at 25605 Northline Road, Taylor, MI 48180.

September 30, 2019

Note 6 - Capital Assets

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

Governmental Activities

	Balance October 1, 2018	Additions	Disposals and Adjustments	Balance September 30, 2019
Capital assets not being depreciated - Land	\$ 18,229,021	\$ -	\$ -	\$ 18,229,021
Capital assets being depreciated:				
Roads and other infrastructure	96,879,230	2,618,810	-	99,498,040
Sidewalks	37,068,267	191,274	-	37,259,541
Buildings and improvements	25,011,348	691,839	-	25,703,187
Machinery, equipment, and vehicle	12,738,829	353,313	(376,435)	12,715,707
Land improvements	5,448,204	42,999	-	5,491,203
Subtotal	177,145,878	3,898,235	(376,435)	180,667,678
Accumulated depreciation:				
Roads and other infrastructure	74,144,968	1,847,201	-	75,992,169
Sidewalks	34,662,032	528,179	-	35,190,211
Buildings and improvements	6,796,337	429,203	-	7,225,540
Machinery, equipment, and vehicle	11,424,098	395,720	(354,460)	11,465,358
Land improvements	4,628,917	214,821	-	4,843,738
Subtotal	131,656,352	3,415,124	(354,460)	134,717,016
Net capital assets being depreciated	45,489,526	483,111	(21,975)	45,950,662
Net governmental activities capital assets	\$ 63,718,547	\$ 483,111	\$ (21,975)	\$ 64,179,683

September 30, 2019

Note 6 - Capital Assets (Continued)

Business-type Activities

	Balance October 1, 2018	Reclassifications	Additions	Disposals and Adjustments	Balance September 30, 2019
Capital assets not being depreciated:					
Land	\$ 51,908	\$ -	\$ -	\$ -	\$ 51,908
Construction in progress	6,357,741	(4,909,323)	6,763,171	-	8,211,589
Subtotal	6,409,649	(4,909,323)	6,763,171	-	8,263,497
Capital assets being depreciated:					
Utility plant	101,271,089	428,537	597,165	-	102,296,791
Transmission	5,911,181	-	-	-	5,911,181
Pumping	7,206,223	-	46,497	-	7,252,720
Purification	3,953,509	-	-	-	3,953,509
Distribution	65,240,862	4,469,458	797,165	-	70,507,485
Transportation	3,644,273	-	657,783	(203,825)	4,098,231
Stores	1,148,552	-	-	-	1,148,552
Cable equipment	4,399,940	-	40,638	-	4,440,578
Land improvements	2,937,427	-	13,892	-	2,951,319
Studio	633,945	11,328	115,309	-	760,582
General	3,932,379	-	-	-	3,932,379
Buildings	2,366,804	-	-	-	2,366,804
Equipment and fixtures	1,695,693	-	-	-	1,695,693
Sewer lines	40,465,526	-	269,237	-	40,734,763
Subtotal	244,807,403	4,909,323	2,537,686	(203,825)	252,050,587
Accumulated depreciation:					
Utility plant	91,329,902	-	976,542	-	92,306,444
Transmission	5,814,562	-	61,468	-	5,876,030
Pumping	2,816,176	-	126,236	-	2,942,412
Purification	3,741,332	-	16,766	-	3,758,098
Distribution	45,459,983	-	2,042,342	-	47,502,325
Transportation	3,009,267	-	347,568	(203,825)	3,153,010
Stores	928,785	-	15,713	-	944,498
Cable equipment	3,047,902	-	359,525	-	3,407,427
Land improvements	1,350,234	-	15,952	-	1,366,186
Studio	578,524	-	142,049	-	720,573
General	3,695,655	-	86,549	-	3,782,204
Buildings	1,297,325	-	58,749	-	1,356,074
Equipment and fixtures	1,529,076	-	43,895	-	1,572,971
Sewer lines	15,086,379	-	866,647	-	15,953,026
Subtotal	179,685,102	-	5,160,001	(203,825)	184,641,278
Net capital assets being depreciated	65,122,301	4,909,323	(2,622,315)	-	67,409,309
Net business-type activities capital assets	\$ 71,531,950	\$ -	\$ 4,140,856	\$ -	\$ 75,672,806

September 30, 2019

Note 6 - Capital Assets (Continued)

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

Governmental activities:	
General government	\$ 2,577,219
Public safety	448,624
Public works	127,600
Recreation and culture	<u>261,681</u>
Total governmental activities	<u>\$ 3,415,124</u>
Business-type activities:	
Electric	\$ 2,490,656
Water	604,175
Cable Television	1,009,330
Sewage Disposal	904,655
Golf Course	95,299
Building Rental	<u>55,886</u>
Total business-type activities	<u>\$ 5,160,001</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, 2019 are as follows:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Auxiliary steam boiler	\$ 4,371,514	\$ 1,495,794
Filter Plant Rehabilitation - Phase III	<u>645,350</u>	<u>1,936,050</u>
Total	<u>\$ 5,016,864</u>	<u>\$ 3,431,844</u>

September 30, 2019

Note 7 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor governmental funds	\$ 39,537
	Nonmajor enterprise funds	27,134
	Cable fund	1,260
	Total General Fund	67,931
Nonmajor governmental funds	General Fund	711,630
	Nonmajor governmental funds	87,739
	Electric Fund	39,003
	Total nonmajor governmental funds	838,372
Electric Fund	General Fund	4,742
	Nonmajor governmental funds	1,951
	Total Electric Fund	6,693
Cable Fund	Water Fund	390
	Electric Fund	1,170
	General Fund	346
	Total Cable Fund	1,906
Sewage Fund	Water Fund	316,903
Water Fund	General Fund	115
Internal Service Fund	General Fund	2,638,947
	Total	<u>\$ 3,870,867</u>

The City has made the following long-term advances between funds:

Fund Borrowed From	Fund Loaned To	Amount
Internal Service Fund	Nonmajor governmental funds	\$ 3,971,814
Nonmajor governmental funds	Brownfield Redevelopment Authority	387,769
Internal Service Fund	Brownfield Redevelopment Authority	176,907

September 30, 2019

Note 7 - Interfund Receivables, Payables, and Transfers (Continued)

The balance of amounts loaned to (borrowed from) discretely presented component units is as follows:

Receivable	Payable	Amount
General Fund	Total Tax Increment Finance Authorities - Downtown	\$ 16,621
	Downriver Central Dispatch	170,305
	Downriver Central Animal Control	19,864
	Downriver Consolidated Assessing	53,563
	Total General Fund	260,353
Nonmajor governmental funds	Total Tax Increment Finance Authorities - Downtown	1,831
Total Tax Increment Finance Authorities - Consolidated	Nonmajor governmental funds	20,302
	General Fund	39,044
	Total Tax Increment Finance Authorities - Consolidated	59,346
	Total	\$ 321,530

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 and Internal Service Fund advances to the Brownfield Redevelopment Authority are considered long-term advances. The nonmajor special revenue funds and Internal Service Fund advances relate 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 advances are repaid, the City will be able to use the funds to make new revolving funds in accordance with grant requirements.

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

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
General Fund	Nonmajor governmental funds	\$ 1,163,586
Nonmajor governmental funds	Nonmajor governmental funds	948,846
	Total	\$ 2,112,432

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 transfer of \$948,846 between the nonmajor governmental funds consisted of a \$467,316 transfer between the City's two street funds to redistribute Act 51 revenue from the Major Streets Fund to the Local Streets Fund, where the funds were then spent. A total of \$481,530 was transferred from the debt service fund to the Building Authority Improvement Fund, Construction Fund, and Equipment and Replacement Fund for debt payments.

September 30, 2019

Note 8 - Long-term Debt

Long-term debt activity for the year ended September 30, 2019 can be summarized as follows:

Governmental Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable - General obligations - Other debt - 2014 Revenue bonds	\$ 3,545,000	\$ -	\$ (390,000)	\$ 3,155,000	\$ 390,000

Business-type Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable - Direct borrowings and direct placements:					
2008 Electric Installment Purchase Agreement	\$ 98,101	\$ -	\$ (98,101)	\$ -	\$ -
2010 Electric Installment Purchase Agreement	559,818	-	(559,818)	-	-
2014 Electric Installment Purchase Agreement	378,141	-	(123,664)	254,477	126,032
Downriver Utility Wastewater Authority bonds (including judgment levy bonds with the County of Wayne, Michigan), 21 issues	15,970,962	-	(1,633,251)	14,337,711	605,043
Total direct borrowings and direct placements principal outstanding	17,007,022	-	(2,414,834)	14,592,188	731,075
Other debt:					
2015 Series A Electric System Revenue and Revenue Refunding Bonds	21,175,000	-	(615,000)	20,560,000	655,000
2015 Series B Electric System Revenue and Revenue Refunding Bonds	8,840,000	-	(1,295,000)	7,545,000	1,015,000
Total other debt principal outstanding	30,015,000	-	(1,910,000)	28,105,000	1,670,000
Unamortized bond premiums	961,509	-	(35,611)	925,898	-
Total bonds and contracts payable	47,983,531	-	(4,360,445)	43,623,086	2,401,075
Capital leases	-	807,247	(219,799)	587,448	130,139
Total business-type activities long-term debt	\$ 47,983,531	\$ 807,247	\$ (4,580,244)	\$ 44,210,534	\$ 2,531,214

September 30, 2019

Note 8 - Long-term Debt (Continued)

Component Unit

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable - Direct borrowings and direct placements:					
Installation purchase agreements	\$ 50,182	\$ -	\$ (17,386)	\$ 32,796	\$ 17,909

The City had deferred outflows of \$881,353 related to deferred charges on bond refundings at September 30, 2019.

General Obligation Bonds and Contracts

The City issues general obligation bonds to provide for the acquisition and construction of major capital facilities. General obligations have been issued for both governmental and business-type activities. 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 City. General obligations outstanding at September 30, 2019 are as follows:

Purpose	Year Issued	Interest Rates	Maturing	Outstanding
Governmental Activities				
2014 Refunding Bonds	2014	2-4%	2025	\$ 3,155,000
Business-type Activities				
Downriver Utility Wastewater Authority bonds (including judgment levy bonds with the County of Wayne, Michigan), 21 issues	Various	2 - 5.7%	2019 - 2043	\$ 14,337,711
2014 installment purchase agreement	2014	2%	2021	<u>254,477</u>
Total business-type activities				<u>\$ 14,592,188</u>
Component Units				
Various installment purchase agreements	Various	Various	2021	\$ 32,796

Revenue Bonds

Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets and to pay debt service. The Electric Fund's 2015 Series A and B Revenue and Refunding Bonds are payable out of the net revenue before capital contributions of the fund. During the year, net operating revenue, as defined, of the system was \$7,898,205. Fiscal year 2020 debt service requirements total \$2,979,390. The City 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

Note 8 - Long-term Debt (Continued)

- 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

Purpose	Year Issued	Interest Rates	Maturing	Outstanding
Business-type Activities				
2015A Revenue Refunding Bonds	2015	3.50 - 5%	2044	\$ 20,560,000
2015B Revenue Refunding Bonds	2015	4.92%	2026	<u>7,545,000</u>
Total business-type activities				<u><u>\$ 28,105,000</u></u>

Note 8 - Long-term Debt (Continued)

Debt Service Requirements to Maturity

Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

Governmental Activities					
Years Ending September 30	Other Debt		Total		
	Principal	Interest			
2020	\$ 390,000	\$ 113,700	\$ 503,700		
2021	390,000	98,100	488,100		
2022	480,000	90,300	570,300		
2023	475,000	71,100	546,100		
2024	475,000	52,100	527,100		
2025-2029	945,000	47,200	992,200		
Thereafter	-	-	-		
Total	\$ 3,155,000	\$ 472,500	\$ 3,627,500		

Business-type Activities					
Years Ending September 30	Direct Borrowings and Direct Placements		Other Debt		Total
	Principal	Interest	Principal	Interest	
2020	\$ 731,075	\$ 525,180	\$ 1,670,000	\$ 1,309,390	\$ 4,235,645
2021	821,932	504,701	1,770,000	1,224,214	4,320,847
2022	676,204	482,063	1,840,000	1,134,703	4,132,970
2023	1,104,219	459,217	1,935,000	1,040,977	4,539,413
2024	721,513	435,820	2,015,000	942,911	4,115,244
2025-2029	3,879,206	1,797,537	7,445,000	3,454,353	16,576,096
Thereafter	6,658,039	2,133,317	11,430,000	4,967,800	25,189,156
Total	\$ 14,592,188	\$ 6,337,835	\$ 28,105,000	\$ 14,074,348	\$ 63,109,371

Component Unit Activities			
Years Ending September 30	Direct Borrowings and Direct Placements		Total
	Principal	Interest	
2020	\$ 17,909	\$ 984	\$ 18,893
2021	14,887	447	15,334
2022	-	-	-
2023	-	-	-
2024	-	-	-
2025-2029	-	-	-
Thereafter	-	-	-
Total	\$ 32,796	\$ 1,431	\$ 34,227

Interest

Total interest costs for the year were approximately \$2,012,000.

Note 8 - Long-term Debt (Continued)

Bond Refunding

In previous years, 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. As of September 30, 2019, \$3,300,000 of bonds outstanding is considered defeased.

Also, in 2015, 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, 2019, \$3,050,000 of bonds outstanding is considered defeased.

Assets Pledged as Collateral

Direct Borrowings and Direct Placements

The City's outstanding installment purchase agreements are secured by purchased equipment.

Note 9 - Capital leases

The City leases vehicles and equipment under long-term lease arrangements that are classified as capital leases. For financial statement purposes, the present values of the net minimum lease payments have been capitalized and are being amortized over the useful lives of the assets. Under the terms of the lease agreements, payments ranging from \$30 to \$4,406 are due monthly through February 2024. The leases have been imputed with interest at annual rates ranging from 0 percent to 6.6 percent.

At September 30, 2019, property under capital leases consists of vehicles and equipment with a gross cost of \$807,247. Accumulated depreciation on the property under capital leases was \$102,966 at September 30, 2019.

The future minimum lease payments under capital leases are as follows:

<u>Years Ending</u>	<u>Amount</u>
2020	\$ 149,019
2021	149,474
2022	149,474
2023	149,014
2024	<u>36,288</u>
Total	633,269
Less amount representing interest	<u>45,821</u>
Present value of net minimum lease payments	<u><u>\$ 587,448</u></u>

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.

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	
	2019	2018	2019	2018
Estimated liability - Beginning of year	\$ 557,903	\$ 624,961	\$ 134,847	\$ 117,118
Estimated claims incurred, including changes in estimates	207,873	133,207	11,022	47,376
Claim payments	(186,803)	(200,265)	(14,260)	(29,647)
Estimated liability - End of year	<u>\$ 578,973</u>	<u>\$ 557,903</u>	<u>\$ 131,609</u>	<u>\$ 134,847</u>

Note 11 - Restricted Assets and Restricted Net Position

Restricted assets in the Electric Fund consist of the following:

Restricted working capital - Michigan Public Power Agency (MPPA)	\$ 1,166,178
Unspent bond proceeds	867,936
Restricted grant reserves	<u>385,128</u>
Restricted grant reserves	2,419,242
Less unspent bond proceeds	(867,936)
Plus energy optimization surplus	<u>554,866</u>
Total restricted net position	<u>\$ 2,106,172</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.

September 30, 2019

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

The assets restricted for MPPA working capital are contractually restricted by way of an energy services agreement entered into with 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, 2019, there was \$396,269 of liabilities to be paid from these restricted bond proceeds.

The assets restricted for grant reserves represent the balances outstanding as of September 30, 2019 related to grant funds advanced to the department by the Department of Energy in 2011 to be used for loan loss reserves and interest rate buy-downs on approved energy-related projects for qualifying customers of the department.

In accordance with Michigan Public Act 295 of 2008, the Department of Municipal Services is required to establish energy optimization programs. The department charges energy optimization fees, for which the funds are required to be spent on energy optimization programs. The surplus from these energy optimization fees has been reported as restricted net position at September 30, 2019.

Restricted assets in the Sewage Disposal Fund relate to reserves held at Downriver Utility Wastewater Authority (DUWA), a joint venture of the City.

Note 12 - 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	\$ 65,863,442	\$ 2,755,911	\$ 68,619,353
Other assets	318	1,368	1,686
Liabilities	301,838	627,988	929,826
Net position	<u>\$ 65,561,922</u>	<u>\$ 2,129,291</u>	<u>\$ 67,691,213</u>
Statement of Changes in Net Position			
Net investment income	\$ 2,464,448	\$ 66,198	\$ 2,530,646
Contributions	4,151,447	3,689,633	7,841,080
Benefit payments and deductions	<u>(7,255,781)</u>	<u>(3,850,264)</u>	<u>(11,106,045)</u>
Net change in net position	<u>\$ (639,886)</u>	<u>\$ (94,433)</u>	<u>\$ (734,319)</u>

Note 13 - Pension Plan

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.

September 30, 2019

Note 13 - Pension Plan (Continued)

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

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

The benefit is calculated as 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. The maximum benefit is 70 percent of FAC.

Police Patrol and Command 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. 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

The benefit is calculated as FAC times 1.65, 1.7, or 1.5 to 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.

Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

Date of member count	September 30, 2018
Inactive plan members or beneficiaries currently receiving benefits	309
Inactive plan members entitled to but not yet receiving benefits	17
Active plan members	49
	<hr/>
Total employees covered by the plan	375
	<hr/> <hr/>

Note 13 - Pension Plan (Continued)

Contributions

State law requires public employers to make pension contributions in accordance with an actuarial valuation. The City hires an independent actuary for this purpose and annually contributes the amount determined to finance the costs of benefits earned by employees 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. The City's required contribution is determined after consideration of the required contribution rate of employees. For the year ended September 30, 2019, the police patrol and police command members contributed 5 percent of annual pay. For the year ended September 30, 2019, the City contributed the actuarial required contribution of \$4,939,046, which consisted of \$1,321,804 from municipal services and \$2,814,387 in transfers from other funds, as well as \$802,855 from supplemental reserves in the pension system, which are not considered for annual actuarially required contribution purposes.

Net Pension Liability

The City has chosen to use September 30, 2019 as its measurement date for the net pension liability. The September 30, 2019 fiscal year end reported net pension liability was determined using a measure of the total pension liability and the pension net position as of the September 30, 2019 measurement date. The September 30, 2019 total pension liability was determined by an actuarial valuation performed as of September 30, 2018, which used update procedures to roll forward the estimated liability to September 30, 2019.

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 October 1, 2018	\$ 94,609,967	\$ 66,201,809	\$ 28,408,158
Changes for the year:			
Service cost	465,856	-	465,856
Interest	6,385,050	-	6,385,050
Differences between expected and actual experience	(204,983)	-	(204,983)
Contributions - Employer	-	4,136,191	(4,136,191)
Contributions - Employee	-	15,256	(15,256)
Net investment income	-	2,473,324	(2,473,324)
Benefit payments, including refunds	(7,255,780)	(7,255,780)	-
Miscellaneous other income	-	(8,878)	8,878
Net changes	(609,857)	(639,887)	30,030
Balance at September 30, 2019	<u>\$ 94,000,110</u>	<u>\$ 65,561,922</u>	<u>\$ 28,438,188</u>

The City's fiduciary net position as a percentage of the total pension liability is 69.75 percent.

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

For the year ended September 30, 2019, the City recognized pension expense of \$3,480,819.

September 30, 2019

Note 13 - Pension Plan (Continued)

At September 30, 2019, 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	\$ 1,076,911	\$ -

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
2020	\$ (7,297)
2021	157,280
2022	516,563
2023	410,365
Total	\$ 1,076,911

Actuarial Assumptions

The total pension liability in the September 30, 2018 actuarial valuation was determined using an inflation assumption of 2.75 percent, assumed salary increases (including inflation) of 3 to 8.1 percent, an investment rate of return (net of investment expenses) of 7 percent, and 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 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.

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 active and inactive employees. 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.

Investment Rate of Return

Best estimates of arithmetic real rates of return as of the September 30, 2019 measurement date 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 tables:

Asset Class	Long-term Expected Real Rate of Return
Domestic fixed income	3.53 %
International fixed income	3.77
Domestic equity	5.01
International equity	6.38
Hedged strategies	3.89
Cash or cash equivalents	0.74

September 30, 2019

Note 13 - 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 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 or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (6%)	Current Discount Rate (7%)	1 Percentage Point Increase (8%)
Net pension liability of the City	\$ 37,404,781	\$ 28,438,188	\$ 20,756,928

Investment Policy

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the pension board by a majority vote of its members. It is the policy of the pension board to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the pension board's adopted asset allocation policy as of September 30, 2019:

Asset Class	Target Allocation
Domestic fixed income	33.00 %
International fixed income	4.00
Domestic equity	36.00
International equity	15.00
Hedged strategies	10.00
Cash or cash equivalents	2.00
Total	100.00 %

Rate of Return

For the year ended September 30, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 3.76 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Pension Plan Reserves

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

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

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

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

September 30, 2019

Note 13 - Pension Plan (Continued)

The balances of the reserve accounts at September 30, 2019 are as follows:

	Required Reserve	Amount Funded
Retiree reserve	\$ 76,352,161	\$ 64,993,427
Employee reserve	568,495	568,495
Total	<u>\$ 76,920,656</u>	<u>\$ 65,561,922</u>

Note 14 - Other Postemployment Benefit Plan

Plan Description

The City provides retiree healthcare benefits to certain eligible employees and their spouses. The benefits are provided through the City of Wyandotte Retiree Health Care Plan, a single-employer defined benefit plan administered by the City. The City has eliminated retiree health care for all new hires.

The financial statements of the OPEB plan are included in these financial statements as a pension and other employee benefit trust fund (a fiduciary fund).

Management of the plan is vested with the City Council.

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 the benefits is covered by the plan.

Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

	City of Wyandotte Retiree Health Care Plan
Date of member count	September 30, 2018
Inactive plan members or beneficiaries currently receiving benefits	309
Inactive plan members entitled to but not yet receiving benefits	17
Active plan members	<u>55</u>
Total plan members	<u><u>381</u></u>

Contributions

Retiree healthcare costs are 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. However, during the year ended September 30, 2019, the City contributed \$2,519,010 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.

Net OPEB Liability

The City has chosen to use the September 30, 2019 measurement date as its measurement date for the net OPEB liability. The September 30, 2019 fiscal year end reported net OPEB liability was determined using a measure of the total OPEB liability and the OPEB net position as of the September 30, 2019 measurement date. The September 30, 2019 total OPEB liability was determined by an actuarial valuation performed as of September 30, 2017, which used update procedures to roll forward the estimated liability to September 30, 2019.

September 30, 2019

Note 14 - Other Postemployment Benefit Plan (Continued)

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

Changes in Net OPEB Liability	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability
Balance at September 30, 2018	\$ 88,457,885	\$ 2,223,724	\$ 86,234,161
Changes for the year:			
Service cost	1,509,960	-	1,509,960
Interest	3,343,120	-	3,343,120
Differences between expected and actual experience	49,069	-	49,069
Changes in assumptions	13,422,167	-	13,422,167
Contributions - Employer	-	3,689,633	(3,689,633)
Net investment income	-	66,198	(66,198)
Benefit payments, including refunds	(3,850,264)	(3,850,264)	-
Net changes	14,474,052	(94,433)	14,568,485
Balance at September 30, 2019	<u>\$ 102,931,937</u>	<u>\$ 2,129,291</u>	<u>\$ 100,802,646</u>

The plan's fiduciary net position represents 2.07 percent of the total OPEB liability.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2019, the City recognized OPEB expense of \$12,050,696.

At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,174,438	\$ -
Changes in assumptions	9,272,734	-
Net difference between projected and actual earnings on OPEB plan investments	48,934	-
Total	<u>\$ 10,496,106</u>	<u>\$ -</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (note that employer contributions subsequent to the measurement date will reduce the net OPEB liability and, therefore, will not be included in future OPEB expense):

Years Ending September 30	Amount
2020	\$ 6,738,149
2021	3,735,351
2022	13,164
2023	9,442
Total	<u>\$ 10,496,106</u>

September 30, 2019

Note 14 - Other Postemployment Benefit Plan (Continued)

Actuarial Assumptions

The total OPEB liability in the actuarial valuation was determined using an inflation assumption of 2.75 percent; assumed salary increases (including inflation) of 3 to 8.1 percent; an investment rate of return (net of investment expenses) of 6 percent; a healthcare cost trend rate of 8 percent for 2019, decreasing 0.50 to 0.75 percent per year to an ultimate rate of 3 percent for 2033 and later years; and the RP-2014 mortality table projected seven years with scale MP-2014. These assumptions were applied to all periods included in the measurement.

Discount Rate

The discount rate used to measure the total OPEB liability was 2.75 percent. The beginning of year total OPEB liability was based on a single discount rate of 3.83 percent.

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 was determined by blending the long-term expected rate of return on OPEB plan investments of 6 percent with the current yield for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher, which currently stands at 2.75 percent (based on the Fidelity Index's "20-Year Municipal GO AA Index" as of September 30, 2019).

Investment Rate of Return

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 OPEB 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 adding expected inflation. Best estimates of geometric real rates of return as of the September 30, 2019 measurement date for each major asset class included in the OPEB plan's target asset allocation are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return
Domestic equity	5.77 %
Global equity	5.55
Domestic fixed income	1.70
Global fixed income	1.40
Real estate and alternatives	4.55
Cash or cash equivalents	1.30

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the City, calculated using the discount rate of 2.75 percent, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (1.75%)	Current Discount Rate (2.75%)	1 Percentage Point Increase (3.75%)
Net OPEB liability	\$ 116,268,236	\$ 100,802,646	\$ 88,277,170

September 30, 2019

Note 14 - Other Postemployment Benefit Plan (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB liability of the City, calculated using the healthcare cost trend rate of 8 percent, as well as what the City's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (7%)	Current Healthcare Cost Trend Rate (8%)	1 Percentage Point Increase (9%)
Net OPEB liability of the City of Wyandotte Retiree Health Care Plan	\$ 85,909,961	\$ 100,802,646	\$ 119,494,501

Assumption Changes

The beginning of year total OPEB liability was based on a single discount rate of 3.83 percent, and the end of year total OPEB liability was based on a single discount rate of 2.75 percent.

Investment Policy

The OPEB plan's policy in regard to the allocation of invested assets is established and may be amended by the OPEB board by a majority vote of its members. It is the policy of the OPEB board to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The OPEB 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 OPEB board's adopted asset allocation policy as of September 30, 2019:

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 or cash equivalents	2.00

Rate of Return

For the year ended September 30, 2019, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 3.69 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Note 15 - Defined Contribution Pension Plan

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

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

Note 15 - Defined Contribution Pension Plan (Continued)

- AFSCME Local 894 members hired on or after April 1, 2000
- Wyandotte firefighters IAFF Local 356 members hired on or after October 1, 2000
- Police and fire dispatchers hired on or after July 1, 2001
- Police and fire dispatchers hired prior to July 1, 2002 who elected to transfer their accrued benefits from the defined benefit plan
- Department of Municipal Services employees hired on or after October 1, 2006
- Department of Municipal Services union employees hired prior to October 1, 2006 who elected to transfer their accrued benefits from the defined benefit plan
- Department of Municipal Services nonunion employees hired prior to January 1, 2008 who elected to transfer their accrued benefits from the defined benefit plan

In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Investments are managed by a third party, and investment decisions are made by the individual employees. As established by the City of Wyandotte, 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 \$874,000 during the current year, and the employees contributed approximately \$437,000.

Note 16 - Related Party Transactions

City-owned facilities are users of the Wyandotte Department of Municipal Services (the "Department") electric and water services. Included in the Department's revenue are 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, 2019.

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.

September 30, 2019

Note 16 - Related Party Transactions (Continued)

A summary of these transactions for the year ended September 30, 2019 is as follows:

Revenue:	
In lieu of property taxes	\$ 677,623
Cable television franchise fees	516,488
Water (city services)	175,000
Electric (city services)	890,641
Building rent	180,000
Expenses:	
Electric and water services	(693,481)
Street and public lighting	(677,623)
Collection fee	(63,088)
TIFA contribution	-
Remittances to City for sewage use charge collections	4,272,303
Receivable for Sewage Disposal Fund	316,903
Receivable for Solid Waste Disposal Fund	39,003

Note 17 - Contingent Liabilities

The City has been named as a defendant in numerous claims and lawsuits requesting damages of various amounts, the majority of which do not state a specific maximum. The various proceedings have not yet progressed to a point where a legal opinion can be reached as to the ultimate liability, if any, after consideration of available insurance, where applicable, that may result from the resolution of these matters. The City has not recorded an estimate for any possible liability at September 30, 2019.

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

The City has entered into various agreements to repay developers for brownfield remediation and cleanup. In addition, the City has an agreement with the Department for repayment of approximately \$3.5 million in costs related to a brownfield project. The repayments will be funded by incremental tax captures and are contingent upon increasing brownfield property tax values. The outstanding amount owed to developers is approximately \$643,000 as of September 30, 2019. Of the \$3.5 million potential reimbursement to the Department, the City expects that the Department will recover approximately \$300,000 under the brownfield tax capture process.

Note 18 - 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, 2019, the City abated \$452,287 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 Redevelopment Authority's tax revenue is reduced. For the fiscal year ended September 30, 2019, the Brownfield Redevelopment Authority abated \$244,150 of taxes under this program. There are no provisions to recapture taxes.

September 30, 2019

Note 18 - Tax Abatements (Continued)

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 extent new purchases of eligible personal property will be 100 percent exempt from personal property tax. Taxes in the current year were reduced by \$7,002,937.

The City also has abatements related to the Commercial Facility Tax Exemption, Obsolete Property Rehabilitation Act, and Neighborhood Enterprise Zone exemption. These abatements totaled \$257,960 in the current year.

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

Required Supplemental Information

Required Supplemental Information
Budgetary Comparison Schedule
General Fund

Year Ended September 30, 2019

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Taxes	\$ 9,830,819	\$ 9,830,819	\$ 9,785,914	\$ (44,905)
Transfers out	(1,153,014)	(1,153,014)	(1,163,586)	(10,572)
Intergovernmental	3,499,073	3,596,773	3,674,540	77,767
Charges for services	4,512,843	4,573,543	4,392,470	(181,073)
Fines and forfeitures	1,283,000	1,283,000	1,318,267	35,267
Licenses and permits	531,200	581,200	580,857	(343)
Investment income	25,000	135,000	145,107	10,107
Other revenue	3,218,000	3,218,000	2,515,440	(702,560)
Total revenue	21,746,921	22,065,321	21,249,009	(816,312)
Expenditures				
Current services:				
General government:				
Mayor and council	120,726	120,726	116,990	3,736
Financial services and administration	648,732	648,732	616,886	31,846
Information technology	203,418	206,720	204,549	2,171
Treasurer	138,707	138,707	106,988	31,719
Assessor	178,974	178,974	160,947	18,027
City commissions	26,807	26,807	20,521	6,286
City clerk	250,214	251,489	244,241	7,248
Elections	56,400	55,125	45,593	9,532
General government administration	1,467,550	1,474,250	1,386,599	87,651
District court	1,164,607	1,164,607	966,758	197,849
Public safety:				
Police and civil defense	4,707,004	4,690,044	4,532,055	157,989
Fire	4,235,465	4,243,933	4,212,313	31,620
Dispatch	227,707	227,707	185,724	41,983
Animal control	94,514	88,394	49,074	39,320
Public works:				
Engineering and building	1,120,939	1,163,439	1,104,699	58,740
DPS	2,771,823	2,796,339	2,604,765	191,574
Recreation and culture:				
Recreation	535,931	547,680	502,483	45,197
Youth assistance	46,499	46,499	46,077	422
Historical/Marketing	162,790	162,790	136,113	26,677
Swimming pool	15,771	15,771	12,307	3,464
Yack arena	378,226	388,135	369,253	18,882
Other functions	3,306,767	3,344,787	3,336,061	8,726
Total expenditures	21,859,571	21,981,655	20,960,996	1,020,659
Net Change in Fund Balance	(112,650)	83,666	288,013	204,347
Fund Balance - Beginning of year	4,675,261	4,675,261	4,675,261	-
Fund Balance - End of year	\$ 4,562,611	\$ 4,758,927	\$ 4,963,274	\$ 204,347

City of Wyandotte, Michigan

Required Supplemental Information Schedule of Changes in the Net Pension Liability and Related Ratios

	Last Six Fiscal Years					
	2019	2018	2017	2016	2015	2014
Total Pension Liability						
Service cost	\$ 465,856	\$ 505,310	\$ 561,063	\$ 578,924	\$ 787,912	\$ 857,274
Interest	6,385,050	6,369,228	6,372,082	6,336,827	6,064,038	6,036,970
Changes in benefit terms	-	18,065	-	825,125	-	-
Differences between expected and actual experience	(204,983)	576,094	335,373	76,066	(669,257)	-
Changes in assumptions	-	-	-	-	10,489,220	-
Benefit payments, including refunds	(7,255,780)	(7,190,123)	(7,372,687)	(7,245,135)	(6,536,096)	(6,461,217)
Net Change in Total Pension Liability	(609,857)	278,574	(104,169)	571,807	10,135,817	433,027
Total Pension Liability - Beginning of year	94,609,967	94,331,393	94,435,562	93,863,755	83,727,938	83,294,911
Total Pension Liability - End of year	\$ 94,000,110	\$ 94,609,967	\$ 94,331,393	\$ 94,435,562	\$ 93,863,755	\$ 83,727,938
Plan Fiduciary Net Position						
Contributions - Employer	\$ 4,136,191	\$ 4,269,848	\$ 3,774,885	\$ 3,699,614	\$ 3,565,840	\$ 3,458,902
Contributions - Member	15,256	15,213	15,258	19,285	36,955	48,194
Net investment income (loss)	2,473,324	3,929,039	6,058,638	4,959,164	(2,316,546)	3,412,956
Benefit payments, including refunds	(7,255,780)	(7,190,123)	(7,372,687)	(7,245,135)	(6,536,096)	(6,461,217)
Other	(8,878)	21,626	(72)	-	-	-
Net Change in Plan Fiduciary Net Position	(639,887)	1,045,603	2,476,022	1,432,928	(5,249,847)	458,835
Plan Fiduciary Net Position - Beginning of year	66,201,809	65,156,206	62,680,184	61,247,256	66,497,103	66,038,268
Plan Fiduciary Net Position - End of year	\$ 65,561,922	\$ 66,201,809	\$ 65,156,206	\$ 62,680,184	\$ 61,247,256	\$ 66,497,103
City's Net Pension Liability - Ending	\$ 28,438,188	\$ 28,408,158	\$ 29,175,187	\$ 31,755,378	\$ 32,616,499	\$ 17,230,835
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	69.75 %	69.97 %	69.07 %	66.37 %	65.25 %	79.42 %
Covered Payroll	\$ 3,597,081	\$ 3,868,863	\$ 4,031,336	\$ 4,038,704	\$ 5,440,897	\$ 5,471,985
City's Net Pension Liability as a Percentage of Covered Payroll	790.59 %	734.28 %	723.71 %	786.28 %	599.47 %	314.89 %

*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.

Required Supplemental Information
Schedule of Pension Contributions

Last Ten Fiscal Years
Years Ended September 30

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined contribution	\$ 4,939,046	\$ 4,632,288	\$ 4,224,526	\$ 4,097,426	\$ 4,076,644	\$ 4,143,858	\$ 4,016,207	\$ 3,554,138	\$ 3,293,747	\$ 3,054,056
Contributions in relation to the actuarially determined contribution	4,136,191	4,269,848	3,774,885	3,699,614	3,565,840	3,458,902	3,755,609	2,640,000	2,986,587	2,588,385
Contribution Deficiency	\$ (802,855)	\$ (362,440)	\$ (449,641)	\$ (397,812)	\$ (510,804)	\$ (684,956)	\$ (260,598)	\$ (914,138)	\$ (307,160)	\$ (465,671)
Covered Payroll	\$ 3,597,081	\$ 3,868,863	\$ 4,031,336	\$ 4,038,704	\$ 5,440,897	\$ 5,471,985	\$ 5,718,130	\$ 6,803,552	\$ 7,428,795	\$ 7,683,934
Contributions as a Percentage of Covered Payroll	114.99 %	110.36 %	93.64 %	91.60 %	65.54 %	63.21 %	65.68 %	38.80 %	40.20 %	33.69 %

Notes to Schedule of Pension 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	12 years, closed for general 9 years, closed for police/fire 17 years, closed for municipal services 2 years, closed for Municipal Services Early Retirement Incentive Program (ERIP): UAL associated with ERIP amortized by level dollar contributions each year over five years starting with the contributions for the fiscal year beginning October 1, 2016
Asset valuation method	4-year smoothed market value
Inflation	2.75 percent
Salary increase	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 7 years with scale MP-2014.
Other information	The contribution deficiency noted above was supplemented by reserves in the pension system that have not been taken into consideration by the actuary when calculating the actuarially determined contribution.

Required Supplemental Information
Schedule of Pension Investment Returns

**Last Six Fiscal Years
Years Ended September 30**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return - Net of investment expense	3.76 %	6.25 %	8.30 %	8.40 %	(2.50)%	5.30 %

*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.

Required Supplemental Information
Schedule of Changes in the Net OPEB Liability and Related Ratios

	Last Three Fiscal Years		
	2019	2018	2017
Total OPEB Liability			
Service cost	\$ 1,509,960	\$ 1,681,851	\$ 2,831,180
Interest	3,343,120	2,802,849	4,615,318
Differences between expected and actual experience	49,069	4,137,166	(953,238)
Changes in assumptions	13,422,167	2,559,971	(8,964,413)
Benefit payments, including refunds	<u>(3,850,264)</u>	<u>(3,928,849)</u>	<u>(4,044,307)</u>
Net Change in Total OPEB Liability	14,474,052	7,252,988	(6,515,460)
Total OPEB Liability - Beginning of year	<u>88,457,885</u>	<u>81,204,897</u>	<u>150,454,539</u>
Total OPEB Liability - End of year	<u>\$ 102,931,937</u>	<u>\$ 88,457,885</u>	<u>\$ 143,939,079</u>
Plan Fiduciary Net Position			
Contributions - Employer	\$ 3,689,633	\$ 3,679,182	\$ 3,985,588
Net investment income	66,198	115,383	175,533
Benefit payments, including refunds	<u>(3,850,264)</u>	<u>(3,928,849)</u>	<u>(4,044,307)</u>
Net Change in Plan Fiduciary Net Position	(94,433)	(134,284)	116,814
Plan Fiduciary Net Position - Beginning of year	<u>2,223,724</u>	<u>2,358,008</u>	<u>2,241,194</u>
Plan Fiduciary Net Position - End of year	<u>\$ 2,129,291</u>	<u>\$ 2,223,724</u>	<u>\$ 2,358,008</u>
Net OPEB Liability - Ending	<u>\$ 100,802,646</u>	<u>\$ 86,234,161</u>	<u>\$ 141,581,071</u>
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	2.07 %	2.51 %	1.64 %
Covered Employee Payroll	\$ 9,098,268	\$ 9,315,766	\$ 8,319,044
Net OPEB Liability as a Percentage of Covered Employee Payroll	1,107.93 %	925.68 %	1,701.89 %

*GASB Statement No. 74 was implemented for the fiscal year ended September 30, 2017 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.

In September 30, 2018, the beginning of year total OPEB liability was adjusted based on updated information related to the plan.

Required Supplemental Information
Schedule of OPEB Contributions

Last Ten Fiscal Years
Years Ended September 30

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined contribution	\$ 6,146,931	\$ 8,303,941	\$ 8,304,191	\$ 8,096,761	\$ 8,096,830	\$ 8,124,395	\$ 7,124,448	\$ 615,283	\$ 6,115,316	\$ 5,801,315
Contributions in relation to the actuarially determined contribution	3,689,633	3,679,182	3,985,588	3,802,670	3,924,476	3,601,657	3,262,725	3,185,453	2,972,698	2,654,188
Contribution (Deficiency) Excess	\$ (2,457,298)	\$ (4,624,759)	\$ (4,318,603)	\$ (4,294,091)	\$ (4,172,354)	\$ (4,522,738)	\$ (3,861,723)	\$ 2,570,170	\$ (3,142,618)	\$ (3,147,127)

Notes to Schedule of 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	22 years
Asset valuation method	Market value of assets
Inflation	2.75 percent
Healthcare cost trend rates	8.0 percent trend, gradually decreasing to 2.50 percent in year 16
Salary increase	3.0 percent to 8.1 percent, including inflation
Investment rate of return	6.0 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

**Required Supplemental Information
Schedule of OPEB Investment Returns**

**Last Three Fiscal Years
Years Ended September 30**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return - Net of investment expense	3.69 %	5.47 %	8.30 %

*GASB Statement No. 74 was implemented for the fiscal year ended September 30, 2017 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.

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 schedule to the fund-based statement of revenue, expenditures, and changes in fund balance is as follows:

	Total Revenue	Total Expenditures	Other Financing Uses
Amounts per operating statement	\$ 20,325,355	\$ 18,873,756	\$ (1,163,586)
Reimbursing transfers from other funds	2,087,240	2,087,240	-
Operating transfers	(1,163,586)	-	1,163,586
Amounts per budget statement	<u>\$ 21,249,009</u>	<u>\$ 20,960,996</u>	<u>\$ -</u>

Pension Information

Benefit Changes

In 2016, the Department of Municipal Services group offered an Early Retirement Incentive Program (ERIP) of five additional years of service in exchange for retiring immediately to 18 employees with more than 20 years of service. Of those, 11 retired under the provisions of the program.

In 2018, the benefit multiplier for Department of Municipal Services hourly employees was decreased from 1.70 percent to 1.50 percent for service after January 1, 2019.

There were no changes of benefit terms in 2019.

Changes in Assumptions

In 2015, mortality rates were updated from the 1984 Group Annuity Mortality Table to the RP2014 Mortality Table, investment return was lowered from 7.5 percent to 7.0 percent, and wage Inflation was lowered from 4.5 percent to 3.0 percent.

There were no changes of benefit assumptions in 2019.

OPEB Information

Benefit Changes

There were no changes of benefit terms in 2019.

September 30, 2019

Changes in Assumptions

In 2017, 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.

In 2018, the beginning of year total OPEB liability was based on a single discount rate of 3.50 percent, and the end of year total OPEB liability was based on a single discount rate of 3.83 percent.

In 2019, the beginning of year total OPEB liability was based on a single discount rate of 3.83 percent, and the end of year total OPEB liability was based on a single discount rate of 2.75 percent.

Other Supplemental Information

City of Wyandotte, Michigan

	Special Revenue Funds						
	Major Streets	Local Streets	Solid Waste Disposal	Drug Law Enforcement	Urban Development Action Grant	Michigan Indigent Defense Commission	Grants
Assets							
Cash and investments	\$ 1,249,847	\$ 699,231	\$ 1,863,719	\$ 198,567	\$ 584,038	\$ -	\$ 189,693
Receivables:							
Property taxes receivable	-	-	144,893	-	-	-	-
Special assessments receivable	-	-	-	-	-	-	-
Accrued interest receivable	-	-	544	-	87	-	-
Other receivables	-	-	668	-	214,032	-	-
Due from other governments	163,934	103,006	-	-	-	-	103,795
Due from component units	-	-	1,143	-	-	-	-
Due from other funds	29,239	128,500	209,823	20	87,144	160,019	3,150
Land held for resale	-	-	-	-	119,740	-	-
Advance to component unit	-	-	-	-	210,310	-	-
Total assets	\$ 1,443,020	\$ 930,737	\$ 2,220,790	\$ 198,587	\$ 1,215,351	\$ 160,019	\$ 296,638
Liabilities							
Accounts payable	\$ 194,989	\$ 132,687	\$ 144,653	\$ -	\$ 17,500	\$ 7,888	\$ 1,049
Due to component units	-	-	-	-	-	-	-
Due to other funds	13,747	29,239	-	-	1,951	-	84,290
Advances from other funds	-	-	-	-	-	-	-
Accrued liabilities and other	-	-	-	-	50,953	-	-
Total liabilities	208,736	161,926	144,653	-	70,404	7,888	85,339
Deferred Inflows of Resources							
Unavailable revenue	-	-	3,390	-	-	150,700	180,458
Property taxes levied for the following year	-	-	1,349,120	-	-	-	-
Total deferred inflows of resources	-	-	1,352,510	-	-	150,700	180,458
Total liabilities and deferred inflows of resources	208,736	161,926	1,497,163	-	70,404	158,588	265,797
Fund Balances							
Nonspendable:							
Inventory/Assets held for resale	-	-	-	-	119,740	-	-
Long-term receivable	-	-	-	-	210,310	-	-
Restricted:							
Roads	1,234,284	768,811	-	-	-	-	-
Police	-	-	-	198,587	-	-	-
Grants	-	-	-	-	814,897	1,431	30,841
Rubbish	-	-	723,627	-	-	-	-
Sidewalk and alley paving	-	-	-	-	-	-	-
Drains	-	-	-	-	-	-	-
Committed - Special events	-	-	-	-	-	-	-
Assigned:							
Capital projects	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balances	1,234,284	768,811	723,627	198,587	1,144,947	1,431	30,841
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,443,020	\$ 930,737	\$ 2,220,790	\$ 198,587	\$ 1,215,351	\$ 160,019	\$ 296,638

Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds

September 30, 2019

Special Revenue Funds				Debt Service Fund	Capital Project Funds				Total
Southgate-Wyandotte Drain O&M	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	
\$ 4,415,351	\$ 914,664	\$ 808,839	\$ 1,195,259	\$ 556,611	\$ 481,839	\$ 438,153	\$ 58,976	\$ 817,310	\$ 14,472,097
158,059	-	-	-	2,177	283	358	-	571	306,341
-	142,593	-	-	-	-	-	-	-	142,593
661	283	-	-	-	-	-	-	-	1,575
-	14,258	-	-	-	-	-	-	-	228,958
-	-	-	-	-	-	-	-	-	370,735
688	-	-	-	-	-	-	-	-	1,831
187,378	24,872	8,227	-	-	-	-	-	-	838,372
-	-	-	-	-	-	-	44,237	-	163,977
-	-	-	177,459	-	-	-	-	-	387,769
\$ 4,762,137	\$ 1,096,670	\$ 817,066	\$ 1,372,718	\$ 558,788	\$ 482,122	\$ 438,511	\$ 103,213	\$ 817,881	\$ 16,914,248
\$ -	\$ 5,000	\$ 31,114	\$ -	\$ -	\$ 69,200	\$ 44,962	\$ 42,400	\$ -	\$ 691,442
20,302	-	-	-	-	-	-	-	-	20,302
-	-	-	-	-	-	-	-	-	129,227
-	-	-	-	-	3,014,569	714,150	-	243,095	3,971,814
-	-	-	-	-	-	-	-	-	50,953
20,302	5,000	31,114	-	-	3,083,769	759,112	42,400	243,095	4,863,738
3,648	136,163	-	-	2,177	283	358	-	571	477,748
1,124,230	6,430	-	-	-	-	-	-	-	2,479,780
1,127,878	142,593	-	-	2,177	283	358	-	571	2,957,528
1,148,180	147,593	31,114	-	2,177	3,084,052	759,470	42,400	243,666	7,821,266
-	-	-	-	-	-	-	44,237	-	163,977
-	-	-	177,459	-	-	-	-	-	387,769
-	-	-	-	-	-	-	-	-	2,003,095
-	-	-	-	-	-	-	-	-	198,587
-	-	-	1,195,259	-	-	-	-	-	2,042,428
-	-	-	-	-	-	-	-	-	723,627
-	949,077	-	-	-	-	-	-	-	949,077
3,613,957	-	-	-	-	-	-	-	-	3,613,957
-	-	785,952	-	-	-	-	-	-	785,952
-	-	-	-	-	-	-	16,576	574,215	590,791
-	-	-	-	556,611	-	-	-	-	556,611
-	-	-	-	-	(2,601,930)	(320,959)	-	-	(2,922,889)
3,613,957	949,077	785,952	1,372,718	556,611	(2,601,930)	(320,959)	60,813	574,215	9,092,982
\$ 4,762,137	\$ 1,096,670	\$ 817,066	\$ 1,372,718	\$ 558,788	\$ 482,122	\$ 438,511	\$ 103,213	\$ 817,881	\$ 16,914,248

City of Wyandotte, Michigan

	Special Revenue Funds						
	Major Streets	Local Streets	Solid Waste Disposal	Drug Law Enforcement	Urban Development Action Grant	Michigan Indigent Defense Commission	Grants
Revenue							
Taxes	\$ -	\$ -	\$ 1,302,167	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-	-
Intergovernmental:							
Federal grants	-	-	-	-	-	-	79,937
State sources	1,952,451	1,084,006	-	111,778	-	70,371	-
Charges for services	-	-	579,988	-	-	-	-
Investment income	-	6,081	20,654	1,368	19,556	-	-
Other revenue	173,307	643,821	-	-	7,200	-	-
Total revenue	2,125,758	1,733,908	1,902,809	113,146	26,756	70,371	79,937
Expenditures							
Current services:							
General government	-	-	-	-	15,020	-	-
District court	-	-	-	-	-	70,371	-
Public safety	-	-	-	79,389	-	-	-
Public works	976,443	1,782,039	1,952,769	-	-	-	-
Community and economic development	-	-	-	-	-	-	83,960
Recreation and culture	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Total expenditures	976,443	1,782,039	1,952,769	79,389	15,020	70,371	83,960
Excess of Revenue Over (Under) Expenditures	1,149,315	(48,131)	(49,960)	33,757	11,736	-	(4,023)
Other Financing Sources (Uses)							
Transfers in	-	467,316	-	-	-	1,431	-
Transfers out	(467,316)	-	-	-	-	-	-
Total other financing (uses) sources	(467,316)	467,316	-	-	-	1,431	-
Net Change in Fund Balances	681,999	419,185	(49,960)	33,757	11,736	1,431	(4,023)
Fund Balances - Beginning of year	552,285	349,626	773,587	164,830	1,133,211	-	34,864
Fund Balances - End of year	\$ 1,234,284	\$ 768,811	\$ 723,627	\$ 198,587	\$ 1,144,947	\$ 1,431	\$ 30,841

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds

Year Ended September 30, 2019

Special Revenue Funds				Debt Service Fund	Capital Project Funds				Total
Southgate-Wyandotte Drain O&M	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	
\$ 1,092,470	\$ -	\$ -	\$ -	\$ 163	\$ 10	\$ 8	\$ -	\$ 33	\$ 2,394,851
-	152,937	-	-	-	-	-	-	-	152,937
-	-	-	-	-	-	-	-	-	79,937
-	-	-	-	-	-	-	-	-	3,218,606
-	-	-	-	-	-	-	-	-	579,988
41,065	21,619	5,272	16,133	1,105	8,293	4,762	1,618	12,774	160,300
-	4	337,235	-	-	-	-	-	-	1,161,567
<u>1,133,535</u>	<u>174,560</u>	<u>342,507</u>	<u>16,133</u>	<u>1,268</u>	<u>8,303</u>	<u>4,770</u>	<u>1,618</u>	<u>12,807</u>	<u>7,748,186</u>
-	-	-	-	-	-	-	-	20,000	35,020
-	-	-	-	-	-	-	-	-	70,371
-	-	-	-	-	467,307	-	-	-	546,696
807,227	291,274	-	-	-	-	138,243	122,699	-	6,070,694
-	-	-	-	-	-	-	-	-	83,960
-	-	193,682	-	-	-	-	-	-	193,682
42,789	-	-	-	519,800	75,819	55,842	-	12,006	706,256
<u>850,016</u>	<u>291,274</u>	<u>193,682</u>	<u>-</u>	<u>519,800</u>	<u>543,126</u>	<u>194,085</u>	<u>122,699</u>	<u>32,006</u>	<u>7,706,679</u>
283,519	(116,714)	148,825	16,133	(518,532)	(534,823)	(189,315)	(121,081)	(19,199)	41,507
-	-	-	-	1,162,155	188,827	89,632	-	203,071	2,112,432
-	-	-	-	(481,530)	-	-	-	-	(948,846)
-	-	-	-	680,625	188,827	89,632	-	203,071	1,163,586
283,519	(116,714)	148,825	16,133	162,093	(345,996)	(99,683)	(121,081)	183,872	1,205,093
<u>3,330,438</u>	<u>1,065,791</u>	<u>637,127</u>	<u>1,356,585</u>	<u>394,518</u>	<u>(2,255,934)</u>	<u>(221,276)</u>	<u>181,894</u>	<u>390,343</u>	<u>7,887,889</u>
<u>\$ 3,613,957</u>	<u>\$ 949,077</u>	<u>\$ 785,952</u>	<u>\$ 1,372,718</u>	<u>\$ 556,611</u>	<u>\$ (2,601,930)</u>	<u>\$ (320,959)</u>	<u>\$ 60,813</u>	<u>\$ 574,215</u>	<u>\$ 9,092,982</u>

**Other Supplemental Information
Combining Statement of Net Position
Nonmajor Enterprise Funds**

September 30, 2019

	<u>Golf Course</u>	<u>Building Rental</u>	<u>Total Nonmajor Enterprise Funds</u>
Assets			
Current assets - Cash and cash equivalents	\$ 95,941	\$ 567,285	\$ 663,226
Noncurrent assets - Capital assets - Net	<u>2,048,599</u>	<u>543,584</u>	<u>2,592,183</u>
Total assets	2,144,540	1,110,869	3,255,409
Liabilities			
Current liabilities:			
Accounts payable	44	20,434	20,478
Due to other funds	-	27,134	27,134
Accrued liabilities and other	<u>1,878</u>	<u>31,572</u>	<u>33,450</u>
Total liabilities	<u>1,922</u>	<u>79,140</u>	<u>81,062</u>
Net Position			
Net investment in capital assets	2,048,599	543,584	2,592,183
Unrestricted	<u>94,019</u>	<u>488,145</u>	<u>582,164</u>
Total net position	<u>\$ 2,142,618</u>	<u>\$ 1,031,729</u>	<u>\$ 3,174,347</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, 2019

	<u>Golf Course</u>	<u>Building Rental</u>	<u>Total Nonmajor Enterprise Funds</u>
Operating Revenue			
Income from customers and rent from tenants	\$ 365,706	\$ 276,088	\$ 641,794
Other miscellaneous revenue	-	48,000	48,000
Total operating revenue	365,706	324,088	689,794
Operating Expenses			
Other operating and maintenance costs	317,511	271,688	589,199
Depreciation	95,299	55,886	151,185
Total operating expenses	412,810	327,574	740,384
Operating Loss	(47,104)	(3,486)	(50,590)
Nonoperating Revenue - Investment income	272	3,850	4,122
Change in Net Position	(46,832)	364	(46,468)
Net Position - Beginning of year	2,189,450	1,031,365	3,220,815
Net Position - End of year	<u>\$ 2,142,618</u>	<u>\$ 1,031,729</u>	<u>\$ 3,174,347</u>

**Other Supplemental Information
Combining Statement of Cash Flows
Nonmajor Enterprise Funds**

Year Ended September 30, 2018

	Golf Course	Building Rental	Total Nonmajor Enterprise Funds
Cash Flows from Operating Activities			
Receipts from customers	\$ 365,706	\$ 295,749	\$ 661,455
Receipts from interfund services and reimbursements	386	75,134	75,520
Payments to suppliers	(281,800)	(275,976)	(557,776)
Payments to employees and fringes	(59,661)	-	(59,661)
Net cash and cash equivalents provided by operating activities	24,631	94,907	119,538
Cash Flows Provided by Investing Activities - Interest received on investments	272	3,850	4,122
Net Increase in Cash and Cash Equivalents	24,903	98,757	123,660
Cash and Cash Equivalents - Beginning of year	71,038	468,528	539,566
Cash and Cash Equivalents - End of year	\$ 95,941	\$ 567,285	\$ 663,226
Classification of Cash and Cash Equivalents - Cash and investments	\$ 95,941	\$ 567,285	\$ 663,226
Reconciliation of Operating Loss to Net Cash from Operating Activities			
Operating loss	\$ (47,104)	\$ (3,486)	\$ (50,590)
Adjustments to reconcile operating loss to net cash from operating activities:			
Depreciation and amortization	95,299	55,886	151,185
Changes in assets and liabilities:			
Receivables	-	19,661	19,661
Due to and from other funds	386	27,134	27,520
Accounts payable and other liabilities	(23,950)	(4,288)	(28,238)
Total adjustments	71,735	98,393	170,128
Net cash and cash equivalents provided by operating activities	\$ 24,631	\$ 94,907	\$ 119,538

**Other Supplemental Information
Statement of Fiduciary Net Position
Fiduciary Funds**

September 30, 2019

	<u>Pension Trust</u>	<u>Retiree Health Care</u>	<u>Total Fiduciary Funds</u>
Assets			
Cash and cash equivalents	\$ 754,807	\$ 72,179	\$ 826,986
Investments:			
U.S. government securities	-	185,150	185,150
Common trust funds/Mutual funds	62,562,250	2,379,182	64,941,432
Global fixed income	2,546,385	119,400	2,665,785
Receivables - Net	318	-	318
Due from pension trust	-	1,368	1,368
Total assets	<u>65,863,760</u>	<u>2,757,279</u>	<u>68,621,039</u>
Liabilities			
Due to primary government	300,470	627,988	928,458
Due to retiree healthcare fund	1,368	-	1,368
Total liabilities	<u>301,838</u>	<u>627,988</u>	<u>929,826</u>
Net Position Restricted for Pension and Other Employee Benefits	<u>\$ 65,561,922</u>	<u>\$ 2,129,291</u>	<u>\$ 67,691,213</u>

**Other Supplemental Information
Statement of Changes in Fiduciary Net Position
Fiduciary Funds**

Year Ended September 30, 2019

	Pension Trust	Retiree Health Care	Total Fiduciary Funds
Additions			
Investment income (loss):			
Interest and dividends	\$ 1,600,676	\$ 61,917	\$ 1,662,593
Net increase in fair value of investments	1,017,373	36,147	1,053,520
Investment-related expenses	(153,601)	(31,866)	(185,467)
Net investment income	2,464,448	66,198	2,530,646
Contributions:			
Employer contributions	4,136,191	3,689,633	7,825,824
Employee contributions	15,256	-	15,256
Total contributions	4,151,447	3,689,633	7,841,080
Total additions	6,615,895	3,755,831	10,371,726
Deductions			
Pension benefit payments	7,255,781	-	7,255,781
Health benefits	-	3,850,264	3,850,264
Total deductions	7,255,781	3,850,264	11,106,045
Net Decrease in Net Position	(639,886)	(94,433)	(734,319)
Net Position Restricted for Pension and Other Employee Benefits - Beginning of year	66,201,808	2,223,724	68,425,532
Net Position Restricted for Pension and Other Employee Benefits - End of year	\$ 65,561,922	\$ 2,129,291	\$ 67,691,213