

CITY OF WAYNE, MICHIGAN

**FINANCIAL REPORT
WITH
SUPPLEMENTAL INFORMATION**

JUNE 30, 2017

CITY OF WAYNE, MICHIGAN

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and City Council
City of Wayne, 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 Wayne, Michigan (the City) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City'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, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Required Supplementary 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 who 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 supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The combining non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining non-major fund financial statements are the responsibility of management and were derived from and relate 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, based on our audit, the procedures performed as described above, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Alan C. Young, Assoc.

Detroit, Michigan
December 20, 2017

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

FINANCIAL HIGHLIGHTS

The City has experienced financial difficulties for several years as a result of declining revenue sources, primarily property taxes and state shared revenue, and increasing costs, most notably pension contributions and retiree healthcare. As a result, the City's financial position has continued to erode. The City is taking steps to consolidate and simplify its financial statement presentation in order to be more transparent and clarify the picture of the City's financial distress:

- Internal service funds such as the DPW Equipment Rental Fund and the Risk Management Fund were closed during 2015 with remaining financial resources being returned to the funds that originally provided them. Since then, there has been no activity recorded in internal service funds.
- Several years ago, the City created the Other Employee Benefits Trust Fund in order to "pre-fund" the retiree healthcare liability. Over the last few years, the City has slowed contributions to this fund and allowed the accumulated balance to decline as retiree benefits paid out of the fund have exceeded contributions from the City being paid into the fund. For several years, the expenses paid out of this fund have exceeded the contributions into the fund and the investment income earned on the accumulated balance. In 2016, the OPEB Trust paid \$1.2 million of the City's premiums. In 2017, the City used the last \$1.1 million to pay a portion of the City's premiums. The OPEB Trust has been completely drained and all premiums paid going forward will be paid by the City, primarily the General Fund. The most recent actuarial valuation estimates the actuarial accrued liability for retiree healthcare, an estimate of the future liability based on the current benefits offered, \$87.8 million.
- Although the stock market performed well in 2016, the previous several years saw the City's pension plan investments with the Municipal Employers Retirement System (MERS) under perform. As a result, the funding status of the plan fell from 64 to 55 percent funded from January 1, 2015 to December 31, 2015. However, from January 1, 2016 to December 31, 2016, thanks to the improved investment market, the funding status improved to 57 percent. The net pension liability during the same timeframe decreased from \$50.2 million to \$48.0 million.
- Under full accrual accounting, the Governmental activities of the City of Wayne's net position declined by approximately \$6.1 million, primarily due to the increases to the OPEB liabilities and pension related deferred inflows and outflows.
- The Water and Sewer Fund continues to improve its financial position. During fiscal year 2017, the City commissioned the creation of a 5-year utility rate model which will be updated annually to help calculate the necessary rate increases.

USING THIS ANNUAL REPORT

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

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

CITY OF WAYNE, MICHIGAN

Management's Discussion and Analysis (Continued) June 30, 2017

REPORTING THE CITY AS A WHOLE

The following table shows the net position of the City as of June 30, 2017 and 2016:

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Assets						
Current Assets	\$ 6,993,907	\$ 6,340,194	\$ 8,141,701	\$ 5,189,612	\$ 15,135,608	\$ 11,529,806
Capital and other Assets	38,471,779	40,175,854	27,693,382	29,393,091	66,165,161	69,568,945
Total Assets	45,465,686	46,516,048	35,835,083	34,582,703	81,300,769	81,098,751
Deferred Outflows	4,155,756	9,139,646	363,345	799,095	4,519,101	9,938,741
Liabilities						
Current Liabilities	3,235,633	3,539,919	2,438,214	3,119,545	5,673,845	6,659,462
Debt and Long-term Liabilities	75,550,502	75,199,012	16,127,834	16,577,841	91,678,338	91,776,855
Total Liabilities	78,786,135	78,738,931	18,566,048	19,697,386	97,352,183	98,436,317
Net Position						
Net Investment in Capital Assets	25,544,399	25,812,606	15,853,379	16,997,198	41,397,778	42,809,804
Restricted	2,945,113	2,378,968	285,216	285,216	3,230,329	2,664,184
Unrestricted	(57,654,205)	(51,274,811)	1,493,785	(1,598,002)	(56,160,420)	(52,872,813)
Total Net Position	\$ (29,164,693)	\$ (23,083,237)	\$ 17,632,380	\$ 15,684,412	\$ (11,532,313)	\$ (7,398,825)

The following table shows the changes in net position for the years ended June 30, 2017 and 2016:

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenue						
General Revenue	\$ 10,955,603	\$ 10,574,975	\$ 24,065	\$ 16,017	\$ 10,979,668	\$ 10,590,992
Charge for Service	5,336,588	6,385,253	12,048,551	10,714,088	17,385,139	17,099,341
Grants and Contributions	3,112,236	2,282,399	-	-	3,112,236	2,282,399
Total Revenue	19,404,427	19,242,627	12,072,616	10,730,105	31,477,043	29,972,732
Program Expenses						
General Government	6,232,757	5,787,128	-	-	6,232,757	5,787,128
District Court	985,659	998,673	-	-	985,659	998,673
Public Safety	10,585,348	12,217,749	-	-	10,585,348	12,217,749
Public Services	5,114,525	5,664,889	-	-	5,114,525	5,664,889
Health and Welfare	338,883	360,017	-	-	338,883	360,017
Recreation and Cultural	1,943,372	2,471,773	-	-	1,943,372	2,471,773
Interest on Long-term Debt	662,961	644,124	-	-	662,961	644,124
Community and Economic Development	777,414	543,451	-	-	777,414	543,451
Water and Sewer	-	-	10,124,648	9,360,015	10,124,648	9,360,015
Total Expenses	26,640,919	28,687,804	10,124,648	9,360,015	36,765,567	38,047,819
Net Transfers	1,155,036	1,162,415	-	-	1,155,036	1,162,415
Change in Net Position	\$ (6,081,456)	\$ (8,282,762)	\$ 1,947,968	\$ 1,370,090	\$ (4,133,488)	\$ (6,912,672)

GOVERNMENTAL ACTIVITIES

Net Position of the City's governmental activities decreased by 26%, decreasing by nearly \$6.1 million. Of that change, \$3.7 million relates to the increase in the net other postemployment benefits (retiree healthcare), or OPEB liability. The City's actuarially calculated Annual Required Contribution for OPEB, plus interest on the accumulated shortfall of previous unpaid contributions, was \$5.9 million, but the City only contributed \$0.9 million toward that by paying the insurance premiums. In addition, the City's retiree benefits paid out of the accumulated balance in the OPEB trust was another \$1.1 million.

CITY OF WAYNE, MICHIGAN

Management's Discussion and Analysis (Continued)

June 30, 2017

GOVERNMENTAL ACTIVITIES (CONTINUED)

With state-level changes to the personal property tax, the City's tax revenue has started decreasing again. Property tax revenue decreased from \$8.4 million in fiscal year 2016 to \$8.1 million this year, a decrease of 3.6 percent. The City is preparing for further declines as the revenue from property taxes on personal property will continue to be phased out from 2017 to 2023 as a result of recent changes to state law.

The City identified an error from a previous year related to state shared revenue. As a result, the City was able to record a 7th payment this year instead of the normal 6 payments. Altogether, this resulted in state shared revenue increasing by nearly \$400,000. In 2018, the City will go back to recording 6 payments during the year and should see a commensurate decrease in revenue.

On the expense side, the City continues to reduce costs where possible by limiting capital outlay and leaving vacant positions unfilled. The City has dramatically reduced its employee headcount over the years which has reduced the costs of wages; however, the required contributions for pension and retiree healthcare continue to rise at a rate in excess of inflation.

BUSINESS-TYPE ACTIVITIES

The City has one business-type activity - the Water and Sewer System Fund, whose sole purpose is to provide water and sewer services to the City. The City purchased water from the City of Detroit, and then from the Great Lakes Water Authority beginning in January 2016. Sewer services are purchased from Wayne County.

Total net position of the business-type activities increased for the year by approximately \$1.9 million. The net investment in capital assets decreased by \$1.1 million, mostly due to depreciation expense. The unrestricted net position deficit from 2016 was erased and the fund ended the year with \$1.5 million of unrestricted net position.

THE CITY'S FUNDS

As of June 30, 2017, the governmental funds of the City, as presented in the balance sheet on page 10, reported a combined fund balance of \$5.8 million. This is an increase of approximately \$1.2 million from prior year. This is primarily due to decreased spending in both the major and local street funds and the continued use of OPEB money previously set aside in a legally separate trust. In 2017, the subsidy to retiree healthcare costs from the OPEB Trust was approximately \$1.1 million. The OPEB Trust was used in its entirety in Fiscal 2017 and has a zero remaining balance.

Other non-major funds that account for such activity as refuse collections, the library, vehicle forfeiture, and the cemetery posted modest surpluses this year.

While the positive financial performance of the other funds is encouraging, that activity is a small fraction of the City's total operation. The majority of the City's operations are recorded in the General Fund. As described below, the General Fund is in severe decline financially.

CITY OF WAYNE, MICHIGAN

Management's Discussion and Analysis (Continued) June 30, 2017

GENERAL FUND BUDGETARY HIGHLIGHTS

Several things went very well for the City during fiscal 2017, including finding an error from a previous year that resulted in nearly \$400,000 of extra state shared revenue. In addition, several planned expenditures did not happen before June 30, 2017, so the City spent significantly under its budget. Altogether, the General Fund performed better than the original budget by \$1.3 million and better than the final amended budget by \$2.2 million. This is very positive and demonstrates that the City and its leadership is taking the financial difficulties the City finds itself in very seriously. And while the City outperformed the budget, the end result, a surplus of approximately \$564,000 for the year, is after the City used up the remaining \$1.1 million of the OPEB Trust. Absent having the Trust pay for a portion of the City's retiree healthcare costs, the General Fund would have lost approximately \$600,000.

Going forward, the City will have to bear the full cost of retiree healthcare as the OPEB Trust has been completely drained.

To be clear, the City's General Fund continues to be in a state of decline; however, the City has been able to slow that decline by making appropriately conservative decisions related to healthcare, not filling some open positions, outsourcing several positions, and negotiating various cost savings into its collective bargaining agreements. The General Fund must find a new revenue source or dramatically reduce its expenditures in order to avoid running into a deficit of fund balance in the next year or two.

The 2017 budget as noted later gives a clearer picture of the financial distress the City of Wayne is in.

CAPITAL ASSETS

At the end of June 30, 2017, after depreciation expense, the City (excluding Component Units) had \$65.8 million invested in capital assets including land and land improvements, buildings, improvements, equipment (including police and fire equipment), park facilities, roads, bridges and water and sewer lines. This represents a decrease of \$2 million from the previous year. New additions and improvements, mostly road related and new water meters, totaled \$1.2 million. Depreciation expense totaled \$3.0 million

DEBT ADMINISTRATION

At year end, the City has \$24.8 million in outstanding general obligation bonds, notes payable, and capital leases payable. Principal payments on this debt were approximately \$2.1 million, with another \$1.0 million paid in interest.

There was no new structured debt incurred during fiscal year 2017.

In addition, the City has \$1.8 million of accrued sick and vacation benefits which will be extinguished almost entirely out of the General Fund as the liability matures.

CITY OF WAYNE, MICHIGAN

Management's Discussion and Analysis (Continued) June 30, 2017

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Approved appropriations by the City Council in the General Fund budget are \$17.1 million for the 2017-18 fiscal year, consistent with the actual results from the 2016-17 fiscal year (\$16.7 million). The increase is primarily due to increases to the required pension contributions.

Revenue projections are budgeted at \$15.8 million, approximately \$1.5 million less than 2017's actual results. The decrease is primarily related to not having the OPEB Trust anymore to help subsidize General Fund and the extra 7th state shared revenue receipt in 2017 mentioned earlier. Altogether, this results in a planned deficit of \$1.6 million for the year. The 2018 budget as originally adopted by the City in May 2017, resulted in a deficit of fund balance; however, future amendments in December 2017 will change the beginning fund balance as of July 1, 2017 because the actual FY 2017 results were significantly better than what was known by the City in May 2017. The City should end FY 2018 with a nominal amount of fund balance after using up a significant portion of the reserves.

Obviously, this is not sustainable for the City in the long term. The City must be able to balance its budget on its own by increasing revenues and decreasing costs. The City continues to look for ways to reduce costs internally, share services with surrounding communities, and other cost saving initiatives; however, these opportunities are very limited. At this point, any significant cost savings would result from a further reduced level of service for Wayne residents and/or reduced benefits for Wayne employees and retirees. Opportunities to raise new permanent revenues are even more limited. State shared revenue and tax revenue from existing millages will only go up by inflation. The City is currently levying the maximum property taxes it can under existing state law without a vote of the people; however, previous efforts to increase revenue via a Public Act 345 millage has been voted down several times already by Wayne voters. In August 2016, the voters also rejected a ballot initiative to join the South Macomb Oakland Regional Services Authority (SMORSA) that would have allowed the City to levy an additional millage to support public safety.

The City is actively trying to generate new revenue and limit both current and long-term expenses in order to slow the decline of the General Fund, including:

- The City is looking to sell the recreation center and other city owned property. This will generate short-term revenue, but also take away long-term operating costs the City can no longer afford to pay.
- In 2017, the City was awarded a Staffing for Adequate Fire & Emergency Response (SAFER) Grant equivalent to 6 additional firefighters. To date, the City has not been able to hire all 6 new firefighters, but the grant should help the City reduce its overtime costs for the fire department.
- In Spring of 2017, the City Council approved a resolution to stop paying healthcare premiums for retirees and begin paying a monthly stipend instead. This would significantly reduce the City's cost related to this expense. A group of retirees brought legal action against the City related to this decision and was able to block the City from switching to the stipend. The City is vigorously defending its position and believes the court system will ultimately agree that the City does have the legal basis to take this cost cutting action as several other struggling local units of government have.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report, contact the City's finance office at 3355 South Wayne Road, Wayne, Michigan 48184.

CITY OF WAYNE, MICHIGAN

Statement of Net Position June 30, 2017

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 4,486,976	\$ 5,242,567	\$ 9,729,543	\$ 324,757
Receivables, Net	2,189,467	2,808,160	4,997,627	-
Other Assets	11,371	-	11,371	-
Inventory	292,874	89,294	382,168	-
Prepaid Expenses	13,219	1,680	14,899	-
Total Current Assets	6,993,907	8,141,701	15,135,608	324,757
Noncurrent Assets:				
Restricted Assets				
Cash and Cash Equivalents	-	319,707	319,707	-
Capital Assets, Net				
Assets not subject to Depreciation	4,495,549	-	4,495,549	1,841,176
Assets subject to Depreciation	33,976,230	27,373,675	61,349,905	3,194,246
Total Capital Assets	38,471,779	27,373,675	65,845,454	5,035,422
Total Assets	45,465,686	35,835,083	81,300,769	5,360,179
Deferred Outflows of Resources - Pension	4,155,756	363,445	4,519,201	-
LIABILITIES AND NET POSITION				
Liabilities				
Current Liabilities				
Accounts Payable and Accrued Expenses	754,866	1,718,576	2,473,442	63,086
Due to Other Governmental Units	180,519	-	180,519	-
Unsettled Claims	85,665	-	85,665	-
Current Portion of Long-term Debt	1,535,649	595,000	2,130,649	-
Accumulated Compensated Absences	600,000	-	600,000	-
Accrued Interest Payable	78,934	124,638	203,572	19,193
Total Current Liabilities	3,235,633	2,438,214	5,673,847	82,279
Long-term Liabilities				
Long-term Debt, Net of Current Portion	11,451,356	11,245,000	22,696,356	383,305
Other Post Employment Benefits	18,765,150	1,016,456	19,781,606	-
Net Pension Liability	44,098,624	3,855,619	47,954,243	-
Accumulated Compensated Absences	1,235,372	10,759	1,246,131	-
Total Noncurrent Liabilities	75,550,502	16,127,834	91,678,336	383,305
Total Liabilities	78,786,135	18,566,048	97,352,183	465,584
Net Position				
Net Investment in Capital Assets	25,544,399	15,853,379	41,397,778	5,035,422
Restricted for:				
Cemetery Perpetual Care (Nonspendable)	354,740	-	354,740	-
Road	1,998,092	-	1,998,092	-
Refuse Collection	410,462	-	410,462	-
Law Enforcement	32,005	-	32,005	-
Debt Service	-	285,216	285,216	-
Public Improvements	26,036	-	26,036	-
Library Operations	123,778	-	123,778	-
Unrestricted (Deficit)	(57,654,205)	1,493,785	(56,160,420)	(140,827)
Total Net Position	\$ (29,164,693)	\$ 17,632,380	\$ (11,532,313)	\$ 4,894,595

The notes to financial statements are an integral part of this statement.

CITY OF WAYNE, MICHIGAN

Statement of Activities For The Year Ended June 30, 2017

Functions/Programs	Program Revenues				Net (Expense) Revenue and Charges in Net Position			
	Expenses	Charges for Services	Operating	Capital	Primary Government			Component Units
			Grants and Contributions	Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Primary Government:								
General Government	\$ 6,232,757	\$ 1,460,708	\$ 1,023,144	\$ -	\$ (3,748,905)	\$ -	\$ (3,748,905)	\$ -
District Court	985,659	494,878	-	-	(490,781)	-	(490,781)	-
Public Safety	10,585,348	1,544,337	-	-	(9,041,011)	-	(9,041,011)	-
Public Services	5,114,525	1,779,571	1,870,131	-	(1,464,823)	-	(1,464,823)	-
Health and Welfare	338,883	-	-	-	(338,883)	-	(338,883)	-
Community and Economic Development	777,414	-	137,368	-	(640,046)	-	(640,046)	-
Recreation and Culture	1,943,372	57,094	81,593	-	(1,804,685)	-	(1,804,685)	-
Interest and Other Long-Term Debt	662,961	-	-	-	(662,961)	-	(662,961)	-
Total Governmental Activities	26,640,919	5,336,588	3,112,236	-	(18,192,095)	-	(18,192,095)	-
Business-type Activities:								
Water and Sewer	10,124,648	12,048,551	-	-	-	1,923,903	1,923,903	-
Total Primary Government	\$ 36,765,567	\$ 17,385,139	\$ 3,112,236	\$ -	(18,192,095)	1,923,903	(16,268,192)	-
Component Units:								
Downtown Development Authority	1,358,435	-	-	-	-	-	-	(1,358,435)
Total Component Units	\$ 1,358,435	\$ -	\$ -	\$ -	-	-	-	(1,358,435)
			General Revenues:					
			Property Taxes, Levied for General Purposes		6,658,560	-	6,658,560	1,128,822
			Property Taxes, Levied for Refuse		1,026,235	-	1,026,235	-
			Property Taxes, Levied for Library		354,099	-	354,099	-
			Property Taxes, Levied for Road Program		354,142	-	354,142	-
			Franchise Taxes		315,469	-	315,469	-
			Investment Earnings		5,600	24,065	29,665	43
			State Shared Revenues		2,241,498	-	2,241,498	-
			Total General Revenue		10,955,603	24,065	10,979,668	1,128,865
			Net Transfers		1,155,036	-	1,155,036	-
			Change in Net Position		(6,081,456)	1,947,968	(4,133,488)	(229,570)
			Net Position (Deficit) - July 1, 2016		(23,083,237)	15,684,412	(7,398,825)	5,124,165
			Net Position (Deficit) - June 30, 2017		\$ (29,164,693)	\$ 17,632,380	\$ (11,532,313)	\$ 4,894,595

The notes to financial statements are an integral part of this statement.

CITY OF WAYNE, MICHIGAN

Governmental Fund Balance Sheet June 30, 2017

	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash and Cash Equivalents	\$ 1,915,951	\$ 2,571,025	\$ 4,486,976
Receivables:			
Accounts Receivable, Net	783,226	-	783,226
Special Assessments	55,132	20,307	75,439
Due from Other Governmental Units	919,924	387,115	1,307,039
Other	23,763	-	23,763
Due from Other Funds	42,449	-	42,449
Other Assets	11,371	-	11,371
Inventory	105,474	187,400	292,874
Prepaid Items	13,219	-	13,219
Total Assets	\$ 3,870,509	\$ 3,165,847	\$ 7,036,356
Liabilities and Fund Balances			
Liabilities:			
Accounts Payable	\$ 414,142	\$ 145,168	\$ 559,310
Due to Other Governmental Units	159,382	21,137	180,519
Due to Other Funds	-	42,449	42,449
Accrued Salaries and Wages	140,845	4,158	145,003
Deposits	43,210	-	43,210
Unearned Revenue	-	7,343	7,343
Unsettled Claims	85,665	-	85,665
Total Liabilities	\$ 843,244	\$ 220,255	\$ 1,063,499
Deferred Inflows of Resources			
Unavailable Revenue	91,604	41,153	132,757
Fund Balances:			
Nonspendable:			
Prepaid Items	13,219	-	13,219
Inventory	105,474	187,400	292,874
Permanent Fund Principal	-	354,740	354,740
Restricted:			
Road	-	1,790,385	1,790,385
Refuse Collection	-	410,462	410,462
Law Enforcement	-	32,005	32,005
Library Operations	-	123,778	123,778
Public Improvements	-	26,036	26,036
Assigned:			
2018 Budget	1,866,400	-	1,866,400
Unassigned Balance	950,568	(20,367)	930,201
Total Fund Balances	2,935,661	2,904,439	5,840,100
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 3,870,509	\$ 3,165,847	\$ 7,036,356

The notes to financial statements are an integral part of this statement.

CITY OF WAYNE, MICHIGAN

Reconciliation of the Balance Sheet To the Statement of Net Position June 30, 2017

Fund Balance - Total Governmental Funds \$ 5,840,100

Amounts Reported for Government 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.

The Cost of Capital Assets is:	87,857,565	
Accumulated Depreciation is:	<u>(49,385,786)</u>	
		38,471,779

Deferred Outflows are not Current Financial Resources and are not Reported in the Funds.		4,155,756
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Revenues not meeting the availability Criteria are Recorded as Deferred Inflows at the Fund Level, but Recorded as Revenue in the Full Accrual Statements.		132,757
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Long-term Obligations are not Due and Payable in the Current Period
and are not Reported in the Funds.

Compensated Absences	(1,835,372)	
Bonds and Note Payable (Net of Discount)	(12,987,005)	
OPEB Payable	(18,765,150)	
Net Pension Liability	<u>(44,098,624)</u>	
		(77,686,151)

Accrued Interest is not Due and Payable in the Current Period and is Not Reported in the Funds.		<u>(78,934)</u>
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Net Position of Governmental Activities \$ (29,164,693)

The notes to financial statements are an integral part of this statement.

CITY OF WAYNE, MICHIGAN

Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances Year Ended June 30, 2017

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 6,658,560	\$ 1,734,476	\$ 8,393,036
Licenses and Permits	510,416	-	510,416
Intergovernmental	3,403,689	1,439,629	4,843,318
Charges for Services	1,263,024	30,996	1,294,020
Fines and Forfeitures	496,264	-	496,264
Interest and Rents	487,435	5,414	492,849
Other Revenue	3,313,222	62,985	3,376,207
Total Revenue	16,132,610	3,273,500	19,406,110
Expenditures:			
General Government	5,414,556	1,684	5,416,240
District Court	912,732	-	912,732
Public Safety	6,034,718	5,837	6,040,555
Public Service	2,098,785	2,097,219	4,196,004
Health and Welfare	338,883	-	338,883
Community and Economic Development	157,832	423,265	581,097
Recreation and Culture	1,155,765	-	1,155,765
Debt Service			
Principal	429,163	25,000	454,163
Interest and Paying Agent Fees	181,235	27,563	208,798
Total Expenditures	16,723,669	2,580,568	19,304,237
Excess (Deficiency) of Revenue Over Expenditures	(591,059)	692,932	101,873
Other Financing Sources (Uses):			
Transfers In	1,155,036	205,220	1,360,256
Transfers Out	-	(205,220)	(205,220)
Total Other Financing Sources (Uses)	1,155,036	-	1,155,036
Net Change in Fund Balances	563,977	692,932	1,256,909
Fund Balances - July 1, 2016	2,371,684	2,211,507	4,583,191
Fund Balances - June 30, 2017	\$ 2,935,661	\$ 2,904,439	\$ 5,840,100

The notes to financial statements are an integral part of this statement.

CITY OF WAYNE, MICHIGAN

Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2017

Net Change in Fund Balances - Total Governmental Funds	\$ 1,256,909
Amounts Reported for Governmental Activities in The Statement of Activities Are Different Because:	
Governmental Funds Report Capital Outlays As Expenditures; In The Statement of Activities These Costs Are Allocated Over Their Estimated Useful Lives As Depreciation:	
Depreciation Expense	(2,113,688)
Capital Outlay	411,296
Sale proceeds of asset recorded as revenue in General Fund	(1,683)
Revenue is recorded in the statement of activities when earned. It is not reported in the Funds until Collected or Collectible within 60 days of years.	
	(425,499)
Repayment of Bond Principal is an Expenditure in the Governmental Funds; But Not in the Statement of Activities (Where it Reduces Long-Term Debt)	
Principal Payments on Bonds and Note Payable	1,455,743
Change in Accrued Interest Payable and Other	6,495
Increases in Accumulated Employee Sick and Vacation Pay Reported in the Statement of Activities do not require the use of current resources and therefore are not reported in the Fund Statements until they come due for payment.	
	(29,164)
Increases in Net OPEB Obligations Reported in the Statement of Activities do not require the use of current resources and therefore are not reported in the fund statements until they come due for payment.	
	(3,721,371)
Decrease in Net Pension Liability does not require the use of current resources and is not reported in the governmental funds.	
	2,063,396
Increase in Deferred Inflows	(1,493,919)
Decrease in Pension Deferred Outflows	(3,489,971)
Change in Net Position of Governmental Activities	<u>\$ (6,081,456)</u>

The notes to financial statements are an integral part of this statement.

CITY OF WAYNE, MICHIGAN

Proprietary Funds Statement of Net Position June 30, 2017

	Enterprise Fund Water and Sewer Fund
Assets:	
Current Assets:	
Cash and Cash Equivalents	\$ 5,242,567
Account Receivable	2,792,701
Due from Intergovernmental	15,459
Prepaid Expenses	1,680
Inventory	89,294
Total Current Assets	8,141,701
Non-Current Assets:	
Restricted Assets - Cash and Cash Equivalents	319,707
Capital Assets:	
Assets Subject to Depreciation	27,373,675
Total Noncurrent Assets	27,693,382
Total Assets	35,835,083
Deferred Outflow of Resources - Pension	493,961
Liabilities:	
Current Liabilities:	
Accounts Payable	\$ 1,717,375
Accrued Salaries and Wages	1,201
Payables from Restricted Assets	
Accrued Interest Payable	124,638
Current Portion of Long-term Debt	595,000
Total Current Liabilities	2,438,214
Noncurrent Liabilities	
Accrued Compensated Absences	10,759
Retiree Health Care Benefits Obligation	1,016,456
Net Pension Liability	3,855,619
Bonds and Contracts Payable	11,245,000
Total Noncurrent Liabilities	16,127,834
Total Liabilities	18,566,048
Deferred Inflows	130,616
Net Position:	
Net Investment in Capital Assets	15,853,379
Restricted-Debt Service	285,216
Unrestricted	1,493,785
Total Net Position	\$ 17,632,380

The notes to financial statements are an integral part of this statement.

CITY OF WAYNE, MICHIGAN

Proprietary Funds Statement of Revenue, Expenses and Changes in Net Position June 30, 2017

	Enterprise Fund Water and Sewer Fund
Operating Revenues	
Water Sales	\$ 5,961,915
Sewage Disposal	5,532,360
Penalties	221,870
Other	332,406
Total Operating Revenues	<u>12,048,551</u>
Operating Expenses	
Water Purchased	2,682,457
Sewage Disposal	3,133,028
Service and Maintenance	2,334,472
Depreciation	848,667
Other	256,865
Total Operating Expenses	<u>9,255,489</u>
Operating Income	<u>2,793,062</u>
Non-Operating Revenue (Expense)	
Loss on Disposal of Assets	(234,562)
Interest Income	24,065
Interest and Paying Agent Fees Expense	(634,597)
Total Non-Operating Revenue (Expense)	<u>(845,094)</u>
Change in Net Position	<u>1,947,968</u>
Net Position - July 1, 2016	<u>15,684,412</u>
Net Position - June 30, 2017	<u>\$ 17,632,380</u>

The notes to financial statements are an integral part of this statement.

CITY OF WAYNE, MICHIGAN

Proprietary Funds Statement of Cash Flows Year Ended June 30, 2017

Enterprise Fund Water and Sewer Fund

Cash Flows from Operating Activities

Cash Received from Customers	\$ 10,382,443
Cash Payment to Supplier for Goods and Services	(6,653,584)
Cash Payment to Employees for Services	(1,882,593)
Net Cash Provided by Operating Activities	<u>1,846,266</u>

Cash Flows from Capital and Related Financing Activities

Acquisition and Construction of Capital Assets	(821,512)
Principal Paid on Revenue Bonds and Contracts	(685,000)
Interest Paid on Revenue Bonds and Contracts	(512,428)
Net Cash Used in Capital and Related Financing Activities	<u>(2,018,940)</u>

Cash Flows from Investing Activities

Interest on Investment	
Net Cash Provided from Investing Activities	<u>24,065</u>

Net Increase in Cash and Cash Equivalents

(148,609)

Cash and Cash Equivalents, Beginning of year

5,710,883

Cash and Cash Equivalents, End of year

\$ 5,562,274

(Including \$319,707 in restricted accounts)

Reconciliation of Operating Income (Loss) to Net

Cash Provided (Used) by Operating Activities:

Operating Income (Loss)	2,793,062
Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities:	
Depreciation and Amortization	848,667
Change in Assets and Liabilities	
Accounts Receivables	(1,666,108)
Inventory	5,081
Accounts Payable	(584,635)
Accrued and Other Liabilities	196,535
Prepaid Expenses	(1,680)
Pension Payable	(180,406)
Deferred Inflows	130,616
Deferred Outflows	305,134

Net Cash Provided by Operating Activities

\$ 1,846,266

The notes to financial statements are an integral part of this statement.

CITY OF WAYNE, MICHIGAN

Fiduciary Funds Statement of Net Position June 30, 2017

	<u>Other Employee Benefits Trust Fund</u>	<u>Agency Funds</u>
ASSETS:		
Cash and Cash Equivalents	\$ -	\$ 589,466
Due from Others	-	300
Tax Receivable - Delinquent	-	143,284
Total Assets	<u>\$ -</u>	<u>\$ 733,050</u>
LIABILITIES		
Due to Other Organizations	-	\$ 349,127
Due to Other Government	-	280,760
Held for Others	-	103,163
Total Liabilities	<u>-</u>	<u>\$ 733,050</u>
Net Position	<u>\$ -</u>	

The notes to financial statements are an integral part of this statement.

CITY OF WAYNE, MICHIGAN

Fiduciary Funds Statement of Changes in Net Position Year Ended June 30, 2017

	Other Employee Benefits Trust Fund
Additions:	
Investment Income:	
Net Appreciation in Fair Value of Investment	\$ 71,813
Interest and Dividends	6,463
Total Additions	78,276
Deductions:	
Transfer to General Fund	1,155,036
Investment Administration Fees	4,025
Total Deductions	1,159,061
Change in Net Position	(1,080,785)
Net Position, Beginning of Year	1,080,785
Net Position, End of Year	\$ -

The notes to financial statements are an integral part of this statement.

CITY OF WAYNE, MICHIGAN

Component Units Statement of Net Position June 30, 2017

	Component Units		
	Downtown Development Authority	Parks and Recreation Foundation	Total
Assets:			
Current Assets:			
Cash and Cash Equivalents	\$ 295,156	\$ 29,601	\$ 324,757
Non-Current Assets:			
Capital Assets			
Land, Improvements, and Construction in Progress	1,841,176	-	1,841,176
Other Capital Assets - Net	3,194,246	-	3,194,246
Total Non-current Assets	5,035,422	-	5,035,422
Total Assets	5,330,578	29,601	5,360,179
Liabilities:			
Current Liabilities:			
Accounts Payable	63,086	-	63,086
Accrued Interest Payable	19,193	-	19,193
Total Current Liabilities	82,279	-	82,279
Long Term Liabilities:			
Due in More than One Year	383,305	-	383,305
Total Liabilities	465,584	-	465,584
Net Position:			
Net Investment in Capital Assets	5,035,422	-	5,035,422
Unrestricted (Deficit)	(170,428)	29,601	(140,827)
Total Net Position	\$ 4,864,994	\$ 29,601	\$ 4,894,595

The notes to financial statements are an integral part of this statement.

CITY OF WAYNE, MICHIGAN

**Component Units
Statement of Activities
June 30, 2017**

Functions/Programs	Expenses	Program Revenue		Net Revenue (Expense) and Changes in Net Position		
		Charges for Services	Operating Grant and Contribution	Downtown Development Authority	Parks and Recreation Foundation	Total
Downtown Development Authority	\$ 1,358,435	\$ -	\$ -	\$(1,358,435)	\$ -	\$ (1,358,435)
Parks and Recreation Foundation	-	-	-	-	-	-
Total Component Units	<u>1,358,435</u>	<u>-</u>	<u>-</u>	<u>(1,358,435)</u>	<u>-</u>	<u>(1,358,435)</u>
General Revenues:						
Property Taxes				1,128,822	-	1,128,822
Investment Earnings				<u>25</u>	<u>18</u>	<u>43</u>
Total General Revenue				<u>1,128,847</u>	<u>18</u>	<u>1,128,865</u>
Change in Net Position				(229,588)	18	(229,570)
Net Position, Beginning of Year				<u>5,094,582</u>	<u>29,583</u>	<u>5,124,165</u>
Net Position, Ending of Year				<u>\$ 4,864,994</u>	<u>\$ 29,601</u>	<u>\$ 4,894,595</u>

The notes to financial statements are an integral part of this statement.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

The City of Wayne was incorporated as a village on April 12, 1869. It was incorporated as a City on August 5, 1958 under the provisions of Public Act 29, P.A. 1909 as amended (Home Rule City Act). The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: public safety (police, fire and district court), highways and streets, culture-recreation, community development, water and sewage system and general and administrative services.

Blended Component Units

City of Wayne Building Authority - The City of Wayne Building Authority's (the Authority) Governing Body is appointed by the City Council which has the ability to significantly influence operations. The City approves the Authority's budget, has responsibility to fund deficits, and surplus funds existing at the termination of the Authority vest to the City. The City has significant fiscal management responsibility and legal liability for the Authority's debt. The Authority is presented as a governmental type within the General Fund. Although the Building Authority Board still exists, the Building Authority Fund has been closed and there was no budget or activity for the year ended June 30, 2017.

Discretely Presented Component Units

City of Wayne Downtown Development Authority - The City of Wayne Downtown Development Authority's (DDA) Governing Board is appointed by the City Council which has the ability to significantly influence its operations. The City approves the DDA budget, has responsibility to fund deficits, and has significant management responsibility. The City has significant transactions with the DDA, in that the DDA contributed \$937,827 to the City's governmental funds to help cover the DDA district's share of operating expenditure for the fiscal year.

City of Wayne Parks and Recreation Foundation - The City of Wayne Parks and Recreation Foundation's Governing Board is appointed by the City Council which has the ability to significantly influence its operations. The City has responsibility to fund deficits, and has significant fiscal management responsibility.

The Economic Development Corporation of the City of Wayne - The Economic Development Corporation of the City of Wayne operates within the geographic boundaries of the City for the benefit of City's residents. The members of the Board of Directors of the Corporation are appointed by the Mayor subject to the City Council approval. However, this component unit has been inactive for several years. Therefore, no financial information is presented.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The City's general government, district court, public safety, public services, community and economic development, and recreation and culture are classified as governmental activities. The City's water and sewer services are classified as business-type activities.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column and (b) are reported on a full accrual economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net position is reported in three parts - net investment in capital assets; restricted net position; and unrestricted net position. The City first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions (General Government, Public Safety, etc.) and business-type activities. The functions are also supported by general government revenue (property taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (General Government, Public Safety, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property taxes, intergovernmental revenues, and interest income.).

The City does not allocate indirect costs. An administrative service fee is charged by the General Fund to the other operating funds to recover the direct costs of General Fund services provided (finance, personnel, legal, and technology management.). This is eliminated like a reimbursement (reducing the revenue and expense in the General Fund).

The government-wide focus is more on the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activities.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government -wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The financial transactions of the City are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues, and expenditures/expenses. The various funds are reported by generic classification within the financial statements as follows:

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

(1) Governmental Funds:

The focus of governmental fund measurement is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the City:

- a. **General Fund** is the general operating fund of the City. The general fund is used to account for and report all financial resources not accounted for and reported in another fund.
- b. **Special Revenue Funds** are used to account for the proceeds of specific revenue resources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. A new fund – PEG Public Improvement fund was created during the year to track PEG revenue.
- c. **Permanent Fund** (Cemetery Perpetual Care) is used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used to achieve the objective of the fund.

(2) Proprietary Funds:

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to business in the private sector. The following is a description of the proprietary funds of the City:

Enterprise Funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues or (b) establishes fees and charges based on a pricing policy designed to recover similar costs. The City reports the Water and Sewer Fund as a major enterprise fund. This fund is used to account for operation of the City's water supply and sewage disposal system.

(3) Fiduciary Funds (Not included in government-wide statements):

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore, are not available to support City programs. The reporting focus is on net position and changes in net position which is reported using accounting principles similar to proprietary funds. The Fiduciary fund reports the activity of the post-employment health care in the Public Employees Health Care Fund. This fund has been closed during the year. The fiduciary agency funds include current and delinquent tax collections, payroll, and miscellaneous funds held in an agency capacity.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB No. 34 sets forth the minimum criteria (percentage of the assets, liabilities, revenues or expenditure/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The City reports the General Fund as a major fund.

1) NATURE OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The City's fiduciary funds are presented in the fiduciary fund financial statements by type (other post-employment employee benefits and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, retired health care participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

(1) Measurement Focus

Within the government-wide Statement of Net Position and Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item (b) below:

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate.

- (a) All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.
- (b) All proprietary funds and other post-employment benefit trust funds are accounted for on a flow of economic resources measurement focus (full accrual). With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund equity is classified as net position. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

(2) Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

(a) Accrual:

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues 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.

1) NATURE OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)****(b) Modified Accrual:**

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the payment is due.

Property taxes, sales taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Assets, Liabilities and Net Position or Equity

Bank, Deposits, and Investments - For the purpose of the Statement of Net Position, cash and cash equivalents include amounts on deposit as well as short-term investments with an original maturity of three months or less from the date of acquisition.

For purposes of the Statement of Cash Flows, the proprietary funds consider all highly liquid investments (including restricted assets) with an original maturity of three months or less from the date of acquisition that can be readily converted to cash to be cash equivalents. Investment income revenues associated with the Permanent Fund are administratively assigned and transferred to the General Fund. Investments are reported at fair value which is determined using selected bases. 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. Cash deposits are reported at carrying amount which reasonably estimates fair value. Additional cash and investment information, and fair values are presented in Note 2.

The City maintains a pooled investment fund for all funds. As of June 30, 2017, the pooled investment fund totaled \$10,757,003.

Receivables and Payables - During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds". Short-term interfund loans are reported as "interfund receivables and payables". Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. Any residual balances outstanding between the government activities and business-type activities are reported in the government-wide financial statements as "internal balances". See Note 4 for details of interfund transactions, including receivables and payables at year end.

1) NATURE OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Assets, Liabilities and Net Position or Equity (Continued)****Receivables and Payables (Continued)**

Also, certain activity occurs during the year involving transfer of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. In government-wide financial statements, it is the City's policy that direct expenses are not eliminated from the various categories. Internal payments such as the revenue in the General Fund for the charges to the Water and Sewer Fund and to the component unit DDA fund for services provided (finance, personnel, legal, technology management, etc.), are treated as a reduction of expense.

In the government-wide statements, receivables consist of all revenues earned at year end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include property taxes, state shared revenues, and fire rescue services. Business-type activities report utilities earnings as their major receivables.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as grants and other similar intergovernmental revenues since they are usually both measurable and available. Interest and investment earnings are recorded when earned if paid within 60 days since they would be considered both measurable and available.

Proprietary fund material receivables consist of all revenues earned at year end and not yet received. Utility accounts receivable compose the majority of proprietary fund receivables. Allowance for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

Inventories and Prepaid Items - Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when consumed rather than when purchased. Payments made to vendors for services that will benefit periods beyond June 30, 2017 are recorded as prepaid items.

Restricted Assets - Certain resources set aside for the repayment of enterprise fund revenue bonds are classified as restricted assets on the Statement of Net Position because their use is limited by applicable bond covenants.

Capital Assets - The accounting treatment over capital assets depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements. Capital assets are defined as assets with an initial individual cost of \$5,000 or more and an estimated useful life in excess of one year.

Unearned Revenue – Unearned revenue is reported in connection with money received for services which have not yet performed, and are therefore unearned. Revenue is recorded when the services have performed and are therefore earned.

1) NATURE OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Assets, Liabilities and Net Position or Equity (Continued)*****Government-Wide Statements***

Capital assets which include property, plant, equipment, and infrastructure assets (i.e., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities' columns in the government-wide financial statements. All capital assets are valued at historical cost or estimated cost if the actual is unavailable. Donated fixed assets are recorded at acquisition cost as per GASB 72.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straightline method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	40-50 years
Improvements	20-25 years
Machinery and Equipment	10-25 years
Utility System	25-66 years
Infrastructure	25-40 years

The costs of normal maintenance and repairs that do not add value to the assets or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Long-term Debt - The accounting treatment of long-term debt, which consists primarily of bonds payable, notes payable, and accrued compensated absences, depends on whether the obligation is incurred in governmental fund operations or proprietary fund operations and whether it is reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities on the Statement of Net Position in the government-wide financial statements. Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary funds is the same in the fund financial statements as it is in the government-wide financial statements.

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 consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government-Wide statements and proprietary funds report deferred outflows from the difference between projected and actual investment earnings of the pension plan as well as City contributions made after the measurement date of the net pension liability.

1) NATURE OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Assets, Liabilities and Net Position or Equity (Continued)*****Deferred Outflows/Inflows of Resources (Continued)***

In addition to liabilities, the Statement of Net Position and/or Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Unavailable revenue qualifies for reporting in this category and arises only under a modified accrual basis of accounting. The governmental funds report grants and reimbursements as unavailable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. These amounts are shown as deferred inflows of resources on the governmental funds balance sheet. Those amounts will be recognized as revenue when received.

Compensated Absences - City employees are granted vacation and sick leave in varying amounts based on the length of service. An employee's account is credited for vacation time on January 1 based on time worked in the previous calendar year and must be used prior to the next January 1. Upon termination employees are paid for all unused/accrued vacation leave. Sick leave is accumulated at the rate of one day per month of employment for all employees, except for fire employees who receive 1.4 days per month. Unused sick leave accumulates year to year, but may be limited to a number of days or hours based on collective bargaining agreements. Days or hours in excess of the maximum will be paid on an annual basis of 50 percent of hourly rate. Upon death, retirement or termination, five-eighths of unused accumulated sick leave is paid to full-time employees with 10 years of service. For all City employees, except fire and Police Officers Association of Michigan (POAM) employees, the accumulated sick leave payments are calculated based on the rate of pay in effect at the time of termination. Fire employees and POAM accumulated sick leave is based upon the average final pay (POAM minimum of 60 days).

The liability for these compensated absences is recorded as long-term debt in the government-wide financial statements. The current portion of this debt is based on projected information. Accrued compensated absences is reported as a liability in governmental funds only if they have matured; i.e., only if the employee has terminated as of June 30, 2017. Vested vacation leave and vested accumulated sick leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees.

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

1) NATURE OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position or Equity (Continued)

Other Postemployment Benefit Costs - The City offers healthcare benefits to retirees. The city receives an actuarial valuation to compute the annual required contribution (ARC) necessary to fund the obligation over the remaining amortization period. In the governmental funds, OPEB costs are recognized as contributions are made. For the government-wide statements and proprietary funds, the City reports the full accrual cost equal to the current year required contribution, adjusted for interest and "adjustment to the ARC" on the beginning of year underpaid amount, if any.

Fund Equity is classified as net position and displayed in three components:

- (a) **Net Investment in Capital Assets** - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- (b) **Restricted** - Consists of net position with constraints placed on the use by: (1) external groups such as creditors, grantors, contributors, or laws or regulations of other *governments*; or (2) law through constitutional provisions or enabling legislation.
- (c) **Unrestricted** - All other net position that does not meet the definition of "restricted" or "net investment in capital assets".

In the fund financial statements, governmental funds report the following components of fund balance:

Nonspendable: Amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted: Amounts that are restricted to specific purposes by constraints placed on the use of resources by either externally imposed creditors, grantors, contributors or laws or regulations of other governments or amounts that are imposed by law through constitutional provisions or enabling legislation.

Committed: Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City's highest level of decision making authority, the City Council. Commitments must be made by resolution of the City Council and can be rescinded only by resolution. Commitment resolutions must be made prior to year end.

Assigned: Amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Intent must be expressed by the City Council or the City's Finance Director who has been authorized by resolution to make assignments of fund balance.

Unassigned: Amounts that are the residual classification for the general fund. In other governmental funds, if expenditures are incurred for specific purposes that exceed the amounts restricted, committed or assigned, it will be necessary to report a negative unassigned fund balance in the fund.

1) NATURE OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Assets, Liabilities and Net Position or Equity (Continued)**

Proprietary fund equity is classified the same as in the government-wide financial statements.

When an expense is incurred for which both restricted and unrestricted net position or fund balance are available, the City's policy is to first apply restricted resources. When an expense is incurred for purposes for which amounts in any of the unrestricted balance classifications could be used, it is the City's policy to spend funds first from committed balances, second to assigned balances and lastly unassigned balances.

Revenues, Expenditures and Expenses

Property Taxes - Property taxes were levied July 1 (100% city taxes, 100% school taxes including Wayne County Regional Educational Service Agency (WCRESA), and 100% County operating) and December 1 (100% of other taxing authorities) and are payable on or before October 1 and February 14, respectively, without penalty. These taxes become liens against the property on December 31 of the previous year. After February 28, all unpaid taxes are declared delinquent with the City continuing to collect Act 198 taxes and ad valorem personal property taxes. Ad valorem real property taxes are turned over to the county treasurer who assumes responsibility for their collection and immediately, upon settlement, reimburses the City from the county revolving tax fund. The City collects its own property tax and also taxes for other entities including the county and school districts which are within the City. Collections and remittances of the taxes to those entities are accounted for in the current and delinquent tax collection funds. The City tax levy for the 2016 roll was as follows:

General Operating	15.0000 mills
Retirement System	0.9620 mills
Recreation	0.9999 mills
Public Safety Millage	1.0000 mills
Act 298 Refuse Collection	2.9073 mills
Library Fund (Act 164)	0.9999 mills
Roads	1.0000 mills
Police Millage	1.0000 mills
P.A.-359	<u>0.1424 mills</u>
Total	<u>24.0115 mills</u>

Program Revenues - Program revenues reported within the Statement of Activities include licenses and fees, ordinance fines and costs, bond forfeitures and other court costs, building, electrical and other permits, state shared revenue, state and federal grants, recreation rentals and fees, and 911 service fees.

Operating Revenues and Expenses - Operating revenues and expenses for the proprietary funds are those that result from providing services and producing and delivering goods and/or services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

1) NATURE OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues, Expenditures and Expenses (Continued)

Expenditures/Expenses - In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities, in the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character: Current (further classified by function)
 Debt Service
 Capital Outlay

Proprietary Fund - By operating and nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources and proprietary funds report expenses relating to use of economic resources.

Interfund Transfers --Permanent reallocation of resources between funds of the reporting entity are classified as interfund transfers. For purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

2) 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 City has designated six banks for the deposit of its funds. The investment policy adopted by Council in accordance with Public Act 196 of 1997 has authorized investment of funds as listed above. The City of Wayne's deposits and investment policies are in accordance with statutory authority.

At year end, the deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Funds</u>	<u>Fiduciary Funds</u>	<u>Business Type Funds</u>	<u>Total Primary Government</u>	<u>Component Units</u>
Cash and Cash Equivalents	\$ 4,486,976	\$ 589,466	\$ 5,242,567	\$ 10,319,009	\$ 324,757
Cash and Cash Equivalents-Restricted	-	-	319,707	\$ 319,707	-
Total	<u>\$ 4,486,976</u>	<u>\$ 589,466</u>	<u>\$ 5,562,274</u>	<u>\$ 10,638,716</u>	<u>\$ 324,757</u>

Custodial Credit Risk of Bank Deposits-- Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Neither State law nor the City's investment policy requires consideration of custodial credit risk.

As of June 30, 2017, the bank balance of the City deposits was \$10,935,869 of which \$750,000 was covered by federal depository insurance and the remainder was 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 City funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

2) DEPOSITS AND INVESTMENTS (Continued)

Custodial Credit Risk of Bank Deposits (Continued) - The carrying amount of deposits and the bank balance for the City of Wayne Downtown Development Authority, a discretely presented component unit, was \$295,156. This being part of City's pooled cash balances; the FDIC coverage is not separately determinable.

The carrying amount of deposits and the bank balance for the City of Wayne Parks and Recreation Foundation, a discretely presented component unit, was \$29,601, which was totally covered by federal depository insurance.

Investment pools are under the custody of the City Treasurer. Investing is performed in accordance with investment policies complying with State Statutes, the City Charter, and the City's Investment Policy. The City is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds and investment pools composed of investment vehicles that are legal for direct investment by local units of government in Michigan, and investment pools of financial institutions.

Interest Rate Risk - Interest rate risk is the risk that the value on investments will decrease as a result of a rise in interest rates. In addition to restricting commercial paper to a maturity of 270 days or less, the City may not invest its funds in any security maturing more than five years from the date of purchase. No more than 40 percent of the City's total funds may be placed in securities maturing in more than three years. The fiduciary funds follow the City's investment policy.

Fiduciary Investment Type	Fair Value	Weighted Average Maturity	Rating	Rating Organization
Pooled Investment Fund				
Mutual Funds	\$ 333,512	50 days	AAAm	S&P

State laws limit the City's investments in commercial paper to the two top ratings issued by nationally recognized statistical rating organizations at the time of purchase. The City's investment policy limits investments to the safest types of securities. All financial institutions and broker/dealers must be pre-qualified to do business with the City.

2) DEPOSITS AND INVESTMENTS (Continued)

Fair Value Measurements: The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City has the ability to access.

Level 2: Inputs to the valuation methodology include:

Quoted prices for similar assets or liabilities in active markets;

Quoted prices for identical or similar assets or liabilities in inactive markets

Inputs other than quoted prices that is observable for the assets or liabilities;

Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

All of the City's investments are considered to be Level 1 inputs.

CITY OF WAYNE, MICHIGAN

Notes to the Financial Statements (Continued) June 30, 2017

3) CAPITAL ASSETS

Capital asset activity for the City for the current year was as follows:

Governmental Activities	Balance June 30, 2016	Additions 2016-17	Reclassifications	Disposals 2016-17	Balance June 30, 2017
Capital Assets not being Depreciated:					
Land	\$ 4,497,232	\$ -	\$ -	\$ (1,683)	\$ 4,495,549
Construction in Progress	-	-	-	-	-
Subtotal	4,497,232	-	-	(1,683)	4,495,549
Capital Assets being Depreciated:					
Buildings	38,764,118	-	-	-	38,764,118
Improvements	4,323,633	31,735	-	-	4,355,368
Machinery & Equipment	8,878,371	64,047	-	-	8,942,418
Infrastructure	30,984,598	315,514	-	-	31,300,112
Subtotal	82,950,720	411,296	-	-	83,362,016
Total	87,447,952	411,296	-	(1,683)	87,857,565
Less: Accumulated Depreciation for:					
Buildings	17,010,053	891,191	-	-	17,901,244
Improvements	2,990,176	151,284	-	-	3,141,460
Machinery & Equipment	6,975,325	365,317	-	-	7,340,642
Infrastructure	20,296,544	705,896	-	-	21,002,440
Subtotal	47,272,098	2,113,688	-	-	49,385,786
Net Capital Assets being Depreciated	35,678,622	(1,702,392)	-	-	33,976,230
Net Capital Assets	\$ 40,175,854	\$ (1,702,392)	\$ -	\$ (1,683)	\$ 38,471,779

Depreciation was allocated to the following functional categories for the year ended June 30, 2017.

General Government	\$ 114,707
District Court	10,268
Public Safety	519,261
Public Services	818,364
Recreation and Culture	651,088
	<u>\$ 2,113,688</u>

Water & Sewer Fund:	Balance June 30, 2016	Additions 2016-17	Reclassifications	Disposals 2016-17	Balance June 30, 2017
Capital Assets not being Depreciated:					
Construction in Progress	\$ 50,396	\$ -	\$ (50,396)	\$ -	\$ -
Subtotal	50,396	-	(50,396)	-	-
Capital Assets being Depreciated:					
Water and Sewer Mains	40,447,653	-	50,396	-	40,498,049
Meters	2,639,706	821,512	-	(1,039,844)	2,421,374
Equipment	467,193	-	-	-	467,193
Motor Vehicles	457,330	-	-	-	457,330
Subtotal	44,011,882	821,512	50,396	(1,039,844)	43,843,946
Total Water & Sewer	44,062,278	821,512	-	(1,039,844)	43,843,946
Less: Accumulated Depreciation for:					
Water and Sewer Mains	14,700,229	757,026	-	-	15,457,255
Meters	807,373	90,331	-	(805,282)	92,422
Equipment	461,954	1,310	-	-	463,264
Motor Vehicles	457,330	-	-	-	457,330
Subtotal	16,426,886	848,667	-	(805,282)	16,470,271
Net Capital Assets being Depreciated	27,584,996	(27,155)	50,396	(234,562)	27,373,675
Net Capital Assets	\$ 27,635,392	\$ (27,155)	\$ -	\$ (234,562)	\$ 27,373,675

CITY OF WAYNE, MICHIGAN

Notes to the Financial Statements (Continued) June 30, 2017

3) CAPITAL ASSETS (Continued)

Capital Asset activity for the Downtown Development Authority was as follows:

<u>Downtown Development Authority:</u>	<u>Balance June 30, 2016</u>	<u>Additions 2016-17</u>	<u>Disposals 2016-17</u>	<u>Balance June 30, 2017</u>
Capital Assets not being Depreciated:				
Land	1,841,176	-	-	1,841,176
Subtotal	<u>1,841,176</u>	<u>-</u>	<u>-</u>	<u>1,841,176</u>
Capital Assets being Depreciated:				
Buildings	80,805	-	-	80,805
Improvements	3,226,420	-	-	3,226,420
Machinery and Equipment	433,448	-	-	433,448
Infrastructure	4,319,043	-	-	4,319,043
Subtotal	<u>8,059,716</u>	<u>-</u>	<u>-</u>	<u>8,059,716</u>
Total Downtown Development Auth.	<u>9,900,892</u>	<u>-</u>	<u>-</u>	<u>9,900,892</u>
Less: Accumulated Depreciation for:				
Buildings	35,958	2,598	-	38,556
Improvements	2,145,657	103,460	-	2,249,117
Machinery and Equipment	243,091	20,857	-	263,948
Infrastructure	2,155,242	158,607	-	2,313,849
Subtotal	<u>4,579,948</u>	<u>285,522</u>	<u>-</u>	<u>4,865,470</u>
Net Capital Assets being Depreciated	<u>3,479,768</u>	<u>(285,522)</u>	<u>-</u>	<u>3,194,246</u>
Net Capital Assets	<u>\$ 5,320,944</u>	<u>\$ (285,522)</u>	<u>\$ -</u>	<u>\$ 5,035,422</u>

4) INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances is as follows:

<u>Fund Due To</u>	<u>Fund Due From</u>	<u>Amount</u>
General Fund	Library	\$ 18,680
General Fund	CDBG	23,769
		<u>\$ 42,449</u>

The composition of Interfund transfers is as follows:

<u>Fund Transferred In</u>	<u>Fund Transferred Out</u>	<u>Amount</u>
Local Streets Fund	Major Streets and Trunkline Fund	\$ 205,220
General Fund	Public Employee Health Care	1,155,036
		<u>\$ 1,360,256</u>

Interfund balances are a result of a time lag between the date goods and services are provided, transactions are recorded and payments between funds are made.

The transfer from Major Streets and Trunkline Fund to Local Streets Fund was to finance local street projects and was in compliance with the requirements of Public Act 51.

The transfer from Public Employee Healthcare fund was to close this fund and transfer all activity to the General Fund.

5) LONG-TERM DEBT

General Obligation Bonds - The Government issued general obligation bonds to provide for the acquisition and construction of major capital facilities, General obligation bonds have been issued for both general government and proprietary activities. These bonds are reported in the proprietary funds if they are expected to be repaid from proprietary fund revenues.

The following is a summary of changes in long-term debt for the year ended June 30, 2017:

	Interest Rate	Principal Maturity Ranges	Beginning Balance June 30, 2016	Additions	Reductions	Ending Balance June 30, 2017	Due Within One Year
Governmental Activities							
General Obligation bonds:							
MI Transportation Bond Series 2008							
Amount of issue - \$730,000							
Maturing through 2027							
	4.25% - 5.10%	\$25,000 - \$75,000	\$ 555,000	\$ -	\$ (25,000)	\$ 530,000	\$ 25,000
Recreation Renovation Bond 2008							
Amount of issue - \$1,800,000							
Maturing through 2027							
	3.25% - 5.10%	\$85,000 - \$140,000	1,295,000	-	(85,000)	1,210,000	85,000
Refunding of Building Authority Bonds 2012A:							
Amount of Issue - \$4,355,000							
Maturing through 2020							
	2.79%	\$450,000 - \$555,000	2,475,000	-	(490,000)	1,985,000	555,000
Refunding of Building Authority Bonds 2012B:							
Amount of Issue - \$2,845,000							
Maturing through 2019							
	2.70%	\$370,000 - \$420,000	1,570,000	-	(370,000)	1,200,000	385,000
Refunding of Building Authority Bonds 2012C:							
Amount of Issue - \$8,585,000							
Maturing through 2027							
	.80% - 3.40%	\$360,000 - \$1,000,000	7,695,000	-	(365,000)	7,330,000	360,000
Total General Obligation Bonds							
			13,590,000	-	(1,335,000)	12,255,000	1,410,000
Notes Payable:							
Note Payable-Ladder Truck							
Original Amount - \$1,101,345							
Semi-Annual Payments							
Maturing in 2023							
	5.35%	\$52,399 - \$100,738	657,630	-	(73,387)	584,243	77,365
Note Payable-Ambulance							
Original Amount - \$144,536							
Maturing in 2019							
	3.4%	\$27,481 - \$30,360	115,618	-	(27,481)	88,137	28,409
Note Payable-Ford Tax Settlement, as Corrected							
Original Amount - \$119,249							
Maturing in 2019							
	0.00%	\$19,875	79,500	-	(19,875)	59,625	19,875
Total Bonds and Notes Payable							
			14,442,748	-	(1,455,743)	12,987,005	1,535,649
Other Liabilities:							
OPEB Unfunded Liability							
	N/A	N/A	15,043,779	3,721,371	-	18,765,150	-
Accrued Compensated Absences							
	N/A	N/A	1,806,208	508,305	(479,141)	1,835,372	600,000
Total Governmental Activities							
			\$ 31,292,735	\$ 4,229,676	\$ (1,934,884)	\$ 33,587,527	\$ 2,135,649
Business-type Activities							
General Obligation Bonds:							
Water Bonds 1995							
Amount of Issue - \$255,796							
Maturing through 2017							
	2.25%		\$ 15,000	\$ -	\$ (15,000)	\$ -	\$ -
Water Bonds 1997							
Amount of Issue - \$604,829							
Maturing through 2017							
	2.25%		30,000	-	(30,000)	-	-
Water Bonds 2003							
Amount of Issue - \$2,720,000							
Maturing through 2017							
	4.125%		145,000	-	(145,000)	-	-
Water Bonds 2004							
Amount of Issue - \$3,525,000							
Maturing through 2021							
	4.00% - 4.40%	\$275,000 - \$375,000	1,900,000	-	(275,000)	1,625,000	275,000
Water Bonds 2006							
Amount of Issue - \$7,500,000							
Maturing through 2031							
	4.00% - 4.50%	\$200,000 - \$500,000	6,200,000	-	(200,000)	6,000,000	300,000
Water Bonds 2007							
Amount of Issue - \$4,430,000							
Maturing through 2029							
	3.80% - 4.125%	\$20,000 - \$620,000	4,235,000	-	(20,000)	4,215,000	20,000
Less Amortization of Bond Discount							
	N/A	N/A	(129,106)	-	129,106	-	-
Net Bonds Payable							
			12,395,894	-	(555,894)	11,840,000	595,000
Other Liabilities:							
OPEB Unfunded Liability							
	N/A	N/A	820,594	195,862	-	1,016,456	-
Accrued Compensated Absences							
			10,328	6,815	(6,384)	10,759	-
Total Business-type Activities							
Long-term Liabilities							
			\$ 13,226,816	\$ 202,677	\$ (562,278)	\$ 12,867,215	\$ 595,000

CITY OF WAYNE, MICHIGAN

Notes to the Financial Statements (Continued) June 30, 2017

5) LONG-TERM DEBT (Continued)

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

Years Ending June 30,	Governmental Activities					
	General Obligation Bonds			Notes Payable		
	Principal	Interest	Total	Principal	Interest	Total
2018	\$ 1,410,000	\$ 365,743	\$ 1,775,743	\$ 125,649	\$ 33,211	\$ 158,860
2019	1,460,000	328,312	1,788,312	130,803	28,059	158,862
2020	1,380,000	289,995	1,669,995	136,216	22,644	158,860
2021	1,040,000	255,919	1,295,919	90,643	16,958	107,601
2022	875,000	227,152	1,102,152	95,557	12,044	107,601
2023-2027	5,310,000	641,233	5,951,233	153,137	8,265	161,402
2028	780,000	15,192	795,192	-	-	-
	<u>\$ 12,255,000</u>	<u>\$ 2,123,546</u>	<u>\$ 14,378,546</u>	<u>\$ 732,005</u>	<u>\$ 121,181</u>	<u>\$ 853,186</u>

Years Ending June 30,	Business-type Activities		
	General Obligation Bonds		
	Principal	Interest	Total
2018	\$ 595,000	\$ 486,513	\$ 1,081,513
2018	620,000	461,775	1,081,775
2020	645,000	434,937	1,079,937
2021	670,000	406,037	1,076,037
2022	695,000	1,541,675	2,236,675
2023--2027	4,340,000	576,988	4,916,988
2028-2032	4,275,000	11,000	4,286,000
	<u>\$ 11,840,000</u>	<u>\$ 3,918,925</u>	<u>\$ 15,758,925</u>

Notes Payable - Downtown Development Authority

The City's component unit, the Downtown Development Authority's portion of a note payable to the Ford Motor Company is to be paid in four payments beginning in FY 2016-2017. Ford Motor Company has allowed the City to postpone paying back the note by one year, so no payment will be made in 2018. The remaining three payments will be made in 2019-2021.

At June 30, 2017, the long-term debt payable from the major component unit consisted of the following:

	Current Portion	Long-term Portion
\$766,609 Note Payable dated February 11, 2011 For Property Tax Settlement, Noninterest bearing	\$ -	\$ 383,305

5) LONG-TERM DEBT (Continued)

Annual debt service requirements to maturity on the note payable (interest free) of the Downtown Development Authority are as follows:

<u>Year Ending June 30,</u>	<u>Total</u>
2018	-
2019	127,769
2020	127,768
2021	127,768
	<u>\$ 383,305</u>

6) JOINT VENTURES

(1) *Nankin Transit Commission* - The City participates in the Nankin Transit Commission with the cities of Garden City, Inkster, and Westland. The Commission was created as an intergovernmental organization for the purpose of providing for the operation, management, financing, and planning of local and specialized transit services in the participant's areas. Under the terms of a purchase of service contract entered into between the Nankin Transit Commission and the Suburban Mobility Authority for Regional Transportation (SMART), SMART has agreed to provide, among other things, certain equipment, vehicles and technical assistance necessary to provide public transportation services within a specified area. Two members of the Board of Directors for the joint venture are appointed by each of the four participating governments. The Board of Directors is responsible for approving the annual budget. The operating budget is funded by contributions from each participating government as well as contributions from SMART, the State of Michigan and the Federal Government. The City's contribution is based on a per capita basis and totaled \$21,000 for the year ended June 30, 2017. The City of Wayne represents approximately 12% of the per capita base of this organization. The City has no investment in the assets, liabilities, and fund equity of the Nankin Transit Commission. Complete financial statements of the Nankin Transit Commission can be obtained at the entity's administrative office: Nankin Transit Commission, 37151 Marquette, Westland, MI, 48185.

(2) *Central Wayne County Sanitation Authority* - The City is a member of the Central Wayne County Sanitation Authority along with the cities of Dearborn Heights, Garden City, Inkster, and Westland. The Authority was created as an inter-governmental organization for the purpose of establishing and operating sanitary waste disposal operations for the mutual advantage by each government. One member of the Board of Directors for the joint venture is appointed by each government. The Board of Directors is responsible for approving the annual budget. The operating and debt requirements are funded by contributions from each participating government. At June 30, 2007, all Authority debt was paid off in full. The City of Wayne has no investment in the Authority. Complete financial statements of the Central Wayne County Sanitation Authority can be obtained at the entity's administrative office: Central Wayne County Sanitation Authority, 35000 Sims, Wayne, MI, 48184.

7) OTHER POST EMPLOYMENT BENEFITS

Plan Description - The City provides retiree health care to eligible employees and their spouses. The Retirees Healthcare Plan is a single-employer defined benefit plan administered by the City. The City provides post-employment health care to all employees who retire from the City as per contractual agreement for union employees and Council resolution for non-union employees. As of the December 31, 2014 valuation, 142 retirees received benefits and 8 were vested to receive benefits in the future. The plan does not issue a separate stand-alone financial statement. Administrative costs are paid by the employer.

Postemployment life insurance benefits are provided on a contractual basis in amounts of \$2,000, \$4,000 and \$8,000 with current contracts providing for retiree life insurance in the amount of \$10,000.

Funding Policy - The cost of retiree healthcare and life insurance benefits is paid by the City of Wayne Retiree Healthcare Plan. This Other Post-Employment Benefits (OPEB) is funded by the City on a pay-as-you-go basis. For the year ended June 30, 2017, the City has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of December 31, 2014. The valuation estimates an annual required contribution, which represents a level funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

Annual OPEB Cost - The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 and the preceding two years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>% of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
30-Jun-14	\$ 4,116,304	30.59%	\$ 8,575,402
30-Jun-15	\$ 4,287,724	32.72%	\$ 11,460,007
30-Jun-16	\$ 6,626,256	33.53%	\$ 15,864,371
30-Jun-17	\$ 5,876,589	33.34%	\$ 19,781,606

The computed contribution and actual funding are summarized as follows:

Annual Required Contribution (Recommended)	\$ 6,219,301
ARC Adjustments	(897,965)
Interest on Net OPEB Obligation	<u>555,253</u>
Total	5,876,589
Amounts Contributed:	
Payments of Current Premiums	<u>(1,959,356)</u>
Increase in OPEB Obligation	3,917,233
OPEB Obligation - Beginning of Year	<u>15,864,373</u>
OPEB Obligation - End of Year	<u><u>\$ 19,781,606</u></u>

CITY OF WAYNE, MICHIGAN

Notes to the Financial Statements (Continued) June 30, 2017

7) OTHER POST EMPLOYMENT BENEFITS (Continued)

Note: The plan has 232 members that include 82 active members, 142 retirees receiving benefits and 8 terminated vested members.

The OPEB Obligation is recorded as follows:

	<u>June 30,</u>	
	<u>2017</u>	<u>2016</u>
Governmental Activities	\$ 18,765,150	\$ 15,043,779
Business - Type Activities	1,016,456	820,594
OPEB Obligation - End of Year	\$ 19,781,606	\$ 15,864,373

The funding status of the plan as of the most recent valuation date is as follows:

<u>Valuation as of December 31, 2014</u>	
Actuarial Accrued Liabilities (AAL)	\$ 87,842,665
Actuarial Value of Assets	<u>2,295,381</u>
Unfunded Actuarial Accrued Liabilities (UAAL)	<u>\$ 85,547,284</u>
Funded Ratio (Actuarial Value of Assets/AAL)	2.60%
Covered Payroll	<u>\$ 4,414,412</u>
UAAL as a Percentage of Covered Payroll	1937.91%

Actuarial valuations of a plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, Actuarially determined amounts are subject to continual revision as actual amounts are compared to past expectations and as new estimates are made about the future, The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions - Projection of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of the valuation.

In the December 31, 2014 actuarial valuation, the individual entry-age actuarial cost method was used. Unfunded actuarial accrued liabilities (UAAL) were amortized as a level dollar amount. The actuarial value of assets is set equal to the reported market value of assets. The rate of investment return was 3.5% a year compounded annually net after investment expenses. The growth rate for financing unfunded actuarial liabilities for open groups was assumed to be 3.5% per year. The rate of post retirement mortality for healthy retirees used for individual members was in accordance with mortality rates on the RP2000 Combined Health Tables blended 50% male and 50% female. An annual health care cost trend inflation rate of 9% was used initially, reduced by decrements to an ultimate rate of 3.5% after 10 years.

8) DEFINED PENSION PLAN

Plan Description – the City participates in an agent multiple-employer defined benefit plan for all employees administered by the Municipal Employees' Retirement System (MERS) of Michigan. Authority to establish and amend benefit provisions resides with the City of Wayne City Council through negotiations with the various bargaining units. MERS was established as a statewide public employee pension plan by the Michigan Legislature under PA 135 of 1945 and is administered by a nine-member Retirement Board. MERS issues a publicly available financial report as of December 31 each year that includes financial statements and required supplemental information of this defined benefit plan. This report may be obtained by writing to Municipal Employees' Retirement System of Michigan, 1134 Municipal Way, Lansing, MI 48197.

Benefit Provided – The plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. PA 427 of 1984, as amended, established and amends the benefit provisions of the participants in MERS.

The MERS plan covers all full-time employees of the City (except the District Court Judge) that are eligible for a defined benefit pension.

The following is a summary of benefits by division:

General – Retirement benefits for employees hired after February 19, 2008 are calculated at 2.5 percent of the employee's highest three consecutive years' average salary times the employee's years of service with a retirement maximum of 80 percent of final average compensation. Members contribute 10 percent of their salaries to fund benefits. Normal retirement age is 55 years with a 10 year vesting period or a reduced benefit at age 50 with 25 years of service. Retirement benefits for employees hired prior to February 19, 2008 are bridged and calculated at 2.8 percent if less than 25 service years, 2.5 percent for 25-30 service years, and 1 percent for more than 30 years of service of the employee's highest three consecutive years average salary times the years of service, and 2.25 percent for service years subsequent to the bridge date (9/30/16) with an 80% retirement maximum. Members contribute 10 percent of their salaries to fund benefits. Normal retirement age is 55 years with a 10 year vesting period or a reduced benefit at age 50 with 25 years of service.

Dispatchers – Retirement benefits for employees hired after December 20, 2007 are calculated at 2.5 percent of the employee's highest three consecutive years' average salary times the employee's years of service with a retirement maximum of 80 percent of final average compensation. Members contribute 7 percent of their salaries to fund benefits. Normal retirement age is 55 years with a 10 year vesting period, early retirement with unreduced benefit after 30 years of service, or a reduced benefit at age 50 with 25 years of service. Retirement benefits for employees hired prior to December 20, 2007 are calculated at 2.8 percent if less than 25 service years, 2.5 percent for 25-30 service years, and 1 percent for more than 30 years of service of the employee's highest three consecutive years average salary times the years of service with no retirement maximum. Members contribute 7 percent of their salaries to fund benefits after 30 year of service, or a reduced benefit at age 50 with 25 years of service.

8) DEFINED BENEFIT PENSION PLAN (Continued)

Fire – Retirement benefits for employees hired after November 1, 2011 are calculated at 2.5 percent of the employee's highest three consecutive years' average salary times the employee's years of service with a retirement maximum of 80 percent of final average compensation. Members contribute 10 percent of their salaries to fund benefits. Normal retirement age is 60 years with a 10 year vesting period, early retirement with unreduced benefit at age 55 with 25 years of service, or a reduced benefit at age 50 with 25 years of service or age 55 with 15 years of service. Retirement benefit for employees hired after March 16, 2009 and before November 1, 2011 are the same except for the normal retirement age is 50 years with a 10 year vesting period or early retirement with unreduced benefit after 25 years of service. Retirement benefits for employees hired prior to March 16, 2009 are bridged and calculated at 2.7 percent if less than 25 service years, 2.5 percent for 25-30 service years, and 1 percent if less than 25 service years, 2.5 percent for 25-30 service years, and 1 percent for more than 30 years of service of the employee's highest three consecutive years average salary times the years of service, and 2.25 percent for years subsequent to the bridge date of 9-30-16, with an 80% retirement maximum. Members contribute 7 percent of their salaries to fund benefits. Normal retirement age is 50 years with a 10 year vesting period, early retirement with unreduced benefits after 25 years of service.

Department Heads – Retirement benefits for employees hired after January 1, 2016 are calculated at 1.5 percent of the employee's highest three consecutive years' average salary times the employee's years of service with no retirement maximum. Members contribute 10 percent of their salaries to fund benefits. Normal retirement age is 60 years with 10 year vesting period, early retirement with unreduced benefit after 30 years of service, or a reduced benefit at age 50 with 25 years of service or age 55 with 15 years of service. Retirement benefits for employees hired prior to January 1, 2016 are bridged and calculated at 2.8 percent if less than 25 service years, 2.5 percent for 25-30 service years, and 1 percent for more than 30 years of service of the employee's highest three consecutive years average salary time the years of service and 2.25 percent for years subsequent to the bridge date of 9-30-16, with an 80% retirement maximum. Members contribute 10 percent of their salaries to fund benefits. Normal retirement age is 55 years with a 10 year vesting period, early retirement with unreduced benefits after 30 years of service, or a reduced benefit at age 50 with 25 years of service.

Court - Retirement benefits for employees hired after December 18, 2007 are calculated at 2.5 percent of the employee's highest three consecutive years' average salary times the employee's years of service with a retirement maximum of 80 percent of final average compensation. Members contribute 7 percent of their salaries to fund benefits. Normal retirement age is 55 years with 10 year vesting period, early retirement with unreduced benefit after 30 years of service, or a reduced benefit at age 50 with 25 years of service. Retirement benefits for employees hired prior to December 18, 2007 are calculated at 2.8 percent if less than 25 service years, 2.5 percent for 25-30 service years, and 1 percent for more than 30 years of service of the employee's highest three consecutive years average salary time the years of service with no retirement maximum. Members contribute 7 percent of their salaries to fund benefits. Normal retirement age is 55 years with a 10 year vesting period, early retirement with unreduced benefits after 30 years of service, or a reduced benefit at age 50 with 25 years of service.

8) DEFINED BENEFIT PENSION PLAN (Continued)

TPOAM - Retirement benefits for employees hired after June 5, 2007 are calculated at 2.5 percent of the employee's highest three consecutive years' average salary times the employee's years of service with no retirement. Members contribute 7 percent of their salaries to fund benefits. Normal retirement age is 55 years with 10 year vesting period or early retirement with unreduced benefit after 25 years of service. Retirement benefits for employees hired prior to June 5, 2007 are calculated at 2.8 percent if less than 25 service years, 2.5 percent for 25-30 service years, and 1 percent for more than 30 years of service of the employee's highest three consecutive years average salary times the years of service with no retirement maximum. Members contribute 7 percent of their salaries to fund benefits. Normal retirement age is 55 years with a 10 year vesting period or early retirement with unreduced benefits after 25 years of service.

POAM/COAM - Retirement benefits for employees hired after May 5, 2008 are calculated at 2.5 percent of the employee's highest three consecutive years' average salary times the employee's years of service with a retirement maximum of 80 percent of final average compensation. Members contribute 7 percent of their salaries to fund benefits. Normal retirement age is 50 years with 10 year vesting period or early retirement with an unreduced benefit after 25 years of service. Retirement benefits for employees hired prior to May 5, 2008 are calculated at 2.8 percent if less than 25 service years, 2.5 percent for 25-30 service years, and 1 percent for more than 30 years of service of the employee's highest three consecutive years average salary times the years of service with no retirement maximum. Members contribute 7 percent of their salaries to fund benefits. Normal retirement age is 50 years with a 10 year vesting period or early retirement with unreduced benefits after 25 years of service.

Supervisors - Retirement benefits are calculated at 2.8 percent if less than 25 service years, 2.5 percent for 25-30 service years, and 1 percent for more than 30 years of service of the employee's highest three consecutive years average salary times the years of service with no retirement maximum. Members contribute 7 percent of their salaries to fund benefits. Normal retirement age is 55 years with a 10 year vesting period or early retirement with unreduced benefits after 30 years of service, or a reduced benefit at age 50 with 25 years of service.

An employee who leaves service may withdraw his or her contribution, plus accumulated interest.

Benefit terms, within the parameters established by MERS, are generally established and amended by authority of the City Council, generally after negotiations of these terms with the affected unions. Police and fire employee benefits terms may be subject to binding arbitration in certain circumstances.

Employees Covered by Benefit Terms – At December 31, 2016 measurement date, the following employees were covered by the benefit terms:

Active plan members	60
Inactive employees or beneficiaries currently receiving benefits	202
Inactive employees entitled to but not yet receiving benefits	24
Total employees covered by MERS	286

CITY OF WAYNE, MICHIGAN

Notes to the Financial Statements (Continued) June 30, 2017

8) DEFINED BENEFIT PENSION PLAN (Continued)

Contributions – Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during the year. Accordingly, MERS retains an independent actuary to determine the annual contribution. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS retirement board. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees.

	<u>Actual Percentage of Payroll</u>		<u>Actual Percentage of Payroll</u>
General	42.83%	Court after 12/18/2007	51.89%
Supervisors	127.97%	Fire	23.37%
Supervisors after 11/20/2007	127.97%	Patrol	24.55%
TPOAM	20.87%	Patrol after 5/5/2008	24.55%
		Department Heads after 1/1/2016	1.67%
		COAM	92.81%

Dispatchers are now a closed division and the City pays a flat monthly rate of \$236. Department heads is also a closed division and the City pays a flat monthly rate of \$24,639.

Net Pension Liability – The net pension liability reported at June 30, 2017 was determined using a measure of the total pension liability and the pension net position as of December 31, 2016. The December 31, 2016 total pension liability was determined by an actuarial valuation performed as of that date.

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

<u>Change in Net Pension Liability</u>	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Net Position</u>	<u>Net Pension Liability</u>
Balance at December 31, 2015	\$ 111,558,560	\$ 61,360,515	\$ 50,198,045
Service Cost	839,488	-	839,488
Interest	8,572,725	-	8,572,725
Changes to benefit terms	(1,964,931)	-	(1,964,931)
Experience Differences	617,650	-	617,650
Changes in Actuarial Assumptions	-	-	-
Miscellaneous Changes	67,360	-	67,360
Contributions - Employer	-	3,331,359	(3,331,359)
Contributions - Employee	-	412,398	(412,398)
Net Investment Income	-	6,766,100	(6,766,100)
Benefit Payments, Including Refunds	(7,945,246)	(7,945,246)	-
Administrative Expenses	-	(133,763)	133,763
Net Changes	<u>187,046</u>	<u>2,430,848</u>	<u>(2,243,802)</u>
Balance at December 31, 2016	<u>\$ 111,745,606</u>	<u>\$ 63,791,363</u>	<u>\$ 47,954,243</u>

8) DEFINED PENSION PLAN (Continued)

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

For the year ended June 30, 2017, the City recognized pension expense of \$6,674,483. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Source</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between actual and expected experience.	\$ 308,826	\$ -
Net difference between projected and actual earnings on pension plan investments.	2,546,135	-
Employer contributions to the plan subsequent to the measurement date.	<u>1,664,140</u>	<u>-</u>
	<u>\$ 4,519,101</u>	<u>\$ -</u>

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

<u>Years Ending June 30,</u>	<u>Amount</u>
2018	\$ 1,360,463
2019	1,051,638
2020	848,992
2021	<u>(406,132)</u>
	<u>\$ 2,854,961</u>

Actuarial Assumptions – the total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods including in the measurement:

Inflation	2.50%	
Salary Increases	3.75%	
Investment Rate of Return	8.00%	Gross of pension plan investment expenses, including inflation.

8) DEFINED BENEFIT PLAN (Continued)

Actuarial Assumptions (Continued)

Mortality rates were based on the RP 2014 Healthy Annuitant Mortality Table. For disabled retirees, the regular mortality table is used with a 10 year set forward in ages to reflect the higher expected mortality rates of disabled members.

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of the most recent actuarial experience study in 2008.

Discount Rate – The discount rate used to measure the total pension liability was 8.00 percent. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers.

Projected Cash Flows

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current 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.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global Equity	57.5%	5.02%
Global Fixed Income	20.0%	2.18%
Real Assets	12.5%	4.23%
Diversifying Strategies	10.0%	6.56%

8) DEFINED BENEFIT PLAN (Continued)

Projected Cash Flows (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 8.00 percent, as well as what City’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.00 percent) or one percentage point higher (9.00 percent) than the current rate:

	1% Decrease 7.00%	Current Discount Rate 8.00%	1% Increase 9.00%
Net Pension Liability of the City	\$ 61,181,085	\$ 47,954,243	\$ 36,963,550

Pension Plan Fiduciary Net Pension – Detailed information about the plan’s fiduciary net position is available in the separately issued financial report found at www.mersofmich.com. The plan’s fiduciary net pension has been determined on the same basis used by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee’s contributions are recognized as expense when due and payable in accordance with the benefit terms.

9) RISK MANAGEMENT

The City is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers’ compensation). The City is self-insured for workers’ compensation and participates in the Michigan Municipal Risk Management Authority (the “Authority”) risk pool for claims relating to property loss, torts, and errors and omissions. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal Risk Management Authority risk pool program operates as a claims serving pool for amounts up to member retention limits, and operates as a common risk-sharing management program for losses in excess of member retention amounts. Although premiums are paid annually to the Authority that the Authority uses to pay claims up to the retention limits, the ultimate liability for those claims remains with the City.

The City estimates the liability for general liability claims and workers’ compensation claims that have been incurred through the end of the fiscal year, including those claims that have been reported as well as those that have not yet been reported. The estimate for the general liability and workers’ compensation claims are all included in the General Fund. Changes in the estimated liabilities for the years ended June 30, 2017 and 2016 were as follows:

CITY OF WAYNE, MICHIGAN

Notes to the Financial Statements (Continued) June 30, 2017

9) RISK MANAGEMENT (Continued)

Changes in the balance of claims liabilities for property casualty during the current and prior year are as follows:

	June 30,	
	2017	2016
Unpaid Claims, Beginning of Year	\$ 172,549	\$ 8,600
Incurred Claims, including Claims Incurred but not Reported	(108,769)	186,517
Claim Payments	(492)	(22,568)
Unpaid Claims, End of Year	\$ 63,288	\$ 172,549

Changes in the balance of claims liabilities for workers compensation during the current and prior year were as follows:

	June 30,	
	2017	2016
Unpaid Claims, Beginning of Year	\$ 22,376	\$ 23,150
Incurred Claims, including Claims Incurred but not Reported	(8,000)	(47,058)
Claim Payments	8,000	46,284
Unpaid Claims, End of Year	\$ 22,376	\$ 22,376

10) CONTINGENT LIABILITIES

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City attorneys, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

11) SUBSEQUENT EVENTS

We examined subsequent events through December 20, 2017, the date the report was available to be issued.

12) TAX ABATEMENTS

The City receives reduced property tax revenue as a result of tax abatement agreements granted by the City. The tax abatement agreements include the following:

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 for up to 12 years.

For the fiscal year ended June 30, 2017, the City abated \$194,966 of taxes under this program. There are no provisions to recapture taxes; however, the abatement may be eliminated if taxes are not paid timely.

13) UPCOMING ACCOUNTING PRONOUNCEMENTS

In June 2015, the GASB issued a new standard addressing accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, addresses accounting and reporting by employer governments that provide OPEB benefit to their employees. The City will, after adoption of GASB Statement No. 75, recognize on the face of the financial statements its net OPEB liability. The City is currently evaluating the impact these standards will have on the financial statements when adopted. GASB Statement No. 75 is effective for the City's year ending June 30, 2018.

In January 2017, the Governmental Accounting Standards Board issued GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying fiduciary activities of governments and improves guidance for accounting and financial reporting related to how these activities should be reported. The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the City's financial statements for the year ending June 30, 2020.

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

REQUIRED SUPPLEMENTAL INFORMATION

CITY OF WAYNE, MICHIGAN

Required Supplemental Information Budgetary Comparison Schedule – General Fund June 30, 2017

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Taxes	\$ 6,689,562	\$ 6,689,562	\$ 6,658,560	\$ (31,002)
Licenses and Permits	550,560	470,560	510,416	39,856
Intergovernmental	2,769,739	3,083,582	3,403,689	320,107
Charges for Service and Sales	1,268,010	1,359,185	1,263,024	(96,161)
Fines and Forfeitures	389,000	489,000	496,264	7,264
Interest and Rents	544,800	482,017	487,435	5,418
Other Revenue	2,639,506	3,135,875	3,313,222	177,347
Total Revenue	14,851,177	15,709,781	16,132,610	422,829
Expenditures - Current				
General Government:				
City Council	41,544	46,939	36,180	(10,759)
City Manager	142,072	142,072	128,406	(13,666)
Finance	594,246	604,481	605,781	1,300
Law	150,000	150,000	132,866	(17,134)
City Clerk	315,610	325,610	274,120	(51,490)
Personnel	176,955	210,055	191,059	(18,996)
Information Technology	217,485	227,485	202,102	(25,383)
Other	3,354,767	4,281,632	3,844,042	(437,590)
Total General Government	4,992,679	5,988,274	5,414,556	(573,718)
District Court	985,949	985,949	912,732	(73,217)
Public Safety	5,923,264	6,605,098	6,034,718	(570,380)
Public Services	2,225,685	2,370,827	2,098,785	(272,042)
Health and Welfare	467,860	598,672	338,883	(259,789)
Community and Economic Developm	89,502	184,702	157,832	(26,870)
Recreation and Culture	1,190,979	1,311,674	1,155,765	(155,909)
Debt Service	610,631	610,631	610,398	(233)
Total Expenditures	16,486,549	18,655,827	16,723,669	(1,932,158)
Excess (Deficiency) of Revenue Over Expenditures	(1,635,372)	(2,946,046)	(591,059)	2,354,987
Other Financing Sources (uses)				
Transfers in	891,367	1,277,587	1,155,036	(122,551)
Total Financing Sources (uses)	891,367	1,277,587	1,155,036	(122,551)
Net Change in Fund Balance	(744,005)	(1,668,459)	563,977	2,232,436
Fund Balance, Beginning of Year	2,371,684	2,371,684	2,371,684	-
Fund Balance, End of Year	<u>\$ 1,627,679</u>	<u>\$ 703,225</u>	<u>\$ 2,935,661</u>	<u>\$ 2,232,436</u>

1) LEGAL COMPLIANCE - BUDGETS - ACCOUNTING AND REPORTING

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets were adopted for the general fund and eight special revenue funds (Major Street Fund, Local Street Fund, Refuse Collection and Disposal Fund, Vehicle Forfeiture Fund, Drug Enforcement Fund, Library Operations Fund, Community Development Block Grant Fund and Community Development Program Income Fund).

Functional Activity (i.e. general government, district court, public safety, etc.) is the legal level of control at which expenditures may not legally exceed appropriations for the general fund budget. Total expenditures is the legal level of control for all special revenue funds.

The City is legally subject to the budgetary control requirement of Michigan Public Act (P.A.) 2 of 1978 as amended. The following is a summary of the requirements of this Act.

- (i) Budgets must be adopted for the General Fund and Special Revenue Funds.
- (ii) The budgets must be balanced.
- (iii) The budgets must be amended when necessary.
- (iv) Public hearings must be held before budget adoptions.
- (v) Expenditures cannot exceed budget appropriations.
- (vi) Expenditures must be authorized by a budget before being incurred.

The City adopts its budget by functional activity which is in accordance with the State's legal requirement and is the level of classification detail at which expenditures may not legally exceed appropriations.

The City follows these procedures in establishing the budgetary data reflected in the financial statements.

- (i) At the second regular meeting in April, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes the proposed expenditures and the means of financing them, for the General Fund and Special Revenue Funds. The budgets are adopted on a basis consistent with generally accepted accounting principles.
- (ii) Public hearings are conducted to obtain taxpayer comments.
- (iii) At the second regular meeting in May, the General Fund and Special Revenue Fund budgets are legally enacted through passage of a resolution by the City Council. The budgeting technique groups various departments into activities by function of service.
- (iv) After the budget has been adopted no money can be drawn from the treasury of the City, nor can any obligation for the expenditure of money be incurred except pursuant to the budget appropriation.
- (v) Formal budgetary integration is employed as a management control device during the year for all budgetary funds.
- (vi) The Finance Director is authorized to make budgetary transfers within appropriation centers. The City Manager is authorized to make budgetary transfers between appropriation centers as long as no appropriation center is increased by more than 2.5%. All other transfers between appropriation centers may be made only by further action of the City Council pursuant to the provisions of the Michigan Uniform Accounting and budgeting Act.

CITY OF WAYNE, MICHIGAN

Required Supplemental Information Notes to Required Supplemental Information (Continued) Year Ended June 30, 2017

1) LEGAL COMPLIANCE - BUDGETS - ACCOUNTING AND REPORTING (Continued)

For the year ended June 30, 2017, expenditures and transfers exceeded appropriations for the following functional activities within the General Fund:

<u>General Fund</u>	<u>Amount By Which Expenditures Exceed Appropriations</u>
Finance	\$ 1,300

CITY OF WAYNE, MICHIGAN

Required Supplemental Information Post Employee Healthcare Benefits Schedule of Funding Progress June 30, 2017

The Schedule of Funding Progress is as follows:

Other Post Employment Benefit Plan Trust Trend Information						
Schedule of Funding Progress						
Actuarial Valuation date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entity Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2014	\$ 2,295,381	\$ 87,842,665	\$ 85,547,284	2.60%	\$ 4,414,412	1937.91%
12/31/2012	\$ 3,455,628	\$ 48,140,348	\$ 44,684,720	7.18%	\$ 5,866,847	761.65%

The Schedule of Employer Contributions:

Schedule of Employer Contribution		
Year Ended	Annual Required Contribution	Percentage Contributed
6/30/2017	\$ 6,219,301	31.50%
6/30/2016	\$ 6,225,156	35.69%
6/30/2015	\$ 3,773,200	37.19%
6/30/2014	\$ 3,773,200	33.37%

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

CITY OF WAYNE, MICHIGAN

Required Supplemental Information Schedule of Changes in the City Net Pension Liability and Related Ratios Last Fiscal Year Year Ended June 30, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability			
Service Cost	\$ 839,488	\$ 964,860	\$ 972,670
Interest	8,572,725	8,248,252	8,193,782
Changes to Benefit Terms	(1,964,931)	-	-
Experience Differences	617,650	753,203	-
Changes in Actuarial Assumptions	-	4,873,680	-
Miscellaneous Changes	67,360	67,360	-
Benefit Payments, including Refunds	<u>(7,945,246)</u>	<u>(7,337,088)</u>	<u>(8,020,773)</u>
Net Change in Total Pension Liability	187,046	7,570,267	1,145,679
Total Pension Liability - Beginning of Year	<u>111,558,560</u>	<u>103,988,293</u>	<u>102,842,614</u>
Total Pension Liability - End of Year	<u>\$ 111,745,606</u>	<u>\$ 111,558,560</u>	<u>\$ 103,988,293</u>
Plan Fiduciary Net Position			
Contributions - Employer	3,331,359	2,707,157	2,825,137
Contributions - Employee	412,398	331,062	1,430,906
Net Investment Income	6,766,100	(951,680)	4,151,563
Benefit Payment, including Refunds	(7,945,246)	(7,337,088)	(8,020,773)
Administrative Expenses	<u>(133,763)</u>	<u>(142,200)</u>	<u>(151,723)</u>
Net Change in Plan Fiduciary Net Position	2,430,848	(5,392,749)	235,110
Plan Fiduciary Net Position - Beginning of Year	<u>61,360,515</u>	<u>66,753,264</u>	<u>66,518,152</u>
Plan Fiduciary Net Position - End of Year	<u>\$ 63,791,363</u>	<u>\$ 61,360,515</u>	<u>\$ 66,753,262</u>
City's Net Pension Liability - Ending	\$ 47,954,243	\$ 50,198,045	\$ 37,235,031
Plan Fiduciary Net Position as a Percent of Total Pension Liability	57.10%	55.0%	64.2%
Covered Employee Payroll	\$ 4,101,050	\$ 5,866,847	\$ 4,414,412
City's Net Pension Liability as a Percent of Covered Employee Payroll	1169.32%	1901.50%	843.5%

CITY OF WAYNE, MICHIGAN

Required Supplemental Information Schedule of City Contributions Last Ten Fiscal Years Year Ended June 30, 2017

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially Determined Contribution	\$ 3,331,359	\$ 2,707,157	\$ 2,825,137	\$ 3,015,648	\$ 2,787,664	\$ 2,070,252	\$ 2,342,064	\$ 2,507,778	\$ 1,943,134	\$ 2,538,891
Contributions in Relation to the Actuarially Determined Contribution	3,331,359	2,707,157	2,825,137	3,199,597	2,997,070	2,326,414	2,223,725	2,507,778	1,943,134	2,538,891
Contribution Excess (Deficiency)	\$ -	\$ -	\$ -	\$ 183,949	\$ 209,406	\$ 256,162	\$ (118,339)	\$ -	\$ -	\$ -
Covered Employee Payroll	4,101,050	5,866,847	4,414,412	5,599,175	5,866,847	6,042,833	5,814,240	7,361,702	9,635,986	9,570,053
Contributions as a Percentage of Covered Employee Payroll	81%	46%	64%	57%	51%	38%	38%	34%	20%	27%

Actuarial Valuation Information Relative to the Determination of Contributions:

Valuation Date Actuarially determined contribution rates are calculated as of December 31 each year, which is 18 months prior to the beginning of the fiscal year in which the contributions are required.

Methods and Assumptions used to Determine Contribution Rates:

Actuarial Cost Method	Level Percentage of Pay
Remaining Amortization Period	5-22 years
Asset Valuation Method	5-year smoothed market
Inflation	3 - 4 %
Salary Increases	4.5%, including inflation
Investment Rate of Return	7.75%
Retirement Age	Experience-based tables of rates that are specific to the type of eligibility condition.
Mortality	RP 2014 Healthy Annuitant Mortality Tables
Other Information	None

OTHER SUPPLEMENTAL INFORMATION

CITY OF WAYNE, MICHIGAN

Non-Major Governmental Funds Combining Balance Sheet June 30, 2017

	Major Street and Trunkline Fund	Local Street Fund	Refuse Collection and Disposal Fund	PEG Public Improvement Fund	Vehicle Forfeiture Fund	Drug Law Enforcement Fund	Library Operations Fund	Community Development Block Grant Fund	Community Development Program Income Fund	Permanent Fund Cemetery Perpetual Fund	Non-Major Governmental Funds Total
Assets:											
Cash and Cash Equivalents	\$ 161,530	\$ 1,437,529	\$ 438,569	\$ 26,036	\$ 17,276	\$ 14,729	\$ 109,604	\$ 3,402	\$ 7,343	\$ 355,007	\$ 2,571,025
Receivables:											
Special Assessments	-	20,307	-	-	-	-	-	-	-	-	20,307
Intergovernmental	175,779	87,063	57,267	-	-	-	46,160	20,846	-	-	387,115
Inventory	93,700	93,700	-	-	-	-	-	-	-	-	187,400
Total Assets	\$ 431,009	\$ 1,638,599	\$ 495,836	\$ 26,036	\$ 17,276	\$ 14,729	\$ 155,764	\$ 24,248	\$ 7,343	\$ 355,007	\$ 3,165,847
Liabilities and Fund Balances (Deficit)											
Liabilities:											
Accounts Payable	\$ 65,377	\$ 1,832	\$ 72,851	\$ -	\$ -	\$ -	\$ 4,841	\$ -	\$ -	\$ 267	\$ 145,168
Due to Other Funds	-	-	-	-	-	-	18,680	23,769	-	-	42,449
Other Liabilities-Intergovernmental	-	4,307	12,523	-	-	-	4,307	-	-	-	21,137
Unearned Revenue	-	-	-	-	-	-	-	-	7,343	-	7,343
Accrued Salaries and Wages	-	-	-	-	-	-	4,158	-	-	-	4,158
Total Liabilities	65,377	6,139	85,374	-	-	-	31,986	23,769	7,343	267	220,255
Deferred Inflows of Resources -											
Unavailable Revenue	-	20,307	-	-	-	-	-	20,846	-	-	41,153
Fund Balances (Deficit):											
Nonspendable	93,700	93,700	-	-	-	-	-	-	-	-	187,400
Permanent Fund Principal	-	-	-	-	-	-	-	-	-	354,740	354,740
Restricted for:											
Roads	271,932	1,518,453	-	-	-	-	-	-	-	-	1,790,385
Refuse Collection	-	-	410,462	-	-	-	-	-	-	-	410,462
Law Enforcement	-	-	-	-	17,276	14,729	-	-	-	-	32,005
Library Operations	-	-	-	-	-	-	123,778	-	-	-	123,778
Public Improvements	-	-	-	26,036	-	-	-	-	-	-	26,036
Unassigned	-	-	-	-	-	-	-	(20,367)	-	-	(20,367)
Total Fund Balance (Deficit)	365,632	1,612,153	410,462	26,036	17,276	14,729	123,778	(20,367)	-	354,740	2,904,439
Total Liabilities, Deferred Inflows and Fund Balance	\$ 431,009	\$ 1,638,599	\$ 495,836	\$ 26,036	\$ 17,276	\$ 14,729	\$ 155,764	\$ 24,248	\$ 7,343	\$ 355,007	\$ 3,165,847

CITY OF WAYNE, MICHIGAN

Non-Major Governmental Funds Combining Statement of Revenue, Expenditures and Changes in Fund Balance For Year Ended June 30, 2017

	Major Street and Trunkline Fund	Local Street Fund	Refuse Collection and Disposal Fund	PEG Public Improvement Fund	Vehicle Forfeiture Fund	Drug Law Enforcement Fund	Library Operations Fund	Community Development Block Grant Fund	Community Development Program Income Fund	Permanent Fund Cemetery Perpetual Fund	Non-Major Governmental Funds Total
Revenues:											
Taxes	\$ -	\$ 354,142	\$ 1,026,235	\$ -	\$ -	\$ -	\$ 354,099	\$ -	\$ -	\$ -	\$ 1,734,476
Intergovernmental Revenue											
Gas, Weight and Trunkline Maintenance	905,631	348,049	-	-	-	-	-	-	-	-	1,253,680
Federal Grants/Entitlement	-	-	-	-	-	-	-	137,368	-	-	137,368
Other Grants	965	9,027	18,055	-	-	-	20,534	-	-	-	48,581
Charges for Services	-	-	-	26,036	-	-	-	-	-	4,960	30,996
Interest and Rents	8	1,857	2	-	2	2	3,543	-	-	-	5,414
Other Revenue	-	9,300	121	-	-	-	53,564	-	-	-	62,985
Total Revenues	906,604	722,375	1,044,413	26,036	2	2	431,740	137,368	-	4,960	3,273,500
Expenditures:-Current											
General Government	-	-	-	-	-	-	-	-	-	1,684	1,684
Public Safety	-	-	-	-	-	5,837	-	-	-	-	5,837
Public Services	642,462	421,938	1,032,819	-	-	-	-	-	-	-	2,097,219
Community and Economic Development	-	-	-	-	-	-	402,419	20,846	-	-	423,265
Debt Service											
Principal	25,000	-	-	-	-	-	-	-	-	-	25,000
Interest and Paying Agent Fees	27,563	-	-	-	-	-	-	-	-	-	27,563
Total Expenditures	695,025	421,938	1,032,819	-	-	5,837	402,419	20,846	-	1,684	2,580,568
Other Financing Source (Uses)											
Transfer In	-	205,220	-	-	-	-	-	-	-	-	205,220
Transfers Out	(205,220)	-	-	-	-	-	-	-	-	-	(205,220)
Total Other Financing Source (Uses)	(205,220)	205,220	-	-	-	-	-	-	-	-	-
Net change in Fund Balances	6,359	505,657	11,594	26,036	2	(5,835)	29,321	116,522	-	3,276	692,932
Fund Balances, Beginning of Year	359,273	1,106,496	398,868	-	17,274	20,564	94,457	(136,889)	-	351,464	2,211,507
Fund Balances, End of Year	\$ 365,632	\$ 1,612,153	\$ 410,462	\$ 26,036	\$ 17,276	\$ 14,729	\$ 123,778	\$ (20,367)	\$ -	\$ 354,740	\$ 2,904,439

CITY OF WAYNE, MICHIGAN

Other Supplemental Information Combining Statement of Assets and Liabilities Agency Funds June 30, 2017

	Miscellaneous Agency Fund	Current Tax Collection Fund	Delinquent Personal Property Tax Collection Fund	Payroll Fund	Agency Funds Total
ASSETS					
Cash and Cash Equivalents	\$ 102,863	\$ 136,987	\$ 489	\$ 349,127	\$ 589,466
Due from Others	300	-	-	-	300
Tax Receivable - Delinquent	-	-	143,284	-	143,284
Total Assets	<u>\$ 103,163</u>	<u>\$ 136,987</u>	<u>\$ 143,773</u>	<u>\$ 349,127</u>	<u>\$ 733,050</u>
LIABILITIES					
Due to Other Government	\$ -	\$ 136,987	\$ 143,773	\$ -	\$ 280,760
Due to Other Organizations	-	-	-	349,127	349,127
Held for Others	103,163	-	-	-	103,163
Total Liabilities	<u>\$ 103,163</u>	<u>\$ 136,987</u>	<u>\$ 143,773</u>	<u>\$ 349,127</u>	<u>\$ 733,050</u>