

# **CITY OF WAYNE, MICHIGAN**

FINANCIAL REPORT WITH SUPPLEMENTAL INFORMATION

June 30, 2015

# CITY OF WAYNE, MICHIGAN

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## INDEPENDENT AUDITOR'S REPORT

To the 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, 2015, 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 City'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 City'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.

To the City Council  
City of Wayne, Michigan  
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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 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, 2015, 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.

### **Emphasis of Matter**

As described in Note 14 to the financial statements, during the year ended June 30, 2015, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*. As a result of implementing this pronouncement, the City's net pension liability has been recognized on the government-wide and proprietary statements and, as discussed in Note 14, the 2014 financial statements have been restated. Our opinion is not modified with respect to this matter.

### **Other Matters – Required Supplemental Information**

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

To the City Council  
City of Wayne, Michigan  
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### **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. The combining nonmajor fund financial statements and fiduciary funds statement of assets and liabilities are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, agency funds statement of assets and liabilities, and combining internal service 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, the combining non-major fund financial statements and fiduciary funds statement of assets and liabilities are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*UHY LLP*

Farmington Hills, Michigan  
December 21, 2015

**CITY OF WAYNE, MICHIGAN**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2015**

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, 2015. 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 the year with remaining financial resources being returned to the funds that originally provided them. This resulted in approximately \$1.5 million and \$536,000 being returned to the General Fund and the Water and Sewer Fund, respectively.
- 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. This year, the expenses paid out of this fund exceeded the contributions into the fund and the investment income earned on the accumulated balance by over \$900,000. The remaining balance of \$2.3 million is expected to be completely extinguished by June 30, 2017.
- The City implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pension – An Amendment of GASB Statement No. 27*. As a result, the City retroactively recorded its unfunded pension liability which totaled approximately \$35 million as of June 30, 2014. For the fiscal year ended June 30, 2015, an additional \$2.2 million of unfunded liability was recorded. The City's pension plan is approximately 64 percent funded.
- Under full accrual accounting, the Primary Government of the City of Wayne (excluding the Downtown Development Authority)'s net position declined by approximately \$419,000.

**Using this Annual Report**

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

**CITY OF WAYNE, MICHIGAN**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2015**

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.

**Reporting the City as a Whole**

The following table shows the net position as of June 30, 2015 and 2014:

	Governmental Activities		Business-type Activities		Total	
	2015	2014*	2015	2014*	2015	2014*
<b>Assets</b>						
Current and other assets	\$ 5,492,993	\$ 6,614,610	\$ 5,308,520	\$ 3,455,212	\$ 10,801,513	\$ 10,069,822
Capital assets	41,251,127	40,170,338	26,818,878	27,882,350	68,070,005	68,052,688
Total assets	<u>46,744,120</u>	<u>46,784,948</u>	<u>32,127,398</u>	<u>31,337,562</u>	<u>78,871,518</u>	<u>78,122,510</u>
<b>Deferred outflows of resources</b>	1,903,865	-	196,952		2,100,817	-
<b>Liabilities</b>						
Current liabilities	2,007,681	2,151,964	763,034	712,035	2,770,715	2,863,999
Debt and Long-term liabilities	61,440,777	26,065,810	17,246,994	14,327,839	78,687,771	40,393,649
Total liabilities	<u>63,448,458</u>	<u>28,217,774</u>	<u>18,010,028</u>	<u>15,039,874</u>	<u>81,458,486</u>	<u>43,257,648</u>
<b>Net Position</b>						
Net investment in capital assets	25,673,884	23,309,355	15,428,348	13,719,509	41,102,232	37,028,864
Restricted	1,601,065	1,183,925	285,328	285,380	1,886,393	1,469,305
Unrestricted	<u>(42,075,422)</u>	<u>(5,926,106)</u>	<u>(1,399,354)</u>	<u>2,292,799</u>	<u>(43,474,776)</u>	<u>(3,633,307)</u>
Total net position	<u>\$ (14,800,473)</u>	<u>\$ 18,567,174</u>	<u>\$ 14,314,322</u>	<u>\$ 16,297,688</u>	<u>\$ (486,151)</u>	<u>\$ 34,864,862</u>

\*GASB No. 68 was implemented by the City in fiscal year 2015. Fiscal year 2014 amounts shown have not been modified to reflect the retroactive application of the change.



**CITY OF WAYNE, MICHIGAN**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2015**

The following table shows the changes in net position for the years ended June 30, 2015 and 2014

	Governmental Activities		Business-type Activities		Total	
	2015	2014*	2015	2014*	2015	2014*
<b>Revenue</b>						
Program revenue:						
Charges for services	\$ 7,638,213	\$ 6,868,706	\$ 9,632,251	\$ 9,338,562	\$ 17,270,464	\$ 16,207,268
Operating grants and contributions	812,515	1,056,218	-	-	812,515	1,056,218
Capital grants and contributions	261	104,945	-	-	261	104,945
General revenue:						
Property taxes	8,718,337	8,477,609	-	-	8,718,337	8,477,609
Franchise fee	320,056	285,610	-	-	320,056	285,610
Investment earnings	48,309	40,697	49,117	14,852	97,426	55,549
State shared revenue	1,857,795	1,808,135	-	-	1,857,795	1,808,135
Miscellaneous revenue	7,432	1,505,767	-	-	7,432	1,505,767
<b>Total revenue</b>	<b>19,402,918</b>	<b>20,147,687</b>	<b>9,681,368</b>	<b>9,353,414</b>	<b>29,084,286</b>	<b>29,501,101</b>
<b>Program Expenses</b>						
General government	2,168,585	3,228,761	-	-	2,168,585	3,228,761
District Court	658,347	848,009	-	-	658,347	848,009
Public safety	9,390,720	10,009,326	-	-	9,390,720	10,009,326
Public services	4,117,775	5,492,381	-	-	4,117,775	5,492,381
Health and welfare	337,881	358,697	-	-	337,881	358,697
Community and economic development	686,589	1,217,059	-	-	686,589	1,217,059
Recreation and culture	1,917,898	2,869,407	-	-	1,917,898	2,869,407
Interest on long-term debt	456,287	484,497	-	-	456,287	484,497
Water and sewer	-	-	9,769,104	9,394,393	9,769,104	9,394,393
<b>Total program expenses</b>	<b>19,734,082</b>	<b>24,508,137</b>	<b>9,769,104</b>	<b>9,394,393</b>	<b>29,503,186</b>	<b>33,902,530</b>
Net transfers	(535,518)	-	535,518	-	-	-
Change in net position	(866,682)	(4,360,450)	447,782	(40,979)	(418,900)	(4,401,429)
<b>Net position, Beginning of year</b>						
2015 - restated	(13,933,791)	22,927,624	13,866,540	16,338,667	(67,251)	39,266,291
<b>Net position, End of year</b>	<b>\$ (14,800,473)</b>	<b>\$ 18,567,174</b>	<b>\$ 14,314,322</b>	<b>\$ 16,297,688</b>	<b>\$ (486,151)</b>	<b>\$ 34,864,862</b>

\*GASB No. 68 was implemented by the City in fiscal year 2015. Fiscal year 2014 amounts shown have not been modified to reflect the retroactive application of the change.

**CITY OF WAYNE, MICHIGAN**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2015**

**Governmental Activities**

Net Position of the City's governmental activities decreased by 6%, decreasing by nearly \$900,000. This includes an increase of \$2.8 million related 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 \$4.3 million, but the City only contributed \$1.4 million. In addition, the City's retiree benefits paid out of the accumulated balance in the OPEB trust was another \$900,000.

On a positive note, the City's taxable value appears to have stabilized somewhat. Property tax revenue increased from \$8.5 million in fiscal year 2014 to \$8.7 million this year, an increase of 2 percent. While this is good news for this year, the City is preparing for further declines as the revenue from property taxes on personal property will be phased out from 2016 to 2023 as a result of recent changes to state law.

For the third straight year, state shared revenue improved slightly. This year, state shared revenue increased \$53,000.

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 purchases water from the City of Detroit. Sewer services are purchased from Wayne County.

Net Position of the business-type activities increased for the year by approximately \$448,000, but this was the result of the closed internal service funds transferring \$536,000 back to Water and Sewer Fund. The actual Water and Sewer activity incurred a loss of \$88,000. Between that loss and the implementation of GASB 68 as noted previously, the Water and Sewer Fund now has a deficit of unrestricted Net Position totaling approximately \$1,400,000. The City has increased Water and Sewer rates for fiscal year 2016 and further increases in the future are likely.

**CITY OF WAYNE, MICHIGAN**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2015**

**THE CITY'S FUNDS**

As of June 30, 2015, the governmental funds of the City, as presented in the balance sheet on page 12, reported a combined fund balance of \$4.1 million. This is an increase of \$1.6 million from prior year; however, it includes over \$1.8 million that was transferred back to the governmental funds following the close of the internal service funds. Also, the OPEB trust subsidized the cost of retiree healthcare by approximately \$900,000. To be clear, the City's financial position at all levels is in a state of decline.

The Road Program Fund, which has been the fund to receive the proceeds of the City's road millage, was closed during the year. Its residual fund balance was transferred to the Local Street Fund. The proceeds from the road millage will be recorded in the Local Street Fund going forward. The road funds also received a share of the closing transfers from the internal service funds, which did result in an overall increase to the road related fund balances. The actual road repair and maintenance activity for the year, including debt service for previous road construction, saw spending exceed revenue by approximately \$35,000.

On a positive note, fund balance in the remaining other governmental funds increased by approximately \$68,000. These funds account for such activity as refuse collections, the library, grants management, debt service, and capital projects. Remaining fund balance in these funds is restricted to each fund's particular purpose and cannot be appropriated by the General Fund.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The originally adopted General Fund budget projected a decrease in fund balance of \$1.3 million. With the closing of the internal service funds, the utilization of the accumulated balance in the OPEB Trust, and other accounting changes made during the year, the actual results for General Fund were much more positive, resulting in an increase to fund balance of \$1.1 million. On the surface, this would appear to be a good sign for General Fund, however, it is really the result of the City consolidating several activities into one place so that the City and its residents now have a clear picture of what money the City has available to continue its operations. The 2016 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, 2015, after depreciation expense, the City had \$68.1 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 (see statement on page 10). This represents an increase of \$303,000 from the previous year. New additions and improvements, mostly road related, totaled \$3.2 million. Depreciation expense totaled \$2.9 million

**CITY OF WAYNE, MICHIGAN**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2015**

**DEBT ADMINISTRATION**

At year end, the City has \$30.5 million in outstanding general obligation bonds, notes payable, and capital leases payable. Principal payments on this debt were approximately \$2.0 million, with another \$1.1 million paid in interest.

No new structured debt was incurred during fiscal year 2015.

In addition, the City has \$1.9 million of accrued sick and vacation benefits which will be extinguished almost entirely out of the General Fund as the liability matures.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

Approved appropriations by the City Council in the General Fund budget are \$16.3 million for the 2015-16 fiscal year, consistent with the final approved budget for the 2014-15 fiscal year (\$16.1 million). The original 2016 budget called for the closing of the City's recreation center. Subsequent to year end, the City entered into an agreement with HYPE Athletics to operate the recreation center which has allowed the City to keep it open.

Revenue projections are also budgeted at \$16.3 million; however that includes a \$1.6 million subsidy from the OPEB Trust. On its own, General Fund would incur a \$1.6 million deficit. In previous fiscal years, the City has balanced the budget by drawing money back from the internal service funds, but those have been closed as of June 30, 2015. The OPEB Trust also is a dwindling resource. Current projections show the OPEB Trust being completely spent midway through the fiscal year ended June 30, 2017. At that point, the General Fund will be completely on its own and will begin using up its remaining fund balance, which is projected to run out sometime during fiscal year 2018.

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. Opportunities to raise new 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.

The City continues to work toward a balanced budget, but it is clear a significant new revenue source, likely one that must be approved by Wayne voters, will be necessary to prevent intervention from the State of Michigan.

**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, 2015**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 3,414,031	\$ 2,061,396	\$ 5,475,427	\$ 181,298
Receivables, net	1,852,589	1,129,509	2,982,098	-
Other assets	22,882	-	22,882	-
Inventory	164,636	75,519	240,155	-
Prepaid expenses	38,855	-	38,855	-
Total current assets	5,492,993	3,266,424	8,759,417	181,298
Noncurrent assets				
Restricted assets				
Cash and cash equivalents	-	2,042,096	2,042,096	-
Capital assets, net				
Assets not subject to depreciation	5,520,893	50,396	5,571,289	1,841,176
Assets subject to depreciation	35,730,234	26,768,482	62,498,716	3,783,304
Total capital assets	41,251,127	26,818,878	68,070,005	5,624,480
Total assets	46,744,120	32,127,398	78,871,518	5,805,778
<b>Deferred outflows of resources - Pension</b>	1,903,865	196,952	2,100,817	-
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable and accrued expenses	1,076,310	623,025	1,699,335	74,736
Due to other governmental units	77,501	-	77,501	-
Unearned revenue	9,538	-	9,538	-
Unsettled claims	31,750	-	31,750	-
Current portion of long-term debt	1,349,488	770,000	2,119,488	-
Accumulated compensated absences	700,000	-	700,000	-
Accrued interest payable	112,582	140,009	252,591	-
Total current liabilities	3,357,169	1,533,034	4,890,203	74,736
Long-term liabilities				
Long-term debt, net of current portion	14,307,255	12,377,298	26,684,553	511,073
Other post employment benefits	10,859,633	600,374	11,460,007	-
Net pension liability	33,744,246	3,490,785	37,235,031	-
Accumulated compensated absences	1,180,155	8,537	1,188,692	-
Total liabilities	63,448,458	18,010,028	81,458,486	585,809
<b>NET POSITION</b>				
Net investment in capital assets	25,673,884	15,428,348	41,102,232	5,624,480
Restricted for:				
Debt service	-	285,328	285,328	-
Cemetery perpetual care (nonspendable)	347,400	-	347,400	-
Roads	782,329	-	782,329	-
Refuse collection	346,032	-	346,032	-
Law enforcement	36,705	-	36,705	-
Library operations	88,122	-	88,122	-
Federal grants	475	-	475	-
Other	2	-	2	-
Unrestricted (deficit)	(42,075,422)	(1,399,354)	(43,474,776)	(404,511)
Total net position	\$ (14,800,473)	\$ 14,314,322	\$ (486,151)	\$ 5,219,969

**CITY OF WAYNE, MICHIGAN**  
**STATEMENT OF ACTIVITIES**  
Year Ended June 30, 2015

Functions/ Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 2,168,585	\$ 2,912,009	\$ -	\$ -
District Court	658,347	427,871	141,691	-
Public safety	9,390,720	1,121,373	130,064	261
Public services	4,117,775	2,567,911	127,388	-
Health and welfare	337,881	-	369,785	-
Community and economic development	686,589	24,355	-	-
Recreation and culture	1,917,898	584,694	43,587	-
Interest and other long-term debt	456,287	-	-	-
Total governmental activities	19,734,082	7,638,213	812,515	261
Business-type activities				
Water and sewer	9,769,104	9,632,251	-	-
Total primary government	\$ 29,503,186	\$ 17,270,464	\$ 812,515	\$ 261
Component units				
Downtown Development Authority	\$ 2,154,163	\$ -	\$ -	\$ -
Parks and Recreation Foundation	3,045	-	1,500	-
Total component units	\$ 2,157,208	\$ -	\$ 1,500	\$ -

General revenue

Taxes

Property taxes, levied for general purposes

Property taxes, levied for refuse

Property taxes, levied for library

Property taxes, levied for road program

Franchise taxes

Investment earnings

State shared revenues

Other

Total general revenue

**Net Transfers**

**Change in Net Position**

**Net Position**, Beginning of year, as restated

**Net Position**, End of year

<b>Net (Expense) Revenue and Changes in Net Position</b>			
<b>Primary Government</b>			
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Component Units</b>
\$ 743,424	\$ -	\$ 743,424	\$ -
(88,785)	-	(88,785)	-
(8,139,022)	-	(8,139,022)	-
(1,422,476)	-	(1,422,476)	-
31,904	-	31,904	-
(662,234)	-	(662,234)	-
(1,289,617)	-	(1,289,617)	-
(456,287)	-	(456,287)	-
<u>(11,283,095)</u>	<u>-</u>	<u>(11,283,095)</u>	<u>-</u>
-	(136,853)	(136,853)	-
<u>(11,283,095)</u>	<u>(136,853)</u>	<u>(11,419,948)</u>	<u>-</u>
-	-	-	(2,154,163)
-	-	-	(1,545)
-	-	-	(2,155,708)
6,874,870	-	6,874,870	1,237,662
1,088,377	-	1,088,377	-
377,515	-	377,515	-
377,575	-	377,575	-
320,056	-	320,056	-
48,309	49,117	97,426	21
1,857,795	-	1,857,795	-
7,432	-	7,432	-
<u>10,951,929</u>	<u>49,117</u>	<u>11,001,046</u>	<u>1,237,683</u>
(535,518)	535,518	-	-
(866,684)	447,782	(418,902)	(918,025)
<u>(13,933,791)</u>	<u>13,866,540</u>	<u>(67,251)</u>	<u>6,137,994</u>
<u>\$ (14,800,475)</u>	<u>\$ 14,314,322</u>	<u>\$ (486,153)</u>	<u>\$ 5,219,969</u>

**CITY OF WAYNE, MICHIGAN**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**  
**June 30, 2015**

	<b>General Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 1,778,289	\$ 1,617,738	\$ 3,396,027
Receivables			
Accounts receivable, net	1,124,897	1,442	1,126,339
Special assessments	-	38,380	38,380
Due from other governmental units	370,867	315,132	685,999
Other	-	1,871	1,871
Due from other funds	-	29,096	29,096
Other assets	22,882	-	22,882
Inventory	99,386	65,250	164,636
Prepaid items	38,855	-	38,855
	<u>\$ 3,435,176</u>	<u>\$ 2,068,909</u>	<u>\$ 5,504,085</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 249,053	\$ 418,012	\$ 667,065
Due to other governmental units	77,501	-	77,501
Due to other funds	-	29,096	29,096
Accrued salaries and wages	356,567	11,198	367,765
Deposits	23,476	-	23,476
Unsettled claims	31,750	-	31,750
Unearned revenue	-	9,538	9,538
	<u>738,347</u>	<u>467,844</u>	<u>1,206,191</u>
Deferred inflows of resources - Unavailable revenue	<u>117,587</u>	<u>79,156</u>	<u>196,743</u>
<b>Fund Balances</b>			
Nonspendable			
Prepaid items	38,855	-	38,855
Inventory	99,386	-	99,386
Permanent fund principal	-	347,400	347,400
Restricted			
Roads	-	703,173	703,173
Refuse collection	-	346,032	346,032
Law enforcement	-	36,705	36,705
Library operations	-	88,122	88,122
Other	-	477	477
Unassigned balances	<u>2,441,001</u>	<u>-</u>	<u>2,441,001</u>
	<u>2,579,242</u>	<u>1,521,909</u>	<u>4,101,151</u>
Total liabilities and fund balances	<u>\$ 3,435,176</u>	<u>\$ 2,068,909</u>	<u>\$ 5,504,085</u>



**CITY OF WAYNE, MICHIGAN**  
**GOVERNMENTAL FUNDS**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**June 30, 2015**

<b>Fund Balance Reported in Governmental Funds</b>	<b>\$ 4,101,151</b>
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	41,251,127
Grants and other receivables that are collected after year end, such that they are not available to pay bills outstanding as of year end, are not recognized in the funds	196,743
Bonds payable and claims obligations are not due and payable in the current period and are not reported in the funds	(15,656,743)
Other postemployment benefit obligation are not reported in the government	(10,859,633)
Accrued interest is not due and payable in the current period and is not reported in the funds	(112,582)
Employee compensated absences are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities	(1,880,155)
Net pension liabilities are not reported in the funds	(33,744,246)
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 are not reported in the funds	<u>1,903,865</u>
<b>Net Position of Governmental Activities</b>	<b><u><u>\$ (14,800,473)</u></u></b>

**CITY OF WAYNE, MICHIGAN**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**Year Ended June 30, 2015**

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<b>Revenue</b>			
Taxes	\$ 6,811,989	\$ 1,843,467	\$ 8,655,456
Licenses and permits	522,489	-	522,489
Intergovernmental	2,436,133	1,748,966	4,185,099
Charges for services	2,867,212	5,300	2,872,512
Fines and forfeitures	487,407	-	487,407
Interest and rents	42,734	5,614	48,348
Other	2,469,703	99,023	2,568,726
	<u>15,637,667</u>	<u>3,702,370</u>	<u>19,340,037</u>
Total revenue			
<b>Expenditures</b>			
General government	3,105,159	80,325	3,185,484
District Court	642,409	-	642,409
Public safety	7,235,701	1,950	7,237,651
Public services	1,589,516	1,740,116	3,329,632
Health and welfare	336,950	-	336,950
Community and economic development	36,292	643,714	680,006
Recreation and culture	1,248,168	-	1,248,168
Capital outlay	44,920	652,861	697,781
Debt service			
Principal	-	1,180,000	1,180,000
Interest and paying agent fees	-	463,414	463,414
	<u>14,239,115</u>	<u>4,762,380</u>	<u>19,001,495</u>
Total expenditures			
<b>Excess (Deficiency) of Revenue Over Expenditures</b>	1,398,552	(1,060,010)	338,542
<b>Other Financing Sources (Uses)</b>			
Transfers in	943,744	2,137,578	3,081,322
Transfers out	(1,199,800)	(645,365)	(1,845,165)
	<u>(256,056)</u>	<u>1,492,213</u>	<u>1,236,157</u>
Total other financing sources (uses)			
<b>Net Changes in Fund Balances</b>	<u>1,142,496</u>	<u>432,203</u>	<u>1,574,699</u>
<b>Fund Balances, Beginning of year</b>	<u>1,436,746</u>	<u>1,089,706</u>	<u>2,526,452</u>
<b>Fund Balances, End of year</b>	<u>\$ 2,579,242</u>	<u>\$ 1,521,909</u>	<u>\$ 4,101,151</u>

**CITY OF WAYNE, MICHIGAN**  
**GOVERNMENTAL FUNDS**  
**RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**Year Ended June 30, 2015**

**Net Change in Fund Balances - Total Governmental Funds** \$ 1,574,699

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:

Capital outlay	3,209,218
Depreciation expense	(2,105,396)
Loss on disposal	(23,033)

Revenue is recorded in the Statement of Activities when earned; it is not reported in the funds until collected or collectible within 60 days of year end. 62,881

Repayment of bond principal is an expenditure in the governmental funds, but not in the Statement of Activities (where it reduces long-term debt) 1,180,000

Repayment of notes payable and capital leases is an expenditure in the governmental funds, but not in the Statement of Activities (where it reduces long-term debt) 83,866

Change in accrued interest payable 7,127

Governmental funds report expenditures for other postemployment benefits (OPEB) as contributions are made; in the Statement of Activities, the OPEB cost is recognized as contributions are required (2,843,010)

Note changes in accumulated employee sick and vacation pay are recorded when the obligations are earned in the Statement of Activities 48,424

The change in net pension liability amounts does not require the use of current resources and is not reported in the governmental funds (183,154)

Internal service funds are used by management to charge the cost of certain activities, such as insurance, motor pool, central services, and retirees health care, to individual funds. The net revenue (expense) of the internal service funds (net of net book value of assets transferred to General Fund) is reported with governmental activities (1,878,304)

**Change in Net Position of Governmental Activities** \$ (866,682)

**CITY OF WAYNE, MICHIGAN  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION  
 June 30, 2015**

	<u>Enterprise Funds</u>	<u>Governmental Activities</u>
		<u>Proprietary Internal Service Funds</u>
	<u>Water and Sewer</u>	
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 2,061,396	\$ 18,004
Accounts receivable	1,129,509	-
Inventory	75,519	-
Total current assets	<u>3,266,424</u>	<u>18,004</u>
Noncurrent assets		
Restricted assets - cash and cash equivalents	2,042,096	-
Capital assets		
Assets not subject to depreciation	50,396	-
Assets subject to depreciation	26,768,482	-
Total noncurrent assets	<u>28,860,974</u>	<u>-</u>
Total assets	<u>32,127,398</u>	<u>18,004</u>
<b>Deferred Outflows of Resources - Pension</b>	<u>196,952</u>	<u>-</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	620,307	18,004
Accrued salaries and wages	2,718	-
Payables from restricted assets		
Accrued interest payable	140,009	-
Current portion of long-term debt	770,000	-
Total current liabilities	<u>1,533,034</u>	<u>18,004</u>
Noncurrent liabilities		
Accrued compensated absences	8,537	-
Retiree health care benefits obligation	600,374	-
Net pension liability	3,490,785	-
Bonds and contracts payable - net of discount	12,377,298	-
Total noncurrent liabilities	<u>16,476,994</u>	<u>-</u>
Total liabilities	<u>18,010,028</u>	<u>18,004</u>
<b>NET POSITION</b>		
Net investment in capital assets	15,428,348	-
Restricted - debt service	285,328	-
Unrestricted	(1,399,354)	-
Total net position	<u>\$ 14,314,322</u>	<u>\$ -</u>

**CITY OF WAYNE, MICHIGAN**  
**PROPRIETARY FUNDS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**Year Ended June 30, 2015**

	<u>Enterprise Funds</u>	<u>Governmental Activities</u>
	<u>Water and Sewer</u>	<u>Proprietary Internal Service Funds</u>
<b>Operating Revenue</b>		
Water sales	\$ 3,953,154	\$ -
Sewage disposal	5,368,467	-
Charges for services	-	4,863,410
Penalties	195,978	-
Other	114,652	3,065
Total operating revenue	<u>9,632,251</u>	<u>4,866,475</u>
<b>Operating Expenses</b>		
Water purchased	2,166,891	-
Sewage disposal	3,152,295	-
Administration and meter shop	1,000,000	-
Salaries and benefits	-	2,253,616
Materials and supplies	-	404,925
Professional services	-	726,409
Transportation	-	7,042
Payment and claims	-	84,606
Service and maintenance	1,880,797	73,651
Insurance and bonds	-	1,399,476
Depreciation	797,193	173,062
Other	175,093	-
Total operating expenses	<u>9,172,269</u>	<u>5,122,787</u>
<b>Operating Income (Loss)</b>	<u>459,982</u>	<u>(256,312)</u>
<b>Nonoperating Revenue (Expense)</b>		
Interest income	49,117	4,547
Interest and paying agent fees expense	(596,835)	-
Total nonoperating (expense) revenue	<u>(547,718)</u>	<u>4,547</u>
<b>Income (Loss) - Before transfers</b>	<u>(87,736)</u>	<u>(251,765)</u>
<b>Transfers in</b>	535,518	-
<b>Transfers out</b>	-	(2,380,535)
Total transfers	<u>535,518</u>	<u>(2,380,535)</u>
<b>Change in Net Position</b>	<u>447,782</u>	<u>(2,632,300)</u>
<b>Net Position</b> , Beginning of year, as restated	<u>13,866,540</u>	<u>2,632,300</u>
<b>Net Position</b> , End of year	<u>\$ 14,314,322</u>	<u>\$ -</u>

**CITY OF WAYNE, MICHIGAN**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**  
**Year Ended June 30, 2015**

	<u>Enterprise Funds</u>	<u>Governmental Activities</u>
	<u>Water and Sewer</u>	<u>Proprietary Internal Service Funds</u>
<b>Cash Flows from Operating Activities</b>		
Cash received from customers	\$ 9,686,140	\$ 4,866,475
Cash payments to suppliers for goods and services	(7,214,937)	(2,444,330)
Cash payments to employees for services	(997,047)	(2,499,627)
Net cash provided by (used in) operating activities	<u>1,474,156</u>	<u>(77,482)</u>
<b>Cash Flows from Noncapital Financing Activities</b>		
Transfers from other funds	535,518	-
Transfers to other funds	-	(1,799,601)
Net cash provided by (used in) noncapital financing activities	<u>535,518</u>	<u>(1,799,601)</u>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Acquisition and construction of capital assets	(19,101)	-
Principal paid on revenue bonds and contracts	(760,000)	-
Interest paid on revenue bonds and contracts	(575,130)	-
Net cash used in capital and related financing activities	<u>(1,354,231)</u>	<u>-</u>
<b>Cash Flows from Investing Activities</b>		
Interest on investments	49,117	4,547
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<u>704,560</u>	<u>(1,872,536)</u>
<b>Cash and Cash Equivalents, Beginning of year</b> (Including \$285,380 in restricted accounts)	<u>3,398,932</u>	<u>1,890,540</u>
<b>Cash and Cash Equivalents, End of year</b> (Including \$2,042,096 in restricted accounts)	<u>\$ 4,103,492</u>	<u>\$ 18,004</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities</b>		
Operating income (loss)	\$ 459,982	\$ (256,312)
Adjustments to reconcile operating income (loss) to net cash from operating activities		
Depreciation and amortization	797,193	173,062
Changes in assets and liabilities		
Accounts receivables	53,889	41,167
Inventory	(75,519)	271,823
Due from employees	-	22,142
Other assets	2,000	-
Accounts payable	81,383	(15,499)
Accrued and other liabilities	352,180	(268,153)
Unsettled claims - property casualty losses	-	(43,775)
Unsettled claims - worker's compensation	-	(1,937)
Deferred outflows	(196,952)	-
Net cash provided by (used in) operating activities	<u>\$ 1,474,156</u>	<u>\$ (77,482)</u>

**Noncash investing, capital, and financing activities** - During the year ended June 30, 2015, capital assets with a net book value of \$580,934 were transferred from the Internal Service Funds to governmental activities.

**CITY OF WAYNE, MICHIGAN**  
**FIDUCIARY FUNDS**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**June 30, 2015**

	<b>Other Employee Benefits Trust Fund</b>	<b>Agency Funds</b>
	<u>                    </u>	<u>                    </u>
<b>Assets</b>		
Cash and cash equivalents	\$ 169,741	\$ 127,604
Investments, at fair value		
Mutual funds	298,385	-
U.S. Government obligations	380,868	-
Corporate stock	1,482,114	-
Taxes receivable - delinquent	-	108,733
	<u>                    </u>	<u>                    </u>
Total assets	<u>2,331,108</u>	<u>\$ 236,337</u>
<b>Liabilities</b>		
Due to other organizations	\$ -	\$ 150
Due to other governments	-	119,563
Refunds due to taxpayers	-	431
Held for others	-	116,193
	<u>                    </u>	<u>                    </u>
Total liabilities	<u>-</u>	<u>\$ 236,337</u>
<b>Net Position</b>	<u>\$ 2,331,108</u>	

**CITY OF WAYNE, MICHIGAN**  
**FIDUCIARY FUNDS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**June 30, 2015**

	<b>Other Employee Benefits Trust Fund</b>
<b>Additions</b>	
Contributions	
Employer	\$ 1,403,118
Investment income	
Net depreciation in fair value of investments	(19,568)
Interest and dividends	48,759
	<hr/>
Total additions	1,432,309
	<hr/>
<b>Deductions</b>	
Benefits	2,325,070
Investment administration fees	22,526
	<hr/>
Total deductions	2,347,596
	<hr/>
Change in net position	(915,287)
<b>Net Position, Beginning of year</b>	<hr/> 3,246,395
<b>Net Position, End of year</b>	<hr/> \$ 2,331,108



**CITY OF WAYNE, MICHIGAN**  
**COMPONENT UNITS**  
**STATEMENT OF NET POSITION**  
**June 30, 2015**

	<b>Component Units</b>		
	<b>Downtown Development Authority</b>	<b>Parks and Recreation Foundation</b>	<b>Total</b>
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 150,730	\$ 30,568	\$ 181,298
Noncurrent assets			
Capital assets			
Land, improvements, and construction in progress	1,841,176	-	1,841,176
Other capital assets - net	3,783,304	-	3,783,304
Total noncurrent assets	5,624,480	-	5,624,480
Total assets	5,775,210	30,568	5,805,778
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	74,736	-	74,736
Long-term liabilities			
Due in more than one year	511,073	-	511,073
Total liabilities	585,809	-	585,809
<b>NET POSITION</b>			
Investment in capital assets	5,624,480	-	5,624,480
Unrestricted (deficit)	(435,079)	30,568	(404,511)
Total net position	\$ 5,189,401	\$ 30,568	\$ 5,219,969

**CITY OF WAYNE, MICHIGAN**  
**COMPONENT UNITS**  
**STATEMENT OF ACTIVITIES**  
Year Ended June 30, 2015

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net Revenue (Expense) and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Downtown Development Authority</u>	<u>Parks and Recreation Foundation</u>	<u>Total</u>
Downtown Development Authority	\$ 2,154,163	\$ -	\$ -	\$ (2,154,163)	\$ -	\$ (2,154,163)
Parks and Recreation Foundation	3,045	-	1,500	-	(1,545)	(1,545)
Total component units	<u>\$ 2,157,208</u>	<u>\$ -</u>	<u>\$ 1,500</u>	<u>(2,154,163)</u>	<u>(1,545)</u>	<u>(2,155,708)</u>
General revenue						
Taxes						
Property taxes, levied for general purposes				1,237,662	-	1,237,662
Investment earnings				-	21	21
Total general revenue				<u>1,237,662</u>	<u>21</u>	<u>1,237,683</u>
<b>Change in Net Position</b>				(916,501)	(1,524)	(918,025)
<b>Net Position, Beginning of year</b>				<u>6,105,902</u>	<u>32,092</u>	<u>6,137,994</u>
<b>Net Position, End of year</b>				<u>\$ 5,189,401</u>	<u>\$ 30,568</u>	<u>\$ 5,219,969</u>

**CITY OF WAYNE, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 1 - NATURE 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 governmental units. The following is a summary of the significant accounting policies used by the City of Wayne, Michigan:

**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 279, 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 Board 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 Capital Projects Fund.

**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 operations. The City approves the DDA budget, has responsibility to fund deficits, and has significant fiscal management responsibility. The City had significant transactions with the DDA, in that the DDA contributed \$938,081 to the City's governmental funds to help cover the DDA district's share of operating expenditures for the fiscal year, of which \$395,081 was for bond payments on the new fire station, a DDA project.

*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 operations. The City has responsibility to fund deficits, and has significant fiscal management responsibility.

**CITY OF WAYNE, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 1 - NATURE OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Discretely Presented Component Units (Continued)**

*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 the City's residents. The members of the board of directors of the Economic Development Corporation are appointed by the Mayor subject to City Council approval. However, this component unit has been inactive for several years, therefore, no financial information is presented.

**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 cost (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).

**CITY OF WAYNE, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 1 - NATURE OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Government-wide and Fund Financial Statements (Continued)**

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) 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.
- c. **Debt Service Funds** are used to account for and report financial resources that are restricted, committed or assigned to expenditure for principal and interest, if legally mandated, including the principal and interest maturing in future years.
- d. **Capital Project Funds** are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays including the acquisition or construction of capital facilities and other capital assets.
- e. **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.

**CITY OF WAYNE, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 1 - NATURE OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

(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:

- a. **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.
- b. **Internal Service Funds** are used to account for the financing of goods and services provided by an activity to other departments, funds or component units of the City on a cost-reimbursement basis. Internal service funds include equipment replacement, risk management, and DPW services. As of June 30, 2015, these funds are no longer used by the City and were closed.

(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 are 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. 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. The component unit Downtown Development Authority reports the activities of various City improvement projects.

**CITY OF WAYNE, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 1 - NATURE OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

The City's internal service funds are presented in the proprietary funds financial statements. Because the principal users of the internal services are the City's governmental activities, the financial statements of the internal service funds are consolidated into the governmental column when presented in the government-wide financial statements. To the extent possible, the cost of these services is reported in the appropriate functional activity (general government, public safety, etc.).

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 net total position.

**CITY OF WAYNE, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 1 - NATURE OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

(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.

(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.



**CITY OF WAYNE, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 1 - NATURE OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 General Debt Service Funds, the Permanent Fund, and the Internal Service Fund – Administrative Service 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, 2015, the pooled investment fund totaled \$7,712,257.

**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 7 for details of interfund transactions, including receivables and payables at year end.

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.

**CITY OF WAYNE, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 1 - NATURE OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Assets, Liabilities and Net Position or Equity (Continued)**

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. Non-exchange transactions collectible but not available are unearned revenue in the fund financial statements in accordance with the modified accrual basis. 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, 2015 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.

***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, except for donated fixed assets which are recorded at their estimated fair value at the date of donation.

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 straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

**CITY OF WAYNE, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 1 - NATURE OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Assets, Liabilities and Net Position or Equity (Continued)**

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 are 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.

**CITY OF WAYNE, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 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. In the fund financial statements, governmental funds, vested vacation leave is reported as an assigned fund balance of the applicable governmental fund. 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, 2015. 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.

**CITY OF WAYNE, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 1 - NATURE OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Assets, Liabilities and Net Position or Equity (Continued)**

**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.

**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** - 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.

**CITY OF WAYNE, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 1 - NATURE OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Assets, Liabilities and Net Position or Equity (Continued)**

**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.

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.

**CITY OF WAYNE, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 1 - NATURE OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 2014 roll was as follows:

General obligation	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
	<hr/>	
Total	23.8691	mills

**Program Revenues** - Program revenues reported within the Statement of Activities include license 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 and of the government's internal service funds 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 and internal service 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.





**CITY OF WAYNE, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 2 – DEPOSITS AND INVESTMENTS (Continued)**

**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, 2015, the bank balance of the City deposits was \$8,273,360 of which \$1,250,000 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.

The carrying amount of deposits and the bank balance for the City of Wayne Downtown Development Authority, a discretely presented component unit, was \$150,730, which was totally covered by federal depository insurance.

The carrying amount of deposits and the bank balance for the City of Wayne Parks and Recreation Foundation, a discretely presented component unit, was \$30,568, 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.

**CITY OF WAYNE, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 2 – DEPOSITS AND INVESTMENTS (Continued)**

As of June 30, 2015, the City's investments were as follows:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
Pooled investment fund		
Mutual funds	Various	\$ 329,697
Non-pooled investment fund		
Fiduciary funds - employee health care fund		
U.S. Government Securities	3/31/2017 -11/1/2044	380,868
Mutual funds	N/A	298,385
Common stocks	N/A	<u>1,482,114</u>
Total fiduciary funds - employee health care fund		<u>2,161,367</u>
Total investments		<u><u>\$ 2,491,064</u></u>

Mutual Funds within the Fiduciary Funds – Employee Health Care Funds do not carry maturity dates as they are invested in global stocks and cash.

**Credit Risk** - Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City's investment policy states investments must be diversified by security type and institution, with the exception of the U.S. Treasury securities and authorized investment pools. No more than 50 percent of the total investment portfolio will be invested in a single security type. At June 30, 2015, the City had under 3% of its investments in any single issuer.

**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.

<u>Fiduciary Investment Types</u>	<u>Fair Value</u>	<u>Weighted Average Maturity</u>	<u>Rating</u>	<u>Rating Organization</u>
Pooled investment fund				
Mutual funds	\$ 329,697	50 days	AAAm	Standard & Poor's (S&P)
Non-pooled investment fund				
Fiduciary funds - employee health care fund				
U.S. Government Securities	\$ 380,868	18.86 years	AAA/AA+	Moody/S&P

**CITY OF WAYNE, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 2 – DEPOSITS AND INVESTMENTS (Continued)**

State laws limits 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.

**NOTE 3 – RECEIVABLES**

Accounts receivable of the governmental activities as of year-end for the City’s individual major fund and non-major funds including the applicable allowance for uncollectible accounts, are as follows:

	General Fund	Nonmajor Governmental Funds	Total
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Receivables</b>			
Accounts	\$ 1,155,895	\$ 1,442	\$ 1,157,337
Special assessments	-	38,380	38,380
Intergovernmental	370,867	315,132	685,999
Other	-	1,871	1,871
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Gross receivables	1,526,762	356,825	1,883,587
Less allowance for uncollectibles	<u>30,998</u>	<u>-</u>	<u>30,998</u>
Net receivables	<u>\$ 1,495,764</u>	<u>\$ 356,825</u>	<u>\$ 1,852,589</u>

Accounts receivable of the business-type activities consists of:

	Water and Sewer Fund
	<u>                    </u>
Customer accounts receivable	<u>\$ 1,129,509</u>

No allowance for doubtful accounts has been recorded because unpaid balances are applied to the tax roll each year.

**CITY OF WAYNE, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 4 - PAYABLES**

Accounts payable of the governmental activities as of year-end for the City's individual major funds and non-major funds is as follows:

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Accounts payable to vendors	\$ 249,053	\$ 418,012	\$ 667,065
Intergovernmental	77,501	-	77,501
Accrued salaries and wages	356,567	11,198	367,765
Deposits	23,476	-	23,476
Unsettled claims	31,750	-	31,750
	<u>\$ 738,347</u>	<u>\$ 429,210</u>	<u>\$ 1,167,557</u>

Accounts payable of the business-type activities consists of:

	<u>Water and Sewer Fund</u>
Accounts payable to vendors	\$ 620,307
Accrued salaries and wages	<u>2,718</u>
	<u>\$ 623,025</u>

**CITY OF WAYNE, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 5 – CAPITAL ASSETS**

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

<b>Governmental Activities</b>	Balance July 1, 2014	Additions	Transfers	Disposals	Balance June 30, 2015
Capital assets not being depreciated:					
Land	\$ 4,497,232	\$ -	\$ -	\$ -	\$ 4,497,232
Construction in progress	1,512,772	1,020,886	(1,509,997)	-	1,023,661
Subtotal	<u>6,010,004</u>	<u>1,020,886</u>	<u>(1,509,997)</u>	<u>-</u>	<u>5,520,893</u>
Capital assets being depreciated:					
Buildings	38,521,094	-	-	551,064	37,970,030
Improvements	4,323,633	-	-	-	4,323,633
Machinery and equipment	9,255,151	290,936	-	669,537	8,876,550
Infrastructure	26,504,566	1,897,396	1,509,997	-	29,911,959
Subtotal	<u>78,604,444</u>	<u>2,188,332</u>	<u>1,509,997</u>	<u>1,220,601</u>	<u>81,082,172</u>
Accumulated depreciation:					
Buildings	15,860,412	890,429	-	551,064	16,199,777
Improvements	2,685,804	152,524	-	-	2,838,328
Machinery and equipment	6,950,157	462,038	-	646,504	6,765,691
Infrastructure	18,947,737	600,405	-	-	19,548,142
Subtotal	<u>44,444,110</u>	<u>2,105,396</u>	<u>-</u>	<u>1,197,568</u>	<u>45,351,938</u>
Net capital assets being depreciated	<u>34,160,334</u>	<u>82,936</u>	<u>1,509,997</u>	<u>23,033</u>	<u>35,730,234</u>
Net capital assets	<u>\$ 40,170,338</u>	<u>\$ 1,103,822</u>	<u>\$ -</u>	<u>\$ 23,033</u>	<u>\$ 41,251,127</u>

**CITY OF WAYNE, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 5 – CAPITAL ASSETS (Continued)**

<b>Business-type Activities</b>	Balance July 1, 2014	Additions	Disposals	Balance June 30, 2015
Capital assets not being depreciated:				
Construction in progress	\$ 50,396	\$ -	\$ -	\$ 50,396
Capital assets being depreciated:				
Water and sewer mains	40,447,653	-	-	40,447,653
Meters	1,021,809	12,552	2,201	1,032,160
Equipment	460,644	6,549	-	467,193
Motor vehicles	457,330	-	-	457,330
Subtotal	<u>42,387,436</u>	<u>19,101</u>	<u>2,201</u>	<u>42,404,336</u>
Accumulated depreciation:				
Water and sewer mains	13,180,094	763,361	-	13,943,455
Meters	742,794	33,832	2,201	774,425
Equipment	460,644	-	-	460,644
Motor vehicles	457,330	-	-	457,330
Subtotal	<u>14,840,862</u>	<u>797,193</u>	<u>2,201</u>	<u>15,635,854</u>
Net capital assets being depreciated	<u>27,546,574</u>	<u>(778,092)</u>	<u>-</u>	<u>26,768,482</u>
Net capital assets	<u>\$ 27,596,970</u>	<u>\$ (778,092)</u>	<u>\$ -</u>	<u>\$ 26,818,878</u>

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

Governmental Activities:	
General government	\$ 94,803
District Court	13,063
Public safety	576,131
Public services	768,874
Recreation and culture	<u>652,525</u>
Total governmental activities	<u>\$ 2,105,396</u>
Business-type Activities:	
Water and sewer	<u>\$ 797,193</u>

Depreciation expense on capital assets that were held by the City's internal service funds were charged to the various functions based on their usage of the assets. Total depreciation expense on capital assets held in the internal service funds was \$173,062. The assets were transferred to the governmental funds during the year ended June 30, 2015.

**CITY OF WAYNE, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 5 – CAPITAL ASSETS (Continued)**

Discretely Presented Component Units:

Capital asset activity of the Downtown Development Authority is as follows:

	Balance July 1, 2014	Additions	Disposals	Balance June 30, 2015
Capital assets not being depreciated:				
Land	\$ 1,824,333	\$ 20,008	\$ 3,165	\$ 1,841,176
Capital assets being depreciated:				
Buildings	2,003,235	-	1,922,430	80,805
Improvements	3,226,420	-	-	3,226,420
Machinery and equipment	433,448	-	-	433,448
Infrastructure	4,319,043	-	-	4,319,043
Subtotal	9,982,146	-	1,922,430	8,059,716
Accumulated depreciation:				
Buildings	1,293,957	23,745	1,284,342	33,360
Improvements	1,915,159	115,249	-	2,030,408
Machinery and equipment	193,801	24,645	-	218,446
Infrastructure	1,826,206	167,992	-	1,994,198
Subtotal	5,229,123	331,631	1,284,342	4,276,412
Net capital assets being depreciated	4,753,023	(331,631)	638,088	3,783,304
Net capital assets	<u>\$ 6,577,356</u>	<u>\$ (311,623)</u>	<u>\$ 641,253</u>	<u>\$ 5,624,480</u>

**NOTE 6 – 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.

**CITY OF WAYNE, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 6 – LONG-TERM DEBT (Continued)**

The following is a summary of changes in long-term debt for the year ended June 30, 2015:

	Interest Rate Ranges	Principal Maturity Ranges	Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015	Due Within One Year
<b>Governmental Activities</b>							
General obligation bonds:							
MI Transportation Bond Series 2008:							
Amount of issue \$730,000		\$25,000 -					
Maturing through 2027	4.25%-5.10%	\$75,000	\$ 605,000	\$ -	\$ 25,000	\$ 580,000	\$ 25,000
Recreation Renovation Bond 2008:							
Amount of issue \$1,800,000		\$75,000 -					
Maturing through 2027	3.25%-5.10%	\$140,000	1,450,000	-	75,000	1,375,000	80,000
Refunding of Building Authority Bonds 2012-A:							
Amount of issue \$4,355,000		\$435,000 -					
Maturing through 2020	2.79%	\$555,000	3,460,000	-	485,000	2,975,000	500,000
Refunding of Building Authority Bonds 2012-B:							
Amount of issue \$2,845,000		\$315,000 -					
Maturing through 2019	2.70%	\$420,000	2,215,000	-	315,000	1,900,000	330,000
Refunding of Building Authority Bonds 2012-C:							
Amount of issue \$8,585,000		\$280,000 -					
Maturing through 2027	0.80%-3.40%	\$1,000,000	8,300,000	-	280,000	8,020,000	325,000
Total general obligation bonds			16,030,000	-	1,180,000	14,850,000	1,260,000
Capital lease - Fire Pumper	5.18%	\$16,506	16,506	-	16,506	-	-
Notes payable:							
Land contract payable							
Original amount \$37,500		\$5,927 -					
Maturing in 2017	2.50%	\$7,542	21,203	-	21,203	-	-
Note payable - ladder truck							
Original amount \$1,101,345		\$32,580 -					
Semi-annual payments		\$52,399					
Maturing in 2023	5.35%	\$52,399	793,275	-	66,032	727,243	69,613
Note payable - Ford Tax Settlement, as corrected							
Original amount \$119,249		\$19,875					
Maturing in 2019	0.00%	\$19,875	79,500	-	-	79,500	19,875
Total bonds and notes payable			16,940,484	-	1,283,741	15,656,743	1,349,488
Other liabilities:							
OPEB unfunded liability	N/A	N/A	8,016,623	2,843,010	-	10,859,633	-
Accrued compensated absences	N/A	N/A	1,928,579	601,521	649,945	1,880,155	700,000
Total governmental activities long-term liabilities			<u>\$ 26,885,686</u>	<u>\$ 3,444,531</u>	<u>\$ 1,933,686</u>	<u>\$ 28,396,531</u>	<u>\$ 2,049,488</u>



**CITY OF WAYNE, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 6 – LONG-TERM DEBT (Continued)**

	Interest Rate Ranges	Principal Maturity Ranges	Balance July 1, 2013	Additions	Reductions	Balance June 30, 2014	Due Within One Year
<b>Business-type Activities</b>							
General obligation bonds:							
Water bonds 1995:							
Amount of issue \$255,796							
Maturing through 2016	2.25%	\$15,000	\$ 45,000	\$ -	\$ 15,000	\$ 30,000	\$ 15,000
Water bonds 1997:							
Amount of issue \$604,829		\$30,000 -					
Maturing through 2016	2.25%	\$35,000	95,000	-	35,000	60,000	30,000
Water bonds 2003:							
Amount of issue \$2,720,000		\$145,000 -					
Maturing through 2016	3.70%-4.125%	\$270,000	675,000	-	270,000	405,000	260,000
Water bonds 2004							
Amount of issue \$3,525,000		\$225,000 -					
Maturing through 2021	3.75%-4.40%	\$375,000	2,375,000	-	225,000	2,150,000	250,000
Water bonds 2006:							
Amount of issue \$7,500,000		\$200,000 -					
Maturing through 2031	4.00%-6.00%	\$500,000	6,600,000	-	200,000	6,400,000	200,000
Water bonds 2007:							
Amount of issue \$4,430,000		\$15,000 -					
Maturing through 2029	3.80%-4.125%	\$620,000	4,265,000	-	15,000	4,250,000	15,000
Less amortization of bond discount			(177,539)	-	(29,837)	(147,702)	-
Net bonds payable			13,877,461	-	730,163	13,147,298	770,000
Other liabilities							
OPEB unfunded liability	N/A	N/A	450,380	149,994	-	600,374	-
Total business-type activities long-term liabilities			<u>\$ 14,327,841</u>	<u>\$ 149,994</u>	<u>\$ 730,163</u>	<u>\$ 13,747,672</u>	<u>\$ 770,000</u>

Annual debt service requirements to maturity, including principal and interest for long-term debt as of June 30, 2015, are as follows:

Years ending June 30,	Governmental Activities					
	General obligation bonds			Notes payable		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 1,260,000	\$ 431,631	\$ 1,691,631	\$ 89,487	\$ 38,259	\$ 127,746
2017	1,335,000	400,094	1,735,094	93,262	34,289	127,551
2018	1,410,000	365,743	1,775,743	97,240	30,236	127,476
2019	1,460,000	328,312	1,788,312	101,435	26,042	127,477
2020	1,380,000	289,955	1,669,955	85,981	21,620	107,601
2021-2025	4,940,000	978,709	5,918,709	339,338	37,267	376,605
2026-2030	3,065,000	160,787	3,225,787	-	-	-
Total	<u>\$ 14,850,000</u>	<u>\$ 2,955,231</u>	<u>\$ 17,805,231</u>	<u>\$ 806,743</u>	<u>\$ 187,713</u>	<u>\$ 994,456</u>

**CITY OF WAYNE, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 6 – LONG-TERM DEBT (Continued)**

Years ending June 30,	Business-type Activities General Obligation Bonds		
	Principal	Interest	Total
2016	\$ 770,000	\$ 543,170	\$ 1,313,170
2017	685,000	512,427	1,197,427
2018	595,000	486,513	1,081,513
2019	620,000	461,775	1,081,775
2020	645,000	434,938	1,079,938
2021-2025	3,905,000	1,709,538	5,614,538
2026-2030	5,075,000	782,163	5,857,163
2031-2035	1,000,000	44,000	1,044,000
Total	<u>\$ 13,295,000</u>	<u>\$ 4,974,524</u>	<u>\$ 18,269,524</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.

At June 30, 2015, 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.	\$ -	\$ 511,073

**CITY OF WAYNE, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 6 – LONG-TERM DEBT** (Continued)

Annual debt service requirements to maturity on the note payable (interest free) is as follows:

Years Ending June 30,	Total
2017	\$ 127,769
2018	127,768
2019	127,768
2020	127,768
Total	<u>\$ 511,073</u>

**NOTE 7 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

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

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund		
Nonmajor Governmental Funds	\$ 37,425	\$ 1,199,800
Internal Service Funds	906,319	-
	<u>943,744</u>	<u>1,199,800</u>
Nonmajor Governmental Funds		
General Fund	1,199,800	37,425
Nonmajor Governmental Funds	607,940	607,940
Internal Services Funds	329,838	-
	<u>2,137,578</u>	<u>645,365</u>
Internal Services Funds		
General Fund	-	906,319
Nonmajor Governmental Funds	-	329,838
Water and Sewer Fund	-	535,518
Governmental Activities	-	608,860
	<u>-</u>	<u>2,380,535</u>
Water and Sewer Fund		
Internal Service Funds	535,518	-
Governmental Activities		
Internal Services Funds	608,860	-
Total	<u>\$ 4,225,700</u>	<u>\$ 4,225,700</u>

**CITY OF WAYNE, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 7 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (Continued)**

The composition of interfund balances in the fund financial statements as of June 30, 2015, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Activities		
Nonmajor Fund:		
Local Street Fund	Major Street and Trunkline Fund	<u>\$ 29,096</u>

Due to/from other funds are related to payments in transit for goods or service provided through other funds. All interfund receivables/payables are generated from the pooled investment fund as short-term loans when there is a temporary lag in a particular fund's cash.

All amounts due from other funds are expected to be collected within the next year.

**NOTE 8 – RESTRICTED NET POSITION AND FUND BALANCE**

**Restricted Net Position - Other Purposes**

In the government-wide financial statements, the restricted net position on the Statement of Net Position are as follows:

Governmental Activities:

Cemetery perpetual care (nonexpendable)	\$ 347,400
Roads	782,329
Refuse collection	346,032
Law enforcement	36,705
Library operations	88,122
Federal grants	475
Other	<u>2</u>
Total	<u>\$ 1,601,065</u>

Business-type Activities:

Debt service	<u>\$ 285,328</u>
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**CITY OF WAYNE, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 9 – CONTRACT COMMITMENTS**

The City of Wayne has entered into contracts for the purchase, construction or renovation of various facilities as follows:

<u>Primary Government</u>	<u>Contract</u>	<u>Expended to date</u>	<u>Remaining Commitment</u>
Cadillac Asphalt	\$ 147,098	\$ 144,156	\$ 2,942
Frank's Landscaping	60,708	56,875	3,833
Frank's Landscaping	60,708	30,354	30,354
Hydro Designs	37,260	17,280	19,980
Stantec- Second Street	99,500	49,818	49,682
Stantec - water meter replacement	56,000	33,354	22,646
Stantec - EQ basin	40,500	-	40,500
State of Michigan	189,300	148,542	40,758
Universal Consolidated Enterprises	7,000	-	7,000
Wayne County - Wayne Road	143,213	71,606	71,607
Total	<u>\$ 841,287</u>	<u>\$ 551,985</u>	<u>\$ 289,302</u>
<u>Downtown Development Authority</u>			
<u>Major Component Unit</u>			
Frank's Landscaping	\$ 26,950	\$ 13,475	\$ 13,475
Universal Consolidated Enterprises	18,900	2,092	16,808
Total	<u>\$ 45,850</u>	<u>\$ 15,567</u>	<u>\$ 30,283</u>

**NOTE 10 – RISK MANAGEMENT**

The City's risk management activities were previously recorded in the Risk Management Internal Service Fund. The purpose of this fund was to administer property casualty and workers' compensation programs of the City. The City has eliminated this fund in the current fiscal year and the activity will be accounted for in the General Fund.

For self-insured programs there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the past three fiscal years.

Claim costs are assumed within certain limits; beyond that reinsurance has been obtained.

- (1) *Property Casualty Claims* – The City is an individual member of the Michigan Municipal Risk Management Authority, which is a self-insurance program for general liability and auto liability, motor vehicle physical damage and property loss claims. Coverage is on an occurrence basis. The program provides reinsurance, which is partially underwritten by the Authority, in the following amounts.

**CITY OF WAYNE, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 10 – RISK MANAGEMENT (Continued)**

Nature of Claim	Retention*	Limits of Reinsurance
General and auto liability	\$75,000 per occurrence	\$15,000,000 per occurrence
Auto and physical damage	\$15,000 each vehicle \$30,000 any one occurrence	\$1,500,000 any one occurrence
Property	\$1,000 plus 10% of the next \$100,000	Replacement cost per location (Building and contents)

\*Retention amounts represent the dollar amount that the City pays before reinsurance coverage begins.

In addition to losses retained, the City is responsible for certain legal defense costs. The City has elected to participate in the Authority's stop-loss program that limits the paid losses to \$75,000, to a maximum of \$285,000 for the year ending June 30, 2015.

The estimated liability for reported claims has been recorded in the Risk Management Internal Service Fund. Upon termination of the program, any amounts remaining on deposit after the Authority has settled all claims incurred prior to termination will be returned to the City.

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

	June 30,	
	2015	2014
Unpaid claims, Beginning of year	\$ 43,775	\$ 85,597
Incurred claims, including claims incurred but not reported	(14,780)	(54,748)
Claim payments	(20,395)	12,926
Unpaid claims, End of year	<u>\$ 8,600</u>	<u>\$ 43,775</u>

The City has \$162,338 available to pay claims. It anticipates that \$8,600 will be paid for claims reported to date. The City is unable to estimate the liability for claims insured but not reported. The liability for reported claims has been recorded in various funds.

**CITY OF WAYNE, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 10 – RISK MANAGEMENT (Continued)**

(2) *Worker's Compensation Claims* – The City is an approved Self-Insurer by the State of Michigan Department of Labor. In accordance with State regulations, the City maintains a loss fund, hires a third party administrator and purchases reinsurance from an approved reinsurer. That policy provides the following excess indemnity coverage:

	Retention	Limits of Reinsurance
Specific	\$400,000 per occurrence	\$5,000,000 per occurrence
Aggregate	\$1,334,689 minimum at 260%	\$5,000,000 total

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

	June 30,	
	2015	2014
Unpaid claims, Beginning of year	\$ 1,937	\$ 33,624
Incurred claims, including claims incurred but not reported	(25,975)	(31,687)
Claim payments	47,188	-
Unpaid claims, End of year	<u>\$ 23,150</u>	<u>\$ 1,937</u>

**NOTE 11 – 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.

**CITY OF WAYNE, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 12 – 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, 2015. 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 intergovernmental 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.



**CITY OF WAYNE, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 13 – 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, 2012 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. These Other Post-Employment Benefits (OPEB) are funded by the City on a pay-as-you-go basis calculated at 35.0% of gross wages. For the year ended June 30, 2015, the City has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of December 31, 2012. 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 2015 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>
June 30, 2013	\$ 3,598,915 <i>E</i>	57.70%	\$ 5,718,396
June 30, 2014	\$ 4,116,304	30.59%	\$ 8,575,402
June 30, 2015	\$ 4,287,724	32.72%	\$ 11,460,007

Note: The plan has less than 232 members that include 82 active members, 142 retirees receiving benefits and 8 terminated vested members and qualifies for biannual actuarial valuation. City management estimated the June 30, 2013 annual OPEB cost.

**CITY OF WAYNE, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 13 – OTHER POST EMPLOYMENT BENEFITS (Continued)**

The computed contribution and actual funding are summarized as follows:

Annual required contribution (estimated recommended)	\$ 3,773,200
Interest on prior year's net OPEB obligation	<u>514,524</u>
Annual OPEB cost	4,287,724
Amounts contributed:	
Employer contribution	<u>(1,403,119)</u>
Increase in net OPEB obligation	2,884,605
OPEB Obligation, Beginning of year	<u>8,575,402</u>
OPEB Obligation, End of year	<u><u>\$ 11,460,007</u></u>

The OPEB Obligation is recorded as follows:

	June 30,	
	<u>2015</u>	<u>2014</u>
Government Activities	\$ 10,859,633	\$ 8,119,258
Business-type Activities	<u>600,374</u>	<u>456,144</u>
Total	<u><u>\$ 11,460,007</u></u>	<u><u>\$ 8,575,402</u></u>

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

<u>Valuation as of December 31, 2012</u>	
Actuarial Accrued Liabilities (AAL)	\$ 48,140,348
Actuarial Value of Assets	3,455,628
Unfunded Actuarial Accrued Liabilities	<u>\$ 44,684,720</u>
Funded Ratio (Actuarial Value of Assets/AAL)	7.20%
Covered Payroll	<u>\$ 5,866,847</u>
UAAL as a percentage of Covered Payroll	761.65%

**CITY OF WAYNE, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 13 – OTHER POST EMPLOYMENT BENEFITS (Continued)**

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, 2012 actuarial valuation, the individual entry-age actuarial cost method was used. Unfunded actuarial accrued liabilities (UAAL) were amortized as a level percent of payroll for employee groups open to new hires and as a level dollar if the employee group is closed to new hires. The actuarial value of assets is set equal to the reported market value of assets. The rate of investment return was 6% a year compounded annually net after investment expenses. The growth rate for financing unfunded actuarial liabilities for open groups was assumed to be 4.5% per year. The rate of post retirement mortality for healthy retirees used for individual members was in accordance with mortality rates on the “1994 Group Annuity Mortality Tables” blended 50% male and 50% female. An annual healthcare cost trend inflation rate of 8% was used initially, reduced by decrements to an ultimate rate of 4.5% after 9 years.

**NOTE 14 – REPORTING CHANGE**

During the current year, the City adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*. As a result, the government-wide statements and the proprietary fund now include a liability for unfunded legacy costs. Some of the changes in this net pension liability will be recognized immediately as part of the pension expense measurement, and part will be deferred and recognized over future years. Refer to the pension note for further details. This change does not impact the General Fund or any other governmental fund.

The financial statements for the year ended June 30, 2014 have been restated in order to adopt GASB Statement Nos. 68 and 71. The effect of this new accounting standard was a decrease in the net position to record the net pension liability and deferred outflows at June 30, 2014.

**CITY OF WAYNE, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 14 – REPORTING CHANGE (Continued)**

As a result of implementing this statement, the beginning net position of both the governmental activities and business-type activities has been restated as indicated:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Net position - June 30, 2014, as previously reported	\$ 18,567,174	\$ 16,297,688
Adjustment for closing of internal service funds	(843,738)	843,738
Adjustment for implementation of GASB Statement No. 68	<u>(31,657,227)</u>	<u>(3,274,886)</u>
Net position - June 30 2014, as restated	<u>\$ (13,933,791)</u>	<u>\$ 13,866,540</u>

**NOTE 15 – DEFINED BENEFIT 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.

**Benefits 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:

**CITY OF WAYNE, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 15 – DEFINED BENEFIT PLAN (Continued)**

**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 7 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 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 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. 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.

**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 7 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 benefits 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 calculated at 2.7 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, early retirement with unreduced benefits after 25 years of service.

**CITY OF WAYNE, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 15 – DEFINED BENEFIT PLAN (Continued)**

**Department Heads** – Retirement benefits for employees hired after November 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 November 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. 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 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 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 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, early retirement with unreduced benefits after 30 years of service, or a reduced benefit at age 50 with 25 years of service.

**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 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 an 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 an unreduced benefit after 25 years of service.

**CITY OF WAYNE, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 15 – DEFINED BENEFIT PLAN (Continued)**

**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 a 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 an unreduced benefit 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, early retirement with an unreduced benefit 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 benefit terms may be subject to binding arbitration in certain circumstances.

**Employees Covered by Benefit Terms** - At December 31, 2014 measurement date, the following employees were covered by the benefit terms:

Active plan members	62
Inactive employees or beneficiaries currently receiving benefits	200
Inactive employees entitled to but not yet receiving benefits	<u>22</u>
Total employees covered by MERS	<u><u>284</u></u>

**Contributions** - Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, 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.

**CITY OF WAYNE, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 15 – DEFINED BENEFIT PLAN (Continued)**

All full-time employees of the City (except the District Court Judge) are included in plan contributions during the plan year. Employees must contribute 7% of their annual covered salary. The City is required to contribute at an actuarial determined amount. The current annual amount is a percentage of covered payroll as follows:

	<u>Actual Percentage of Payroll</u>		<u>Actual Percentage of Payroll</u>
General	27.84%	Court after 12/18/2007	32.80%
Dispatchers	18.63%	Fire	12.62%
Dispatchers after 11/20/2007	18.63%	Patrol	24.11%
Supervisors	71.86%	Patrol after 5/5/2008	24.11%
Supervisors after 11/20/2007	71.86%	Department Heads	55.98%
TPOAM	18.10%	COAM	57.01%
Court	32.80%	COAM after 5/5/2008	57.01%

**Net Pension Liability** - The net pension liability reported at June 30, 2015 was determined using a measure of the total pension liability and the pension net position as of December 31, 2014. The December 31, 2014 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, 2013	\$ 102,842,614	\$ 66,518,152	\$ 36,324,462
Service Cost	972,670	-	972,670
Interest	8,193,782	-	8,193,782
Contributions - Employer	-	2,825,137	(2,825,137)
Contributions - Employee	-	1,430,906	(1,430,906)
Net investment income	-	4,151,563	(4,151,563)
Benefit payments, including refunds	(8,020,773)	(8,020,773)	-
Administrative expenses	-	(151,723)	151,723
Net changes	<u>1,145,679</u>	<u>235,110</u>	<u>910,569</u>
Balance at December 31, 2014	<u>\$ 103,988,293</u>	<u>\$ 66,753,262</u>	<u>\$ 37,235,031</u>



**CITY OF WAYNE, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 15 – DEFINED BENEFIT PLAN (Continued)**

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

For the year ended June 30, 2015, the City recognized pension expense of \$2,925,119. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Source	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 810,585	\$ -
Employer contributions to the plan subsequent to the measurement date	<u>1,290,232</u>	<u>-</u>
Total	<u><u>\$ 2,100,817</u></u>	<u><u>\$ -</u></u>

Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows. These amounts are exclusive of the employer contributions to the plan made subsequent to the measurement date (\$1,290,232), which will impact the net pension liability in fiscal year 2016, rather than pension expense.

Years ending June 30,	Amount
2016	\$ 202,646
2017	202,646
2018	202,646
2019	<u>202,647</u>
	<u><u>\$ 810,585</u></u>

**Actuarial Assumptions** – The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3-4%	
Salary increases	4.50%	In the long term 2 percent and 3 percent for calendar years 2015 and 2016, respectively, including inflation
Investment rate of return	8.25%	gross of pension plan investment expense, including inflation

**CITY OF WAYNE, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 15 – DEFINED BENEFIT PLAN (Continued)**

**Actuarial Assumptions (Continued)**

Mortality rates were based on the 1994 Group Annuity Mortality Table of 50 percent male and 50 percent female blend. 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, 2014 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 8.25 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. The target allocation and best estimates of arithmetic real rates of return as December 31, 2014, the measurement date, for each major class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global equity	58%	5.0%
Global fixed income	20%	2.2%
Real assets	12%	4.2%
Diversifying strategies	10%	6.6%

**CITY OF WAYNE, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 15 – DEFINED BENEFIT PLAN (Continued)**

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate** – The following presents the net pension liability of the City, calculated using the discount rate of 8.25 percent, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.25 percent) or one percentage point higher (9.25 percent) than the current rate:

	1% Decrease 7.25%	Current Discount Rate 8.25%	1% Increase 9.25%
Net pension liability of the City	\$ 49,457,486	\$ 37,235,031	\$ 27,100,579

**Pension Plan Fiduciary Net Position** – Detailed information about the plan’s fiduciary net position is available in the separately issued financial report found at [www.mersomichigan.com](http://www.mersomichigan.com). The plan’s fiduciary net position has been determined on the same basis used by the plan. The plan uses the economic resource 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 employees contributions are recognized as expense when due and payable in accordance with the benefit terms.

**NOTE 16 - UPCOMING ACCOUNTING PRONOUNCEMENTS**

In February 2015, the GASB issued GASB Statement No. 72, *Fair Value Measurement and Application*. The requirements of this statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and acceptable valuation techniques. This statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government’s financial position. GASB Statement No. 72 is required to be adopted for years beginning after June 15, 2015. The City is currently evaluating the impact this standard will have on the financial statements when adopted, during the City’s 2015-2016 fiscal year.

**CITY OF WAYNE, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 16 - UPCOMING ACCOUNTING PRONOUNCEMENTS (Continued)**

In June 2015, the GASB issued two new standards addressing accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). GASB Statement No 74, *Financial Reporting for Postemployment Benefits Plans other than Pension Plans*, addresses reporting by OPEB plans whereas GASB Statement No 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, addresses accounting and reporting by employer governments that provide OPEB benefits to their employees. Along with the currently required statement of fiduciary net position and statement of changes in fiduciary net position, OPEB plans will now be required to include in the financial statements more extensive note disclosures and required supplemental information related to the measurement of the OPEB liabilities for which assets have been accumulated. In addition, the City will, after adoption of GASB Statement No. 75, recognize on the face of the financial statements net OPEB liability. The City is currently evaluating the impact these standards will have on the financial statements when adopted. GASB Statement No 74 is effective for fiscal years beginning after June 15, 2016 whereas GASB Statement No. 75 is effective one year later.

**NOTE 17 – SUBSEQUENT EVENTS**

City's management has performed a review of events subsequent to the balance sheet date through December 21, 2015, the date the financial statements were available to be issued.

**REQUIRED SUPPLEMENTAL INFORMATION**

**CITY OF WAYNE, MICHIGAN**  
**REQUIRED SUPPLEMENTAL INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
**Year Ended June 30, 2015**

	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Variance with Amended Budget</b>
<b>Revenue</b>				
Taxes	\$ 6,559,871	\$ 6,772,379	\$ 6,811,989	\$ 39,610
Licenses and permits	503,100	505,995	522,489	16,494
Intergovernmental	2,607,903	2,677,181	2,436,133	(241,048)
Charges for service and sales	2,047,605	2,460,969	2,867,212	406,243
Fines and forfeitures	815,000	469,600	487,407	17,807
Interest and rents	14,000	31,425	42,734	11,309
Other revenue	2,121,064	2,464,397	2,469,703	5,306
<b>Total revenue</b>	<b>14,668,543</b>	<b>15,381,946</b>	<b>15,637,667</b>	<b>255,721</b>
<b>Expenditures - Current</b>				
General government:				
City Council	46,034	42,834	40,237	2,597
City Manager	249,405	195,878	182,176	13,702
Finance	573,846	637,890	615,954	21,936
Law	173,000	145,000	133,136	11,864
City Clerk	269,834	308,564	285,405	23,159
Personnel	167,026	143,580	150,872	(7,292)
Information Technology	213,832	213,332	214,520	(1,188)
Other	1,382,535	1,606,590	1,482,859	123,731
<b>Total general government</b>	<b>3,075,512</b>	<b>3,293,668</b>	<b>3,105,159</b>	<b>188,509</b>
District court	650,723	643,160	642,409	751
Public safety	7,694,246	7,551,972	7,280,621	271,351
Public services	1,562,097	1,515,955	1,589,516	(73,561)
Health and welfare	384,663	409,051	336,950	72,101
Community and economic development	52,267	51,257	36,292	14,965
Recreation and culture	1,410,522	1,391,669	1,248,168	143,501
<b>Total expenditures</b>	<b>14,830,030</b>	<b>14,856,732</b>	<b>14,239,115</b>	<b>617,617</b>
<b>Excess (Deficiency) of Revenue Over Expenditures</b>	<b>(161,487)</b>	<b>525,214</b>	<b>1,398,552</b>	<b>873,338</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	796,450	943,744	147,294
Transfers out	(1,193,230)	(1,193,230)	(1,199,800)	(6,570)
<b>Total financing sources (uses)</b>	<b>(1,193,230)</b>	<b>(396,780)</b>	<b>(256,056)</b>	<b>140,724</b>
<b>Net Change in Fund Balance</b>	<b>(1,354,717)</b>	<b>128,434</b>	<b>1,142,496</b>	<b>1,014,062</b>
<b>Fund Balance, Beginning of year</b>	<b>1,436,746</b>	<b>1,436,746</b>	<b>1,436,746</b>	<b>-</b>
<b>Fund Balance, End of year</b>	<b>\$ 82,029</b>	<b>\$ 1,565,180</b>	<b>\$ 2,579,242</b>	<b>\$ 1,014,062</b>

**CITY OF WAYNE, MICHIGAN**  
**NOTES TO REQUIRED SUPPLEMENTAL INFORMATION**  
**June 30, 2015**

**NOTE 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 ten special revenue funds (Major Street Fund, Local Street Fund, Road Program Fund, Refuse Collection and Disposal Fund, Vehicle Forfeiture Fund, Drug Enforcement Fund, Federal Grant Fund, Library Operations Fund, Neighborhood Stabilization Fund and Community Development Block Grant 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.

- a. Budgets must be adopted for the General Fund and Special Revenue Funds.
- b. The budgets must be balanced.
- c. The budgets must be amended when necessary.
- d. Public hearings must be held before budget adoptions.
- e. Expenditures cannot exceed budget appropriations.
- f. 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.

**CITY OF WAYNE, MICHIGAN**  
**NOTES TO REQUIRED SUPPLEMENTAL INFORMATION**  
**June 30, 2015**

**NOTE 1 – LEGAL COMPLIANCE – BUDGETS – ACCOUNTING AND REPORTING**  
(Continued)

- (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,

For the year ended June 30, 2015, expenditures and transfers exceeded appropriations for the following functional activities:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund			
Public services	\$ 1,515,955	\$ 1,589,516	\$ (73,561)
Transfers out	\$ 1,193,230	\$ 1,199,800	\$ (6,570)



**CITY OF WAYNE, MICHIGAN**  
**REQUIRED SUPPLEMENTAL INFORMATION**  
**OTHER POST EMPLOYMENT BENEFIT PLAN TRUST**  
**TREND INFORMATION**  
**Year Ended June 30, 2015**

Other Post Employment Benefit Plan Trust Trend Information

Schedule of Funding Progress						
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2012	\$ 3,455,628	\$ 48,140,348	\$ 44,684,720	7.18%	\$ 5,866,847	761.65%

Schedule of Employer Contributions		
Year Ended	Annual Required Contribution	Percentage Contributed
6/30/2015	\$ 3,773,200	37.19%
6/30/2014	\$ 3,773,200	33.37%
6/30/2013	\$ 3,598,915	57.70%

**CITY OF WAYNE, MICHIGAN**  
**REQUIRED SUPPLEMENTAL INFORMATION**  
**SCHEDULE OF CHANGES IN THE CITY NET PENSION LIABILITY AND RELATED RATIOS**  
**Last Fiscal Year (Schedule is built prospectively upon implementation of GASB 68)**

<b>Total Pension Liability</b>	
Service cost	\$ 972,670
Interest	8,193,782
Benefit payments, including refunds	<u>(8,020,773)</u>
Net change in total pension liability	1,145,679
Total pension liability, Beginning of year	<u>102,842,614</u>
Total pension liability, End of year	<u><u>\$ 103,988,293</u></u>
<b>Plan Fiduciary Net Position</b>	
Contributions - Employer	\$ 2,825,137
Contributions - Employee	1,430,906
Net investment income	4,151,563
Benefit payments, including refunds	(8,020,773)
Administrative expenses	<u>(151,723)</u>
Net change in plan fiduciary net position	235,110
Plan fiduciary net position, Beginning of year	<u>66,518,152</u>
Plan fiduciary net position, End of year	<u><u>\$ 66,753,262</u></u>
<b>City's Net Pension Liability, Ending</b>	<u><u>\$ 37,235,031</u></u>
<b>Plan Fiduciary Net Position as a Percent of Total Pension Liability</b>	64.2%
<b>Covered Employee Payroll</b>	\$ 4,414,412
<b>City's Net Pension Liability as a Percent of Covered Employee Payroll</b>	843.5%

**CITY OF WAYNE, MICHIGAN**  
**REQUIRED SUPPLEMENTAL INFORMATION**  
**SCHEDULE OF CITY CONTRIBUTIONS**  
**Last Ten Fiscal Years**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Actuarially determined contribution	\$ 2,825,137	\$ 3,015,648	\$ 2,787,664	\$ 2,070,252	\$ 2,342,064	\$ 2,507,778	\$ 1,943,134	\$ 2,538,891	\$ 2,354,296	\$ 2,023,320
Contributions in relation to the actuarially determined contribution	<u>2,825,137</u>	<u>3,199,597</u>	<u>2,997,070</u>	<u>2,326,414</u>	<u>2,223,725</u>	<u>2,507,778</u>	<u>1,943,134</u>	<u>2,538,891</u>	<u>2,354,296</u>	<u>2,023,320</u>
Contribution excess (deficiency)	<u>\$ -</u>	<u>\$ 183,949</u>	<u>\$ 209,406</u>	<u>\$ 256,162</u>	<u>\$ (118,339)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 4,414,412	\$ 5,599,175	\$ 5,866,847	\$ 6,042,833	\$ 5,814,240	\$ 7,361,702	\$ 9,635,986	\$ 9,570,053	\$ 9,570,095	\$ 10,008,795
Contributions as a percentage of covered employee payroll	64%	57%	51%	38%	38%	34%	20%	27%	25%	20%

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	Entry-age normal
Amortization method	Level percentage of pay
Remaining amortization period	11 -24 years
Asset valuation method	10-year smoothed market
Inflation	3 - 4%
Salary increases	4.5%, including inflation
Investment rate of return	8%
Retirement age	Experience-based tables of rates that are specific to the type of eligibility condition
Mortality	50% Male - 50% Female blend of the 1994 Group Annuity Mortality Table
Other information	None

**OTHER SUPPLEMENTAL INFORMATION**

**CITY OF WAYNE, MICHIGAN**  
**OTHER SUPPLEMENTAL INFORMATION**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**June 30, 2015**

	Special Revenue Funds	Debt Service Fund	Capital Project Funds	Cemetery Perpetual Care Permanent Fund	Total Nonmajor Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 1,270,510	\$ -	\$ 608	\$ 346,620	\$ 1,617,738
Receivables:					
Accounts receivable	402	-	-	1,040	1,442
Special assessments	38,380	-	-	-	38,380
Intergovernmental	315,132	-	-	-	315,132
Other	1,871	-	-	-	1,871
Due from other funds	29,096	-	-	-	29,096
Inventory	65,250	-	-	-	65,250
	<u>\$ 1,720,641</u>	<u>\$ -</u>	<u>\$ 608</u>	<u>\$ 347,660</u>	<u>\$ 2,068,909</u>
<b>Liabilities and Fund Balance</b>					
<b>Liabilities</b>					
Accounts payable	\$ 417,144	\$ -	\$ 608	\$ 260	\$ 418,012
Due other funds	29,096	-	-	-	29,096
Accrued salaries and wages	11,198	-	-	-	11,198
Unearned revenue	9,538	-	-	-	9,538
	<u>466,976</u>	<u>-</u>	<u>608</u>	<u>260</u>	<u>467,844</u>
Total liabilities					
Deferred inflows of resources - Unavailable revenue	79,156	-	-	-	79,156
	<u>79,156</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>79,156</u>
<b>Fund Balances</b>					
Nonspendable					
Permanent fund principal	-	-	-	347,400	347,400
Restricted for					
Roads	703,173	-	-	-	703,173
Refuse collection	346,032	-	-	-	346,032
Law enforcement	36,705	-	-	-	36,705
Library operations	88,122	-	-	-	88,122
Other	477	-	-	-	477
	<u>1,174,509</u>	<u>-</u>	<u>-</u>	<u>347,400</u>	<u>1,521,909</u>
Total fund balances					
Total liabilities and fund balances	<u>\$ 1,720,641</u>	<u>\$ -</u>	<u>\$ 608</u>	<u>\$ 347,660</u>	<u>\$ 2,068,909</u>

**CITY OF WAYNE, MICHIGAN**  
**OTHER SUPPLEMENTAL INFORMATION**  
**COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**Year Ended June 30, 2015**

	<b>Special Revenue Funds</b>	<b>Debt Service Funds</b>	<b>Capital Project Funds</b>	<b>Cemetery Perpetual Care Permanent Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Revenue</b>					
Taxes	\$ 1,843,467	\$ -	\$ -	\$ -	\$ 1,843,467
Intergovernmental	1,353,885	395,081	-	-	1,748,966
Charges for services	-	-	-	5,300	5,300
Interest and rents	5,614	-	-	-	5,614
Other revenue	93,542	-	5,481	-	99,023
	<u>3,296,508</u>	<u>395,081</u>	<u>5,481</u>	<u>5,300</u>	<u>3,702,370</u>
<b>Total revenue</b>					
<b>Expenditures - Current</b>					
General government	-	-	75,698	4,627	80,325
Public safety	1,950	-	-	-	1,950
Public services	1,740,116	-	-	-	1,740,116
Community and economic development	643,714	-	-	-	643,714
Capital outlay	652,861	-	-	-	652,861
Debt service					
Principal	-	1,180,000	-	-	1,180,000
Interest and paying agent fees	-	463,414	-	-	463,414
	<u>3,038,641</u>	<u>1,643,414</u>	<u>75,698</u>	<u>4,627</u>	<u>4,762,380</u>
<b>Total expenditures</b>					
<b>Other Financing Sources (Uses)</b>					
Transfers in	889,245	1,248,333	-	-	2,137,578
Transfers out	(607,940)	-	(37,425)	-	(645,365)
	<u>281,305</u>	<u>1,248,333</u>	<u>(37,425)</u>	<u>-</u>	<u>1,492,213</u>
<b>Total other financing sources (uses)</b>					
<b>Net Change in Fund Balances</b>	<u>539,172</u>	<u>-</u>	<u>(107,642)</u>	<u>673</u>	<u>432,203</u>
<b>Fund Balances, Beginning of year</b>	<u>635,337</u>	<u>-</u>	<u>107,642</u>	<u>346,727</u>	<u>1,089,706</u>
<b>Fund Balances, End of year</b>	<u>\$ 1,174,509</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 347,400</u>	<u>\$ 1,521,909</u>

**CITY OF WAYNE, MICHIGAN**  
**OTHER SUPPLEMENTAL INFORMATION**  
**COMBINING BALANCE SHEET**  
**SPECIAL REVENUE FUNDS**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**June 30, 2015**

	Major Street and Trunkline Fund	Local Street Fund	Road Program Fund	Refuse Collection and Disposal Fund	Vehicle Forfeiture Fund	Drug Law Enforcement Fund	Federal Grant Fund	Library Operations Fund	Community Development Block Grant Fund	Community Development Program Income Fund	Total
<b>Assets</b>											
Cash and cash equivalents	\$ 344,259	\$ 381,977	\$ -	\$ 421,807	\$ 15,511	\$ 19,323	\$ -	\$ 77,618	\$ 475	\$ 9,540	\$ 1,270,510
Receivables											
Accounts receivable	402	-	-	-	-	-	-	-	-	-	402
Special assessments	-	38,380	-	-	-	-	-	-	-	-	38,380
Intergovernmental	166,044	46,022	-	-	-	-	-	103,066	-	-	315,132
Other	-	-	-	-	-	1,871	-	-	-	-	1,871
Due from other funds	-	29,096	-	-	-	-	-	-	-	-	29,096
Inventory	32,625	32,625	-	-	-	-	-	-	-	-	65,250
<b>Total assets</b>	<b>\$ 543,330</b>	<b>\$ 528,100</b>	<b>\$ -</b>	<b>\$ 421,807</b>	<b>\$ 15,511</b>	<b>\$ 21,194</b>	<b>\$ -</b>	<b>\$ 180,684</b>	<b>\$ 475</b>	<b>\$ 9,540</b>	<b>\$ 1,720,641</b>
<b>Liabilities and Fund Balances (Deficit)</b>											
<b>Liabilities</b>											
Accounts payable	\$ 259,332	\$ 673	\$ -	\$ 75,775	\$ -	\$ -	\$ -	\$ 81,364	\$ -	\$ -	\$ 417,144
Due to other funds	29,096	-	-	-	-	-	-	-	-	-	29,096
Accrued salaries and wages	-	-	-	-	-	-	-	11,198	-	-	11,198
Unearned revenue	-	-	-	-	-	-	-	-	-	9,538	9,538
<b>Total liabilities</b>	<b>288,428</b>	<b>673</b>	<b>-</b>	<b>75,775</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>92,562</b>	<b>-</b>	<b>9,538</b>	<b>466,976</b>
Deferred inflows of resources - Unavailable revenue	40,776	38,380	-	-	-	-	-	-	-	-	79,156
<b>Fund Balances (Deficit)</b>											
Restricted for											
Roads	214,126	489,047	-	-	-	-	-	-	-	-	703,173
Refuse collection	-	-	-	346,032	-	-	-	-	-	-	346,032
Law enforcement	-	-	-	-	15,511	21,194	-	-	-	-	36,705
Library operations	-	-	-	-	-	-	-	88,122	-	-	88,122
Other	-	-	-	-	-	-	-	-	475	2	477
<b>Total fund balances (deficit)</b>	<b>214,126</b>	<b>489,047</b>	<b>-</b>	<b>346,032</b>	<b>15,511</b>	<b>21,194</b>	<b>-</b>	<b>88,122</b>	<b>475</b>	<b>2</b>	<b>1,174,509</b>
<b>Total liabilities and fund balances</b>	<b>\$ 543,330</b>	<b>\$ 528,100</b>	<b>\$ -</b>	<b>\$ 421,807</b>	<b>\$ 15,511</b>	<b>\$ 21,194</b>	<b>\$ -</b>	<b>\$ 180,684</b>	<b>\$ 475</b>	<b>\$ 9,540</b>	<b>\$ 1,720,641</b>

**CITY OF WAYNE, MICHIGAN**  
**OTHER SUPPLEMENTAL INFORMATION**  
**COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICIT)**  
**SPECIAL REVENUE FUNDS**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**Year Ended June 30, 2015**

	Major Street and Trunkline Fund	Local Street Fund	Road Program Fund	Refuse Collection and Disposal Fund	Vehicle Forfeiture Fund	Drug Law Enforcement Fund	Federal Grant Fund	Library Operations Fund	Community Development Block Grant Fund	Community Development Program Income Fund	Total
<b>Revenue</b>											
Taxes	\$ -	\$ -	\$ 377,575	\$ 1,088,377	\$ -	\$ -	\$ -	\$ 377,515	\$ -	\$ -	\$ 1,843,467
Intergovernmental revenue											
Gas, weight and trunkline maintenance	768,277	353,744	-	-	-	-	-	-	-	-	1,122,021
Federal grants/entitlement	-	-	-	-	-	-	15,635	-	205,870	-	221,505
Other grants	-	-	-	-	-	-	-	10,359	-	-	10,359
Interest and rents	(101)	2,801	(123)	(434)	(3)	(4)	-	3,480	-	(2)	5,614
Other revenue	-	8,277	-	-	1,350	2,671	-	81,244	-	-	93,542
<b>Total revenue</b>	<b>768,176</b>	<b>364,822</b>	<b>377,452</b>	<b>1,087,943</b>	<b>1,347</b>	<b>2,667</b>	<b>15,635</b>	<b>472,598</b>	<b>205,870</b>	<b>(2)</b>	<b>3,296,508</b>
<b>Expenditures - Current</b>											
Public safety	-	-	-	-	-	1,950	-	-	-	-	1,950
Public services	223,642	518,538	7,153	990,783	-	-	-	-	-	-	1,740,116
Community and economic development	-	-	-	-	-	-	3,256	434,588	205,870	-	643,714
Capital outlay	496,139	156,722	-	-	-	-	-	-	-	-	652,861
<b>Total expenditures</b>	<b>719,781</b>	<b>675,260</b>	<b>7,153</b>	<b>990,783</b>	<b>-</b>	<b>1,950</b>	<b>3,256</b>	<b>434,588</b>	<b>205,870</b>	<b>-</b>	<b>3,038,641</b>
<b>Other Financing Sources (Uses)</b>											
Transfers in	178,865	684,745	-	9,556	-	-	6,248	9,831	-	-	889,245
Transfers out	(236,306)	-	(371,634)	-	-	-	-	-	-	-	(607,940)
<b>Total other financing sources (uses)</b>	<b>(57,441)</b>	<b>684,745</b>	<b>(371,634)</b>	<b>9,556</b>	<b>-</b>	<b>-</b>	<b>6,248</b>	<b>9,831</b>	<b>-</b>	<b>-</b>	<b>281,305</b>
<b>Net Change in Fund Balances</b>	<b>(9,046)</b>	<b>374,307</b>	<b>(1,335)</b>	<b>106,716</b>	<b>1,347</b>	<b>717</b>	<b>18,627</b>	<b>47,841</b>	<b>-</b>	<b>(2)</b>	<b>539,172</b>
<b>Fund Balances (Deficit), Beginning of year</b>	<b>223,172</b>	<b>114,740</b>	<b>1,335</b>	<b>239,316</b>	<b>14,164</b>	<b>20,477</b>	<b>(18,627)</b>	<b>40,281</b>	<b>475</b>	<b>4</b>	<b>635,337</b>
<b>Fund Balances, End of year</b>	<b>\$ 214,126</b>	<b>\$ 489,047</b>	<b>\$ -</b>	<b>\$ 346,032</b>	<b>\$ 15,511</b>	<b>\$ 21,194</b>	<b>\$ -</b>	<b>\$ 88,122</b>	<b>\$ 475</b>	<b>\$ 2</b>	<b>\$ 1,174,509</b>



**CITY OF WAYNE, MICHIGAN**  
**OTHER SUPPLEMENTAL INFORMATION**  
**COMBINING BALANCE SHEET**  
**DEBT SERVICE FUNDS**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**Year Ended June 30, 2015**

	<u>2008 Michigan Transportation Fund Bonds</u>	<u>2008 Recreation Center Project</u>	<u>2012A Refunding Bonds</u>	<u>2012B Refunding Bonds</u>	<u>2012C Refunding Bonds</u>	<u>Total</u>
<b>Assets</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Liabilities and Fund Balance</b>						
<b>Fund Balances</b>						
Reserved for debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**CITY OF WAYNE, MICHIGAN**  
**OTHER SUPPLEMENTAL INFORMATION**  
**COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**DEBT SERVICE FUNDS**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**Year Ended June 30, 2015**

	<b>2008 Michigan Transportation Fund Bonds</b>	<b>2008 Recreation Center Project</b>	<b>2012A Refunding Bonds</b>	<b>2012B Refunding Bonds</b>	<b>2012C Refunding Bonds</b>	<b>Total</b>
<b>Revenue - Intergovernmental</b>	\$ -	\$ -	\$ -	\$ 370,553	\$ 24,528	\$ 395,081
<b>Expenditures</b>						
Debt service						
Principal	25,000	75,000	485,000	315,000	280,000	1,180,000
Interest and fees	29,781	68,456	89,768	55,553	219,856	463,414
Total expenditures	54,781	143,456	574,768	370,553	499,856	1,643,414
<b>Other Financing Sources and Transfers from Other Funds</b>						
General Fund	-	143,456	574,768	-	475,328	1,193,552
Major Street Fund	54,781	-	-	-	-	54,781
Total other financing uses	54,781	143,456	574,768	-	475,328	1,248,333
<b>Net Change in Fund Balances</b>	-	-	-	-	-	-
<b>Fund Balances, Beginning of year</b>	-	-	-	-	-	-
<b>Fund Balances, End of year</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**CITY OF WAYNE, MICHIGAN**  
**OTHER SUPPLEMENTAL INFORMATION**  
**BALANCE SHEET**  
**CAPITAL PROJECT FUND**  
**NONMAJOR GOVERNMENTAL FUND**  
**June 30, 2015**

	<b>General Projects Fund</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 608
	<u>608</u>
<b>Liabilities and Fund Balances</b>	
<b>Liabilities</b>	
Accounts payable	\$ 608
	<u>608</u>
<b>Fund Balances</b>	
Restricted for capital projects	-
	<u>-</u>
Total liabilities and fund balances	\$ 608
	<u>608</u>

**CITY OF WAYNE, MICHIGAN**  
**OTHER SUPPLEMENTAL INFORMATION**  
**STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE**  
**CAPITAL PROJECT FUND**  
**NONMAJOR GOVERNMENTAL FUND**  
**Year Ended June 30, 2015**

	<b>General Projects Fund</b>
<b>Revenue</b>	
Other revenue	\$ 5,481
<b>Expenditures</b>	
General government	75,698
<b>Other Financing Sources (Uses)</b>	
Transfers to the General Fund	<u>(37,425)</u>
<b>Net Change in Fund Balance</b>	<u>(107,642)</u>
<b>Fund Balance, Beginning of year</b>	<u>107,642</u>
<b>Fund Balance, End of year</b>	<u><u>\$ -</u></u>

**CITY OF WAYNE, MICHIGAN**  
**OTHER SUPPLEMENTAL INFORMATION**  
**COMBINING STATEMENT OF ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**June 30, 2015**

	<b>Miscellaneous Agency Fund</b>	<b>Delinquent Personal Property Tax Collection Fund</b>	<b>Payroll Fund</b>	<b>Total</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 112,416	\$ 11,261	\$ 3,927	\$ 127,604
Taxes receivable - delinquent	-	108,733	-	108,733
Total assets	<u>\$ 112,416</u>	<u>\$ 119,994</u>	<u>\$ 3,927</u>	<u>\$ 236,337</u>
<b>Liabilities</b>				
Due to other organizations	\$ -	\$ -	\$ 150	\$ 150
Due to other governments	-	119,563	-	119,563
Refunds due to taxpayers	-	431	-	431
Held for others	112,416	-	3,777	116,193
Total liabilities	<u>\$ 112,416</u>	<u>\$ 119,994</u>	<u>\$ 3,927</u>	<u>\$ 236,337</u>

**CITY OF WAYNE, MICHIGAN**  
**OTHER SUPPLEMENTAL INFORMATION**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**June 30, 2015**

	<u>DPW Equipment Rental Fund</u>	<u>Risk Management Fund</u>	<u>DPW Services Fund</u>	<u>Administrative Services Fund</u>	<u>Total</u>
<b>Assets</b>					
Current assets					
Cash and cash equivalents	\$ 4,060	\$ 5,135	\$ 8,622	\$ 187	\$ 18,004
<b>Liabilities and Net Position</b>					
<b>Liabilities</b>					
Accounts payable	4,060	5,135	8,622	187	18,004
<b>Net Position</b>					
Unrestricted	-	-	-	-	-
Total net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF WAYNE, MICHIGAN**  
**OTHER SUPPLEMENTAL INFORMATION**  
**COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN**  
**NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**Year Ended June 30, 2015**

	<b>DPW Equipment Rental Fund</b>	<b>Risk Management Fund</b>	<b>DPW Services Fund</b>	<b>Administrative Services Fund</b>	<b>Total</b>
<b>Operating Revenue</b>					
Charges for services	\$ 554,045	\$ 2,083,636	\$2,225,729	\$ -	\$ 4,863,410
Other revenue	-	-	-	3,065	3,065
Total revenue	554,045	2,083,636	2,225,729	3,065	4,866,475
<b>Operating Expenses</b>					
Salaries and benefits	112,333	171,301	1,969,982	-	2,253,616
Materials and supplies	112,734	-	286,799	5,392	404,925
Professional services	6,840	719,569	-	-	726,409
Transportation	-	301	6,741	-	7,042
Payment and claims	-	84,606	-	-	84,606
Service and maintenance	72,653	-	-	998	73,651
Insurance and bonds	65,100	1,334,376	-	-	1,399,476
Depreciation	173,062	-	-	-	173,062
Total operating expenses	542,722	2,310,153	2,263,522	6,390	5,122,787
Operating income (loss)	11,323	(226,517)	(37,793)	(3,325)	(256,312)
<b>Non-operating Revenue (Expense)</b>					
Interest income (expense)	(185)	4,685	47	-	4,547
Income (loss) before transfers	11,138	(221,832)	(37,746)	(3,325)	(251,765)
<b>Transfers Out</b>	(1,299,476)	(641,125)	(332,987)	(106,947)	(2,380,535)
<b>Change in Net Position</b>	(1,288,338)	(862,957)	(370,733)	(110,272)	(2,632,300)
<b>Net Position, Beginning of year</b>	1,288,338	862,957	370,733	110,272	2,632,300
<b>Net Position, End of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF WAYNE, MICHIGAN**  
**OTHER SUPPLEMENTAL INFORMATION**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
Year Ended June 30, 2015

	DPW Equipment Rental Fund	Risk Management Fund	DPW Services Fund	Administrative Services Fund	Total
<b>Cash Flows from Operating Activities</b>					
Cash received from customers	\$ 554,045	\$ 2,083,636	\$ 2,225,729	\$ 3,065	\$ 4,866,475
Cash payments to suppliers for goods and services	(256,632)	(2,206,642)	21,869	(2,925)	(2,444,330)
Cash payments to employees for services	(119,243)	(360,350)	(2,020,034)	-	(2,499,627)
Net cash provided by (used in) operating activities	178,170	(483,356)	227,564	140	(77,482)
<b>Cash Flows from Noncapital Financing Activities - Transfers to other funds</b>					
	(718,542)	(641,125)	(332,987)	(106,947)	(1,799,601)
<b>Cash Flows from Investing Activities - Interest on investments</b>					
	(185)	4,685	47	-	4,547
<b>Net Decrease in Cash and Cash Equivalents</b>	(540,557)	(1,119,796)	(105,376)	(106,807)	(1,872,536)
<b>Cash and Cash Equivalents, Beginning of year</b>	544,617	1,124,931	113,998	106,994	1,890,540
<b>Cash and Cash Equivalents, End of year</b>	<u>\$ 4,060</u>	<u>\$ 5,135</u>	<u>\$ 8,622</u>	<u>\$ 187</u>	<u>\$ 18,004</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities</b>					
Operating income (loss)	\$ 11,323	\$ (226,517)	\$ (37,793)	\$ (3,325)	\$ (256,312)
Adjustments to reconcile operating income (loss) to net cash from operating activities					
Depreciation	173,062	-	-	-	173,062
Changes in assets and liabilities:					
Accounts receivables	-	-	41,167	-	41,167
Inventory	-	-	268,348	3,475	271,823
Due from employees	-	22,142	-	-	22,142
Accounts payable	695	(22,078)	5,894	(10)	(15,499)
Accrued salaries and wages	(6,910)	(211,191)	(50,052)	-	(268,153)
Unsettled claims - property casualty loss	-	(43,775)	-	-	(43,775)
Unsettled claims - worker's compensatio	-	(1,937)	-	-	(1,937)
Net cash provided by (used in) operating activities	<u>\$ 178,170</u>	<u>\$ (483,356)</u>	<u>\$ 227,564</u>	<u>\$ 140</u>	<u>\$ (77,482)</u>

**Noncash investing, capital, and financing activities** - During the year ended June 30, 2015, capital assets with a net book value of \$580,934 were transferred from the Internal Service Funds to governmental activities.