

# **CITY OF WAYNE, MICHIGAN**

FINANCIAL REPORT WITH SUPPLEMENTAL INFORMATION

June 30, 2014

# CITY OF WAYNE, MICHIGAN

## TABLE OF CONTENTS

	<b>Page</b>
<b>Independent Auditor's Report</b>	1
<b>Management's Discussion and Analysis</b>	4
<b>Financial Statements</b>	
Government-wide Financial Statements	
Statement of Net Position	10
Statement of Activities	11
Fund Financial Statements	
Governmental Funds	
Balance Sheet	12
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	13
Statement of Revenue, Expenditures and Changes in Fund Balances	14
Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Proprietary Funds	
Statement of Net Position	16
Statement of Revenue, Expenses and Changes in Fund Net Position	17
Statement of Cash Flows	18
Fiduciary Funds	
Statement of Fiduciary Net Position	19
Statement of Changes in Fiduciary Net Position	20
Component Units	
Statement of Net Position	21
Statement of Activities	22
Notes to Financial Statements	23
<b>Required Supplemental Information</b>	
Budgetary Comparison Schedule – General Fund	60
Budgetary Comparison Schedule – Major Street and Trunkline Fund	61
Budgetary Comparison Schedule – Local Street Fund and Replacement Fund	62
Employment Retirement System and Other Post Employment Benefit Plan Trust	63
Notes to Required Supplemental Information	64
<b>Other Supplemental Information</b>	
Nonmajor Governmental Funds	
Combining Balance Sheet	66
Combining Statement of Revenue, Expenditures and Changes in Fund Balances	67
Combining Balance Sheet – Special Revenue Funds	68
Combining Statement of Revenue, Expenditures and Changes in Fund Balances – Special Revenue Funds	69
Combining Balance Sheet – Debt Service Funds	70

# CITY OF WAYNE, MICHIGAN

## TABLE OF CONTENTS (Continued)

	<b>Page</b>
Combining Statement of Revenue, Expenditures and Changes in Fund Balances – Debt Service Funds	71
Combining Balance Sheet – Capital Project Funds	72
Combining Statement of Revenue, Expenditures and Changes in Fund Balances – Capital Project Funds	73
Agency Funds	
Combining Statement of Assets and Liabilities – Agency Funds	74
Internal Service Funds	
Combining Statement of Net Position – Internal Service Funds	75
Combining Statement of Revenue, Expenditures and Changes in Net Position – Internal Service Funds	76
Combining Statement of Cash Flows – Internal Service Funds	77

## 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, 2014, 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  
Page Two

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, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

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

### **Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying 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 non-major fund financial statements, agency funds statement of assets and liabilities, combining internal service fund financial statements, and component unit 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.

To the City Council  
City of Wayne, Michigan  
Page Three

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 23, 2014

**CITY OF WAYNE, MICHIGAN**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2014**

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, 2014. 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:

- Property values continued to decline, resulting in a reduction of property tax revenue totaling \$234,000.
- Overall, governmental revenue decreased \$262,000 from 2013.
- Total expenses of the governmental activities increased \$885,000. Of this amount, \$228,000 was an increase in the pension contribution.
- The City's General Fund activity was subsidized during the year with a \$1.1 million transfer from the City's internal service funds. Even still, the General Fund incurred a net reduction to its fund balance of approximately \$121,000.

**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.

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

**CITY OF WAYNE, MICHIGAN**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2014**

**Reporting the City as a Whole**

The following table shows the net position as of June 30, 2014 and 2013:

	Government Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
<b>Assets</b>						
Current and other assets	\$ 6,614,610	\$ 8,609,068	\$ 3,455,212	\$ 3,597,367	\$ 10,069,822	\$ 12,206,435
Capital assets	40,170,338	41,606,466	27,882,350	28,369,123	68,052,688	69,975,589
Total assets	<u>46,784,948</u>	<u>50,215,534</u>	<u>31,337,562</u>	<u>31,966,490</u>	<u>78,122,510</u>	<u>82,182,024</u>
<b>Liabilities</b>						
Current liabilities	2,151,964	1,610,468	712,035	711,451	2,863,999	2,321,919
Debt and Long-term liabilities	26,065,810	25,677,442	14,327,839	14,916,372	40,393,649	40,593,814
Total liabilities	<u>28,217,774</u>	<u>27,287,910</u>	<u>15,039,874</u>	<u>15,627,823</u>	<u>43,257,648</u>	<u>42,915,733</u>
<b>Net Position</b>						
Net investment in capital assets	23,309,355	23,375,296	13,719,509	13,753,080	37,028,864	37,128,376
Restricted	1,183,925	953,795	285,380	285,363	1,469,305	1,239,158
Unrestricted	(5,926,106)	(1,401,467)	2,292,799	2,300,224	(3,633,307)	898,757
Total net position	<u>\$ 18,567,174</u>	<u>\$ 22,927,624</u>	<u>\$ 16,297,688</u>	<u>\$ 16,338,667</u>	<u>\$ 34,864,862</u>	<u>\$ 39,266,291</u>



**CITY OF WAYNE, MICHIGAN**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2014**

The following table shows the changes in net position for the years ended June 30, 2014 and 2013:

	Government Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
<b>Revenue</b>						
Program revenue:						
Charges for services	\$ 6,868,706	\$ 6,467,951	\$ 9,338,562	\$ 9,782,922	\$ 16,207,268	\$ 16,250,873
Operating grants and contributions	1,056,218	2,595,021	-	-	1,056,218	2,595,021
Capital grants and contributions	104,945	553,650	-	-	104,945	553,650
General revenue:						
Property taxes	8,477,609	10,456,876	-	-	8,477,609	10,456,876
Franchise fee	285,610	261,263	-	-	285,610	261,263
Investment earnings	40,697	74,675	14,852	47,412	55,549	122,087
State shared revenue	1,808,135	-	-	-	1,808,135	-
Miscellaneous revenue	1,505,767	-	-	-	1,505,767	-
<b>Total revenue</b>	<b>20,147,687</b>	<b>20,409,436</b>	<b>9,353,414</b>	<b>9,830,334</b>	<b>29,501,101</b>	<b>30,239,770</b>
<b>Program Expenses</b>						
General government	3,228,761	4,308,822	-	-	3,228,761	4,308,822
District Court	848,009	771,112	-	-	848,009	771,112
Public safety	10,009,326	9,325,649	-	-	10,009,326	9,325,649
Public services	5,492,381	4,618,687	-	-	5,492,381	4,618,687
Health and welfare	358,697	237,585	-	-	358,697	237,585
Community and economic development	1,217,059	93,233	-	-	1,217,059	93,233
Recreation and culture	2,869,407	3,235,507	-	-	2,869,407	3,235,507
Interest on long-term debt	484,497	1,032,376	-	-	484,497	1,032,376
Water and sewer	-	-	9,394,393	9,220,152	9,394,393	9,220,152
<b>Total program expenses</b>	<b>24,508,137</b>	<b>23,622,971</b>	<b>9,394,393</b>	<b>9,220,152</b>	<b>33,902,530</b>	<b>32,843,123</b>
Change in net position	(4,360,450)	(3,213,535)	(40,979)	610,182	(4,401,429)	(2,603,353)
Net position, Beginning of year	22,927,624	26,141,159	16,338,667	15,728,485	39,266,291	41,869,644
Net position, End of year	<u>\$ 18,567,174</u>	<u>\$ 22,927,624</u>	<u>\$ 16,297,688</u>	<u>\$ 16,338,667</u>	<u>\$ 34,864,862</u>	<u>\$ 39,266,291</u>

**CITY OF WAYNE, MICHIGAN**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2014**

**Governmental Activities**

Net Position of the City's governmental activities decreased by 19%, decreasing by nearly \$4.4 million. Of this decrease, \$2.7 million is 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 was \$3.8 million, but the City only contributed \$1.3 million.

Further declines in taxable value have continued to decrease the City's revenue derived from property taxes. This year, property tax revenue decreased \$234,000 from 2013 levels. Without a new millage, the City is unable to increase its property tax revenue until property values stabilize and begin to increase again. For the second 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. This year, the required pension contribution increased \$228,000 and was fully funded by the City. The actuarially calculated contribution for retiree healthcare increased by \$517,000, from \$3.6 million to \$4.1 million; however, the City elected to only contribute \$1.3 million to the OPEB trust.

**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 remained relatively unchanged, incurring a loss of only \$41,000. In fiscal year 2013, the fund generated a surplus of \$610,000. The difference is primarily related to decreasing flow.

Rates from Detroit and Wayne County continue to rise and the City limits the costs passed through to its residents as best it can. The City continues to include a fixed charge on its bills, a practice which began in 2013 and mirrors that of Detroit and Wayne County.

**THE CITY'S FUNDS**

As of June 30, 2014, the governmental funds of the City, as presented in the balance sheet on page 12, reported a combined fund balance of \$2.6 million, which reflects a decrease of \$94,000 from the prior year.

Despite a \$1.1 million transfer from the internal service funds, the General Fund still incurred a decrease in fund balance of \$121,000. The City has not yet been able to reduce its costs commensurate with the cumulative decrease over the year in property taxes and state shared revenue.

**CITY OF WAYNE, MICHIGAN**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2014**

The Major Streets and Trunkline Fund operations generated a surplus of \$98,000; however the fund also transferred \$55,000 to a debt service fund for the annual payments on the 2008 transportation bonds and also transferred \$178,000 to the Local Street Fund.

The Local Street Fund operated in a deficit, spending \$536,000 more than revenue; however, it received transfers from other funds totaling \$597,000. Net fund balance increased \$61,000.

Fund balance in the remaining other governmental funds decreased \$21,000. These funds account for such activity as refuse collections, the library, grants management, debt service, and capital projects.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The originally adopted General Fund budget projected a decrease in fund balance of \$111,000. During the year, the budget was conservatively amended as new information became available. By the end of the year, after all adjustments to close the books, the General Fund incurred a decrease in fund balance of \$135,000. It should be noted that this includes:

- \$1.1 million was transferred back to the General Fund from the internal service funds, \$300,000 from the DPW Equipment Rental Fund and \$800,000 from the Risk Management Fund.
- Retiree healthcare benefits paid for the year totaled just over \$2 million; however, the City only contributed \$1.2 million of that amount. The balance was paid for by the OPEB trust fund.

**CAPITAL ASSETS**

At the end of June 30, 2014, after depreciation expense, the City had \$67.8 million invested in capital assets including land and land improvements, buildings, improvements, equipment (including police and fire equipment), park facilities, roads, bridges and water and sewer lines (see statement on page 10). This represents a decrease of \$2,208,281 or 3.1% from the previous year. New additions and improvements totaled \$611,000. Depreciation expense totaled \$2.8 million

**DEBT ADMINISTRATION**

At year end, the City has \$30.8 million in outstanding general obligation bonds, notes payable, and capital leases payable. Principal payments on this debt were approximately \$2 million, with another \$1.1 million paid in interest.

No new structured debt was incurred during fiscal year 2014.

In addition, the City has \$2.4 million of accrued sick and vacation benefits. Of this amount, \$450,000 is currently recorded in the Water and Sewer Fund. The remaining \$1.9 million will be liquidated by the General Fund and Library Fund as the liability matures.

**CITY OF WAYNE, MICHIGAN**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2014**

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

Approved appropriations, before transfers, by the City Council in the General Fund budget are \$16.1 million for the 2014-15 fiscal year, consistent with the final approved budget for the 2013-14 fiscal year. Revenue projections are budgeted at \$16.7 million; however that included a new Public Act 345 millage that has not been approved by Wayne voters. As a result, budgeted expenditures exceed likely revenue. The City still has options available in the internal service funds, the OPEB trust, or using fund balance to balance the budget.

The City continues to look for ways to generate new revenues and to reduce costs internally, share services with surrounding communities, and other cost saving initiatives.

**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, 2014**

	<b>Primary Government</b>			<b>Component Units</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 4,025,703	\$ 3,113,552	\$ 7,139,255	\$ 244,349
Receivables, net	1,320,553	1,183,398	2,503,951	-
Internal balances	843,738	(843,738)	-	-
Inventory	275,223	-	275,223	-
Prepaid expenses	149,393	2,000	151,393	-
Total current assets	<u>6,614,610</u>	<u>3,455,212</u>	<u>10,069,822</u>	<u>244,349</u>
Noncurrent assets				
Restricted assets				
Cash and cash equivalents	-	285,380	285,380	-
Capital assets				
Assets not subject to depreciation	6,010,004	50,396	6,060,400	1,824,333
Assets subject to depreciation	34,160,334	27,546,574	61,706,908	4,753,023
Total capital assets	<u>40,170,338</u>	<u>27,596,970</u>	<u>67,767,308</u>	<u>6,577,356</u>
Total assets	<u>46,784,948</u>	<u>31,337,562</u>	<u>78,122,510</u>	<u>6,821,705</u>
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable and accrued expenses	1,179,904	563,894	1,743,798	(44,164)
Unearned revenue	52,349	-	52,349	-
Current portion of long-term debt	1,289,955	760,000	2,049,955	-
Accumulated compensated absences	800,000	-	800,000	-
Accrued interest payable	119,711	148,141	267,852	-
Total current liabilities	<u>3,441,919</u>	<u>1,472,035</u>	<u>4,913,954</u>	<u>(44,164)</u>
Long-term liabilities				
Long-term debt, net of current portion	15,630,653	13,117,461	28,748,114	511,073
Other post employment benefits	8,016,623	450,378	8,467,001	108,401
Accumulated compensated absences	1,128,579	-	1,128,579	-
Total liabilities	<u>28,217,774</u>	<u>15,039,874</u>	<u>43,257,648</u>	<u>575,310</u>
<b>NET POSITION</b>				
Net investment in capital assets	23,309,355	13,719,509	37,028,864	6,577,356
Restricted for:				
Debt service	-	285,380	285,380	-
Cemetery perpetual care (nonspendable)	346,727	-	346,727	-
Roads	388,437	-	388,437	-
Refuse collection	244,643	-	244,643	-
Law enforcement	34,641	-	34,641	-
Library operations	42,837	-	42,837	-
Act 48 (Metro Act)	15,949	-	15,949	-
Federal grants	2,570	-	2,570	-
Capital projects	107,642	-	107,642	-
Other	479	-	479	-
Unrestricted (deficit)	<u>(5,926,106)</u>	<u>2,292,799</u>	<u>(3,633,307)</u>	<u>(439,362)</u>
Total net position	<u>\$18,567,174</u>	<u>\$ 16,297,688</u>	<u>\$ 34,864,862</u>	<u>\$ 6,137,994</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF WAYNE, MICHIGAN**  
**STATEMENT OF ACTIVITIES**  
Year Ended June 30, 2014

Functions/ Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 3,228,761	\$ 1,606,084	\$ 3,000	\$ -
District Court	848,009	650,647	110,097	-
Public safety	10,009,326	1,303,348	330,687	-
Public services	5,492,381	2,405,988	234,342	44,031
Health and welfare	358,697	-	352,628	-
Community and economic development	1,217,059	44,225	-	-
Recreation and culture	2,869,407	858,414	25,464	60,914
Interest and other long-term debt	484,497	-	-	-
Total governmental activities	<u>24,508,137</u>	<u>6,868,706</u>	<u>1,056,218</u>	<u>104,945</u>
Business-type activities				
Water and sewer	<u>9,394,393</u>	<u>9,338,562</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 33,902,530</u>	<u>\$ 16,207,268</u>	<u>\$ 1,056,218</u>	<u>\$ 104,945</u>
Component units				
Downtown Development Authority	\$ 1,632,828	\$ 13,614	\$ -	\$ -
Parks and Recreation Foundation	<u>1,238</u>	<u>-</u>	<u>6,610</u>	<u>-</u>
Total component units	<u>\$ 1,634,066</u>	<u>\$ 13,614</u>	<u>\$ 6,610</u>	<u>\$ -</u>
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				
<b>Change in Net Position</b>				
<b>Net Position, Beginning of year</b>				
<b>Net Position, End of year</b>				

<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>
\$ (1,619,677)	\$ -	\$ (1,619,677)	\$ -
(87,265)	-	(87,265)	-
(8,375,291)	-	(8,375,291)	-
(2,808,020)	-	(2,808,020)	-
(6,069)	-	(6,069)	-
(1,172,834)	-	(1,172,834)	-
(1,924,615)	-	(1,924,615)	-
(484,497)	-	(484,497)	-
<u>(16,478,268)</u>	<u>-</u>	<u>(16,478,268)</u>	<u>-</u>
-	(55,831)	(55,831)	-
<u>(16,478,268)</u>	<u>(55,831)</u>	<u>(16,534,099)</u>	<u>-</u>
-	-	-	(1,619,214)
-	-	-	5,372
-	-	-	<u>(1,613,842)</u>
6,608,533	-	6,608,533	1,359,006
1,104,538	-	1,104,538	-
382,228	-	382,228	-
382,310	-	382,310	-
285,610	-	285,610	-
40,697	14,852	55,549	23
1,808,135	-	1,808,135	-
1,505,767	-	1,505,767	-
<u>12,117,818</u>	<u>14,852</u>	<u>12,132,670</u>	<u>1,359,029</u>
(4,360,450)	(40,979)	(4,401,429)	(254,813)
<u>22,927,624</u>	<u>16,338,667</u>	<u>39,266,291</u>	<u>6,392,807</u>
<u>\$ 18,567,174</u>	<u>\$ 16,297,688</u>	<u>\$ 34,864,862</u>	<u>\$ 6,137,994</u>

**CITY OF WAYNE, MICHIGAN**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**  
**June 30, 2014**

	<u>General Fund</u>	<u>Major Street and Trunkline Fund</u>	<u>Local Street Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<b>Assets</b>					
Cash and cash equivalents	\$ 1,292,045	\$ 69,889	\$ 45,590	\$ 727,639	\$ 2,135,163
Receivables					
Accounts, net	773,304	462	6,241	-	780,007
Special assessments	-	-	46,657	-	46,657
Taxes, net	50,603	-	-	10,416	61,019
Intergovernmental	92,871	125,933	46,292	43,092	308,188
Other	-	-	-	61,373	61,373
Due from other funds	45,135	1,222	29,262	-	75,619
Inventory	3,400	-	-	-	3,400
Prepaid items	1,182	71,606	-	76,605	149,393
	<u>1,182</u>	<u>71,606</u>	<u>-</u>	<u>76,605</u>	<u>149,393</u>
Total assets	<u>\$ 2,258,540</u>	<u>\$ 269,112</u>	<u>\$ 174,042</u>	<u>\$ 919,125</u>	<u>\$ 3,620,819</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 330,070	\$ 12,102	\$ -	\$ 61,429	\$ 403,601
Due to other funds	-	29,262	-	46,357	75,619
Accrued salaries and wages	339,215	4,576	12,645	13,460	369,896
Deposits	59,040	-	-	-	59,040
Unearned revenue	42,866	-	-	9,483	52,349
	<u>42,866</u>	<u>-</u>	<u>-</u>	<u>9,483</u>	<u>52,349</u>
Total liabilities	<u>771,191</u>	<u>45,940</u>	<u>12,645</u>	<u>130,729</u>	<u>960,505</u>
Deferred inflows of resources - Unavailable revenue	50,603	-	46,657	36,602	133,862
	<u>50,603</u>	<u>-</u>	<u>46,657</u>	<u>36,602</u>	<u>133,862</u>
<b>Fund Balances</b>					
Nonspendable					
Prepaid items	1,182	71,606	-	76,605	149,393
Inventory	3,400	-	-	-	3,400
Permanent fund principal	-	-	-	346,727	346,727
Restricted					
Roads	-	151,566	114,740	1,335	267,641
Refuse collection	-	-	-	239,316	239,316
Law enforcement	-	-	-	34,641	34,641
Library operations	-	-	-	40,281	40,281
Act 48 (Metro Act)	15,949	-	-	-	15,949
Other	-	-	-	479	479
Assigned					
Compensated absences - vacation days	689,995	-	-	-	689,995
Capital projects	-	-	-	31,037	31,037
Unassigned balances (deficit)	726,220	-	-	(18,627)	707,593
	<u>726,220</u>	<u>-</u>	<u>-</u>	<u>(18,627)</u>	<u>707,593</u>
Total fund balances	<u>1,436,746</u>	<u>223,172</u>	<u>114,740</u>	<u>751,794</u>	<u>2,526,452</u>
Total liabilities and fund balances	<u>\$ 2,258,540</u>	<u>\$ 269,112</u>	<u>\$ 174,042</u>	<u>\$ 919,125</u>	<u>\$ 3,620,819</u>



**CITY OF WAYNE, MICHIGAN**  
**GOVERNMENTAL FUNDS**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**June 30, 2014**

<b>Fund Balance Reported in Governmental Funds</b>	<b>\$ 2,526,452</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	39,416,343
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	133,862
Bonds payable and claims obligations are not due and payable in the current period and are not reported in the funds	(16,920,608)
Other postemployment benefit obligation are not reported in the governmental funds	(8,016,623)
Accrued interest is not due and payable in the current period and is not reported in the funds	(119,711)
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	(1,928,579)
Interfund transfer	843,738
Internal service funds are included as part of governmental activities	<u>2,632,300</u>
<b>Net Position of Governmental Activities</b>	<b><u><u>\$ 18,567,174</u></u></b>

**CITY OF WAYNE, MICHIGAN**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**Year Ended June 30, 2014**

	General Fund	Major Streets and Trunkline Fund	Local Street Fund	Nonmajor Governmental Funds	Total
<b>Revenue</b>					
Taxes	\$ 6,888,906	\$ -	\$ -	\$ 1,869,076	\$ 8,757,982
Licenses and permits	532,269	-	-	-	532,269
Intergovernmental	2,449,051	786,940	342,120	534,146	4,112,257
Charges for services	2,385,481	-	-	3,019	2,388,500
Fines and forfeitures	870,683	-	-	-	870,683
Interest and rents	34,718	4	3,238	2,737	40,697
Other	2,045,088	34,119	7,808	538,657	2,625,672
<b>Total revenue</b>	<b>15,206,196</b>	<b>821,063</b>	<b>353,166</b>	<b>2,947,635</b>	<b>19,328,060</b>
<b>Expenditures</b>					
General government	2,561,269	-	-	73,335	2,634,604
District Court	686,920	-	-	-	686,920
Public safety	7,844,193	-	-	14,485	7,858,678
Public services	1,819,816	365,698	877,622	922,773	3,985,909
Health and welfare	295,379	-	-	-	295,379
Community and economic development	65,624	-	-	1,010,553	1,076,177
Recreation and culture	1,791,730	-	-	-	1,791,730
Capital outlay	127,841	357,788	11,620	-	497,249
Debt service					
Principal	-	-	-	1,205,000	1,205,000
Interest and paying agent fees	-	-	-	490,732	490,732
<b>Total expenditures</b>	<b>15,192,772</b>	<b>723,486</b>	<b>889,242</b>	<b>3,716,878</b>	<b>20,522,378</b>
<b>Excess (Deficiency) of Revenue Over Expenditures</b>	<b>13,424</b>	<b>97,577</b>	<b>(536,076)</b>	<b>(769,243)</b>	<b>(1,194,318)</b>
<b>Other Financing Sources (Uses)</b>					
Transfers in	1,100,000	122,500	597,296	2,930,353	4,750,149
Transfers out	(1,234,621)	(233,140)	-	(2,182,388)	(3,650,149)
<b>Total other financing sources (uses)</b>	<b>(134,621)</b>	<b>(110,640)</b>	<b>597,296</b>	<b>747,965</b>	<b>1,100,000</b>
<b>Net Changes in Fund Balances</b>	<b>(121,197)</b>	<b>(13,063)</b>	<b>61,220</b>	<b>(21,278)</b>	<b>(94,318)</b>
<b>Fund Balances, Beginning of year</b>	<b>1,557,943</b>	<b>236,235</b>	<b>53,520</b>	<b>773,072</b>	<b>2,620,770</b>
<b>Fund Balances, End of year</b>	<b>\$ 1,436,746</b>	<b>\$ 223,172</b>	<b>\$ 114,740</b>	<b>\$ 751,794</b>	<b>\$ 2,526,452</b>

**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, 2014**

**Net Change in Fund Balances - Total Governmental Funds** \$ (94,318)

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 expense. This is the amount by which depreciation exceeded capital outlays in the current period. (1,345,200)

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. (280,373)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of net position. Long-term debt for capital assets is a reduction of net assets; however, a reduction of the debt increases net position. This is the amount of principal paid on long-term debt. 1,205,000

Repayment of notes payable and capital lease payments is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of net position. Long-term debt for capital assets is a reduction of net assets; however, a reduction of the debt increases net position. This is the amount of principal paid on long-term debt. 105,562

Accrued interest on long-term debt is not reflected in governmental funds. This is the amount that accrued interest was reduced on the statement of net position. 6,235

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The amount of expenditures for other post employment benefits (OPEB) is reported here. (2,670,842)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The amount of expenditures for accumulated compensated absences is reported here. 171,912

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 is reported with governmental activities. (1,458,426)

**Change in Net Position of Governmental Activities** \$ (4,360,450)

**CITY OF WAYNE, MICHIGAN**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET POSITION**  
**June 30, 2014**

	<u>Enterprise Funds</u>	<u>Governmental Activities</u>
	<u>Water and Sewer</u>	<u>Proprietary Internal Service Funds</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 3,113,552	\$ 1,890,540
Accounts receivable	1,183,398	41,167
Due from employees	-	22,142
Prepaid expense	2,000	-
Inventory	-	271,823
Total current assets	<u>4,298,950</u>	<u>2,225,672</u>
Noncurrent assets		
Restricted assets - cash and cash equivalents	285,380	-
Capital assets		
Assets not subject to depreciation	50,396	-
Assets subject to depreciation	<u>27,546,574</u>	<u>753,995</u>
Total noncurrent assets	<u>27,882,350</u>	<u>753,995</u>
Total assets	<u>32,181,300</u>	<u>2,979,667</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	538,924	33,502
Accrued salaries and wages	24,970	268,153
Payables from restricted assets		
Accrued interest payable	148,141	-
Current portion of long-term debt	760,000	-
Unsettled claims - property casualty losses	-	43,775
Unsettled claims - workers' compensation	-	1,937
Total current liabilities	<u>1,472,035</u>	<u>347,367</u>
Noncurrent liabilities		
Retiree health care benefits obligation	450,378	-
Bonds and contracts payable - net of discount	<u>13,117,461</u>	<u>-</u>
Total noncurrent liabilities	<u>13,567,839</u>	<u>-</u>
Total liabilities	<u>15,039,874</u>	<u>347,367</u>
<b>NET POSITION</b>		
Net investment in capital assets	13,719,509	753,995
Restricted - debt service	285,380	-
Unrestricted	<u>3,136,537</u>	<u>1,878,305</u>
Total net position	17,141,426	<u>\$ 2,632,300</u>
Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Fund	<u>(843,738)</u>	
<b>NET POSITION OF ENTERPRISE FUND</b>	<u>\$ 16,297,688</u>	

*The accompanying notes are an integral part of the financial statements.*

# CITY OF WAYNE, MICHIGAN

## PROPRIETARY FUNDS

### STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

Year Ended June 30, 2014

	<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	\$ 3,842,561	\$ -
Sewage disposal	5,196,794	-
Charges for services	-	5,111,731
Penalties	192,010	-
Other	107,197	7,023
	<u>9,338,562</u>	<u>5,118,754</u>
Total operating revenue		
<b>Operating Expenses</b>		
Water purchased	2,117,348	-
Sewage disposal	2,968,041	-
Administration and meter shop	1,000,000	-
Salaries and benefits	-	2,730,526
Materials and supplies	-	476,175
Professional services	-	350,952
Transportation	-	9,620
Payment and claims	-	156,434
Service and maintenance	1,723,015	69,739
Insurance and bonds	-	1,520,591
Depreciation	808,310	168,191
Other	150,051	-
	<u>8,766,765</u>	<u>5,482,228</u>
Total operating expenses		
<b>Operating Income (Loss)</b>	<u>571,797</u>	<u>(363,474)</u>
<b>Nonoperating Revenue (Expense)</b>		
Interest income	14,852	5,048
Interest and paying agent fees expense	(627,628)	-
	<u>(612,776)</u>	<u>5,048</u>
Total nonoperating (expense) revenue		
<b>Loss- Before transfers</b>	(40,979)	(358,426)
<b>Transfers out</b>	-	(1,100,000)
<b>Change in Net Position</b>	<u>(40,979)</u>	<u>(1,458,426)</u>
<b>Net Position, Beginning of year</b>	<u>17,182,405</u>	<u>4,090,726</u>
<b>Net Position, End of year</b>	<u>\$ 17,141,426</u>	<u>\$ 2,632,300</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF WAYNE, MICHIGAN**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**  
Year Ended June 30, 2014

	<u>Enterprise Funds</u>	<u>Governmental Activities Proprietary Internal Service Funds</u>
	<u>Water and Sewer</u>	
<b>Cash Flows from Operating Activities</b>		
Cash received from customers	\$ 9,378,889	\$ 5,118,754
Cash payments to suppliers for goods and services	(6,831,654)	(2,628,975)
Cash payments to employees for services	(970,173)	(2,573,973)
	<u>1,577,062</u>	<u>(84,194)</u>
<b>Net cash provided by (used in) operating activities</b>		
<b>Cash Flows from Noncapital Financing Activities</b>		
Transfers to other funds	-	(1,100,000)
	<u>-</u>	<u>(1,100,000)</u>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Acquisition and construction of capital assets	(36,157)	(77,263)
Principal paid on revenue bonds and contracts	(760,000)	-
Interest paid on revenue bonds and contracts	(614,205)	-
	<u>(1,410,362)</u>	<u>(77,263)</u>
<b>Net cash used in capital and related financing activities</b>		
<b>Cash Flows from Investing Activities</b>		
Interest on investments	14,852	5,048
	<u>14,852</u>	<u>5,048</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	181,552	(1,256,409)
<b>Cash and Cash Equivalents, Beginning of year</b> (Including \$285,363 in restricted accounts)	<u>3,217,380</u>	<u>3,146,949</u>
<b>Cash and Cash Equivalents, End of year</b> (Including \$285,380 in restricted accounts)	<u>\$ 3,398,932</u>	<u>\$ 1,890,540</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities</b>		
Operating income (loss)	\$ 571,797	\$ (363,474)
Adjustments to reconcile operating income (loss) to net cash from operating activities		
Depreciation and amortization	808,310	168,191
Changes in assets and liabilities		
Accounts receivables	40,327	(5,719)
Inventory	-	28,776
Due from employees	-	2,306
Other assets	(2,000)	-
Accounts payable	(14,937)	4,988
Accrued and other liabilities	173,565	154,247
Unsettled claims - property casualty losses	-	(41,822)
Unsettled claims - worker's compensation	-	(31,687)
	<u>-</u>	<u>(31,687)</u>
<b>Net cash provided by (used in) operating activities</b>	<u>\$ 1,577,062</u>	<u>\$ (84,194)</u>

Noncash investing, capital, and financing activities - During the year ended June 30, 2014, there were no noncash activities.

**CITY OF WAYNE, MICHIGAN**  
**FIDUCIARY FUNDS**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**June 30, 2014**

	<u>Other Employee Benefits Trust Fund</u>	<u>Agency Funds</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 1,094,235	\$ 420,196
Investments, at fair value		
Mutual funds	312,564	-
U.S. Government obligations	362,062	-
Corporate stock	1,462,953	-
Accounts receivable	14,743	-
Taxes receivable - delinquent	-	146,724
	<u>3,246,557</u>	<u>\$ 566,920</u>
<b>Liabilities</b>		
Accounts payable	162	\$ -
Due to other organizations	-	78,752
Due to other governments	-	158,794
Refunds due to taxpayers	-	77
Held for others	-	329,297
	<u>162</u>	<u>\$ 566,920</u>
<b>Net Position</b>	<u>\$ 3,246,395</u>	

**CITY OF WAYNE, MICHIGAN**  
**FIDUCIARY FUNDS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**June 30, 2014**

	<b>Other Employee Benefits Trust Fund</b>
<b>Additions</b>	
Contributions	
Employer	\$ 1,259,298
Investment income	
Net depreciation in fair value of investments	313,274
Interest and dividends	<u>43,717</u>
Total additions	<u>1,616,289</u>
<b>Deductions</b>	
Benefits	2,028,989
Investment administration fees	<u>20,938</u>
Total deductions	<u>2,049,927</u>
Change in net position	(433,638)
<b>Net Position, Beginning of year</b>	<u>3,680,033</u>
<b>Net Position, End of year</b>	<u><u>\$ 3,246,395</u></u>



**CITY OF WAYNE, MICHIGAN**  
**COMPONENT UNITS**  
**STATEMENT OF NET POSITION**  
**June 30, 2014**

	<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	\$ 212,257	\$ 32,092	\$ 244,349
Noncurrent assets			
Capital assets			
Land, improvements, and construction in progress	1,824,333	-	1,824,333
Other capital assets - net	4,753,023	-	4,753,023
Total noncurrent assets	6,577,356	-	6,577,356
Total assets	6,789,613	32,092	6,821,705
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	64,237	-	64,237
Long-term liabilities			
Retiree health care benefits obligation	108,401	-	108,401
Due in more than one year	511,073	-	511,073
	619,474	-	619,474
Total liabilities	683,711	-	683,711
<b>NET POSITION</b>			
Investment in capital assets	6,577,356	-	6,577,356
Unrestricted (deficit)	(471,454)	32,092	(439,362)
Total net position	\$ 6,105,902	\$ 32,092	\$ 6,137,994

**CITY OF WAYNE, MICHIGAN**  
**COMPONENT UNITS**  
**STATEMENT OF ACTIVITIES**  
Year Ended June 30, 2014

<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	\$ 1,632,828	\$ 13,614	\$ -	\$ (1,619,214)	\$ -	\$ (1,619,214)
Parks and Recreation Foundation	1,238	-	6,610	-	5,372	5,372
Total component units	<u>\$ 1,634,066</u>	<u>\$ 13,614</u>	<u>\$ 6,610</u>	<u>(1,619,214)</u>	<u>5,372</u>	<u>(1,613,842)</u>
General revenue						
Taxes						
Property taxes, levied for general purposes				1,359,006	-	1,359,006
Investment earnings				-	23	23
Total general revenue				<u>1,359,006</u>	<u>23</u>	<u>1,359,029</u>
<b>Change in Net Position</b>				(260,208)	5,395	(254,813)
<b>Net Position, Beginning of year</b>				<u>6,366,110</u>	<u>26,697</u>	<u>6,392,807</u>
<b>Net Position, End of year</b>				<u>\$ 6,105,902</u>	<u>\$ 32,092</u>	<u>\$ 6,137,994</u>

**CITY OF WAYNE, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

**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 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 remains with the City. The Authority is presented as a governmental type with 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 \$899,390 to the City's governmental funds to help cover the DDA district's share of operating expenditures for the fiscal year, of which \$405,768 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, 2014**

**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, 2014

**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, 2014**

**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.

(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 City also elected to treat the Major and Local Street Funds as major funds. The component unit Downtown Development Authority is a major fund and reports the activities of various City improvement projects.

**CITY OF WAYNE, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

**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, 2014**

**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, 2014**

**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, 2014, the pooled investment fund totaled \$8,917,747.

**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 8 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, 2014**

**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 account 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, 2014 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, 2014**

**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.

**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).

**CITY OF WAYNE, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

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

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

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, 2014. 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.

**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.

**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.

**CITY OF WAYNE, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

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

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

**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.

**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 2013 roll was as follows:

**CITY OF WAYNE, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

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

**Revenues, Expenditures and Expenses (Continued)**

**Property Taxes (Continued)**

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	<u>1.0000</u>	mills
Total	<u><u>23.8691</u></u>	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.

**Expenditures/Expenses** - In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

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

Proprietary Fund – By operating and nonoperating

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

**CITY OF WAYNE, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

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

**Revenues, Expenditures and Expenses (Continued)**

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

**Deferred Outflows/Inflows of Resources**

In the current year, the City adopted the provision for GASB 65. In addition to assets, the statement of financial 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 City had no deferred outflows of resources.

In addition to liabilities, the 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 (revenue) until that time. Unavailable revenue qualifies for reporting in this category and is reported only in the government funds balance sheet. The governmental funds report unavailable special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The government also has delinquent property taxes that were not received within 60 days of year end. These amounts are shown as deferred inflows of resources on the governmental funds balance sheet. Those amounts will be recognized as revenue when received.

**NOTE 2 – DEPOSITS AND INVESTMENTS**

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan.

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

**CITY OF WAYNE, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

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

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

	Governmental Funds	Fiduciary Funds	Business-type Funds	Total Primary Government	Component Units
Cash and cash equivalents	\$ 2,135,163	\$ 1,514,431	\$5,004,092	\$ 8,653,686	\$244,349
Cash and cash equivalents					
- Restricted	-	-	285,380	285,380	-
Investments	-	2,137,579	-	2,137,579	-
	<u>\$ 2,135,163</u>	<u>\$ 3,652,010</u>	<u>\$5,289,472</u>	<u>\$ 11,076,645</u>	<u>\$244,349</u>

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

As of June 30, 2014, the bank balance of the City deposits was \$8,917,747 of which \$1,282,092 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 \$212,257, 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 \$32,092, 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, 2014**

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

As of June 30, 2014, the City's investments were as follows:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
Pooled investment fund		
Mutual funds	Various	\$ 329,378
Non-pooled investment fund		
Fiduciary funds - employee health care fund		
U.S. Government Securities	6/30/2015 -3/1/2044	362,062
Mutual funds	N/A	312,564
Common stocks	N/A	<u>1,462,953</u>
Total fiduciary funds - employee health care fund		<u>2,137,579</u>
Total investments		<u><u>\$ 2,466,957</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, 2014, 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.

**CITY OF WAYNE, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

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

<u>Fiduciary Investment Types</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Rating</u>	<u>Organization</u>
Pooled investment fund				
Mutual funds	\$ 329,378	56 days	AAAm	Standard & Poor's
Non-pooled investment fund				
Fiduciary funds - employee health care fund				
U.S. Government Securities	\$ 362,062	16.60 years	Not rated	N/A

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 funds and non-major funds including the applicable allowance for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Major Street Fund</u>	<u>Local Street Fund</u>	<u>Nonmajor and Other Governmental Funds</u>	<u>Total</u>
<b>Receivables</b>					
Taxes	\$ 50,603	\$ -	\$ -	\$ 10,416	\$ 61,019
Accounts	831,936	462	6,241	-	838,639
Special assessments	-	-	46,657	-	46,657
Intergovernmental	92,871	125,933	46,292	43,092	308,188
Other	-	-	-	61,373	61,373
	<u>975,410</u>	<u>126,395</u>	<u>99,190</u>	<u>114,881</u>	<u>1,315,876</u>
Gross receivables					
Less allowance for uncollectibles	<u>58,632</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,632</u>
Net receivables	<u>\$ 916,778</u>	<u>\$ 126,395</u>	<u>\$ 99,190</u>	<u>\$ 114,881</u>	<u>\$ 1,257,244</u>

**CITY OF WAYNE, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

**NOTE 3 – RECEIVABLES (Continued)**

Accounts receivable of the business-type activities consists of:

	<u>Water and Sewer Fund</u>
Customer accounts receivable	\$ <u>1,183,398</u>

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

**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>Major Street Fund</u>	<u>Local Street Fund</u>	<u>Nonmajor and Other Governmental Funds</u>	<u>Total</u>
Accounts payable to vendors	\$ 330,070	\$ 12,102	\$ -	\$ 61,429	\$ 403,601
Accrued salaries and wages	339,215	4,576	12,645	13,460	369,896
Deposits	59,040	-	-	-	59,040
	<u>\$ 728,325</u>	<u>\$ 16,678</u>	<u>\$ 12,645</u>	<u>\$ 74,889</u>	<u>\$ 832,537</u>

Accounts payable of the business-type activities consists of:

	<u>Water and Sewer Fund</u>
Accounts payable to vendors	\$ 538,924
Accrued salaries and wages	<u>24,970</u>
	<u>\$ 563,894</u>

**CITY OF WAYNE, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

**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, 2013	Additions	Transfers	Disposals	Balance June 30, 2014
Capital assets not being depreciated:					
Land	\$ 4,497,232	\$ -	\$ -	\$ -	\$ 4,497,232
Construction in progress	1,457,591	293,214	(238,033)	-	1,512,772
Subtotal	<u>5,954,823</u>	<u>293,214</u>	<u>(238,033)</u>	<u>-</u>	<u>6,010,004</u>
Capital assets being depreciated:					
Buildings	38,521,094	-	-	-	38,521,094
Improvements	4,265,383	58,250	-	-	4,323,633
Machinery and equipment	8,933,180	146,853	238,033	62,915	9,255,151
Infrastructure	26,428,371	76,195	-	-	26,504,566
Subtotal	<u>78,148,028</u>	<u>281,298</u>	<u>238,033</u>	<u>62,915</u>	<u>78,604,444</u>
Accumulated depreciation:					
Buildings	14,969,477	890,935	-	-	15,860,412
Improvements	2,518,335	167,469	-	-	2,685,804
Machinery and equipment	6,680,720	332,352	-	62,915	6,950,157
Infrastructure	18,327,853	619,884	-	-	18,947,737
Subtotal	<u>42,496,385</u>	<u>2,010,640</u>	<u>-</u>	<u>62,915</u>	<u>44,444,110</u>
Net capital assets being depreciated	<u>35,651,643</u>	<u>(1,729,342)</u>	<u>238,033</u>	<u>-</u>	<u>34,160,334</u>
Net capital assets	<u>\$ 41,606,466</u>	<u>\$ (1,436,128)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,170,338</u>

**CITY OF WAYNE, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

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

<b>Business-type Activities</b>	Balance July 1, 2013	Additions	Transfers	Disposals	Balance June 30, 2014
Capital assets not being depreciated:					
Construction in progress	\$ 445,774	\$ 19,351	\$ (414,729)	\$ -	\$ 50,396
Capital assets being depreciated:					
Water and sewer mains	40,032,924	-	414,729	-	40,447,653
Meters	1,007,320	16,806	-	2,317	1,021,809
Equipment	460,644	-	-	-	460,644
Motor vehicles	479,358	-	-	22,028	457,330
Subtotal	<u>41,980,246</u>	<u>16,806</u>	<u>414,729</u>	<u>24,345</u>	<u>42,387,436</u>
Accumulated depreciation:					
Water and sewer mains	12,407,634	772,460	-	-	13,180,094
Meters	709,261	35,850	-	2,317	742,794
Equipment	460,644	-	-	-	460,644
Motor vehicles	479,358	-	-	22,028	457,330
Subtotal	<u>14,056,897</u>	<u>808,310</u>	<u>-</u>	<u>24,345</u>	<u>14,840,862</u>
Net capital assets being depreciated	<u>27,923,349</u>	<u>(791,504)</u>	<u>414,729</u>	<u>-</u>	<u>27,546,574</u>
Net capital assets	<u>\$ 28,369,123</u>	<u>\$ (772,153)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,596,970</u>

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

<b>Governmental Activities:</b>	
General government	\$ 89,890
District Court	13,480
Public safety	462,836
Public services	632,292
Recreation and culture	643,951
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	<u>168,191</u>
Total governmental activities	<u>\$ 2,010,640</u>
 <b>Business-type Activities:</b>	
Water and sewer	<u>\$ 808,310</u>

**CITY OF WAYNE, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

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

Major Discretely Presented Component Units:

Activity of the Downtown Development Authority is as follows:

	Balance July 1, 2013	Additions	Transfers	Disposals	Balance June 30, 2014
Capital assets not being depreciated:					
Land	\$ 1,804,333	\$ 20,000	\$ -	\$ -	\$ 1,824,333
Construction in progress	7,592	-	(7,592)	-	-
Subtotal	<u>1,811,925</u>	<u>20,000</u>	<u>(7,592)</u>	<u>-</u>	<u>1,824,333</u>
Capital assets being depreciated:					
Buildings	2,003,235	-	-	-	2,003,235
Improvements	3,218,828	-	7,592	-	3,226,420
Machinery and equipment	433,448	-	-	-	433,448
Infrastructure	4,319,043	-	-	-	4,319,043
Subtotal	<u>9,974,554</u>	<u>-</u>	<u>7,592</u>	<u>-</u>	<u>9,982,146</u>
Accumulated depreciation:					
Water and sewer mains	1,227,278	66,679	-	-	1,293,957
Meters	1,797,713	117,446	-	-	1,915,159
Equipment	167,101	26,700	-	-	193,801
Motor vehicles	1,653,443	172,763	-	-	1,826,206
Subtotal	<u>4,845,535</u>	<u>383,588</u>	<u>-</u>	<u>-</u>	<u>5,229,123</u>
Net capital assets being depreciated	<u>5,129,019</u>	<u>(383,588)</u>	<u>7,592</u>	<u>-</u>	<u>4,753,023</u>
Net capital assets	<u>\$ 6,940,944</u>	<u>\$ (363,588)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,577,356</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.

Included in long-term debt is accrued compensated absences. The Risk Management Fund – Internal Service Fund is typically used to fund payouts of accumulated compensated absences. The funds for payment of the benefits are generated mostly through charges to the General Fund.

**CITY OF WAYNE, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

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

The following is a summary of changes in long-term debt for the year ended June 30, 2014:

	Interest Rate Ranges	Principal Maturity Ranges	Balance July 1, 2013	Additions	Reductions	Balance June 30, 2014	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	\$ 630,000	\$ -	\$ 25,000	\$ 605,000	\$ 25,000
Recreation Renovation Bond 2008:							
Amount of issue \$1,800,000		\$75,000 -					
Maturing through 2027	3.25%-5.10%	\$140,000	1,525,000	-	75,000	1,450,000	75,000
Refunding of Building Authority Bonds 2012-A:							
Amount of issue \$4,355,000		\$435,000 -					
Maturing through 2020	2.79%	\$555,000	3,950,000	-	490,000	3,460,000	485,000
Refunding of Building Authority Bonds 2012-B:							
Amount of issue \$2,845,000		\$315,000 -					
Maturing through 2019	2.70%	\$420,000	2,545,000	-	330,000	2,215,000	315,000
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	8,585,000	-	285,000	8,300,000	280,000
Total general obligation bonds			17,235,000	-	1,205,000	16,030,000	1,180,000
Capital lease - Fire Pumper	5.18%	\$16,506	32,200	-	15,694	16,506	16,506
Notes payable:							
Land contract payable							
Original amount \$37,500		\$5,927 -					
Maturing in 2017	2.50%	\$7,542	28,559	-	7,356	21,203	7,542
Note payable - ladder truck							
Original amount \$1,101,345		\$32,580 -					
Semi-annual payments		\$52,399	855,911	-	62,637	793,274	66,032
Maturing in 2023	5.35%						
Note payable - Ford Tax Settlement							
Original amount \$119,249		\$19,875	79,500	-	19,875	59,625	19,875
Maturing in 2019	0.00%						
Total bonds and notes payable			18,231,170	-	1,310,562	16,920,608	1,289,955
Other liabilities:							
OPEB unfunded liability	N/A	N/A	5,345,781	2,670,842	-	8,016,623	-
Accrued compensated absences	N/A	N/A	2,100,491	802,320	974,232	1,928,579	800,000
Total governmental activities long-term liabilities			<u>\$25,677,442</u>	<u>\$ 3,473,162</u>	<u>\$ 2,284,794</u>	<u>\$26,865,810</u>	<u>\$ 2,089,955</u>

**CITY OF WAYNE, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

**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	\$ 60,000	\$ -	\$ 15,000	\$ 45,000	\$ 15,000
Water bonds 1997:							
Amount of issue \$604,829		\$30,000 -					
Maturing through 2016	2.25%	\$35,000	130,000	-	35,000	95,000	35,000
Water bonds 2003:							
Amount of issue \$2,720,000		\$145,000 -					
Maturing through 2016	3.70%-4.125%	\$270,000	945,000	-	270,000	675,000	270,000
Water bonds 2004:							
Amount of issue \$3,525,000		\$225,000 -					
Maturing through 2021	3.75%-4.40%	\$375,000	2,600,000	-	225,000	2,375,000	225,000
Water bonds 2006:							
Amount of issue \$7,500,000		\$200,000 -					
Maturing through 2031	4.00%-6.00%	\$500,000	6,800,000	-	200,000	6,600,000	200,000
Water bonds 2007:							
Amount of issue \$4,430,000		\$15,000 -					
Maturing through 2029	3.80%-4.125%	\$620,000	4,280,000	-	15,000	4,265,000	15,000
Less amortization of bond discount			(198,957)	-	(21,418)	(177,539)	-
Net bonds payable			14,616,043	-	738,582	13,877,461	760,000
Other liabilities							
OPEB unfunded liability	N/A	N/A	300,329	150,049	-	450,378	-
Total business-type activities long-term liabilities			<u>\$14,916,372</u>	<u>\$ 150,049</u>	<u>\$ 738,582</u>	<u>\$14,327,839</u>	<u>\$ 760,000</u>

Annual debt service requirements to maturity, including principal and interest for long-term debt as of June 30, 2014, are as follows:

Years Ending June 30,	Governmental Activities					
	General obligation bonds			Notes payable		
	Principal	Interest	Total	Principal	Interest	Total
2015	\$ 1,180,000	\$ 461,163	\$ 1,641,163	\$ 93,449	\$ 42,029	\$ 135,478
2016	1,260,000	431,631	1,691,631	97,219	38,259	135,478
2017	1,335,000	400,094	1,735,094	99,191	34,289	133,480
2018	1,410,000	365,743	1,775,743	77,365	30,236	107,601
2019	1,460,000	328,312	1,788,312	81,560	26,042	107,602
2020-2024	5,235,000	1,137,912	6,372,912	425,318	58,887	484,205
2025-2029	4,150,000	291,579	4,441,579	-	-	-
Total	<u>\$16,030,000</u>	<u>\$ 3,416,434</u>	<u>\$19,446,434</u>	<u>\$ 874,102</u>	<u>\$229,742</u>	<u>\$ 1,103,844</u>



**CITY OF WAYNE, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

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

Years Ending June 30,	Business-type Activities		
	General Obligation Bonds		
	Principal	Interest	Total
2015	\$ 760,000	\$ 576,300	\$ 1,336,300
2016	770,000	543,170	1,313,170
2017	685,000	512,426	1,197,426
2018	595,000	486,513	1,081,513
2019	620,000	461,775	1,081,775
2020-2024	3,680,000	1,870,100	5,550,100
2025-2029	4,825,000	988,750	5,813,750
2030-2032	2,120,000	111,788	2,231,788
Total	<u>\$14,055,000</u>	<u>\$ 5,550,822</u>	<u>\$19,605,822</u>

**Notes Payable – Downtown Development Authority**

The City's major 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, 2014, 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, 2014**

**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	<u>127,768</u>
Total	<u>\$ 511,073</u>

**Defeasance of Debt**

On August 29, 2012, the City issued refunding bonds as follows:

City of Wayne Building Authority (B/A) \$8,585,000 series 2012C bonds with an interest rates ranging from 0.80% to 3.40% to advance refund the following bonds:

2002 B/A Fire Station Bonds (maturing 2021-2026)	\$ 2,250,000
2003 B/A Fire Station Bonds (maturing 2012-2027)	<u>6,000,000</u>
	<u>\$ 8,250,000</u>

The refunded bonds had interest rates ranging from 3.00% to 4.50%

The \$8,585,000 proceeds from the sale of the refunding bonds less cost of issuance of \$294,439 were deposited with an escrow agent to provide funds for the refunded bonds. As a result, the 2002 and 2003 bonds as described above are considered defeased and the liability for these bonds has been removed from the Statement of Net Assets. The 2002 B/A Fire Station Bonds and 2003 B/A bonds are entirely refunded.

This advance refunding was undertaken to reduce total debt service payments over the next 25 years by \$1,032,251 and resulted in an economic gain of \$671,557.

**CITY OF WAYNE, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

**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>
Transfers:		
General Fund		
Nonmajor Governmental Funds	\$ -	\$ 1,234,621
Internal Service Funds	1,100,000	-
Total General Fund	<u>1,100,000</u>	<u>1,234,621</u>
Major Street Fund		
Local Street Fund	-	177,796
Nonmajor Governmental Funds	122,500	55,344
	<u>122,500</u>	<u>233,140</u>
Local Street Fund		
Major Street Fund	177,796	-
Nonmajor Governmental Funds	419,500	-
Total Local Street Fund	<u>597,296</u>	<u>-</u>
Nonmajor Governmental Funds		
General Fund	1,234,621	-
Major Street Fund	55,344	122,500
Local Street Fund	-	419,500
Nonmajor Governmental Funds	1,640,388	1,640,388
Total Nonmajor Governmental Funds	<u>2,930,353</u>	<u>2,182,388</u>
Internal Service Funds		
General Fund	-	1,100,000
	<u>-</u>	<u>1,100,000</u>
Total	<u>\$ 4,750,149</u>	<u>\$ 4,750,149</u>

**CITY OF WAYNE, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

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

The composition of interfund balances in the fund financial statements as of June 30, 2014, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Activities		
Major Funds:		
General Fund	Nonmajor Governmental Funds	\$ 45,135
Major Street Fund	Nonmajor Governmental Funds	1,222
Local Street Fund	Major Street Fund	<u>29,262</u>
Total Governmental Funds		<u><u>\$ 75,619</u></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)	\$	346,727
Roads		388,437
Refuse collection		244,643
Law enforcement		34,641
Library operations		42,837
Act 48 (metro act)		15,949
Federal grants		2,570
Capital projects		107,642
Other		<u>479</u>
Total		<u><u>\$ 1,183,925</u></u>

**CITY OF WAYNE, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

**NOTE 8 – RESTRICTED NET POSITION AND FUND BALANCE (Continued)**

**Restricted Net Position - Other Purposes (Continued)**

Business-type Activities:

Debt service \$ 285,380

**NOTE 9 – CONTRACT COMMITMENTS**

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

Primary Government	Contract	Expended to date	Remaining Commitment
City of Westland - watermain	\$ 452,970	\$ 388,165	\$ 64,805
City of Westland - Glenwood Road	78,414	66,910	11,504
Hydro Designs	37,260	5,680	31,580
Fiore Enterprises	217,890	214,969	2,921
Frank's Landscaping	60,708	26,017	34,691
Stantec - storm water basin	84,300	43,795	40,505
Stantec - generator	16,500	15,818	682
Stantec- MS4 SWPPI	25,000	-	25,000
Stantec - water meter	56,000	28,600	27,400
State of Michigan - Annapolis	148,542	146,841	1,701
Universal Consolidated Enterprises	7,000	-	7,000
Wayne County - Wayne Road	143,213	-	143,213
Total	<u><u>\$ 1,327,797</u></u>	<u><u>\$ 936,795</u></u>	<u><u>\$ 391,002</u></u>

Downtown Development Authority Major Component Unit	Contract	Expended to date	Remaining Commitment
Frank's Landscaping	\$ 26,947	\$ 11,549	\$ 15,398
Universal Consolidated Enterprises	18,900	-	18,900
Total	<u><u>\$ 45,847</u></u>	<u><u>\$ 11,549</u></u>	<u><u>\$ 34,298</u></u>

**CITY OF WAYNE, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

**NOTE 10 – RISK MANAGEMENT**

The City’s risk management activities are recorded in the Risk Management Internal Service Fund. The purpose of this fund is to administer property casualty and workers’ compensation programs of the City. This fund accounts for the risk financing activities of the City but does not constitute a transfer of risk from the City.

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.

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, 2014.

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.

**CITY OF WAYNE, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

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

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

	June 30,	
	2014	2013
Unpaid claims, Beginning of year	\$ 85,597	\$ 94,344
Incurred claims, including claims incurred but not reported	(54,748)	(9,226)
Claim payments	12,926	479
Unpaid claims, End of year	<u>\$ 43,775</u>	<u>\$ 85,597</u>

- (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

The City has \$138,547 available to pay claims. It anticipates that \$8,390 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 the Risk Management Internal Service Fund.

**CITY OF WAYNE, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

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

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

	June 30,	
	2014	2013
Unpaid claims, Beginning of year	\$ 33,624	\$ 33,624
Incurred claims, including claims incurred but not reported	(31,687)	-
Claim payments	-	-
Unpaid claims, End of year	<u>\$ 1,937</u>	<u>\$ 33,624</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, 2014**

**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, 2014. 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, 2014**

**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, 2014, 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 2014 and the preceding two years were as follows:

Fiscal Year Ended	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2012	\$ 3,416,663 <i>E</i>	73.59%	\$ 4,195,948 <i>E</i>
June 30, 2013	\$ 3,598,915 <i>E</i>	57.70%	\$ 5,718,396 <i>E</i>
June 30, 2014	\$ 4,116,304	30.59%	\$ 8,575,402

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, 2012 and June 30, 2013 annual OPEB cost.

**CITY OF WAYNE, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

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

The computed contribution and actual funding are summarized as follows:

	Primary Government	Major Component Unit	Total
Annual required contribution (estimated recommended)	\$ 3,725,504	\$ 47,696	\$ 3,773,200
Interest on prior year's net OPEB obligation	338,767	4,337	343,104
Annual OPEB cost	4,064,271	52,033	4,116,304
Amounts contributed:			
Employer contribution	(1,243,380)	(15,918)	(1,259,298)
Increase in net pension obligation	2,820,891	36,115	2,857,006
OPEB Obligation, Beginning of year	5,646,110	72,286	5,718,396
OPEB Obligation, End of year	<u>\$ 8,467,001</u>	<u>\$ 108,401</u>	<u>\$ 8,575,402</u>

The OPEB Obligation is recorded as follows:

	June 30,	
	2014	2013
Government Activities	\$ 8,016,623	\$ 5,345,781
Business-Type Activities	450,378	300,329
Component Units	108,401	72,286
Total	<u>\$ 8,575,402</u>	<u>\$ 5,718,396</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, 2014**

**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 – DEFINED BENEFIT PLAN**

**Plan Description** – The City participates in an agent multiple-employer defined benefit plan for all employees administered through MERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Authority to establish and amend benefit provisions resides with the City of Wayne City Council through negotiations with the various bargaining units. MERS issues a publicly available financial report as of December 31 each year that includes financial statements and required supplementary information. This report may be obtained by writing to Municipal Employees’ Retirement System of Michigan, 1134 Municipal Way, Lansing, MI 48197 or calling 1-800-767-6377.

**Funding Policy** – 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:

**CITY OF WAYNE, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

**NOTE 14 – DEFINED BENEFIT PLAN (Continued)**

	<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%		
Court	32.80%		

**Annual Pension Cost** – For the year ended June 30, 2014, the City’s annual pension cost of \$3,199,597 exceeded the City’s required contribution of \$3,015,648. The required contribution was determined as part of an actuarial valuation as of December 31, 2012. Actuarial assumptions and methods used include:

Investment rate of return of 8% per year, compounded annually.

Active member payroll to increase 4.5% per year (1% for calendar years 2011 – 2014).

No specific inflation rate is needed; however, the 4.5% wage inflation is consistent with a price inflation of 3% to 4%.

Entry age normal cost method was used to calculate the annual required contribution.

Value of Assets – Cash and Investments – using a 10 year smoothed market value method.

MERS has an annual actuarial valuation performed for each participating municipality as of December 31. The valuations measure present financial positions, establish contribution rates that provide for the normal cost (current cost) and level of payroll amortization of unfunded actuarial liabilities over a reasonable period (generally 28 years) on a paper basis.

The MERS plan maintains 15 separate City of Wayne employee classifications, of which nine groups use an open amortization period and six groups use closed amortization periods.

The following table shows the components of the City’s annual pension cost, the amount contributed to the plan, and changes in the City’s net pension obligation to the MERS plan for the years ended June 30, 2012 through June 30, 2014.

**CITY OF WAYNE, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

**NOTE 14 – DEFINED BENEFIT PLAN (Continued)**

Three year trend information for MERS:

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>% of APC Contributed</u>
June 30, 2012	\$ 2,070,252	113%
June 30, 2013	\$ 2,787,664	108%
June 30, 2014	\$ 3,015,648	106%

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

<u>Valuation as of December 31, 2013</u>	
Actuarial Value of Assets	\$ 70,631,634
Actuarial Accrued Liabilities (AAL)	<u>102,433,950</u>
Unfunded Actuarial Accrued Liabilities	<u>\$ (31,802,316)</u>
Funded Ratio (Actuarial Value of Assets/AAL)	68.95%
Covered Payroll	<u>\$ 5,599,175</u>
UAAL as a percentage of Covered Payroll	568.00%

The required schedule of funding progress presented as required supplementary information immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability for pension benefits.

**NOTE 15 – SPECIAL REVENUE FUNDS – FUND DEFICITS**

The Federal Grant Fund is reporting a deficit in fund balance of \$18,627 at year end. This deficit represents federal grant funding under expenditure reimbursement programs through Community Development Block Grant, the U.S. Department of Homeland Security and the U.S. Department of Education. Therefore, expenditures are reported prior to related receipts to reimburse those expenditures. As special revenue funds, these funds must follow the modified accrual basis which requires that revenue not be reported until measurable and available. The fund deficit represents expenditures made but not reimbursed within sixty days after year end. However, the reimbursement will be received at some later date; eliminating the deficit.

**CITY OF WAYNE, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

**NOTE 16 - UPCOMING ACCOUNTING PRONOUNCEMENTS**

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

**NOTE 17 – SUBSEQUENT EVENTS**

City's management has performed a review of events subsequent to the balance sheet date through December 23, 2014, 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, 2014**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
<b>Revenue</b>				
Taxes	\$ 6,537,172	\$ 6,735,763	\$ 6,888,906	\$ 153,143
Licenses and permits	598,760	551,100	532,269	(18,831)
Intergovernmental	2,577,071	2,453,668	2,449,051	(4,617)
Charges for service and sales	2,627,731	2,169,176	2,385,481	216,305
Fines and forfeitures	1,120,600	795,000	870,683	75,683
Interest and rents	67,000	47,000	34,718	(12,282)
Other revenue	2,048,518	2,012,756	2,045,088	32,332
	<u>15,576,852</u>	<u>14,764,463</u>	<u>15,206,196</u>	<u>441,733</u>
<b>Total revenue</b>				
	<u>15,576,852</u>	<u>14,764,463</u>	<u>15,206,196</u>	<u>441,733</u>
<b>Expenditures - Current</b>				
General government:				
City Council	46,034	46,034	40,508	5,526
City Manager	228,013	176,913	187,011	(10,098)
Finance	583,495	566,645	544,312	22,333
Law	105,500	169,259	162,345	6,914
City Clerk	264,302	249,690	238,903	10,787
Personnel	145,675	148,171	144,746	3,425
Information Technology	190,427	217,473	221,402	(3,929)
Other	1,057,497	1,131,472	1,022,042	109,430
	<u>2,620,943</u>	<u>2,705,657</u>	<u>2,561,269</u>	<u>144,388</u>
Total general government				
	<u>2,620,943</u>	<u>2,705,657</u>	<u>2,561,269</u>	<u>144,388</u>
District court	761,479	755,506	686,920	68,586
Public safety	8,349,289	8,399,599	7,844,193	555,406
Public services	1,701,239	1,804,339	1,819,816	(15,477)
Health and welfare	371,372	347,478	295,379	52,099
Community and economic development	84,009	84,009	65,624	18,385
Recreation and culture	1,829,679	1,915,755	1,791,730	124,025
Capital outlay	-	69,589	127,841	(58,252)
	<u>15,718,010</u>	<u>16,081,932</u>	<u>15,192,772</u>	<u>889,160</u>
Total expenditures				
	<u>15,718,010</u>	<u>16,081,932</u>	<u>15,192,772</u>	<u>889,160</u>
<b>Excess (Deficiency) of Revenue Over Expenditures</b>	(141,158)	(1,317,469)	13,424	1,330,893
<b>Other Financing Sources (Uses)</b>				
Transfers in	1,264,810	1,418,066	1,100,000	(318,066)
Transfers out	(1,234,894)	(1,234,894)	(1,234,621)	273
	<u>29,916</u>	<u>183,172</u>	<u>(134,621)</u>	<u>(317,793)</u>
Total financing sources (uses)				
	<u>29,916</u>	<u>183,172</u>	<u>(134,621)</u>	<u>(317,793)</u>
<b>Net Change in Fund Balance</b>	(111,242)	(1,134,297)	(121,197)	1,013,100
<b>Fund Balance, Beginning of year</b>	<u>1,557,943</u>	<u>1,557,943</u>	<u>1,557,943</u>	<u>-</u>
<b>Fund Balance, End of year</b>	<u>\$ 1,446,701</u>	<u>\$ 423,646</u>	<u>\$ 1,436,746</u>	<u>\$ 1,013,100</u>

**CITY OF WAYNE, MICHIGAN**  
**REQUIRED SUPPLEMENTAL INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - MAJOR STREET AND TRUNKLINE FUND**  
**Year Ended June 30, 2014**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
<b>Revenue</b>				
Intergovernmental revenues				
Weight and gas tax	\$ 680,000	\$ 680,000	\$ 711,186	\$ 31,186
Trunkline maintenance	57,000	57,000	75,754	18,754
Interest	200	200	4	(196)
Other revenue	-	35,000	34,119	(881)
	<u>737,200</u>	<u>772,200</u>	<u>821,063</u>	<u>48,863</u>
<b>Expenditures - Current</b>				
Routine maintenance	308,079	253,957	180,851	73,106
Traffic service	57,444	59,344	(6,878)	66,222
Snow and ice removal	123,218	159,126	139,552	19,574
Trunkline	43,124	59,070	52,173	6,897
Capital outlay	111,000	376,950	357,788	19,162
	<u>642,865</u>	<u>908,447</u>	<u>723,486</u>	<u>184,961</u>
<b>Excess (Deficiency) of Revenue Over Expenditures</b>	94,335	(136,247)	97,577	233,824
<b>Other Financing Sources (Uses)</b>				
Transfers in	125,000	243,000	122,500	(120,500)
Transfers out	<u>(225,343)</u>	<u>(225,343)</u>	<u>(233,140)</u>	<u>(7,797)</u>
Total other financing sources	<u>(100,343)</u>	<u>17,657</u>	<u>(110,640)</u>	<u>(128,297)</u>
<b>Net Change in Fund Balance</b>	(6,008)	(118,590)	(13,063)	105,527
<b>Fund Balance, Beginning of year</b>	<u>236,235</u>	<u>236,235</u>	<u>236,235</u>	<u>-</u>
<b>Fund Balance, End of year</b>	<u>\$ 230,227</u>	<u>\$ 117,645</u>	<u>\$ 223,172</u>	<u>\$ 105,527</u>

**CITY OF WAYNE, MICHIGAN**  
**REQUIRED SUPPLEMENTAL INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - LOCAL STREET FUND**  
**AND REPLACEMENT FUND**  
**Year Ended June 30, 2014**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
<b>Revenue</b>				
Intergovernmental - Weight and gas tax	\$ 267,000	\$ 327,000	\$ 342,120	\$ 15,120
Special assessments	7,366	7,810	7,808	(2)
Other	425,000	422,000	-	(422,000)
Interest	3,710	3,400	3,238	(162)
	<u>703,076</u>	<u>760,210</u>	<u>353,166</u>	<u>(407,044)</u>
Total revenue				
<b>Expenditures</b>				
Routine maintenance	790,835	817,967	731,043	86,924
Traffic service	23,013	23,013	7,325	15,688
Snow and ice removal	108,861	120,425	139,254	(18,829)
Capital outlay	-	12,000	11,620	380
	<u>922,709</u>	<u>973,405</u>	<u>889,242</u>	<u>84,163</u>
Total expenditures				
<b>Excess (Deficiency) of Revenue Over Expenditures</b>	(219,633)	(213,195)	(536,076)	(322,881)
<b>Other Financing Sources -</b>				
Transfers in	<u>248,000</u>	<u>248,000</u>	<u>597,296</u>	<u>349,296</u>
<b>Net Change in Fund Balance</b>	28,367	34,805	61,220	26,415
<b>Fund Balance, Beginning of year</b>	<u>53,520</u>	<u>53,520</u>	<u>53,520</u>	<u>-</u>
<b>Fund Balance, End of year</b>	<u>\$ 81,887</u>	<u>\$ 88,325</u>	<u>\$ 114,740</u>	<u>\$ 26,415</u>

**CITY OF WAYNE, MICHIGAN**  
**REQUIRED SUPPLEMENTAL INFORMATION**  
**EMPLOYMENT RETIREMENT SYSTEM AND OTHER**  
**POST EMPLOYMENT BENEFIT PLAN TRUST**  
**TREND INFORMATION**  
Year Ended June 30, 2014

Employee Retirement System 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
12/31/2013	\$ 70,631,634	\$ 102,433,950	\$ 31,802,316	68.95%	\$ 5,599,175	567.98%
12/31/2012	\$ 70,726,263	\$ 99,955,637	\$ 29,229,374	70.76%	\$ 5,866,847	498.21%
12/31/2011	\$ 71,843,370	\$ 97,227,065	\$ 25,383,695	73.89%	\$ 6,042,833	420.06%

Schedule of Employer Contributions		
Year Ended	Annual Required Contribution	Percentage Contributed
6/30/2014	\$ 3,015,648	106.1%
6/30/2013	\$ 2,787,664	107.5%
6/30/2012	\$ 2,070,252	112.4%

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
6/30/2014	\$ 4,116,304	30.59%
6/30/2013	\$ 3,598,915	57.70%
6/30/2012	\$ 3,416,663	73.59%

**CITY OF WAYNE, MICHIGAN**  
**NOTES TO REQUIRED SUPPLEMENTAL INFORMATION**  
**June 30, 2014**

**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, 2014**

**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, 2014, expenditures and transfers exceeded appropriations for the following functional activities:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund - Public services	\$ 1,804,339	\$ 1,819,816	\$ (15,477)
General Fund - Capital Outlay	\$ 69,589	\$ 127,841	\$ (58,252)
Major Streets Fund - Transfers out	\$ 225,343	\$ 233,140	\$ (7,797)
Road Program Fund - Expenditures	\$ 900	\$ 7,072	\$ (6,172)
Federal Grant Fund - Transfers out	\$ 219,266	\$ 238,492	\$ (19,226)
Community Development Block Grant Fund - Expenditures	\$ 54,381	\$ 235,007	\$ (180,626)

**OTHER SUPPLEMENTAL INFORMATION**

**CITY OF WAYNE, MICHIGAN**  
**OTHER SUPPLEMENTAL INFORMATION**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**June 30, 2014**

	<b>Special Revenue Funds</b>	<b>Debt Service Fund</b>	<b>Capital Project Funds</b>	<b>Cemetery Perpetual Care Permanent Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Assets</b>					
Cash and cash equivalents	\$ 380,912	\$ -	\$ -	\$ 346,727	\$ 727,639
Receivables:					
Taxes receivable	10,416	-	-	-	10,416
Intergovernmental	43,092	-	-	-	43,092
Other	459	-	60,914	-	61,373
Prepaid expenses	-	-	76,605	-	76,605
	<u>-</u>	<u>-</u>	<u>76,605</u>	<u>-</u>	<u>76,605</u>
Total assets	<u>\$ 434,879</u>	<u>\$ -</u>	<u>\$ 137,519</u>	<u>\$ 346,727</u>	<u>\$ 919,125</u>
<b>Liabilities and Fund Balance</b>					
<b>Liabilities</b>					
Accounts payable	\$ 61,429	\$ -	\$ -	\$ -	\$ 61,429
Due to other funds	21,944	-	24,413	-	46,357
Accrued salaries and wages	13,460	-	-	-	13,460
Unearned revenue	9,483	-	-	-	9,483
	<u>106,316</u>	<u>-</u>	<u>24,413</u>	<u>-</u>	<u>130,729</u>
Total liabilities	<u>106,316</u>	<u>-</u>	<u>24,413</u>	<u>-</u>	<u>130,729</u>
Deferred inflows of resources -					
Unavailable revenue	31,138	-	5,464	-	36,602
	<u>31,138</u>	<u>-</u>	<u>5,464</u>	<u>-</u>	<u>36,602</u>
<b>Fund Balances</b>					
Nonspendable				-	
Prepaid items	-	-	76,605	-	76,605
Permanent fund principal	-	-	-	346,727	346,727
Restricted for					
Roads	1,335	-	-	-	1,335
Refuse collection	239,316	-	-	-	239,316
Law enforcement	34,641	-	-	-	34,641
Library operations	40,281	-	-	-	40,281
Capital projects	-	-	31,037	-	31,037
Other	479	-	-	-	479
Unassigned (deficit)	(18,627)	-	-	-	(18,627)
	<u>297,425</u>	<u>-</u>	<u>107,642</u>	<u>346,727</u>	<u>751,794</u>
Total fund balances	<u>297,425</u>	<u>-</u>	<u>107,642</u>	<u>346,727</u>	<u>751,794</u>
Total liabilities and fund balances	<u>\$ 434,879</u>	<u>\$ -</u>	<u>\$ 137,519</u>	<u>\$ 346,727</u>	<u>\$ 919,125</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, 2014**

	<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	\$ 1,869,076	\$ -	\$ -	\$ -	\$ 1,869,076
Intergovernmental	473,207	-	60,939	-	534,146
Charges for services	-	-	-	3,019	3,019
Interest and rents	2,696	-	41	-	2,737
Other revenue	132,890	-	405,767	-	538,657
	<u>2,477,869</u>	<u>-</u>	<u>466,747</u>	<u>3,019</u>	<u>2,947,635</u>
<b>Expenditures - Current</b>					
General government	-	-	70,185	3,150	73,335
Public safety	14,485	-	-	-	14,485
Public works	922,773	-	-	-	922,773
Community and economic development	1,010,553	-	-	-	1,010,553
Debt service					
Principal	-	1,205,000	-	-	1,205,000
Interest and paying agent fees	-	490,732	-	-	490,732
	<u>1,947,811</u>	<u>1,695,732</u>	<u>70,185</u>	<u>3,150</u>	<u>3,716,878</u>
<b>Other Financing Sources (Uses)</b>					
Transfers from other funds	-	1,695,732	1,234,621	-	2,930,353
Transfers to other funds	(542,000)	-	(1,640,388)	-	(2,182,388)
	<u>(542,000)</u>	<u>1,695,732</u>	<u>(405,767)</u>	<u>-</u>	<u>747,965</u>
<b>Net Change in Fund Balances</b>	<u>(11,942)</u>	<u>-</u>	<u>(9,205)</u>	<u>(131)</u>	<u>(21,278)</u>
<b>Fund Balances, Beginning of year</b>	<u>309,367</u>	<u>-</u>	<u>116,847</u>	<u>346,858</u>	<u>773,072</u>
<b>Fund Balances, End of year</b>	<u>\$ 297,425</u>	<u>\$ -</u>	<u>\$ 107,642</u>	<u>\$ 346,727</u>	<u>\$ 751,794</u>

**CITY OF WAYNE, MICHIGAN**  
**OTHER SUPPLEMENTAL INFORMATION**  
**COMBINING BALANCE SHEET**  
**SPECIAL REVENUE FUNDS**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**June 30, 2014**

	<u>Road Program Fund</u>	<u>Refuse Collection and Disposal Fund</u>	<u>Vehicle Forfeiture Fund</u>	<u>Drug Law Enforcement Fund</u>	<u>Federal Grant Fund</u>	<u>Library Operations Fund</u>	<u>Community Development Block Grant Fund</u>	<u>DPW Cemetery Fund</u>	<u>Total</u>
<b>Assets</b>									
Cash and cash equivalents	\$ 1,439	\$ 297,860	\$ 14,164	\$ 20,477	\$ 2,095	\$ 34,915	\$ 475	9,487	\$ 380,912
Receivables									
Taxes receivable	2,533	5,327	-	-	-	2,556	-	-	10,416
Intergovernmental	-	-	-	-	21,944	21,148	-	-	43,092
Other	-	-	-	-	-	459	-	-	459
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>459</u>	<u>-</u>	<u>-</u>	<u>459</u>
Total assets	<u>\$ 3,972</u>	<u>\$ 303,187</u>	<u>\$ 14,164</u>	<u>\$ 20,477</u>	<u>\$ 24,039</u>	<u>\$ 59,078</u>	<u>\$ 475</u>	<u>\$ 9,487</u>	<u>\$ 434,879</u>
<b>Liabilities and Fund Balances (Deficit)</b>									
<b>Liabilities</b>									
Accounts payable	\$ 104	\$ 57,860	\$ -	\$ -	\$ -	\$ 3,465	\$ -	\$ -	\$ 61,429
Due to other funds	-	-	-	-	21,944	-	-	-	21,944
Accrued salaries and wages	-	684	-	-	-	12,776	-	-	13,460
Unearned revenue	-	-	-	-	-	-	-	9,483	9,483
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,483</u>	<u>9,483</u>
Total liabilities	<u>104</u>	<u>58,544</u>	<u>-</u>	<u>-</u>	<u>21,944</u>	<u>16,241</u>	<u>-</u>	<u>9,483</u>	<u>106,316</u>
Deferred inflows of resources - Unavailable revenue	2,533	5,327	-	-	20,722	2,556	-	-	31,138
	<u>2,533</u>	<u>5,327</u>	<u>-</u>	<u>-</u>	<u>20,722</u>	<u>2,556</u>	<u>-</u>	<u>-</u>	<u>31,138</u>
<b>Fund Balances (Deficit)</b>									
Restricted for									
Roads	1,335	-	-	-	-	-	-	-	1,335
Refuse collection	-	239,316	-	-	-	-	-	-	239,316
Law enforcement	-	-	14,164	20,477	-	-	-	-	34,641
Library operations	-	-	-	-	-	40,281	-	-	40,281
Other	-	-	-	-	-	-	475	4	479
Unassigned (deficit)	-	-	-	-	(18,627)	-	-	-	(18,627)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(18,627)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(18,627)</u>
Total fund balances (deficit)	<u>1,335</u>	<u>239,316</u>	<u>14,164</u>	<u>20,477</u>	<u>(18,627)</u>	<u>40,281</u>	<u>475</u>	<u>4</u>	<u>297,425</u>
Total liabilities and fund balances	<u>\$ 3,972</u>	<u>\$ 303,187</u>	<u>\$ 14,164</u>	<u>\$ 20,477</u>	<u>\$ 24,039</u>	<u>\$ 59,078</u>	<u>\$ 475</u>	<u>\$ 9,487</u>	<u>\$ 434,879</u>

**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, 2014

	<b>Road Program Fund</b>	<b>Refuse Collection and Disposal Fund</b>	<b>Vehicle Forfeiture Fund</b>	<b>Drug Law Enforcement Fund</b>	<b>Federal Grant Fund</b>	<b>Library Operations Fund</b>	<b>Community Development Block Grant Fund</b>	<b>DPW Cemetery Fund</b>	<b>Total</b>
<b>Revenue</b>									
Taxes	\$ 382,310	\$ 1,104,538	\$ -	\$ -	\$ -	\$ 382,228	\$ -	\$ -	\$ 1,869,076
Intergovernmental revenue									
Federal grants/entitlement	-	-	-	-	221,960	-	235,482	-	457,442
Other grants	-	-	-	-	-	15,765	-	-	15,765
Interest and rents	(8)	(169)	1	2	-	2,866	-	4	2,696
Other revenue	-	-	1,537	6,906	-	123,972	475	-	132,890
<b>Total revenue</b>	<b>382,302</b>	<b>1,104,369</b>	<b>1,538</b>	<b>6,908</b>	<b>221,960</b>	<b>524,831</b>	<b>235,957</b>	<b>4</b>	<b>2,477,869</b>
<b>Expenditures - Current</b>									
Public safety	-	-	445	14,040	-	-	-	-	14,485
Public works	7,072	915,701	-	-	-	-	-	-	922,773
Community and economic development	-	-	-	-	238,492	537,054	235,007	-	1,010,553
<b>Total expenditures</b>	<b>7,072</b>	<b>915,701</b>	<b>445</b>	<b>14,040</b>	<b>238,492</b>	<b>537,054</b>	<b>235,007</b>	<b>-</b>	<b>1,947,811</b>
<b>Other Financing Uses - Transfers Out</b>	<b>(542,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(542,000)</b>
<b>Net Change in Fund Balances</b>	<b>(166,770)</b>	<b>188,668</b>	<b>1,093</b>	<b>(7,132)</b>	<b>(16,532)</b>	<b>(12,223)</b>	<b>950</b>	<b>4</b>	<b>(11,942)</b>
<b>Fund Balances (Deficit), Beginning of year</b>	<b>168,105</b>	<b>50,648</b>	<b>13,071</b>	<b>27,609</b>	<b>(2,095)</b>	<b>52,504</b>	<b>(475)</b>	<b>-</b>	<b>309,367</b>
<b>Fund Balances (Deficit), End of year</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>\$ 297,425</b>

**CITY OF WAYNE, MICHIGAN**  
**OTHER SUPPLEMENTAL INFORMATION**  
**COMBINING BALANCE SHEET**  
**DEBT SERVICE FUNDS**  
**NONMAJOR GOVERNMENTAL FUNDS**  
Year Ended June 30, 2014

	<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	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Liabilities and Fund Balance</b>						
<b>Fund Balances</b>						
Reserved for debt service	<u>\$ -</u>	<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 FUND BALANCES**

**DEBT SERVICE FUNDS**

**NONMAJOR GOVERNMENTAL FUNDS**

Year Ended June 30, 2014

	<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>Expenditures</b>						
Debt service						
Principal	\$ 25,000	\$ 75,000	\$ 490,000	\$ 330,000	\$ 285,000	\$ 1,205,000
Interest and fees	30,344	70,362	103,370	64,260	222,396	490,732
	<u>55,344</u>	<u>145,362</u>	<u>593,370</u>	<u>394,260</u>	<u>507,396</u>	<u>1,695,732</u>
Total expenditures						
	<u>55,344</u>	<u>145,362</u>	<u>593,370</u>	<u>394,260</u>	<u>507,396</u>	<u>1,695,732</u>
<b>Other Financing Sources and Transfers from Other Funds</b>						
Major Street Fund	55,344	-	-	-	-	55,344
Building Authority Fund	-	145,362	593,370	394,260	507,396	1,640,388
	<u>55,344</u>	<u>145,362</u>	<u>593,370</u>	<u>394,260</u>	<u>507,396</u>	<u>1,695,732</u>
Total other financing uses						
	<u>55,344</u>	<u>145,362</u>	<u>593,370</u>	<u>394,260</u>	<u>507,396</u>	<u>1,695,732</u>
<b>Net Change in Fund Balances</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances, Beginning of year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances, End of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF WAYNE, MICHIGAN**  
**OTHER SUPPLEMENTAL INFORMATION**  
**COMBINING BALANCE SHEET**  
**CAPITAL PROJECT FUNDS**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**June 30, 2014**

	<b>General Projects Fund</b>	<b>Building Authority Fund</b>	<b>Total</b>
<b>Assets</b>			
Other receivables	\$ 60,914	\$ -	\$ 60,914
Prepaid expenses	<u>76,605</u>	<u>-</u>	<u>76,605</u>
Total assets	<u><u>\$ 137,519</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 137,519</u></u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Due to other funds	<u>\$ 24,413</u>	<u>\$ -</u>	<u>\$ 24,413</u>
Deferred inflows of resources - Unavailable revenue	<u>5,464</u>	<u>-</u>	<u>5,464</u>
<b>Fund Balances</b>			
Nonspendable - Prepaid items	76,605	-	76,605
Restricted for capital projects	<u>31,037</u>	<u>-</u>	<u>31,037</u>
Total fund balances	<u>107,642</u>	<u>-</u>	<u>107,642</u>
Total liabilities and fund balances	<u><u>\$ 137,519</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 137,519</u></u>

**CITY OF WAYNE, MICHIGAN**  
**OTHER SUPPLEMENTAL INFORMATION**  
**COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES**  
**CAPITAL PROJECT FUNDS**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**Year Ended June 30, 2014**

	<b>General Projects Fund</b>	<b>Building Authority Fund</b>	<b>Total</b>
<b>Revenue</b>			
State grants	\$ 60,939	\$ -	\$ 60,939
Interest	41	-	41
Other revenue	-	405,767	405,767
	<u>60,980</u>	<u>405,767</u>	<u>466,747</u>
Total revenue			
	60,980	405,767	466,747
<b>Expenditures</b>			
General government	<u>70,185</u>	<u>-</u>	<u>70,185</u>
<b>Other Financing Sources (Uses)</b>			
Transfers from the General Fund	-	1,234,621	1,234,621
Transfers to General Debt Service Fund	<u>-</u>	<u>(1,640,388)</u>	<u>(1,640,388)</u>
	<u>-</u>	<u>(405,767)</u>	<u>(405,767)</u>
Total other financing sources (uses)			
	-	(405,767)	(405,767)
<b>Net Change in Fund Balances</b>	<u>(9,205)</u>	<u>-</u>	<u>(9,205)</u>
<b>Fund Balances, Beginning of year</b>	<u>116,847</u>	<u>-</u>	<u>116,847</u>
<b>Fund Balances, End of year</b>	<u>\$ 107,642</u>	<u>\$ -</u>	<u>\$ 107,642</u>

**CITY OF WAYNE, MICHIGAN**  
**OTHER SUPPLEMENTAL INFORMATION**  
**COMBINING STATEMENT OF ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**June 30, 2014**

	<u>Miscellaneous Agency Fund</u>	<u>Current Tax Collection Fund</u>	<u>Delinquent Personal Property Tax Collection Fund</u>	<u>Payroll Fund</u>	<u>Total</u>
<b>Assets</b>					
Cash and cash equivalents	\$ 135,716	\$ 484	\$ 12,147	\$ 271,849	\$ 420,196
Taxes receivable - delinquent	-	-	146,724	-	146,724
Total assets	<u>\$ 135,716</u>	<u>\$ 484</u>	<u>\$ 158,871</u>	<u>\$ 271,849</u>	<u>\$ 566,920</u>
<b>Liabilities</b>					
Due to other organizations	\$ 1,000	\$ 484	-	\$ 77,268	\$ 78,752
Due to other governments	-	-	158,794	-	158,794
Refunds due to taxpayers	-	-	77	-	77
Held for others	134,716	-	-	194,581	329,297
Total liabilities	<u>\$ 135,716</u>	<u>\$ 484</u>	<u>\$ 158,871</u>	<u>\$ 271,849</u>	<u>\$ 566,920</u>



**CITY OF WAYNE, MICHIGAN**  
**OTHER SUPPLEMENTAL INFORMATION**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**June 30, 2014**

	<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>Assets</b>					
Current assets					
Cash and cash equivalents	\$ 544,617	\$ 1,124,931	\$ 113,998	\$ 106,994	\$ 1,890,540
Accounts receivable	-	-	41,167	-	41,167
Due from employees	-	22,142	-	-	22,142
Inventory	-	-	268,348	3,475	271,823
Total current assets	544,617	1,147,073	423,513	110,469	2,225,672
Noncurrent assets					
Assets subject to depreciation	753,995	-	-	-	753,995
Total assets	1,298,612	1,147,073	423,513	110,469	2,979,667
<b>Liabilities and Net Position</b>					
<b>Liabilities</b>					
Accounts payable	3,364	27,213	2,728	197	33,502
Accrued salaries and wages	6,910	211,191	50,052	-	268,153
Unsettled claims - property casualty losses	-	43,775	-	-	43,775
Unsettled claims - worker's compensation	-	1,937	-	-	1,937
Total liabilities	10,274	284,116	52,780	197	347,367
<b>Net Position</b>					
Net investment in capital assets	753,995	-	-	-	753,995
Unrestricted	534,343	862,957	370,733	110,272	1,878,305
Total net position	\$ 1,288,338	\$ 862,957	\$ 370,733	\$ 110,272	\$ 2,632,300

**CITY OF WAYNE, MICHIGAN**  
**OTHER SUPPLEMENTAL INFORMATION**  
**COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN**  
**NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**Year Ended June 30, 2014**

	<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>Operating Revenue</b>					
Charges for services	\$ 624,812	\$ 1,938,665	\$ 2,548,254	\$ -	\$ 5,111,731
Other revenue	-	-	-	7,023	7,023
Total revenue	624,812	1,938,665	2,548,254	7,023	5,118,754
<b>Operating Expenses</b>					
Salaries and benefits	214,915	345,840	2,169,771	-	2,730,526
Materials and supplies	135,745	-	334,238	6,192	476,175
Professional services	6,709	344,243	-	-	350,952
Transportation	-	-	9,620	-	9,620
Payment and claims	-	156,434	-	-	156,434
Service and maintenance	67,549	-	-	2,190	69,739
Insurance and bonds	65,100	1,455,491	-	-	1,520,591
Depreciation	167,570	-	-	621	168,191
Total operating expenses	657,588	2,302,008	2,513,629	9,003	5,482,228
Operating income (loss)	(32,776)	(363,343)	34,625	(1,980)	(363,474)
<b>Non-operating Revenue - Interest income</b>	93	4,871	84	-	5,048
Income (loss) before transfers	(32,683)	(358,472)	34,709	(1,980)	(358,426)
<b>Transfers Out</b>	(300,000)	(800,000)	-	-	(1,100,000)
<b>Change in Net Position</b>	(332,683)	(1,158,472)	34,709	(1,980)	(1,458,426)
<b>Net Position, Beginning of year</b>	1,621,021	2,021,429	336,024	112,252	4,090,726
<b>Net Position, End of year</b>	<u>\$ 1,288,338</u>	<u>\$ 862,957</u>	<u>\$ 370,733</u>	<u>\$ 110,272</u>	<u>\$ 2,632,300</u>

**CITY OF WAYNE, MICHIGAN**  
**OTHER SUPPLEMENTAL INFORMATION**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**Year Ended June 30, 2014**

	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	\$ 624,812	\$ 1,938,665	\$ 2,548,254	\$ 7,023	\$ 5,118,754
Cash payments to suppliers for goods and services	(277,140)	(2,023,467)	(319,856)	(8,512)	(2,628,975)
Cash payments to employees for services	(217,634)	(176,185)	(2,180,154)	-	(2,573,973)
Net cash provided by (used in) operating activities	130,038	(260,987)	48,244	(1,489)	(84,194)
<b>Cash Flows from Noncapital Financing Activities - Transfers to other funds</b>	(300,000)	(800,000)	-	-	(1,100,000)
<b>Cash Flows from Capital and Related Financing Activities - Acquisition and construction of capital assets</b>	(77,263)	-	-	-	(77,263)
<b>Cash Flows from Investing Activities - Interest on investments</b>	93	4,871	84	-	5,048
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(247,132)	(1,056,116)	48,328	(1,489)	(1,256,409)
<b>Cash and Cash Equivalents, Beginning of year</b>	791,749	2,181,047	65,670	108,483	3,146,949
<b>Cash and Cash Equivalents, End of year</b>	<u>\$ 544,617</u>	<u>\$ 1,124,931</u>	<u>\$ 113,998</u>	<u>\$ 106,994</u>	<u>\$ 1,890,540</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities</b>					
Operating income (loss)	\$ (32,776)	\$ (363,343)	\$ 34,625	\$ (1,980)	\$ (363,474)
Adjustments to reconcile operating income (loss) to net cash from operating activities					
Depreciation	167,570	-	-	621	168,191
Changes in assets and liabilities:					
Accounts receivables	-	646	(6,365)	-	(5,719)
Inventory	-	-	28,791	(15)	28,776
Due from employees	-	2,306	-	-	2,306
Accounts payable	(2,037)	5,564	1,576	(115)	4,988
Accrued salaries and wages	(2,719)	167,349	(10,383)	-	154,247
Unsettled claims - property casualty losses:	-	(41,822)	-	-	(41,822)
Unsettled claims - worker's compensation	-	(31,687)	-	-	(31,687)
Net cash provided by (used in) operating activities	<u>\$ 130,038</u>	<u>\$ (260,987)</u>	<u>\$ 48,244</u>	<u>\$ (1,489)</u>	<u>\$ (84,194)</u>

**Noncash investing, capital, and financing activities** - During the year ended June 30, 2014, there were no noncash activities.