

# **City of Westland, Michigan**

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## **Financial Report with Supplemental Information June 30, 2014**

**City of Westland, Michigan**  
**Financial Report**  
**June 30, 2014**

Mayor William R. Wild

**City Council**

James Godbout, President

Adam Hammons, President Pro Tem

Christine Cicirelli-Bryant

Michael Kehrer

Bill Johnson

Dewey Reeves

Kevin Coleman

**City Administration**

Deputy Mayor  
CATV/Community Relations  
City Assessor  
City Clerk  
Community Development Programs  
Computer Information Systems Director  
Controller  
Economic Development Director  
Finance Director  
Fire Chief  
Law  
Personnel Director  
Police Chief  
Public Service  
Planning/Building  
Senior Resources Director  
Water and Sewer Superintendent

Thelma Kubitskey  
Craig Welkenbach  
Aaron Powers  
Eileen DeHart  
Joanne Campbell  
Daniel Bourdeau  
Devin Adams  
Lori Fodale  
Steven J. Smith  
Michael J. Reddy  
Jim Fausone  
Cindy King  
Jeff Jedrusik  
Kevin L. Buford  
Bruce Thompson  
Barbara Marcum  
Ben McCusker

# City of Westland, Michigan

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# City of Westland, Michigan

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## Independent Auditor's Report

To the City Council  
City of Westland, 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 Westland, 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 of Westland, Michigan's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the District Court Funds of District No. 18 were not audited under *Government Auditing Standards*.

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

To the City Council  
City of Westland, Michigan

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Westland, Michigan as of June 30, 2014 and the respective changes in its financial position and, where applicable, cash flows, for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As explained in Note 1, the financial statements include investments valued at approximately \$45,600,000 (representing approximately 28 percent of net position) at June 30, 2014 whose fair values have been estimated by management in the absence of readily determinable market values. Management's estimates are based on information provided by the investment managers, periodic appraisal, real estate advisors, general partners, or other means. Our opinion has not been modified with respect to this matter.

Also, as described in Note 21, during the year ended June 30, 2014, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The City also adopted GASB Statement No. 67, *Financial Reporting for Pension Plans*, which provides additional disclosures in regard to the City's pension plan. The additional disclosures can be found in Note 17, Note 18, and Note 19, and within the schedules of required supplemental information. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplemental Information***

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

To the City Council  
City of Westland, Michigan

*Other Information*

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

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2014 on our consideration of the City of Westland, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Westland, Michigan's internal control over financial reporting and compliance.

*Plante & Morse, PLLC*

December 18, 2014

# City of Westland, Michigan

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## Management's Discussion and Analysis

Our discussion and analysis of the City of Westland, Michigan's (the "City") financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2014 and should be read in conjunction with the City's financial statements.

### Financial Highlights

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended June 30, 2014:

- Capital contributions increased \$8 million in the current year, due to the transfer of assets from the TIFA and DDA component units to the City.
- State-shared revenue from the State of Michigan, our second largest revenue source, increased by approximately \$205,000 from the previous fiscal year. This is the second year in a row that there has been an increase in this revenue. The City complied with all three requirements of the States' Economic Vitality Incentive Program (EVIP) and received \$1,312,482 in what was formerly known as statutory revenue sharing.
- The City recognized a gain of \$13.7 million due to the sale of Taylor Towers.
- The City continues to utilize grant money, where available, to help fund programs and equipment purchases. The police department received several grants including a grant for dispatch consoles for \$800,000. They also received a grant from the Department of Justice to fund additional equipment needs. The First Contact Initiative Grant (formerly the Wayne County Donor Funding Grant) for the youth assistance continued for \$900,000.
- The City issued bonds during the year for the purchase of the new city hall and construction of the Farmers Market in the amounts of \$16,500,000 and \$3,300,000, respectively.
- The total net position related to the City's governmental activities increased by approximately \$4.6 million. In addition, fund balances for the governmental funds increased by approximately \$6.0 million during the year. The General Fund unassigned fund balance decreased by \$507,000.

### Using this Annual Report

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



# City of Westland, Michigan

## Management's Discussion and Analysis (Continued)

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

### The City of Westland as a Whole

The following table shows, in a condensed format, the net position as of the current date as compared to the previous year:

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
<b>Assets</b>						
Current assets	\$ 27,243,246	\$ 20,098,191	\$ 17,107,370	\$ 16,145,886	\$ 44,350,616	\$ 36,244,077
Noncurrent assets	220,598,342	217,964,281	74,138,252	75,409,727	294,736,594	293,374,008
Total assets	247,841,588	238,062,472	91,245,622	91,555,613	339,087,210	329,618,085
<b>Liabilities</b>						
Current liabilities	9,766,737	8,255,132	3,323,212	3,526,329	13,089,949	11,781,461
Long-term liabilities	52,958,711	49,313,268	8,992,352	11,390,535	61,951,063	60,703,803
Total liabilities	62,725,448	57,568,400	12,315,564	14,916,864	75,041,012	72,485,264
<b>Net Position</b>						
Net investment in capital assets	209,422,520	209,533,286	69,507,586	70,081,953	278,930,106	279,615,239
Restricted	8,610,277	10,329,589	225,000	272,500	8,835,277	10,602,089
Unrestricted (deficit)	(32,916,657)	(39,368,803)	9,197,472	6,284,296	(23,719,185)	(33,084,507)
Total net position	<b>\$ 185,116,140</b>	<b>\$ 180,494,072</b>	<b>\$ 78,930,058</b>	<b>\$ 76,638,749</b>	<b>\$ 264,046,198</b>	<b>\$ 257,132,821</b>

The City's combined net position increased 3.0 percent from a year ago - increasing from \$257,132,821 to \$264,046,198. The increase was mainly a result of the Taylor Towers refinancing.

Unrestricted net position in governmental activities - the part of net position that can be used to finance operations - is currently at a deficit of \$32,916,657 for governmental activities. This is generally a result of the accrual of the compensated absences and other postemployment benefits, which will be paid from future revenue sources. This accrual is approximately \$48,800,000.

# City of Westland, Michigan

## Management's Discussion and Analysis (Continued)

The following table shows the changes in net position during the current year from the previous year:

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
<b>Net Position - Beginning of year</b>	\$ 180,494,072	\$ 191,834,725	\$ 76,638,749	\$ 75,906,533	\$ 257,132,821	\$ 267,741,258
<b>Revenue</b>						
Program revenue:						
Charges for services	19,931,829	19,727,110	27,997,829	26,918,046	47,929,658	46,645,156
Operating grants and contributions	10,126,196	9,225,664	-	-	10,126,196	9,225,664
Capital grants and contributions	8,357,109	260,511	162,120	77,782	8,519,229	338,293
General revenue:						
Property taxes	24,134,703	25,636,248	-	-	24,134,703	25,636,248
State-shared revenue	7,612,168	7,407,491	-	-	7,612,168	7,407,491
Interest	76,851	111,208	17,928	21,544	94,779	132,752
Gain on sale of fixed assets	104,480	2,485	-	-	104,480	2,485
Other revenue	743,934	238,932	-	-	743,934	238,932
<b>Total revenue</b>	<b>71,087,270</b>	<b>62,609,649</b>	<b>28,177,877</b>	<b>27,017,372</b>	<b>99,265,147</b>	<b>89,627,021</b>
<b>Program Expenses</b>						
General government	16,098,093	14,774,698	-	-	16,098,093	14,774,698
Public safety	37,968,046	37,066,091	-	-	37,968,046	37,066,091
Public works	18,770,314	15,116,767	-	-	18,770,314	15,116,767
Community and economic development	2,136,418	2,409,377	-	-	2,136,418	2,409,377
Cultural and recreation	4,584,972	4,407,122	-	-	4,584,972	4,407,122
Interest on long-term debt	190,597	176,247	-	-	190,597	176,247
Water and sewer	-	-	25,886,568	24,785,156	25,886,568	24,785,156
<b>Total program expenses</b>	<b>79,748,440</b>	<b>73,950,302</b>	<b>25,886,568</b>	<b>24,785,156</b>	<b>105,635,008</b>	<b>98,735,458</b>
<b>Extraordinary/Special Items</b>	<b>13,733,238</b>	<b>-</b>	<b>-</b>	<b>(1,500,000)</b>	<b>13,733,238</b>	<b>(1,500,000)</b>
<b>Change in Net Position</b>	<b>5,072,068</b>	<b>(11,340,653)</b>	<b>2,291,309</b>	<b>732,216</b>	<b>7,363,377</b>	<b>(10,608,437)</b>
<b>Net Position - End of year</b>	<b>\$ 185,566,140</b>	<b>\$ 180,494,072</b>	<b>\$ 78,930,058</b>	<b>\$ 76,638,749</b>	<b>\$ 264,496,198</b>	<b>\$ 257,132,821</b>

### Governmental Activities

The City's total governmental revenue increased by approximately \$8,000,000. The increase, which represents approximately 13 percent, was primarily due to transfer of assets and additional grant revenue.

Expenses increased by approximately \$5,800,000 during the year. A big part of this increase was depreciation as well as an increase in the Department of Public Service budget, due to the abnormally hard winter. There was also a minor increase in the Public Safety expenditures.

# **City of Westland, Michigan**

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## **Management's Discussion and Analysis (Continued)**

### **Business-type Activities**

The City's business-type activities consist of the Water and Sewer Fund. The City provides water to residents from the Detroit water system. The City also provides sewage treatment through Wayne County. The usage of the water system decreased slightly from usage in the prior year. Effective July 1, 2014, the City Council increased the water and sewer rates by 2.43 percent and 3.85 percent, respectively.

### **The City of Westland's Funds**

Our analysis of the City's major funds begins on page 13, following the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the City as a whole. The Westland City Council creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as community development block grant and debt service. The City's major funds for 2014 are the General Fund and Capital Projects Fund.

The General Fund pays for most of the City's governmental services. The most significant are police and fire, which incurred expenses of approximately \$36 million in 2014. Other government services accounted for in the General Fund include general government (finance, city clerk, city assessor, economic development, community development, personnel, and the mayor's office), sanitation, and recreation. General Fund expenditures increased by approximately \$400,000. This was due mainly to increased capital purchases.

### **General Fund Budgetary Highlights**

Over the course of the year, the City amended the budget to take into account events that occurred during the year. One of the amendments was to account for a grant in the amount of \$800,000 which enabled the City to purchase new consoles for the dispatch center. Other amendments included the highway maintenance department due to the unusually cold and snowy winter last year. There were a few departments that went over budget, which included law, assessments, general government, joint dispatch, and parks and recreation.

The General Fund fund balance decreased from \$8,639,328 to \$5,393,707.

As of June 30, 2014, the City had a total of approximately \$295 million invested in a broad range of capital assets, including roads, buildings, police and fire equipment, and water and sewer lines.

# City of Westland, Michigan

## Management's Discussion and Analysis (Continued)

### Capital Asset and Debt Administration

The City had significant capital expenditures during the fiscal year; the following represents the most significant capital purchases for the year ended June 30, 2014:

- \$6,900,000 of construction costs in relation to the new city hall and fire station
- \$470,000 of construction costs pertaining to library building upgrades
- \$3,200,000 of construction costs pertaining to Tattan Park
- \$1,700,000 of other tools and equipment related to the purchase of rescue vehicles
- \$2,000,000 of other tools and equipment related to the purchase of police and fire equipment
- \$465,000 of water and sewer machinery and equipment for waste disposal vehicles

Debt service makes up approximately 2.1 percent of the total expenditures of the governmental funds.

More detailed information concerning capital assets and long-term debt can be found in Notes 5 and 8, respectively, in the notes to the financial statements.

### Economic Factors and Next Year's Budgets and Rates

The City's budget for the fiscal year ending June 30, 2015 takes into consideration a continued slow-moving economic climate. Although the taxable values for residential property increased slightly for the 2014 taxable year, the overall taxable value for the City declined around 1 percent. The Michigan tax tribunal cases have decreased substantially. The state-shared revenue has had slight increases over the last two years and will be monitored closely going forward. Moving ahead, the City will continue to comply with the requirements outlined by the State. In fiscal year June 30, 2011, the City Council adopted the "hard cap" option in accordance with Public Act 152, which limits the amount the City will pay for healthcare coverage for its employees. This will continue to help with the budget, but throughout the year, the City will need to monitor the budget very closely and continue to make adjustments as necessary.

# **City of Westland, Michigan**

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## **Management's Discussion and Analysis (Continued)**

As discussed above, the fiscal year ending June 30, 2015 budget anticipates that the water and sewer costs will increase. The City Council has approved increases over the last several years and the City will bring any further recommendations to the City Council as necessary.

### **Contacting the City's Management**

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the City's finances and to show the City's accountability for the money it receives. For additional questions about this report or additional information, requests should be directed to the finance department.

# City of Westland, Michigan

## Statement of Net Position June 30, 2014

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and cash equivalents (Note 3)	\$ 21,793,694	\$ 6,184,922	\$ 27,978,616	\$ 2,577,332
Investments (Note 3)	-	-	-	180,455
Receivables - Net (Note 4)	5,397,441	10,746,057	16,143,498	132,899
Due from component units	130	-	130	-
Internal balances	2,414	(2,414)	-	-
Inventories	9,588	149,819	159,407	-
Prepaid costs and other assets	39,979	28,986	68,965	-
Restricted assets (Note 6)	-	225,000	225,000	10,132,526
Land held for resale	1,305,319	-	1,305,319	-
Capital assets - Net (Note 5):				
Not being depreciated	3,335,379	-	3,335,379	90,000
Depreciable - Net	212,790,540	73,913,252	286,703,792	4,813,809
Note receivable (Note 15)	3,167,104	-	3,167,104	-
Total assets	<u>247,841,588</u>	<u>91,245,622</u>	<u>339,087,210</u>	<u>17,927,021</u>
<b>Liabilities</b>				
Accounts payable	2,521,421	1,799,638	4,321,059	2,158,734
Due to primary government	-	-	-	130
Deposits	-	366,429	366,429	-
Accrued and other liabilities	2,763,393	155,024	2,918,417	365,618
Unearned revenue (Note 4)	151,071	-	151,071	-
Noncurrent liabilities:				
Due within one year:				
Compensated absences (Note 8)	2,783,811	240,161	3,023,972	-
Provision for claims (Note 10)	458,428	105,179	563,607	-
Current portion of long-term debt (Note 8)	1,088,613	656,781	1,745,394	225,000
Due in more than one year:				
Compensated absences (Note 8)	4,508,765	-	4,508,765	-
Provision for claims (Note 10)	1,376,277	714,708	2,090,985	-
Net other postemployment benefits liability (Note 20)	41,458,883	4,528,759	45,987,642	-
Long-term debt- Net of current portion (Note 8)	5,614,786	3,748,885	9,363,671	19,575,000
Total liabilities	<u>62,725,448</u>	<u>12,315,564</u>	<u>75,041,012</u>	<u>22,324,482</u>
<b>Net Position</b>				
Net investment in capital assets	209,422,520	69,507,586	278,930,106	1,603,809
Restricted for:				
Road improvements	3,791,705	-	3,791,705	-
Library operations	2,158,918	-	2,158,918	-
Other (Note 13)	2,659,654	225,000	2,884,654	-
Unrestricted	<u>(32,916,657)</u>	<u>9,197,472</u>	<u>(23,719,185)</u>	<u>(6,001,270)</u>
Total net position	<u>\$ 185,116,140</u>	<u>\$ 78,930,058</u>	<u>\$ 264,046,198</u>	<u>\$ (4,397,461)</u>

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

# City of Westland, Michigan

	Program Revenue			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Functions/Programs</b>				
Primary government:				
Governmental activities:				
General government	\$ 16,098,093	\$ 7,077,462	\$ -	\$ 6,846,864
Public safety	38,418,046	9,428,644	1,814,487	1,503,804
Public works	18,770,314	1,249,122	5,340,697	6,441
Community and economic development	2,136,418	-	1,759,534	-
Cultural and recreation	4,584,972	2,176,601	1,211,478	-
Interest on long-term debt	190,597	-	-	-
Total governmental activities	<u>80,198,440</u>	<u>19,931,829</u>	<u>10,126,196</u>	<u>8,357,109</u>
Business-type activities - Water and sewer	<u>25,886,568</u>	<u>27,997,829</u>	<u>-</u>	<u>162,120</u>
Total primary government	<u><b>\$ 106,085,008</b></u>	<u><b>\$ 47,929,658</b></u>	<u><b>\$ 10,126,196</b></u>	<u><b>\$ 8,519,229</b></u>
Component units	<u><b>\$ 10,814,557</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 2,555</b></u>	<u><b>\$ -</b></u>
General revenue:				
Property taxes				
State-shared revenue				
Interest and sundry				
Other income				
Gain on sale of fixed assets				
Total general revenue				
<b>Special Items (Note 15)</b>				
<b>Change in Net Position</b>				
<b>Net Position - Beginning of year</b>				
<b>Net Position - End of year</b>				

**Statement of Activities  
Year Ended June 30, 2014**

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (2,173,767)	\$ -	\$ (2,173,767)	\$ -
(25,671,111)	-	(25,671,111)	-
(12,174,054)	-	(12,174,054)	-
(376,884)	-	(376,884)	-
(1,196,893)	-	(1,196,893)	-
(190,597)	-	(190,597)	-
(41,783,306)	-	(41,783,306)	-
-	2,273,381	2,273,381	-
(41,783,306)	2,273,381	(39,509,925)	-
-	-	-	(10,812,002)
24,134,703	-	24,134,703	3,436,201
7,612,168	-	7,612,168	-
76,851	17,928	94,779	21,928
743,934	-	743,934	830
104,480	-	104,480	-
32,672,136	17,928	32,690,064	3,458,959
13,733,238	-	13,733,238	-
4,622,068	2,291,309	6,913,377	(7,353,043)
180,494,072	76,638,749	257,132,821	2,955,582
<b>\$ 185,116,140</b>	<b>\$ 78,930,058</b>	<b>\$ 264,046,198</b>	<b>\$ (4,397,461)</b>



# City of Westland, Michigan

## Governmental Funds Balance Sheet June 30, 2014

	General Fund	Capital Projects Fund	Nonmajor Funds	Total
<b>Assets</b>				
Cash and cash equivalents (Note 3)	\$ 5,764,990	\$ 8,870,663	\$ 7,158,041	\$ 21,793,694
Receivables - Net (Note 4)	4,097,723	-	1,299,718	5,397,441
Due from component units	130	-	-	130
Due from other funds (Note 7)	1,423,910	-	73,574	1,497,484
Inventory	9,588	-	-	9,588
Prepaid costs and other assets	37,000	-	2,979	39,979
Land held for resale	-	-	1,305,319	1,305,319
Note receivable (Note 15)	3,167,104	-	-	3,167,104
<b>Total assets</b>	<b>\$14,500,445</b>	<b>\$ 8,870,663</b>	<b>\$ 9,839,631</b>	<b>\$33,210,739</b>
<b>Liabilities</b>				
Accounts payable	\$ 1,352,689	\$ 783,488	\$ 385,244	\$ 2,521,421
Due to other funds	73,574	-	1,421,496	1,495,070
Accrued and other liabilities	2,465,416	-	45,588	2,511,004
Unearned revenue (Note 4)	151,071	-	-	151,071
<b>Total liabilities</b>	<b>4,042,750</b>	<b>783,488</b>	<b>1,852,328</b>	<b>6,678,566</b>
<b>Deferred Inflows of Resources -</b>				
Unavailable revenue (Note 4)	4,842,834	-	180,624	5,023,458
<b>Fund Balances</b>				
Nonspendable - Prepaids/Inventory	46,588	-	2,979	49,567
Restricted:				
Roads	-	-	3,697,172	3,697,172
Cable grant	53,450	-	-	53,450
Community development	-	-	1,473,356	1,473,356
Parks and recreation	209,370	-	-	209,370
Drug forfeiture activities	-	-	31,620	31,620
Library	-	-	2,069,848	2,069,848
Street lighting	-	-	176,549	176,549
800 MHZ Fund	-	-	355,155	355,155
Metroact Broadband	250,422	-	-	250,422
Assigned - Capital projects	-	8,087,175	-	8,087,175
Unassigned	5,055,031	-	-	5,055,031
<b>Total fund balances</b>	<b>5,614,861</b>	<b>8,087,175</b>	<b>7,806,679</b>	<b>21,508,715</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$14,500,445</b>	<b>\$ 8,870,663</b>	<b>\$ 9,839,631</b>	<b>\$33,210,739</b>

# City of Westland, Michigan

## Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Position June 30, 2014

<b>Fund Balance Reported in Governmental Funds</b>	\$ 21,508,715
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	216,125,919
Other long-term liabilities, such as incurred but not reported liabilities, do not present a claim on current financial resources and are not reported as fund liabilities	(1,834,705)
Deferred inflows of resources are reported in the governmental funds, but not in the government-wide statements	5,023,458
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	(7,292,576)
Long-term liabilities are not due and payable in the current period and are not reported in the funds	(6,703,399)
Accrued interest on long-term liabilities is not reported in the funds	(42,389)
Net other postemployment benefit obligation is not recorded as a liability in the funds	(41,458,883)
Net pollution remediation liability is not recorded as a liability in the funds	(210,000)
<b>Net Position of Governmental Activities</b>	<b><u>\$ 185,116,140</u></b>

# City of Westland, Michigan

## Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended June 30, 2014

	General Fund	Capital Projects Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenue</b>				
Property taxes	\$ 20,148,861	\$ -	\$ 2,681,486	\$ 22,830,347
Licenses and permits	1,272,437	-	-	1,272,437
Federal sources	1,403,794	-	1,767,727	3,171,521
State sources	9,092,310	-	6,094,457	15,186,767
Charges for services	7,079,851	-	-	7,079,851
Court fines and fees	4,635,765	-	-	4,635,765
Interest income	57,424	49	18,826	76,299
Other revenue:				
Special assessments	-	-	1,569,472	1,569,472
Local sources	3,249,831	-	383,121	3,632,952
Cable franchise fees	1,675,459	-	-	1,675,459
Refund of captured property taxes	1,138,050	-	166,306	1,304,356
Other income	3,936,758	-	367,205	4,303,963
Total revenue	53,690,540	49	13,048,600	66,739,189
<b>Expenditures</b>				
Current:				
General government	13,837,895	1,065,065	348,310	15,251,270
Street lighting	2,502	-	1,446,502	1,449,004
Public safety	35,671,066	27,488	923,732	36,622,286
Highway, streets, and drains	-	-	4,222,826	4,222,826
Sanitation	4,321,783	756,000	-	5,077,783
Community and economic development	856,287	-	1,280,131	2,136,418
Cultural and recreation	2,007,197	-	3,044,001	5,051,198
Debt service	369,402	-	1,138,050	1,507,452
Total expenditures	57,066,132	1,848,553	12,403,552	71,318,237
<b>Excess of Revenue (Under) Over Expenditures</b>	(3,375,592)	(1,848,504)	645,048	(4,579,048)
<b>Other Financing Sources (Uses)</b>				
Face value of debt issue	493,680	-	-	493,680
Proceeds from sale of capital assets	104,240	-	-	104,240
Transfers in (Note 7)	220,000	-	2,133,063	2,353,063
Transfers out (Note 7)	(684,509)	-	(1,668,554)	(2,353,063)
Total other financing sources	133,411	-	464,509	597,920
<b>Special Items (Note 15)</b>	-	9,935,679	-	9,935,679
<b>Net Change in Fund Balances</b>	(3,242,181)	8,087,175	1,109,557	5,954,551
<b>Fund Balances - Beginning of year</b>	8,857,042	-	6,697,122	15,554,164
<b>Fund Balances - End of year</b>	<u>\$ 5,614,861</u>	<u>\$ 8,087,175</u>	<u>\$ 7,806,679</u>	<u>\$ 21,508,715</u>

# City of Westland, 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**

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 5,954,551</b>
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation	(8,244,823)
Capital assets contributed to the City are recorded as revenue in the statement of activities but are not recognized in the governmental funds	7,391,695
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	3,177,797
Special assessment revenue is recorded in the statement of activities when the assessment is set; it is not reported in the funds until collected or collectible within 60 days of year end	(30,518)
Changes in liabilities incurred but not reported are not recorded in the governmental funds	1,490,739
Repayment of debt principal is an expenditure in the governmental funds, but not in the government-wide statements (where it reduces long-term debt)	1,306,042
Proceeds from long-term debt provide current financial resources to governmental funds, but debt increases long-term liabilities in the statement of net position	(493,680)
Change in accrued interest on long-term debt is not recorded in the governmental funds	2,111
Change in other postemployment benefit liability is not recorded in the governmental funds	(6,780,169)
Change in accumulated employee sick and vacation pay is recorded when earned in the statement of activities	848,323
<b>Change in Net Position of Governmental Activities</b>	<b><u>\$ 4,622,068</u></b>

# City of Westland, Michigan

## Proprietary Funds Statement of Net Position June 30, 2014

	Enterprise Fund - Water and Sewer
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 6,184,922
Receivables - Net	10,746,057
Inventories	149,819
Prepaid costs and other assets	28,986
Total current assets	<u>17,109,784</u>
Noncurrent assets:	
Restricted assets (Note 6)	225,000
Capital assets - Net (Note 5)	73,913,252
Total noncurrent assets	<u>74,138,252</u>
Total assets	<u>91,248,036</u>
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	1,799,638
Due to other funds	2,414
Escrow deposits and other	366,429
Accrued and other liabilities	155,024
Compensated absences	240,161
Provision for claims (Note 10)	105,179
Current portion of long-term debt	656,781
Total current liabilities	<u>3,325,626</u>
Noncurrent liabilities:	
Provision for claims (Notes 9, 10, and 12)	714,708
Net other postemployment benefits liability (Note 20)	4,528,759
Long-term debt - Net of current portion	3,748,885
Total noncurrent liabilities	<u>8,992,352</u>
Total liabilities	<u>12,317,978</u>
<b>Net Position</b>	
Net investment in capital assets	69,507,586
Restricted (Note 13)	225,000
Unrestricted	9,197,472
Total net position	<u><u>\$ 78,930,058</u></u>

# City of Westland, Michigan

## Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Position Year Ended June 30, 2014

	Enterprise Fund - Water and Sewer
<b>Operating Revenue</b>	
Water and sewer	\$ 25,780,952
Penalties	1,758,988
Other	457,889
	<hr/>
Total operating revenue	27,997,829
<b>Operating Expenses</b>	
Cost of water	5,143,131
Cost of sewage disposal	9,014,040
Sundry	141,020
Wage and fringe benefits	4,849,640
Contracted services	3,902,385
Operating supplies	246,794
Repairs and maintenance	718,133
Rent, insurance claims, and other	15,601
Depreciation	1,688,953
	<hr/>
Total operating expenses	25,719,697
<b>Operating Income</b>	2,278,132
<b>Nonoperating Revenue (Expenses)</b>	
Interest income	17,928
Interest expense	(166,871)
	<hr/>
Total nonoperating expenses	(148,943)
<b>Income - Before contributions</b>	2,129,189
<b>Capital Contributions - Lines donated by developers</b>	162,120
	<hr/>
<b>Change in Net Position</b>	2,291,309
<b>Net Position - Beginning of year</b>	76,638,749
	<hr/>
<b>Net Position - End of year</b>	<b>\$ 78,930,058</b>

# City of Westland, Michigan

## Proprietary Funds Statement of Cash Flows Year Ended June 30, 2014

	<u>Enterprise Fund - Water and Sewer</u>
<b>Cash Flows from Operating Activities</b>	
Receipts from customers	\$ 29,301,739
Payments to suppliers	(19,763,543)
Payments to employees	(3,828,103)
Internal activity - Payments to other funds	(247,776)
Claims paid	<u>(2,397,548)</u>
Net cash provided by operating activities	3,064,769
<b>Cash Flows from Capital and Related Financing Activities</b>	
Purchase of capital assets	(302,858)
Principal and interest paid on long-term debt	<u>(816,479)</u>
Net cash used in capital and related financing activities	(1,119,337)
<b>Cash Flows from Investing Activities</b> - Interest received on investments and other assets	
	<u>17,928</u>
<b>Net Increase in Cash and Cash Equivalents</b>	1,963,360
<b>Cash and Cash Equivalents</b> - Beginning of year	<u>4,446,562</u>
<b>Cash and Cash Equivalents</b> - End of year	<u><b>\$ 6,409,922</b></u>
<b>Balance Sheet Classification of Cash and Cash Equivalents</b>	
Cash and cash equivalents	\$ 6,184,922
Restricted assets (Note 6)	<u>225,000</u>
Total cash and cash equivalents	<u><b>\$ 6,409,922</b></u>
<b>Reconciliation of Operating Income to Net Cash from Operating Activities</b>	
Operating income	\$ 2,278,132
Adjustments to reconcile operating income to net cash from operating activities:	
Depreciation	1,688,953
Changes in assets and liabilities:	
Receivables	1,303,910
Inventories	(6,758)
Accounts payable	(125,968)
Due to others	(247,776)
Accrued and other liabilities	<u>(1,825,724)</u>
Net cash provided by operating activities	<u><b>\$ 3,064,769</b></u>

**Noncash Activities** - During the year ended June 30, 2014, developers donated \$162,120 of water and sewer lines to the City.

# City of Westland, Michigan

## Fiduciary Funds Statement of Net Position June 30, 2014

	Pension Trust Fund - Police and Fire Retirement	<u>Agency Funds</u>
<b>Assets</b>		
Cash and cash equivalents (Note 3)	\$ -	\$ 2,474,879
Investments (Note 3):		
U.S. government securities	6,696,552	-
Common stock	61,602,525	-
Corporate bonds	15,241,998	-
Real estate	9,449,333	-
Mutual funds	55,828,987	-
Securities lending - Mutual funds	1,896,739	-
Closely held - Equity	13,339,315	-
Accrued interest and other assets	279,474	-
Total assets	164,334,923	<b><u>\$ 2,474,879</u></b>
<b>Liabilities</b>		
Accounts payable	1,158,280	\$ -
Due to other governmental units	-	1,038,007
Accrued and other liabilities	-	1,436,872
Obligations under securities lending agreements	2,028,308	-
Due to brokers	267,213	-
Total liabilities	3,453,801	<b><u>\$ 2,474,879</u></b>
<b>Net Position Held in Trust for Pension Benefits</b>	<b><u>\$ 160,881,122</u></b>	



# City of Westland, Michigan

## Fiduciary Funds Statement of Changes in Plan Net Position Year Ended June 30, 2014

	Pension Trust Fund - Police and Fire Retirement
<b>Additions</b>	
Investment income (loss):	
Interest and dividends	\$ 3,721,216
Net increase in fair value of investments	24,325,926
Investment-related expenses	<u>(1,044,009)</u>
Net investment income	27,003,133
Employer contributions - Pension	5,813,007
Employee contributions and service credits	<u>116,709</u>
Total additions	32,932,849
<b>Deductions - Benefit payments</b>	<u>13,461,635</u>
<b>Net Increase</b>	19,471,214
<b>Net Position Held in Trust for Pension Benefits - Beginning of year</b>	<u>141,409,908</u>
<b>Net Position Held in Trust for Pension Benefits - End of year</b>	<u><u>\$ 160,881,122</u></u>

# City of Westland, Michigan

## Component Units Statement of Net Position June 30, 2014

	Downtown Development Authority	Economic Development Corporation	Local Development Finance Authority	Tax Increment Finance Authority	Brownfield Redevelopment Authority	Total
<b>Assets</b>						
Cash and cash equivalents (Note 3)	\$ 1,998,455	\$ -	\$ 254,281	\$ 249,008	\$ 75,588	\$ 2,577,332
Investments (Note 3)	-	-	-	180,455	-	180,455
Receivables - Net	-	-	-	132,899	-	132,899
Restricted assets (Note 6)	-	-	-	10,132,526	-	10,132,526
Capital assets - Net	4,649,611	-	-	254,198	-	4,903,809
<b>Total assets</b>	<b>6,648,066</b>	<b>-</b>	<b>254,281</b>	<b>10,949,086</b>	<b>75,588</b>	<b>17,927,021</b>
<b>Liabilities</b>						
Accounts payable	742,277	-	-	1,416,457	-	2,158,734
Due to primary government	65	-	-	65	-	130
Accrued and other liabilities	69,370	-	-	296,248	-	365,618
Current portion of long-term debt	225,000	-	-	-	-	225,000
Long-term debt - Net of current portion	3,075,000	-	-	16,500,000	-	19,575,000
<b>Total liabilities</b>	<b>4,111,712</b>	<b>-</b>	<b>-</b>	<b>18,212,770</b>	<b>-</b>	<b>22,324,482</b>
<b>Net Position</b>						
Net investment in capital assets	1,349,611	-	-	254,198	-	1,603,809
Unrestricted	1,186,743	-	254,281	(7,517,882)	75,588	(6,001,270)
<b>Total net position</b>	<b>\$ 2,536,354</b>	<b>\$ -</b>	<b>\$ 254,281</b>	<b>\$ (7,263,684)</b>	<b>\$ 75,588</b>	<b>\$ (4,397,461)</b>

# City of Westland, Michigan

	Expenses	Program Revenue		Net (Expense)
		Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
Component Units				Downtown Development Authority
Downtown Development Authority - Operations	\$ 1,539,595	\$ 2,555	\$ -	\$ (1,537,040)
Economic Development Corporation - Operations	4,099	-	-	-
Local Development Finance Authority - Operations	40,712	-	-	-
Tax Increment Finance Authority - Operations	9,068,131	-	-	-
Brownfield Redevelopment Authority - Operations	162,020	-	-	-
<b>Total component units</b>	<b>\$ 10,814,557</b>	<b>\$ 2,555</b>	<b>\$ -</b>	<b>(1,537,040)</b>
General revenue:				
Property taxes				1,449,165
Interest income				2,547
Other income				-
<b>Total general revenue</b>				<b>1,451,712</b>
<b>Change in Net Position</b>				<b>(85,328)</b>
<b>Net Position - Beginning of year</b>				<b>2,621,682</b>
<b>Net Position - End of year</b>				<b>\$ 2,536,354</b>

**Component Units  
Statement of Activities  
Year Ended June 30, 2014**

Net (Expense) Revenue and Changes in Net Position				
Economic Development Corporation	Local Development Finance Authority	Tax Increment Finance Authority	Brownfield Redevelopment Authority	Total
\$ -	\$ -	\$ -	\$ -	\$ (1,537,040)
(4,099)	-	-	-	(4,099)
-	(40,712)	-	-	(40,712)
-	-	(9,068,131)	-	(9,068,131)
-	-	-	(162,020)	(162,020)
(4,099)	(40,712)	(9,068,131)	(162,020)	(10,812,002)
-	137,645	1,636,945	212,446	3,436,201
14	749	18,456	162	21,928
-	447	383	-	830
14	138,841	1,655,784	212,608	3,458,959
(4,085)	98,129	(7,412,347)	50,588	(7,353,043)
4,085	156,152	148,663	25,000	2,955,582
<b>\$ -</b>	<b>\$ 254,281</b>	<b>\$ (7,263,684)</b>	<b>\$ 75,588</b>	<b>\$ (4,397,461)</b>

### **Note I - Summary of Significant Accounting Policies**

The accounting policies of the City of Westland, 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:

#### **Reporting Entity**

The City of Westland, Michigan (the "City") is governed by an elected mayor and an elected seven-member council. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City, and separate financial statements are not issued.

The City of Westland Building Authority is governed by a three-member board that is appointed by the mayor and approved by the City Council. Although it is legally separate from the City, it is reported as if it were part of the primary government because its primary purpose is to finance and construct the City's public buildings. The activity of the City of Westland Building Authority is reported within the Building Authority Debt - 2005 Refunding Debt Service Fund.

#### **Discretely Presented Component Units**

**Local Development Finance Authority** - The Local Development Finance Authority and the Tax Increment Finance Authority were created to promote economic growth and business development within the community. The Local Development Finance Authority governing body consists of 11 individuals. The mayor appoints seven of these individuals, and the other four individuals are made up of one member appointed by the County Board of Commissioners, one representative of the local community college, and two members appointed by the local school district. The Tax Increment Finance Authority's governing bodies each consist of nine individuals. These individuals are all appointed by the mayor and confirmed by the City Council. In addition, each Authority's budget is subject to approval by the City Council. The Local Development Finance Authority does not issue its own financial statements.

**Economic Development Corporation** - The Economic Development Corporation was created to provide means and methods for the encouragement and assistance of industrial and commercial enterprises in relocating, purchasing, constructing, improving, or expanding within the City so as to provide needed services and facilities of such enterprises to residents of the City. The Corporation's governing body consists of nine individuals who are appointed by the mayor and confirmed by the City Council. The Economic Development Corporation does not issue its own financial statements.

### **Note I - Summary of Significant Accounting Policies (Continued)**

**Downtown Development Authority** - The Downtown Development Authority was created to correct and prevent deterioration in the downtown district, encourage historical preservation, and to promote economic growth within the downtown district. The Authority's governing body, which consists of 11 individuals, is appointed by the mayor and confirmed by the City Council. In addition, the Authority's budget is subject to approval by the City Council. The Downtown Development Authority does not issue its own financial statements.

**Brownfield Redevelopment Authority** - The Brownfield Redevelopment Authority was created to remediate contaminated properties located within the City and to promote economic growth for these properties through the use of a state-approved revolving loan fund. The properties included are listed as contaminated by the Environmental Protection Agency. The Authority's governing body, which consists of nine individuals, is appointed by the mayor and confirmed by the City Council. In addition, the Authority's budget is subject to approval by the City Council. The Brownfield Redevelopment Authority does not issue its own financial statements.

#### **Report Presentation**

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Property taxes are recognized as 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. The statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

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

For the most part, the effect of interfund activity has been removed from these statements.

### Note I - Summary of Significant Accounting Policies (Continued)

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

#### **Fund Accounting**

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

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

- **The General Fund** is the City's primary operating fund; it accounts for all financial resources used to provide general government services, other than those specifically assigned to another fund.
- **The Capital Projects Fund** was created for the purpose of accounting for capital projects within the City.

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

- The Water and Sewer Fund accounts for the activities of the water distribution system and sewage collection system.

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

- The Police and Fire Retirement Pension Trust Fund accounts for the activities of the police and fire employees' retirement system, which accumulates resources for pension and benefit payments to qualified police and fire employees.
- The trust and agency funds account for assets held by the City in a trustee capacity or as an agent for individuals, organizations, other governments, or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

### **Note I - Summary of Significant Accounting Policies (Continued)**

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

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

#### **Basis of Accounting**

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

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

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



### **Note I - Summary of Significant Accounting Policies (Continued)**

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

#### **Specific Balances and Transactions**

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

**Methods Used to Value Investments** - Investments are reported at fair value or estimated fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments. The fair value of real estate investments is based on periodic appraisals as well as the judgment of independent real estate advisors and management. Investments that do not have an established market value are reported at estimated fair value as determined by the plan's management. Approximately 28 percent of the plan's assets are not publicly traded and therefore do not have a readily determinable market value. Because alternative investments are not readily marketable, their estimated value is subject to uncertainty and therefore may differ significantly from the values that would have been used had a ready market for these securities existed. The difference could be material.

**Receivables and Payables** - In general, outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances." No allowance for uncollectible accounts has been recorded as the City believes all receivables will be collected.

**Inventories and Prepaid Items** - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

**Restricted Assets** - The revenue bonds of the enterprise funds require amounts to be set aside for construction, debt service principal and interest, operations and maintenance, and a bond reserve. These amounts have been classified as restricted assets.

### Note I - Summary of Significant Accounting Policies (Continued)

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

Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

Capital Asset Class	Lives
Roads and sidewalks	30-40 years
Buildings and improvements	20-40 years
Water and sewer distribution systems	5-100 years
Tools and equipment	2-40 years

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

#### Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has no deferred outflows of resources.

### **Note I - Summary of Significant Accounting Policies (Continued)**

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues from multiple sources: grants, special assessments, delinquent personal property tax, and long-term receivables. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

#### **Net Position Flow Assumption**

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

#### **Fund Balance Flow Assumption**

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

#### **Fund Balance Policies**

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

### **Note I - Summary of Significant Accounting Policies (Continued)**

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

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

#### **Property Tax Revenue**

Property taxes are levied and become a lien on each July 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on August 15, with the final collection date of February 28 before they are added to the delinquent county tax rolls.

The 2013 taxable valuation of the City totaled \$1.58 billion (a portion of which is abated and a portion of which is captured by the TIFA and DDA), on which taxes levied consisted of 6.4834 mills for the City's operating purposes, 1.9377 mills for operation of the library, 4.5000 mills for the Police and Fire Pension Fund, and 2.4300 mills for sanitation. The ad valorem taxes levied raised approximately \$10.3 million for City operations, approximately \$3.1 million for operation of the library, approximately \$7.2 million for the Police and Fire Pension Fund, and approximately \$3.9 million for sanitation. Portions of the amounts levied have been captured by the tax increment financing authorities reported in the component units. These amounts, net of the amounts reported by the component units, are recognized in the respective General Fund and Special Revenue Fund financial statements as taxes receivable or as tax revenue.

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

### Note 1 - Summary of Significant Accounting Policies (Continued)

**Compensated Absences (Vacation and Sick Leave)** - It is the City's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. All sick and vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end. Generally, the funds that report each employee's compensation (the General Fund and Water and Sewer fund primarily) are used to liquidate this obligation.

**Proprietary Funds Operating Classification** - Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Sewer Fund and internal service funds are charges to customers for sales and services. The Water and Sewer Fund 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.

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

### Note 2 - Stewardship, Compliance, and Accountability

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

Cumulative shortfall at July 1, 2013	\$ (2,143,706)
Current year permit revenue	1,128,701
Related expenses	<u>1,196,468</u>
Current year shortfall	<u>(67,767)</u>
Cumulative shortfall at June 30, 2014	<u>\$ (2,211,473)</u>

### Note 3 - Deposits and Investments

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

The pension trust fund is also authorized by Michigan Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate (if the trust fund's assets exceed \$250 million), debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles.

The City has designated four banks for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of state statutory authority as listed above. The City's deposits and investment policies are in accordance with statutory authority.

As permitted by state statutes and under the provisions of a securities lending authorization agreement, the City of Westland's Police and Fire Employees' Retirement System (the "System") lends securities to broker-dealers and banks for collateral that will be returned for the same securities in the future. The System's custodial bank manages the securities lending program and receives cash as collateral. Borrowers are required to deliver collateral for each loan equal to not less than 100 percent of the market value of the loaned securities. During the year ended June 30, 2014, only United States currency was received as collateral. The City then converts that cash received as collateral into other investments.

The System does not impose a limit on the amount of loans made on its behalf by the custodial bank. There were no failures by any borrowers to return loaned securities or pay distributions thereon during the fiscal year. Moreover, there were no losses during the fiscal year resulting from a default of the borrowers or custodial bank.

### Note 3 - Deposits and Investments (Continued)

The City of Westland's Police and Fire Employees' Retirement System and the borrower maintain the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested, together with the cash collateral of other lenders, in an investment pool. The average duration of such investment pools as of June 30, 2014 was one day because the loans are terminable on demand; their duration did not generally match the duration of the investments made with cash collateral. On June 30, 2014, the System had no credit risk exposure to borrowers. The collateral held (at cost) and the fair market value of the underlying securities on loan for the System as of June 30, 2014 was \$2,028,308 and \$1,983,100, respectively.

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

**Custodial Credit Risk of Bank Deposits** - Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At year end, the City had \$29,509,076 of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. The City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the City evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories. At year end, the component units had \$12,390,439 of bank deposits that were uninsured and uncollateralized.

**Custodial Credit Risk of Investments** - Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a policy for custodial credit risk. At year end, no investment securities were uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the City's name.

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

# City of Westland, Michigan

## Notes to Financial Statements June 30, 2014

### Note 3 - Deposits and Investments (Continued)

At year end, the City had the following investments:

Investment	Fair Value	Weighted Average Maturity (years)
Pension funds:		
U.S. Treasury	\$ 3,522,820	7.24
U.S. government agency securities	3,719,901	24.37
Corporate securities	14,695,829	10.10
Component units - U.S. Treasury securities	313,354	2.35

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

Investment	Fair Value	Rating	Rating Organization
Fiduciary funds:			
Corporate securities (pension)	\$ 2,705,926	A	S&P
Corporate securities (pension)	578,529	AA	S&P
Corporate securities (pension)	1,113,866	AAA	S&P
Corporate securities (pension)	857,780	B	S&P
Corporate securities (pension)	2,385,889	BB	S&P
Corporate securities (pension)	5,496,425	BBB	S&P
Corporate securities (pension)	1,557,493	NR	S&P
Foreign bonds (pension)	1,289,950	A	S&P
Foreign bonds (pension)	188,970	AA	S&P
Foreign bonds (pension)	274,592	AAA	S&P
Foreign bonds (pension)	354,300	BB	S&P
Foreign bonds (pension)	1,563,881	BBB	S&P
Foreign bonds (pension)	698,620	NR	S&P
U.S. government agency securities (pension)	607,896	AA	S&P
U.S. government agency securities (pension)	97,907	BB	S&P
U.S. government agency securities (pension)	6,536,918	NR	S&P

**Concentration of Credit Risk** - The City places no limit on the amount it may invest in any one issuer. For the year ended June 30, 2014, the City had investments in iShares Aggregate Bond Fund, Loomis Sayles Small Midcap Core Trust, and Enhanced RAFI International LP comprising 9.60 percent, 6.15 percent, and 5.12 percent of total investments, respectively.



# City of Westland, Michigan

## Notes to Financial Statements June 30, 2014

### Note 4 - Receivables

The City's receivables of governmental activities are as follows:

Receivables:	Total						
	General Fund	Capital Projects Fund	Nonmajor Funds	Governmental Activities	Business-type Activities	Total Primary Government	Component Units
Property taxes receivable	\$ 851,625	\$ -	\$ 150,057	\$ 1,001,682	\$ 1,390,296	\$ 2,391,978	\$ -
Special assessments	-	-	91,554	91,554	-	91,554	-
Customer receivables	20,269	-	-	20,269	9,354,462	9,374,731	-
Interest	221,785	-	-	221,785	1,299	223,084	132,899
Other receivables	1,100,984	-	-	1,100,984	-	1,100,984	-
Due from other governmental units	1,903,060	-	1,058,107	2,961,167	-	2,961,167	-
<b>Total receivables</b>	<b>\$ 4,097,723</b>	<b>\$ -</b>	<b>\$ 1,299,718</b>	<b>\$ 5,397,441</b>	<b>\$ 10,746,057</b>	<b>\$ 16,143,498</b>	<b>\$ 132,899</b>

The delinquent real property taxes of the City are purchased by the County of Wayne. The County issues tax notes, the proceeds of which were used to pay the City for these property taxes. These taxes have been recorded as revenue for the current year.

The City considers all receivables to be collectible and has not recorded an allowance for doubtful accounts.

Governmental funds report deferred inflows of resources in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also recognize unearned revenue in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred inflows of resources and unearned revenue are as follows:

	Revenue Not Available	Revenue Not Earned
General Fund - Personal property tax	\$ 851,625	\$ -
General Fund - First contact program	54,650	-
General Fund - E-911 wireless revenue	139,000	-
General Fund - Advanced engineering fees	-	151,071
General Fund - Transfer receivables	3,797,559	-
Local Roads Fund - Special assessment revenue	91,554	-
Other nonmajor governmental funds - Library personal property tax	89,070	-
<b>Total</b>	<b>\$ 5,023,458</b>	<b>\$ 151,071</b>

### Note 5 - Capital Assets

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

	Balance July 1, 2013	Additions	Disposals and Adjustments	Balance June 30, 2014
<b>Governmental Activities</b>				
Capital assets not being depreciated - Land	\$ 3,335,379	\$ -	\$ -	\$ 3,335,379
Capital assets being depreciated:				
Roads and sidewalks	731,299,024	814,586	14,093,492	718,020,118
Building and improvements	18,774,333	7,410,168	-	26,184,501
Other tools and equipment	27,376,943	4,112,746	981,962	30,507,727
Subtotal	777,450,300	12,337,500	15,075,454	774,712,346
Accumulated depreciation:				
Roads and sidewalks	537,593,778	10,744,384	14,093,492	534,244,670
Building and improvements	6,397,546	682,753	-	7,080,299
Other tools and equipment	19,815,308	1,763,491	981,962	20,596,837
Subtotal	563,806,632	13,190,628	15,075,454	561,921,806
Net capital assets being depreciated	213,643,668	(853,128)	-	212,790,540
Net capital assets	\$ 216,979,047	\$ (853,128)	\$ -	\$ 216,125,919
<b>Business-type Activities</b>				
Capital assets being depreciated - Water and sewer distribution systems	\$ 112,563,774	\$ 464,978	\$ 23,411	\$ 113,005,341
Accumulated depreciation - Water and sewer distribution systems	37,426,547	1,688,953	23,411	39,092,089
Net capital assets	\$ 75,137,227	\$ (1,223,975)	\$ -	\$ 73,913,252
<b>Component Units</b>				
Capital assets not being depreciated - Land	\$ 90,000	\$ -	\$ -	\$ 90,000
Capital assets being depreciated:				
DDA improvements	2,341,493	3,191,089	-	5,532,582
TIFA improvements	391,958	-	-	391,958
Subtotal	2,733,451	3,191,089	-	5,924,540
Accumulated depreciation:				
DDA improvements	825,380	147,591	-	972,971
TIFA improvements	119,680	18,080	-	137,760
Subtotal	945,060	165,671	-	1,110,731
Net capital assets being depreciated	1,788,391	3,025,418	-	4,813,809
Net capital assets	\$ 1,878,391	\$ 3,025,418	\$ -	\$ 4,903,809

# City of Westland, Michigan

## Notes to Financial Statements June 30, 2014

### Note 5 - Capital Assets (Continued)

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

Governmental activities:	
General government	\$ 1,568,129
Public safety	557,206
Public works	10,898,711
Recreation and culture	<u>166,582</u>
Total governmental activities	<u>\$ 13,190,628</u>
Business-type activities - Enterprise Fund - Water and sewer	<u>\$ 1,688,953</u>

### Note 6 - Restricted Assets

Restricted assets at June 30, 2014 consist of \$225,000 of cash in the Water and Sewer Fund and unspent bond proceeds in the Tax Increment Finance Authority Fund for the following purposes:

	<u>Business-type Activities</u>	<u>Component Units</u>
Bond reserve for 1998 Water and Sewer Revenue Bonds	\$ 167,500	\$ -
Bond reserve for 2006 Water and Sewer Revenue Bonds	57,500	-
Unspent bond proceeds from Tax Increment Financing Bonds	<u>-</u>	<u>10,132,526</u>
Total restricted assets	<u>\$ 225,000</u>	<u>\$ 10,132,526</u>

### Note 7 - Interfund Balances and Operating Transfers

The composition of interfund receivables and payables balances is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Water and Sewer Fund	\$ 2,414
	Other nonmajor governmental funds	<u>1,421,496</u>
	Total General Fund	1,423,910
Other nonmajor governmental funds	General Fund	<u>73,574</u>
	Total interfund activity	<u>\$ 1,497,484</u>

# City of Westland, Michigan

## Notes to Financial Statements June 30, 2014

### Note 7 - Interfund Balances and Operating Transfers (Continued)

Receivable Fund	Payable Fund	Amount
<b>Due to/from Primary Government and Component Units</b>		
Primary government - General Fund	Component unit - Tax Increment Finance Authority	\$ 65
	Component unit - Downtown Development Authority	65
	Total primary government - General Fund	<u>\$ 130</u>

The composition of operating transfers is as follows:

Operating Transfer Out	Operating Transfer In	Amount
General Fund	Other governmental funds (1)	\$ 614,075
	Other governmental funds (4)	70,434
	Total General Fund	684,509
Other governmental funds	General Fund (3)	25,000
	Other governmental funds (1)	718,975
	Other governmental funds (2)	924,579
	Total other governmental funds	<u>1,668,554</u>
	Total operating transfers	<u>\$ 2,353,063</u>

- (1) Transfer for debt service
- (2) Transfer for local road construction and maintenance
- (3) Transfer for capital improvements
- (4) Transfer for general operations

# City of Westland, Michigan

## Notes to Financial Statements June 30, 2014

### Note 8 - Long-term Debt

The City issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. County contractual agreements and installment purchase agreements are also general obligations of the government.

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>							
General obligation bonds:							
1998 Michigan Transportation Fund Bonds			\$ 400,000	\$ -	\$ 400,000	\$ -	\$ -
2004 Michigan Transportation Fund Bonds	3.000%-4.000%	\$300,000	1,750,000	-	250,000	1,500,000	300,000
2005 Building Authority Refunding Bonds	4.000%-5.000%	\$330,000-\$500,000	2,770,000	-	305,000	2,465,000	330,000
Installment purchase agreement:							
2009 recycle containers	5.980%	\$122,768-\$146,135	652,742	-	115,840	536,902	122,768
2013 New City Hall	2.600%	\$80,000-\$145,000	1,600,000	-	75,000	1,525,000	80,000
2013 Fire Truck	3.440%	\$86,372-\$89,343	259,214	-	83,499	175,715	86,372
Other equipment	5.600%	\$7,102	13,805	-	6,703	7,102	7,102
2014 Police Cars	2.500%	\$162,371-\$166,759	-	493,680	-	493,680	162,371
Total governmental bonds			7,445,761	493,680	1,236,042	6,703,399	1,088,613
Compensated absences			8,140,899	3,969,185	4,817,508	7,292,576	2,783,811
Total governmental bonds			\$ 15,586,660	\$ 4,462,865	\$ 6,053,550	\$ 13,995,975	\$ 3,872,424
<b>Business-type Activities</b>							
Revenue bonds:							
1998 Water and Sewer Revenue Bonds	3.875%-3.900%	\$200,000-\$250,000	\$ 1,125,000	\$ -	\$ 200,000	\$ 925,000	\$ 200,000
2006 Water and Sewer Revenue Bonds	3.900%	\$275,000-\$300,000	850,000	-	275,000	575,000	275,000
General obligation bonds:							
2010 State Revolving Fund Loan	2.500%	\$25,000-\$35,000	487,794	-	25,000	462,794	25,000
2010 Strategic Water Quality Initiatives Loan	2.500%	\$110,000-\$317,183	2,367,183	-	105,000	2,262,183	110,000
Installment purchase agreement -							
Other equipment	4.800%	\$46,781-\$133,908	225,297	-	44,608	180,689	46,781
Compensated absences			225,195	223,095	208,129	240,161	240,161
Total business-type activities			\$ 5,280,469	\$ 223,095	\$ 857,737	\$ 4,645,827	\$ 896,942
<b>Component Unit Activities</b>							
General obligation bonds:							
2013 Tax Increment Financing Bonds - City Hall and Fire Station	3.000%-5.250%	\$0-\$1,285,000	\$ -	\$ 16,500,000	\$ -	\$ 16,500,000	\$ -
2014 Downtown Development Bonds - Farmer's Market	3.500%	\$225,000-\$325,000	-	3,300,000	-	3,300,000	225,000
Total bonds payable			\$ -	\$ 19,800,000	\$ -	\$ 19,800,000	\$ 225,000

### Note 8 - Long-term Debt (Continued)

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

Years Ending June 30	Governmental Activities			Business-type Activities			Component Unit Activities		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2015	\$ 1,088,613	\$ 231,438	\$ 1,320,051	\$ 656,781	\$ 140,974	\$ 797,755	\$ 225,000	\$ 877,268	\$ 1,102,268
2016	1,144,002	188,041	1,332,043	793,908	115,595	909,503	815,000	869,394	1,684,394
2017	1,099,649	144,331	1,243,980	390,000	83,874	473,874	855,000	843,818	1,698,818
2018	941,135	104,244	1,045,379	390,000	69,124	459,124	880,000	810,868	1,690,868
2019	845,000	64,410	909,410	145,000	54,374	199,374	905,000	776,918	1,681,918
2020-2024	1,050,000	116,730	1,166,730	790,000	215,122	1,005,122	5,100,000	3,374,332	8,474,332
2025-2029	535,000	28,665	563,665	890,000	111,872	1,001,872	5,200,000	2,239,436	7,439,436
Thereafter	-	-	-	349,977	12,804	362,781	5,820,000	939,210	6,759,210
<b>Total</b>	<b>\$ 6,703,399</b>	<b>\$ 877,859</b>	<b>\$ 7,581,258</b>	<b>\$ 4,405,666</b>	<b>\$ 803,739</b>	<b>\$ 5,209,405</b>	<b>\$ 19,800,000</b>	<b>\$ 10,731,244</b>	<b>\$ 30,531,244</b>

Total interest incurred related to governmental and business-type activities and component units for the year approximated \$269,000, \$167,000, and \$421,000, respectively.

**Future Revenue Pledged for Debt Payments** - The City has pledged substantially all revenue of the Water and Sewer Fund, net of operating expenses, to repay the above water and sewer revenue bonds. Proceeds from the bonds provided financing for the construction of the water supply and sewage disposal systems. The bonds are payable solely from the net revenue of the water and sewer system. The remaining principal and interest to be paid on the bonds total \$1,042,125. During the current year, net revenue of the system was \$1,508,977 compared to the annual debt requirements of \$558,775.

### Note 9 - Other Liabilities

**Environmental Cleanup** - Central City Park has been closed due to environmental contamination since 2007. During a previous year, the County deeded the property to the City and the City and County came to a shared agreement and remediation plan. According to the agreement, the City paid the County \$765,000 during fiscal year 2011 and then will reimburse the County an additional \$350,000, in total, over the next five years, beginning November 2012. The remaining balance of \$210,000 is recorded on the government-wide statements. According to the contract, the City of Westland shall be responsible for any additional costs that are incurred during the remediation process that are above the County's contribution of \$1,500,000. As of the report date, the remediation is underway and it is the City's belief that additional costs, if any, will not be material.

### **Note 9 - Other Liabilities (Continued)**

**Sanitation System Overflow** - On June 5, 2010, the City experienced a 100-year rain event. As a result, the City's sanitation system lines backed up and approximately 500 residents filed claims for flood damage. The City was served on September 7, 2010 with a class action lawsuit for those claims. On May 25, 2011, the City experienced another 100-year rain event. As a result, the City's sanitation system lines backed up again and approximately 270 homes were affected. The City participated in court-ordered facilitation. In March 2013, the lawsuit was settled with total damages to the City of \$5,000,000, of which \$3,750,000 was for cash payments and \$1,250,000 was in the form of water bill credits to affected residents, to be distributed evenly over fiscal years 2014, 2015, and 2016. During 2014, due to the amount of credits actually used by residents, the City reduced the liability by \$647,584. The full cash balance was paid in 2014 and the remaining liability for water credits was properly recorded at year end.

### **Note 10 - Risk Management**

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

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

# City of Westland, Michigan

## Notes to Financial Statements June 30, 2014

### Note 10 - Risk Management (Continued)

The City estimates the liability for general liability claims, workers' compensation claims, and health insurance claims that have been incurred through the end of the fiscal year, including those claims that have been reported as well as those that have not yet been reported. The estimate for the general liability, workers' compensation, and health claims are all included in the government-wide statement of net position allocated between governmental and business-type activities. Changes in the estimated liabilities for the years ended June 30, 2014 and 2013 were as follows:

	General Liability		Workers' Compensation		Health Insurance Claims	
	2014	2013	2014	2013	2014	2013
Estimated liability - Beginning of year	\$ 1,883,511	\$ 1,826,011	\$ 2,348,379	\$ 1,794,829	\$ (264,996)	\$ 104,626
Estimated claims incurred, including changes in estimates	1,217,148	1,579,416	(909,699)	833,369	7,048,605	7,065,600
Claim payments	(1,740,782)	(1,521,916)	(407,283)	(279,819)	(6,921,901)	(7,435,222)
Estimated liability - End of year	<u>\$ 1,359,877</u>	<u>\$ 1,883,511</u>	<u>\$ 1,031,397</u>	<u>\$ 2,348,379</u>	<u>\$ (138,292)</u>	<u>\$ (264,996)</u>

### Note 11 - Joint Ventures

The City participates in the Nankin Transit Commission with the City of Garden City, the City of Inkster, and the City of Wayne. The City appoints two members to the Nankin Transit Commission's governing board, which then approves the annual budget.

The City also participates in the Central Wayne County Sanitation Authority with the City of Dearborn Heights, the City of Garden City, the City of Inkster, and the City of Wayne. The City appoints one member to the Central Wayne County Sanitation Authority's board, which then approves the annual budget.

The City is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. Complete financial statements for the Nankin Transit Commission and the Central Wayne County Sanitation Authority can be obtained from their administrative offices at William J. Engle Memorial Building, 37137 Marquette St., Westland, MI 48185 and 3759 Commerce Court, Wayne, MI 48184, respectively.

### Note 12 - Contingent Liabilities

**Open Litigation** - Several other claims have been filed against the City; however, litigation for those claims is still in the very early stages and the outcome cannot be determined at this time. The City is vigorously defending its position and does not believe any of these cases will result in a material liability. No liability has been recorded related to this litigation at this time.



# City of Westland, Michigan

## Notes to Financial Statements June 30, 2014

### Note 13 - Restricted Net Position

In addition to net position restricted for retirement system, sanitation, road improvements, and library operations, net position has been restricted for the following purposes:

	Total Governmental Activities	Total Business-type Activities
Restricted Cable Commission projects	\$ 53,450	\$ -
Public Safety-E-911	109,732	-
Public Safety- Drug Forfeiture	31,620	-
Parks and Recreation	209,370	-
Metroact Broadband	250,422	-
Street Lighting	176,549	-
800 MHZ Fund	355,155	-
Community Development	1,473,356	-
Revenue Bonds	-	225,000
	<u>-</u>	<u>225,000</u>
Total	<u>\$ 2,659,654</u>	<u>\$ 225,000</u>

### Note 14 - Commitments

The City has entered into several construction and maintenance contracts totaling \$5,969,773. As of June 30, 2014, the City has not recorded expenditures relating to these projects, as the work has not yet been performed.

### Note 15 - Acquisition of Assets

Upon repayment of all liabilities associated with the Elderly Housing Corporation facility, the assets of the Corporation are to revert back to the City. The mortgage was paid off in November 2008. During 2014, City Council approved a resolution to take ownership of the assets and liabilities of the Corporation. This included cash, escrows, and other operating assets and liabilities netting to \$1,695,520 and fixed assets with a value of \$12,100,000. The City then sold the fixed assets to an unrelated entity for \$12,100,000 with closing costs totaling \$62,282. The City received \$8,870,614 of cash and provided financing to the purchasing entity of \$3,167,104. The \$3,167,104 note receivable and an additional \$630,455 of other receivables from the transferring entity are recorded as deferred inflows of resources at the governmental fund level in the General Fund. All cash activity related to the transfer and sale of assets at June 30, 2014 was recorded in the Capital Projects Fund.

# City of Westland, Michigan

## Notes to Financial Statements June 30, 2014

### Note 16 - Defined Benefit Pension Plan

#### Municipal Employees' Retirement System of Michigan

**Plan Description** - The City participates in the Municipal Employees' Retirement System of Michigan (MERS), an agent multiple-employer defined benefit pension plan that covers all employees of the City other than police and fire employees. The MERS provides retirement, disability, and death benefits to plan members and their beneficiaries. The MERS issues a publicly available financial report that includes financial statements and required supplemental information for the system. That report may be obtained by writing to the MERS at 1134 Municipal Way, Lansing, MI 48197.

**Funding Policy** - The obligation to contribute to and maintain the MERS for these employees was established by negotiation with the City's competitive bargaining units and requires no contribution from the employees.

**Annual Pension Costs** - For the year ended June 30, 2014, the City's annual pension cost of \$4,366,557 for the plan was equal to the City's required and actual contribution. The annual required contribution was determined as part of an actuarial calculation at December 31, 2011, using the entry age cost method. Significant actuarial assumptions used include (a) an 8.00 percent investment rate of return, (b) projected salary increases of 4.5 percent per year to 17.50 percent per year, attributable to seniority/merit, and (c) postretirement benefit increases of 2.50 percent annually. Both (a) and (b) include an inflationary component of 4.50 percent. The unfunded actuarial liability is being amortized as a level percent of payroll on a closed basis. The remaining amortization period is 25 years.

#### Three-year Trend Information

	Fiscal Years Ended June 30		
	2012	2013	2014
General Employees' Retirement System:			
Annual pension costs (APC)	\$ 3,115,379	\$ 4,124,906	\$ 4,366,557
Percentage of APC contributed	100 %	100 %	100 %
Net pension obligation	\$ -	\$ -	\$ -
	Actuarial Valuation as of December 31		
	2011	2012	2013
Actuarial value of assets	\$ 56,636,806	\$ 55,450,156	\$ 55,364,925
Actuarial accrued liability (AAL) (entry)	\$ 109,980,544	\$ 112,765,537	\$ 116,937,134
Unfunded AAL (UAAL)	\$ 53,343,738	\$ 57,315,381	\$ 61,572,209
Funded ratio	51 %	49 %	47 %
Covered payroll	\$ 7,377,631	\$ 7,076,423	\$ 7,555,355
UAAL as a percentage of covered payroll	723 %	810 %	815 %

# City of Westland, Michigan

## Notes to Financial Statements June 30, 2014

### Note 17 - City Pension Cost and Related Asset/Obligation - Police and Fire Retirement System

The pension plan does not issue a separate financial report.

**Annual Pension Cost** - For the year ended June 30, 2014, the City's annual pension cost of \$5,813,007 for the plan was equal to the City's required and actual contribution. The pension cost for the three most recent years is as follows:

	Fiscal Year Ended June 30		
	2014	2013	2012
Annual pension cost (APC)	\$ 5,813,007	\$ 4,990,887	\$ 4,494,952
Percentage of APC contributed	100.0 %	100.0 %	100.0 %
Net pension obligation	-	-	-

**Funding Status and Funding Progress** - As of June 30, 2013, the most recent actuarial valuation date, the plan was 75 percent funded. The actuarial accrued liability for benefits was \$192,556,612, and the actuarial value of assets was \$14,441,629, resulting in an unfunded actuarial accrued liability of \$48,143,983. The covered payroll (annual payroll to active employees covered by the plan) was \$10,198,898, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 472.5 percent.

The schedule of funding progress, presented as required supplemental information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

**Actuarial Methods and Assumptions** - The annual required contribution was determined as part of an actuarial valuation at June 30, 2013, using the entry age actuarial cost method. Significant actuarial assumptions used include (a) a 7.50 percent investment rate of return, (b) projected salary increases of 4.00 percent to 8.00 percent per year, depending on age, attributable to seniority/merit, and (c) a one-time adjustment of 5.00 percent after six years of retirement. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a five-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period is 20 years.

### Note 18 - Pension Plan Description, Reserves, and Investments

#### Police and Fire Retirement System

**Plan Administration** - The Police and Fire Pension Board administers the City of Westland Police and Fire Retirement System (the "Plan") - a single employer defined benefit pension plan that provides pensions for all full-time police and fire employees of the City. Benefit terms have been established by contractual agreements between the City and the various employee union representation; amendments are subject to the same process.

Management of the Plan is vested in the Pension Board, which consists of seven members - three elected by plan members, three appointed by the City, and the City Treasurer, who serves as an ex-officio member.

**Plan Membership** - At June 30, 2014, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	239
Inactive plan members entitled to but not yet receiving benefits	2
Active plan members	144

**Benefits Provided** - The pension plan provides retirement, disability, and death benefits. Benefit terms are established by applicable employee union contracts and may be amended by the City through agreement with the applicable employee union.

**Contributions** - Article 9, Section 24 of the State of Michigan Constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, the Pension Board retains an independent actuary to determine the annual contribution. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. Contribution requirements of plan members are established and may be amended by the board of trustees in accordance with the City Charter, union contracts, and plan provisions. For the year ended June 30, 2014, City's contribution was a flat dollar contribution of \$5,813,007.

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

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

# City of Westland, Michigan

## Notes to Financial Statements June 30, 2014

### Note 18 - Pension Plan Description, Reserves, and Investments (Continued)

The employee reserve is credited as employee contributions are received throughout the year; the Plan maintains a record of the amount contributed by each employee, and credits interest annually at a rate of 1.7 percent. For any employee who terminates before vesting in the pension plan, their balance is returned to them; for those who stay until retirement, the balance is transferred into the retiree reserve.

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

The balances of the reserve accounts at June 30, 2014 are as follows:

	<u>Required Reserve</u>	<u>Amount Funded</u>
Retiree reserve	\$ 662,909	\$ 662,909
Employee reserve	143,692,269	143,692,269
Employer reserve	N/A	16,252,944

**Investment Policy** - The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Pension Board by a majority vote of its members. It is the policy of the Pension Board to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Pension Board's adopted asset allocation policy as of June 30, 2014:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic equity	26.00%
International equity	8.00
Emerging Markets equity	5.00
Investment Grade US fixed	18.00
High Yield fixed income	7.00
International fixed income	5.00
Hedge funds	10.00
Private equity	5.00
Real estate	9.00
Infrastructure	5.00
Cash or cash equivalents	2.00

# City of Westland, Michigan

## Notes to Financial Statements June 30, 2014

### Note 18 - Pension Plan Description, Reserves, and Investments (Continued)

**Rate of Return** - For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 18.59 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

### Note 19 - Net Pension Liability of the City

The City reports pension expense based on funding requirements, as directed by GASB 27. Beginning next year, the City will adopt GASB 68 which will require the measurement of pension expense as it is earned, rather than as it is funded. The net pension liability of the City has been measured as of June 30, 2014 and is composed of the following:

Total pension liability	\$ 196,375,558
Plan fiduciary net position	<u>(160,881,122)</u>
City's net position liability	<u>\$ 35,494,436</u>
Plan fiduciary net position as a percentage of the total pension liability	81.9 %

**Actuarial Assumptions** - The June 30, 2014 total pension liability was determined by an actuarial valuation as of June 30, 2013, which used update procedures to roll forward the estimated liability to June 30, 2014. The valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	4.0 %
Salary increases	4.0-8.0 % average, including inflation
Investment rate of return	7.5 % net of pension plan investment expense, including inflation

Mortality rates were based on the experience-based table of rates that are specific to the type of eligibility condition. RP-2000 Male (unadjusted) and Female (unadjusted) Healthy Life Mortality Table projected 20 years.

**Discount Rate** - The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

### Note 19 - Net Pension Liability of the City (Continued)

#### Projected Cash Flows

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

Based on those assumptions, the pension plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate incorporates a municipal bond rate which was 4.29 percent. The source of that bond rate was published by the Federal Reserve. The long-term expected rate of return was applied to projected benefit payments from 2014-2053 and the municipal bond rate was applied to the remaining periods.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return as of December 31, 2013 for each major asset class included in the pension plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following table.

<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic equity	6.20%
International equity	6.10
Emerging Markets Equity	7.30
Investment Grade US Fixed	1.70
High Yield Fixed Income	4.90
International Fixed Income	2.00
Hedge Funds	4.50
Private Equity	9.40
Real Estate	6.20
Infrastructure	7.00
Cash	0.80

# City of Westland, Michigan

## Notes to Financial Statements June 30, 2014

### Note 19 - Net Pension Liability of the City (Continued)

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate** - The following presents the net pension liability of the City, calculated using the discount rate of 7.50 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent) or one percentage point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net pension liability of the City	\$ 58,946,312	\$ 35,494,436	\$ 17,727,652

### Note 20 - Other Postemployment Benefits

**Plan Description** - The City provides retiree health care benefits to eligible employees and their spouses.

This is a single employer defined benefit plan administered by the City. The benefits are provided under collective bargaining agreements.

**Funding Policy** - The City has no obligation to make contributions in advance of when the insurance premiums are due for payment (i.e., the obligation may be financed on a "pay-as-you-go basis").

**Funding Progress** - For the year ended June 30, 2014, the City has estimated the cost of providing retiree health care benefits through an actuarial valuation as of June 30, 2013. The valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. This valuation's computed contribution and actual funding are summarized as follows:

Annual required contribution (recommended)	\$ 13,821,250
Interest on the prior year's net OPEB obligation	1,720,436
Less adjustment to the annual required contribution	<u>(1,582,104)</u>
Total annual OPEB cost	13,959,582
Amounts contributed - Payments of current premiums	<u>(6,203,861)</u>
Increase in net OPEB obligation	7,755,721
OPEB obligation - Beginning of year	<u>38,231,921</u>
OPEB obligation - End of year	<u>\$ 45,987,642</u>



# City of Westland, Michigan

## Notes to Financial Statements June 30, 2014

### Note 20 - Other Postemployment Benefits (Continued)

Fiscal Year Ended	Actuarial Valuation Date	Annual OPEB Costs	Employer Contributions Percentage OPEB Costs Contributed	Net OPEB Obligation
6/30/09	6/30/08	\$ 12,115,852	39.5	\$ 7,331,278
6/30/10	6/30/08	12,445,760	35.9	15,307,135
6/30/11	6/30/11	12,769,427	36.8	23,378,403
6/30/12	6/30/11	12,798,630	41.6	30,849,306
6/30/13	6/30/13	13,932,870	47.0	38,231,921
6/30/14	6/30/13	13,959,582	44.0	45,987,642

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

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
6/30/08	\$ -	\$ 181,861,454	\$ 181,861,454	-	\$ 20,474,568	888.2
6/30/11	-	216,389,936	216,389,936	-	15,986,830	1,353.6
6/30/13	-	235,582,416	235,582,416	-	15,531,926	1,516.8

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

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

### Note 20 - Other Postemployment Benefits (Continued)

In the June 30, 2013 actuarial valuation, the projected unit credit with linear proration to decrement cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 8.5 percent initially, reduced by decrements to an ultimate rate of 5 percent after eight years. Both rates included a 3.0 percent inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on an open basis over 30 years.

### Note 21 - Change in Accounting

During the current year, the City adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The objective of this Statement is to establish standards that reclassify certain items that were previously reported as assets and liabilities and instead to classify them as deferred inflows of resources, deferred outflows of resources, or as outflows of resources.

As a result of implementing this statement, the following liabilities have been reclassified, as indicated:

Item	Amount	Prior Reporting Classification/Treatment	New Classification After Adoption of GASB 65
Property taxes billed, but which were levied for next year's budget	\$ 940,695	Liability	Deferred inflow of resources
Grant resources received before the time requirements have been met	54,650	Liability	Deferred inflow of resources
Revenue in governmental funds not collected within 60 days of year end	4,028,113	Liability	Deferred inflow of resources

During the current year, the City adopted GASB Statement No. 67, *Financial Reporting for Pension Plans*. This statement required changes to the actuarial valuations resulting in a different measurement of the liability of the employer to plan members for benefits provided through the pension plan. As a result, the disclosures within the pension footnote have changed considerably along with the related schedules in the required supplemental information.

### **Note 22 - 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.

## **Required Supplemental Information**

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# City of Westland, Michigan

## Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2014

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 20,438,545	\$ 20,438,545	\$ 20,148,861	\$ (289,684)
Licenses and permits	1,236,150	1,339,700	1,272,437	(67,263)
Federal sources	1,092,315	1,867,315	1,403,794	(463,521)
State sources	8,786,349	9,008,768	9,092,310	83,542
Charges for services	7,609,079	7,675,839	7,079,851	(595,988)
Court fines and fees	4,000,000	4,155,500	4,635,765	480,265
Interest income	75,000	75,000	56,894	(18,106)
Other	10,897,849	11,268,153	10,938,103	(330,050)
Total revenue	54,135,287	55,828,820	54,628,015	(1,200,805)
<b>Expenditures</b>				
Current:				
General government:				
Legislative	101,200	101,200	101,191	9
Executive	695,964	695,964	675,868	20,096
Computer information systems	621,690	726,102	785,136	(59,034)
Law	800,000	800,000	809,178	(9,178)
Finance	1,621,739	1,621,739	1,541,770	79,969
Assessment	329,671	339,671	338,743	928
City clerk	822,029	822,029	723,682	98,347
City hall and grounds	215,175	305,975	272,461	33,514
Personnel	413,034	398,334	361,755	36,579
Housing	655,540	655,540	591,166	64,374
Insurance and bonds	1,640,000	1,640,000	1,419,212	220,788
General government	5,680,295	5,987,633	5,764,318	223,315
Community development	482,445	478,209	453,415	24,794
Total general government	14,078,782	14,572,396	13,837,895	734,501
Public safety:				
Police	16,037,439	16,087,353	16,040,609	46,744
Joint dispatch	1,919,240	2,743,575	2,627,510	116,065
Fire	13,229,524	13,298,364	13,321,525	(23,161)
Police and Fire Retirement Board	150,000	150,000	53,160	96,840
District Court	3,061,442	3,216,942	3,131,055	85,887
Total public safety	34,397,645	35,496,234	35,173,859	322,375
Highway maintenance	1,787,133	1,908,700	2,126,478	(217,778)
Sanitation	4,229,250	4,229,250	4,321,783	(92,533)
Youth Assistance Program	907,729	907,729	856,287	51,442
Recreation and culture:				
Parks and recreation	849,007	849,007	779,579	69,428
Ice arena	297,215	478,974	467,408	11,566
Senior resources	447,327	447,327	439,685	7,642
Golf course	343,302	343,302	320,525	22,777
Total recreation and culture	1,936,851	2,118,610	2,007,197	111,413
Debt service	255,340	255,340	369,402	(114,062)
Total expenditures	57,592,730	59,488,259	58,692,901	795,358
<b>Excess of Expenditures Over Revenue</b>	(3,457,443)	(3,659,439)	(4,064,886)	(405,447)

# City of Westland, Michigan

## Required Supplemental Information Budgetary Comparison Schedule - General Fund (Continued) Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	Variance with <u>Amended Budget</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of capital assets	\$ 50,000	\$ 50,000	\$ 104,240	\$ 54,240
Transfers in	495,000	495,000	500,000	5,000
Transfers out	(239,000)	(239,000)	(234,975)	4,025
Total other financing sources	<u>306,000</u>	<u>306,000</u>	<u>369,265</u>	<u>63,265</u>
<b>Net Change in Fund Balance</b>	(3,151,443)	(3,353,439)	(3,695,621)	(342,182)
<b>Fund Balance - Beginning of year</b>	<u>8,639,328</u>	<u>8,639,328</u>	<u>8,639,328</u>	<u>-</u>
<b>Fund Balance - End of year</b>	<u>\$ 5,487,885</u>	<u>\$ 5,285,889</u>	<u>\$ 4,943,707</u>	<u>\$ (342,182)</u>

# City of Westland, Michigan

## Required Supplemental Information Police and Fire Pension System Schedule of Funding Progress Year Ended June 30, 2014 (000s omitted)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Overfunded/ Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	AAL (UAAL) as a Percentage of Covered Payroll
6/30/08	\$ 152,600	\$ 147,000	\$ (5,600)	103.8	\$ 12,900	(43.4)
6/30/09	155,400	154,000	(1,400)	100.9	13,000	(10.8)
6/30/10	156,500	168,900	12,400	92.7	11,000	112.7
6/30/11	155,600	175,300	19,700	88.8	11,000	179.1
6/30/12	149,300	182,000	32,700	82.0	10,600	308.5
6/30/13	144,400	192,600	48,200	75.0	10,200	472.5

### Schedule of Employer Contributions

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution *	Percentage Contributed
6/30/09	6/30/08	\$ 4,738,178	100
6/30/10	6/30/09	3,829,140	100
6/30/11	6/30/10	4,137,201	100
6/30/12	6/30/11	4,494,952	100
6/30/13	6/30/12	4,990,887	100
6/30/14	6/30/13	5,813,007	100

\* The required contribution is expressed to the City as a percentage of payroll.

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of June 30, 2013, the latest actuarial valuation, is as follows:

Actuarial cost method	Entry age actuarial
Amortization method	Level percent of payroll
Amortization period (perpetual)	20 years
Asset valuation method	Five-year smoothed market
Actuarial assumptions:	
Investment rate of return	7.5%
Projected salary increases*	4.0%-8.0%
* Includes inflation at	4.0%
Cost of living adjustments	One-time adjustment of 5% after six years of retirement

# City of Westland, Michigan

## Note to Required Supplemental Information Year Ended June 30, 2014

**Budgetary Information** - Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund and all special revenue funds, except that reimbursements to the General Fund from other funds have been included in revenue, rather than as a reduction of expenditures. The City adopts each fund's budget individually, so budgeted amounts in the General Fund include only General Fund activity, not including the funds rolled into the Combining General Fund as a result of GASB No. 54. As a result, the revenue and expenditures of these funds are not included in the General Fund budget.

The annual budget is prepared by the City management and submitted to the City Council by April 1 of each year. The budget is adopted by the City Council at the first council meeting in June. Subsequent amendments are approved by the City Council. Amendments may be made by the City Council up until the last day of the fiscal year. The General Fund budget, including the District Court, has been adopted on a departmental basis. The other funds' budgets have been adopted at the fund level; expenditures at this level in excess of amounts budgeted are a violation of Michigan law.

Unexpended appropriations lapse at year end. The amount of encumbrances outstanding at June 30, 2014 has not been calculated. During the current year, the budget was amended in a legally permissible manner.

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

	<u>Total Revenue</u>	<u>Total Expenditures</u>
General Fund:		
Amounts per operating statement	\$ 53,690,540	\$ 57,066,132
Reimbursements from other funds recorded as revenue	2,126,478	2,126,478
Proceeds from the issuance of long-term debt reduce corresponding expenditures in the budget statement	-	(493,680)
E-911 Fund	(526,482)	(3,527)
Metro Act - Broadband Fund	<u>(212,521)</u>	<u>(2,502)</u>
Amounts per budget statement	<u>\$ 55,078,015</u>	<u>\$ 58,692,901</u>



# City of Westland, Michigan

## Note to Required Supplemental Information (Continued)

**Excess of Expenditures Over Appropriations in Budgeted Funds** - During the year, the City of Westland, Michigan incurred expenditures that were in excess of the amounts budgeted, as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund:			
Computer information systems	\$ 726,102	\$ 785,136	\$ (59,034)
Law	800,000	809,178	(9,178)
Fire	13,298,364	13,321,525	(23,161)
Highway maintenance	1,908,700	2,126,478	(217,778)
Sanitation	4,229,250	4,321,783	(92,533)
Debt service	255,340	369,402	(114,062)

# City of Westland, Michigan

## Required Supplemental Information Schedule of Changes in the City Net Pension Liability and Related Ratios Last Ten Fiscal Years (Prospectively built from 2014)

	2014
<b>Total Pension Liability</b>	
Service cost	\$ 3,222,792
Interest	14,057,789
Changes in benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions	-
Benefit payments, including refunds	(13,461,635)
<b>Net Change in Total Pension Liability</b>	3,818,946
<b>Total Pension Liability - Beginning of year</b>	192,556,612
<b>Total Pension Liability - End of year</b>	<b>\$ 196,375,558</b>
<b>Plan Fiduciary Net Position</b>	
Contributions - Employer	\$ 5,813,007
Contributions - Member	116,709
Net investment income	27,003,133
Administrative expenses	-
Benefit payments, including refunds	(13,461,635)
Other	-
<b>Net Change in Plan Fiduciary Net Position</b>	19,471,214
<b>Plan Fiduciary Net Position - Beginning of year</b>	141,409,908
<b>Plan Fiduciary Net Position - End of year</b>	<b>\$ 160,881,122</b>
<b>City's Net Pension Liability - Ending</b>	<b>\$ 35,494,436</b>
<b>Plan Fiduciary Net Position as a % of Total Pension Liability</b>	81.93 %
<b>Covered Employee Payroll</b>	\$ 10,198,898
<b>City's Net Pension Liability as a % of Covered Employee Payroll</b>	348.0 %

# City of Westland, Michigan

## Required Supplemental Information Schedule of City Contributions Last Ten Fiscal Years

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Actuarially determined contribution	\$ 5,813,007	\$ 4,990,887	\$ 4,494,952	\$ 4,137,201	\$ 3,829,140	\$ 4,738,178	\$ 5,085,329	\$ 4,281,154	\$ 4,069,216	\$ 3,287,050
Contributions in relation to the actuarially determined contribution	5,813,007	4,990,887	4,494,952	4,137,201	3,829,140	4,738,178	5,085,329	4,281,154	4,069,216	3,287,050
<b>Contribution Deficiency</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Covered Employee Payroll</b>	<b>\$ 10,198,898</b>	<b>\$ 10,609,537</b>	<b>\$ 10,840,217</b>	<b>\$ 10,939,952</b>	<b>\$ 12,951,032</b>	<b>\$ 12,862,009</b>	<b>\$ 12,661,870</b>	<b>\$ 12,580,386</b>	<b>\$ 11,291,224</b>	<b>\$ 11,388,275</b>
<b>Contributions as a Percentage of Covered Employee Payroll</b>	<b>57.0 %</b>	<b>47.0 %</b>	<b>41.5 %</b>	<b>37.8 %</b>	<b>29.6 %</b>	<b>36.8 %</b>	<b>40.2 %</b>	<b>34.0 %</b>	<b>36.0 %</b>	<b>28.9 %</b>

### Notes to Schedule of City Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined valuation rates were calculated as of June 30 each year, which is one year prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry age actuarial cost method

Amortization method Level percent of payroll

Remaining amortization period 20 years, closed

Asset valuation method Five-year smoothed market

Inflation 4.0%

Salary increases 4.0%-8.0% including inflation

Investment rate of return 7.5%

Mortality Experience-based table of rates that are specific to the type of eligibility condition. RP-2000 Males (unadjusted) and Females (unadjusted) Healthy Life Mortality Table projected 20 years.

Other information

# City of Westland, Michigan

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## Required Supplemental Information Schedule of Investment Returns Last Ten Fiscal Years (Prospectively built from 2014)

	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	18.6 %

# City of Westland, Michigan

## Required Supplemental Information OPEB System Schedule Year Ended June 30, 2014 (000s omitted)

The schedule of funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
6/30/08	\$ -	\$181,861,454	\$181,861,454	-	\$ 20,474,568	888.2
6/30/11	-	216,389,936	216,389,936	-	15,986,830	1,353.6
6/30/13	-	235,582,416	235,582,416	-	15,531,926	1,516.8

# City of Westland, Michigan

## Required Supplemental Information Pension System Schedule MERS Plan Year Ended June 30, 2014

The schedule of funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
12/31/11	\$ 56,636,806	\$ 109,980,544	\$ 53,343,738	51.5	\$ 7,377,631	723.0
12/31/12	55,450,156	112,765,537	57,315,381	49.2	7,076,423	809.9
12/31/13	55,450,156	112,765,537	57,315,381	49.2	7,076,423	809.9

## **Other Supplemental Information**

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# City of Westland, Michigan

	Personnel Services		Supplies	
	Budget	Actual	Budget	Actual
<b>General Government</b>				
Legislative	\$ 96,318	\$ 98,281	\$ 1,932	\$ 2,644
City clerk	730,742	614,273	22,237	18,386
Executive	678,769	660,293	7,400	8,213
Assessment	2,520	2,100	4,600	3,024
Computer information systems	210,346	194,037	79,192	99,373
General - Law	-	-	-	-
Finance	1,393,781	1,329,757	69,000	64,840
City hall and grounds	-	-	28,800	17,637
General government	3,268,500	2,921,307	50,000	42,470
General maintenance	214,402	210,195	450,000	545,710
Planning	456,739	426,607	6,200	5,433
Economic development	297,015	290,165	2,700	3,668
Community development programs	345,265	346,180	4,350	5,258
Housing development	655,540	591,166	-	-
Insurance and bonds	40,000	-	-	-
Personnel	326,254	313,594	1,950	1,402
Total general government	8,716,191	7,997,955	728,361	818,058
<b>Public Safety</b>				
District Court	2,589,886	2,561,193	97,506	120,364
Police	14,808,453	14,686,000	96,800	109,925
Fire	12,145,304	12,023,132	155,500	168,567
Police and Fire Retirement Board	-	-	-	-
Joint dispatch	1,841,200	1,847,808	3,700	3,131
Total public safety	31,384,843	31,118,133	353,506	401,987
<b>Highways and Streets</b>	1,210,500	1,189,162	401,500	466,835
<b>Building Authority Debt - Tower - Operating transfer</b>	-	-	-	-
<b>Sanitation</b>	-	-	250	233
<b>Cultural and Recreation</b>				
Youth assistance	-	-	14,150	3,925
Senior resource department	285,588	286,334	53,400	55,582
Parks and recreation	133,099	132,175	35,200	30,777
Golf course	-	-	41,500	29,891
Cable	-	-	448,308	438,284
Historical committee	-	-	1,150	-
Ice arena	-	-	37,100	27,733
Total cultural and recreation	418,687	418,509	630,808	586,192
<b>Debt Service</b>	-	-	-	-
Total expenditures and other operating transfers	<u>\$ 41,730,221</u>	<u>\$ 40,723,759</u>	<u>\$ 2,114,425</u>	<u>\$ 2,273,305</u>

\* The "total" column represents the budget as adopted on a departmental basis. The additional detail presented here is for information purposes only.



**Other Supplemental Information**  
**Schedule of Expenditures - Budget and Actual**  
**General Fund**  
**Year Ended June 30, 2014**

Services and Charges		Capital Outlay		Debt Service		Total*	
Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
\$ 2,950	\$ 266	\$ -	\$ -	\$ -	\$ -	\$ 101,200	\$ 101,191
69,050	91,023	-	-	-	-	822,029	723,682
9,795	7,362	-	-	-	-	695,964	675,868
332,551	333,619	-	-	-	-	339,671	338,743
308,544	364,523	128,020	127,203	-	-	726,102	785,136
800,000	809,178	-	-	-	-	800,000	809,178
158,958	147,173	-	-	-	-	1,621,739	1,541,770
277,175	254,824	-	-	-	-	305,975	272,461
408,948	380,007	100,000	100,000	-	-	3,827,448	3,443,784
151,404	137,446	-	-	-	-	815,806	893,351
578,550	697,914	-	-	-	-	1,041,489	1,129,954
3,175	3,396	-	-	-	-	302,890	297,229
128,594	101,977	-	-	-	-	478,209	453,415
-	-	-	-	-	-	655,540	591,166
1,600,000	1,419,212	-	-	-	-	1,640,000	1,419,212
70,130	46,759	-	-	-	-	398,334	361,755
<b>4,899,824</b>	<b>4,794,679</b>	<b>228,020</b>	<b>227,203</b>	<b>-</b>	<b>-</b>	<b>14,572,396</b>	<b>13,837,895</b>
487,650	407,756	41,900	41,742	-	-	3,216,942	3,131,055
962,100	927,452	220,000	317,232	-	-	16,087,353	16,040,609
809,720	920,477	187,840	209,349	-	-	13,298,364	13,321,525
150,000	53,160	-	-	-	-	150,000	53,160
4,340	2,755	894,335	773,816	-	-	2,743,575	2,627,510
<b>2,413,810</b>	<b>2,311,600</b>	<b>1,344,075</b>	<b>1,342,139</b>	<b>-</b>	<b>-</b>	<b>35,496,234</b>	<b>35,173,859</b>
296,700	470,481	-	-	-	-	1,908,700	2,126,478
-	-	-	-	239,000	234,975	239,000	234,975
<b>4,229,000</b>	<b>4,321,550</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,229,250</b>	<b>4,321,783</b>
893,579	852,362	-	-	-	-	907,729	856,287
108,339	97,769	-	-	-	-	447,327	439,685
192,300	147,724	-	-	-	-	360,599	310,676
301,802	290,634	-	-	-	-	343,302	320,525
28,000	23,886	-	-	-	-	476,308	462,170
10,950	6,733	-	-	-	-	12,100	6,733
260,115	260,146	181,759	179,529	-	-	478,974	467,408
<b>1,795,085</b>	<b>1,679,254</b>	<b>181,759</b>	<b>179,529</b>	<b>-</b>	<b>-</b>	<b>3,026,339</b>	<b>2,863,484</b>
-	-	-	-	255,340	369,402	255,340	369,402
<b>\$ 13,634,419</b>	<b>\$ 13,577,564</b>	<b>\$ 1,753,854</b>	<b>\$ 1,748,871</b>	<b>\$ 494,340</b>	<b>\$ 604,377</b>	<b>\$ 59,727,259</b>	<b>\$ 58,927,876</b>

# City of Westland, Michigan

## Special Revenue Funds

	Major Roads Fund	Local Roads Fund	Community Development Block Grant	Street Lighting	Drug Forfeiture	Library
<b>Assets</b>						
Cash and cash equivalents	\$ 1,667,140	\$ 2,835,433	\$ 191,017	\$ 228,803	\$ 33,616	\$ 2,073,158
Receivables - Net	575,599	298,217	-	-	-	199,621
Due from other funds	-	-	73,574	-	-	-
Prepaid expenses and other assets	2,979	-	-	-	-	-
Assets held for resale	-	-	1,305,319	-	-	-
<b>Total assets</b>	<b>\$2,245,718</b>	<b>\$3,133,650</b>	<b>\$ 1,569,910</b>	<b>\$ 228,803</b>	<b>\$ 33,616</b>	<b>\$2,272,779</b>
<b>Liabilities</b>						
Accounts payable	\$ 215,847	\$ 60,625	\$ 38,508	\$ -	\$ 1,996	\$ 68,268
Due to other funds	708,078	603,113	58,046	52,254	-	5
Accrued and other liabilities	-	-	-	-	-	45,588
<b>Total liabilities</b>	<b>923,925</b>	<b>663,738</b>	<b>96,554</b>	<b>52,254</b>	<b>1,996</b>	<b>113,861</b>
<b>Deferred Inflows of Resources -</b>						
Unavailable revenue	-	91,554	-	-	-	89,070
<b>Fund Balances</b>						
Nonspendable - Major roads	2,979	-	-	-	-	-
Restricted:						
Roads	1,318,814	2,378,358	-	-	-	-
Community development	-	-	1,473,356	-	-	-
Drug forfeiture	-	-	-	-	31,620	-
Library	-	-	-	-	-	2,069,848
Street lighting	-	-	-	176,549	-	-
800 MHZ	-	-	-	-	-	-
<b>Total fund balances</b>	<b>1,321,793</b>	<b>2,378,358</b>	<b>1,473,356</b>	<b>176,549</b>	<b>31,620</b>	<b>2,069,848</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$2,245,718</b>	<b>\$3,133,650</b>	<b>\$ 1,569,910</b>	<b>\$ 228,803</b>	<b>\$ 33,616</b>	<b>\$2,272,779</b>

**Other Supplemental Information  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2014**

Debt Service Funds			
800 MHZ	Motor Vehicle Highway Debt - Newburgh	Building Authority Debt - 2005 Refunding	Total Nonmajor Governmental Funds
\$ 128,874	\$ -	\$ -	\$ 7,158,041
226,281	-	-	1,299,718
-	-	-	73,574
-	-	-	2,979
-	-	-	1,305,319
<b>\$ 355,155</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 9,839,631</b>
\$ -	\$ -	\$ -	\$ 385,244
-	-	-	1,421,496
-	-	-	45,588
-	-	-	1,852,328
-	-	-	180,624
-	-	-	2,979
-	-	-	3,697,172
-	-	-	1,473,356
-	-	-	31,620
-	-	-	2,069,848
-	-	-	176,549
355,155	-	-	355,155
355,155	-	-	7,806,679
<b>\$ 355,155</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 9,839,631</b>

# City of Westland, Michigan

	Special Revenue Funds					
	Major Roads Fund	Local Roads Fund	Community Development Block Grant	Street Lighting	Drug Forfeiture	Library
<b>Revenue</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,681,486
Federal sources	-	-	1,767,727	-	-	-
State sources	3,712,197	1,332,354	-	-	940,276	109,630
Interest income	5,014	6,065	526	460	427	6,080
Other revenue:						
Special assessments	-	36,959	-	1,532,513	-	-
Local sources	-	-	-	-	-	86,975
Refund of captured property taxes	-	-	-	-	-	166,306
Other income	-	-	-	-	100	21,501
<b>Total revenue</b>	<b>3,717,211</b>	<b>1,375,378</b>	<b>1,768,253</b>	<b>1,532,973</b>	<b>940,803</b>	<b>3,071,978</b>
<b>Expenditures</b>						
Current:						
General government	-	-	-	-	-	-
Street lighting	-	-	-	1,446,502	-	-
Public safety	-	-	-	-	923,732	-
Highway, streets, and drains	2,351,063	1,871,763	-	-	-	-
Community and economic development	-	-	1,280,131	-	-	-
Cultural and recreation	-	-	-	-	-	3,044,001
Debt service	-	-	-	-	-	-
<b>Total expenditures</b>	<b>2,351,063</b>	<b>1,871,763</b>	<b>1,280,131</b>	<b>1,446,502</b>	<b>923,732</b>	<b>3,044,001</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>1,366,148</b>	<b>(496,385)</b>	<b>488,122</b>	<b>86,471</b>	<b>17,071</b>	<b>27,977</b>
<b>Other Financing Sources (Uses)</b>						
Transfers in	-	924,579	-	-	-	-
Transfers out	(1,643,554)	-	-	(15,000)	-	-
<b>Total other financing (uses) sources</b>	<b>(1,643,554)</b>	<b>924,579</b>	<b>-</b>	<b>(15,000)</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>(277,406)</b>	<b>428,194</b>	<b>488,122</b>	<b>71,471</b>	<b>17,071</b>	<b>27,977</b>
<b>Fund Balances - Beginning of year</b>	<b>1,599,199</b>	<b>1,950,164</b>	<b>985,234</b>	<b>105,078</b>	<b>14,549</b>	<b>2,041,871</b>
<b>Fund Balances - End of year</b>	<b>\$ 1,321,793</b>	<b>\$ 2,378,358</b>	<b>\$ 1,473,356</b>	<b>\$ 176,549</b>	<b>\$ 31,620</b>	<b>\$ 2,069,848</b>

**Other Supplemental Information  
Combining Statement of Revenue, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year Ended June 30, 2014**

Special Revenue Funds	Debt Service Funds		Total Nonmajor Governmental Funds
	Motor Vehicle Highway Debt - Newburgh	Building Authority Debt - 2005 Refunding	
800 MHZ			
\$ -	\$ -	\$ -	\$ 2,681,486
-	-	-	1,767,727
-	-	-	6,094,457
254	-	-	18,826
-	-	-	1,569,472
296,146	-	-	383,121
-	-	-	166,306
345,604	-	-	367,205
642,004	-	-	13,048,600
348,310	-	-	348,310
-	-	-	1,446,502
-	-	-	923,732
-	-	-	4,222,826
-	-	-	1,280,131
-	-	-	3,044,001
-	718,975	419,075	1,138,050
348,310	718,975	419,075	12,403,552
293,694	(718,975)	(419,075)	645,048
70,434 (10,000)	718,975 -	419,075 -	2,133,063 (1,668,554)
60,434	718,975	419,075	464,509
354,128	-	-	1,109,557
1,027	-	-	6,697,122
<b>\$ 355,155</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,806,679</b>

# City of Westland, Michigan

## Other Supplemental Information Combining Balance Sheet Fiduciary Funds - Agency Funds June 30, 2014

	Agency Funds			
	Trust and Agency	Undistributed Tax Collection	District Court	Total Agency Funds
<b>Assets - Cash and cash equivalents</b>	<b>\$ 1,238,076</b>	<b>\$ 932,106</b>	<b>\$ 304,697</b>	<b>\$ 2,474,879</b>
<b>Liabilities</b>				
Due to other governmental units	\$ -	\$ 932,106	\$ 105,901	\$ 1,038,007
Accrued liabilities and other	1,238,076	-	198,796	1,436,872
Total liabilities	<b>\$ 1,238,076</b>	<b>\$ 932,106</b>	<b>\$ 304,697</b>	<b>\$ 2,474,879</b>