
City of Westland, Michigan

**Financial Report
with Supplemental Information
June 30, 2018**

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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 as of and for the year ended June 30, 2018 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Westland, Michigan as of June 30, 2018 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 described in Note 19 to the financial statements, during the year ended June 30, 2018, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which established accounting and financial reporting standards for defined benefit OPEB plans provided to the employees of governmental employers. Our opinion is not modified with respect to this matter.

To the City Council
City of Westland, Michigan

As explained in Note 1, the financial statements of the Police and Fire Retirement System Trust include investments valued at approximately \$48,000,000 (representing approximately 28.75 percent of fiduciary net position) at June 30, 2017, 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 investment managers, periodic appraisals, real estate advisors, general partners, or other means. Our opinion has not been 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.

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2018 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.



December 18, 2018

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, 2018 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 highlights for the year ended June 30, 2018:

- The City continued to utilize the grant from the Department of Homeland Security to employ up to 13 full-time firefighters.
- The City again complied with the requirements from the State of Michigan for the new City, Village, Township Revenue Sharing (CVTRS) program, which replaces the former Economic Vitality Incentive Program (EVIP), and received \$1.35 million for the fiscal year.
- Continued the Neighborhood Makeover Program throughout the year and completed over 35 percent of the City
- The City was able to obtain a grant for \$125,000 to offer free smoke alarms for residents.
- The City completed various capital improvements at Stottlemeyer, Voss, Rotary, Jaycee, and Central City Park. Capital improvements included parking lot improvements; baseball, football, and soccer field improvements; and a new pavilion at Central City Park.
- Many road projects were started and or completed during the fiscal year. Cowan Road between Wayne Road and Farmington Road was resurfaced. Parkwood and Benington had a water main and road replacement project completed east of Merriman. Spring Valley Drive, Loise Court, Brody, and Avondale between Forest and Schuman had deficient concrete pavement removal and replacement project completed. There were many other streets that had resurfacing completed or concrete slabs replaced during the year to extend the life of the roads.

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 long-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year and whether the taxpayers have funded the full cost of providing government services.

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

City of Westland, Michigan

Management's Discussion and Analysis (Continued)

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	
	2018	2017	2018	2017	2018	2017
Assets						
Current assets	\$ 26,331,856	\$ 23,852,598	\$ 30,487,426	\$ 27,323,965	\$ 56,819,282	\$ 51,176,563
Noncurrent assets	194,830,255	203,188,281	84,860,677	85,771,532	279,690,932	288,959,813
Total assets	221,162,111	227,040,879	115,348,103	113,095,497	336,510,214	340,136,376
Deferred Outflows of Resources	10,662,424	19,115,174	942,094	1,257,435	11,604,518	20,372,609
Liabilities						
Current liabilities	11,256,856	14,925,167	4,059,452	4,716,386	15,316,308	19,641,553
Long-term liabilities - Due within one year	335,888,471	192,239,143	63,445,593	42,721,433	399,334,064	234,960,576
Total liabilities	347,145,327	207,164,310	67,505,045	47,437,819	414,650,372	254,602,129
Deferred Inflows of Resources	17,213,737	172,092	2,230,486	60,465	19,444,223	232,557
Net Position						
Net investment in capital assets	184,590,207	192,815,321	69,273,957	69,109,672	253,864,164	261,924,993
Restricted	13,509,799	10,452,200	-	100,000	13,509,799	10,552,200
Unrestricted	(330,634,535)	(164,447,870)	(22,719,291)	(2,355,024)	(353,353,826)	(166,802,894)
Total net position	\$ (132,534,529)	\$ 38,819,651	\$ 46,554,666	\$ 66,854,648	\$ (85,979,863)	\$ 105,674,299

The City implemented GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, in the current fiscal year. The governmental activities and business-type activities now include a liability for the unfunded portion of the City's retiree healthcare costs. The beginning net positions of the governmental activities and business-type activities have been restated, as discussed in Note 19.

Unrestricted net position in governmental activities and business-type activities, the part of net position that can be used to finance operations, are currently at a deficit of \$330,634,535 and \$22,719,291, respectively. This is generally a result of the accrual for pension, compensated absences, and other postemployment benefits liabilities, which will be paid from future revenue sources. These accruals in the governmental activities and business-type activities are approximately \$335,000,000 and \$48,000,000, respectively.

City of Westland, Michigan

Management's Discussion and Analysis (Continued)

City's Changes in Net Position

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

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenue						
Program revenue:						
Charges for services	\$ 20,619,972	\$ 21,300,312	\$ 30,775,189	\$ 31,115,948	\$ 51,395,161	\$ 52,416,260
Operating grants	14,112,222	10,851,405	-	-	14,112,222	10,851,405
Capital grants and contributions	318,611	274,717	461,225	401,337	779,836	676,054
General revenue:						
Taxes - Property taxes	31,275,677	29,492,428	-	-	31,275,677	29,492,428
State-shared revenue	8,360,229	8,113,467	-	-	8,360,229	8,113,467
Interest	331,092	288,310	81,188	33,295	412,280	321,605
Other revenue:						
Gain on sale of fixed assets	-	26,913	33,821	-	33,821	26,913
Other miscellaneous income	631,556	87,492	-	-	631,556	87,492
Total revenue	75,649,359	70,435,044	31,351,423	31,550,580	107,000,782	101,985,624
Expenses						
General government	14,028,748	17,639,097	-	-	14,028,748	17,639,097
Public safety	45,680,718	53,937,075	-	-	45,680,718	53,937,075
Public works	16,283,337	15,999,418	-	-	16,283,337	15,999,418
Health and welfare	-	577	-	-	-	577
Community and economic development	5,597,756	2,998,609	-	-	5,597,756	2,998,609
Recreation and culture	5,213,262	5,575,856	-	-	5,213,262	5,575,856
Interest on long-term debt	121,684	97,501	-	-	121,684	97,501
Water and sewer	-	-	26,948,771	30,743,734	26,948,771	30,743,734
Total expenses	86,925,505	96,248,133	26,948,771	30,743,734	113,874,276	126,991,867
Change in Net Position	(11,276,146)	(25,813,089)	4,402,652	806,846	(6,873,494)	(25,006,243)
Net Position - Beginning of year, as restated	(121,258,383)	64,632,740	42,152,014	66,047,802	(79,106,369)	130,680,542
Net Position - End of year	\$ (132,534,529)	\$ 38,819,651	\$ 46,554,666	\$ 66,854,648	\$ (85,979,863)	\$ 105,674,299

Governmental Activities

The City's total governmental revenue increased by approximately \$5,200,000. The increase was primarily due to property tax revenue increases of approximately \$1,800,000 and operating grants increase of approximately \$3,300,000.

Expenses decreased by approximately \$9,300,000 during the year. The decrease was primarily due to public safety expenditures decreasing due to the implementation of GASB 75 in the current fiscal year.

Business-type Activities

The City's business-type activities consist of the Water and Sewer Fund. The City provides water to residents from the Great Lakes Water Authority. The City also provides sewage treatment through Wayne County, Michigan. The usage of the water system decreased slightly from usage in the prior year. Starting on July 1, 2018, the City did not raise the water or sewer rate to customers.

The City of Westland's Funds

Our analysis of the City's major funds begins on page 11, 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 fund for 2018 is the General Fund.

The General Fund's total revenue increased approximately \$4,000,000. The increase was primarily due to an increase in property tax, grants, state-shared revenue, and charges for services.

The General Fund pays for most of the City's governmental services. The General Fund's total expenditures are approximately \$63,700,000. The most significant are police and fire, which incurred expenditures of approximately \$38,200,000 in 2018. 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 Budgetary Highlights

Over the course of the year, the City recognized approximately \$1,500,000 in additional revenue compared to the original budget to account for additional revenue received in the fiscal year. This consisted mainly of receiving additional state-shared revenue, charges for services, and court fines and fees. In addition, the City recognized approximately \$1,200,000 in additional expenditures compared to the original budget. The additional expenditures consisted of increasing many departmental expenditures. The net change in fund balance for the General Fund as budgeted was an increase of approximately \$623,000.

The fund balance of the General Fund increased from approximately \$7,900,000 to \$8,600,000.

As of June 30, 2018, the City had a total of approximately \$281 million invested in a broad range of capital assets, including roads, buildings, police and fire equipment, and water and sewer lines.

Capital Assets 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, 2018:

- Various road projects mentioned above were completed during the fiscal year.
- Various park improvements mentioned above were completed during the fiscal year.
- A new fire truck purchased during the fiscal year
- New police cars with the necessary equipment installed
- Two new ambulances
- Various computer equipment
- Multiple defibrillators

Debt service makes up approximately 1.3 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, 2019 takes into consideration a conservative economic climate. The taxable values increased for the 2017 taxable year (2017-2018 fiscal year) by 1.9 percent and is projected to increase by 2.6 percent for the 2018 taxable year (2018-2019 fiscal year). The Michigan tax tribunal cases have leveled off. The state-shared revenue increased for fiscal year 2018. Moving ahead, the City will continue to comply with the requirements outlined by the State. All city employees are now contributing toward their health care under the "hard cap" option in accordance with Public Act 152. Contractual changes have been made for defined benefit pensions, and all employees now must contribute towards their pension. The City continues to evaluate more efficient and cost-effective solutions for all services provided. This will continue to help with the budget, but throughout the year, the City will monitor the budget very closely and continue to make adjustments as necessary.

As discussed above, the fiscal year ending June 30, 2019 budget anticipates that the water and sewer costs will increase. There is a scheduled increase of water and sewer rates of 4 percent starting in March 2019.

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.

June 30, 2018

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents (Note 3)	\$ 19,772,987	\$ 20,242,631	\$ 40,015,618	\$ 2,461,728
Receivables - Net (Note 4)	4,919,445	10,010,026	14,929,471	2,600
Due from component units	631,832	-	631,832	-
Internal balances	17,097	(17,097)	-	-
Inventory	-	111,475	111,475	-
Prepaid expenses and other assets	742,085	57,588	799,673	25,000
Deposits	248,410	-	248,410	-
Deposit with third party	-	82,803	82,803	-
Restricted assets (Note 6)	-	-	-	783,023
Land held for resale	1,471,192	-	1,471,192	-
Capital assets: (Note 5)				
Not being depreciated	3,335,379	-	3,335,379	266,364
Depreciable - Net	186,404,196	84,860,677	271,264,873	6,192,452
Note receivable	3,619,488	-	3,619,488	-
Total assets	221,162,111	115,348,103	336,510,214	9,731,167
Deferred Outflows of Resources (Note 15)	10,662,424	942,094	11,604,518	-
Liabilities				
Accounts payable	2,372,106	2,423,966	4,796,072	150,302
Due to other governmental units	-	3,659	3,659	-
Due to primary government	-	-	-	631,832
Deposits	-	52,573	52,573	-
Accrued liabilities and other	1,604,593	339,285	1,943,878	234,133
Unearned revenue (Note 4)	126,415	-	126,415	-
Noncurrent liabilities:				
Due within one year:				
Compensated absences (Note 8)	4,833,824	150,315	4,984,139	-
Provision for claims (Note 9)	1,269,439	249,166	1,518,605	-
Current portion of long-term debt (Note 8)	1,050,479	747,157	1,797,636	945,000
Due in more than one year:				
Compensated absences (Note 8)	4,721,307	93,331	4,814,638	-
Provision for claims (Note 9)	1,035,681	284,313	1,319,994	-
Net pension liability (Note 15)	121,937,949	19,666,926	141,604,875	-
Net OPEB liability (Note 16)	204,094,645	28,654,791	232,749,436	-
Long-term debt - Net of current portion (Note 8)	4,098,889	14,839,563	18,938,452	15,910,000
Total liabilities	347,145,327	67,505,045	414,650,372	17,871,267
Deferred Inflows of Resources				
Deferred pension cost reductions (Note 15)	2,943,656	226,973	3,170,629	-
Deferred OPEB cost reductions (Note 16)	14,270,081	2,003,513	16,273,594	-
Total deferred inflows of resources	17,213,737	2,230,486	19,444,223	-
Net Position (Deficit)				
Net investment in capital assets	184,590,207	69,273,957	253,864,164	5,061,839
Restricted:				
Retirement system	1,599,000	-	1,599,000	-
Sanitation	244,000	-	244,000	-
Road improvements	6,068,657	-	6,068,657	-
Library operations	3,039,417	-	3,039,417	-
Other (Note 12)	2,558,725	-	2,558,725	-
Unrestricted	(330,634,535)	(22,719,291)	(353,353,826)	(13,201,939)
Total net position (deficit)	\$ (132,534,529)	\$ 46,554,666	\$ (85,979,863)	\$ (8,140,100)

City of Westland, Michigan

Functions/Programs	Program Revenue			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 14,028,748	\$ 5,833,628	\$ 994,385	\$ -
Public safety	45,680,718	10,712,426	1,363,764	318,611
Public works	16,283,337	1,776,950	7,566,756	-
Health and welfare	-	-	172,644	-
Community and economic development	5,597,756	-	1,958,121	-
Recreation and culture	5,213,262	2,296,968	2,056,552	-
Interest on long-term debt	121,684	-	-	-
Total governmental activities	86,925,505	20,619,972	14,112,222	318,611
Business-type activities - Water and sewer	26,948,771	30,775,189	-	461,225
Total primary government	\$ 113,874,276	\$ 51,395,161	\$ 14,112,222	\$ 779,836
Component units	\$ 2,850,104	\$ -	\$ 153,083	\$ -

General revenue:
 Property taxes
 State-shared revenue
 Interest and sundry
 Gain on sale of capital assets
 Other miscellaneous income
 Total general revenue

Change in Net Position (Deficit)

Net Position (Deficit) - Beginning of year, as restated (Note 19)

Net Position (Deficit) - End of year

Statement of Activities

Year Ended June 30, 2018

Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (7,200,735)	\$ -	\$ (7,200,735)	\$ -
(33,285,917)	-	(33,285,917)	-
(6,939,631)	-	(6,939,631)	-
172,644	-	172,644	-
(3,639,635)	-	(3,639,635)	-
(859,742)	-	(859,742)	-
(121,684)	-	(121,684)	-
(51,874,700)	-	(51,874,700)	-
-	4,287,643	4,287,643	-
(51,874,700)	4,287,643	(47,587,057)	-
-	-	-	(2,697,021)
31,275,677	-	31,275,677	3,137,828
8,360,229	-	8,360,229	-
331,092	81,188	412,280	10,967
-	33,821	33,821	-
631,556	-	631,556	505
40,598,554	115,009	40,713,563	3,149,300
(11,276,146)	4,402,652	(6,873,494)	452,279
(121,258,383)	42,152,014	(79,106,369)	(8,592,379)
<u>\$(132,534,529)</u>	<u>\$ 46,554,666</u>	<u>\$ (85,979,863)</u>	<u>\$ (8,140,100)</u>

Governmental Funds
Balance Sheet

June 30, 2018

	General Fund	Nonmajor Funds	Total Governmental Funds
Assets			
Cash and cash equivalents (Note 3)	\$ 6,284,826	\$ 13,488,161	\$ 19,772,987
Receivables - Net (Note 4)	3,541,138	1,378,307	4,919,445
Due from component units (Note 7)	144,245	487,587	631,832
Due from other funds (Note 7)	1,617,113	57,805	1,674,918
Prepaid expenses and other assets	735,069	7,016	742,085
Deposits	248,410	-	248,410
Land held for resale	141,727	1,329,465	1,471,192
Note receivable	3,619,488	-	3,619,488
	<u>\$ 16,332,016</u>	<u>\$ 16,748,341</u>	<u>\$ 33,080,357</u>
Total assets			
Liabilities			
Accounts payable	\$ 1,665,763	\$ 706,343	\$ 2,372,106
Due to other funds	57,805	1,600,016	1,657,821
Accrued liabilities and other	1,518,264	46,656	1,564,920
Unearned revenue (Note 4)	126,415	-	126,415
	<u>3,368,247</u>	<u>2,353,015</u>	<u>5,721,262</u>
Total liabilities			
Deferred Inflows of Resources - Unavailable revenue (Note 4)	4,325,510	73,288	4,398,798
Fund Balances (Note 13)			
Nonspendable	735,069	7,016	742,085
Restricted	2,044,400	11,526,565	13,570,965
Committed	69,322	-	69,322
Assigned	213,711	2,788,457	3,002,168
Unassigned	5,575,757	-	5,575,757
	<u>8,638,259</u>	<u>14,322,038</u>	<u>22,960,297</u>
Total fund balances			
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 16,332,016</u>	<u>\$ 16,748,341</u>	<u>\$ 33,080,357</u>

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2018

Fund Balance Reported in Governmental Funds	\$ 22,960,297
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	189,739,575
Receivables that are not collected soon after year end are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds	4,398,798
Deferred outflows and inflows of resources related to pension and OPEB are reported in the government-wide statements, but not in the governmental funds	(6,551,313)
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(5,149,368)
Accrued interest is not due and payable in the current period and is not reported in the funds	(39,673)
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:	
Employee compensated absences	(9,555,131)
Pension benefits	(121,937,949)
Retiree healthcare benefits	(204,094,645)
Other long-term liabilities, such as claims and judgments, do not present a claim on current financial resources and are not reported as fund liabilities	(2,305,120)
Net Position of Governmental Activities	<u>\$ (132,534,529)</u>

Governmental Funds
Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2018

	General Fund	Nonmajor Funds	Total Governmental Funds
Revenue			
Property taxes	\$ 26,728,347	\$ 2,875,817	\$ 29,604,164
Special assessments	-	1,450,260	1,450,260
Intergovernmental:			
Federal sources	884,907	1,936,540	2,821,447
State sources	10,538,336	8,516,239	19,054,575
Charges for services	8,138,861	-	8,138,861
Court fines and fees	5,326,369	230,155	5,556,524
Licenses and permits	1,353,689	-	1,353,689
Interest income	273,092	58,000	331,092
Other revenue:			
Local sources	3,465,251	77,792	3,543,043
Other income	4,964,375	48,223	5,012,598
Refund of captured property taxes	1,500,003	171,510	1,671,513
Cable franchise fees	1,727,543	-	1,727,543
Total revenue	64,900,773	15,364,536	80,265,309
Expenditures			
Current:			
General government	14,669,125	-	14,669,125
Street lighting	-	1,182,411	1,182,411
Public safety	38,182,941	553,143	38,736,084
Highway, streets, and drains	-	6,204,919	6,204,919
Sanitation	3,317,958	-	3,317,958
Community and economic development	4,578,148	1,469,077	6,047,225
Recreation and culture	2,667,683	2,801,780	5,469,463
Capital outlay	-	2,172,202	2,172,202
Debt service	283,549	769,275	1,052,824
Total expenditures	63,699,404	15,152,807	78,852,211
Excess of Revenue Over Expenditures	1,201,369	211,729	1,413,098
Other Financing Sources (Uses)			
Transfers in (Note 7)	20,000	2,052,880	2,072,880
Transfers out (Note 7)	(451,650)	(1,621,230)	(2,072,880)
Face value of debt issue	-	680,000	680,000
Proceeds from sale of capital assets	298	-	298
Total other financing (uses) sources	(431,352)	1,111,650	680,298
Net Change in Fund Balances	770,017	1,323,379	2,093,396
Fund Balances - Beginning of year	7,868,242	12,998,659	20,866,901
Fund Balances - End of year	\$ 8,638,259	\$ 14,322,038	\$ 22,960,297

Governmental Funds

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

Year Ended June 30, 2018

Net Change in Fund Balances Reported in Governmental Funds	\$ 2,093,396
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation	(8,601,148)
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	(564,607)
Issuing debt provides current financial resources to governmental funds, but increases long-term liabilities in the statement of net position	(680,000)
Repayment of debt principal is an expenditure in the governmental funds, but not in the government-wide statements (where it reduces long-term debt)	1,052,511
Change in accrued interest and premiums on long-term debt is not recorded in the governmental funds	109
Changes in liabilities incurred but not reported are not recorded in the governmental funds	150,895
Change in accumulated employee sick and vacation pay is recorded when earned in the statement of activities	150,701
Change in other postemployment benefit liability is not recorded in the governmental funds	2,570,018
Change in pension benefit liability is not recorded in the governmental funds	<u>(7,448,021)</u>
Change in Net Position of Governmental Activities	<u><u>\$ (11,276,146)</u></u>

Proprietary Funds
Statement of Net Position

June 30, 2018

	Water and Sewer
Assets	
Current assets:	
Cash and cash equivalents	\$ 20,242,631
Receivables - Net (Note 4)	10,010,026
Inventory	111,475
Prepaid expenses and other assets	57,588
Deposit with third party	82,803
Total current assets	30,504,523
Noncurrent assets - Capital assets - Net (Note 5)	84,860,677
Total assets	115,365,200
Deferred Outflows of Resources (Note 15)	942,094
Liabilities	
Current liabilities:	
Accounts payable	2,423,966
Due to other governmental units	3,659
Due to other funds (Note 7)	17,097
Deposits	52,573
Accrued liabilities and other	339,285
Compensated absences (Note 8)	150,315
Provision for claims (Note 9)	249,166
Current portion of long-term debt (Note 8)	747,157
Total current liabilities	3,983,218
Noncurrent liabilities:	
Compensated absences (Note 8)	93,331
Provision for claims (Note 9)	284,313
Net pension liability (Note 15)	19,666,926
Net OPEB liability (Note 16)	28,654,791
Long-term debt - Net of current portion (Note 8)	14,839,563
Total noncurrent liabilities	63,538,924
Total liabilities	67,522,142
Deferred Inflows of Resources	
Deferred pension cost reductions (Note 15)	226,973
Deferred OPEB cost reductions (Note 16)	2,003,513
Total deferred inflows of resources	2,230,486
Net Position	
Net investment in capital assets	69,273,957
Unrestricted	(22,719,291)
Total net position	\$ 46,554,666

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

Year Ended June 30, 2018

	Water and Sewer
Operating Revenue	
Water and sewer	\$ 29,112,648
Penalties	1,572,962
Other	89,579
Total operating revenue	30,775,189
Operating Expenses	
Cost of water	6,338,439
Cost of sewage disposal	9,078,256
Miscellaneous	31,071
Wage and fringe benefits	3,469,707
Contracted services	3,867,671
Operating supplies	54,729
Repairs and maintenance	972,839
Rent, insurance claims, and other	728
Depreciation	2,569,390
Total operating expenses	26,382,830
Operating Income	4,392,359
Nonoperating Revenue (Expense)	
Interest income	81,188
Interest expense	(565,941)
Gain on sale of assets	33,821
Total nonoperating expense	(450,932)
Income - Before contributions	3,941,427
Capital Contributions - Lines donated by developers	461,225
Change in Net Position	4,402,652
Net Position - Beginning of year, as restated (Note 19)	42,152,014
Net Position - End of year	\$ 46,554,666

Proprietary Funds
Statement of Cash Flows

Year Ended June 30, 2018

	<u>Water and Sewer</u>
Cash Flows from Operating Activities	
Receipts from customers	\$ 30,883,203
Internal activity - Payments to other funds	(71,434)
Payments to suppliers	(20,842,949)
Payments to employees	(4,150,714)
Claims paid	<u>(136,375)</u>
Net cash and cash equivalents provided by operating activities	5,681,731
Cash Flows from Capital and Related Financing Activities	
Proceeds from sale of capital assets	33,821
Purchase of capital assets	(1,297,310)
Principal and interest paid on capital debt	<u>(1,551,700)</u>
Net cash and cash equivalents used in capital and related financing activities	(2,815,189)
Cash Flows Provided by Investing Activities - Interest received on investments and other assets	<u>42,525</u>
Net Increase in Cash and Cash Equivalents	2,909,067
Cash and Cash Equivalents - Beginning of year	<u>17,333,564</u>
Cash and Cash Equivalents - End of year	<u>\$ 20,242,631</u>
Reconciliation of Operating Income to Net Cash from Operating Activities	
Operating income	\$ 4,392,359
Adjustments to reconcile operating income to net cash from operating activities:	
Depreciation	2,569,390
Changes in assets and liabilities:	
Receivables	108,014
Due to and from other funds	(71,434)
Inventories	(25,433)
Prepaid and other assets	(44,075)
Net pension and OPEB liability	(649,580)
Accounts payable	(429,708)
Estimated claims liability	(136,375)
Accrued and other liabilities	<u>(31,427)</u>
Total adjustments	<u>1,289,372</u>
Net cash and cash equivalents provided by operating activities	<u>\$ 5,681,731</u>
Significant Noncash Transactions - Donated water and sewer lines	\$ 461,225

Fiduciary Funds
Statement of Fiduciary Net Position

June 30, 2018

	Police and Fire Pension	Agency
Assets		
Cash and cash equivalents (Note 3)	\$ 424,160	\$ 948,520
Investments: (Note 3)		
U.S. government securities	11,796,851	-
Common stocks	66,066,938	-
Corporate bonds	6,118,720	-
Real estate	11,053,619	-
Mutual funds	54,159,740	-
Securities lending - Mutual funds	3,018,738	-
Closely held - Equity	17,213,422	-
Receivables	174,679	-
Total assets	170,026,867	\$ 948,520
Liabilities		
Due to other governmental units	-	\$ 623,501
Accrued liabilities and other	-	325,019
Obligations under securities lending agreements	3,143,728	-
Due to brokers	433,186	-
Total liabilities	3,576,914	\$ 948,520
Net Position Held in Trust for Pension Benefits	\$ 166,449,953	

Fiduciary Funds
Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2018

	Police and Fire Pension
Additions	
Investment income (loss):	
Interest and dividends	\$ 2,750,246
Net increase in fair value of investments	12,263,892
Investment-related expenses	(852,268)
Total investment income	14,161,870
Contributions:	
Employer	7,398,670
Employee	640,248
Total contributions	8,038,918
Total additions	22,200,788
Deductions	
Benefit payments	15,352,545
Administrative expenses	(47,434)
Total deductions	15,305,111
Net Increase in Net Position Held in Trust	6,895,677
Net Position Held in Trust for Pension Benefits - Beginning of year	159,554,276
Net Position Held in Trust for Pension Benefits - End of year	\$ 166,449,953

Component Units
Statement of Net Position

June 30, 2018

	Downtown Development Authority	Local Development Finance Authority	Tax Increment Finance Authority	Brownfield Redevelopment Authority	Total
Assets					
Cash and cash equivalents (Note 3)	\$ 1,357,372	\$ 42,673	\$ 531,098	\$ 530,585	\$ 2,461,728
Receivables - Net (Note 4)	2,600	-	-	-	2,600
Prepaid expenses and other assets	25,000	-	-	-	25,000
Restricted assets (Note 6)	-	-	783,023	-	783,023
Capital assets: (Note 5)					
Not being depreciated	266,364	-	-	-	266,364
Depreciable - Net	5,789,908	-	402,544	-	6,192,452
Total assets	7,441,244	42,673	1,716,665	530,585	9,731,167
Liabilities					
Accounts payable	80,782	900	68,620	-	150,302
Due to primary government (Note 7)	44,027	-	587,805	-	631,832
Accrued liabilities and other	27,685	-	206,448	-	234,133
Noncurrent liabilities:					
Due within one year (Note 8)	290,000	-	655,000	-	945,000
Due in more than one year (Note 8)	1,890,000	-	14,020,000	-	15,910,000
Total liabilities	2,332,494	900	15,537,873	-	17,871,267
Net Position					
Net investment in capital assets	3,876,272	-	1,185,567	-	5,061,839
Unrestricted	1,232,478	41,773	(15,006,775)	530,585	(13,201,939)
Total net position	<u>\$ 5,108,750</u>	<u>\$ 41,773</u>	<u>\$ (13,821,208)</u>	<u>\$ 530,585</u>	<u>\$ (8,140,100)</u>

City of Westland, Michigan

	Program Revenue			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
Downtown Development Authority	\$ 1,051,931	\$ -	\$ 84,560	\$ -
Local Development Finance Authority	147,618	-	41,824	-
Tax Increment Finance Authority	1,645,262	-	11,265	-
Brownfield Redevelopment Authority	5,293	-	15,434	-
Total	<u>\$ 2,850,104</u>	<u>\$ -</u>	<u>\$ 153,083</u>	<u>\$ -</u>

General revenue:
 Property taxes
 Interest income
 Other miscellaneous income
 Total general revenue

Change in Net Position
Net Position - Beginning of year
Net Position - End of year

Component Units
Statement of Activities

Year Ended June 30, 2018

Net (Expense) Revenue and Changes in Net Position				
Downtown Development Authority	Local Development Finance Authority	Tax Increment Finance Authority	Brownfield Redevelopment Authority	Total
\$ (967,371)	\$ -	\$ -	\$ -	\$ (967,371)
-	(105,794)	-	-	(105,794)
-	-	(1,633,997)	-	(1,633,997)
-	-	-	10,141	10,141
(967,371)	(105,794)	(1,633,997)	10,141	(2,697,021)
1,773,897	75,594	1,050,116	238,221	3,137,828
4,757	177	5,740	293	10,967
505	-	-	-	505
1,779,159	75,771	1,055,856	238,514	3,149,300
811,788	(30,023)	(578,141)	248,655	452,279
4,296,962	71,796	(13,243,067)	281,930	(8,592,379)
\$ 5,108,750	\$ 41,773	\$ (13,821,208)	\$ 530,585	\$ (8,140,100)

Note 1 - Significant Accounting Policies

Accounting and Reporting Principles

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

Reporting Entity

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 was created to promote economic growth and business development within the community. The Local Development Finance Authority's 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. In addition, the 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 (EDC) 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 EDC'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. The EDC had no financial activity in the current year.

Downtown Development Authority

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

Note 1 - Significant Accounting Policies (Continued)

Brownfield Redevelopment Authority

The Brownfield Redevelopment Authority (the "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.

Tax Increment Finance Authority

The Tax Increment Finance Authority (TIFA) was created to implement infrastructure improvement within the specified district. The TIFA's governing body, which consists of nine individuals, is appointed by the mayor and confirmed by the City Council. In addition, the TIFA's budget is subject to approval by the City Council. The Tax Increment Finance 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 revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

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

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

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.

Note 1 - Significant Accounting Policies (Continued)

Fund Accounting

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

Governmental Funds

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

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.

Proprietary Funds

Proprietary funds include enterprise funds (which provide goods or services to users in exchange for charges or fees). The City reports the following fund as a "major" enterprise fund:

- The Water and Sewer Fund provides water to customers and disposes of sanitary sewage in exchange for user charges.

Fiduciary Funds

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

- 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.

Interfund Activity

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental 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.

Note 1 - Significant Accounting Policies (Continued)

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 healthcare-related costs or sick and vacation pay) are not counted until they come due for payment. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due.

Revenue is not recognized until it is collected or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the City considers amounts collected within 60 days of year end to be available for recognition. The following major revenue sources meet the availability criterion: state-shared revenue, state gas and weight tax revenue, district court fines, and interest associated with the current fiscal period. Conversely, 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."

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 and Cash Equivalents

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

Investments

Investments are reported at fair value or estimated fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. 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 28.75 percent of the Police and Fire Pension Plan's assets as of June 30, 2018 are not publicly traded and, therefore, do not always have a readily determinable market value. Management's estimates of these values are based on information provided by investment managers, general partners, real estate advisors, and other means. 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." Additionally, the City records a long-term receivable with an affiliated entity in the amount of \$3,619,488. No allowance for uncollectible accounts has been recorded, as the City believes all receivables will be collected.

Note 1 - Significant Accounting Policies (Continued)

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 restricted assets in the component units consist of unspent bond proceeds.

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 acquisition 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:

<u>Capital Asset Class</u>	<u>Depreciable Life - Years</u>
Roads and sidewalks	30-40
Buildings and improvements	20-40
Water and sewer distribution systems	5-50
Tools and equipment	2-40

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 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 will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position 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 will not be recognized as an inflow of resources (revenue) until that time.

Note 1 - Significant Accounting Policies (Continued)

The City reports the following deferred outflows of resources and deferred inflows of resources:

	Inflows	Outflows
Unavailable revenue (those not collected within the period of availability) - Reported only at the modified accrual level	✓	
Deferred pension costs (or cost reductions)	✓	✓
Deferred OPEB costs (or cost reductions)	✓	

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 government’s policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumptions

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 government’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Furthermore, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

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

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the 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. The City Council has by resolution authorized the finance director to assign fund balance.

Note 1 - Significant Accounting Policies (Continued)

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 2017 taxable valuation of the City totaled \$1.64 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 operating purposes, 1.9377 mills for operations of the library, 8.0000 mills for the Police and Fire Pension Fund, and 2.4300 mills for sanitation. The ad valorem taxes levied raised approximately \$10.7 million for city operations, approximately \$3.2 million for operation of the library, approximately \$13.1 million for the Police and Fire Pension Fund, and approximately \$4.0 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

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

Other Postemployment Benefit Costs

The City offers retiree healthcare benefits to some retirees. The City records a net OPEB liability for the difference between the total OPEB liability calculated by the actuary and the OPEB plan's fiduciary net position. For the purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about fiduciary net position of the City of Westland's Retiree Health Care Plan and additions to/deductions from the OPEB plan's fiduciary net position have been determined on the same basis as they are reported in the OPEB plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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 revenue and expenses from nonoperating items. Operating revenue 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 revenue of the Water and Sewer Fund is 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 include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Note 1 - Significant Accounting Policies (Continued)

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.

Upcoming Accounting Pronouncements

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the City's financial statements for the year ending June 30, 2020.

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

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

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 surplus or shortfall generated since January 1, 2000 is as follows:

Shortfall at July 1, 2017	\$ (2,641,583)
Current year permit revenue	1,186,619
Related expenses	<u>1,184,649</u>
Current year surplus	<u>1,970</u>
Cumulative shortfall June 30, 2018	<u><u>\$ (2,639,613)</u></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 three 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, Michigan'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, 2018, 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.

The City of Westland, Michigan'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, 2018 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, 2018, 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, 2018 was \$3,143,728 and \$3,084,646, respectively.

Note 3 - Deposits and Investments (Continued)

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 \$41,013,442 of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The City believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the City evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories. At year end, the component units had \$2,098,221 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.

At year end, the City had the following investments:

Investment	Fair Value	Weighted- average Maturity (Years)
Pension funds:		
U.S. Treasury	\$ 5,263,773	4.72
U.S. government agency securities	6,533,078	21.5
Corporate securities	6,118,720	8.56
Foreign bonds	1,359,277	5.73

June 30, 2018

Note 3 - Deposits and Investments (Continued)

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)	\$ 513,562	A	S&P
Corporate securities (pension)	507,108	AA	S&P
Corporate securities (pension)	664,208	AAA	S&P
Corporate securities (pension)	340,580	B	S&P
Corporate securities (pension)	1,093,787	BB	S&P
Corporate securities (pension)	2,127,463	BBB	S&P
Corporate securities (pension)	872,012	NR	S&P
Foreign bonds (pension)	177,923	A	S&P
Foreign bonds (pension)	138,375	B	S&P
Foreign bonds (pension)	200,153	BB	S&P
Foreign bonds (pension)	379,700	BBB	S&P
Foreign bonds (pension)	463,126	NR	S&P
U.S. government agency securities (pension)	78,377	AA	S&P
U.S. government agency securities (pension)	79,280	AAA	S&P
U.S. government agency securities (pension)	11,639,194	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, 2018, the City was invested in Loomis Sayles Small Midcap Core Trust and HGK Trinity Street International Equity Fund, comprising 10.03 percent and 5.80 percent, respectively, of total investments.

Note 4 - Receivables

The City's receivables are as follows:

	General Fund	Nonmajor Funds	Total Governmental Activities	Business-type Activities	Total Primary Government	Component Units
Receivables:						
Property taxes receivable	\$ 310,969	\$ 73,608	\$ 384,577	\$ 1,212,661	\$ 1,597,238	\$ -
Customer receivables	-	-	-	8,758,642	8,758,642	-
Accrued interest receivable	-	20,780	20,780	38,663	59,443	2,600
Other receivables	713,642	1,613	715,255	60	715,315	-
Due from other governments	2,516,527	1,282,306	3,798,833	-	3,798,833	-
Net receivables	<u>\$ 3,541,138</u>	<u>\$ 1,378,307</u>	<u>\$ 4,919,445</u>	<u>\$ 10,010,026</u>	<u>\$ 14,929,471</u>	<u>\$ 2,600</u>

The delinquent real property taxes of the City are purchased by the County of Wayne, Michigan (the "County"). 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.

June 30, 2018

Note 4 - Receivables (Continued)

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	\$ 307,489	\$ -
General Fund - E-911 wireless revenue	229,890	-
General Fund - Advanced engineering fees	-	126,415
General Fund - Grant receivable	148,814	-
General Fund - Towing revenue	19,829	-
General Fund - Westland Taylor receivable	3,619,488	-
Other nonmajor governmental funds - Library personal property tax	25,385	-
Other nonmajor governmental funds - Library fees	47,903	-
Total	<u>\$ 4,398,798</u>	<u>\$ 126,415</u>

Note 5 - Capital Assets

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

Governmental Activities

	Balance July 1, 2017	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2018
Capital assets not being depreciated:					
Land	\$ 3,335,379	\$ -	\$ -	\$ -	\$ 3,335,379
Construction in progress	230,420	(230,420)	-	-	-
Subtotal	3,565,799	(230,420)	-	-	3,335,379
Capital assets being depreciated:					
Roads and sidewalks	694,915,619	-	1,719,048	(49,701,030)	646,933,637
Buildings and improvements	35,883,151	5,792,531	1,310,926	(380,830)	42,605,778
Other tools and equipment	34,180,589	(5,562,111)	2,460,683	(951,831)	30,127,330
Subtotal	764,979,359	230,420	5,490,657	(51,033,691)	719,666,745
Accumulated depreciation:					
Roads and sidewalks	536,051,282	(54,979)	11,036,457	(49,701,030)	497,331,730
Buildings and improvements	9,315,091	2,706,986	1,053,820	(155,491)	12,920,406
Other tools and equipment	24,838,062	(2,652,007)	1,776,189	(951,831)	23,010,413
Subtotal	570,204,435	-	13,866,466	(50,808,352)	533,262,549
Net capital assets being depreciated	194,774,924	230,420	(8,375,809)	(225,339)	186,404,196
Net governmental activities capital assets	<u>\$ 198,340,723</u>	<u>\$ -</u>	<u>\$ (8,375,809)</u>	<u>\$ (225,339)</u>	<u>\$ 189,739,575</u>

June 30, 2018

Note 5 - Capital Assets (Continued)

Business-type Activities

	Balance July 1, 2017	Additions	Disposals and Adjustments	Balance June 30, 2018
Water and Sewer Fund				
Capital assets being depreciated - Water and sewer lines	\$ 121,306,161	\$ 1,758,535	\$ (279,651)	\$ 122,785,045
Accumulated depreciation - Water and sewer lines	35,634,629	2,569,390	(279,651)	37,924,368
Net business-type activities capital assets	<u>\$ 85,671,532</u>	<u>\$ (810,855)</u>	<u>\$ -</u>	<u>\$ 84,860,677</u>

Component Units

	Balance July 1, 2017	Additions	Disposals and Adjustments	Balance June 30, 2018
Capital assets not being depreciated - Land	\$ 266,364	\$ -	\$ -	\$ 266,364
Capital assets being depreciated:				
DDA improvements	6,811,107	649,411	-	7,460,518
TIFA improvements	499,858	137,047	-	636,905
Subtotal	7,310,965	786,458	-	8,097,423
Accumulated depreciation:				
DDA improvements	1,486,165	184,445	-	1,670,610
TIFA improvements	208,184	26,177	-	234,361
Subtotal	1,694,349	210,622	-	1,904,971
Net capital assets being depreciated	5,616,616	575,836	-	6,192,452
Net component units capital assets	<u>\$ 5,882,980</u>	<u>\$ 575,836</u>	<u>\$ -</u>	<u>\$ 6,458,816</u>

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

Governmental activities:	
General government	\$ 1,737,595
Police	336,449
Fire	178,575
Major roads	5,327,294
Local roads	5,635,655
Parks and recreation	204,268
Library	446,630
Total governmental activities	<u>\$ 13,866,466</u>
Business-type activities - Enterprise Fund - Water and Sewer	<u>\$ 2,569,390</u>

June 30, 2018

Note 6 - Restricted Assets

Restricted assets at June 30, 2018 consist of unspent bond proceeds in the Tax Increment Finance Authority Fund for the following purposes:

	Component Units
Unspent bond proceeds	\$ 783,023

Note 7 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Other nonmajor governmental funds	\$ 1,600,016
	Water and Sewer Fund	17,097
	Total General Fund	1,617,113
Other nonmajor governmental funds	General Fund	57,805
	Total	\$ 1,674,918

The balance of amounts loaned to discretely presented component units is as follows:

Receivable	Payable	Amount
Primary government - General Fund	Component unit - Tax Increment Finance Authority	\$ 100,218
	Component unit - Downtown Development Authority	44,027
	Total primary government - General Fund	144,245
Primary government - Capital Project Fund	Component unit - Tax Increment Finance Authority	483,147
Primary government - Major Road	Component unit - Tax Increment Finance Authority	4,440
	Total	\$ 631,832

These balances result from the time lag between the dates that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

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

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
General Fund	Other nonmajor governmental funds (1)	\$ 451,650
Other nonmajor governmental funds	General Fund (3)	20,000
	Other nonmajor governmental funds (1)	317,625
	Other nonmajor governmental funds (2)	1,283,605
	Total other nonmajor governmental funds	1,621,230
	Total	\$ 2,072,880

June 30, 2018

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

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

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. Long-term debt activity for the year ended June 30, 2018 can be summarized as follows:

Governmental Activities

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
General obligation bonds:							
2004 Michigan Transportation Fund Bonds	3.75%-4.00%	\$300,000	\$ 600,000	\$ -	\$ (300,000)	\$ 300,000	\$ 300,000
2005 Building Authority Refunding Bonds	4.00%	\$405,000 - \$500,000	1,350,000	-	(405,000)	945,000	445,000
2015 Capital Improvement Bond	3.25%-5.00%	\$63,377 - \$123,333	1,563,860	-	(63,376)	1,500,484	66,360
Unamortized bond premium	N/A	\$3,523	63,407	-	(3,523)	59,884	3,523
Installment purchase agreements:							
2009 Recycling Containers	5.98%	\$146,135	146,135	-	(146,135)	-	-
2013 New City Hall	2.60%	\$90,000 - \$145,000	1,275,000	-	(90,000)	1,185,000	100,000
HUD Section 108 Loan	1.49% - 2.51%	\$47,000 - \$48,000	527,000	-	(48,000)	479,000	48,000
2018 Fire Truck	3.43%	\$87,596- \$107,242	-	680,000	-	680,000	87,596
Total governmental bonds			5,525,402	680,000	(1,056,034)	5,149,368	1,050,479
Compensated absences			9,705,832	4,640,656	(4,791,357)	9,555,131	4,833,824
Total governmental activities long-term debt			\$ 15,231,234	\$ 5,320,656	\$ (5,847,391)	\$ 14,704,499	\$ 5,884,303

June 30, 2018

Note 8 - Long-term Debt (Continued)

Business-type Activities

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Revenue bonds -							
1998 Water and Sewer Revenue Bonds	4.50%	\$250,000	\$ 250,000	\$ -	\$ (250,000)	\$ -	\$ -
General Obligation bonds:							
2010 State Revolving Fund Loan	2.50%	\$25,000 - \$35,000	387,794	-	(25,000)	362,794	25,000
2010 Strategic Water Quality Initiatives Loan	2.50%	\$115,000 - \$162,183	1,927,183	-	(115,000)	1,812,183	120,000
2015 Capital Improvement Bond	3.25% - 5.00%	\$63,377 - \$123,333	8,926,141	-	(361,623)	8,564,518	378,640
2014 Capital Improvement Bond	2.00% - 4.00%	\$200,000 - \$400,000	4,650,000	-	(200,000)	4,450,000	200,000
Unamortized bond premiums	N/A	\$855 - \$20,100	420,742	-	(23,517)	397,225	23,517
Total business-type bonds			16,561,860	-	(975,140)	15,586,720	747,157
Compensated absences			274,861	119,100	(150,315)	243,646	150,315
Total business-type activities long-term debt			<u>\$16,836,721</u>	<u>\$ 119,100</u>	<u>\$ (1,125,455)</u>	<u>\$15,830,366</u>	<u>\$ 897,472</u>

Component Units

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
General obligation bonds:							
2013 Tax Increment Financing Bonds - City Hall and Fire Station	3.00% - 5.25%	\$630,000 - \$1,285,000	\$15,305,000	\$ -	\$ (630,000)	\$14,675,000	\$ 655,000
2014 Downtown Development Bonds - Farmer's Market	2.00% - 3.12%	\$285,000 - \$335,000	2,465,000	-	(285,000)	2,180,000	290,000
Total component units long-term debt			<u>\$17,770,000</u>	<u>\$ -</u>	<u>\$ (915,000)</u>	<u>\$16,855,000</u>	<u>\$ 945,000</u>

June 30, 2018

Note 8 - Long-term Debt (Continued)

Debt Service Requirements to Maturity

Total interest incurred related to governmental and business-type activities and component units for the year approximated \$178,000, \$564,000, and \$772,000, respectively. 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
2019	\$ 1,046,956	\$ 161,549	\$ 1,208,505	\$ 723,640	\$ 564,937	\$ 1,288,577	\$ 945,000	\$ 751,906	\$ 1,696,906
2020	807,943	126,520	934,463	770,658	538,380	1,309,038	975,000	719,906	1,694,906
2021	314,033	106,140	420,173	792,675	510,347	1,303,022	1,010,000	693,238	1,703,238
2022	336,720	95,309	432,029	848,202	479,088	1,327,290	1,035,000	660,938	1,695,938
2023	343,027	83,949	426,976	865,219	445,678	1,310,897	1,075,000	626,131	1,701,131
2024-2028	1,564,971	251,464	1,816,435	4,889,956	1,696,188	6,586,144	4,995,000	2,452,750	7,447,750
2029-2033	552,500	90,952	643,452	5,592,477	770,264	6,362,741	5,535,000	1,221,913	6,756,913
2034	123,334	4,951	128,285	706,668	28,249	734,917	1,285,000	67,463	1,352,463
Total	<u>\$ 5,089,484</u>	<u>\$ 920,834</u>	<u>\$ 6,010,318</u>	<u>\$ 15,189,495</u>	<u>\$ 5,033,131</u>	<u>\$ 20,222,626</u>	<u>\$ 16,855,000</u>	<u>\$ 7,194,245</u>	<u>\$ 24,049,245</u>

Note 9 - Risk Management

The City is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), 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 it uses to pay claims up to the retention limits, the ultimate liability for those claims remains with the City.

The City estimates the liability for general liability claims, workers' compensation claims, and health insurance claims that have been incurred through the end of the fiscal year, including claims that have been reported, as well as those that have not yet been reported. The estimates 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 liability for the past two fiscal years were as follows:

	General Liability		Workers' Compensation		Medical Claims		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
Estimated liability - Beginning of year	\$ 2,015,851	\$ 2,067,040	\$ 246,248	\$ 243,458	\$ 779,967	\$ (79,868)	\$ 3,042,066	\$ 2,230,630
Estimated claims incurred, including changes in estimates	1,261,232	1,586,424	112,951	81,530	9,102,775	9,995,060	10,476,958	11,663,014
Claim payments	(1,497,144)	(1,637,613)	(70,600)	(78,740)	(9,112,681)	(9,135,225)	10,680,425	10,851,578
Estimated liability - End of year	<u>\$ 1,779,939</u>	<u>\$ 2,015,851</u>	<u>\$ 288,599</u>	<u>\$ 246,248</u>	<u>\$ 770,061</u>	<u>\$ 779,967</u>	<u>\$ 2,838,599</u>	<u>\$ 3,042,066</u>

Of the total provision for claims liability, \$2,305,120 has been allocated to governmental activities and \$533,479 has been allocated to the Water and Sewer Fund.

Note 10 - Joint Ventures

The City participates in the Nankin Transit Commission with the City of Garden City, Michigan; the City of Inkster, Michigan; and the City of Wayne, Michigan. 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, Michigan; the City of Garden City, Michigan; the City of Inkster, Michigan; and the City of Wayne, Michigan. 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 the Jefferson Barnes Community Center, 32150 Dorsey St., Westland, MI 48186 and 3759 Commerce Court, Wayne, MI 48184, respectively.

Note 11 - Contingent Liabilities

Open Litigation

Several other claims and appeals have been filed against the City that may affect the General and Water and Sewer funds; however, litigation for those claims and appeals 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.

Note 12 - 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:

	Governmental Activities
Public safety - E-911	\$ 14,603
Public safety - Drug forfeiture	206,915
Metroact broadband	180,491
Street lighting	591,590
Community development	<u>1,565,126</u>
Total restricted net position	<u>\$ 2,558,725</u>

June 30, 2018

Note 13 - Fund Balance Constraints

The detail of the various components of fund balance is as follows:

	<u>General Fund</u>	<u>Nonmajor Funds</u>
Nonspendable - Prepays	\$ 735,069	\$ 7,016
Restricted:		
Roads	-	6,068,657
Police and fire retirement	1,599,000	-
Community development	-	1,565,126
Drug forfeiture	-	205,428
Library	-	2,960,600
Street lighting	-	591,590
Court capital projects	-	135,164
Metroact broadband	180,491	-
Police training	20,909	-
Sanitation	244,000	-
Total restricted	<u>2,044,400</u>	<u>11,526,565</u>
Committed - Tree planting program	69,322	-
Assigned:		
Youth assistance	43,050	-
Parks and recreation	4,800	-
Capital projects	-	2,788,457
Community development	5,020	-
Police property room	1,527	-
Cable TV	2,230	-
Community promotion	77,556	-
Senior resources	52,612	-
Ice arena	26,916	-
Total assigned	<u>213,711</u>	<u>2,788,457</u>
Unassigned	<u>5,575,757</u>	<u>-</u>
Total fund balance	<u><u>\$ 8,638,259</u></u>	<u><u>\$ 14,322,038</u></u>

Note 14 - Commitments

The City has entered into several construction and maintenance contracts totaling \$4,428,750. As of June 30, 2018, the City has not recorded expenditures relating to these projects, as the work has not yet been performed.

Note 15 - Pension Plans

Plan Description

The City of Westland, Michigan provides a monthly retirement benefit (with alternative lump-sum payment options) to employees who meet the eligibility requirements, including age and years of service. The benefits are provided through a defined benefit, multiagency employer plan through MERS of Michigan, a defined contribution plan through MERS of Michigan, and the Police and Fire defined benefit pension plan.

The MERS plan issues a publicly available financial report that can be obtained at 1134 Municipal Way, Lansing, MI 48197; the Westland Police and Fire Pension Plan's public financial report is included within these financial statements.

Note 15 - Pension Plans (Continued)

Management of the Police and Fire Pension 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.

The City of Westland, Michigan also contributes to the Defined Contribution Plan, a defined contribution pension plan for certain employees who meet the eligibility requirements. The benefits are administered by MERS of Michigan.

Benefits Provided

Police and Fire Pension Plan and MERS Plan provide retirement, disability, and death benefits to all full-time police and fire employees, all dispatchers, court union and supervisory employees, and certain other employee groups who were hired prior to various plan closing dates. Retirement benefits are calculated as various percentages (ranging from 1.5 to 2.8 percent) of the employee's final three-year or five-year average compensation times the employee's years of service. To be eligible, employees must have a minimum number of years of service (ranging from 25 to 30), as well as meet minimum retirement age in most circumstances. The benefits also include nonduty disability benefits and disability retirement benefits, in limited situations. An employee who leaves city service may withdraw his or her contributions, plus any accumulated interest.

Benefit terms provide for annual cost of living adjustments to some employees' retirement allowance subsequent to the employee's retirement date. The annual adjustments are 2.5 percent noncompounded after age 55 or 50 and limited to 15-25 years.

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

Benefit terms, including contribution requirements, for the Defined Contribution Plan are established and may be amended by the City Council. For each employee in the pension plan, the City is required to contribute 2.5 to 15 percent of annual salary, exclusive of overtime pay, to an individual employee account. Employees are permitted to make contributions to the pension plan up to applicable Internal Revenue Code limits.

Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

	Police and Fire Pension Plan	MERS Plan
Date of member count	June 30, 2018	December 31, 2017
Inactive plan members or beneficiaries currently receiving benefits	275	306
Inactive plan members entitled to but not yet receiving benefits	2	39
Active plan members	149	103
Total employees covered by the plan	<u>426</u>	<u>448</u>

Contributions

State law requires public employers to make pension contributions in accordance with an actuarial valuation. MERS and the City hire independent actuaries for this purpose and annually contribute the amount determined to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees are required to make pension contributions based on the amounts agreed upon in union contracts. The City's required contribution is determined after consideration of the required contribution rate of employees.

June 30, 2018

Note 15 - Pension Plans (Continued)

Net Pension Liability

The City chooses a date for each pension plan to measure its net pension liability. This is based on the measurement date of each pension plan, which may be based on a comprehensive valuation as of that date or based on an earlier valuation that has used procedures to roll the information forward to the measurement date.

	<u>Police and Fire Pension Plan</u>	<u>MERS Plan</u>
Measurement date used for the City NPL	June 30, 2018	December 31, 2017
Based on a comprehensive actuarial valuation as of	June 30, 2017	December 31, 2017

The components of the net pension liability of the City at June 30, 2018 were as follows:

	<u>Police and Fire Pension Plan</u>	<u>MERS Plan</u>	<u>Total</u>
Total pension liability	\$ 231,122,439	\$ 135,152,137	\$ 366,274,576
Plan fiduciary net position	(166,449,953)	(58,219,748)	(224,669,701)
City's net pension liability	<u>\$ 64,672,486</u>	<u>\$ 76,932,389</u>	<u>\$ 141,604,875</u>

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

Police and Fire Pension Plan

<u>Changes in Net Pension Liability</u>	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Net Position</u>	<u>Net Pension Liability</u>
Balance at June 30, 2017	\$ 225,516,042	\$ 157,970,145	\$ 67,545,897
Changes for the year:			
Service cost	3,559,247	-	3,559,247
Interest	15,922,405	-	15,922,405
Differences between expected and actual experience	1,477,290	-	1,477,290
Contributions - Employer	-	7,398,670	(7,398,670)
Contributions - Employee	-	640,248	(640,248)
Net investment income	-	15,774,255	(15,774,255)
Benefit payments, including refunds	(15,352,545)	(15,352,545)	-
Administrative expenses	-	(28,252)	28,252
Miscellaneous other charges	-	47,432	(47,432)
Net changes	<u>5,606,397</u>	<u>8,479,808</u>	<u>(2,873,411)</u>
Balance at June 30, 2018	<u>\$ 231,122,439</u>	<u>\$ 166,449,953</u>	<u>\$ 64,672,486</u>

The entire police and fire pension liability is allocated to governmental activities.

The plan's fiduciary net position represents 72.02 percent of the total pension liability.

Note 15 - Pension Plans (Continued)

MERS Plan

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at December 31, 2016	\$ 132,490,334	\$ 53,884,463	\$ 78,605,871
Changes for the year:			
Service cost	1,068,106	-	1,068,106
Interest	10,288,849	-	10,288,849
Differences between expected and actual experience	132,393	-	132,393
Contributions - Employer	-	6,005,409	(6,005,409)
Contributions - Employee	-	336,048	(336,048)
Net investment income	-	6,931,136	(6,931,136)
Benefit payments, including refunds	(8,818,642)	(8,818,642)	-
Administrative expenses	-	(109,763)	109,763
Miscellaneous other charges	(8,903)	(8,903)	-
Net changes	2,661,803	4,335,285	(1,673,482)
Balance at December 31, 2017	<u>\$ 135,152,137</u>	<u>\$ 58,219,748</u>	<u>\$ 76,932,389</u>

Of the total pension liability, \$57,265,463 has been allocated to governmental activities and \$19,666,926 has been allocated to the Water and Sewer Fund.

The plan's fiduciary net position represents 43.08 percent of the total pension liability.

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

For the year ended June 30, 2018, the City recognized pension expense of \$21,773,828 from all plans, which includes defined contribution plan expense of \$214,114 (employee contributions to defined contribution plans totaled \$121,100).

At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 4,939,603	\$ -
Changes in assumptions	3,045,862	-
Net difference between projected and actual earnings on pension plan investments	-	(3,170,629)
Employer contributions to the plan subsequent to the measurement date	3,619,053	-
Total	<u>\$ 11,604,518</u>	<u>\$ (3,170,629)</u>

Of the net deferred outflows of resources, \$10,662,424 has been allocated to governmental activities and \$942,094 has been allocated to the Water and Sewer Fund. Of the net deferred inflows of resources, \$2,943,656 has been allocated to governmental activities and \$226,973 has been allocated to the Water and Sewer Fund.

Note 15 - Pension Plans (Continued)

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

Years Ending June 30	Amount
2019	\$ 5,542,491
2020	2,734,082
2021	(2,245,069)
2022	(1,216,668)
Total	<u>\$ 4,814,836</u>

Actuarial Assumptions

The total pension liability in the each actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

	Police and Fire Pension Plan	MERS Plan
Inflation	2.75%	2.5%
Salary increases (including inflation)	3.25%	3.75%
Investment rate of return (net of investment expenses)	7.25%	7.75%
Mortality rates	RP-2014 Mortality Table	RP-2014 Mortality Table

The actuarial assumptions used in the MERS December 31, 2017 actuarial valuation were based on the results of an actuarial experience study for the period from 2009-2013.

Discount Rate

As shown below, the discount rate used to measure the total pension liability was determined after considering a projection of the cash flows to determine whether the future contributions (made at the current contribution rates) will be sufficient to allow the pension plans' fiduciary net position to make all projected future benefit payments of current active and inactive employees.

	Police and Fire Pension Plan	MERS Plan
Assumed investment rate of return	7.25%	8.0%
Are contributions expected to be sufficient to allow fiduciary net position to pay future benefits?	Yes	Yes
Discount rate used to measure TPL	7.25%	8.0%

Note 15 - Pension Plans (Continued)

Investment Rate of Return

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.

The police and fire 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 table represents best estimates of arithmetic real rates of return as of the measurement date for each major asset class included in the pension plan's target asset allocation, as well as the pension board's adopted asset allocation policy as of June 30, 2018:

Police and Fire Pension Plan

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic large-cap equity	25.00 %	4.60 %
Domestic mid-cap equity	15.00	7.40
Domestic small-cap equity	5.00	6.30
Developed international equity	10.00	3.50
Emerging markets equity	5.00	7.90
Private equity	2.50	10.40
Hedge funds	5.00	4.60
Infrastructure	5.00	4.70
Real estate	7.50	6.40
Fixed income	20.00	1.80

MERS Plan

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	55.50 %	6.65 %
Global fixed income	18.50	1.76
Real assets	13.50	7.72
Diversifying strategies	12.50	5.50

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 current discount rate, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percent Decrease	Current Discount Rate	1 Percent Increase
Net pension liability of the Police and Fire Pension Plan	\$ 91,294,738	\$ 64,672,486	\$ 42,519,540
Net pension liability of the MERS Plan	91,451,483	76,932,389	64,664,591

Note 15 - Pension Plans (Continued)

Rate of Return

For the year ended June 30, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 8.89 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Pension Plan Reserves

In accordance with plan provisions, the following reserves are required to be set aside within the police and fire pension plan:

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

The employee reserve is credited as employee contributions are received throughout the year; the plan maintains a record of the amount contributed by each employee and credits interest annually at a rate of 10.0 percent. For any employees who terminate before vesting in the pension plan, their balances are 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, 2018 are as follows:

	Required Reserve	Amount Funded
Retiree reserve	\$ 177,312,239	\$ 163,508,669
Employee reserve	2,941,284	2,941,284

Note 16 - Other Postemployment Benefit Plan

Plan Description

The City provides OPEB for all employees who meet eligibility requirements. The benefits are provided through the City of Westland Retiree Health Care Plan, a single-employer plan administered by the City of Westland Retiree Health Care Plan Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided

The City of Westland Retiree Health Care Plan provides healthcare benefits for eligible employees upon retirement in accordance with labor contracts and City Council resolution. Benefits are provided through the City's self-insurance program, and the full cost of benefits is covered by the plan.

June 30, 2018

Note 16 - Other Postemployment Benefit Plan (Continued)

Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

	City of Westland Retiree Health Care Plan
Date of member count	June 30, 2017
Inactive plan members or beneficiaries currently receiving benefits	441
Inactive plan members entitled to but not yet receiving benefits	51
Active plan members	<u>225</u>
Total plan members	<u><u>717</u></u>

Contributions

Retiree healthcare costs are paid by the City on a "pay-as-you-go" basis. The City has no obligation to make contributions in advance of when the insurance premiums are due for payment. For the fiscal year ended June 30, 2018, the City made payments for postemployment health benefit premiums of \$8,048,550.

Total OPEB Liability

The June 30, 2018 total OPEB liability was determined by an actuarial valuation performed as of June 30, 2017, which used update procedures to roll forward the estimated liability to June 30, 2018.

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

Changes in Total OPEB Liability	Total OPEB Liability
Balance at June 30, 2017	\$ 251,953,877
Changes for the year:	
Service cost	1,655,744
Interest	8,886,490
Differences between expected and actual experience	(10,807,734)
Changes in assumptions	(10,890,391)
Benefit payments, including refunds	<u>(8,048,550)</u>
Net changes	<u>(19,204,441)</u>
Balance at June 30, 2018	<u><u>\$ 232,749,436</u></u>

Of the total OPEB liability, \$204,094,645 has been allocated to governmental activities and \$28,654,791 has been allocated to the Water and Sewer Fund.

June 30, 2018

Note 16 - Other Postemployment Benefit Plan (Continued)

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

For the year ended June 30, 2018, the City recognized OPEB expense of \$5,117,703.

At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ (8,105,801)
Changes in assumptions	-	<u>(8,167,793)</u>
Total	<u>\$ -</u>	<u>\$ (16,273,594)</u>

Of the net deferred inflows of resources, \$14,270,081 has been allocated to governmental activities and \$2,003,513 has been allocated to the Water and Sewer Fund.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Years Ending June 30</u>	<u>Amount</u>
2019	\$ (5,424,531)
2020	(5,424,531)
2021	<u>(5,424,532)</u>
Total	<u>\$ (16,273,594)</u>

Actuarial Assumptions

The total OPEB liability in the June 30, 2017 actuarial valuation was determined using an inflation assumption of 2.50 percent; assumed salary increases (including inflation) of 3.75 percent; a healthcare cost trend rate of 8.5 percent for 2019, decreasing 0.5 percent per year to an ultimate rate of 4.5 percent for 2027 and later years; the RPH-2017 total dataset mortality tables using Scale SSA-2017; and a 40 percent excise tax for Cadillac plans. These assumptions were applied to all periods included in the measurement.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.87 percent. The discount rate was based on the Bond Buyer Go 20-year Municipal Bond Index.

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

The following presents the total OPEB liability of the City, calculated using the discount rate of 3.87 percent, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>1 Percent Decrease (2.87%)</u>	<u>Current Discount Rate (3.87%)</u>	<u>1 Percent Increase (4.87%)</u>
Total OPEB liability of the City of Westland Retiree Health Care Plan	\$ 273,361,103	\$ 232,749,436	\$ 200,829,398

Note 16 - Other Postemployment Benefit Plan (Continued)

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

The following presents the total OPEB liability of the City, calculated using the healthcare cost trend rate of 9.0 percent, as well as what the City's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percent Decrease (8.00%)	Current Healthcare Cost Trend Rate (9.0%)	1 Percent Increase (10.0%)
Total OPEB liability of the City of Westland Retiree Health Care Plan	\$ 199,645,563	\$ 232,749,436	\$ 274,725,669

Assumption Changes

The City of Westland Retiree Health Care Plan changed its actuarial assumptions from the previous actuarial valuation. The discount rate was increased from 3.56 percent to 3.84 percent, rates of mortality were updated to RPH-2017 tables, the actuarial cost method has been updated from Projected Unit Credit to Entry Age Normal Level Percent of Salary, and healthcare trend rates have been updated.

Note 17 - Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The City's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

Note 17 - Fair Value Measurements (Continued)

The City has the following recurring fair value measurements as of June 30, 2018:

	Assets Measured at Fair Value on a Recurring Basis			
	Balance at June 30, 2018	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
ADR	\$ 7,958,721	\$ 7,958,721	\$ -	\$ -
Asset-backed securities	970,097	-	970,097	-
Closed-end MF - Equity	12,067,054	12,067,054	-	-
Closed-end MF - Fixed income tax	6,534,044	6,534,044	-	-
Collateralized mortgage obligations	678,472	-	678,472	-
Common stock	51,967,227	51,967,227	-	-
Corporate bonds	3,364,029	-	3,364,029	-
Foreign bonds	1,359,277	-	1,359,277	-
Foreign stock	4,781,713	4,781,713	-	-
Inflation index bonds	1,822,905	1,822,905	-	-
Mortgage-backed securities	3,657,440	-	3,657,440	-
Open-end mutual fund - Fixed income tax	6,141,257	6,141,257	-	-
Private placements	1,465,479	-	1,465,479	-
Real estate investment trusts	1,784,396	1,784,396	-	-
U.S. federal agencies	693,377	693,377	-	-
U.S. government obligations	3,139,690	3,139,690	-	-
U.S. Treasury bills	2,124,081	2,124,081	-	-
Mutual funds under securities lending agreements	3,018,738	-	-	3,018,738
Total investments measured at fair value	\$ 113,527,997	\$ 99,014,465	\$ 11,494,794	\$ 3,018,738

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

The fair value of asset and mortgage-backed securities, collateralized mortgage obligations, corporate and foreign bonds, municipal obligations, and private placements at June 30, 2018 was determined primarily based on Level 2 inputs. The City estimates the fair value of these investments using other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

The fair value of partnerships alternative investments and mutual funds under securities lending agreements at June 30, 2018 was determined primarily based on Level 3 inputs. The City estimates the fair value of these investments using the City's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

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

Note 17 - Fair Value Measurements (Continued)

Investments in Entities that Calculate Net Asset Value per Share

The City holds shares or interests in investment companies whereby the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

As of the year ended June 30, 2018, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
CIF - Equity	\$ 16,815,534	\$ -	None	None
Real estate investment trusts	1,715,899	-	None	None
Open end mutual funds - Fixed income tax	1,517,477	-	None	None
CIF - Fixed income	7,553,324	-	None	None
Partnership alternative investment	3,045,247	-	None	None
Closely held equity	17,213,422	-	None	None
Total investments measured at NAV	<u>\$ 47,860,903</u>	<u>\$ -</u>		

The collective investment funds - equity, collective investment funds - fixed income, and open end mutual funds are global investment funds that invest exclusively in high-quality, short-term securities. The fair values of the investments of this type have been determined using NAV per share of the investments.

The real estate funds class includes several real estate funds that invest primarily in U.S. commercial real estate. The fair values of the investments in this class have been estimated using net asset value of the City's ownership interest in partners' capital.

The closely held equity funds class includes several private equity funds with diversified portfolios. The fair values of the investments in this class have been estimated using net asset value per share of the investments.

Note 18 - Tax Abatements

The City receives reduced property tax revenue as a result of Industrial Facilities Tax exemptions (PA 198 of 1974), Brownfield Redevelopment Agreements, Michigan Renaissance Zone Program, Senior & Disabled Non-Profit Housing Exemption, and Landbank agreements. Industrial facility exemptions are intended to promote construction of new industrial facilities or to rehabilitate historical facilities, Brownfield redevelopment agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties, Michigan Renaissance Zone program is intended to promote economic activity and maintain or increase the number of jobs available, Senior Housing Exemption is intended to incentivize the provision of senior citizen and disabled housing, and Landbank agreements are intended to reimburse taxpayers for new construction or total rehabilitation projects.

For the fiscal year ended June 30, 2018, the City's property tax revenue was reduced by \$113,733 under these programs. There are no provisions to recapture taxes; however, the Industrial Facilities Tax exemptions may be eliminated if taxes are not paid timely.

June 30, 2018

Note 19 - Change in Accounting Principle

During the current year, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. As a result, the government-wide statements now include a liability for the unfunded portion of the City's retiree healthcare costs. Some of the change in this net OPEB liability will be recognized immediately as part of the OPEB expense measurement, and part will be deferred and recognized over future years. Refer to the other postemployment benefit plan footnote for further details (see Note 16).

As a result of implementing this statement, the beginning net positions of the governmental activities and business-type activities have been restated as follows:

	Governmental Activities	Business-type Activities	Water and Sewer Fund
Net position - June 30, 2017 - As previously reported	\$ 38,819,651	\$ 66,854,648	\$ 66,854,648
Adjustment for GASB Statement No. 75 - To eliminate net OPEB obligation under GASB Statement No. 45	60,856,710	6,316,499	6,316,499
Adjustment for GASB Statement No. 75 - To record the net OPEB liability	<u>(220,934,744)</u>	<u>(31,019,133)</u>	<u>(31,019,133)</u>
Net position - June 30, 2017 - As restated	<u>\$ (121,258,383)</u>	<u>\$ 42,152,014</u>	<u>\$ 42,152,014</u>

Required Supplemental Information

Required Supplemental Information
Budgetary Comparison Schedule - General Fund

Year Ended June 30, 2018

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 26,797,912	\$ 26,797,912	\$ 26,728,347	\$ (69,565)
Intergovernmental:				
Federal sources	1,261,821	890,813	884,907	(5,906)
State sources	9,684,931	10,471,694	10,538,336	66,642
Charges for services	4,297,000	4,270,000	4,738,861	468,861
Court fines and fees	5,000,000	5,300,000	5,326,369	26,369
Licenses and permits	1,285,100	1,291,600	1,353,689	62,089
Interest income	300,000	300,000	272,418	(27,582)
Other revenue:				
Local sources	2,280,489	2,320,489	2,639,103	318,614
Other income	4,885,578	4,809,789	4,964,375	154,586
Refund of captured property taxes	1,500,000	1,500,000	1,500,003	3
Cable franchise fees	1,900,000	1,900,000	1,727,543	(172,457)
Total revenue	59,192,831	59,852,297	60,673,951	821,654
Expenditures				
Current:				
General government:				
Legislative	126,732	126,732	126,069	663
Executive	613,689	613,689	618,936	(5,247)
Computer information systems	843,955	925,955	866,367	59,588
Law	800,000	800,000	825,008	(25,008)
Finance	1,350,615	1,350,615	1,286,390	64,225
Assessing	472,912	481,912	490,484	(8,572)
City clerk	717,642	717,642	735,784	(18,142)
Buildings and grounds	427,000	427,000	403,459	23,541
Insurance	1,750,000	1,750,000	1,446,899	303,101
Personnel	392,576	342,576	315,180	27,396
General government	6,612,601	6,617,601	6,791,241	(173,640)
Motorpool	607,831	678,831	760,905	(82,074)
Public safety:				
Police	17,874,297	17,974,297	18,204,023	(229,726)
Fire	14,213,569	14,338,569	14,319,419	19,150
Joint dispatch	2,052,080	2,242,080	2,221,367	20,713
Police and fire retirement board	35,000	35,000	27,500	7,500
District court	3,481,435	3,481,435	3,407,161	74,274
Sanitation	3,250,000	3,272,500	3,317,958	(45,458)
Community and economic development:				
Building and planning	1,053,200	1,053,200	1,346,423	(293,223)
Neighborhood services	517,500	517,500	377,434	140,066
Economic development	451,239	391,239	369,101	22,138
Community development	571,239	934,832	774,245	160,587
Youth assistance program	921,780	929,780	941,545	(11,765)
Housing	774,057	774,057	769,400	4,657
Recreation and culture:				
Parks and recreation	645,527	954,527	887,925	66,602
Cable	465,196	465,196	460,766	4,430
Ice arena	314,600	390,100	411,342	(21,242)
Senior resources	514,380	514,380	519,431	(5,051)
Golf course	356,500	356,500	388,219	(31,719)
Debt service	283,474	161,494	283,549	(122,055)
Total expenditures	62,490,626	63,619,239	63,693,530	(74,291)

City of Westland, Michigan

**Required Supplemental Information
Budgetary Comparison Schedule - General Fund (Continued)**

Year Ended June 30, 2018

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Excess of Expenditures Over Revenue	\$ (3,297,795)	\$ (3,766,942)	\$ (3,019,579)	\$ 747,363
Other Financing Sources (Uses)				
Transfers in	3,895,000	3,895,000	3,895,000	-
Transfers out	(607,536)	(607,536)	(252,879)	354,657
Proceeds from sale of capital assets	520,000	751,900	298	(751,602)
Total other financing sources	<u>3,807,464</u>	<u>4,039,364</u>	<u>3,642,419</u>	<u>(396,945)</u>
Net Change in Fund Balance	509,669	272,422	622,840	350,418
Fund Balance - Beginning of year	<u>8,050,215</u>	<u>8,050,215</u>	<u>8,050,215</u>	<u>-</u>
Fund Balance - End of year	<u><u>\$ 8,559,884</u></u>	<u><u>\$ 8,322,637</u></u>	<u><u>\$ 8,673,055</u></u>	<u><u>\$ 350,418</u></u>

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

	Last Four Fiscal Years			
	2017	2016	2015	2014
Total Pension Liability				
Service cost	\$ 1,068,106	\$ 1,220,236	\$ 1,301,083	\$ 1,373,374
Interest	10,288,849	10,118,570	9,708,550	9,483,985
Changes in benefit terms	-	(6,338)	-	-
Differences between expected and actual experience	132,393	-	(109,173)	-
Changes in assumptions	-	(465,111)	6,359,502	-
Benefit payments, including refunds	(8,818,642)	(8,498,066)	(8,334,206)	(7,865,543)
Miscellaneous other charges	(8,903)	-	-	-
Net Change in Total Pension Liability	2,661,803	2,369,291	8,925,756	2,991,816
Total Pension Liability - Beginning of year	132,490,334	130,121,043	121,195,287	118,203,471
Total Pension Liability - End of year	<u>\$ 135,152,137</u>	<u>\$ 132,490,334</u>	<u>\$ 130,121,043</u>	<u>\$ 121,195,287</u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ 6,005,409	\$ 5,316,066	\$ 5,168,527	\$ 5,699,179
Contributions - Member	336,048	343,428	362,187	299,758
Net investment income (loss)	6,931,136	5,651,194	(788,058)	3,253,267
Administrative expenses	(109,763)	(111,691)	(117,289)	(120,757)
Benefit payments, including refunds	(8,818,642)	(8,498,066)	(8,332,862)	(7,865,543)
Miscellaneous other charges	(8,903)	-	-	-
Net Change in Plan Fiduciary Net Position	4,335,285	2,700,931	(3,707,495)	1,265,904
Plan Fiduciary Net Position - Beginning of year	53,884,463	51,183,532	54,891,027	53,625,123
Plan Fiduciary Net Position - End of year	<u>\$ 58,219,748</u>	<u>\$ 53,884,463</u>	<u>\$ 51,183,532</u>	<u>\$ 54,891,027</u>
City's Net Pension Liability - Ending	<u>\$ 76,932,389</u>	<u>\$ 78,605,871</u>	<u>\$ 78,937,511</u>	<u>\$ 66,304,260</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	43.08 %	40.67 %	39.34 %	45.29 %
Covered Payroll	\$ 6,603,572	\$ 7,243,293	\$ 7,451,135	\$ 7,555,355
City's Net Pension Liability as a Percentage of Covered Payroll	1,165.01 %	1,085.22 %	1,059.40 %	877.58 %

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

	Last Five Fiscal Years				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability					
Service cost	\$ 3,559,247	\$ 3,265,490	\$ 3,028,268	\$ 2,860,595	\$ 3,222,792
Interest	15,922,405	15,754,069	15,096,874	14,268,302	14,057,789
Changes in benefit terms	-	-	(724,126)	-	-
Differences between expected and actual experience	1,477,290	1,224,995	6,992,130	8,888,109	-
Changes in assumptions	-	5,107,777	-	-	-
Benefit payments, including refunds	<u>(15,352,545)</u>	<u>(16,515,591)</u>	<u>(14,982,738)</u>	<u>(15,123,670)</u>	<u>(13,461,635)</u>
Net Change in Total Pension Liability	5,606,397	8,836,740	9,410,408	10,893,336	3,818,946
Total Pension Liability - Beginning of year	<u>225,516,042</u>	<u>216,679,302</u>	<u>207,268,894</u>	<u>196,375,558</u>	<u>192,556,612</u>
Total Pension Liability - End of year	<u>\$ 231,122,439</u>	<u>\$ 225,516,042</u>	<u>\$ 216,679,302</u>	<u>\$ 207,268,894</u>	<u>\$ 196,375,558</u>
Plan Fiduciary Net Position					
Contributions - Employer	\$ 7,398,670	\$ 6,879,391	\$ 6,717,939	\$ 6,693,504	\$ 5,813,007
Contributions - Member	640,248	714,843	537,081	326,793	116,709
Net investment income (loss)	15,774,255	20,499,672	(2,646,242)	3,318,245	26,067,511
Administrative expenses	(28,252)	(73,345)	-	-	-
Benefit payments, including refunds	(15,352,545)	(16,515,591)	(14,982,738)	(15,123,670)	(13,461,635)
Miscellaneous other charges	<u>47,432</u>	<u>753,079</u>	<u>(9,938)</u>	<u>-</u>	<u>-</u>
Net Change in Plan Fiduciary Net Position	8,479,808	12,258,049	(10,383,898)	(4,785,128)	18,535,592
Plan Fiduciary Net Position - Beginning of year	<u>157,970,145</u>	<u>145,712,096</u>	<u>156,095,994</u>	<u>160,881,122</u>	<u>141,409,908</u>
Plan Fiduciary Net Position - End of year	<u>\$ 166,449,953</u>	<u>\$ 157,970,145</u>	<u>\$ 145,712,096</u>	<u>\$ 156,095,994</u>	<u>\$ 159,945,500</u>
City's Net Pension Liability - Ending	<u>\$ 64,672,486</u>	<u>\$ 67,545,897</u>	<u>\$ 70,967,206</u>	<u>\$ 51,172,900</u>	<u>\$ 36,430,058</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	72.02 %	70.05 %	67.25 %	75.31 %	81.45 %
Covered Employee Payroll	\$ 11,624,174	\$ 11,976,270	\$ 11,103,002	\$ 9,126,696	\$ 10,198,898
City's Net Pension Liability as a Percentage of Covered Employee Payroll	556.36 %	564.00 %	639.17 %	560.69 %	357.20 %

Required Supplemental Information
Schedule of MERS Contributions

Last Ten Fiscal Years
Years Ended June 30

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	\$ 6,673,116	\$ 5,249,635	\$ 4,959,882	\$ 4,840,206	\$ 4,366,557	\$ 4,124,906	\$ 3,115,379	\$ 3,550,609	\$ 3,530,623	\$ 3,744,570
Contributions in relation to the actuarially determined contribution	6,973,118	5,387,425	5,130,452	6,060,338	4,366,557	4,124,906	3,115,379	3,550,609	3,530,623	3,744,570
Contribution Excess	\$ 300,002	\$ 137,790	\$ 170,570	\$ 1,220,132	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 6,603,572	\$ 7,243,293	\$ 7,399,002	\$ 6,939,596	\$ 7,555,355	\$ 7,076,423	\$ 7,377,631	\$ 7,969,308	\$ 9,960,227	\$ 10,257,650
Contributions as a Percentage of Covered Payroll	105.60 %	74.38 %	69.34 %	87.33 %	57.79 %	58.29 %	42.23 %	44.55 %	35.45 %	36.51 %

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	21 years
Asset valuation method	Five-year smoothed market
Inflation	2.5 percent
Salary increase	3.75 percent base wage inflation
Investment rate of return	7.75 percent, net of expenses
Retirement age	60
Mortality	50 percent male - 50 percent female blend of the following tables: <ol style="list-style-type: none"> 1. The RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105 percent 2. The RP-2014 Employee Mortality Tables 3. The RP-2014 Juvenile Mortality Tables
Other information	None

City of Westland, Michigan

**Required Supplemental Information
Schedule of Police and Fire Pension Investment Returns**

	Last Five Fiscal Years Years Ended June 30				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return - Net of investment expense	8.89 %	15.10 %	(1.02)%	2.51 %	15.59 %

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

Built Prospectively from 2018

	<u>2018</u>
Total OPEB Liability	
Service cost	\$ 1,655,744
Interest	8,886,490
Differences between expected and actual experience	(10,807,734)
Changes in assumptions	(10,890,391)
Benefit payments, including refunds	<u>(8,048,550)</u>
Net Change in Total OPEB Liability	(19,204,441)
Total OPEB Liability - Beginning of year	<u>251,953,877</u>
Total OPEB Liability - End of year	<u>\$ 232,749,436</u>
Covered Employee Payroll	\$ 15,083,255
Total OPEB Liability as a Percentage of Covered Employee Payroll	1,543.10 %

City of Westland, Michigan

Required Supplemental Information Schedule of OPEB Contributions

	Last Ten Fiscal Years Years Ended June 30									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	\$ -	\$ 14,532,590	\$ 14,532,590	\$ 14,532,590	\$ 13,821,250	\$ 13,821,250	\$ 12,714,042	\$ 12,714,042	\$ 12,115,852	\$ 12,115,852
Contributions in relation to the actuarially determined contribution	-	7,943,997	7,822,651	7,223,809	6,203,861	6,550,255	5,327,727	4,698,159	4,469,903	4,784,574
Contribution Deficiency	\$ -	\$ (6,588,593)	\$ (6,709,939)	\$ (7,308,781)	\$ (7,617,389)	\$ (7,270,995)	\$ (7,386,315)	\$ (8,015,883)	\$ (7,645,949)	\$ (7,331,278)
Covered Employee Payroll	\$ 15,083,255	\$ 15,247,849	\$ 15,247,849	\$ 15,247,849	\$ 15,531,926	\$ 15,531,926	\$ 15,986,830	\$ 15,986,830	\$ 20,474,568	\$ 20,474,568
Contributions as a Percentage of Covered Employee Payroll	- %	52.10 %	51.30 %	47.38 %	39.94 %	42.17 %	33.33 %	29.39 %	21.83 %	23.37 %

*Due to the implementation of GASB 75, no contributions in relation to the actuarially determined contribution are shown, as there was no actuarially determined contribution for fiscal year 2018.

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. 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 Statement 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's 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, 2018 has not been calculated. During the current year, the budget was amended in a legally permissible manner.

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

	Total Revenue	Total Expenditures	Other Financing (Uses) Sources
Amounts per operating statement	\$ 64,900,773	\$ 63,699,404	\$ (431,352)
Reimbursements from other funds recorded as revenue	(3,400,000)	-	3,400,000
E-911 Fund	(574,995)	(3,471)	473,771
Metro Act - Broadband fund	(251,827)	(2,403)	200,000
Amounts per budget statement	<u>\$ 60,673,951</u>	<u>\$ 63,693,530</u>	<u>\$ 3,642,419</u>

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:

	Budget	Actual	Variance
Executive	\$ 613,689	\$ 618,936	\$ (5,247)
Law	800,000	825,008	(25,008)
Assessing	481,912	490,484	(8,572)
City clerk	717,642	735,784	(18,142)
General government	6,617,601	6,791,241	(173,640)
Motorpool	678,831	760,905	(82,074)
Police	17,974,297	18,204,023	(229,726)
Sanitation	3,272,500	3,317,958	(45,458)
Building and planning	1,053,200	1,346,423	(293,223)
Youth assistance program	929,780	941,545	(11,765)
Ice arena	390,100	411,342	(21,242)
Senior resources	514,380	519,431	(5,051)
Golf course	356,500	388,219	(31,719)
Debt service	161,494	283,549	(122,055)

Other Supplemental Information

City of Westland, Michigan

Nonmajor Special Revenue Funds

	Major Road	Local Road	Community Development Block Grant	Street Lighting	Drug Forfeiture	Library
Assets						
Cash and cash equivalents	\$ 4,037,278	\$ 2,908,659	\$ 219,958	\$ 583,655	\$ 207,646	\$ 3,038,492
Receivables - Net	894,463	323,345	45,102	-	-	111,817
Due from component units	4,440	-	-	-	-	-
Due from other funds	-	-	49,870	7,935	-	-
Prepaid expenses and other assets	-	-	-	-	1,487	5,529
Land held for resale	-	-	1,329,465	-	-	-
Total assets	\$ 4,936,181	\$ 3,232,004	\$ 1,644,395	\$ 591,590	\$ 209,133	\$ 3,155,838
Liabilities						
Accounts payable	\$ 219,237	\$ 335,854	\$ 79,269	\$ -	\$ 2,218	\$ 69,765
Due to other funds	937,294	607,143	-	-	-	-
Accrued liabilities and other	-	-	-	-	-	46,656
Total liabilities	1,156,531	942,997	79,269	-	2,218	116,421
Deferred Inflows of Resources -						
Unavailable revenue	-	-	-	-	-	73,288
Total liabilities and deferred inflows of resources	1,156,531	942,997	79,269	-	2,218	189,709
Fund Balances						
Nonspendable - Prepays	-	-	-	-	1,487	5,529
Restricted:						
Roads	3,779,650	2,289,007	-	-	-	-
Community development	-	-	1,565,126	-	-	-
Drug forfeiture	-	-	-	-	205,428	-
Library	-	-	-	-	-	2,960,600
Street lighting	-	-	-	591,590	-	-
Court capital projects	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Total fund balances	3,779,650	2,289,007	1,565,126	591,590	206,915	2,966,129
Total liabilities, deferred inflows of resources, and fund balances	\$ 4,936,181	\$ 3,232,004	\$ 1,644,395	\$ 591,590	\$ 209,133	\$ 3,155,838

Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2018

Nonmajor Debt Service Funds		Nonmajor Capital Project Funds		Total
Newburgh Road Debt	Building Authority Debt - 2005 Refunding	Capital Project Fund	Court Building Fund	
\$ -	\$ -	\$ 2,301,730	\$ 190,743	\$ 13,488,161
-	-	3,580	-	1,378,307
-	-	483,147	-	487,587
-	-	-	-	57,805
-	-	-	-	7,016
-	-	-	-	1,329,465
\$ -	\$ -	\$ 2,788,457	\$ 190,743	\$ 16,748,341
\$ -	\$ -	\$ -	\$ -	\$ 706,343
-	-	-	55,579	1,600,016
-	-	-	-	46,656
-	-	-	55,579	2,353,015
-	-	-	-	73,288
-	-	-	55,579	2,426,303
-	-	-	-	7,016
-	-	-	-	6,068,657
-	-	-	-	1,565,126
-	-	-	-	205,428
-	-	-	-	2,960,600
-	-	-	-	591,590
-	-	-	135,164	135,164
-	-	2,788,457	-	2,788,457
-	-	2,788,457	135,164	14,322,038
\$ -	\$ -	\$ 2,788,457	\$ 190,743	\$ 16,748,341

City of Westland, Michigan

Nonmajor Special Revenue Funds						
	Major Road	Local Road	Community Development Block Grant	Street Lighting	Drug Forfeiture	Library
Revenue						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,875,817
Special assessments	-	-	-	1,450,260	-	-
Intergovernmental:						
Federal sources	-	-	1,936,540	-	-	-
State sources	5,215,335	2,481,699	-	-	755,858	63,347
Court fines and fees	-	-	-	-	-	-
Interest income	13,113	8,196	58	157	292	26,097
Other revenue:						
Local sources	-	-	-	-	-	77,792
Other income	3,410	-	4,225	-	-	40,588
Refund of captured property taxes	-	-	-	-	-	171,510
Total revenue	5,231,858	2,489,895	1,940,823	1,450,417	756,150	3,255,151
Expenditures						
Current:						
Street lighting	-	-	-	1,182,411	-	-
Public safety	-	-	-	-	553,143	-
Highway, streets, and drains	2,725,773	3,479,146	-	-	-	-
Community and economic development	-	-	1,469,077	-	-	-
Recreation and culture	-	-	-	-	-	2,801,780
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	2,725,773	3,479,146	1,469,077	1,182,411	553,143	2,801,780
Excess of Revenue Over (Under) Expenditures	2,506,085	(989,251)	471,746	268,006	203,007	453,371
Other Financing Sources (Uses)						
Transfers in	-	1,283,605	-	-	-	-
Transfers out	(1,601,230)	-	-	(20,000)	-	-
Face value of debt issue	-	-	-	-	-	-
Total other financing (uses) sources	(1,601,230)	1,283,605	-	(20,000)	-	-
Net Change in Fund Balances	904,855	294,354	471,746	248,006	203,007	453,371
Fund Balances - Beginning of year	2,874,795	1,994,653	1,093,380	343,584	3,908	2,512,758
Fund Balances - End of year	\$ 3,779,650	\$ 2,289,007	\$ 1,565,126	\$ 591,590	\$ 206,915	\$ 2,966,129

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

Year Ended June 30, 2018

Nonmajor Debt Service Funds		Nonmajor Capital Project Funds		Total
Newburgh Road Debt	Building Authority Debt - 2005 Refunding	Capital Project Fund	Court Building Fund	
\$ -	\$ -	\$ -	\$ -	\$ 2,875,817
-	-	-	-	1,450,260
-	-	-	-	1,936,540
-	-	-	-	8,516,239
-	-	-	230,155	230,155
-	-	10,087	-	58,000
-	-	-	-	77,792
-	-	-	-	48,223
-	-	-	-	171,510
-	-	10,087	230,155	15,364,536
-	-	-	-	1,182,411
-	-	-	-	553,143
-	-	-	-	6,204,919
-	-	-	-	1,469,077
-	-	-	-	2,801,780
-	-	2,077,211	94,991	2,172,202
300,000	405,000	-	-	705,000
17,625	46,650	-	-	64,275
317,625	451,650	2,077,211	94,991	15,152,807
(317,625)	(451,650)	(2,067,124)	135,164	211,729
317,625	451,650	-	-	2,052,880
-	-	-	-	(1,621,230)
-	-	680,000	-	680,000
317,625	451,650	680,000	-	1,111,650
-	-	(1,387,124)	135,164	1,323,379
-	-	4,175,581	-	12,998,659
\$ -	\$ -	\$ 2,788,457	\$ 135,164	\$ 14,322,038

Fiduciary Funds
Combining Statement of Fiduciary Net Position

June 30, 2018

	Undistributed Tax Collection	Trust and Agency	Total Agency Funds
Assets - Cash and cash equivalents	\$ 623,501	\$ 325,019	\$ 948,520
Liabilities			
Due to other governmental units	\$ 623,501	\$ -	\$ 623,501
Accrued liabilities and other	-	325,019	325,019
Total liabilities	\$ 623,501	\$ 325,019	\$ 948,520