
City of Westland, Michigan

**Financial Report
with Supplemental Information
June 30, 2017**

Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-7
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position	8
Statement of Activities	9-10
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	11
Reconciliation of the Balance Sheet to the Statement of Net Position	12
Statement of Revenue, Expenditures, and Changes in Fund Balances	13
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances to the Statement of Activities	14
Proprietary Funds:	
Statement of Net Position	15
Statement of Revenue, Expenses, and Changes in Net Position	16
Statement of Cash Flows	17
Fiduciary Funds:	
Statement of Fiduciary Net Position	18
Statement of Changes in Fiduciary Net Position	19
Component Units:	
Statement of Net Position	20
Statement of Activities	21-22
Notes to Financial Statements	23-49
Required Supplemental Information	50
Budgetary Comparison Schedule - General Fund	51-52
Notes to Required Supplemental Information	53
Schedule of Changes in the MERS Net Pension Liability and Related Ratios	54
Schedule of Changes in the Police and Fire Net Pension Liability and Related Ratios	55
Schedule of Police and Fire Pension Contributions	56
Schedule of MERS Contributions	57
Schedule of Police and Fire Pension Investment Returns	58
OPEB System Schedule	59
Other Supplemental Information	60
Nonmajor Governmental Funds:	
Combining Balance Sheet	61-62
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances	63-64
Fiduciary Funds - Combining Statement of Fiduciary Net Position	65

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, 2017 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 opinion.

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, 2017 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.

As explained in Note 1, the financial statements of the Police and Fire Retirement System Trust include investments valued at approximately \$38,000,000 (representing approximately 23.82 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.

To the City Council
City of Westland, Michigan

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 15, 2017 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 15, 2017

City of Westland, Michigan

Management's Discussion and Analysis

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

Financial Highlights

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended June 30, 2017:

- The City continued to utilize the 2.3 million dollar grant from the Department of Homeland Security to employ up to 13 full time firefighters.
- The City also continued to utilize grant funding for 4 Police Officers.
- 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.
- The Sanitation fund reimbursed the Capital improvement fund \$500,000 for the purchase of vehicles.
- The water meter replacement program concluded with over 95% of the water meters replaced. The remaining meters will be replaced by City Staff.
- Many road projects were started and or completed during the fiscal year. Central City Parkway from Ford Road to Warren Road was resurfaced. Linville Street was reconstructed from Glenwood to Palmer. 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 long-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.

City of Westland, Michigan

Management's Discussion and Analysis (Continued)

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

The City of Westland as a Whole

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

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Assets						
Current assets	\$ 23,852,598	\$ 24,630,184	\$ 27,323,965	\$ 23,597,910	\$ 51,176,563	\$ 48,228,094
Noncurrent assets	<u>203,188,281</u>	<u>211,770,481</u>	<u>85,771,532</u>	<u>89,531,845</u>	<u>288,959,813</u>	<u>301,302,326</u>
Total assets	227,040,879	236,400,665	113,095,497	113,129,755	340,136,376	349,530,420
Deferred Outflows of Resources	19,115,174	34,360,977	1,257,435	2,625,552	20,372,609	36,986,529
Liabilities						
Current liabilities	14,925,167	14,653,857	4,716,386	(9,434,357)	19,641,553	5,219,500
Long-term liabilities	<u>192,239,143</u>	<u>191,434,105</u>	<u>42,721,433</u>	<u>59,128,215</u>	<u>234,960,576</u>	<u>250,562,320</u>
Total liabilities	207,164,310	206,087,962	47,437,819	49,693,858	254,602,129	255,781,820
Deferred Inflows of Resources	<u>172,092</u>	<u>40,940</u>	<u>60,465</u>	<u>13,647</u>	<u>232,557</u>	<u>54,587</u>
Net Position						
Net investment in capital assets	192,815,321	199,838,501	69,109,672	71,907,609	261,924,993	271,746,110
Restricted	10,452,200	9,979,782	100,000	125,000	10,552,200	10,104,782
Unrestricted (deficit)	<u>(164,447,870)</u>	<u>(145,185,543)</u>	<u>(2,355,024)</u>	<u>(5,984,807)</u>	<u>(166,802,894)</u>	<u>(151,170,350)</u>
Total net position	<u>\$ 38,819,651</u>	<u>\$ 64,632,740</u>	<u>\$ 66,854,648</u>	<u>\$ 66,047,802</u>	<u>\$ 105,674,299</u>	<u>\$ 130,680,542</u>

The City's governmental combined net position decreased 40.0 percent from a year ago - decreasing from \$64,632,740 to \$38,819,651. The decrease was mainly due to a decrease in deferred outflows of resources.

Unrestricted net position in governmental activities - the part of net position that can be used to finance operations - is currently at a deficit of \$164,447,870 for governmental activities. This is generally a result of the accrual of the pension liability, compensated absences, and other postemployment benefits, which will be paid from future revenue sources. This accrual is approximately \$191,000,000.

City of Westland, Michigan

Management's Discussion and Analysis (Continued)

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

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Net Position - Beginning of year	\$ 64,632,740	\$ 91,127,970	\$ 66,047,802	\$ 64,197,908	\$ 130,680,542	\$ 155,325,878
Revenue						
Program revenue:						
Charges for services	21,300,312	22,071,476	31,115,948	28,075,495	52,416,260	50,146,971
Operating grants and contributions	10,851,405	10,752,797	-	-	10,851,405	10,752,797
Capital grants and contributions	274,717	257,488	401,337	804,998	676,054	1,062,486
General revenue:						
Property taxes	29,492,428	29,460,187	-	-	29,492,428	29,460,187
State-shared revenue	8,113,467	7,745,035	-	-	8,113,467	7,745,035
Interest	288,310	227,518	33,295	12,449	321,605	239,967
Gain on sale of fixed assets	26,913	592,643	-	-	26,913	592,643
Other revenue	87,492	411,050	-	-	87,492	411,050
Total revenue	70,435,044	71,518,194	31,550,580	28,892,942	101,985,624	100,411,136
Program Expenses						
General government	17,639,097	17,543,412	-	-	17,639,097	17,543,412
Public safety	53,937,075	52,843,586	-	-	53,937,075	52,843,586
Public works	15,999,418	18,212,506	-	-	15,999,418	18,212,506
Health and welfare	577	-	-	-	577	-
Community and economic development	2,998,609	3,788,762	-	-	2,998,609	3,788,762
Cultural and recreation	5,575,856	5,502,089	-	-	5,575,856	5,502,089
Interest on long-term debt	97,501	123,069	-	-	97,501	123,069
Water and sewer	-	-	30,743,734	27,043,048	30,743,734	27,043,048
Total program expenses	96,248,133	98,013,424	30,743,734	27,043,048	126,991,867	125,056,472
Change in Net Position	(25,813,089)	(26,495,230)	806,846	1,849,894	(25,006,243)	(24,645,336)
Net Position - End of year	\$ 38,819,651	\$ 64,632,740	\$ 66,854,648	\$ 66,047,802	\$ 105,674,299	\$ 130,680,542

Governmental Activities

The City's total governmental revenue decreased by approximately \$1,080,000. The decrease, which represents approximately 1.5 percent, was primarily due to Charges for services.

Expenses decreased by approximately \$1,765,000 during the year. The decrease was primarily due to Public works expenditures decreasing.

City of Westland, Michigan

Management's Discussion and Analysis (Continued)

Business-type Activities

The City's business-type activities consist of the Water and Sewer Fund. The City provides water to residents from the Great Lakes Water Authority. The City also provides sewage treatment through Wayne County. The usage of the water system increased slightly from usage in the prior year. Starting July 1, 2017 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 12, 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 2017 is the General Fund.

The General Fund pays for most of the City's governmental services. The most significant are police and fire, which incurred expenses of approximately \$31.8 million in 2017. 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 revenues increased by \$1.3 million. This was due to increases in Federal grants, State Revenue and building permits.

General Fund Budgetary Highlights

Over the course of the year, the City amended the budget to take into account events that occurred during the year. A third quarter budget amendment was approved to increase net revenues in the amount of \$495,000. This consisted mainly of receiving additional tax and public safety revenue. Also, the third quarter budget amendment consisted of increasing many departmental expenditures for a total \$590,000. The net overall effect for this budget amendment increased the use of fund balance by \$95,000.

The General Fund fund balance decreased from \$8,000,839 to \$7,868,242.

As of June 30, 2017, the City had a total of approximately \$283 million invested in a broad range of capital assets, including roads, buildings, police and fire equipment, and water and sewer lines.

City of Westland, Michigan

Management's Discussion and Analysis (Continued)

Capital Asset and Debt Administration

The City had significant capital expenditures during the fiscal year; the following represents the most significant capital purchases for the year ended June 30, 2017

- Road projects including Central City Parkway and Newburgh Road were completed during the fiscal year.
- The State required all election equipment to be replaced. The State paid for a majority of the cost with the City using capital improvement money to complete the replacement.
- \$70,000 was spent by the Court to replace carpet throughout the Courthouse.
- A new sewer jet truck for \$193,674 was purchased during the fiscal year. Also two – ½ ton 4x4 pickup trucks were purchased.
- The meter replacement program concluded with over 95% of meters replaced.

Debt service makes up approximately 6.2 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, 2017 takes into consideration a conservative economic climate. Although the taxable values for residential property increased for the 2016 taxable year, the overall taxable value for the City increased by less than 1 percent. The Michigan tax tribunal cases have leveled off. The state-shared revenue increased for 2017. 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. 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, 2018 budget anticipates that the water and sewer costs will increase. Due to the meter change out program there was no increase in rates beginning July 1, 2017 but the City will bring any further recommendations to the City Council as necessary.

Contacting the City's Management

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

June 30, 2017

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents (Note 3)	\$ 17,214,576	\$ 17,233,564	\$ 34,448,140	\$ 2,952,208
Investments (Note 3)	-	-	-	41,179
Receivables (Note 4)	5,583,344	10,079,377	15,662,721	37,961
Due from component units	139,935	-	139,935	-
Due from primary government	-	-	-	1,469
Internal balances	88,531	(88,531)	-	-
Inventory	-	86,042	86,042	-
Prepaid expenses and other assets	826,212	13,513	839,725	4,167
Restricted assets (Note 6)	-	100,000	100,000	956,338
Land held for resale	1,212,070	-	1,212,070	-
Capital assets: (Note 5)				
Not being depreciated	3,565,799	-	3,565,799	266,364
Depreciable - Net	194,774,924	85,671,532	280,446,456	5,616,616
Note receivable	3,635,488	-	3,635,488	-
Total assets	227,040,879	113,095,497	340,136,376	9,876,302
Deferred Outflows of Resources (Note 15)	19,115,174	1,257,435	20,372,609	-
Liabilities				
Accounts payable	2,000,457	2,803,306	4,803,763	76,928
Due to other governmental units	131	1,015	1,146	16,135
Due to component units	1,469	-	1,469	-
Due to primary government	-	-	-	139,935
Deposits	-	176,022	176,022	-
Accrued liabilities and other	806,248	280,679	1,086,927	465,683
Unearned revenue (Note 4)	97,804	-	97,804	-
Noncurrent liabilities:				
Due within one year:				
Compensated absences (Note 8)	3,640,457	274,861	3,915,318	-
Provision for claims	1,260,713	228,880	1,489,593	-
Current portion of long-term debt (Note 8)	1,052,513	951,623	2,004,136	915,000
Due in more than one year:				
Compensated absences (Note 8)	6,065,375	-	6,065,375	-
Provision for claims	1,195,302	357,171	1,552,473	-
Net pension liability (Note 15)	125,714,242	20,437,526	146,151,768	-
Net OPEB obligation (Note 16)	60,856,710	6,316,499	67,173,209	-
Long-term debt - Net of current portion (Note 8)	4,472,889	15,610,237	20,083,126	16,855,000
Total liabilities	207,164,310	47,437,819	254,602,129	18,468,681
Deferred Inflows of Resources (Note 15)	172,092	60,465	232,557	-
Net Position				
Net investment in capital assets	192,815,321	69,109,672	261,924,993	3,417,980
Restricted:				
Retirement system	1,257,000	-	1,257,000	-
Sanitation	103,000	-	103,000	-
Road improvements	4,869,448	-	4,869,448	-
Library operations	2,601,759	-	2,601,759	-
Other (Note 13)	1,583,649	100,000	1,683,649	-
Unrestricted	(164,410,526)	(2,355,024)	(166,765,550)	(12,010,359)
Total net position	\$ 38,819,651	\$ 66,854,648	\$ 105,674,299	\$ (8,592,379)

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	\$ 17,639,097	\$ 7,739,973	\$ 594,658	\$ -
Public safety	53,937,075	9,940,025	1,622,427	272,971
Public works	15,999,995	1,221,426	5,884,582	1,746
Community and economic development	2,998,609	-	1,395,130	-
Recreation and culture	5,575,856	2,398,888	1,354,608	-
Interest on long-term debt	97,501	-	-	-
Total governmental activities	96,248,133	21,300,312	10,851,405	274,717
Business-type activities - Water and sewer	30,743,734	31,115,948	-	401,337
Total primary government	\$ 126,991,867	\$ 52,416,260	\$ 10,851,405	\$ 676,054
Component units	\$ 4,195,680	\$ -	\$ 147,177	\$ -

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

Total general revenue

Change in Net Position

Net Position - Beginning of year

Net Position - End of year

Statement of Activities

Year Ended June 30, 2017

Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (9,304,466)	\$ -	\$ (9,304,466)	\$ -
(42,101,652)	-	(42,101,652)	-
(8,892,241)	-	(8,892,241)	-
(1,603,479)	-	(1,603,479)	-
(1,822,360)	-	(1,822,360)	-
(97,501)	-	(97,501)	-
(63,821,699)	-	(63,821,699)	-
-	773,551	773,551	-
(63,821,699)	773,551	(63,048,148)	-
-	-	-	(4,048,503)
29,492,428	-	29,492,428	3,930,934
8,113,467	-	8,113,467	-
288,310	33,295	321,605	10,857
26,913	-	26,913	-
87,492	-	87,492	-
38,008,610	33,295	38,041,905	3,941,791
(25,813,089)	806,846	(25,006,243)	(106,712)
64,632,740	66,047,802	130,680,542	(8,485,667)
\$ 38,819,651	\$ 66,854,648	\$ 105,674,299	\$ (8,592,379)

Governmental Funds
Balance Sheet

June 30, 2017

	Combining General Fund	Nonmajor Funds	Total Governmental Funds
Assets			
Cash and cash equivalents (Note 3)	\$ 5,258,020	\$ 11,956,556	\$ 17,214,576
Receivables - Net (Note 4)	4,289,825	1,293,519	5,583,344
Due from component units (Note 7)	918	139,017	139,935
Due from other funds (Note 7)	1,559,078	609,892	2,168,970
Prepaid expenses and other assets	750,021	76,191	826,212
Land held for resale	-	1,212,070	1,212,070
Note receivable	3,635,488	-	3,635,488
	<u>\$ 15,493,350</u>	<u>\$ 15,287,245</u>	<u>\$ 30,780,595</u>
Total assets			
Liabilities			
Accounts payable	\$ 1,323,546	\$ 676,911	\$ 2,000,457
Due to other governmental units	-	131	131
Due to component units	1,378	91	1,469
Due to other funds	609,892	1,470,547	2,080,439
Accrued liabilities and other	755,428	14,561	769,989
Unearned revenue (Note 4)	97,804	-	97,804
	<u>2,788,048</u>	<u>2,162,241</u>	<u>4,950,289</u>
Total liabilities			
Deferred Inflows of Resources - Unavailable revenue (Note 4)	4,837,060	126,345	4,963,405
Fund Balance			
Nonspendable - Prepaids	750,021	76,191	826,212
Restricted:			
Roads	-	4,866,934	4,866,934
Police and fire retirement	1,257,000	-	1,257,000
Community development	-	1,093,380	1,093,380
Drug forfeiture	-	991	991
Library	-	2,441,998	2,441,998
Street lighting	-	343,584	343,584
Metroact Broadband	131,067	-	131,067
Sanitation	103,000	-	103,000
Assigned - Capital projects	-	4,175,581	4,175,581
Unassigned	5,627,154	-	5,627,154
	<u>7,868,242</u>	<u>12,998,659</u>	<u>20,866,901</u>
Total fund balance			
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 15,493,350</u>	<u>\$ 15,287,245</u>	<u>\$ 30,780,595</u>

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2017

Fund Balance Reported in Governmental Funds	\$ 20,866,901
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	198,340,723
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	4,963,405
Deferred outflows and inflows of resources related to pension are reported in the government-wide statements, but not in the governmental funds	18,943,082
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(5,525,402)
Accrued interest is not due and payable in the current period and is not reported in the funds	(36,259)
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	(9,705,832)
Pension benefits	(125,714,242)
Retiree healthcare benefits	(60,856,710)
Other long-term liabilities, such as claims and judgments, landfill closure and postclosure costs, and net pension obligations, do not present a claim on current financial resources and are not reported as fund liabilities	(2,456,015)
Net Position of Governmental Activities	\$ 38,819,651

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2017

	Combining General Fund	Nonmajor Funds	Total Governmental Funds
Revenue			
Property taxes	\$ 25,806,496	\$ 2,753,498	\$ 28,559,994
Special assessments	-	1,478,456	1,478,456
Intergovernmental:			
Federal sources	1,145,535	1,379,344	2,524,879
State sources	10,019,094	6,642,068	16,661,162
Charges for services	7,448,463	-	7,448,463
Court fines and fees	5,178,289	-	5,178,289
Licenses and permits	1,360,830	-	1,360,830
Interest income	251,863	36,447	288,310
Other revenue:			
Local sources	2,565,628	84,006	2,649,634
Other income	4,383,177	38,550	4,421,727
Refund of captured property taxes	836,748	95,686	932,434
Cable franchise fees	1,840,976	-	1,840,976
Total revenue	60,837,099	12,508,055	73,345,154
Expenditures			
Current services:			
General government	15,505,173	12,670	15,517,843
Street lighting	102,643	1,661,126	1,763,769
Public safety	37,632,672	484,627	38,117,299
Highway, streets, and drains	-	4,849,080	4,849,080
Sanitation	2,969,918	-	2,969,918
Community and economic development	889,319	1,650,619	2,539,938
Recreation and culture	2,641,663	3,041,052	5,682,715
Capital outlay	-	332,952	332,952
Debt service	283,757	796,538	1,080,295
Total expenditures	60,025,145	12,828,664	72,853,809
Excess of Revenue Over (Under) Expenditures	811,954	(320,609)	491,345
Other Financing Sources (Uses)			
Transfers in (Note 7)	20,000	3,016,209	3,036,209
Transfers out (Note 7)	(967,850)	(2,068,359)	(3,036,209)
Proceeds from sale of capital assets	3,299	-	3,299
Total other financing (uses) sources	(944,551)	947,850	3,299
Net Change in Fund Balances	(132,597)	627,241	494,644
Fund Balances - Beginning of year	8,000,839	12,371,418	20,372,257
Fund Balances - End of year	\$ 7,868,242	\$ 12,998,659	\$ 20,866,901

Governmental Funds

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

Year Ended June 30, 2017

Net Change in Fund Balance Reported in Governmental Funds	\$ 494,644
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	(8,235,492)
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	(198,103)
Special assessment revenue is recorded in the statement of activities when the assessment is set; it is not reported in the funds until collected or collectible within 60 days of year end	(29,117)
Repayment of debt principal is an expenditure in the governmental funds, but not in the government-wide statements (where it reduces long-term debt)	1,208,789
Change in accrued interest on long-term debt is not recorded in the governmental funds	(5,666)
Changes in liabilities incurred but not reported are not recorded in the governmental funds	(756,141)
Change in accumulated employee sick and vacation pay is recorded when earned in the statement of activities	(1,329,444)
Change in environmental remediation liability	70,000
Change in other postemployment benefit liability is not recorded in the governmental funds	(6,111,702)
Change in pension benefit liability is not recorded in the governmental funds	<u>(10,920,857)</u>
Change in Net Position of Governmental Activities	<u>\$ (25,813,089)</u>

Proprietary Funds
Statement of Net Position

June 30, 2017

Water and
Sewer

Assets

Current assets:

Cash and cash equivalents	\$	17,233,564
Receivables - Net		10,079,377
Inventory		86,042
Prepaid expenses and other assets		13,513
Total current assets		27,412,496

Noncurrent assets:

Restricted assets (Note 6)		100,000
Capital assets - Net (Note 5)		85,671,532
Total noncurrent assets		85,771,532
Total assets		113,184,028

Deferred Outflows of Resources (Note 15)

1,257,435

Liabilities

Current liabilities:

Accounts payable		2,803,306
Due to other governmental units		1,015
Due to other funds		88,531
Deposits		176,022
Accrued liabilities and other		280,679
Compensated absences		274,861
Provision for claims		228,880
Current portion of long-term debt		951,623
Total current liabilities		4,804,917

Noncurrent liabilities:

Provision for claims (Notes 9 and 12)		357,171
Net pension liability (Note 15)		20,437,526
Net OPEB obligation (Note 16)		6,316,499
Long-term debt - Net of current portion		15,610,237
Total noncurrent liabilities		42,721,433

Total liabilities

47,526,350

Deferred Inflows of Resources

60,465

Net Position

Net investment in capital assets		69,109,672
Restricted (Note 13)		100,000
Unrestricted		(2,355,024)
Total net position		\$ 66,854,648

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

Year Ended June 30, 2017

	Water and Sewer
Operating Revenue	
Water and sewer	\$ 29,658,946
Penalties	1,314,840
Other	142,162
Total operating revenue	31,115,948
Operating Expenses	
Cost of water	6,118,257
Cost of sewage disposal	9,075,455
Sundry	61,265
Wage and fringe benefits	6,771,398
Contracted services	4,344,187
Operating supplies	305,290
Repairs and maintenance	1,152,705
Rent, insurance claims, and other	943
Depreciation	2,284,435
Total operating expenses	30,113,935
Operating Income	1,002,013
Nonoperating Revenue (Expense)	
Interest income	33,295
Interest expense	(629,799)
Total nonoperating expense	(596,504)
Income - Before contributions	405,509
Capital Contributions - Lines donated by developers	401,337
Change in Net Position	806,846
Net Position - Beginning of year	66,047,802
Net Position - End of year	\$ 66,854,648

Proprietary Funds
Statement of Cash Flows

Year Ended June 30, 2017

	Water and Sewer
Cash Flows from Operating Activities	
Receipts from customers	\$ 31,142,930
Internal activity - Receipts from other funds	58,865
Payments to suppliers	(23,693,421)
Payments to employees	(4,060,252)
Claims paid	55,295
	3,503,417
Net cash and cash equivalents provided by operating activities	3,503,417
Cash Flows from Capital and Related Financing Activities	
Receipt of capital grants	33,837
Purchase of capital assets	(1,392,788)
Principal and interest paid on capital debt	(1,575,127)
	(2,934,078)
Net cash and cash equivalents used in capital and related financing activities	(2,934,078)
Cash Flows Provided by Investing Activities - Interest received on investments and other assets	34,594
Net Increase in Cash and Cash Equivalents	603,933
Cash and Cash Equivalents - Beginning of year	16,729,631
Cash and Cash Equivalents - End of year	\$ 17,333,564
Statement of Net Position Classification of Cash and Cash Equivalents	
Cash and investments	\$ 17,233,564
Restricted investments	100,000
	\$ 17,333,564
Reconciliation of Operating Income to Net Cash from Operating Activities	
Operating income	\$ 1,002,013
Adjustments to reconcile operating income to net cash from operating activities:	
Depreciation	2,284,435
Changes in assets and liabilities:	
Receivables	26,982
Due to and from other funds	58,865
Inventories	11,425
Prepaid and other assets	15,473
Net pension and OPEB liability	2,708,129
Accounts payable	(2,659,200)
Estimated claims liability	55,295
	2,501,404
Total adjustments	2,501,404
Net cash and cash equivalents provided by operating activities	\$ 3,503,417
Significant Noncash Transactions - Donated water and sewer lines	\$ 367,500

Fiduciary Funds
Statement of Fiduciary Net Position

June 30, 2017

	Police and Fire Pension	Agency
Assets		
Cash and cash equivalents (Note 3)	\$ -	\$ 2,589,684
Investments: (Note 3)		
U.S. government securities	9,754,695	-
Common stocks	74,575,635	-
Corporate bonds	7,743,544	-
Real estate	10,839,820	-
Mutual funds	43,359,929	-
Securities lending - Mutual funds	947,938	-
Closely held - Equity	13,366,770	-
Receivables	280,059	-
	160,868,390	\$ 2,589,684
Total assets		
Liabilities		
Accounts payable	234,607	\$ -
Due to other governmental units	-	1,279,559
Accrued liabilities and other	-	1,310,125
Obligations under securities lending agreements	1,079,507	-
	1,314,114	\$ 2,589,684
Total liabilities		
Net Position Held in Trust for Pension Benefits	\$ 159,554,276	

Fiduciary Funds
Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2017

	Police and Fire Pension
Additions	
Investment income (loss):	
Interest and dividends	\$ 2,998,633
Net increase in fair value of investments	19,868,275
Investment-related expenses	(1,040,389)
Total investment income	21,826,519
Contributions:	
Employer	6,879,391
Employee	621,949
Total contributions	7,501,340
Total additions	29,327,859
Deductions	
Benefit payments	15,262,150
Administrative expenses	223,529
Total deductions	15,485,679
Net Increase in Net Position Held in Trust	13,842,180
Net Position Held in Trust for Pension Benefits - Beginning of year	145,712,096
Net Position Held in Trust for Pension Benefits - End of year	\$ 159,554,276

Component Units
Statement of Net Position

June 30, 2017

	Downtown Development Authority	Local Development Finance Authority	Tax Increment Finance Authority	Brownfield Redevelopment Authority	Total
Assets					
Cash and cash equivalents (Note 3)	\$ 1,220,650	\$ 211,713	\$ 1,237,915	\$ 281,930	\$ 2,952,208
Investments (Note 3)	-	-	41,179	-	41,179
Receivables	-	-	37,961	-	37,961
Due from primary government	1,469	-	-	-	1,469
Prepaid expenses and other assets	4,167	-	-	-	4,167
Restricted assets (Note 6)	-	-	956,338	-	956,338
Capital assets - Net	5,591,306	-	291,674	-	5,882,980
Total assets	6,817,592	211,713	2,565,067	281,930	9,876,302
Liabilities					
Accounts payable	20,596	900	55,432	-	76,928
Due to other governmental units	-	-	16,135	-	16,135
Due to primary government	-	139,017	918	-	139,935
Accrued liabilities and other	35,034	-	430,649	-	465,683
Noncurrent liabilities:					
Due within one year	285,000	-	630,000	-	915,000
Due in more than one year	2,180,000	-	14,675,000	-	16,855,000
Total liabilities	2,520,630	139,917	15,808,134	-	18,468,681
Net Position					
Net investment in capital assets	3,126,306	-	291,674	-	3,417,980
Unrestricted	1,170,656	71,796	(13,534,741)	281,930	(12,010,359)
Total net position	\$ 4,296,962	\$ 71,796	\$ (13,243,067)	\$ 281,930	\$ (8,592,379)

City of Westland, Michigan

	Program Revenue			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
Downtown Development Authority	\$ 1,234,992	\$ -	\$ 94,368	\$ -
Local Development Finance Authority	446,316	-	36,073	-
Tax Increment Finance Authority	2,457,173	-	4,405	-
Brownfield Redevelopment Authority	57,199	-	12,331	-
Total	<u>\$ 4,195,680</u>	<u>\$ -</u>	<u>\$ 147,177</u>	<u>\$ -</u>

General revenue:

Property taxes

Interest 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, 2017

Net (Expense) Revenue and Changes in Net Position				
Downtown Development Authority	Local Development Finance Authority	Tax Increment Finance Authority	Brownfield Redevelopment Authority	Total
\$ (1,140,624)	\$ -	\$ -	\$ -	\$ (1,140,624)
-	(410,243)	-	-	(410,243)
-	-	(2,452,768)	-	(2,452,768)
-	-	-	(44,868)	(44,868)
(1,140,624)	(410,243)	(2,452,768)	(44,868)	(4,048,503)
1,745,562	84,170	1,968,396	132,806	3,930,934
1,601	953	7,819	484	10,857
1,747,163	85,123	1,976,215	133,290	3,941,791
606,539	(325,120)	(476,553)	88,422	(106,712)
3,690,423	396,916	(12,766,514)	193,508	(8,485,667)
\$ 4,296,962	\$ 71,796	\$ (13,243,067)	\$ 281,930	\$ (8,592,379)

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 Government Accounting Standards Board. 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 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 to 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) and internal service funds (which provide goods or services to other funds of the City). The City reports the following fund as a “major” enterprise fund:

- The Water and Sewer Fund 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 and internal service 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. Mortgages are valued on the basis of future principal and interest payments. The fair value of real estate investments is based on periodic appraisals as well as the judgment of independent real estate advisors and management. Investments that do not have an established market value are reported at estimated fair value as determined by the plan's management.

Approximately 23.82 percent of the plan's assets as of June 30, 2017 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." 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 revenue bonds of the enterprise funds require amounts to be set aside for construction, debt service principal and interest, operations and maintenance, and a bond reserve. These amounts have been classified as restricted assets.

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:

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

Long-term Obligations

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position 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.

Note 1 - Significant Accounting Policies (Continued)

The deferred outflows of resources related to the defined benefit plan result from four transactions: contributions to the defined benefit pension plan subsequent to the plan's year end through the City's fiscal year, changes in assumptions related to economic and demographic factors, differences between expected and actual experience in the pension plan, and the variance between the plan's actual investment earnings compared to the plan's assumed investment earnings

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.

The governmental funds report unavailable revenue from multiple sources: grants, special assessments, delinquent personal property tax, and long-term receivables. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Additionally, the government-wide statements and proprietary fund report deferred inflows related to pension representing the difference between actual and expected experience.

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.

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 2016 taxable valuation of the City totaled \$1.61 million (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 \$10.5 million for city operations, approximately \$3.1 million for operation of the library, approximately \$12.9 million for the Police and Fire Pension Fund, and approximately \$3.9 million for sanitation. Portions of the amounts levied have been captured by the tax increment financing authorities reported in the component units. These amounts, net of the amounts reported by the component units, are recognized in the respective General Fund and Special Revenue Fund financial statements as taxes receivable or as tax revenue.

Pension

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

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 and internal service funds are charges to customers for sales and services. The Water and Sewer Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All 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 June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which addresses reporting by governments that provide postemployment benefits other than pensions (OPEB) to their employees and for governments that finance OPEB for employees of other governments. This OPEB standard will require the City to recognize on the face of the financial statements its net OPEB liability. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the City's financial statements for the year ending June 30, 2018.

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.

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:

Cumulative shortfall at July 1, 2016	\$ (2,459,768)
Current year permit revenue	1,179,150
Related expenses	<u>1,360,965</u>
Current year shortfall	<u>(181,815)</u>
Cumulative shortfall at June 30, 2017	<u>\$ (2,641,583)</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.

Note 3 - Deposits and Investments (Continued)

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, 2017, 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, 2017 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, 2017, 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, 2017 was \$1,079,507 and \$1,041,815, respectively.

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

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At year end, the City had \$36,975,080 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 \$3,657,076 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.

June 30, 2017

Note 3 - Deposits and Investments (Continued)

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	\$ 3,731,258	5.78
U.S. government agency securities	6,023,457	18.72
Corporate securities	7,743,544	8.78
Foreign bonds	1,570,941	6.66
Municipal bonds	56,779	5.75
Component units - U.S. Treasury securities	79,141	0.88

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)	\$ 760,034	A	S&P
Corporate securities (pension)	337,516	AA	S&P
Corporate securities (pension)	763,067	AAA	S&P
Corporate securities (pension)	568,541	B	S&P
Corporate securities (pension)	1,114,364	BB	S&P
Corporate securities (pension)	3,255,210	BBB	S&P
Corporate securities (pension)	944,812	NR	S&P
Foreign bonds (pension)	376,459	A	S&P
Foreign bonds (pension)	161,625	B	S&P
Foreign bonds (pension)	288,893	BB	S&P
Foreign bonds (pension)	531,610	BBB	S&P
Foreign bonds (pension)	212,354	NR	S&P
Municipal bonds (pension)	56,779	B	S&P
U.S. government agency securities (pension)	118,306	AA	S&P
U.S. government agency securities (pension)	9,636,388	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, 2017, the City was invested in Loomis Sayles Small Midcap Core Trust comprising 9.42 percent 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	\$ 682,306	\$ 88,833	\$ 771,139	\$ 1,649,813	\$ 2,420,952	\$ -
Customer receivables	-	-	-	8,429,564	8,429,564	-
Accrued interest receivable	-	-	-	-	-	37,961
Other receivables	779,242	1,340	780,582	-	780,582	-
Due from other governments	2,828,277	1,203,346	4,031,623	-	4,031,623	-
Net receivables	<u>\$ 4,289,825</u>	<u>\$ 1,293,519</u>	<u>\$ 5,583,344</u>	<u>\$ 10,079,377</u>	<u>\$ 15,662,721</u>	<u>\$ 37,961</u>

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

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

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

	Revenue Not Available	Revenue Not Earned
General Fund - Personal property tax	\$ 876,822	\$ -
General Fund - E-911 wireless revenue	324,750	-
General Fund - Advanced engineering fees	-	97,804
General Fund - Westland Taylor receivable	3,635,488	-
Other nonmajor governmental funds - Library personal property tax	89,001	-
Other nonmajor - Grant receivable	37,344	-
Total	<u>\$ 4,963,405</u>	<u>\$ 97,804</u>

June 30, 2017

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, 2016	Additions	Disposals and Adjustments	Balance June 30, 2017
Capital assets not being depreciated:				
Land	\$ 3,335,379	\$ -	\$ -	\$ 3,335,379
Construction in progress	-	230,420	-	230,420
Subtotal	3,335,379	230,420	-	3,565,799
Capital assets being depreciated:				
Roads and sidewalks	706,590,441	4,179,287	(15,854,109)	694,915,619
Buildings and improvements	35,159,392	723,759	-	35,883,151
Other tools and equipment	34,226,298	269,691	(315,400)	34,180,589
Subtotal	775,976,131	5,172,737	(16,169,509)	764,979,359
Accumulated depreciation:				
Machinery and equipment	540,923,057	10,982,334	(15,854,109)	536,051,282
Buildings and improvements	8,333,266	981,825	-	9,315,091
Other tools and equipment	23,478,972	1,669,704	(310,614)	24,838,062
Subtotal	572,735,295	13,633,863	(16,164,723)	570,204,435
Net capital assets being depreciated	203,240,836	(8,461,126)	(4,786)	194,774,924
Net governmental activities capital assets	<u>\$ 206,576,215</u>	<u>\$ (8,230,706)</u>	<u>\$ (4,786)</u>	<u>\$ 198,340,723</u>

Business-type Activities

	Balance July 1, 2016	Additions	Disposals and Adjustments	Balance June 30, 2017
Capital assets being depreciated - Water and sewer lines	\$ 128,639,194	\$ 1,846,796	\$ (9,179,829)	\$ 121,306,161
Accumulated depreciation - Water and sewer lines	42,443,515	2,053,911	(8,862,797)	35,634,629
Net business-type activity capital assets	<u>\$ 86,195,679</u>	<u>\$ (207,115)</u>	<u>\$ (317,032)</u>	<u>\$ 85,671,532</u>

June 30, 2017

Note 5 - Capital Assets (Continued)

Component Unit

	Balance July 1, 2016	Additions	Disposals and Adjustments	Balance June 30, 2017
Capital assets not being depreciated - Land	\$ 266,364	\$ -	\$ -	\$ 266,364
Capital assets being depreciated:				
DDA improvements	6,792,708	18,399	-	6,811,107
TIFA improvements	499,858	-	-	499,858
Subtotal	7,292,566	18,399	-	7,310,965
Accumulated depreciation:				
DDA improvements	1,308,400	177,765	-	1,486,165
TIFA improvements	184,709	23,475	-	208,184
Subtotal	1,493,109	201,240	-	1,694,349
Net capital assets being depreciated	5,799,457	(182,841)	-	5,616,616
Net capital assets	<u>\$ 6,065,821</u>	<u>\$ (182,841)</u>	<u>\$ -</u>	<u>\$ 5,882,980</u>

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

Governmental activities:	
General government	\$ 1,119,135
Public safety	958,032
Public works	11,362,307
Recreation and culture	194,389
Total governmental activities	<u>\$ 13,633,863</u>
Business-type activities - Enterprise Fund - Water and Sewer	\$ 2,053,911

Note 6 - Restricted Assets

Restricted assets at June 30, 2017 consist of bond reserve cash, unspent bond proceeds in the Water and Sewer Fund, and unspent bond proceeds in the Tax Increment Finance Authority Fund for the following purposes:

	Business-type Activities	Component Units
Bond reserve for 1998 Water and Sewer Revenue Bonds	\$ 100,000	\$ -
Unspent bond proceeds	-	956,338
Total	<u>\$ 100,000</u>	<u>\$ 956,338</u>

June 30, 2017

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	\$ 1,470,547
	Water and Sewer Fund	88,531
	Total General Fund	1,559,078
Other nonmajor governmental funds	General Fund	609,892
	Total	<u>\$ 2,168,970</u>

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

Receivable	Payable	Amount
Component unit - Downtown Development Authority	Primary government - General Fund	\$ 1,378
	Primary government - Library	91
Primary government - General Fund	Component unit - Tax Increment Finance Authority	918
Primary government - Major Road	Component unit - Local Development Finance Authority	139,017
	Total	<u>\$ 141,404</u>

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 comprised of the following:

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
General Fund	Other nonmajor governmental funds (1)	\$ 967,850
Other nonmajor governmental funds	General Fund (3)	20,000
	Other nonmajor governmental funds (1)	1,021,287
	Other nonmajor governmental funds (2)	1,027,072
	Total other nonmajor governmental funds	2,068,359
	Total	<u>\$ 3,036,209</u>

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

June 30, 2017

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, 2017 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	3.000%-4.000%	\$300,000	\$ 900,000	\$ -	\$ (300,000)	\$ 600,000	\$ 300,000
2005 Building Authority Refunding Bonds	4.000%-5.000%	\$405,000 - \$500,000	1,755,000	-	(405,000)	1,350,000	405,000
2015 Capital Improvement Bond	3.000%-5.000%	\$63,377 - \$102,895	1,625,000	-	(61,140)	1,563,860	63,378
Unamortized bond premium	n/a	\$3,523	66,930	-	(3,523)	63,407	-
Installment purchase agreement:							
2009 Recycling Containers	5.980%	\$146,135	284,025	-	(137,890)	146,135	146,135
2013 New City Hall	2.600%	\$90,000 - \$145,000	1,365,000	-	(90,000)	1,275,000	90,000
2014 Police cars	2.500%	\$166,759	166,759	-	(166,759)	-	-
HUD Section 108 Loan	.5289% - .81220%	\$47,000 - \$48,000	575,000	-	(48,000)	527,000	48,000
Total governmental bonds			6,737,714	-	(1,212,312)	5,525,402	1,052,513
Compensated absences			8,376,388	8,519,849	(7,190,405)	9,705,832	3,640,457
Total governmental activities long-term debt			<u>\$ 15,114,102</u>	<u>\$ 8,519,849</u>	<u>\$ (8,402,717)</u>	<u>\$ 15,231,234</u>	<u>\$ 4,692,970</u>

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	3.875% - 3.900%	\$250,000	\$ 500,000	\$ -	\$ (250,000)	\$ 250,000	\$ 250,000
General obligation bonds:							
2010 State Revolving Fund Loan	2.500%	\$25,000 - \$35,000	412,794	-	(25,000)	387,794	25,000
2010 Strategic Water Quality Initiatives Loan	2.500%	\$115,000 - \$317,183	2,042,183	-	(115,000)	1,927,183	115,000
2015 Capital Improvement Bond	3.000% - 5.000%	\$361,231 - \$706,228	9,275,000	-	(348,859)	8,926,141	361,623
2014 Capital Improvement Bond	2.000% - 3.750%	\$200,000 - \$400,000	4,825,000	-	(175,000)	4,650,000	200,000
Unamortized bond premiums	n/a	\$23,517	444,259	-	(23,517)	420,742	-
Total revenue bonds			17,499,236	-	(937,376)	16,561,860	951,623
Compensated absences			287,335	252,968	(265,442)	274,861	274,861
Total business-type activities long-term debt			<u>\$ 17,786,571</u>	<u>\$ 252,968</u>	<u>\$ (1,202,818)</u>	<u>\$ 16,836,721</u>	<u>\$ 1,226,484</u>

June 30, 2017

Note 8 - Long-term Debt (Continued)

Component Unit

	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							
	3.000% - 5.250%	\$630,000 - \$1,285,000	\$ 15,910,000	\$ -	\$ (605,000)	\$ 15,305,000	\$ 630,000
2014 Downtown Development Bonds - Farmer's Market							
	3.500%	\$285,000 - \$335,000	2,745,000	-	(280,000)	2,465,000	285,000
Total component unit long-term debt			\$ 18,655,000	\$ -	\$ (885,000)	\$ 17,770,000	\$ 915,000

Debt Service Requirements to Maturity

Total interest incurred related to governmental and business-type activities and component units for the year approximated \$224,000, \$629,000, and \$805,000, 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
2018	\$ 1,052,513	\$ 169,467	\$ 1,221,980	\$ 951,623	\$ 598,152	\$ 1,549,775	\$ 915,000	\$ 782,806	\$ 1,697,806
2019	959,360	127,098	1,086,458	723,640	564,937	1,288,577	945,000	751,906	1,696,906
2020	717,342	96,280	813,622	770,658	538,380	1,309,038	975,000	719,906	1,694,906
2021	220,325	80,212	300,537	792,675	510,347	1,303,022	1,010,000	693,237	1,703,237
2022	239,738	73,801	313,539	848,202	479,088	1,327,290	1,035,000	660,938	1,695,938
2023-2027	1,305,658	502,682	1,808,340	4,704,342	1,846,024	6,550,366	5,115,000	2,680,966	7,795,966
2028-2032	724,008	112,709	836,717	5,562,609	1,161,885	6,724,494	5,270,000	1,488,310	6,758,310
Thereafter	243,051	14,674	257,725	1,787,369	98,726	1,886,095	2,505,000	198,974	2,703,974
Total	\$ 5,461,995	\$ 1,176,923	\$ 6,638,918	\$ 16,141,118	\$ 5,797,539	\$ 21,938,657	\$ 17,770,000	\$ 7,977,043	\$ 25,747,043

Future Revenue Pledged for Debt Payments

The City has pledged substantially all revenue of the Water and Sewer Fund, net of operating expenses, to repay the above water and sewer revenue bonds. Proceeds from the bonds provided financing for the construction of the water supply and sewage disposal systems. The bonds are payable solely from the net revenue of the water and sewer system. The remaining principal and interest to be paid on the bonds total \$261,250. During the current year, net revenue of the system was \$1,213,965 compared to the annual debt requirements of \$261,250.

Note 9 - Other Liabilities

Central City Park had been closed due to environmental contamination since 2007, but has since reopened. At the time of reopening, Wayne County (the "County") deeded the property to the City and the City and County came to a shared agreement and remediation plan. According to the agreement, the City paid the County \$765,000 during fiscal year 2011 and then will reimburse the County an additional \$350,000, in total, over the next five years, beginning in November 2012. The final remaining balance of \$70,000 was paid off during the current fiscal year. According to the contract, the City of Westland, Michigan shall be responsible for any additional costs that are incurred during the remediation process that are above the County's contribution of \$1,500,000. As of the report date, the remediation was completed and the City did not incur any material additional costs.

Note 10 - Risk Management

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

The Michigan Municipal Risk Management Authority risk pool program operates as a claims servicing pool for amounts up to member retention limits and operates as a common risk-sharing management program for losses in excess of member retention amounts. Although premiums are paid annually to the Authority that 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	
	2017	2016	2017	2016	2017	2016
Unpaid claims - Beginning of year	\$ 2,067,040	\$ 1,514,907	\$ 243,458	\$ 363,855	\$ (79,868)	\$ 145,349
Incurred claims, including claims incurred but not reported	1,586,424	2,126,940	81,530	128,965	9,995,060	9,788,207
Claim payments	(1,637,613)	(1,574,807)	(78,740)	(249,362)	(9,135,225)	(10,013,424)
Unpaid claims - End of year	<u>\$ 2,015,851</u>	<u>\$ 2,067,040</u>	<u>\$ 246,248</u>	<u>\$ 243,458</u>	<u>\$ 779,967</u>	<u>\$ (79,868)</u>

Note 11 - Joint Ventures

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

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

The City is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. Complete financial statements for the Nankin Transit Commission and the Central Wayne County Sanitation Authority can be obtained from their administrative offices at the Jefferson Barnes Community Center, 32150 Dorsey St., Westland, MI 48186 and 3759 Commerce Court, Wayne, MI 48184, respectively.

Note 12 - 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.

June 30, 2017

Note 13 - Restricted Net Position

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

	Governmental Activities	Business-type Activities
Public Safety - E-911	\$ 11,710	\$ -
Public safety - Drug forfeiture	3,908	-
Metroact Broadband	131,067	-
Street lighting	343,584	-
Community development	1,093,380	-
Revenue bonds	-	100,000
Total restricted net position	<u>\$ 1,583,649</u>	<u>\$ 100,000</u>

Note 14 - Commitments

The City has entered into several construction and maintenance contracts totaling \$9,596,914. As of June 30, 2017, 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.

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.

Note 15 - Pension Plans (Continued)

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, 2017	December 31, 2016
Inactive plan members or beneficiaries currently receiving benefits	276	298
Inactive plan members entitled to but not yet receiving benefits	1	41
Active plan members	149	116
Total employees covered by the plan	<u>426</u>	<u>455</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.

For the year ended June 30, 2017, the average active employee contribution rate was 3 to 5 percent of annual pay and the City's average contribution rate was 57.44 to 74.4 percent of annual payroll for the various employee groups.

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.

	Police and Fire Pension Plan	MERS Plan
Measurement date used for the City NPL	June 30, 2017	December 31, 2016
Based on a comprehensive actuarial valuation as of	June 30, 2016	December 31, 2016

June 30, 2017

Note 15 - Pension Plans (Continued)

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

Police and Fire Pension Plan

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at June 30, 2016	\$ 216,679,302	\$ 145,712,097	\$ 70,967,205
Changes for the year:			
Service cost	3,265,490	-	3,265,490
Interest	15,754,069	-	15,754,069
Differences between expected and actual experience	1,224,995	-	1,224,995
Changes in assumptions	5,107,777	-	5,107,777
Contributions - Employer	-	6,879,391	(6,879,391)
Contributions - Employee	-	714,843	(714,843)
Net investment income	-	20,499,672	(20,499,672)
Benefit payments, including refunds	(16,515,591)	(16,515,591)	-
Administrative expenses	-	(73,345)	73,345
Miscellaneous other charges	-	753,078	(753,078)
Net changes	8,836,740	12,258,048	(3,421,308)
Balance at June 30, 2017	\$ 225,516,042	\$ 157,970,145	\$ 67,545,897

The plan's fiduciary net position represents 70.05 percent of the total pension liability.

MERS Plan

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at December 31, 2015	\$ 130,121,043	\$ 51,183,532	\$ 78,937,511
Changes for the year:			
Service cost	1,220,236	-	1,220,236
Interest	10,118,570	-	10,118,570
Changes in benefits	(6,338)	-	(6,338)
Differences between expected and actual experience	(465,111)	-	(465,111)
Contributions - Employer	-	5,316,066	(5,316,066)
Contributions - Employee	-	343,428	(343,428)
Net investment income	-	5,651,194	(5,651,194)
Benefit payments, including refunds	(8,498,066)	(8,498,066)	-
Administrative expenses	-	(111,691)	111,691
Net changes	2,369,291	2,700,931	(331,640)
Balance at December 31, 2016	\$ 132,490,334	\$ 53,884,463	\$ 78,605,871

Of the total pension liability, \$58,168,344 has been allocated to governmental activities and \$20,437,526 has been allocated to the Water and Sewer Fund.

The plan's fiduciary net position represents 40.6 percent of the total pension liability.

June 30, 2017

Note 15 - Pension Plans (Continued)

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

For the year ended June 30, 2017, the City recognized pension expense of \$25,531,062 from all plans, which includes defined contribution plan expense of \$186,221 (employee contributions to defined contribution plans totaled \$71,793).

At June 30, 2017, 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	\$ 7,548,209	\$ (232,557)
Changes in assumptions	4,076,819	-
Net difference between projected and actual earnings on pension plan investments	6,124,889	-
Employer contributions to the plan subsequent to the measurement date	2,622,692	-
Total	<u>\$ 20,372,609</u>	<u>\$ (232,557)</u>

Of the net deferred outflows of resources, \$19,115,174 has been allocated to governmental activities and \$1,257,435 has been allocated to the Water and Sewer Fund. Of the net deferred inflows of resources, \$172,092 has been allocated to governmental activities and \$60,465 has been allocated to the Water and Sewer Fund.

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
2018	\$ 8,089,981
2019	6,630,319
2020	3,888,107
2021	(1,091,044)
Total	<u>\$ 17,517,363</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 - 14.75%
Investment rate of return (net of investment expenses)	7.25%	8.0%
Mortality rates	RP-2014 Mortality Table	RP-2014 Mortality Table

The actuarial assumptions used in the MERS December 31, 2016 actuarial valuation were based on the results of an actuarial experience study for the period from 2009-2013.

Note 15 - Pension Plans (Continued)

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.

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.

	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%

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 presents 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, 2017:

Police and Fire Pension Plan

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	41.00 %	7.10 %
International equity	15.00	6.90
Global fixed income	30.00	2.80
Hedge funds	6.00	3.50
Real estate	6.00	4.50
Cash or cash equivalents	2.00	1.40

June 30, 2017

Note 15 - Pension Plans (Continued)

MERS Plan

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	58.00 %	5.00 %
Global fixed income	20.00	2.00
Real assets	12.00	4.00
Diversifying strategies	10.00	6.00

The preceding target allocation was amended as of January 1, 2017 to reduce the previous allocation to global equity and global fixed income and to increase the allocation of real assets and diversifying strategies. The target allocation as of January 1, 2017 will be 55.5 percent global equity, 18.5 percent global fixed income, 13.5 percent real assets, and 12.5 percent diversifying strategies.

Rate of Return

For the year ended June 30, 2017, the annual money-weighted rate of return on police and fire pension plan investments, net of pension plan investment expense, was 15.1 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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	\$ 93,849,456	\$ 67,545,897	\$ 45,674,120
Net pension liability of the MERS Plan	93,079,392	78,605,871	66,390,674

Assumption Changes

The Police and Fire Pension plan changed its actuarial assumptions from the previous actuarial valuation. The assumed rate of return was lowered from 7.5 percent to 7.25 percent, the wage inflation assumption was lowered from 4.0 percent to 3.25 percent, a price inflation of 2.75 percent was adopted, the remaining amortization period was extended from 18 years to 22 years, and the rates of mortality were updated to a version of the RP-2014.

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 balance is returned to them; for those who stay until retirement, the balance is transferred into the retiree reserve.

June 30, 2017

Note 15 - Pension Plans (Continued)

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, 2017 are as follows:

	Required Reserve	Amount Funded
Retiree reserve	\$ 177,531,993	\$ 157,339,458
Employee reserve	2,214,816	2,214,816

Note 16 - Other Postemployment Benefits

Plan Description

The City provides retiree healthcare benefits to eligible employees and their spouses.

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

Funding Policy

Retiree healthcare costs are recognized when 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.

Funding Progress

For the year ended June 30, 2017, the City has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of June 30, 2015. The valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. This valuation's computed contribution and actual funding are summarized as follows:

Annual required contribution (recommended)	\$ 14,532,590
Interest on the prior year's net OPEB obligation	2,716,479
Less adjustment to the annual required contribution	<u>(2,498,060)</u>
Annual OPEB cost	14,751,009
Amounts contributed - Payments of current premiums	<u>(7,943,997)</u>
Increase in net OPEB obligation	6,807,012
OPEB obligation - Beginning of year	<u>60,366,197</u>
OPEB obligation - End of year	<u><u>\$ 67,173,209</u></u>

Employer contributions and annual OPEB cost data for the current and two preceding years were as follows:

Fiscal Year Ended	Actuarial Valuation Date	Annual OPEB Costs	Employer Contributions Percentage OPEB Costs Contributed	Net OPEB Obligation
June 30, 2015	June 30, 2015	\$ 14,698,984	49.00 %	\$ 53,462,817
June 30, 2016	June 30, 2015	14,726,031	53.10	60,366,197
June 30, 2017	June 30, 2015	14,751,009	53.85	67,173,209

Note 16 - Other Postemployment Benefits (Continued)

The funding progress of the plan is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
June 30, 2011	\$ -	\$ 216,389,936	\$ 216,389,936	- %	\$ 15,986,830	1,353.55 %
June 30, 2013	-	235,582,416	235,582,416	-	15,531,926	1,516.76
June 30, 2015	-	279,605,383	279,605,383	-	15,247,849	1,833.74

Actuarial Methods and Assumptions

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

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

In the June 30, 2015 actuarial valuation, the entry age normal level percent of salary cost method was used. The actuarial assumptions included a 3.56 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date and an annual healthcare cost trend rate of 9.0 percent initially reduced by decrements to an ultimate rate of 5 percent after eight years. Both rates included a 3.75 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis over 30 years.

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, 2017:

	Assets Measured at Fair Value on a Recurring Basis			
	Balance at June 30, 2017	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
ADR	\$ 4,683,041	\$ 4,683,041	\$ -	\$ -
Asset-backed securities	1,209,525	-	1,209,525	-
Closed end MF - Equity	10,253,419	10,253,419	-	-
Closed end MF - Fixed income tax	6,566,463	6,566,463	-	-
Collateralized mortgage obligations	740,397	-	740,397	-
Common stock	62,609,359	62,609,359	-	-
Corporate bonds	4,183,378	-	4,183,378	-
Foreign bonds	1,570,941	-	1,570,941	-
Foreign stock	5,712,294	5,712,294	-	-
Inflation index bonds	2,700,739	2,700,739	-	-
Mortgage-backed securities	2,729,650	-	2,729,650	-
Municipal obligations	56,779	-	56,779	-
Open end mutual fund - Fixed income tax	6,067,418	6,067,418	-	-
Partnerships alt investments	503,167	-	-	503,167
Private placements	1,610,244	-	1,610,244	-
Real estate investment trusts	2,678,728	2,678,728	-	-
U.S. federal agencies	593,048	593,048	-	-
U.S. government obligations	3,581,267	3,581,267	-	-
U.S. Treasury bills	149,991	149,991	-	-
Mutual funds under securities lending agreements	947,938	-	-	947,938
Total investments measured at fair value	\$ 119,147,786	\$ 105,595,767	\$ 12,100,914	\$ 1,451,105

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, 2017 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, 2017 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 the net asset value (NAV) per share (or its equivalent) is presented in the following table.

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.

Note 17 - Fair Value Measurements (Continued)

As of the year ended June 30, 2017, 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	\$ 15,020,695	\$ -	none	none
Real estate investment trusts	1,822,761	-	none	none
Open end mutual funds - Fixed income tax	1,517,804	-	none	none
CIF - Fixed income	6,338,311	-	none	none
Closely held equity	13,309,991	-	none	none
Total investments measured at NAV	\$ 38,009,562	\$ -		

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 the 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 the 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 the 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; Landbank agreements are intended to reimburse taxpayers for new construction or total rehabilitation projects.

For the fiscal year ended June 30, 2017, the City's property tax revenue was reduced by \$128,538 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.

Required Supplemental Information

Required Supplemental Information
Budgetary Comparison Schedule - General Fund

Year Ended June 30, 2017

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 25,773,256	\$ 25,932,529	\$ 25,806,496	\$ (126,033)
Intergovernmental:				
Federal sources	1,417,306	1,274,947	1,145,535	(129,412)
State sources	9,738,505	9,931,281	10,019,094	87,813
Charges for services	4,200,700	4,205,110	4,048,463	(156,647)
Court fines and fees	4,800,000	4,800,000	5,178,289	378,289
Licenses and permits	1,291,900	1,296,089	1,360,830	64,741
Interest income	260,000	260,000	250,921	(9,079)
Other revenue:				
Local sources	2,030,432	2,096,131	2,071,642	(24,489)
Other income	5,563,499	5,967,520	6,034,652	67,132
Refund of captured property taxes	920,000	837,000	836,748	(252)
Cable franchise fees	1,900,000	1,900,000	1,840,976	(59,024)
Total revenue	57,895,598	58,500,607	58,593,646	93,039
Expenditures				
Current services:				
General government:				
Legislative	122,493	127,293	123,716	3,577
Executive	1,033,334	957,024	930,285	26,739
Computer information systems	1,050,281	1,064,281	966,042	98,239
Law	800,000	800,000	664,729	135,271
Finance	1,654,598	1,658,848	1,598,304	60,544
Assessing	467,307	504,807	498,821	5,986
City clerk	793,586	820,086	791,485	28,601
City hall and grounds	352,000	698,446	600,441	98,005
Insurance	2,000,000	2,000,000	1,953,526	46,474
Personnel	541,099	556,599	513,421	43,178
Housing	704,499	717,699	705,909	11,790
General government	5,864,456	5,679,306	5,239,887	439,419
Community development	722,817	1,017,174	918,607	98,567
Public safety:				
Police	17,834,751	18,002,738	17,915,595	87,143
Fire	14,374,269	13,857,891	13,973,471	(115,580)
Joint dispatch	2,020,775	2,144,575	2,056,810	87,765
Police and Fire Retirement Board	55,000	35,000	31,665	3,335
District Court	3,677,312	3,677,312	3,651,083	26,229
Highway maintenance	1,788,984	1,760,984	1,651,475	109,509
Sanitation	3,384,904	3,384,904	2,969,918	414,986
Youth Assistance Program	915,108	915,109	889,319	25,790
Recreation and culture:				
Parks and recreation	1,273,134	1,306,929	1,271,803	35,126
Ice arena	318,315	336,865	340,372	(3,507)
Senior resources	706,384	730,682	693,531	37,151
Golf course	354,391	360,891	335,957	24,934
Debt service	199,030	199,030	283,757	(84,727)
Total expenditures	63,008,827	63,314,473	61,569,929	1,744,544
Excess of Expenditures Over Revenue	(5,113,229)	(4,813,866)	(2,976,283)	1,837,583

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

Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
Other Financing Sources (Uses)				
Transfers in	\$ 3,915,000	\$ 3,915,000	\$ 3,915,000	\$ -
Transfers out	(261,949)	(261,949)	(761,949)	(500,000)
Proceeds from sale of capital assets	20,000	10,000	3,299	(6,701)
Total other financing sources	<u>3,673,051</u>	<u>3,663,051</u>	<u>3,156,350</u>	<u>(506,701)</u>
Net Change in Fund Balance	(1,440,178)	(1,150,815)	180,067	1,330,882
Fund Balance - Beginning of year	<u>7,870,148</u>	<u>7,870,148</u>	<u>7,870,148</u>	<u>-</u>
Fund Balance - End of year	<u>\$ 6,429,970</u>	<u>\$ 6,719,333</u>	<u>\$ 8,050,215</u>	<u>\$ 1,330,882</u>

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, 2017 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:

	<u>Total Revenue</u>	<u>Total Expenditures</u>	<u>Other Financing (Uses) Sources</u>
Amounts per operating statement	\$ 60,837,099	\$ 60,025,145	\$ (944,551)
Reimbursements from other funds recorded as revenue	(1,748,525)	1,651,475	3,400,000
E-911 Fund	(245,300)	(4,048)	505,901
Metro Act - Broadband fund	(249,628)	(102,643)	195,000
	<u>\$ 58,593,646</u>	<u>\$ 61,569,929</u>	<u>\$ 3,156,350</u>
Amounts per budget statement			

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Fire	\$ 13,857,891	\$ 13,973,471	\$ 115,580
Ice arena	336,865	340,372	3,507
Debt service	199,030	283,757	84,727

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

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

City of Westland, Michigan

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

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

Required Supplemental Information
Schedule of Police and Fire Pension Contributions

Last Ten Fiscal Years
Year Ended June 30

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined contribution	\$ 6,841,964	\$ 6,717,939	\$ 6,693,504	\$ 5,813,007	\$ 4,990,887	\$ 4,494,952	\$ 4,137,201	\$ 3,829,140	\$ 4,738,178	\$ 5,085,329
Contributions in relation to the actuarially determined contribution	6,879,391	6,717,939	6,693,504	5,813,007	4,990,887	4,494,952	4,137,201	3,829,140	4,738,178	5,085,329
Contribution Excess	\$ 37,427	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Employee Payroll	\$ 11,976,270	\$ 11,103,002	\$ 9,126,696	\$ 10,198,898	\$ 10,609,537	\$ 10,840,217	\$ 10,939,952	\$ 12,951,032	\$ 12,862,009	\$ 12,661,870
Contributions as a Percentage of Covered Employee Payroll	57.44 %	60.51 %	73.34 %	57.00 %	47.04 %	41.47 %	37.82 %	29.57 %	36.84 %	40.16 %

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age actuarial cost method
Amortization method	Level percent of payroll
Remaining amortization period	19 years, closed
Asset valuation method	Five-year smoothed market
Inflation	4.0 percent
Salary increase	4.0 - 8 percent including inflation
Investment rate of return	7.5 percent, net of expenses
Mortality	Experience-based table of rates that are specific to the type of eligibility condition. RP-2000 males (unadjusted) and females (unadjusted) Healthy Life Mortality Table projected 20 years.
Other information	None

Required Supplemental Information
Schedule of MERS Contributions

Last Ten Fiscal Years
Year Ended June 30

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined contribution	\$ 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	\$ 3,733,896
Contributions in relation to the actuarially determined contribution	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	3,733,896
Contribution Excess	\$ 137,790	\$ 170,570	\$ 1,220,132	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Employee Payroll	\$ 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	\$ 10,622,098
Contributions as a Percentage of Covered Employee Payroll	74.38 %	69.34 %	87.33 %	57.79 %	58.29 %	42.23 %	44.55 %	35.45 %	36.51 %	35.15 %

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 or payroll, closed
 Remaining amortization period 22 years
 Asset valuation method Five-year smoothed market
 Inflation 2.5 percent
 Salary increase 3.75 percent long-term wage inflation
 Investment rate of return 7.75 percent
 Retirement age 60
 Mortality 50 percent male - 50 percent female blend of the following tables:
 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 Four Fiscal Years			
	Year Ended June 30			
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	15.10 %	(1.02)%	2.51 %	15.59 %

**Required Supplemental Information
OPEB System Schedule**

Year Ended June 30

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
June 30, 2011	\$ -	\$ 216,389,936	\$ 216,389,936	-	\$ 15,986,830	1,353.55
June 30, 2013	-	235,582,416	235,582,416	-	15,531,926	1,516.76
June 30, 2015	-	279,605,383	279,605,383	-	15,247,849	1,833.74

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	\$ 2,840,290	\$ 2,488,266	\$ 42,642	\$ 344,354	\$ 18,953	\$ 2,522,728
Receivables - Net	837,655	301,397	37,941	-	-	116,526
Due from component units	139,017	-	-	-	-	-
Due from other funds	-	-	109,790	-	-	-
Prepaid expenses and other assets	503	2,011	-	-	2,917	70,760
Land held for resale	-	-	1,212,070	-	-	-
Total assets	\$ 3,817,465	\$ 2,791,674	\$ 1,402,443	\$ 344,354	\$ 21,870	\$ 2,710,014
Liabilities						
Accounts payable	\$ 133,957	\$ 175,819	\$ 271,719	\$ -	\$ 3,709	\$ 67,863
Due to other governmental units	-	-	-	131	-	-
Due to component units	-	-	-	-	-	91
Due to other funds	808,713	621,202	-	639	14,253	25,740
Accrued liabilities and other	-	-	-	-	-	14,561
Total liabilities	942,670	797,021	271,719	770	17,962	108,255
Deferred Inflows of Resources -						
Unavailable revenue	-	-	37,344	-	-	89,001
Total liabilities and deferred inflows of resources	942,670	797,021	309,063	770	17,962	197,256
Fund Balance						
Nonspendable	503	2,011	-	-	2,917	70,760
Restricted:						
Roads	2,874,292	1,992,642	-	-	-	-
Community development	-	-	1,093,380	-	-	-
Drug forfeiture	-	-	-	-	991	-
Library	-	-	-	-	-	2,441,998
Street lighting	-	-	-	343,584	-	-
Assigned	-	-	-	-	-	-
Total fund balance	2,874,795	1,994,653	1,093,380	343,584	3,908	2,512,758
Total liabilities, deferred inflows of resources, and fund balance	\$ 3,817,465	\$ 2,791,674	\$ 1,402,443	\$ 344,354	\$ 21,870	\$ 2,710,014

Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2017

Nonmajor Debt Service Funds			Nonmajor Capital Project Funds		
Newburgh Road Debt	Building Authority Debt - 2005 Refunding	HUD Loan Account	Capital Project Fund	Total	
\$ -	\$ -	\$ -	\$ 3,699,323	\$ 11,956,556	
-	-	-	-	1,293,519	
-	-	-	-	139,017	
-	-	-	500,102	609,892	
-	-	-	-	76,191	
-	-	-	-	1,212,070	
\$ -	\$ -	\$ -	\$ 4,199,425	\$ 15,287,245	
\$ -	\$ -	\$ -	\$ 23,844	\$ 676,911	
-	-	-	-	131	
-	-	-	-	91	
-	-	-	-	1,470,547	
-	-	-	-	14,561	
-	-	-	23,844	2,162,241	
-	-	-	-	126,345	
-	-	-	23,844	2,288,586	
-	-	-	-	76,191	
-	-	-	-	4,866,934	
-	-	-	-	1,093,380	
-	-	-	-	991	
-	-	-	-	2,441,998	
-	-	-	-	343,584	
-	-	-	4,175,581	4,175,581	
-	-	-	4,175,581	12,998,659	
\$ -	\$ -	\$ -	\$ 4,199,425	\$ 15,287,245	

City of Westland, Michigan

Nonmajor Special Revenue Funds						
	Major Road	Local Road	Community Development Block Grant	Street Lighting	Drug Forfeiture	Library
Revenue						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,753,498
Special assessments	-	30,863	-	1,447,593	-	-
Intergovernmental:						
Federal sources	-	-	1,379,344	-	-	-
State sources	4,373,019	1,663,388	-	-	476,051	129,610
Interest income	8,399	4,819	486	1,446	352	12,784
Other revenue:						
Local sources	-	-	-	-	-	84,006
Other income	2,182	-	16,753	1,185	3,465	14,965
Refund of captured property taxes	-	-	-	-	-	95,686
Total revenue	4,383,600	1,699,070	1,396,583	1,450,224	479,868	3,090,549
Expenditures						
Current:						
General government	-	-	-	-	-	-
Street lighting	-	-	-	1,661,126	-	-
Public safety	-	-	-	-	484,627	-
Highway, streets, and drains	2,057,196	2,791,884	-	-	-	-
Community and economic development	-	-	1,650,141	-	-	-
Recreation and culture	-	-	-	-	-	3,041,052
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	2,057,196	2,791,884	1,650,141	1,661,126	484,627	3,041,052
Excess of Revenue Over (Under) Expenditures	2,326,404	(1,092,814)	(253,558)	(210,902)	(4,759)	49,497
Other Financing Sources (Uses)						
Transfers in	-	1,027,072	692,599	-	-	-
Transfers out	(1,355,760)	-	(692,599)	(20,000)	-	-
Total other financing (uses) sources	(1,355,760)	1,027,072	-	(20,000)	-	-
Net Change in Fund Balance	970,644	(65,742)	(253,558)	(230,902)	(4,759)	49,497
Fund Balances - Beginning of year	1,904,151	2,060,395	1,346,938	574,486	8,667	2,463,261
Fund Balances - End of year	\$ 2,874,795	\$ 1,994,653	\$ 1,093,380	\$ 343,584	\$ 3,908	\$ 2,512,758

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

Year Ended June 30, 2017

Nonmajor Debt Service Funds			Nonmajor Capital Project Funds	
Newburgh Road Debt	Building Authority Debt - 2005 Refunding	HUD Loan Account	Capital Project Fund	Total
\$ -	\$ -	\$ -	\$ -	\$ 2,753,498
-	-	-	-	1,478,456
-	-	-	-	1,379,344
-	-	-	-	6,642,068
-	-	-	8,161	36,447
-	-	-	-	84,006
-	-	-	-	38,550
-	-	-	-	95,686
-	-	-	8,161	12,508,055
-	-	-	12,670	12,670
-	-	-	-	1,661,126
-	-	-	-	484,627
-	-	-	-	4,849,080
-	-	478	-	1,650,619
-	-	-	-	3,041,052
-	-	-	332,952	332,952
300,000	405,000	-	-	705,000
28,688	62,850	-	-	91,538
<u>328,688</u>	<u>467,850</u>	<u>478</u>	<u>345,622</u>	<u>12,828,664</u>
(328,688)	(467,850)	(478)	(337,461)	(320,609)
328,688	467,850	-	500,000	3,016,209
-	-	-	-	(2,068,359)
<u>328,688</u>	<u>467,850</u>	<u>-</u>	<u>500,000</u>	<u>947,850</u>
-	-	(478)	162,539	627,241
-	-	478	4,013,042	12,371,418
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,175,581</u>	<u>\$ 12,998,659</u>

**Fiduciary Funds
Combining Statement of Fiduciary Net Position**

June 30, 2017

	Undistributed Tax Collection	Trust and Agency	Total Agency Funds
Assets - Cash and cash equivalents	\$ 1,151,092	\$ 1,139,127	\$ 2,589,684
Liabilities			
Due to other governmental units	\$ 1,151,092	\$ -	\$ 1,279,559
Accrued liabilities and other	-	1,139,127	1,310,125
Total liabilities	\$ 1,151,092	\$ 1,139,127	\$ 2,589,684