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# **City of Westland, Michigan**

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## **Financial Report with Supplemental Information June 30, 2019**

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## Independent Auditor's Report

To the City Council  
City of Westland, Michigan

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Westland, Michigan as of and for the year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise the City of Westland, Michigan's basic financial statements, as listed in the table of contents.

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

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

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

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Westland, Michigan as of June 30, 2019 and the respective changes in its financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

As explained in Note 1, the financial statements of the Police and Fire Retirement System include investments valued at approximately \$51,000,000 (representing approximately 30.03 percent of fiduciary net position) at June 30, 2019, 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 16, 2019 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.

A handwritten signature in black ink that reads "Plante & Moran, PLLC". The signature is cursive and fluid, with "Plante & Moran" on the top line and "PLLC" on the bottom line.

December 16, 2019

# **City of Westland, Michigan**

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## **Management's Discussion and Analysis**

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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, 2019 and should be read in conjunction with the City's financial statements.

### ***Financial Highlights***

As discussed in further detail in this discussion and analysis, the following represents the most significant highlights for the year ended June 30, 2019:

- The City again complied with the requirements from the State of Michigan for the new City, Village, Township Revenue Sharing (CVTRS) program, which replaces the former Economic Vitality Incentive Program (EVIP), and received \$1.35 million for the fiscal year.
- Continued the Neighborhood Makeover Program throughout the year to provide safe and clean neighborhoods.
- The City completed various capital improvements at Stottlemeyer, Voss, Rotary, Jaycee, and Central City Park. Capital improvements included parking lot improvements; tennis, baseball, football, basketball, and soccer field improvements; and gazebo at Stottlemeyer Park.
- Many road projects were started and or completed during the fiscal year. Farmington Road from Hunter to Ford Road; Annapolis Road from Middlebelt to Inkster; Wildwood from Palmer to Cherry Hill; and many other roads had existing pavement reconstructed throughout the City. In addition, various projects throughout the City had pavement milled and resurfaced along with joint and crack sealing to continue to extend the life of the roads throughout the City.

### ***Using This Annual Report***

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

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

# City of Westland, Michigan

## Management's Discussion and Analysis (Continued)

### ***The City of Westland, Michigan 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	
	2019	2018	2019	2018	2019	2018
<b>Assets</b>						
Current assets	\$ 31,011,139	\$ 26,331,856	\$ 36,037,482	\$ 30,487,426	\$ 67,048,621	\$ 56,819,282
Noncurrent assets	<u>183,274,426</u>	<u>194,830,255</u>	<u>83,944,543</u>	<u>84,860,677</u>	<u>267,218,969</u>	<u>279,690,932</u>
Total assets	214,285,565	221,162,111	119,982,025	115,348,103	334,267,590	336,510,214
<b>Deferred Outflows of Resources</b>						
	10,041,999	10,662,424	1,817,077	942,094	11,859,076	11,604,518
<b>Liabilities</b>						
Current liabilities	5,078,049	11,256,856	4,271,994	4,059,452	9,350,043	15,316,308
Long-term liabilities - Due within one year	<u>284,786,129</u>	<u>335,888,471</u>	<u>57,231,675</u>	<u>63,445,593</u>	<u>342,017,804</u>	<u>399,334,064</u>
Total liabilities	289,864,178	347,145,327	61,503,669	67,505,045	351,367,847	414,650,372
<b>Deferred Inflows of Resources</b>						
	62,199,423	17,213,737	8,090,432	2,230,486	70,289,855	19,444,223
<b>Net Position</b>						
Net investment in capital assets	179,175,536	184,590,207	69,104,980	69,273,957	248,280,516	253,864,164
Restricted	14,147,603	13,509,799	-	-	14,147,603	13,509,799
Unrestricted	(321,059,176)	(330,634,535)	(16,899,979)	(22,719,291)	(337,959,155)	(353,353,826)
Total net position	<b><u>\$ (127,736,037)</u></b>	<b><u>\$ (132,534,529)</u></b>	<b><u>\$ 52,205,001</u></b>	<b><u>\$ 46,554,666</u></b>	<b><u>\$ (75,531,036)</u></b>	<b><u>\$ (85,979,863)</u></b>

Unrestricted net position in governmental activities and business-type activities, the part of net position that can be used to finance operations, are currently at a deficit of \$321,059,176 and \$16,899,979, respectively. This is generally a result of the accrual for pension, compensated absences, and other postemployment benefits liabilities, which will be paid from future revenue sources. These accruals in the governmental activities and business-type activities are approximately \$278,000,000 and \$42,000,000, respectively.

# City of Westland, Michigan

## Management's Discussion and Analysis (Continued)

### ***The City's Changes in Net Position***

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

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
<b>Revenue</b>						
Program revenue:						
Charges for services	\$ 21,220,914	\$ 20,619,972	\$ 31,107,960	\$ 30,775,189	\$ 52,328,874	\$ 51,395,161
Operating grants	12,776,446	14,112,222	-	-	12,776,446	14,112,222
Capital grants and contributions	378,392	318,611	148,051	461,225	526,443	779,836
General revenue:						
Taxes - Property taxes	31,850,258	31,275,677	-	-	31,850,258	31,275,677
State-shared revenue	8,763,080	8,360,229	-	-	8,763,080	8,360,229
Interest	573,768	331,092	461,376	81,188	1,035,144	412,280
Other revenue:						
Gain on sale of fixed assets	789,902	-	1,060	33,821	790,962	33,821
Other miscellaneous income	287,010	631,556	-	-	287,010	631,556
Total revenue	76,639,770	75,649,359	31,718,447	31,351,423	108,358,217	107,000,782
<b>Expenses</b>						
General government	11,286,356	14,028,748	-	-	11,286,356	14,028,748
Public safety	33,457,806	45,680,718	-	-	33,457,806	45,680,718
Public works	17,116,357	16,283,337	-	-	17,116,357	16,283,337
Community and economic development	4,381,193	5,597,756	-	-	4,381,193	5,597,756
Recreation and culture	5,505,924	5,213,262	-	-	5,505,924	5,213,262
Interest on long-term debt	93,642	121,684	-	-	93,642	121,684
Water and sewer	-	-	-	26,948,771	-	26,948,771
Total expenses	71,841,278	86,925,505	-	26,948,771	71,841,278	113,874,276
<b>Change in Net Position</b>	4,798,492	(11,276,146)	31,718,447	4,402,652	36,516,939	(6,873,494)
<b>Net Position - Beginning of year</b>	(132,534,529)	(121,258,383)	46,554,666	42,152,014	(85,979,863)	(79,106,369)
<b>Net Position - End of year</b>	<b>\$ (127,736,037)</b>	<b>\$ (132,534,529)</b>	<b>\$ 78,273,113</b>	<b>\$ 46,554,666</b>	<b>\$ (49,462,924)</b>	<b>\$ (85,979,863)</b>

### **Governmental Activities**

The City's total governmental revenue increased by approximately \$990,000. The increase was primarily due to property tax revenue increases of approximately \$575,000 and state-shared revenue of approximately \$400,000.

Expenses decreased by approximately \$15,084,000 during the year. The decrease was primarily due to the reduction in the net OPEB (other postemployment benefits) liability, as discussed in Note 16. In the current year, the City opened a Plan Trust for other postemployment benefits. All plan investments are held in the MERS of Michigan Retiree Health Funding Vehicle. The City's current plan is to contribute \$500,000 each year to start funding other postemployment benefits. The City's net OPEB liability decreased by approximately \$67,000,000 in the current year.

### **Business-type Activities**

The City's business-type activities consist of the Water and Sewer Fund. The City provides water to residents from the Great Lakes Water Authority. The City also provides sewage treatment through Wayne County, Michigan. Total operating revenue increased approximately \$357,000 compared to the previous year. This increase primarily relates to decreased usage from the prior year offset by an increase in water and sewer rates from the water and sewer rate study completed in the current year. Total operating expenditures decreased approximately \$851,000. The decrease primarily relates to the recognized expense reduction recorded as a result of the decreased OPEB liability in the current year, offset by water produced and sewage treatment cost increases.

# **City of Westland, Michigan**

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

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

Our analysis of the City's major funds begins on page 11, following the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the City as a whole. The Westland City Council creates funds to help manage money for specific purposes, as well as to show accountability for certain activities, such as community development block grant and debt service. The City's major fund for 2019 is the General Fund.

The General Fund's total revenue increased approximately \$277,000. The increase was primarily due to an increase in property taxes, state-shared revenue, and court fines and fees offset by lower charges for services, grants, and other miscellaneous income compared to prior year.

The General Fund pays for most of the City's governmental services. The General Fund's total expenditures are approximately \$64,399,000. The most significant are police and fire, which incurred expenditures of approximately \$39,222,000 in 2019. Other government services accounted for in the General Fund include general government (finance, city clerk, city assessor, economic development, community development, personnel, and the mayor's office), sanitation, and recreation.

### ***General Fund Budgetary Highlights***

Over the course of the year, the City recognized approximately \$426,000 in additional revenue compared to the original budget to account for additional revenue received in the fiscal year. This consisted mainly of receiving additional tax revenue, business licenses, state-shared revenue, charges for services, and court fines and fees. In addition, the City recognized approximately \$630,000 in additional expenditures compared to the original budget. The additional expenditures consisted of increasing many departmental expenditures. The net change in fund balance for the General Fund as budgeted was an increase of approximately \$527,000.

The fund balance of the General Fund increased from approximately \$8,673,000 to \$9,200,000.

As of June 30, 2019, the City had a total of approximately \$274 million invested in a broad range of capital assets, including roads, buildings, police and fire equipment, and water and sewer lines.

### ***Capital Assets and Debt Administration***

The City had significant capital expenditures during the fiscal year; the following represents the most significant capital purchases for the year ended June 30, 2019:

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

Debt service makes up approximately 1.2 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.

## **City of Westland, Michigan**

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

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

The City's budget for the fiscal year ending June 30, 2020 takes into consideration a conservative economic climate. The taxable values increased for the 2018 taxable year (2018-2019 fiscal year) by 2.25 percent and is projected to increase by 4.12 percent for the 2019 taxable year (2019-2020 fiscal year). The Michigan tax tribunal cases have leveled off. The state-shared revenue increased for fiscal year 2019. Moving ahead, the City will continue to comply with the requirements outlined by the State. All city employees are now contributing toward their health care under the "hard cap" option in accordance with Public Act 152. Contractual changes have been made for defined benefit pensions, and all employees now must contribute towards their pension. The City continues to evaluate more efficient and cost effective solutions for all services provided. This will continue to help with the budget, but, throughout the year, the City will monitor the budget very closely and continue to make adjustments as necessary.

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

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

# City of Westland, Michigan

## Statement of Net Position

June 30, 2019

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
<b>Assets</b>				
Cash and cash equivalents (Note 3)	\$ 22,796,251	\$ 24,832,832	\$ 47,629,083	\$ 1,771,705
Receivables - Net (Note 4)	4,939,360	10,888,766	15,828,126	8,613
Due from component units	9,412	-	9,412	-
Internal balances	5,510	(5,510)	-	-
Inventory	203,269	106,563	309,832	-
Prepaid expenses	952,436	48,530	1,000,966	20,000
Deposits held by third parties	498,904	166,301	665,205	-
Restricted assets (Note 6)	-	-	-	73,666
Land held for resale	1,605,997	-	1,605,997	-
Capital assets: (Note 5)				
Not being depreciated	3,356,952	-	3,356,952	497,601
Depreciable - Net	179,917,474	83,944,543	263,862,017	6,306,185
Total assets	214,285,565	119,982,025	334,267,590	8,677,770
<b>Deferred Outflows of Resources (Note 15)</b>				
Deferred pension costs	10,038,294	1,816,545	11,854,839	-
Deferred OPEB costs	3,705	532	4,237	-
Total deferred outflows of resources	10,041,999	1,817,077	11,859,076	-
<b>Liabilities</b>				
Accounts payable	3,139,786	3,898,185	7,037,971	86,939
Due to other governmental units	-	6,010	6,010	-
Due to primary government	-	-	-	9,412
Deposits	-	48,446	48,446	-
Accrued liabilities and other	1,665,758	319,353	1,985,111	347,635
Unearned revenue (Note 4)	272,505	-	272,505	-
Noncurrent liabilities:				
Due within one year:				
Compensated absences (Note 8)	5,120,314	200,381	5,320,695	-
Provision for claims (Note 9)	1,056,403	131,175	1,187,578	-
Current portion of long-term debt (Note 8)	811,466	794,175	1,605,641	1,075,000
Due in more than one year:				
Compensated absences (Note 8)	4,726,117	48,234	4,774,351	-
Provision for claims (Note 9)	1,495,871	486,503	1,982,374	-
Net pension liability (Note 15)	123,773,785	20,793,745	144,567,530	-
Net OPEB liability (Note 16)	144,514,749	20,732,074	165,246,823	-
Long-term debt - Net of current portion (Note 8)	3,287,424	14,045,388	17,332,812	14,935,000
Total liabilities	289,864,178	61,503,669	351,367,847	16,453,986
<b>Deferred Inflows of Resources</b>				
Deferred pension cost reductions (Note 15)	6,087,000	40,549	6,127,549	-
Deferred OPEB cost reductions (Note 16)	56,112,423	8,049,883	64,162,306	-
Total deferred inflows of resources	62,199,423	8,090,432	70,289,855	-
<b>Net Position (Deficit)</b>				
Net investment in capital assets	179,175,536	69,104,980	248,280,516	4,887,452
Restricted:				
Retirement system	1,702,000	-	1,702,000	-
Sanitation	158,000	-	158,000	-
Road improvements	6,526,218	-	6,526,218	-
Library operations	3,702,489	-	3,702,489	-
Other (Note 12)	2,058,896	-	2,058,896	-
Unrestricted	(321,059,176)	(16,899,979)	(337,959,155)	(12,663,668)
Total net position (deficit)	<b>\$ (127,736,037)</b>	<b>\$ 52,205,001</b>	<b>\$ (75,531,036)</b>	<b>\$ (7,776,216)</b>

## City of Westland, Michigan

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	Program Revenue			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Functions/Programs</b>				
Primary government:				
Governmental activities:				
General government	\$ 11,286,356	\$ 5,825,315	\$ 862,982	\$ -
Public safety	33,457,806	11,373,098	455,599	378,392
Public works	17,116,357	1,805,598	8,361,188	-
Health and welfare	-	-	48,469	-
Community and economic development	4,381,193	-	1,612,210	-
Recreation and culture	5,505,924	2,216,903	1,435,998	-
Interest on long-term debt	93,642	-	-	-
Total governmental activities	71,841,278	21,220,914	12,776,446	378,392
Business-type activities - Water and sewer	26,068,112	31,107,960	-	148,051
Total primary government	<b>\$ 97,909,390</b>	<b>\$ 52,328,874</b>	<b>\$ 12,776,446</b>	<b>\$ 526,443</b>
Component units	<b>\$ 4,507,296</b>	<b>\$ -</b>	<b>\$ 328,414</b>	<b>\$ -</b>

### General revenue:

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

Total general revenue

### Change in Net Position

**Net Position (Deficit) - Beginning of year**

**Net Position (Deficit) - End of year**

## Statement of Activities

**Year Ended June 30, 2019**

<u>Primary Government</u>			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (4,598,059)	\$ (4,598,059)	\$ -	-
(21,250,717)	(21,250,717)	-	-
(6,949,571)	(6,949,571)	-	-
48,469	48,469	-	-
(2,768,983)	(2,768,983)	-	-
(1,853,023)	(1,853,023)	-	-
(93,642)	(93,642)	-	-
(37,465,526)	(37,465,526)	-	-
-	5,187,899	5,187,899	-
(37,465,526)	5,187,899	(32,277,627)	-
-	-	-	(4,178,882)
31,850,258	-	31,850,258	4,493,805
8,763,080	-	8,763,080	-
573,768	461,376	1,035,144	48,659
789,902	1,060	790,962	-
287,010	-	287,010	302
42,264,018	462,436	42,726,454	4,542,766
4,798,492	5,650,335	10,448,827	363,884
(132,534,529)	46,554,666	(85,979,863)	(8,140,100)
<b><u>\$ (127,736,037)</u></b>	<b><u>\$ 52,205,001</u></b>	<b><u>\$ (75,531,036)</u></b>	<b><u>\$ (7,776,216)</u></b>

## City of Westland, Michigan

### Governmental Funds Balance Sheet

June 30, 2019

	General Fund	Nonmajor Funds	Total Governmental Funds
<b>Assets</b>			
Cash and cash equivalents (Note 3)	\$ 9,164,994	\$ 13,631,257	\$ 22,796,251
Receivables - Net (Note 4)	3,446,581	1,492,779	4,939,360
Due from component units (Note 7)	4,972	4,440	9,412
Due from other funds (Note 7)	2,290,433	3,706,132	5,996,565
Inventory	203,269	-	203,269
Prepaid expenses	941,146	11,290	952,436
Deposits held by third parties	498,904	-	498,904
Land held for resale	29,902	1,576,095	1,605,997
<b>Total assets</b>	<b>\$ 16,580,201</b>	<b>\$ 20,421,993</b>	<b>\$ 37,002,194</b>
<b>Liabilities</b>			
Accounts payable	\$ 1,561,034	\$ 1,578,752	\$ 3,139,786
Due to other funds	3,706,132	2,284,923	5,991,055
Accrued liabilities and other	1,546,173	85,245	1,631,418
Unearned revenue (Note 4)	87,745	184,760	272,505
<b>Total liabilities</b>	<b>6,901,084</b>	<b>4,133,680</b>	<b>11,034,764</b>
<b>Deferred Inflows of Resources - Unavailable revenue (Note 4)</b>			
	<b>592,025</b>	<b>31,784</b>	<b>623,809</b>
Total liabilities and deferred inflows of resources			
	<b>7,493,109</b>	<b>4,165,464</b>	<b>11,658,573</b>
<b>Fund Balances (Note 13)</b>			
Nonspendable	1,174,317	11,290	1,185,607
Restricted	1,946,138	12,158,391	14,104,529
Committed	34,489	171,305	205,794
Assigned	157,377	3,915,543	4,072,920
Unassigned	5,774,771	-	5,774,771
<b>Total fund balances</b>	<b>9,087,092</b>	<b>16,256,529</b>	<b>25,343,621</b>
Total liabilities, deferred inflows of resources, and fund balances			
	<b>\$ 16,580,201</b>	<b>\$ 20,421,993</b>	<b>\$ 37,002,194</b>

# **City of Westland, Michigan**

## **Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Position**

**June 30, 2019**

**Fund Balances Reported in Governmental Funds** \$ 25,343,621

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	183,274,426
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	623,809
Deferred outflows and inflows of resources related to pension and OPEB are reported in the government-wide statements, but not in the governmental funds	(52,157,424)
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(4,098,890)
Accrued interest is not due and payable in the current period and is not reported in the funds	(34,340)
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	(9,846,431)
Pension benefits	(123,773,785)
Retiree healthcare benefits	(144,514,749)
Other long-term liabilities, such as claims and judgments, do not present a claim on current financial resources and are not reported as fund liabilities	<u>(2,552,274)</u>
<b>Net Position of Governmental Activities</b>	<b><u>\$ (127,736,037)</u></b>

## City of Westland, Michigan

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

Year Ended June 30, 2019

	General Fund	Nonmajor Funds	Total Governmental Funds
<b>Revenue</b>			
Property taxes	\$ 27,487,912	\$ 2,933,564	\$ 30,421,476
Special assessments	-	1,457,998	1,457,998
Intergovernmental:			
Federal sources	370,294	1,565,741	1,936,035
State sources	10,561,402	8,965,912	19,527,314
Charges for services	7,591,772	-	7,591,772
Court fines and fees	6,149,905	138,360	6,288,265
Licenses and permits	1,195,392	-	1,195,392
Interest income	353,607	220,161	573,768
Other revenue:			
Local sources	3,251,690	71,061	3,322,751
Other income	4,707,043	3,196,360	7,903,403
Refund of captured property taxes	1,282,156	146,646	1,428,802
Cable franchise fees	1,672,966	-	1,672,966
Total revenue	64,624,139	18,695,803	83,319,942
<b>Expenditures</b>			
Current:			
General government	14,811,416	-	14,811,416
Street lighting	-	1,751,292	1,751,292
Public safety	39,221,764	571,763	39,793,527
Highway, streets, and drains	-	7,741,178	7,741,178
Sanitation	3,661,071	-	3,661,071
Community and economic development	4,142,256	1,470,075	5,612,331
Recreation and culture	2,433,699	2,813,388	5,247,087
Capital outlay	-	2,088,298	2,088,298
Debt service	129,123	891,197	1,020,320
Total expenditures	64,399,329	17,327,191	81,726,520
<b>Excess of Revenue Over Expenditures</b>			
	224,810	1,368,612	1,593,422
<b>Other Financing Sources (Uses)</b>			
Transfers in (Note 7)	20,000	2,255,580	2,275,580
Transfers out (Note 7)	(585,879)	(1,689,701)	(2,275,580)
Proceeds from sale of capital assets	789,902	-	789,902
Total other financing sources	224,023	565,879	789,902
<b>Net Change in Fund Balances</b>			
Fund Balances - Beginning of year	448,833	1,934,491	2,383,324
Fund Balances - End of year	<b>\$ 9,087,092</b>	<b>\$ 16,256,529</b>	<b>\$ 25,343,621</b>

## **City of Westland, Michigan**

### **Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances to the Statement of Activities**

**Year Ended June 30, 2019**

<b>Net Change in Fund Balances Reported in Governmental Funds</b>	<b>\$</b>	<b>2,383,324</b>
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation		(6,465,149)
Revenue is recorded in the statement of activities when earned; it is not reported in the funds until collected or collectible within 60 days of year end		(3,774,989)
Repayment of debt principal is an expenditure in the governmental funds, but not in the government-wide statements (where it reduces long-term debt)		1,046,956
Change in accrued interest and premiums on long-term debt is not recorded in the governmental funds		8,855
Changes in liabilities for claims and judgments incurred but not reported are not recorded in the governmental funds		(247,154)
Change in accumulated employee sick and vacation pay is recorded when earned in the statement of activities		(291,300)
Change in other postemployment benefit liability is not recorded in the governmental funds		17,741,259
Change in pension benefit liability is not recorded in the governmental funds		<u>(5,603,309)</u>
<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b><u>4,798,492</u></b>

# City of Westland, Michigan

## Proprietary Fund Statement of Net Position

June 30, 2019

Water and  
Sewer Fund

### Assets

Current assets:	
Cash and cash equivalents	\$ 24,832,832
Receivables - Net (Note 4)	10,888,766
Inventory	106,563
Prepaid expenses	48,530
Deposits held by third parties	<u>166,301</u>
Total current assets	36,042,992
Noncurrent assets - Capital assets - Net (Note 5)	<u>83,944,543</u>
Total assets	119,987,535
<b>Deferred Outflows of Resources (Note 15)</b>	1,817,077

### Liabilities

Current liabilities:	
Accounts payable	3,898,185
Due to other governmental units	6,010
Due to other funds (Note 7)	5,510
Deposits	48,446
Accrued liabilities and other	319,353
Compensated absences (Note 8)	200,381
Provision for claims (Note 9)	131,175
Current portion of long-term debt (Note 8)	<u>794,175</u>
Total current liabilities	5,403,235
Noncurrent liabilities:	
Compensated absences (Note 8)	48,234
Provision for claims (Note 9)	486,503
Net pension liability (Note 15)	20,793,745
Net OPEB liability (Note 16)	20,732,074
Long-term debt - Net of current portion (Note 8)	<u>14,045,388</u>
Total noncurrent liabilities	56,105,944
Total liabilities	61,509,179

### Deferred Inflows of Resources

Deferred pension cost reductions (Note 15)	40,549
Deferred OPEB cost reductions (Note 16)	<u>8,049,883</u>
Total deferred inflows of resources	8,090,432

### Net Position

Net investment in capital assets	69,104,980
Unrestricted	<u>(16,899,979)</u>
Total net position	<u><u>\$ 52,205,001</u></u>

## City of Westland, Michigan

### Proprietary Fund Statement of Revenue, Expenses, and Changes in Net Position

Year Ended June 30, 2019

	Water and Sewer Fund
<b>Operating Revenue</b>	
Water and sewer	\$ 29,595,142
Penalties	1,421,063
Other	91,755
	<hr/>
Total operating revenue	31,107,960
<b>Operating Expenses</b>	
Cost of water	6,367,096
Cost of sewage disposal	8,909,377
Wage and fringe benefits	2,639,991
Contracted services	3,939,726
Operating supplies and other	134,912
Repairs and maintenance	988,943
Depreciation	<hr/> 2,552,002
	<hr/>
Total operating expenses	25,532,047
<b>Operating Income</b>	5,575,913
<b>Nonoperating Revenue (Expense)</b>	
Interest income	461,376
Interest expense	(536,065)
Proceeds on sale of assets	<hr/> 1,060
	<hr/>
Total nonoperating expense	(73,629)
<b>Income - Before contributions</b>	5,502,284
<b>Capital Contributions - Lines donated by developers</b>	<hr/> 148,051
<b>Change in Net Position</b>	5,650,335
<b>Net Position - Beginning of year</b>	<hr/> 46,554,666
<b>Net Position - End of year</b>	<hr/> <b>\$ 52,205,001</b>

# City of Westland, Michigan

## Proprietary Fund Statement of Cash Flows

Year Ended June 30, 2019

	Water and Sewer Fund
<b>Cash Flows from Operating Activities</b>	
Receipts from customers	\$ 30,355,802
Internal activity - Payments to other funds	(11,587)
Payments to suppliers	(19,035,359)
Payments to employees	<u>(4,439,629)</u>
Net cash and cash equivalents provided by operating activities	6,869,227
<b>Cash Flows from Capital and Related Financing Activities</b>	
Proceeds from sale of capital assets	1,060
Purchase of capital assets	(1,487,817)
Principal and interest paid on capital debt	<u>(1,289,752)</u>
Net cash and cash equivalents used in capital and related financing activities	(2,776,509)
<b>Cash Flows Provided by Investing Activities</b> - Interest received on investments and other assets	<u>497,483</u>
<b>Net Increase in Cash and Cash Equivalents</b>	4,590,201
<b>Cash and Cash Equivalents</b> - Beginning of year	<u>20,242,631</u>
<b>Cash and Cash Equivalents</b> - End of year	<b><u>\$ 24,832,832</u></b>
<b>Reconciliation of Operating Income to Net Cash from Operating Activities</b>	
Operating income	\$ 5,575,913
Adjustments to reconcile operating income to net cash from operating activities:	
Depreciation	2,552,002
Changes in assets and liabilities:	
Receivables	(752,158)
Due to and from other funds	(11,587)
Inventories	4,912
Prepaid and other assets	9,058
Net pension and OPEB liability	(1,856,032)
Accounts payable	1,290,725
Accrued and other liabilities	<u>56,394</u>
Total adjustments	<u>1,293,314</u>
Net cash and cash equivalents provided by operating activities	<b><u>\$ 6,869,227</u></b>
<b>Significant Noncash Transactions</b> - Donated water and sewer lines	\$ 148,051

## City of Westland, Michigan

### Fiduciary Funds Statement of Fiduciary Net Position

June 30, 2019

	Police and Fire Pension	Agency
<b>Assets</b>		
Cash and cash equivalents (Note 3)	\$ 4,892,738	\$ 667,645
Investments: (Note 3)		
U.S. government securities	22,515,682	-
Common stocks	61,650,243	-
Corporate bonds	11,484,522	-
Real estate	13,089,769	-
Mutual funds	45,017,165	-
Securities lending - Mutual funds	13,164,087	-
Closely held - Equity	14,693,022	-
Receivables	<u>242,788</u>	-
Total assets	186,750,016	<b><u>\$ 667,645</u></b>
<b>Liabilities</b>		
Due to other governmental units	- \$ 171,296	
Accrued liabilities and other	- 496,349	
Obligations under securities lending agreements	13,262,764	-
Due to brokers	<u>4,878,889</u>	-
Total liabilities	18,141,653	<b><u>\$ 667,645</u></b>
<b>Net Position Restricted for Pension Benefits</b>	<b><u>\$ 168,608,363</u></b>	

## City of Westland, Michigan

### Fiduciary Funds Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2019

	Police and Fire Pension
<b>Additions</b>	
Investment income (loss):	
Interest and dividends	\$ 2,567,316
Net increase in fair value of investments	8,231,756
Investment-related expenses	<u>(1,322,378)</u>
Total investment income	9,476,694
Contributions:	
Employer	7,597,694
Employee	<u>670,772</u>
Total contributions	<u>8,268,466</u>
Total additions	17,745,160
<b>Deductions - Benefit payments</b>	<u>15,586,750</u>
<b>Net Increase in Net Position Held in Trust</b>	2,158,410
<b>Net Position Restricted for Pension Benefits - Beginning of year</b>	<u>166,449,953</u>
<b>Net Position Restricted for Pension Benefits - End of year</b>	<b><u>\$ 168,608,363</u></b>

## City of Westland, Michigan

### Component Units Statement of Net Position

June 30, 2019

	Downtown Development Authority	Local Development Finance Authority	Tax Increment Finance Authority	Brownfield Redevelopment Authority	Total
<b>Assets</b>					
Cash and cash equivalents (Note 3)	\$ 398,253	\$ 26,444	\$ 554,528	\$ 792,480	\$ 1,771,705
Receivables - Net (Note 4)	-	-	-	8,613	8,613
Prepaid expenses	20,000	-	-	-	20,000
Restricted assets (Note 6)	-	-	73,666	-	73,666
Capital assets: (Note 5)					
Not being depreciated	497,601	-	-	-	497,601
Depreciable - Net	<u>5,683,338</u>	<u>-</u>	<u>622,847</u>	<u>-</u>	<u>6,306,185</u>
Total assets	6,599,192	26,444	1,251,041	801,093	8,677,770
<b>Liabilities</b>					
Accounts payable	36,257	480	50,202	-	86,939
Due to primary government (Note 7)	4,354	-	5,058	-	9,412
Accrued liabilities and other	29,976	64	317,595	-	347,635
Noncurrent liabilities:					
Due within one year (Note 8)	395,000	-	680,000	-	1,075,000
Due in more than one year (Note 8)	<u>1,595,000</u>	<u>-</u>	<u>13,340,000</u>	<u>-</u>	<u>14,935,000</u>
Total liabilities	<u>2,060,587</u>	<u>544</u>	<u>14,392,855</u>	<u>-</u>	<u>16,453,986</u>
<b>Net Position</b>					
Net investment in capital assets	4,190,939	-	696,513	-	4,887,452
Unrestricted	<u>347,666</u>	<u>25,900</u>	<u>(13,838,327)</u>	<u>801,093</u>	<u>(12,663,668)</u>
Total net position	<b>\$ 4,538,605</b>	<b>\$ 25,900</b>	<b>\$ (13,141,814)</b>	<b>\$ 801,093</b>	<b>\$ (7,776,216)</b>

## City of Westland, Michigan

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### Functions/Programs

Downtown Development Authority  
 Local Development Finance Authority  
 Tax Increment Finance Authority  
 Brownfield Redevelopment Authority

Total

	Program Revenue			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Downtown Development Authority	\$ 2,517,387	\$ -	\$ 220,670	\$ -
Local Development Finance Authority	144,169	-	51,890	-
Tax Increment Finance Authority	1,839,413	-	34,676	-
Brownfield Redevelopment Authority	6,327	-	21,178	-
<b>Total</b>	<b>\$ 4,507,296</b>	<b>\$ -</b>	<b>\$ 328,414</b>	<b>\$ -</b>

General revenue:

Property taxes  
 Interest income  
 Other miscellaneous income

Total general revenue

### Change in Net Position

**Net Position** - Beginning of year

**Net Position** - End of year

**Component Units  
Statement of Activities**

**Year Ended June 30, 2019**

<b>Net (Expense) Revenue and Changes in Net Position</b>				
<b>Local</b>				
Downtown Development Authority	Development Finance Authority	Tax Increment Finance Authority	Brownfield Redevelopment Authority	Total
\$ (2,296,717)	\$ -	\$ -	\$ -	\$ (2,296,717)
-	(92,279)	-	-	(92,279)
-	-	(1,804,737)	-	(1,804,737)
-	-	-	14,851	14,851
<b>(2,296,717)</b>	<b>(92,279)</b>	<b>(1,804,737)</b>	<b>14,851</b>	<b>(4,178,882)</b>
1,708,838	75,922	2,474,096	234,949	4,493,805
17,432	484	10,035	20,708	48,659
<b>302</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>302</b>
<b>1,726,572</b>	<b>76,406</b>	<b>2,484,131</b>	<b>255,657</b>	<b>4,542,766</b>
(570,145)	(15,873)	679,394	270,508	363,884
<b>5,108,750</b>	<b>41,773</b>	<b>(13,821,208)</b>	<b>530,585</b>	<b>(8,140,100)</b>
<b>\$ 4,538,605</b>	<b>\$ 25,900</b>	<b>\$ (13,141,814)</b>	<b>\$ 801,093</b>	<b>\$ (7,776,216)</b>

June 30, 2019

### 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) applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting policies used by the City:

#### *Reporting Entity*

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

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

#### *Discretely Presented Component Units*

##### *Local Development Finance Authority*

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

##### *Economic Development Corporation*

The Economic Development Corporation (EDC) was created to provide means and methods for the encouragement and assistance of industrial and commercial enterprises in relocating, purchasing, constructing, improving, or expanding within the City so as to provide needed services and facilities of such enterprises to residents of the City. The EDC's governing body consists of nine individuals who are appointed by the mayor and confirmed by the City Council. The Economic Development Corporation does not issue its own financial statements. The EDC had no financial activity in the current year.

##### *Downtown Development Authority*

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

June 30, 2019

### 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.

#### **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, and capital project 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.

June 30, 2019

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

#### Proprietary Funds

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

- The Water and Sewer Fund provides water to customers and disposes of sanitary sewage in exchange for quarterly 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 trustee capacity or as an agent for individuals, organizations, other governments, or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

#### Interfund Activity

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

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

#### 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.

June 30, 2019

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

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

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

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

##### **Cash and Cash Equivalents**

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

##### **Investments**

Investments are reported at fair value or estimated fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. The fair value of real estate investments is based on periodic appraisals, as well as the judgment of independent real estate advisors and management. Investments that do not have an established market value are reported at estimated fair value, as determined by the plan's management.

Approximately 30.03 percent of the Police and Fire Pension Plan's assets as of June 30, 2019 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.

##### **Inventories and Prepaid Items**

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

##### **Restricted Assets**

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

**June 30, 2019****Note 1 - Significant Accounting Policies (Continued)****Capital Assets**

Capital assets, which include property, plant, equipment, intangible assets, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated 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
Buildings and improvements	20-40
Water and sewer distribution systems	5-50
Tools and equipment	2-40

**Long-term Obligations**

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

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

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

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

June 30, 2019

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

#### Net Position Flow Assumption

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

#### Fund Balance Flow Assumptions

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

#### Fund Balance Policies

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

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

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

#### 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 2018 taxable valuation of the City totaled \$1.69 billion (a portion of which is abated and a portion of which is captured by the TIFA and DDA), on which taxes levied consisted of 6.4827 mills for operating purposes, 1.9375 mills for operations of the library, 8.0000 mills for the Police and Fire Pension Fund, and 2.4302 mills for sanitation. The ad valorem taxes levied raised approximately \$10.9 million for city operations, approximately \$3.3 million for operation of the library, approximately \$13.5 million for the Police and Fire Pension Fund, and approximately \$4.1 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.

June 30, 2019

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

#### Pension

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

#### Other Postemployment Benefit Costs

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

#### Compensated Absences (Vacation and Sick Leave)

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

#### Proprietary Funds Operating Classification

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Water and Sewer Fund is charges to customers for sales and services. The Water and Sewer Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services and administrative expenses and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

#### Use of Estimates

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

#### Upcoming Accounting Pronouncements

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

June 30, 2019

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

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

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

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

#### Construction Code Fees

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

Cumulative shortfall at July 1, 2018	\$ (2,639,613)
Current year permit revenue	1,081,545
Related expenses	<u>1,183,741</u>
Current year shortfall	<u>(102,196)</u>
Cumulative shortfall June 30, 2019	<u>\$ (2,741,809)</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 that matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions that 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.

June 30, 2019

### 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, 2019, 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, 2019 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, 2019, 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, 2019 totaled \$13,262,764 and \$13,087,080, 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 \$47,366,973 of bank deposits (certificates of deposit and checking and savings accounts) that was uninsured and uncollateralized. The City believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the City evaluates each financial institution with which it deposits 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 \$1,090,932 of bank deposits that was 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, 2019

### 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	\$ 15,896,669	8.76
U.S. government agency securities	7,250,921	14.60
Corporate securities	10,852,614	5.62
Foreign bonds	431,407	4.58

#### *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)	\$ 208,822	Aaa	Moody's
Corporate securities (pension)	338,112	Aa1	Moody's
Corporate securities (pension)	101,204	Aa3	Moody's
Corporate securities (pension)	1,488,343	A1	Moody's
Corporate securities (pension)	2,515,911	A2	Moody's
Corporate securities (pension)	2,727,415	A3	Moody's
Corporate securities (pension)	3,011,960	Baa1	Moody's
Corporate securities (pension)	460,848	NR	Moody's
Foreign bonds (pension)	30,463	Aa2	Moody's
Foreign bonds (pension)	45,406	Aa3	Moody's
Foreign bonds (pension)	188,975	Baa1	Moody's
Foreign bonds (pension)	166,562	NR	Moody's
U.S. government agency securities (pension)	17,083,292	Aaa	Moody's

#### *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, 2019, the City was invested in Loomis Sayles Small Midcap Core Trust, HGK Trinity Street International Equity Fund, and various United States Treasury Bonds, comprising 13.2 percent, 5.5 percent, and 6.8 percent, respectively, of total investments.

# City of Westland, Michigan

## Notes to Financial Statements

June 30, 2019

### 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
<b>Receivables:</b>						
Property taxes receivable	\$ 273,456	\$ 137,778	\$ 411,234	\$ 1,492,833	\$ 1,904,067	\$ -
Customer receivables	-	-	-	9,230,688	9,230,688	-
Accrued interest receivable	-	1,037	1,037	2,556	3,593	8,613
Other receivables	787,954	1,362	789,316	162,689	952,005	-
Due from other governments	<u>2,385,171</u>	<u>1,352,602</u>	<u>3,737,773</u>	-	<u>3,737,773</u>	-
Net receivables	<u><u>\$ 3,446,581</u></u>	<u><u>\$ 1,492,779</u></u>	<u><u>\$ 4,939,360</u></u>	<u><u>\$ 10,888,766</u></u>	<u><u>\$ 15,828,126</u></u>	<u><u>\$ 8,613</u></u>

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

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

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	\$ 269,301	\$ -
General Fund - E-911 wireless revenue	144,860	-
General Fund - Engineering fees	-	87,745
General Fund - General revenue	5,627	-
General Fund - Towing revenue	24,885	-
General Fund - State revenue	144,192	-
General Fund - Federal government revenue	3,160	-
Other nonmajor governmental funds - Library personal property tax	31,784	-
Other nonmajor - MIDC revenue	-	184,760
<b>Total</b>	<b>\$ 623,809</b>	<b>\$ 272,505</b>

# City of Westland, Michigan

## Notes to Financial Statements

June 30, 2019

### 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, 2018	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2019
Capital assets not being depreciated:					
Land	\$ 3,335,379	\$ -	\$ -	\$ -	\$ 3,335,379
Construction in progress	-	-	21,573	-	21,573
Subtotal	3,335,379	-	21,573	-	3,356,952
Capital assets being depreciated:					
Roads and sidewalks	646,933,637	-	4,213,643	(52,801,132)	598,346,148
Buildings and improvements	42,605,778	-	482,185	-	43,087,963
Other tools and equipment	30,127,330	-	2,704,649	(393,948)	32,438,031
Subtotal	719,666,745	-	7,400,477	(53,195,080)	673,872,142
Accumulated depreciation:					
Roads and sidewalks	497,331,730	-	11,127,662	(52,801,131)	455,658,261
Buildings and improvements	12,920,406	-	1,087,101	2,359	14,009,866
Other tools and equipment	23,010,413	-	1,639,148	(363,020)	24,286,541
Subtotal	533,262,549	-	13,853,911	(53,161,792)	493,954,668
Net capital assets being depreciated	186,404,196	-	(6,453,434)	(33,288)	179,917,474
Net governmental activities capital assets	\$ 189,739,575	\$ -	\$ (6,431,861)	\$ (33,288)	\$ 183,274,426

#### Business-type Activities

	Balance July 1, 2018	Additions	Disposals and Adjustments	Balance June 30, 2019
<b>Water and Sewer Fund</b>				
Capital assets being depreciated:				
Water and sewer lines	\$ 115,803,088	\$ 996,621	\$ -	\$ 116,799,709
Buildings and improvements	2,212,098	-	-	2,212,098
Vehicles	2,918,473	595,613	(63,928)	3,450,158
Other tools and equipment	1,851,386	43,634	-	1,895,020
Subtotal	122,785,045	1,635,868	(63,928)	124,356,985
Accumulated depreciation:				
Water and sewer lines	33,412,139	2,205,059	-	35,617,198
Buildings and improvements	1,632,571	30,598	-	1,663,169
Vehicles	1,456,153	76,591	-	1,532,744
Other tools and equipment	1,423,505	239,754	(63,928)	1,599,331
Subtotal	37,924,368	2,552,002	(63,928)	40,412,442
Net business-type activities capital assets	\$ 84,860,677	\$ (916,134)	\$ -	\$ 83,944,543

# City of Westland, Michigan

## Notes to Financial Statements

June 30, 2019

### Note 5 - Capital Assets (Continued)

#### Component Units

	Balance July 1, 2018	Additions	Disposals and Adjustments	Balance June 30, 2019
Capital assets not being depreciated - Land	\$ 266,364	\$ 231,237	\$ -	\$ 497,601
Capital assets being depreciated:				
DDA improvements	7,460,518	89,060	-	7,549,578
TIFA improvements	636,905	263,818	-	900,723
Subtotal	8,097,423	352,878	-	8,450,301
Accumulated depreciation:				
DDA improvements	1,670,610	195,630	-	1,866,240
TIFA improvements	234,361	43,515	-	277,876
Subtotal	1,904,971	239,145	-	2,144,116
Net capital assets being depreciated	6,192,452	113,733	-	6,306,185
Net component units capital assets	\$ 6,458,816	\$ 344,970	\$ -	\$ 6,803,786

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

Governmental activities:		
General government		\$ 1,675,822
Police		293,016
Fire		178,569
Major roads		5,380,686
Local roads		5,673,469
Parks and recreation		217,065
Library		435,284
Total governmental activities		\$ 13,853,911
Business-type activities - Enterprise Fund - Water and Sewer		\$ 2,552,002

### Note 6 - Restricted Assets

Restricted assets at June 30, 2019 consist of unspent bond proceeds in the Tax Increment Finance Authority Fund for the following purposes:

	Component Units
Unspent bond proceeds	\$ 73,666

# City of Westland, Michigan

## Notes to Financial Statements

June 30, 2019

### 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 Water and Sewer Fund	\$ 2,284,923 5,510
	Total General Fund	2,290,433
Other nonmajor governmental funds	General Fund	3,706,132
	Total	\$ 5,996,565

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

Receivable	Payable	Amount
Primary government - General Fund	Component unit - Tax Increment Finance Authority Component unit - Downtown Development Authority	\$ 618 4,354
	Total primary government - General Fund	4,972
Primary government - Major Road Funds	Component unit - Tax Increment Finance Authority	4,440
	Total	\$ 9,412

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

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

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
General Fund	Other nonmajor governmental funds (1)(4)	\$ 585,879
Other nonmajor governmental funds	General Fund (3) Other nonmajor governmental funds (2)	20,000 1,669,701
	Other nonmajor governmental funds (2)	1,689,701
	Total	\$ 2,275,580

- (1) Transfers for debt service and capital improvements
- (2) Transfer for local road construction and maintenance
- (3) Transfer for capital improvements
- (4) Transfer of local match for Michigan Indigent Defense Commission

# City of Westland, Michigan

## Notes to Financial Statements

June 30, 2019

### 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, 2019 can be summarized as follows:

#### Governmental Activities

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable:							
Other debt:							
2004 Michigan Transportation Fund Bonds	4%	\$300,000	\$ 300,000	-	\$ (300,000)	\$ -	\$ -
2005 Building Authority Refunding Bonds	4%	\$445,000 - \$500,000	945,000	-	(445,000)	500,000	500,000
2015 Capital Improvement Bond	3.25%-5%	\$66,360 - \$123,333	1,500,484	-	(66,360)	1,434,124	69,343
Unamortized bond premium	N/A	\$3,523	59,884	-	(3,522)	56,362	3,523
Total other debt principal outstanding			2,805,368	-	(814,882)	1,990,486	572,866
Direct borrowings and direct placements:							
2013 New City Hall	2.6%	\$100,000 - \$145,000	1,185,000	-	(100,000)	1,085,000	100,000
HUD Section 108 Loan	2.59%-2.96%	\$47,000 - \$48,000	479,000	-	(48,000)	431,000	48,000
2018 Fire Truck	3.43%	\$87,596 - \$107,242	680,000	-	(87,596)	592,404	90,600
Total direct borrowings and direct placements principal outstanding			2,344,000	-	(235,596)	2,108,404	238,600
Total bonds and contracts payable			5,149,368	-	(1,050,478)	4,098,890	811,466
Compensated absences			9,555,132	5,308,788	(5,017,489)	9,846,431	5,120,314
Total governmental activities long-term debt			\$ 14,704,500	\$ 5,308,788	\$ (6,067,967)	\$ 13,945,321	\$ 5,931,780

# City of Westland, Michigan

## Notes to Financial Statements

June 30, 2019

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

#### *Business-type Activities*

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
<b>Bonds and contracts payable:</b>							
Other debt:							
2015 Capital Improvement Bond	3.25%-5%	\$66,356 - \$123,333	\$ 8,564,518	\$ -	\$ (378,640)	\$ 8,185,878	\$ 395,658
2014 Capital Improvement Bond	2%-4%	\$200,000 - \$400,000	4,450,000	-	(200,000)	4,250,000	225,000
Unamortized Bond Premium	N/A	\$855 - \$20,100	<u>397,225</u>	-	(23,517)	<u>373,708</u>	<u>23,517</u>
Total other debt principal outstanding			13,411,743	-	(602,157)	12,809,586	644,175
<b>Direct borrowings and direct placements:</b>							
2010 State Revolving Fund Loan	2.5%	\$25,000 - \$35,000	362,794	-	(25,000)	337,794	25,000
2010 Strategic Water Quality Initiatives Loan	2.5%	\$120,000 - \$162,183	<u>1,812,183</u>	-	(120,000)	<u>1,692,183</u>	<u>125,000</u>
Total direct borrowings and direct placements principal outstanding			<u>2,174,977</u>	-	(145,000)	<u>2,029,977</u>	<u>150,000</u>
Total bonds and contracts payable			15,586,720	-	(747,157)	14,839,563	794,175
Compensated absences			<u>243,646</u>	<u>196,818</u>	(191,849)	<u>248,615</u>	<u>200,381</u>
Total business-type activities long-term debt			<u>\$ 15,830,366</u>	<u>\$ 196,818</u>	<u>\$ (939,006)</u>	<u>\$ 15,088,178</u>	<u>\$ 994,556</u>

# City of Westland, Michigan

## Notes to Financial Statements

June 30, 2019

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

#### Component Units

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable:							
Other debt:							
2013 Tax Increment Financing Bonds - City Hall and Fire Station	3%-5.25%	\$655,000 - \$1,285,000	\$ 14,675,000	\$ -	\$ (655,000)	\$ 14,020,000	\$ 680,000
2014 Downtown Development Bonds - Farmer's Market	2%-3.13%	\$290,000 - \$335,000	2,180,000	-	(290,000)	1,890,000	295,000
Total other debt principal outstanding			16,855,000	-	(945,000)	15,910,000	975,000
Direct borrowings and direct placements - Secured							
Promissory Note Land Sale Secured Promissory Note Land Sale	N/A	\$100,000					
	N/A	\$100,000	-	100,000	-	100,000	100,000
Total component unit long-term debt		\$ 16,855,000	\$ 100,000	\$ (945,000)	\$ 16,010,000	\$ 1,075,000	

# City of Westland, Michigan

## Notes to Financial Statements

June 30, 2019

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

#### *Debt Service Requirements to Maturity*

Total interest incurred related to governmental and business-type activities and component units for the year approximated \$156,000, \$541,000, and \$752,000, respectively. Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

Years Ending June 30	Governmental Activities					
	Direct Borrowings and Direct Placements		Other Debt			
	Principal	Interest	Principal	Interest	Total	
2020	\$ 238,600	\$ 56,276	\$ 569,342	\$ 69,370	\$ 933,588	
2021	241,708	51,163	72,325	55,902	421,098	
2022	259,922	43,925	76,798	52,286	432,931	
2023	263,247	36,383	79,781	48,446	427,857	
2024	271,685	28,650	84,254	44,457	429,046	
2025-2029	833,242	43,108	478,684	164,626	1,519,660	
2030-2034	-	-	572,940	69,778	642,718	
<b>Total</b>	<b>\$ 2,108,404</b>	<b>\$ 259,505</b>	<b>\$ 1,934,124</b>	<b>\$ 504,865</b>	<b>\$ 4,806,898</b>	

  

Years Ending June 30	Business-type Activities					
	Direct Borrowings and Direct Placements		Other Debt			
	Principal	Interest	Principal	Interest	Total	
2020	\$ 150,000	\$ 50,749	\$ 620,658	\$ 487,630	\$ 1,309,037	
2021	155,000	46,999	637,675	463,348	1,303,022	
2022	160,000	43,124	688,202	435,964	1,327,290	
2023	160,000	39,124	705,219	406,554	1,310,897	
2024	165,000	35,124	730,746	376,293	1,307,163	
2025-2029	890,000	111,872	4,231,316	1,409,462	6,642,650	
2030-2034	349,977	12,804	4,822,062	549,147	5,733,990	
<b>Total</b>	<b>\$ 2,029,977</b>	<b>\$ 339,796</b>	<b>\$ 12,435,878</b>	<b>\$ 4,128,398</b>	<b>\$ 18,934,049</b>	

  

Years Ending June 30	Component Unit Activities					
	Direct Borrowings and Direct Placements		Other Debt			
	Principal	Interest	Principal	Interest	Total	
2020	\$ 975,000	\$ 719,906	\$ 100,000	\$ -	\$ -	\$ 1,794,906
2021	1,010,000	693,238	-	-	-	1,703,238
2022	1,035,000	660,938	-	-	-	1,695,938
2023	1,075,000	626,131	-	-	-	1,701,131
2024	1,110,000	587,131	-	-	-	1,697,131
2025-2029	4,885,000	2,215,781	-	-	-	7,100,781
2030-2034	5,820,000	939,213	-	-	-	6,759,213
<b>Total</b>	<b>\$ 15,910,000</b>	<b>\$ 6,442,338</b>	<b>\$ 100,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 22,452,338</b>

June 30, 2019

### Note 9 - Risk Management

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

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

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

	General Liability		Workers' Compensation		Medical Claims		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Estimated liability - Beginning of year	\$ 1,779,939	\$ 2,015,851	\$ 288,599	\$ 246,248	\$ 770,061	\$ 779,967	\$ 2,838,599	\$ 3,042,066
Estimated claims incurred, including changes in estimates	1,832,258	1,261,232	170,048	112,951	10,668,318	9,102,775	12,670,624	10,476,958
Claim payments	(1,472,643)	(1,497,144)	(174,053)	(70,600)	(10,692,575)	(9,112,681)	(12,339,271)	(10,680,425)
Estimated liability - End of year	<u>\$ 2,139,554</u>	<u>\$ 1,779,939</u>	<u>\$ 284,594</u>	<u>\$ 288,599</u>	<u>\$ 745,804</u>	<u>\$ 770,061</u>	<u>\$ 3,169,952</u>	<u>\$ 2,838,599</u>

Of the total provision for claims liability, \$2,552,274 has been allocated to governmental activities and \$617,678 has been allocated to the Water and Sewer Fund.

### Note 10 - Joint Ventures

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

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

The City is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. Complete financial statements for the Nankin Transit Commission and the Central Wayne County Sanitation Authority can be obtained from their administrative offices at the Jefferson Barnes Community Center, 32150 Dorsey St., Westland, MI 48186 and 3579 Commerce Court, Wayne, MI 48184, respectively.

**June 30, 2019****Note 11 - Contingent Liabilities*****Open Litigation***

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

**Note 12 - Restricted Net Position**

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

	Governmental Activities
Public safety - Drug forfeiture	\$ 25,295
Police training	7,512
Metroact broadband	78,626
Street lighting	281,568
Community development	<u>1,665,895</u>
 Total restricted net position	 <u>\$ 2,058,896</u>

# City of Westland, Michigan

## Notes to Financial Statements

June 30, 2019

### Note 13 - Fund Balance Constraints

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

	General Fund	Nonmajor Funds
<b>Nonspendable:</b>		
Inventory/Assets held for resale	\$ 233,171	\$ -
Prepays	941,146	11,290
Total nonspendable	1,174,317	11,290
<b>Restricted:</b>		
Roads	- 6,524,140	-
Police and fire retirement	1,702,000	-
Community development	-	1,665,895
Drug forfeiture	-	23,807
Library	-	3,662,981
Street lighting	-	281,568
Metroact broadband	78,626	-
Police training	7,512	-
Sanitation	158,000	-
Total restricted	1,946,138	12,158,391
<b>Committed:</b>		
Court Capital Projects	- 171,305	171,305
Tree Planting Program	34,489	-
Total committed	34,489	171,305
<b>Assigned:</b>		
Youth assistance	29,451	-
Capital projects	-	3,915,543
Police property room	38,857	-
Cable TV	2,230	-
Community promotion	20,000	-
Senior resources	43,844	-
Ice arena	22,995	-
Total assigned	157,377	3,915,543
<b>Unassigned</b>	<u>5,774,771</u>	<u>-</u>
<b>Total fund balance</b>	<u>\$ 9,087,092</u>	<u>\$ 16,256,529</u>

### Note 14 - Commitments

The City has entered into several construction, maintenance, and service contracts with expenses incurred to date of \$9,308,670 and remaining commitments totaling \$14,501,456 as of June 30, 2019.

### 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.

June 30, 2019

### Note 15 - Pension Plans (Continued)

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.

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	July 1, 2018	December 31, 2018
Inactive plan members or beneficiaries currently receiving benefits	275	308
Inactive plan members entitled to but not yet receiving benefits	1	38
Active plan members	143	94
Total employees covered by the plan	419	440

June 30, 2019

### Note 15 - Pension Plans (Continued)

#### *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.

#### *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's net pension liability	June 30, 2019	December 31, 2018
Based on a comprehensive actuarial valuation as of	June 30, 2018	December 31, 2018

The components of the net pension liability of the City at June 30, 2019 were as follows:

	Police and Fire Pension Plan	MERS Plan	Total
Total pension liability	\$ 229,770,308	\$ 137,013,117	\$ 366,783,425
Plan fiduciary net position	<u>(168,608,363)</u>	<u>(53,607,532)</u>	<u>(222,215,895)</u>
City's net pension liability	<u>\$ 61,161,945</u>	<u>\$ 83,405,585</u>	<u>\$ 144,567,530</u>

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
<b>Balance at June 30, 2018</b>	\$ 231,122,440	\$ 166,449,953	\$ 64,672,487
Changes for the year:			
Service cost	2,963,129	-	2,963,129
Interest	16,406,183	-	16,406,183
Differences between expected and actual experience	(5,134,694)	-	(5,134,694)
Contributions - Employer	-	7,597,694	(7,597,694)
Contributions - Employee	-	670,772	(670,772)
Net investment income	-	9,618,386	(9,618,386)
Benefit payments, including refunds	(15,586,750)	(15,586,750)	-
Administrative expenses	-	(141,692)	141,692
Net changes	<u>(1,352,132)</u>	<u>2,158,410</u>	<u>(3,510,542)</u>
<b>Balance at June 30, 2019</b>	<u>\$ 229,770,308</u>	<u>\$ 168,608,363</u>	<u>\$ 61,161,945</u>

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

The plan's fiduciary net position represents 73.38 percent of the total pension liability.

June 30, 2019

### Note 15 - Pension Plans (Continued)

#### MERS Plan

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
<b>Balance at December 31, 2017</b>	\$ 135,152,137	\$ 58,219,749	\$ 76,932,388
Changes for the year:			
Service cost	965,487	-	965,487
Interest	10,477,607	-	10,477,607
Changes in benefits	4,677	-	4,677
Differences between expected and actual experience	(257,191)	-	(257,191)
Contributions - Employer	-	6,715,660	(6,715,660)
Contributions - Employee	-	323,168	(323,168)
Net investment loss	-	(2,210,597)	2,210,597
Benefit payments, including refunds	(9,308,562)	(9,308,562)	-
Administrative expenses	-	(110,848)	110,848
Miscellaneous other charges	(21,038)	(21,038)	-
Net changes	1,860,980	(4,612,217)	6,473,197
<b>Balance at December 31, 2018</b>	<b>\$ 137,013,117</b>	<b>\$ 53,607,532</b>	<b>\$ 83,405,585</b>

Of the total pension liability, \$62,611,840 has been allocated to governmental activities and \$20,793,745 has been allocated to the Water and Sewer Fund.

The plan's fiduciary net position represents 39.13 percent of the total pension liability.

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

For the year ended June 30, 2019, the City recognized pension expense of \$19,973,372 from all plans, which includes defined contribution plan expense of \$335,996 (employee contributions to defined contribution plans totaled \$482,616).

At June 30, 2019, 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	\$ 2,413,530	\$ (3,979,617)
Changes in assumptions	2,014,904	-
Net difference between projected and actual earnings on pension plan investments	4,152,581	(2,147,932)
Employer contributions to the plan subsequent to the measurement date	3,273,824	-
<b>Total</b>	<b>\$ 11,854,839</b>	<b>\$ (6,127,549)</b>

Of the net deferred outflows of resources, \$10,038,294 has been allocated to governmental activities and \$1,816,545 has been allocated to the Water and Sewer Fund. Of the net deferred inflows of resources, \$6,087,000 has been allocated to governmental activities and \$40,549 has been allocated to the Water and Sewer Fund.

**June 30, 2019****Note 15 - Pension Plans (Continued)**

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

Years Ending June 30	Amount
2020	\$ 3,111,998
2021	(1,738,558)
2022	(710,158)
2023	<u>1,790,184</u>
Total	<u><u>\$ 2,453,466</u></u>

***Actuarial Assumptions***

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

	Police and Fire Pension Plan	MERS Plan
Inflation	2.75%	2.5%
Salary increases (including inflation)	3.25%	3.75%
Investment rate of return (net of investment expenses)	7.25%	8.0%
Mortality rates	RP-2006 Blue Collar Mortality Table	RP-2014 Mortality Table

The actuarial assumptions used in the MERS December 31, 2018 actuarial valuation were based on the results of an actuarial experience study for the period from 2009-2013.

***Discount Rate***

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

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

June 30, 2019

### Note 15 - Pension Plans (Continued)

#### *Investment Rate of Return*

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The Police and Fire Pension Plan's policy in regard to the allocation of invested assets is established and may be amended by the pension board by a majority vote of its members. It is the policy of the pension board to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

The following table represents best estimates of arithmetic real rates of return as of the measurement date for each major asset class included in the pension plan's target asset allocation, as well as the pension board's adopted asset allocation policy as of June 30, 2019.

#### Police and Fire Pension Plan

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Fixed income	20.00 %	2.80 %
Equities	60.00	5.83
Real estate	7.50	6.80
Other	12.50	6.30

#### MERS Plan

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	55.50 %	6.15 %
Global fixed income	18.50	1.26
Real assets	13.50	7.22
Diversifying strategies	12.50	5.00

#### ***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	\$ 87,072,940	\$ 61,161,945	\$ 39,531,417
Net pension liability of the MERS Plan	97,889,730	83,405,585	71,144,535

June 30, 2019

### Note 15 - Pension Plans (Continued)

#### *Pension Plan Fiduciary Net Position*

Detailed information about the MERS plan's fiduciary net position is available in the separately issued financial report; for the Police and Fire Plan it is included as a pension trust fund in these financial statements. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the plan's fiduciary net position and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

#### *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 7.73 percent. For any employees who terminate before vesting in the pension plan, their balances are returned to them; for those who stay until retirement, the balance is transferred into the retiree reserve.

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

The balances of the reserve accounts at June 30, 2019 are as follows:

	Required Reserve	Amount Funded
Retiree reserve	\$ 176,722,720	\$ 164,957,486
Employee reserve	3,650,877	3,650,877
Total	<u>\$ 180,373,597</u>	<u>\$ 168,608,363</u>

### Note 16 - Other Postemployment Benefit Plan

#### *Plan Description*

The City provides OPEB for all employees who meet eligibility requirements. The benefits are provided through the City of Westland Retiree Health Care Plan, a single-employer plan administered by the City of Westland Retiree Health Care Plan board. During the current year, the City opened a Plan Trust. As of May 2019, all plan investments are held in the MERS of Michigan Retiree Health Funding Vehicle. MERS issues a publicly available financial report, which includes an other postemployment benefits fund. This report can be obtained at [www.mersofmichigan.com](http://www.mersofmichigan.com) or in writing to MERS at 1134 Municipal Way, Lansing, MI 48917. As of June 30, 2019, the market value of plan assets held in the City of Westland Retiree Health Care Funding Vehicle was \$504,234.

#### *Benefits Provided*

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

June 30, 2019

### Note 16 - Other Postemployment Benefit Plan (Continued)

#### *Employees Covered by Benefit Terms*

The following members were covered by the benefit terms:

	City of Westland Retiree Health Care Plan
Date of member count	June 30, 2019
Inactive plan members or beneficiaries currently receiving benefits	458
Inactive plan members entitled to but not yet receiving benefits	58
Active plan members	197
<b>Total plan members</b>	<b>713</b>

#### *Contributions*

Retiree healthcare costs are paid by the City on a "pay-as-you-go" basis. Additionally, the City contributes additional contributions, as determined by the City Council. For the fiscal year ended June 30, 2019, the City made payments for postemployment health benefit premiums of \$8,070,396 plus prefunded contributions of \$500,000.

#### *Net OPEB Liability*

The City has chosen to use the June 30 measurement date as its measurement date for the net OPEB liability. The June 30, 2019 fiscal year end reported net OPEB liability was determined using a measure of the total OPEB liability and the OPEB net position as of the June 30, 2019 measurement date. The June 30, 2019 measurement date total OPEB liability was determined by an actuarial valuation performed as of that date.

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

Changes in Net OPEB Liability	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability
<b>Balance at June 30, 2018</b>	\$ 232,749,436	\$ -	\$ 232,749,436
Changes for the year:			
Service cost	1,586,539	-	1,586,539
Interest	8,975,503	-	8,975,503
Changes in benefits	1,594,300	-	1,594,300
Differences between expected and actual experience	(32,726,237)	-	(32,726,237)
Changes in assumptions	(38,358,088)	-	(38,358,088)
Contributions - Employer	-	8,570,396	(8,570,396)
Net investment income	-	4,234	(4,234)
Benefit payments, including refunds	(8,070,396)	(8,070,396)	-
Net changes	(66,998,379)	504,234	(67,502,613)
<b>Balance at June 30, 2019</b>	<b>\$ 165,751,057</b>	<b>\$ 504,234</b>	<b>\$ 165,246,823</b>

Of the net OPEB liability, \$144,514,749 has been allocated to governmental activities, and \$20,732,074 has been allocated to the Water and Sewer Fund.

The plan's fiduciary net position represents 0.3 percent of the total OPEB liability.

June 30, 2019

### Note 16 - Other Postemployment Benefit Plan (Continued)

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

For the year ended June 30, 2019, the City recognized an OPEB cost reduction expense of \$11,045,741.

At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (29,948,544)
Changes in assumptions	- -	(34,213,762)
Net difference between projected and actual earnings on OPEB plan investments	<u>4,237</u>	-
<b>Total</b>	<b><u>\$ 4,237</u></b>	<b><u>\$ (64,162,306)</u></b>

Of the net deferred outflows of resources, \$3,705 has been allocated to governmental activities, and \$532 has been allocated to the Water and Sewer Fund.

Of the net deferred inflows of resources, \$56,112,423 has been allocated to governmental activities and \$8,049,883 has been allocated to the Water and Sewer Fund.

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

Years Ending June 30	Amount
2020	\$ (23,194,553)
2021	(23,194,553)
2022	<u>(17,770,022)</u>
<b>Total</b>	<b><u>\$ (64,159,128)</u></b>

#### ***Actuarial Assumptions***

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using an inflation assumption of 2.50 percent; assumed salary increases (including inflation) of 3.75 percent; a healthcare cost trend rate of 8.0 percent for 2020, decreasing 0.5 percent per year to an ultimate rate of 4.5 percent for 2027 and later years; the RPH-2018 total dataset mortality tables using Scale MP-2018; and a 40 percent excise tax for Cadillac plans. These assumptions were applied to all periods included in the measurement.

#### ***Discount Rate***

The discount rate used to measure the total OPEB liability was 5.38 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that city contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Based on those assumptions, the OPEB plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current active and inactive employees through the year ending in 2032. Therefore, the discount rate was determined by blending the long-term expected rate of return on OPEB plan investments 6.05 percent with the current yield for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher, which currently stands at 3.51 percent (as referenced in Bond Buyer GO 20 year municipal bond index, June 30, 2019).

June 30, 2019

### Note 16 - Other Postemployment Benefit Plan (Continued)

#### *Investment Rate of Return*

The long-term expected rate of return on OPEB 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 OPEB 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 adding expected inflation. Best estimates of arithmetic real rates of return as of the June 30, 2019 measurement date for each major asset class included in the OPEB plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following tables:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
MERS Capital Appreciation Portfolio	50.00 %	5.40 %
MERS Established Market Portfolio	50.00	6.70

#### *Sensitivity of the Net OPEB Liability to Changes in the Discount Rate*

The following presents the net OPEB liability of the City, calculated using the discount rate of 5.38 percent, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percent Decrease (4.38%)	Current Discount Rate (5.38%)	1 Percent Increase (6.38%)
Net OPEB liability of the City of Westland Retiree Health Care Plan	\$ 189,408,502	\$ 165,246,823	\$ 145,837,708

#### *Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate*

The following presents the net OPEB liability of the City, calculated using the healthcare cost trend rate of 8.0 percent, as well as what the City's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percent Decrease (7.00%)	Current Healthcare Cost Trend Rate (8.0%)	1 Percent Increase (9.0%)
Net OPEB liability of the City of Westland Retiree Health Care Plan	\$ 146,290,521	\$ 165,246,823	\$ 188,719,450

#### *Assumption Changes*

The City of Westland Retiree Health Care Plan changed its actuarial assumptions from the previous actuarial valuation. The discount rate was increased from 3.84 percent to 5.38 percent, rates of mortality were updated to RPH-2018 tables, and healthcare trend rates have been updated.

### Note 17 - Fair Value Measurements

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

**June 30, 2019**

**Note 17 - Fair Value Measurements (Continued)**

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.

The City has the following recurring fair value measurements as of June 30, 2019:

	Assets Measured at Fair Value on a Recurring Basis				
	Balance at June 30, 2019	Quoted Prices in Active Markets for Identical Assets (Level 1)		Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments by Fair Value Level</b>					
ADR	\$ 7,560,822	\$ 7,560,822	\$ -	\$ -	\$ -
Asset-backed securities	382,351	-	382,351	-	-
Closed-end MF - Equity	7,987,674	7,987,674	-	-	-
Collateralized mortgage obligations	502,766	-	502,766	-	-
Common stock	48,921,398	48,921,398	-	-	-
Corporate bonds	9,227,443	-	9,227,443	-	-
Foreign bonds	431,407	-	431,407	-	-
Foreign stock	4,736,617	4,736,617	-	-	-
Inflation index bonds	858,629	858,629	-	-	-
Mortgage-backed securities	3,502,317	-	3,502,317	-	-
Open-end mutual fund - Fixed income tax	8,731	8,731	-	-	-
Private placements	1,132,343	-	1,132,343	-	-
Real estate investment trusts	3,257,615	3,257,615	-	-	-
U.S. federal agencies	2,497,687	2,497,687	-	-	-
U.S. government obligations	14,235,870	14,235,870	-	-	-
U.S. Treasury bills	1,660,799	1,660,799	-	-	-
Mutual funds under securities lending agreements	13,164,087	-	-	-	13,164,087
Total investments measured at fair value	\$ 120,068,556	\$ 91,725,842	\$ 15,178,627	\$ 13,164,087	

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, and private placements at June 30, 2019 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, 2019 was determined primarily based on Level 3 inputs. The City estimates the fair value of these investments using the City's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

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

**June 30, 2019****Note 17 - Fair Value Measurements (Continued)*****Investments in Entities that Calculate Net Asset Value per Share***

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

As of June 30, 2019, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency, if Eligible</u>	<u>Redemption Notice Period</u>
Collective investment funds (CIF) -				
Equity	\$ 27,321,285	\$ -	None	None
Real estate investment trusts	1,848,056	\$ -	None	None
CIF - Fixed income	7,984,098	1,371,720	None	None
Partnership alternative investment	3,783,105	2,315,004	None	None
Closely held equity	<u>14,693,022</u>	<u>3,346,684</u>	None	None
Total investments measured at NAV	<u>\$ 55,629,566</u>	<u>\$ 7,033,408</u>		

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

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

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

**Note 18 - Tax Abatements**

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

For the fiscal year ended June 30, 2019, the City's property tax revenue was reduced by \$107,558 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.

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## Required Supplemental Information

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# City of Westland, Michigan

## Required Supplemental Information Budgetary Comparison Schedule - General Fund

Year Ended June 30, 2019

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 27,107,608	\$ 27,330,608	\$ 27,487,912	\$ 157,304
Intergovernmental:				
Federal sources	503,000	501,760	370,294	(131,466)
State sources	10,398,874	10,881,785	10,561,402	(320,383)
Charges for services	7,512,630	7,594,730	7,556,676	(38,054)
Court fines and fees	5,800,000	6,300,000	6,149,905	(150,095)
Licenses and permits	1,273,000	1,273,500	1,195,392	(78,108)
Interest income	300,000	360,000	353,270	(6,730)
Other revenue:				
Local sources	2,377,430	2,436,932	2,487,474	50,542
Other income	4,220,228	4,740,154	4,707,043	(33,111)
Refund of captured property taxes	1,325,000	1,282,500	1,282,156	(344)
Cable franchise fees	1,930,000	1,670,000	1,672,966	2,966
Total revenue	62,747,770	64,371,969	63,824,490	(547,479)
<b>Expenditures</b>				
Current:				
General government:				
Legislative	126,732	130,132	127,951	2,181
Executive	600,787	615,787	612,213	3,574
Computer information systems	738,548	864,548	798,284	66,264
Law	850,000	950,000	948,389	1,611
Finance	1,332,567	1,291,567	1,272,676	18,891
Assessing	484,737	493,737	484,319	9,418
City clerk	734,238	753,418	743,243	10,175
Buildings and grounds	425,100	463,100	452,882	10,218
Insurance	1,800,000	1,500,000	1,542,849	(42,849)
Personnel	344,950	344,950	336,359	8,591
General government	6,777,501	7,042,900	6,920,404	122,496
Motorpool	673,315	765,315	759,934	5,381
Public safety:				
Police	18,564,740	19,164,741	19,060,611	104,130
Fire	14,396,765	14,396,765	14,401,776	(5,011)
Joint dispatch	2,335,996	2,361,996	2,325,759	36,237
Police and fire retirement board	35,000	35,000	25,000	10,000
District court	3,565,407	3,565,407	3,403,805	161,602
Sanitation	3,470,000	3,534,128	3,661,071	(126,943)
Community and economic development:				
Building and planning	993,579	1,135,579	1,135,397	182
Neighborhood services	600,000	600,000	419,575	180,425
Economic development	355,868	248,868	243,068	5,800
Community development	726,105	702,105	693,933	8,172
Youth assistance program	938,657	949,657	936,115	13,542
Housing	717,198	717,198	714,168	3,030
Recreation and culture:				
Parks and recreation	713,416	760,072	716,632	43,440
Cable	465,196	465,196	454,792	10,404
Ice arena	318,164	355,164	345,275	9,889
Senior resources	515,257	550,257	536,739	13,518
Golf course	357,390	381,088	380,261	827
Debt service	129,047	129,123	129,123	-
Total expenditures	64,086,260	65,267,798	64,582,603	685,195
<b>Excess of Expenditures Over Revenue</b>	(1,338,490)	(895,829)	(758,113)	137,716
<b>Other Financing Sources</b>				
Transfers in	495,000	495,000	495,000	-
Proceeds from sale of capital assets	1,575,000	1,015,000	789,902	(225,098)
Total other financing sources	2,070,000	1,510,000	1,284,902	(225,098)

## **City of Westland, Michigan**

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

**Year Ended June 30, 2019**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
<b>Net Change in Fund Balance</b>	\$ 731,510	\$ 614,171	\$ 526,789	\$ (87,382)
<b>Fund Balance - Beginning of year</b>	<u>8,673,055</u>	<u>8,673,055</u>	<u>8,673,055</u>	<u>-</u>
<b>Fund Balance - End of year</b>	<b>\$ 9,404,565</b>	<b>\$ 9,287,226</b>	<b>\$ 9,199,844</b>	<b>\$ (87,382)</b>

## City of Westland, Michigan

### Required Supplemental Information

#### Schedule of Changes in the MERS Net Pension Liability and Related Ratios

	<b>Last Five Fiscal Years</b>				
	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>					
Service cost	\$ 965,487	\$ 1,068,106	\$ 1,220,236	\$ 1,301,083	\$ 1,373,374
Interest	10,477,607	10,288,849	10,118,570	9,708,550	9,483,985
Changes in benefit terms	4,677	-	(6,338)	-	-
Differences between expected and actual experience	(257,191)	132,393	-	(109,173)	-
Changes in assumptions	-	-	(465,111)	6,359,502	-
Benefit payments, including refunds	(9,308,562)	(8,818,642)	(8,498,066)	(8,334,206)	(7,865,543)
Miscellaneous other charges	(21,038)	(8,903)	-	-	-
<b>Net Change in Total Pension Liability</b>	1,860,980	2,661,803	2,369,291	8,925,756	2,991,816
<b>Total Pension Liability - Beginning of year</b>	<u>135,152,137</u>	<u>132,490,334</u>	<u>130,121,043</u>	<u>121,195,287</u>	<u>118,203,471</u>
<b>Total Pension Liability - End of year</b>	<b><u>\$ 137,013,117</u></b>	<b><u>\$ 135,152,137</u></b>	<b><u>\$ 132,490,334</u></b>	<b><u>\$ 130,121,043</u></b>	<b><u>\$ 121,195,287</u></b>
<b>Plan Fiduciary Net Position</b>					
Contributions - Employer	\$ 6,715,660	\$ 6,005,409	\$ 5,316,066	\$ 5,168,527	\$ 5,699,179
Contributions - Member	323,168	336,048	343,428	362,187	299,758
Net investment (loss) income	(2,210,597)	6,931,136	5,651,194	(788,058)	3,253,267
Administrative expenses	(110,848)	(109,763)	(111,691)	(117,289)	(120,757)
Benefit payments, including refunds	(9,308,562)	(8,818,642)	(8,498,066)	(8,332,862)	(7,865,543)
Miscellaneous other charges	(21,038)	(8,903)	-	-	-
<b>Net Change in Plan Fiduciary Net Position</b>	(4,612,217)	4,335,285	2,700,931	(3,707,495)	1,265,904
<b>Plan Fiduciary Net Position - Beginning of year</b>	<u>58,219,749</u>	<u>53,884,464</u>	<u>51,183,532</u>	<u>54,891,027</u>	<u>53,625,123</u>
<b>Plan Fiduciary Net Position - End of year</b>	<b><u>\$ 53,607,532</u></b>	<b><u>\$ 58,219,749</u></b>	<b><u>\$ 53,884,463</u></b>	<b><u>\$ 51,183,532</u></b>	<b><u>\$ 54,891,027</u></b>
<b>City's Net Pension Liability - Ending</b>	<b><u>\$ 83,405,585</u></b>	<b><u>\$ 76,932,388</u></b>	<b><u>\$ 78,605,871</u></b>	<b><u>\$ 78,937,511</u></b>	<b><u>\$ 66,304,260</u></b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	39.13 %	43.08 %	40.67 %	39.34 %	45.29 %
<b>Covered Payroll</b>	\$ 5,901,535	\$ 6,603,572	\$ 7,243,293	\$ 7,451,135	\$ 7,555,355
<b>City's Net Pension Liability as a Percentage of Covered Payroll</b>	1,413.29 %	1,165.01 %	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

	<b>Last Six Fiscal Years</b>					
	2019	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>						
Service cost	\$ 2,963,129	\$ 3,559,247	\$ 3,265,490	\$ 3,028,268	\$ 2,860,595	\$ 3,222,792
Interest	16,406,183	15,922,405	15,754,069	15,096,874	14,268,302	14,057,789
Changes in benefit terms	-	-	-	(724,126)	-	-
Differences between expected and actual experience	(5,134,694)	1,477,290	1,224,995	6,992,130	8,888,109	-
Changes in assumptions	-	-	5,107,777	-	-	-
Benefit payments, including refunds	(15,586,750)	(15,352,545)	(16,515,591)	(14,982,738)	(15,123,670)	(13,461,635)
<b>Net Change in Total Pension Liability</b>	(1,352,132)	5,606,397	8,836,740	9,410,408	10,893,336	3,818,946
<b>Total Pension Liability - Beginning of year</b>	<u>231,122,440</u>	<u>225,516,042</u>	<u>216,679,302</u>	<u>207,268,894</u>	<u>196,375,558</u>	<u>192,556,612</u>
<b>Total Pension Liability - End of year</b>	<b><u>\$ 229,770,308</u></b>	<b><u>\$ 231,122,439</u></b>	<b><u>\$ 225,516,042</u></b>	<b><u>\$ 216,679,302</u></b>	<b><u>\$ 207,268,894</u></b>	<b><u>\$ 196,375,558</u></b>
<b>Plan Fiduciary Net Position</b>						
Contributions - Employer	\$ 7,597,694	\$ 7,398,670	\$ 6,879,391	\$ 6,717,939	\$ 6,693,504	\$ 5,813,007
Contributions - Member	670,772	640,248	714,843	537,081	326,793	116,709
Net investment income (loss)	9,618,386	15,774,255	20,499,672	(2,646,242)	3,318,245	26,067,511
Administrative expenses	(141,692)	(28,252)	(73,345)	-	-	-
Benefit payments, including refunds	(15,586,750)	(15,352,545)	(16,515,591)	(14,982,738)	(15,123,670)	(13,461,635)
Miscellaneous other charges	-	47,432	753,079	(9,938)	-	-
<b>Net Change in Plan Fiduciary Net Position</b>	2,158,410	8,479,808	12,258,049	(10,383,898)	(4,785,128)	18,535,592
<b>Plan Fiduciary Net Position - Beginning of year</b>	<u>166,449,953</u>	<u>157,970,145</u>	<u>145,712,096</u>	<u>156,095,994</u>	<u>160,881,122</u>	<u>141,409,908</u>
<b>Plan Fiduciary Net Position - End of year</b>	<b><u>\$ 168,608,363</u></b>	<b><u>\$ 166,449,953</u></b>	<b><u>\$ 157,970,145</u></b>	<b><u>\$ 145,712,096</u></b>	<b><u>\$ 156,095,994</u></b>	<b><u>\$ 159,945,500</u></b>
<b>City's Net Pension Liability - Ending</b>	<b><u>\$ 61,161,945</u></b>	<b><u>\$ 64,672,486</u></b>	<b><u>\$ 67,545,897</u></b>	<b><u>\$ 70,967,206</u></b>	<b><u>\$ 51,172,900</u></b>	<b><u>\$ 36,430,058</u></b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	73.38 %	72.02 %	70.05 %	67.25 %	75.31 %	81.45 %
<b>Covered Payroll</b>	\$ 11,859,736	\$ 11,624,174	\$ 11,976,270	\$ 11,103,002	\$ 9,126,696	\$ 10,198,898
<b>City's Net Pension Liability as a Percentage of Covered Payroll</b>	515.71 %	556.36 %	564.00 %	639.17 %	560.69 %	357.20 %

## City of Westland, Michigan

### Required Supplemental Information Schedule of MERS Contributions

	Last Ten Fiscal Years Years Ended June 30									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined contribution	\$ 6,308,208	\$ 6,673,116	\$ 5,249,635	\$ 4,959,882	\$ 4,840,206	\$ 4,366,557	\$ 4,124,906	\$ 3,115,379	\$ 3,550,609	\$ 3,530,623
Contributions in relation to the actuarially determined contribution	6,308,208	6,973,118	5,387,425	5,130,452	6,060,338	4,366,557	4,124,906	3,115,379	3,550,609	3,530,623
<b>Contribution Excess</b>	<b>\$ -</b>	<b>\$ 300,002</b>	<b>\$ 137,790</b>	<b>\$ 170,570</b>	<b>\$ 1,220,132</b>	<b>\$ -</b>				
<b>Covered Payroll</b>	<b>\$ 5,901,535</b>	<b>\$ 6,603,572</b>	<b>\$ 7,243,293</b>	<b>\$ 7,399,002</b>	<b>\$ 6,939,596</b>	<b>\$ 7,555,355</b>	<b>\$ 7,076,423</b>	<b>\$ 7,377,631</b>	<b>\$ 7,969,308</b>	<b>\$ 9,960,227</b>
<b>Contributions as a Percentage of Covered Payroll</b>	<b>106.89 %</b>	<b>105.60 %</b>	<b>74.38 %</b>	<b>69.34 %</b>	<b>87.33 %</b>	<b>57.79 %</b>	<b>58.29 %</b>	<b>42.23 %</b>	<b>44.55 %</b>	<b>35.45 %</b>

#### Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method

Entry age normal

Amortization method

Level percentage of payroll, closed

Remaining amortization period

20 years

Asset valuation method

Five-year smoothed market

Inflation

2.5 percent

Salary increase

3.75 percent base wage inflation

Investment rate of return

7.75 percent, net of expenses

Retirement age

60

Mortality

50 percent male - 50 percent female blend of the following tables:

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 Contributions

	Last Ten Fiscal Years Years Ended June 30									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined contribution	\$ 7,597,694	\$ 7,398,670	\$ 6,841,964	\$ 6,717,939	\$ 6,693,504	\$ 5,813,007	\$ 4,990,887	\$ 4,494,952	\$ 4,137,201	\$ 3,829,140
Contributions in relation to the actuarially determined contribution	7,597,694	7,398,670	6,879,391	6,717,939	6,693,504	5,813,007	4,990,887	4,494,952	4,137,201	3,829,140
<b>Contribution Excess</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 37,427</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Covered Payroll</b>	<b>\$ 11,859,736</b>	<b>\$ 11,624,174</b>	<b>\$ 11,976,270</b>	<b>\$ 11,103,002</b>	<b>\$ 9,126,696</b>	<b>\$ 10,198,898</b>	<b>\$ 10,609,537</b>	<b>\$ 10,840,217</b>	<b>\$ 10,939,952</b>	<b>\$ 12,951,032</b>
<b>Contributions as a Percentage of Covered Payroll</b>	<b>64.06 %</b>	<b>63.65 %</b>	<b>57.44 %</b>	<b>60.51 %</b>	<b>73.34 %</b>	<b>57.00 %</b>	<b>47.04 %</b>	<b>41.47 %</b>	<b>37.82 %</b>	<b>29.57 %</b>

## **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	20 years, closed
Asset valuation method	Five-year adjusted market
Inflation	3.25 percent
Salary increase	3.25 percent base wage inflation
Investment rate of return	7.25 percent, net of expenses
Mortality	RP-2006 Blue Collar Mortality with generational improvements projected beginning in 2006 based on Scale MP-2016 and RP-2006 Disabled Mortality with generational improvements projected beginning in 2006 based on Scale MP-2016.

## **City of Westland, Michigan**

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

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	<b>Last Five Fiscal Years Years Ended June 30</b>				
	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Annual money-weighted rate of return -					
Net of investment expense	5.67 %	8.89 %	15.10 %	(1.02)%	2.51 %

## City of Westland, Michigan

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

**Built Prospectively from 2018**

	2019	2018
<b>Total OPEB Liability</b>		
Service cost	\$ 1,586,539	\$ 1,655,744
Interest	8,975,503	8,886,490
Changes in benefit terms	1,594,300	-
Differences between expected and actual experience	(32,726,237)	(10,807,734)
Changes in assumptions	(38,358,088)	(10,890,391)
Benefit payments, including refunds	<u>(8,070,396)</u>	<u>(8,048,550)</u>
<b>Net Change in Total OPEB Liability</b>	<u>(66,998,379)</u>	<u>(19,204,441)</u>
<b>Total OPEB Liability - Beginning of year</b>	<u>232,749,436</u>	<u>251,953,877</u>
<b>Total OPEB Liability - End of year</b>	<b><u>\$ 165,751,057</u></b>	<b><u>\$ 232,749,436</u></b>
<b>Plan Fiduciary Net Position</b>		
Contributions - Employer	\$ 8,570,396	\$ -
Net investment income	4,234	-
Benefit payments, including refunds	<u>(8,070,396)</u>	<u>-</u>
<b>Net Change in Plan Fiduciary Net Position</b>	<u>504,234</u>	<u>-</u>
<b>Plan Fiduciary Net Position - Beginning of year</b>	<u>-</u>	<u>-</u>
<b>Plan Fiduciary Net Position - End of year</b>	<b><u>\$ 504,234</u></b>	<b><u>\$ -</u></b>
<b>Net OPEB Liability - Ending</b>	<b><u>\$ 165,246,823</u></b>	<b><u>\$ 232,749,436</u></b>
<b>Plan Fiduciary Net Position as a Percentage of Total OPEB Liability</b>	0.30 %	- %
<b>Covered Employee Payroll</b>	\$ 17,055,664	\$ 15,083,255
<b>Total OPEB Liability as a Percentage of Covered Employee Payroll</b>	968.87 %	1,543.10 %

## City of Westland, Michigan

## Required Supplemental Information Schedule of OPEB Contributions

	Last Ten Fiscal Years Years Ended June 30									
	2019	2018*	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined contribution	\$ 13,467,910	\$ -	\$ 14,532,590	\$ 14,532,590	\$ 14,532,590	\$ 13,821,250	\$ 13,821,250	\$ 12,714,042	\$ 12,714,042	\$ 12,115,852
Contributions in relation to the actuarially determined contribution	8,570,396	-	7,943,997	7,822,651	7,223,809	6,203,861	6,550,255	5,327,727	4,698,159	4,469,903
<b>Contribution Deficiency</b>	<b>\$ (4,897,514)</b>	<b>\$ -</b>	<b>\$ (6,588,593)</b>	<b>\$ (6,709,939)</b>	<b>\$ (7,308,781)</b>	<b>\$ (7,617,389)</b>	<b>\$ (7,270,995)</b>	<b>\$ (7,386,315)</b>	<b>\$ (8,015,883)</b>	<b>\$ (7,645,949)</b>
<b>Covered Employee Payroll</b>	<b>\$ 17,055,664</b>	<b>\$ 15,083,255</b>	<b>\$ 15,247,849</b>	<b>\$ 15,247,849</b>	<b>\$ 15,247,849</b>	<b>\$ 15,531,926</b>	<b>\$ 15,531,926</b>	<b>\$ 15,986,830</b>	<b>\$ 15,986,830</b>	<b>\$ 20,474,568</b>
<b>Contributions as a Percentage of Covered Employee Payroll</b>	<b>50.25 %</b>	<b>- %</b>	<b>52.10 %</b>	<b>51.30 %</b>	<b>47.38 %</b>	<b>39.94 %</b>	<b>42.17 %</b>	<b>33.33 %</b>	<b>29.39 %</b>	<b>21.83 %</b>

## **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 of the fiscal year in which the contributions are reported.

## Methods and assumptions used to determine contribution rates:

## Actuarial cost method

Entry age normal, based on level percentage of salary

## Amortization method

Level dollar

### Remaining amortization period

30 years

### Asset valuation method

### Fair market value

## Salary increase

3.75 percent

### Investment rate of return

6.05 percent

## Mortality

RPH- 2018 Total Dataset Mortality Table

# City of Westland, Michigan

## Notes to Required Supplemental Information

June 30, 2019

### ***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, 2019 has not been calculated. During the current year, the budget was amended in a legally permissible manner.

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

	Total Revenue	Total Expenditures	Other Financing Sources
Amounts per operating statement	\$ 64,624,139	\$ 64,399,329	\$ 224,023
Transfers budgeted as expenditures	-	377,316	377,316
E-911 Fund	(512,285)	(4,813)	483,563
Metro Act - Broadband fund	(287,364)	(189,229)	200,000
Amounts per budget statement	<u>\$ 63,824,490</u>	<u>\$ 64,582,603</u>	<u>\$ 1,284,902</u>

### ***Excess of Expenditures Over Appropriations in Budgeted Funds***

	Budget	Actual	Variance
Sanitation	\$ 3,534,128	\$ 3,661,071	\$ (126,943)
Insurance	1,500,000	1,542,849	(42,849)
Fire	14,396,765	14,401,776	(5,011)
Transfers	315,686	377,316	(61,630)

### ***Pension Information***

#### **Changes in Assumptions**

For the MERS plan, during the year ended June 30, 2016, the actuary modified significant assumptions that affect the measurement of the total pension liability. The actuary adjusted the assumed annual rate of return down from 8.25 to 8.00 percent. The mortality tables were updated from the 1994 Group Mortality Table to a blend of the RP-2014 tables.

For the Police and Fire Pension Plan, during the year ended June 30, 2017, the actuary modified significant assumptions that affect the measurement of the total pension liability. The actuary adjusted the mortality tables from the RP-2000 tables to the RP-2014.

# **City of Westland, Michigan**

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## **Notes to Required Supplemental Information**

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**June 30, 2019**

### ***OPEB Information***

#### **Changes in Assumptions**

In the current year, the City of Westland Retiree Health Care Plan changed its actuarial assumptions from the previous actuarial valuation. The discount rate was increased from 3.84 percent to 5.38 percent, rates of mortality were updated to RPH-2018 tables, and healthcare trend rates have been updated.

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## Other Supplemental Information

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## City of Westland, Michigan

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Nonmajor Special Revenue Funds								
	Major Road	Local Road	Community Development Block Grant	Street Lighting	Drug Forfeiture	Library	Michigan Indigent Defense	Commission
<b>Assets</b>								
Cash and cash equivalents	\$ 4,627,729	\$ 3,450,254	\$ 355,329	\$ 365,732	\$ 26,366	\$ 3,634,055	\$ -	\$ -
Receivables - Net	964,224	346,655	43,727	-	-	138,173	-	-
Due from component units	4,440	-	-	-	-	-	-	-
Due from other funds	69,135	-	130,237	-	-	94,852	184,760	-
Prepaid expenses	2,078	-	-	-	1,488	7,724	-	-
Land held for resale	-	-	1,576,095	-	-	-	-	-
<b>Total assets</b>	<b>\$ 5,667,606</b>	<b>\$ 3,796,909</b>	<b>\$ 2,105,388</b>	<b>\$ 365,732</b>	<b>\$ 27,854</b>	<b>\$ 3,874,804</b>	<b>\$ 184,760</b>	
<b>Liabilities</b>								
Accounts payable	\$ 502,391	\$ 505,461	\$ 168,305	\$ 874	\$ 2,559	\$ 87,070	\$ -	\$ -
Due to other funds	1,337,677	592,768	271,188	83,290	-	-	-	-
Accrued liabilities and other	-	-	-	-	-	85,245	-	-
Unearned revenue	-	-	-	-	-	-	184,760	-
<b>Total liabilities</b>	<b>1,840,068</b>	<b>1,098,229</b>	<b>439,493</b>	<b>84,164</b>	<b>2,559</b>	<b>172,315</b>	<b>184,760</b>	
<b>Deferred Inflows of Resources -</b>								
Unavailable revenue	-	-	-	-	-	31,784	-	-
<b>Total liabilities and deferred inflows of resources</b>	<b>1,840,068</b>	<b>1,098,229</b>	<b>439,493</b>	<b>84,164</b>	<b>2,559</b>	<b>204,099</b>	<b>184,760</b>	
<b>Fund Balances</b>								
Nonspendable - Prepays	2,078	-	-	-	1,488	7,724	-	-
Restricted:								
Roads	3,825,460	2,698,680	-	-	-	-	-	-
Community development	-	-	1,665,895	-	-	-	-	-
Drug forfeiture	-	-	-	-	23,807	-	-	-
Library	-	-	-	-	-	3,662,981	-	-
Street lighting	-	-	-	281,568	-	-	-	-
Committed - Court capital projects	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
<b>Total fund balances</b>	<b>3,827,538</b>	<b>2,698,680</b>	<b>1,665,895</b>	<b>281,568</b>	<b>25,295</b>	<b>3,670,705</b>	<b>-</b>	
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 5,667,606</b>	<b>\$ 3,796,909</b>	<b>\$ 2,105,388</b>	<b>\$ 365,732</b>	<b>\$ 27,854</b>	<b>\$ 3,874,804</b>	<b>\$ 184,760</b>	

**Other Supplemental Information  
Combining Balance Sheet  
Nonmajor Governmental Funds**

**June 30, 2019**

Nonmajor Debt Service Funds		Nonmajor Capital Project Funds			
Newburgh Road Debt	Building Authority Debt - 2005 Refunding	Capital Project	Court Building	Total	
\$ -	\$ -	\$ 1,010,531	\$ 161,261	\$ 13,631,257	
-	-	-	-	1,492,779	
-	-	-	-	4,440	
-	-	3,217,104	10,044	3,706,132	
-	-	-	-	11,290	
-	-	-	-	1,576,095	
<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,227,635</b>	<b>\$ 171,305</b>	<b>\$ 20,421,993</b>	
<hr/>					
\$ -	\$ -	\$ 312,092	\$ -	\$ 1,578,752	
-	-	-	-	2,284,923	
-	-	-	-	85,245	
-	-	-	-	184,760	
-	-	312,092	-	4,133,680	
-	-	-	-	31,784	
<hr/>					
-	-	312,092	-	4,165,464	
-	-	-	-	11,290	
-	-	-	-	6,524,140	
-	-	-	-	1,665,895	
-	-	-	-	23,807	
-	-	-	-	3,662,981	
-	-	-	-	281,568	
-	-	171,305	171,305		
-	-	3,915,543	-	3,915,543	
-	-	3,915,543	171,305	16,256,529	
<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,227,635</b>	<b>\$ 171,305</b>	<b>\$ 20,421,993</b>	

## City of Westland, Michigan

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	Nonmajor Special Revenue Funds							Michigan Indigent Defense Commission
	Major Road	Local Road	Community Development Block Grant	Street Lighting	Drug Forfeiture	Library	Michigan Indigent Defense Commission	
<b>Revenue</b>								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,933,564	\$ -	
Special assessments	-	-	-	1,457,998	-	-	-	
Intergovernmental:								
Federal sources	-	-	1,565,741	-	-	-	-	
State sources	5,498,396	2,862,792	-	-	224,227	276,183	104,314	
Court fines and fees	-	-	-	-	-	-	-	
Interest income	83,036	52,787	1,640	3,272	-	72,445	-	
Other revenue:								
Local sources	-	-	-	-	-	71,061	-	
Other income	5,782	1,946	3,463	-	-	18,065	-	
Refund of captured property taxes	-	-	-	-	-	146,646	-	
Total revenue	5,587,214	2,917,525	1,570,844	1,461,270	224,227	3,517,964	104,314	
<b>Expenditures</b>								
Current:								
Street lighting	-	-	-	1,751,292	-	-	-	
Public safety	-	-	-	-	405,847	-	165,916	
Highway, streets, and drains	3,869,625	3,871,553	-	-	-	-	-	
Community and economic development	-	-	1,470,075	-	-	-	-	
Recreation and culture	-	-	-	-	-	2,813,388	-	
Capital outlay	-	-	-	-	-	-	-	
Debt service	-	-	-	-	-	-	-	
Total expenditures	3,869,625	3,871,553	1,470,075	1,751,292	405,847	2,813,388	165,916	
<b>Excess of Revenue Over (Under) Expenditures</b>	1,717,589	(954,028)	100,769	(290,022)	(181,620)	704,576	(61,602)	
<b>Other Financing Sources (Uses)</b>								
Transfers in	-	1,363,701	-	-	-	-	61,602	
Transfers out	(1,669,701)	-	-	(20,000)	-	-	-	
Total other financing (uses) sources	(1,669,701)	1,363,701	-	(20,000)	-	-	61,602	
<b>Net Change in Fund Balances</b>	47,888	409,673	100,769	(310,022)	(181,620)	704,576	-	
<b>Fund Balances - Beginning of year</b>	3,779,650	2,289,007	1,565,126	591,590	206,915	2,966,129	-	
<b>Fund Balances - End of year</b>	<b>\$ 3,827,538</b>	<b>\$ 2,698,680</b>	<b>\$ 1,665,895</b>	<b>\$ 281,568</b>	<b>\$ 25,295</b>	<b>\$ 3,670,705</b>	<b>\$ -</b>	

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

**Year Ended June 30, 2019**

Nonmajor Debt Service Funds		Nonmajor Capital Project Funds		
Newburgh Road Debt	Building Authority Debt - 2005 Refunding	Capital Project	Court Building	Total
\$ -	\$ -	\$ -	\$ -	\$ 2,933,564
-	-	-	-	1,457,998
-	-	-	-	1,565,741
-	-	-	-	8,965,912
-	-	-	138,360	138,360
-	-	6,981	-	220,161
-	-	-	-	71,061
-	-	3,167,104	-	3,196,360
-	-	-	-	146,646
-	-	3,174,085	138,360	18,695,803
-	-	-	-	1,751,292
-	-	-	-	571,763
-	-	-	-	7,741,178
-	-	-	-	1,470,075
-	-	-	-	2,813,388
-	-	1,986,079	102,219	2,088,298
306,000	474,277	110,920	-	891,197
306,000	474,277	2,096,999	102,219	17,327,191
(306,000)	(474,277)	1,077,086	36,141	1,368,612
306,000	474,277	50,000	-	2,255,580
-	-	-	-	(1,689,701)
306,000	474,277	50,000	-	565,879
-	-	1,127,086	36,141	1,934,491
-	-	2,788,457	135,164	14,322,038
<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,915,543</b>	<b>\$ 171,305</b>	<b>\$ 16,256,529</b>

## **City of Westland, Michigan**

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

**June 30, 2019**

	<u>Undistributed Tax Collection</u>	<u>Trust and Agency</u>	<u>Total Agency Funds</u>
<b>Assets - Cash and cash equivalents</b>	<b>\$ 171,296</b>	<b>\$ 496,349</b>	<b>\$ 667,645</b>
<b>Liabilities</b>			
Due to other governmental units	\$ 171,296	\$ -	\$ 171,296
Accrued liabilities and other	-	496,349	496,349
<b>Total liabilities</b>	<b>\$ 171,296</b>	<b>\$ 496,349</b>	<b>\$ 667,645</b>