

City of Wixom, Michigan

**Financial Report
with Supplemental Information
June 30, 2015**

City of Wixom, Michigan

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City of Wixom, Michigan

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Independent Auditor's Report

To the City Council
City of Wixom, 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 Wixom, Michigan (the "City") as of and for the year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the City of Wixom, 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. 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 Wixom, Michigan as of June 30, 2015 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.

To the City Council
City of Wixom, Michigan

Emphasis of Matter

As discussed in Note 13 to the basic financial statements, in 2015 the City adopted the new accounting guidance of GASB No. 68, *Accounting and Financial Reporting for Pensions*, which establishes accounting and financial reporting standards for defined benefit pension benefits provided to the employees. As a result of this new pronouncement, the City now reports the cost of pension benefits in the government-wide statements as the employees are providing employment services, rather than as it is funded. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the General Fund budgetary comparison schedule and the pension and OPEB system schedules, 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 opinions on the financial statements that collectively comprise the City of Wixom, Michigan's basic financial statements. The other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

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

Plante & Moran, PLLC

November 17, 2015

City of Wixom, Michigan

Management's Discussion and Analysis

The purpose of this section of the City of Wixom, Michigan's (the "City") financial report for the fiscal year ended June 30, 2015 is to present a narrative overview and analysis of the financial activities of the City. Readers are advised to read this management's discussion and analysis in conjunction with the City's financial statements. These statements can be found in subsequent sections of this financial report.

Financial Highlights

As discussed in further detail in this management's discussion and analysis, the following represents the most significant financial highlights for the year ended June 30, 2015:

- Property taxes decreased, driven primarily by the expiration of the Major Road Millage.
- The City's governmental net position increased by \$1.035 million.
- The City increased its governmental funds fund balance by \$1.3 million this year, remaining consistent with the prior year (\$1.5 million increase in 2014, a \$.3 million increase in 2013, and \$1.2 million reduction in 2012). Note that the difference in results between these two measurement bases is primarily due to reduced capital replacement expenditures (the full accrual basis reports the costs of assets acquired in prior years that are being used in the current year, but the modified accrual basis only reports assets as they are acquired). The City also implemented many cost-cutting measures in all departments through outsourcing and attrition.

Using this Annual Report

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

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

City of Wixom, Michigan

Management's Discussion and Analysis (Continued)

Governmental Activities

Governmental activities include all activity other than the Water and Sewer Funds, which are considered business-type activities because they involve exchanges and are intended to be self-supporting activities. The following table shows the current year's net position, compared to the prior two years:

	Governmental Activities			
	2013	2014	2015	Change
Assets				
Cash and investments	\$ 9,589,640	\$ 11,277,978	\$ 12,341,238	\$ 1,063,260
Receivables and other current assets	1,874,375	2,092,886	2,452,298	359,412
Capital assets	<u>39,541,166</u>	<u>37,730,415</u>	<u>36,794,714</u>	<u>(935,701)</u>
Total assets	51,005,181	51,101,279	51,588,250	486,971
Deferred Outflows of Resources -				
Pension costs	-	-	715,022	715,022
Liabilities				
Current liabilities	836,301	1,304,911	1,034,479	(270,432)
Long-term liabilities	<u>9,458,803</u>	<u>7,878,157</u>	<u>18,584,761</u>	<u>10,706,604</u>
Total liabilities	<u>10,295,104</u>	<u>9,183,068</u>	<u>19,619,240</u>	<u>10,436,172</u>
Net Position				
Net investment in capital assets	31,541,166	30,875,415	30,443,747	(431,668)
Restricted	6,471,929	6,404,663	6,970,265	565,602
Unrestricted	<u>2,696,982</u>	<u>4,638,133</u>	<u>(4,729,980)</u>	<u>(9,368,113)</u>
Total net position	<u>\$ 40,710,077</u>	<u>\$ 41,918,211</u>	<u>\$ 32,684,032</u>	<u>\$ (9,234,179)</u>

The governmental net position decreased approximately 22 percent from a year ago - from \$41.9 million to \$32.6 million. Unrestricted net position, the part of net position that can be used to finance day-to-day operations, decreased by \$9,368,113. This is directly attributable to the City having to restate beginning of year net position in accordance with implementing GASB Statement No. 68 as it was to be implemented retroactively. This indicates that the pension costs earned to date have not been funded, but this is offset by the capital assets that have been funded in advance of their use. When viewed from a combined perspective, the residents have paid the cost of services received in total.

City of Wixom, Michigan

Management's Discussion and Analysis (Continued)

The following table shows the current year's changes in net position compared to the prior two years:

	2013	2014	2015	Change
Revenue				
Program revenue:				
Charges for services	\$ 2,348,918	\$ 1,834,195	\$ 1,928,572	\$ 94,377
Operating grants	686,816	966,626	944,256	(22,370)
Capital grants	203,584	203,554	254,647	51,093
General revenue:				
Property taxes	7,035,949	9,172,044	8,598,606	(573,438)
State-shared revenue	1,050,421	1,084,907	1,087,013	2,106
Investment earnings	27,688	28,456	18,471	(9,985)
Other revenue	408,902	443,531	898,754	455,223
Total revenue	11,762,278	13,733,313	13,730,319	(2,994)
Program Expenses				
General government	1,922,119	1,612,396	1,110,358	(502,038)
Public safety	4,509,032	4,272,598	4,995,556	722,958
Public works	5,532,475	4,999,445	4,693,844	(305,601)
Community and economic development	290,387	526,118	646,895	120,777
Recreation and cultural	821,290	798,377	617,092	(181,285)
Interest on long-term debt	354,504	316,245	317,804	1,559
Total expenses	13,429,807	12,525,179	12,381,549	(143,630)
Change in Net Position	<u>\$ (1,667,529)</u>	<u>\$ 1,208,134</u>	<u>\$ 1,348,770</u>	<u>\$ 140,636</u>

The City's property tax revenue decreased by \$573,438 compared to the prior year. This decrease is primarily due to the expiration of the Major Road Debt Fund millage that expired in fiscal year 2013-2014. The City continues to collect a separately voted 3.5 supplemental operating millage approved in November 2012. The additional revenue collected over expenditures is allocated to budget stabilization to be utilized toward future expenses. The City has offset prior decreases by decreasing capital expenditures and taking advantage of other cost-cutting measures as they present themselves. The City re-evaluated its City-wide capital improvement plan during the fiscal year, which consists of a 10-year plan.

The cost of providing governmental services decreased by approximately \$144,000 compared to the prior year. This can generally be attributed to overall cost-of-service decreases and a reduction to fringe benefit costs. Fringe benefits were reduced by the use of a revised healthcare plan that incorporates higher deductibles and co-pays along with City employees' contributing toward healthcare premiums.

City of Wixom, Michigan

Management's Discussion and Analysis (Continued)

Business-type Activities

The following table shows the current year's net position, compared to the prior two years:

	Business-type Activities			
	2013	2014	2015	Change
Assets				
Cash and investments	\$ 7,699,145	\$ 7,842,997	\$ 7,490,554	\$ (352,443)
Receivables and other current assets	2,039,754	1,711,297	1,839,849	128,552
Capital assets	<u>52,930,853</u>	<u>51,603,303</u>	<u>50,593,189</u>	<u>(1,010,114)</u>
Total assets	62,669,752	61,157,597	59,923,592	(1,234,005)
Liabilities				
Current liabilities	563,779	583,894	711,953	128,059
Long-term liabilities	<u>8,077,581</u>	<u>7,065,318</u>	<u>6,033,237</u>	<u>(1,032,081)</u>
Total liabilities	<u>8,641,360</u>	<u>7,649,212</u>	<u>6,745,190</u>	<u>(904,022)</u>
Net Position				
Net investment in capital assets	45,388,492	45,073,353	45,095,469	22,116
Unrestricted	<u>8,639,900</u>	<u>8,435,032</u>	<u>8,082,933</u>	<u>(352,099)</u>
Total net position	<u>\$ 54,028,392</u>	<u>\$ 53,508,385</u>	<u>\$ 53,178,402</u>	<u>\$ (329,983)</u>

The City's business-type activities consist of the water and sewer activities. The City provides water to residents through the wholesale purchase of water from the Detroit water and sewerage department and provides sewage treatment through a City-owned wastewater treatment plant. The Water and Sewer Funds are healthy, with unrestricted net position approximately 1.8 times annual program expenses.

City of Wixom, Michigan

Management's Discussion and Analysis (Continued)

The following table shows the current year's changes in net position compared to the prior two years:

	Business-type Activities			Change
	2013	2014	2015	
Water				
Charges for services	\$ 2,213,713	\$ 2,096,847	\$ 2,316,442	\$ 219,595
Grants and contributions	94,265	20,565	45,385	24,820
Program expenses	<u>(3,263,456)</u>	<u>(3,266,902)</u>	<u>(3,278,319)</u>	<u>(11,417)</u>
Net program expense	(955,478)	(1,149,490)	(916,492)	232,998
Sewer				
Charges for services	1,332,229	1,354,237	1,352,302	(1,935)
Grants and contributions	132,364	218,950	233,065	14,115
Program expenses	<u>(2,110,158)</u>	<u>(2,219,123)</u>	<u>(2,260,467)</u>	<u>(41,344)</u>
Net program expense	(645,565)	(645,936)	(675,100)	(29,164)
General Revenues				
Property taxes	1,185,629	1,225,309	1,226,402	1,093
Investment income	<u>35,654</u>	<u>50,110</u>	<u>35,207</u>	<u>(14,903)</u>
Change in Net Position	<u>\$ (379,760)</u>	<u>\$ (520,007)</u>	<u>\$ (329,983)</u>	<u>\$ 190,024</u>

Over several years, the City had allowed its sewer rates to be set lower than its cost to provide services. This was due primarily to the strong financial position of the Sewer Fund. During 2015, the City entered its second year of implementation of a financial master plan for the water and sewer system. This plan will allow the City to evaluate and set its rates on a yearly basis to ensure that the funding required to support the system is present.

Our analysis of the City's major funds follows the government-wide financial statements. The fund financial statements provide detail information about the most significant funds, not the City as a whole. The City Council creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The City's major funds for 2015 include the General Fund and the Special Assessment Fund.

City of Wixom, Michigan

Management's Discussion and Analysis (Continued)

The General Fund pays for most of the City's governmental services. The most significant are police and fire, which incurred expenditures of approximately \$4.3 million in 2015, and general government, which incurred expenditures of approximately \$2.7 million. The General Fund ended the year with approximately \$2.5 million of unrestricted fund balance, which represents 32 percent of annual expenditures.

The Special Assessment Fund accounts for the tribute drain improvements in the Village Center area completed in 2006 and the related special assessment that is intended to fund a portion of those improvements from the property owners. Fiscal year 2015 was the second year the City has been billing the annual assessments.

General Fund Budgetary Highlights

Over the course of the year, the City amended the budget to take into account events during the year. The most significant change was to increase the estimated building permit revenue by approximately \$74,400 due to new construction and new developments entering the planning and construction permit process. Engineering review and rental review revenue were increased by \$27,000 and \$25,470, respectively, to account for increased activity. Also, employee healthcare contribution revenue was reduced to \$0 and the contributions were reflected as an off-set to fringe benefit expenditures as opposed to revenue. City departments overall stayed below budget, resulting in total expenditures of \$903,731 below original budget.

Capital Asset and Debt Administration

At the end of 2015, the City had \$87.4 million (net of depreciation) invested in a broad range of capital assets, including buildings, police and fire equipment, and water and sewer lines. Major purchases included a new fire engine, police patrol vehicles, a zero turn mower, and rehabilitation of the City Hall pond. In addition, significant investments were allocated to roads within the City. The debt balances related to the acquisition and construction of these assets at June 30, 2015 were approximately \$12 million. Additional information regarding capital assets and related debt is available in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The diverse tax mix of residential, manufacturing, office, service, technology, and retail-recreational centers reduces the City's impact of adverse economic cycles and provides a stable environment for new investment. The City also continues to have a strong, diversified tax base. A total of 39 percent of the 2015 tax roll is residential, including single-family and multi-family homes. The remaining 61 percent is nonresidential, composed of 41 percent commercial and industrial and 20 percent personal property. The City is approximately 80 percent developed. The State Tax Commission requested a procedural change for the 2010 assessment year, which reclassified a significant portion of industrial to commercial property classification.

City of Wixom, Michigan

Management's Discussion and Analysis (Continued)

The region, which includes the City of Wixom and the surrounding area of Oakland County, has 14.3 percent of all people employed in Michigan (2003). More than 784,000 people work in Oakland County's 44,512 business establishments and government agencies, with 35 percent of Global Fortune 500 companies having business locations in Oakland County. The City continues to attract businesses of national and international importance.

It is estimated that the future taxable values will remain the same in the real estate market. The estimated change in taxable value over the next two years will likely not be significant. This is predicated on the assumption that the downward trend in the housing market has hit bottom and will begin to slowly rise. As discussed with City Council, the five-year action plan will need modification to assist in softening the impact of this trend on the City's budget.

During fiscal year 2014-2015, investor confidence in the City and community improved as demonstrated by new construction and developments that entered the planning and construction permit process. A total of 21 new single-family residential homes were started, most of which are located within the VCA-Anthem at Tribute, by Robertson Homes LLC. The downtown also saw a build-out on the second floor of the west retail building. Both of these projects will support additional future development within the downtown. Two long-time Wixom business residents, Moeller Manufacturing and Lynn Corporate Park, began construction on needed expansions, both of which will create additional jobs, and 12 new businesses could locate within the Lynn Corporate Park as a result of their expansion. J & B Medical began renovation of the former Wixom Fire Station, which was purchased from the City; this project is expected to create at least 50 new jobs upon its completion.

Contacting the City's Management

This financial report is intended to provide 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. If you have questions about this report or need additional information, we welcome you to contact the finance department office at 49045 Pontiac Trail, Wixom, Michigan 48393.

City of Wixom, Michigan

Statement of Net Position June 30, 2015

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and investments (Note 3)	\$ 12,341,238	\$ 7,490,554	\$ 19,831,792	\$ 3,077,751
Receivables - Net	2,237,241	1,353,568	3,590,809	-
Due from component units	6,298	-	6,298	-
Internal balances (Note 5)	(398,728)	398,728	-	-
Inventory	52,678	87,553	140,231	-
Prepaid expenses and other assets	101,896	-	101,896	-
Net OPEB asset (Note 10)	452,913	-	452,913	-
Capital assets (Note 4):				
Assets not subject to depreciation	5,028,786	-	5,028,786	154,296
Assets subject to depreciation	31,765,928	50,593,189	82,359,117	131,760
Total assets	51,588,250	59,923,592	111,511,842	3,363,807
Deferred Outflows of Resources -				
Deferred pension costs (Note 9)	715,022	-	715,022	-
Liabilities				
Accounts payable	491,899	674,840	1,166,739	1,834
Due to other governmental units	9,105	-	9,105	-
Due to primary government	-	-	-	6,298
Refundable deposits, bonds, etc.	1,281	-	1,281	-
Accrued salaries and other	174,881	37,113	211,994	-
Unearned revenue	357,313	-	357,313	-
Noncurrent liabilities:				
Due within one year:				
Compensated absences (Note 6)	136,833	-	136,833	-
Current portion of long-term debt (Note 6)	446,097	1,057,049	1,503,146	-
Due in more than one year:				
Compensated absences (Note 6)	579,970	-	579,970	-
Refundable escrow deposits	-	535,517	535,517	-
Net pension liability (Note 9)	11,516,991	-	11,516,991	-
Long-term debt	5,904,870	4,440,671	10,345,541	-
Total liabilities	19,619,240	6,745,190	26,364,430	8,132
Net Position				
Net investment in capital assets	30,443,747	45,095,469	75,539,216	286,056
Restricted for:				
Roads and bike paths	2,421,759	-	2,421,759	-
Debt service	1,785,857	-	1,785,857	-
Land acquisition	1,196,021	-	1,196,021	-
Police forfeitures	70,395	-	70,395	-
Solid waste	90,964	-	90,964	-
Building and development	907,395	-	907,395	-
PEG Fees	44,961	-	44,961	-
Retiree health care	452,913	-	452,913	-
Unrestricted	(4,729,980)	8,082,933	3,352,953	3,069,619
Total net position	<u>\$ 32,684,032</u>	<u>\$ 53,178,402</u>	<u>\$ 85,862,434</u>	<u>\$ 3,355,675</u>

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

City of Wixom, Michigan

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 1,110,358	\$ 200,283	\$ 20,000	\$ 188,384
Public safety	4,995,556	62,700	17,118	-
Public works	4,693,844	554,350	847,672	66,263
Community and economic development	646,895	939,760	46,291	-
Recreation and culture	617,092	171,479	13,175	-
Interest on long-term debt	317,804	-	-	-
Total governmental activities	12,381,549	1,928,572	944,256	254,647
Business-type activities:				
Water	3,278,319	2,316,442	-	45,385
Sewer	2,260,467	1,352,302	-	233,065
Total business-type activities	5,538,786	3,668,744	-	278,450
Total primary government	<u>\$ 17,920,335</u>	<u>\$ 5,597,316</u>	<u>\$ 944,256</u>	<u>\$ 533,097</u>
Component units:				
Downtown Development Authority	\$ 213,242	\$ -	\$ -	\$ -
Local Development Finance Authority	6,857	-	-	-
Total component units	<u>\$ 220,099</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
General revenues:				
Property taxes				
State-shared revenue				
Investment income				
Cable franchise fees				
Other miscellaneous income				
Gain on sale of fixed assets				
Total general revenues				
Change in Net Position				
Net Position - Beginning of year (Note 13)				
Net Position - End of year				

Statement of Activities Year Ended June 30, 2015

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (701,691)	\$ -	\$ (701,691)	\$ -
(4,915,738)	-	(4,915,738)	-
(3,225,559)	-	(3,225,559)	-
339,156	-	339,156	-
(432,438)	-	(432,438)	-
(317,804)	-	(317,804)	-
(9,254,074)	-	(9,254,074)	-
-	(916,492)	(916,492)	-
-	(675,100)	(675,100)	-
-	(1,591,592)	(1,591,592)	-
(9,254,074)	(1,591,592)	(10,845,666)	-
-	-	-	(213,242)
-	-	-	(6,857)
-	-	-	(220,099)
8,598,606	1,226,402	9,825,008	182,966
1,087,013	-	1,087,013	5,342
18,471	35,207	53,678	13,503
261,653	-	261,653	-
106,382	-	106,382	-
530,719	-	530,719	-
10,602,844	1,261,609	11,864,453	201,811
1,348,770	(329,983)	1,018,787	(18,288)
31,335,262	53,508,385	84,843,647	3,373,963
\$ 32,684,032	\$ 53,178,402	\$ 85,862,434	\$ 3,355,675

City of Wixom, Michigan

Governmental Funds Balance Sheet June 30, 2015

	General Fund	Special Assessment	Nonmajor Funds	Total
Assets				
Cash and investments (Note 3)	\$ 7,347,056	\$ 15,885	\$ 4,978,297	\$ 12,341,238
Receivables - Net	262,582	1,810,000	164,659	2,237,241
Due from component units	6,298	-	-	6,298
Due from other funds (Note 5)	50,838	-	1,925,041	1,975,879
Inventory	52,678	-	-	52,678
Prepaid expenses and other assets	101,896	-	-	101,896
	<u>\$ 7,821,348</u>	<u>\$ 1,825,885</u>	<u>\$ 7,067,997</u>	<u>\$ 16,715,230</u>
Total assets				
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts payable	\$ 306,101	\$ -	\$ 185,798	\$ 491,899
Due to other governmental units	9,105	-	-	9,105
Due to other funds (Note 5)	2,058,171	7,931	42,907	2,109,009
Advances from other funds	-	-	265,598	265,598
Refundable deposits, bonds, etc.	-	-	1,281	1,281
Accrued salaries and other	124,062	-	5,300	129,362
Unearned revenue	-	105,000	261,750	366,750
	<u>2,497,439</u>	<u>112,931</u>	<u>762,634</u>	<u>3,373,004</u>
Total liabilities				
Deferred Inflows of Resources -				
Unavailable revenue	-	1,705,000	-	1,705,000
Fund Balances				
Nonspendable:				
Inventory	52,678	-	-	52,678
Prepays	79,364	-	-	79,364
Restricted:				
Roads and bike paths	-	-	2,421,759	2,421,759
Debt service	-	7,954	72,903	80,857
PEG fees	44,961	-	-	44,961
Land acquisition	-	-	1,196,021	1,196,021
Police forfeiture	-	-	42,976	42,976
Solid waste	-	-	90,964	90,964
Development contracts	-	-	895,303	895,303
Community development	-	-	12,092	12,092
Committed:				
Cemetery	-	-	97,644	97,644
Budget stabilization	2,646,352	-	-	2,646,352
Assigned - Capital improvements	-	-	1,475,701	1,475,701
Unassigned	2,500,554	-	-	2,500,554
	<u>5,323,909</u>	<u>7,954</u>	<u>6,305,363</u>	<u>11,637,226</u>
Total fund balances				
Total liabilities, deferred inflows of resources, and fund balances				
	<u>\$ 7,821,348</u>	<u>\$ 1,825,885</u>	<u>\$ 7,067,997</u>	<u>\$ 16,715,230</u>

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

City of Wixom, Michigan

Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Position June 30, 2015

Fund Balance Reported in Governmental Funds	\$ 11,637,226
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	36,794,714
Net pension liability is not due and payable in current period and is not reported in the funds	(11,516,991)
Certain pension contributions and changes in pension plan net position are reported as deferred outflows of resources in the statement of net position, but are reported as expenses in the governmental funds	715,022
Special assessments and other receivables that are not collected within 60 days of year end are not available to pay for bills outstanding as of year end, and are not recognized as revenue in the funds	1,705,000
Grants and other receivables that are collected after year end, such that they are not available to pay bills outstanding as of year end, are not recognized in the funds	9,437
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(6,350,967)
Accrued interest is not due and payable in the current period and is not reported in the funds	(45,519)
Employee compensated absences are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities	(716,803)
OPEB asset is not reported in the funds	452,913
Net Position of Governmental Activities	<u>\$ 32,684,032</u>

City of Wixom, Michigan

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended June 30, 2015

	General Fund	Special Assessment	Nonmajor Funds	Total
Revenue				
Property taxes	\$ 7,382,562	\$ -	\$ 1,216,044	\$ 8,598,606
Licenses and permits	63,978	-	-	63,978
Federal grants	4,798	-	39,848	44,646
State-shared revenue and grants	1,109,387	-	848,037	1,957,424
Charges for services	910,990	-	851,931	1,762,921
Fines and forfeitures	24,041	-	37,343	61,384
Investment income	14,338	29	4,104	18,471
Rental income	37,267	-	-	37,267
Other revenue	354,500	191,263	234,140	779,903
Total revenue	9,901,861	191,292	3,231,447	13,324,600
Expenditures				
Current:				
General government	2,679,806	539	77,475	2,757,820
Public safety	4,297,242	-	24,501	4,321,743
Public works	225,987	8,774	1,329,680	1,564,441
Community and economic development	82,419	-	420,235	502,654
Recreation and culture	579,575	-	-	579,575
Capital outlay	-	-	1,942,058	1,942,058
Debt service	-	200,040	749,407	949,447
Total expenditures	7,865,029	209,353	4,543,356	12,617,738
Excess of Revenue Over (Under)				
Expenditures	2,036,832	(18,061)	(1,311,909)	706,862
Other Financing Sources (Uses)				
Face value of debt issue	-	-	4,185,000	4,185,000
Debt premium or discount	-	-	460,967	460,967
Proceeds from sale of capital assets	305,762	-	224,957	530,719
Transfers in (Note 5)	-	-	1,466,564	1,466,564
Transfers out (Note 5)	(1,307,228)	-	(159,336)	(1,466,564)
Payment to bond refunding escrow agent	-	-	(4,525,000)	(4,525,000)
Total other financing (uses) sources	(1,001,466)	-	1,653,152	651,686
Net Change in Fund Balances	1,035,366	(18,061)	341,243	1,358,548
Fund Balances - Beginning of year	4,288,543	26,015	5,964,120	10,278,678
Fund Balances - End of year	\$ 5,323,909	\$ 7,954	\$ 6,305,363	\$ 11,637,226

City of Wixom, Michigan

Proprietary Funds Statement of Net Position June 30, 2015

	Enterprise Funds		
	Water	Sewer	Total
Assets			
Current assets:			
Cash and cash equivalents (Note 3)	\$ 1,198,039	\$ 6,292,515	\$ 7,490,554
Receivables:			
Receivables from sales to customers on account	799,413	477,352	1,276,765
Other receivables	7,448	-	7,448
Due from other funds (Note 5)	4,521	128,609	133,130
Inventory	25,940	61,613	87,553
Total current assets	2,035,361	6,960,089	8,995,450
Noncurrent assets:			
Advances to other funds (Note 5)	-	265,598	265,598
Special assessment receivables	-	69,355	69,355
Capital assets	32,424,433	18,168,756	50,593,189
Total noncurrent assets	32,424,433	18,503,709	50,928,142
Total assets	34,459,794	25,463,798	59,923,592
Liabilities			
Current liabilities:			
Accounts payable	600,999	73,841	674,840
Accrued interest payable	37,113	-	37,113
Current portion of long-term debt (Note 6)	1,057,049	-	1,057,049
Total current liabilities	1,695,161	73,841	1,769,002
Noncurrent liabilities:			
Refundable escrow deposits	-	535,517	535,517
Long-term debt (Note 6)	4,440,671	-	4,440,671
Total noncurrent liabilities	4,440,671	535,517	4,976,188
Total liabilities	6,135,832	609,358	6,745,190
Net Position			
Net investment in capital assets	26,926,713	18,168,756	45,095,469
Unrestricted	1,397,249	6,685,684	8,082,933
Total net position	\$ 28,323,962	\$ 24,854,440	\$ 53,178,402

City of Wixom, Michigan

Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Position Year Ended June 30, 2015

	Enterprise Funds		
	Water	Sewer	Total
Operating Revenue			
Sale of water	\$ 1,932,914	\$ -	\$ 1,932,914
Sewage disposal charges	-	1,074,813	1,074,813
Interest and penalty charges	98,524	88,183	186,707
Other miscellaneous charges	285,004	189,306	474,310
Total operating revenue	2,316,442	1,352,302	3,668,744
Operating Expenses			
Cost of water	1,844,844	-	1,844,844
Cost of sewage treatment	-	855,620	855,620
Other operating and maintenance costs	423,892	57,366	481,258
Billing and administrative costs	180,899	222,004	402,903
Utilities	-	236,333	236,333
Other miscellaneous charges	-	101,567	101,567
Depreciation	670,890	787,577	1,458,467
Total operating expenses	3,120,525	2,260,467	5,380,992
Operating Loss	(804,083)	(908,165)	(1,712,248)
Nonoperating Revenue (Expenses)			
Property tax revenue	1,226,402	-	1,226,402
Investment income	7,159	28,048	35,207
Interest expense	(157,794)	-	(157,794)
Total nonoperating revenue	1,075,767	28,048	1,103,815
Income (Loss) - Before contributions	271,684	(880,117)	(608,433)
Capital Contributions			
Special assessments	-	69,355	69,355
Benefit fees	45,385	163,710	209,095
Total capital contributions	45,385	233,065	278,450
Change in Net Position	317,069	(647,052)	(329,983)
Net Position - Beginning of year	28,006,893	25,501,492	53,508,385
Net Position - End of year	\$ 28,323,962	\$ 24,854,440	\$ 53,178,402

City of Wixom, Michigan

Proprietary Funds Statement of Cash Flows Year Ended June 30, 2015

	Enterprise Funds		
	Water	Sewer	Total
Cash Flows from Operating Activities			
Receipts from customers	\$ 2,182,404	\$ 1,322,825	\$ 3,505,229
Receipts from interfund services	370,383	(388,685)	(18,302)
Payments to suppliers	(2,140,264)	(1,251,205)	(3,391,469)
Internal activity - Payments to other funds	(180,899)	(180,899)	(361,798)
Net cash used in operating activities	231,624	(497,964)	(266,340)
Cash Flows from Noncapital Financing Activities -			
Repayments of loans made to other funds	-	88,532	88,532
Cash Flows from Capital and Related Financing Activities			
Benefit fees	45,385	163,710	209,095
Property taxes (restricted for capital or capital debt)	1,226,402	-	1,226,402
Purchase of capital assets	(266,044)	(182,309)	(448,353)
Principal and interest paid on capital debt	(1,196,985)	-	(1,196,985)
Net cash used in capital and related financing activities	(191,242)	(18,599)	(209,841)
Cash Flows from Investing Activities - Interest received on investments	7,159	28,047	35,206
Net Increase (Decrease) in Cash and Cash Equivalents	47,541	(399,984)	(352,443)
Cash and Cash Equivalents - Beginning of year	1,150,498	6,692,499	7,842,997
Cash and Cash Equivalents - End of year	<u>\$ 1,198,039</u>	<u>\$ 6,292,515</u>	<u>\$ 7,490,554</u>
Reconciliation of Operating Loss to Net Cash from Operating Activities			
Operating loss	\$ (804,083)	\$ (908,165)	\$ (1,712,248)
Adjustments to reconcile operating loss to net cash from operating activities:			
Depreciation	670,890	787,577	1,458,467
Changes in assets and liabilities:			
Receivables	(134,038)	(29,478)	(163,516)
Due from others	370,383	(388,685)	(18,302)
Inventories	(5,185)	39,275	34,090
Accounts payable	133,657	1,512	135,169
Net cash used in operating activities	<u>\$ 231,624</u>	<u>\$ (497,964)</u>	<u>\$ (266,340)</u>

City of Wixom, Michigan

Fiduciary Fund Statement of Fiduciary Net Position - Agency Fund Trust and Agency June 30, 2015

Assets

Cash and cash equivalents	\$ 557,706
Receivables - Net:	
Other receivables	2,923
Due from other governmental units	<u>90,112</u>
Total assets	<u><u>\$ 650,741</u></u>

Liabilities

Due to other governmental units	\$ 164,363
Refundable deposits and bonds	<u>486,378</u>
Total liabilities	<u><u>\$ 650,741</u></u>

City of Wixom, Michigan

Component Units Statement of Net Position June 30, 2015

	Downtown Development Authority	Local Development Finance Authority	Total
Assets			
Cash and cash equivalents	\$ 13,666	\$ 2,027,136	\$ 2,040,802
Investments	-	1,036,949	1,036,949
Capital assets	286,056	-	286,056
Total assets	299,722	3,064,085	3,363,807
Liabilities			
Accounts payable	371	1,463	1,834
Due to primary government	949	5,349	6,298
Total liabilities	1,320	6,812	8,132
Net Position			
Net investment in capital assets	286,056	-	286,056
Unrestricted	12,346	3,057,273	3,069,619
Total net position	<u>\$ 298,402</u>	<u>\$ 3,057,273</u>	<u>\$ 3,355,675</u>

City of Wixom, Michigan

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Downtown Development Authority	\$ 213,242	\$ -	\$ -	\$ -
Local Development Finance Authority	6,857	-	-	-
Total component units	\$ 220,099	\$ -	\$ -	\$ -
General revenues:				
	Property taxes			
	State-shared revenue			
	Investment income			
	Total general revenues			
Change in Net Position				
Net Position - Beginning of year				
Net Position - End of year				

**Component Units
Statement of Activities
Year Ended June 30, 2015**

<u>Net (Expense) Revenue and Changes in Net Assets</u>		
<u>Downtown Development Authority</u>	<u>Local Development Finance Authority</u>	<u>Total</u>
\$ (213,242)	\$ -	\$ (213,242)
<u>-</u>	<u>(6,857)</u>	<u>(6,857)</u>
(213,242)	(6,857)	(220,099)
182,966	-	182,966
5,342	-	5,342
<u>42</u>	<u>13,461</u>	<u>13,503</u>
<u>188,350</u>	<u>13,461</u>	<u>201,811</u>
(24,892)	6,604	(18,288)
<u>323,294</u>	<u>3,050,669</u>	<u>3,373,963</u>
<u>\$ 298,402</u>	<u>\$ 3,057,273</u>	<u>\$ 3,355,675</u>

Note 1 - Summary of Significant Accounting Policies

The following is a summary of the significant accounting policies used by the City of Wixom, Michigan (the "City"):

The City of Wixom, Michigan is governed by 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. Although blended component units are legal separate entities, in substance, they are part of the City's operations. 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 (see discussion below for description).

Blended Component Units - The Building Authority is governed by a board appointed by the City Council. Although it is legally separate from the City, the Building Authority is reported as if it were part of the primary government because its sole purpose is to finance and construct the City's public buildings

Discretely Presented Component Units - The component unit columns in the government-wide financial statements include the financial data of the City's other component units. They are reported in separate columns to emphasize that they are legally separate from the City. The following component units are included in the reporting entity because the primary government is financially accountable and is able to impose its will on the organization. Financial statements are not issued separately for the component units for the DDA or LDFA.

Downtown Development Authority - The Downtown Development Authority (the "Authority" or DDA) was created to correct and prevent deterioration in the downtown district, encourage historical preservation, and to promote economic growth within the downtown district. The Authority's governing body, which consists of 11 individuals, is selected by the City Council. The City Council approves the development plans and must approve all modifications to the plan. The City maintains all accounting records for the DDA, whose primary source of funding is from tax increment financing revenues.

Local Development Finance Authority - The Local Development Finance Authority (LDFA) was created to improve the public infrastructure within the central business district of the City. This has included primarily the improvement or construction of roads, drains, and water and sewer transmission lines. The primary source of funding has been the capture of incremental tax revenues of the various taxing units (city, county, community college, and others); however, the Authority is no longer capturing taxes. The board is currently in the process of a comprehensive review of the Authority's current plan. The LDFA's governing body, which consists of 11 individuals, is selected by the City Council or appointed by other governmental agencies.

Note I - Summary of Significant Accounting Policies (Continued)

Accounting and Reporting Principles

The City follows accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board.

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 revenues. 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. Exceptions to this general rule are charges between the City's water and sewer function and various other functions of the City. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Note I - Summary of Significant Accounting Policies (Continued)

Fund Accounting

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

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

- **General Fund** - The General Fund is the government’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- **Special Assessment Fund** - This fund was established to account for the payment of annual principal and interest on bonds for the construction and improvement of the tribute drain. These annual requirements are met from annual special assessments to specific property owners.

Proprietary funds include enterprise funds, which provide goods or services to users in exchange for charges or fees. The City reports the following funds as “major” enterprise funds:

- **Water Fund** - The Water Fund accounts for the operation and maintenance of the water supply system, capital additions, and retirement of revenue bonds. Financing is provided by user charges and a dedicated debt service millage.
- **Sewer Fund** - The Sewer Fund accounts for the operation and maintenance of the sewage disposal system, capital additions and improvements, and retirement of revenue bonds. Financing is provided by user charges.

Fiduciary funds include amounts held in a fiduciary capacity for others. These amounts will not be used to operate our government's programs. The City has an agency fund that accounts for assets held by the City. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

Note I - Summary of Significant Accounting Policies (Continued)

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

Further, 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.

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

Note I - Summary of Significant Accounting Policies (Continued)

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

Specific Balances and Transactions

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

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.

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 \$500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

<u>Capital Asset Class</u>	<u>Years</u>
Roads and sidewalks	20-30
Water and sewer distribution systems	50-75
Water and sewer treatment facilities	40-50
Buildings and improvements	40-50
Vehicles	3-5
Office furnishings	5-7
Other tools and equipment	3-7
Drain improvements	50
Stormwater improvements	30

Note I - Summary of Significant Accounting Policies (Continued)

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has one item that qualifies for reporting in this category, which is the deferred outflows of resources related to the defined benefit pension plan. The deferred outflows of resources related to the defined benefit pension plan are reported in the government-wide financial statements. The deferred outflows of resources result from two transactions: contributions to the defined benefit pension plan subsequent to the plan's year end through the City's fiscal year end and the variance between the plan's actual investment earnings compared to the plan's assumed investment earnings.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The government has one item that qualifies for reporting in this category, deferred inflows of resources related to unavailable revenue. Unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Note I - Summary of Significant Accounting Policies (Continued)

Net Position Flow Assumption

Sometimes the government 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 Assumption

Sometimes the government 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. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government 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 government's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the government 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.

Note I - Summary of Significant Accounting Policies (Continued)

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The City Council has by resolution authorized the finance director to assign fund balance. The City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. 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 adopted, by ordinance, a Budget Stabilization Fund under Michigan's Public Act 30 of 1978. The board of directors may, with a 2/3 vote, set aside General Fund surplus, up to a maximum of 15 percent of the most recent General Fund budget (or average of the five most recent budgets, if less). An appropriation from the Budget Stabilization Fund, which also requires a 2/3 vote of the board of directors, may only occur to correct a budget shortfall, or in the case of a natural disaster. The balance at June 30, 2015 of the stabilization amount, which is reported in the General Fund, is \$2,646,352.

Property Tax Revenue

Properties are assessed as of December 31. The related property taxes become a lien on December 1 of the following year. The taxes are due on February 28, after which point they are added to the county tax rolls and penalties and interest are assessed.

The City's 2014 tax is levied and collectible on July 1, 2014 and is recognized as revenue in the year ended June 30, 2015, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2014 taxable valuation of the City totaled \$637.6 million (a portion of which is abated and a portion of which is captured by the LDFA and DDA). Taxes were levied as follows:

Purpose	Millage Rate	Revenue
General Fund - Operating	11.0429	\$ 6,981,000
Local Road Capital Program Fund - Capital	1.1500	727,000
Safety Path Fund - Capital	.3000	190,000
Water Fund - Debt	1.9000	1,218,000
DPW and Fire Building Fund - Debt	.4500	288,000
Total	<u>14.8429</u>	<u>\$ 9,404,000</u>

Note I - Summary of Significant Accounting Policies (Continued)

Pension and Other Postemployment Benefit Costs - The City offers a defined benefit pension plan 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.

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

Compensated Absences (Vacation and Sick Leave) - It is the City's policy to permit employees to accumulate earned but unused sick and vacation pay benefits and compensatory time. Vacation pay is fully vested when earned, and sick pay is conditionally vested upon completion of a certain number of years of service. Upon retirement, employees are paid accumulated vacation and 35 percent of unused sick days at their hourly rate as of their retirement date. A liability for the entire amount, current and long-term, is accrued in the government-wide and proprietary financial statements. A liability for these amounts is reported in governmental funds only for employee terminations or retirements as of year end. Compensated absences will be liquidated by the General Fund.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

Note 2 - Stewardship, Compliance, and Accountability

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

Shortfall at July 1, 2014	\$ (1,839,397)
Current year permit revenue	555,110
Less related costs	<u>456,934</u>
Current year surplus	<u>98,176</u>
Cumulative shortfall at June 30, 2015	<u>\$ (1,741,221)</u>

Note 3 - Deposits and Investments

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

The City has designated four banks for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in all of the items described above. The City's deposits and investment policies are in accordance with statutory authority.

Note 3 - Deposits and Investments (Continued)

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

Custodial Credit Risk of Bank Deposits - Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At year end, the City had \$2,274,291 of bank deposits (certificates of deposit and checking and savings accounts), of which \$1,132,491 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.

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 limits purchases to those that mature more than 270 days after the date of purchase.

At year end, the average maturities of investments are as follows:

Investment	Fair Value	Weighted Average Maturity (Days)
Primary Government		
Certificates of deposit	\$ 380,771	78
U.S. government agency securities	1,578,893	404
Commercial paper	951,046	136
Municipal bonds	2,911,492	822
Local government investment pool	<u>2,650,231</u>	478
Total	<u>\$ 8,472,433</u>	
Component Units		
Certificates of deposit	\$ 117,926	78
U.S. government agency securities	488,987	404
Commercial paper	294,541	136
Municipal bonds	901,696	822
Local government investment pool	<u>1,036,949</u>	478
Total	<u>\$ 2,840,099</u>	

City of Wixom, Michigan

Notes to Financial Statements June 30, 2015

Note 3 - Deposits and Investments (Continued)

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

Investment	Fair Value	Rating	Rating Organization
Primary Government			
Local government investment pool	\$ 2,650,231	N/R	
Commercial paper	951,046	AA+	S&P
Certificates of deposit	380,771	NR	S&P
U.S. government agency	1,578,893	AA+	S&P
Municipal bond	240,670	AA+	S&P
Municipal bond	96,950	A+	S&P
Municipal bond	361,578	AA	S&P
Municipal bond	1,025,054	AA-	S&P
Municipal bond	257,342	AAA	S&P
Municipal bond	389,030	NR	S&P
Municipal bond	350,588	SP-I	N/A
Municipal bond	190,280	SPI +	S&P
Total	<u>\$ 8,472,433</u>		
Component Units			
Local government investment pool	\$ 1,036,949	N/R	
U.S. Treasury	294,541	NR	S&P
Certificates of deposit	117,926	NR	S&P
U.S. government agency	488,987	AA+	S&P
Municipal bond	30,026	A+	S&P
Municipal bond	111,982	AA	S&P
Municipal bond	317,462	AA-	S&P
Municipal bond	74,536	AA+	S&P
Municipal bond	79,699	AAA	S&P
Municipal bond	120,483	NR	S&P
Municipal bond	108,578	SP-I	S&P
Municipal bond	58,930	SPI +	S&P
Total	<u>\$ 2,840,099</u>		

City of Wixom, Michigan

Notes to Financial Statements June 30, 2015

Note 3 - Deposits and Investments (Continued)

Concentration of Credit Risk - The City places no limit on the amount it may invest in any one issuer. More than 5 percent of the City's investments are in the Oakland County Local Government Investment Pool (the "LGIP") at 33 percent. The LGIP is not registered with the SEC and does not issue a separate report. The LGIP is managed as a 2(a)(7) fund with its net asset value maintained at \$1. Fair value of the position in the pool is the same as the value of the pool shares.

Note 4 - Capital Assets

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

	Balance July 1, 2014	Reclassifications	Additions	Disposals	Balance June 30, 2015
Governmental Activities					
Capital assets not being depreciated:					
Land	\$ 5,078,786	\$ -	\$ -	\$ (50,000)	\$ 5,028,786
Construction in progress	638,698	(638,698)	-	-	-
Subtotal	5,717,484	(638,698)	-	(50,000)	5,028,786
Capital assets being depreciated:					
Roads and sidewalks	61,372,369	638,698	1,043,550	-	63,054,617
Buildings, drains, and improvements	20,853,543	-	161,566	(154,928)	20,860,181
Vehicles	4,428,751	-	673,321	(501,602)	4,600,470
Machinery and equipment	3,398,311	-	79,668	(22,658)	3,455,321
Furniture and fixtures	949,411	-	18,570	(7,285)	960,696
Subtotal	91,002,385	638,698	1,976,675	(686,473)	92,931,285
Accumulated depreciation:					
Roads and sidewalks	43,986,645	-	1,925,309	-	45,911,954
Buildings, drains, and improvements	8,370,351	-	522,956	(154,928)	8,738,379
Vehicles	3,254,433	-	207,943	(501,602)	2,960,774
Machinery and equipment	2,521,499	-	191,016	(22,658)	2,689,857
Furniture and fixtures	856,526	-	15,152	(7,285)	864,393
Subtotal	58,989,454	-	2,862,376	(686,473)	61,165,357
Net capital assets being depreciated	32,012,931	638,698	(885,701)	-	31,765,928
Net capital assets	\$ 37,730,415	\$ -	\$ (885,701)	\$ (50,000)	\$ 36,794,714

Note 4 - Capital Assets (Continued)

Business-type Activities	Balance July 1, 2014	Reclassifications	Additions	Disposals	Balance June 30, 2015
Capital assets not being depreciated - Construction in progress	\$ 44,675	\$ (44,675)	\$ -	\$ -	\$ -
Capital assets being depreciated:					
Water and sewer lines	52,178,578	44,675	448,354	-	52,671,607
Buildings and improvements	22,634,301	-	-	-	22,634,301
Machinery and equipment	1,760,672	-	-	-	1,760,672
Office furnishings	68,670	-	-	-	68,670
Information technology	62,693	-	-	-	62,693
Subtotal	76,704,914	44,675	448,354	-	77,197,943
Accumulated depreciation:					
Water and sewer lines	13,870,632	-	872,937	-	14,743,569
Buildings and improvements	9,578,460	-	552,344	-	10,130,804
Machinery and equipment	1,568,169	-	32,656	-	1,600,825
Office furnishings	68,670	-	-	-	68,670
Information technology	60,355	-	531	-	60,886
Subtotal	25,146,286	-	1,458,468	-	26,604,754
Net capital assets being depreciated	51,558,628	44,675	(1,010,114)	-	50,593,189
Net capital assets	\$ 51,603,303	\$ -	\$ (1,010,114)	\$ -	\$ 50,593,189
Component Units	Balance July 1, 2014	Additions	Disposals	Balance June 30, 2015	
Capital assets not being depreciated - Land	\$ 154,296	\$ -	\$ -	\$ 154,296	
Capital assets being depreciated:					
Buildings and improvements	499,892	-	-	499,892	
Other tools and equipment	60,913	-	-	60,913	
Subtotal	560,805	-	-	560,805	
Accumulated depreciation:					
Buildings and improvements	345,383	22,749	-	368,132	
Other tools and equipment	60,913	-	-	60,913	
Subtotal	406,296	22,749	-	429,045	
Net capital assets being depreciated	154,509	(22,749)	-	131,760	
Net capital assets	\$ 308,805	\$ (22,749)	\$ -	\$ 286,056	

Note 4 - Capital Assets (Continued)

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

Governmental activities:

General government	\$ 267,884
Public safety	271,243
Public works	2,120,918
Economic development	144,241
Recreation and culture	<u>58,090</u>
Total governmental activities	<u>\$ 2,862,376</u>

Business-type activities:

Water	\$ 670,892
Sewer	<u>787,576</u>
Total business-type activities	<u>\$ 1,458,468</u>

Construction Commitments - The City has active construction projects at year end. At year end, the City's commitments with contractors are as follows:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Street project	<u>\$ 1,389,202</u>	<u>\$ 132,200</u>

City of Wixom, Michigan

Notes to Financial Statements June 30, 2015

Note 5 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Payable Fund	Receivable	Amount
Due to/from Other Funds		
General Fund	Water Fund	\$ 4,519
	Sewer Fund	128,612
	Nonmajor governmental funds:	
	Community Development Fund	12,092
	Major Road Fund	63,806
	Forfeiture Fund	4,244
	Safety Path Fund	4,172
	Forfeiture funds	27,419
	Special Agency Fund	1,157,748
	Cemetery Fund	500
	Debt service funds	11,925
	Capital Improvement Fund	627,140
	Local Road Capital Improvement Fund	<u>15,994</u>
		Total General Fund
Special Assessment Fund	General Fund	7,931
Nonmajor governmental funds	General Fund	<u>42,907</u>
	Total	<u>\$ 2,109,009</u>
Receivable Fund	Payable Fund	Amount
Advances from/to Other Funds		
Sewer Fund	Capital Improvement Fund (a nonmajor governmental fund)	<u>\$ 265,598</u>

City of Wixom, Michigan

Notes to Financial Statements June 30, 2015

Note 5 - Interfund Receivables, Payables, and Transfers (Continued)

Payable Fund	Receivable Fund	Amount
Due to/from Primary Government and Component Units		
Downtown Development Authority	General Fund	\$ 949
Local Development Authority	General Fund	<u>5,349</u>
	Total	<u>\$ 6,298</u>

These balances result from the time lag between the dates that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made. The advance from the Sewer Fund to the Capital Improvement Fund was for the purchase of a fire truck in fiscal year 2009. The advance, plus interest, is being repaid over 10 years.

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

Transfer Out	Transfer In	Amount
General Fund	Nonmajor governmental funds:	
	Development debt service fund	\$ 264,076
	Capital Improvement Fund	<u>1,043,152</u>
	Total General Fund	1,307,228
Major Road Fund (a nonmajor governmental fund)	Local Road fund (a nonmajor governmental fund)	<u>159,336</u>
	Total	<u>\$ 1,466,564</u>

The General Fund transfers represented the use of unrestricted resources into the funds where they will be spent. The Major Fund transfer to the Local Street Fund was intended to re-allocate the use of Act 51 proceeds, within the amounts allowable by law.

Note 6 - 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. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service. The Special Assessment Tribute Drain Bonds are issued by Oakland County.

Note 6 - Long-term Debt (Continued)

Long-term debt activity can be summarized as follows:

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities							
General obligations:							
2009 refunding							
bonds	3.00%	\$250,000	\$ 250,000	\$ -	\$ 250,000	\$ -	\$ -
DDA/VCA development	4.00% -	\$250,000 -					
bonds	4.15%	\$450,000	4,775,000	-	4,775,000	-	-
DDA/VCA refunding		\$270,000 -					
bonds	4.00%	\$450,000	-	4,185,000	-	4,185,000	250,000
Issuance premiums			-	460,967	-	460,967	46,097
Contractual obligation with							
Oakland County - Special	3.50% -	\$150,000 -					
assessment bonds	4.40%	\$200,000	1,830,000	-	125,000	1,705,000	150,000
Total bonds payable			6,855,000	4,645,967	5,150,000	6,350,967	446,097
Accumulated compensated							
absences			707,855	393,183	384,235	716,803	136,833
Total governmental			\$ 7,562,855	\$ 5,039,150	\$ 5,534,235	\$ 7,067,770	\$ 582,930
activities							

The compensated absences will be liquidated by the resources of the General Fund. That fund will finance the payment of those claims by charging the other funds based on management's assessment of the relative insurance risk that should be assumed by individual funds.

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type Activities							
General obligation bonds:							
		\$212,049 -					
Water SRF Series 1	2.50%	\$231,327	\$ 1,256,619	\$ -	\$ 207,230	\$ 1,049,389	\$ 212,049
		\$350,000 -					
Water SRF Series 2	2.50%	\$390,000	2,190,000	-	340,000	1,850,000	350,000
		\$410,000 -					
Water SRF Series 3	2.50%	\$453,331	2,573,331	-	400,000	2,173,331	410,000
	4.90% -						
Water Series 4	5.15%	\$85,000	510,000	-	85,000	425,000	85,000
Total business-type			\$ 6,529,950	\$ -	\$ 1,032,230	\$ 5,497,720	\$ 1,057,049
activities							

Note 6 - Long-term Debt (Continued)

Total interest expense for the year was approximately \$531,000. Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

Years Ending June 30	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 446,097	\$ 245,378	\$ 691,475	\$ 1,057,049	\$ 136,300	\$ 1,193,349
2017	461,097	222,253	683,350	1,081,869	107,396	1,189,265
2018	476,097	205,653	681,750	1,121,507	77,866	1,199,373
2019	496,097	188,453	684,550	1,146,327	44,982	1,191,309
2020	541,097	170,453	711,550	1,090,968	19,141	1,110,109
2021-2025	3,004,388	534,495	3,538,883	-	-	-
2026-2027	926,094	53,200	979,294	-	-	-
Total	<u>\$ 6,350,967</u>	<u>\$ 1,619,885</u>	<u>\$ 7,970,852</u>	<u>\$ 5,497,720</u>	<u>\$ 385,685</u>	<u>\$ 5,883,405</u>

Advance Refundings - During the year, the City issued \$4,185,000 in limited tax general obligation bonds with an interest rate of 2.4 percent. The proceeds of these bonds were used to advance refund \$4,525,000 of outstanding 2005 development bonds with an average interest rate of 4.05 percent. The net proceeds of \$4,110,142 (after payment of \$74,858 in underwriting fees, insurance, and other issuance costs) plus an additional \$48,210 of City funds were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the original bonds. As a result, the bonds are considered to be defeased and the liability for the bonds has been removed from the general long-term debt of the City. The advance refunding reduced total debt service payments over the next nine years by approximately \$340,000, which represents an economic gain of approximately \$438,475.

Note 7 - 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 has purchased commercial insurance for employee health benefits claims, participates in the Michigan Municipal Risk Management Authority risk pool for claims relating to property loss, torts, and errors and omissions, and participates in the Michigan Municipal League (risk pool) for claims relating to workers' compensation. 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 League risk pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

Note 7 - Risk Management (Continued)

The Michigan Municipal Risk Management Authority's State Pool program operates as a common risk-sharing management program for local units of government in Michigan. Member premiums are used to purchase excess insurance coverage and to pay member claims in excess of deductible amounts. A portion of the excess insurance coverage is underwritten by the authority itself.

Note 8 - Regional Authority Cooperative Ventures

The City is a member of the Western Oakland County Cable Communication Authority (the "Authority"), a cooperative venture of western Oakland County communities. The City appoints one member to the Authority's governing board, which then approves the annual budget. The Authority receives a management fee from the cable television company and currently does not receive a subsidy from the City. Complete financial statements for the Authority can be obtained from the administrative offices at 3978 Chanda Court, Highland, Michigan 48031.

The City is also a member of the Resource Recovery and Recycling Authority of Southwest Oakland County (the "Recycling Authority"). The Recycling Authority is incorporated by the cities of Farmington, Farmington Hills, Novi, South Lyon, Southfield, Walled Lake, Wixom, and the Charter City of Lyon. The City appoints one member to the Recycling Authority's governing board, which then approves the annual budget.

The Recycling Authority receives its operating revenue from member contributions and miscellaneous income. During the year, the City contributed approximately \$16,800 for its operations. Complete financial statements for the Recycling Authority can be obtained from the administrative offices at 2000 West Eight Mile, Southfield, Michigan 48375.

For both the Western Oakland County Cable Communication Authority and the Resource Recovery and Recycling Authority of Southwest Oakland County, the City is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future.

Note 9 - Defined Benefit Pension Plan

Plan Description - The City participates in an agent multiple-employer defined benefit pension plan administered by the Municipal Employees' Retirement System of Michigan (MERS), that covers substantially all employees of the City. MERS was established as a statewide public employee pension plan by the Michigan legislature under PA 135 of 1945 and is administered by a nine-member retirement board. MERS issues a publicly available financial report which includes the financial statements and required supplemental information of this defined benefit plan. This report can be obtained at www.mersofmichigan.com or in writing to MERS at 1134 Municipal Way, Lansing, Michigan 48917.

Note 9 - Defined Benefit Pension Plan (Continued)

Benefits Provided - The Plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. PA 427 of 1984, as amended, established and amends the benefit provisions of the participants in MERS.

Retirement benefits for employees are calculated as 2.5 percent of the employee's final three-year average salary times the employee's years of service, up to a maximum of 80 percent. Normal retirement age is 60 with early retirement at 50 with 25 years of service. Vesting period is 10 years. Employees are eligible for non-duty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Death benefits are always the larger of the benefit computed as a contingent survivor beneficiary or 85 percent of accrued retirement allowance benefit. An employee who leaves service may withdraw his or her contributions, plus any accumulated interest.

Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustments are 2.5 percent, non-compounding.

Benefit terms, within the parameters established by MERS, 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.

Employees Covered by Benefit Terms - At the December 31, 2014 measurement date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	46
Inactive plan members entitled to but not yet receiving benefits	13
Active plan members	<u>35</u>
Total employees covered by MERS	<u>94</u>

Contributions - Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, MERS retains an independent actuary to determine the annual contribution. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS retirement board. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees.

Note 9 - Defined Benefit Pension Plan (Continued)

For the year ended June 30, 2015, the average active employee contribution rate was ranged from 0 percent to 6.26 percent of annual pay and the City's flat-rate contribution rate was \$78,349 per month of covered payroll.

Net Pension Liability

The net pension liability reported at June 30, 2015 was determined using a measure of the total pension liability and the pension net position as of December 31, 2014. The December 31, 2014 total pension liability was determined by an actuarial valuation performed as of that date.

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

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at January 1, 2014	\$ 27,855,735	\$ 16,892,564	\$ 10,963,171
Service cost	355,067		355,067
Interest	2,254,647		2,254,647
Contributions - Employer		833,137	(833,137)
Contributions - Employee		197,700	(197,700)
Net investment income		1,064,105	(1,064,105)
Benefit payments, including refunds	(1,408,417)	(1,408,417)	-
Administrative expenses	-	(39,048)	39,048
Net changes:	1,201,297	647,477	553,820
Balance at December 31, 2014	\$ 29,057,032	\$ 17,540,041	\$ 11,516,991

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

For the year ended June 30, 2015, the City recognized pension expense of \$1,136,948. All pension costs are recognized in the governmental activities, and none are allocated to the business-type activities. This is because no employees have been specifically allocated to the enterprise funds; all DPW employees are charged to the General Fund, which provides services on behalf of the Major Streets, Local Streets, and Water and Sewer Funds. The General Fund does charge an administrative charge intended to cover some of the DPW costs.

City of Wixom, Michigan

Notes to Financial Statements June 30, 2015

Note 9 - Defined Benefit Pension Plan (Continued)

At June 30, 2015, 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
Net difference between projected and actual earnings on pension plan investments	\$ 244,928	\$ -
Employer contributions to the plan subsequent to the measurement date	<u>470,094</u>	<u>-</u>
Total	<u>\$ 715,022</u>	<u>\$ -</u>

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

2016	\$ 63,133
2017	63,134
2018	63,134
2019	55,527
2020	-
Thereafter	<u>-</u>
Total	<u>\$ 244,928</u>

Actuarial Assumptions - The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00 %
Salary increases	4.50 % In the long term, 1 percent, 2 percent, and 3 percent for calendar years 2014, 2015, and 2016, respectively, including inflation
Investment rate of return	8.25 % Net of pension plan investment expense, including inflation

Mortality rates were based on the 1994 Group Annuity Mortality Table of a 50 percent Male and 50 percent Female blend. For disabled retirees, the regular mortality table is used with a 10-year set forward in ages to reflect the higher expected mortality rates of disabled members.

Note 9 - Defined Benefit Pension Plan (Continued)

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of the most recent actuarial experience study in 2008. The MERS retirement board is currently conducting an actuarial experience study covering the period from January 1, 2009 through December 31, 2013.

Discount Rate - The discount rate used to measure the total pension liability was 8.25 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Projected Cash Flows

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

The long-term expected rate of return on pension plan investments was determined using a model 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 target allocation and best estimates of arithmetic real rates of return as of December 31, 2014, the measurement date, for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	58 %	5.0 %
Global fixed income	20 %	2.1 %
Real assets	12 %	4.2 %
Diversifying strategies	10 %	6.6 %

Note 9 - Defined Benefit Pension Plan (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the City, calculated using the discount rate of 8.25 percent, 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 (7.25 percent) or 1 percentage point higher (9.25 percent) than the current rate:

	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
Net pension liability of the City	\$ 15,121,446	\$ 11,516,991	\$ 8,498,940

Pension Plan Fiduciary Net Position - Detailed information about the plan's fiduciary net position is available in the separately issued financial report. For the purpose of measuring the net pension liability, deferred outflows of resources, and deferred inflows or resources related to pension and pension expense, information about the Plan's fiduciary net position and addition to/deduction from fiduciary net position has been determined on the same basis as they are report 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.

Note 10 - Other Postemployment Benefits

Plan Description - The City provides retiree healthcare benefits to eligible employees and their spouses. Currently, the plan has 55 members (including City and library employees in active service, terminated employees not yet receiving benefits, and retired employees and beneficiaries currently receiving benefits). This is a single-employer defined benefit plan administered by the Municipal Employees' Retirement System (MERS). The benefits are provided under collective bargaining agreements or executive directives approved by the City Council. The plan does not issue a separate stand-alone financial statement. Administrative costs are paid by the plan through employer contributions. The City has allowed the Wixom Public Library, a separate governmental entity, to also participate in this plan.

Note 10 - Other Postemployment Benefits (Continued)

Funding Policy - The collective bargaining agreements require a contribution of 1 percent of payroll from employees. Retiree healthcare costs are recognized when paid by the City on a pay-as-you-go basis. The City has no obligation to make contributions in advance of when the insurance premiums are due for payment (in other words, this may be financed on a “pay-as-you-go” basis). However, as shown below, the City has made contributions to advance-fund these benefits, as determined by the City Council through annual budget resolutions.

Funding Progress - For the year ended June 30, 2015, the City has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of June 30, 2014. The valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. This valuation’s computed contribution and actual funding are summarized as follows:

Annual required contribution (recommended)	\$ 537,268
Interest on the prior year's net OPEB obligation	22,071
Less adjustment to the annual required contribution	<u>(13,912)</u>
Annual OPEB cost	545,427
Amounts contributed:	
Payments of current premiums	(506,642)
Advance funding	<u>(807,000)</u>
Decrease in net OPEB obligation	(768,215)
OPEB obligation - Beginning of year	<u>315,302</u>
OPEB obligation (asset) - End of year	<u>\$ (452,913)</u>

The annual OPEB costs, the percentage contributed to the plan, and the net OPEB obligation for the current and two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation (Asset)
6/30/13	\$ 662,564	93.5	\$ 708,051
6/30/14	666,440	211.3	315,302
6/30/15	545,427	240.8	(452,913)

Note 10 - Other Postemployment Benefits (Continued)

The funding progress of the plan is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
6/30/11	\$ 3,419,519	\$ 7,495,267	\$ 4,075,748	45.6	\$ 3,620,780	112.6
6/30/12	3,580,413	9,435,886	5,855,473	37.9	3,481,219	168.2
6/30/14	5,509,798	10,380,016	4,870,218	53.1	2,441,102	199.5

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

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

In the June 30, 2014 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 7.0 percent investment rate of return (net of administrative expenses). The UAAL is being amortized as a level percentage of projected payroll on an open basis for 30 years.

The following simplifying assumptions were made:

Marital Status - Marital status of members at the calculation date was assumed to be 70 percent of males and 70 percent of females for the purpose of death-in-service benefits. Male spouses are assumed to be three years older than female spouses for active member valuation purposes.

Mortality - Life expectancies were based on RP2000 Mortality Tables for males and females projected 20 years.

Note 10 - Other Postemployment Benefits (Continued)

Healthcare Cost Trend Rate - Healthcare cost trend rates used in the analysis were a combined rate for healthcare and pharmacy costs of 9.0 percent initially, reduced to an ultimate rate of 4.0 percent after 10 years, was used.

Health Insurance Premiums - Fiscal year 2012 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

Payroll Growth Rate - The expected long-term payroll growth rate was assumed to be 4.0 percent.

Note 11 - Deferred Compensation Plan

The City offers an employee-only contributing deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all permanent City employees, permits each employee to defer a portion of their salary until future years. The deferred compensation is not available for distribution to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan with VALIC or MERS, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are held in trust for the exclusive benefit of the plan participants and their beneficiaries. The assets shall not be diverted for any other purpose. All provisions of the plan and trust are in conformance with Internal Revenue Code Section 457.

The plan's funds are excluded from the financial statements in conformance with the reporting and disclosure requirements in GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*.

Note 12 - Brownfield Redevelopment Authority

The Brownfield Redevelopment Authority was established pursuant to Public Act 381 of 1996 and is governed by the Oakland County Brownfield Redevelopment Authority. Upon completion of its purpose, the authority may be dissolved by resolution of the City Council. The City only collects property tax revenue and remits it to Oakland County Brownfield Redevelopment Authority. The Oakland County Brownfield Redevelopment Authority is responsible for the disbursement and accounting for all monies received. The City collected and remitted \$12,819 in captured revenue for the Brownfield Redevelopment Authority during fiscal year 2015.

Note 13 - Reporting Change

During the current year, the City adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. As a result, the government-wide statements now include a liability for our unfunded legacy costs. Some of the changes in this net pension liability will be recognized immediately as part of the pension expense measurement, and part will be deferred and recognized over future years. Refer to the pension footnotes for further details. As discussed in that footnote, all pension costs are borne by the governmental activities (none by the business-type activities); in addition, this change does not impact the General Fund or any other governmental fund.

The financial statements for the year ended June 30, 2014 have been restated in order to adopt GASB Statement No. 68. The effect of this new accounting standard was a decrease in net position to record the net pension liability at June 30, 2014.

The effect of this change is as follows:

	Governmental Activities
Fund Balance - June 30, 2014 - As previously reported	\$ 41,918,211
Adjustment for implementation of GASB Statement No. 68	<u>(10,582,949)</u>
Fund Balance - June 30, 2014 - As restated	<u>\$ 31,335,262</u>

Note 14 - Upcoming Accounting Pronouncements

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*. This Statement will require governments to disclose in their financial statements information related to tax abatement agreements. The City is currently evaluating the impact this standard will have on the financial statements when adopted, during the 2017 fiscal year.

In February 2015, the Governmental Accounting Standards Board issued GASB Statement No. 72, *Fair Value Measurement and Application*. The requirements of this Statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and acceptable valuation techniques. This Statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. GASB Statement No. 72 is required to be adopted for years beginning after June 15, 2015. The City is currently evaluating the impact this standard will have on the financial statements when adopted, during the City's 2016 fiscal year.

Note 14 - Upcoming Accounting Pronouncements (Continued)

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which addresses reporting by governments that provide postemployment benefits other than pensions (OPEB) to their employees and for governments that finance OPEB for employees of other governments. This OPEB standard will require the City to recognize on the face of the financial statements its proportionate share of the net OPEB liability related to its participation in the MERS plan. The Statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the City's financial statements for the year ending June 30, 2018.

Required Supplemental Information

City of Wixom, Michigan

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2015

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 7,342,495	\$ 7,293,359	\$ 7,382,562	\$ 89,203
Licenses and permits	73,600	73,600	63,978	(9,622)
Federal grants	-	4,797	4,798	1
State-shared revenue and grants	1,125,547	1,125,547	1,109,387	(16,160)
Charges for services	789,258	911,435	910,990	(445)
Fines and forfeitures	25,000	25,000	24,041	(959)
Investment income	25,000	20,000	11,561	(8,439)
Rental income	46,700	35,900	37,267	1,367
Other revenue	330,360	344,379	354,500	10,121
Total revenue	9,757,960	9,834,017	9,899,084	65,067
Expenditures - Current				
General government:				
Legislative	14,876	14,876	12,710	2,166
City Manager	309,567	324,591	316,465	8,126
Financial administration	318,909	326,685	318,421	8,264
Information systems	136,284	129,684	121,952	7,732
Assessing	177,488	175,603	172,711	2,892
Board of Review	1,196	1,196	987	209
Clerk	197,734	193,430	187,491	5,939
Building maintenance	60,300	82,200	72,799	9,401
Legal counsel and assistance	55,000	61,000	66,412	(5,412)
OPEB contribution	775,000	775,000	775,000	-
General operating	770,427	664,045	634,858	29,187
Total general government	2,816,781	2,748,310	2,679,806	68,504
Public safety:				
Police	3,359,867	3,208,464	2,990,535	217,929
Fire	983,508	982,542	919,313	63,229
Building	366,613	434,463	387,394	47,069
Total public safety	4,709,988	4,625,469	4,297,242	328,227
DPW	443,897	398,562	225,987	172,575
Community and economic development - Planning, zoning, and related	96,500	96,500	82,419	14,081
Recreation and culture:				
Community service	335,133	348,616	291,808	56,808
Cultural center	306,319	277,842	243,023	34,819
Senior citizen committee	60,142	55,113	44,744	10,369
Total recreation and culture	701,594	681,571	579,575	101,996
Total expenditures	8,768,760	8,550,412	7,865,029	685,383
Excess of Revenue Over Expenditures	989,200	1,283,605	2,034,055	750,450
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	9,000	289,725	305,762	16,037
Transfers out	(1,702,396)	(2,830,926)	(2,755,926)	75,000
Total other financing uses	(1,693,396)	(2,541,201)	(2,450,164)	91,037
Net Change in Fund Balance	(704,196)	(1,257,596)	(416,109)	841,487
Fund Balance - Beginning of year	2,020,316	1,631,266	3,093,666	1,462,400
Fund Balance - End of year	\$ 1,316,120	\$ 373,670	\$ 2,677,557	\$ 2,303,887

City of Wixom, Michigan

Note to Required Supplemental Information Year Ended June 30, 2015

Budgetary Information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and all special revenue funds. All annual appropriations lapse at fiscal year end. At the first City Council meeting in April, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. Financial plans for all other funds are also submitted at this time. Budget sessions and public hearings are conducted by the City Council to review the proposed City Manager's budget/financial plans and to obtain taxpayer comments. If required, a Truth-In-Taxation Public Hearing is held at the second City Council meeting in May. The budget must be formally adopted no later than the second City Council meeting in May when the budget is legally enacted through passage of a City Council resolution.

The budget document presents information by fund, function, department, and line items. The legal level of budgetary control adopted by the governing body is the department level. All other funds' budgets have been adopted on an aggregate basis by function or department.

Formal budgetary integration is employed as a management control device during the year for all funds at a line-item level. Administrative control is maintained through the establishment of more detailed line-item budgets. Budget transfers between budgetary categories, functions, or from fund balance are periodically approved by the City Council. Supplemental appropriations for additional expenditures, which require an appropriation of available fund balance, must be approved by the City Council. Appropriations for operations lapse at year end. Appropriations for continuing projects are incorporated in the budget of the ensuing year.

Department heads with City Manager approval may make transfers of appropriations annually within a department up to an aggregate of \$20,000. The City closely monitors spending by reviewing monthly budget reports and, if necessary, will perform periodic budget amendments to reflect significant changes in the budget. In addition, the City Manager informs the City Council of any changes in the financial plan for the capital project funds, debt service funds, and enterprise funds.

Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered. During the year, the budget was amended in a legally permissible manner. Budgets have been prepared on a basis consistent with generally accepted accounting principles (GAAP).

City of Wixom, Michigan

Note to Required Supplemental Information (Continued) Year Ended June 30, 2015

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

	<u>Total Revenue</u>	<u>Total Expenditures</u>	<u>Total Financing Uses</u>
Amounts per operating statement	\$ 9,901,861	\$ 7,865,029	\$ 1,001,466
Budget Stabilization Fund revenue	(2,777)	-	-
General Fund operating transfer to Budget Stabilization Fund	-	-	1,448,698
Amounts per budget statement	<u>\$ 9,899,084</u>	<u>\$ 7,865,029</u>	<u>\$ 2,450,164</u>

The City had one budget overrun in legal expenses due to unforeseen expenses.

City of Wixom, Michigan

Required Supplemental Information OPEB System Schedule of Funding Progress Year Ended June 30, 2015

The schedule of funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
6/30/11	\$ 3,419,519	\$ 7,495,267	\$ 4,075,748	45.6	\$ 3,620,780	112.6
6/30/12	3,580,413	9,435,886	5,855,473	37.9	3,481,219	168.2
6/30/14	5,509,798	10,380,016	4,870,218	53.1	2,441,102	199.5

City of Wixom, Michigan

Required Supplemental Information Schedule of Changes in the Net Pension Liability and Related Ratios Last Ten Fiscal Years

	2015
Total Pension Liability	
Service cost	\$ 355,067
Interest	2,254,647
Changes in benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions	-
Benefit payments, including refunds	(1,408,417)
Net Change in Total Pension Liability	1,201,297
Total Pension Liability - Beginning of year	27,855,735
Total Pension Liability - End of year	\$ 29,057,032
Plan Fiduciary Net Position	
Contributions - Employer	\$ 833,137
Contributions - Member	197,700
Net investment income	1,064,105
Administrative expenses	(39,048)
Benefit payments, including refunds	(1,408,417)
Other	-
Net Change in Plan Fiduciary Net Position	647,477
Plan Fiduciary Net Position - Beginning of year	16,892,564
Plan Fiduciary Net Position - End of year	\$ 17,540,041
City's Net Pension Liability - Ending	\$ 11,516,991
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	60.36 %
Covered Employee Payroll	\$ 2,394,251
City's Net Pension Liability as a Percentage of Covered Employee Payroll	481.0 %

Other Supplemental Information

City of Wixom, Michigan

	Special Revenue Funds					
	Community	Major Road	Local Road Act	Land	Forfeiture	Safety Path
	Development	Act 51	51	Acquisition	Funds	Road Program
Assets						
Cash and investments	\$ -	\$ -	\$ -	\$ 1,196,021	\$ 11,313	\$ 374,217
Receivables - Net:						
Property taxes receivable	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-
Due from other governmental units	-	99,126	42,414	-	-	-
Due from other funds	12,092	63,806	-	-	31,663	4,173
Total assets	\$ 12,092	\$ 162,932	\$ 42,414	\$ 1,196,021	\$ 42,976	\$ 378,390
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,598
Due to other funds	-	-	42,414	-	-	-
Advances from other funds	-	-	-	-	-	-
Refundable deposits, bonds, etc.	-	-	-	-	-	-
Accrued salaries and other	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Total liabilities	-	-	42,414	-	-	11,598
Fund Balances						
Nonspendable:						
Restricted:						
Roads and bike paths	-	162,932	-	-	-	366,792
Debt service	-	-	-	-	-	-
Land acquisition	-	-	-	1,196,021	-	-
Police forfeitures	-	-	-	-	42,976	-
Solid waste	-	-	-	-	-	-
Development contracts	-	-	-	-	-	-
Community development	12,092	-	-	-	-	-
Committed - Cemetery	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Total fund balances	12,092	162,932	-	1,196,021	42,976	366,792
Total liabilities and fund balances	\$ 12,092	\$ 162,932	\$ 42,414	\$ 1,196,021	\$ 42,976	\$ 378,390

**Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015**

Special Revenue Funds			Debt Service Funds			Capital Projects Funds			Total
Solid Waste	Special Agency	Cemetery	Major Road Debt	DPW & Fire Building	Development Bond	Capital Improvement	Major Road Capital Program	Local Road Capital Program	Nonmajor Governmental Funds
\$ 107,304	\$ 53,182	\$ 99,592	\$ 3,306	\$ 42,431	\$ 17,044	\$ 1,168,342	\$ 766,471	\$ 1,139,074	\$ 4,978,297
-	-	-	136	70	-	-	-	-	206
22,913	-	-	-	-	-	-	-	-	22,913
-	-	-	-	-	-	-	-	-	141,540
-	1,157,748	500	471	6,454	5,000	627,140	-	15,994	1,925,041
\$ 130,217	\$ 1,210,930	\$ 100,092	\$ 3,913	\$ 48,955	\$ 22,044	\$ 1,795,482	\$ 766,471	\$ 1,155,068	\$ 7,067,997
\$ 38,760	\$ 52,596	\$ 2,448	\$ -	\$ -	\$ -	\$ 54,183	\$ -	\$ 26,213	\$ 185,798
493	-	-	-	-	-	-	-	-	42,907
-	-	-	-	-	-	265,598	-	-	265,598
-	1,281	-	-	-	-	-	-	-	1,281
-	-	-	712	1,297	-	-	-	3,291	5,300
-	261,750	-	-	-	-	-	-	-	261,750
39,253	315,627	2,448	712	1,297	-	319,781	-	29,504	762,634
-	-	-	-	-	-	-	766,471	1,125,564	2,421,759
-	-	-	3,201	47,658	22,044	-	-	-	72,903
-	-	-	-	-	-	-	-	-	1,196,021
-	-	-	-	-	-	-	-	-	42,976
90,964	-	-	-	-	-	-	-	-	90,964
-	895,303	-	-	-	-	-	-	-	895,303
-	-	-	-	-	-	-	-	-	12,092
-	-	97,644	-	-	-	-	-	-	97,644
-	-	-	-	-	-	1,475,701	-	-	1,475,701
90,964	895,303	97,644	3,201	47,658	22,044	1,475,701	766,471	1,125,564	6,305,363
\$ 130,217	\$ 1,210,930	\$ 100,092	\$ 3,913	\$ 48,955	\$ 22,044	\$ 1,795,482	\$ 766,471	\$ 1,155,068	\$ 7,067,997

City of Wixom, Michigan

Special Revenue Funds						
	Community Development	Major Road Act 51	Local Road Act 51	Land Acquisition	Forfeiture Funds	Safety Path Road Program
Revenue						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 190,833
Federal grants	39,848	-	-	-	-	-
State-shared revenue and grants	-	591,723	253,193	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	37,343	-
Investment income	-	-	-	362	4	149
Other revenue	-	-	-	3,091	-	-
Total revenue	39,848	591,723	253,193	3,453	37,347	190,982
Expenditures						
Current:						
General government	-	-	-	647	-	-
Public safety	-	-	-	-	5,680	-
Public works	-	388,272	412,529	-	-	-
Community and economic development	32,157	-	-	-	-	-
Capital outlay	-	-	-	47,013	-	117,736
Debt service	-	-	-	-	-	-
Total expenditures	32,157	388,272	412,529	47,660	5,680	117,736
Excess of Revenue Over (Under) Expenditures	7,691	203,451	(159,336)	(44,207)	31,667	73,246
Other Financing Sources (Uses)						
Face value of debt issue	-	-	-	-	-	-
Debt premium or discount	-	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	224,957	-	-
Transfers in	-	-	159,336	-	-	-
Transfers out	-	(159,336)	-	-	-	-
Payment to bond refunding escrow agent	-	-	-	-	-	-
Total other financing (uses) sources	-	(159,336)	159,336	224,957	-	-
Net Change in Fund Balances	7,691	44,115	-	180,750	31,667	73,246
Fund Balances - Beginning of year	4,401	118,817	-	1,015,271	11,309	293,546
Fund Balances - End of year	\$ 12,092	\$ 162,932	\$ -	\$ 1,196,021	\$ 42,976	\$ 366,792

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and Changes in
Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2015

Special Revenue Funds			Debt Service Funds			Capital Projects Funds			Total
Solid Waste	Special Agency	Cemetery	Major Road Debt	DPW & Fire Building	Development Bond	Capital Improvement	Major Road Capital Program	Local Road Capital Program	Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 3,194	\$ 290,445	\$ -	\$ -	\$ -	\$ 731,572	\$ 1,216,044
-	-	-	-	-	-	-	-	-	39,848
-	3,121	-	-	-	-	-	-	-	848,037
474,588	366,793	10,550	-	-	-	-	-	-	851,931
-	-	-	-	-	-	-	-	-	37,343
122	20	36	-	219	-	2,355	282	555	4,104
24,658	10,781	6,680	546	-	188,384	-	-	-	234,140
<u>499,368</u>	<u>380,715</u>	<u>17,266</u>	<u>3,740</u>	<u>290,664</u>	<u>188,384</u>	<u>2,355</u>	<u>282</u>	<u>732,127</u>	<u>3,231,447</u>
-	83	270	539	539	75,397	-	-	-	77,475
-	18,821	-	-	-	-	-	-	-	24,501
513,182	-	15,697	-	-	-	-	-	-	1,329,680
-	388,078	-	-	-	-	-	-	-	420,235
-	-	-	-	-	-	801,497	-	975,812	1,942,058
-	-	-	-	257,500	485,394	6,513	-	-	749,407
<u>513,182</u>	<u>406,982</u>	<u>15,967</u>	<u>539</u>	<u>258,039</u>	<u>560,791</u>	<u>808,010</u>	<u>-</u>	<u>975,812</u>	<u>4,543,356</u>
(13,814)	(26,267)	1,299	3,201	32,625	(372,407)	(805,655)	282	(243,685)	(1,311,909)
-	-	-	-	-	4,185,000	-	-	-	4,185,000
-	-	-	-	-	460,967	-	-	-	460,967
-	-	-	-	-	-	-	-	-	224,957
-	-	-	-	-	264,076	1,043,152	-	-	1,466,564
-	-	-	-	-	-	-	-	-	(159,336)
-	-	-	-	-	(4,525,000)	-	-	-	(4,525,000)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>385,043</u>	<u>1,043,152</u>	<u>-</u>	<u>-</u>	<u>1,653,152</u>
(13,814)	(26,267)	1,299	3,201	32,625	12,636	237,497	282	(243,685)	341,243
104,778	921,570	96,345	-	15,033	9,408	1,238,204	766,189	1,369,249	5,964,120
<u>\$ 90,964</u>	<u>\$ 895,303</u>	<u>\$ 97,644</u>	<u>\$ 3,201</u>	<u>\$ 47,658</u>	<u>\$ 22,044</u>	<u>\$ 1,475,701</u>	<u>\$ 766,471</u>	<u>\$ 1,125,564</u>	<u>\$ 6,305,363</u>

City of Wixom, Michigan

Other Supplemental Information Local Development Finance Authority Balance Sheet June 30, 2015

	<u>L DFA Capital Fund</u>	<u>L DFA Bond Fund</u>	<u>Total</u>
Assets - Cash and investments	\$ 3,064,085	\$ -	\$ 3,064,085
Liabilities			
Accounts payable	\$ 1,463	\$ -	\$ 1,463
Due to primary government	5,349	-	5,349
Total liabilities	6,812	-	6,812
Equity - Restricted	3,057,273	-	3,057,273
Net Position	\$ 3,064,085	\$ -	\$ 3,064,085

City of Wixom, Michigan

Other Supplemental Information Local Development Finance Authority Schedule of Revenue and Expenditures Year Ended June 30, 2015

	LDFA Capital Fund	LDFA Bond Fund	Total
Revenue - Investment income	\$ -	\$ 13,461	\$ 13,461
Expenditures - Current	<u>6,857</u>	<u>-</u>	<u>6,857</u>
Surplus (Shortfall)	(6,857)	13,461	6,604
Transfers in (Out)	<u>3,064,085</u>	<u>(3,064,085)</u>	<u>-</u>
Change in Fund Balance	3,057,228	(3,050,624)	6,604
Fund Balance - Beginning of year	<u>45</u>	<u>3,050,624</u>	<u>3,050,669</u>
Fund Balance - End of year	<u><u>\$ 3,057,273</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,057,273</u></u>