

**CITY OF ALLEN PARK, MICHIGAN**

**FINANCIAL REPORT  
WITH  
SUPPLEMENTAL INFORMATION**

**JUNE 30, 2016**

# CITY OF ALLEN PARK, MICHIGAN

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## INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and City Council  
City of Allen Park, 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 Allen Park, Michigan (the City) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City'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 did not audit the financial statements of the Allen Park Housing Commission which represents 19% of the assets and 28% of the revenues of the aggregate discretely presented component units. The Allen Park Housing Commission financial statements were audited by other auditors whose reports thereon were furnished to us, and our opinion, insofar as they relate to the amounts included in the aggregate discretely presented component units, are based on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the Standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### **Opinions**

In our opinion, based on our audit and the reports of other auditors, 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, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### **Required Supplementary Information**

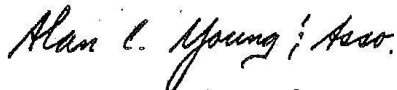
Accounting principles generally accepted in the United States of America require that the required supplementary information as identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who 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 supplementary 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's basic financial statements as a whole. The combining non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining non-major fund financial statements are the responsibility of management and were derived from and relate 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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Requirements by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued a report dated December 13, 2016 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with government auditing standards in considering City's internal control over financial reporting and compliance.



Detroit, Michigan  
December 13, 2016

### OVERVIEW OF FINANCIAL STATEMENTS

The City of Allen Park Michigan's (the "City") 2016 annual financial report is presented in conformity with the requirements of GASB Statement No. 34. This annual report consists of four parts - management's discussion and analysis, the basic financial statements, required supplemental information and other supplemental information. The basic financial statements include two kinds of statements that present different views of the City. The first two statements are government-wide financial statements that provide both short-term and long-term information about the City's status. The remaining statements are fund financial statements that focus on individual parts of the City's operations.

#### Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements outline functions of the City that are principally supported by revenues received from the State of Michigan and the taxpayers of the City of Allen Park.

#### Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into five categories. They are:

- A. General Government - General
- B. Special Revenue - Major and Local Streets, Building, Drug Law Enforcement, Library and Rubbish.
- C. Debt Service - 2003 Community Center Construction Debt.
- D. Enterprise - Water & Sewer and Southfield Lease Properties.
- E. Trust and Agency - Pension Trust, Retiree Healthcare and Tax Collection and Trust and Agency.

### Financial Highlights

The General Fund reported revenues in excess of expenditures and transfers of \$1,084,776, resulting in moving from a fund balance of \$6,218,022 to a General Fund balance of \$7,302,798. The following are the significant financial highlights that helped accomplished this turnaround for the year ended June 30, 2016:

- Property taxes collections decreased slightly in the City with current year General Fund receipts totaling \$7,488,244. This is a decrease of \$256,410 (3.31 percent) from the prior year property collection of \$7,744,654. This is mostly due to a judgment levy being paid off.
- Included again in the General Fund was a transfer of approximately \$1.9 million to subsidize debt service for the Southfield Lease Properties Fund. The Southfield Lease Properties were sold in September of 2014 and the City actively began a tender and refinance of the outstanding 2009A & 2009B bonds. The tender was completed in November of 2015 and refinanced by the end of June 2016.
- A millage increase approved by the residents of Allen Park in August of 2013 for Public Safety added \$4,626,643 to help offset the Police and Fire budgets.
- Grants for Parks, Fire, Water and Sewer from Wayne County, FEMA, State and Federal sources totaled almost \$1.9 million.
- Administration is continuing to evaluate and consolidate healthcare plans. Over \$600,000 of the increase in General Fund reserves can be attributed to the change from fully-insured to self-insured healthcare.
- The City has obtained an appraisal and survey to sell up to 7 acres of the former City Hall property. This is estimated to net approximately \$2.2 million in revenue to the City.
- A committee of 3 Councilmembers and Staff has been actively pursuing a new site for a permanent Police Department and City Hall. It is hoped that a decision will be reached and construction will begin in the 2016-2017 fiscal year.
- The City has been operating normally with a Receivership Transition Advisory Board (RTAB) appointed by the State of Michigan to oversee City operations beginning in October of 2014. Starting in June of 2016 after an annual review, the RTAB removed many restrictions on the City and now meets only when certain conditions warrant a meeting.
- For 2015-16, the City averaged over \$54.5 million in total receipts and expenses or \$4.375 million per month. About 40% of expenses went to pay salaries and benefits for active employees and retiree healthcare. When money collected and distributed to school and county agencies is included, another \$49.2 million per year moves through the City treasury.
- All labor contracts, with the exception of the Fire Department, are settled through June of 2019. The City is currently in negotiations with the Fire employees on a new contract.

# CITY OF ALLEN PARK, MICHIGAN

## Management's Discussion and Analysis (Continued)

### Governmental Activities

Net position may serve over time as a useful indicator of a government's financial position. In the case of the City, there was a decrease in governmental activities net position (\$2,117,108). This resulted in a change from \$24,820,707 in the prior year to \$22,703,599 for 2016.

The largest portion of the City's net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to the public; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The City's financial position is the product of a number of transactions including the net results of its activities, the payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Net position for the period ended June 30, 2015 and 2016:

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
<b>Assets</b>						
Cash and Cash Equivalents	\$ 9,549,710	\$ 11,227,037	\$ 9,009,887	\$ 6,654,890	18,559,597	17,881,927
Receivables and Other Current Assets	2,653,660	1,789,551	3,275,424	2,757,723	5,929,084	4,547,274
Capital Assets and Other Noncurrent Assets	66,562,118	66,137,287	66,189,213	71,978,172	132,751,331	138,115,459
<b>Total Assets</b>	<b>78,765,488</b>	<b>79,153,875</b>	<b>78,474,524</b>	<b>81,390,785</b>	<b>157,240,012</b>	<b>160,544,660</b>
Deferred Outflows	5,430,631	4,537,092	1,341,531	965,089	6,772,162	5,502,181
<b>Liabilities</b>						
Current Liabilities	2,375,452	4,267,648	4,489,038	4,533,830	6,864,490	8,801,478
Long-term Liabilities	58,676,502	52,976,271	59,283,611	58,535,662	117,960,113	111,511,933
<b>Total Liabilities</b>	<b>61,051,954</b>	<b>57,243,919</b>	<b>63,772,649</b>	<b>63,069,492</b>	<b>124,824,603</b>	<b>120,313,411</b>
Deferred Inflows	440,566	1,626,341	216,227	345,940	-	1,972,281
<b>Net Position</b>						
Net Investment in Capital Assets	61,376,712	60,779,210	33,866,668	34,232,972	95,243,380	95,012,182
Restricted	2,998,886	3,220,285	1,001,431	1,001,431	4,000,317	4,221,716
Unrestricted	(41,671,999)	(39,178,788)	(19,040,920)	(16,293,971)	(60,712,919)	(55,472,759)
<b>Total Net Position</b>	<b>\$ 22,703,599</b>	<b>\$ 24,820,707</b>	<b>\$ 15,827,179</b>	<b>\$ 18,940,432</b>	<b>\$ 38,530,778</b>	<b>\$ 43,761,139</b>

# CITY OF ALLEN PARK, MICHIGAN

## Management's Discussion and Analysis (Continued)

### Governmental Activities (Continued)

The following table presents a summary of revenue and expense for the fiscal year ended June 30, 2015 and 2016: (in thousands)

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
<b>Revenue</b>						
General Revenue	\$ 22,413	\$ 21,922	\$ 2,670	\$ (1,586)	\$ 25,083	\$ 20,336
Charge for Service	3,669	2,730	8,122	7,558	11,791	10,288
Grants and Contributions	3,968	2,865	635	-	4,603	2,865
Transfers	(1,759)	(1,200)	1,961	1,200	202	-
<b>Total Revenue</b>	<b>28,291</b>	<b>26,317</b>	<b>13,388</b>	<b>7,172</b>	<b>41,679</b>	<b>33,489</b>
<b>Program Expenses</b>						
General Government	7,248	6,939	-	-	14,187	6,939
Public Safety	8,045	8,023	-	-	8,045	8,023
Highway and Streets	5,285	6,854	-	-	5,285	6,854
Sanitation	8,309	4,005	-	-	8,309	4,005
Recreation and Cultural	1,094	515	-	-	1,094	515
Interest on Long-term Debt	427	409	-	-	427	409
Southfield Lease Properties	-	-	3,936	3,146	3,936	3,146
Water and Sewer	-	-	12,565	9,817	12,565	9,817
<b>Total Expenses</b>	<b>30,408</b>	<b>26,745</b>	<b>16,501</b>	<b>12,963</b>	<b>46,909</b>	<b>39,708</b>
<b>Change in Net Position</b>	<b>\$ (2,117)</b>	<b>\$ (428)</b>	<b>\$ (3,113)</b>	<b>\$ (5,791)</b>	<b>\$ (5,230)</b>	<b>\$ (6,219)</b>

### Financial Analysis of the Government's Funds

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources.

Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the fiscal year, the City's governmental funds reported combined ending fund balances of \$10,301,684 an increase of \$879,902 in comparison with the prior year. Approximately 71% of this total amount, or \$7,301,945, constitutes unassigned fund balance, which is available for appropriation at the government's discretion. The remaining fund balance amounts are either not in a spendable form (i.e., inventories and prepaid insurance), are restricted as to their use by outside 3rd parties or enabling legislation, have been committed to a specific use by City Council or have been assigned by management.



# CITY OF ALLEN PARK, MICHIGAN

## Management's Discussion and Analysis (Continued)

### Financial Analysis of the Government's Funds (Continued)

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$7,301,945 while total fund balance was \$7,302,798. As a measure of the General Fund's liquidity and financial stability, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 43% of total General Fund expenditures and transfers, while total fund balance was about the same amount.

Total fund balance of the City's General Fund increased by \$1,084,776 during the fiscal year. Notable items affecting fund balance include the following:

- The Police and Fire Millage generated \$4.6 million dollars which funded 59% of Police and Fire's current year operations.
- The City changed from fully insured healthcare to a self-insured program during the fiscal year which contributed approximately \$600,000 in saving to the general.
- The City transferred \$1.96 million to the Southfield Lease Properties Fund to subsidize the necessary debt service payments.
- The City general fund transferred \$500,000 to the local road fund to subsidize the city road project.

**Proprietary Funds.** The City has 2 proprietary funds – Water and Sewer Fund and the Southfield Lease Properties Fund.

Net position of the Water and Sewer Fund decreased by approximately \$1,355,000 this year. The water & sewer fund also paid down \$2.4 million of outstanding bonded debt.

The net position of the Southfield Lease Properties Fund decreased by \$1.75 million this year. Most of this amount is due to bond issuance cost for the ordered tender of outstanding 2009 A & B bonds. This allowed to city to tender over 62% of the outstanding bonds and refinance them at a lower interest rate, thus saving future interest costs. This is discussed in long term debt section (Note 7), the City successfully tendered the outstanding bonds related to the Southfield property in November 2015 and finished re-financing the issue by June 30<sup>th</sup>. This will significantly reduce the City's required debt service.

### Capital Asset and Debt Administration

The City of Allen Park's investment in capital assets for its governmental and business type activities as of June 30, 2016 amount to \$126,251,608 (net of accumulated depreciation). This investment in capital assets includes land, buildings and site improvements, machinery and equipment, furniture and fixtures, vehicles, and infrastructure.

# **CITY OF ALLEN PARK, MICHIGAN**

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

### **Capital Asset and Debt Administration (Continued)**

More detailed information about capital assets can be found in Note 4 to the financial statements.

The City's long-term debt totaled approximately \$63.2 million at June 30, 2016, or which approximately \$55.7 million was debt of the water and sewer fund. More detailed information about long-term debt can be found in Note 7 to the financial statements.

### **Budget**

General Fund revenues exceeded the amended budget by \$327,925. In addition, expenditures were held under budget by \$1,691,945.

### **Current Economic Conditions**

The major sources of revenue for the City are property taxes and state shared revenue. While the City's taxable property values have seen significantly decreases over the last several years, the City has worked diligently to cut operating costs as expenditures continued to increase.

### **Economic Factors and Next Year's Budget**

Taxable values have begun to stabilize in Southeastern Michigan. It is anticipated the property values will be flat (+0.32%) in the next fiscal year.

Also the following future efforts are in progress to continue to move the City forward:

- ❖ In August 2013, voters approved a property tax millage of 6.75 mills for Police and Fire Services which replaced the 3.5 mill Public Safety assessment passed the prior year. The millage generated \$4,626,643 in 2016.
- ❖ In 2016 the City hired The Whitehall Group to develop a work plan utilizing the minimal number of staff in its operation of the General Fund, which enabled City Hall to reopen on Friday's beginning in January of 2016-
- ❖ On November 3, 2015, the voters of Allen Park approved a 10-year \$1.9015 Street Improvement Millage, which generates about \$1.4 million per year for a pay-as-you-go street improvement program. The ten year construction began in the spring of 2016.
- ❖ The City in November of 2015 was able to tender \$16,435,000 (62.4%) of the 2009 A and B studio bonds. The remaining bonds are callable in 2019.

### **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. For additional questions about this report or additional information, requests should be directed to the City Administrator (313) 928-1883 or mailed to 16630 Southfield Road, Allen Park, MI 48101.

# CITY OF ALLEN PARK, MICHIGAN

## Statement of Net Position June 30, 2016

ASSETS	Governmental Activities	Business-Type Activities	Total	Component Units
<b>Current Assets:</b>				
Cash and Cash Equivalents (Note 3)	\$ 9,282,802	\$ 3,104,069	\$ 12,386,871	\$ 2,750,795
Receivables:				
Taxes (Net)	-	691,869	691,869	-
Other Receivables	473,715	2,674,967	3,148,682	9,528
Due from Other Governmental Units	1,552,997	-	1,552,997	24,388
Due from Other Funds	63,059	4,597	67,656	-
Internal Balances	562,181	(562,181)	-	-
Inventory	-	107,976	107,976	-
Prepaid Expenses	1,708	-	1,708	16,890
Land Contract Receivable (Current Portion)	-	358,196	358,196	-
<b>Total Current Assets</b>	<b>11,936,462</b>	<b>6,379,493</b>	<b>18,315,955</b>	<b>2,801,601</b>
<b>Noncurrent Assets:</b>				
Restricted Cash and Cash Equivalents	266,908	4,904,377	5,171,285	-
Restricted Investments	-	-	-	23
Restricted Deposits for Future Debt Service Payments	-	1,001,441	1,001,441	-
Capital Assets not Being Depreciated (Note 4)	39,545,448	111,954	39,657,402	264,103
Capital Assets being Depreciated, Amortized (Note 4)	158,257,540	86,897,131	245,154,671	18,280,803
Less Accumulated Depreciation, Amortization (Note 4)	(131,240,870)	(27,319,595)	(158,560,465)	(9,743,591)
Land Contract Receivable	-	6,499,723	6,499,723	-
<b>Total Noncurrent Assets</b>	<b>66,829,026</b>	<b>72,095,031</b>	<b>138,924,057</b>	<b>8,801,338</b>
<b>Deferred Outflows (Note 1)</b>	<b>5,430,631</b>	<b>1,341,531</b>	<b>6,772,162</b>	<b>-</b>
<b>Total Assets and Deferred Outflows</b>	<b>\$ 84,196,119</b>	<b>\$ 79,816,055</b>	<b>\$ 164,012,174</b>	<b>\$ 11,602,939</b>

The notes to financial statements are an integral part of this statement.

# CITY OF ALLEN PARK, MICHIGAN

## Statement of Net Position (Continued) June 30, 2016

LIABILITIES AND NET POSITION	Governmental Activities	Business-Type Activities	Total	Component Units
<b>Current Liabilities</b>				
Accounts Payable and Other Current Liabilities	\$ 1,647,924	\$ 767,730	\$ 2,415,654	\$ 190,284
Accrued Interest Payable	109,540	488,304	597,844	132,011
Due to Other Governmental Units	15,975	-	15,975	-
Due to Other Funds	24,759	-	24,759	-
Unearned Revenue	-	-	-	381
Current Portion of Compensated Absences	162,254	5,336	167,590	2,269
Current Portion of Bonds Payable	175,000	3,227,668	3,402,668	765,000
Current Portion of Long-term Loan Payable	240,000	-	240,000	-
<b>Total Current Liabilities</b>	<u>2,375,452</u>	<u>4,489,038</u>	<u>6,864,490</u>	<u>1,089,945</u>
<b>Noncurrent Liabilities (Note 7)</b>				
Compensated Absences, Net of Current Portion	1,460,985	48,025	1,509,010	-
OPEB Payable	34,487,655	3,467,242	37,954,897	-
Net Pension Liability	15,607,456	3,351,749	18,959,205	-
Bonds Payable, Net of Current Portion	5,010,406	52,416,595	57,427,001	13,397,478
Long-term Loan Payable, Net of Current Portion	2,110,000	-	2,110,000	-
<b>Total Noncurrent Liabilities</b>	<u>58,676,502</u>	<u>59,283,611</u>	<u>117,960,113</u>	<u>13,397,478</u>
<b>Deferred Inflows (Note 1)</b>	<u>440,566</u>	<u>216,227</u>	<u>656,793</u>	<u>-</u>
<b>Total Liabilities and Deferred Inflows</b>	<u>61,492,520</u>	<u>63,988,876</u>	<u>125,481,396</u>	<u>14,487,423</u>
<b>Net Position (Deficit):</b>				
Net Investment in Capital Assets	61,376,712	33,866,668	95,243,380	5,876,315
Restricted:				
Highway Expenditures	1,331,135	-	1,331,135	-
Law Enforcement	519,875	-	519,875	-
Library Expenditures	178,277	-	178,277	-
Building Fund Expenditures	762,112	-	762,112	-
Rubbish Fund Expenditures	32,521	-	32,521	-
GOLT Debt - 2002	-	157,260	157,260	-
Replacement - Basin/Sewer	-	844,171	844,171	-
Debt Service	174,966	-	174,966	23
Unrestricted (Deficit)	<u>(41,671,999)</u>	<u>(19,040,920)</u>	<u>(60,712,919)</u>	<u>(8,760,821)</u>
<b>Total Net Position (Deficit)</b>	<u>\$ 22,703,599</u>	<u>\$ 15,827,179</u>	<u>\$ 38,530,778</u>	<u>\$ (2,884,484)</u>

The notes to financial statements are an integral part of this statement.

# CITY OF ALLEN PARK, MICHIGAN

## Statement of Activities For The Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Charges in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business-Type Activities	Total	
<b>Governmental Activities:</b>								
General Government	\$ 7,248,126	\$ 2,123,738	\$ 701,037	\$ -	\$ (4,423,351)	\$ -	\$ (4,423,351)	\$ -
Public Safety	8,044,502	1,017,258	70,938	-	(6,956,306)	-	(6,956,306)	-
Highway and Streets	5,285,356	-	3,160,967	-	(2,124,389)	-	(2,124,389)	-
Rubbish	8,309,039	-	-	-	(8,309,039)	-	(8,309,039)	-
Recreation and Culture	1,094,495	528,719	34,972	-	(530,804)	-	(530,804)	-
Interest Expense	427,112	-	-	-	(427,112)	-	(427,112)	-
<b>Total Governmental Activities</b>	<b>30,408,630</b>	<b>3,669,715</b>	<b>3,967,914</b>	<b>-</b>	<b>\$ (22,771,001)</b>	<b>-</b>	<b>(22,771,001)</b>	<b>-</b>
<b>Business-type Activities:</b>								
Water and Sewer	12,565,325	8,121,861	635,088	-	-	(3,808,376)	(3,808,376)	-
Southfield Lease Properties	3,935,605	-	-	-	-	(3,935,605)	(3,935,605)	-
<b>Total Business-type Activities</b>	<b>16,500,930</b>	<b>8,121,861</b>	<b>635,088</b>	<b>-</b>	<b>-</b>	<b>(7,743,981)</b>	<b>(7,743,981)</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$ 46,909,560</b>	<b>\$ 11,791,576</b>	<b>\$ 4,603,002</b>	<b>\$ -</b>	<b>(22,771,001)</b>	<b>(7,743,981)</b>	<b>(30,514,982)</b>	<b>-</b>
<b>Component Units:</b>								
Downtown Development Authority	1,147,506	-	122,059	-	-	-	-	(1,025,447)
Building Authority	50,891	-	-	-	-	-	-	(50,891)
Housing Commission	487,906	-	99,303	18,932	-	-	-	(369,671)
Brownfield Redevelopment	1,391,201	-	-	-	-	-	-	(1,391,201)
<b>Total Component Units:</b>	<b>\$ 3,077,504</b>	<b>\$ -</b>	<b>\$ 221,362</b>	<b>\$ 18,932</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,837,210)</b>
<b>General Revenues:</b>								
Property Taxes					16,309,945	-	16,309,945	3,160,420
State Shared Revenues					2,610,883	-	2,610,883	-
Rentals					-	-	-	246,047
Investment Earnings					56,861	242,868	299,729	765
EPA Judgement Tax Revenue					-	1,566,320	1,566,320	-
District 1 Tax Levy					-	792,447	792,447	-
Other Miscellaneous Income					3,435,533	67,907	3,503,440	940,690
<b>Total General Revenue</b>					<b>22,413,222</b>	<b>2,669,542</b>	<b>25,082,764</b>	<b>4,347,922</b>
Transfer In (Out) (Note 5)					(1,759,329)	1,961,176	201,847	-
<b>Change in Net Position</b>					<b>(2,117,108)</b>	<b>(3,113,263)</b>	<b>(5,230,371)</b>	<b>1,510,712</b>
<b>Net Position (Deficit) - July 1, 2015</b>					<b>24,820,707</b>	<b>18,940,442</b>	<b>43,761,149</b>	<b>(4,407,657)</b>
<b>Prior Period Adjustment</b>					<b>-</b>	<b>-</b>	<b>-</b>	<b>12,461</b>
<b>Net Position (Deficit) - June 30, 2016</b>					<b>\$ 22,703,599</b>	<b>\$ 15,827,179</b>	<b>\$ 38,530,778</b>	<b>\$ (2,884,484)</b>

The notes to financial statements are an integral part of this statement.

# CITY OF ALLEN PARK, MICHIGAN

## Government Funds Balance Sheet June 30, 2016

	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 6,267,788	\$ 3,015,014	\$ 9,282,802
Cash-Restricted	266,908	-	266,908
Receivables:			
Due from Other Governmental Units	1,100,346	452,651	1,552,997
Other	473,715	-	473,715
Due from Other Funds	49,630	575,610	625,240
Prepaid Expenditures	853	855	1,708
<b>Total Assets</b>	<u>\$ 8,159,240</u>	<u>\$ 4,044,130</u>	<u>\$ 12,203,370</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities:</b>			
Accounts Payable	\$ 409,028	\$ 1,001,032	\$ 1,410,060
Accrued Payroll and Other Liabilities	194,023	18,466	212,489
Due to Other Governmental Units	15,975	-	15,975
Due to Other Funds	24,388	371	24,759
Escrow Funds and Deposits	-	25,375	25,375
<b>Total Liabilities</b>	<u>643,414</u>	<u>1,045,244</u>	<u>1,688,658</u>
<b>Deferred Inflows of Resources</b>			
Unavailable Revenue	213,028	-	213,028
<b>Fund Balances:</b>			
Nonspendable for Prepaid Expenditures	853	855	1,708
Restricted for Highway Expenditures	-	1,331,135	1,331,135
Restricted for Law Enforcement	-	519,875	519,875
Restricted for Debt Service Expenditures	-	174,966	174,966
Restricted for Library Expenditures	-	177,422	177,422
Restricted for Building Fund Expenditures	-	762,112	762,112
Restricted for Rubbish Expenditures	-	32,521	32,521
Unassigned	7,301,945	-	7,301,945
<b>Total Fund Balances</b>	<u>7,302,798</u>	<u>2,998,886</u>	<u>10,301,684</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 8,159,240</u>	<u>\$ 4,044,130</u>	<u>\$ 12,203,369</u>

The notes to financial statements are an integral part of this statement.

# CITY OF ALLEN PARK, MICHIGAN

## Reconciliation of the Balance Sheet to the Statement of Net Position June 30, 2016

**Fund Balance - Total Governmental Funds** \$ 10,301,684

Amounts Reported for Government 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.

The Cost of Capital Assets is:	197,802,988	
Accumulated Depreciation is:	<u>(131,240,870)</u>	66,562,118

Deferred Outflows are not Current Financial Resources and are not Reported in the Funds. 5,430,631

Revenues not meeting the availability Criteria are Deferred at the Fund Level, but Recorded as Revenue in the Full Accrual Statements. 213,028

Long-term Obligations are not Due and Payable in the Current Period and are not Reported in the Funds.

Compensated Absences	(1,623,239)	
Bonds and Note Payable (Net of Discount)	(7,535,406)	
OPEB Payable	(34,487,655)	
Net Pension Liability	(15,607,456)	
Deferred Inflows	<u>(440,566)</u>	(59,694,322)

Accrued Interest is not Due and Payable in the Current Period and is Not Reported in the Funds. (109,540)

**Net Position of Governmental Activities** \$ 22,703,599

*The notes to financial statements are an integral part of this statement.*

# CITY OF ALLEN PARK, MICHIGAN

## Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances Year Ended June 30, 2016

	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>			
Tax Collections:			
Current	\$ 7,454,844	\$ 4,191,052	\$ 11,645,896
Delinquent Tax Chargebacks	33,400	4,006	37,406
Police & Fire Millage	4,626,643	-	4,626,643
Intergovernmental:			
Federal Grants	687,134	13,903	701,037
State-shared Revenue and Grants	2,589,973	3,266,867	5,856,840
District Court	1,935,263	-	1,935,263
Fees	2,819,574	674,648	3,494,222
Interest Income	56,851	10	56,861
Local Sources	655,369	76,119	731,488
Other Revenue	768,792	-	768,792
<b>Total Revenue</b>	<u>21,627,843</u>	<u>8,226,605</u>	<u>29,854,448</u>
<b>Expenditures:</b>			
Current:			
General Government	6,026,391	1,382,125	7,408,516
Public Safety	5,209,784	113,681	5,323,465
Public Safety - Police and Fire Millage	4,626,643	-	4,626,643
Public Service	1,326,425	5,285,356	6,611,781
Public Works	-	1,723,205	1,723,205
Recreation and Culture	1,094,495	-	1,094,495
Debt Service:			
Principal Retirements	-	175,000	175,000
Interest	-	252,112	252,112
<b>Total Expenditures</b>	<u>18,283,738</u>	<u>8,931,479</u>	<u>27,215,217</u>
<b>Excess of Revenue Over (Under) Expenditures</b>	<u>3,344,105</u>	<u>(704,874)</u>	<u>2,639,231</u>
<b>Other Financing Sources (Uses):</b>			
Interfund Transfers In (Note 5)	201,847	1,000,000	1,201,847
Interfund Transfers Out (Note 5)	(2,461,176)	(500,000)	(2,961,176)
<b>Total Other Financing Sources (Uses)</b>	<u>(2,259,329)</u>	<u>500,000</u>	<u>(1,759,329)</u>
<b>Net Change in Fund Balances</b>	1,084,776	(204,874)	879,902
<b>Fund Balances - July 1, 2015</b>	<u>6,218,022</u>	<u>3,203,760</u>	<u>9,421,782</u>
<b>Fund Balances - June 30, 2016</b>	<u>\$ 7,302,798</u>	<u>\$ 2,998,886</u>	<u>\$ 10,301,684</u>

*The notes to financial statements are an integral part of this statement.*



# CITY OF ALLEN PARK, MICHIGAN

## Governmental Funds Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities Year Ended June 30, 2016

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 879,902</b>
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:	
Governmental Funds Report Capital Outlays as Expenditures; in the Statement of Activities these Costs are Allocated over their Estimated Useful Lives as Depreciation:	
Depreciation Expense	(4,098,875)
Capital Outlay	4,523,706
Revenue is recorded in the statement of activities when earned. It is not reported in the Funds until Collected or Collectible within 60 days of years.	
	196,503
Repayment of Bond Principal is an Expenditure in the Governmental Funds; But Not in the Statement of Activities (Where it Reduces Long-Term Debt)	
Principal Payments on Bonds and Note Payable	425,000
Change in Accrued Interest Payable and Other	5,127
Decreases in Accumulated Employee Sick and Vacation Pay reported in the Statement of Activities do not require the use of current resources and therefore are not reported in the Fund Statements until they come due for payment.	
	(102,948)
Increases in Net OPEB Obligations Reported in the Statement of Activities do not require the use of current resources and therefore are not reported in the fund statements until they come due for payment.	
	(1,907,774)
Increase in Net Pension Liability (GASB 68)	(4,114,634)
Increase in Pension Deferred Outflows	893,539
Decrease in Pension Deferred Inflows	1,185,775
Increase in Other Long-term Liabilities Obligations Reported in the Statement of Activities do not require the use of current resources and therefore are not reported in the Fund Statements until they come Due for Payment.	
	<u>(2,329)</u>
<b>Change in Net Position of Governmental Activities</b>	<b><u><u>\$ (2,117,008)</u></u></b>

*The notes to financial statements are an integral part of this statement.*

# CITY OF ALLEN PARK, MICHIGAN

## Proprietary Funds Statement of Net Position June 30, 2016

	Enterprise Funds		
	Water and Sewer Fund	Southfield Lease Properties Fund	Total
<b>Assets:</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 2,096,606	\$ 1,007,463	\$ 3,104,069
Receivables from Sales to Customers on Account	2,674,967	-	2,674,967
Tax Roll:			
Current	691,869	-	691,869
Due from Other Funds	4,597	-	4,597
Inventory	107,976	-	107,976
Prepaid Expenses and Other Assets	-	-	-
Land Contract Receivable Current Portion	-	358,196	358,196
<b>Total Current Assets</b>	<b>5,576,015</b>	<b>1,365,659</b>	<b>6,941,674</b>
Non-Current Assets:			
Restricted Cash and Cash Equivalents	2,055,681	2,848,696	4,904,377
Restricted Deposits for Future Debt Payments	1,001,441	-	1,001,441
Land Contract Receivable	-	6,499,723	6,499,723
Capital Assets	87,009,085	-	87,009,085
Less Accumulated Depreciation	(27,319,595)	-	(27,319,595)
<b>Total Non-current Assets</b>	<b>62,746,612</b>	<b>9,348,419</b>	<b>72,095,031</b>
<b>Total Assets</b>	<b>68,322,627</b>	<b>10,714,078</b>	<b>79,036,705</b>
Deferred Outflow of Resources			
Pension	1,341,531	-	1,341,531
<b>Total Deferred Outflows</b>	<b>1,341,531</b>	<b>-</b>	<b>1,341,531</b>
<b>Liabilities:</b>			
Current Liabilities:			
Accounts Payable	\$ 746,835	\$ -	\$ 746,835
Accrued Payroll	20,895	-	20,895
Accrued Interest Payable	129,917	358,387	488,304
Compensated Absences Payable	5,336	-	5,336
Due to Other Funds	562,181	-	562,181
Current Portion of Bonds Payable SRF	530,000	-	530,000
Current Portion of General Obligations Payable	330,922	350,000	680,922
Current Portion of Judgment Bonds Payable	2,016,746	-	2,016,746
<b>Total Current Liabilities</b>	<b>4,342,832</b>	<b>708,387</b>	<b>5,051,219</b>
<b>Long Term Liabilities:</b>			
Compensated Absences Payable	48,025	-	48,025
Net Pension Liability	3,351,749	-	3,351,749
Bonds Payable SRF	9,680,881	-	9,680,881
General Obligation Bonds Payable	2,969,880	28,470,000	31,439,880
Judgment Bonds Payable	11,295,834	-	11,295,834
Other Post Employment Benefits (OPEB)	3,467,242	-	3,467,242
<b>Total Long Term Liabilities</b>	<b>30,813,611</b>	<b>28,470,000</b>	<b>59,283,611</b>
<b>Total Liabilities</b>	<b>35,156,443</b>	<b>29,178,387</b>	<b>64,334,830</b>
Deferred Inflow of Resources			
Pension	216,227	-	216,227
<b>Total Deferred Inflows</b>	<b>216,227</b>	<b>-</b>	<b>216,227</b>
<b>Net Position:</b>			
Net Investment in Capital Assets	33,866,668	-	33,866,668
Restricted for:			
Reserve for 2002 GOLT Debt	157,260	-	157,260
Reserve for Replacement - Sewer/Basin	844,171	-	844,171
Unrestricted	(576,611)	(18,464,309)	(19,040,920)
<b>Total Net Position</b>	<b>\$ 34,291,488</b>	<b>\$ (18,464,309)</b>	<b>\$ 15,827,179</b>

*The notes to financial statements are an integral part of this statement.*

# CITY OF ALLEN PARK, MICHIGAN

## Proprietary Funds Statement of Revenue, Expenses and Changes in Net Position June 30, 2016

	Water and Sewer Fund	Southfield Lease Properties Fund	Total Proprietary Funds
<b>Operating Revenues</b>			
Water Sales	\$ 3,644,655	\$ -	\$ 3,644,655
Sewage Disposal Services	4,150,854	-	4,150,854
Rental Income	-	-	-
Penalties	326,352	-	326,352
Miscellaneous	67,907	-	67,907
<b>Total Operating Revenues</b>	<b>8,189,768</b>	<b>-</b>	<b>8,189,768</b>
<b>Operating Expenses</b>			
Operating Costs	6,596,646	-	6,596,646
Personal Services	1,245,624	-	1,245,624
Utilities	91,311	-	91,311
Repairs and Maintenance	1,977,810	41,877	2,019,687
Supplies and Other Expenses	73,997	-	73,997
Depreciation & Amortization	1,849,632	-	1,849,632
<b>Total Operating Expenses</b>	<b>11,835,020</b>	<b>41,877</b>	<b>11,876,897</b>
<b>Operating Income (Loss)</b>	<b>(3,645,252)</b>	<b>(41,877)</b>	<b>(3,687,129)</b>
<b>Non-Operating Revenue (Expense)</b>			
Investment Income	26,291	216,577	242,868
Interest Expense	(535,698)	(1,960,732)	(2,496,430)
Bond Issuance expenses	-	(1,932,996)	(1,932,996)
Transfer from General Fund	-	1,961,176	1,961,176
Grant Proceeds	635,088	-	635,088
Consent Judgment - Sewers	(194,607)	-	(194,607)
EPA Judgement Tax Revenue	1,566,320	-	1,566,320
District Tax Levy-Sewers	792,447	-	792,447
<b>Total Non-Operating Revenue (Expense)</b>	<b>2,289,841</b>	<b>(1,715,975)</b>	<b>573,866</b>
<b>Change in Net Position</b>	<b>(1,355,411)</b>	<b>(1,757,852)</b>	<b>(3,113,263)</b>
<b>Net Position - July 1, 2015</b>	<b>35,646,899</b>	<b>(16,706,457)</b>	<b>18,940,442</b>
<b>Net Position - June 30, 2016</b>	<b>\$ 34,291,488</b>	<b>\$ (18,464,309)</b>	<b>\$ 15,827,179</b>

*The notes to financial statements are an integral part of this statement.*

# CITY OF ALLEN PARK, MICHIGAN

## Proprietary Funds Statement of Cash Flows Year Ended June 30, 2016

	Water and Sewer Fund	Southfield Lease Properties	Total Proprietary Funds
<b>Cash Flows from Operating Activities</b>			
Receipts from Customers	\$ 7,389,466	\$ -	\$ 7,389,466
Payments to Employees	(576,866)	-	(576,866)
Payments to Suppliers	(8,077,816)	(102,156)	(8,179,972)
Miscellaneous Receipts	67,907	-	67,907
Net Cash Used in Operating Activities	(1,197,309)	(102,156)	(1,299,465)
<b>Cash Flows from Noncapital Financing Activities:</b>			
Consent Judgment Monies Paid	(194,607)	-	(194,607)
Payments Made from Other Funds	-	1,961,176	1,961,176
Net Cash Provided by (Used in) Noncapital Activities	(194,607)	1,961,176	1,766,569
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Principal and Interest Paid on Bonds	(1,105,872)	(1,895,169)	(3,001,041)
Purchase of Fixed Assets	(2,360,337)	-	(2,360,337)
Bond Issuance Expenses	-	(1,932,996)	(1,932,996)
Receipts for Land Contract	-	347,622	347,622
Proceeds from EPA Judgment Tax Revenue	1,566,320	-	1,566,320
Proceeds from District 1 Tax Levy	792,447	-	792,447
Net Grant Proceeds	635,088	-	635,088
Change in Deposit for Future Debt Payments	2,815	-	2,815
Net Change in Restricted Assets	394,455	(705,165)	(310,710)
Net Cash Used in Capital and Related Financing Activities	(75,084)	(4,185,708)	(4,260,792)
<b>Cash Flows from Investing Activities -</b>			
Investment Interest	26,291	216,576	242,867
Net Cash Provided from Investing Activities	26,291	216,576	242,867
<b>Net Decrease in Cash and Cash Equivalents</b>	(1,440,709)	(2,110,112)	(3,550,821)
<b>Cash and Cash Equivalents - July 1, 2015</b>	3,537,315	3,117,575	6,654,890
<b>Cash and Cash Equivalents - June 30, 2016</b>	<u>\$ 2,096,606</u>	<u>\$ 1,007,463</u>	<u>\$ 3,104,069</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating Income (Loss)	\$ (3,645,252)	\$ (41,877)	\$ (3,687,129)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation and Amortization	1,849,632	-	1,849,632
Other Non-cash (Income)/Expense			
Changes in Assets and Liabilities:			
Changes in Due to Other Funds	557,584	-	557,584
Accounts Receivable	(857,942)	-	(857,942)
Tax Roll	125,547	-	125,547
Inventory	13,392	-	13,392
Prepaid Assets	1,914	-	1,914
Accounts Payable	89,058	(60,279)	28,779
Accrued Payroll	3,500	-	3,500
Compensated Absences Payable	4,728	-	4,728
Change in OPEB Liability	259,584	-	259,584
Net Pension Liability	400,946	-	400,946
<b>Total Adjustments</b>	2,447,943	(60,279)	2,387,664
<b>Net Cash Provided by Operating Activities</b>	<u>\$ (1,197,309)</u>	<u>\$ (102,156)</u>	<u>\$ (1,299,465)</u>

The notes to financial statements are an integral part of this statement.

# CITY OF ALLEN PARK, MICHIGAN

## Fiduciary Funds Statement of Net Position June 30, 2016

	Pension Trust	Retiree Healthcare	Tax Collection Fund	Trust and Agency
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 1,158,270	\$ -	\$ 84,861	\$ 293,359
Accrued Interest and Dividends	148,050	100	-	-
Due from Other Funds	-	-	371	-
Investments - Fair Value:				
U.S. Government Obligations	8,316,653	-	-	-
Domestic Stocks	24,713,796	-	-	-
Other Equity	3,942,506	-	-	-
Bonds	7,068,622	-	-	-
Mutual Funds	36,414,357	518,001	-	-
<b>Total Investments</b>	<u>80,455,934</u>	<u>518,001</u>	<u>-</u>	<u>-</u>
<b>Total Assets</b>	<u>\$ 81,762,254</u>	<u>\$ 518,101</u>	<u>\$ 85,232</u>	<u>\$ 293,359</u>
<b>LIABILITIES AND NET POSITION:</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ -	\$ -	\$ -	\$ 6,680
Due to Other Funds	-	-	76,405	-
Payable to Other Governmental Agencies	-	-	8,827	-
Trustee Liability	-	-	-	286,679
<b>Total Liabilities</b>	<u>-</u>	<u>-</u>	<u>85,232</u>	<u>293,359</u>
<b>Net Position:</b>				
Held in Trust for Pension Benefits	81,762,254	518,101	-	-
<b>Total Net Position</b>	<u>81,762,254</u>	<u>518,101</u>	<u>-</u>	<u>-</u>
<b>Total Liabilities and Net Position</b>	<u>\$ 81,762,254</u>	<u>\$ 518,101</u>	<u>\$ 85,232</u>	<u>\$ 293,359</u>

The notes to financial statements are an integral part of this statement.

# CITY OF ALLEN PARK, MICHIGAN

## Fiduciary Funds Statement of Changes in Net Position Year Ended June 30, 2016

	Pension Trust	Retiree Healthcare
<b>Additions:</b>		
Contributions: Employer		
Police and Fire	\$ 1,463,594	\$ -
General	291,344	500,000
Building	69,558	-
Water & Basin	368,759	-
24th District Court	611,985	-
Total Employer	2,805,240	500,000
Plan Members	420,929	-
<b>Total Contributions</b>	<b>3,226,169</b>	<b>500,000</b>
<b>Investment Income:</b>		
Net Appreciation (Depreciation) in Fair Value of Investments	(3,629,546)	-
Interest and Dividends	1,823,667	2,703
Miscellaneous	9,216	-
Gain on Sale of Investments	1,474,747	16,301
Gain on Noncash Transactions	(43,068)	-
<b>Total Investment Income (Loss)</b>	<b>(364,984)</b>	<b>19,004</b>
<b>Less: Investment Expenses:</b>		
Actuarial Services		
Agency Fee	166,247	903
Miscellaneous	31,243	-
Total Investment Expenses	197,490	903
Net Investment Income (Loss)	(562,474)	18,101
<b>Total Additions (Deletions)</b>	<b>2,663,695</b>	<b>518,101</b>
Deductions:		
Benefits	6,873,202	-
<b>Total Deductions</b>	<b>6,873,202</b>	<b>-</b>
Change in Net Position (Reduction)	(4,209,507)	518,101
<b>Net Position - Beginning</b>	<b>85,971,761</b>	<b>-</b>
<b>Net Position - Ending</b>	<b>\$ 81,762,254</b>	<b>\$ 518,101</b>

*The notes to financial statements are an integral part of this statement.*

# CITY OF ALLEN PARK, MICHIGAN

## Component Units Statement of Net Position June 30, 2016

	<b>Downtown Development Authority</b>	<b>Building Authority</b>	<b>Housing Commission</b>	<b>Brownfield Redevelopment Authority</b>	<b>Total Component Units</b>
<b>Assets:</b>					
Cash and Cash Equivalents	\$ 743,472	\$ 129	\$ 239,445	\$ 1,767,749	\$ 2,750,795
Receivables	-	-	9,528	-	9,528
Due from Primary Government	24,388	-	-	-	24,388
Prepaid Expenses	-	-	16,890	-	16,890
Capital Assets - Net	5,951,213	932,690	1,917,412	-	8,801,315
Investments - Restricted	-	23	-	-	23
<b>Total Assets</b>	<b>6,719,073</b>	<b>932,842</b>	<b>2,183,275</b>	<b>1,767,749</b>	<b>11,602,939</b>
<b>Liabilities:</b>					
Accounts Payable	41,023	-	123,765	-	164,788
Accrued Interest Payable	40,756	-	-	91,255	132,011
Tenants Security Deposits	-	-	18,146	-	18,146
Payroll and Other Tax Liabilities	2,217	-	5,133	-	7,350
Unearned Revenue	-	-	381	-	381
Current Portion of Bonds Payable	265,000	-	-	500,000	765,000
Current Portion of Compensated Absences	-	-	2,269	-	2,269
Bonds Payable, Net of Current Portion	2,660,000	-	12,478	10,725,000	13,397,478
<b>Total Liabilities</b>	<b>3,008,996</b>	<b>-</b>	<b>162,172</b>	<b>11,316,255</b>	<b>14,487,423</b>
<b>Net Position:</b>					
Net Investment in Capital Assets	3,026,213	932,690	1,917,412	-	5,876,315
Restricted for:					
Debt Service	-	23	-	-	23
Unrestricted	683,864	129	103,691	(9,548,506)	(8,760,822)
<b>Total Net Position (Deficit)</b>	<b>\$ 3,710,077</b>	<b>\$ 932,842</b>	<b>\$ 2,021,103</b>	<b>\$ (9,548,506)</b>	<b>(2,884,484)</b>

The notes to financial statements are an integral part of this statement.

# CITY OF ALLEN PARK, MICHIGAN

## Component Units Statement of Activities June 30, 2016

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position				
	Expenses	Charges for Services	Operating Grant and Contribution	Capital Grants and Contribution	Downtown Development Authority	Building Authority	Housing Commission	Brownfield Redevelopment Authority	Total
<b>Downtown Development Authority</b>									
Governmental Activities:									
General Government	\$ 546,664	\$ -	\$ 122,059	\$ -	\$ (424,605)	\$ -	\$ -	\$ -	\$ (424,605)
Interest & Fiscal Charges	128,518	-	-	-	(128,518)	-	-	-	(128,518)
Depreciation Expense	472,324	-	-	-	(472,324)	-	-	-	(472,324)
<b>Total Downtown Development Authority</b>	<u>1,147,506</u>	<u>-</u>	<u>122,059</u>	<u>-</u>	<u>(1,025,447)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,025,447)</u>
Building Authority	50,891	-	-	-	-	(50,891)	-	-	(50,891)
Housing Commission	487,906	-	99,303	18,932	-	-	(369,671)	-	(369,671)
Brownfield Redevelopment Authority	1,391,201	-	-	-	-	-	-	(1,391,201)	(1,391,201)
<b>Total Component Units</b>	<u>\$ 3,077,504</u>	<u>\$ -</u>	<u>\$ 221,362</u>	<u>\$ 18,932</u>	<u>(1,025,447)</u>	<u>(50,891)</u>	<u>(369,671)</u>	<u>(1,391,201)</u>	<u>(2,837,210)</u>
General Revenues:									
Property Taxes					\$ 1,090,923	\$ -	\$ -	\$ 2,069,497	\$ 3,160,420
Rentals					-	-	246,047	-	246,047
Interest					-	-	765	-	765
Miscellaneous					-	-	937,890	2,800	940,690
					<u>1,090,923</u>	<u>-</u>	<u>1,184,702</u>	<u>2,072,297</u>	<u>4,347,922</u>
Change in Net Position					65,476	(50,891)	815,031	681,096	1,510,712
<b>Net Position - Beginning</b>					3,644,601	983,733	1,193,611	(10,229,602)	(4,407,657)
<b>Prior period Adjustment</b>					-	-	12,461	-	12,461
<b>Net Position - Beginning - As Restated</b>					<u>3,644,601</u>	<u>983,733</u>	<u>1,206,072</u>	<u>(10,229,602)</u>	<u>(4,395,196)</u>
<b>Net Position - Ending</b>					<u>\$ 3,710,077</u>	<u>\$ 932,842</u>	<u>\$ 2,021,103</u>	<u>\$ (9,548,506)</u>	<u>\$ (2,884,484)</u>

The notes to financial statements are an integral part of this statement.



## 1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Allen Park, Michigan (the City) conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to government units. The following is a summary of the significant accounting policies used by the City of Allen Park:

### A. Reporting Entity

The City of Allen Park was incorporated under the laws of the State of Michigan and is governed by an elected seven-member Council, although it is currently under the oversight of a State appointed Receivership Transition Advisory Board. The accompanying financial statements present the government and its component units. The discretely presented component units are reported in aggregate in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government (see discussion below for description).

#### *Discretely Presented Component Units*

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending. The City's discretely presented component units are presented below:

#### Allen Park Downtown Development Authority

Act 197 of the Public Acts of 1975 of the State of Michigan, commonly referred to as the Downtown Development Authority Act, was created in part to correct and prevent deterioration of business districts; to promote economic growth and revitalization; to encourage historic preservation; to authorize the acquisition and disposal of interests in real and personal property; to authorize the creation of the authority; to authorize the levy and collection of taxes, the issuance of bonds and the use of tax increment financing in the accomplishment of specific downtown development activities contained in locally-adopted development plans.

The Act seeks to attend to problems of urban decline, strengthen existing areas and encourage new private developments in the downtown districts of Michigan communities. It seeks to accomplish this goal by providing communities with the necessary legal, monetary and organizational tools to revitalize downtown districts either through public-initiated projects or in concert with privately motivated development projects. The manner in which downtown development authorities chose to make use of these tools does, of course, depend on the problems and opportunities facing each particular downtown district and the development priorities sought by the community in the revitalization of its business area.

# CITY OF ALLEN PARK, MICHIGAN

Notes to the Financial Statements (Continued)  
June 30, 2016

## 1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### A. Reporting Entity (Continued)

#### Allen Park Building Authority

The Allen Park Building Authority has constructed and funded, by use of bonding, the 24<sup>th</sup> District Court Building. The Allen Park Building Authority was not audited as it had no activity in 2016 other than depreciation.

#### Allen Park Housing Commission

The Allen Park Housing Commission was formed to develop senior citizens housing. A senior citizen apartment complex was developed on Champaign Street in Allen Park, Michigan. The complex is funded partially by the U.S. Department of Housing and Urban Development (HUD) and rental fees received from the tenants. The Allen Park Housing Commission is audited by a separate auditor and those results are displayed in this report.

Complete financial statements of the Allen Park Housing Commission can be obtained from their administrative office at the following address:

Allen Park Housing Commission  
17000 Champaign Rd.  
Allen Park, MI 48101

#### Brownfield Redevelopment Authority

The Brownfield Redevelopment Authority was created, pursuant to Public Act 381 of 1996, to promote revitalization of environmentally distressed areas within the City. The Brownfield Redevelopment Authority is funded primarily by property tax revenue captures. The Brownfield Redevelopment Authority is governed by a seven-member board that is appointed by the mayor and confirmed by the City Council.

All of the information obtained from the above discretely presented component units is included in the audited annual financial statements.

### B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

## 1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### B. Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

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.

### C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under full accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

The financial transactions of the City are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses.

## 1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

The various funds are reported by generic classification within the financial statements. The following fund types are used by the City:

#### **Governmental Funds:**

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the City:

- a. General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- c. Debt Service Funds are used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt.

#### **Proprietary Funds:**

The focus of proprietary funds measurement is upon determination of operating income, changes in net assets, financial position, and cash flows.

The City's policy for defining operating activities as reported on the statement of revenues, expenses, and changes in net position is to report those activities that generally result from exchange transactions, such as payments received from providing services and payments made for services or goods received.

Enterprise Funds are required to be used to account for operations for which a fee is charged to external users for goods or services, rentals and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges, rentals or (c) establishes fees and charges, rentals based on a pricing policy designed to recover similar costs.

## 1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

#### Fiduciary Funds:

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support City programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds.

The emphasis in fund financial statements is on major funds in either the governmental or business-type activities categories. Non-major funds by category are summarized into a single column. GASB *Statement No. 34* sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category and the governmental and enterprise combined) for the determination of major funds. The City did not elect to add funds, as major funds, which either had debt outstanding or specific community focus. The non-major funds are combined in a column in the fund financial statements.

The City reports the following major governmental funds:

1. **General Fund** - see above for description.

The City reports the following major proprietary funds:

1. **Water and Sewer Fund** - Accounts for activities associated with providing water and sewer services to the public.
2. **Southfield Lease Properties Fund** - Accounts for activities associated with rental properties.

Additionally, the City reports the following non-major funds:

#### Special Revenue Funds:

1. **Major Highway Fund** - Accounts for the revenues and expenditures related to the maintenance of major streets located in the City limits.
2. **Local Highway Fund** - Accounts for the revenues and expenditures related to the maintenance of the local streets located in the City limits.

1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

**Special Revenue Funds: (Continued)**

3. **Building Fund** - Accounts for the revenues and expenditures related to building inspections throughout the City.
4. **Drug Law Enforcement Fund** - Accounts for the revenue and expenditures for maintaining and enforcing laws related to drug use and prevention.
5. **Library Fund** - Accounts for the revenue and expenditures related to the operation of the City's library.
6. **Rubbish Fund** - Accounts for the revenue and expenditures related to the rubbish collection.

**Debt Service Fund**

1. **Community Center Debt Fund** - Accounts for the debt service related to the bonds issued for the construction of an addition to present community center.

The City reports the following Fiduciary Funds:

1. **Pension Trust Fund** – Accounts for the activities of the City's employee retirement system, this accumulates resources for pension, benefit payments to qualified employees.
2. **Tax Collection Fund** - Accounts for the collection and distribution of real and personal property taxes levied during the fiscal year.
3. **Trust and Agency Fund** - This fund accounts for assets held by the City in a trustee capacity.
4. **Retiree Healthcare Fund** - Accounts for the activities of City's Healthcare activities.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's water and sewer fund and various other functions of government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

## 1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the City's proprietary fund relates to charges to customers for sales and services. The water and sewer fund also recognizes the portion of tap fees intended to recover current costs as operating revenue.

Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

### D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position

**Bank Deposits and Investments** - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less from the date acquired by the City.

The City reports its investments according to GASB *Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools"* and GASB *Statement No. 40 "Deposit and Investment Risk Disclosures"*. Under these standards, certain investments are stated at fair value based on quoted market prices; other investments are stated at cost or amortized cost, except for investments in the pension trust fund, which are reported at fair value.

**Receivables and Payables** - In general, outstanding balances between funds are reported as "due to/due from other funds". Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds".

All trade and property tax receivables are shown net of allowance for uncollectible amounts.

**Ad Valorem Taxes** - All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Real and personal property taxes are levied on each July 1st and December 1st on the taxable valuation of the City as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed. The City Charter limits the ad valorem tax rate for operating purposes to 12.5 mills of valuation. The ad valorem rate during the year was 10.5985 mills. Additional millage levied included 2.5436 mills for rubbish, 0.8479 mills for library, 1.0589 mills for sewage, 6.75 additional mills for police and fire, 0.588 mills for Community Center, 2.0929 mills for Court Judgment levy, and 1.9015 for local streets.

# CITY OF ALLEN PARK, MICHIGAN

Notes to the Financial Statements (Continued)  
June 30, 2016

## 1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position (Continued)

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

**Capital Assets** - Capital assets, which include property, plant, equipment, 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. The government defines capital assets as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the current year, there was no interest expense that was capitalized as part of the cost of assets under construction.

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

Buildings	40 years
Building and Site Improvements	20-30 years
Water and Sewer Lines	40-60 years
Roads and Other Infrastructures	40 years
Vehicles	5-10 years
Machinery & Equipment	5-20 years

**Restricted Assets** - The judgment bonds of the water and sewer fund require amounts to be set aside for construction, debt service, operations and maintenance, and a bond reserve. These amounts have been classified as restricted assets, as well as amounts on deposit at the County being held for the construction or debt service of the City of Allen Park's water and sewer lines. Total restricted assets, held at the County for future debt payments, related to the County sewage disposal system bonds total \$2,055,681 at June 30, 2016. In addition, restricted assets of \$1,001,441 have been recorded relating to general obligation debt (\$157,269) and for future replacements (\$844,172).

Restricted assets in Southfield lease properties fund represents unspent bond proceeds of \$2,848,696.



## 1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position (Continued)

**Deferred Outflows of Resources** – In addition to assets, the balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City had \$5,430,631 as deferred outflows of resources in the Governmental Activities and \$1,341,531 in the Business Type Activities as of June 30, 2016. These deferred outflows related to the pensions for the difference between projected and actual investment earnings, differences between projected and actual experiences and changes in assumptions.

**Compensated Absences** - It is the City's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. All compensated absences are accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**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 straight-line method. Bond issuance costs, previously reported as deferred charges and amortized over the term of the related debt are now expensed at the time of issuance under the provisions of GASB 65. In the fund financial statements, governmental fund types recognize bond premiums and discounts as other financing sources (uses). Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt services expenditures.

**Pension** - The City offers pension benefits to retirees. 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.

## 1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position (Continued)

**Other Postemployment Benefit Costs** - The City offers 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 governmental-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.

**Deferred Inflows of Resources** – In addition to liabilities, the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues, which arise only under the modified accrual basis of accounting, from grants receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. At June 30, 2016, the City had \$440,566 as deferred inflows of resources in the Governmental Activities and \$216,227 in the Business Type Activities representing differences between projected and actual experience of the pension plan. The City's governmental funds showed \$213,028 in deferred inflows related to revenues not meeting the availability criteria.

**Net Position** - When the City incurs an expense for which it may use either restricted or unrestricted net position, it uses restricted net position first unless unrestricted net position will have to be returned because they were not used. Net position includes the following:

- **Net Investment in Capital Assets** - The component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unspent proceeds, that is directly attributable to the acquisition, construction, or improvement of those capital assets.
- **Restricted Assets** - Certain proceeds of the enterprise fund revenues are set aside for purposes of funding the replacement of water and sewer mains.
- **Unrestricted** - The difference between the assets and liabilities that is not reported in Net Investments in Capital Assets.

**Fund Balance** – GASB issued Statement No. 54, Fund Balance Reporting and Governmental Fund-type Definitions. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds.

## 1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position (Continued)

#### Fund Balance (Continued)

In the fund financial statements, governmental funds report the following components of fund balance:

- Non-spendable – amounts that are not in spendable form or are legally or contractually required to be maintained intact.
- Restricted – amounts that are legally restricted by outside parties, constitutional provisions or enabling legislation for use for a specific purpose.
- Committed – Amounts that have been formally set aside by the City Council for use for specific purposes. Commitments are made and can be rescinded only via resolution of the City Council.
- Assigned – Intent to spend resources on specific purposes expressed by the City Council or finance director, who is authorized by resolution approved by the governing body to make assignments.
- Unassigned – Amounts that do not fall into any other category above. This is the residual classification for amounts in the General Fund and represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes in the General Fund. In other governmental funds, only negative unassigned amounts are reported, if any, and represent expenditures incurred for specific purposes exceeding the amounts previously restricted, committed, or assigned to those purposes.

**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.

## 2) STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

### Budgetary Information

The City prepares its annual budget on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general and special revenue funds. All annual appropriations lapse at fiscal yearend.

# CITY OF ALLEN PARK, MICHIGAN

Notes to the Financial Statements (Continued)  
June 30, 2016

## 2) STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

All agencies of the government submit their requests for appropriation to the City Administrator so that a budget may be prepared. The budget is prepared by fund, function, and department, and includes information on the past year, current year estimates, and requested appropriations for the next fiscal year.

The proposed budget is presented to the City's Council for review. The Council holds public hearings and may add to, subtract from, or change appropriations, but may not change the form of the budget. The government's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of council.

The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level. During the year, supplementary appropriations were necessary.

### Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2016, expenditures exceeded appropriations in the following general fund accounts:

<u>General Fund</u>	<u>Amount By Which Expenditures Exceed Appropriations</u>
City Hall	\$ 10,429
Public Service	48,726

**Fund Deficit** – The Southfield Lease Properties Fund has a net deficit of \$18,464,309. This fund received a \$1,961,176 operating transfer from the general fund to subsidize operations.

## 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 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.

# CITY OF ALLEN PARK, MICHIGAN

Notes to the Financial Statements (Continued)  
June 30, 2016

## 3) DEPOSITS AND INVESTMENTS (Continued)

The City's cash and investments are deposited and invested in accordance with its investment policy, which is in accordance with Michigan Public Act 20 of the Public Acts of 1943, as amended.

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 minimizes custodial credit risk on deposits by assessing the credit worthiness of the individual institutions in which it deposits funds. The amount of deposits with each institution is assessed to determine the level of risk it may pose to the City in relation to deposits in excess of insured amounts. The assessments are performed by the City at least annually. As of June 30, 2016, the City's carrying amount of deposits was \$19,482,547. Of those amounts, \$730,499 was covered by the Federal Deposit Insurance Corporation (FDIC) and \$18,752,048 was uninsured and uncollateralized.

The carrying amount of deposits for the City's discretely presented component units was \$2,021,575 and of those amounts, \$1,517,749 was uninsured and uncollateralized.

### Interest Risk

At the end of the year, the City's pension fund had \$8,316,653 and \$7,068,622 in US Treasuries and corporate bonds, respectively. Of these securities, 2.2% mature within one year, 56.2% mature in one to five years, and 36.4% mature in six to ten years and 5.2% mature in eleven to fifteen years.

### Credit Risk

State law limits investments in commercial paper to the top two ratings by nationally recognized statistical rating organizations. As of year-end, the credit quality ratings of debt securities are as follows:

Investments	Fair Value	Rating	Rating Organization
Cash Equivalents - Money Market	\$ 1,158,270	N/A	N/A
Treasury Bonds	8,316,653	AAA	Moody's
Corporate Bonds	784,742	A1	Moody's
Corporate Bonds	456,196	A2	Moody's
Corporate Bonds	1,023,086	A3	Moody's
Corporate Bonds	209,259	AA1	Moody's
Corporate Bonds	323,096	AA2	Moody's
Corporate Bonds	256,782	AA3	Moody's
Corporate Bonds	427,909	AAA	Moody's
Corporate Bonds	1,434,642	BAA 1	Moody's
Corporate Bonds	1,349,944	BAA 2	Moody's
Corporate Bonds	802,966	BAA 3	Moody's
Common Stocks	24,713,796	N/A	N/A
Other Equity	3,942,506	N/A	N/A
Mutual Funds	36,414,357	N/A	N/A
	<u>\$ 81,614,204</u>		

### 3) DEPOSITS AND INVESTMENTS (Continued)

**Fair Value Measurements:** The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

**Level 1:** Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City has the ability to access.

**Level 2:** Inputs to the valuation methodology include:

Quoted prices for similar assets or liabilities in active markets;

Quoted prices for identical or similar assets or liabilities in inactive markets

Inputs other than quoted prices that is observable for the assets or liabilities;

Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

**Level 3:** Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

All of the City's investments are considered to be Level 1 inputs.

#### **Concentration of Credit Risk**

The City's Pension Trust Fund places no limit on the amount the City may invest in any one issuer except that cash shall not exceed 10% of the total assets of the retirement system.

#### **Foreign Currency**

The City's Pension Trust Fund did not have investments in any foreign bonds as of June 30, 2016.

# CITY OF ALLEN PARK, MICHIGAN

Notes to the Financial Statements (Continued)  
June 30, 2016

## 4) CAPITAL ASSETS

Capital asset activity for the City for the current year was as follows:

<u>Governmental Activities:</u>	<u>Balance June 30, 2015</u>	<u>Additions 2015-16</u>	<u>Disposals 2015-16</u>	<u>Balance June 30, 2016</u>
Capital Assets not being Depreciated:				
Land	\$ 39,545,448	\$ -	\$ -	\$ 39,545,448
<b>Subtotal</b>	<u>39,545,448</u>	<u>-</u>	<u>-</u>	<u>39,545,448</u>
Capital Assets being Depreciated:				
Buildings and Site	14,658,521	270,066	-	14,928,587
Land Improvements	1,946,651	138,390	-	2,085,041
Furniture, Fixtures & Equipment	6,539,480	262,768	-	6,802,248
Vehicles	4,010,752	133,153	(135,289)	4,008,616
Infrastructure	126,713,719	3,719,329	-	130,433,048
<b>Subtotal</b>	<u>153,869,123</u>	<u>4,523,706</u>	<u>(135,289)</u>	<u>158,257,540</u>
<b>Total Governmental Activities</b>	<u>193,414,571</u>	<u>4,523,706</u>	<u>(135,289)</u>	<u>197,802,988</u>
Less: Accumulated depreciation for:				
Buildings and Site	8,811,536	222,895	-	9,034,431
Land Improvements	1,425,238	74,905	-	1,500,143
Furniture, Fixtures & Equipment	5,407,496	294,212	-	5,701,708
Vehicles	2,896,620	246,037	(135,289)	3,007,368
Infrastructure	108,736,394	3,260,826	-	111,997,220
<b>Subtotal</b>	<u>127,277,284</u>	<u>4,098,875</u>	<u>(135,289)</u>	<u>131,240,870</u>
<b>Net Capital Assets being Depreciated</b>	<u>26,591,839</u>	<u>424,831</u>	<u>-</u>	<u>27,016,670</u>
<b>Net Capital Assets</b>	<u>\$ 66,137,287</u>	<u>\$ 424,831</u>	<u>\$ -</u>	<u>\$ 66,562,118</u>

Depreciation was allocated to the following functional categories for the year ended June 30, 2016.

General Government	\$ 137,220
Public Safety	311,618
Highways and Streets	3,343,036
Recreation and Culture	307,001
	<u>\$ 4,098,875</u>

# CITY OF ALLEN PARK, MICHIGAN

## Notes to the Financial Statements (Continued) June 30, 2016

### 4) CAPITAL ASSETS (Continued)

Water & Sewer Fund:	Balance June 30, 2015	Additions 2015-16	Disposals 2015-16	Balance June 30, 2016
Business-Type Activities				
Capital Assets not being Depreciated:				
Land	\$ 60,000	\$ -	\$ -	\$ 60,000
Construction in Progress	-	51,954	-	51,954
<b>Subtotal</b>	60,000	51,954	-	111,954
Capital Assets being Depreciated:				
Buildings	2,367,857	-	-	2,367,857
Infrastructure	77,971,299	2,081,690	-	80,052,989
Meters	2,283,197	-	-	2,283,197
Machinery and Equipment	1,966,395	226,693	-	2,193,088
<b>Subtotal</b>	84,588,748	2,308,383	-	86,897,131
<b>Total Water &amp; Sewer</b>	84,648,748	2,360,337	-	87,009,085
Less: Accumulated Depreciation for:				
Buildings	1,598,309	70,545	-	1,668,854
Infrastructure	20,208,698	1,608,986	-	21,817,684
Meters	1,978,267	105,288	-	2,083,555
Machinery and Equipment	1,688,766	60,736	-	1,749,502
<b>Subtotal</b>	25,474,040	1,845,555	-	27,319,595
<b>Net Capital Assets being Depreciated</b>	59,114,708	462,828	-	59,577,536
<b>Net Capital Assets</b>	\$ 59,174,708	\$ 514,782	\$ -	\$ 59,689,490

Downtown Development Authority:	Balance June 30, 2015	Additions 2015-16	Transfers 2015-16	Balance June 30, 2016
Business-Type Activities				
Capital Assets not being Depreciated:				
Land	\$ 84,293	\$ -	\$ -	\$ 84,293
Construction in Progress	605,792	4,936	(610,728)	-
<b>Subtotal</b>	690,085	4,936	(610,728)	84,293
Capital Assets being Depreciated:				
Buildings	386,721	-	-	386,721
Site Improvements	11,732,103	66,245	610,728	12,409,076
Furniture and Equipment	17,816	-	-	17,816
<b>Subtotal</b>	12,136,640	66,245	610,728	12,813,613
<b>Total Downtown Development Authority</b>	12,826,725	71,181	-	12,897,906
Less: Accumulated Depreciation for:				
Buildings	138,112	9,668	-	147,780
Site Improvements	6,318,441	462,656	-	6,781,097
Furniture and Equipment	17,816	-	-	17,816
<b>Subtotal</b>	6,474,369	472,324	-	6,946,693
<b>Net Capital Assets being Depreciated</b>	5,662,271	(401,143)	-	5,261,128
<b>Net Capital Assets</b>	\$ 6,352,356	\$ (401,143)	\$ -	\$ 5,956,149



# CITY OF ALLEN PARK, MICHIGAN

Notes to the Financial Statements (Continued)  
June 30, 2016

## 4) CAPITAL ASSETS (Continued)

Capital Asset activity for Component Units was as follows:

<b>Allen Park Building Authority:</b>	<b>Balance June 30, 2015</b>	<b>Additions 2015-16</b>	<b>Disposals 2015-16</b>	<b>Balance June 30, 2016</b>
Business-Type Activities				
Capital Assets not being Depreciated:				
Land	\$ 100,000	\$ -	\$ -	\$ 100,000
<b>Subtotal</b>	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
Capital Assets being Depreciated:				
Buildings	2,029,861	-	-	2,029,861
Furniture and Equipment	170,029	-	-	170,029
<b>Subtotal</b>	<u>2,199,890</u>	<u>-</u>	<u>-</u>	<u>2,199,890</u>
<b>Total Building Authority</b>	<u>2,299,890</u>	<u>-</u>	<u>-</u>	<u>2,299,890</u>
Less: Accumulated depreciation for:				
Buildings	1,146,424	50,747	-	1,197,171
Furniture and Equipment	170,029	-	-	170,029
<b>Subtotal</b>	<u>1,316,453</u>	<u>50,747</u>	<u>-</u>	<u>1,367,200</u>
<b>Net Capital Assets being Depreciated</b>	<u>883,437</u>	<u>(50,747)</u>	<u>-</u>	<u>832,690</u>
<b>Net Capital Assets</b>	<u>\$ 983,437</u>	<u>\$ (50,747)</u>	<u>\$ -</u>	<u>\$ 932,690</u>
<b>Allen Park Housing Commission:</b>	<b>Balance June 30, 2015</b>	<b>Additions 2016-16</b>	<b>Disposals 2015-16</b>	<b>Balance June 30, 2016</b>
Capital Assets not being Depreciated:				
Land	\$ 68,050	\$ -	\$ -	\$ 68,050
Construction in progress	293,845	645,070	(927,155)	11,760
<b>Subtotal</b>	<u>361,895</u>	<u>645,070</u>	<u>(927,155)</u>	<u>79,810</u>
Capital Assets being Depreciated:				
Buildings and improvements	1,797,340	1,325,344	-	3,122,684
Furniture, Equipment and machinery-dwelling	115,509	-	-	115,509
Furniture, Equipment and machinery-administration	29,107	-	-	29,107
<b>Subtotal</b>	<u>1,941,956</u>	<u>1,325,344</u>	<u>-</u>	<u>3,267,300</u>
<b>Total Housing Commission</b>	<u>2,303,851</u>	<u>1,970,414</u>	<u>(927,155)</u>	<u>3,347,110</u>
Less: Accumulated Depreciation for:				
Buildings and Improvements	1,217,601	76,322	-	1,293,923
Furniture, Equipment and machinery-dwelling	104,208	3,748	-	107,956
Furniture, Equipment and machinery- administration	26,814	1,005	-	27,819
<b>Subtotal</b>	<u>1,348,623</u>	<u>81,075</u>	<u>-</u>	<u>1,429,698</u>
<b>Net Capital Assets being Depreciated</b>	<u>593,333</u>	<u>1,244,269</u>	<u>-</u>	<u>1,837,602</u>
<b>Net Capital Assets</b>	<u>\$ 955,228</u>	<u>\$ 1,889,339</u>	<u>\$ (927,155)</u>	<u>\$ 1,917,412</u>

# CITY OF ALLEN PARK, MICHIGAN

Notes to the Financial Statements (Continued)  
June 30, 2016

## 5) INTER-FUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of inter-fund balances is as follows:

<u>Fund Due To</u>	<u>Fund Due From</u>	<u>Amount</u>
General Fund	Tax Fund	\$ 49,630
Building Fund	Water & Sewer Fund	562,181
Library Fund	Tax Fund	3,341
Rubbish Fund	Tax Fund	7,855
Community Center Debt Service Fund	Tax Fund	2,233
Water and Sewer Fund	Tax Fund	4,597
Tax Collection Fund	Local Street Fund	371
		<u>\$ 630,208</u>

<u>Fund Due To</u>	<u>Fund Due From</u>	<u>Amount</u>
<b>Due to/from Primary Government and Component Units</b>		
General Fund	DDA	\$ 24,388
		<u>\$ 24,388</u>

The composition of interfund transfers is as follows:

<u>Fund Transferred In</u>	<u>Fund Transferred Out</u>	<u>Amount</u>
Local Highway Fund	Major Highway Fund	\$ 500,000
General Fund	DDA	201,847
Southfield Lease Property	General Fund	1,961,176
Local Highway Fund	General Fund	500,000
		<u>\$ 3,163,023</u>

The transfer from the Major Highway Fund to the Local Highway Fund was to finance local street projects and was in compliance with the requirements of Public Act 51. The transfer from the General Fund to the Southfield Lease Property Fund was to help subsidize required debt service payments. The transfer from the DDA to the General Fund was for funds captured by the DDA related to the police and fire millage.

# CITY OF ALLEN PARK, MICHIGAN

## Notes to the Financial Statements (Continued) June 30, 2016

### 6) LAND CONTRACT RECEIVABLE

On August 22, 2014, the City sold the property at 16630 Southfield Road, reported in the Southfield Lease Property Fund. The Building was sold for \$12 million, with \$8.4 million to be paid to the City through a land contract. The land contract carries an interest rate of 3% and calls for 89 monthly payments of \$46,586 with a final balloon payment of \$5,853,160 due in February 2022. The balance on the land contract at June 30, 2016 was \$6,857,919.

### 7) LONG-TERM DEBT

**General Obligation Bonds** - The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both general governmental and proprietary activities. In addition, general obligation bonds have been issued to refund both general obligations and revenue bonds. General obligations bonds are direct obligations and pledge the full faith and credit of the City.

These bonds generally are issued as 25-year serial bonds, except for refunding issues, with equal amounts of principal maturing each year. Judgment bonds are bonds issued to finance an amount to be paid or collected by the City as the result of a court decision.

Long-term liability activity for the fiscal year ended June 30, 2016 was as follows:

	Balance July 1, 2015	Additions	Reductions	Balance June 30, 2016	Due Within One Year
<b>Governmental Activities</b>					
Loan Payable - State of Michigan	\$ 2,600,000	\$ -	\$ 250,000	\$ 2,350,000	\$ 240,000
General Obligation Bonds	5,400,000	-	175,000	5,225,000	175,000
Bond Discount	(41,923)	-	(2,329)	(39,594)	(2,329)
Other Post Employment Benefit Obligation	32,579,881	1,907,774	-	34,487,655	-
Accumulated Compensated Absences	1,520,291	102,948	-	1,623,239	162,254
Pension Payable	11,492,822	4,114,634	-	15,607,456	-
<b>Total Governmental Activities</b>	<b>\$ 53,551,071</b>	<b>\$ 6,125,356</b>	<b>\$ 422,671</b>	<b>\$ 59,253,756</b>	<b>\$ 574,925</b>
<b>Business-type Activities</b>					
General Obligation Bonds	\$ 32,460,000	\$ 26,655,000	\$ 26,980,000	\$ 32,135,000	\$ 685,000
Judgement Bonds	13,519,160	1,844,608	2,051,188	13,312,580	2,016,746
SRF Bonds	10,265,988	479,893	535,000	10,210,881	530,000
Bond Discount	(72,507)	-	(58,309)	(14,198)	(4,078)
<b>Total Installment Debt Obligations</b>	<b>56,172,641</b>	<b>28,979,501</b>	<b>29,507,879</b>	<b>55,644,263</b>	<b>3,227,668</b>
Other Post Employment Benefit Obligation	3,207,658	259,584	-	3,467,242	-
Accumulated Compensated Absences	48,633	4,728	-	53,361	5,336
Pension Payable	2,444,648	907,101	-	3,351,749	-
<b>Total Business-type Activities</b>	<b>\$ 61,873,580</b>	<b>\$ 30,150,914</b>	<b>\$ 29,507,879</b>	<b>\$ 62,516,615</b>	<b>\$ 3,233,004</b>

During the year, the City refunded a portion of the 2009A and 2009B bonds related to Southfield Properties and issued 2015A and 2015B bonds with a view to achieving long term savings in interest loss.

# CITY OF ALLEN PARK, MICHIGAN

## Notes to the Financial Statements (Continued) June 30, 2016

### 7) LONG-TERM DEBT (Continued)

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

Year	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2017	\$ 415,000	\$ 295,713	\$ 710,713	\$ 3,231,746	\$ 2,818,222	\$ 6,049,968
2018	445,000	282,427	727,427	3,296,748	2,385,937	5,682,685
2019	450,000	268,334	718,334	2,841,360	2,296,021	5,137,381
2020	455,000	253,976	708,976	2,368,695	2,200,725	4,569,420
2021	485,000	238,861	723,861	2,362,067	2,121,775	4,483,842
2022-2026	2,400,000	940,565	3,340,565	9,875,484	9,537,538	19,413,022
2027-2031	1,650,000	530,744	2,180,744	11,111,653	7,459,248	18,570,901
2032-2036	1,275,000	98,125	1,373,125	8,590,708	5,003,807	13,594,515
2037-2041	-	-	-	7,110,000	2,623,950	9,733,950
2042-45	-	-	-	4,870,000	728,851	5,598,851
	<u>\$ 7,575,000</u>	<u>\$ 2,908,745</u>	<u>\$ 10,483,745</u>	<u>\$ 55,658,461</u>	<u>\$ 37,176,074</u>	<u>\$ 92,834,535</u>

Component Units	Interest Rate Ranges	Principal Maturity Ranges	Balance July 1, 2015	Additions	Reductions	Balance June 30, 2016	Due Within One Year
<b>Downtown Development Authority</b>							
Bonds Payable	3.8%	\$250,000-					
General Obligation Bonds	4.4%	\$385,000	\$ 3,175,000	\$ -	\$ 250,000	\$ 2,925,000	\$ 265,000
<b>Brownfield Redevelopment Authority</b>							
Bonds Payable	4.25%	\$500,000-					
Revenue Bonds	5.0%	\$975,000	11,725,000	-	500,000	11,225,000	500,000
			<u>\$ 14,900,000</u>	<u>\$ -</u>	<u>\$ 750,000</u>	<u>\$ 14,150,000</u>	<u>\$ 765,000</u>

Annual debt service requirements to maturity for general obligation bonds of the Downtown Development Authority are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2017	\$ 265,000	\$ 122,268
2018	280,000	111,933
2019	295,000	100,732
2020	310,000	88,785
2021	325,000	76,075
2022-25	1,450,000	161,040
	<u>\$ 2,925,000</u>	<u>\$ 660,833</u>

# CITY OF ALLEN PARK, MICHIGAN

Notes to the Financial Statements (Continued)  
June 30, 2016

## 7) LONG-TERM DEBT (Continued)

Annual debt service requirements to maturity for general obligation bonds of the Brownfield Redevelopment Authority are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 500,000	\$ 547,531
2018	525,000	526,281
2019	525,000	503,968
2020	550,000	481,000
2012	575,000	456,250
2022-2026	3,350,000	1,817,500
2027-2031	4,225,000	896,250
2032	975,000	48,750
	<u>\$ 11,225,000</u>	<u>\$ 5,277,530</u>

## 8) JOINTLY GOVERNED ORGANIZATION

The City of Allen Park, in conjunction with the City of Melvindale, governs the 24th District Court. The two cities are referred to as District Control Units. The Court receives its operating revenue mainly from fines and fees. Based on a joint agreement, the City of Allen Park receives 2/3 of the revenue received by the Court through fines and fees and the City of Melvindale receives 1/3. The Allen Park City Council and the Melvindale City Council approve the Court's annual budget each year and contribute to the Court monthly a share of the annual budget based on the same ratio that revenues are distributed by the Court to the DCD's. A copy of the 24th District Court's separate financial statements can be obtained at 16850 Southfield Road, Allen Park, Michigan. Financial segment information as of and for the year ended June 30, 2016 is presented below.

Total Assets	\$ 1,157,588
Deferred Outflow of Resources	1,917,183
Total Liabilities	10,779,512
Deferred Inflow of Resources	415,813
Total Net Position (Deficit)	(8,120,554)
Total Revenue	2,572,045
Total Expenses	3,430,869
Change in Net Position	(858,824)
Total Outstanding Long-Term Debt	97,890

# CITY OF ALLEN PARK, MICHIGAN

Notes to the Financial Statements (Continued)  
June 30, 2016

## 9) POST EMPLOYEE HEALTH CARE BENEFITS

**Plan Description** - The City provides retiree health care benefits to eligible employees upon retirement in accordance with labor contracts. Currently, 333 retired employees receive this benefit. At the fund level, the expense is recognized by the City as the payments to the employees are made. During the year, this amounted to \$3,065,259.

**Funding Policy** - 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). The City has made advance contributions of \$500,000 to the retiree healthcare trust fund during the year.

For the year ended June 30, 2016, the City has estimated the cost of providing retiree healthcare benefits through an actuarial study that complies with the requirements of GASB No. 45. The study computes an annual required contribution that, if paid on an outgoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The computed contribution and actual funding are summarized as follows:

<b>Annual Required Contribution (Recommended)</b>	\$ 5,848,567
Interest on Net OPEB Obligation	1,252,560
Adjustments to ARC	<u>(1,368,410)</u>
<b>Total</b>	5,732,717
Amounts Contributed:	
Payments of Current Premiums	(3,065,259)
Advance Funding	<u>(500,000)</u>
Increase in OPEB Obligation	2,167,458
<b>OPEB Obligation - Beginning of Year</b>	<u>35,787,439</u>
<b>OPEB Obligation - End of Year</b>	<u><u>\$ 37,954,897</u></u>

The OPEB Obligation is recorded as follows:

Governmental Activities	34,487,655
Business-Type Activities	<u>3,467,242</u>
<b>OPEB Obligation - End of Year</b>	<u><u>\$ 37,954,897</u></u>

# CITY OF ALLEN PARK, MICHIGAN

Notes to the Financial Statements (Continued)  
June 30, 2016

## 9) POST EMPLOYEE HEALTH CARE BENEFITS (Continued)

The annual OPEB costs, the percentage contributed to the Plan, and the net OPEB obligation for the current and three preceding years were 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)	Annual Covered Payroll (c)	Ratio of UAAL to Covered Payroll
12/31/08	\$ -	\$ 120,225,807	\$ 120,225,807	0%	\$ 9,131,710	1317%
12/31/11	-	139,884,352	139,884,352	0%	7,088,572	1973%
12/31/13	-	93,108,019	93,108,019	0%	6,077,675	1532%
12/31/15	500,006	88,864,837	88,364,831	0.56%	7,158,292	1234%

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

### Schedule of Funding Progress

Fiscal Year Ended	Actuarial Valuation Date	Annual OPEB Costs	Percentage Contributed	Net OPEB Obligation
6/30/2012	12/31/2011	\$ 8,920,461	35.3%	\$ 20,792,374
6/30/2013	12/31/2011	9,483,198	33.3%	27,121,009
6/30/2014	12/31/2013	6,904,728	34.6%	31,633,323
6/30/2015	12/31/2013	7,062,659	41.2%	35,787,439
6/30/2016	12/31/2015	5,732,717	53.5%	37,954,897

**10) DEFINED BENEFIT PENSION PLAN**

**Plan Description, Contribution Information and Funding Policies**

The City participates in a multiple-employer public employee retirement system. Assets are held separately and may be used only for the payment of benefits to the members of the

The following is a summary of funding policies, contribution methods and benefit provisions:

	<b>Retirement System</b>
Year Established and Governing Authority	1949; City Council Ordinance
Determination of Contribution	On the Basis of the Revised December 31, 2015 Actuarial requirement Valuation, the Employer Rates were Determined to be as follows:
Contributions for:	Percent of Active Member Payroll
Normal Cost (Weighted Average) Accrued Liabilities	13.68%
(Full Funding Credit)	<u>30.97%</u>
<b>Total Employer Rate</b>	<b>44.65%</b>
<b>Employer:</b>	
General	19.51%
Police-Fire	21.07%
Water	19.51%
<u>24<sup>th</sup> District Court</u> Court	19.51% of Covered Payroll
Plan Members Contributions:	7.00% of Covered Payroll For General, Firefighters and Police Officers
Funding of Administrative Costs	Investment Earnings



# CITY OF ALLEN PARK, MICHIGAN

Notes to the Financial Statements (Continued)  
June 30, 2016

## 10) DEFINED BENEFIT PENSION PLAN – (Continued)

### Plan Description, Contribution Information and Funding Policies – (Continued)

Period Required to Vest	10 Years
Eligibility for Distribution General, Water & Court	Age 53 with 10 or more years of service (8 years for administrative/appointees). Closed to new AFSCME hires, effective October 2005 and Administrative appointed new hires effective January 2008.
Police/Fire	Age 52 with 10 or more years of services if hired before December 31, 2012, Age 55 with 25 or more years of service if hired on or after January 1, 2013.
<u>Provisions for:</u>	
Disability Benefits	Yes
Death Benefits	Yes
Memberships of the plan are as follows:	
Non-vested Active Members	26
Fully vested Active Members	61
Retirees and Beneficiaries Currently Receiving Benefits	<u>221</u>
<b>Total</b>	<u><b>308</b></u>

**Benefits Provided** – Benefits vary based upon employment category and are based on a percentage of the employee's final average compensation multiplied by years of service.

# CITY OF ALLEN PARK, MICHIGAN

Notes to Financial Statements (Continued)

June 30, 2016

## 10) DEFINED BENEFIT PENSION PLAN – (Continued)

### Net Pension Liability

The net pension liability reported at June 30, 2016 was determined using a measure of the total pension liability and the pension net position as of December 31, 2015. The December 31, 2015 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:

**Net Pension Liability at January 1, 2015** \$ 13,937,470

### Total Pension Liability (TPL):

TPL Balance at January 1, 2015		81,062,137
Service Costs	930,382	
Interest on TPL	5,604,367	
Changes in Benefit Terms	222,083	
Experience Differences	1,184,716	
Benefit Payments	<u>(5,516,293)</u>	
Change in TPL	2,425,255	
TPL Balance at December 31, 2015		<u>83,487,392</u>

### Plan Net Position (PNP):

PNP Balance at January 1, 2015		67,124,667
Investment Earnings	516,959	
Contributions - Employer	2,144,475	
Contributions - Employee	321,292	
Benefit Payments	<u>(5,516,293)</u>	
Administrative Costs	(61,995)	
Other	<u>(918)</u>	
Change in PNP	(2,596,480)	
PNP Balance at December 31, 2015		<u>64,528,187</u>

**Net Pension Liability at December 31, 2015** \$ 18,959,205

# CITY OF ALLEN PARK, MICHIGAN

Notes to Financial Statements (Continued)  
June 30, 2016

## 10) DEFINED BENEFIT PENSION PLAN (Continued)

### Pension Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2016, the City recognized pension expense of \$2,088,605. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Source	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments.	\$ 3,586,916	\$ -
Changes in Assumptions	1,581,525	-
Difference between actual and expected experience	755,891	656,793
Employer contributions to the plan subsequent to the measurement date.	847,830	-
<b>Total</b>	<b>\$ 6,772,162</b>	<b>\$ 656,793</b>

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

Years Ending June 30	Amount
2017	\$ 2,262,231
2018	1,262,970
2019	922,290
2020	820,048

**Actuarial Assumptions** – The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 %	
Salary Increases	3 %	
Investment Rate of Return	7.0 %	Gross of pension plan investment expense, including inflation.

**10) DEFINED BENEFIT PENSION PLAN (Continued)**

Mortality rates were based on the RP-2014 Mortality tables. Separate tables were used for pre-retirees, post retirees and disabled retirees.

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of the 2015 actuarial experience study.

**Discount Rate** – The discount rate used to measure the total pension liability was 7.00 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.

**Long-term Expected Return on Plan Assets**

The assumed rate of investment return was adopted by the plan’s trustees after considering input from the plan’s investment consultant(s) and actuary. Additional information about the assumed rate of investment return is included in our actuarial valuation report as of December 31, 2015. The target asset allocation and real return expectation are provided by the plan’s investment consultant.

**Single Discount Rate**

A Single Discount Rate of 7.00% was used to measure the Total Pension Liability. This Single Discount Rate was based on the expected rate of return on pension plan investments of 7.00%. The projection of cash flows used to determine this Single Discount Rate assumed that plan member 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 member rate. Based on these assumptions, the pension plan’s Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. 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.

**Sensitivity of the Net Position Liability to Changes in the Discount Rate** – The following presents the net position liability of the City, calculated using the discount rate of 7.00 percent, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

	<b>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
Net Pension Liability of the City	\$ 28,496,566	\$ 18,959,205	\$ 10,949,332

## 11) EMPLOYEE DEFINED CONTRIBUTION PLAN

Effective April 1, 2005, a Defined Contribution Plan was established for all new hires, as defined in Article IV of the employee handbook, which will be funded through MERS. The details of this plan are as follows: 7% Employer Contributions; 5% Employee Contributions; 3 years 20%, 4 years 40%, 5 years 60%, 6 years 80% and 7 years 100% vesting; loans are allowed from the plan effective September 11, 2012 and rollovers are allowed in the plan. An update to the plan states that all appointees are fully vested after two years of service.

## 12) RISK MANAGEMENT

The City is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation), as well as medical benefits provided to employees. The City has purchased commercial insurance for medical benefit claims, participates in the Michigan Municipal League risk pool for claims relating to workers' compensation and the Michigan Municipal Risk Management Authority state risk pool for property loss, torts, errors and omissions. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage carried by the City while a participant of the Michigan Municipal Liability and Property Pool.

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.

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

## 13) BROWNFIELD REDEVELOPMENT AUTHORITY CONTINGENT LIABILITY

The Brownfield Redevelopment Authority was obligated to reimburse the costs of \$10,715,702, initially paid by Clay Park Development, contingent upon the capture of future tax revenues, amounting to \$10,715,702, for Phase II of the development project, per the September 12, 2003 reimbursement agreement. The Brownfield Redevelopment Authority has reimbursed Clay Park Development \$5,846,333 as of June 30, 2016. These reimbursements reduce the Brownfield Redevelopment Authority's contingent liability to \$4,869,369 (\$5,438,150 including accrued interest) which will be paid contingent upon the capture of future tax revenues.

## 14) ADOPTION OF NEW ACCOUNTING POLICIES

As of June 30, 2016, the City adopted Governmental Accounting Standards Board (GASB) Statements No. 72, Fair Value Measurement and Application, and No. 79, Certain External Investments Pools and Pool Participants. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements. GASB Statement No. 79 provides guidance for determining whether certain investment pools can continue to be accounted for using amortized cost. The adoption did not have a significant impact on amounts reported in the financial statements.

## 15) SUBSEQUENT EVENTS

We examined subsequent events through December 13, 2016, the date the report was available to be issued.

## 16) 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 June 2015, the GASB issued two new standards addressing accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, addresses reporting by OPEB plans, whereas GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, addresses accounting and reporting by employer governments that provide OPEB benefit to their employees. Along with the currently required statement of fiduciary net position and statement of changes in fiduciary net position, OPEB plans will now be required to include in the financial statement more extensive note disclosures and required supplemental information related to the measurement of the OPEB liabilities for which assets have been accumulated. In addition, the City will, after adoption of GASB Statement No. 75, recognize on the face of the financial standards its net OPEB liability. The City is currently evaluating the impact these standards will have on the financial statements when adopted. GASB Statement No. 74 is effective for fiscal year beginning after June 15, 2016 whereas GASB Statement No. 75 is effective one year later.

**REQUIRED SUPPLEMENTAL INFORMATION**

# CITY OF ALLEN PARK, MICHIGAN

## Required Supplemental Information Budgetary Comparison Schedule General Fund Year Ended June 30, 2016

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>				
<b>Tax Collections:</b>				
Current	\$ 7,295,862	\$ 7,295,862	\$ 7,454,844	\$ 158,982
Delinquent Tax Chargebacks	-	-	33,400	33,400
Police & Fire Millage	4,523,880	4,523,880	4,626,643	102,763
<b>Total Tax</b>	<u>11,819,742</u>	<u>11,819,742</u>	<u>12,114,887</u>	<u>295,145</u>
<b>State of Michigan:</b>				
Liquor License Fee	20,500	20,500	20,910	410
Sales Tax	2,561,664	2,561,664	2,532,461	(29,203)
<b>Total State</b>	<u>2,582,164</u>	<u>2,582,164</u>	<u>2,553,371</u>	<u>(28,793)</u>
<b>Other Revenue:</b>				
Federal Grant - CDBG	120,000	120,000	250,432	130,432
Federal Grant - Fire	600,000	600,000	436,702	(163,298)
State Grant	67,000	67,000	57,512	(9,488)
District Court	1,750,000	1,750,000	1,935,262	185,262
License & Fees	1,411,475	1,737,557	1,614,886	(122,671)
Charges for Services	1,060,000	1,226,272	1,204,686	(21,586)
Interest	15,000	15,000	56,851	41,851
Transfer	223,303	223,303	201,847	(21,456)
Local Sources	611,225	620,727	634,458	13,731
Miscellaneous	740,000	740,000	768,796	28,796
Total Other Revenue	<u>6,598,003</u>	<u>7,099,859</u>	<u>7,161,432</u>	<u>61,573</u>
<b>Total Revenues</b>	<u>20,999,909</u>	<u>21,501,765</u>	<u>21,829,690</u>	<u>327,925</u>
<b>Expenditures:</b>				
Mayor & Council	43,700	46,250	44,470	1,780
District Court	1,594,349	1,594,349	1,594,349	-
Community Development	783,239	783,239	766,456	16,783
Assessor	231,097	231,097	228,458	2,639
Finance	209,798	232,618	226,580	6,038
City Clerk	244,694	254,196	253,812	384
Administrator	2,765,507	2,696,004	1,725,060	970,944
Treasurer	106,394	114,405	111,619	2,786
City Hall	412,099	490,367	500,796	(10,429)
Police	2,229,809	2,316,265	2,077,881	238,384
Fire	1,576,879	1,576,879	1,120,031	456,848
Police Funded through Special Millage	2,714,328	2,714,328	2,775,986	(61,658)
Fire Funded through Special Millage	1,809,552	1,809,552	1,850,657	(41,105)
Public Service	1,240,029	1,277,699	1,326,425	(48,726)
Recreation	329,002	329,002	328,039	963
Retiree Health Care	3,509,433	3,509,433	3,353,119	156,314
<b>Total Expenditures</b>	<u>19,799,909</u>	<u>19,975,683</u>	<u>18,283,738</u>	<u>1,691,945</u>
<b>Excess of Revenue Over (Under) Expenditures</b>	<u>1,200,000</u>	<u>1,526,082</u>	<u>3,545,952</u>	<u>2,019,870</u>
<b>Other Financing Sources (Uses):</b>				
Interfund Transfers Out	(1,200,000)	(1,526,082)	(2,461,176)	(935,094)
<b>Total Other Financing Sources (Uses)</b>	<u>(1,200,000)</u>	<u>(1,526,082)</u>	<u>(2,461,176)</u>	<u>(935,094)</u>
Net Change in Fund Balances (Deficit)	-	-	1,084,776	1,084,776
<b>Fund Balance - July 1, 2015</b>	<u>6,218,022</u>	<u>6,218,022</u>	<u>6,218,022</u>	-
<b>Fund Balance - June 30, 2016</b>	<u>\$ 6,218,022</u>	<u>\$ 6,218,022</u>	<u>\$ 7,302,798</u>	<u>\$ 1,084,776</u>



# CITY OF ALLEN PARK, MICHIGAN

## Required Supplemental Information Post Employee Health Care Benefits Schedule of Funding Progress Year Ended June 30, 2016

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)	Annual Covered Payroll (c)	Ratio of UAAL to Covered Payroll
12/31/08	\$ -	\$ 120,225,807	\$ 120,225,807	0%	\$ 9,131,710	1317%
12/31/11	-	139,884,352	139,884,352	0%	7,088,572	1973%
12/31/13	-	93,108,019	93,108,019	0%	6,077,675	1532%
12/31/15	500,006	88,864,837	88,364,831	0.56%	7,158,292	1234%

The Schedule of Employer Contributions:

Fiscal Year Ended	Actuarial Valuation Date	Annual OPEB Costs	Percentage Contributed	Net OPEB Obligation
6/30/2012	12/31/2011	\$ 8,920,461	35.3%	\$ 20,792,374
6/30/2013	12/31/2011	9,483,198	33.3%	27,121,009
6/30/2014	12/31/2013	6,904,728	34.6%	31,633,323
6/30/2015	12/31/2013	7,062,659	41.2%	35,787,439
6/30/2016	12/31/2015	7,101,127	50.20%	37,954,897

**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.

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 December 31, 2015 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 3.5 percent investment rate of return (net of administrative costs) and, a projected salary increase rate of 3.21 to 6.3 percent. The UAAL is being amortized over 30 years on an open basis.

# CITY OF ALLEN PARK, MICHIGAN

## Required Supplemental Information Schedule of Changes in the City Net Position Liability and Related Ratios Last Fiscal Year Year Ended June 30, 2016

<b>Net Pension Liability at January 1, 2015</b>		\$ 13,937,470
<b>Total Pension Liability (TPL):</b>		
TPL Balance at January 1, 2015		81,062,137
Service Costs	930,382	
Interest on TPL	5,604,367	
Changes in Benefit Terms	222,083	
Experience Differences	1,184,716	
Benefit Payments	<u>(5,516,293)</u>	
Change in TPL	2,425,255	
TPL Balance at December 31, 2015		<u>83,487,392</u>
<b>Plan Net Position (PNP):</b>		
PNP Balance at January 1, 2015		67,124,667
Investment Earnings	516,959	
Contributions - Employer	2,144,475	
Contributions - Employee	321,292	
Benefit Payments	(5,516,293)	
Administrative Costs	(61,995)	
Other	<u>(918)</u>	
Change in PNP	(2,596,480)	
PNP Balance at December 31, 2015		<u>64,528,187</u>
<b>Net Pension Liability at December 31, 2015</b>		<u><u>\$ 18,959,205</u></u>
Plan Net Position as a Percent of Total Pension Liability	77.3%	
Covered Payroll	\$ 5,846,208	
Net Pension Liability as a Percent of Covered Payroll	324.3%	

# CITY OF ALLEN PARK, MICHIGAN

## Required Supplemental Information Schedule of City Contributions Last Ten Fiscal Years Year Ended June 30, 2016

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Actuarially Determined Contribution	\$ 2,699,151	\$ 2,302,748	\$ 3,334,274	\$ 4,032,651	\$ 2,971,831	\$ 2,414,020	\$ 2,267,351	\$ 1,870,102	\$ 1,983,324	\$ 1,846,188
Contributions in Relation to the Actuarially Determined Contribution	<u>2,699,151</u>	<u>5,028,314</u>	<u>2,204,685</u>	<u>1,310,580</u>	<u>2,971,831</u>	<u>3,177,149</u>	<u>2,545,881</u>	<u>1,962,336</u>	<u>1,916,145</u>	<u>1,871,800</u>
<b>Contribution Deficiency (Excess)</b>	<u>\$ -</u>	<u>\$ 7,331,062</u>	<u>\$ 1,129,589</u>	<u>\$ 2,722,071</u>	<u>\$ -</u>	<u>\$ (763,129)</u>	<u>\$ (278,530)</u>	<u>\$ (92,234)</u>	<u>\$ 67,179</u>	<u>\$ (25,612)</u>
<b>Covered Payroll</b>	5,846,208	5,300,000	5,800,000	6,800,000	7,100,000	7,700,000	9,200,000	9,100,000	8,900,000	9,300,000
<b>Contributions as a Percentage of Covered Payroll</b>	46.17%	95.77%	38.0%	19.3%	41.9%	41.3%	27.7%	21.6%	21.5%	20.1%

## **OTHER SUPPLEMENTAL INFORMATION**

# CITY OF ALLEN PARK, MICHIGAN

## Non-Major Governmental Funds Combining Balance Sheet June 30, 2016

	Special Revenue Funds					Debt Service Fund	Total Non-Major Governmental Funds	
	Major Highway Fund	Local Highway Fund	Building Fund	Drug Law Enforcement Fund	Library Fund	Rubbish Fund		Community Center Debt Fund
<b>Assets:</b>								
Cash and Cash Equivalents	\$ 792,256	\$ 1,050,098	\$ 249,174	\$ 521,673	\$ 134,263	\$ 94,817	\$ 172,733	\$ 3,015,014
Receivables:								
Due from Other Governmental Units	228,108	153,248	-	-	71,295	-	-	452,651
Due from other funds	-	-	562,181	-	3,341	7,855	2,233	575,610
Prepaid Expenditures	-	-	-	-	855	-	-	855
<b>Total Assets</b>	<b>\$ 1,020,364</b>	<b>\$ 1,203,346</b>	<b>\$ 811,355</b>	<b>\$ 521,673</b>	<b>\$ 209,754</b>	<b>\$ 102,672</b>	<b>\$ 174,966</b>	<b>\$ 4,044,130</b>
<b>Liabilities and Fund Balances</b>								
<b>Liabilities:</b>								
Accounts Payable	383,294	508,910	17,225	1,798	19,654	70,151	-	1,001,032
Accrued Payroll and Liabilities	-	-	6,643	-	11,823	-	-	18,466
Due to Other Funds	-	371	-	-	-	-	-	371
Escrow Funds and Deposits	-	-	25,375	-	-	-	-	25,375
<b>Total Liabilities</b>	<b>383,294</b>	<b>509,281</b>	<b>49,243</b>	<b>1,798</b>	<b>31,477</b>	<b>70,151</b>	<b>-</b>	<b>1,045,244</b>
<b>Fund Balances:</b>								
Nonspendable for Prepaid Expenditures	-	-	-	-	855	-	-	855
Restricted:for Highway Expenditures	637,070	694,065	-	-	-	-	-	1,331,135
Restricted:for Law Enforcement Expenditures	-	-	-	519,875	-	-	-	519,875
Restricted:for Debt Service Expenditures	-	-	-	-	-	-	174,966	174,966
Restricted:for Library Expenditures	-	-	-	-	177,422	-	-	177,422
Restricted for Building Fund	-	-	762,112	-	-	-	-	762,112
Restricted for Rubbish Expenditures	-	-	-	-	-	32,521	-	32,521
<b>Total Fund Balances</b>	<b>637,070</b>	<b>694,065</b>	<b>762,112</b>	<b>519,875</b>	<b>178,277</b>	<b>32,521</b>	<b>174,966</b>	<b>2,998,886</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,020,364</b>	<b>\$ 1,203,346</b>	<b>\$ 811,355</b>	<b>\$ 521,673</b>	<b>\$ 209,754</b>	<b>\$ 102,672</b>	<b>\$ 174,966</b>	<b>\$ 4,044,130</b>

# CITY OF ALLEN PARK, MICHIGAN

## Non-Major Governmental Funds Combining Statement of Revenues, Expenditures and Changes in Fund Balances For the Year Ended June 30, 2016

	Special Revenue Funds						Debt Service Fund	Total Non-Major Governmental Funds
	Major Highway Fund	Local Highway Fund	Building Fund	Drug Law Enforcement Fund	Library Fund	Rubbish Fund	Community Center Debt Fund	
<b>Revenues:</b>								
Taxes	\$ -	\$ 1,423,114	\$ -	\$ -	\$ 581,527	\$ 1,744,643	\$ 441,768	\$ 4,191,052
Delinquent Tax Chargebacks	-	-	-	-	1,379	1,986	641	4,006
Intergovernmental:								
Federal Grants	-	-	-	13,903	-	-	-	13,903
State-shared Revenue and Grants	2,337,110	823,857	-	70,928	34,972	-	-	3,266,867
Fees	-	-	674,648	-	-	-	-	674,648
Interest Income	-	-	-	-	10	-	-	10
Local Sources	-	-	-	-	74,150	1,969	-	76,119
<b>Total Revenues</b>	<b>2,337,110</b>	<b>2,246,971</b>	<b>674,648</b>	<b>84,831</b>	<b>692,038</b>	<b>1,748,598</b>	<b>442,409</b>	<b>8,226,605</b>
<b>Expenditures:</b>								
Current:								
General Government	-	-	554,847	-	827,278	-	-	1,382,125
Highway and Streets	2,079,465	3,205,891	-	-	-	-	-	5,285,356
Public Safety	-	-	-	113,681	-	-	-	113,681
Public Works	-	-	-	-	-	1,723,205	-	1,723,205
Debt Service:								
Principal Retirements	-	-	-	-	-	-	175,000	175,000
Interest	-	-	-	-	-	-	252,112	252,112
<b>Total Expenditures</b>	<b>2,079,465</b>	<b>3,205,891</b>	<b>554,847</b>	<b>113,681</b>	<b>827,278</b>	<b>1,723,205</b>	<b>427,112</b>	<b>8,931,479</b>
Excess (Deficiency) of Revenues Over Expenditures	257,645	(958,920)	119,801	(28,850)	(135,240)	25,393	15,297	(704,874)
<b>Other Financing Sources (Uses):</b>								
Interfund Transfers In (Note 5)	-	1,000,000	-	-	-	-	-	1,000,000
Interfund Transfers Out (Note 5)	(500,000)	-	-	-	-	-	-	(500,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(500,000)</b>	<b>1,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>500,000</b>
Excess of Revenue and Other Sources Over (Under) Expenditures And Other Uses	(242,355)	41,080	119,801	(28,850)	(135,240)	25,393	15,297	(204,874)
Fund Balances:								
<b>Beginning of Year</b>	<b>879,425</b>	<b>652,985</b>	<b>642,311</b>	<b>548,725</b>	<b>313,517</b>	<b>7,128</b>	<b>159,669</b>	<b>3,203,760</b>
<b>End of Year</b>	<b>\$ 637,070</b>	<b>\$ 694,065</b>	<b>\$ 762,112</b>	<b>\$ 519,875</b>	<b>\$ 178,277</b>	<b>\$ 32,521</b>	<b>\$ 174,966</b>	<b>\$ 2,998,886</b>