

# **City of Wyoming, Michigan**

## **Financial Report**

**For the Eight Months Ending February 28, 2015**

March 31, 2015

City Council  
City of Wyoming, Michigan

Attached is the financial report for the first eight months of the fiscal year ending February 28, 2015. Based on state legislation, the City will be reimbursed 100% for lost personal property taxes by the state. The State House and Senate have expanded the state shared revenue (EVIP) requirements as well the Act 51 required filings which now includes the transparency requirements.

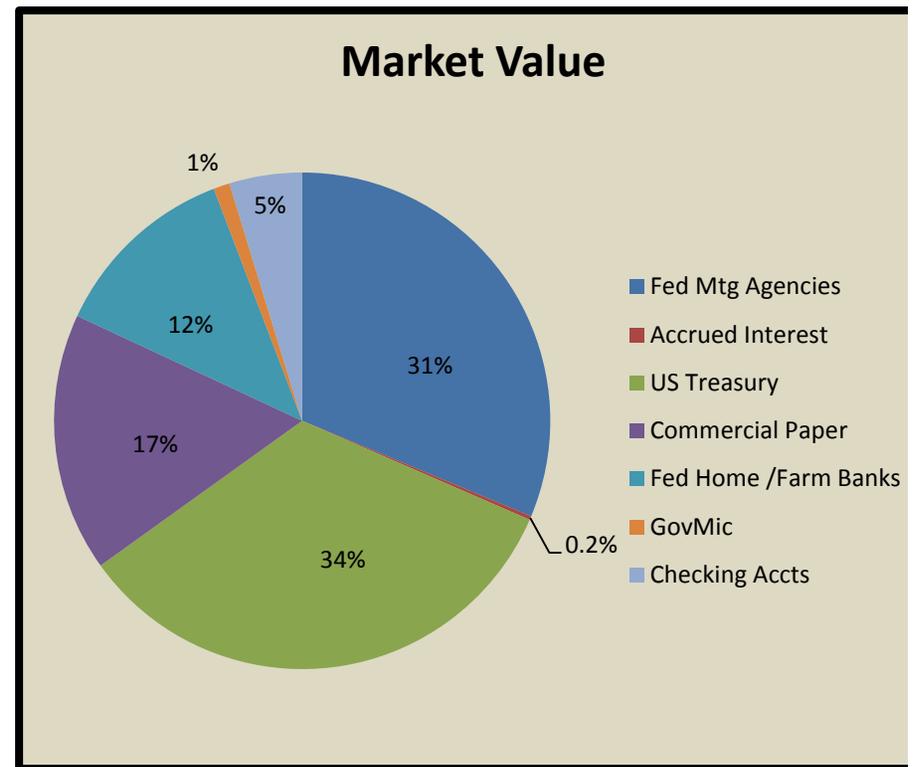
The FY 2015 budget was passed by Council on May 19, 2014. Currently the general fund amended budget reflects total revenue of \$31,119,770, an increase of 5.88% over the FY 2014 amended budget. Total FY 2015 expenditures are currently budgeted at \$ 38,002,200, an increase of 18.5% over the FY 2014 amended budget which includes early retirement of bonds. The FY 2015 budgeted net decrease in fund balance is \$6,832,430 which will result in a projected budgeted fund balance of \$5,925,125 at the end of fiscal year 2015.

## Cash and Pooled Investments

The City is required to report investment earnings as a net number. The investment earnings are comprised of interest earned and the change in investment market values. As of February 28, roughly 34% of the investments were held in US Treasury securities with the next largest category of 31% being held in Federal Mortgage Agencies' securities, while the remaining portfolio is being held in various bonds and commercial paper, as it is depicted in the chart below.

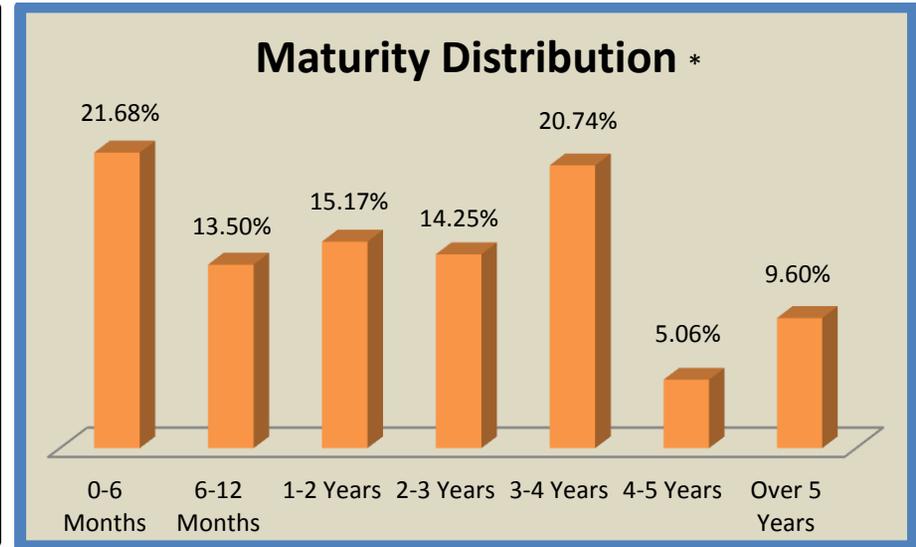
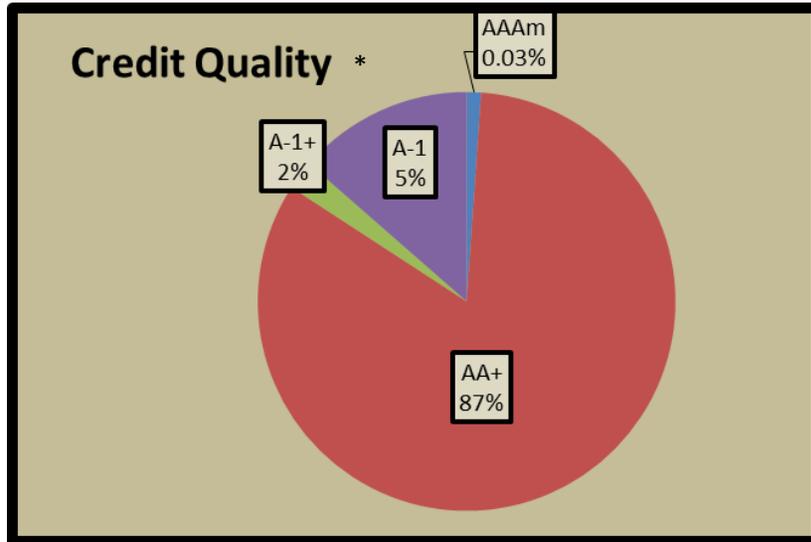
Issuer	Market Value of Holdings	Cd	Percent
BNP Paribas	\$ 4,098,371		4.19%
HSBC Holdings PLC	599,977		0.61%
Fannie Mae	17,983,899		18.41%
Federal Farm Credits Banks	2,500,428		2.56%
Federal Home Loan Banks	7,073,607		7.24%
Freddie Mac	12,577,768		12.87%
Government Nation Mortgage Association	2,408,245		2.46%
GovMic Money Market	1,034,807		1.06%
JP Morgan Chase & Co	4,098,067		4.19%
General Electric	499,796		0.51%
Mitsubishi UFJ Financial Group	1,599,402		1.64%
Toyota Motor Corp	1,599,328		1.64%
UBS AG	599,896		0.61%
Tennessee Valley Authority	1,760,932		1.80%
Rabobank Nederland	1,599,488		1.64%
United States Treasury	32,797,092		33.58%
Fifth Third Bank Accts	4,629,385		4.74%
Accrued Interest	239,414		0.25%
<b>Total</b>	<b>\$ 97,699,901</b>	<b>*</b>	<b>100.00%</b>

\*Excludes pension & OPEB investments



As shown in the following chart, all investments in the cash and investment pool meet the credit quality required by city policy and state law:

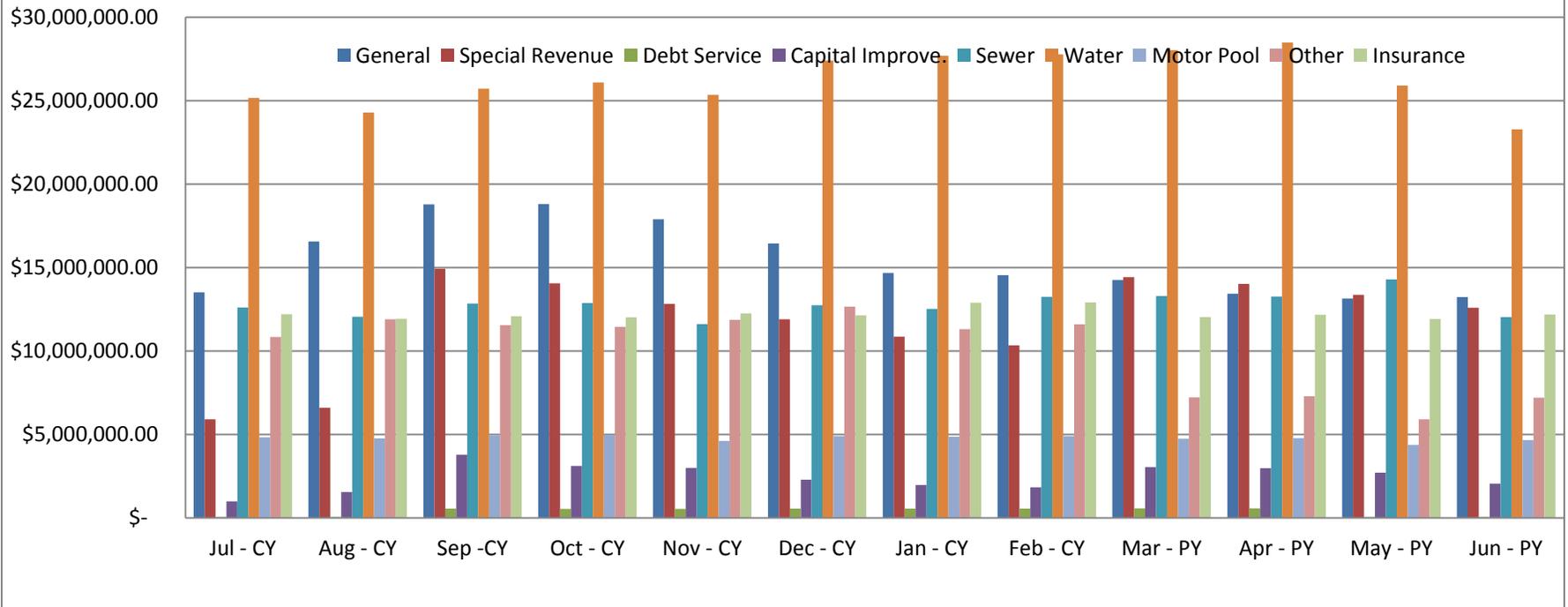
The maturity distribution of the investments in the cash and investment pool is:



\*Excludes pension & OPEB investments

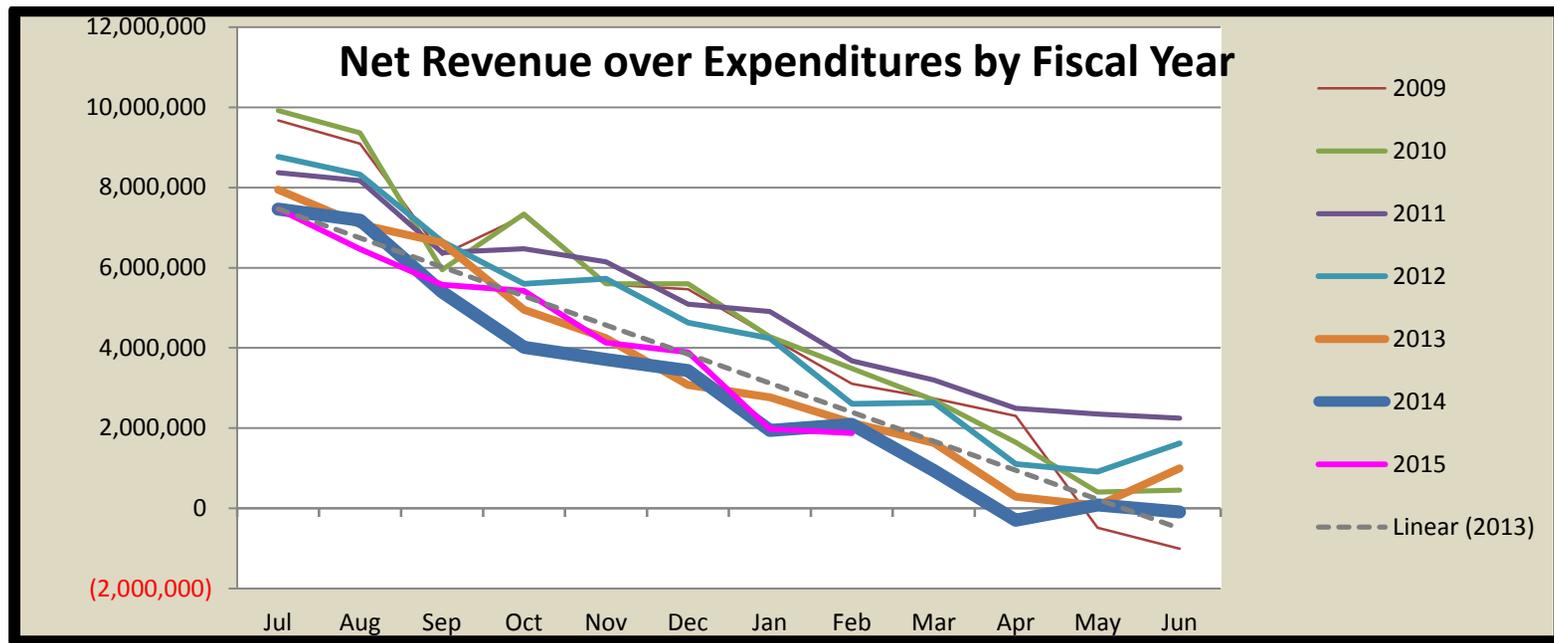
For investing purposes, the City's cash is pooled and invested; however, the cash and investment pool pool actually belongs to the various funds of the City. The following graph displays the makeup of the cash and investment pool. The "Other" category encompasses the participation of the component units, minor funds and various agencies for which the City maintains financial records and handles their cash.

## Cash and Investment Pool Participation by Fund Type \*



\*Excludes pension & OPEB investments

The following chart depicts net revenue over expenditures for the General Fund by fiscal year.

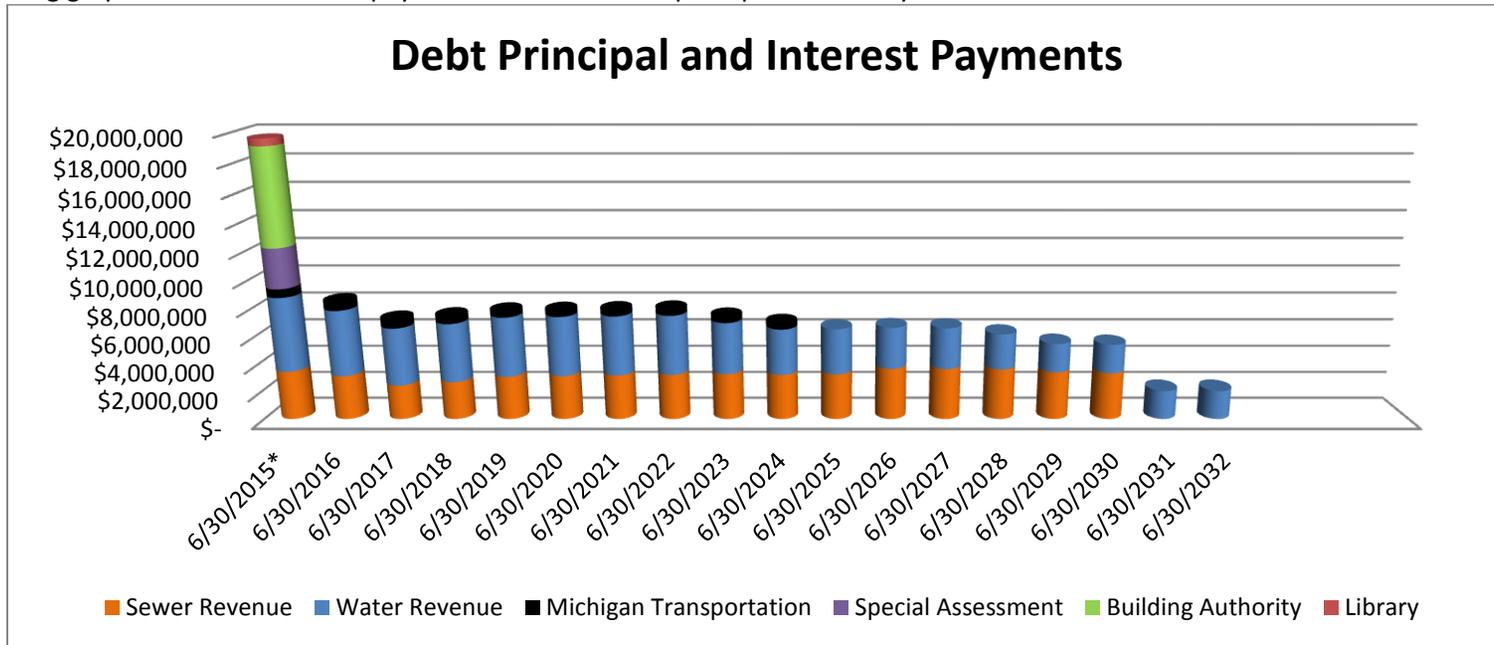


## Debt

The City has incurred debt to finance certain capital expenditures related to City operations. The debt is as follows:

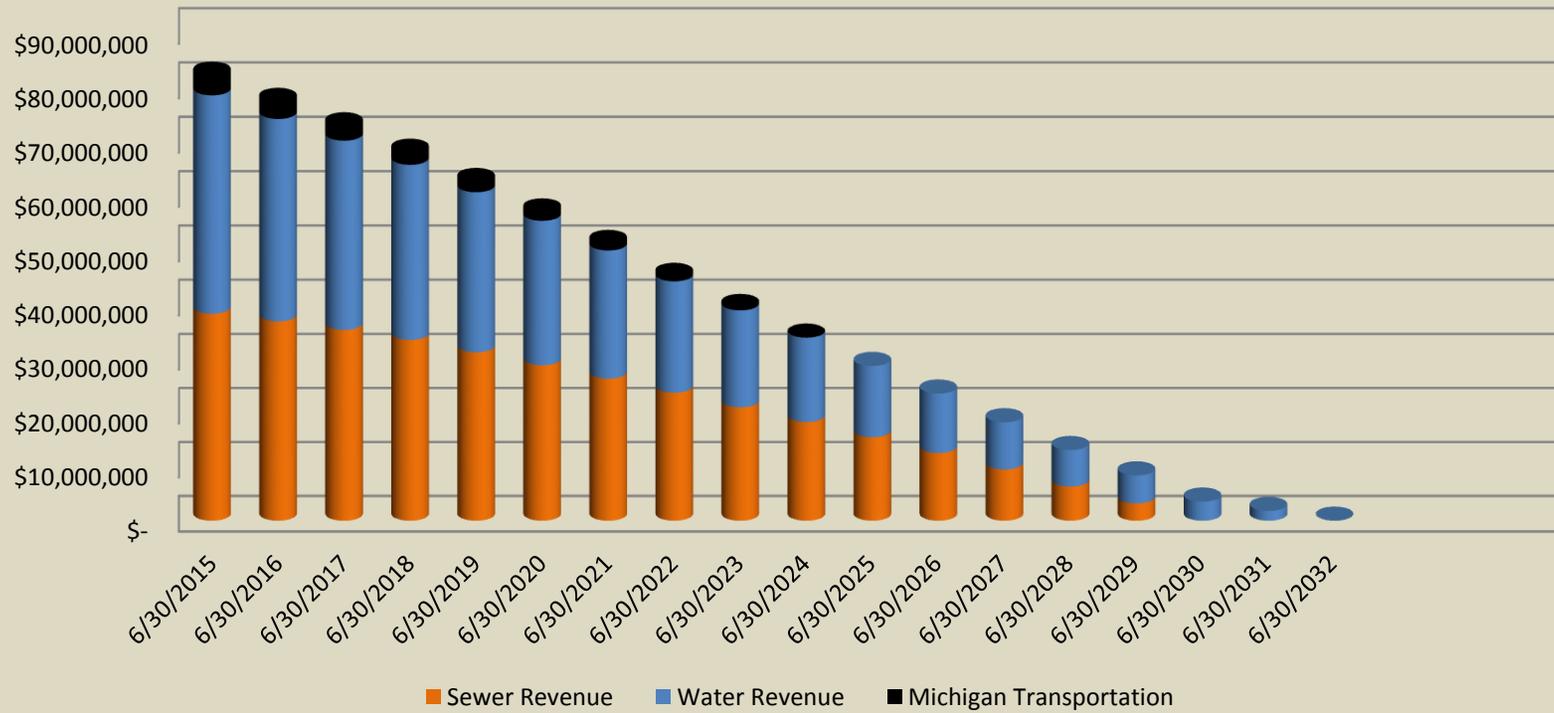
<u>Debt Title</u>	<u>Purpose of Debt</u>	<u>Funding for Debt Payments</u>
Library	Building of Library Building	Voter Approved Debt Millage
Motor Transportation Fuel	Street Infrastructure Improvement	Voter Approved Capital Improvement Millage
Special Assessment	Sidewalk, Curb and Other Infrastructure Improvements	Special Assessment of Adjacent Property
Building Authority	City Hall, Police and Fire Buildings	General Fund Building Rentals
Sewer Revenue Bonds	Treatment Plant and Sewer Collection System	Sewer Revenue
Water Revenue Bonds	Treatment Plant and Water Distribution System	Water Revenue

The debt is made up of 21 different bond issues with varying payment amounts, interest rates, and maturity dates. In May, the City is planning to refinance approximately \$36,000,000 of sewer bonds to reduce interest costs and will be retiring 4 others bonds before the end of the year. The following graphs reflect the annual payments of interest and principle due each year.



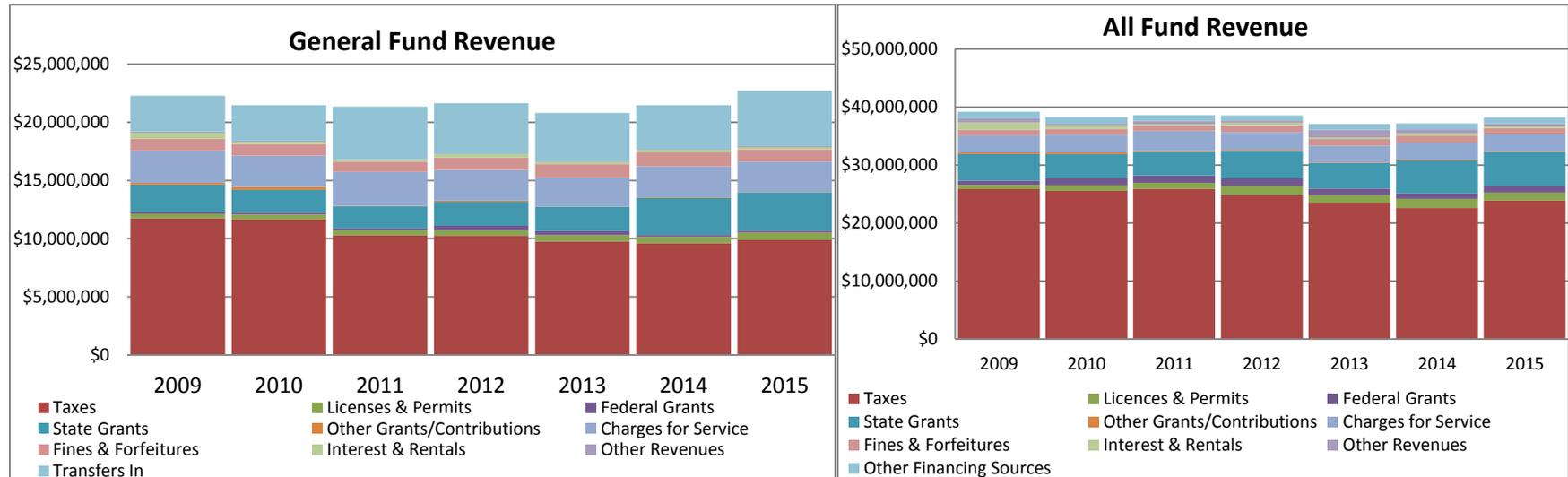
\*4 bonds being called are included in the 6/30/2015 column.

### Debt Principal Outstanding at End of FY

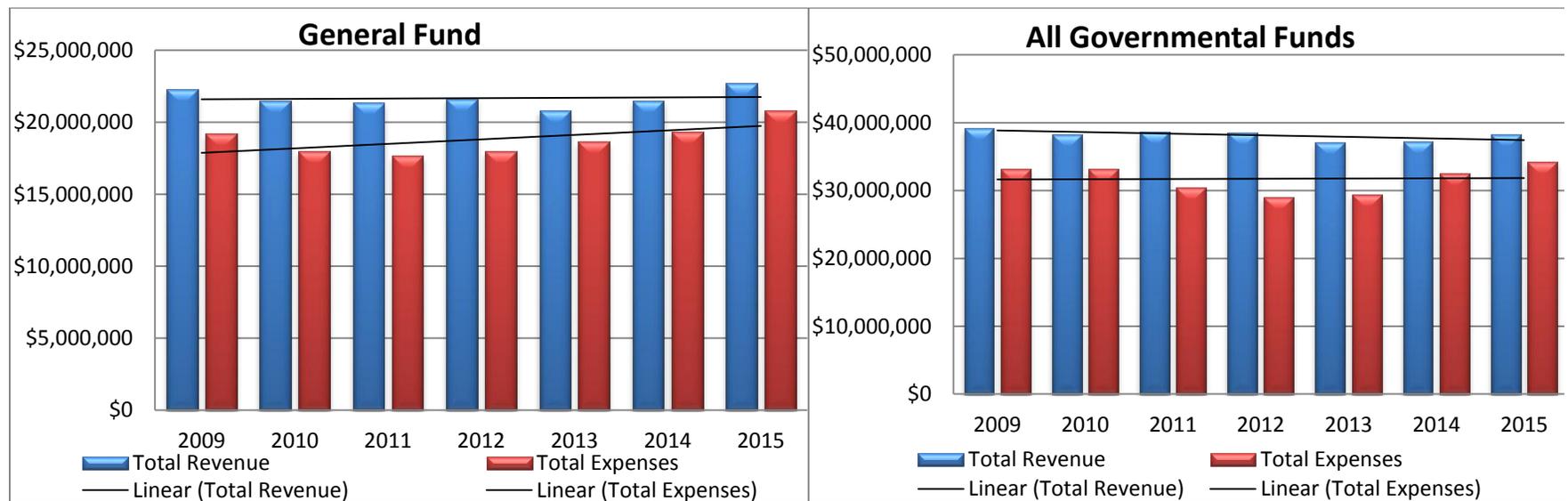


## General Fund and Governmental Funds

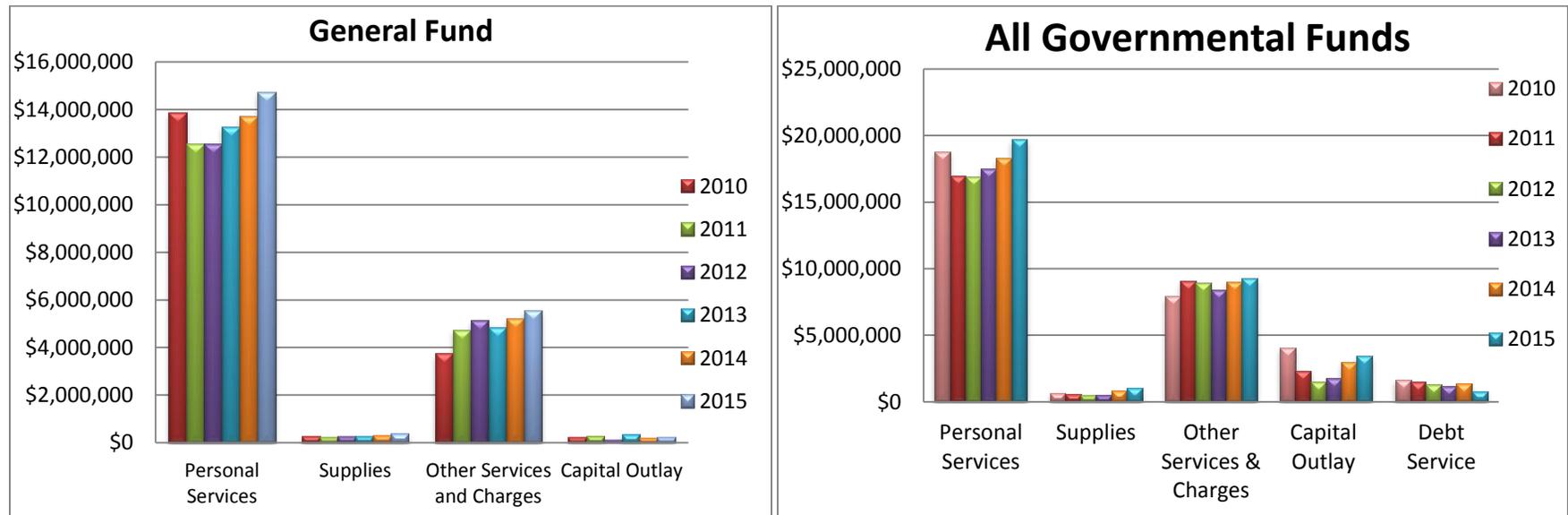
Through February 28, general fund revenue for the City is up \$1,261,929 (5.88%) from the prior year. The revenue growth is attributed to property tax revenues (\$254,545) and transfers from other funds (\$1,013,095). Property tax has also had a similar effect on all governmental funds with revenue being up \$1,532,570 (3.69%).



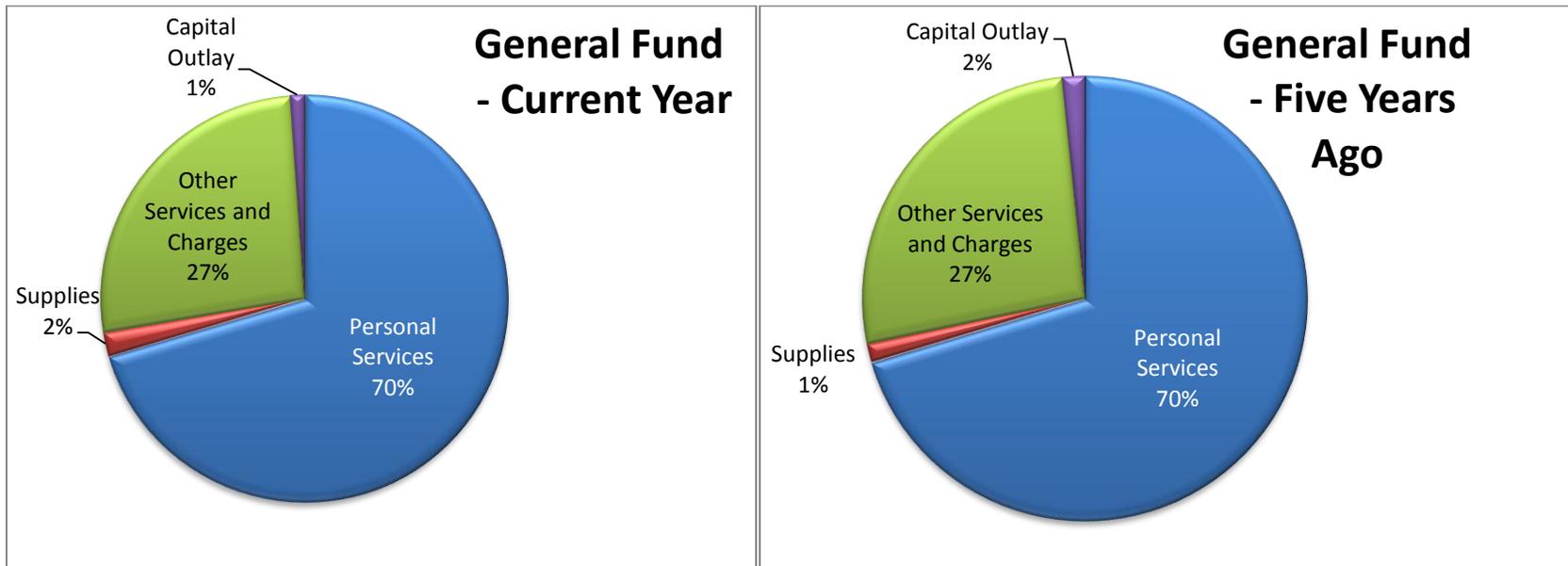
As shown in the following graph, revenue versus expenditures through February 28 appears to be out of proportion as all property tax revenue is recognized on July 1.

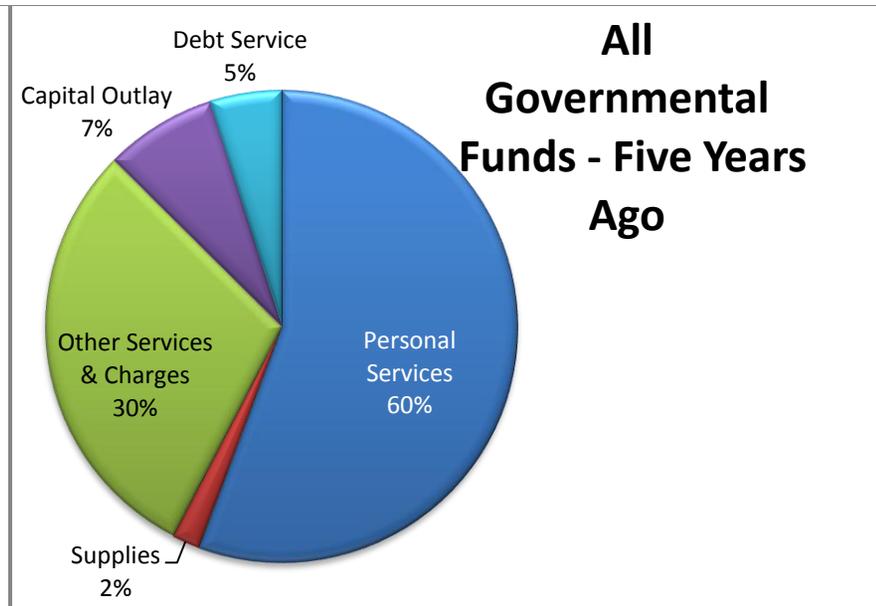
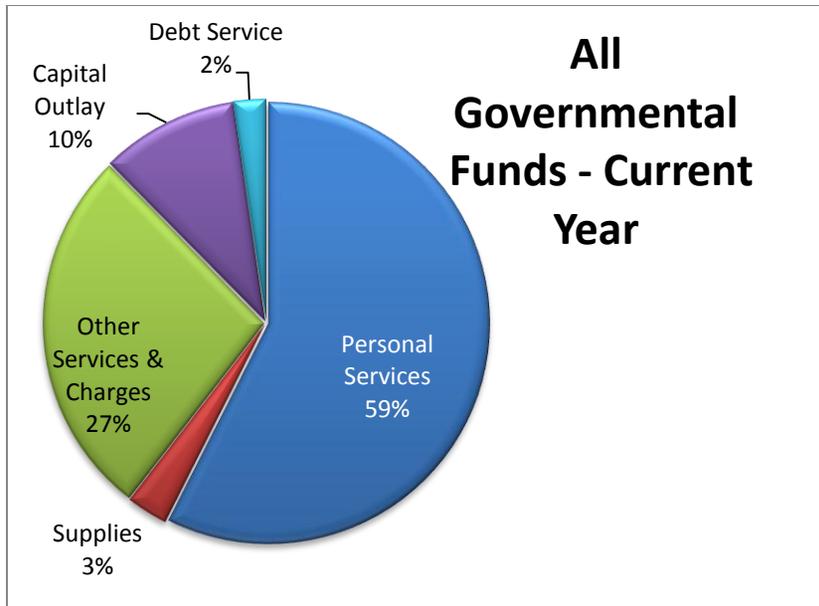


As shown in the following graph, general fund expenditures increased 7.64% or approximately \$1,480,183 from last year, of which \$1.2 million is associated with additional public safety costs. All governmental funds' expenditures have also increased \$2,271,768 or 6.16% from last year. Besides the before mentioned increased costs of public safety, the City also incurred increases due to the tornado damage last summer.



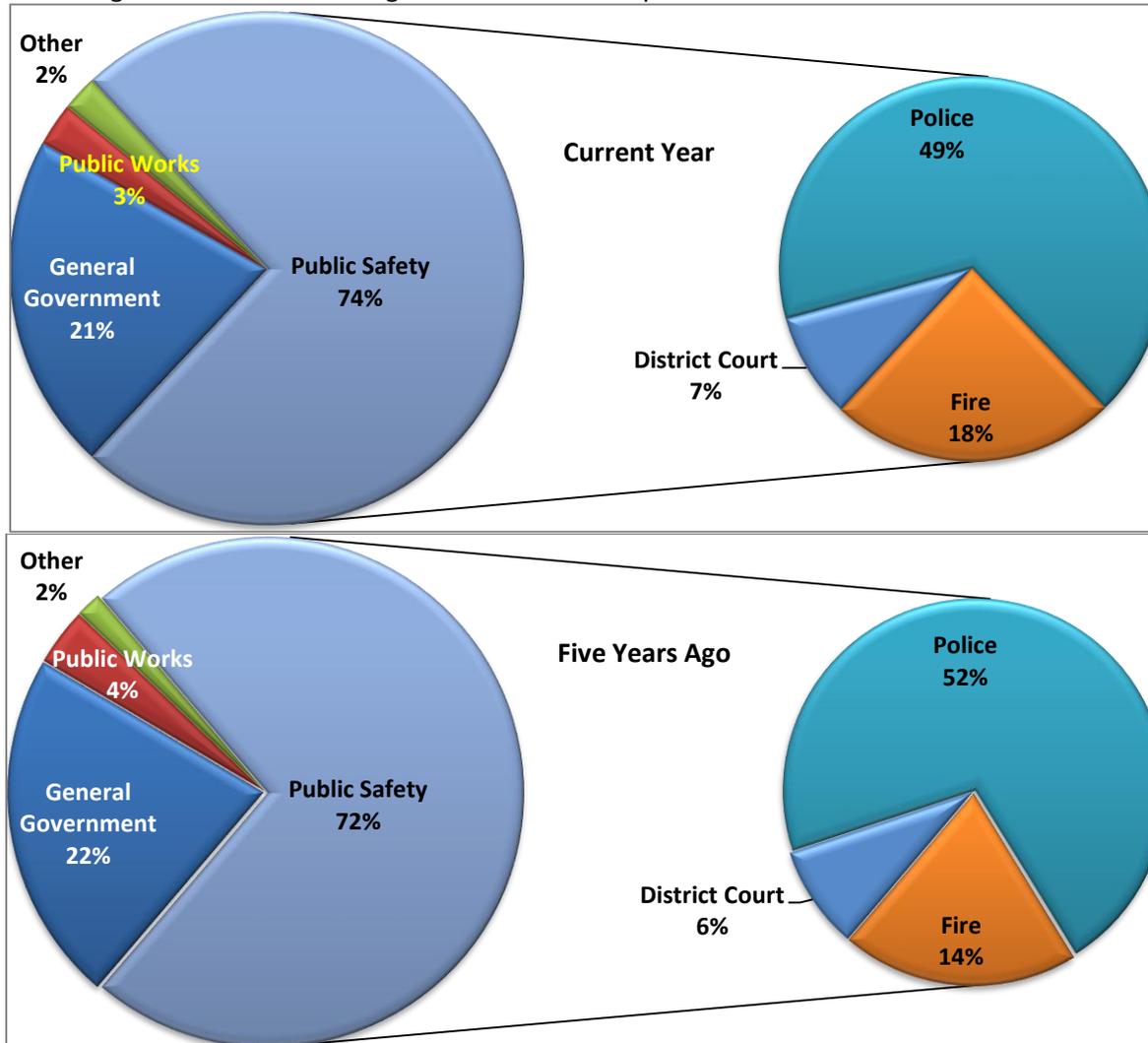
In both the general fund and all governmental funds, personal services continue to be the largest area of expenditure followed by other services and charges.





When compared with February 28, 2014, net revenue over expenses is down \$218,254 for the general fund and all of the governmental funds in total are down \$739,199 or 16%. This is a direct result of slightly higher revenues and increase expenditures.

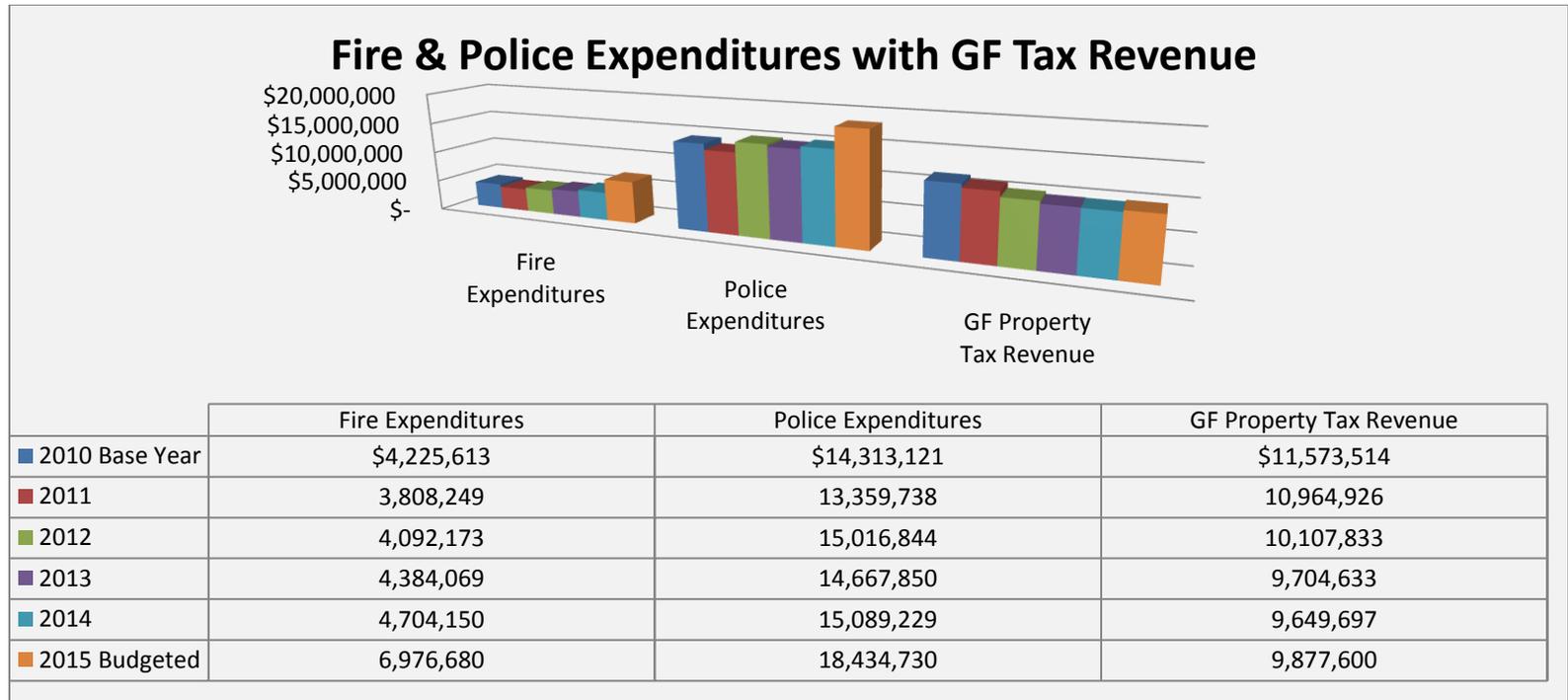
Of general fund expenditures, 74% is spent on public safety – police, fire, and court. The next largest function, general government, includes all supporting functions (City Council, City Manager, Assessor, City Clerk, Facilities, Finance, Human Resources and Information Technology). As noted in the graphs, as City employment has shrunk, the proportion of expenditures by function have remained constant. More information related to the general fund and other governmental fund expenditures is available in the attached statements.



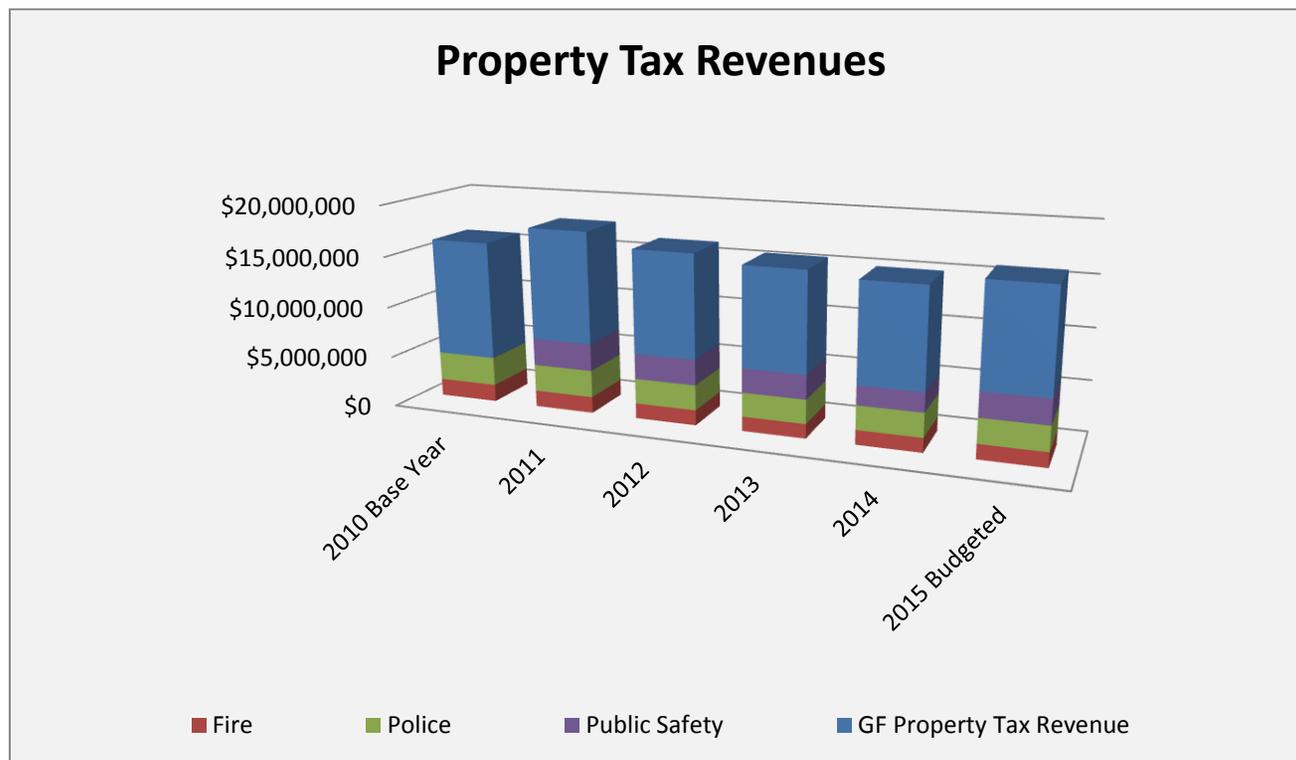
## Public Safety Millage

In 2011, the voters of the City of Wyoming approved a five-year millage of 1.25 mills to help support public safety. The funds collected through this millage are accounted in a separate fund (the Public Safety Fund) and are used to pay for increases in net police and fire expenditures over the amount of expenses in fiscal year ended June 30, 2010 and to provide replacement funding for the decrease in property tax revenue collected. As part of the fiscal year 2014 budget, the levy was decreased by 0.25 mills resulting in a tax levy of 1.00 mills. For FY 2015, the millage was raised back to 1.25 to cover the cost of 3 additional firefighter positions approved by City Council. In 2014, the voters did agree to the importance of this millage by renewing it for an additional 5 years.

The first graph depicts the net increase in spending on public safety and the change in general fund property tax revenue used to support public safety. The second graph depicts the overall allocation of the general fund property taxes.



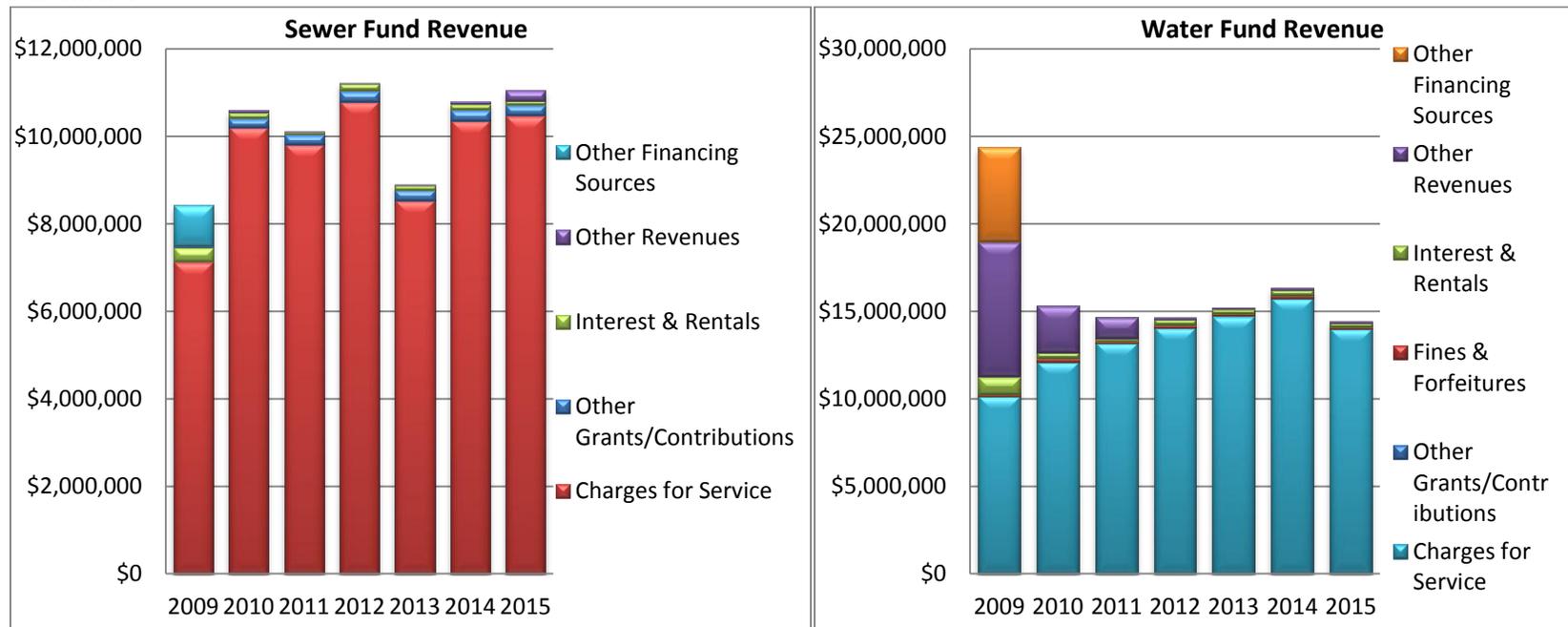
As of February 28, the City collected \$6,250,830 through the Public Safety Millages (police, fire and public safety) while budgeted annual expenditures are expected to be \$22,000,150 leaving the general fund to absorb \$15,749,320 of Public Safety expenditures.



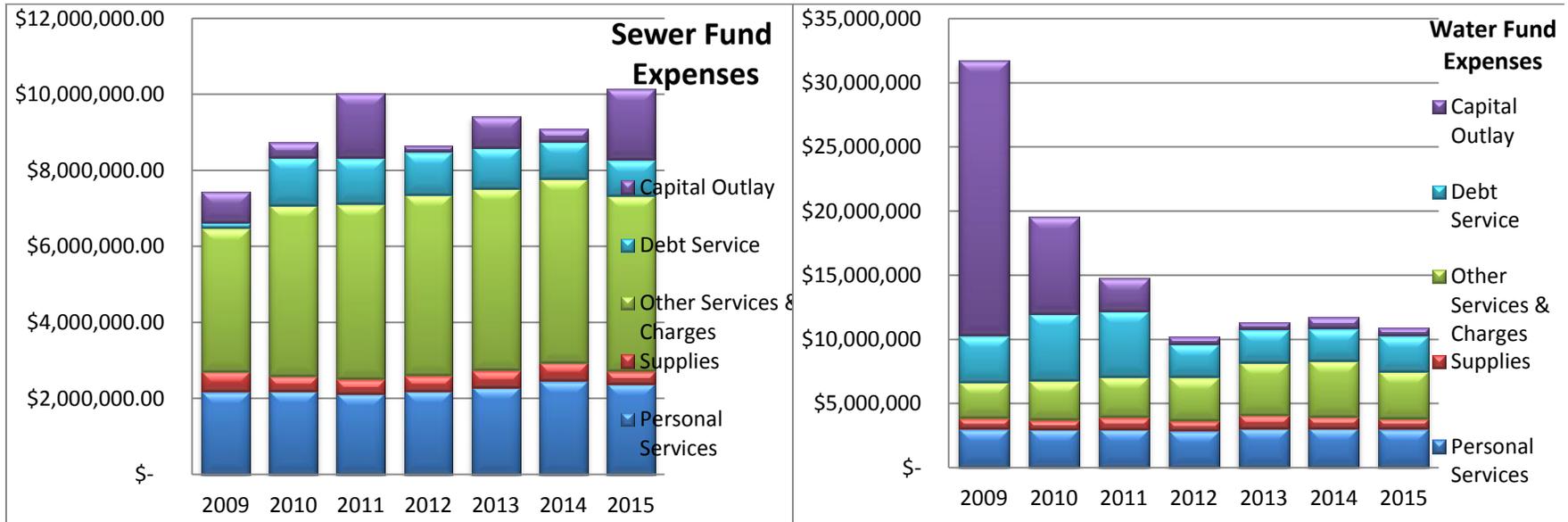
## Enterprise Funds (Sewer and Water Funds)

The financial information of the enterprise funds reflects cash flow; accordingly, revenue received from customers is recognized when the bill is issued, not when earned and expenses are recorded when paid, not as accrued. Also included in the expense is capital outlay that will be recorded as an asset and bond payments that will reduce liabilities at year end. Therefore, the information reflects cash inflows and outflows to the funds, not financial position.

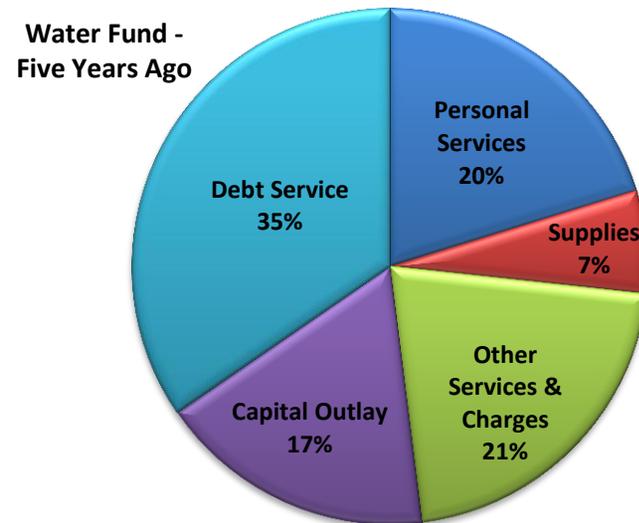
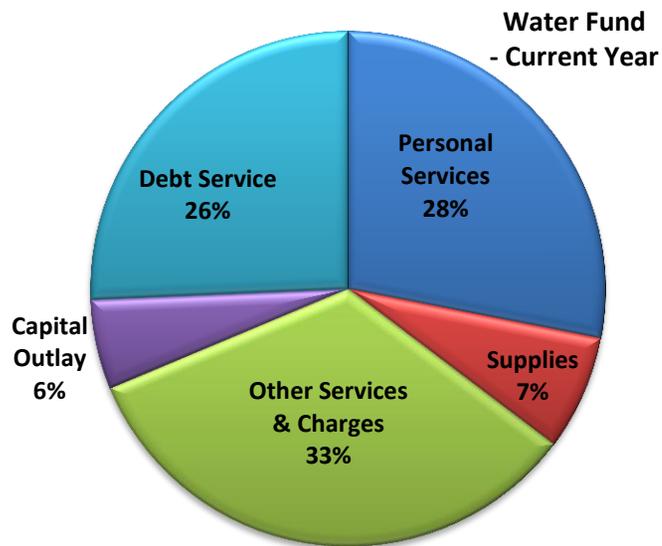
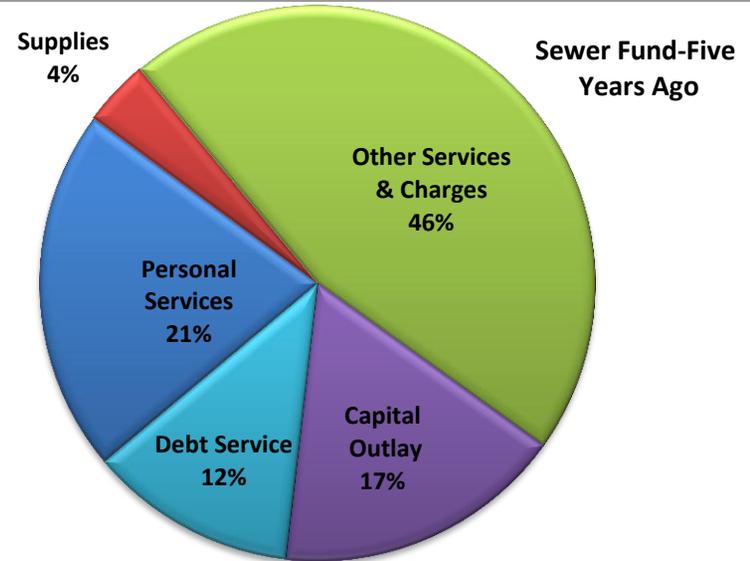
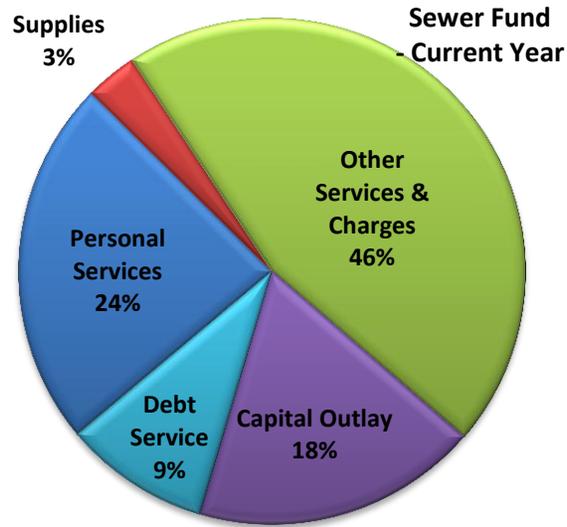
As reflected in the following charts, the majority of revenue derived within the enterprise funds is from retail and wholesale charges to customers.



As shown in the following charts, outflows relating to personal services have decreased while other charges and services have increased. Capital outlay reflects the expansion and rehabilitation projects that were occurring at both facilities.



As in the governmental funds, personal costs represent a significant portion of the total enterprise funds expenses while treatment costs represent a large portion of the costs incurred in other services & charges.



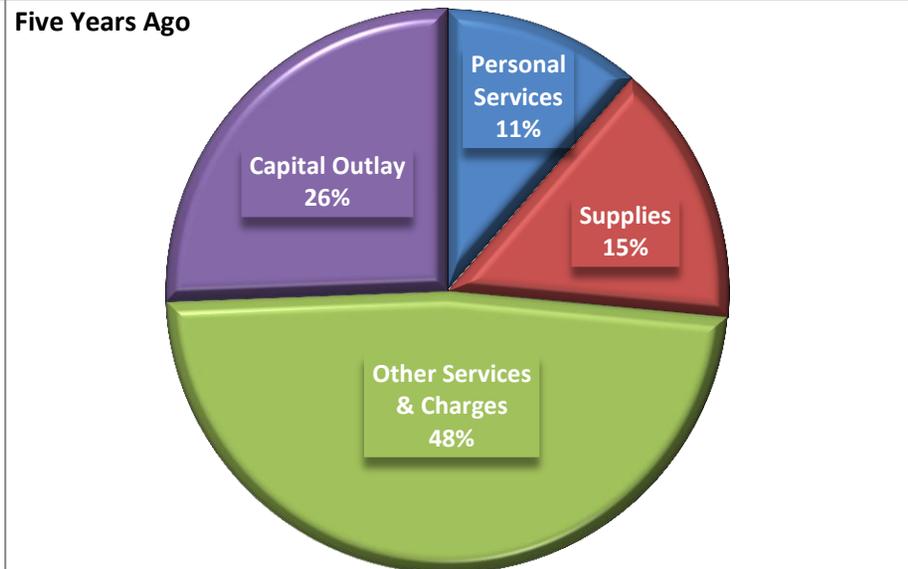
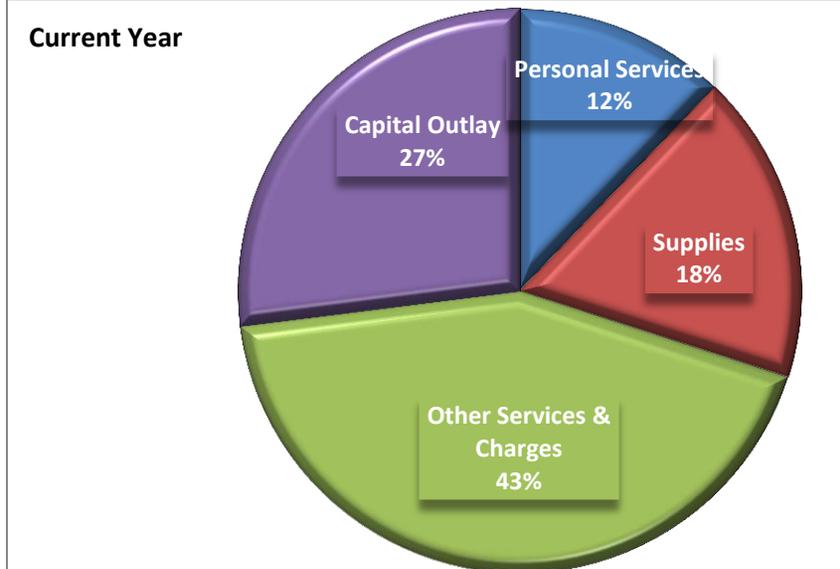
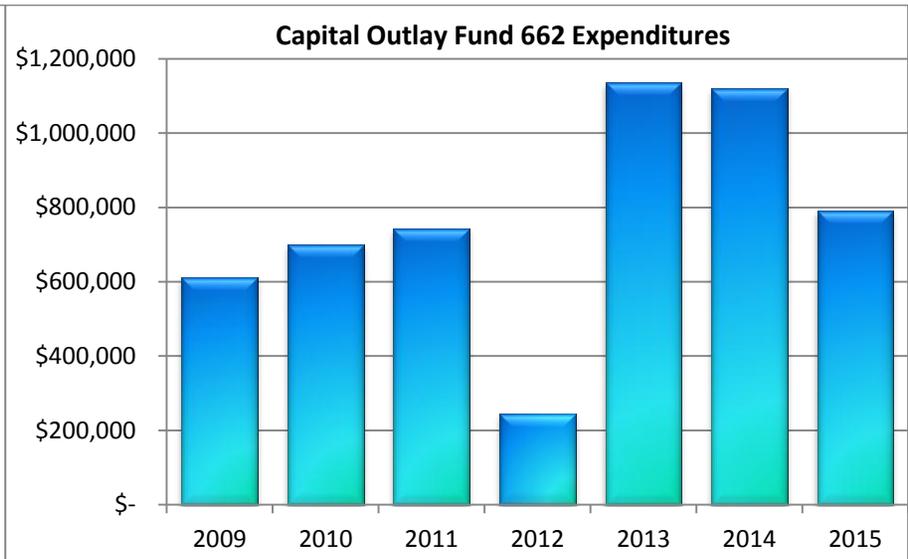
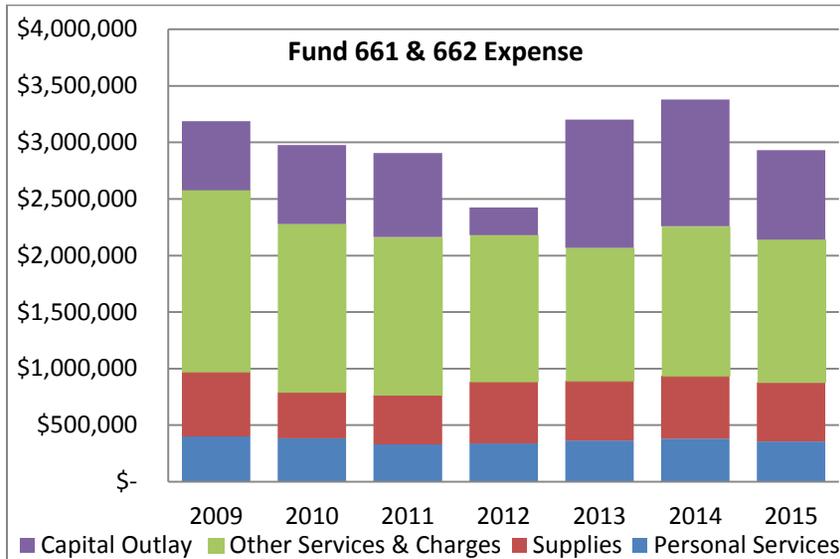
## Motor Pool Fund

The motor pool fund rents vehicles and the public works building to various funds. The motor pool fund interim reporting is primarily on a cash flow basis. Depreciation expense is also recorded monthly in the operating fund (Fund 661). The hybrid picture presented by combining both cash flow and depreciation result in an overstatement of expenditures and therefore negative cash flow to the motor pool fund.

### Income Statement - Fund 661 For the Fiscal Year-To-Date Ending

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Charges for Service	\$ 32,301	\$ 35,610	\$ 15,963	\$ 17,742	\$ 20,209	\$ 27,504	\$ 17,978	\$ 24,345
Interest & Rentals	2,042,405	2,596,148	2,253,779	2,183,744	2,185,959	2,353,986	2,427,278	2,662,833
Other Revenues	55,326	2,638	127,321	86,849	8,910	69,937	61,639	6,068
<b>Total Revenue</b>	<b>2,130,032</b>	<b>2,634,396</b>	<b>2,397,063</b>	<b>2,288,334</b>	<b>2,215,079</b>	<b>2,451,427</b>	<b>2,506,895</b>	<b>2,693,246</b>
Personal Services	523,586	398,782	382,450	329,896	337,439	362,767	381,182	355,952
Supplies	619,514	573,263	409,595	439,139	545,628	528,240	557,554	521,540
Other Services & Charges	1,480,741	1,603,643	1,485,739	1,392,246	1,297,456	1,176,453	1,319,738	1,262,593
<b>Total Expenses</b>	<b>2,623,821</b>	<b>2,575,688</b>	<b>2,277,784</b>	<b>2,161,281</b>	<b>2,180,524</b>	<b>2,067,459</b>	<b>2,258,474</b>	<b>2,140,085</b>
<b>Net Revenue Over (Under) Expenses</b>	<b>\$(493,789)</b>	<b>\$ 58,709</b>	<b>\$119,279</b>	<b>\$ 127,053</b>	<b>\$ 34,555</b>	<b>\$ 383,968</b>	<b>\$ 248,421</b>	<b>\$553,161</b>

Capital expenditures for equipment and vehicles rented by the motor pool fund are paid for out of the Motor Pool Depreciation and Reserve Fund (Fund 662).



## Insurance Fund

The City is self-insured for most of its insurable risk with re-insurance for amounts exceeding various levels depending upon the type of insurance. This limits the overall exposure faced by the City. The insurance information contained in the following table is based upon the cash flow basis.

	General Liability	Fleet	Property	Workers Comp	Life	Health	Dental	Total
Premiums	\$ 231,988	\$21,353	\$72,023	\$ 373,600	\$16,592	\$5,747,939	\$301,939	\$6,765,434
Interest	12,285	8,101	13,339	16,734	790	23,089	2,580	76,918
MMRMA Dividend	250,239	21,877	174,375					446,491
Other			-			-		-
<b>Total Revenue</b>	<b>494,512</b>	<b>51,332</b>	<b>259,737</b>	<b>390,334</b>	<b>17,382</b>	<b>5,771,028</b>	<b>304,519</b>	<b>7,288,843</b>
Expenses	198,795	71,398	140,342	385,388	22,286	5,207,831	235,447	6,261,486
<b>Net Revenue</b>	<b>295,717</b>	<b>(20,067)</b>	<b>119,395</b>	<b>4,945</b>	<b>(4,904)</b>	<b>563,197</b>	<b>69,072</b>	<b>1,027,357</b>
Fund Balance, 6/30/2014	1,430,118	943,103	1,552,849	1,948,050	91,912	2,687,854	300,373	8,954,259
<b>Fund Balance, End of Period</b>	<b>\$ 1,725,835</b>	<b>\$923,036</b>	<b>\$1,672,244</b>	<b>\$ 1,952,995</b>	<b>\$87,008</b>	<b>\$3,251,051</b>	<b>\$369,445</b>	<b>\$9,981,616</b>

