

CITY OF HAMTRAMCK, MICHIGAN
FINANCIAL REPORT
WITH SUPPLEMENTAL INFORMATION
JUNE 30, 2017

CITY OF HAMTRAMCK, MICHIGAN
FINANCIAL STATEMENTS
JUNE 30, 2017

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**GREGORY
TERRELL
& COMPANY**

INDEPENDENT AUDITORS' REPORT

To the Mayor and City Council
City of Hamtramck, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Hamtramck, Michigan (the "City"), as of and for the year ended June 30, 2017, 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 conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 27, 2017 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 of internal control over financial reporting and compliance and the results of that 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 the City's internal control over financial reporting and compliance.

Other Matters

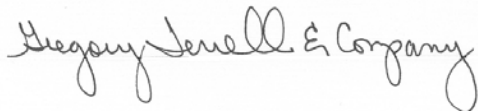
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the major fund analysis and budgetary comparison schedules, and the pension system schedules of changes in the City net pension liability and related ratios and City contributions, 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. The other supplemental information, as identified in the table of contents, are presented for purpose of additional analysis and are not a required part of the basic financial statements.

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

A handwritten signature in cursive script that reads "Gregory Terrell & Company".

GREGORY TERRELL & COMPANY
Certified Public Accountants

December 27, 2017

CITY OF HAMTRAMCK, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2017

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

Financial Highlights

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

- The Receivership Transition Advisory Board appointed by Governor Snyder continues to oversee the financial affairs of the City.
- The current year General Fund operations resulted in revenues over expenditures by over \$700,000, resulting in over \$6.5 million of fund balance. The City continues to strengthen its short-term balance sheet.
- Water Fund: In 2012, the City received an S2 grant to study the sewer system capacity and concluded that the existing sanitary and storm water system was grossly undersized to handle flows during wet weather events. During the 2016 fiscal year, the City closed on a \$6.4 million State Revolving Fund (SRF) loan to install the Phase 1 of the sewer network project that involves installing a 60 inch sewer along Joseph Campau from Denton to Goodson streets. The project was completed in this current fiscal year.

Using this Annual Report

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

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

CITY OF HAMTRAMCK, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2017
(Continued)

Governmental Activities

The following table shows, in a condensed format, the current year's net position compared to the prior two years (in thousands of dollars):

	Governmental Activities				
	2015	2016	2017	Change	Percent Change
Assets					
Cash and Investments	\$ 8,778	\$ 11,160	\$ 11,318	\$ 158	1%
Other Assets	2,526	2,617	3,374	757	29%
Capital Assets	<u>7,759</u>	<u>8,893</u>	<u>9,297</u>	<u>404</u>	5%
Total Assets	19,063	22,670	23,989	1,319	6%
Deferred Outflows of Resources -					
Deferred amount on pension earnings	2,900	3,793	1,296	(2,497)	-66%
Liabilities					
Accounts Payable	1,426	1,727	1,716	(11)	-1%
Non current Liabilities					
Due within One Year	626	359	363	4	1%
Due in more than One Year	<u>53,031</u>	<u>58,352</u>	<u>64,777</u>	<u>6,425</u>	11%
Total Liabilities	55,083	60,438	66,856	6,418	11%
Deferred Inflows of Resources -					
Deferred amount on pension earnings	-	-	2,469	2,469	100%
Net Position (Deficit)					
Invested in Capital Assets -					
Net of Related Debt	7,759	8,893	9,297	404	5%
Restricted	5,496	5,771	6,208	437	8%
Unrestricted (Deficit)	<u>(46,375)</u>	<u>(48,639)</u>	<u>(59,545)</u>	<u>(10,906)</u>	22%
Total Net Position (Deficit)	<u>\$ (33,120)</u>	<u>\$ (33,975)</u>	<u>\$ (44,040)</u>	<u>\$ (10,065)</u>	30%

CITY OF HAMTRAMCK, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2017
(Continued)

The following table shows, in a condensed format, the changes in net position, compared to the prior two years (in thousands of dollars):

	Governmental Activities				
	2015	2016	2017	Change	Percent Change
Revenue					
Program Revenue:					
Charges for Services	\$ 3,336	\$ 3,400	\$ 2,716	\$ (684)	-20%
Operating Grants	1,269	1,011	771	(240)	-24%
General Revenue:					
Property Taxes	6,735	7,380	7,195	(185)	-3%
Income Taxes	1,988	2,337	2,366	29	1%
State-Shared Revenue	4,951	5,493	4,360	(1,133)	-21%
State Sources	-	-	1,726	1,726	100%
Other Revenue	582	1,276	637	(639)	-50%
Total Revenue	18,861	20,897	19,771	(1,126)	-5%
Expenditures					
General Government	3,924	6,904	4,439	(2,465)	-36%
Public Safety	18,152	11,094	12,864	1,770	16%
Public Works	1,323	2,276	2,938	662	29%
Community and Economic Development	658	1,053	696	(357)	-34%
Recreation and Cultural	449	351	357	6	2%
Interest on Long-term Debt	78	73	69	(4)	-5%
Total Expenditures	24,584	21,751	21,363	(388)	-2%
Change in Net Position (Deficit)	\$ (5,723)	\$ (854)	\$ (1,592)	\$ (738)	86%

Property taxes and revenues from the State of Michigan, including State-Shared Revenue, Act 51 road funding, and other grants, continue to be the City's two largest revenue sources. This year, they account for 58% of total City revenue.

Under full-accrual accounting which is similar to how a business would perform its accounting, the City is still incurring more expenses than its revenue will support. This is primarily due to the expenses related to legacy costs such as pension and retiree healthcare.

CITY OF HAMTRAMCK, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2017
(Continued)

Business-Type Activities

The City's business-type activities consist of the Water and Sewer Fund which provides water and sanitary sewage disposal to its users. The following table shows, in a condensed format, the current year's net position compared to the prior two years (in thousands of dollars):

	Business Type Activities				Percent Change
	2015	2016	2017	Change	
Assets					
Cash and Investments	\$ 2,661	\$ 1,706	\$ 5,999	\$ 4,293	252%
Receivables and Prepaids	1,135	1,157	1,215	58	5%
Capital Assets	<u>2,362</u>	<u>6,255</u>	<u>8,365</u>	<u>2,110</u>	34%
Total Assets	6,158	9,118	15,579	6,461	71%
Liabilities					
Accounts Payable/Accrued Liabilities	784	1,468	1,012	(456)	-31%
Non current Liabilities					
Due in more than One Year	<u>120</u>	<u>640</u>	<u>6,443</u>	<u>5,803</u>	907%
Total Liabilities	904	2,108	7,455	5,347	254%
Net Position					
Invested in Capital Assets - Net of Related Debt	2,346	5,944	2,284	(3,660)	-62%
Unrestricted	-	406	4,978	4,572	100%
Restricted	<u>2,908</u>	<u>660</u>	<u>862</u>	<u>202</u>	31%
Total Net Position	<u>\$ 5,254</u>	<u>\$ 7,010</u>	<u>\$ 8,124</u>	<u>\$ 1,114</u>	16%

The City provides water to residents from the Detroit water system and sewage treatment through a contract with the Detroit Water and Sewer Department (DWSD).

CITY OF HAMTRAMCK, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2017
(Continued)

The following table shows, in a condensed format, the current year's changes in net position, compared to the prior two years (in thousands of dollars):

	Business Type Activities				
	2015	2016	2017	Change	Percent Change
Water and Sewer:					
Charges for Services	\$ 5,847	\$ 7,333	\$ 7,910	\$ 577	8%
Operating Expenses	<u>(6,587)</u>	<u>(5,947)</u>	<u>(6,675)</u>	<u>(728)</u>	12%
Surplus (Shortfall)	(740)	1,386	1,235	(151)	20%
General Revenue					
Property Taxes	77	370	-	(370)	-100%
State Grants	<u>393</u>	<u>-</u>	<u>-</u>	<u>-</u>	0%
	470	370	-	(370)	
General Expense					
Interest Expense	-	-	121	121	-100%
Change in Net Position	<u>\$ (270)</u>	<u>\$ 1,756</u>	<u>\$ 1,114</u>	<u>\$ (642)</u>	20%

The operating surplus for water and sewer operations of \$1,235,420 was due to a special assessment tax for future debt payments.

Currently, the City is evaluating its operating costs, capital requirements, and its customer billing rates in order to address the needs of the system.

The City's Funds

Our analysis of the City's major funds follows the government-wide financial statements. The fund financial statements provide detail information about the most significant funds, not the City as a whole. The City Council creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millage. The City's major funds for 2017 include the General Fund, Major and Local Streets Funds, and the Water & Sewer Fund.

CITY OF HAMTRAMCK, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2017
(Continued)

The General Fund pays for most of the City's governmental services. Its two largest source of revenue, property taxes and state shared revenue, decreased this year. Expenditures remained flat compared to 2016 as the City has diligently monitored all spending throughout the year. As a result, the current year General Fund revenues exceeded expenditures by approximately \$735,000, adding to the City's growing General Fund balance.

The following table shows the General Fund activity, on a modified accrual basis (in thousands):

	General Fund				
	2015	2016	2017	Change	Percent Change
Revenue					
Property Taxes	\$ 5,160	\$ 7,019	\$ 6,857	\$ (162)	-2%
Income Taxes	1,988	2,337	2,366	29	1%
Licenses and Permits	1,230	1,302	1,329	27	2%
Federal Grants	1,054	559	335	(224)	-40%
State-Shared Revenue	3,306	3,533	3,370	(163)	-5%
State Sources	-	-	92	92	100%
Charges for Services	1,457	149	115	(34)	-23%
Fines and Forfeitures	1,660	1,717	1,272	(445)	-26%
Other Revenue	570	689	614	(75)	-11%
Total Revenue	16,425	17,305	16,350	(955)	-6%
Expenditures					
General Government	6,724	3,516	3,054	(462)	-13%
Public Safety	7,782	10,074	9,936	(138)	-1%
Public Works	1,151	1,018	1,592	574	56%
Community and Economic Development	457	486	510	24	5%
Interest on Long-term Debt	1,174	419	423	4	1%
Total Expenditures	17,288	15,513	15,515	2	0%
Other Financing Sources (Uses):					
Proceeds from Issuance of Bonds	2,070	-	-	-	0%
Total Other Financing (Uses) Sources	2,070	-	(100)	-	0%
Net Change in Fund Balance	1,207	1,792	735	(957)	-53%
Fund Balance - Beginning of year	2,805	4,012	5,804	1,792	45%

CITY OF HAMTRAMCK, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2017
(Continued)

General Fund Budgetary Highlights

General Fund actual revenue exceeded budgeted amounts by approximately \$1.1 million, primarily due to the City property tax revenue exceeding the budget.

The City continues to monitor spending very closely, resulting in actual expenditures under budget by approximately \$200,000.

Capital Asset and Debt Administration

- At the end of 2017, the City had approximately \$17.7 million invested in a broad range of capital assets, including roads, buildings, public safety equipment, and water and sewer lines. The City's replacement and major maintenance of capital assets continues to be less than ideal given the advancing age of the infrastructure. Due to the tight budget and still recovering finances, the City makes capital purchases only when necessary.
- In 2015, the City closed on a \$6.4 million Clean Water State Revolving Fund (SRF) loan to construct phase 1 of the sewer network project that involves installing a 60 inch sewer line underneath Joseph Campau from Denton to Goodson Street and also to complete City-wide sewer rehabilitation work. The total amount spent as of June 30, 2017 was over \$6 million and payable over 20 years at a rate of interest of 2.5%. The project was completed during the 2017 fiscal year.

Economic Factors and Next Year's Budgets and Rates

The City's financial condition should continue to improve during fiscal year 2018. The City remains under the oversight of the Governor appointed Receivership Treasury Advisory Board as the City continues to closely monitor its short-term operating costs and looks for ways to reduce its long-term liabilities.

Contacting the City's Management

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the City of Hamtramck's City Manager's Office, 3401 Evaline, Hamtramck, MI 48212.

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CITY OF HAMTRAMCK, MICHIGAN
STATEMENT OF NET POSITION (DEFICIT)
JUNE 30, 2017

	Primary Government			Downtown Development Authority
	Governmental Activities	Business-Type Activities	Total	
Assets				
Cash and Cash Equivalents (Note 3)	\$ 11,317,946	\$ 5,999,634	\$ 17,317,580	\$ 91,287
Receivables:				
Property Taxes Receivable	114,430	-	114,430	-
Customers (Net of Allowance for Uncollectible)	-	1,076,382	1,076,382	-
Due from Other Governmental Units	2,775,956	138,226	2,914,182	-
Accounts Receivable - Court	90,889	-	90,889	-
Due from Primary Government	-	-	-	26,030
Due from Water & Sewer Fund	356,745	-	356,745	-
Due from Component Unit	500	-	500	-
Prepaid Expenses and Other Assets	35,279	-	35,279	-
Capital Assets (Note 4):				
Assets not being Depreciated	\$ 831,138	\$ 96,790	\$ 927,928	\$ -
Assets being Depreciation	8,465,766	8,268,359	16,734,125	-
Total Capital Assets	<u>9,296,904</u>	<u>8,365,149</u>	<u>17,662,053</u>	<u>-</u>
Total Assets	<u>\$ 23,988,649</u>	<u>\$ 15,579,391</u>	<u>\$ 39,568,040</u>	<u>\$ 117,317</u>
Deferred Outflows of Resources				
Deferred Amount on Pension (Note 8)	\$ 1,296,271	\$ -	\$ 1,296,271	\$ -
Liabilities				
Accounts Payable	\$ 331,388	\$ 608,988	\$ 940,376	\$ 534
Accrued Liabilities and Other	1,357,854	213,374	1,571,228	-
Due from Other Governmental Units	1,119	-	1,119	-
Due to Component Unit	26,030	-	26,030	-
Due to Primary Government	-	356,745	356,745	-
Portion of Noncurrent Liabilities Due within One Year (Note 6)	363,235	260,000	623,235	-
Compensated Absences	1,583,995	22,700	1,606,695	-
OPEB Liability	5,584,830	172,726	5,757,556	-
Pension Liability	55,221,926	-	55,221,926	-
Noncurrent Liabilities - Due in more than One Year - Long-term Debt (Note 6)	2,385,954	5,820,938	8,206,892	-
Total Liabilities	<u>\$ 66,856,331</u>	<u>\$ 7,455,471</u>	<u>\$ 74,311,802</u>	<u>\$ 534</u>
Deferred Inflows of Resources				
Deferred Amount on Pension (Note 8)	\$ 2,468,915	\$ -	\$ 2,468,915	\$ -
Net Investment in Capital Assets	\$ 9,296,904	\$ 2,284,211	\$ 11,581,115	\$ -
Restricted for:				
Highways and Streets	4,334,461	-	4,334,461	-
Public Safety	768,921	-	768,921	-
Community Development	528,090	-	528,090	-
Recreation and Culture	139,997	-	139,997	-
Building and Improvement Fund	470,006	-	470,006	-
Committed Fund Balance	9,811	-	9,811	-
Water and Sewer	-	862,294	862,294	-
Unrestricted	(59,588,516)	4,977,415	(54,611,101)	116,783
Total Net Position (Deficit)	<u>\$ (44,040,326)</u>	<u>\$ 8,123,920</u>	<u>\$ (35,916,406)</u>	<u>\$ 116,783</u>

The accompanying notes are an integral part of this financial statement.

CITY OF HAMTRAMCK, MICHIGAN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government:				
Governmental Activities:				
General Government	\$ 4,439,205	\$ 115,397	\$ -	\$ -
Public Safety	12,863,517	1,445,145	770,811	-
Public Works	2,938,128	1,329,279	-	-
Community and Economic Development	696,494	-	-	-
Recreation and Culture	356,545	-	-	-
Interest on Long-term Debt	69,181	-	-	-
Total Governmental Activities	<u>\$ 21,363,070</u>	<u>\$ 2,889,821</u>	<u>\$ 770,811</u>	<u>\$ -</u>
Business-type Activities:				
Water and Sewer	\$ 6,796,305	\$ 7,910,499	\$ -	\$ -
Total Business-type Activities	<u>\$ 6,796,305</u>	<u>\$ 7,910,499</u>	<u>\$ -</u>	<u>\$ -</u>
Total Primary Government	<u>\$ 28,159,375</u>	<u>\$ 10,800,320</u>	<u>\$ 770,811</u>	<u>\$ -</u>
Component Unit - Downtown Development Authority	<u>\$ 32,361</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
General Revenue:				
Property Taxes				
Income Taxes				
State-Shared Revenue				
State Sources				
Other Miscellaneous Income				
Total General Revenue				
Change In Net Position				
Net Position (Deficit) - (As Restated) Beginning of Year				
Net Position (Deficit), End of Year				

Net (Expense) Revenue and Changes in Net Position

Primary Government

Governmental Activities	Business-type Activities	Total	Component Unit
\$ (4,323,808)	\$ -	\$ (4,323,808)	\$ -
(10,647,561)	-	(10,647,561)	-
(1,608,849)	-	(1,608,849)	-
(696,494)	-	(696,494)	-
(356,545)	-	(356,545)	-
(69,181)	-	(69,181)	-
<u>\$ (17,702,438)</u>	<u>\$ -</u>	<u>\$ (17,702,438)</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ 1,114,194</u>	<u>\$ 1,114,194</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ 1,114,194</u>	<u>\$ 1,114,194</u>	<u>\$ -</u>
<u>\$ (17,702,438)</u>	<u>\$ 1,114,194</u>	<u>\$ (16,588,244)</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (32,361)</u>
\$ 7,195,420	\$ -	\$ 7,195,420	\$ 50,136
2,366,030	-	2,366,030	-
3,370,275	-	3,370,275	-
2,542,861	-	2,542,861	-
635,902	-	635,902	-
<u>\$ 16,110,488</u>	<u>\$ -</u>	<u>\$ 16,110,488</u>	<u>\$ 50,136</u>
\$ (1,591,950)	\$ 1,114,194	\$ (477,756)	\$ 17,775
(42,448,376)	7,009,726	(35,438,650)	99,008
<u>\$ (44,040,326)</u>	<u>\$ 8,123,920</u>	<u>\$ (35,916,406)</u>	<u>\$ 116,783</u>

The accompanying notes are an integral part of this financial statement.

CITY OF HAMTRAMCK, MICHIGAN
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

	<u>General Fund</u>	<u>Major Streets Fund</u>	<u>Local Streets Fund</u>	<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Assets					
Cash and Cash Equivalents (Note 3)	\$ 5,051,195	\$ 2,193,187	\$ 2,009,444	\$ 2,064,120	\$ 11,317,946
Other Receivable	114,430	-	-	-	114,430
Accounts Receivable - Court	90,889	-	-	-	90,889
Due from Other Governmental Units	2,204,341	216,893	66,429	288,293	2,775,956
Due from Other Funds (Note 5)	919,753	34,821	104,106	80,938	1,139,618
Due from Fiduciary Funds	500	-	-	-	500
Prepaid Expenses and Other Assets	35,279	-	-	-	35,279
Total Assets	<u>\$ 8,416,387</u>	<u>\$ 2,444,901</u>	<u>\$ 2,179,979</u>	<u>\$ 2,433,351</u>	<u>\$ 15,474,618</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 253,641	\$ 28,753	\$ 8,317	\$ 40,677	\$ 331,388
Due to Other Governmental Units	1,119	-	-	-	1,119
Due to Other Funds (Note 5)	38,927	205,136	45,088	493,722	782,873
Due to Component Unit	-	-	-	26,030	26,030
Accrued Liabilities and Other	1,345,982	1,522	1,603	-	1,349,107
Total Liabilities	<u>\$ 1,639,669</u>	<u>\$ 235,411</u>	<u>\$ 55,008</u>	<u>\$ 560,429</u>	<u>\$ 2,490,517</u>
Deferred Inflows of Resources -					
Unavailable Revenue	<u>\$ 237,355</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 91,616</u>	<u>\$ 328,971</u>
Fund Balances					
Nonspendable - Prepaid Expenses	\$ 35,279	\$ -	\$ -	\$ -	\$ 35,279
Restricted:					
Highways and Streets	-	2,209,490	2,124,971	-	4,334,461
Public Safety	-	-	-	721,208	721,208
Community Development	-	-	-	484,187	484,187
Recreation and Culture	-	-	-	139,997	139,997
Building and Improvement Fund	-	-	-	470,006	470,006
Committed Fund Balance	-	-	-	9,811	9,811
Unassigned Fund Balance	6,504,084	-	-	(43,903)	6,460,181
Total Fund Balances	<u>\$ 6,539,363</u>	<u>\$ 2,209,490</u>	<u>\$ 2,124,971</u>	<u>\$ 1,781,306</u>	<u>\$ 12,655,130</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 8,416,387</u>	<u>\$ 2,444,901</u>	<u>\$ 2,179,979</u>	<u>\$ 2,433,351</u>	<u>\$ 15,474,618</u>

The accompanying notes are an integral part of this financial statement.

CITY OF HAMTRAMCK, MICHIGAN
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
JUNE 30, 2017

Fund Balance Reported in Governmental Funds	\$ 12,655,130
Amounts reported for Governmental Activities in the Statement of Net Position (Deficit) are different because:	
Capital Assets used in Governmental Activities are not Financial Resources and are not reported in the funds	9,296,904
Grants and Other Receivables that are collected after year end, such that they are not available to pay bills outstanding as of year end, are not recognized in the funds	328,971
Bonds and Notes Payable are not due and payable in the current period and are not reported in the funds	(2,187,135)
Employee Compensated Absences are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities	(1,583,995)
Net Pension Obligations do not present a claim on current financial resources and is not reported as fund liabilities	(55,221,926)
Certain pension contributions and changes in pension plan net position are reported as deferred outflows of resources in the statement of net position, but are reported as expenses in the governmental funds	1,296,271
Certain pension contributions and changes in pension plan net position are reported as deferred inflows of resources in the statement of net position, but are reported as expenses in the governmental funds	(2,468,915)
Workers' compensation does not present a claim on current financial resources and is not reported as fund liabilities	(194,171)
Accrued Interest is not due and payable in the current period and is not reported in the funds	(8,747)
Lawsuits and judgments do not present a claim on current financial resources and is not reported as fund liabilities	(367,883)
Other Post Employment Benefits do not present a claim on current financial resources and are not reported as fund liabilities	<u>(5,584,830)</u>
Net Position (Deficit) of Governmental Activities	<u>\$ (44,040,326)</u>

The accompanying notes are an integral part of this financial statement.

CITY OF HAMTRAMCK, MICHIGAN
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	<u>General Fund</u>	<u>Major Streets Fund</u>	<u>Local Streets Fund</u>	<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
REVENUE					
Property Taxes	\$ 6,857,051	\$ -	\$ -	\$ 338,369	\$ 7,195,420
Income Tax	2,366,030	-	-	-	2,366,030
Licenses and Permits	1,329,279	-	-	-	1,329,279
Federal Grants	334,848	-	-	287,431	622,279
State-Shared Revenue	3,370,275	-	-	-	3,370,275
State Sources	91,668	1,117,882	343,407	989,904	2,542,861
Fines and Forfeitures	1,271,558	-	-	173,587	1,445,145
Charges for Services	115,397	-	-	-	115,397
Other Revenue	614,384	804	-	20,714	635,902
Total Revenue	<u>\$ 16,350,490</u>	<u>\$ 1,118,686</u>	<u>\$ 343,407</u>	<u>\$ 1,810,005</u>	<u>\$ 19,622,588</u>
EXPENDITURES					
Current:					
General Government:	\$ 2,425,675	\$ -	\$ -	\$ 18,725	\$ 2,444,400
District Court	631,880	-	-	-	631,880
Public Safety	9,935,798	-	-	903,707	10,839,505
Public Works	1,591,605	1,368,190	269,177	209,643	3,438,615
Community and Economic Development	409,127	-	-	186,035	595,162
Community and Government Affairs	101,332	-	-	-	101,332
Recreation and Culture	-	-	-	369,245	369,245
Debt Service	419,264	-	-	-	419,264
Total Expenditures	<u>\$ 15,514,681</u>	<u>\$ 1,368,190</u>	<u>\$ 269,177</u>	<u>\$ 1,687,355</u>	<u>\$ 18,839,403</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ 835,809</u>	<u>\$ (249,504)</u>	<u>\$ 74,230</u>	<u>\$ 122,650</u>	<u>\$ 783,185</u>
OTHER FINANCING SOURCES (USES)					
Interfund Transfers In (Out)	\$ (100,000)	\$ (100,000)	\$ 100,000	\$ 100,000	\$ -
Total Other Financing (Uses) Sources	<u>\$ (100,000)</u>	<u>\$ (100,000)</u>	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ -</u>
NET CHANGE IN FUND BALANCES	<u>\$ 735,809</u>	<u>\$ (349,504)</u>	<u>\$ 174,230</u>	<u>\$ 222,650</u>	<u>\$ 783,185</u>
Fund Balances - Beginning of Year	<u>5,803,554</u>	<u>2,558,994</u>	<u>1,950,741</u>	<u>1,558,656</u>	<u>11,871,945</u>
Fund Balances - End of Year	<u>\$ 6,539,363</u>	<u>\$ 2,209,490</u>	<u>\$ 2,124,971</u>	<u>\$ 1,781,306</u>	<u>\$ 12,655,130</u>

The accompanying notes are an integral part of this financial statement.

CITY OF HAMTRAMCK, MICHIGAN
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

Net Change in Fund Balances - Total Governmental Funds	\$	783,185
<p>Amounts reported for Governmental Activities in the Statement of Activities are different because:</p> <p>Governmental Funds report Capital Outlays as Expenditures; however, in the Statement of Activities, these costs are allocated over their estimated useful lives as depreciation:</p>		
Construction in Progress		1,710,519
Depreciation Expense		(641,141)
Reclass from Construction in Progress to Capital Assets		(665,910)
Change in Lawsuits and Claims is not reported in the Governmental Funds, but is recorded in the Statement of Activities because it is long-term debt		(164,893)
Change in liability for Net Pension Obligation and related deferred outflow amounts does not require the use of current resources and are not recorded in the Governmental Funds		(2,790,410)
Change in liability for Net Pension Obligation and related deferred inflow amounts does not require the use of current resources and are not recorded in the Governmental Funds		(1,022,521)
Change in liability for workers' compensation claims is not recorded in the Governmental Funds, but is recorded in the Statement of Activities because it is long-term debt		(3,837)
Repayment of bond principal is an expenditures in the governmental funds, but not in the statement of activities (where it reduces long-term debt)		358,830
Government funds report pension contributions; in the statement of activities, pension expense is actuarially determined		1,820,269
Change in liability for accrued interest payable is not recorded in the Governmental Funds, but is recorded in the Statement of Activities		(4,697)
Change in Unavailable Revenue within the Fund-Based Statements is deemed available in the Statement of Activities		146,701
Change in Other Postemployment Benefit Obligations Expense is recognized in the Statement of Activities, but not in the Governmental Funds		(1,084,504)
Change in Accumulated Employee Sick and Vacation Pay and Other Similar Expenses 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>(33,541)</u>
Change in Net Position (Deficit) of Governmental Activities	\$	<u>(1,591,950)</u>

The accompanying notes are an integral part of this financial statement.

CITY OF HAMTRAMCK, MICHIGAN
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2017

	<u>Water & Sewer</u>
Assets	
Current Assets:	
Cash and Cash Equivalents (Note 3)	\$ 5,999,634
Customer Receivables	1,076,382
Due from Other Governmental Units	<u>138,226</u>
Total Current Assets	\$ 7,214,242
Noncurrent - Capital Assets, Net (Note 4)	<u>8,365,149</u>
Total Assets	<u>\$ 15,579,391</u>
Liabilities	
Current Liabilities:	
Accounts Payable	\$ 608,988
Accrued Liabilities and Other	213,374
Due to Other Funds (Note 5)	356,745
Current Portion of Long-term Debt	260,000
OPEB Liability	172,726
Compensated Absences	22,700
Noncurrent Liabilities:	
Long-term Debt (Note 6)	<u>5,820,938</u>
Total Liabilities	<u>\$ 7,455,471</u>
Net Position:	
Net Investment in Capital Assets	\$ 2,284,211
Restricted	862,294
Unrestricted	<u>4,977,415</u>
Total Net Position	<u>\$ 8,123,920</u>

The accompanying notes are an integral part of this financial statement.

CITY OF HAMTRAMCK, MICHIGAN
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Water & Sewer</u>
Operating Revenue	
Sale of Water	\$ 2,583,703
Sewage Disposal Charges	4,833,880
Other Revenue	<u>492,916</u>
Total Operating Revenue	<u>\$ 7,910,499</u>
 Operating Expenses	
Cost of Water	\$ 758,967
Cost of Sewage Treatment	4,138,106
Other Operating Expenses	1,640,827
Depreciation (Note 4)	<u>137,179</u>
Total Operating Expenses	<u>\$ 6,675,079</u>
Operating Income	<u>\$ 1,235,420</u>
 Nonoperating Revenue (Expense)	
Interest Expense	<u>\$ (121,226)</u>
Total Nonoperating Revenue (Expense)	<u>\$ (121,226)</u>
Change in Net Position	\$ 1,114,194
Net Position - Beginning of Year	<u>7,009,726</u>
Net Position - End of Year	<u><u>\$ 8,123,920</u></u>

The accompanying notes are an integral part of this financial statement.

CITY OF HAMTRAMCK, MICHIGAN
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Water & Sewer</u>
Cash Flows from Operating Activities	
Receipts from Customers	\$ 7,326,154
Payments to Vendors	(6,988,301)
Other Receipts	492,916
Net Cash Provided by Operating Activities	<u>\$ 830,769</u>
Cash Flows from Capital and Related Financing Activities	
Proceeds from Long Term Debt	\$ 6,080,938
Payment Long Term Debt	(250,000)
Interest on Long Term Debt	(121,226)
Net Cash Provided by Capital and Related Financing Activities	<u>\$ 5,709,712</u>
Cash Flows from Investing Activities	
Purchase of Capital Assets	\$ (2,246,805)
Net Cash Used for Investing Activities	<u>\$ (2,246,805)</u>
Net Change in Cash and Cash Equivalents	\$ 4,293,676
Cash and Cash Equivalents - Beginning of Year	<u>1,705,958</u>
Cash and Cash Equivalents - End of Year	<u>\$ 5,999,634</u>
Reconciliation of Operating Income to Net Cash from Operating Activities	
Operating Income	\$ 1,235,420
Adjustments to reconcile Operating Income to Net Cash from Operating Activities:	
Depreciation	137,179
Changes in Assets and Liabilities:	
Accounts Receivables	80,338
Due from Other Funds	(138,226)
Accounts Payable	(844,030)
Accrued and Other Liabilities	47,110
Due to Other Funds	346,519
Net OPEB	(33,541)
Net Cash Provided by Operating Activities	<u>\$ 830,769</u>

The accompanying notes are an integral part of this financial statement.

CITY OF HAMTRAMCK, MICHIGAN
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2017

	Development Agreement Escrow Private Purpose Trust Fund	Agency Funds
	Fund	Funds
Assets		
Cash and Cash Equivalents	\$ 698,297	\$ 642,917
Total Assets	\$ 698,297	\$ 642,917
Liabilities		
Accounts Payable	\$ 1,875	\$ 168,221
Due to Other Governmental Units	-	423,397
Refundable Deposits, Bonds, Etc.	-	51,299
Total Liabilities	\$ 1,875	\$ 642,917
Net Position Held in Trust for Development Agreement Escrow	\$ 696,422	

The accompanying notes are an integral part of this financial statement.

CITY OF HAMTRAMCK, MICHIGAN
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

Deductions

Community and Economic Development	\$	<u>4,499</u>
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Total Deductions	\$	<u>4,499</u>
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Net Decrease in Net Position Held in Trust	\$	(4,499)
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Net Position Held in Trust for Development Agreement Escrow Fund, Beginning of year		<u>700,921</u>
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Net Position Held in Trust for Development Agreement Escrow, End of Year	\$	<u><u>696,422</u></u>
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The accompanying notes are an integral part of this financial statement.

CITY OF HAMTRAMCK, MICHIGAN
STATEMENT OF NET POSITION
COMPONENT UNIT
JUNE 30, 2017

	<u>Downtown Development Authority</u>
Assets	
Cash and Cash Equivalents	\$ 91,287
Due from Primary Government	<u>26,030</u>
Total Assets	<u>\$ 117,317</u>
Liabilities	
Accounts Payable and Accrued Liabilities	<u>\$ 534</u>
Total Liabilities	<u>\$ 534</u>
Net Position	<u>\$ 116,783</u>

The accompanying notes are an integral part of this financial statement.

CITY OF HAMTRAMCK, MICHIGAN
STATEMENT OF ACTIVITIES
COMPONENT UNIT
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Downtown Development Authority</u>
Expenses	\$ 32,361
General Revenue - Property Tax Capture	<u>50,136</u>
Change in Net Position	\$ 17,775
Net Position - Beginning of Year	<u>99,008</u>
Net Position - End of Year	<u><u>\$ 116,783</u></u>

The accompanying notes are an integral part of this financial statement.

CITY OF HAMTRAMCK, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

(1) **NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES**

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

Reporting Entity

The City of Hamtramck, Michigan is governed by an elected mayor and a six-member City Council.

The accompanying financial statements present the City and its component unit, an entity for which the City is considered to be financially accountable. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City (see discussion below for description).

Discretely Presented Component Unit

Downtown Development Authority – The Downtown Development Authority (DDA) was created to correct and prevent deterioration in the downtown district, encourage historical preservation, and to promote economic growth within the downtown district. The DDA’s governing body consists of 10 individuals appointed by the mayor, subject to approval of the City Council. In addition, the DDA’s budget is subject to approval by the City Council. The DDA does not issue a separate financial report. The DDA’s administrative office is located at 3401 Evaline, Hamtramck, Michigan 48212.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position (deficit) and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenue, 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.

CITY OF HAMTRAMCK, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

(Continued)

(1) **NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

Government-wide and Fund Financial Statements (Cont'd)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes (1) charges to customers or applicants 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 revenue 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 in separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund, fiduciary fund, and component unit 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 revenue to be available if it is collected within 60 days of the end of the current fiscal period. The following major revenue sources meet the availability criterion: state-shared revenue, state gas and weight tax revenue, district court fines, and interest associated with the current fiscal period. Conversely, federal grant reimbursements will be collected after the period of availability; receivables have been recorded for these, along with a "deferred inflow".

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

CITY OF HAMTRAMCK, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(Continued)

(1) **NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

The City reports the following major governmental funds:

General Fund – The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Major Streets – The Major Streets Funds is the City's special revenue fund account for the expenditures of motor fuel taxes that are earmarked by state law for major street and highway purposes.

Local Streets – The Local Streets Funds is the City's special revenue fund account for the expenditures of State of Michigan PA 51 monies that are used to construct and maintain local road systems.

The City reports the following major proprietary fund:

Water and Sewer Fund – The Water and Sewer Fund is used to account for the provision of water and sewer services to the residents of the City financed primarily by user charges. All activities necessary to provide such services are accounted for in this fund including, but not limited to, administration, operations, maintenance, billing, and collection.

The City reports **Special Revenue Funds** that are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purpose other than debt service or capital projects.

Additionally, the City reports the following fiduciary activities:

Agency Funds – The Agency Funds account for assets held by the City in a trustee capacity. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

Development Agreement Escrow Fund – The Development Agreement Escrow Fund records money held in trust resulting from a 1981 court judgment. The judgment required the City to create a Tax Increment Finance Authority (TIFA) District (R-31). All revenue including property taxes, income taxes, and sale and building permit proceeds must be held in this fund and used for the replacement rehabilitation of homes in this district. The judgment called for the creation of two corporations to supervise the development in this district.

CITY OF HAMTRAMCK, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(Continued)

(1) **NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

Other Policies

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

Amounts reported as program revenue include: (1) charges to customers for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. General revenue includes all taxes.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the City's policy is to first apply restricted resources. When an expense is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the City's policy to spend funds in this order: committed, assigned, and unassigned.

Proprietary funds distinguish operating revenue and expenses from nonoperating 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. Operating expenses for the proprietary fund includes the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Property Tax Revenue

Properties are assessed as of December 31. Property taxes are levied the following July 1 and become a lien on December 1. The taxes are due on February 28, after which point they are added to the county tax rolls.

The City's 2016 tax is levied and collectible on July 1 and December 1, 2016 and is recognized as revenue in the year ended June 30, 2017, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2016 taxable valuation of the City totaled \$186,491,364, on which taxes levied consisted of 19.5994 mills for operating purposes, 2.9399 mills for rubbish services, 0.5000 mills for police and fire pension, 1.8171 mills for library, and 1.8251 for DDA District.

CITY OF HAMTRAMCK, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(Continued)

(1) **NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

Assets, Liabilities, and Net Position or Equity

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

Receivables and Payables – In general, outstanding balances between funds are reported as “due to/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.”

Prepaid Costs – 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. Capital assets are defined by the City as assets with an initial individual cost of more than \$10,000 for infrastructure assets and \$5,000 for all other capital assets 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.

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

Roads and Sidewalks	30 years
Street Lights	20 years
Water and Sewer Facilities	50 years
Building and Building Improvements	15-50 years
Vehicles	5-20 years
Machinery and Equipment	5-12 years
Library Collection	10 years

Compensated Absences (Vacation and Sick Leave) – It is the City’s policy to permit employees to accumulate earned but unused sick and vacation pay benefits. All sick and vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end.

CITY OF HAMTRAMCK, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(Continued)

(1) **NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES** (Cont'd)

Long-term Obligations – In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. 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 service expenditures.

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

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

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.

CITY OF HAMTRAMCK, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(Continued)

(1) **NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

Deferred Outflow and Inflow of Resources – In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows/inflows of resources. The separate financial statement element is defined as the consumption or usage of net assets applicable to a future reporting period and will not be recognized as an outflow of resources until then. The City has two items that qualify for reporting in this category. It is deferred outflows as a result of pension earnings on the pension plan in the government wide statement of net position and employer contributions made subsequent to the measurement date. The amount related to pension earnings is deferred and amortized over the shorter of the life of the pension earnings. This amount is the result of a difference between what the plan expected to earn from the plan investments and what it actually earned. The amount that relates to employer contributions is the result of payments made subsequent to the measurement date. At June 30, 2017, total deferred outflows totaled \$1,296,271 and total deferred inflows totaled \$2,468,915.

In addition, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflow of resources. This separate financial statement element represents an acquisition of net position applicable to a future reporting period and will not be recognized as an inflow of resources (revenue) until that time. As of June 30, 2017, deferred inflows include \$328,971 related to receivables that were not collected within the 60 day period of availability.

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

Nonspendable: 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 governing body or individual 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.

CITY OF HAMTRAMCK, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(Continued)

(1) **NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

Construction Code Fees – The City oversees building construction, in accordance with the State’s Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The City charges fees for these services. The law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A summary of the current year activity and the cumulative shortfall generated since January 1, 2011 is as follows:

Cumulative Shortfall at July 1, 2016	\$ <u>(1,430,155)</u>
Revenue - Building Fee Revenue	\$ 473,690
Expenditures	<u>(386,874)</u>
Current Year Income	\$ 86,816
Cumulative Shortfall at June 30, 2017	\$ <u><u>(1,343,339)</u></u>

(2) **STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

Community Development Block Grant – The deficit within the Community Development Block Grant is due to a timing issue. The City’s deficit was \$43,903; and unavailable revenue at June 30, 2017 totaled \$43,903.

Noncompliance with Legal or Contractual Provisions – The City did not distribute delinquent personal property tax collections to third parties in a timely manner.

(3) **DEPOSITS AND INVESTMENTS**

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

The City has designated two banks for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 follows the state statutory authority as listed above. The City’s cash and investments are subject to several types of risk, which are examined in more detail below:

CITY OF HAMTRAMCK, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(Continued)

(3) **DEPOSITS AND INVESTMENTS (Cont'd)**

Custodial Credit Risk of Bank Deposits – Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At year end, the City had \$10,603,208 bank deposits (certifications of deposit, checking, and savings accounts), that were uninsured or uncollateralized. The City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the City evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Interest Rate Risk – Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The City's investment policy does not restrict investment maturities. At year end, the City had no investment securities susceptible to interest rate risk.

Credit Risk – State law limits investments in commercial papers to the top two ratings issued by nationally recognized statistical rating organizations. The City has no investment policy that would further limit its investment choices. At year end, the City held no debt securities.

CITY OF HAMTRAMCK, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(Continued)

(4) **CAPITAL ASSETS**

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

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2017</u>
Governmental Activities				
Capital Assets not being depreciated:				
Land	\$ 808,656	\$ -	\$ -	\$ 808,656
Construction in progress	688,392	-	(665,910)	22,482
Subtotal	1,497,048	-	(665,910)	831,138
Capital Assets being depreciated:				
Land improvements	6,811,857	1,416,535	-	8,228,392
Street lights	683,201	-	-	683,201
Buildings and improvements	4,485,942	-	-	4,485,942
Machinery and equipment	490,317	122,321	-	612,638
Vehicles	4,316,256	158,605	-	4,474,861
Library collection	1,199,292	13,058	(8,250)	1,204,100
Subtotal	17,986,865	1,710,519	(8,250)	19,689,134
Accumulated Depreciation:				
Land improvements	(4,391,039)	(157,812)	-	(4,548,851)
Street lights	(139,771)	(34,160)	-	(173,931)
Buildings and improvements	(1,687,153)	(95,583)	-	(1,782,736)
Machinery and equipment	(374,225)	(126,141)	-	(500,366)
Vehicles	(2,936,214)	(193,470)	-	(3,129,684)
Library collection	(1,062,075)	(33,975)	8,250	(1,087,800)
Subtotal	(10,590,477)	(641,141)	8,250	(11,223,368)
Net Capital Assets being depreciated:	7,396,388	1,069,378	-	8,465,766
Net Capital Assets	<u>\$ 8,893,436</u>	<u>\$ 1,069,378</u>	<u>\$ (665,910)</u>	<u>\$ 9,296,904</u>

CITY OF HAMTRAMCK, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(Continued)

(4) **CAPITAL ASSETS** (Cont'd)

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2017</u>
Business-type Activities				
Capital Assets not being depreciated:				
Land	\$ 96,790	\$ -	\$ -	\$ 96,790
Construction in progress	<u>3,812,708</u>	<u>251,470</u>	<u>(4,064,178)</u>	<u>-</u>
Subtotal	3,909,498	251,470	(4,064,178)	96,790
Capital Assets being depreciated:				
Water and sewer lines	3,771,916	6,231,359	-	10,003,275
Machinery and equipment	<u>1,587,136</u>	<u>-</u>	<u>(171,846)</u>	<u>1,415,290</u>
Subtotal	5,359,052	6,231,359	(171,846)	11,418,565
Accumulated Depreciation:				
Water and Sewer Lines	(1,617,908)	(117,007)	-	(1,734,915)
Machinery and Equipment	<u>(1,395,119)</u>	<u>(20,172)</u>	<u>-</u>	<u>(1,415,291)</u>
Subtotal	<u>(3,013,027)</u>	<u>(137,179)</u>	<u>-</u>	<u>(3,150,206)</u>
Net Capital Assets being depreciated:	<u>2,346,025</u>	<u>6,094,180</u>	<u>(171,846)</u>	<u>8,268,359</u>
Net Capital Assets	<u>\$ 6,255,523</u>	<u>\$ 6,345,650</u>	<u>\$ (4,236,024)</u>	<u>\$ 8,365,149</u>

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

Governmental Activities:

General Government	\$ 75,884
Public Safety	259,761
Public Works	250,138
Recreation and Culture	<u>55,358</u>
Total Governmental Activities	<u>\$ 641,141</u>

Business-Type Activities:

Water and Sewer	<u>\$ 137,179</u>
Total Business-Type Activities	<u>\$ 137,179</u>

CITY OF HAMTRAMCK, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(Continued)

(5) **INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

The composition of interfund balances is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Due to/from Other Funds		
General Fund	Nonmajor Governmental Funds	\$ 413,658
	Major Streets Fund	105,136
	Local Streets Fund	45,088
	Business Type Activities	355,871
		<u>\$ 919,753</u>
Major Streets Fund	General Fund	<u>\$ 34,821</u>
Local Streets Fund	General Fund	\$ 4,106
	Major Streets Fund	100,000
		<u>\$ 104,106</u>
Nonmajor Governmental Funds	General Fund	\$ 80,065
	Business Type Activities	874
		<u>\$ 80,939</u>

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

<u>Transfers To</u>	<u>Transfers From</u>	<u>Amount</u>
Nonmajor Governmental Funds	General Fund	\$ 100,000
Local Streets Fund	Major Streets Fund	100,000

CITY OF HAMTRAMCK, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(Continued)

(6) **LONG-TERM DEBT**

The City issues long-term debt to provide for the acquisition and construction of major capital facilities. General obligation debt are direct obligations and pledge the full faith and credit of the City.

Long-term debt activity can be summarized as follows:

	<u>Interest Rate Ranges</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities						
2012B Fiscal Stability:						
Amount of issue - \$1,340,000						
Maturing through 2021	2% - 3%	\$ 865,000	\$ -	\$ 165,000	\$ 700,000	\$ 165,000
2014 Fiscal Stability:						
Amount of issue - \$2,070,027						
Maturing through 2024	2.30%	1,680,965	-	193,830	1,487,135	198,235
Total Bonds and Installment Obligations		\$ 2,545,965	\$ -	\$ 358,830	\$ 2,187,135	\$ 363,235
Accumulated Compensated Absences		1,550,454	33,541	-	1,583,995	-
Net Pension Obligation		57,042,195	-	1,820,269	55,221,926	-
Net OPEB Obligation		4,500,326	1,084,504	-	5,584,830	-
Workers' Compensation		190,334	138,424	134,587	194,171	-
Lawsuits and Claims		202,990	164,893	-	367,883	-
Total Governmental Activities		<u>\$ 66,032,264</u>	<u>\$ 1,421,362</u>	<u>\$ 2,313,686</u>	<u>\$ 65,139,940</u>	<u>\$ 363,235</u>

	<u>Interest Rate Ranges</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions/ Adjustments</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-Type Activities						
2015 Michigan Finance Authority - Clean Water Program:						
Amount of issue - \$3,982,142						
Maturing through 2030	2.50%	\$ 311,280	\$ 6,019,658	\$ 250,000	\$ 6,080,938	\$ 260,000
Total Bonds and Installment Obligations		\$ 311,280	\$ 6,019,658	\$ 250,000	\$ 6,080,938	\$ 260,000
Net OPEB Obligation		\$ 139,185	\$ 33,541	\$ -	\$ 172,726	\$ -
Lawsuits and Claims		166,249	-	-	166,249	\$ -
Accumulated Compensated Absences		22,927	-	227	22,700	-
Total Business-Type Activities		<u>\$ 639,641</u>	<u>\$ 6,053,199</u>	<u>\$ 250,227</u>	<u>\$ 6,442,613</u>	<u>\$ 260,000</u>

CITY OF HAMTRAMCK, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(Continued)

(6) **LONG-TERM DEBT** (Cont'd)

Annual debt service requirements to maturity for governmental and business-type activities debt are as follows:

Years Ending June 30	Governmental Activities		
	Principal	Interest	Total
2018	\$ 363,235	\$ 51,904	\$ 415,139
2019	372,795	43,145	415,940
2020	387,424	33,264	420,688
2021	397,257	22,957	420,214
2022	217,112	15,328	232,440
2023- 2024	449,312	15,567	464,879
Total	\$ 2,187,135	\$ 182,165	\$ 2,369,300

Years Ending June 30	Business-Type Activities		
	Principal	Interest	Total
2018	\$ 260,000	\$ 90,804	\$ 350,804
2019	265,000	84,302	349,302
2020	270,000	77,678	347,678
2021	280,000	70,928	350,928
2022	285,000	63,928	348,928
2023- 2027	1,530,000	209,394	1,739,394
2028- 2032	1,735,000	8,144	1,743,144
2033- 2036	1,455,938	(129,625)	1,326,313
Total	\$ 6,080,938	\$ 475,553	\$ 6,556,491

CITY OF HAMTRAMCK, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(Continued)

(7) **RISK MANAGEMENT**

The City is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. Beginning July 1, 2011, the City became partially insured for workers compensation claims. The following is a summary of the City's risk management programs:

General Liability – The City is exposed to various risks of loss related to property loss, torts, errors and omissions as well as medical benefits provided to employees. The City has purchased insurance coverage through commercial carriers for general and auto liability, auto physical damage, dishonesty, boiler and medical benefits. The City is partially self-insured for general liability claims.

Workers' Compensation –The City is partially self-insured for workers' compensation claims. The City estimates the liability for workers' compensation claims that have been incurred through the end of the fiscal year, including both those claims that have been reported as well as those that have not yet been reported. Changes in the estimated liability for the past two fiscal years were as follows:

	<u>Workers' Compensation</u>		<u>General Liability</u>	
	2017	2016	2017	2016
Estimated Liability - Beginning of year	\$ 190,334	\$ 687,120	\$ 202,990	\$ 276,823
Estimated Claims Incurred - Including Changes in Estimates	138,424	1,438	164,893	131,290
Claim Payments	<u>(134,587)</u>	<u>(498,224)</u>	<u>-</u>	<u>(205,123)</u>
Estimated Liability - End of year	<u>\$ 194,171</u>	<u>\$ 190,334</u>	<u>\$ 367,883</u>	<u>\$ 202,990</u>

CITY OF HAMTRAMCK, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(Continued)

(8) **AGENT DEFINED BENEFIT PENSION PLAN**

Plan Description

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

Benefits Provided

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

The MERS plan covers general employees, police employees, and department heads. Retirement benefits for general employees and nonunion employees hired before January 1, 2008 are calculated as 2.5 percent (80 percent max) of the employee's final three-year average salary times the employee's years of service. Normal retirement age is 60 with early retirement at 50 with 25 years of service or 55 with 15 years of service. Vesting period is 10 years.

Benefit terms provide for annual cost of living adjustments to each employee's retirement allowance subsequent to the employee's retirement date limited to increases in the Consumer Price Index.

Benefit terms, within the parameters established by MERS, are generally established and amended by authority of the City Council, generally after negotiations of these terms with the affected unions. Police employee benefit terms may be subject to binding arbitration in certain circumstances.

Employees Covered by Benefit Terms

At December 31, 2016, the System's membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	227
Inactive employees entitled to but not yet receiving benefits	23
Active employees	<u>87</u>
	337

CITY OF HAMTRAMCK, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(Continued)

(8) **AGENT DEFINED BENEFIT PENSION PLAN (Cont'd)**

Member Contributions

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

Net Pension Liability of the City

The components of the net pension liability of the City at June 30, 2017 were as follows:

Net Pension Liability

Total pension liability	\$ 96,139,335
Plan fiduciary net position	<u>40,917,408</u>
City's net pension liability	<u><u>\$ 55,221,927</u></u>
Plan fiduciary net position as a percentage of the Total Pension Liability	42.56%

The net pension liability reported at June 30, 2017, was determined by using a measurement of the total pension liability and the plan net position as of December 31, 2016.

CITY OF HAMTRAMCK, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(Continued)

(8) **AGENT DEFINED BENEFIT PENSION PLAN (Cont'd)**

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

	<u>Total Pension Liability</u>	<u>Plan Net Plan</u>	<u>Net Pension Liability</u>
Balances at December 31, 2016	\$ 97,413,687	\$ 40,371,492	\$ 57,042,195
Changes for the year:			
Service cost	538,706	(86,626)	625,332
Interest	7,345,944	-	7,345,944
Difference between expected and actual experience	(1,338,316)	-	(1,338,316)
Employer contributions	-	3,540,664	(3,540,664)
Employee contributions	-	529,811	(529,811)
Net investment income	-	4,382,753	(4,382,753)
Benefit Payments	<u>(7,820,686)</u>	<u>(7,820,686)</u>	<u>-</u>
Net changes	<u>(1,274,352)</u>	<u>545,916</u>	<u>(1,820,268)</u>
Balances at December 31, 2017	<u>\$ 96,139,335</u>	<u>\$ 40,917,408</u>	<u>\$ 55,221,927</u>

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

For the year ended June 30, 2017, the City recognized pension expense of \$5,082,339. At June 30, 2017, the City reported deferred outflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between expected and actual experience	\$ -	\$ (892,211)
Net difference between projected and actual earnings on pension plan investments.	-	(1,576,704)
Employer contributions to the plan subsequent to the measurement date	<u>1,296,271</u>	<u>-</u>
Total	<u>\$ 1,296,271</u>	<u>\$ (2,468,915)</u>

CITY OF HAMTRAMCK, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(Continued)

(8) **AGENT DEFINED BENEFIT PENSION PLAN (Cont'd)**

Amounts reported as deferred outflows of resources related to pension will be recognized in pension expense as follows. These amounts are exclusive of the employer contributions to the plan made subsequent to the measurement date of \$1,296,271, which will impact the net pension liability in fiscal year 2018, rather than pension expense.

Year ending June 30	Net Deferred Outflows of Resources
2018	\$ (973,156)
2019	(973,156)
2020	(261,302)
2021	(261,301)
Total	\$ (2,468,915)

Actuarial Methods and Assumptions – The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 %	
Salary increases	3.75 %	
Investment rate of return	7.75 %	Gross of pension plan investment expense, including inflation.

Mortality rates were based on a 50 percent male and 50 percent female blend of the following tables:

1. The RP-2014 Health Annuitant Mortality Tables with rates multiplied by 105 percent
2. The RP-2014 Employee Mortality Tables
3. The RP-2014 Juvenile Mortality Tables

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of the most recent actuarial experience study c2009-2013.

Discount Rate - The discount rate used to measure the total pension liability was 8.00 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.

CITY OF HAMTRAMCK, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(Continued)

(8) **AGENT DEFINED BENEFIT PENSION PLAN (Cont'd)**

Sensitivity of the net pension liability to changes in the discount rate:

The following presents the net pension liability of the City, calculated using the single discount rate of 8 percent, as well as what the City's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower (2.7 percent) or 1-percentage-point higher (4.7) percent) than the current rate:

	1% Decrease (7.00%)	Current Single Discount Rate 8.00%	1% Increase (9.00%)
Net Pension Liability	\$ 65,022,205	\$ 55,221,927	\$ 46,958,815

(9) **OTHER POSTEMPLOYMENT BENEFITS**

Plan Description – The City provides retiree healthcare benefits to eligible employees and their spouses upon retirement, in accordance with labor contracts. This is a single-employer defined benefit plan administered by the City. The benefits are provided under collective bargaining agreements. At June 30, 2017, the date of the most recent actuarial valuation, membership consisted of the following and the plan does not issue a separate financial report.

Funding Policy – The obligation to contribute to and maintain the system for these employees was established by negotiation with the City's collective bargaining units. 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 costs of administering the plan are borne by the General Fund. The retirees contribute varying amounts, as negotiated by collective bargaining units.

Funding Progress – For the year ended June 30, 2017, the City has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of April 30, 2015. The valuation computes an annual required contribution which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 15 years.

CITY OF HAMTRAMCK, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(Continued)

(9) **OTHER POSTEMPLOYMENT BENEFITS** (Cont'd)

This valuation's computed contribution and actual funding are summarized as follows:

Annual Required Contribution (Recommended)	\$ 2,285,998
Interest on the prior year's net OPEB obligation	<u>162,383</u>
Annual OPEB cost	2,448,381
Payments of current premiums	<u>(1,330,336)</u>
Increase in net OPEB obligation	1,118,045
OPEB obligation - Beginning of year	<u>4,639,511</u>
OPEB obligation - End of year	<u><u>\$ 5,757,556</u></u>

The annual OPEB costs, the percentage contributed to the plan, and the net OPEB obligation for the three most recent years were as follows:

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution*	Percentage Contributed	Net OPEB Obligation
6/30/15	4/30/2013	\$ 2,288,920	67.0%	\$ 3,872,810
6/30/16	4/30/2015	2,294,510	62.0%	4,639,511
6/30/17	4/30/2015	2,285,998	54.0%	5,757,556

* The required contribution is expressed to the City as a percentage of payroll.

The funding progress of the plan is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)(b)	Unfunded (AAL UAAL) (b- a)	Funded Ratio (Percent) (a/b)
5/1/2011	-	\$ 47,287,476	\$ 47,287,476	0%
4/30/2013	-	32,746,691	32,746,691	0%
4/30/2015	-	33,241,386	33,241,386	0%

CITY OF HAMTRAMCK, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(Continued)

(9) **OTHER POSTEMPLOYMENT BENEFITS (Cont'd)**

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

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

In the April 30, 2015 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 3.0 percent investment rate of return (net of administrative expenses), a projected salary increase of 0 percent in the first year, then 1 percent, compounded annually, and an annual healthcare care cost increase trend of 8 percent in the first year and 5 percent thereafter. The actuarial value of assets was determined using the reported market value of assets. The UAAL is being amortized as a level dollar amount. The remaining amortization period at December 31, 2015 was 13 years.

(10) **CONTINGENT LIABILITIES**

Lawsuits and Claims – The City is a defendant in several lawsuits and asserted claims. A provision of \$367,883 has been recorded for the estimated obligation for these lawsuits and asserted claims. Management and legal counsel believe in the City's ultimate exposure with respect to these actions is not determinable. No provision has been made in the accompanying financial statements for additional potential liabilities, if any, that may arise from the suits and asserted claims, or any unasserted claims that relate to current or prior activities of the City.

CITY OF HAMTRAMCK, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(Continued)

(11) **CLAIMS AND JUDGMENTS**

Wyandotte Project (Michigan R-31) – A class action lawsuit was brought against the City by minority residents who lived in the R-31 Urban Renewal Area (Wyandotte Project) who alleged discrimination in the City of Hamtramck and the U.S. Department of Housing (HUD) Urban Development Program.

The Court determined that there was merit to the complaint and the decision ordered the City to set up a Tax Increment Financing Authority (TIFA) district in the R-31 area. All revenue collected in this area, including property taxes, income tax, permit interest, and property sales, must be placed in a separate fund and used for the construction of housing for the families displaced by the development project.

The City is currently in the process of satisfying the judgment. The Development Agreement Escrow Fund was created to accumulate the earmarked revenue. This fund had a reserve fund balance of \$696,422 at June 30, 2017.

The City completed the infrastructure for the project, including putting in water and sewer lines and construction of streets and sidewalks during the year ended June 30, 2005. All prior year infrastructure expenditures incurred were paid from Community Development Block Grant revenue, Section 108 loans, Brownfield Economic Initiative program loans and grants, Wayne County Brownfield Redevelopment loans, and contributions from the Major, Local, and Water Sewer Funds. The City began actual housing construction in spring 2006. Cumulative costs for this project through June 20, 2017 total approximately \$10,560,595. The remaining fund balance will be used per decision of the court in this respect. The City has to construct an additional three homes to satisfy the judgment.

Environmental Commitment – In a prior year, the City and additional defendants entered into a consent judgment with the State of Michigan and the Michigan Department of Environmental Quality (MDEQ) to clean up a piece of property. The agreement called for the property to be cleaned up and an amount to be placed in a trust for future operating and maintenance costs. The City completed the cleanup during 2003 and placed approximately \$442,000 in a trust for future operating and maintenance costs related to the property. The balance in the trust at June 30, 2017 totaled approximately \$401,733.

CITY OF HAMTRAMCK, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(Continued)

(12) **RESTATEMENT**

In a previous year, the net pension plan liability was understated by \$7,321,081, pension deferred outflows was understated by \$293,568, and the pension deferred inflow was understated by \$1,446,394 for a net effect of \$8,473,907 underreported as stated below:

	Restatement of GASB 68 Pension Liability
Net Position - June 30, 2016 - As previously reported	\$ (33,974,469)
Adjustment for GASB 68 Error	<u>(8,473,907)</u>
Net Position - June 30, 2016 - As restated	<u>\$ (42,448,376)</u>

(13) **UPCOMING ACCOUNTING PRONOUNCEMENTS**

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

(14) **SUBSEQUENT EVENTS**

Subsequent events have been evaluated through December 27, 2017, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

REQUIRED SUPPLEMENTAL INFORMATION

CITY OF HAMTRAMCK, MICHIGAN
NOTE TO REQUIRED SUPPLEMENTAL INFORMATION
JUNE 30, 2017

Budgetary Information – Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund and all special revenue funds. All annual appropriations lapse at fiscal year-end. The annual budget and subsequent budget amendments are prepared by the City management and are approved by the City Council; subsequent amendments are approved by the City Council

The budget process is initiated in January, when the departments are given information and guidelines to assist them in formulating their budget requests before submitting to the finance director. The City manager and finance director review the appropriation requests and finalize the budget. In March, the City Council adopts a budget calendar that establishes deadlines for review and adoption phases for the upcoming fiscal year. The budget is submitted to the City Council in mid-May for approval. After a public hearing, the final budget is adopted by a resolution from the City Council no later than the second business day in June.

Excess of Expenditures over Appropriations in Budgeted Funds – During the year, the City of Hamtramck, Michigan incurred expenditures that were in excess of the amounts budgeted as follows:

General Fund	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
City Manager	\$ 213,550	\$ 222,713	\$ (9,163)
Controller	262,500	269,423	(6,923)
City Clerk	112,950	133,710	(20,760)
Legal	330,000	343,976	(13,976)
Personnel	106,000	122,725	(16,725)
General Administration	476,000	490,651	(14,651)
Fire	3,322,300	3,412,198	(89,898)

CITY OF HAMTRAMCK, MICHIGAN
REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Amended Budget	Actual	Variance Under/(Over) Final Budget
REVENUES:				
Property Taxes	\$ 5,985,000	\$ 5,985,000	\$ 6,857,051	\$ (872,051)
Income Tax	2,048,500	2,208,500	2,366,030	(157,530)
Licenses and Permits	983,000	1,053,000	1,329,279	(276,279)
Federal Grants	-	600,000	334,848	265,152
State-Shared Revenue	3,322,054	3,322,054	3,370,275	(48,221)
State Sources	-	92,000	91,668	332
Fines and Forfeitures	1,567,600	1,306,700	1,271,558	35,142
Charges for Services	110,000	110,000	115,397	(5,397)
Other Revenue	494,000	564,000	614,384	(50,384)
Total Revenues	\$ 14,510,154	\$ 15,241,254	\$ 16,350,490	\$ (1,109,236)
EXPENDITURES:				
Current:				
General Government:				
Legislative	\$ 46,150	\$ 55,650	\$ 49,487	\$ 6,163
City Manager	213,550	213,550	222,713	(9,163)
Controller	262,500	262,500	269,423	(6,923)
Treasurer	276,650	276,650	269,292	7,358
City Assessor	168,200	168,200	160,544	7,656
City Clerk	112,950	112,950	133,710	(20,760)
Elections	72,300	72,300	37,392	34,908
Legal	500,000	330,000	343,976	(13,976)
Personnel	90,600	106,000	122,725	(16,725)
Income Tax	273,650	363,150	325,762	37,388
General Administration	855,400	476,000	490,651	(14,651)
Total General Government	\$ 2,871,950	\$ 2,436,950	\$ 2,425,675	\$ 11,275
District Court	\$ 698,285	\$ 723,285	\$ 631,880	\$ 91,405
Public Safety:				
Police	\$ 3,790,100	\$ 3,790,100	\$ 3,653,875	\$ 136,225
Fire	3,222,300	3,322,300	3,412,198	(89,898)
Retiree Benefits	2,900,400	2,900,400	2,843,428	56,972
Code Enforcement	-	-	(1,236)	1,236
Auto Theft Grant	97,600	30,000	27,533	2,467
Total Public Safety	\$ 10,010,400	\$ 10,042,800	\$ 9,935,798	\$ 107,002
Public Works:				
Sanitation	\$ 1,419,900	\$ 1,582,900	\$ 1,591,605	\$ (8,705)
Total Public Works	\$ 1,419,900	\$ 1,582,900	\$ 1,591,605	\$ (8,705)
Community and Economic Development	\$ 362,800	\$ 412,800	\$ 409,127	\$ 3,673
Community and Government Affairs	\$ 82,917	\$ 82,917	\$ 101,332	\$ (18,415)
Debt Service	\$ -	\$ 419,400	\$ 419,264	\$ 136
Total Expenditures	\$ 15,446,252	\$ 15,701,052	\$ 15,514,681	\$ 186,371

CITY OF HAMTRAMCK, MICHIGAN
REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017
 (Continued)

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Under/(Over) Final Budget</u>
Excess of Revenues Over (Under) Expenditures	\$ (936,098)	\$ (459,798)	\$ 835,809	\$ (1,295,607)
OTHER FINANCING SOURCES (USES):				
Operating transfers Out	-	(100,000)	(100,000)	-
NET CHANGE IN FUND BALANCE	\$ (936,098)	\$ (559,798)	\$ 735,809	\$ (1,295,607)
Fund Balance - Beginning of year	5,803,554	5,803,554	5,803,554	-
Fund Balance - End of year	<u>\$ 4,867,456</u>	<u>\$ 5,243,756</u>	<u>\$ 6,539,363</u>	<u>\$ (1,295,607)</u>

CITY OF HAMTRAMCK, MICHIGAN
REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE – MAJOR STREETS FUND
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	Variance Under/(Over) <u>Final Budget</u>
REVENUES:				
State Sources	\$ 970,000	\$ 970,000	\$ 1,118,686	\$ (148,686)
EXPENDITURES:				
Highways and Streets				
Total Public Works	\$ 1,479,000	\$ 1,479,000	\$ 1,368,190	\$ 110,810
Excess of Revenues Over (Under) Expenditures	\$ (509,000)	\$ (509,000)	\$ (249,504)	\$ (259,496)
OTHER FINANCING SOURCES (USES):				
Operating transfers Out	(100,000)	(100,000)	(100,000)	-
NET CHANGE IN FUND BALANCE	\$ (609,000)	\$ (609,000)	\$ (349,504)	\$ (259,496)
Fund Balance - Beginning of year	2,558,994	2,558,994	2,558,994	-
Fund Balance - End of year	<u>\$ 1,949,994</u>	<u>\$ 1,949,994</u>	<u>\$ 2,209,490</u>	<u>\$ (259,496)</u>

CITY OF HAMTRAMCK, MICHIGAN
REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE – LOCAL STREETS FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Amended Budget	Actual	Variance Under/(Over) Final Budget
REVENUES:				
State Sources	\$ 390,000	\$ 390,000	\$ 343,407	\$ 46,593
EXPENDITURES:				
Highways and Streets				
Total Public Works	\$ 679,000	\$ 679,000	\$ 269,177	\$ 409,823
Excess of Revenues Over (Under) Expenditures	\$ (289,000)	\$ (289,000)	\$ 74,230	\$ (363,230)
OTHER FINANCING SOURCES (USES):				
Operating transfers In	-	-	100,000	100,000
NET CHANGE IN FUND BALANCE	\$ (289,000)	\$ (289,000)	\$ 174,230	\$ (263,230)
Fund Balance - Beginning of year	1,950,741	1,950,741	1,950,741	-
Fund Balance - End of year	\$ 1,661,741	\$ 1,661,741	\$ 2,124,971	\$ (263,230)

CITY OF HAMTRAMCK, MICHIGAN
REQUIRED SUPPLEMENTAL INFORMATION
GENERAL EMPLOYEES PENSION PLAN
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS

	<u>2017</u>	<u>2016</u>
Total Pension Liability		
Service Costs	\$ 538,706	\$ 564,484
Interest	7,345,944	7,228,630
Difference between expected and actual experience	(1,338,316)	(1,298,294)
Changes in Assumptions	-	4,678,844
Other Changes	-	225,895
Benefit Payments	<u>(7,820,686)</u>	<u>(8,123,012)</u>
Net Change in Total Pension Liability	(1,274,352)	3,276,547
Total Pension Liability - Beginning of Year	<u>\$ 97,413,687</u>	<u>\$ 94,137,140</u>
Total Pension Liability - End of Year	<u>\$ 96,139,335</u>	<u>\$ 97,413,687</u>
 Plan Fiduciary Net Position		
Employer Contributions	\$ 3,540,664	\$ 3,351,106
Employee Contributions	529,811	558,856
Net investment Income	4,382,753	(5,198,513)
Administrative Costs	(86,626)	-
Benefit Payments	<u>(7,820,686)</u>	<u>(8,123,012)</u>
Net Change in Plan Fiduciary Net Position	\$ 545,916	\$ (9,411,563)
Plan Fiduciary Net Position -Beginning of Year	<u>40,371,492</u>	<u>49,783,055</u>
Plan Fiduciary Net Position - End of Year	<u>\$ 40,917,408</u>	<u>\$ 40,371,492</u>
 City's Net Pension Liability - Ending	<u>\$ 55,221,927</u>	<u>\$ 57,042,195</u>
 Plan Fiduciary Net Position as a % of Total Pension Liability	42.56%	41.44%

CITY OF HAMTRAMCK, MICHIGAN
REQUIRED SUPPLEMENTAL INFORMATION
GENERAL EMPLOYEES PENSION PLAN
SCHEDULE OF CONTRIBUTIONS LAST TEN FISCAL YEARS

June 30	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Actuarially required contribution	\$ 4,666,848	\$ 4,474,296	\$ 3,169,757	\$ 3,239,661	\$ 3,169,757	\$ 3,538,769	\$ 3,215,370	\$ 2,946,379	\$ 3,322,569	\$ 3,116,381
Contributions in relation to the actuarially required contribution	<u>5,082,339</u>	<u>3,497,280</u>	<u>3,423,084</u>	<u>1,127,814</u>	<u>839,667</u>	<u>3,538,769</u>	<u>3,215,370</u>	<u>2,946,379</u>	<u>3,322,569</u>	<u>3,116,381</u>
Contribution Deficiency (Excess)	<u>\$ (415,491)</u>	<u>\$ 977,016</u>	<u>\$ (253,327)</u>	<u>\$ 2,111,847</u>	<u>\$ 2,330,090</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Employee Payroll	\$ 4,462,514	\$ 4,638,309	\$ 4,595,866	\$ 5,115,809	\$ 6,532,664	\$ 6,752,884	\$ 6,859,618	\$ 7,708,454	\$ 6,903,656	\$ 6,955,451
Contributions as a Percentage of Covered Employee Payroll	113.9%	75.4%	74.5%	22.0%	12.9%	52.4%	46.9%	38.2%	48.1%	44.8%

CITY OF HAMTRAMCK, MICHIGAN
REQUIRED SUPPLEMENTAL INFORMATION
NOTES TO SCHEDULE FOR ALL CITY CONTRIBUTION PLANS
JUNE 30, 2017

Actuarial Methods and Assumptions:

Valuation Date	December 31, two years prior to the end of the fiscal year in which the contributions are reported
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Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
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Actuarial Required Contribution (ARC)	Level-percentage of payroll, closed
---------------------------------------	-------------------------------------

Wage inflation	2.5%
Salary Increases	3.75%
Investment rate of return	7.75%
Remaining amortization period	22 years
Mortality	50% Female/50% Male 2014 Health Annuity Mortality Table
Discount Rate	8.00%
Other information	None

CITY OF HAMTRAMCK, MICHIGAN
REQUIRED SUPPLEMENTAL INFORMATION
OTHER POSTEMPLOYMENT BENEFIT SCHEDULE OF FUNDING PROGRESS
JUNE 30, 2017

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL)(b)</u>	<u>Unfunded (AAL UAAL) (b- a)</u>	<u>Funded Ratio (Percent) (a/b)</u>
5/1/2011	-	\$ 47,287,476	\$ 47,287,476	0%
4/30/2013	-	32,746,691	32,746,691	0%
4/30/2015	-	33,241,386	33,241,386	0%

OTHER SUPPLEMENTAL INFORMATION

**CITY OF HAMTRAMCK, MICHIGAN
OTHER SUPPLEMENTAL INFORMATION
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017**

Special Revenue Funds					
	Building and Improvements	Special Events	911 Emergency	Miscellaneous Grants	Drug Law Enforcement State
ASSETS					
Assets					
Cash and Investments	\$ 470,006	\$ 35,841	\$ 115,457	\$ 108,065	\$ 528,290
Due From Other Governmental Units	-	-	57,753	1,831	45,882
Due From Other Funds	-	-	-	-	71,966
Total Assets	\$ 470,006	\$ 35,841	\$ 173,210	\$ 109,896	\$ 646,138
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES					
Liabilities					
Accounts Payable and Other Liabilities	\$ -	\$ -	\$ 14,667	\$ 526	\$ 6,154
Due to Other Funds	-	-	104,731	28,984	41,220
Due to Component Unit	-	26,030	-	-	-
Total Liabilities	\$ -	\$ 26,030	\$ 119,398	\$ 29,510	\$ 47,374
Deferred Inflows - Unavailable					
Revenue	\$ -	\$ -	\$ -	\$ 1,831	\$ 45,882
Fund Balances (Deficit)					
Nonspendable - Prepaid Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted					
Public Safety	-	-	53,812	78,555	552,882
Community Development	-	-	-	-	-
Recreation and Culture	-	-	-	-	-
Building and Improvement Fund	470,006	-	-	-	-
Committed Fund Balances	-	9,811	-	-	-
Unassigned Fund Balances	-	-	-	-	-
Total Fund Balances	\$ 470,006	\$ 9,811	\$ 53,812	\$ 78,555	\$ 552,882
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 470,006	\$ 35,841	\$ 173,210	\$ 109,896	\$ 646,138

Special Revenue Funds

Drug Law Enforcement Federal	Library	Community Development Block Grant	NSP 2 Grant	Police Training	Property Revitalization	Total
\$ 93,543	\$ 212,108	\$ -	\$ 82,454	\$ 16,623	\$ 401,733	\$ 2,064,120
-	14,667	168,160	-	-	-	288,293
8,972	-	-	-	-	-	80,938
<u>\$ 102,515</u>	<u>\$ 226,775</u>	<u>\$ 168,160</u>	<u>\$ 82,454</u>	<u>\$ 16,623</u>	<u>\$ 401,733</u>	<u>\$ 2,433,351</u>
\$ -	\$ 18,247	\$ 458	\$ -	\$ 625	\$ -	\$ 40,677
82,314	68,531	167,702	-	240	-	493,722
-	-	-	-	-	-	26,030
<u>\$ 82,314</u>	<u>\$ 86,778</u>	<u>\$ 168,160</u>	<u>\$ -</u>	<u>\$ 865</u>	<u>\$ -</u>	<u>\$ 560,429</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,903</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 91,616</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
20,201	-	-	-	15,758	-	721,208
-	-	-	82,454	-	401,733	484,187
-	139,997	-	-	-	-	139,997
-	-	-	-	-	-	470,006
-	-	-	-	-	-	9,811
-	-	(43,903)	-	-	-	(43,903)
<u>\$ 20,201</u>	<u>\$ 139,997</u>	<u>\$ (43,903)</u>	<u>\$ 82,454</u>	<u>\$ 15,758</u>	<u>\$ 401,733</u>	<u>\$ 1,781,306</u>
<u>\$ 102,515</u>	<u>\$ 226,775</u>	<u>\$ 168,160</u>	<u>\$ 82,454</u>	<u>\$ 16,623</u>	<u>\$ 401,733</u>	<u>\$ 2,433,351</u>

CITY OF HAMTRAMCK, MICHIGAN
OTHER SUPPLEMENTAL INFORMATION
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN
FUND BALANCES (DEFICIT)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Special Revenue Funds				
	Building and Improvements	Special Events	911 Emergency	Miscellaneous Grants	Drug Law Enforcement State
REVENUES:					
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Grants	-	-	-	-	-
State Sources	-	-	-	237,280	709,773
Fines and Forfeitures	76,519	-	97,068	-	-
Other Revenue	-	-	-	-	-
Total Revenue	<u>\$ 76,519</u>	<u>\$ -</u>	<u>\$ 97,068</u>	<u>\$ 237,280</u>	<u>\$ 709,773</u>
EXPENDITURES:					
General Government	\$ 18,725	\$ -	\$ -	\$ -	\$ -
Public Safety	-	-	181,093	-	716,516
Public Works	-	-	-	209,643	-
Community and Economic Development	-	-	-	-	-
Recreation and Culture	-	-	-	-	-
Total Expenditures	<u>\$ 18,725</u>	<u>\$ -</u>	<u>\$ 181,093</u>	<u>\$ 209,643</u>	<u>\$ 716,516</u>
Excess of Revenue (Under) Over Expenditures	<u>\$ 57,794</u>	<u>\$ -</u>	<u>\$ (84,025)</u>	<u>\$ 27,637</u>	<u>\$ (6,743)</u>
OTHER FINANCING SOURCES (USES):					
Interfund Transfers In	\$ -	\$ -	\$ 100,000	\$ -	\$ -
Interfund Transfers Out	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ -</u>
NET CHANGE IN FUND BALANCES	<u>\$ 57,794</u>	<u>\$ -</u>	<u>\$ 15,975</u>	<u>\$ 27,637</u>	<u>\$ (6,743)</u>
Fund Balances (Deficit), Beginning of Year	<u>412,212</u>	<u>9,811</u>	<u>37,837</u>	<u>50,918</u>	<u>559,625</u>
Fund Balances (Deficit) - End of Year	<u>\$ 470,006</u>	<u>\$ 9,811</u>	<u>\$ 53,812</u>	<u>\$ 78,555</u>	<u>\$ 552,882</u>

Special Revenue Funds

Drug Law Enforcement Federal	Library	Community Development Block Grant	NSP 2 Grant	Police Training	Property Revitalization	Total
\$ -	\$ 338,369	\$ -	\$ -	\$ -	\$ -	\$ 338,369
18,206	-	269,225	-	-	-	287,431
-	37,229	-	-	5,622	-	989,904
-	-	-	-	-	-	173,587
-	19,394	-	-	-	1,320	20,714
<u>\$ 18,206</u>	<u>\$ 394,992</u>	<u>\$ 269,225</u>	<u>\$ -</u>	<u>\$ 5,622</u>	<u>\$ 1,320</u>	<u>\$ 1,810,005</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,725
243	-	-	-	5,855	-	903,707
-	-	-	-	-	-	209,643
-	-	186,035	-	-	-	186,035
-	369,245	-	-	-	-	369,245
<u>\$ 243</u>	<u>\$ 369,245</u>	<u>\$ 186,035</u>	<u>\$ -</u>	<u>\$ 5,855</u>	<u>\$ -</u>	<u>\$ 1,687,355</u>
<u>\$ 17,963</u>	<u>\$ 25,747</u>	<u>\$ 83,190</u>	<u>\$ -</u>	<u>\$ (233)</u>	<u>\$ 1,320</u>	<u>\$ 122,650</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,000
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,000</u>
\$ 17,963	\$ 25,747	\$ 83,190	\$ -	\$ (233)	\$ 1,320	\$ 222,650
2,238	114,250	(127,093)	82,454	15,991	400,413	1,558,656
<u>\$ 20,201</u>	<u>\$ 139,997</u>	<u>\$ (43,903)</u>	<u>\$ 82,454</u>	<u>\$ 15,758</u>	<u>\$ 401,733</u>	<u>\$ 1,781,306</u>

CITY OF HAMTRAMCK, MICHIGAN
OTHER SUPPLEMENTAL INFORMATION
COMBINING BALANCE SHEET
FIDUCIARY FUNDS
JUNE 30, 2017

	Agency Funds				
	Tax Collections	General	Highland Park Tax Collections	31st District Court	Total
Assets					
Cash and Cash Equivalents	\$ 43,216	\$ 167,841	\$ 214,022	\$ 217,838	\$ 642,917
Total Assets	<u>\$ 43,216</u>	<u>\$ 167,841</u>	<u>\$ 214,022</u>	<u>\$ 217,838</u>	<u>\$ 642,917</u>
Liabilities					
Accounts Payable and Accrued Liabilities		\$ 167,841	\$ -	\$ 380	\$ 168,221
Due to Other Governmental Units	43,216	-	214,022	166,159	423,397
Refundable Deposits, Bonds, Etc.	-	-	-	51,299	51,299
Total Liabilities	<u>\$ 43,216</u>	<u>\$ 167,841</u>	<u>\$ 214,022</u>	<u>\$ 217,838</u>	<u>\$ 642,917</u>