

# **City of Taylor, Michigan**

---

**Financial Report  
with Supplemental Information  
June 30, 2009**

# City of Taylor, Michigan

---

## Contents

<b>Report Letter</b>	1-2
<b>Management's Discussion and Analysis</b>	3-11
<b>Basic Financial Statements</b>	
Government-wide Financial Statements:	
Statement of Net Assets (Deficit)	12
Statement of Activities	13-14
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	15
Reconciliation of the Balance Sheet to the Statement of Net Assets (Deficit)	16
Statement of Revenue, Expenditures, and Changes in Fund Balances	17
Reconciliation of Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
Proprietary Funds:	
Statement of Net Assets	19
Statement of Revenue, Expenses, and Changes in Net Assets	20
Statement of Cash Flows	21-22
Fiduciary Funds:	
Statement of Net Assets	23
Statement of Changes in Net Assets	24
Component Units:	
Statement of Net Assets (Deficit)	25
Statement of Activities	26-27
Notes to Financial Statements	28-66
<b>Required Supplemental Information</b>	67
Budgetary Comparison Schedule - General Fund	68
Pension Systems Schedule of Funding Progress	69
Schedule of Employer Contributions	70-71
Note to Required Supplemental Information	72

# City of Taylor, Michigan

---

## Contents (Continued)

<b>Other Supplemental Information</b>	73
Nonmajor Governmental Funds:	
Combining Balance Sheet	74-75
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances	76-77
Fiduciary Funds:	
Combining Statement of Net Assets	78
Combining Statement of Changes in Net Assets	79
Component Unit - Housing Commission:	
Combining Statement of Net Assets	80
Combining Statement of Changes in Net Assets	81



**Plante & Moran, PLLC**  
27400 Northwestern Highway  
P.O. Box 307  
Southfield, MI 48037-0307  
Tel: 248.352.2500  
Fax: 248.352.0018  
plantemoran.com

## Independent Auditor's Report

To the City Council  
City of Taylor, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Taylor, Michigan (the "City") as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Taylor, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Taylor Housing Commission (a discretely presented component unit), which reflect total assets of \$38,494,805 at March 31, 2009 and a net decrease in net assets of \$1,535,020 for the year then ended. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Housing Commission, is based solely on the report of the other auditors. The other auditors' report, dated November 21, 2009, expressed an unqualified opinion on the financial statements.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Taylor, Michigan as of June 30, 2009 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

To the City Council  
City of Taylor, Michigan

The management's discussion and analysis, budgetary comparison schedule - General Fund, and the pension systems schedule of funding progress, as identified in the table of contents, are not required parts of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Taylor, Michigan's basic financial statements. The accompanying other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2009 on our consideration of the City of Taylor, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide opinions on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

As discussed in Note 13, the City implemented GASB Statement No. 45, *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions*, during the year. As a result, the government-wide statements and Enterprise Funds now report the cost of retiree health care as those benefits are earned by the employees.

*Plante & Moran, PLLC*

December 9, 2009

# City of Taylor, Michigan

## Management's Discussion and Analysis

Our discussion and analysis of the City of Taylor, Michigan's (the "City") financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2009. Please read it in conjunction with the City's financial statements.

In the City's General Fund, the main operating fund of the City, revenues decreased approximately \$5.5 million from 2008.

- 2008 revenue included a one-time revenue of \$2.2 million for the sale of the City cell-tower sites.
- Property tax revenue decreased approximately \$260,000 in 2009, is expected to be further reduced by an estimated \$770,000 for 2009-2010, and with the anticipated continuing decreases in property values, the City estimates its tax revenue from the general operating tax millage to decrease an additional \$950,000 for 2010-2011.
- State-shared revenue, the City's second largest revenue source, was approximately \$260,000 less than 2008 and will be reduced by an additional \$834,000 for the 2009-2010 fiscal year. The statutory portion, at approximately \$3.23 million, represents a significant amount of at-risk revenue.
- Revenues from the 23rd District Court decreased approximately \$1.6 million from the prior year amount of \$6.5 million to approximately \$4.9 million for the year ended June 30, 2009. Police traffic enforcement is the major source of this revenue. Work details are assigned overtime to conduct traffic enforcement. Overtime is included as part of the officers' final average compensation for determining the pension benefit. The cost of police and fire retirement expenses is levied as a special property tax millage. The City's annual contribution for police and fire retiree benefits has increased from approximately \$579,000 in 2002 to approximately \$5,483,000 in 2009, an 847 percent increase. In January 2009, the City eliminated the traffic detail overtime to reduce this increasing cost to the taxpayers.
- Interest earnings decreased approximately \$400,000 from 2008, due to historically low interest rates.
- Charges to other funds has decreased by approximately \$1.1 million. Most of this decrease is due to reductions in costs incurred.

General Fund expenditures increased by approximately \$550,000 compared to 2008, a 1 percent increase.

- Wages decreased approximately \$450,000 mainly due to a \$380,000 reduction in police overtime with the elimination of the traffic detail and the balance of the change related to employee attrition.

# City of Taylor, Michigan

## Management's Discussion and Analysis (Continued)

- Savings of approximately \$550,000 in employee benefits such as health care and Social Security were offset by the approximately \$500,000 increase in the annual contribution to the Police and Fire Retirement System and approximately \$240,000 increase to the General Employees' Retirement System. Total fringe benefit expenses increased by approximately \$190,000 over 2008.
- Capital outlay increased by approximately \$700,000, a 75 percent increase over 2008. With capital outlay expenses representing only 2.8 percent of the total expenditures, consideration must be given as to what a reasonable future plan is to address deferred capital outlay.

The General Fund fund balance (the cumulative difference between revenues and expenditures) has reached an extremely low level. Current economic conditions continue to deteriorate. Because of the limits on the City's ability to increase revenues, it is imperative that management's focus be on immediate and long-term cost containment.

The City's golf courses operated at deficits, substantially as a result of depreciation of assets donated by the TIFA component unit. Although the golf courses reduced costs appreciably in order to operate more profitably before the effects of depreciation, they have a long-standing and worsening negative cash flow. Revenues have been trending downward for several consecutive years. Costs need to be sharply reduced to establish a positive cash flow.

The Taylor Sportsplex had historically been operating at a loss. In November 2006, the outside firm managing the complex on behalf of the City was terminated, and the City entered into an arrangement to lease the facility to an unrelated entity. Therefore, the City is no longer subsidizing the operational cost. However, due to current market conditions, the lessee has requested and obtained some relief from the existing operating agreement with the City. The TIFA will continue to pay the debt service on the Sportsplex.

Total net assets related to the City's governmental activities at the end of the year were approximately \$189.3 million, a \$4.3 million decrease from the prior year's approximately \$193.6 million in net assets. The net decrease is mainly due to recording of the net OPEB (Other than Pension Employee Benefits) obligation of \$6.4 million.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City of Taylor, Michigan's basic financial statements. The City's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements.

# City of Taylor, Michigan

---

## Management's Discussion and Analysis (Continued)

**Government-wide Financial Statements** - The statement of net assets (deficit) and the statement of activities provide information about the activities of the City on a government-wide basis. They are designed to present a longer-term view of the City's finances. This longer-term view uses the accrual basis of accounting, similar to a private sector business, 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.

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

**Notes to the Financial Statements** - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other Information** - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information concerning the City's General Fund budget and the City's progress in funding its obligation to provide pension benefits to its employees. Other supplemental information is also presented in the form of combining statements for nonmajor governmental funds, fiduciary funds, and the Taylor Housing Commission component unit.



# City of Taylor, Michigan

## Management's Discussion and Analysis (Continued)

### The City of Taylor as a Whole

The following table shows, in a condensed format, the net assets as of June 30, 2009 and 2008:

#### Summary Condensed Statement of Net Assets:

	Governmental Activities		Business-type Activities		Total	
	2008	2009	2008	2009	2008	2009
<b>Assets</b>						
Current assets	\$ 30,962,569	\$ 28,683,335	\$ 12,227,540	\$ 13,730,525	\$ 43,190,109	\$ 42,413,860
Noncurrent assets	<u>221,588,357</u>	<u>220,325,419</u>	<u>142,955,947</u>	<u>142,727,224</u>	<u>364,544,304</u>	<u>363,052,643</u>
Total assets	252,550,926	249,008,754	155,183,487	156,457,749	407,734,413	405,466,503
<b>Liabilities</b>						
Current liabilities	11,362,349	10,675,450	3,197,536	2,069,916	14,559,885	12,745,366
Long-term liabilities	<u>47,624,028</u>	<u>49,002,285</u>	<u>58,153,046</u>	<u>57,759,164</u>	<u>105,777,074</u>	<u>106,761,449</u>
Total liabilities	<u>58,986,377</u>	<u>59,677,735</u>	<u>61,350,582</u>	<u>59,829,080</u>	<u>120,336,959</u>	<u>119,506,815</u>
<b>Net Assets</b>						
Invested in capital assets - Net of related debt	180,730,533	183,302,257	73,566,770	76,115,817	254,297,303	259,418,074
Restricted	9,329,014	10,109,282	12,265,745	12,348,913	21,594,759	22,458,195
Unrestricted (deficit)	<u>3,505,002</u>	<u>(4,080,520)</u>	<u>8,000,390</u>	<u>8,163,939</u>	<u>11,505,392</u>	<u>4,083,419</u>
Total net assets	<u>\$ 193,564,549</u>	<u>\$ 189,331,019</u>	<u>\$ 93,832,905</u>	<u>\$ 96,628,669</u>	<u>\$ 287,397,454</u>	<u>\$ 285,959,688</u>

The City's combined net assets totaled \$285,959,688, a decrease of 0.5 percent from the prior year. As we look at the governmental activities separately from the business-type activities, we can see that the current level of unrestricted net assets decreased by \$7.6 million for our governmental activities. The business-type activities unrestricted net assets increased by \$164,000 during 2009.

# City of Taylor, Michigan

## Management's Discussion and Analysis (Continued)

The following table shows the changes of the net assets during the current year:

### Summary Condensed Income Statement:

	Governmental Activities		Business-type Activities		Total	
	2008	2009	2008	2009	2008	2009
<b>Revenue</b>						
Program revenue:						
Charges for services	\$ 14,826,341	\$ 13,178,171	\$ 17,954,958	\$ 18,622,719	\$ 32,781,299	\$ 31,800,890
Operating grants and contributions	9,002,582	9,084,714	-	-	9,002,582	9,084,714
Capital grants and contributions	1,797,954	6,825,450	423,516	354,759	2,221,470	7,180,209
General revenue:						
Property taxes	32,377,347	32,167,939	4,846,974	5,446,025	37,224,321	37,613,964
State-shared revenue	7,804,529	7,544,380	-	-	7,804,529	7,544,380
Unrestricted investment earnings	790,168	301,516	642,776	203,280	1,432,944	504,796
Rental income and fees	762,660	295,638	9,749	-	772,409	295,638
Gain (loss) on disposal of assets	2,076,688	163,846	(1,652)	(36,308)	2,075,036	127,538
Miscellaneous revenue	1,267,072	867,523	735,760	298,314	2,002,832	1,165,837
Special item	-	-	4,197,909	-	4,197,909	-
Total revenue	70,705,341	70,429,177	28,809,990	24,888,789	99,515,331	95,317,966
<b>Program Expenses</b>						
General government	11,188,603	11,455,567	-	-	11,188,603	11,455,567
Public safety	30,789,004	35,297,658	-	-	30,789,004	35,297,658
Public works	16,259,219	17,987,018	-	-	16,259,219	17,987,018
Community and economic development	1,772,535	2,052,034	-	-	1,772,535	2,052,034
Recreation and culture	3,674,822	5,801,222	-	-	3,674,822	5,801,222
Interest on long-term debt	2,102,816	2,066,092	-	-	2,102,816	2,066,092
Water	-	-	6,768,129	7,565,689	6,768,129	7,565,689
Sewer	-	-	8,805,656	8,714,032	8,805,656	8,714,032
Golf courses	-	-	5,326,900	5,516,598	5,326,900	5,516,598
Ecorse Creek	-	-	273,931	299,822	273,931	299,822
Total program expenses	65,786,999	74,659,591	21,174,616	22,096,141	86,961,615	96,755,732
<b>Transfers</b>	27,050,953	(3,116)	(27,050,953)	3,116	-	-
<b>Change in Net Assets</b>	<b>\$ 31,969,295</b>	<b>\$ (4,233,530)</b>	<b>\$ (19,415,579)</b>	<b>\$ 2,795,764</b>	<b>\$ 12,553,716</b>	<b>\$ (1,437,766)</b>

### Governmental Activities

The City's total governmental revenues were down from \$70.7 million to \$70.4 million, mainly due to the \$2.2 million sale of cell-tower leases in 2008, decreased court revenue, and charges for services. The City's total governmental expenses increased by approximately \$8.9 million, a 13 percent increase over 2008. A significant portion of this change is due to the increase in postretirement costs (OPEB). Again during 2009, the City closely monitored its spending in all areas.

# City of Taylor, Michigan

## Management's Discussion and Analysis (Continued)

### Business-type Activities

The City's business-type activities consist of the Water, Sewer, Ecorse Creek, and Golf Courses Enterprise Funds. The City leases the Taylor Sportsplex; therefore, those activities are no longer reported as a business type and are now included in the governmental activities. The City provides water to residents from the Detroit Water System. The City also provides sewage treatment through a Wayne County-owned and operated sewage treatment plant. The City operates two outstanding golf courses. The Lakes of Taylor Golf Club is a championship caliber golf course designed to challenge golfers at every level. Taylor Meadows Golf Club is a links-style course, challenging yet still player-friendly. Both courses also provide food service and pro-shop operations as well. The Sewer Fund accounts for the activity related to the City's participation in the Downriver Sewer System, including the tax levy mandated to pay for the City's share of debt issued by Wayne County to pay for the recent improvements to the system. The EPA levy is adjusted annually based on debt service for the upcoming year less any credits available at Wayne County. For all business-type activities in 2009, total revenues decreased approximately \$3.9 million. Total expenses were \$921,000 more than 2008.

### The City of Taylor's Funds

Our analysis of the City's major funds begins on page 15, following the government-wide financial statements. The fund financial statements provide detail information about the most significant funds, not the City of Taylor as a whole. The City creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as bond projects. The City's only major governmental fund for 2009 is the General Fund.

The General Fund pays for most of the City's governmental services. The most significant are public safety, which incurred expenses of approximately \$21.4 million, and public works, which incurred expenses of \$14.1 million in 2009. Employee benefit expenses accounted for another \$12.2 million.

### General Fund Budgetary Highlights

Over the course of the year, the City amended the budget to take into account events during the year. The final revenue budget included appropriation of prior years' fund balance and reserves for restricted revenues in the amount of approximately \$3.65 million. Overall actual revenues were greater than the budget by approximately \$550,000, or 1.0 percent.

The City's expenditure budget was increased approximately \$413,000 during the year. The City's departments overall stayed below budget, resulting in total expenditures of \$59.7 million (approximately 4 percent) below budget. Of the unexpended amount, approximately \$887,000 in budgeted expenses supported by special tax levies will be carried to 2009 or subsequent years to fund activities related to their specific purpose. The General Fund's unreserved and undesignated fund balance has increased to approximately \$673,000 from approximately \$534,000 in 2008.

# City of Taylor, Michigan

## Management's Discussion and Analysis (Continued)

### Capital Asset and Debt Administration

At the end of 2009, the City, including its component units, had approximately \$391 million (net of depreciation) invested in a broad range of capital assets, including buildings, roads, water and sewer lines, parks, and machinery and equipment. The City finances most of its capital improvements through the issuance of long-term debt. No new governmental debt was incurred in 2009. For business-type activities, Wayne County issued \$2.8 million in new debt for improvements to the wastewater treatment plant. That debt is included in the City Sewer Fund.

The City's investment in capital assets, net of related debt, increased from approximately \$254 million to approximately \$259 million. The City's total debt was approximately \$183.4 million, including approximately \$83.9 million of component unit debt. Of the component unit debt, approximately \$4.3 million relates to TIFA debt issued on behalf of the Lakes of Taylor Golf Club, and approximately \$28.3 million relates to TIFA debt issued on behalf of the Sportsplex. The TIFA has also been responsible for covering debt service on debt issued by the Taylor Building Authority. Expected 2009/2010 debt service payments on all long-term obligations exclusive of interest are approximately \$16.6 million for the City and component units in total. The overall debt, while manageable and within legal limits, does limit the flexibility of the City to respond to the future needs of the community.

### Economic Factors and Next Year's Budgets

Like most other communities in Michigan, particularly southeast Michigan, the City continues to struggle with providing necessary services with limited revenues. For the fiscal year ending June 30, 2010, the possibility of continuing reductions to the statutory portion of state revenue sharing continues to be a concern. State-shared gas and oil tax distributions that are used for road maintenance and construction also continue to trend downward. Court revenues are expected to be approximately \$1,000,000 less than originally budgeted. Despite increased employee co-pays, health insurance premiums have increased. The City's contribution to the Police and Fire Retirement System and General Employees' Retirement System increased by approximately \$500,000 and \$240,000, respectively, for 2009. Noted decreases in market values in both Retirement Systems will result in future increased pension contribution rates. With the decline in market values of assessed properties, the City is estimating a \$900,000 decrease in tax revenue for fiscal year 2010/2011. With the continuing collapse of the housing market, fees and permit revenue will continue to be challenged. Also because of the housing market collapse, the anticipated tax capture revenues to pay the debt on the Island Lakes (Midtown Basin) bonds are much less than anticipated when the bonds were sold in 2005. Current projections are that the shortfall, between taxes captured and debt service, that must be paid by the City could range from \$130,000 to \$415,000 annually, even after additional contributions by the Downtown Development Authority.

# City of Taylor, Michigan

## Management's Discussion and Analysis (Continued)

The City and its residents are suffering from the effects of a slowdown in the housing market, which currently leaves many projects incomplete and as eyesores on the landscape of the community. There are record numbers of foreclosures in the community. In November 2007, the City initiated its "Taylor Cares" program by purchasing vacant homes for \$1 each under a federal Department of Housing and Urban Development (HUD) program and in conjunction with the Taylor Community Development Corporation. The houses will be rehabilitated and then sold to low- to moderate-income persons or families. The City's goal was to take possession of all of the estimated 70 empty HUD homes scattered throughout the City to assist low- to moderate-income persons to become homeowners, reduce blight, and revitalize neighborhoods. The City also planned to generate enough revenue from the resale of the homes to cover all of its costs. Any eventual surplus was to be used for other community needs in the future. With the collapse of mortgage lending, the City has had difficulty finding qualified buyers who can obtain mortgages. Therefore, the City has not purchased any additional properties under this program since March 2009. As of June 30, 2009, the City has purchased 42 homes, and has rehabilitated and sold 15 of them.

In addition, the City of Taylor has been allocated approximately \$2.5 million through the HUD Neighborhood Stabilization Program. The program provides targeted emergency assistance to state and local governments to acquire and redevelop foreclosed properties that might otherwise become sources of abandonment and blight within their communities. The majority of these funds will be received in future fiscal years.

Because of the income-limiting impact of Proposal A, the Headlee Amendment, and the Bolt vs. Lansing decision, the City needs to continue to watch its expenditure budgets very closely. With municipal revenue opportunities systematically limited by state law, the General Fund budget continues to depend on uncertain revenue such as state-shared revenue, cable franchise fees, court fines, and charges for services. Despite reducing the number of employees, limiting wage increases to 1 percent, and implementing co-pay arrangements for health insurance, the current year budget is presently utilizing \$4.6 million of a total unreserved fund balance at June 30, 2009 of approximately \$7.9 million to balance revenues to expenditures for 2009/2010. In addition, there are additional shortfalls expected of approximately \$2 million in state-shared revenue and Court revenue for which the 2009/2010 budget must be adjusted.

Given these strains on the budget, the City understands the need to reduce the workforce and save on personal services and employee benefits, as these are the largest portions of the budget. Approximately 70 percent of the City's General Fund costs are employee-related. As the costs of providing services to the citizens continue to rise in excess of normal inflation despite the systematic limitations on revenue growth, it is clear that the municipal finance system in the state of Michigan needs some changes in addition to changes that can be made at the local level. Such changes are not presently on the horizon.

# **City of Taylor, Michigan**

---

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

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

This financial report is intended to provide our citizens, taxpayers, customers, investors, and creditors 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, contact the city clerk's office, 23555 Goddard Road, Taylor, MI 48180.

# City of Taylor, Michigan

## Statement of Net Assets (Deficit) June 30, 2009

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and investments (Note 3)	\$ 16,669,918	\$ 8,899,701	\$ 25,569,619	\$ 14,519,625
Receivables - Net:				
Taxes	603,204	-	603,204	-
Special assessments	5,255,947	-	5,255,947	-
Customers	-	4,161,246	4,161,246	-
Other	1,740,236	112,207	1,852,443	906,193
Internal balances (Note 6)	(305,756)	305,756	-	-
Due from primary government	-	-	-	270,780
Due from other governmental units	2,676,689	-	2,676,689	3,870
Due from component units	465,199	-	465,199	-
Deferred charges	-	-	-	4,497,056
Prepaid costs and other assets	1,577,898	-	1,577,898	170,655
Long-term advances to (from) other funds (Note 6)	1,750,000	(1,750,000)	-	-
Inventories	-	251,615	251,615	-
Restricted assets (Note 8)	658,613	11,553,443	12,212,056	3,283,258
Notes receivable and accrued interest	-	-	-	10,000
Unamortized bond issuance costs	58,586	-	58,586	110,120
Nondepreciable capital assets (Note 5)	34,050,515	4,777,155	38,827,670	15,082,239
Depreciable capital assets - Net (Note 5)	183,807,705	128,146,626	311,954,331	25,118,632
<b>Total assets</b>	<b>249,008,754</b>	<b>156,457,749</b>	<b>405,466,503</b>	<b>63,972,428</b>
<b>Liabilities</b>				
Accounts payable	1,863,693	1,169,654	3,033,347	1,965,193
Accrued and other liabilities	2,848,828	652,938	3,501,766	1,783,366
Due to primary government	-	-	-	940,593
Due to component units	51,764	-	51,764	-
Due to other governmental units	610,272	247,324	857,596	-
Deferred revenue (Note 4)	5,300,893	-	5,300,893	743,673
Current liabilities payable from restricted assets	-	4,082,822	4,082,822	-
Noncurrent liabilities:				
Debt due within one year (Note 7)	6,659,872	586,597	7,246,469	5,268,213
Debt due in more than one year (Note 7)	35,940,804	52,225,568	88,166,372	78,605,886
Net OPEB obligation (Note 13)	6,401,609	864,177	7,265,786	-
<b>Total liabilities</b>	<b>59,677,735</b>	<b>59,829,080</b>	<b>119,506,815</b>	<b>89,306,924</b>
<b>Net Assets (Deficit)</b>				
Invested in capital assets - Net of related debt	183,302,257	76,115,817	259,418,074	13,046,285
Restricted:				
Construction and other expenditures	5,366,358	-	5,366,358	-
Major and local streets projects	1,556,933	-	1,556,933	-
Police forfeiture	2,245,392	-	2,245,392	-
Debt service	940,599	11,553,443	12,494,042	-
Sewer	-	795,470	795,470	-
Property and other project expenditures	-	-	-	5,622,794
Unrestricted	(4,080,520)	8,163,939	4,083,419	(44,003,575)
<b>Total net assets (deficit)</b>	<b>\$ 189,331,019</b>	<b>\$ 96,628,669</b>	<b>\$ 285,959,688</b>	<b>\$ (25,334,496)</b>

# City of Taylor, Michigan

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 11,455,567	\$ 8,100,195	\$ 2,170,005	\$ 470,098
Public safety	35,297,658	3,516,206	2,104,901	57,772
Public works	17,987,018	369,389	3,796,249	6,033,474
Community and economic development	2,052,034	38,802	715,972	-
Recreation and culture	5,801,222	1,153,579	297,587	264,106
Interest on long-term debt	2,066,092	-	-	-
Total governmental activities	74,659,591	13,178,171	9,084,714	6,825,450
Business-type activities:				
Water	7,565,689	7,122,857	-	149,055
Sewer	8,714,032	6,649,150	-	-
Golf courses	5,516,598	4,362,877	-	205,704
Ecorse Creek	299,822	487,835	-	-
Total business-type activities	22,096,141	18,622,719	-	354,759
Total primary government	<b>\$ 96,755,732</b>	<b>\$ 31,800,890</b>	<b>\$ 9,084,714</b>	<b>\$ 7,180,209</b>
<b>Component units:</b>				
Local Development Financing Authority	\$ 518	\$ -	\$ -	\$ -
Tax Increment Financing Authority	7,432,040	-	-	-
Brownfield Redevelopment Authority	1,579,752	-	-	-
Downtown Development Authority	281,333	-	-	-
Housing Commission	19,387,341	6,799,467	10,516,972	-
Total component units	<b>\$ 28,680,984</b>	<b>\$ 6,799,467</b>	<b>\$ 10,516,972</b>	<b>\$ -</b>

#### General revenues:

Property taxes  
State-shared revenues  
Unrestricted investment earnings  
Rental income and fees  
Gain (loss) on disposal of assets  
Miscellaneous

#### Transfers

Total general revenues and transfers

#### Change in Net Assets

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

**Less** - Prior period adjustment for unrecorded losses related to the investment in partnership

**Net Assets (Deficit)** - Beginning of year, as restated

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



## Statement of Activities Year Ended June 30, 2009

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (715,269)	\$ -	\$ (715,269)	\$ -
(29,618,779)	-	(29,618,779)	-
(7,787,906)	-	(7,787,906)	-
(1,297,260)	-	(1,297,260)	-
(4,085,950)	-	(4,085,950)	-
(2,066,092)	-	(2,066,092)	-
(45,571,256)	-	(45,571,256)	-
-	(293,777)	(293,777)	-
-	(2,064,882)	(2,064,882)	-
-	(948,017)	(948,017)	-
-	188,013	188,013	-
-	(3,118,663)	(3,118,663)	-
(45,571,256)	(3,118,663)	(48,689,919)	-
-	-	-	(518)
-	-	-	(7,432,040)
-	-	-	(1,579,752)
-	-	-	(281,333)
-	-	-	(2,070,902)
-	-	-	(11,364,545)
32,167,939	5,446,025	37,613,964	13,973,961
7,544,380	-	7,544,380	-
301,516	203,280	504,796	297,938
295,638	-	295,638	-
163,846	(36,308)	127,538	-
867,523	298,314	1,165,837	509,373
(3,116)	3,116	-	-
41,337,726	5,914,427	47,252,153	14,781,272
(4,233,530)	2,795,764	(1,437,766)	3,416,727
193,564,549	93,832,905	287,397,454	(27,679,951)
-	-	-	(1,071,272)
193,564,549	93,832,905	287,397,454	(28,751,223)
<b>\$ 189,331,019</b>	<b>\$ 96,628,669</b>	<b>\$ 285,959,688</b>	<b>\$ (25,334,496)</b>

# City of Taylor, Michigan

## Governmental Funds Balance Sheet June 30, 2009

	General Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Cash and investments (Note 3)	\$ 10,111,644	\$ 6,558,274	\$ 16,669,918
Receivables:			
Taxes	597,710	5,494	603,204
Special assessments	5,255,947	24,917	5,280,864
Other	1,715,319	-	1,715,319
Due from other governmental units	1,682,847	993,842	2,676,689
Due from component units	370,791	94,408	465,199
Due from other funds (Note 6)	1,499,233	790,470	2,289,703
Prepaid costs and other assets	1,577,251	647	1,577,898
Long-term advance to other funds (Note 6)	1,750,000	-	1,750,000
Restricted assets (Note 8)	-	658,613	658,613
	<u>\$ 24,560,742</u>	<u>\$ 9,126,665</u>	<u>\$ 33,687,407</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 1,501,302	\$ 362,391	\$ 1,863,693
Due to other governmental units	594,293	15,979	610,272
Due to other funds (Note 6)	916,433	1,679,026	2,595,459
Due to component units	47,864	3,900	51,764
Due to pension funds	95,983	-	95,983
Accrued and other liabilities	2,231,526	93,372	2,324,898
Deferred revenue (Note 4)	5,991,455	20,992	6,012,447
	<u>11,378,856</u>	<u>2,175,660</u>	<u>13,554,516</u>
<b>Fund Balances</b>			
Reserved for:			
Construction and other expenditures	3,507,937	360,497	3,868,434
Long-term assets	1,750,000	-	1,750,000
Unreserved:			
Designated for equipment replacement	651,915	-	651,915
Designated for replacement of cell tower lease revenue	1,991,500	-	1,991,500
Designated for subsequent year's expenditures -			
Reported in:			
General Fund	4,607,600	-	4,607,600
Special Revenue Funds	-	834,500	834,500
Unreserved - Reported in:			
General Fund	672,934	-	672,934
Special Revenue Funds	-	4,815,409	4,815,409
Debt Service Funds	-	940,599	940,599
	<u>13,181,886</u>	<u>6,951,005</u>	<u>20,132,891</u>
Total fund balances	<u>13,181,886</u>	<u>6,951,005</u>	<u>20,132,891</u>
Total liabilities and fund balances	<u>\$ 24,560,742</u>	<u>\$ 9,126,665</u>	<u>\$ 33,687,407</u>

# City of Taylor, Michigan

## Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Assets (Deficit) June 30, 2009

**Fund Balance - Total Governmental Funds** \$ 20,132,891

Amounts reported for governmental activities in the statement of net assets (deficit) are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds 217,858,220

Special assessment and other receivables are expected to be collected over several years and are not available to pay for current year expenditures 711,554

Unamortized bond issuance costs are not reported in the governmental funds 58,586

Long-term liabilities are not due and payable in the current period and are not reported in the governmental funds:

Long-term debt	(34,905,623)
Compensated absences	(6,100,954)
Accrued longevity	(332,582)
Bond premium	(939,996)
Workers' compensation claims	(321,521)
Net OPEB obligation	(6,401,609)

Accrued interest is not recorded in the funds (427,947)

**Net Assets - Governmental Activities** \$ 189,331,019

# City of Taylor, Michigan

## Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended June 30, 2009

	General Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>			
Property taxes	\$ 32,533,080	\$ 1,693,679	\$ 34,226,759
Licenses and permits	1,085,265	1,333,755	2,419,020
Federal sources	380,742	2,116,189	2,496,931
State sources	8,006,444	4,040,853	12,047,297
Charges for services	2,947,530	19,210	2,966,740
Fines and forfeitures	5,275,807	-	5,275,807
Interest and rent	796,484	3,198,143	3,994,627
DMA/911 revenue	-	624,858	624,858
Other	8,069,025	481,550	8,550,575
Total revenues	<u>59,094,377</u>	<u>13,508,237</u>	<u>72,602,614</u>
<b>Expenditures</b>			
General government	7,842,428	-	7,842,428
Public safety	21,415,817	-	21,415,817
Public works and capital projects	14,076,674	3,719,666	17,796,340
Community development	-	754,774	754,774
Recreation and cultural	2,956,915	-	2,956,915
General administration	724,468	-	724,468
Construction and development	-	4,094,281	4,094,281
Employee benefits	12,185,392	-	12,185,392
Capital outlay and other	-	1,419,254	1,419,254
Debt service	523,450	5,854,563	6,378,013
Total expenditures	<u>59,725,144</u>	<u>15,842,538</u>	<u>75,567,682</u>
<b>Excess of Expenditures Over Revenues</b>	(630,767)	(2,334,301)	(2,965,068)
<b>Other Financing Sources (Uses)</b>			
Transfers in (Note 6)	40,592	4,354,976	4,395,568
Transfers out (Note 6)	-	(4,398,684)	(4,398,684)
Total other financing sources (uses)	<u>40,592</u>	<u>(43,708)</u>	<u>(3,116)</u>
<b>Net Change in Fund Balances</b>	(590,175)	(2,378,009)	(2,968,184)
<b>Fund Balances - Beginning of year</b>	<u>13,772,061</u>	<u>9,329,014</u>	<u>23,101,075</u>
<b>Fund Balances - End of year</b>	<u><b>\$ 13,181,886</b></u>	<u><b>\$ 6,951,005</b></u>	<u><b>\$ 20,132,891</b></u>

# City of Taylor, Michigan

## Governmental Funds Reconciliation of Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2009

<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$ (2,968,184)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation	(4,657,778)
Capital contribution from TIFA, DDA, and Ecorse Creek is not a current financial resource	5,645,265
Proceeds from asset sales are recorded in the governmental funds; on the statement of activities, a loss is recorded	(421,888)
Special assessment revenues are recorded in the statement of activities when the assessment is set; they are not reported in the funds until collected or collectible within 60 days of year end	(35,674)
Revenue is reported in the statement of activities that does not provide current financial resources and is not reported as revenue in the governmental funds (GASB No. 33)	(450,040)
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	4,727,396
Amortization of bond premium liabilities and deferred cost of financing are reported as expense on the governmental funds when issued	58,264
Amortization of bond issuance costs are reported as an expense on the governmental funds when issued	(5,958)
Change in accrued interest on long-term debt is not recorded in the governmental funds	38,984
The change in liabilities for longevity, compensated absences, general claims, and net OPEB obligation is recorded when incurred in the statement of activities:	
Compensated absences	(3,390)
Longevity	(50,360)
Workers' compensation claims	243,004
Net OPEB obligation	(6,401,609)
Transfer of debt from governmental activities to business-type activities	48,438
<b>Change in Net Assets of Governmental Activities</b>	<b>\$ <u>(4,233,530)</u></b>

# City of Taylor, Michigan

## Proprietary Funds Statement of Net Assets June 30, 2009

	Water	Sewer	Golf Courses	Nonmajor - Ecorse Creek	Total Enterprise Funds
<b>Current Assets</b>					
Cash and investments (Note 3)	\$ 5,891,691	\$ 2,555,496	\$ 227,208	\$ 225,306	\$ 8,899,701
Receivables:					
Customers	2,102,416	1,923,046	-	135,784	4,161,246
Other	108,080	-	4,127	-	112,207
Due from other funds (Note 6)	256,890	2,712,508	-	131,707	3,101,105
Inventories	104,807	3,514	143,294	-	251,615
<b>Total current assets</b>	<b>8,463,884</b>	<b>7,194,564</b>	<b>374,629</b>	<b>492,797</b>	<b>16,525,874</b>
<b>Noncurrent Assets</b>					
Restricted assets (Note 8)	-	11,553,443	-	-	11,553,443
Capital assets (Note 5)	20,976,191	96,415,996	15,531,594	-	132,923,781
<b>Total noncurrent assets</b>	<b>20,976,191</b>	<b>107,969,439</b>	<b>15,531,594</b>	<b>-</b>	<b>144,477,224</b>
<b>Total assets</b>	<b>29,440,075</b>	<b>115,164,003</b>	<b>15,906,223</b>	<b>492,797</b>	<b>161,003,098</b>
<b>Current Liabilities</b>					
Accounts payable	601,409	360,709	207,497	39	1,169,654
Due to other governmental units	101,021	146,303	-	-	247,324
Due to other funds (Note 6)	2,285,965	-	504,776	4,608	2,795,349
Accrued and other liabilities	159,839	322,319	170,780	-	652,938
Current provision for compensated absences (Note 7)	112,322	25,951	93,100	-	231,373
Current portion of long-term debt (Note 7)	95,000	110,224	150,000	-	355,224
<b>Total current liabilities</b>	<b>3,355,556</b>	<b>965,506</b>	<b>1,126,153</b>	<b>4,647</b>	<b>5,451,862</b>
<b>Noncurrent Liabilities</b>					
Current liabilities payable from restricted assets	-	4,082,822	-	-	4,082,822
Long-term advances from other funds (Note 6)	-	-	1,750,000	-	1,750,000
Provision for compensated absences (Note 7)	160,758	32,079	87,813	-	280,650
Long-term debt - Net of current portion (Note 7)	1,045,000	50,899,918	-	-	51,944,918
Net OPEB obligation (Note 13)	453,693	194,440	216,044	-	864,177
<b>Total liabilities</b>	<b>5,015,007</b>	<b>56,174,765</b>	<b>3,180,010</b>	<b>4,647</b>	<b>64,374,429</b>
<b>Net Assets</b>					
Invested in capital assets - Net of related debt	19,836,191	41,323,032	14,956,594	-	76,115,817
Restricted for debt service	-	11,553,443	-	-	11,553,443
Restricted for sewer grant expenditures	-	795,470	-	-	795,470
Unrestricted	4,588,877	5,317,293	(2,230,381)	488,150	8,163,939
<b>Total net assets</b>	<b>\$ 24,425,068</b>	<b>\$ 58,989,238</b>	<b>\$ 12,726,213</b>	<b>\$ 488,150</b>	<b>\$ 96,628,669</b>

# City of Taylor, Michigan

## Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Assets Year Ended June 30, 2009

	Water	Sewer	Golf Courses	Nonmajor - Ecorse Creek	Total Enterprise Funds
<b>Operating Revenues</b>					
Water sales	\$ 5,688,973	\$ -	\$ -	\$ -	\$ 5,688,973
Sewage disposal services	-	5,905,065	-	-	5,905,065
Charges for services	1,433,884	744,085	2,445,503	487,835	5,111,307
Sales of merchandise	-	-	1,859,917	-	1,859,917
Other	38,797	3,784	57,457	-	100,038
Total operating revenues	7,161,654	6,652,934	4,362,877	487,835	18,665,300
<b>Operating Expenses</b>					
Cost of water operations	6,508,305	-	-	-	6,508,305
Cost of sewage disposal operations	-	5,461,980	-	-	5,461,980
Ecorse Creek user charge system	-	-	-	249,645	249,645
Cost of sales	-	-	849,282	-	849,282
Operation and maintenance	-	-	1,359,293	-	1,359,293
General and administrative	-	-	2,459,158	-	2,459,158
Other expenses	-	-	-	50,177	50,177
Depreciation and amortization	1,007,825	1,674,799	841,332	-	3,523,956
Total operating expenses	7,516,130	7,136,779	5,509,065	299,822	20,461,796
<b>Operating Income (Loss)</b>	(354,476)	(483,845)	(1,146,188)	188,013	(1,796,496)
<b>Nonoperating Revenue (Expenses)</b>					
Property taxes	-	5,446,025	-	-	5,446,025
Loss on disposal of assets	3,000	-	(39,308)	-	(36,308)
Interest income	73,290	121,993	5,684	2,313	203,280
Interest expense	(49,559)	(1,471,905)	(7,533)	-	(1,528,997)
Other	-	150,385	-	-	150,385
Total nonoperating revenue (expenses)	26,731	4,246,498	(41,157)	2,313	4,234,385
<b>Net Income (Loss) - Before donated assets and transfers</b>	(327,745)	3,762,653	(1,187,345)	190,326	2,437,889
<b>Capital Contributions - Donated assets</b>	149,055	-	205,704	-	354,759
<b>Transfers In (Note 6)</b>	-	-	-	3,116	3,116
<b>Change in Net Assets</b>	(178,690)	3,762,653	(981,641)	193,442	2,795,764
<b>Net Assets - Beginning of year</b>	24,603,758	55,226,585	13,707,854	294,708	93,832,905
<b>Net Assets - End of year</b>	<u>\$ 24,425,068</u>	<u>\$ 58,989,238</u>	<u>\$ 12,726,213</u>	<u>\$ 488,150</u>	<u>\$ 96,628,669</u>

# City of Taylor, Michigan

## Proprietary Funds Statement of Cash Flows Year Ended June 30, 2009

	Water	Sewer	Golf Courses	Nonmajor - Ecorse Creek	Total Enterprise Funds
<b>Cash Flows from Operating Activities</b>					
Receipts from customers	\$ 7,007,253	\$ 6,427,822	\$ 4,302,172	\$ 493,178	\$ 18,230,425
Payments to suppliers	(3,615,861)	(4,640,217)	(2,784,981)	(244,774)	(11,285,833)
Payments to employees	(2,468,518)	(692,700)	(1,762,769)	-	(4,923,987)
Internal activity - Receipts from (payments to) other funds	923,986	(574,794)	479,796	(176,821)	652,167
Other receipts	38,797	(600,177)	57,457	-	(503,923)
Net cash provided by (used in) operating activities	1,885,657	(80,066)	291,675	71,583	2,168,849
<b>Cash Flows from Noncapital Financing Activities - Transfers from other funds</b>					
	-	-	-	3,116	3,116
<b>Cash Flows from Capital and Related Financing Activities</b>					
Purchase of capital assets	(767,548)	(257,105)	(25,476)	-	(1,050,129)
Proceeds from sales of capital assets	17,751	-	-	-	17,751
Principal and interest paid on capital debt	(139,559)	(141,508)	(152,533)	-	(433,600)
Receipts from long-term advances to other funds	118,372	-	-	-	118,372
Payments on long-term advances from other funds	-	-	(425,000)	-	(425,000)
Payments to the County	-	(5,446,025)	-	-	(5,446,025)
Property taxes	-	5,446,025	-	-	5,446,025
Net cash used in capital and related financing activities	(770,984)	(398,613)	(603,009)	-	(1,772,606)
<b>Cash Flows from Investing Activities - Interest received on investments</b>					
	73,290	158,388	5,684	2,313	239,675
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>					
	1,187,963	(320,291)	(305,650)	77,012	639,034
<b>Cash and Cash Equivalents - Beginning of year</b>	4,703,728	2,875,787	532,858	148,294	8,260,667
<b>Cash and Cash Equivalents - End of year</b>	<b>\$ 5,891,691</b>	<b>\$ 2,555,496</b>	<b>\$ 227,208</b>	<b>\$ 225,306</b>	<b>\$ 8,899,701</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities</b>					
Operating income (loss)	\$ (354,476)	\$ (483,845)	\$ (1,146,188)	\$ 188,013	\$ (1,796,496)
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Depreciation and amortization	1,007,825	1,674,799	841,332	-	3,523,956
Changes in assets and liabilities:					
Receivables	(115,604)	(221,328)	(3,248)	5,343	(334,837)
Due from other funds	477,892	(89,954)	3,220	(110,707)	280,451
Due to component units	-	15,959	-	-	15,959
Inventories and other assets	41,951	3,491	24,860	57,458	127,760
Accounts payable	(12,179)	16,392	(54,473)	(2,410)	(52,670)
Accrued and other liabilities	(59,539)	(85,260)	(66,448)	-	(211,247)
Due to other governmental units	-	(619,920)	-	-	(619,920)
Due to other funds	446,094	(484,840)	476,576	(66,114)	371,716
Net OPEB obligation	453,693	194,440	216,044	-	864,177
Net cash provided by (used in) operating activities	<b>\$ 1,885,657</b>	<b>\$ (80,066)</b>	<b>\$ 291,675</b>	<b>\$ 71,583</b>	<b>\$ 2,168,849</b>



# City of Taylor, Michigan

---

## Proprietary Funds Statement of Cash Flows (Continued) Year Ended June 30, 2009

**Noncash Investing, Capital, and Financing Activities** - During the year ended June 30, 2009, the City had several noncash transactions with the assets held at Wayne County, including interest earnings of \$113,990, debt payments of \$3,985,168, debt issuances of \$2,806,655, and interest payments of \$1,418,726. The Water Fund also received some donated water lines from a developer during the current year totaling \$149,055. The TIFA purchased and donated assets to the Golf Course Fund totaling \$205,704.

# City of Taylor, Michigan

## Fiduciary Funds Statement of Net Assets June 30, 2009

	Pension and Other Employee Benefit Plans*	Agency Funds
<b>Assets</b>		
Cash and equivalents	\$ 6,612,332	\$ 1,468,069
Investments:		
Corporate bonds	14,647,262	-
U.S. government securities	24,870,492	-
Common and preferred stock	47,919,279	-
Mutual funds	13,045,585	-
International equity funds	9,791,520	-
Due from primary government	105,433	-
Accrued interest	458,051	-
	117,449,954	<b><u>\$ 1,468,069</u></b>
<b>Liabilities</b>		
Due to other governmental units	-	\$ 1,377,585
Accrued and other liabilities	-	7,837
Tax collections distributable	-	82,647
	-	<b><u>\$ 1,468,069</u></b>
<b>Net Assets - Held in trust for pension and other employee benefits</b>	<b><u>\$ 117,449,954</u></b>	

\* Balances are as of December 31, 2008 for the General Employees' Pension Plan and as of June 30, 2009 for the Police and Fire Retirement System.

# City of Taylor, Michigan

## Fiduciary Funds Statement of Changes in Net Assets Year Ended June 30, 2009

	Pension and Other Employee Benefit Plans*
<b>Additions</b>	
Investment income (loss):	
Interest and dividends	\$ 3,738,892
Net decrease in fair value of investments	(31,738,436)
Less investment expenses	<u>(435,848)</u>
Net investment loss	(28,435,392)
Contributions:	
Employer	7,810,984
Employee	<u>1,158,566</u>
Total contributions	<u>8,969,550</u>
Total additions - Net of investment expenses	(19,465,842)
<b>Deductions</b>	
General and administrative	129,376
Benefit payments	<u>13,776,962</u>
Total deductions	<u>13,906,338</u>
<b>Net Decrease in Net Assets</b>	(33,372,180)
<b>Net Assets Held in Trust for Pension and Other Employee Benefits</b>	
Beginning of year	<u>150,822,134</u>
End of year	<u><b>\$ 117,449,954</b></u>

\* Balances are as of December 31, 2008 for the General Employees' Pension Plan and as of June 30, 2009 for the Police and Fire Retirement System.

# City of Taylor, Michigan

## Component Units Statement of Net Assets (Deficit) June 30, 2009

	Local Development Financing Authority	Tax Increment Financing Authority	Brownfield Redevelopment Authority	Downtown Development Authority	Housing Commission*	Total
<b>Assets</b>						
Cash and investments (Note 3)	\$ 360,922	\$ 7,030,853	\$ 2,347,686	\$ 389,403	\$ 4,390,761	\$ 14,519,625
Accounts receivable	-	-	743,673	-	162,520	906,193
Deferred charges	-	-	-	-	4,497,056	4,497,056
Unamortized bond issuance costs	-	-	110,120	-	-	110,120
Due from other governmental units	-	-	-	-	3,870	3,870
Due from primary government	-	-	270,780	-	-	270,780
Prepaid expenses and other assets	-	-	-	-	170,655	170,655
Restricted assets (Note 8)	-	-	-	9	3,283,249	3,283,258
Notes receivable and accrued interest	-	-	-	-	10,000	10,000
Capital assets (Note 5)	<u>17,745</u>	<u>12,802,052</u>	<u>77,187</u>	<u>1,327,193</u>	<u>25,976,694</u>	<u>40,200,871</u>
Total assets	<u>378,667</u>	<u>19,832,905</u>	<u>3,549,446</u>	<u>1,716,605</u>	<u>38,494,805</u>	<u>63,972,428</u>
<b>Liabilities</b>						
Accounts payable	-	994,499	349,171	41,024	580,499	1,965,193
Deferred revenue (Note 4)	-	-	743,673	-	-	743,673
Due to primary government	-	612,914	54,699	16,602	256,378	940,593
Tenant security deposits	-	-	-	-	365,049	365,049
Accrued and other liabilities	-	354,387	329,310	43,221	691,399	1,418,317
Long-term debt (Note 7)	<u>-</u>	<u>37,018,400</u>	<u>17,029,956</u>	<u>1,908,142</u>	<u>27,917,601</u>	<u>83,874,099</u>
Total liabilities	<u>-</u>	<u>38,980,200</u>	<u>18,506,809</u>	<u>2,008,989</u>	<u>29,810,926</u>	<u>89,306,924</u>
<b>Net Assets (Deficit)</b>						
Investment in capital assets - Net of related debt	17,745	12,802,052	77,187	1,327,193	(1,177,892)	13,046,285
Restricted	-	-	989,514	-	4,633,280	5,622,794
Unrestricted	<u>360,922</u>	<u>(31,949,347)</u>	<u>(16,024,064)</u>	<u>(1,619,577)</u>	<u>5,228,491</u>	<u>(44,003,575)</u>
Total net assets (deficit)	<u>\$ 378,667</u>	<u>\$ (19,147,295)</u>	<u>\$ (14,957,363)</u>	<u>\$ (292,384)</u>	<u>\$ 8,683,879</u>	<u>\$ (25,334,496)</u>

\* Balances are as of March 31, 2009 for the Housing Commission and as of June 30, 2009 for the Taylor Community Development Corp., its component unit.

# City of Taylor, Michigan

	Program Revenues			
	Expenses	Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions
Local Development Financing Authority - Public works	\$ 518	\$ -	\$ -	\$ -
Tax Increment Financing Authority - Public works	7,432,040	-	-	-
Brownfield Redevelopment Authority - Public works	1,579,752	-	-	-
Downtown Development Authority - Public works	281,333	-	-	-
Housing Commission	<u>19,387,341</u>	<u>6,799,467</u>	<u>10,516,972</u>	<u>-</u>
Total component unit activities	<u><b>\$ 28,680,984</b></u>	<u><b>\$ 6,799,467</b></u>	<u><b>\$ 10,516,972</b></u>	<u><b>\$ -</b></u>

General revenues:

Capture taxes  
Interest  
Transfers  
Other

Total general revenues

**Change in Net Assets (Deficit)**

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

Less prior period adjustment for unrecorded  
losses related to the investment in partnership

**Net Assets (Deficit) - Beginning of year, as restated**

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

\* Balances are as of March 31, 2009 for the Housing Commission and as of June 30, 2009 for the Taylor Community Development Corp., its component unit.

**Component Units  
Statement of Activities  
Year Ended June 30, 2009**

Net (Expense) Revenue and Changes in Net Assets

Local Development Financing Authority	Tax Increment Financing Authority	Brownfield Redevelopment Authority	Downtown Development Authority	Housing Commission*	Total
\$ (518)	\$ -	\$ -	\$ -	\$ -	\$ (518)
-	(7,432,040)	-	-	-	(7,432,040)
-	-	(1,579,752)	-	-	(1,579,752)
-	-	-	(281,333)	-	(281,333)
-	-	-	-	(2,070,902)	(2,070,902)
(518)	(7,432,040)	(1,579,752)	(281,333)	(2,070,902)	(11,364,545)
59,243	12,298,441	726,109	890,168	-	13,973,961
4,426	138,858	40,887	6,139	107,628	297,938
-	(219,016)	496,164	(277,148)	-	-
-	5,000	76,119	-	428,254	509,373
63,669	12,223,283	1,339,279	619,159	535,882	14,781,272
63,151	4,791,243	(240,473)	337,826	(1,535,020)	3,416,727
315,516	(23,938,538)	(14,716,890)	(630,210)	11,290,171	(27,679,951)
-	-	-	-	(1,071,272)	(1,071,272)
315,516	(23,938,538)	(14,716,890)	(630,210)	10,218,899	(28,751,223)
<b>\$ 378,667</b>	<b>\$ (19,147,295)</b>	<b>\$ (14,957,363)</b>	<b>\$ (292,384)</b>	<b>\$ 8,683,879</b>	<b>\$ (25,334,496)</b>

## **Note I - Summary of Significant Accounting Policies**

The accounting policies of the City of Taylor, 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 of Taylor, Michigan:

### **Reporting Entity**

The City of Taylor, Michigan is governed by an elected seven-member council. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the City's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City (see discussion below for description).

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

The 23<sup>rd</sup> Judicial District Court is reported within the Trust and Agency Fund. Although it is legally separate from the City, it is reported as if it were part of the primary government because of the fiduciary relationship it has with the City.

**Discretely Presented Component Units** - The Local Development Financing Authority and the Tax Increment Financing Authority (the "Authorities") were created to promote economic development within a seven-square mile district of the City and are funded primarily by property tax revenue captures. The Authorities are governed by 11-member and 13-member boards, respectively, and are appointed by the mayor and confirmed by the City Council.

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 that district. The DDA's governing body, which consists of 13 members, is appointed by the mayor and confirmed by the City Council. In addition, the DDA's budget is subject to approval by the City Council.

## **Note I - Summary of Significant Accounting Policies (Continued)**

The Brownfield Redevelopment Authority was created, pursuant to Public Act 381 of 1996, to promote revitalization of environmentally distressed areas within the 24-square mile boundary of the City. The Brownfield Redevelopment Authority is funded primarily by property tax revenue captures. The Brownfield Redevelopment Authority is governed by a 13-member board that is appointed by the mayor and confirmed by the City Council.

Separate financial statements for the above discretely presented component units are not prepared.

The Taylor Housing Commission is a nonprofit corporation that was organized under the laws of the State of Michigan to provide low-rent housing for qualified individuals in accordance with the rules and regulations prescribed by the U.S. Department of Housing and Urban Development (HUD). The Taylor Housing Commission operates with a fiscal year ended March 31. The Taylor Housing Commission is governed by a five-member board that is appointed by the mayor and confirmed by the City Council.

The Taylor Community Development Corporation (TCDC) is a nonprofit organization formed by its sole member, the Taylor Housing Commission, to acquire, renovate, and operate certain apartment complexes located within the city of Taylor, Michigan. The City acquired these apartment complexes, now known as the Villages of Taylor (the "Project"), and then donated the complexes to the TCDC. The TCDC is operated by a seven-member board of directors appointed by the Taylor Housing Commission. The TCDC is a component unit of the Taylor Housing Commission.

The Project is operated and regulated by a use agreement with the U.S. Department of Housing and Urban Development (HUD) with respect to rental charges and operating methods. The Project's major program is its Section 8 housing assistance payment agreements with HUD. During the year ended June 30, 2009, rental revenue from HUD totaled \$4,700,000, representing 39 percent of net rental revenue.

A complete financial statement for the Taylor Housing Commission can be obtained at 15270 Plaza South, Taylor, MI 48180.



## **Note I - Summary of Significant Accounting Policies (Continued)**

### **Government-wide and Fund Financial Statements**

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

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

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

### **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.

## **Note I - Summary of Significant Accounting Policies (Continued)**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. 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, special assessments and federal grant reimbursements will be collected after the period of availability; receivables have been recorded for these, along with a “deferred revenue” liability.

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.

The City’s only major governmental fund for June 30, 2009 is the General Fund.

**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.

The City reports the following major proprietary funds:

**Water Fund** - The Water Fund accounts for the activities of the water distribution system.

**Sewer Fund** - The Sewer Fund accounts for the activities of the sewage collection system.

**Golf Courses Fund** - The Golf Courses Fund accounts for the activity related to the City’s two golf courses, Taylor Meadows and Lakes of Taylor.

## **Note I - Summary of Significant Accounting Policies (Continued)**

Additionally, the City reports the following fund types:

**Pension Trust Fund** - The Pension Trust Fund accounts for the activities of the City's two defined benefit pension plans, including the Police and Fire Retirement System and the General Employees' Pension Plan. The General Employees' Pension Plan is audited as of December 31, 2008. Therefore, the General Employees' Pension Plan is included in this report as of December 31, 2008. The plans accumulate resources for pension benefit payments to qualified employees.

**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 the results of operations. The City's Agency Funds are its Tax Receiving Fund, Agency Fund, and the 23<sup>rd</sup> District Court Fund.

Private sector standards of accounting issued prior to December 1, 1989 are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The City has elected not to follow private sector standards issued after November 30, 1989 for its business-type activities.

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 revenues reported for the various functions concerned.

Amounts reported as program revenue include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

## **Note I - Summary of Significant Accounting Policies (Continued)**

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 our proprietary funds relates to charges to customers for sales, rentals, and services. The Water and Sewer Funds also recognize the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative and operating expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

### **Property Tax Revenue**

Property taxes are levied on each July 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed.

The City's 2008 tax is levied and collectible on July 1, 2008 and is recognized as revenue in the year ended June 30, 2009, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2008 taxable valuation of the City totaled \$1,396,273,939, on which taxes levied consisted of 8.4211 mills for operating purposes, 0.7387 mills for library services, 5.2998 mills for public safety pension, 1.0680 mills for disposal authority, 2.6591 mills for garbage and rubbish services, 0.0359 mills for publicity services, 2.700 mills for the building authority, 3.8505 for EPA debt, and .9601 mills for the Southend Project. This resulted in approximately \$11,800,000 for operating purposes, \$1,000,000 for library services, \$7,400,000 for public safety pension, \$1,500,000 for disposal authority, \$3,700,000 for garbage and rubbish services, \$50,000 for publicity services, \$3,800,000 for the building authority, \$5,400,000 for EPA debt, and \$1,700,000 for the Southend Project. These amounts are recognized in the respective General, Debt Service, and Enterprise Funds financial statements as tax revenue.

## **Note I - Summary of Significant Accounting Policies (Continued)**

### **Assets, Liabilities, and Net Assets 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. Investments are stated at fair value.

**Receivables and Payables** - In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

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

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

**Restricted Assets** - Unspent bond proceeds of the Capital Projects Funds and Downtown Development Authority Fund are required to be set aside for construction. In addition, restricted assets also include assets held at Wayne County.

Restricted deposits in the Taylor Housing Commission represent assets held under various bond agreements in a separate account for replacement of property and other project expenditures as approved by the mortgagor. Restricted deposits are held in a separate account and generally are not available for operating purposes. During the year ended June 30, 2009, withdrawals of \$504,886 were taken from the replacement reserve.

When both restricted and unrestricted resources are available for use, it is the City's policy to use the restricted resources first, then unrestricted resources as they are needed.

## **Note I - Summary of Significant Accounting Policies (Continued)**

**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 \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Assets are depreciated using the straight-line method over the following useful lives:

Roads and sidewalks	10-65 years
Buildings	15-50 years
Sanitary sewer system	15-50 years
Water mains and meters	15-67 years
Improvements other than buildings	20 years
Machinery and equipment	2-20 years
Vehicles	4-10 years
Furniture and fixtures	10-20 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 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.

**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 assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs 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.

## **Note 1 - Summary of Significant Accounting Policies (Continued)**

**Pension and Other Postemployment Benefit Costs** - The City offers both pension and retiree health care 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, pension and 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.

**Fund Equity** - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the City's policy is to first apply restricted sources.

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

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

**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 except that operating transfers, debt proceeds, bond premiums, and sales of fixed assets have been included in the "revenue" and/or "expenditure" categories, rather than as "other financing sources (uses)." All annual appropriations lapse at fiscal year end. The annual budget is prepared by the city management and adopted by the City Council; subsequent amendments are approved by the City Council.

## **Note 2 - Stewardship, Compliance, and Accountability (Continued)**

The budget process is initiated in January, when the departments are given information and guidelines to assist them in formulating their budget requests. The department heads summarize the departmental appropriation requests and submit them to the mayor on or before March 1. During the month of March, the mayor reviews the appropriation requests, meets with the departments, and puts together the budget. The budget is submitted to the City Council on or before April 1. During the next month, the City Council reviews the budget and considers any changes. After a public hearing, the final budget is adopted by resolution no later than May 1.

The budget document presents information by fund, function, department, and line items. The legal level of budgetary control adopted by the governing body is the activity basis level.

The amount of encumbrances outstanding at June 30, 2009 has not been calculated. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

**Excess of Expenditures Over Appropriations in Budgeted Funds** - During the year, there were no expenditures that were in excess of the amounts budgeted.

**Fund Deficits** - There are no fund deficits on the modified accrual basis at June 30, 2009. The component units are presented on the full accrual basis in the basic financial statements, resulting in deficits on that basis in the Tax Increment Financing Authority, Brownfield Redevelopment Authority, and Downtown Development Authority. The Golf Courses Fund has an unrestricted net deficit as of June 30, 2009. There are no other proprietary funds with a deficit at June 30, 2009.

## **Note 3 - Deposits and Investments**

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



## **Note 3 - Deposits and Investments (Continued)**

The Pension Trust Fund is also authorized by Michigan Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate (if the trust fund's assets exceed \$250 million), debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles.

The City has designated two banks for the deposit of its funds. The investment policy adopted by the Council in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of state statutory authority as listed above. The City's deposits and investment policies are in accordance with statutory authority.

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

**Custodial Credit Risk of Bank Deposits** - Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At year end, the City had \$27,260,303 of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. In addition, the City's component units had \$8,228,790 of bank deposits that were uninsured and uncollateralized. The City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the City evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

### Note 3 - Deposits and Investments (Continued)

**Interest Rate Risk** - Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The City's investment policy does not restrict investment maturities, other than commercial paper which can only be purchased with a 270-day maturity; U.S. Treasury bills and U.S. Treasury notes or bonds must mature within one year. The General Employees' Pension Plan does not restrict investment maturities, other than fixed income portfolios which can only be purchased with less than a 20-year maturity. At year end, the average maturities of investments are as follows:

Investment Type	Fair Value	Less than One year	1 to 5 Years	6 to 10 Years	More than 10 Years
<b>General Employees' Pension Plan</b>					
Corporate bonds	\$ 6,147,924	\$ 1,640,933	\$ 2,754,199	\$ 1,752,792	\$ -
U.S. government securities	10,248,464	852,013	6,092,646	3,031,023	272,782
<b>Police and Fire Retirement System</b>					
Corporate bonds	8,499,337	47,626	3,996,518	4,173,731	281,462
U.S. government securities	14,622,028	1,427,708	7,054,510	2,964,922	3,174,888

### Note 3 - Deposits and Investments (Continued)

**Credit Risk** - State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The City has no investment policy that would further limit its investment choices. The General Employees' Pension Plan's investment policy does not restrict investment ratings, other than convertible securities which should be rated B- or higher at time of purchase and fixed income securities which should be rated BBB- or higher at time of purchase. In addition, asset-backed securities, mortgage-backed securities, and CMOs should be rated AAA at the time of purchase. As of year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment Type	Fair Value				Rating	Rating Organization
	Primary Government	Component Units	Police and Fire Retirement System	General Employees' Pension Plan		
Corporate bonds	\$ -	\$ -	\$ -	\$ 513,975	AAA	S&P
Corporate bonds	-	-	-	600,654	AA-	S&P
Corporate bonds	-	-	-	875,367	A+	S&P
Corporate bonds	-	-	-	1,706,592	A	S&P
Corporate bonds	-	-	-	584,888	BBB+	S&P
Corporate bonds	-	-	-	1,792,123	BBB	S&P
Corporate bonds	-	-	-	74,325	BBB-	S&P
U.S. government securities	-	-	-	3,802,630	Not rated	N/A
Corporate bonds	-	-	100,051	-	Aa1	Moody's
Corporate bonds	-	-	698,657	-	A1	Moody's
Corporate bonds	-	-	647,294	-	A2	Moody's
Corporate bonds	-	-	619,330	-	A3	Moody's
Corporate bonds	-	-	200,016	-	Aa2	Moody's
Corporate bonds	-	-	49,671	-	Aa3	Moody's
Corporate bonds	-	-	1,541,225	-	Aaa	Moody's
Corporate bonds	-	-	198,087	-	B1	Moody's
Corporate bonds	-	-	383,681	-	B2	Moody's
Corporate bonds	-	-	125,492	-	B3	Moody's
Corporate bonds	-	-	266,608	-	Ba1	Moody's
Corporate bonds	-	-	99,025	-	Ba2	Moody's
Corporate bonds	-	-	302,550	-	Ba3	Moody's
Corporate bonds	-	-	695,378	-	Baa1	Moody's
Corporate bonds	-	-	1,743,815	-	Baa2	Moody's
Corporate bonds	-	-	421,885	-	Baa3	Moody's
Corporate bonds	-	-	42,000	-	CA	Moody's
Corporate bonds	-	-	121,467	-	Caa1	Moody's
Corporate bonds	-	-	48,237	-	Caa2	Moody's
Corporate bonds	-	-	20,475	-	Caa3	Moody's
Corporate bonds	-	-	174,392	-	Not rated	N/A
U.S. government securities	-	-	2,694,249	-	Aaa	Moody's
U.S. government securities	-	-	3,907,836	-	Not rated	N/A
Bank investment pools	-	1,636	-	-	AAA	S&P
Bank investment pools	-	397,840	-	-	Not rated	N/A

### Note 3 - Deposits and Investments (Continued)

**Concentration of Credit Risk** - The City of Taylor Police and Fire Retirement System places limits on the amount the system may invest in any one issuer. More than 5 percent of the Police and Fire Retirement System's investments are in Thornburg International Equity Fund (Q.P.), LLC; this investment is 12.49 percent of the City of Taylor Police and Fire Retirement System's total investments.

**Risks and Uncertainties** - The City invests in various securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the balance sheet.

### Note 4 - Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds and the governmental activities also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the deferred revenue recorded is as follows:

	Unavailable	Unearned	Total
Special assessments	\$ 223,032	\$ 5,300,893	\$ 5,523,925
Grant receivables	11,568	-	11,568
ALS receivables	199,473	-	199,473
Other	277,481	-	277,481
Total	<u>\$ 711,554</u>	<u>\$ 5,300,893</u>	<u>\$ 6,012,447</u>

In addition, the component units have recorded \$743,673 of deferred revenue which relates to unearned grant revenue.

# City of Taylor, Michigan

## Notes to Financial Statements June 30, 2009

### Note 5 - Capital Assets

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

<b>Governmental Activities</b>	Balance July 1, 2008	Additions	Disposals	Reclassifications	Balance June 30, 2009
Capital assets not being depreciated:					
Land	\$ 27,799,354	\$ 482,216	\$ (268,581)	\$ -	\$ 28,012,989
Construction in progress	3,936,466	4,865,307	(66,855)	(2,697,392)	6,037,526
Subtotal	31,735,820	5,347,523	(335,436)	(2,697,392)	34,050,515
Capital assets being depreciated:					
Roads and sidewalks	234,386,028	3,793,520	-	2,133,067	240,312,615
Buildings and improvements	86,591,262	48,896	-	306,282	86,946,440
Other improvements	18,142,378	203,672	-	258,043	18,604,093
Machinery and equipment	34,086,722	2,185,363	(1,081,848)	-	35,190,237
Subtotal	373,206,390	6,231,451	(1,081,848)	2,697,392	381,053,385
Accumulated depreciation:					
Roads and sidewalks	133,435,430	5,043,946	-	-	138,479,376
Buildings and improvements	21,132,879	2,025,012	-	-	23,157,891
Other improvements	9,937,786	933,218	-	-	10,871,004
Machinery and equipment	23,143,494	2,589,311	(995,396)	-	24,737,409
Subtotal	187,649,589	10,591,487	(995,396)	-	197,245,680
Net capital assets being depreciated	185,556,801	(4,360,036)	(86,452)	2,697,392	183,807,705
Net capital assets	\$ 217,292,621	\$ 987,487	\$ (421,888)	\$ -	\$ 217,858,220

# City of Taylor, Michigan

## Notes to Financial Statements June 30, 2009

### Note 5 - Capital Assets (Continued)

<b>Business-type Activities</b>	Balance July 1, 2008	Additions	Disposals	Reclassifications	Balance June 30, 2009
Capital assets not being depreciated:					
Land	\$ 4,758,372	\$ -	\$ -	\$ -	\$ 4,758,372
Construction in progress	45,151	738,760	(55)	(765,073)	18,783
Subtotal	4,803,523	738,760	(55)	(765,073)	4,777,155
Capital assets being depreciated:					
Land improvements	8,583,348	-	(118,460)	-	8,464,888
Machinery and equipment	3,289,639	138,127	(73,773)	4,250	3,358,243
Buildings and building improvements	9,496,788	193,246	-	-	9,690,034
Vehicles	567,009	135,361	(51,577)	-	650,793
Sanitary sewer system	112,891,475	2,820,226	(28,485)	217,047	115,900,263
Water mains and meters	33,112,921	155,916	(206,313)	543,776	33,606,300
Furniture and fixtures	1,309,683	29,909	(129,622)	-	1,209,970
Subtotal	169,250,863	3,472,785	(608,230)	765,073	172,880,491
Accumulated depreciation:					
Land improvements	5,284,279	421,908	(103,654)	-	5,602,533
Machinery and equipment	1,854,290	337,324	(54,726)	-	2,136,888
Buildings and building improvements	2,315,758	206,447	-	-	2,522,205
Vehicles	466,470	22,791	(51,577)	-	437,684
Sanitary sewer system	18,416,006	1,540,524	(28,485)	-	19,928,045
Water mains and meters	12,489,059	934,742	(206,314)	-	13,217,487
Furniture and fixtures	938,271	60,220	(109,468)	-	889,023
Subtotal	41,764,133	3,523,956	(554,224)	-	44,733,865
Net capital assets being depreciated	127,486,730	(51,171)	(54,006)	765,073	128,146,626
Net capital assets	<u>\$ 132,290,253</u>	<u>\$ 687,589</u>	<u>\$ (54,061)</u>	<u>\$ -</u>	<u>\$ 132,923,781</u>

# City of Taylor, Michigan

## Notes to Financial Statements June 30, 2009

### Note 5 - Capital Assets (Continued)

The component unit capital assets are composed of the following:

	LDFA	TIFA	BRDA	DDA	Housing Commission	Total
Capital assets not being depreciated:						
Land	\$ 17,745	\$ 12,802,052	\$ 77,187	\$ 1,327,193	\$ 760,000	\$ 14,984,177
Construction in progress	-	-	-	-	98,062	98,062
Subtotal	17,745	12,802,052	77,187	1,327,193	858,062	15,082,239
Capital assets being depreciated:						
Land improvements	-	-	-	-	6,621,028	6,621,028
Vehicles, machinery, and equipment	-	-	-	-	6,606,944	6,606,944
Building	-	-	-	-	32,230,117	32,230,117
Subtotal	-	-	-	-	45,458,089	45,458,089
Accumulated depreciation	-	-	-	-	(20,339,457)	(20,339,457)
Net capital assets being depreciated	-	-	-	-	25,118,632	25,118,632
Net capital assets	<u>\$ 17,745</u>	<u>\$ 12,802,052</u>	<u>\$ 77,187</u>	<u>\$ 1,327,193</u>	<u>\$ 25,976,694</u>	<u>\$ 40,200,871</u>

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

#### Governmental activities:

General government	\$ 995,952
Public safety	1,960,561
Public works	6,048,346
Economic development	210,065
Recreation and culture	1,376,563

Total governmental activities \$ 10,591,487

#### Business-type activities:

Water	\$ 1,007,825
Sewer	1,674,799
Golf	841,332

Total business-type activities \$ 3,523,956

Component unit activities - Housing Commission \$ 1,907,157

# City of Taylor, Michigan

## Notes to Financial Statements June 30, 2009

### Note 6 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
<b>Due to/from Other Funds</b>		
General Fund	Golf Courses Fund	\$ 504,776
	Ecorse Creek Fund	4,608
	Other nonmajor governmental funds	<u>989,849</u>
	Total General Fund	1,499,233
Other nonmajor governmental funds	General Fund	101,293
	Other nonmajor governmental funds	<u>689,177</u>
	Total nonmajor governmental funds	790,470
Water Fund	General Fund	256,890
Sewer Fund	General Fund	558,250
	Water Fund	<u>2,154,258</u>
	Total Sewer Fund	2,712,508
Ecorse Creek	Water Fund	<u>131,707</u>
	Total	<u>\$ 5,390,808</u>

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

Receivable Fund	Payable Fund	Amount
<b>Advances to/from Other Funds</b>		
General Fund	Golf Courses Fund	\$ 1,750,000

The advance from the General Fund is expected to be repaid based on anticipated revenue from the golf courses in future years.



### Note 6 - Interfund Receivables, Payables, and Transfers (Continued)

#### Interfund Transfers

Fund Providing Resources	Fund Receiving Resources	Amount
Other nonmajor governmental funds	General Fund	\$ 40,592
Other nonmajor governmental funds	Other nonmajor governmental funds	4,354,976
Other nonmajor governmental funds	Ecorse Creek	<u>3,116</u>
	Total nonmajor governmental funds	<u>\$ 4,398,684</u>

Transfers between other nonmajor governmental funds were mainly between the City's two street funds to redistribute Act 51 revenue from the Major Streets Fund to the Local Streets Fund where the funds were utilized for budgeted activities and to transfer debt proceeds from the 2008 MI Transportation Bond Construction Fund to the Major Streets Fund for capital projects.

### Note 7 - Long-term Debt

The City issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. County contractual agreements and installment purchase agreements are also general obligations of the government.

Long-term obligation activity can be summarized as follows:

	Interest Rate Range	Beginning Balance	Additions	Reductions	Transfers	Ending Balance	Due Within One Year
<b>Governmental Activities</b>							
Bonds and contractual obligations:							
2001 Certificates of Participation - Honeywell Project - Amount of issue - \$4,125,000	4.1%-5.0%	\$ 1,415,000	\$ -	\$ 450,000	\$ -	\$ 965,000	\$ 470,000
2001 Installment Purchase Agreement - Downriver Mutual Aid E911 - Amount of issue - \$7,250,000	6.45%	2,313,218	-	866,501	-	1,446,717	919,710
2004 Michigan Transportation Refunding Bonds - Amount of issue - \$1,220,000	3.25%-3.5%	320,000	-	320,000	-	-	-
Building Authority Bonds - Series 2000 - Amount of issue - \$10,475,000	4.75%-6.0%	3,410,000	-	605,000	-	2,805,000	635,000
2003 Building Authority Refunding Bonds - Amount of issue - \$2,570,000	2.75%-3.0%	465,000	-	465,000	-	-	-
Building Authority Public Facilities Bonds - Series 2003 - Amount of issue - \$13,750,000	2.5%-5.0%	11,660,000	-	555,000	-	11,105,000	570,000
Road loan - State Infrastructure Bank (SIB) - Racho Road - Amount of issue - \$260,000	4.0%	31,419	-	31,419	-	-	-
2004 Building Authority Public Facilities Bonds - Amount of issue - \$1,250,000	2.0%-4.75%	1,105,000	-	50,000	-	1,055,000	50,000
General Obligation Bonds - Series 2004 - Storm - Amount of issue - \$945,000	3.5%-4.4%	610,000	-	45,000	-	565,000	50,000
2005 Building Authority Public Facilities Bonds - Amount of issue - \$14,795,000	3.0%-5.0%	11,830,000	-	980,000	-	10,850,000	1,045,000
2005 Building Authority Refunding Bonds - Amount of issue - \$3,445,000	5.0%	3,401,600	-	-	-	3,401,600	-
2008 Ambulance Lease - Amount of issue - \$313,074	4.38%	313,074	-	57,365	-	255,709	59,877
2008 Michigan Transportation Fund Bonds - Amount of issue - \$3,075,000	3.25%-5.25%	3,075,000	-	250,000	-	2,825,000	235,000
JPM Investment LLC land contract	7.0%	50,000	-	50,000	-	-	-
Ecorse Creek Pollution Abatement Drain Note, 2004 - Amount of issue - \$249,642	3.59%	48,438	-	-	(48,438)	-	-
2007 Pitney Bowes Mailing Machine - Amount of issue - \$10,714	9.50%	7,044	-	2,111	-	4,933	2,334
Deferred costs of financing		(420,003)	-	(46,667)	-	(373,336)	(46,667)
Other long-term obligation:							
Accrued longevity		282,222	50,360	-	-	332,582	332,582
Workers' compensation claims		564,525	-	243,004	-	321,521	197,031
Bond premium		1,044,927	-	104,931	-	939,996	104,931
Compensated absences		6,097,564	1,971,690	1,968,300	-	6,100,954	2,035,074
<b>Total governmental activities</b>		<b>\$ 47,624,028</b>	<b>\$ 2,022,050</b>	<b>\$ 6,996,964</b>	<b>\$ (48,438)</b>	<b>\$ 42,600,676</b>	<b>\$ 6,659,872</b>

# City of Taylor, Michigan

## Notes to Financial Statements June 30, 2009

### Note 7 - Long-term Debt (Continued)

	Interest Rate Range	Beginning Balance	Additions	Reductions	Transfers	Ending Balance	Due Within One Year
<b>Business-type Activities</b>							
General obligation bonds:							
General Obligation Bonds - Series 2004 - Water and Sewer - Amount of issue - \$1,655,000	3.5%-4.4%	\$ 1,420,000	\$ -	\$ 105,000	\$ -	\$ 1,315,000	\$ 110,000
1994 Downriver Sewage Disposal System Bonds - Amount of issue - \$87,367,763	Various	56,158,483	2,806,655	4,047,174	-	54,917,964	4,178,046
Municipal Purchase Agreement - Amount of issue - \$563,520	3.58%	295,000	-	145,000	-	150,000	150,000
Ecorse Creek Pollution Abatement Drain Note, 2004 - Amount of issue - \$249,642	3.59%	-	-	48,438	48,438	-	-
Other long-term obligation - Compensated absences		279,563	260,416	27,956	-	512,023	231,373
Total business-type activities		<u>\$ 58,153,046</u>	<u>\$ 3,067,071</u>	<u>\$ 4,373,568</u>	<u>\$ 48,438</u>	<u>\$ 56,894,987</u>	<u>\$ 4,669,419</u>
<b>Component Units</b>							
TIFA Bonds - 2000-A HUD Section 108 Loan - Senior Activities Center - Amount of issue - \$1,500,000	Various	\$ 660,000	-	\$ 120,000	-	\$ 540,000	\$ 120,000
Tax Increment Bonds - Series 1998 Refunding Amount of issue - \$19,570,000	4.65%-4.85%	6,250,000	-	1,990,000	-	4,260,000	2,080,000
Land contract - Alert Kennel	6.0%	575,000	-	100,000	-	475,000	100,000
Tax Increment Bonds - Series 2001 - Amount of issue - \$36,000,000	4.1%-5.5%	29,615,000	-	1,355,000	-	28,260,000	1,480,000
Sportsplex Building Authority Bonds - Series 2000 - Amount of issue - \$5,525,000	4.65%-5.125%	1,910,000	-	340,000	-	1,570,000	355,000
2005 Building Authority Refunding Bonds - Amount of issue - \$1,870,000	5.0%	1,913,400	-	-	-	1,913,400	-
Total TIFA		40,923,400	-	3,905,000	-	37,018,400	4,135,000
Brownfield Redevelopment Tax Increment Bonds, tax exempt - Series 2006 - Amount of issue - \$3,100,000	5.4%-6.0%	2,930,000	-	80,000	-	2,850,000	85,000
Brownfield Redevelopment Tax Increment Bonds, tax exempt - Series 2005 - Amount of issue - \$11,080,000	3.625%-5.00%	11,080,000	-	-	-	11,080,000	105,000
Brownfield Redevelopment Tax Increment Bonds, taxable Series 2005 - Amount of issue - \$3,080,000	4.40%-5.30%	3,080,000	-	-	-	3,080,000	105,000
Other long-term obligation - Bond premium		21,034	-	1,078	-	19,956	1,079
Total Brownfield		17,111,034	-	81,078	-	17,029,956	296,079
DDA Bonds - Downtown Development Bond - Series 2002 - Amount of issue - \$2,500,000	3.75%-4.7%	1,950,000	-	180,000	-	1,770,000	190,000
Condor Lofts land contract	8%	76,284	-	38,142	-	38,142	38,142
Finish Line Car Wash land contract	7%	200,000	-	100,000	-	100,000	100,000
Total DDA		2,226,284	-	318,142	-	1,908,142	328,142
Housing Commission - Bonds and mortgage payable	Various	28,309,464	-	391,863	-	27,917,601	508,992
Total component units		<u>\$ 88,570,182</u>	<u>\$ -</u>	<u>\$ 4,696,083</u>	<u>\$ -</u>	<u>\$ 83,874,099</u>	<u>\$ 5,268,213</u>
Total City debt		<u>\$ 194,347,256</u>	<u>\$ 5,089,121</u>	<u>\$ 16,066,615</u>	<u>\$ -</u>	<u>\$ 183,369,762</u>	<u>\$ 16,597,504</u>

## **Note 7 - Long-term Debt (Continued)**

### **Component Unit Debt**

The Housing Commission's debt represents the debt owed by its component unit, the TCDC. The debt represents \$24,170,000 of MSHDA bonds, a mortgage loan, and commercial loans payable. The debt is comprised mainly of Michigan State Housing Development Authority (MSHDA) Limited Obligation Multifamily Housing Revenue Bonds, Series 2003A (the "Bonds"). In 2002, the TCDC formed three single-member limited liability companies, of which the TCDC is the sole member. The Ponds of Taylor Limited Dividend Housing Association LLC (the "Ponds"), The Parks of Taylor Limited Dividend Housing Association LLC (the "Parks"), and the Courtyards of Taylor Limited Dividend Housing Association LLC (the "Courtyards") were formed with their sole assets to be those of each corresponding apartment complex. On this same date, the Parks, Ponds, and Courtyards entered into agreements to issue the MSHDA bonds and to obtain taxable supplemental real estate loans.

The Bonds have a tax-exempt variable interest rate that is determined weekly based on the remarketing agent's submitting the Bonds to the market for bidding. During the audit period, the weekly interest rate fluctuated and averaged approximately 1.399 percent (APR). The interest on the three bonds is due monthly, and they also have principal reserve (sinking fund) requirements. These requirements began on September 15, 2002 for one of the bonds and will begin on September 15, 2009 and September 15, 2013 for the remaining two. The interest rate on the taxable loans is fixed throughout the term. Their principal and interest payment is also paid monthly. The respective loans are secured by all of the assets of each respective LLC.

The fair value of the Bonds and commercial loans payable is estimated based on the current rates offered to the TCDC for debt of the same remaining maturities. At June 30, 2009, the fair value of the Bonds approximates the amounts recorded in the financial statements.

In September 2004, the TCDC obtained a commercial mortgage with a bank for \$2,500,000 in order to finance the demolition of the Springs Apartment buildings. The mortgage requires monthly payments of \$14,603 including interest of 5.68 percent per annum until October 1, 2013, when the remaining unpaid principal balance is due. The balance outstanding on this mortgage at June 30, 2009 was \$2,333,321.

# City of Taylor, Michigan

## Notes to Financial Statements June 30, 2009

### Note 7 - Long-term Debt (Continued)

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

	Governmental Activities			Business-type Activities			Component Unit Activities		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2010	\$ 4,036,921	\$ 1,578,395	\$ 5,615,316	\$ 4,438,046	\$ 1,480,195	\$ 5,918,241	\$ 5,267,134	\$ 3,353,524	\$ 8,620,658
2011	3,852,106	1,388,210	5,240,316	4,520,905	1,374,197	5,895,102	5,745,942	3,094,929	8,840,871
2012	2,940,237	1,224,321	4,164,558	4,716,316	1,253,086	5,969,402	3,416,049	2,834,330	6,250,379
2013	3,113,095	1,086,283	4,199,378	4,847,803	1,127,085	5,974,888	3,800,928	2,660,521	6,461,449
2014	3,215,400	918,565	4,133,965	4,972,721	996,817	5,969,538	5,980,640	2,385,492	8,366,132
2015-2019	13,226,200	2,425,156	15,651,356	23,968,735	3,033,328	27,002,063	22,331,959	8,646,419	30,978,378
2020-2024	4,895,000	629,038	5,524,038	7,051,744	783,492	7,835,236	15,199,718	4,300,574	19,500,292
2025-2029	-	-	-	1,866,694	174,529	2,041,223	11,430,904	2,537,025	13,967,929
2030-2034	-	-	-	-	-	-	10,680,869	1,047,982	11,728,851
Total	\$ 35,278,959	\$ 9,249,968	\$ 44,528,927	\$ 56,382,964	\$ 10,222,729	\$ 66,605,693	\$ 83,854,143	\$ 30,860,796	\$ 114,714,939

In conjunction with the issuances of \$19,570,000 and \$36,000,000 of Tax Increment Financing Authority (TIFA) bonds Series 1998 and 2001, respectively, the component unit is required to maintain debt service reserves in the amounts of \$426,000 and \$3,448,681, respectively. In order to cover the reserve requirement, the TIFA component unit has obtained insurance coverage totaling \$5,310,681 for this purpose. In addition to the reserves and in conjunction with the above debt issues, the City has agreed to certain covenants, including, but not limited to, restriction on amendments to the TIFA plan districts and continued compliance with the State of Michigan regulations and statutes affecting the TIFA bond indenture.

### Defeased Debt

In prior years, the City defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts' assets and liabilities for the defeased bonds are not included in the basic financial statements. At June 30, 2009, the City's portion of bonds outstanding that is considered defeased approximates \$5,390,000 for governmental activities and \$4,315,000 for component units.

### Note 7 - Long-term Debt (Continued)

**No Commitment Debt** - Excluded from long-term debt are bonds issued under the Economic Development Corporation Act of 1974, as amended, which authorizes the formation of economic development corporations and their participation in economic development projects in the City. The revenue bonds issued are payable solely from the net revenue derived from the respective leases and are not a general obligation of the City. After these bonds are issued, all financial activity is taken over by the paying agent. The bonds and related lease contracts are not reflected in the City's financial statements. Information regarding the status of each bond issue, including possible default, must be obtained from the paying agent or other knowledgeable source.

### Note 8 - Restricted Assets

The balances of the restricted asset accounts are as follows:

	Governmental Activities	Business-type Activities	Component Units
Unspent bond proceeds and related interest	\$ 322,501	\$ -	\$ 9
Assets held at Wayne County for future debt payments	-	10,044,003	-
Assets held at Wayne County for sewer operations	-	1,509,440	-
Restricted deposits - Cash	336,112	-	27,837
Restricted deposits held by lender	-	-	3,255,412
	<u>          </u>	<u>          </u>	<u>          </u>
Total restricted assets	<u>\$ 658,613</u>	<u>\$ 11,553,443</u>	<u>\$ 3,283,258</u>

The above contractual obligations to the County are the result of the county issuance of bonds on the City's behalf. The City has pledged substantially all revenue of the Sewer Fund, net of operating expenses, to repay \$4,376,705 of the obligations; in addition, it has pledged to raise property taxes, to the extent permitted by law, to fund \$50,541,257 of the obligation to repay the County. Proceeds from the County bonds provided financing for the construction of the expansion of the Downriver Wastewater Treatment Plant and System. The remaining principal and interest to be paid on the revenue bonds total \$64,806,367. During the current year, net revenues of the system were \$1,227,185 compared to the annual debt requirements of \$118,821. Annual tax collections related to the debt were \$5,446,025 compared to the annual debt requirements of \$5,403,894.

### Note 9 - Risk Management

The City is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The City has purchased commercial insurance for medical and property claims and for risk related to torts and errors and omissions and is uninsured for workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The 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>2009</u>	<u>2008</u>
Unpaid claims - Beginning of year	\$ 564,525	\$ 539,670
Incurred claims - Including claims incurred but not reported	(600,567)	(294,755)
Claim payments	<u>357,563</u>	<u>319,610</u>
Unpaid claims - End of year	<u>\$ 321,521</u>	<u>\$ 564,525</u>

### Note 10 - Defined Benefit Pension Plan

#### Plan Description

**Police and Fire Retirement System** - The Police and Fire Retirement System is a single-employer defined benefit pension plan that is administered by the City of Taylor, Michigan; this plan covers almost all police and fire employees of the City. The system provides retirement disability and death benefits to plan members and their beneficiaries. At June 30, 2008, the date of the most recent actuarial valuation, membership consisted of 197 retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them, and 152 current active employees. The plan does not issue a separate financial report.

## **Note 10 - Defined Benefit Pension Plan (Continued)**

**General Employees' Pension Plan** - The General Employees' Pension Plan is a single-employer defined benefit pension plan that is administered by the City of Taylor, Michigan; this plan covers all employees other than court and police and fire employees. The system provides retirement disability and death benefits to plan members and their beneficiaries. At December 31, 2008, the date of the most recent actuarial valuation, membership consisted of 204 retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them, and 138 current active employees. The plan does not issue a separate financial report.

**Municipal Employees' Retirement System of Michigan** - The City also participates in the Municipal Employees' Retirement System of Michigan (MERS), an agent multiple-employer defined benefit pension plan that covers all 23<sup>rd</sup> District Court employees of the City. The MERS provides retirement, disability, and death benefits to plan members and their beneficiaries. The MERS issues a publicly available financial report that includes financial statements and required supplementary information for the MERS. That report may be obtained by writing to the MERS at 1134 Municipal Way, Lansing, MI 48917.

### **Funding Policy**

**Police and Fire Retirement System, General Employees' Pension Plan, and Municipal Employees' Retirement System of Michigan** - Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Please refer to Note 1 for further significant accounting policies.

The obligation to contribute to and maintain the system for these employees was established by negotiation with the City's collective bargaining units and requires a contribution from the employees of 5 percent. The funding policy provides for periodic employer contributions at actuarially determined rates.



## **Note 10 - Defined Benefit Pension Plan (Continued)**

### **Annual Pension Cost**

**Police and Fire Retirement System** - For the year ended June 30, 2009, the City's contribution of approximately \$5,483,000 equaled the annual pension cost. The annual required contribution was determined as part of an actuarial valuation at June 30, 2007 using the entry age actuarial cost method. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 7.6 percent per year compounded annually, of which 5.0 percent is attributable to inflation, (b) projected salary increases of 5.0 percent per year compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.1 percent to 3.0 percent per year, attributable to seniority/merit, and (d) no postretirement benefit increases. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a four-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period is 20 years.

**General Employees' Pension Plan** - For the year ended December 31, 2008, the City's annual pension cost of approximately \$2,328,000 for the plan was equal to the City's required contribution. The annual required contribution was determined as part of an actuarial valuation at December 31, 2006 using the aggregate cost method. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 8.0 percent per year compounded annually, of which 2.5 percent is attributable to inflation, (b) projected salary increases of 2.5 percent per year compounded annually, attributable to inflation, and (c) no postretirement benefit increases. The actuarial value of assets was determined based on market value. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a five-year period. The unfunded actuarial liability is being amortized as level dollar on a closed basis. The remaining amortization period is 15 years.

## **Note 10 - Defined Benefit Pension Plan (Continued)**

**Municipal Employees' Retirement System of Michigan** - For the year ended June 30, 2009, the City's actual pension cost of \$34,099 was equal to the City's required contribution. The annual required contribution was determined as part of an actuarial valuation at December 31, 2006 using the entry age normal cost method. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 8.0 percent per year compounded annually, 4.5 percent attributable to inflation, (b) projected salary increases of 4.5 percent per year compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0 percent to 8.40 percent per year, attributable to seniority/merit, and (d) no postretirement benefit increases. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a four-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period is 29 years.

### **Reserves**

As of June 30, 2009, the plans' legally required reserves have been fully funded as follows:

Police and Fire Retirement System:

Reserve for employees' contributions	\$ 7,661,728
Reserve for retired benefit payments	91,896,146

General Employees' Pension Plan - Reserve for employees' contributions

4,428,459

# City of Taylor, Michigan

## Notes to Financial Statements June 30, 2009

### Note 10 - Defined Benefit Pension Plan (Continued)

Three-year trend information for the Police and Fire Retirement System is as follows:

	Fiscal Year Ended June 30		
	2009	2008	2007
Annual pension cost (APC)	\$ 5,483,000	\$ 4,978,000	\$ 4,023,000
Percentage of APC contributed	100.0%	100.0%	100.0%

  

	Fiscal Year Ended June 30		
	2008	2007	2006
Actuarial value of assets*	\$107.6	\$105.3	\$100.0
Actuarial accrued liability (AAL) (entry age method)*	\$143.6	\$138.9	\$132.7
Unfunded AAL (UAAL)*	\$36.0	\$33.6	\$32.7
Funded ratio	74.9%	75.8%	75.3%
Covered payroll*	\$14.0	\$14.3	\$13.4
UAAL as a percentage of covered payroll	257.3%	236.0%	242.9%

\*Dollar amounts in millions

The schedule of funding progress, presented as required supplemental information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

### Note 10 - Defined Benefit Pension Plan (Continued)

Three-year trend information for the General Employees' Pension Plan is as follows:

	Year Ended December 31		
	2008	2007	2006
Annual pension cost (APC)	\$ 2,328,000	\$ 2,086,000	\$ 1,509,000
Percentage of APC contributed	100.0%	100.0%	100.0%

  

	Fiscal Year Ended December 31		
	2008	2007	2006
Actuarial value of assets*	\$50.5	\$51.6	\$49.4
Actuarial accrued liability (AAL) (entry age method)*	\$70.4	\$67.4	\$64.8
Unfunded AAL (UAAL)*	\$19.9	\$15.8	\$15.4
Funded ratio	72.0%	77.0%	76.0%
Covered payroll*	\$8.1	\$8.1	\$8.4
UAAL as a percentage of covered payroll	245.7%	195.1%	183.3%

\*Dollar amounts in millions

The schedule of funding progress, presented as required supplemental information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

# City of Taylor, Michigan

## Notes to Financial Statements June 30, 2009

### Note 10 - Defined Benefit Pension Plan (Continued)

Three-year trend information for the Municipal Employees' Retirement System of Michigan is as follows:

	Fiscal Year Ended June 30		
	2009	2008	2007
Annual pension cost (APC)	\$ 34,099	\$ 47,383	\$ 35,199
Percentage of APC contributed	100.0%	100.0%	100.0%

  

	Fiscal Year Ended December 31		
	2008	2007	2006
Actuarial value of assets	\$ 2,387,776	\$ 2,256,579	\$ 2,067,013
Actuarial accrued liability (AAL) (entry age method)	\$ 2,548,652	\$ 2,346,592	\$ 2,153,277
Unfunded AAL (UAAL)	\$ 160,876	\$ 90,013	\$ 86,264
Funded ratio	93.7%	96.2%	96.0%
Covered payroll	\$ 734,516	\$ 720,939	\$ 707,263
UAAL as a percentage of covered payroll	21.90%	12.49%	12.20%

# City of Taylor, Michigan

## Notes to Financial Statements June 30, 2009

### Note 10 - Defined Benefit Pension Plan (Continued)

#### Financial Statement Information

As of June 30, 2009, the statement of net assets for the pension plan is as follows:

	Trust Funds		
	Pension and Other Employee Benefit Plans		
	Police and Fire Retirement System	General Employees' Pension Plan*	Total
<b>Assets</b>			
Cash and equivalents	\$ 3,662,342	\$ 2,949,990	\$ 6,612,332
Investments:			
Corporate bonds	8,499,337	6,147,925	14,647,262
U.S. government securities	14,622,028	10,248,464	24,870,492
Common and preferred stock	28,475,983	19,443,296	47,919,279
Mutual funds	13,045,585	-	13,045,585
International equity funds	9,791,520	-	9,791,520
Due from primary government	59,433	46,000	105,433
Accrued interest	267,087	190,964	458,051
Total assets	<u>\$ 78,423,315</u>	<u>\$ 39,026,639</u>	<u>\$ 117,449,954</u>
<b>Net Assets - Held in trust for pension and other employee benefits</b>	<u>\$ 78,423,315</u>	<u>\$ 39,026,639</u>	<u>\$ 117,449,954</u>

\* Balances are as of December 31, 2008

# City of Taylor, Michigan

## Notes to Financial Statements June 30, 2009

### Note 10 - Defined Benefit Pension Plan (Continued)

For the year ended June 30, 2009, the statement of changes in net assets for the pension plan is as follows:

	Police and Fire Retirement System	General Employees' Pension Plan*	Total
<b>Additions</b>			
Investment income (loss):			
Interest and dividends	\$ 2,234,162	\$ 1,504,730	\$ 3,738,892
Net decrease in fair value of investments	(20,426,513)	(11,311,923)	(31,738,436)
Less investment expenses	(171,117)	(264,731)	(435,848)
Net investment loss	(18,363,468)	(10,071,924)	(28,435,392)
Contributions:			
Employer	5,483,018	2,327,966	7,810,984
Employee	742,886	415,680	1,158,566
Total contributions	6,225,904	2,743,646	8,969,550
Total additions - Net of investment expenses	(12,137,564)	(7,328,278)	(19,465,842)
<b>Deductions</b>			
General and administrative	56,117	73,259	129,376
Benefit payments	8,692,052	5,084,910	13,776,962
Total deductions	8,748,169	5,158,169	13,906,338
<b>Net Decrease in Net Assets</b>	(20,885,733)	(12,486,447)	(33,372,180)
<b>Net Assets Held in Trust for Pension and Other Employee Benefits</b>			
Beginning of year	99,309,048	51,513,086	150,822,134
End of year	<u>\$ 78,423,315</u>	<u>\$ 39,026,639</u>	<u>\$ 117,449,954</u>

\* Balances are as of December 31, 2008

## **Note 11 - Defined Contribution Plan**

The City provides benefits to recently hired employees that are not eligible for the defined benefit plans through a defined contribution plan established July 1, 2003. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Employees are eligible to participate from the date of hire. As established by various collective bargaining agreements, the employees are permitted to contribute up to 4 percent of their pretax earnings, and up to 25 percent of their after-tax earnings. The City contributes between 50 percent and 200 percent of no greater than 4 percent of the employee contributions as an employer match. Employee contributions are immediately vested. Earnings and the employer match are fully vested after five years of service.

The City's total payroll during the current year was \$27,664,072. The current year contribution was calculated based on covered payroll of \$2,014,397, resulting in an employer contribution of \$86,292 and employee contributions of \$80,576.

## **Note 12 - Contingent Liabilities**

The City has been named as a defendant in numerous claims and lawsuits requesting damages of various amounts, the majority of which do not state a specific maximum. The various proceedings have not yet progressed to the point where a legal opinion can be reached as to the ultimate liability, if any, after consideration of available insurance, where applicable, that may result from the resolution of these matters. The City has not recorded an estimate of this liability at June 30, 2009.

The City receives numerous federal grants. Each grant has compliance requirements which are subject to review by the granting agency before the grant is closed. The City has been contacted by the Environmental Protection Agency that there may be questioned costs in the amount of approximately \$190,000 related to the Brownfield Cleanup Revolving Loan Pilot CFDA #66.811.

The City is part of the Downriver Sewage Disposal System (DSDS). In the current fiscal year, the DSDS issued revenue bonds for which the City's portion was approximately \$5,900,000. The DSDS did not draw the entire amount of the bonds in the current year. The portion of the debt that was drawn down allocated to the City was approximately \$2,800,000. The remaining \$3,100,000 allocable to the City is expected to be drawn down in fiscal year 2010.



### Note 12 - Contingent Liabilities (Continued)

Subsequent to year end, the Wayne County Drain Commissioner, on behalf of the City of Taylor, issued bonds for Ecorse Creek Pollution Abatement District #1 for approximately \$959,000. This project is expected to be completed during June 30, 2011.

In 2005, the City issued Brownfield Redevelopment Tax Increment Bonds in the amount of \$14,160,000. The plan for payment on the bonds was to use the tax revenue captured from the building of approximately 200 residential homes. Due to current economic conditions, the development and sale of the homes are not occurring at the anticipated rate. As a result, subsequent to year end, the City has drawn on a \$1,500,000 letter of credit issued by a bank and paid for by the developer. If there is any future shortfall, the City will be required to subsidize the repayment of the loan.

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

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Street projects:		
Component units	\$ 3,502,705	\$ 3,289,604
Primary government	<u>3,606,615</u>	<u>233,181</u>
Total	<u>\$ 7,109,320</u>	<u>\$ 3,522,785</u>

### Note 13 - Other Postemployment Benefits

**New Accounting Pronouncement** - In the current year, the City implemented the Governmental Accounting Standards Board's Statement No. 45, *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any other postemployment benefits (other than pensions). The new pronouncement causes the government-wide statements and the proprietary funds to recognize the cost of providing retiree healthcare expense over the working life of the employee, rather than at the time the healthcare expenses are paid. This statement was implemented prospectively. Implementing the statement caused an additional expense to be reported in the governmental activities of \$6,401,609 and the business-type activities of \$864,177 in excess of what would have been reported in prior years.

### Note 13 - Other Postemployment Benefits (Continued)

**Plan Description** - The City provides healthcare benefits to all full-time employees upon retirement, in accordance with labor contracts. The City includes pre-Medicare retirees and their dependents in its insured healthcare plan. This is a single employer defined benefit plan administered by the City.

**Funding Policy** - The labor contracts require no contribution by the participant. 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).

**Funding Progress** - For the year ended June 30, 2009, the City has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of June 30, 2008. The valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. This valuation’s computed contribution and actual funding are summarized as follows:

	Governmental			Golf Courses	Total
	Funds	Water Fund	Sewer Fund	Fund	
Annual required contribution (recommended)	\$ 11,296,821	\$ 767,843	\$ 329,076	\$ 365,639	\$ 12,759,379
Amounts contributed - Payment of current premiums	<u>4,895,212</u>	<u>314,150</u>	<u>134,636</u>	<u>149,595</u>	<u>5,493,593</u>
Increase in net OPEB obligation	6,401,609	453,693	194,440	216,044	7,265,786
OPEB obligation - Beginning of year	-	-	-	-	-
OPEB obligation - End of year	<u>\$ 6,401,609</u>	<u>\$ 453,693</u>	<u>\$ 194,440</u>	<u>\$ 216,044</u>	<u>\$ 7,265,786</u>

The annual OPEB costs, the percentage contributed to the plan, and the net OPEB obligation for the current year was as follows:

Annual OPEB costs	\$ 12,759,379
Percentage contributed	43.1%
Net OPEB obligation	\$ 7,265,786

### Note 13 - Other Postemployment Benefits (Continued)

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

Valuation as of June 30, 2008:

Actuarial value of assets	\$	-
Actuarial accrued liability (AAL)	\$	173,173,410
Unfunded AAL (UAAL)	\$	173,173,410
Funded ratio		0.0%
Annual covered payroll		N/A
Ratio of UAAL to covered payroll		N/A

**Actuarial Methods and Assumptions** - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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

In the June 30, 2008 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 5.0 percent investment rate of return per year compounded annually, which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 10.0 percent initially, reduced by decrements to an ultimate rate of 3.5 percent after 10 years. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2008 was 30 years.

## **Note 14 - Use Agreement**

The TCDC and HUD entered into a use agreement that contains restrictions governing the operations of the Villages of Taylor. The use agreement requires the TCDC to make certain renovations specified in the *Application for Transfer of Physical Assets* submitted to HUD on March 12, 1998, maintain a replacement reserve with its mortgagor, relocate tenants as agreed, and to rent 77 percent of the project's units in accordance with affordability restrictions until September 1, 2012. In addition, the use agreement contains restrictions on the amount of rental charges and distributions.

The use agreement requires allocation of any distribution of income from operations or upon the sale of individual units as follows:

- Repayment of the National City Bank mortgage loan
- Repayment of the City's equity investment of \$17,633,330 plus 6 percent interest compounded annually, which accumulated to \$34,078,596 at June 30, 2009.
- Repayment of HUD's equity investment of \$16,276,340 plus interest at 6 percent compounded annually. At June 30, 2009, this amount totaled \$31,456,045.
- Any remaining distribution to the City to fund programs that benefit low- and moderate-income residents

If the distributions are the result of a sale or refinancing of the project or a portion of the project, then the distribution first repays the mortgage, next equally pays the City's and HUD's equity investments, and finally pays the City for programs that benefit low- and moderate-income residents.

There were no distributions of net assets during the year ended June 30, 2009.

## **Note 15 - Upcoming Accounting Pronouncements**

In June 2007, the GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, effective for the City's 2010 fiscal year end. This statement requires capitalization of identifiable intangible assets in the statement of net assets and provides guidance for amortization of intangible assets unless they are considered to have an indefinite useful life. This statement also establishes specified conditions upon which internally generated intangible assets should be recognized and amortized, including internally generated computer software. The City is currently evaluating the impact this standard will have on the financial statements when adopted.

In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Under this standard, the fund balance classifications of reserved, designated, and unreserved will be replaced with five new classifications: nonspendable, restricted, committed, assigned, and unassigned. The City is currently evaluating the impact this standard will have on the financial statements when adopted. The City will implement Statement No. 54 beginning with the fiscal year ending June 30, 2010.

## **Required Supplemental Information**

---

# City of Taylor, Michigan

## Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2009

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Fund Balance - Beginning of year</b>	\$ 13,772,061	\$ 13,772,061	\$ 13,772,061	\$ -
<b>Revenue</b>				
Property taxes	31,938,800	32,191,100	32,533,080	341,980
Federal sources	280,500	616,700	380,742	(235,958)
State sources	351,200	515,100	462,064	(53,036)
State-shared revenue	7,938,500	7,581,700	7,544,380	(37,320)
Fees and permits	965,000	1,066,800	1,085,265	18,465
Fines and forfeitures	6,899,500	5,291,000	5,275,807	(15,193)
Charges for services	2,804,600	2,764,900	2,947,530	182,630
Charges to other funds	6,746,600	6,059,800	6,262,206	202,406
Interest income and rents	947,800	757,600	796,484	38,884
Other	1,278,900	1,700,900	1,806,819	105,919
Transfers from other funds	-	40,500	40,592	92
Total revenue	60,151,400	58,586,100	59,134,969	548,869
<b>Expenditures</b>				
General government	7,957,400	8,461,800	7,842,428	619,372
Public safety	22,280,300	21,676,100	21,415,817	260,283
Public works*	14,525,100	15,032,200	14,600,124	432,076
Recreation and culture	2,989,400	3,364,200	2,956,915	407,285
General administration	354,800	1,084,400	724,468	359,932
Employee benefits	13,719,600	12,621,300	12,185,392	435,908
Total expenditures	61,826,600	62,240,000	59,725,144	2,514,856
<b>Fund Balance - End of year</b>	<b>\$ 12,096,861</b>	<b>\$ 10,118,161</b>	<b>\$ 13,181,886</b>	<b>\$ 3,063,725</b>

\* Public works includes debt service payments, which are included in debt service in the governmental fund statement of revenue, expenditures, and changes in fund balances for the year ended June 30, 2009.

# City of Taylor, Michigan

## Required Supplemental Information Pension Systems Schedule of Funding Progress June 30, 2009 (dollar amounts in millions)

The schedule of funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability		Underfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
		(AAL) - Entry Age (b)					

### Police and Fire Retirement System

06/30/03	\$ 104.0	\$ 113.0	\$ 9.0	92.0	\$ 10.6	85.1
06/30/04	100.4	117.1	16.7	85.7	11.2	149.6
06/30/05	99.0	123.4	24.4	80.2	12.6	193.6
06/30/06	100.0	132.7	32.7	75.3	13.4	242.9
06/30/07	105.3	138.9	33.6	75.8	14.3	236.0
06/30/08	107.6	143.6	36.0	74.9	14.0	257.3

### General Employees' Retirement System

12/31/03	\$ 55.5	\$ 55.5	\$ -	100.0	\$ 10.1	-
12/31/04	54.1	54.1	-	100.0	10.3	-
12/31/05	52.8	52.8	-	100.0	10.1	-
12/31/06*	49.4	64.8	15.4	76.0	8.4	183.3
12/31/07*	51.6	67.4	15.8	77.0	8.1	195.1
12/31/08*	50.5	70.4	19.9	72.0	8.1	245.7

\*Reflects entry age normal actuarial cost method



# City of Taylor, Michigan

## Required Supplemental Information Schedule of Employer Contributions June 30, 2009

### Police and Fire Retirement System

Year Ended June 30	Valuation Date June 30	Annual Required Contribution	Percentage Contributed
2004	2002	\$ 2,000,194	100
2005	2003	2,497,495	100
2006	2004	2,943,025	100
2007	2005	4,023,065	100
2008	2006	4,977,904	100
2009	2007	5,483,018	100

### General Employees' Retirement System

Year Ended December 31	Valuation Date December 31	Annual Required Contribution	Percentage Contributed
2003	2001	\$ 641,358	100
2004	2002	1,133,342	100
2005	2003	1,122,958	100
2006	2004	1,508,514	100
2007	2005	2,086,320	100
2008	2006	2,327,966	100

# City of Taylor, Michigan

## Required Supplemental Information Schedule of Employer Contributions (Continued) June 30, 2009

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of June 30, 2008 (Police and Fire Retirement System) and December 31, 2008 (General Employees' Pension Plan), the latest actuarial valuation dates, follows:

	Police and Fire Retirement System	General Employees' Pension Plan
Actuarial cost method	Individual entry age	Aggregate
Amortization method	Level percent of payroll	Level dollar, closed
Remaining amortization period	20 years	15 years
Asset valuation method	4-year smoothed market	5-year smoothed market
Actuarial assumptions:		
Investment rate of return*	7.6%	8.0%
Projected salary increases*	5.0%-8.0%	2.5%
*Includes inflation at	5.0%	2.5%
Cost of living adjustments	None	None

# City of Taylor, Michigan

---

## Note to Required Supplemental Information June 30, 2009

### Note - Reconciliation of Budgeted Amounts to Basic Financial Statements

The budgetary comparison schedules for the General Fund are presented on the same basis of accounting used in preparing the adopted budget. Following is a reconciliation of the budgetary comparison schedule to the governmental funds (statement of revenues, expenditures, and changes in fund balance):

	General Fund - Total Revenue
Amounts per operating statement	\$ 59,094,377
Other financing sources budgeted as revenues	<u>40,592</u>
Amounts per budget statement	<u>\$ 59,134,969</u>

## **Other Supplemental Information**

---

# City of Taylor, Michigan

## Special Revenue Funds

	Major Streets	Local Streets	Police Forfeiture	Treasury Forfeiture	Justice Forfeiture	Community Development Block Grant	Building Department	1996 Voted Levy	DARE/ GREAT
<b>Assets</b>									
Cash and investments	\$ 1,474,183	\$ 11,820	\$ 557,550	\$ 98,095	\$ 1,647,716	\$ -	\$ 286,666	\$ 1,800,791	\$ 58,299
Accounts receivable:									
Taxes	-	-	-	-	-	-	-	5,494	-
Special assessments	-	24,917	-	-	-	-	-	-	-
Due from other governmental units	441,720	156,028	-	-	-	258,666	-	-	-
Due from component units	7,811	15,444	-	-	-	-	-	-	-
Due from other funds	-	685,430	-	-	3,748	-	-	101,292	-
Prepaid expenses and other assets	-	-	-	-	-	647	-	-	-
Restricted assets	-	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 1,923,714</b>	<b>\$ 893,639</b>	<b>\$ 557,550</b>	<b>\$ 98,095</b>	<b>\$ 1,651,464</b>	<b>\$ 259,313</b>	<b>\$ 286,666</b>	<b>\$ 1,907,577</b>	<b>\$ 58,299</b>
<b>Liabilities and Fund Balances</b>									
<b>Liabilities</b>									
Accounts payable	\$ 60,161	\$ 6,445	\$ 18,483	\$ 1,431	\$ 31,563	\$ 186,888	\$ 607	\$ 5,635	\$ -
Due to other governmental units	-	-	-	-	-	-	-	15,979	-
Due to other funds	811,118	361,704	10,240	-	-	72,425	282,032	7,333	-
Due to component units	-	-	-	-	-	-	-	-	-
Accrued and other liabilities	-	-	-	-	-	-	4,027	31,046	58,299
Deferred revenue	-	20,992	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>871,279</b>	<b>389,141</b>	<b>28,723</b>	<b>1,431</b>	<b>31,563</b>	<b>259,313</b>	<b>286,666</b>	<b>59,993</b>	<b>58,299</b>
<b>Fund Balances</b>									
Reserved for construction and other expenditures	-	-	-	-	-	-	-	-	-
Unreserved - Designated for subsequent year's expenditures	200,000	128,000	55,000	-	451,500	-	-	-	-
Unreserved - Undesignated	852,435	376,498	473,827	96,664	1,168,401	-	-	1,847,584	-
<b>Total fund balances</b>	<b>1,052,435</b>	<b>504,498</b>	<b>528,827</b>	<b>96,664</b>	<b>1,619,901</b>	<b>-</b>	<b>-</b>	<b>1,847,584</b>	<b>-</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,923,714</b>	<b>\$ 893,639</b>	<b>\$ 557,550</b>	<b>\$ 98,095</b>	<b>\$ 1,651,464</b>	<b>\$ 259,313</b>	<b>\$ 286,666</b>	<b>\$ 1,907,577</b>	<b>\$ 58,299</b>

**Other Supplemental Information  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2009**

Special Revenue Funds			Debt Service Funds					Capital Projects Fund			Total Nonmajor Governmental Funds
Tree Replacement Fund	Neighborhood Stabilization Program	2005 BRDA Debt	General Obligation Debt	Taylor Building Authority Debt	1996 Michigan Transportation Fund Bond	DMA/ 911 Debt	2008 MI Transportation Bond Debt	2004 LTGO Capital Improvement Bond Fund	2008 MI Transportation Bond Construction Fund		
\$ 14,767	\$ -	\$ 436,301	\$ -	\$ -	\$ 2,045	\$ 169,977	\$ 64	\$ -	\$ -	\$ 6,558,274	
-	-	-	-	-	-	-	-	-	-	5,494	
-	-	-	-	-	-	-	-	-	-	24,917	
-	137,428	-	-	-	-	-	-	-	-	993,842	
-	-	-	-	-	-	-	-	-	71,153	94,408	
-	-	-	-	-	-	-	-	-	-	790,470	
-	-	-	-	-	-	-	-	-	-	647	
-	-	-	-	-	-	336,112	-	-	322,501	658,613	
<b>\$ 14,767</b>	<b>\$ 137,428</b>	<b>\$ 436,301</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,045</b>	<b>\$ 506,089</b>	<b>\$ 64</b>	<b>\$ -</b>	<b>\$ 393,654</b>	<b>\$ 9,126,665</b>	
\$ 3,930	\$ 3,254	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 43,994	\$ 362,391	
-	-	-	-	-	-	-	-	-	-	15,979	
-	134,174	-	-	-	-	-	-	-	-	1,679,026	
-	-	3,900	-	-	-	-	-	-	-	3,900	
-	-	-	-	-	-	-	-	-	-	93,372	
-	-	-	-	-	-	-	-	-	-	20,992	
3,930	137,428	3,900	-	-	-	-	-	-	43,994	2,175,660	
10,837	-	-	-	-	-	-	-	-	349,660	360,497	
-	-	-	-	-	-	-	-	-	-	834,500	
-	-	432,401	-	-	2,045	506,089	64	-	-	5,756,008	
10,837	-	432,401	-	-	2,045	506,089	64	-	349,660	6,951,005	
<b>\$ 14,767</b>	<b>\$ 137,428</b>	<b>\$ 436,301</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,045</b>	<b>\$ 506,089</b>	<b>\$ 64</b>	<b>\$ -</b>	<b>\$ 393,654</b>	<b>\$ 9,126,665</b>	

# City of Taylor, Michigan

## Special Revenue Funds

	Major Streets	Local Streets	Police Forfeiture	Treasury Forfeiture	Justice Forfeiture	Community Development Block Grant	Building Department	1996 Voted Levy	DARE/ GREAT
<b>Revenues</b>									
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,693,679	\$ -
Licenses and permits	-	-	-	-	-	-	1,333,755	-	-
Federal sources	-	-	-	38,512	1,322,903	493,249	-	-	-
State sources	2,744,118	965,878	330,857	-	-	-	-	-	-
Charges for services	-	19,210	-	-	-	-	-	-	-
Interest and rent	12,914	4,379	6,478	1,409	16,571	-	1,692	23,374	803
DMA/911 revenue	-	-	-	-	-	-	-	-	-
Other	-	50,590	-	-	-	-	-	-	-
<b>Total revenues</b>	<b>2,757,032</b>	<b>1,040,057</b>	<b>337,335</b>	<b>39,921</b>	<b>1,339,474</b>	<b>493,249</b>	<b>1,335,447</b>	<b>1,717,053</b>	<b>803</b>
<b>Expenditures</b>									
Current:									
Public works and capital projects	592,541	1,782,123	-	-	-	-	1,335,447	-	-
Community development	-	-	-	-	-	493,249	-	-	-
Construction and development	2,741,351	186,484	-	-	-	-	-	1,163,898	-
Capital outlay and other	192,912	104,376	137,578	53,077	804,719	-	-	-	803
Debt service	31,924	24,681	-	-	-	-	-	538,000	-
<b>Total expenditures</b>	<b>3,558,728</b>	<b>2,097,664</b>	<b>137,578</b>	<b>53,077</b>	<b>804,719</b>	<b>493,249</b>	<b>1,335,447</b>	<b>1,701,898</b>	<b>803</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(801,696)</b>	<b>(1,057,607)</b>	<b>199,757</b>	<b>(13,156)</b>	<b>534,755</b>	<b>-</b>	<b>-</b>	<b>15,155</b>	<b>-</b>
<b>Other Financing Sources (Uses)</b>									
Transfers in	2,741,092	1,261,030	-	-	-	-	-	-	-
Transfers out	(1,613,884)	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>1,127,208</b>	<b>1,261,030</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>325,512</b>	<b>203,423</b>	<b>199,757</b>	<b>(13,156)</b>	<b>534,755</b>	<b>-</b>	<b>-</b>	<b>15,155</b>	<b>-</b>
<b>Fund Balances - Beginning of year</b>	<b>726,923</b>	<b>301,075</b>	<b>329,070</b>	<b>109,820</b>	<b>1,085,146</b>	<b>-</b>	<b>-</b>	<b>1,832,429</b>	<b>-</b>
<b>Fund Balances - End of year</b>	<b>\$ 1,052,435</b>	<b>\$ 504,498</b>	<b>\$ 528,827</b>	<b>\$ 96,664</b>	<b>\$ 1,619,901</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,847,584</b>	<b>\$ -</b>

**Other Supplemental Information**  
**Combining Statement of Revenue, Expenditures, and**  
**Changes in Fund Balances - Nonmajor Governmental Funds**  
**Year Ended June 30, 2009**

Special Revenue Funds			Debt Service Funds				Capital Projects Fund				Total Nonmajor Governmental Funds
Tree Replacement Fund	Neighborhood Stabilization Program	2005 BRDA Debt	General Obligation Debt	Taylor Building Authority Debt	1996 Michigan Transportation Fund Bond	DMA/ 911 Debt	2008 MI Transportation Bond Debt	2004 LTGO Capital Improvement Bond Fund	2008 MI Transportation Bond Construction Fund		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,693,679	
-	-	-	-	-	-	-	-	-	-	1,333,755	
-	261,525	-	-	-	-	-	-	-	-	2,116,189	
-	-	-	-	-	-	-	-	-	-	4,040,853	
-	-	-	-	-	-	-	-	-	-	19,210	
196	-	5,938	-	3,086,577	1,112	10,412	64	345	25,879	3,198,143	
-	-	-	-	-	-	624,858	-	-	-	624,858	
-	-	430,960	-	-	-	-	-	-	-	481,550	
196	261,525	436,898	-	3,086,577	1,112	635,270	64	345	25,879	13,508,237	
3,929	-	-	-	-	-	-	-	5,626	-	3,719,666	
-	261,525	-	-	-	-	-	-	-	-	754,774	
-	-	-	-	-	-	-	-	-	2,548	4,094,281	
-	-	-	-	-	-	125,789	-	-	-	1,419,254	
-	-	504,564	-	3,087,219	325,600	989,721	352,854	-	-	5,854,563	
3,929	261,525	504,564	-	3,087,219	325,600	1,115,510	352,854	5,626	2,548	15,842,538	
(3,733)	-	(67,666)	-	(642)	(324,488)	(480,240)	(352,790)	(5,281)	23,331	(2,334,301)	
-	-	-	-	-	-	-	352,854	-	-	4,354,976	
-	-	-	(3,116)	(40,592)	-	-	-	-	(2,741,092)	(4,398,684)	
-	-	-	(3,116)	(40,592)	-	-	352,854	-	(2,741,092)	(43,708)	
(3,733)	-	(67,666)	(3,116)	(41,234)	(324,488)	(480,240)	64	(5,281)	(2,717,761)	(2,378,009)	
14,570	-	500,067	3,116	41,234	326,533	986,329	-	5,281	3,067,421	9,329,014	
<b>\$ 10,837</b>	<b>\$ -</b>	<b>\$ 432,401</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,045</b>	<b>\$ 506,089</b>	<b>\$ 64</b>	<b>\$ -</b>	<b>\$ 349,660</b>	<b>\$ 6,951,005</b>	



# City of Taylor, Michigan

## Other Supplemental Information Combining Statement of Net Assets Fiduciary Funds June 30, 2009

	Trust Funds			Agency Funds			
	Pension and Other Employee Benefit Plans						
	Police and Fire Retirement System	General Employees' Pension Plan*	Total	Tax Receiving	Agency	23rd District Court	Total
<b>Assets</b>							
Cash and equivalents	\$ 3,662,342	\$ 2,949,990	\$ 6,612,332	\$ 1,079,123	\$ 7,837	\$ 381,109	\$ 1,468,069
Investments:							
Corporate bonds	8,499,337	6,147,925	14,647,262	-	-	-	-
U.S. government securities	14,622,028	10,248,464	24,870,492	-	-	-	-
Common and preferred stock	28,475,983	19,443,296	47,919,279	-	-	-	-
Mutual funds	13,045,585	-	13,045,585	-	-	-	-
International equity funds	9,791,520	-	9,791,520	-	-	-	-
Due from primary government	59,433	46,000	105,433	-	-	-	-
Accrued interest	267,087	190,964	458,051	-	-	-	-
<b>Total assets</b>	<b>78,423,315</b>	<b>39,026,639</b>	<b>117,449,954</b>	<b><u>\$ 1,079,123</u></b>	<b><u>\$ 7,837</u></b>	<b><u>\$ 381,109</u></b>	<b><u>\$ 1,468,069</u></b>
<b>Liabilities</b>							
Due to other governmental units	-	-	-	\$ 996,476	\$ -	\$ 381,109	\$ 1,377,585
Accrued and other liabilities	-	-	-	-	7,837	-	7,837
Tax collections distributable	-	-	-	82,647	-	-	82,647
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b><u>\$ 1,079,123</u></b>	<b><u>\$ 7,837</u></b>	<b><u>\$ 381,109</u></b>	<b><u>\$ 1,468,069</u></b>
<b>Net Assets - Held in trust for pension and other employee benefits</b>	<b><u>\$ 78,423,315</u></b>	<b><u>\$ 39,026,639</u></b>	<b><u>\$ 117,449,954</u></b>				

\* Balances are as of December 31, 2008

# City of Taylor, Michigan

## Other Supplemental Information Combining Statement of Changes in Net Assets Fiduciary Funds Year Ended June 30, 2009

	Police and Fire Retirement System	General Employees' Pension Plan*	Total
<b>Additions</b>			
Investment income (loss):			
Interest and dividends	\$ 2,234,162	\$ 1,504,730	\$ 3,738,892
Net decrease in fair value of investments	(20,426,513)	(11,311,923)	(31,738,436)
Less investment expenses	<u>(171,117)</u>	<u>(264,731)</u>	<u>(435,848)</u>
Net investment loss	(18,363,468)	(10,071,924)	(28,435,392)
Contributions:			
Employer	5,483,018	2,327,966	7,810,984
Employee	<u>742,886</u>	<u>415,680</u>	<u>1,158,566</u>
Total contributions	<u>6,225,904</u>	<u>2,743,646</u>	<u>8,969,550</u>
Total additions - Net of investment expenses	(12,137,564)	(7,328,278)	(19,465,842)
<b>Deductions</b>			
General and administrative	56,117	73,259	129,376
Benefit payments	<u>8,692,052</u>	<u>5,084,910</u>	<u>13,776,962</u>
Total deductions	<u>8,748,169</u>	<u>5,158,169</u>	<u>13,906,338</u>
<b>Net Decrease in Net Assets</b>	(20,885,733)	(12,486,447)	(33,372,180)
<b>Net Assets Held in Trust for Pension and Other Employee Benefits</b>			
Beginning of year	<u>99,309,048</u>	<u>51,513,086</u>	<u>150,822,134</u>
End of year	<u><b>\$ 78,423,315</b></u>	<u><b>\$ 39,026,639</b></u>	<u><b>\$ 117,449,954</b></u>

\* Balances are as of December 31, 2008

# City of Taylor, Michigan

## Other Supplemental Information Combining Statement of Net Assets Component Unit - Housing Commission June 30, 2009

	<u>Housing Commission*</u>	<u>Taylor Community Development Corporation*</u>	<u>Total</u>
<b>Assets</b>			
Cash and investments	\$ 2,149,894	\$ 2,240,867	\$ 4,390,761
Due from other governmental units	-	3,870	3,870
Accounts receivable	65	162,455	162,520
Deferred charges	-	4,497,056	4,497,056
Prepaid expenses and other assets	8,980	161,675	170,655
Restricted assets	-	3,283,249	3,283,249
Notes receivable and accrued interest	10,000	-	10,000
Capital assets	<u>2,297,349</u>	<u>23,679,345</u>	<u>25,976,694</u>
Total assets	4,466,288	34,028,517	38,494,805
<b>Liabilities</b>			
Accounts payable	14,851	565,648	580,499
Due to primary government		256,378	256,378
Tenant security deposits	29,274	335,775	365,049
Accrued liabilities and other	22,317	669,082	691,399
Long-term debt	<u>-</u>	<u>27,917,601</u>	<u>27,917,601</u>
Total liabilities	<u>66,442</u>	<u>29,744,484</u>	<u>29,810,926</u>
<b>Net Assets</b>			
Invested in capital assets - Net of related debt	2,297,349	(3,475,241)	(1,177,892)
Restricted	1,215,332	3,417,948	4,633,280
Unrestricted	<u>887,165</u>	<u>4,341,326</u>	<u>5,228,491</u>
Total net assets	<u>\$ 4,399,846</u>	<u>\$ 4,284,033</u>	<u>\$ 8,683,879</u>

\* Balances are as of March 31, 2009 for the Housing Commission and as of June 30, 2009 for the Taylor Community Development Corp., its component unit.

# City of Taylor, Michigan

## Other Supplemental Information Combining Statement of Changes in Net Assets Component Unit - Housing Commission Year Ended June 30, 2009

	Housing Commission*	Taylor Community Development Corporation*	Total
<b>Revenue</b>			
Rental income	\$ 301,840	\$ 6,497,627	\$ 6,799,467
Other income	5,841,497	4,675,475	10,516,972
Total revenue	6,143,337	11,173,102	17,316,439
<b>Expenditures</b>			
General administration	418,380	2,768,368	3,186,748
Housing assistance payments	6,001,875	-	6,001,875
Utilities	146,108	2,138,730	2,284,838
Operation and maintenance	324,652	3,634,655	3,959,307
Depreciation and amortization	174,548	1,751,147	1,925,695
Other	49,438	1,117,341	1,166,779
Total expenditures	7,115,001	11,410,241	18,525,242
<b>Operating Loss</b>	(971,664)	(237,139)	(1,208,803)
<b>Nonoperating Revenue (Expenses)</b>			
Other nonoperating income	38,527	389,727	428,254
Interest income	22,698	84,930	107,628
Interest expense	-	(862,099)	(862,099)
Total nonoperating revenue (expenses)	61,225	(387,442)	(326,217)
<b>Change in Net Assets</b>	(910,439)	(624,581)	(1,535,020)
<b>Net Assets - Beginning of year</b>	5,310,285	5,979,886	11,290,171
<b>Less - Prior period adjustment for unrecorded losses related to the investment in partnership</b>	-	(1,071,272)	(1,071,272)
<b>Net Assets - Beginning of year, as restated</b>	5,310,285	4,908,614	10,218,899
<b>Net Assets - End of year</b>	<u>\$ 4,399,846</u>	<u>\$ 4,284,033</u>	<u>\$ 8,683,879</u>

\* Balances are as of March 31, 2009 for the Housing Commission and as of June 30, 2009 for the Taylor Community Development Corp., its component unit.