

Ypsilanti
Community
Utilities
Authority



Years Ended
August 31, 2015
and 2014

Comprehensive
Annual Financial
Report

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YPSILANTI COMMUNITY UTILITIES AUTHORITY

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INTRODUCTORY SECTION

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February 4, 2016

To the Commissioners of the Ypsilanti Community
Utilities Authority and Citizens of the Member Communities

State law requires that all local governments, subject to certain size criteria, publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the Ypsilanti Community Utilities Authority (“YCUA” or the “Authority”) for the fiscal year ended August 31, 2015.

This report consists of management’s representations concerning the finances of the Authority. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, YCUA management has established a comprehensive internal control framework that is designed both to protect the government’s assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Authority’s financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Authority’s comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Authority’s financial statements have been audited by Rehmann Robson, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Authority for the fiscal year ended August 31, 2015 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that YCUA’s financial statements for the fiscal year ended August 31, 2015 are fairly presented in conformity with GAAP. The independent auditor’s report is presented as the first component of the financial section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Authority’s MD&A can be found immediately following the report of the independent auditors.

Profile of the Authority

YCUA provides water and wastewater services to the Ypsilanti area. The Authority is governed by a Board of Commissioners comprised of two representatives from the City of Ypsilanti (the “City”) and three from the Charter Township of Ypsilanti (the “Township”).

The Authority provides water and sewage services to the City and Township, as well as the townships of Pittsfield, Augusta, York and Superior. YCUA also contracts with Sumpter Township for wastewater treatment and Western Townships Utility Authority to provide wastewater treatment services for the townships of Canton, Northville and Plymouth.

The Authority was formed in 1974 by the Township and City in response to a number of factors occurring at that time. The need for a new wastewater treatment facility was the most significant driving force to bring about the creation of YCUA. By combining the water and sewer departments of both the City and Township, economic benefits through the elimination of staff duplication and economies of scale could be achieved. The fact that the City is almost completely surrounded by the Township makes the combination of the two systems an obvious economic advantage.

The current wastewater plant was opened in 1982 with a capacity of 28.9 million gallons per day (MGD). The wastewater treatment consists of primary screening, grit removal, primary clarification, and secondary and tertiary treatment utilizing the activated sludge process. A permit is issued from the Michigan Department of Environmental Quality (MDEQ) that regulates the discharge from the wastewater treatment plant. This permit requires stable effluent treatment levels and the plant currently is in compliance with its permit.

Growth in the Wayne County townships of Plymouth, Canton and Northville resulted in a request by Western Townships Utilities Authority (WTUA, the organization that represents the three townships) to expand the plant to treat the wastewater generated by these communities. Presently, the wastewater from the three communities is divided between the YCUA and Wayne County systems.

Construction on the plant expansion and improvements project, which increased the YCUA wastewater facility treatment capacity by 17 MGD to 45.9 MGD, began in 2002 with completion in 2010. The expanded capacity is for the WTUA, which is presently negotiating with Wayne County and is anticipated a majority of the sewage from Northville, Plymouth and Canton Townships will be diverted to YCUA upon completion of those negotiations. The construction updated equipment, adding additional odor controls, safer disinfection equipment and a more efficient incinerator for burning sewage sludge, which replaced a multiple hearth unit. Air incineration emissions have been reduced by more than 80%. Eight MGD capacity has been leased to WTUA, which helped pay for many of these improvements. The Authority recently requested and was granted an updated wastewater treatment plant design capacity from the Michigan Department of Environment Quality in 2009. The new design capacity is for 51.2 MGD. Of the 51.2 MGD of total capacity, WTUA now has rights to use up to 54% of the total plant capacity.

Projects currently under construction include improvements to the Snow Road Pump Station (wastewater), water supply system improvements to be completed on West Cross Street in the City and Golfside Drive in the Township. The Golfside project will also include improvements to a wastewater force main. Sanitary sewer improvements are also planned for the Paint Creek Interceptor south of Interstate 94 in the Township and along Huron Street north of Michigan Avenue in the City. Construction of further odor control measures at the wastewater treatment plant will also be getting underway later this spring.

Cash management policies and practices. The Authority is very conservative in its approach to cash management. Generally, cash is deposited in receiving bank accounts and then transferred to and between a variety of other bank accounts, many of which are interest bearing including money market and cash management accounts and certificates of deposit. These transfers are made to satisfy various requirements imposed, or interpreted to be imposed, by the member governments and bond ordinances.

Pension and other postemployment benefits. The Authority participates in an agent multiple-employer plan that provides pension benefits for all full-time employees. The annual actuarial valuation for this plan shows that it is 63% funded as of December 31, 2014 (the date of the latest actuarial valuation). The remaining unfunded amount is being systematically funded over 24 years as part of the annual required contribution calculated by the actuary.

The Authority also provides postretirement health care benefits to all full-time employees upon retirement. As of August 31, 2015, there were 84 retired employees receiving these benefits. In September 2005, YCUA entered into an agreement with MERS to create a retiree healthcare trust plan.

Further information regarding the Authority's retirement and other postemployment benefits plans can be found in Notes 11 and 12 in the notes to the financial statements.

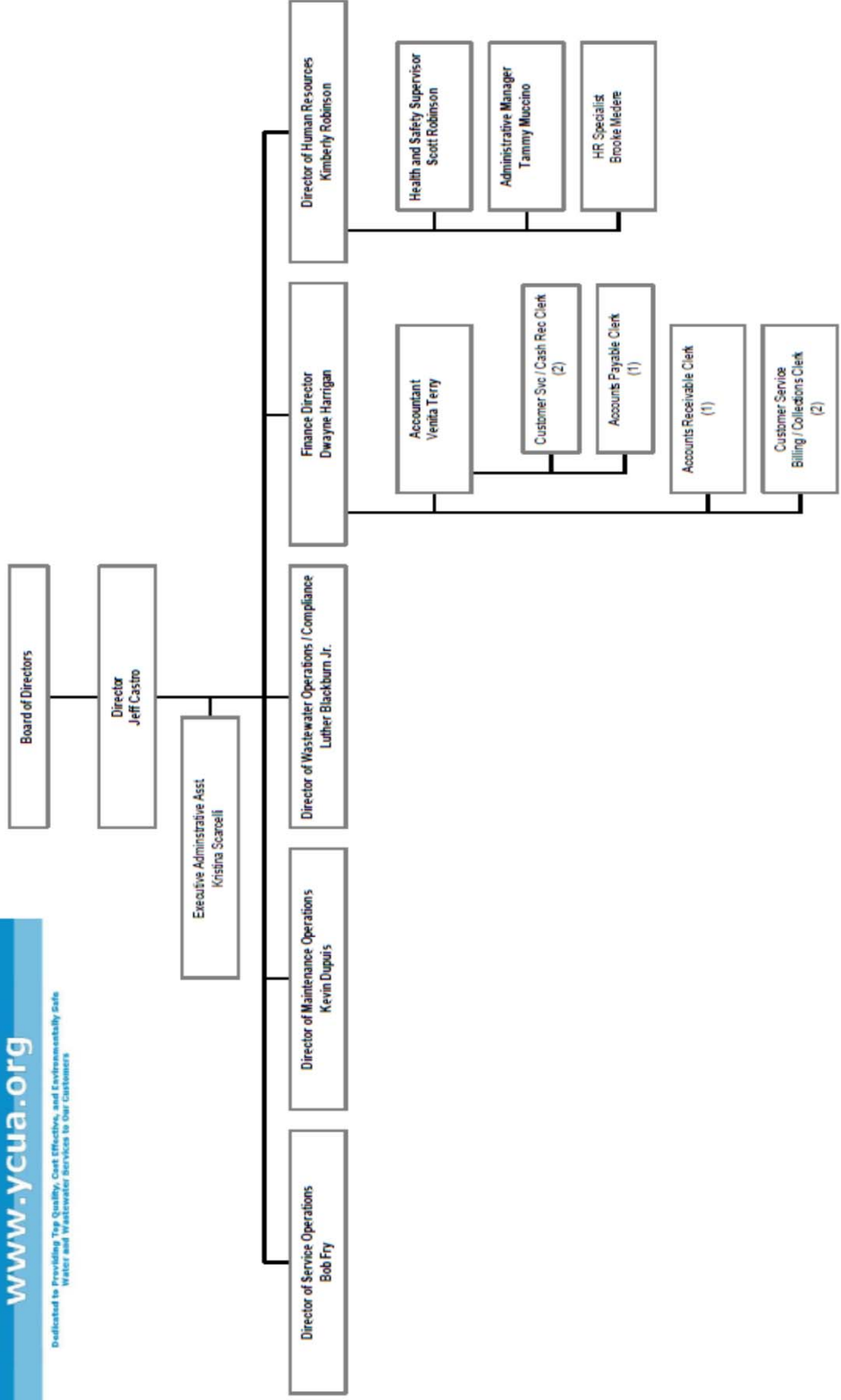
Acknowledgements

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Ypsilanti Community Utilities Authority. We would like to express our appreciation to all members of the departments who assisted and contributed to the preparation of this report. Credit also must be given to the Board of Commissioners for their support in maintaining the highest standards of professionalism in the management of the Authority's finances.

Jeff Castro
Executive Director

August 31, 2015

Upper Management and Other Key Accounting Personnel



FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

February 4, 2016

To the Board of Commissioners of the
Ypsilanti Community Utilities Authority
Ypsilanti, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the *Ypsilanti Community Utilities Authority*, as of and for the years ended August 31, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Ypsilanti Community Utilities Authority as of August 31, 2015 and 2014, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Implementation of GASB Statement No. 68

As described in Note 14, the Authority implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, in the current year. Accordingly, beginning net position of the Authority was restated. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the pension and postemployment benefit information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the *Ypsilanti Community Utilities Authority's* basic financial statements. The supplementary information and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Rehmann Lobson LLC

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MANAGEMENT'S DISCUSSION AND ANALYSIS

YPSILANTI COMMUNITY UTILITIES AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Ypsilanti Community Utilities Authority (the "Authority") we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal years ended August 31, 2015, 2014 and 2013. We encourage readers to consider the information presented herein in conjunction with additional information that we have furnished in our letter of transmittal, as listed in the table of contents.

Financial Highlights

- The assets and deferred outflows of resources of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$146,386,887 (net position). Of this net amount, there is an unrestricted deficit of \$12,629,762 because of the requirement to restate beginning net position by \$16,729,555 for the implementation of GASB Statement No. 68 and the balance of the net pension liability growing to \$18,749,498 at year end.
- The Authority's total net position decreased by \$5,808,245 for fiscal 2015 and by \$5,812,902 for fiscal 2014.
- The Authority's total long-term debt including compensated absences decreased by a net of \$2,947,927 for fiscal 2015 and increased by \$610,573 for fiscal 2014; new debt was issued during both years as described in detail in Note 7 of this report.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The basic financial statements are comprised of:

- The *statement of net position* presents information on all of the Authority's assets, deferred outflows of resources and liabilities, with the residual reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.
- The *statement of revenues, expenses and changes in net position* presents information showing how the Authority's net position changed during the two most recent fiscal years. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods.
- The *statement of cash flows* presents the change in the Authority's cash and investments for the two most recent fiscal years.
- The *notes to the financial statements* provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves. Generally, these schedules provide a breakdown of revenue and expenses between the political subdivisions (i.e., the City and Township) and/or the primary operating functions (i.e., water and wastewater), along with a comparison of planned and actual expenses.

The Authority presents its supplementary financial information classified into the components of city, township, water and wastewater. The city and township divisions together comprise the activity of the Authority in total. The water and wastewater divisions together also comprise the activity of the Authority in total. The water and wastewater divisions assist management in assessing the financial activity of the Authority's principal functions. The city and township divisions assist the member communities in assessing the impact of operations on their constituents.

The Authority operates a single wastewater treatment plant, obtains its water from a single source and maintains a single group of related supporting functions. It is not possible to directly associate the cost of these activities to the city or township divisions. Instead, the reporting by division is achieved by allocating particular revenue and expense account balances using relevant objective measures. Similar allocations are used to produce financial information for the water and wastewater divisions.

YPSILANTI COMMUNITY UTILITIES AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of YCUA, assets and deferred outflows of resources exceeded liabilities by \$146,386,887 at the close of the most recent fiscal year.

By far the largest portion of the Authority's net position (100.9 percent) is its net investment in capital assets (e.g., land, buildings, systems, equipment and construction in process), less any related debt used to acquire those assets that is still outstanding. The Authority uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although YCUA's net investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Authority's net position (8.1 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the Authority's ongoing obligations to system users and creditors.

At the end of the current fiscal year, the Authority reported an unrestricted deficit in net position due to the implementation of GASB 68; for the prior two fiscal years positive balances were reported in each category of net position.

	YCUA's Net Position		
	2015	2014	2013
Current and other assets	\$ 12,368,954	\$ 13,077,677	\$ 13,606,034
Restricted assets	11,828,395	12,628,321	13,189,154
Capital assets	218,733,191	225,139,153	229,214,403
Total assets	242,930,540	250,845,151	256,009,591
Deferred outflows of resources	1,842,321	537,521	598,580
Long-term liabilities outstanding	73,744,863	76,692,790	76,082,217
Net pension liability	18,749,498	-	-
Other liabilities	5,891,613	5,765,195	5,788,365
Total liabilities	98,385,974	82,457,985	81,870,582
Net position			
Net investment in capital assets	147,188,253	151,068,344	155,839,392
Restricted	11,828,395	12,628,321	13,189,154
Unrestricted (deficit)	(12,629,761)	5,228,022	5,709,043
Total net position	\$ 146,386,887	\$ 168,924,687	\$ 174,737,589

The Authority's net position decreased by \$5,808,244 for fiscal 2015 and \$5,812,902 for fiscal 2014. Key elements of the 2015 changes include:

- Capital contributions to the Authority were \$674,742 (\$0 last year).
- Water sales increased by \$206,188 (or 1.4%). There was a 3.1% decrease in consumption and a rate increase of 3.5% in the City and a 3.5% increase in the Township. Corresponding direct costs for water distribution increased by \$162,153 (or 1.6%).
- Sewage disposal sales increased by \$1.1 million (or 7.6%). Direct costs for treatment increased \$1.4 million (or 8.9%). Total wastewater billed by the City and Township was up 8.3%.
- Total operating expenses increased by \$2.1 million (or 5.5%) primarily reflecting the increase for purchasing water from the City of Detroit.
- The city division increased sewer rates by 3.5% and water rates increased by 3.5%; the surcharge decreased to 65.0%. These rates all became effective October 1, 2014.

YPSILANTI COMMUNITY UTILITIES AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

- The township division sewer rates increased by 3.5% and water rates increased 3.5%. The water rate increase became effective October 1, 2014. The surcharge rate remained unchanged at 5.0%.

	YCUA's Change in Net Position		
	2015	2014	2013
Operating revenues	\$ 36,308,896	\$ 35,000,803	\$ 33,786,402
Expenses			
Water distribution	15,664,821	15,606,354	14,342,984
Wastewater treatment	24,995,044	22,930,316	23,869,652
Total expenses	40,659,865	38,536,670	38,212,636
Operating loss	(4,350,969)	(3,535,867)	(4,426,234)
Nonoperating expenses	(2,132,018)	(2,277,035)	(2,401,764)
Loss before contributions	(6,482,987)	(5,812,902)	(6,827,998)
Contributions			
Capital contributions	674,742	-	55,936
Prior year capital contributions converted to debt	-	-	(148,228)
Change in net position	(5,808,245)	(5,812,902)	(6,920,290)
Net position, beginning:			
As previously stated	168,924,687	174,737,589	181,657,879
Restatement for implementation of GASB 68	(16,729,555)	-	-
Net position, end of year	\$ 146,386,887	\$ 168,924,687	\$ 174,737,589

Key elements of the 2014 changes include:

- Capital contributions to the Authority were \$0 (\$55,936 less than last year).
- Water sales increased by \$.65 million (or 4.5%). There was a 2.2 percent decrease in consumption and a rate increase of 5.0% in the City and a 5.0% increase in the Township. Corresponding direct costs for water distribution increased by \$1.3 million (or 8.8%).
- Sewage disposal sales increased by \$.5 million (or 2.7%). Direct costs for treatment decreased \$.9 million (or 3.9%). Total wastewater billed by the City and Township was up 1.4%.
- Total operating expenses increased by \$.3 million (or .84%) primarily reflecting the increase for purchasing water from the City of Detroit.
- The city division increased sewer rates by 4.5% and water rates increased by 5.0%; the surcharge decreased to 67.0%. These rates all became effective November 1, 2013.
- The township division sewer rates increased by 4.5% and water rates increased 5.0%. The water rate increase became effective October 1, 2013. The surcharge rate remained unchanged at 5.0%.

YPSILANTI COMMUNITY UTILITIES AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

Capital Assets and Debt Administration

Capital assets. YCUA's investment in capital assets as of August 31, 2015 amounted to \$218.7 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, plants, transmission lines, vehicles and other equipment. Total net capital assets decreased by \$6.4 million or 2.85 percent. The net decrease is primarily attributable to depreciation in excess of current year additions.

	YCUA's Capital Assets		
	2015	2014	2013
Land	\$ 1,298,704	\$ 1,298,704	\$ 1,298,704
Buildings and improvements	850,289	909,304	968,320
Wastewater treatment plant	89,652,109	94,779,826	101,338,649
Water and wastewater systems	119,599,077	121,167,967	117,443,325
Vehicles	837,770	944,497	738,475
Equipment	598,789	706,613	477,170
Construction in process	5,896,453	5,332,242	6,949,760
Total	\$ 218,733,191	\$ 225,139,153	\$ 229,214,403

Additional information on the Authority's capital assets can be found in Note 6.

Long-term debt. At year-end, the Authority had \$72,390,719 of long-term debt including limited tax obligation bonds, revenue bonds and other obligations as summarized below.

	YCUA's Outstanding Debt		
	2015	2014	2013
Limited tax obligation bonds	\$ 48,909,263	\$ 49,206,310	\$ 47,930,224
Revenue bonds	22,440,000	25,195,000	25,825,000
Environmental liability	1,041,456	1,041,456	1,041,456
Total	\$ 72,390,719	\$ 75,442,766	\$ 74,796,680

Additional information on the Authority's long-term debt can be found in Note 7.

Economic Factors Affecting Next Year's Operations and Rates

The City and Township independently set their own water rates. Wastewater operation and maintenance rates are the same for each community, a requirement imposed by the federal government when it provided funds to build the original wastewater treatment plant.

Water and wastewater revenues fluctuate from year to year depending on factors such as consumer behavior, population growth, industrial usage and rate changes. Consumer behavior is affected by local economic conditions, the weather, conservation education efforts and imposition of water restrictions.

Other factors also affect the Authority's operating plan for fiscal 2016. The most significant among them are changes in consumer behavior in response to local economic conditions, the effects of inflation on the local labor market and health care costs, and the rates charged by the Authority's water supplier (i.e., the City of Detroit Water Board).

YCUA's plan reflects a belief that local economic conditions will not improve from those during fiscal year 2015. Inflation in the local labor markets will remain moderate, whereas inflation in the utility and health care costs will be significant. The Authority has increased its operating costs in response to increased usage. YCUA has been able to minimize the rate increase passed on by Detroit Water Board and maintain wastewater rates at last year's level.

YPSILANTI COMMUNITY UTILITIES AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Authority's operating budget for fiscal 2016 is approximately \$42.9 million; key provisions include:

- An increase of 1.8% in budgeted operating revenue, attributable to an increase in water rates along with a conservative consumption forecast due to little or no growth in our residential and manufacturing customers.
- A net increase of 4.1% in operating expenses with a general decrease in operating costs to offset the increase in the cost of water purchased from the City of Detroit.

The capital budget for fiscal 2016 totals approximately \$.6 million due primarily to wastewater plant improvements and water main replacement projects. Delivering water to our customers and collecting and treating the wastewater generated are the primary functions of the Authority. In addition, planning for the future water and wastewater needs of our communities is a vital function. Other capital asset activity scheduled to occur includes:

- Many water mains and sanitary sewers within the city and township have been identified as needing replacement, either because of age or inadequate size. These replacements are being scheduled as time and funds permit. In fiscal 2016, about 1.9 miles of water main replacement are scheduled for replacement.
- The city division increased sewer rates by 4.0% and increased water rates by 8.0%; the surcharge decreased to 63.0%. These rates all became effective October 1, 2015.
- The township division increased sewer rates by 4.0% and water rates increased by 8.0%. The rate increase became effective October 1, 2015. The surcharge rate remained unchanged at 5.0%.

Requests for Information

This financial report is designed to provide a general overview of YCUA's finances for all those with an interest in the Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Ypsilanti Community Utilities Authority, Accounting Department, 2777 State Road, Ypsilanti, Michigan 48198.

BASIC FINANCIAL STATEMENTS

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Statements of Net Position

	August 31,	
	2015	2014
Assets		
Current assets:		
Cash and investments	\$ 4,597,931	\$ 5,627,411
Receivables, net	6,360,948	5,752,726
Inventories	1,091,034	1,057,086
Prepaid items	71,034	366,994
Total current assets	<u>12,120,947</u>	<u>12,804,217</u>
Noncurrent assets:		
Restricted assets:		
Cash and investments	9,186,686	9,986,612
Bond reserve funds held by City of Ypsilanti	2,641,709	2,641,709
Receivables, long-term portion	248,007	273,460
Capital assets not being depreciated	7,195,157	6,630,946
Capital assets being depreciated, net	211,538,034	218,508,207
Total noncurrent assets	<u>230,809,593</u>	<u>238,040,934</u>
Total assets	<u>242,930,540</u>	<u>250,845,151</u>
Deferred outflow of resources		
Deferred pension amounts	1,357,946	-
Deferred loss on refunding	484,375	537,521
Total deferred outflow of resources	<u>1,842,321</u>	<u>537,521</u>
Liabilities		
Current liabilities:		
Accounts payable	3,091,399	2,694,691
Retentions, deposits and other liabilities	2,187,708	2,076,998
Accrued interest payable	612,506	993,506
Current maturities of long-term liabilities	3,773,947	4,672,205
Current maturities of accrued compensated absences	579,235	521,502
Total current liabilities	<u>10,244,795</u>	<u>10,958,902</u>
Noncurrent liabilities:		
Bonds payable	68,220,991	70,386,125
Environmental liability	591,456	591,456
Accrued compensated absences	579,234	521,502
Net pension liability	18,749,498	-
Total noncurrent liabilities	<u>88,141,179</u>	<u>71,499,083</u>
Total liabilities	<u>98,385,974</u>	<u>82,457,985</u>
Net position		
Net investment in capital assets	147,188,253	150,530,823
Restricted for special purposes	11,828,395	12,628,321
Unrestricted (deficit)	(12,629,761)	5,765,543
Total net position	<u>\$ 146,386,887</u>	<u>\$ 168,924,687</u>

The accompanying notes are an integral part of these financial statements.

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Statements of Revenues, Expenses and Changes in Net Position

	For the Year Ended August 31,	
	2015	2014
Operating revenues		
Water sales	\$ 14,774,886	\$ 14,568,698
Sewage disposal sales	15,986,337	14,855,053
Surcharges and other usage fees:		
Capital improvement surcharge	3,596,070	3,651,521
Construction reserve	272,093	269,301
Environmental reserve	101,256	95,366
Other operating revenue	1,578,254	1,560,864
Total operating revenues	<u>36,308,896</u>	<u>35,000,803</u>
Operating expenses		
Water distribution	10,070,350	9,908,197
Wastewater treatment	17,278,603	15,860,564
Wastewater pump stations	1,241,368	1,136,517
Industrial surveillance	417,299	379,784
Transmission and distribution	7,981,764	7,698,787
Meter service	1,151,856	1,074,717
Customer accounting and collections	645,635	670,487
General and administration	1,872,990	1,807,617
Total operating expenses	<u>40,659,865</u>	<u>38,536,670</u>
Operating loss	<u>(4,350,969)</u>	<u>(3,535,867)</u>
Nonoperating income (expense)		
Investment earnings	168,048	168,262
Connection fees	20,712	34,051
Interest and amortization expense	(2,320,778)	(2,500,935)
Gain on disposal of capital assets	-	21,587
Total nonoperating income (expense)	<u>(2,132,018)</u>	<u>(2,277,035)</u>
Loss before contributions	(6,482,987)	(5,812,902)
Capital contributions	<u>674,742</u>	<u>-</u>
Change in net position	<u>(5,808,245)</u>	<u>(5,812,902)</u>
Net position, beginning of year:		
As previously stated	168,924,687	174,737,589
Restatement for GASB 68 implementation	<u>(16,729,555)</u>	<u>-</u>
Net position, beginning of year, as restated	<u>152,195,132</u>	<u>174,737,589</u>
Net position, end of year	<u>\$ 146,386,887</u>	<u>\$ 168,924,687</u>

The accompanying notes are an integral part of these financial statements.

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Statements of Cash Flows

	For the Year Ended August 31,	
	2015	2014
Cash flows from operating activities		
Receipts from customers and users	\$ 35,700,674	\$ 34,418,879
Payments to suppliers	(15,861,228)	(16,252,389)
Payments to employees and employee benefits	(12,147,575)	(11,865,377)
Net cash provided by operating activities	<u>7,691,871</u>	<u>6,301,113</u>
Cash flows from capital and related financing activities		
Proceeds from issuance of and draws on long-term debt	2,205,158	3,659,809
Proceeds from federal grants for capital assets	674,742	-
Acquisition and construction of capital assets	(4,664,579)	(6,784,766)
Proceeds from sale or disposal of capital assets	-	21,587
Principal payments on long-term debt	(5,257,205)	(3,013,723)
Interest payments on long-term debt	(2,668,153)	(2,013,822)
Receipts from connection fees	20,712	34,051
Net cash used in capital and related financing activities	<u>(9,689,325)</u>	<u>(8,096,864)</u>
Cash flows from investing activities		
Earnings received on investments	<u>168,048</u>	<u>168,262</u>
Net change in cash and investments	(1,829,406)	(1,627,489)
Cash and investments, beginning of year	<u>15,614,023</u>	<u>17,241,512</u>
Cash and investments, end of year	<u>\$ 13,784,617</u>	<u>\$ 15,614,023</u>
Reconciliation to statements of net position		
Cash and investments	\$ 4,597,931	\$ 5,627,411
Restricted cash and investments	<u>9,186,686</u>	<u>9,986,612</u>
Total cash and investments	<u>\$ 13,784,617</u>	<u>\$ 15,614,023</u>

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YPSILANTI COMMUNITY UTILITIES AUTHORITY

Statements of Cash Flows

	For the Year Ended August 31,	
	2015	2014
Reconciliation of operating loss to net cash provided by operating activities		
Operating loss	\$ (4,350,969)	\$ (3,535,867)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation	11,070,546	10,860,016
Amortization of bond discounts, bond premiums and deferred loss on refunding	33,624	34,389
Changes in current assets and liabilities:		
Receivables	(608,222)	(581,924)
Inventories	(33,948)	12,424
Prepaid items	295,960	12,135
Deferred pension amounts	(1,357,946)	-
Accounts payable	396,708	214,664
Retentions, deposits and other liabilities	110,710	(690,558)
Accrued compensated absences	115,465	(24,166)
Net pension liability	2,019,943	-
Net cash provided by operating activities	<u>\$ 7,691,871</u>	<u>\$ 6,301,113</u>

concluded.

The accompanying notes are an integral part of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The accompanying financial statements present the activities of the Ypsilanti Community Utilities Authority (the "Authority"). The Authority has no component units - i.e., separately legal entities for which the Authority is financially accountable - nor is it reported as a component unit of another government.

The Authority was formed on March 19, 1974, when the City of Ypsilanti (the "City") and Ypsilanti Township (the "Township") entered into an agreement to create a utility authority pursuant to Public Act 233 of 1955, as amended. The two governments approved the Authority's Articles of Incorporation on September 3, 1974.

On October 1, 1974, a contract was executed between the Authority and the two governments giving the Authority the responsibility for providing water distribution and wastewater treatment services to residents of the City and Township. This responsibility includes all activities necessary to provide such services including but not limited to: administration, operations, maintenance, financing, debt service, billing and collections. The contract also permits the Authority to expand and improve both the water and wastewater systems.

A five-member board of commissioners governs the Authority. Three of the members are appointed by the Township, the other two are appointed by the City. In addition to serving residents of the City and Township, the Authority also sells water distribution and wastewater treatment services capacity to neighboring governments under contractual agreements.

Any rate changes, including increases, must be approved by the Authority Board, as well as the governing board of either the City or Township depending on the particular service and service area. That is, the Ypsilanti City Council has the ultimate rate setting responsibility for users located in the City, whereas the Ypsilanti Township Board of Trustees has the ultimate responsibility for users located in the Township.

Basis of Presentation / Measurement Focus / Basis of Accounting

The Authority uses a single proprietary or enterprise fund to account for and report its financial activities, which is limited to *business-type activities* - i.e., activities that are financed in whole or in part by fees charged to external parties and are operated in a manner similar to private business where the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations, which for the Authority is water distribution and wastewater treatment. Operating expenses include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Notes to the Financial Statements

Assets, Deferred Outflows of Resources, Liabilities and Equity

Deposits and Investments

The Authority's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize local governments to deposit in the accounts of federally insured banks, credit unions, and savings and loan associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers acceptances, and mutual funds composed of otherwise legal investments. Investments are stated at fair value.

Receivables

Trade receivables are shown net of an allowance for uncollectible non-residential accounts; an allowance is not made for residential accounts since any such delinquencies may be added to the City and/or Township property tax rolls for collection.

Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Restricted Assets

The proceeds of certain bond issues, as well as certain other resources, are classified as restricted assets on the statement of net position to indicate that their use is limited as stipulated by contract or ordinance.

Capital Assets

Capital assets, which include property, plant and equipment, are recorded at cost. The Authority defines capital assets as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of two years. Donated capital assets, if any, are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets, if any, is included as part of the capitalized value of the assets constructed. No net interest costs were capitalized for fiscal 2015 or 2014.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and building improvements	40
Water and wastewater systems	5-50
Vehicles and heavy equipment	5-20
Machinery and equipment	5-20

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Notes to the Financial Statements

Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources until then. The Authority reports a deferred charge on refunding, which results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The Authority also reports deferred outflows of resources related to the net pension liability. A portion of these costs represent contributions to the plan subsequent to the plan measurement date. More detailed information can be found in Note 11.

Compensated Absences

It is the Authority's policy to permit employees to accumulate earned but unused vacation and sick leave pay benefits, subject to certain limitations. All vacation and sick pay are accrued when incurred since 100 percent of the unused benefits are payable upon employee separation from service with the Authority.

Long-term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the debt using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time of issuance.

2. BUDGETARY INFORMATION

State statutes provide that local units shall adopt budget appropriations for general and special revenue funds (i.e., governmental fund types); as such, the Authority is not required to adopt a budget for State compliance purposes. However, under its contract with the City and Township, the Authority is required to prepare an annual operating budget that is subject to review and approval by the Authority Board, as well as the governing boards of the City and Township.

3. DEPOSITS AND INVESTMENTS

Following is a summary of deposit and investment balances as of August 31:

	2015	2014
Statement of Net Position:		
Cash and investments	\$ 4,597,931	\$ 5,627,411
Restricted cash and investments	9,186,686	9,986,612
Total	<u>\$ 13,784,617</u>	<u>\$ 15,614,023</u>
Deposits and Investments:		
Bank deposits (checking accounts, savings accounts and certificate of deposits)	\$ 3,046,341	\$ 4,784,321
Investments in money market accounts	10,737,426	10,828,852
Cash on hand	850	850
Total	<u>\$ 13,784,617</u>	<u>\$ 15,614,023</u>

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Notes to the Financial Statements

Custodial Credit Risk - Deposits. For deposits, custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned to the government. As of August 31, 2015, \$5,498,280 of the Authority's total bank balance of \$6,531,079 (total book balance was \$3,046,341) was exposed to custodial credit risk as it was uninsured and uncollateralized. As of August 31, 2014, \$5,113,449 of the Authority's total bank balance of \$6,313,120 (total book balance was \$4,784,321) was exposed to custodial credit risk as it was uninsured and uncollateralized.

The Authority's investment policy does not specifically address this risk, although the Authority believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the Authority evaluates each financial institution with which it deposits Authority funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Custodial Credit Risk - Investments. For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority's investment policy requires that investment securities be held in third-party safekeeping by a designated institution and that the safekeeping agent follow the procedure of delivery vs. payment. As of August 31, 2015 and 2014, all of the Authority's investments were held in money market accounts, which are not subject to custodial credit risk.

Credit Risk. The Authority held investments in money market accounts, which are not rated. All of the Authority's investments comply with its policy regarding the types of investments it may hold.

Interest Rate Risk. The Authority's policy is that funds be invested in securities whose maturities do not exceed two years at the time of purchase, except that debt retirement, motor pool and capital funds may be invested for longer periods provided the maturity dates match anticipated cash needs. The Authority's investments comply with this policy.

4. RECEIVABLES

Receivables as of August 31 are summarized as follows:

	2015	2014
Accounts, net of \$25,000 allowance	\$ 6,347,745	\$ 5,732,929
Accrued investment interest	9,583	9,583
Special assessments and benefit charges	251,627	283,674
Total receivables	6,608,955	6,026,186
Less long-term portion of benefit charges and special assessments	(248,007)	(273,460)
Current portion of receivables	\$ 6,360,948	\$ 5,752,726

Special assessments receivable, which represent liens against the applicable properties, mature through December 2024 and are due in equal annual installments plus interest at 5.0% of the outstanding balance.

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Notes to the Financial Statements

5. RESTRICTED ASSETS

Restricted cash and investments as of August 31 are summarized as follows:

Description / Reference	2015	2014
Township bond and interest reserve (Ordinance No. 11, section 13, amended by No. 47)	\$ 300,602	\$ 300,300
Township construction reserve surcharge (Ordinance No. 124, sections A(10) and B(9))	2,292,195	2,289,633
WWTP future construction reserve (WWTP construction agreement, as amended)	1,033,049	1,031,676
City construction reserve surcharge (Ordinance No. 697, section 2.137)	656,917	594,899
City debt retirement and capital improvement surcharge (Ordinance No. 696, amended by Ordinance No. 959)	322,749	303,763
Wastewater treatment plant improvement reserve (WTUA wastewater disposal agreement, as amended)	1,674,685	1,671,991
EPA replacement reserve (EPA regulatory requirements)	1,014,646	1,013,818
Township environmental reserve surcharge (Ordinance No. 11, section 9; amended by No. 134)	1,616,913	2,088,372
Construction project bond/capital lease proceeds (Bond ordinances)	274,930	692,160
	<u>\$ 9,186,686</u>	<u>\$ 9,986,612</u>

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Notes to the Financial Statements

6. CAPITAL ASSETS

Capital assets activity for the year ended August 31, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 1,298,704	\$ -	\$ -	\$ 1,298,704
Construction in progress	5,332,242	4,319,710	(3,755,499)	5,896,453
Total capital assets not being depreciated	<u>6,630,946</u>	<u>4,319,710</u>	<u>(3,755,499)</u>	<u>7,195,157</u>
Capital assets being depreciated:				
Buildings and improvements	2,216,082	-	-	2,216,082
Wastewater treatment plant	184,316,527	1,589,429	-	185,905,956
Water and wastewater systems	188,616,739	2,482,420	-	191,099,159
Vehicles	3,944,007	13,925	-	3,957,932
Equipment	5,886,463	14,594	-	5,901,057
Total capital assets being depreciated	<u>384,979,818</u>	<u>4,100,368</u>	<u>-</u>	<u>389,080,186</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,306,778)	(59,015)	-	(1,365,793)
Wastewater treatment plant	(89,536,701)	(6,717,146)	-	(96,253,847)
Water and wastewater systems	(67,448,772)	(4,051,310)	-	(71,500,082)
Vehicles	(2,999,510)	(120,652)	-	(3,120,162)
Equipment	(5,179,850)	(122,418)	-	(5,302,268)
Total accumulated depreciation	<u>(166,471,611)</u>	<u>(11,070,541)</u>	<u>-</u>	<u>(177,542,152)</u>
Total capital assets being depreciated, net	<u>218,508,207</u>	<u>(6,970,173)</u>	<u>-</u>	<u>211,538,034</u>
Total capital assets, net	<u>\$ 225,139,153</u>	<u>\$ (2,650,463)</u>	<u>\$ (3,755,499)</u>	<u>\$ 218,733,191</u>

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Notes to the Financial Statements

Capital assets activity for the year ended August 31, 2014 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 1,298,704	\$ -	\$ -	\$ 1,298,704
Construction in progress	6,949,760	2,915,719	(4,533,237)	5,332,242
Total capital assets not being depreciated	<u>8,248,464</u>	<u>2,915,719</u>	<u>(4,533,237)</u>	<u>6,630,946</u>
Capital assets being depreciated:				
Buildings and improvements	2,216,082	-	-	2,216,082
Wastewater treatment plant	184,172,183	144,344	-	184,316,527
Water and wastewater systems	181,179,803	7,596,936	(160,000)	188,616,739
Vehicles	3,637,434	306,573	-	3,944,007
Equipment	5,532,032	354,431	-	5,886,463
Total capital assets being depreciated	<u>376,737,534</u>	<u>8,402,284</u>	<u>(160,000)</u>	<u>384,979,818</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,247,762)	(59,016)	-	(1,306,778)
Wastewater treatment plant	(82,833,534)	(6,703,167)	-	(89,536,701)
Water and wastewater systems	(63,736,478)	(3,872,294)	160,000	(67,448,772)
Vehicles	(2,898,959)	(100,551)	-	(2,999,510)
Equipment	(5,054,862)	(124,988)	-	(5,179,850)
Total accumulated depreciation	<u>(155,771,595)</u>	<u>(10,860,016)</u>	<u>160,000</u>	<u>(166,471,611)</u>
Total capital assets being depreciated, net	<u>220,965,939</u>	<u>(2,457,732)</u>	<u>-</u>	<u>218,508,207</u>
Total capital assets, net	<u>\$ 229,214,403</u>	<u>\$ 457,987</u>	<u>\$ (4,533,237)</u>	<u>\$ 225,139,153</u>

The Authority has active construction projects as of August 31, 2015. Projects currently under construction include improvements to all four major wastewater pump stations, upgrade to the plant grit handling system at the wastewater treatment plant, water supply system replacement projects in city of Ypsilanti (Michigan Avenue and Adams Street), and demolition of the abandoned Willow Run Wastewater plant in the Township.

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Notes to the Financial Statements

7. LONG-TERM DEBT

Limited tax general obligation bonds. The Authority issues bonds that are backed by the full faith and credit of the City or Township, but where the income derived from the acquired or constructed assets is intended to pay debt service. These bonds are issued as 10 to 20-year serial bonds with varying amounts of principal maturing each year. The original amount of bonds issued in prior years for the issues outstanding as of August 31, 2015 was \$79,427,163.

During fiscal 2015 and 2014, the cash draws against the Drinking Water Revolving Fund and Clean Water State Revolving Fund bonds amounted to \$2,205,158 and \$3,659,809, respectively, which were the project construction costs incurred during those years. The total amount authorized under these issues was \$20,600,133 of which \$2,636,376 is still available and expected to be drawn through August 31, 2016.

Limited tax general obligation bonds outstanding at August 31, 2015 are as follows:

	Credit	Interest Rates	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
1998 water (DWRf)	Twp	2.50%	\$ 652,056	\$ -	\$ (245,000)	\$ 407,056	\$ 250,000
1999 water (DWRf)	City	2.50%	325,000	-	(50,000)	275,000	50,000
2002 sewer	Twp	3.25-5.00%	5,965,000	-	(325,000)	5,640,000	335,000
2003 water (DWRf)	Twp	2.50%	7,145,000	-	(80,000)	7,065,000	90,000
2007 water refunding	Twp	4.00-4.10%	1,757,426	-	(155,000)	1,602,426	160,000
2007 water (DWRf)	City	2.125%	223,702	-	(15,000)	208,702	15,000
2007 water (DWRf)	Twp	2.125%	1,525,075	-	(95,000)	1,430,075	100,000
2008 water (DWRf)	Twp	2.50%	883,213	-	(50,000)	833,213	50,000
2008 water (DWRf)	City	2.50%	339,253	-	(20,000)	319,253	20,000
2009 water (DWRf)	City	2.50%	119,029	-	(5,000)	114,029	5,000
2009 water (DWRf)	Twp	2.50%	254,566	-	(17,000)	237,566	17,000
2010 water (SRF)	Shared	2.50%	600,151	-	(30,000)	570,151	30,000
2010 water (SRF)	Twp	2.50%	2,462,658	-	(125,000)	2,337,658	125,000
2010 water (SRF)	Twp	2.50%	357,148	49,493	(20,000)	386,641	20,000
2010 refunding	Twp	1.50-3.125%	1,192,833	-	(160,205)	1,032,628	161,947
2010 water	Twp	4.0-5.0%	1,640,000	-	(65,000)	1,575,000	70,000
2011 water refunding	Twp	2.0-4.0%	6,060,000	-	(400,000)	5,660,000	405,000
2012 water (DWRf)	Shared	2.50%	1,474,444	5,110	(65,000)	1,414,554	65,000
2012 water (DWRf)	City	2.50%	2,896,999	3,001	(115,000)	2,785,000	115,000
2012 water (DWRf)	Twp	2.50%	3,042,119	-	(135,000)	2,907,119	140,000
2012 water	Twp	2.0-4.0%	2,370,000	-	-	2,370,000	50,000
2012 water (DWRf)	Twp	2.00%	1,990,296	28,452	(90,000)	1,928,748	90,000
2013 water refunding	Twp	0.45-3.25%	4,540,000	-	(190,000)	4,350,000	240,000
2013 water (DWRf)	Shared	2.00%	1,111,355	29,690	(50,000)	1,091,045	50,000
2014 water (DWRf)	Shared	2.50%	278,987	1,666,474	-	1,945,461	-
2015 water (DWRf)	Shared	2.50%	-	422,938	-	422,938	20,000
			<u>\$49,206,310</u>	<u>\$ 2,205,158</u>	<u>\$ (2,502,205)</u>	<u>\$48,909,263</u>	<u>\$ 2,673,947</u>

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Notes to the Financial Statements

Limited tax general obligation bonds outstanding at August 31, 2014 are as follows:

	Credit	Interest Rates	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
1998 water (DWRF)	Twp	2.50%	\$ 892,056	\$ -	\$ (240,000)	\$ 652,056	\$ 245,000
1999 water (DWRF)	City	2.50%	375,000	-	(50,000)	325,000	50,000
2002 sewer	Twp	3.25-5.00%	6,275,000	-	(310,000)	5,965,000	325,000
2003 water	Twp	3.00-4.35%	160,000	-	(160,000)	-	-
2003 water (DWRF)	Twp	2.50%	7,225,000	-	(80,000)	7,145,000	80,000
2006 refunding	Twp	3.75-4.125%	90,000	-	(90,000)	-	-
2007 water refunding	Twp	4.00-4.10%	1,912,426	-	(155,000)	1,757,426	155,000
2007 water (DWRF)	City	2.125%	238,702	-	(15,000)	223,702	15,000
2007 water (DWRF)	Twp	2.125%	1,620,075	-	(95,000)	1,525,075	95,000
2008 water (DWRF)	Twp	2.50%	933,213	-	(50,000)	883,213	50,000
2008 water (DWRF)	City	2.50%	359,253	-	(20,000)	339,253	20,000
2009 water (DWRF)	City	2.50%	124,029	-	(5,000)	119,029	5,000
2009 water (DWRF)	Twp	2.50%	271,566	-	(17,000)	254,566	17,000
2010 water (SRF)	Shared	2.50%	630,151	-	(30,000)	600,151	30,000
2010 water (SRF)	Twp	2.50%	2,582,658	-	(120,000)	2,462,658	125,000
2010 water (SRF)	Twp	2.50%	377,148	-	(20,000)	357,148	20,000
2010 refunding	Twp	1.50-3.125%	1,349,556	-	(156,723)	1,192,833	160,205
2010 water	Twp	4.0-5.0%	1,705,000	-	(65,000)	1,640,000	65,000
2011 water refunding	Twp	2.0-4.0%	6,285,000	-	(225,000)	6,060,000	400,000
2012 water (DWRF)	Shared	2.50%	1,055,050	484,394	(65,000)	1,474,444	65,000
2012 water (DWRF)	City	2.50%	1,514,532	1,382,467	-	2,896,999	115,000
2012 water (DWRF)	Twp	2.50%	3,029,040	153,079	(140,000)	3,042,119	145,000
2012 water	Twp	2.0-4.0%	2,370,000	-	-	2,370,000	-
2012 water (DWRF)	Twp	2.00%	1,743,144	337,152	(90,000)	1,990,296	90,000
2013 water refunding	Twp	0.45-3.25%	4,725,000	-	(185,000)	4,540,000	190,000
2013 water (DWRF)	Shared	2.00%	87,625	1,023,730	-	1,111,355	50,000
2014 water (DWRF)	Shared	2.50%	-	278,987	-	278,987	-
			<u>\$47,930,224</u>	<u>\$ 3,659,809</u>	<u>\$ (2,383,723)</u>	<u>\$49,206,310</u>	<u>\$ 2,512,205</u>

Because certain principal and interest payments on bonds are due September 1, the Authority makes payment on those obligations on or before August 31. As such, since the amounts due within one year for certain issues were already paid, no amounts are shown as payable within one year for those particular issues.

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Notes to the Financial Statements

Annual debt service requirements to maturity for limited tax general obligation bonds are as follows:

Year Ended August 31,	Principal	Interest
2016	\$ 2,673,947	\$ 1,443,406
2017	2,899,485	1,442,638
2018	2,830,912	1,364,342
2019	2,901,136	1,285,423
2020	2,971,360	1,202,983
2021-2025	14,770,270	4,669,207
2026-2030	15,008,810	2,329,432
2031-2036	7,489,719	254,729
	51,545,639	<u>\$13,992,160</u>
Less amount remaining to draw on outstanding projects	<u>(2,636,376)</u>	
	<u>\$ 48,909,263</u>	

For purposes of presenting the above maturities, the debt amortization schedules for the outstanding projects present the maturities based on the total authorized project amount whereas the debt per the financial statements is based on the actual draws through year end.

Revenue bonds. The Authority, in conjunction with the City, also issues bonds where the income derived from the acquired or constructed assets is pledged to pay debt service. The original amount of revenue bonds issued in prior years for the issues outstanding as of August 31, 2015 was \$35,085,000.

Revenue bonds outstanding at August 31, 2015 are as follows:

	Credit	Interest Rates	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
2002B water (DWRf)	City	2.50%	\$ 230,000	\$ -	\$ (25,000)	\$ 205,000	\$ 25,000
2003A water and sewer	City	3.00-4.10%	505,000	-	(505,000)	-	-
2003C water (DWRf)	City	2.50%	440,000	-	(40,000)	400,000	40,000
2003D water (DWRf)	City	2.50%	2,975,000	-	(265,000)	2,710,000	270,000
2004B water (DWRf)	City	2.125%	3,810,000	-	(310,000)	3,500,000	315,000
2006 refunding	City	3.75-4.125%	9,745,000	-	(75,000)	9,670,000	-
2013 refunding	City	2.00-4.00%	7,490,000	-	(1,535,000)	5,955,000	-
			<u>\$25,195,000</u>	<u>\$ -</u>	<u>\$ (2,755,000)</u>	<u>\$22,440,000</u>	<u>\$ 650,000</u>

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Notes to the Financial Statements

Revenue bonds outstanding at August 31, 2014 are as follows:

	Credit	Interest Rates	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
2002B water (DWRf)	City	4.25-8.75%	\$ 255,000	\$ -	\$ (25,000)	\$ 230,000	\$ 25,000
2003A water and sewer	City	4.00-5.00%	505,000	-	-	505,000	505,000
2003C water (DWRf)	City	2.50%	480,000	-	(40,000)	440,000	40,000
2003D water (DWRf)	City	4.00-4.75%	3,235,000	-	(260,000)	2,975,000	265,000
2004B water (DWRf)	City	3.00-4.10%	4,115,000	-	(305,000)	3,810,000	310,000
2006 refunding	City	3.50-4.25%	9,745,000	-	-	9,745,000	25,000
2013 refunding	City	2.50%	7,490,000	-	-	7,490,000	540,000
			<u>\$25,825,000</u>	<u>\$ -</u>	<u>\$ (630,000)</u>	<u>\$25,195,000</u>	<u>\$ 1,710,000</u>

Annual debt service requirements to maturity for revenue bonds are as follows:

Year Ended August 31,	Principal	Interest
2016	\$ 650,000	\$ 474,395
2017	1,740,000	742,509
2018	1,785,000	683,438
2019	1,900,000	621,476
2020	1,950,000	556,466
2021-2025	10,295,000	1,729,216
2026-2030	4,120,000	233,354
	<u>\$22,440,000</u>	<u>\$ 5,040,854</u>

Environmental liability. In fiscal 1988, the U.S. Environmental Protection Agency (EPA) notified the Authority that it had been named a potential responsible party (PRP) for contaminated sites commonly known as the Willow Run Sludge Lagoon, Tyler Pond, and Willow Creek. The other entities named as PRP's in this matter included the Township, Wayne County, Ford Motor Company, General Motors Corporation, the University of Michigan and the federal government.

In fiscal 1995, the named PRP's entered into an agreement to fund the cost of the clean up. Based on this agreement, the Authority recorded a liability totaling \$1,250,000 and agreed that it will: (1) make three annual payments of \$250,000 each beginning in 2002; and (2) pay up to an additional \$500,000 for certain water treatment costs over a period of not more 30 years with no more than \$50,000 payable in any one year. Through August 31, 2008, two payments of \$50,000 each were made between fiscal 1997 and 1998. During fiscal year 2009, following receipt of a reimbursement request from General Motors Corporation, the Authority made a payment of \$108,544 to cover costs from 1998 through 2007. No payments have been made or requested since 2009.

Accordingly, the Authority's obligation for this matter is carried on the financial statements until it is released from the agreement by the EPA. Of the total liability, \$450,000 is reported as a current liability (i.e., one payment of \$250,000 and four payments of \$50,000 each) and \$591,456 is reported as long-term.

Compensated absences. The Authority records a liability for accrued compensated absences, which includes earned but unused vacation and sick leave. The liability is classified between current and long-term portions based on estimated usage.

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Notes to the Financial Statements

Changes in long-term debt. Following is a summary of long-term debt activity for the years ended August 31, 2015:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Limited tax obligation bonds	\$49,206,310	\$ 2,205,158	\$ (2,502,205)	\$48,909,263	\$ 2,673,947
Revenue bonds	25,195,000	-	(2,755,000)	22,440,000	650,000
Environmental liability	1,041,456	-	-	1,041,456	450,000
Compensated absences	1,043,004	850,424	(734,959)	1,158,469	579,235
	76,485,770	3,055,582	(5,992,164)	73,549,188	4,353,182
Deduct deferred amounts for:					
Issuance discounts	(409,306)	-	33,135	(376,171)	-
Issuance premiums	616,326	-	(44,480)	571,846	-
	<u>\$76,692,790</u>	<u>\$ 3,055,582</u>	<u>\$ (6,003,509)</u>	<u>\$73,744,863</u>	<u>\$ 4,353,182</u>

Following is a summary of long-term debt activity for the years ended August 31, 2014:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Limited tax obligation bonds	\$47,930,224	\$ 3,659,809	\$ (2,383,723)	\$49,206,310	\$ 2,512,205
Revenue bonds	25,825,000	-	(630,000)	25,195,000	1,710,000
Environmental liability	1,041,456	-	-	1,041,456	450,000
Compensated absences	1,067,172	761,875	(786,043)	1,043,004	521,502
	75,863,852	4,421,684	(3,799,766)	76,485,770	5,193,707
Deduct deferred amounts for:					
Issuance discounts	(442,441)	-	33,135	(409,306)	-
Issuance premiums	660,806	-	(44,480)	616,326	-
	<u>\$75,483,637</u>	<u>\$ 4,421,684</u>	<u>\$ (3,811,111)</u>	<u>\$76,692,790</u>	<u>\$ 5,193,707</u>

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Notes to the Financial Statements

8. CAPITAL CONTRIBUTIONS

The sources of capital contributions for the year ended August 31, are summarized as follows:

	2015	2014
State of Michigan	<u>\$ 674,742</u>	<u>\$ -</u>

9. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; employee injuries; and natural disasters, as well as medical and death benefits provided to employees. The Authority purchases commercial insurance to cover all risks of losses. The Authority has had no settled claims resulting from these risks that exceeded its commercial coverage in any of the past three fiscal years.

10. CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies, including amounts borrowed under the Michigan revolving loan fund programs, are subject to audit and potential adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the Authority. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Authority expects such amounts, if any, to be immaterial.

The Authority is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the Authority's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the Authority.

11. DEFINED BENEFIT PENSION PLAN

Plan Description. The Authority participates in the Municipal Employees' Retirement System (MERS) of Michigan, a defined benefit pension plan providing certain retirement, disability and death benefits to plan members and beneficiaries. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. Public Act 427 of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at www.mersofmich.com.

Benefits Provided. Pension benefits vary by division/bargaining unit and are calculated based on final average compensation (based on a 3-year period) and multipliers ranging from 1.5% to 2.0%. Participants are considered to be fully vested in the plan after 6 to 10 years, depending on division/bargaining unit. Normal retirement age is 60 with an early retirement option at age 55 with 25 years of service, depending on division/bargaining unit.

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Notes to the Financial Statements

Contributions. The Authority is required to contribute at an actuarially determined percentage (for open groups) or amount (for closed groups) as follows for the year ended August 31, 2015:

	2015
AFSCME (open)	4.64%
AFSCME (closed)	\$ 674,184
Teamsters (closed)	451,680
Management (closed)	349,596

For the year ended August 31, 2014, each of the groups were open and the employer contribution rate ranged from 4.88% to 49.08%.

The Authority's non-union and AFSCME unionized employees are required to contribute 3.0% of their annual covered payroll to the plan, whereas Teamster unionized employees are required to contribute 4.0%. The Authority's contribution requirements are established and may be amended by the Retirement Board of MERS. The contribution requirements of plan members are established and may be amended by the Authority, subject to collective bargaining agreements and depending on the MERS contribution program adopted by the Authority.

Net Pension Liability. The Authority's net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The components of the net pension liability of the Authority were as follows:

Total pension liability	\$ 47,875,963
Plan fiduciary net position	<u>29,126,465</u>
Authority's net pension liability	<u>\$ 18,749,498</u>
Plan fiduciary net position as percentage of total pension liability	60.84%

Actuarial Assumptions. The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0% to 4.0%
Salary increases	4.5% in the long-term (1%, 2% and 3% for calendar years 2014, 2015 and 2016, respectively)
Investment rate of return	8.25%

Although no specific price inflation assumptions are needed for the valuation, the 4.5% long-term wage inflation assumption would be consistent with a price inflation of 3.0%-4.0%.

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

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study conducted in 2008. (MERS Retirement Board is currently conducting an actuarial experience study covering the period from January 1, 2009, through December 31, 2013.)

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Notes to the Financial Statements

Employees Covered by Benefit Terms. At December 31, 2014, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	103
Inactive employees entitled to but not yet receiving benefits	20
Active employees	<u>109</u>
 Total membership	 <u><u>232</u></u>

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment and administrative expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Global equity	57.5%	5.02%	2.88%
Global fixed income	20.0%	2.18%	0.44%
Real assets	12.5%	4.23%	0.53%
Diversifying strategies	<u>10.0%</u>	6.56%	0.65%
	<u><u>100.0%</u></u>		
Inflation			3.50%
Administrative expenses netted above			<u>0.25%</u>
Investment rate of return			<u><u>8.25%</u></u>

Discount Rate. The discount rate used to measure the total pension liability is 8.25% for 2014. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Notes to the Financial Statements

Changes in Net Pension Liability

The components of the change in the net pension liability are summarized as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2013	\$ 46,219,017	\$ 28,626,034	\$ 17,592,983
Changes for the year:			
Service cost	701,844	-	701,844
Interest	3,727,652	-	3,727,652
Employer contributions	-	1,331,966	(1,331,966)
Employee contributions	-	221,036	(221,036)
Net investment income	-	1,785,353	(1,785,353)
Benefit payments, including refunds of employee contributions	(2,772,550)	(2,772,550)	-
Administrative expense	-	(65,374)	65,374
Net changes	1,656,946	500,431	1,156,515
Balances at December 31, 2014	\$ 47,875,963	\$ 29,126,465	\$ 18,749,498

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the Authority, calculated using the discount rate of 8.25%, as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is 1% lower (7.25%) or 1% higher (9.25%) than the current rate:

1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
\$ 24,044,529	\$ 18,749,498	\$ 14,230,297

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Plan financial statements.

Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended August 31, 2015, the Authority recognized pension expense of \$2,069,848. The Authority reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 418,634
Contributions subsequent to the measurement date	939,312
Total	\$ 1,357,946

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Notes to the Financial Statements

The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending August 31, 2016. Other amounts reported as deferred outflows of resources related to the pension will be recognized in pension expense as follows:

Year Ended August 31,	Amount
2016	\$ 104,658
2017	104,659
2018	104,658
2019	<u>104,659</u>
Total	<u>\$ 418,634</u>

12. POSTEMPLOYMENT BENEFITS

The Authority participates in the Municipal Employees Retirement System of Michigan (MERS), an agent multiple-employer other postemployment benefit (OPEB) plan, that provides certain health care benefits to all full-time employees upon retirement, in accordance with the applicable labor agreements. These benefits are integrated with Medicare to provide benefits comparable to those received at the date of retirement for the employee's life. MERS issues a publicly available financial report that includes financial statements and required supplementary information, which may be obtained by writing to MERS at 1134 Municipal Way, Lansing, Michigan 48917.

The Authority had 86 retirees that were eligible and receiving benefits for the year ended August 31, 2015; as the plan is closed to new hires, there are 84 active employees eligible for future benefits. Plan participants are not required to contribute to the plan. Administrative costs of the plan are paid for by the Authority. The Authority has no obligation to make contributions in advance of when the insurance premiums or benefits are due for payment; in other words, the plan may be financed on a pay-as-you-go basis. However, under applicable financial reporting standards, as a single-purpose government reported in a single enterprise fund, the Authority would be required to record a fund liability for any net OPEB obligation, as described below.

For the year ended August 31, 2015, the Authority estimated the cost of providing retiree health care benefits through an actuarial valuation as of December 31, 2013. Such a valuation computes an annual required contribution (ARC) that represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The current combined ARC is 47.68% of annual covered payroll.

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Notes to the Financial Statements

For fiscal 2015, the components of the Authority's annual OPEB cost for the year, the amount actually contributed to the plan (including pay-as-you-go amounts), and changes in the Authority's net OPEB obligation to the plan are as follows:

Annual required contribution	\$ 2,769,195
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	<u>2,769,195</u>
Payments of current costs	<u>(2,769,195)</u>
Change in net OPEB obligation	-
Net OPEB obligation, beginning of year	<u>-</u>
Net OPEB obligation, end of year	<u><u>\$ -</u></u>

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the last two years were as follows:

Annual Years Ended August 31,	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation
2013	\$ 2,709,587	100%	-
2014	2,695,009	100%	-
2015	2,769,195	100%	-

The funded status of the plan as of December 31, 2013, the date of the latest actuarial valuation, was as follows:

Actuarial accrued liabilities (AAL)	\$ 28,820,484
Actuarial value of plan assets	<u>14,714,923</u>
Unfunded actuarial accrued liability (UAAL)	<u><u>\$ 14,105,561</u></u>
Funded ratio	51.1%
Covered payroll (active plan members)	\$ 5,808,191
UAAL as a percentage of covered payroll	242.9%

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 to past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Notes to the Financial Statements

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing 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. Significant methods and assumptions were as follows:

Actuarial valuation date	12/31/2013
Actuarial cost method	Individual entry age normal cost
Amortization method	Level dollar amount, closed
Remaining amortization period	8 years
Asset valuation method	Market value
Discount rate	7.0%
Projected salary increases	4.0%
Healthcare inflation rate	9.0% grading to 4.0% ultimately

13. ALLOCATION METHODS

Financial information of the Authority can be separated by component or division. For such purposes, the City and Township divisions together comprise the Authority, in aggregate, as is the same for the Water and Wastewater divisions. In certain instances, revenues and expenses are directly attributable to the respective divisions, whereas other revenues and expenses are shared or not directly attributable. For these latter items, the Authority uses a variety of objectively measurable allocation methods to equitably distribute the account balances between the applicable divisions. These methods include metered water and sewage flows, work orders, time and attendance, number of meters and so on.

14. RESTATEMENT

The Authority adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, in the current year. As a result, the beginning net position was decreased by \$16,729,555 to record net pension liability balance at that time.

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Notes to the Financial Statements

15. SEGMENT INFORMATION

Revenue bonds have been issued through the City to finance certain water and wastewater capital projects. The City and Township divisions are accounted for in a single fund (i.e., the Authority). However, investors in the revenue bonds rely solely on the revenue generated by the City division for repayment. Accordingly, summary information for the City and Township divisions as of and for the year ended August 31, 2015 is presented below.

	Condensed Statement of Net Position		
	City	Township	Totals
Assets			
Current and other assets	\$ 8,949,933	\$ 15,247,416	\$ 24,197,349
Capital assets	65,588,149	153,145,042	218,733,191
Total assets	74,538,082	168,392,458	242,930,540
Deferred outflows of resources	541,055	1,301,266	1,842,321
Liabilities			
Long-term liabilities	28,316,056	45,428,807	73,744,863
Net pension liability	4,413,079	14,336,419	18,749,498
Other liabilities	1,097,658	4,793,955	5,891,613
Total liabilities	33,826,793	64,559,181	98,385,974
Net position			
Net investment			
in capital assets	37,436,219	109,752,034	147,188,253
Restricted	5,067,093	6,761,302	11,828,395
Unrestricted deficit	(1,250,968)	(11,378,793)	(12,629,761)
Total net position	\$ 41,252,344	\$ 105,134,543	\$ 146,386,887

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Notes to the Financial Statements

	Condensed Statement of Revenues, Expenses and Changes in Net Position						Totals
	City			Township			
	Water	Wastewater	Total	Water	Wastewater	Total	
Operating revenue	\$ 4,297,519	\$ 4,893,513	\$ 9,191,032	\$ 12,762,209	\$ 14,355,655	\$ 27,117,864	\$ 36,308,896
Operating expenses							
Depreciation	906,918	1,763,298	2,670,216	1,587,342	6,812,988	8,400,330	11,070,546
Other operating	2,518,273	3,854,093	6,372,366	10,652,288	12,564,665	23,216,953	29,589,319
	<u>3,425,191</u>	<u>5,617,391</u>	<u>9,042,582</u>	<u>12,239,630</u>	<u>19,377,653</u>	<u>31,617,283</u>	<u>40,659,865</u>
Operating income (loss)	872,328	(723,878)	148,450	522,579	(5,021,998)	(4,499,419)	(4,350,969)
Nonoperating expense	(507,170)	(357,210)	(864,380)	(456,940)	(810,698)	(1,267,638)	(2,132,018)
Capital contributions, net	-	154,988	154,988	-	519,754	519,754	674,742
Change in net position	<u>\$ 365,158</u>	<u>\$ (926,100)</u>	<u>(560,942)</u>	<u>\$ 65,639</u>	<u>\$ (5,312,942)</u>	<u>(5,247,303)</u>	<u>(5,808,245)</u>
Net position							
Beginning of year, as restated			<u>41,813,286</u>			<u>110,381,846</u>	<u>152,195,132</u>
End of year			<u>\$ 41,252,344</u>			<u>\$ 105,134,543</u>	<u>\$ 146,386,887</u>

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REQUIRED SUPPLEMENTAL INFORMATION

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Required Supplementary Information

Municipal Employees Retirement System of Michigan - Defined Benefit Pension Plan

Schedule of Changes in Net Pension Liability and Related Ratios

	Fiscal Year Ended August 31, 2015
Total pension liability	
Service cost	\$ 701,844
Interest on total pension liability	3,727,652
Benefit payments	<u>(2,772,550)</u>
Net change in total pension liability	1,656,946
Total pension liability, beginning of year	<u>46,219,017</u>
Total pension liability, end of year	<u>47,875,963</u>
Plan fiduciary net position	
Employer contributions	1,331,966
Employee contributions	221,036
Pension plan net investment income	1,785,353
Benefit payments and refunds	<u>(2,772,550)</u>
Pension plan administrative expense	<u>(65,374)</u>
Net change in plan fiduciary net position	500,431
Plan fiduciary net position, beginning of year	<u>28,626,034</u>
Plan fiduciary net position, end of year	<u>29,126,465</u>
Net pension liability	<u>\$ 18,749,498</u>
Plan fiduciary net position as a percentage of total pension liability	60.84%
Covered employee payroll	\$ 6,907,282
Net pension liability as a percentage of covered employee payroll	271.45%

Note: GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Required Supplementary Information Municipal Employees Retirement System of Michigan - Defined Benefit Pension Plan

Schedule of the Net Pension Liability

Fiscal Year Ending August 31,	Total Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Position as Percentage of Total Pension Liability	Covered Payroll
2015	\$ 47,875,963	\$ 29,126,465	\$ 18,749,498	60.84%	\$ 6,907,282

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Required Supplementary Information

Municipal Employees Retirement System of Michigan - Defined Benefit Pension Plan

Schedule of Contributions

Fiscal Year Ending August 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as Percentage of Covered Payroll
2015	\$ 1,408,321	\$ 1,408,321	\$ -	\$ 7,040,912	20.00%

Note: GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Notes to Schedule of Contributions

Valuation Date: December 31, 2014
 Notes: Actuarially determined contribution rates are calculated as of the June 30 that is 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level percent of payroll, closed
Remaining amortization period	24 years
Asset valuation method	Open; 10-year smooth market
Inflation	3.0% to 4.0%
Salary increases	4.5% in the long-term (1%, 2% and 3% for calendar years 2014, 2015 and 2016, respectively)
Investment rate of return	8.25%
Retirement age	Age-based table of rates that are specific to the type of eligibility condition. The Normal Retirement rates were first used for the December 31, 2009 actuarial valuations. The Early Retirement rates were first used for the December 31, 2011 actuarial valuations.
Mortality	1994 Group Annuity Mortality Table of a 50% Male and 50% Female blend. For disabled retirees, the regular mortality table is used with a 10-year set forward in ages to reflect the higher expected mortality rates of disabled members.

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Required Supplementary Information

Municipal Employees Retirement System of Michigan - Other Postemployment Benefits

Schedule of Funding Progress						
Actuarial Valuation as of December 31	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Unfunded AAL (UAAL) (2-1)	(4) Funded Ratio (1/2)	(5) Annual Covered Payroll	(6) UAAL as a % of Covered Payroll (3/5)
2007	\$ 2,985,517	\$31,101,121	\$28,115,604	9.6%	\$ 7,722,755	364.1%
2010	7,127,544	29,443,624	22,316,080	24.2%	7,291,562	306.1%
2013	14,714,923	28,820,484	14,105,561	51.1%	5,808,191	242.9%

Schedule of Employer Contributions			
Fiscal Year Ended August 31	Annual Contribution Required	Actual	Percentage Contributed
2009	\$ 2,322,304	\$ 2,322,304	100.0%
2010	2,426,808	2,426,808	100.0%
2011	2,598,816	2,598,816	100.0%
2012	2,724,992	2,724,992	100.0%
2013	2,709,587	2,709,587	100.0%
2014	2,695,009	2,695,009	100.0%
2015	2,769,195	2,769,195	100.0%

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SUPPLEMENTAL FINANCIAL INFORMATION

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Schedule of Revenues, Expenses and Changes in Net Position

City and Township Allocation

For the Year Ended August 31, 2015

	City	Township	Total
Operating revenues			
Water sales	\$ 2,527,857	\$ 12,247,029	\$ 14,774,886
Sewage disposal sales	3,280,032	12,706,305	15,986,337
Surcharges and other usage fees:			
Capital improvement surcharge	3,025,696	570,374	3,596,070
Construction reserve	64,073	208,020	272,093
Environmental reserve	-	101,256	101,256
Other operating revenue	293,374	1,284,880	1,578,254
Total operating revenues	9,191,032	27,117,864	36,308,896
Operating expenses			
Water distribution	1,750,111	8,320,239	10,070,350
Wastewater treatment	3,968,895	13,309,708	17,278,603
Wastewater pump stations	262,208	979,160	1,241,368
Industrial surveillance	95,854	321,445	417,299
Transmission and distribution	2,114,593	5,867,171	7,981,764
Meter service	266,589	885,267	1,151,856
Customer accounting and collections	149,463	496,172	645,635
General and administration	434,869	1,438,121	1,872,990
Total operating expenses	9,042,582	31,617,283	40,659,865
Operating income (loss)	148,450	(4,499,419)	(4,350,969)
Nonoperating income (expense)			
Investment earnings	61,501	106,547	168,048
Connection fees	-	20,712	20,712
Interest and amortization expense	(925,881)	(1,394,897)	(2,320,778)
Total nonoperating expense	(864,380)	(1,267,638)	(2,132,018)
Loss before contributions	(715,930)	(5,767,057)	(6,482,987)
Capital contributions	154,988	519,754	674,742
Change in net position	(560,942)	(5,247,303)	(5,808,245)
Net position, beginning of year, as restated	41,813,286	110,381,846	152,195,132
Net position, end of year	\$ 41,252,344	\$ 105,134,543	\$ 146,386,887

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Schedule of Revenues, Expenses and Changes in Net Position

Water and Wastewater Allocation
For the Year Ended August 31, 2015

	Water	Wastewater	Total
Operating revenues			
Water sales	\$ 14,774,886	\$ -	\$ 14,774,886
Sewage disposal sales	-	15,986,337	15,986,337
Surcharges and other usage fees:			
Capital improvement surcharge	2,028,003	1,568,067	3,596,070
Construction reserve	149,657	122,436	272,093
Environmental reserve	-	101,256	101,256
Other operating revenue	107,182	1,471,072	1,578,254
Total operating revenues	17,059,728	19,249,168	36,308,896
Operating expenses			
Water distribution	10,070,350	-	10,070,350
Wastewater treatment	-	17,278,603	17,278,603
Wastewater pump stations	-	1,241,368	1,241,368
Industrial surveillance	-	417,299	417,299
Transmission and distribution	3,900,167	4,081,597	7,981,764
Meter service	575,927	575,929	1,151,856
Customer accounting and collections	322,820	322,815	645,635
General and administration	795,557	1,077,433	1,872,990
Total operating expenses	15,664,821	24,995,044	40,659,865
Operating income (loss)	1,394,907	(5,745,876)	(4,350,969)
Nonoperating income (expense)			
Investment earnings	95,556	72,492	168,048
Connection fees	10,356	10,356	20,712
Interest and amortization expense	(1,070,022)	(1,250,756)	(2,320,778)
Total nonoperating expense	(964,110)	(1,167,908)	(2,132,018)
Income (loss) before contributions	430,797	(6,913,784)	(6,482,987)
Capital contributions	-	674,742	674,742
Change in net position	\$ 430,797	\$ (6,239,042)	\$ (5,808,245)

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Schedule of Revenues and Expenses

Water and Wastewater Allocation by Member
For the Year Ended August 31, 2015

	City		
	Water	Wastewater	Total
Operating revenues			
Water sales	\$ 2,527,857	\$ -	\$ 2,527,857
Sewage disposal sales	-	3,280,032	3,280,032
Surcharges and other usage fees:			
Capital improvement surcharge	1,684,570	1,341,126	3,025,696
Construction reserve	34,765	29,308	64,073
Environmental reserve	-	-	-
Other operating revenue	50,327	243,047	293,374
Total operating revenue	4,297,519	4,893,513	9,191,032
Operating expenses			
Water distribution	1,750,111	-	1,750,111
Wastewater treatment	-	3,968,895	3,968,895
Wastewater pump stations	-	262,208	262,208
Industrial surveillance	-	95,854	95,854
Transmission and distribution	1,282,793	831,800	2,114,593
Meter service	133,290	133,299	266,589
Customer accounting and collections	74,730	74,733	149,463
General and administration	184,267	250,602	434,869
Total operating expenses	3,425,191	5,617,391	9,042,582
Operating income (expense)	872,328	(723,878)	148,450
Nonoperating income (expense)			
Investment earnings	32,932	28,569	61,501
Connection fees	-	-	-
Interest and amortization expense	(540,102)	(385,779)	(925,881)
Total nonoperating expense	(507,170)	(357,210)	(864,380)
Income (loss) before contributions	365,158	(1,081,088)	(715,930)
Capital contributions	-	154,988	154,988
Change in net position	\$ 365,158	\$ (926,100)	\$ (560,942)

Township			
Water	Wastewater	Total	Total
\$ 12,247,029	\$ -	\$ 12,247,029	\$ 14,774,886
-	12,706,305	12,706,305	15,986,337
343,433	226,941	570,374	3,596,070
114,892	93,128	208,020	272,093
-	101,256	101,256	101,256
56,855	1,228,025	1,284,880	1,578,254
<u>12,762,209</u>	<u>14,355,655</u>	<u>27,117,864</u>	<u>36,308,896</u>
8,320,239	-	8,320,239	10,070,350
-	13,309,708	13,309,708	17,278,603
-	979,160	979,160	1,241,368
-	321,445	321,445	417,299
2,617,374	3,249,797	5,867,171	7,981,764
442,637	442,630	885,267	1,151,856
248,090	248,082	496,172	645,635
611,290	826,831	1,438,121	1,872,990
<u>12,239,630</u>	<u>19,377,653</u>	<u>31,617,283</u>	<u>40,659,865</u>
<u>522,579</u>	<u>(5,021,998)</u>	<u>(4,499,419)</u>	<u>(4,350,969)</u>
62,624	43,923	106,547	168,048
10,356	10,356	20,712	20,712
(529,920)	(864,977)	(1,394,897)	(2,320,778)
<u>(456,940)</u>	<u>(810,698)</u>	<u>(1,267,638)</u>	<u>(2,132,018)</u>
65,639	(5,832,696)	(5,767,057)	(6,482,987)
-	519,754	519,754	674,742
<u>\$ 65,639</u>	<u>\$ (5,312,942)</u>	<u>\$ (5,247,303)</u>	<u>\$ (5,808,245)</u>

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Detailed Schedule of Operating Expenses

City and Township Allocation

For the Year Ended August 31, 2015

	City	Township	Total
Water distribution			
Wages	\$ 70,446	\$ 327,777	\$ 398,223
Benefits allocation	70,245	326,844	397,089
Purchased water	1,559,022	7,253,992	8,813,014
Utilities	5,142	201,061	206,203
Maintenance and supplies	1,730	8,051	9,781
Depreciation	1,980	9,211	11,191
Other	10,653	49,559	60,212
Fleet allocation	3,698	17,209	20,907
Engineering allocation	137	635	772
Information technology allocation	3,171	14,753	17,924
Maintenance allocation	23,887	111,147	135,034
	<u>1,750,111</u>	<u>8,320,239</u>	<u>10,070,350</u>
Wastewater treatment			
Wages	345,551	1,158,807	1,504,358
Benefits allocation	344,567	1,155,506	1,500,073
Utilities	479,376	1,607,592	2,086,968
Sludge removal	157,210	527,203	684,413
Maintenance	168,882	566,349	735,231
Engineering	8,877	29,770	38,647
Laboratory	4,194	14,063	18,257
Chemicals	87,794	294,416	382,210
Depreciation	1,598,104	5,359,249	6,957,353
Other	79,216	265,654	344,870
Fleet allocation	78,195	262,229	340,424
Engineering allocation	9,216	30,905	40,121
Information technology allocation	21,290	71,395	92,685
Maintenance allocation	486,640	1,631,948	2,118,588
Laboratory allocation	99,783	334,622	434,405
	<u>3,968,895</u>	<u>13,309,708</u>	<u>17,278,603</u>
Wastewater pump stations			
Wages	79,815	267,660	347,475
Benefits allocation	73,278	245,740	319,018
Utilities	66,044	290,169	356,213
Maintenance and supplies	39,549	132,629	172,178
Engineering	141	474	615
Depreciation	2,641	8,855	11,496
Other	-	31,154	31,154
Engineering allocation	740	2,479	3,219
	<u>262,208</u>	<u>979,160</u>	<u>1,241,368</u>

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YPSILANTI COMMUNITY UTILITIES AUTHORITY

Detailed Schedule of Operating Expenses

City and Township Allocation

For the Year Ended August 31, 2015

	City	Township	Total
Industrial surveillance			
Wages	\$ 43,434	\$ 145,655	\$ 189,089
Benefits allocation	43,310	145,240	188,550
Other	3,625	12,155	15,780
Fleet allocation	1,368	4,588	5,956
Information technology allocation	4,117	13,807	17,924
	<u>95,854</u>	<u>321,445</u>	<u>417,299</u>
Transmission and distribution			
Wages	395,840	1,086,706	1,482,546
Benefits allocation	394,744	1,083,577	1,478,321
Utilities	17,788	48,829	66,617
Sewer overflow settlements	13,592	41,482	55,074
Maintenance:			
Shop and office	11,628	31,919	43,547
Water and sewer mains	45,614	123,886	169,500
Depreciation	1,012,691	2,848,665	3,861,356
Other	74,202	194,816	269,018
Fleet allocation	94,124	258,405	352,529
Engineering allocation	26,488	72,712	99,200
Information technology allocation	17,663	48,098	65,761
Maintenance allocation	10,219	28,076	38,295
	<u>2,114,593</u>	<u>5,867,171</u>	<u>7,981,764</u>
Meter service			
Wages	115,989	385,044	501,033
Benefits allocation	115,659	383,947	499,606
Utilities	1,174	4,183	5,357
Maintenance and supplies	4,249	14,104	18,353
Meter parts	1,778	5,902	7,680
Depreciation	12,860	42,692	55,552
Other	644	2,134	2,778
Fleet allocation	10,087	33,486	43,573
Information technology allocation	4,149	13,775	17,924
	<u>266,589</u>	<u>885,267</u>	<u>1,151,856</u>

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YPSILANTI COMMUNITY UTILITIES AUTHORITY

Detailed Schedule of Operating Expenses

City and Township Allocation

For the Year Ended August 31, 2015

	City	Township	Total
Customer accounting and collections			
Wages	\$ 57,386	\$ 190,504	\$ 247,890
Benefits allocation	57,223	189,960	247,183
Utilities	5,004	16,611	21,615
Maintenance and supplies	10,185	33,812	43,997
Postage	12,455	41,345	53,800
Depreciation	2,646	8,785	11,431
Other	415	1,380	1,795
Information technology allocation	4,149	13,775	17,924
	<u>149,463</u>	<u>496,172</u>	<u>645,635</u>
General and administrative			
Wages	45,255	151,762	197,017
Benefits allocation	45,126	151,330	196,456
Utilities	1,683	5,587	7,270
Maintenance and supplies	1,054	3,532	4,586
Building and liability insurance	38,887	130,407	169,294
Legal and settlements	11,061	37,092	48,153
Other professional services	54	180	234
Depreciation	3,636	12,192	15,828
Other	3,212	8,182	11,394
Bad debt expense	3,261	7,510	10,771
Fleet allocation	3,189	10,696	13,885
Engineering allocation	10,327	34,632	44,959
Information technology allocation	7,553	25,330	32,883
Maintenance allocation	171	575	746
Human resource allocation	135,069	438,867	573,936
Accounting allocation	125,331	420,247	545,578
	<u>434,869</u>	<u>1,438,121</u>	<u>1,872,990</u>
Fleet			
Wages	46,551	143,224	189,775
Benefits allocation	46,418	142,816	189,234
Maintenance parts and supplies	31,364	96,497	127,861
Gas, oil and grease	24,078	74,081	98,159
Insurance	10,943	33,668	44,611
Depreciation	31,952	98,308	130,260
Other	(645)	(1,981)	(2,626)
Allocated to various departments	(190,661)	(586,613)	(777,274)
	<u>-</u>	<u>-</u>	<u>-</u>

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YPSILANTI COMMUNITY UTILITIES AUTHORITY

Detailed Schedule of Operating Expenses

City and Township Allocation

For the Year Ended August 31, 2015

	City	Township	Total
Human resources			
Wages	\$ 58,442	\$ 189,856	\$ 248,298
Benefits allocation	58,275	189,315	247,590
Utilities	1,025	3,403	4,428
Safety program	652	2,118	2,770
Training and education	975	3,170	4,145
Legal and professional	4,693	15,245	19,938
Physicals	1,847	6,002	7,849
Office supplies	424	1,378	1,802
Depreciation	837	2,719	3,556
Other	4,378	14,223	18,601
Information technology allocation	3,521	11,438	14,959
Allocated to general and administrative	(135,069)	(438,867)	(573,936)
	-	-	-
Benefits and payroll taxes			
Health insurance	1,003,766	3,260,850	4,264,616
Life insurance	3,494	11,351	14,845
Disability insurance	9,822	31,908	41,730
Social security	123,880	402,438	526,318
Workers compensation	9,964	32,368	42,332
Pension expense	487,292	1,583,026	2,070,318
Unemployment	2,244	7,289	9,533
Uniforms	4,272	13,878	18,150
Allocated to various departments	(1,644,734)	(5,343,108)	(6,987,842)
	-	-	-
Maintenance			
Wages	243,255	827,358	1,070,613
Benefits allocation	248,803	846,227	1,095,030
Utilities	2,893	9,841	12,734
Office and supplies	10,447	35,534	45,981
Other professional services	585	1,991	2,576
Depreciation	932	3,168	4,100
Other	1,777	6,047	7,824
Information technology allocation	12,225	41,580	53,805
Allocated to various departments	(520,917)	(1,771,746)	(2,292,663)
	-	-	-

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YPSILANTI COMMUNITY UTILITIES AUTHORITY

Detailed Schedule of Operating Expenses

City and Township Allocation

For the Year Ended August 31, 2015

	City	Township	Total
Engineering			
Wages	\$ 23,068	\$ 69,520	\$ 92,588
Benefits allocation	23,002	69,323	92,325
Utilities	162	486	648
Maintenance and supplies	408	1,229	1,637
Other	268	805	1,073
Allocated to various departments	(46,908)	(141,363)	(188,271)
	<u>-</u>	<u>-</u>	<u>-</u>
Information Technology			
Wages	32,089	104,768	136,857
Benefits allocation	31,998	104,469	136,467
Utilities	152	496	648
Maintenance and supplies	15,463	50,485	65,948
Other	195	636	831
Allocated to various departments	(79,897)	(260,854)	(340,751)
	<u>-</u>	<u>-</u>	<u>-</u>
Laboratory			
Wages	44,863	150,449	195,312
Benefits allocation	44,735	150,020	194,755
Utilities	803	2,692	3,495
Maintenance and supplies	4,900	16,431	21,331
Contractual services	3,052	10,233	13,285
Depreciation	984	3,300	4,284
Other	446	1,497	1,943
Allocated to wastewater treatment	(99,783)	(334,622)	(434,405)
	<u>-</u>	<u>-</u>	<u>-</u>
Accounting			
Wages	47,487	159,247	206,734
Benefits allocation	47,351	158,794	206,145
Utilities	537	1,782	2,319
Office supplies	1,401	4,700	6,101
Audit and accounting services	13,800	46,282	60,082
Depreciation	950	3,186	4,136
Other	11,746	39,353	51,099
Information technology allocation	2,059	6,903	8,962
Allocated to general and administrative	(125,331)	(420,247)	(545,578)
	<u>-</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>\$ 9,042,582</u>	<u>\$ 31,617,283</u>	<u>\$ 40,659,865</u>

concluded.

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Detailed Schedule of Operating Expenses

Water and Wastewater Allocation
For the Year Ended August 31, 2015

	Water	Wastewater	Total
Water distribution			
Wages	\$ 398,223	\$ -	\$ 398,223
Benefits allocation	397,089	-	397,089
Purchased water	8,813,014	-	8,813,014
Utilities	206,203	-	206,203
Maintenance and supplies	9,781	-	9,781
Depreciation	11,191	-	11,191
Other	60,212	-	60,212
Fleet allocation	20,907	-	20,907
Engineering allocation	772	-	772
Information technology allocation	17,924	-	17,924
Maintenance allocation	135,034	-	135,034
	<u>10,070,350</u>	<u>-</u>	<u>10,070,350</u>
Wastewater treatment			
Wages	-	1,504,358	1,504,358
Benefits allocation	-	1,500,073	1,500,073
Utilities	-	2,086,968	2,086,968
Sludge removal	-	684,413	684,413
Maintenance	-	735,231	735,231
Engineering	-	38,647	38,647
Laboratory	-	18,257	18,257
Chemicals	-	382,210	382,210
Depreciation	-	6,957,353	6,957,353
Other	-	344,870	344,870
Fleet allocation	-	340,424	340,424
Engineering allocation	-	40,121	40,121
Information technology allocation	-	92,685	92,685
Maintenance allocation	-	2,118,588	2,118,588
Laboratory allocation	-	434,405	434,405
	<u>-</u>	<u>17,278,603</u>	<u>17,278,603</u>
Wastewater pump stations			
Wages	-	347,475	347,475
Benefits allocation	-	319,018	319,018
Utilities	-	356,213	356,213
Maintenance and supplies	-	172,178	172,178
Engineering	-	615	615
Depreciation	-	11,496	11,496
Other	-	31,154	31,154
Engineering allocation	-	3,219	3,219
	<u>-</u>	<u>1,241,368</u>	<u>1,241,368</u>

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YPSILANTI COMMUNITY UTILITIES AUTHORITY

Detailed Schedule of Operating Expenses

Water and Wastewater Allocation
For the Year Ended August 31, 2015

	Water	Wastewater	Total
Industrial surveillance			
Wages	\$ -	\$ 189,089	\$ 189,089
Benefits allocation	-	188,550	188,550
Other	-	15,780	15,780
Fleet allocation	-	5,956	5,956
Information technology allocation	-	17,924	17,924
	<u>-</u>	<u>417,299</u>	<u>417,299</u>
Transmission and distribution			
Wages	538,461	944,085	1,482,546
Benefits allocation	551,328	926,993	1,478,321
Utilities	24,196	42,421	66,617
Sewer overflow settlements	-	55,074	55,074
Maintenance:			
Shop and office	15,816	27,731	43,547
Water and sewer mains	61,592	107,908	169,500
Depreciation	2,408,654	1,452,702	3,861,356
Other	97,909	171,109	269,018
Fleet allocation	128,037	224,492	352,529
Engineering allocation	36,030	63,170	99,200
Information technology allocation	24,194	41,567	65,761
Maintenance allocation	13,950	24,345	38,295
	<u>3,900,167</u>	<u>4,081,597</u>	<u>7,981,764</u>
Meter service			
Wages	250,517	250,516	501,033
Benefits allocation	249,803	249,803	499,606
Utilities	2,678	2,679	5,357
Maintenance and supplies	9,175	9,178	18,353
Meter parts	3,840	3,840	7,680
Depreciation	27,776	27,776	55,552
Other	1,390	1,388	2,778
Fleet allocation	21,786	21,787	43,573
Information technology allocation	8,962	8,962	17,924
	<u>575,927</u>	<u>575,929</u>	<u>1,151,856</u>

continued...

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Detailed Schedule of Operating Expenses

Water and Wastewater Allocation
For the Year Ended August 31, 2015

	Water	Wastewater	Total
Customer accounting and collections			
Wages	\$ 123,945	\$ 123,945	\$ 247,890
Benefits allocation	123,592	123,591	247,183
Utilities	10,808	10,807	21,615
Maintenance and supplies	21,999	21,998	43,997
Postage	26,900	26,900	53,800
Depreciation	5,716	5,715	11,431
Other	898	897	1,795
Information technology allocation	8,962	8,962	17,924
	<u>322,820</u>	<u>322,815</u>	<u>645,635</u>
General and administrative			
Wages	98,508	98,509	197,017
Benefits allocation	98,228	98,228	196,456
Utilities	3,635	3,635	7,270
Maintenance and supplies	2,292	2,294	4,586
Building and liability insurance	84,647	84,647	169,294
Legal and settlements	24,076	24,077	48,153
Other professional services	117	117	234
Depreciation	7,914	7,914	15,828
Other	5,697	5,697	11,394
Bad debt expense	5,385	5,386	10,771
Fleet allocation	6,943	6,942	13,885
Engineering allocation	22,480	22,479	44,959
Information technology allocation	16,441	16,442	32,883
Maintenance allocation	373	373	746
Human resource allocation	146,032	427,904	573,936
Accounting allocation	272,789	272,789	545,578
	<u>795,557</u>	<u>1,077,433</u>	<u>1,872,990</u>
Fleet			
Wages	43,380	146,395	189,775
Benefits allocation	43,256	145,978	189,234
Maintenance parts and supplies	29,227	98,634	127,861
Gas, oil and grease	22,438	75,721	98,159
Insurance	10,197	34,414	44,611
Depreciation	29,776	100,484	130,260
Other	(601)	(2,025)	(2,626)
Allocated to various departments	(177,673)	(599,601)	(777,274)
	<u>-</u>	<u>-</u>	<u>-</u>

continued...

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Detailed Schedule of Operating Expenses

Water and Wastewater Allocation
For the Year Ended August 31, 2015

	Water	Wastewater	Total
Human resources			
Wages	\$ 62,703	\$ 185,595	\$ 248,298
Benefits allocation	62,524	185,066	247,590
Utilities	2,214	2,214	4,428
Safety program	700	2,070	2,770
Training and education	1,047	3,098	4,145
Legal and professional	5,035	14,903	19,938
Physicals	1,982	5,867	7,849
Office supplies	455	1,347	1,802
Depreciation	898	2,658	3,556
Other	4,696	13,905	18,601
Information technology allocation	3,778	11,181	14,959
Allocated to general and administrative	(146,032)	(427,904)	(573,936)
	-	-	-
Benefits and payroll taxes			
Health insurance	1,076,946	3,187,670	4,264,616
Life insurance	3,749	11,096	14,845
Disability insurance	10,538	31,192	41,730
Social security	132,911	393,407	526,318
Workers compensation	10,690	31,642	42,332
Pension expense	522,818	1,547,500	2,070,318
Unemployment	2,407	7,126	9,533
Uniforms	4,583	13,567	18,150
Allocated to various departments	(1,764,642)	(5,223,200)	(6,987,842)
	-	-	-
Maintenance			
Wages	69,746	1,000,867	1,070,613
Benefits allocation	71,337	1,023,693	1,095,030
Utilities	830	11,904	12,734
Office and supplies	2,995	42,986	45,981
Other professional services	168	2,408	2,576
Depreciation	267	3,833	4,100
Other	509	7,315	7,824
Information technology allocation	3,505	50,300	53,805
Allocated to various departments	(149,357)	(2,143,306)	(2,292,663)
	-	-	-

continued...

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Detailed Schedule of Operating Expenses

Water and Wastewater Allocation
For the Year Ended August 31, 2015

	Water	Wastewater	Total
Engineering			
Wages	\$ 29,154	\$ 63,434	\$ 92,588
Benefits allocation	29,071	63,254	92,325
Utilities	204	444	648
Maintenance and supplies	516	1,121	1,637
Other	337	736	1,073
Allocated to various departments	(59,282)	(128,989)	(188,271)
	<u>-</u>	<u>-</u>	<u>-</u>
Information Technology			
Wages	35,443	101,414	136,857
Benefits allocation	35,342	101,125	136,467
Utilities	168	480	648
Maintenance and supplies	17,079	48,869	65,948
Other	215	616	831
Allocated to various departments	(88,247)	(252,504)	(340,751)
	<u>-</u>	<u>-</u>	<u>-</u>
Laboratory			
Wages	-	195,312	195,312
Benefits allocation	-	194,755	194,755
Utilities	-	3,495	3,495
Maintenance and supplies	-	21,331	21,331
Contractual services	-	13,285	13,285
Depreciation	-	4,284	4,284
Other	-	1,943	1,943
Allocated to wastewater treatment	-	(434,405)	(434,405)
	<u>-</u>	<u>-</u>	<u>-</u>
Accounting			
Wages	103,367	103,367	206,734
Benefits allocation	103,072	103,073	206,145
Utilities	1,160	1,159	2,319
Office supplies	3,050	3,051	6,101
Audit and accounting services	30,041	30,041	60,082
Depreciation	2,068	2,068	4,136
Other	25,550	25,549	51,099
Information technology allocation	4,481	4,481	8,962
Allocated to general and administrative	(272,789)	(272,789)	(545,578)
	<u>-</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>\$ 15,664,821</u>	<u>\$ 24,995,044</u>	<u>\$ 40,659,865</u>

concluded.

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Detailed Schedule of Operating Expenses - Budget and Actual

For the Year Ended August 31, 2015

	Original Budget	Amended Budget	Actual	Actual Over (Under) Final Budget
Water distribution				
Wages	\$ 394,139	\$ 394,139	\$ 398,223	\$ 4,084
Benefits allocation	388,057	388,057	397,089	9,032
Purchased water	9,211,164	9,211,164	8,813,014	(398,150)
Utilities	205,454	205,454	206,203	749
Maintenance and supplies	30,475	30,475	9,781	(20,694)
Engineering	1,000	1,000	-	(1,000)
Depreciation	1,420	1,420	11,191	9,771
Other	58,800	58,800	60,212	1,412
Fleet allocation	18,169	18,169	20,907	2,738
Engineering allocation	-	-	772	772
Information technology allocation	-	-	17,924	17,924
Maintenance allocation	204,161	204,161	135,034	(69,127)
	<u>10,512,839</u>	<u>10,512,839</u>	<u>10,070,350</u>	<u>(442,489)</u>
Wastewater treatment				
Wages	1,512,582	1,512,582	1,504,358	(8,224)
Benefits allocation	2,029,084	2,029,084	1,500,073	(529,011)
Utilities	2,597,497	2,597,497	2,086,968	(510,529)
Sludge removal	340,000	340,000	684,413	344,413
Maintenance	762,050	762,050	735,231	(26,819)
Engineering	40,000	40,000	38,647	(1,353)
Laboratory	17,250	17,250	18,257	1,007
Chemicals	450,000	450,000	382,210	(67,790)
Depreciation	6,942,171	6,942,171	6,957,353	15,182
Other	169,300	169,300	344,870	175,570
Fleet allocation	290,434	290,434	340,424	49,990
Engineering allocation	-	-	40,121	40,121
Information technology allocation	-	-	92,685	92,685
Maintenance allocation	1,943,818	1,943,818	2,118,588	174,770
Laboratory allocation	453,614	453,614	434,405	(19,209)
	<u>17,547,800</u>	<u>17,547,800</u>	<u>17,278,603</u>	<u>(269,197)</u>
Wastewater pump stations				
Wages	377,659	377,659	347,475	(30,184)
Benefits allocation	360,724	360,724	319,018	(41,706)
Utilities	504,596	504,596	356,213	(148,383)
Maintenance and supplies	164,400	164,400	172,178	7,778
Engineering	5,500	5,500	615	(4,885)
Depreciation	11,496	11,496	11,496	-
Other	30,000	30,000	31,154	1,154
Engineering allocation	-	-	3,219	3,219
	<u>1,454,375</u>	<u>1,454,375</u>	<u>1,241,368</u>	<u>(213,007)</u>

continued...

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Detailed Schedule of Operating Expenses - Budget and Actual

For the Year Ended August 31, 2015

	Original Budget	Amended Budget	Actual	Actual Over (Under) Final Budget
Industrial surveillance				
Wages	\$ 169,820	\$ 169,820	\$ 189,089	\$ 19,269
Benefits allocation	176,441	176,441	188,550	12,109
Other	23,295	23,295	15,780	(7,515)
Fleet allocation	12,105	12,105	5,956	(6,149)
Information technology allocation	-	-	17,924	17,924
	<u>381,661</u>	<u>381,661</u>	<u>417,299</u>	<u>35,638</u>
Transmission and distribution				
Wages	1,519,449	1,519,449	1,482,546	(36,903)
Benefits allocation	1,658,606	1,658,606	1,478,321	(180,285)
Utilities	61,998	61,998	66,617	4,619
Sewer overflow settlements	80,000	80,000	55,074	(24,926)
Maintenance:				
Shop and office	30,450	30,450	43,547	13,097
Water and sewer mains	210,000	210,000	169,500	(40,500)
Engineering	1,000	1,000	-	(1,000)
Depreciation	3,679,755	3,679,755	3,861,356	181,601
Other	274,700	274,700	269,018	(5,682)
Fleet allocation	374,381	374,381	352,529	(21,852)
Engineering allocation	-	-	99,200	99,200
Information technology allocation	-	-	65,761	65,761
Maintenance allocation	48,348	48,348	38,295	(10,053)
	<u>7,938,687</u>	<u>7,938,687</u>	<u>7,981,764</u>	<u>43,077</u>
Meter service				
Wages	445,975	445,975	501,033	55,058
Benefits allocation	436,331	436,331	499,606	63,275
Utilities	4,142	4,142	5,357	1,215
Maintenance and supplies	7,405	7,405	18,353	10,948
Meter parts	43,000	43,000	7,680	(35,320)
Depreciation	40,925	40,925	55,552	14,627
Other	4,200	4,200	2,778	(1,422)
Fleet allocation	84,955	84,955	43,573	(41,382)
Information technology allocation	-	-	17,924	17,924
	<u>1,066,933</u>	<u>1,066,933</u>	<u>1,151,856</u>	<u>84,923</u>

continued...

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Detailed Schedule of Operating Expenses - Budget and Actual

For the Year Ended August 31, 2015

	Original Budget	Amended Budget	Actual	Actual Over (Under) Final Budget
Customer accounting/collections				
Wages	\$ 286,188	\$ 286,188	\$ 247,890	\$ (38,298)
Benefits allocation	302,548	302,548	247,183	(55,365)
Utilities	20,000	20,000	21,615	1,615
Maintenance and supplies	48,405	48,405	43,997	(4,408)
Postage	60,000	60,000	53,800	(6,200)
Depreciation	8,136	8,136	11,431	3,295
Other	2,396	2,396	1,795	(601)
Information technology allocation	-	-	17,924	17,924
	<u>727,673</u>	<u>727,673</u>	<u>645,635</u>	<u>(82,038)</u>
General and administrative				
Wages	172,356	172,356	197,017	24,661
Benefits allocation	1,345,418	1,345,418	196,456	(1,148,962)
Utilities	3,024	3,024	7,270	4,246
Maintenance and supplies	4,935	4,935	4,586	(349)
Engineering	1,500	1,500	-	(1,500)
Building and liability insurance	215,000	215,000	169,294	(45,706)
Legal and settlements	120,000	120,000	48,153	(71,847)
Other professional services	8,000	8,000	234	(7,766)
Depreciation	14,292	14,292	15,828	1,536
Other	56,323	56,323	11,394	(44,929)
Bad debt expense	45,000	45,000	10,771	(34,229)
Fleet allocation	30,246	30,246	13,885	(16,361)
Engineering allocation	-	-	44,959	44,959
Information technology allocation	-	-	32,883	32,883
Maintenance allocation	1,319	1,319	746	(573)
Human resource allocation	545,026	545,026	573,936	28,910
Accounting allocation	539,522	539,522	545,578	6,056
	<u>3,101,961</u>	<u>3,101,961</u>	<u>1,872,990</u>	<u>(1,228,971)</u>
Fleet				
Wages	184,115	184,115	189,775	5,660
Benefits allocation	173,271	173,271	189,234	15,963
Radio maintenance	2,000	2,000	-	(2,000)
Maintenance parts and supplies	104,100	104,100	127,861	23,761
Gas, oil and grease	200,000	200,000	98,159	(101,841)
Insurance	41,000	41,000	44,611	3,611
Depreciation	99,602	99,602	130,260	30,658
Other	6,201	6,201	(2,626)	(8,827)
Allocated to various departments	(810,289)	(810,289)	(777,274)	33,015
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

continued...

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Detailed Schedule of Operating Expenses - Budget and Actual

For the Year Ended August 31, 2015

	Original Budget	Amended Budget	Actual	Actual Over (Under) Final Budget
Human resources				
Wages	\$ 238,316	\$ 238,316	\$ 248,298	\$ 9,982
Benefits allocation	238,134	238,134	247,590	9,456
Utilities	1,825	1,825	4,428	2,603
Safety program	3,500	3,500	2,770	(730)
Training and education	6,000	6,000	4,145	(1,855)
Legal and professional	20,000	20,000	19,938	(62)
Physicals	8,000	8,000	7,849	(151)
Office supplies	2,250	2,250	1,802	(448)
Depreciation	3,556	3,556	3,556	-
Other	23,445	23,445	18,601	(4,844)
Information technology allocation	-	-	14,959	14,959
Allocated to general and administrative	(545,026)	(545,026)	(573,936)	(28,910)
	-	-	-	-
Benefits and payroll taxes				
Health insurance	4,577,787	4,577,787	4,264,616	(313,171)
Life insurance	19,723	19,723	14,845	(4,878)
Disability insurance	56,002	56,002	41,730	(14,272)
Social security	547,036	547,036	526,318	(20,718)
Workers compensation	37,076	37,076	42,332	5,256
Pension expense	1,408,984	1,408,984	2,070,318	661,334
Unemployment	9,412	9,412	9,533	121
Uniforms	21,800	21,800	18,150	(3,650)
Allocated to various departments	(6,677,820)	(6,677,820)	(6,987,842)	(310,022)
	-	-	-	-
Maintenance				
Wages	1,074,874	1,074,874	1,070,613	(4,261)
Benefits allocation	1,061,407	1,061,407	1,095,030	33,623
Utilities	4,104	4,104	12,734	8,630
Office and supplies	42,961	42,961	45,981	3,020
Other professional services	-	-	2,576	2,576
Depreciation	4,100	4,100	4,100	-
Other	10,200	10,200	7,824	(2,376)
Information technology allocation	-	-	53,805	53,805
Allocated to various departments	(2,197,646)	(2,197,646)	(2,292,663)	(95,017)
	-	-	-	-

continued...

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Detailed Schedule of Operating Expenses - Budget and Actual

For the Year Ended August 31, 2015

	Original Budget	Amended Budget	Actual	Actual Over (Under) Final Budget
Engineering				
Wages	\$ 163,349	\$ 163,349	\$ 92,588	\$ (70,761)
Benefits allocation	153,728	153,728	92,325	(61,403)
Utilities	781	781	648	(133)
Maintenance and supplies	1,150	1,150	1,637	487
Engineering	750	750	-	(750)
Other	1,980	1,980	1,073	(907)
Allocated to various departments	(324,442)	(321,738)	(188,271)	133,467
	<u>(2,704)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Information Technology				
Wages	133,442	133,442	136,857	3,415
Benefits allocation	(192,879)	(192,879)	136,467	329,346
Utilities	1,008	1,008	648	(360)
Maintenance and supplies	56,735	56,735	65,948	9,213
Other	1,694	1,694	831	(863)
Allocated to various departments	-	-	(340,751)	(340,751)
	<u>-</u>	<u>-</u>	<u>(340,751)</u>	<u>(340,751)</u>
Laboratory				
Wages	211,704	211,704	195,312	(16,392)
Benefits allocation	199,235	199,235	194,755	(4,480)
Utilities	1,044	1,044	3,495	2,451
Maintenance and supplies	23,700	23,700	21,331	(2,369)
Contractual services	10,100	10,100	13,285	3,185
Depreciation	4,285	4,285	4,284	(1)
Other	3,546	3,546	1,943	(1,603)
Allocated to wastewater treatment	(453,614)	(453,614)	(434,405)	19,209
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Accounting				
Wages	211,777	211,777	206,734	(5,043)
Benefits allocation	207,616	207,616	206,145	(1,471)
Utilities	1,008	1,008	2,319	1,311
Office supplies	7,415	7,415	6,101	(1,314)
Audit and accounting services	59,500	59,500	60,082	582
Depreciation	1,506	1,506	4,136	2,630
Other	50,700	50,700	51,099	399
Information technology allocation	-	-	8,962	8,962
Allocated to general and administrative	(539,522)	(539,522)	(545,578)	(6,056)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>\$ 42,731,929</u>	<u>\$ 42,731,929</u>	<u>\$ 40,659,865</u>	<u>\$ (2,072,064)</u>

concluded.

STATISTICAL SECTION

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Revenues and Expenses - Unaudited

Last Ten Fiscal Years Ended August 31

	2015	2014	2013	2012
Operating revenue				
Water sales	\$ 14,774,886	\$ 14,568,698	\$ 13,917,141	\$ 14,548,680
Sewage disposal sales	15,986,337	14,855,053	14,325,974	14,479,442
Surcharges and other usage fees	3,969,419	4,016,188	3,915,923	3,890,623
Other operating revenue	1,578,254	1,560,864	1,627,364	1,598,545
Total operating revenue	36,308,896	35,000,803	33,786,402	34,517,290
Operating expenses				
Water distribution	10,070,350	9,908,197	9,483,636	9,036,006
Wastewater treatment	17,278,603	15,860,564	16,150,407	16,249,549
Wastewater pump stations	1,241,368	1,136,517	1,285,808	1,620,234
Industrial surveillance	417,299	379,784	422,880	393,651
Transmission and distribution	7,981,764	7,698,787	7,290,247	7,071,733
Meter service	1,151,856	1,074,717	1,099,771	1,280,659
Customer accounting and collections	645,635	670,487	673,930	594,560
General and administration	1,872,990	1,807,617	1,805,957	1,788,764
Total operating expenses	40,659,865	38,536,670	38,212,636	38,035,156
Operating income (loss)	(4,350,969)	(3,535,867)	(4,426,234)	(3,517,866)
Nonoperating income (expense)				
Investment earnings	168,048	168,262	187,826	212,126
Connection fees	20,712	34,051	68,551	35,250
Debt service contributions	-	-	-	-
Interest and amortization expense	(2,320,778)	(2,500,935)	(2,671,012)	(2,757,137)
Gain (loss) on disposal of capital assets	-	21,587	12,871	1,694
Total nonoperating income (expense)	(2,132,018)	(2,277,035)	(2,401,764)	(2,508,067)
Income (loss) before contributions and special item	\$ (6,482,987)	\$ (5,812,902)	\$ (6,827,998)	\$ (6,025,933)

Table 1

2011	2010	2009	2008	2007	2006
\$ 13,148,378	\$ 11,896,822	\$ 11,829,728	\$ 12,338,209	\$ 12,680,932	\$ 11,542,307
14,805,649	13,438,220	15,683,034	16,422,599	16,480,689	13,621,058
3,757,175	3,824,805	3,915,930	4,070,849	4,195,911	4,422,394
1,635,819	1,686,828	1,863,459	1,562,404	2,500,151	2,217,203
<u>33,347,021</u>	<u>30,846,675</u>	<u>33,292,151</u>	<u>34,394,061</u>	<u>35,857,683</u>	<u>31,802,962</u>
7,792,536	7,081,762	6,680,598	7,527,032	7,486,176	7,085,751
16,017,852	16,080,897	16,928,838	17,771,780	16,977,585	13,052,424
1,027,107	1,098,445	1,106,431	1,145,548	1,054,513	883,122
368,906	378,400	516,865	336,782	335,299	335,131
6,706,413	6,502,734	6,814,592	6,627,636	6,630,235	6,105,316
1,229,452	1,038,294	1,281,173	1,436,719	1,518,009	1,513,485
641,919	757,180	842,231	872,717	837,640	791,665
2,511,663	2,800,453	2,917,627	2,467,995	2,424,113	2,438,567
<u>36,295,848</u>	<u>35,738,165</u>	<u>37,088,355</u>	<u>38,186,209</u>	<u>37,263,570</u>	<u>32,205,461</u>
(2,948,827)	(4,891,490)	(3,796,204)	(3,792,148)	(1,405,887)	(402,499)
237,628	265,257	462,878	998,650	1,595,219	958,973
2,304	3,751	593,613	155,860	265,589	909,761
-	-	-	-	63,007	146,476
(2,769,043)	(2,693,219)	(2,712,540)	(2,783,337)	(2,747,453)	(1,109,703)
31,117	(348,062)	3,602	32,337	19,852	-
<u>(2,497,994)</u>	<u>(2,772,273)</u>	<u>(1,652,447)</u>	<u>(1,596,490)</u>	<u>(803,786)</u>	<u>905,507</u>
<u>\$ (5,446,821)</u>	<u>\$ (7,663,763)</u>	<u>\$ (5,448,651)</u>	<u>\$ (5,388,638)</u>	<u>\$ (2,209,673)</u>	<u>\$ 503,008</u>

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Revenues and Expenses - City Division - Unaudited

Last Ten Fiscal Years Ended August 31

	2015	2014	2013	2012
Operating revenue				
Water sales	\$ 2,527,857	\$ 2,503,790	\$ 2,321,846	\$ 2,350,010
Sewage disposal sales	3,280,032	3,104,609	2,971,752	2,976,710
Surcharges and other usage fees	3,089,769	3,158,410	3,018,037	3,007,247
Other operating revenue	293,374	364,012	381,369	397,267
Total operating revenue	9,191,032	9,130,821	8,693,004	8,731,234
Operating expenses				
Water distribution	1,750,111	1,688,754	1,735,094	1,495,435
Wastewater treatment	3,968,895	3,508,358	3,627,379	3,622,023
Wastewater pump stations	262,208	238,960	278,352	308,345
Industrial surveillance	95,854	84,008	94,978	87,743
Transmission and distribution	2,114,593	1,914,907	1,827,963	1,927,194
Meter service	266,589	249,079	255,760	296,564
Customer accounting and collections	149,463	155,419	156,756	137,699
General and administration	434,869	406,429	397,109	391,822
Total operating expenses	9,042,582	8,245,914	8,373,391	8,266,825
Operating income (loss)	148,450	884,907	319,613	464,409
Nonoperating income (expense)				
Investment earnings	61,501	61,573	69,325	72,503
Connection fees	-	-	200	9,354
Debt service contributions	-	-	-	-
Interest and amortization expense	(925,881)	(989,579)	(1,267,179)	(1,226,770)
Gain (loss) on disposal of capital assets	-	-	-	-
Total nonoperating income (expense)	(864,380)	(928,006)	(1,197,654)	(1,144,913)
Income (loss) before contributions and special item	\$ (715,930)	\$ (43,099)	\$ (878,041)	\$ (680,504)

Table 2

	2011	2010	2009	2008	2007	2006
\$	2,117,075	\$ 1,959,836	\$ 1,903,714	\$ 1,930,661	\$ 1,874,679	\$ 1,514,474
	3,210,681	2,908,831	3,353,761	3,505,232	3,311,569	2,983,581
	2,905,733	2,990,356	3,043,380	3,155,294	3,154,752	3,249,101
	410,163	392,322	384,288	415,965	998,639	484,405
	<u>8,643,652</u>	<u>8,251,345</u>	<u>8,685,143</u>	<u>9,007,152</u>	<u>9,339,639</u>	<u>8,231,561</u>
	1,220,447	1,104,248	1,039,709	1,117,918	1,047,563	1,035,327
	3,757,790	3,772,580	3,968,120	4,185,210	4,199,045	3,016,898
	199,909	261,659	236,208	251,459	232,488	170,871
	86,546	88,772	121,153	78,639	82,920	77,884
	1,812,792	1,741,448	2,227,406	1,863,539	1,811,269	1,245,754
	284,591	239,901	293,137	336,541	361,620	362,019
	148,668	175,060	192,787	204,304	199,025	189,367
	585,766	658,522	693,653	583,954	591,252	554,375
	<u>8,096,509</u>	<u>8,042,190</u>	<u>8,772,173</u>	<u>8,621,564</u>	<u>8,525,182</u>	<u>6,652,495</u>
	<u>547,143</u>	<u>209,155</u>	<u>(87,030)</u>	<u>385,588</u>	<u>814,457</u>	<u>1,579,066</u>
	77,554	98,523	160,812	341,508	704,584	347,237
	-	3,751	17,224	2,122	10,455	61,780
	-	-	-	-	63,007	146,476
	(1,263,478)	(1,311,768)	(1,347,719)	(1,387,097)	(1,238,663)	(711,028)
	8,744	(97,805)	-	-	-	-
	<u>(1,177,180)</u>	<u>(1,307,299)</u>	<u>(1,169,683)</u>	<u>(1,043,467)</u>	<u>(460,617)</u>	<u>(155,535)</u>
\$	<u>(630,037)</u>	<u>(1,098,144)</u>	<u>(1,256,713)</u>	<u>(657,879)</u>	<u>353,840</u>	<u>1,423,531</u>

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Revenues and Expenses - Township Division - Unaudited

Last Ten Fiscal Years Ended August 31

	2015	2014	2013	2012
Operating revenue				
Water sales	\$ 12,247,029	\$ 12,064,908	\$ 11,595,295	\$ 12,198,670
Sewage disposal sales	12,706,305	11,750,444	11,354,222	11,502,732
Surcharges and other usage fees	879,650	857,778	897,886	883,376
Other operating revenue	1,284,880	1,196,852	1,245,995	1,201,278
Total operating revenue	<u>27,117,864</u>	<u>25,869,982</u>	<u>25,093,398</u>	<u>25,786,056</u>
Operating expenses				
Water distribution	8,320,239	8,219,443	7,748,542	7,540,571
Wastewater treatment	13,309,708	12,352,206	12,523,028	12,627,526
Wastewater pump stations	979,160	897,557	1,007,456	1,311,889
Industrial surveillance	321,445	295,776	327,902	305,908
Transmission and distribution	5,867,171	5,783,880	5,462,284	5,144,539
Meter service	885,267	825,638	844,011	984,095
Customer accounting and collections	496,172	515,068	517,174	456,861
General and administration	1,438,121	1,401,188	1,408,848	1,396,942
Total operating expenses	<u>31,617,283</u>	<u>30,290,756</u>	<u>29,839,245</u>	<u>29,768,331</u>
Operating income (loss)	<u>(4,499,419)</u>	<u>(4,420,774)</u>	<u>(4,745,847)</u>	<u>(3,982,275)</u>
Nonoperating income (expense)				
Investment earnings	106,547	106,689	118,501	139,623
Connection fees	20,712	34,051	68,351	25,896
Debt service contributions	-	-	-	-
Interest and amortization expense	(1,394,897)	(1,511,356)	(1,403,833)	(1,530,367)
Gain (loss) on disposal of capital assets	-	21,587	12,871	1,694
Total nonoperating income (expense)	<u>(1,267,638)</u>	<u>(1,349,029)</u>	<u>(1,204,110)</u>	<u>(1,363,154)</u>
Income (loss) before contributions and special item	<u>\$ (5,767,057)</u>	<u>\$ (5,769,803)</u>	<u>\$ (5,949,957)</u>	<u>\$ (5,345,429)</u>

Table 3

2011	2010	2009	2008	2007	2006
\$ 11,031,303	\$ 9,936,986	\$ 9,926,014	\$ 10,407,548	\$ 10,806,253	\$ 10,027,833
11,594,968	10,529,389	12,329,273	12,917,367	13,169,120	10,637,477
851,442	834,449	872,550	915,555	1,041,159	1,173,293
1,225,656	1,294,506	1,479,171	1,146,439	1,501,512	1,732,798
<u>24,703,369</u>	<u>22,595,330</u>	<u>24,607,008</u>	<u>25,386,909</u>	<u>26,518,044</u>	<u>23,571,401</u>
6,572,089	5,977,514	5,640,889	6,409,114	6,438,613	6,050,424
12,260,062	12,308,317	12,960,718	13,586,570	12,778,540	10,035,526
827,198	836,786	870,223	894,089	822,025	712,251
282,360	289,628	395,712	258,143	252,379	257,247
4,893,621	4,761,286	4,587,186	4,764,097	4,818,966	4,859,562
944,861	798,393	988,036	1,100,178	1,156,389	1,151,466
493,251	582,120	649,444	668,413	638,615	602,298
1,925,897	2,141,931	2,223,974	1,884,041	1,832,861	1,884,192
<u>28,199,339</u>	<u>27,695,975</u>	<u>28,316,182</u>	<u>29,564,645</u>	<u>28,738,388</u>	<u>25,552,966</u>
<u>(3,495,970)</u>	<u>(5,100,645)</u>	<u>(3,709,174)</u>	<u>(4,177,736)</u>	<u>(2,220,344)</u>	<u>(1,981,565)</u>
160,074	166,734	302,066	657,142	890,635	611,736
2,304	-	576,389	153,738	255,134	847,981
-	-	-	-	-	-
(1,505,565)	(1,381,451)	(1,364,821)	(1,396,240)	(1,508,790)	(398,675)
22,373	(250,257)	3,602	32,337	19,852	-
<u>(1,320,814)</u>	<u>(1,464,974)</u>	<u>(482,764)</u>	<u>(553,023)</u>	<u>(343,169)</u>	<u>1,061,042</u>
<u>\$ (4,816,784)</u>	<u>\$ (6,565,619)</u>	<u>\$ (4,191,938)</u>	<u>\$ (4,730,759)</u>	<u>\$ (2,563,513)</u>	<u>\$ (920,523)</u>

Water and Wastewater Debt Coverage - Unaudited
 Last Ten Fiscal Years Ended August 31

Fiscal Year	(1) Gross Revenue	(2) Operating Expenses	Net Revenue Available for Debt Service	(3) Total Debt Service Requirement	Coverage
2015	\$ 36,497,656	\$ 29,589,319	\$ 6,908,337	\$ 7,925,358	0.87
2014	35,203,116	27,676,654	7,526,462	5,027,545	1.50
2013	34,042,779	27,922,291	6,120,488	5,844,681	1.05
2012	34,764,666	27,565,394	7,199,272	4,509,206	1.60
2011	33,586,953	26,167,215	7,419,738	5,683,760	1.31
2010	31,115,683	25,491,690	5,623,993	6,002,290	0.94
2009	34,348,642	26,841,880	7,506,762	5,653,810	1.33
2008	35,548,571	27,925,431	7,623,140	5,368,807	1.42
2007	37,781,498	26,934,365	10,847,133	5,765,242	1.88
2006	33,818,172	25,512,868	8,305,304	6,534,757	1.27

(1) Includes operating revenue, investment earnings, connection fees and debt service contributions.

(2) Excludes depreciation expense.

(3) Includes bonds and capital leases (excludes principal reduction on refunded debt).