

YPSILANTI COMMUNITY UTILITIES AUTHORITY

YCUA

www.ycua.org

Years Ended
August 31, 2018
and 2017

Comprehensive
Annual Financial
Report

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YPSILANTI COMMUNITY UTILITIES AUTHORITY

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INTRODUCTORY SECTION

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YPSILANTI COMMUNITY UTILITIES AUTHORITY

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January 31, 2019

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, 2018.

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, 2018 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, 2018 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 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.

Improvements to the tertiary filters in the original portion of the wastewater treatment plant as well as in-kind replacement of critical components of the fluidized-bed incinerator system are currently under design for construction during fiscal year 2019-2020.

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 59.76% funded as of December 31, 2017 (the date of the latest actuarial valuation). The remaining unfunded amount is being systematically funded over 21 years as part of the annual determined contribution calculated by the actuary.

The Authority also provides postemployment health care benefits to all full-time employees upon retirement. As of August 31, 2018, there were 86 retired employees receiving these benefits. In September 2005, the Authority adopted the Michigan Municipal Employees' Retirement System (MERS) Retiree Health Funding Vehicle to fund the obligation.

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.

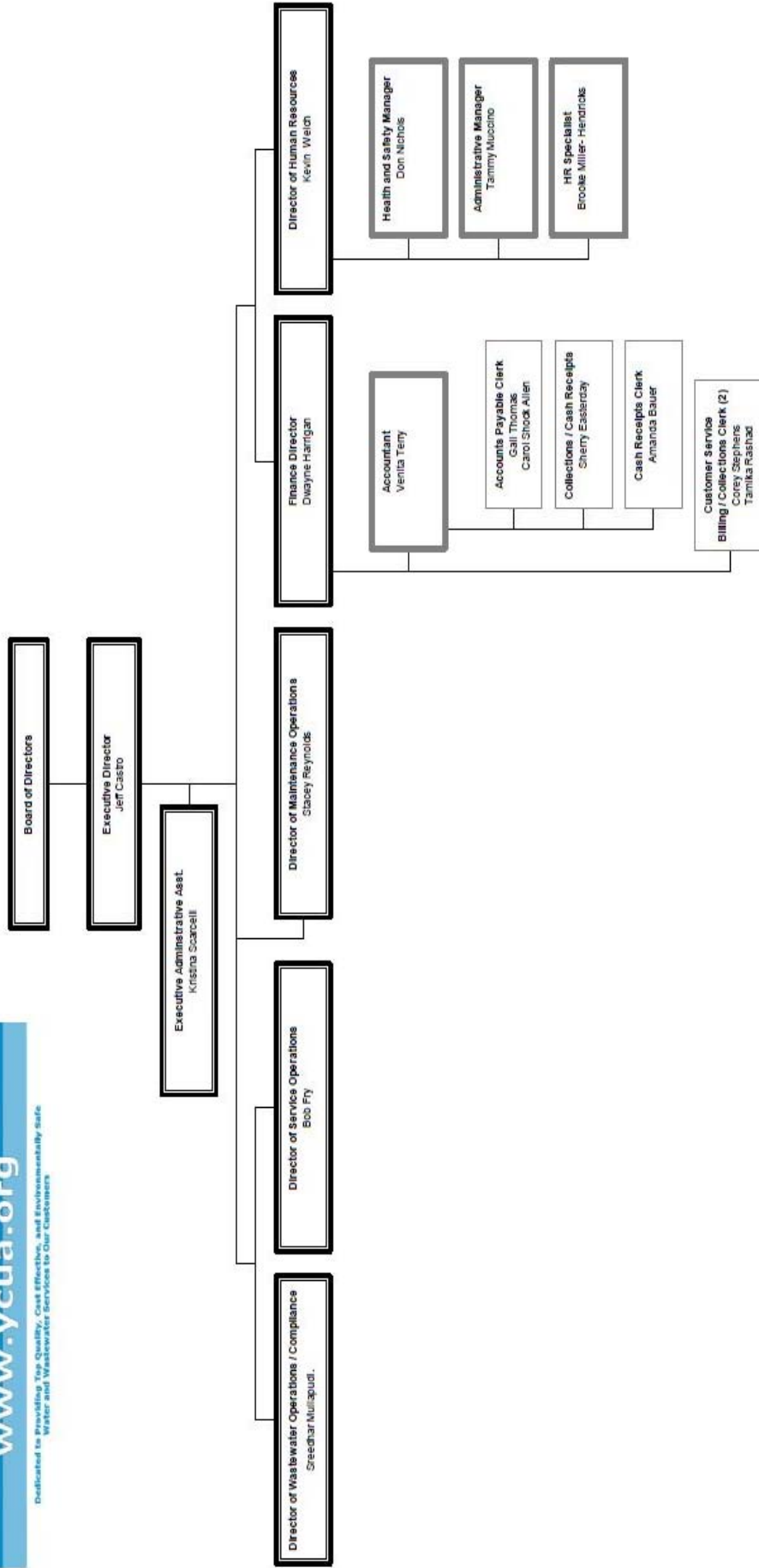
Jeff Castro
Executive Director

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August 31, 2018

Upper Management and Other Key Accounting Personnel



YPSILANTI COMMUNITY UTILITIES AUTHORITY

PRINCIPAL OFFICIALS

At August 31, 2018

Board of Commissioners

Brenda L. Stumbo, Chair
Charter Township of Ypsilanti

Michael Bodary, City of Ypsilanti
Jon R. Ichesco, City of Ypsilanti

Larry J. Doe, Charter Township of Ypsilanti
Keith P. Jason, Charter Township of Ypsilanti

Executive Director

Jeff Castro

Finance Director

Dwayne Harrigan

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

January 31, 2019

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, 2018 and 2017, 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, 2018 and 2017, 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. 75

As described in Note 15, the Authority implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in the current year. Accordingly, beginning net position was restated. Our opinion is not modified with respect to this matter.

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 an opinion on the financial statements that collectively comprise the 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.



MANAGEMENT'S DISCUSSION AND ANALYSIS

YPSILANTI COMMUNITY UTILITIES AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Ypsilanti Community Utilities Authority (the "Authority" or "YCUA") 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, 2018, 2017 and 2016. 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 and deferred inflows of resources at the close of the most recent fiscal year by \$135,334,413 (net position). Of this net amount, there is an unrestricted deficit of \$10,128,010 because of the net pension liability recorded under GASB Statement No. 68, which was first adopted for fiscal 2015, and the net other postemployment benefit liability recorded under GASB Statement No. 75, which was first adopted for fiscal 2018.
- The Authority's total net position increased by \$1,649,411 for fiscal 2018 and decreased by \$3,349,697 for fiscal 2017.
- The Authority's total long-term debt including compensated absences decreased by a net of \$3,175,518 for fiscal 2018 and decreased by \$1,316,720 for fiscal 2017; 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, deferred inflows 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.

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 and deferred inflows of resources by \$135,334,413 at the close of the most recent fiscal year.

YPSILANTI COMMUNITY UTILITIES AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

By far the largest portion of the Authority's net position is its net investment in capital assets (e.g., land, construction in progress, buildings and improvements, wastewater treatment plant, water and wastewater systems, vehicles and equipment), 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 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 and prior fiscal year, the Authority reported an unrestricted deficit in net position due to the implementation of GASB 68 in 2015 and GASB 75 in 2018.

	YCUA's Net Position		
	2018	2017	2016
Current and other assets	\$ 18,312,962	\$ 14,862,913	\$ 12,214,009
Restricted assets	12,518,149	12,535,418	11,690,543
Capital assets	197,595,253	204,976,122	210,951,228
Total assets	<u>228,426,364</u>	<u>232,374,453</u>	<u>234,855,780</u>
Deferred outflows of resources	3,963,559	4,305,455	5,929,221
Other liabilities	6,029,999	6,441,455	5,666,470
Long-term debt	67,043,117	70,218,635	71,535,355
Other liabilities due in more than one year:			
Net pension liability	21,695,295	23,743,896	24,050,720
Net other postemployment benefit liability	1,051,627	-	-
Total liabilities	<u>95,820,038</u>	<u>100,403,986</u>	<u>101,252,545</u>
Deferred inflows of resources	1,235,472	261,623	168,460
Net investment in capital assets	132,944,274	137,234,843	142,374,482
Restricted	12,518,149	12,535,418	11,690,543
Unrestricted deficit	<u>(10,128,010)</u>	<u>(13,755,962)</u>	<u>(14,701,029)</u>
Total net position	<u>\$ 135,334,413</u>	<u>\$ 136,014,299</u>	<u>\$ 139,363,996</u>

The Authority's net position increased by \$1,649,411 for fiscal 2018 and decreased by \$3,349,697 for fiscal 2017. Key elements of the 2018 changes include:

- Capital contributions to the Authority were \$675,182 (and \$585,470 last year).
- Water sales increased by approximately \$870,000 (or 4.9%). There was a 0.1% decrease in consumption and a rate increase of 3.2% in the City and a 3.2% increase in the Township. Corresponding direct costs for water distribution remained flat.
- Sewage disposal sales increased by approximately \$880,000 (or 4.8%). Direct costs for treatment decreased by approximately \$1.4 million. Total wastewater treatment expense was down 7.7%.
- Total operating expenses decreased by approximately \$3.0 million (or 6.8%) primarily due to the decrease in pension and other postemployment benefits expenses. Pension expenses decreased approximately \$777,000 and other postemployment benefit expenses decreased approximately \$2.7 million.
- The city division increased sewer rates by 4.0% and water rates increased by 3.2%; the surcharge decreased to 60%. These rates all became effective October 5, 2017.

YPSILANTI COMMUNITY UTILITIES AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

- The township division sewer rates increased by 4.0% and water rates increased 3.2%. The water rate increase became effective October 1, 2017. The surcharge rate remained unchanged at 5.0%.

	YCUA's Change in Net Position		
	2018	2017	2016
Operating revenues	\$ 43,734,205	\$ 42,045,384	\$ 39,181,616
Operating expenses			
Water distribution	17,767,893	17,657,649	17,721,050
Wastewater treatment	23,381,039	26,511,447	26,152,174
Total operating expenses	41,148,932	44,169,096	43,873,224
Operating income (loss)	2,585,273	(2,123,712)	(4,691,608)
Nonoperating expenses	(1,611,044)	(1,811,455)	(2,980,169)
Income (loss) before contributions	974,229	(3,935,167)	(7,671,777)
Capital contributions	675,182	585,470	648,886
Change in net position	1,649,411	(3,349,697)	(7,022,891)
Net position, beginning:			
As previously stated	136,014,299	139,363,996	146,386,887
Restatement for implementation of GASB 75	(2,329,297)	-	-
Net position, end of year	\$ 135,334,413	\$ 136,014,299	\$ 139,363,996

Key elements of the 2017 changes include:

- Capital contributions to the Authority were \$585,470 (and \$648,886 the previous year).
- Water sales increased by \$0.5 million (or 2.5%). There was a 4.7% decrease in consumption and a rate increase of 6.2% in the City and a 6.2% increase in the Township. Corresponding direct costs for water distribution remained flat.
- Sewage disposal sales increased by \$2.4 million (or 11.7%). Direct costs for treatment increased \$.4 million. Total wastewater treatment expense was up 6.0%.
- Total operating expenses increased by \$.3 million (or .45%) primarily reflecting the increase for purchasing water from the City of Detroit.
- The city division increased sewer rates by 5.0% and water rates increased by 6.2%; the surcharge decreased to 61.0%. These rates all became effective October 6, 2016.
- The township division sewer rates increased by 5.0% and water rates increased 6.2%. The water rate increase became effective October 1, 2016. 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, 2018 amounted to \$197.6 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, wastewater treatment plant, water and wastewater systems, vehicles, equipment, and construction in process. Total net capital assets decreased by \$7.4 million (or 3.6%). The net decrease is primarily attributable to depreciation in excess of current year additions.

	YCUA's Capital Assets		
	2018	2017	2016
Land	\$ 1,298,704	\$ 1,298,704	\$ 1,298,704
Buildings and improvements	673,243	732,258	791,274
Wastewater treatment plant	74,661,449	79,860,291	84,551,909
Water and wastewater systems	113,346,595	116,045,941	119,414,861
Vehicles	758,511	831,825	972,830
Equipment	682,401	747,946	835,591
Construction in process	6,174,350	5,459,157	3,086,059
Total	\$ 197,595,253	\$ 204,976,122	\$ 210,951,228

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

Long-term debt. At year-end, the Authority had \$64.3 million of long-term debt including limited tax obligation bonds, revenue bonds and other obligations as summarized below.

	YCUA's Outstanding Debt		
	2018	2017	2016
Limited tax obligation bonds	\$ 47,208,108	\$ 48,319,888	\$ 47,943,176
Revenue bonds	16,015,000	17,835,000	19,560,000
Environmental liability	1,041,456	1,041,456	1,041,456
Total	\$ 64,264,564	\$ 67,196,344	\$ 68,544,632

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. In October 2018, YCUA changed the rate structure to the residents of Ypsilanti Township and City of Ypsilanti. YCUA eliminated the minimum usage charge and incorporated the surcharge in to the new rate system. The new rate structure incorporates a readiness to serve charge along with a consumption charge.

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 2019. 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 Great Lakes Water Authority or GLWA).

YCUA's plan reflects a belief that local economic conditions will not improve or deteriorate from those during fiscal year 2018. Inflation in the local labor markets will remain moderate, whereas inflation in the utility and health care costs will be significant.

YPSILANTI COMMUNITY UTILITIES AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Authority's operating budget for fiscal 2019 is approximately \$45.3 million; key provisions include:

- An increase of 1.7% in 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 0.7% in operating expenses with a general decrease in operating costs including a decrease in the cost of water purchased from GLWA.

The capital budget for fiscal 2019 totals approximately \$2.25 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 2019, about 2.1 miles of water main replacement are scheduled for replacement.
- The authority implemented a new rate structure for the city and township. YCUA eliminated the minimum use charge and incorporated a readiness to serve charge, which will increase overall revenue one percent.

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,	
	2018	2017
Assets		
Current assets:		
Cash and investments	\$ 11,571,335	\$ 7,462,754
Receivables, net	5,202,692	5,886,845
Inventories	1,308,354	1,244,573
Prepaid items	63,177	66,928
Total current assets	<u>18,145,558</u>	<u>14,661,100</u>
Noncurrent assets:		
Restricted assets:		
Cash and investments	10,068,302	10,085,571
Bond reserve funds held by City of Ypsilanti	2,449,847	2,449,847
Receivables, long-term portion	167,404	201,813
Capital assets not being depreciated	7,473,054	6,757,861
Capital assets being depreciated, net	190,122,199	198,218,261
Total noncurrent assets	<u>210,280,806</u>	<u>217,713,353</u>
Total assets	<u>228,426,364</u>	<u>232,374,453</u>
Deferred outflow of resources		
Deferred pension amounts	3,199,192	3,757,182
Deferred other postemployment benefit amounts	288,503	-
Deferred charge on refunding	475,864	548,273
Total deferred outflow of resources	<u>3,963,559</u>	<u>4,305,455</u>
Liabilities		
Current liabilities:		
Accounts payable	3,280,914	3,465,874
Retentions, deposits and other liabilities	2,157,052	2,361,163
Accrued interest payable	592,033	614,418
Current maturities of long-term debt	4,467,065	4,146,842
Current maturities of accrued compensated absences	437,409	443,814
Total current liabilities	<u>10,934,473</u>	<u>11,032,111</u>
Noncurrent liabilities:		
Long-term debt:		
Bonds payable	61,109,778	64,592,710
Environmental liability	591,456	591,456
Accrued compensated absences	437,409	443,813
Net pension liability	21,695,295	23,743,896
Net other postemployment benefit liability	1,051,627	-
Total noncurrent liabilities	<u>84,885,565</u>	<u>89,371,875</u>
Total liabilities	<u>95,820,038</u>	<u>100,403,986</u>
Deferred inflow of resources		
Deferred pension amounts	1,137,789	261,623
Deferred other postemployment benefit amounts	97,683	-
Total deferred inflow of resources	<u>1,235,472</u>	<u>261,623</u>
Net position		
Net investment in capital assets	132,944,274	137,234,843
Restricted for special purposes	12,518,149	12,535,418
Unrestricted (deficit)	(10,128,010)	(13,755,962)
Total net position	<u>\$ 135,334,413</u>	<u>\$ 136,014,299</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,	
	2018	2017
Operating revenues		
Water sales	\$ 18,520,302	\$ 17,650,152
Sewage disposal sales	19,138,366	18,256,939
Surcharges and other usage fees:		
Capital improvement surcharge	3,807,750	3,706,541
Construction reserve	265,547	290,106
Environmental reserve	110,332	113,870
Other operating revenue	1,891,908	2,027,776
Total operating revenues	<u>43,734,205</u>	<u>42,045,384</u>
Operating expenses		
Water distribution	12,144,581	12,161,179
Wastewater treatment	16,383,759	17,754,991
Wastewater pump stations	1,190,581	1,468,251
Industrial surveillance	391,466	518,743
Transmission and distribution	7,717,835	8,233,710
Meter service	1,039,549	1,343,907
Customer accounting and collections	470,545	680,123
General and administration	1,810,616	2,008,192
Total operating expenses	<u>41,148,932</u>	<u>44,169,096</u>
Operating income (loss)	<u>2,585,273</u>	<u>(2,123,712)</u>
Nonoperating revenues (expenses)		
Investment earnings	173,521	178,601
Connection fees	86,958	102,322
Interest and amortization expense	(1,872,822)	(2,097,371)
Other nonoperating revenues	1,299	4,993
Total nonoperating expenses	<u>(1,611,044)</u>	<u>(1,811,455)</u>
Income (loss) before contributions	974,229	(3,935,167)
Capital contributions	<u>675,182</u>	<u>585,470</u>
Change in net position	<u>1,649,411</u>	<u>(3,349,697)</u>
Net position, beginning of year:		
As previously stated	136,014,299	139,363,996
Restatement for GASB 75 implementation	<u>(2,329,297)</u>	<u>-</u>
Net position, beginning of year, as restated	<u>133,685,002</u>	<u>139,363,996</u>
Net position, end of year	<u>\$ 135,334,413</u>	<u>\$ 136,014,299</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,	
	2018	2017
Cash flows from operating activities		
Receipts from customers and users	\$ 44,452,767	\$ 41,947,228
Payments to suppliers	(20,149,923)	(18,357,241)
Payments to employees and employee benefits	(12,312,191)	(12,960,605)
Net cash provided by operating activities	<u>11,990,653</u>	<u>10,629,382</u>
Cash flows from capital and related financing activities		
Proceeds from issuance of and draws on long-term debt	1,669,132	10,126,197
Proceeds from federal grants for capital assets	675,182	585,470
Proceeds from original issuance premiums on bonds	-	544,082
Acquisition and construction of capital assets	(4,009,314)	(5,295,454)
Principal payments on long-term debt	(4,600,912)	(4,599,485)
Payment to refunding bond escrow agent	-	(6,875,000)
Interest payments on long-term debt	(1,895,207)	(2,122,379)
Receipts from connection fees	86,958	102,322
Net cash used in capital and related financing activities	<u>(8,074,161)</u>	<u>(7,534,247)</u>
Cash flows from investing activities		
Earnings received on investments	<u>174,820</u>	<u>183,594</u>
Net change in cash and investments	4,091,312	3,278,729
Cash and investments, beginning of year	<u>17,548,325</u>	<u>14,269,596</u>
Cash and investments, end of year	<u>\$ 21,639,637</u>	<u>\$ 17,548,325</u>
Reconciliation to statements of net position		
Cash and investments	\$ 11,571,335	\$ 7,462,754
Restricted cash and investments	<u>10,068,302</u>	<u>10,085,571</u>
Total cash and investments	<u>\$ 21,639,637</u>	<u>\$ 17,548,325</u>

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YPSILANTI COMMUNITY UTILITIES AUTHORITY

Statements of Cash Flows

	For the Year Ended August 31,	
	2018	2017
Reconciliation of operating income (loss) to net cash provided by operating activities		
Operating income (loss)	\$ 2,585,273	\$ (2,123,712)
Adjustments to reconcile operating income (loss) to net cash from operating activities:		
Depreciation	11,390,183	11,270,560
Amortization of bond discounts, bond premiums and deferred loss on refunding	(158,520)	(31,261)
Changes in current assets and liabilities:		
Receivables	718,562	(98,156)
Inventories	(63,781)	(110,879)
Prepaid items	3,751	(6,015)
Deferred outflow of resources - pension amounts	557,990	1,451,298
Deferred outflow of resources - other postemployment benefit amounts	14,202	-
Accounts payable	(184,960)	449,822
Retentions, deposits and other liabilities	(204,111)	350,171
Accrued compensated absences	(12,809)	(308,785)
Net pension liability	(2,048,601)	(306,824)
Net other postemployment benefit liability	(1,580,375)	-
Deferred inflow of resources - pension amounts	876,166	93,163
Deferred inflow of resources - other postemployment benefit amounts	97,683	-
Net cash provided by operating activities	<u>\$ 11,990,653</u>	<u>\$ 10,629,382</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" or "YCUA"). 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/Inflows 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 acquisition cost 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.

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

Assets	Years
Buildings and improvements	40
Wastewater treatment plant	5-50
Water and wastewater systems	5-50
Vehicles	5-20
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 and net other postemployment benefit liability. A portion of these costs represent contributions to the plan subsequent to the plan measurement date.

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.

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources until that time. The Authority reports deferred inflows of resources for changes in expected and actual investment returns, assumptions, and benefits provided in its pension and other postemployment benefits plans.

Pensions and Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension and OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to pension and OPEB, and pension and OPEB expense, information about the fiduciary net position of the plans and additions to/deductions from the plan fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

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.

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Notes to the Financial Statements

3. DEPOSITS AND INVESTMENTS

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

	2018	2017
Statement of Net Position		
Cash and investments	\$ 11,571,335	\$ 7,462,754
Restricted cash and investments	10,068,302	10,085,571
Total	\$ 21,639,637	\$ 17,548,325
Deposits and Investments		
Bank deposits (checking accounts, savings accounts and certificate of deposits)	\$ 10,393,125	\$ 6,161,301
Investments in money market accounts	11,245,662	11,386,174
Cash on hand	850	850
Total	\$ 21,639,637	\$ 17,548,325

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, 2018, \$19,783,712 of the Authority's total bank balance of \$21,283,712 (total book balance was \$21,638,787) was exposed to custodial credit risk as it was uninsured and uncollateralized. As of August 31, 2017, \$17,854,067 of the Authority's total bank balance of \$19,114,182 (total book balance was \$17,547,475) 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, 2018 and 2017, 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.

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Notes to the Financial Statements

Fair Value. The Authority categorizes investments measured at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted at prices in active markets for identical assets; Level 2 inputs are quoted prices for similar assets or liabilities in active markets; and Level 3 inputs are unobservable in the market and are the least reliable. All of the Authority's investments were level 2 as of August 31, 2018.

4. RECEIVABLES

Receivables as of August 31 are summarized as follows:

	2018	2017
Accounts, net of \$25,000 allowance	\$ 5,172,369	\$ 5,807,101
Accrued investment interest	9,583	9,583
Special assessments and benefit charges	188,144	271,974
Total receivables	<u>5,370,096</u>	<u>6,088,658</u>
Less long-term portion of benefit charges and special assessments	<u>(167,404)</u>	<u>(201,813)</u>
Current portion of receivables	<u>\$ 5,202,692</u>	<u>\$ 5,886,845</u>

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	2018	2017
Township bond and interest reserve (Ordinance No. 11, section 13, amended by No. 47)	\$ 302,002	\$ 301,204
Township construction reserve surcharge (Ordinance No. 124, sections A(10) and B(9))	2,477,555	2,255,177
WWTP future construction reserve (WWTP construction agreement, as amended)	1,044,125	1,038,274
City construction reserve surcharge (Ordinance No. 697, section 2.137)	778,163	704,674
City debt retirement and capital improvement surcharge (Ordinance No. 696, amended by Ordinance No. 959)	356,191	918,517
Wastewater treatment plant improvement reserve (WTUA wastewater disposal agreement, as amended)	1,956,448	1,732,752
EPA replacement reserve (EPA regulatory requirements)	1,042,590	1,126,733
Township environmental reserve surcharge (Ordinance No. 11, section 9; amended by No. 134)	1,708,676	1,588,780
Construction project bond/capital lease proceeds (Bond ordinances)	402,552	419,460
	<u>\$ 10,068,302</u>	<u>\$ 10,085,571</u>

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Notes to the Financial Statements

6. CAPITAL ASSETS

Capital assets activity for the year ended August 31, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 1,298,704	\$ -	\$ -	\$ 1,298,704
Construction in progress	5,459,157	2,922,361	(2,207,168)	6,174,350
Total capital assets not being depreciated	<u>6,757,861</u>	<u>2,922,361</u>	<u>(2,207,168)</u>	<u>7,473,054</u>
Capital assets being depreciated:				
Buildings and improvements	2,216,082	-	-	2,216,082
Wastewater treatment plant	189,620,723	1,661,534	-	191,282,257
Water and wastewater systems	196,032,153	1,553,688	-	197,585,841
Vehicles	4,210,391	55,988	-	4,266,379
Equipment	6,680,781	22,911	-	6,703,692
Total capital assets being depreciated	<u>398,760,130</u>	<u>3,294,121</u>	<u>-</u>	<u>402,054,251</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,483,824)	(59,015)	-	(1,542,839)
Wastewater treatment plant	(109,760,432)	(6,860,376)	-	(116,620,808)
Water and wastewater systems	(79,986,212)	(4,253,034)	-	(84,239,246)
Vehicles	(3,378,566)	(129,302)	-	(3,507,868)
Equipment	(5,932,835)	(88,456)	-	(6,021,291)
Total accumulated depreciation	<u>(200,541,869)</u>	<u>(11,390,183)</u>	<u>-</u>	<u>(211,932,052)</u>
Total capital assets being depreciated, net	<u>198,218,261</u>	<u>(8,096,062)</u>	<u>-</u>	<u>190,122,199</u>
Total capital assets, net	<u>\$ 204,976,122</u>	<u>\$ (5,173,701)</u>	<u>\$ (2,207,168)</u>	<u>\$ 197,595,253</u>

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Notes to the Financial Statements

Capital assets activity for the year ended August 31, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 1,298,704	\$ -	\$ -	\$ 1,298,704
Construction in progress	3,086,059	4,700,132	(2,327,034)	5,459,157
Total capital assets not being depreciated	<u>4,384,763</u>	<u>4,700,132</u>	<u>(2,327,034)</u>	<u>6,757,861</u>
Capital assets being depreciated:				
Buildings and improvements	2,216,082	-	-	2,216,082
Wastewater treatment plant	187,557,213	2,063,510	-	189,620,723
Water and wastewater systems	195,177,750	854,403	-	196,032,153
Vehicles	4,210,391	-	-	4,210,391
Equipment	6,676,338	4,443	-	6,680,781
Total capital assets being depreciated	<u>395,837,774</u>	<u>2,922,356</u>	<u>-</u>	<u>398,760,130</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,424,808)	(59,016)	-	(1,483,824)
Wastewater treatment plant	(103,005,304)	(6,755,128)	-	(109,760,432)
Water and wastewater systems	(75,762,889)	(4,223,323)	-	(79,986,212)
Vehicles	(3,237,561)	(141,005)	-	(3,378,566)
Equipment	(5,840,747)	(92,088)	-	(5,932,835)
Total accumulated depreciation	<u>(189,271,309)</u>	<u>(11,270,560)</u>	<u>-</u>	<u>(200,541,869)</u>
Total capital assets being depreciated, net	<u>206,566,465</u>	<u>(8,348,204)</u>	<u>-</u>	<u>198,218,261</u>
Total capital assets, net	<u>\$ 210,951,228</u>	<u>\$ (3,648,072)</u>	<u>\$ (2,327,034)</u>	<u>\$ 204,976,122</u>

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 for the issues outstanding as of August 31, 2018 was \$67,840,107.

During fiscal 2018 and 2017, the cash draws against the Drinking Water Revolving Fund and Clean Water State Revolving Fund bonds amounted to \$1,669,132 and \$3,681,197, respectively, which were the project construction costs incurred during those years. The total amount authorized under these issues was \$12,091,272 of which \$718,459 is still available and expected to be drawn through August 31, 2019.

Limited tax general obligation bonds outstanding at August 31, 2018 are as follows:

	Credit	Interest Rates	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
1999 water (DWRF)	City	2.50%	\$ 170,000	\$ -	\$ (55,000)	\$ 115,000	\$ 55,000
2003 water (DWRF)	Twp	2.50%	1,277,426	-	(170,000)	1,107,426	175,000
2007 water (DWRF)	City	2.125%	178,702	-	(15,000)	163,702	15,000
2007 water (DWRF)	Twp	2.125%	1,230,075	-	(105,000)	1,125,075	105,000
2008 water (DWRF)	Twp	2.50%	733,213	-	(55,000)	678,213	55,000
2008 water (DWRF)	City	2.50%	279,253	-	(20,000)	259,253	20,000
2009 water (DWRF)	City	2.50%	104,029	-	(5,000)	99,029	5,000
2009 water (DWRF)	Twp	2.50%	203,566	-	(17,000)	186,566	17,000
2010 water (SRF)	Shared	2.50%	510,151	-	(30,000)	480,151	30,000
2010 water (SRF)	Twp	2.50%	2,087,658	-	(130,000)	1,957,658	130,000
2010 water (SRF)	Twp	2.50%	346,641	-	(20,000)	326,641	20,000
2010 refunding	Twp	1.50-3.125%	705,252	-	(168,912)	536,340	174,136
2010 water	Twp	4.0-5.0%	1,425,000	-	(80,000)	1,345,000	80,000
2011 water refunding	Twp	2.0-4.0%	4,840,000	-	(430,000)	4,410,000	450,000
2012 water (DWRF)	Shared	2.50%	1,284,554	-	(65,000)	1,219,554	65,000
2012 water (DWRF)	City	2.50%	2,550,000	-	(120,000)	2,430,000	125,000
2012 water (DWRF)	Twp	2.50%	2,622,119	-	(145,000)	2,477,119	150,000
2012 water	Twp	2.0-4.0%	2,230,000	-	(95,000)	2,135,000	100,000
2012 water (DWRF)	Twp	2.00%	1,748,748	-	(95,000)	1,653,748	95,000
2013 water refunding	Twp	0.45-3.25%	3,835,000	-	(285,000)	3,550,000	290,000
2013 water (DWRF)	Shared	2.00%	998,207	-	(50,000)	948,207	50,000
2014 water (DWRF)	Shared	2.50%	4,043,036	-	(180,000)	3,863,036	175,000
2015 water (DWRF)	Shared	2.50%	410,000	-	(20,000)	390,000	20,000
2016 sewer refunding	Twp	2.0-4.0%	4,550,000	-	(350,000)	4,200,000	345,000
2017 sewer refunding	Twp	4.00%	6,445,000	-	(75,000)	6,370,000	100,000
2017 water (DWRF)	Shared	2.50%	986,403	738,360	-	1,724,763	75,000
2017 water (DWRF)	Twp	2.50%	2,525,855	930,772	-	3,456,627	155,000
			<u>\$48,319,888</u>	<u>\$ 1,669,132</u>	<u>\$ (2,780,912)</u>	<u>\$47,208,108</u>	<u>\$ 3,076,136</u>

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Notes to the Financial Statements

Limited tax general obligation bonds outstanding at August 31, 2017 are as follows:

	Credit	Interest Rates	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
1998 water (DWRf)	Twp	2.50%	\$ 157,056	\$ -	\$ (157,056)	\$ -	\$ -
1999 water (DWRf)	City	2.50%	225,000	-	(55,000)	170,000	55,000
2003 water (DWRf)	Twp	2.50%	1,442,426	-	(165,000)	1,277,426	170,000
2007 sewer refunding	Twp	4.00-4.10%	6,975,000	-	(6,975,000)	-	-
2007 water (DWRf)	City	2.125%	193,702	-	(15,000)	178,702	15,000
2007 water (DWRf)	Twp	2.125%	1,330,075	-	(100,000)	1,230,075	105,000
2008 water (DWRf)	Twp	2.50%	783,213	-	(50,000)	733,213	55,000
2008 water (DWRf)	City	2.50%	299,253	-	(20,000)	279,253	20,000
2009 water (DWRf)	City	2.50%	109,029	-	(5,000)	104,029	5,000
2009 water (DWRf)	Twp	2.50%	220,566	-	(17,000)	203,566	17,000
2010 water (SRF)	Shared	2.50%	540,151	-	(30,000)	510,151	30,000
2010 water (SRF)	Twp	2.50%	2,212,658	-	(125,000)	2,087,658	130,000
2010 water (SRF)	Twp	2.50%	366,641	-	(20,000)	346,641	20,000
2010 refunding	Twp	1.50-3.125%	870,681	-	(165,429)	705,252	168,912
2010 water	Twp	4.0-5.0%	1,505,000	-	(80,000)	1,425,000	80,000
2011 water refunding	Twp	2.0-4.0%	5,255,000	-	(415,000)	4,840,000	430,000
2012 water (DWRf)	Shared	2.50%	1,349,554	-	(65,000)	1,284,554	65,000
2012 water (DWRf)	City	2.50%	2,670,000	-	(120,000)	2,550,000	120,000
2012 water (DWRf)	Twp	2.50%	2,767,119	-	(145,000)	2,622,119	145,000
2012 water	Twp	2.0-4.0%	2,320,000	-	(90,000)	2,230,000	95,000
2012 water (DWRf)	Twp	2.00%	1,838,748	-	(90,000)	1,748,748	95,000
2013 water refunding	Twp	0.45-3.25%	4,110,000	-	(275,000)	3,835,000	285,000
2013 water (DWRf)	Shared	2.00%	1,048,207	-	(50,000)	998,207	50,000
2014 water (DWRf)	Shared	2.50%	4,049,097	168,939	(175,000)	4,043,036	180,000
2015 water (DWRf)	Shared	2.50%	430,000	-	(20,000)	410,000	20,000
2016 sewer refunding	Twp	2.0-4.0%	4,875,000	-	(325,000)	4,550,000	350,000
2017 sewer refunding	Twp	4.00%	-	6,445,000	-	6,445,000	75,000
2017 water (DWRf)	Shared	2.50%	-	986,403	-	986,403	-
2017 water (DWRf)	Twp	2.50%	-	2,525,855	-	2,525,855	-
			<u>\$47,943,176</u>	<u>\$10,126,197</u>	<u>\$ (9,749,485)</u>	<u>\$48,319,888</u>	<u>\$ 2,780,912</u>

During fiscal 2017, the Authority (through the Township) issued \$6,445,000 of refunding bonds to refund (call) \$6,875,000 of the 2007 sewer bonds. The refunding resulted in a savings of \$648,313 and an economic gain of \$484,452.

Because certain principal and interest payments on bonds are due September 1, the Authority may make payment on those obligations on or before August 31. As such, since the amounts due within one year for those 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
2019	\$ 3,076,136	\$ 1,337,449
2020	3,176,360	1,250,597
2021	3,239,844	1,156,464
2022	3,137,000	1,061,682
2023	3,217,000	966,941
2024-2028	15,891,203	3,355,419
2029-2033	13,357,781	918,843
2034-2038	2,831,243	-
	47,926,567	<u>\$10,047,395</u>
Less amount remaining to draw on outstanding projects	<u>(718,459)</u>	
	<u>\$ 47,208,108</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. Further, the interest for the years 2034 through 2038 is not known until those final project draws are made.

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 for the issues outstanding as of August 31, 2018 was \$28,845,000. No new or refunding revenue bonds were issued during the current year.

Revenue bonds outstanding at August 31, 2018 are as follows:

	Credit	Interest Rates	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
2002B water (DWRf)	City	2.50%	\$ 150,000	\$ -	\$ (30,000)	\$ 120,000	\$ 30,000
2003C water (DWRf)	City	2.50%	320,000	-	(40,000)	280,000	45,000
2003D water (DWRf)	City	2.50%	2,160,000	-	(285,000)	1,875,000	295,000
2004B water (DWRf)	City	2.125%	2,860,000	-	(330,000)	2,530,000	340,000
2013 refunding	City	2.00-4.00%	3,890,000	-	(600,000)	3,290,000	-
2016 refunding	City	2.00-4.00%	8,455,000	-	(535,000)	7,920,000	-
			<u>\$17,835,000</u>	<u>\$ -</u>	<u>\$ (1,820,000)</u>	<u>\$16,015,000</u>	<u>\$ 710,000</u>

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Notes to the Financial Statements

Revenue bonds outstanding at August 31, 2017 are as follows:

	Credit	Interest Rates	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
2002B water (DWRf)	City	2.50%	\$ 180,000	\$ -	\$ (30,000)	\$ 150,000	\$ 30,000
2003C water (DWRf)	City	2.50%	360,000	-	(40,000)	320,000	40,000
2003D water (DWRf)	City	2.50%	2,440,000	-	(280,000)	2,160,000	285,000
2004B water (DWRf)	City	2.125%	3,185,000	-	(325,000)	2,860,000	330,000
2013 refunding	City	2.00-4.00%	4,940,000	-	(1,050,000)	3,890,000	-
2016 refunding	City	2.00-4.00%	8,455,000	-	-	8,455,000	-
			<u>\$19,560,000</u>	<u>\$ -</u>	<u>\$ (1,725,000)</u>	<u>\$17,835,000</u>	<u>\$ 685,000</u>

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

Year Ended August 31,	Principal	Interest
2019	\$ 710,000	\$ 550,420
2020	1,905,000	487,410
2021	1,970,000	427,872
2022	2,015,000	372,238
2023	2,075,000	308,869
2024-2028	<u>7,340,000</u>	<u>584,007</u>
	<u>\$16,015,000</u>	<u>\$ 2,730,816</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 year ended August 31, 2018:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Limited tax obligation bonds	\$48,319,888	\$ 1,669,132	\$ (2,780,912)	\$47,208,108	\$ 3,076,136
Revenue bonds	17,835,000	-	(1,820,000)	16,015,000	710,000
Environmental liability	1,041,456	-	-	1,041,456	450,000
Compensated absences	887,627	709,401	(722,210)	874,818	437,409
	68,083,971	2,378,533	(5,323,122)	65,139,382	4,673,545
Deduct deferred amounts for:					
Issuance discounts	(309,901)	-	33,135	(276,766)	(33,135)
Issuance premiums	2,444,565	-	(264,064)	2,180,501	264,064
	<u>\$70,218,635</u>	<u>\$ 2,378,533</u>	<u>\$ (5,554,051)</u>	<u>\$67,043,117</u>	<u>\$ 4,904,474</u>

Following is a summary of long-term debt activity for the year ended August 31, 2017:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Limited tax obligation bonds	\$47,943,176	\$10,126,197	\$ (9,749,485)	\$48,319,888	\$ 2,780,912
Revenue bonds	19,560,000	-	(1,725,000)	17,835,000	685,000
Environmental liability	1,041,456	-	-	1,041,456	450,000
Compensated absences	1,196,412	421,093	(729,878)	887,627	443,814
	69,741,044	10,547,290	(12,204,363)	68,083,971	4,359,726
Deduct deferred amounts for:					
Issuance discounts	(343,036)	-	33,135	(309,901)	(33,135)
Issuance premiums	2,137,347	544,082	(236,864)	2,444,565	264,065
	<u>\$71,535,355</u>	<u>\$11,091,372</u>	<u>\$(12,408,092)</u>	<u>\$70,218,635</u>	<u>\$ 4,590,656</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:

	2018	2017
State of Michigan	\$ 70,910	\$ 506,149
City of Ypsilanti	246,252	-
Ypsilanti Township	358,020	79,321
	<u>\$ 675,182</u>	<u>\$ 585,470</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 as 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 6-10 years depending on the division/bargaining unit. Normal retirement age is 60 with early retirement at age 50 with 25 years of service, age 55 with 25 years of service, or age 55 with 15 years of service, depending on division/bargaining unit.

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Notes to the Financial Statements

Employees Covered by Benefit Terms. At December 31, 2017, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	119
Inactive employees entitled to but not yet receiving benefits	16
Active employees	<u>107</u>
 Total membership	 <u><u>242</u></u>

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, 2018:

	2018
AFSCME (open)	4.47%
AFSCME (closed)	\$ 877,476
Teamsters (closed)	622,944
Management (closed)	493,740

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, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.75% in the long-term
Investment rate of return	7.75%, net of investment and administrative expense including inflation

Although no explicit price inflation assumption is used in the valuation, the long-term annual rate of price inflation implicit in the 3.75% base wage inflation is 2.5%.

Mortality rates used were based on the RP-2014 Group Annuity Mortality Table of a 50% Male and 50% Female blend.

The actuarial assumptions used in the valuation were based on the results of the most recent actuarial experience study of 2009-2013.

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Notes to the Financial Statements

Long-term Expected Return on Plan Assets. 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%	2.89%
Global fixed income	20.0%	2.18%	0.44%
Real assets	12.5%	4.23%	0.51%
Diversifying strategies	<u>10.0%</u>	6.56%	0.66%
	<u>100.0%</u>		
Inflation			3.25%
Administrative expenses netted above			<u>0.25%</u>
Investment rate of return			<u><u>8.00%</u></u>

Discount Rate. The discount rate used to measure the total pension liability is 8.00% for the 2017 valuation. 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, 2016	\$ 52,883,046	\$ 29,139,150	\$ 23,743,896
Changes for the year:			
Service cost	645,677	-	645,677
Interest	4,127,204	-	4,127,204
Differences between expected and actual experience	(512,109)	-	(512,109)
Employer contributions	-	2,338,685	(2,338,685)
Employee contributions	-	213,873	(213,873)
Net investment income	-	3,817,227	(3,817,227)
Benefit payments, including refunds of employee contributions	(3,231,682)	(3,231,682)	-
Administrative expense	-	(60,412)	60,412
Net changes	<u>1,029,090</u>	<u>3,077,691</u>	<u>(2,048,601)</u>
Balances at December 31, 2017	<u>\$ 53,912,136</u>	<u>\$ 32,216,841</u>	<u>\$ 21,695,295</u>

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 8.0%, as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is 1% lower (7.0%) or 1% higher (9.0%) than the current rate:

1% Decrease (7.0%)	Current Discount Rate (8.0%)	1% Increase (9.0%)
\$ 27,515,996	\$ 21,695,295	\$ 16,734,343

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Notes to the Financial Statements

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions. For the year ended August 31, 2018, the Authority recognized pension expense of \$2,690,614. The Authority reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ (579,292)	\$ (579,292)
Changes in assumptions	860,052	-	860,052
Difference between expected and actual experience	-	(558,497)	(558,497)
	<u>860,052</u>	<u>(1,137,789)</u>	<u>(277,737)</u>
Contributions subsequent to the measurement date	<u>2,339,140</u>	<u>-</u>	<u>2,339,140</u>
Total	<u>\$ 3,199,192</u>	<u>\$ (1,137,789)</u>	<u>\$ 2,061,403</u>

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, 2019. Other amounts reported as net deferred outflows/inflows of resources related to the pension will be recognized in pension expense as follows:

Year Ended August 31,	Amount
2019	\$ 372,748
2020	268,090
2021	(615,439)
2022	<u>(303,136)</u>
Total	<u>\$ (277,737)</u>

Payable to the Pension Plan. At August 31, 2018, the Authority had \$167,283 recorded as a payable for contributions to the pension plan required for the year ended August 31, 2018.

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Notes to the Financial Statements

12. OTHER POSTEMPLOYMENT BENEFITS

The Authority administers a single-employer defined benefit healthcare plan (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. In September 2005, the Authority adopted the Michigan Municipal Employees’ Retirement System (MERS) Retiree Health Funding Vehicle to fund the obligation. Stand-alone financial statements are not issued for the OPEB Plan.

Benefits Provided. YCUA has four Medical / Rx, three dental and three vision benefit options. The plans offered to Pre-2014 retirees will not change over time. All the plans renew on a calendar year basis. Retirees and covered spouses have coverage as long as the retiree is alive and receiving a MERS pension. When a covered retiree dies, spouse coverage depends on the individual contract. In general for future AFSCME retirees, spouse coverage upon retiree death is available until the earlier of remarriage, the retiree would have been eligible for Medicare or other health insurance becomes available. For Teamsters and Non-Union future retirees, spouse coverage upon retiree death is available until the earlier of remarriage, the spouse is eligible for Medicare or other health insurance becomes available.

Employees Covered by Benefit Terms. At June 30, 2018, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	90
Active employees	<u>107</u>
 Total membership	 <u><u>197</u></u>

Contributions. The Authority has no obligation to make contributions in advance of when the insurance premiums or benefits are due for payment. Administrative costs of the plan are paid for by the Authority. Plan participants are not required to contribute to the plan.

Net Other Postemployment Benefit Liability. The Authority’s net other postemployment benefit liability was measured as of June 30, 2018, and the total other postemployment benefit liability used to calculate the net other postemployment benefit liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total other postemployment benefit liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50% per year
Salary increases	2.25% per year
Investment rate of return	7.75%, net of investment expense and including inflation
Healthcare cost trend rate	3.5% per year

Mortality rates used were based on the Society of Actuaries RPH-2014 adjusted to 2006 Total Dataset Headcount-weighted Mortality table with MP-2018 Full Generational Improvement for healthy life and Society of Actuaries RPH-2014 Adjusted to 2006 Disabled Retiree Mortality Table with MP-2018 Full Generational Improvement.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study of 2009-2013.

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Notes to the Financial Statements

Changes from the fiscal 2018 valuation relative to the December 31, 2016 valuation are noted below:

- The prior valuation utilized a discount rate of 7.0%. It has been clarified the discount rate should be 7.75%.
- The assumed salary scale was changed from 3% to 2.25% per year.
- The per capita costs, trend rates and retiree premium contributions were updated as part of the actuarial analysis. These updates produced lower than expected present value costs. The actuary was able to use more YCUA experience in their evaluation.
- The assumed mortality improvement scale as published by the Society of Actuaries was changed from MP 2016 to MP 2017. (From beginning to end of year FY 2018 measurement MP 2017 was changed to MP 2018.)

Long-term Expected Return on Plan Assets. The long-term expected rate of return on other postemployment benefit 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	55.5%	6.15%	3.42%
Global fixed income	18.5%	1.26%	0.23%
Real assets	13.5%	7.22%	0.97%
Diversifying strategies	12.5%	5.00%	0.63%
	<u>100.0%</u>		
Inflation			<u>2.50%</u>
Investment rate of return			<u>7.75%</u>

Discount Rate. The discount rate used to measure the total other postemployment benefit liability is 7.75% for the 2018 valuation. 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 other postemployment benefit 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 other postemployment benefit liability.

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Notes to the Financial Statements

Changes in Net Other Postemployment Benefit Liability

Changes in Net Other Postemployment Benefit Liability. The components of the change in the net other postemployment benefit (OPEB) liability are summarized as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2017	\$ 26,136,731	\$ 23,504,729	\$ 2,632,002
Changes for the year:			
Service cost	217,372	-	217,372
Interest	1,994,044	-	1,994,044
Changes in assumptions	(100,802)	-	(100,802)
Employer contributions	-	1,889,255	(1,889,255)
Net investment income	-	1,862,287	(1,862,287)
Benefit payments, including refunds of employee contributions	(1,249,001)	(1,249,001)	-
Administrative expense	-	(60,553)	60,553
Net changes	861,613	2,441,988	(1,580,375)
Balances at June 30, 2018	\$ 26,998,344	\$ 25,946,717	\$ 1,051,627

Sensitivity of the Net Other Postemployment Benefit Liability to Changes in the Discount Rate. The following presents the net other postemployment benefit liability of the Authority, calculated using the discount rate of 7.75%, as well as what the Authority's net other postemployment benefit liability would be if it were calculated using a discount rate that is 1% lower (6.75%) or 1% higher (8.75%) than the current rate:

1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
\$ 4,319,075	\$ 1,051,627	\$ (1,673,869)

Sensitivity of the Net Other Postemployment Benefit Liability to Changes in the Healthcare Cost Trend Rate. The following presents the net other postemployment benefit liability of the Authority, calculated using the health care cost trend rate of 3.5%, as well as what the Authority's net other postemployment benefit liability would be if it were calculated using a healthcare cost trend rate that is 1% lower (2.5%) or 1% higher (4.5%) than the current rate:

1% Decrease (2.5%)	Healthcare Cost Trend Rate (3.5%)	1% Increase (4.5%)
\$ (2,011,523)	\$ 1,051,627	\$ 4,745,973

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Notes to the Financial Statements

Other Postemployment Benefit Expense and Deferred Outflows/Inflows of Resources Related to Other Postemployment Benefits. For the year ended August 31, 2018, the Authority recognized other postemployment benefit expense of \$406,563. The Authority reported deferred outflows and inflows of resources related to other postemployment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 14,566	\$ (14,566)
Changes in assumptions	-	83,117	(83,117)
	-	97,683	(97,683)
Contributions subsequent to the measurement date	288,503	-	288,503
Total	\$ 288,503	\$ 97,683	\$ 190,820

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 other postemployment benefit liability for the year ending August 31, 2019. Other amounts reported as net deferred outflows/inflows of resources related to the other postemployment benefit will be recognized in other postemployment benefit expense as follows:

Year Ended August 31,	Amount
2019	\$ (21,326)
2020	(21,326)
2021	(21,326)
2022	(21,328)
2023	(12,377)
Total	\$ (97,683)

Payable to the Other Postemployment Benefit Plan. At August 31, 2018, the Authority had no payable for contributions to the other postemployment benefit plan.

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.

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Notes to the Financial Statements

14. NET INVESTMENT IN CAPITAL ASSETS

The composition of the Authority's net investment in capital assets as of August 31, 2018 and 2017 was as follows:

	2018	2017
Capital assets:		
Capital assets not being depreciated	\$ 7,473,054	\$ 6,757,861
Capital assets being depreciated, net	<u>190,122,199</u>	<u>198,218,261</u>
	<u>197,595,253</u>	<u>204,976,122</u>
Related debt:		
Deferred charge on refunding	(475,864)	(548,273)
Limited tax obligation bonds	47,208,108	48,319,888
Revenue bonds	16,015,000	17,835,000
Issuance discounts	(276,766)	(309,901)
Issuance premiums	<u>2,180,501</u>	<u>2,444,565</u>
	<u>64,650,979</u>	<u>67,741,279</u>
Net investment in capital assets	<u>\$ 132,944,274</u>	<u>\$ 137,234,843</u>

15. RESTATEMENT

The Authority adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in the current year. As a result, the beginning net position was decreased by \$2,329,297.

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Notes to the Financial Statements

16. 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, 2018 is presented below.

	Condensed Statement of Net Position		
	City	Township	Totals
Assets			
Current and other assets	\$ 9,948,358	\$ 20,882,753	\$ 30,831,111
Capital assets	59,608,794	137,986,459	197,595,253
Total assets	69,557,152	158,869,212	228,426,364
Deferred outflows of resources	1,100,825	2,862,734	3,963,559
Liabilities			
Long-term debt	22,880,288	44,162,829	67,043,117
Net pension liability	5,045,181	16,650,114	21,695,295
Net OPEB liability	244,553	807,074	1,051,627
Other liabilities	1,079,982	4,950,017	6,029,999
Total liabilities	29,250,004	66,570,034	95,820,038
Deferred inflows of resources	287,306	948,166	1,235,472
Net position			
Net investment			
in capital assets	37,299,262	95,645,012	132,944,274
Restricted	4,405,415	8,112,734	12,518,149
Unrestricted deficit	(584,010)	(9,544,000)	(10,128,010)
Total net position	\$ 41,120,667	\$ 94,213,746	\$ 135,334,413

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 revenues	\$ 4,753,676	\$ 5,632,147	\$ 10,385,823	\$ 16,260,208	\$ 17,088,174	\$ 33,348,382	\$ 43,734,205
Operating expenses							
Depreciation	911,347	1,897,944	2,809,291	1,659,814	6,921,075	8,580,889	11,390,180
Other operating	2,612,503	3,551,329	6,163,832	12,584,229	11,010,691	23,594,920	29,758,752
	<u>3,523,850</u>	<u>5,449,273</u>	<u>8,973,123</u>	<u>14,244,043</u>	<u>17,931,766</u>	<u>32,175,809</u>	<u>41,148,932</u>
Operating income (loss)	1,229,826	182,874	1,412,700	2,016,165	(843,592)	1,172,573	2,585,273
Nonoperating expense	(265,938)	(300,790)	(566,728)	(258,516)	(785,800)	(1,044,316)	(1,611,044)
Capital contributions, net	-	163,596	163,596	-	511,586	511,586	675,182
Change in net position	<u>\$ 963,888</u>	<u>\$ 45,680</u>	1,009,568	<u>\$ 1,757,649</u>	<u>\$ (1,117,806)</u>	639,843	1,649,411
Net position							
Beginning of year, as restated			<u>40,111,099</u>			<u>93,573,903</u>	<u>133,685,002</u>
End of year			<u>\$ 41,120,667</u>			<u>\$ 94,213,746</u>	<u>\$ 135,334,413</u>

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REQUIRED SUPPLEMENTARY 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,			
	2018	2017	2016	2015
Total pension liability				
Service cost	\$ 645,677	\$ 647,067	\$ 673,845	\$ 701,844
Interest on total pension liability	4,127,204	4,019,882	3,741,270	3,727,652
Difference between expected and actual experience	(512,109)	(180,371)	(210,575)	-
Assumption changes	-	-	2,150,127	-
Benefit payments and refunds	(3,231,682)	(3,057,059)	(2,894,018)	(2,772,550)
Other changes	-	-	116,915	-
Net change in total pension liability	1,029,090	1,429,519	3,577,564	1,656,946
Total pension liability, beginning of year	52,883,046	51,453,527	47,875,963	46,219,017
Total pension liability, end of year	53,912,136	52,883,046	51,453,527	47,875,963
Plan fiduciary net position				
Employer contributions	2,338,685	1,793,233	1,443,666	1,331,966
Employee contributions	213,873	-	214,851	221,036
Pension plan net investment income (loss)	3,817,227	3,060,630	(425,351)	1,785,353
Benefit payments and refunds	(3,231,682)	(3,057,059)	(2,894,018)	(2,772,550)
Pension plan administrative expense	(60,412)	(60,461)	(62,806)	(65,374)
Net change in plan fiduciary net position	3,077,691	1,736,343	(1,723,658)	500,431
Plan fiduciary net position, beginning of year	29,139,150	27,402,807	29,126,465	28,626,034
Plan fiduciary net position, end of year	32,216,841	29,139,150	27,402,807	29,126,465
Net pension liability	\$ 21,695,295	\$ 23,743,896	\$ 24,050,720	\$ 18,749,498
Plan fiduciary net position as a percentage of total pension liability	59.76%	55.10%	53.26%	60.84%
Covered payroll	\$ 6,591,541	\$ 6,618,831	\$ 6,704,320	\$ 6,907,282
Net pension liability as a percentage of covered payroll	329.14%	358.73%	358.73%	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
2016	51,453,527	27,402,807	24,050,720	53.26%	6,704,320
2017	52,883,046	29,139,150	23,743,896	55.10%	6,618,831
2018	53,912,136	32,216,841	21,695,295	59.76%	6,591,541

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 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%
2016	1,515,456	1,515,456	-	6,835,505	22.17%
2017	1,929,047	1,929,047	-	6,842,564	28.19%
2018	3,003,711	3,003,711	-	7,105,563	42.27%

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 Actuarially determined contribution rates are calculated as of the December 31 that is 21 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates (2017, based on the 12/31/2017 valuation):

Actuarial cost method	Entry-age normal
Amortization method	Level percent of payroll, open
Remaining amortization period	21 years
Asset valuation method	10 year smoothed
Inflation	2.50%
Salary increases	3.75% in the long-term
Investment rate of return	8.0%, gross of administrative expenses
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 Changes in Net Other Postemployment Benefit Liability and Related Ratios

	Fiscal Year Ended August 31, 2018
Total other postemployment benefit liability	
Service cost	\$ 217,372
Interest on total other postemployment benefit liability	1,994,044
Assumption changes	(100,802)
Benefit payments and refunds	(1,249,001)
Net change in total other postemployment benefit liability	<u>861,613</u>
Total other postemployment benefit liability, beginning of year	<u>26,136,731</u>
Total other postemployment benefit liability, end of year	<u>26,998,344</u>
Plan fiduciary net position	
Employer contributions	1,889,255
Other postemployment benefit plan net investment income	1,862,287
Benefit payments and refunds	(1,249,001)
Other postemployment benefit plan administrative expense	(60,553)
Net change in plan fiduciary net position	<u>2,441,988</u>
Plan fiduciary net position, beginning of year	<u>23,504,729</u>
Plan fiduciary net position, end of year	<u>25,946,717</u>
Net other postemployment benefit liability	<u>\$ 1,051,627</u>
Plan fiduciary net position as a percentage of total other postemployment benefit liability	96.10%
Covered payroll	\$ 6,481,158
Net other postemployment benefit liability as a percentage of covered payroll	16.23%

Note: GASB 75 was implemented in fiscal year 2018. 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 - Other Postemployment Benefits

Schedule of the Net Other Postemployment Benefit Liability

Fiscal Year Ending August 31,	Total Other Post- employment Benefit Liability	Plan Net Position	Net Other Post- employment Benefit Liability	Plan Net Position as Percentage of Total Other Post- employment Benefit Liability	Covered Payroll
2018	\$ 26,998,344	\$ 25,946,717	\$ 1,051,627	96.10%	\$ 6,481,158

Note: GASB 75 was implemented in fiscal year 2018. 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 - Other Postemployment Benefits

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
2018	\$ 1,773,549	\$ 1,773,549	\$ -	\$ 7,092,754	25.01%

Note: GASB 75 was implemented in fiscal year 2018. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Notes to Schedule of Contributions

Valuation Date June 30, 2018

Methods and assumptions used to determine contribution rates (2018, based on the 12/31/2016 valuation):

Actuarial cost method	Entry-age normal
Amortization method	Level percent of payroll, open
Remaining amortization period	22 years
Asset valuation method	10 year smoothed
Healthcare cost trend rate	3.5% per year
Inflation	2.50% per year
Salary increases	2.25% per year
Investment rate of return	7.75%, net of investment expense and including inflation
Retirement age	Assumed rates are based on those used for the Municipal Employees' Retirement System (MERS) of Michigan pension report and the prior YCUA OPEB report. Retirement rates project the probability of eligible employees who will retire during the next year.
Mortality	Mortality rates used were based on the Society of Actuaries RPH-2014 adjusted to 2006 Total Dataset Headcount-weighted Mortality table with MP-2018 Full Generational Improvement for healthy life and Society of Actuaries RPH-2014 Adjusted to 2006 Disabled Retiree Mortality Table with MP-2018 Full Generational Improvement.

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YPSILANTI COMMUNITY UTILITIES AUTHORITY

Required Supplementary Information

Municipal Employees Retirement System of Michigan - Other Postemployment Benefits

- The prior valuation utilized a discount rate of 7.0%. It has been clarified the discount rate should be 7.75%.
- The assumed salary scale was changed from 3% to 2.25% per year.
- The per capita costs, trend rates and retiree premium contributions were updated as part of the actuarial analysis. These updates produced lower than expected present value costs. The actuary was able to use more YCUA experience in their evaluation.
- The assumed mortality improvement scale as published by the Society of Actuaries was changed from MP 2016 to MP 2017. (From beginning to end of year FY 2018 measurement MP 2017 was changed to MP 2018.)

concluded.

SUPPLEMENTARY INFORMATION

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Schedule of Revenues, Expenses and Changes in Net Position

City and Township Allocation

For the Year Ended August 31, 2018

	City	Township	Total
Operating revenues			
Water sales	\$ 2,905,530	\$ 15,614,772	\$ 18,520,302
Sewage disposal sales	3,979,905	15,158,461	19,138,366
Surcharges and other usage fees:			
Capital improvement surcharge	3,116,446	691,304	3,807,750
Construction reserve	59,010	206,537	265,547
Environmental reserve	-	110,332	110,332
Other operating revenue	324,932	1,566,976	1,891,908
Total operating revenues	10,385,823	33,348,382	43,734,205
Operating expenses			
Water distribution	1,896,372	10,248,209	12,144,581
Wastewater treatment	3,969,782	12,413,977	16,383,759
Wastewater pump stations	256,074	934,507	1,190,581
Industrial surveillance	94,851	296,615	391,466
Transmission and distribution	1,977,703	5,740,132	7,717,835
Meter service	237,252	802,297	1,039,549
Customer accounting and collections	107,567	362,978	470,545
General and administration	433,522	1,377,094	1,810,616
Total operating expenses	8,973,123	32,175,809	41,148,932
Operating income	1,412,700	1,172,573	2,585,273
Nonoperating revenues (expenses)			
Investment earnings	51,730	121,791	173,521
Connection fees	11,233	75,725	86,958
Interest and amortization expense	(629,691)	(1,243,131)	(1,872,822)
Gain on sale of capital assets	-	1,299	1,299
Total nonoperating expenses	(566,728)	(1,044,316)	(1,611,044)
Income before contributions	845,972	128,257	974,229
Capital contributions	163,596	511,586	675,182
Change in net position	1,009,568	639,843	1,649,411
Net position, beginning of year, as restated	40,111,099	93,573,903	133,685,002
Net position, end of year	\$ 41,120,667	\$ 94,213,746	\$ 135,334,413

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Schedule of Revenues, Expenses and Changes in Net Position

Water and Wastewater Allocation
For the Year Ended August 31, 2018

	Water	Wastewater	Total
Operating revenues			
Water sales	\$ 18,520,302	\$ -	\$ 18,520,302
Sewage disposal sales	-	19,138,366	19,138,366
Surcharges and other usage fees:			
Capital improvement surcharge	2,222,062	1,585,688	3,807,750
Construction reserve	143,116	122,431	265,547
Environmental reserve	-	110,332	110,332
Other operating revenue	128,404	1,763,504	1,891,908
Total operating revenues	21,013,884	22,720,321	43,734,205
Operating expenses			
Water distribution	12,144,581	-	12,144,581
Wastewater treatment	-	16,383,759	16,383,759
Wastewater pump stations	-	1,190,581	1,190,581
Industrial surveillance	-	391,466	391,466
Transmission and distribution	4,077,316	3,640,519	7,717,835
Meter service	519,773	519,776	1,039,549
Customer accounting and collections	235,272	235,273	470,545
General and administration	790,951	1,019,665	1,810,616
Total operating expenses	17,767,893	23,381,039	41,148,932
Operating income (loss)	3,245,991	(660,718)	2,585,273
Nonoperating revenues (expenses)			
Investment earnings	102,615	70,906	173,521
Connection fees	43,480	43,478	86,958
Interest and amortization expense	(670,549)	(1,202,273)	(1,872,822)
Gain on sale of capital assets	-	1,299	1,299
Total nonoperating expense	(524,454)	(1,086,590)	(1,611,044)
Income (loss) before contributions	2,721,537	(1,747,308)	974,229
Capital contributions	-	675,182	675,182
Change in net position	\$ 2,721,537	\$ (1,072,126)	\$ 1,649,411

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Schedule of Revenues, Expenses and Changes in Net Position

Water and Wastewater Allocation by Member

For the Year Ended August 31, 2018

	City		
	Water	Wastewater	Total
Operating revenues			
Water sales	\$ 2,905,530	\$ -	\$ 2,905,530
Sewage disposal sales	-	3,979,905	3,979,905
Surcharges and other usage fees:			
Capital improvement surcharge	1,775,249	1,341,197	3,116,446
Construction reserve	26,397	32,613	59,010
Environmental reserve	-	-	-
Other operating revenue	46,500	278,432	324,932
Total operating revenue	4,753,676	5,632,147	10,385,823
Operating expenses			
Water distribution	1,896,372	-	1,896,372
Wastewater treatment	-	3,969,782	3,969,782
Wastewater pump stations	-	256,074	256,074
Industrial surveillance	-	94,851	94,851
Transmission and distribution	1,264,904	712,799	1,977,703
Meter service	118,622	118,630	237,252
Customer accounting and collections	53,780	53,787	107,567
General and administration	190,172	243,350	433,522
Total operating expenses	3,523,850	5,449,273	8,973,123
Operating income (loss)	1,229,826	182,874	1,412,700
Nonoperating revenues (expenses)			
Investment earnings	27,685	24,045	51,730
Connection fees	5,617	5,616	11,233
Interest and amortization expense	(299,240)	(330,451)	(629,691)
Gain on sale of capital assets	-	-	-
Total nonoperating expense	(265,938)	(300,790)	(566,728)
Income (loss) before contributions	963,888	(117,916)	845,972
Capital contributions	-	163,596	163,596
Change in net position	\$ 963,888	\$ 45,680	\$ 1,009,568

Township			
Water	Wastewater	Total	Total
\$ 15,614,772	\$ -	\$ 15,614,772	\$ 18,520,302
-	15,158,461	15,158,461	19,138,366
446,813	244,491	691,304	3,807,750
116,719	89,818	206,537	265,547
-	110,332	110,332	110,332
81,904	1,485,072	1,566,976	1,891,908
<u>16,260,208</u>	<u>17,088,174</u>	<u>33,348,382</u>	<u>43,734,205</u>
10,248,209	-	10,248,209	12,144,581
-	12,413,977	12,413,977	16,383,759
-	934,507	934,507	1,190,581
-	296,615	296,615	391,466
2,812,412	2,927,720	5,740,132	7,717,835
401,151	401,146	802,297	1,039,549
181,492	181,486	362,978	470,545
600,779	776,315	1,377,094	1,810,616
<u>14,244,043</u>	<u>17,931,766</u>	<u>32,175,809</u>	<u>41,148,932</u>
<u>2,016,165</u>	<u>(843,592)</u>	<u>1,172,573</u>	<u>2,585,273</u>
74,930	46,861	121,791	173,521
37,863	37,862	75,725	86,958
(371,309)	(871,822)	(1,243,131)	(1,872,822)
-	1,299	1,299	1,299
<u>(258,516)</u>	<u>(785,800)</u>	<u>(1,044,316)</u>	<u>(1,611,044)</u>
1,757,649	(1,629,392)	128,257	974,229
-	511,586	511,586	675,182
<u>\$ 1,757,649</u>	<u>\$ (1,117,806)</u>	<u>\$ 639,843</u>	<u>\$ 1,649,411</u>

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Detailed Schedule of Operating Expenses

City and Township Allocation

For the Year Ended August 31, 2018

	City	Township	Total
Water distribution			
Wages	\$ 68,259	\$ 361,582	\$ 429,841
Benefits allocation	38,722	205,117	243,839
Purchased water	1,730,533	9,167,033	10,897,566
Utilities	6,744	238,427	245,171
Maintenance and supplies	8,866	46,958	55,824
Depreciation	1,552	8,219	9,771
Other	15,070	79,823	94,893
Fleet allocation	1,344	7,124	8,468
Engineering allocation	225	1,193	1,418
Information technology allocation	2,582	13,678	16,260
Maintenance allocation	22,475	119,055	141,530
	<u>1,896,372</u>	<u>10,248,209</u>	<u>12,144,581</u>
Wastewater treatment			
Wages	372,627	1,165,248	1,537,875
Benefits allocation	220,314	688,949	909,263
Utilities	572,264	1,789,536	2,361,800
Sludge removal	54,700	171,052	225,752
Maintenance	199,594	624,158	823,752
Engineering	18,750	58,632	77,382
Laboratory	14,016	43,828	57,844
Chemicals	153,979	481,510	635,489
Depreciation	1,720,471	5,380,113	7,100,584
Other	54,844	171,500	226,344
Fleet allocation	68,151	213,118	281,269
Engineering allocation	8,426	26,348	34,774
Information technology allocation	20,359	63,665	84,024
Maintenance allocation	415,750	1,300,098	1,715,848
Laboratory allocation	75,537	236,222	311,759
	<u>3,969,782</u>	<u>12,413,977</u>	<u>16,383,759</u>
Wastewater pump stations			
Wages	87,473	273,539	361,012
Benefits allocation	51,898	162,292	214,190
Utilities	75,456	317,767	393,223
Maintenance and supplies	20,797	65,033	85,830
Engineering	90	281	371
Depreciation	19,794	61,896	81,690
Other	-	51,930	51,930
Engineering allocation	566	1,769	2,335
	<u>256,074</u>	<u>934,507</u>	<u>1,190,581</u>

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YPSILANTI COMMUNITY UTILITIES AUTHORITY

Detailed Schedule of Operating Expenses

City and Township Allocation

For the Year Ended August 31, 2018

	City	Township	Total
Industrial surveillance			
Wages	\$ 53,048	\$ 165,886	\$ 218,934
Benefits allocation	31,427	98,278	129,705
Other	5,501	17,206	22,707
Fleet allocation	935	2,925	3,860
Information technology allocation	3,940	12,320	16,260
	<u>94,851</u>	<u>296,615</u>	<u>391,466</u>
Transmission and distribution			
Wages	352,220	1,151,708	1,503,928
Benefits allocation	218,254	714,816	933,070
Utilities	17,885	58,482	76,367
Sewer overflow settlements	120,300	30,139	150,439
Maintenance:			
Shop and office	8,180	26,747	34,927
Water and sewer mains	49,694	165,943	215,637
Engineering	1,000	3,272	4,272
Depreciation	1,018,666	2,971,486	3,990,152
Other	56,440	175,817	232,257
Fleet allocation	88,769	290,361	379,130
Engineering allocation	23,209	75,877	99,086
Information technology allocation	13,964	45,655	59,619
Maintenance allocation	9,122	29,829	38,951
	<u>1,977,703</u>	<u>5,740,132</u>	<u>7,717,835</u>
Meter service			
Wages	113,504	383,012	496,516
Benefits allocation	68,016	229,519	297,535
Utilities	1,335	6,211	7,546
Maintenance and supplies	3,768	12,718	16,486
Meter parts	(390)	(1,320)	(1,710)
Depreciation	10,436	35,214	45,650
Other	26,770	90,331	117,101
Fleet allocation	10,096	34,069	44,165
Information technology allocation	3,717	12,543	16,260
	<u>237,252</u>	<u>802,297</u>	<u>1,039,549</u>

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YPSILANTI COMMUNITY UTILITIES AUTHORITY

Detailed Schedule of Operating Expenses

City and Township Allocation

For the Year Ended August 31, 2018

	City	Township	Total
Customer accounting and collections			
Wages	\$ 46,089	\$ 155,524	\$ 201,613
Benefits allocation	27,366	92,346	119,712
Utilities	5,208	17,573	22,781
Maintenance and supplies	9,633	32,503	42,136
Postage	12,904	43,546	56,450
Depreciation	1,521	5,133	6,654
Other	1,129	3,810	4,939
Information technology allocation	3,717	12,543	16,260
	<u>107,567</u>	<u>362,978</u>	<u>470,545</u>
General and administrative			
Wages	49,252	154,015	203,267
Benefits allocation	27,671	86,532	114,203
Utilities	1,568	5,293	6,861
Maintenance and supplies	1,584	4,953	6,537
Engineering	39,340	123,022	162,362
Building and liability insurance	43,918	137,339	181,257
Legal and settlements	9,484	29,659	39,143
Other professional services	1,207	3,775	4,982
Depreciation	483	1,509	1,992
Other	3,907	9,678	13,585
Bad debt expense	1,027	4,033	5,060
Fleet allocation	3,974	12,427	16,401
Engineering allocation	7,068	22,102	29,170
Information technology allocation	6,566	20,534	27,100
Maintenance allocation	79	246	325
Human resource allocation	118,737	391,934	510,671
Accounting allocation	117,657	370,043	487,700
	<u>433,522</u>	<u>1,377,094</u>	<u>1,810,616</u>
Fleet			
Wages	42,021	135,817	177,838
Benefits allocation	25,170	81,353	106,523
Maintenance parts and supplies	30,854	99,724	130,578
Gas, oil and grease	29,665	95,881	125,546
Insurance	11,100	35,878	46,978
Depreciation	32,893	106,312	139,205
Other	1,566	5,059	6,625
Allocated to various departments	(173,269)	(560,024)	(733,293)
	<u>-</u>	<u>-</u>	<u>-</u>

continued...

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Detailed Schedule of Operating Expenses

City and Township Allocation

For the Year Ended August 31, 2018

	City	Township	Total
Human resources			
Wages	\$ 58,122	\$ 191,816	\$ 249,938
Benefits allocation	34,138	112,660	146,798
Utilities	1,012	3,416	4,428
Safety program	590	1,947	2,537
Training and education	793	2,619	3,412
Legal and professional	10,511	34,685	45,196
Physicals	2,721	8,979	11,700
Office supplies	844	2,787	3,631
Depreciation	128	423	551
Other	6,731	22,214	28,945
Information technology allocation	3,147	10,388	13,535
Allocated to general and administrative	(118,737)	(391,934)	(510,671)
	-	-	-
Benefits and payroll taxes			
Health insurance	269,859	890,590	1,160,449
Life insurance	4,966	16,388	21,354
Disability insurance	9,719	32,074	41,793
Social security	124,663	411,413	536,076
Workers compensation	12,044	39,747	51,791
Pension expense	555,617	1,833,649	2,389,266
Uniforms	4,132	13,637	17,769
Allocated to various departments	(981,000)	(3,237,498)	(4,218,498)
	-	-	-
Maintenance			
Wages	258,268	836,539	1,094,807
Benefits allocation	152,901	495,251	648,152
Utilities	4,077	13,204	17,281
Office and supplies	13,838	44,821	58,659
Other professional services	455	1,473	1,928
Depreciation	967	3,133	4,100
Other	5,413	17,535	22,948
Information technology allocation	11,507	37,272	48,779
Allocated to various departments	(447,426)	(1,449,228)	(1,896,654)
	-	-	-

continued...

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Detailed Schedule of Operating Expenses

City and Township Allocation

For the Year Ended August 31, 2018

	City	Township	Total
Engineering			
Wages	\$ 22,741	\$ 73,295	\$ 96,036
Benefits allocation	13,183	42,490	55,673
Utilities	110	353	463
Maintenance and supplies	1,414	4,559	5,973
Other professional services	1,575	5,075	6,650
Other	471	1,517	1,988
Allocated to various departments	(39,494)	(127,289)	(166,783)
	<u>-</u>	<u>-</u>	<u>-</u>
Information technology			
Wages	31,693	104,104	135,797
Benefits allocation	18,587	61,052	79,639
Utilities	108	355	463
Maintenance and supplies	20,719	68,058	88,777
Other	358	1,178	1,536
Allocated to various departments	(71,465)	(234,747)	(306,212)
	<u>-</u>	<u>-</u>	<u>-</u>
Laboratory			
Wages	36,723	114,838	151,561
Benefits allocation	21,418	66,978	88,396
Utilities	905	2,829	3,734
Maintenance and supplies	9,387	29,356	38,743
Contractual services	4,993	15,613	20,606
Depreciation	1,038	3,246	4,284
Other	1,073	3,362	4,435
Allocated to wastewater treatment	(75,537)	(236,222)	(311,759)
	<u>-</u>	<u>-</u>	<u>-</u>
Accounting			
Wages	56,648	177,145	233,793
Benefits allocation	31,935	99,865	131,800
Utilities	559	1,886	2,445
Office supplies	1,468	4,590	6,058
Audit and accounting services	13,181	41,219	54,400
Depreciation	1,344	4,205	5,549
Other	10,556	34,984	45,540
Information technology allocation	1,966	6,149	8,115
Allocated to general and administrative	(117,657)	(370,043)	(487,700)
	<u>-</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>\$ 8,973,123</u>	<u>\$ 32,175,809</u>	<u>\$ 41,148,932</u>

concluded.

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Detailed Schedule of Operating Expenses

Water and Wastewater Allocation
For the Year Ended August 31, 2018

	Water	Wastewater	Total
Water distribution			
Wages	\$ 429,841	\$ -	\$ 429,841
Benefits allocation	243,839	-	243,839
Purchased water	10,897,566	-	10,897,566
Utilities	245,171	-	245,171
Maintenance and supplies	55,824	-	55,824
Depreciation	9,771	-	9,771
Other	94,893	-	94,893
Fleet allocation	8,468	-	8,468
Engineering allocation	1,418	-	1,418
Information technology allocation	16,260	-	16,260
Maintenance allocation	141,530	-	141,530
	<u>12,144,581</u>	<u>-</u>	<u>12,144,581</u>
Wastewater treatment			
Wages	-	1,537,875	1,537,875
Benefits allocation	-	909,263	909,263
Utilities	-	2,361,800	2,361,800
Sludge removal	-	225,752	225,752
Maintenance	-	823,752	823,752
Engineering	-	77,382	77,382
Laboratory	-	57,844	57,844
Chemicals	-	635,489	635,489
Depreciation	-	7,100,584	7,100,584
Other	-	226,344	226,344
Fleet allocation	-	281,269	281,269
Engineering allocation	-	34,774	34,774
Information technology allocation	-	84,024	84,024
Maintenance allocation	-	1,715,848	1,715,848
Laboratory allocation	-	311,759	311,759
	<u>-</u>	<u>16,383,759</u>	<u>16,383,759</u>
Wastewater pump stations			
Wages	-	361,012	361,012
Benefits allocation	-	214,190	214,190
Utilities	-	393,223	393,223
Maintenance and supplies	-	85,830	85,830
Engineering	-	371	371
Depreciation	-	81,690	81,690
Other	-	51,930	51,930
Engineering allocation	-	2,335	2,335
	<u>-</u>	<u>1,190,581</u>	<u>1,190,581</u>

continued...

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Detailed Schedule of Operating Expenses

Water and Wastewater Allocation
For the Year Ended August 31, 2018

	Water	Wastewater	Total
Industrial surveillance			
Wages	\$ -	\$ 218,934	\$ 218,934
Benefits allocation	-	129,705	129,705
Other	-	22,707	22,707
Fleet allocation	-	3,860	3,860
Information technology allocation	-	16,260	16,260
	<u>-</u>	<u>391,466</u>	<u>391,466</u>
Transmission and distribution			
Wages	666,240	837,688	1,503,928
Benefits allocation	414,348	518,722	933,070
Utilities	33,831	42,536	76,367
Sewer overflow settlements	-	150,439	150,439
Maintenance:			
Shop and office	15,474	19,453	34,927
Water and sewer mains	95,648	119,989	215,637
Engineering	1,892	2,380	4,272
Depreciation	2,491,732	1,498,420	3,990,152
Other	102,586	129,671	232,257
Fleet allocation	167,975	211,155	379,130
Engineering allocation	43,893	55,193	99,086
Information technology allocation	26,439	33,180	59,619
Maintenance allocation	17,258	21,693	38,951
	<u>4,077,316</u>	<u>3,640,519</u>	<u>7,717,835</u>
Meter service			
Wages	248,258	248,258	496,516
Benefits allocation	148,767	148,768	297,535
Utilities	3,773	3,773	7,546
Maintenance and supplies	8,242	8,244	16,486
Meter parts	(855)	(855)	(1,710)
Depreciation	22,825	22,825	45,650
Other	58,551	58,550	117,101
Fleet allocation	22,082	22,083	44,165
Information technology allocation	8,130	8,130	16,260
	<u>519,773</u>	<u>519,776</u>	<u>1,039,549</u>

continued...

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Detailed Schedule of Operating Expenses

Water and Wastewater Allocation
For the Year Ended August 31, 2018

	Water	Wastewater	Total
Customer accounting and collections			
Wages	\$ 100,806	\$ 100,807	\$ 201,613
Benefits allocation	59,856	59,856	119,712
Utilities	11,391	11,390	22,781
Maintenance and supplies	21,068	21,068	42,136
Postage	28,225	28,225	56,450
Depreciation	3,327	3,327	6,654
Other	2,469	2,470	4,939
Information technology allocation	8,130	8,130	16,260
	<u>235,272</u>	<u>235,273</u>	<u>470,545</u>
General and administrative			
Wages	101,633	101,634	203,267
Benefits allocation	57,102	57,101	114,203
Utilities	3,431	3,430	6,861
Maintenance and supplies	3,268	3,269	6,537
Engineering	81,181	81,181	162,362
Building and liability insurance	90,628	90,629	181,257
Legal and settlements	19,572	19,571	39,143
Other professional services	2,491	2,491	4,982
Depreciation	996	996	1,992
Other	6,793	6,792	13,585
Bad debt expense	2,529	2,531	5,060
Fleet allocation	8,201	8,200	16,401
Engineering allocation	14,585	14,585	29,170
Information technology allocation	13,550	13,550	27,100
Maintenance allocation	163	162	325
Human resource allocation	140,979	369,692	510,671
Accounting allocation	243,849	243,851	487,700
	<u>790,951</u>	<u>1,019,665</u>	<u>1,810,616</u>
Fleet			
Wages	50,135	127,703	177,838
Benefits allocation	30,030	76,493	106,523
Maintenance parts and supplies	36,812	93,766	130,578
Gas, oil and grease	35,393	90,153	125,546
Insurance	13,244	33,734	46,978
Depreciation	39,244	99,961	139,205
Other	1,868	4,757	6,625
Allocated to various departments	(206,726)	(526,567)	(733,293)
	<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, 2018

	Water	Wastewater	Total
Human resources			
Wages	\$ 68,511	\$ 181,427	\$ 249,938
Benefits allocation	40,239	106,559	146,798
Utilities	2,214	2,214	4,428
Safety program	695	1,842	2,537
Training and education	936	2,476	3,412
Legal and professional	12,388	32,808	45,196
Physicals	3,207	8,493	11,700
Office supplies	995	2,636	3,631
Depreciation	151	400	551
Other	7,933	21,012	28,945
Information technology allocation	3,710	9,825	13,535
Allocated to general and administrative	(140,979)	(369,692)	(510,671)
	-	-	-
Benefits and payroll taxes			
Health insurance	318,091	842,358	1,160,449
Life insurance	5,853	15,501	21,354
Disability insurance	11,456	30,337	41,793
Social security	146,944	389,132	536,076
Workers compensation	14,196	37,595	51,791
Pension expense	654,924	1,734,342	2,389,266
Uniforms	4,871	12,898	17,769
Allocated to various departments	(1,156,335)	(3,062,163)	(4,218,498)
	-	-	-
Maintenance			
Wages	91,752	1,003,055	1,094,807
Benefits allocation	54,319	593,833	648,152
Utilities	1,448	15,833	17,281
Office and supplies	4,915	53,744	58,659
Other professional services	162	1,766	1,928
Depreciation	344	3,756	4,100
Other	1,923	21,025	22,948
Information technology allocation	4,088	44,691	48,779
Allocated to various departments	(158,951)	(1,737,703)	(1,896,654)
	-	-	-

continued...

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Detailed Schedule of Operating Expenses

Water and Wastewater Allocation
For the Year Ended August 31, 2018

	Water	Wastewater	Total
Engineering			
Wages	\$ 34,489	\$ 61,547	\$ 96,036
Benefits allocation	19,994	35,679	55,673
Utilities	166	297	463
Maintenance and supplies	2,145	3,828	5,973
Other professional services	2,388	4,262	6,650
Other	714	1,274	1,988
Allocated to various departments	(59,896)	(106,887)	(166,783)
	-	-	-
Information technology			
Wages	37,413	98,384	135,797
Benefits allocation	21,941	57,698	79,639
Utilities	128	335	463
Maintenance and supplies	24,459	64,318	88,777
Other	423	1,113	1,536
Allocated to various departments	(84,364)	(221,848)	(306,212)
	-	-	-
Laboratory			
Wages	-	151,561	151,561
Benefits allocation	-	88,396	88,396
Utilities	-	3,734	3,734
Maintenance and supplies	-	38,743	38,743
Contractual services	-	20,606	20,606
Depreciation	-	4,284	4,284
Other	-	4,435	4,435
Allocated to wastewater treatment	-	(311,759)	(311,759)
	-	-	-
Accounting			
Wages	116,896	116,897	233,793
Benefits allocation	65,900	65,900	131,800
Utilities	1,223	1,222	2,445
Office supplies	3,030	3,028	6,058
Audit and accounting services	27,200	27,200	54,400
Depreciation	2,774	2,775	5,549
Other	22,769	22,771	45,540
Information technology allocation	4,057	4,058	8,115
Allocated to general and administrative	(243,849)	(243,851)	(487,700)
	-	-	-
Total operating expenses	\$ 17,767,893	\$ 23,381,039	\$ 41,148,932

concluded.

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Detailed Schedule of Operating Expenses - Budget and Actual

For the Year Ended August 31, 2018

	Original Budget	Amended Budget	Actual	Actual Over (Under) Final Budget
Water distribution				
Wages	\$ 414,298	\$ 414,298	\$ 429,841	\$ 15,543
Benefits allocation	392,057	392,057	243,839	(148,218)
Purchased water	10,956,538	10,956,538	10,897,566	(58,972)
Utilities	205,150	205,150	245,171	40,021
Maintenance and supplies	46,615	46,615	55,824	9,209
Engineering	1,000	1,000	-	(1,000)
Depreciation	1,420	1,420	9,771	8,351
Other	60,100	60,100	94,893	34,793
Fleet allocation	18,476	18,476	8,468	(10,008)
Engineering allocation	370	370	1,418	1,048
Information technology allocation	18,590	18,590	16,260	(2,330)
Maintenance allocation	211,300	211,300	141,530	(69,770)
	<u>12,325,914</u>	<u>12,325,914</u>	<u>12,144,581</u>	<u>(181,333)</u>
Wastewater treatment				
Wages	1,603,544	1,603,544	1,537,875	(65,669)
Benefits allocation	1,961,558	1,961,558	909,263	(1,052,295)
Utilities	2,605,939	2,605,939	2,361,800	(244,139)
Sludge removal	600,000	600,000	225,752	(374,248)
Maintenance	920,050	920,050	823,752	(96,298)
Engineering	50,000	50,000	77,382	27,382
Laboratory	27,650	27,650	57,844	30,194
Chemicals	700,000	700,000	635,489	(64,511)
Depreciation	6,942,171	6,942,171	7,100,584	158,413
Other	434,600	434,600	226,344	(208,256)
Fleet allocation	295,337	295,337	281,269	(14,068)
Engineering allocation	48,102	48,102	34,774	(13,328)
Information technology allocation	95,982	95,982	84,024	(11,958)
Maintenance allocation	2,011,786	2,011,786	1,715,848	(295,938)
Laboratory allocation	444,099	444,099	311,759	(132,340)
	<u>18,740,818</u>	<u>18,740,818</u>	<u>16,383,759</u>	<u>(2,357,059)</u>
Wastewater pump stations				
Wages	387,503	387,503	361,012	(26,491)
Benefits allocation	366,700	366,700	214,190	(152,510)
Utilities	447,150	447,150	393,223	(53,927)
Maintenance and supplies	198,000	198,000	85,830	(112,170)
Engineering	500	500	371	(129)
Depreciation	11,496	11,496	81,690	70,194
Other	35,000	35,000	51,930	16,930
Engineering allocation	3,860	3,860	2,335	(1,525)
	<u>1,450,209</u>	<u>1,450,209</u>	<u>1,190,581</u>	<u>(259,628)</u>

continued...

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Detailed Schedule of Operating Expenses - Budget and Actual

For the Year Ended August 31, 2018

	Original Budget	Amended Budget	Actual	Actual Over (Under) Final Budget
Industrial surveillance				
Wages	\$ 167,573	\$ 167,573	\$ 218,934	\$ 51,361
Benefits allocation	158,577	158,577	129,705	(28,872)
Other	39,100	39,100	22,707	(16,393)
Fleet allocation	12,309	12,309	3,860	(8,449)
Information technology allocation	18,590	18,590	16,260	(2,330)
	<u>396,149</u>	<u>396,149</u>	<u>391,466</u>	<u>(4,683)</u>
Transmission and distribution				
Wages	1,496,000	1,496,000	1,503,928	7,928
Benefits allocation	1,415,689	1,415,689	933,070	(482,619)
Utilities	69,910	69,910	76,367	6,457
Sewer overflow settlements	85,000	85,000	150,439	65,439
Maintenance:				
Shop and office	44,900	44,900	34,927	(9,973)
Water and sewer mains	215,750	215,750	215,637	(113)
Engineering	1,000	1,000	4,272	3,272
Depreciation	4,475,000	4,475,000	3,990,152	(484,848)
Other	273,500	273,500	232,257	(41,243)
Fleet allocation	380,702	380,702	379,130	(1,572)
Engineering allocation	121,967	121,967	99,086	(22,881)
Information technology allocation	68,131	68,131	59,619	(8,512)
Maintenance allocation	50,039	50,039	38,951	(11,088)
	<u>8,697,588</u>	<u>8,697,588</u>	<u>7,717,835</u>	<u>(979,753)</u>
Meter service				
Wages	504,260	504,260	496,516	(7,744)
Benefits allocation	477,189	477,189	297,535	(179,654)
Utilities	6,300	6,300	7,546	1,246
Maintenance and supplies	8,675	8,675	16,486	7,811
Meter parts	23,000	23,000	(1,710)	(24,710)
Depreciation	40,925	40,925	45,650	4,725
Other	7,100	7,100	117,101	110,001
Fleet allocation	86,389	86,389	44,165	(42,224)
Information technology allocation	18,590	18,590	16,260	(2,330)
	<u>1,172,428</u>	<u>1,172,428</u>	<u>1,039,549</u>	<u>(132,879)</u>

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YPSILANTI COMMUNITY UTILITIES AUTHORITY

Detailed Schedule of Operating Expenses - Budget and Actual

For the Year Ended August 31, 2018

	Original Budget	Amended Budget	Actual	Actual Over (Under) Final Budget
Customer accounting/collections				
Wages	\$ 237,070	\$ 237,070	\$ 201,613	\$ (35,457)
Benefits allocation	224,343	224,343	119,712	(104,631)
Utilities	20,000	20,000	22,781	2,781
Maintenance and supplies	42,275	42,275	42,136	(139)
Postage	60,000	60,000	56,450	(3,550)
Depreciation	8,136	8,136	6,654	(1,482)
Other	2,650	2,650	4,939	2,289
Information technology allocation	37,146	37,146	16,260	(20,886)
	<u>631,620</u>	<u>631,620</u>	<u>470,545</u>	<u>(161,075)</u>
General and administrative				
Wages	178,948	178,948	203,267	24,319
Benefits allocation	1,301,053	1,301,053	114,203	(1,186,850)
Utilities	4,275	4,275	6,861	2,586
Maintenance and supplies	3,550	3,550	6,537	2,987
Engineering	-	-	162,362	162,362
Building and liability insurance	190,000	190,000	181,257	(8,743)
Legal and settlements	80,000	80,000	39,143	(40,857)
Other professional services	-	-	4,982	4,982
Depreciation	14,292	14,292	1,992	(12,300)
Other	55,750	55,750	13,585	(42,165)
Bad debt expense	45,000	45,000	5,060	(39,940)
Fleet allocation	30,757	30,757	16,401	(14,356)
Engineering allocation	59,660	59,660	29,170	(30,490)
Information technology allocation	18,590	18,590	27,100	8,510
Maintenance allocation	1,365	1,365	325	(1,040)
Human resource allocation	583,402	583,402	510,671	(72,731)
Accounting allocation	548,312	548,312	487,700	(60,612)
	<u>3,114,954</u>	<u>3,114,954</u>	<u>1,810,616</u>	<u>(1,304,338)</u>
Fleet				
Wages	176,447	176,447	177,838	1,391
Benefits allocation	166,975	166,975	106,523	(60,452)
Radio maintenance	500	500	-	(500)
Maintenance parts and supplies	131,250	131,250	130,578	(672)
Gas, oil and grease	170,000	170,000	125,546	(44,454)
Insurance	46,000	46,000	46,978	978
Depreciation	126,000	126,000	139,205	13,205
Other	6,800	6,800	6,625	(175)
Allocated to various departments	(823,972)	(823,972)	(733,293)	90,679
	<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, 2018

	Original Budget	Amended Budget	Actual	Actual Over (Under) Final Budget
Human resources				
Wages	\$ 247,418	\$ 247,418	\$ 249,938	\$ 2,520
Benefits allocation	234,135	234,135	146,798	(87,337)
Utilities	2,500	2,500	4,428	1,928
Safety program	3,500	3,500	2,537	(963)
Training and education	6,000	6,000	3,412	(2,588)
Legal and professional	30,000	30,000	45,196	15,196
Physicals	8,000	8,000	11,700	3,700
Office supplies	6,650	6,650	3,631	(3,019)
Depreciation	3,556	3,556	551	(3,005)
Other	26,150	26,150	28,945	2,795
Information technology allocation	15,493	15,493	13,535	(1,958)
Allocated to general and administrative	(583,402)	(583,402)	(510,671)	72,731
	-	-	-	-
Benefits and payroll taxes				
Health insurance	3,281,479	3,281,479	1,160,449	(2,121,030)
Life insurance	20,144	20,144	21,354	1,210
Disability insurance	46,983	46,983	41,793	(5,190)
Social security	506,636	506,636	536,076	29,440
Workers compensation	66,771	66,771	51,791	(14,980)
Pension expense	2,827,656	2,827,656	2,389,266	(438,390)
Uniforms	21,800	21,800	17,769	(4,031)
Allocated to various departments	(6,771,469)	(6,771,469)	(4,218,498)	2,552,971
	-	-	-	-
Maintenance				
Wages	1,102,892	1,102,892	1,094,807	(8,085)
Benefits allocation	1,043,685	1,043,685	648,152	(395,533)
Utilities	4,400	4,400	17,281	12,881
Office and supplies	50,675	50,675	58,659	7,984
Other professional services	2,500	2,500	1,928	(572)
Depreciation	4,100	4,100	4,100	-
Other	13,000	13,000	22,948	9,948
Information technology allocation	55,738	55,738	48,779	(6,959)
Allocated to various departments	(2,276,990)	(2,276,990)	(1,896,654)	380,336
	-	-	-	-

continued...

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Detailed Schedule of Operating Expenses - Budget and Actual

For the Year Ended August 31, 2018

	Original Budget	Amended Budget	Actual	Actual Over (Under) Final Budget
Engineering				
Wages	\$ 95,368	\$ 95,368	\$ 96,036	\$ 668
Benefits allocation	90,249	90,249	55,673	(34,576)
Utilities	1,008	1,008	463	(545)
Maintenance and supplies	45,475	45,475	5,973	(39,502)
Engineering	250	250	-	(250)
Other professional services	-	-	6,650	6,650
Other	1,610	1,610	1,988	378
Allocated to various departments	(233,960)	(233,960)	(166,783)	67,177
	-	-	-	-
Information Technology				
Wages	132,052	132,052	135,797	3,745
Benefits allocation	124,962	124,962	79,639	(45,323)
Utilities	1,008	1,008	463	(545)
Maintenance and supplies	96,500	96,500	88,777	(7,723)
Other	1,625	1,625	1,536	(89)
Allocated to various departments	(356,147)	(356,147)	(306,212)	49,935
	-	-	-	-
Laboratory				
Wages	197,067	197,067	151,561	(45,506)
Benefits allocation	186,487	186,487	88,396	(98,091)
Utilities	1,350	1,350	3,734	2,384
Maintenance and supplies	32,400	32,400	38,743	6,343
Contractual services	16,100	16,100	20,606	4,506
Depreciation	4,285	4,285	4,284	(1)
Other	6,410	6,410	4,435	(1,975)
Allocated to wastewater treatment	(444,099)	(444,099)	(311,759)	132,340
	-	-	-	-
Accounting				
Wages	215,171	215,171	233,793	18,622
Benefits allocation	203,619	203,619	131,800	(71,819)
Utilities	1,170	1,170	2,445	1,275
Office supplies	6,050	6,050	6,058	8
Audit and accounting services	61,000	61,000	54,400	(6,600)
Depreciation	1,506	1,506	5,549	4,043
Other	50,500	50,500	45,540	(4,960)
Information technology allocation	9,296	9,296	8,115	(1,181)
Allocated to general and administrative	(548,312)	(548,312)	(487,700)	60,612
	-	-	-	-
Total operating expenses	\$ 46,529,680	\$ 46,529,680	\$ 41,148,932	\$ (5,380,748)

concluded.

STATISTICAL SECTION

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YPSILANTI COMMUNITY UTILITIES AUTHORITY

Statistical Section Table of Contents

This part of the Authority’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Authority’s overall financial health.

		<u>Page</u>
Financial Trends Schedules 1-4	These schedules contain trend information to help the reader understand and evaluate how the Authority’s financial condition, performance and well-being have changed over time.	80
Revenue Capacity Schedules 5-6	These schedules contain information to help the reader assess the Authority’s ability to generate its most significant local revenue source, usage fees.	88
Debt Capacity Schedules 7-8	These schedules present information to help the reader assess the affordability of the Authority’s current levels of outstanding debt and its ability to issue additional debt in the future.	92

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Net Position - Unaudited

Last Ten Fiscal Years Ended August 31

	2018	2017	2016	2015
Assets				
Current assets:				
Cash and investments	\$ 11,571,335	\$ 7,462,754	\$ 5,028,900	\$ 4,597,931
Receivables, net	5,202,692	5,886,845	5,764,178	6,360,948
Inventories	1,308,354	1,244,573	1,133,694	1,091,034
Prepaid items	63,177	66,928	60,913	71,034
Total current assets	18,145,558	14,661,100	11,987,685	12,120,947
Noncurrent assets:				
Restricted assets:				
Cash and investments	10,068,302	10,085,571	9,240,696	9,186,686
Bond reserve funds held by City of Ypsilanti	2,449,847	2,449,847	2,449,847	2,641,709
Receivables, long-term portion	167,404	201,813	226,324	248,007
Capital assets not being depreciated	7,473,054	6,757,861	4,384,763	7,195,157
Capital assets being depreciated, net	190,122,199	198,218,261	206,566,465	211,538,034
Unamortized bond issuance costs	-	-	-	-
Total noncurrent assets	210,280,806	217,713,353	222,868,095	230,809,593
Total assets	228,426,364	232,374,453	234,855,780	242,930,540
Deferred outflow of resources				
Deferred pension amounts [1]	3,199,192	3,757,182	5,208,480	1,357,946
Deferred other postemployment benefit amounts [2]	288,503	-	-	-
Deferred charge on refunding	475,864	548,273	720,741	484,375
Total deferred outflow of resources	3,963,559	4,305,455	5,929,221	1,842,321
Liabilities				
Current liabilities:				
Accounts payable	3,280,914	3,465,874	3,016,052	3,091,399
Retentions, deposits and other liabilities	2,157,052	2,361,163	2,010,992	2,187,708
Accrued interest payable	592,033	614,418	639,426	612,506
Current maturities of long-term debt	4,467,065	4,146,842	3,856,098	3,762,602
Current maturities of accrued compensated absences	437,409	443,814	598,206	579,235
Total current liabilities	10,934,473	11,032,111	10,120,774	10,233,450
Noncurrent liabilities:				
Long term debt:				
Bonds payable	61,109,778	64,592,710	65,891,389	68,232,336
Environmental liability	591,456	591,456	591,456	591,456
Accrued compensated absences	437,409	443,813	598,206	579,234
Net pension liability [1]	21,695,295	23,743,896	24,050,720	18,749,498
Net other postemployment benefit liability [2]	1,051,627	-	-	-
Total noncurrent liabilities	84,885,565	89,371,875	91,131,771	88,152,524
Total liabilities	95,820,038	100,403,986	101,252,545	98,385,974
Deferred inflow of resources				
Deferred pension amounts [1]	1,137,789	261,623	168,460	-
Deferred other postemployment benefit amounts [2]	97,683	-	-	-
Total deferred inflow of resources	1,235,472	261,623	168,460	-
Net position				
Net investment in capital assets	132,944,274	137,234,843	142,374,482	147,188,253
Restricted for special purposes	12,518,149	12,535,418	11,690,543	11,828,395
Unrestricted (deficit)	(10,128,010)	(13,755,962)	(14,701,029)	(12,629,761)
Total net position	\$ 135,334,413	\$ 136,014,299	\$ 139,363,996	\$ 146,386,887

[1] GASB 68 implemented in fiscal 2015.

[2] GASB 75 implemented in fiscal 2018.

Table 1

	2014	2013	2012	2011	2010	2009
\$	5,627,411	\$ 6,694,067	\$ 9,673,074	\$ 8,596,980	\$ 9,089,912	\$ 8,827,608
	5,752,726	5,170,802	6,123,153	5,538,276	5,464,765	6,487,910
	1,057,086	1,069,510	1,143,691	1,037,421	1,004,020	994,700
	366,994	379,129	118,202	112,701	88,705	85,449
	<u>12,804,217</u>	<u>13,313,508</u>	<u>17,058,120</u>	<u>15,285,378</u>	<u>15,647,402</u>	<u>16,395,667</u>
	9,986,612	10,547,445	10,396,426	10,771,401	11,002,749	10,516,972
	2,641,709	2,641,709	2,818,781	2,814,790	2,814,790	2,814,790
	273,460	292,526	244,318	356,640	384,950	439,467
	6,630,946	8,248,464	10,905,836	7,965,374	8,655,598	4,680,352
	218,508,207	220,965,939	216,753,174	224,347,474	229,617,964	236,898,348
	-	-	1,156,689	1,182,899	1,197,902	1,207,894
	<u>238,040,934</u>	<u>242,696,083</u>	<u>242,275,224</u>	<u>247,438,578</u>	<u>253,673,953</u>	<u>256,557,823</u>
	<u>250,845,151</u>	<u>256,009,591</u>	<u>259,333,344</u>	<u>262,723,956</u>	<u>269,321,355</u>	<u>272,953,490</u>
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	2,694,691	2,480,027	3,538,756	2,322,633	3,238,050	2,316,958
	2,076,998	2,767,556	2,199,221	2,029,486	2,199,817	2,359,908
	993,506	540,782	626,001	607,277	564,778	568,809
	4,672,205	3,588,723	3,043,240	2,755,016	2,480,000	2,381,000
	521,502	533,585	591,241	679,744	639,462	672,711
	<u>10,958,902</u>	<u>9,910,673</u>	<u>9,998,459</u>	<u>8,394,156</u>	<u>9,122,107</u>	<u>8,299,386</u>
	69,848,604	70,236,288	65,337,620	64,349,878	65,136,104	65,108,947
	591,456	591,456	591,456	591,456	591,456	641,456
	521,502	533,585	591,241	679,744	639,462	672,711
	-	-	-	-	-	-
	-	-	-	-	-	-
	<u>70,961,562</u>	<u>71,361,329</u>	<u>66,520,317</u>	<u>65,621,078</u>	<u>66,367,022</u>	<u>66,423,114</u>
	<u>81,920,464</u>	<u>81,272,002</u>	<u>76,518,776</u>	<u>74,015,234</u>	<u>75,489,129</u>	<u>74,722,500</u>
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	151,068,344	155,839,392	159,728,150	165,657,954	171,457,428	174,488,753
	12,628,321	13,189,154	13,215,207	13,586,191	13,817,539	13,331,762
	5,228,022	5,709,043	9,871,211	9,464,577	8,557,259	10,410,475
	<u>\$ 168,924,687</u>	<u>\$ 174,737,589</u>	<u>\$ 182,814,568</u>	<u>\$ 188,708,722</u>	<u>\$ 193,832,226</u>	<u>\$ 198,230,990</u>

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Revenues and Expenses - Unaudited

Last Ten Fiscal Years Ended August 31

	2018	2017	2016	2015
Operating revenues				
Water sales	\$ 18,520,302	\$ 17,650,152	\$ 17,115,849	\$ 14,774,886
Sewage disposal sales	19,138,366	18,256,939	16,226,170	15,986,337
Surcharges and other usage fees	4,183,629	4,110,517	4,213,478	3,969,419
Other operating revenue	1,891,908	2,027,776	1,626,119	1,578,254
Total operating revenues	43,734,205	42,045,384	39,181,616	36,308,896
Operating expenses				
Water distribution	12,144,581	12,161,179	11,684,881	10,070,350
Wastewater treatment	16,383,759	17,754,991	17,818,636	17,278,603
Wastewater pump stations	1,190,581	1,468,251	1,283,745	1,241,368
Industrial surveillance	391,466	518,743	441,557	417,299
Transmission and distribution	7,717,835	8,233,710	8,693,576	7,981,764
Meter service	1,039,549	1,343,907	1,314,851	1,151,856
Customer accounting and collections	470,545	680,123	681,598	645,635
General and administration	1,810,616	2,008,192	1,954,380	1,872,990
Total operating expenses	41,148,932	44,169,096	43,873,224	40,659,865
Operating income (loss)	2,585,273	(2,123,712)	(4,691,608)	(4,350,969)
Nonoperating revenues (expenses)				
Investment earnings	173,521	178,601	166,363	168,048
Connection fees	86,958	102,322	57,171	20,712
Interest and amortization expense	(1,872,822)	(2,097,371)	(2,367,830)	(2,320,778)
Gain (loss) on disposal of capital assets	1,299	4,993	-	-
Cost to dispose of capital assets	-	-	(835,873)	-
Total nonoperating expenses	(1,611,044)	(1,811,455)	(2,980,169)	(2,132,018)
Income (loss) before contributions and special item	\$ 974,229	\$ (3,935,167)	\$ (7,671,777)	\$ (6,482,987)

Table 2

2014	2013	2012	2011	2010	2009
\$ 14,568,698	\$ 13,917,141	\$ 14,548,680	\$ 13,148,378	\$ 11,896,822	\$ 11,829,728
14,855,053	14,325,974	14,479,442	14,805,649	13,438,220	15,683,034
4,016,188	3,915,923	3,890,623	3,757,175	3,824,805	3,915,930
1,560,864	1,627,364	1,598,545	1,635,819	1,686,828	1,863,459
<u>35,000,803</u>	<u>33,786,402</u>	<u>34,517,290</u>	<u>33,347,021</u>	<u>30,846,675</u>	<u>33,292,151</u>
9,908,197	9,483,636	9,036,006	7,792,536	7,081,762	6,680,598
15,860,564	16,150,407	16,249,549	16,017,852	16,080,897	16,928,838
1,136,517	1,285,808	1,620,234	1,027,107	1,098,445	1,106,431
379,784	422,880	393,651	368,906	378,400	516,865
7,698,787	7,290,247	7,071,733	6,706,413	6,502,734	6,814,592
1,074,717	1,099,771	1,280,659	1,229,452	1,038,294	1,281,173
670,487	673,930	594,560	641,919	757,180	842,231
1,807,617	1,805,957	1,788,764	2,511,663	2,800,453	2,917,627
<u>38,536,670</u>	<u>38,212,636</u>	<u>38,035,156</u>	<u>36,295,848</u>	<u>35,738,165</u>	<u>37,088,355</u>
(3,535,867)	(4,426,234)	(3,517,866)	(2,948,827)	(4,891,490)	(3,796,204)
168,262	187,826	212,126	237,628	265,257	462,878
34,051	68,551	35,250	2,304	3,751	593,613
(2,500,935)	(2,671,012)	(2,757,137)	(2,769,043)	(2,693,219)	(2,712,540)
21,587	12,871	1,694	31,117	(348,062)	3,602
-	-	-	-	-	-
<u>(2,277,035)</u>	<u>(2,401,764)</u>	<u>(2,508,067)</u>	<u>(2,497,994)</u>	<u>(2,772,273)</u>	<u>(1,652,447)</u>
<u>\$ (5,812,902)</u>	<u>\$ (6,827,998)</u>	<u>\$ (6,025,933)</u>	<u>\$ (5,446,821)</u>	<u>\$ (7,663,763)</u>	<u>\$ (5,448,651)</u>

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Revenues and Expenses - City Division - Unaudited

Last Ten Fiscal Years Ended August 31

	2018	2017	2016	2015
Operating revenues				
Water sales	\$ 2,905,530	\$ 2,860,296	\$ 2,832,507	\$ 2,527,857
Sewage disposal sales	3,979,905	3,756,937	3,403,404	3,280,032
Surcharges and other usage fees	3,175,456	3,196,778	3,272,842	3,089,769
Other operating revenue	324,932	363,276	252,063	293,374
Total operating revenues	10,385,823	10,177,287	9,760,816	9,191,032
Operating expenses				
Water distribution	1,896,372	1,902,930	1,896,746	1,750,111
Wastewater treatment	3,969,782	4,302,035	4,151,739	3,968,895
Wastewater pump stations	256,074	316,680	260,521	262,208
Industrial surveillance	94,851	125,690	102,883	95,854
Transmission and distribution	1,977,703	2,188,225	2,248,677	2,114,593
Meter service	237,252	307,488	302,974	266,589
Customer accounting and collections	107,567	155,679	157,109	149,463
General and administration	433,522	486,320	460,658	434,869
Total operating expenses	8,973,123	9,785,047	9,581,307	9,042,582
Operating income (loss)	1,412,700	392,240	179,509	148,450
Nonoperating revenues (expenses)				
Investment earnings	51,730	61,545	54,419	61,501
Connection fees	11,233	-	-	-
Interest and amortization expense	(629,691)	(716,955)	(863,381)	(925,881)
Gain (loss) on disposal of capital assets	-	-	-	-
Total nonoperating expenses	(566,728)	(655,410)	(808,962)	(864,380)
Income (loss) before contributions and special item	\$ 845,972	\$ (263,170)	\$ (629,453)	\$ (715,930)

Table 3

	2014	2013	2012	2011	2010	2009
\$	2,503,790	\$ 2,321,846	\$ 2,350,010	\$ 2,117,075	\$ 1,959,836	\$ 1,903,714
	3,104,609	2,971,752	2,976,710	3,210,681	2,908,831	3,353,761
	3,158,410	3,018,037	3,007,247	2,905,733	2,990,356	3,043,380
	364,012	381,369	397,267	410,163	392,322	384,288
	<u>9,130,821</u>	<u>8,693,004</u>	<u>8,731,234</u>	<u>8,643,652</u>	<u>8,251,345</u>	<u>8,685,143</u>
	1,688,754	1,735,094	1,495,435	1,220,447	1,104,248	1,039,709
	3,508,358	3,627,379	3,622,023	3,757,790	3,772,580	3,968,120
	238,960	278,352	308,345	199,909	261,659	236,208
	84,008	94,978	87,743	86,546	88,772	121,153
	1,914,907	1,827,963	1,927,194	1,812,792	1,741,448	2,227,406
	249,079	255,760	296,564	284,591	239,901	293,137
	155,419	156,756	137,699	148,668	175,060	192,787
	406,429	397,109	391,822	585,766	658,522	693,653
	<u>8,245,914</u>	<u>8,373,391</u>	<u>8,266,825</u>	<u>8,096,509</u>	<u>8,042,190</u>	<u>8,772,173</u>
	<u>884,907</u>	<u>319,613</u>	<u>464,409</u>	<u>547,143</u>	<u>209,155</u>	<u>(87,030)</u>
	61,573	69,325	72,503	77,554	98,523	160,812
	-	200	9,354	-	3,751	17,224
	(989,579)	(1,267,179)	(1,226,770)	(1,263,478)	(1,311,768)	(1,347,719)
	-	-	-	8,744	(97,805)	-
	<u>(928,006)</u>	<u>(1,197,654)</u>	<u>(1,144,913)</u>	<u>(1,177,180)</u>	<u>(1,307,299)</u>	<u>(1,169,683)</u>
\$	<u>(43,099)</u>	<u>(878,041)</u>	<u>(680,504)</u>	<u>(630,037)</u>	<u>(1,098,144)</u>	<u>(1,256,713)</u>

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Revenues and Expenses - Township Division - Unaudited

Last Ten Fiscal Years Ended August 31

	2018	2017	2016	2015
Operating revenues				
Water sales	\$ 15,614,772	\$ 14,789,856	\$ 14,283,342	\$ 12,247,029
Sewage disposal sales	15,158,461	14,500,002	12,822,766	12,706,305
Surcharges and other usage fees	1,008,173	913,739	940,636	879,650
Other operating revenue	1,566,976	1,664,500	1,374,056	1,284,880
Total operating revenues	33,348,382	31,868,097	29,420,800	27,117,864
Operating expenses				
Water distribution	10,248,209	10,258,249	9,788,135	8,320,239
Wastewater treatment	12,413,977	13,452,956	13,666,897	13,309,708
Wastewater pump stations	934,507	1,151,571	1,023,224	979,160
Industrial surveillance	296,615	393,053	338,674	321,445
Transmission and distribution	5,740,132	6,045,485	6,444,899	5,867,171
Meter service	802,297	1,036,419	1,011,877	885,267
Customer accounting and collections	362,978	524,444	524,489	496,172
General and administration	1,377,094	1,521,872	1,493,722	1,438,121
Total operating expenses	32,175,809	34,384,049	34,291,917	31,617,283
Operating income (loss)	1,172,573	(2,515,952)	(4,871,117)	(4,499,419)
Nonoperating revenues (expenses)				
Investment earnings	121,791	117,056	111,944	106,547
Connection fees	75,725	102,322	57,171	20,712
Interest and amortization expense	(1,243,131)	(1,380,416)	(1,504,449)	(1,394,897)
Gain (loss) on disposal of capital assets	1,299	4,993	-	-
Cost to dispose of capital assets	-	-	(835,873)	-
Total nonoperating expenses	(1,044,316)	(1,156,045)	(2,171,207)	(1,267,638)
Income (loss) before contributions and special item	\$ 128,257	\$ (3,671,997)	\$ (7,042,324)	\$ (5,767,057)

Table 4

2014	2013	2012	2011	2010	2009
\$ 12,064,908	\$ 11,595,295	\$ 12,198,670	\$ 11,031,303	\$ 9,936,986	\$ 9,926,014
11,750,444	11,354,222	11,502,732	11,594,968	10,529,389	12,329,273
857,778	897,886	883,376	851,442	834,449	872,550
1,196,852	1,245,995	1,201,278	1,225,656	1,294,506	1,479,171
<u>25,869,982</u>	<u>25,093,398</u>	<u>25,786,056</u>	<u>24,703,369</u>	<u>22,595,330</u>	<u>24,607,008</u>
8,219,443	7,748,542	7,540,571	6,572,089	5,977,514	5,640,889
12,352,206	12,523,028	12,627,526	12,260,062	12,308,317	12,960,718
897,557	1,007,456	1,311,889	827,198	836,786	870,223
295,776	327,902	305,908	282,360	289,628	395,712
5,783,880	5,462,284	5,144,539	4,893,621	4,761,286	4,587,186
825,638	844,011	984,095	944,861	798,393	988,036
515,068	517,174	456,861	493,251	582,120	649,444
1,401,188	1,408,848	1,396,942	1,925,897	2,141,931	2,223,974
<u>30,290,756</u>	<u>29,839,245</u>	<u>29,768,331</u>	<u>28,199,339</u>	<u>27,695,975</u>	<u>28,316,182</u>
<u>(4,420,774)</u>	<u>(4,745,847)</u>	<u>(3,982,275)</u>	<u>(3,495,970)</u>	<u>(5,100,645)</u>	<u>(3,709,174)</u>
106,689	118,501	139,623	160,074	166,734	302,066
34,051	68,351	25,896	2,304	-	576,389
(1,511,356)	(1,403,833)	(1,530,367)	(1,505,565)	(1,381,451)	(1,364,821)
21,587	12,871	1,694	22,373	(250,257)	3,602
-	-	-	-	-	-
<u>(1,349,029)</u>	<u>(1,204,110)</u>	<u>(1,363,154)</u>	<u>(1,320,814)</u>	<u>(1,464,974)</u>	<u>(482,764)</u>
<u>\$ (5,769,803)</u>	<u>\$ (5,949,957)</u>	<u>\$ (5,345,429)</u>	<u>\$ (4,816,784)</u>	<u>\$ (6,565,619)</u>	<u>\$ (4,191,938)</u>

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Revenues - Unaudited

Last Ten Fiscal Years Ended August 31

	2018	2017	2016	2015
Water revenues				
Operating:				
City bi-monthly	\$ 2,151,608	\$ 2,112,225	\$ 2,009,546	\$ 1,832,901
Township bi-monthly	7,042,900	6,765,633	6,453,602	5,687,099
City monthly	837,172	846,663	899,828	732,640
Township monthly	1,115,386	1,169,047	2,307,817	1,061,206
Contract	7,373,236	6,876,635	5,445,055	5,461,040
Surcharge	2,222,062	2,108,869	2,160,761	2,028,003
Other	271,520	152,914	272,332	256,839
Total operating	21,013,884	20,031,986	19,548,941	17,059,728
Interest	102,615	23,607	95,065	95,556
Other	43,480	28,585	28,585	10,356
Total water revenues	\$ 21,159,979	\$ 20,084,178	\$ 19,672,591	\$ 17,165,640
Wastewater revenues				
Operating:				
City bi-monthly	\$ 1,864,488	\$ 1,698,899	\$ 1,638,121	\$ 1,557,237
Township bi-monthly	4,898,722	4,703,050	4,531,609	4,221,211
City monthly	507,890	639,660	560,030	509,095
Township monthly	564,526	967,651	853,425	837,588
Contract	11,302,740	9,968,705	8,642,986	8,861,206
Surcharge	1,585,688	1,719,838	1,669,170	1,568,067
Other	1,996,267	1,874,862	1,737,334	1,694,764
Total operating	22,720,321	21,572,665	19,632,675	19,249,168
Interest	70,906	33,097	71,298	72,492
Other	44,777	28,586	28,586	10,356
Total wastewater revenues	\$ 22,836,004	\$ 21,634,348	\$ 19,732,559	\$ 19,332,016

Table 5

	2014	2013	2012	2011	2010	2009
\$	1,786,477	\$ 1,721,085	\$ 1,650,904	\$ 1,544,421	\$ 1,446,730	\$ 1,430,162
	5,658,125	5,573,869	5,662,740	5,119,358	4,636,834	4,726,076
	788,216	720,470	728,260	644,570	594,965	562,720
	1,044,372	1,049,638	1,007,896	1,041,872	1,168,393	1,348,635
	5,291,508	4,852,079	5,498,880	4,798,157	4,049,900	3,762,136
	2,061,169	1,987,468	1,941,825	1,740,618	1,778,112	1,782,230
	294,630	287,814	282,321	242,100	256,235	308,930
	<u>16,924,497</u>	<u>16,192,423</u>	<u>16,772,826</u>	<u>15,131,096</u>	<u>13,931,169</u>	<u>13,920,889</u>
	95,765	106,614	119,360	126,812	140,187	237,047
	17,026	34,275	17,625	1,152	1,876	300,410
\$	<u><u>17,037,288</u></u>	<u><u>16,333,312</u></u>	<u><u>16,909,811</u></u>	<u><u>15,259,060</u></u>	<u><u>14,073,232</u></u>	<u><u>14,458,346</u></u>
\$	1,516,145	\$ 1,482,505	\$ 1,444,198	\$ 1,387,389	\$ 1,435,574	\$ 1,557,604
	4,190,298	4,077,488	4,130,127	3,965,222	4,017,464	4,231,041
	542,493	503,122	492,530	464,403	510,084	427,641
	806,097	657,324	720,562	1,013,058	1,061,843	1,154,369
	7,800,020	7,605,536	7,692,024	7,975,576	6,413,255	8,312,379
	1,590,352	1,559,142	1,555,247	1,633,626	1,671,592	1,721,280
	1,630,901	1,708,863	1,709,775	1,776,650	1,805,694	1,966,949
	<u>18,076,306</u>	<u>17,593,980</u>	<u>17,744,463</u>	<u>18,215,924</u>	<u>16,915,506</u>	<u>19,371,263</u>
	72,497	81,212	92,766	110,816	125,070	225,831
	17,025	34,276	17,625	1,152	1,875	296,805
\$	<u><u>18,165,828</u></u>	<u><u>17,709,468</u></u>	<u><u>17,854,854</u></u>	<u><u>18,327,892</u></u>	<u><u>17,042,451</u></u>	<u><u>19,893,899</u></u>

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Service Consumption (in cubic feet) - Unaudited
 Last Ten Fiscal Years Ended August 31

Fiscal Year	Water Usage	Sewer Usage
2018	513,296,022	1,283,918,449
2017	521,137,800	1,001,149,321
2016	503,444,000	945,419,000
2015	465,711,500	926,283,900
2014	480,701,000	870,057,200
2013	491,552,600	858,234,600
2012	536,169,900	894,758,800
2011	508,090,200	901,517,000
2010	514,980,300	816,839,400
2009	554,048,400	976,163,600

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Water and Sewer Revenues - Major Customers Current Year and Two Years Ago

Company	Product or Service	2018		
		Revenue	Rank	% of Total
Pittsfield Township	Contract community	\$ 7,181,465	1	16.42%
Western Townships Utility Authority	Contract community	7,137,232	2	16.32%
Superior Township	Contract community	2,418,148	3	5.53%
Eastern Michigan University	University	1,618,868	4	3.70%
Augusta Township	Contract community	863,796	5	1.98%
R A C E R / ACM	Manufacturing	112,077	6	0.26%
State Hospital	Government	491,121	7	1.12%
Marsh Plating	Manufacturing	286,127	8	0.65%
Lake in the Woods	Apartments	369,169	9	0.84%
Rawsonville	Manufacturing	144,684	10	0.33%
Forest Knoll	Apartments	141,355	11	0.32%
Sumpter Township	Contract community	159,414	12	0.36%
Lakeview	Apartments	170,527	13	0.39%
Peninsular Place Apts	Apartments	139,589	14	0.32%
River Drive Apts	Apartments	133,068	15	0.30%
Totals		<u>\$ 21,366,639</u>		<u>48.86%</u>

Source: Ypsilanti Community Utility Authority

Note: GASB 44 was implemented in fiscal year 2016. This schedule is being built prospectively. Ultimately, current year and nine years ago data will be presented.

Table 7



2016		
Revenue	Rank	% of Total
\$ 7,145,653	1	18.24%
6,366,568	2	16.25%
2,069,042	3	5.28%
1,646,169	4	4.20%
958,823	5	2.45%
499,883	6	1.28%
447,640	7	1.14%
425,829	8	1.09%
350,172	9	0.89%
204,044	10	0.52%
199,397	11	0.51%
182,978	12	0.47%
154,847	13	0.40%
129,336	14	0.33%
115,365	15	0.29%
<u>\$ 20,895,746</u>		<u>53.33%</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
2018	\$ 43,994,684	\$ 29,758,749	\$ 14,235,935	\$ 6,496,119	2.19
2017	42,326,307	32,898,538	9,427,769	6,923,769	1.36
2016	39,405,150	32,304,067	7,101,083	6,431,896	1.10
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

(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).