

YPSILANTI COMMUNITY UTILITIES AUTHORITY



www.ycua.org

Years Ended
August 31, 2019
and 2018

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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February 12, 2020

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, 2019.

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, 2019 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, 2019 are fairly presented in conformity with GAAP. The independent auditors' 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 55.72% funded as of December 31, 2018 (the date of the latest actuarial valuation). The remaining unfunded amount is being systematically funded over 20 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, 2019, there were 70 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.

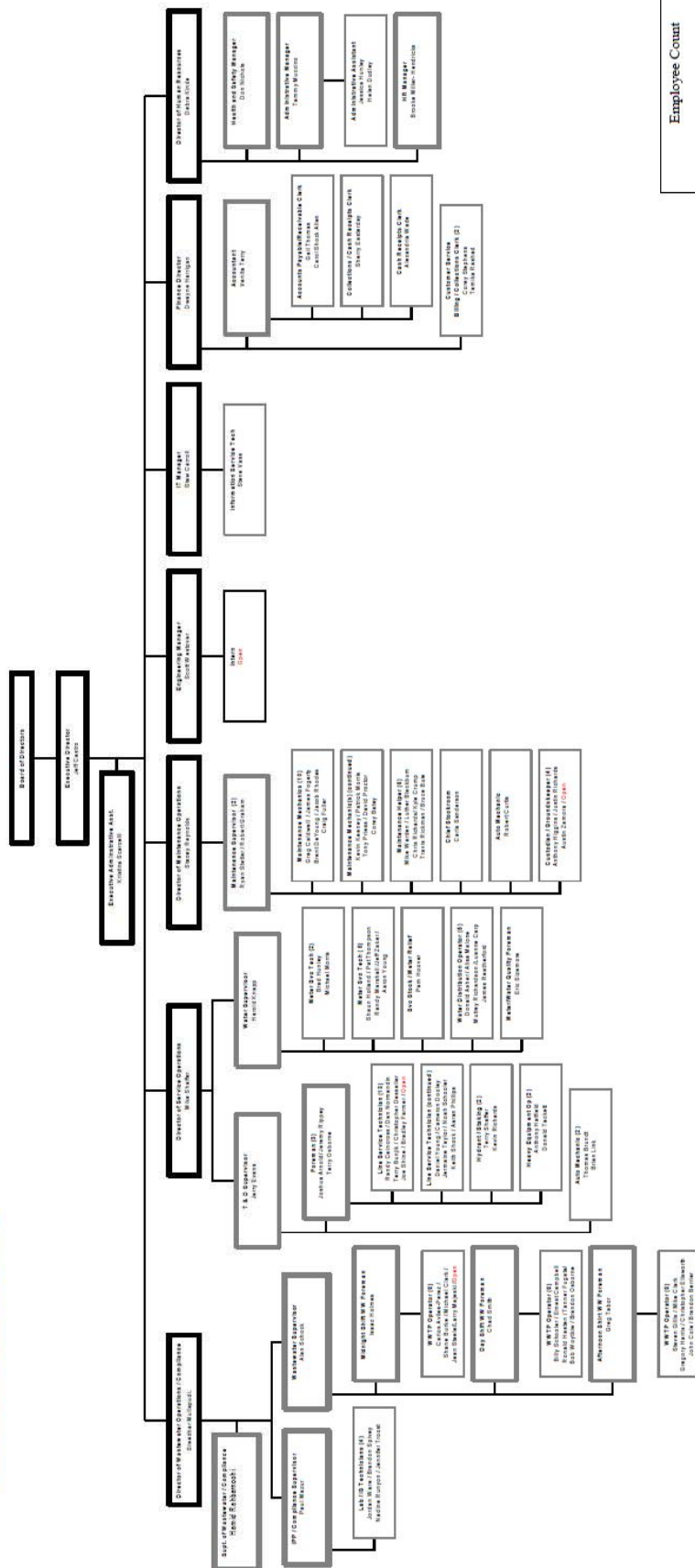
Acknowledgements

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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Organizational Chart



Employee Count
Full-Time Budgeted 111
Intern 1
Open FT Positions 4

YPSILANTI COMMUNITY UTILITIES AUTHORITY

PRINCIPAL OFFICIALS

At August 31, 2019

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

February 12, 2020

Board of Commissioners
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, 2019 and 2018, 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, 2019 and 2018, 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.

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.

A handwritten signature in black ink that reads "Lehmann Johnson LLC". The signature is written in a cursive, flowing style.

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, 2019, 2018 and 2017. 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 \$132,951,477 (net position). Of this net amount, there is an unrestricted deficit of \$10,453,105 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 decreased by \$2,382,936 for fiscal 2019 and increased by \$1,649,411 for fiscal 2018.
- The Authority's total long-term debt including compensated absences decreased by a net of \$4,394,007 for fiscal 2019 and decreased by a net of \$3,175,518 for fiscal 2018; 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, liabilities, and deferred inflows of resources, 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 \$132,951,477 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		
	2019	2018	2017
Current and other assets	\$ 15,609,779	\$ 18,312,962	\$ 14,862,913
Restricted assets	12,767,537	12,518,149	12,535,418
Capital assets	190,948,845	197,595,253	204,976,122
Total assets	219,326,161	228,426,364	232,374,453
Deferred outflows of resources	7,423,700	3,963,559	4,305,455
Other liabilities	5,053,058	6,029,999	6,441,455
Long-term debt	62,649,110	67,043,117	70,218,635
Other liabilities due in more than one year:			
Net pension liability	24,529,069	21,695,295	23,743,896
Net other postemployment benefit liability	1,072,800	1,051,627	-
Total liabilities	93,304,037	95,820,038	100,403,986
Deferred inflows of resources	494,347	1,235,472	261,623
Net investment in capital assets	130,637,045	132,944,274	137,234,843
Restricted	12,767,537	12,518,149	12,535,418
Unrestricted deficit	(10,453,105)	(10,128,010)	(13,755,962)
Total net position	\$ 132,951,477	\$ 135,334,413	\$ 136,014,299

The Authority's net position decreased by \$2,382,936 for fiscal 2019 and increased by \$1,649,411 for fiscal 2018. Key elements of the 2019 changes include:

- Capital contributions to the Authority were \$1,963,458 (and \$675,182 last year).
- Water operating revenues decreased by approximately \$1.2 million (or 5.7%). There was a 8.0% decrease in consumption and no rate change in the City and the Township. Corresponding direct costs for water distribution decreased by approximately \$0.4 million.
- Sewage operating revenues decreased by approximately \$2.1 million (or 9.2%). Direct costs for treatment increased by approximately \$1.4 million. Total wastewater treatment expense was up 8.3%.
- Total operating expenses increased by approximately \$2.3 million (or 5.5%) primarily due to the pension and other postemployment benefits expenses. Pension expenses increased approximately \$728,000, health insurance increased approximately \$240,000, other postemployment benefit expenses increased approximately \$462,000 and wastewater operating expenses increased approximately \$870,000.
- The city division increased sewer rates by 2.0% and water rates remained unchanged. These rates all became effective October 11, 2018.

YPSILANTI COMMUNITY UTILITIES AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

- The township division sewer rates increased by 2.0% and water rates remained unchanged. The water rate increase became effective October 1, 2018.

	YCUA's Change in Net Position		
	2019	2018	2017
Operating revenues	\$ 40,447,025	\$ 43,734,205	\$ 42,045,384
Operating expenses			
Water distribution	17,391,996	17,767,893	17,657,649
Wastewater treatment	26,010,470	23,381,039	26,511,447
Total operating expenses	43,402,466	41,148,932	44,169,096
Operating income (loss)	(2,955,441)	2,585,273	(2,123,712)
Nonoperating expenses	(1,390,953)	(1,611,044)	(1,811,455)
Income (loss) before contributions	(4,346,394)	974,229	(3,935,167)
Capital contributions	1,963,458	675,182	585,470
Change in net position	(2,382,936)	1,649,411	(3,349,697)
Net position, beginning:			
As previously stated	135,334,413	136,014,299	139,363,996
Restatement for implementation of GASB 75	-	(2,329,297)	-
Net position, end of year	\$ 132,951,477	\$ 135,334,413	\$ 136,014,299

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.
- 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%.

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, 2019 amounted to \$190.9 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 \$6.6 million (or 3.4%). The net decrease is primarily attributable to depreciation in excess of current year additions.

	YCUA's Capital Assets		
	2019	2018	2017
Land	\$ 1,298,704	\$ 1,298,704	\$ 1,298,704
Buildings and improvements	614,228	673,243	732,258
Wastewater treatment plant	69,625,470	74,661,449	79,860,291
Water and wastewater systems	117,329,801	113,346,595	116,045,941
Vehicles	831,616	758,511	831,825
Equipment	765,051	682,401	747,946
Construction in process	483,975	6,174,350	5,459,157
Total	<u>\$ 190,948,845</u>	<u>\$ 197,595,253</u>	<u>\$ 204,976,122</u>

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

Long-term debt. At year-end, the Authority had \$60.1 million of long-term debt including limited tax obligation bonds, revenue bonds and other obligations as summarized below.

	YCUA's Outstanding Debt		
	2019	2018	2017
Limited tax obligation bonds	\$ 44,922,449	\$ 47,208,108	\$ 48,319,888
Revenue bonds	14,120,000	16,015,000	17,835,000
Environmental liability	1,041,456	1,041,456	1,041,456
Total	<u>\$ 60,083,905</u>	<u>\$ 64,264,564</u>	<u>\$ 67,196,344</u>

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 2020. 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 2020. 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 2020 is approximately \$45.3 million; key provisions include:

- Operating revenue remains unchanged, attributable to an increase in water rates along with a decrease consumption due to little or no growth in our residential and manufacturing customers.
- Operating expenses remain unchanged with a general decrease in operating costs including a increase in the cost of water purchased from GLWA.

The capital budget for fiscal 2020 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 2020, about 1.9 miles of water main replacement are scheduled for replacement.

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,	
	2019	2018
Assets		
Current assets:		
Cash and investments	\$ 7,182,648	\$ 11,571,335
Receivables, net	6,877,612	5,202,692
Inventories	1,356,111	1,308,354
Prepaid items	84,615	63,177
Total current assets	<u>15,500,986</u>	<u>18,145,558</u>
Noncurrent assets:		
Restricted assets:		
Cash and investments	10,317,690	10,068,302
Bond reserve funds held by City of Ypsilanti	2,449,847	2,449,847
Receivables, long-term portion	108,793	167,404
Capital assets not being depreciated	1,782,679	7,473,054
Capital assets being depreciated, net	189,166,166	190,122,199
Total noncurrent assets	<u>203,825,175</u>	<u>210,280,806</u>
Total assets	<u>219,326,161</u>	<u>228,426,364</u>
Deferred outflow of resources		
Deferred pension amounts	5,504,032	3,199,192
Deferred other postemployment benefit amounts	1,516,214	288,503
Deferred charge on refunding	403,454	475,864
Total deferred outflow of resources	<u>7,423,700</u>	<u>3,963,559</u>
Liabilities		
Current liabilities:		
Accounts payable	2,904,283	3,280,914
Retentions, deposits and other liabilities	1,069,593	1,558,475
Accrued interest payable	554,634	592,033
Unearned revenue	524,548	598,577
Current maturities of long-term debt	4,577,289	4,467,065
Current maturities of accrued compensated absences	446,200	437,409
Total current liabilities	<u>10,076,547</u>	<u>10,934,473</u>
Noncurrent liabilities:		
Long-term debt:		
Bonds payable	56,587,965	61,109,778
Environmental liability	591,456	591,456
Accrued compensated absences	446,200	437,409
Net pension liability	24,529,069	21,695,295
Net other postemployment benefit liability	1,072,800	1,051,627
Total noncurrent liabilities	<u>83,227,490</u>	<u>84,885,565</u>
Total liabilities	<u>93,304,037</u>	<u>95,820,038</u>
Deferred inflow of resources		
Deferred pension amounts	343,262	1,137,789
Deferred other postemployment benefit amounts	151,085	97,683
Total deferred inflow of resources	<u>494,347</u>	<u>1,235,472</u>
Net position		
Net investment in capital assets	130,637,045	132,944,274
Restricted for special purposes	12,767,537	12,518,149
Unrestricted (deficit)	<u>(10,453,105)</u>	<u>(10,128,010)</u>
Total net position	<u>\$ 132,951,477</u>	<u>\$ 135,334,413</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,	
	2019	2018
Operating revenues		
Water sales	\$ 18,879,901	\$ 18,520,302
Sewage disposal sales	18,416,240	19,138,366
Surcharges and other usage fees:		
Capital improvement surcharge	1,216,147	3,807,750
Construction reserve	261,442	265,547
Environmental reserve	126,453	110,332
Other operating revenue	1,546,842	1,891,908
Total operating revenues	<u>40,447,025</u>	<u>43,734,205</u>
Operating expenses		
Water distribution	11,439,057	12,144,581
Wastewater treatment	17,741,510	16,383,759
Wastewater pump stations	1,293,266	1,190,581
Industrial surveillance	322,868	391,466
Transmission and distribution	8,888,368	7,717,835
Meter service	1,357,652	1,039,549
Customer accounting and collections	592,279	470,545
General and administration	1,767,466	1,810,616
Total operating expenses	<u>43,402,466</u>	<u>41,148,932</u>
Operating income (loss)	<u>(2,955,441)</u>	<u>2,585,273</u>
Nonoperating revenues (expenses)		
Investment earnings	255,762	173,521
Connection fees	102,434	86,958
Interest and amortization expense	(1,749,872)	(1,872,822)
Other nonoperating revenues	723	1,299
Total nonoperating expenses	<u>(1,390,953)</u>	<u>(1,611,044)</u>
Income (loss) before contributions	(4,346,394)	974,229
Capital contributions	<u>1,963,458</u>	<u>675,182</u>
Change in net position	<u>(2,382,936)</u>	<u>1,649,411</u>
Net position, beginning of year:		
As previously stated	135,334,413	141,013,407
Restatement for GASB 75 implementation	-	(7,328,405)
Net position, beginning of year, as restated	<u>135,334,413</u>	<u>133,685,002</u>
Net position, end of year	<u>\$ 132,951,477</u>	<u>\$ 135,334,413</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,	
	2019	2018
Cash flows from operating activities		
Receipts from customers and users	\$ 38,830,716	\$ 44,452,767
Payments to suppliers	(20,989,744)	(20,520,974)
Payments to employees and employee benefits	(13,269,314)	(11,782,620)
Net cash provided by operating activities	<u>4,571,658</u>	<u>12,149,173</u>
Cash flows from capital and related financing activities		
Proceeds from issuance of and draws on long-term debt	790,478	1,669,132
Proceeds from federal grants for capital assets	1,963,458	675,182
Acquisition and construction of capital assets	(4,906,884)	(4,009,314)
Principal payments on long-term debt	(4,971,137)	(4,600,912)
Interest payments on long-term debt	(1,945,791)	(2,053,727)
Receipts from connection fees	102,434	86,958
Net cash used in capital and related financing activities	<u>(8,967,442)</u>	<u>(8,232,681)</u>
Cash flows from investing activities		
Earnings received on investments	<u>256,485</u>	<u>174,820</u>
Net change in cash and investments	(4,139,299)	4,091,312
Cash and investments, beginning of year	<u>21,639,637</u>	<u>17,548,325</u>
Cash and investments, end of year	<u>\$ 17,500,338</u>	<u>\$ 21,639,637</u>
Reconciliation to statements of net position		
Cash and investments	\$ 7,182,648	\$ 11,571,335
Restricted cash and investments	<u>10,317,690</u>	<u>10,068,302</u>
Total cash and investments	<u>\$ 17,500,338</u>	<u>\$ 21,639,637</u>

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YPSILANTI COMMUNITY UTILITIES AUTHORITY

Statements of Cash Flows

	For the Year Ended August 31,	
	2019	2018
Reconciliation of operating income (loss) to net cash provided by operating activities		
Operating income (loss)	\$ (2,955,441)	\$ 2,585,273
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	11,553,292	11,390,183
Changes in current assets and liabilities:		
Receivables	(1,616,309)	718,562
Inventories	(47,757)	(63,781)
Prepaid items	(21,438)	3,751
Deferred outflow of resources - pension amounts	(2,304,840)	557,990
Deferred outflow of resources - other postemployment benefit amounts	(1,227,711)	14,202
Accounts payable	(376,631)	(184,960)
Retentions, deposits and other liabilities	(488,882)	(130,082)
Unearned revenue	(74,029)	(74,029)
Accrued compensated absences	17,582	(12,809)
Net pension liability	2,833,774	(2,048,601)
Net other postemployment benefit liability	21,173	(1,580,375)
Deferred inflow of resources - pension amounts	(794,527)	876,166
Deferred inflow of resources - other postemployment benefit amounts	53,402	97,683
Net cash provided by operating activities	<u>\$ 4,571,658</u>	<u>\$ 12,149,173</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 straight-line 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:

	2019	2018
Statement of Net Position		
Cash and investments	\$ 7,182,648	\$ 11,571,335
Restricted cash and investments	10,317,690	10,068,302
	<u>17,500,338</u>	<u>21,639,637</u>
Total	\$ 17,500,338	\$ 21,639,637
Deposits and Investments		
Bank deposits (checking accounts, savings accounts, money market accounts and certificate of deposits)	\$ 17,499,488	\$ 21,638,787
Cash on hand	850	850
	<u>17,500,338</u>	<u>21,639,637</u>
Total	\$ 17,500,338	\$ 21,639,637

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, 2019, \$17,795,914 of the Authority's total bank balance of \$19,295,914 (total book balance was \$17,499,488) was exposed to custodial credit risk as it was uninsured and uncollateralized. 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.

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.

4. RECEIVABLES

Receivables as of August 31 are summarized as follows:

	2019	2018
Accounts, net of \$25,000 allowance	\$ 6,788,678	\$ 5,172,369
Accrued investment interest	9,583	9,583
Special assessments and benefit charges	188,144	188,144
Total receivables	<u>6,986,405</u>	<u>5,370,096</u>
Less long-term portion of benefit charges and special assessments	<u>(108,793)</u>	<u>(167,404)</u>
Current portion of receivables	\$ 6,877,612	\$ 5,202,692

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	2019	2018
Township bond and interest reserve (Ordinance No. 11, section 13, amended by No. 47)	\$ 303,496	\$ 302,002
Township construction reserve surcharge (Ordinance No. 124, sections A(10) and B(9))	2,692,674	2,477,555
WWTP future construction reserve (WWTP construction agreement, as amended)	1,059,679	1,044,125
City construction reserve surcharge (Ordinance No. 697, section 2.137)	845,710	778,163
City debt retirement and capital improvement surcharge (Ordinance No. 696, amended by Ordinance No. 959)	372,686	356,191
Wastewater treatment plant improvement reserve (WTUA wastewater disposal agreement, as amended)	1,921,981	1,956,448
EPA replacement reserve (EPA regulatory requirements)	1,236,642	1,042,590
Township environmental reserve surcharge (Ordinance No. 11, section 9; amended by No. 134)	1,834,904	1,708,676
Construction project bond/capital lease proceeds (Bond ordinances)	49,918	402,552
	<u>\$ 10,317,690</u>	<u>\$ 10,068,302</u>

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Notes to the Financial Statements

6. CAPITAL ASSETS

Capital assets activity for the year ended August 31, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 1,298,704	\$ -	\$ -	\$ 1,298,704
Construction in progress	6,174,350	1,955,149	(7,645,524)	483,975
Total capital assets not being depreciated	<u>7,473,054</u>	<u>1,955,149</u>	<u>(7,645,524)</u>	<u>1,782,679</u>
Capital assets being depreciated:				
Buildings and improvements	2,216,082	-	-	2,216,082
Wastewater treatment plant	191,282,257	1,977,870	-	193,260,127
Water and wastewater systems	197,585,841	8,238,961	-	205,824,802
Vehicles	4,266,379	204,287	-	4,470,666
Equipment	6,703,692	176,141	-	6,879,833
Total capital assets being depreciated	<u>402,054,251</u>	<u>10,597,259</u>	<u>-</u>	<u>412,651,510</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,542,839)	(59,015)	-	(1,601,854)
Wastewater treatment plant	(116,620,808)	(7,013,849)	-	(123,634,657)
Water and wastewater systems	(84,239,246)	(4,255,755)	-	(88,495,001)
Vehicles	(3,507,868)	(131,182)	-	(3,639,050)
Equipment	(6,021,291)	(93,491)	-	(6,114,782)
Total accumulated depreciation	<u>(211,932,052)</u>	<u>(11,553,292)</u>	<u>-</u>	<u>(223,485,344)</u>
Total capital assets being depreciated, net	<u>190,122,199</u>	<u>(956,033)</u>	<u>-</u>	<u>189,166,166</u>
Total capital assets, net	<u>\$ 197,595,253</u>	<u>\$ 999,116</u>	<u>\$ (7,645,524)</u>	<u>\$ 190,948,845</u>

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Notes to the Financial Statements

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	6,757,861	2,922,361	(2,207,168)	7,473,054
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	398,760,130	3,294,121	-	402,054,251
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	(200,541,869)	(11,390,183)	-	(211,932,052)
Total capital assets being depreciated, net	198,218,261	(8,096,062)	-	190,122,199
Total capital assets, net	\$ 204,976,122	\$ (5,173,701)	\$ (2,207,168)	\$ 197,595,253

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, 2019 was \$77,340,107.

During fiscal 2019 and 2018, the cash draws against the Drinking Water Revolving Fund and Clean Water State Revolving Fund bonds amounted to \$790,478 and \$1,669,132, respectively, which were the project construction costs incurred during those years. The total amount authorized under these issues was \$21,591,272 of which \$9,427,981 is still available and expected to be drawn through August 31, 2020.

Limited tax general obligation bonds outstanding at August 31, 2019 are as follows:

	Credit	Interest Rates	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
1999 water (DWRf)	City	2.50%	\$ 115,000	\$ -	\$ (55,000)	\$ 60,000	\$ 60,000
2003 water (DWRf)	Twp	2.50%	1,107,426	-	(175,000)	932,426	180,000
2007 water (DWRf)	City	2.125%	163,702	-	(15,000)	148,702	15,000
2007 water (DWRf)	Twp	2.125%	1,125,075	-	(105,000)	1,020,075	105,000
2008 water (DWRf)	Twp	2.50%	678,213	-	(55,000)	623,213	55,000
2008 water (DWRf)	City	2.50%	259,253	-	(20,000)	239,253	20,000
2009 water (DWRf)	City	2.50%	99,029	-	(5,000)	94,029	5,000
2009 water (DWRf)	Twp	2.50%	186,566	-	(17,000)	169,566	17,000
2010 water (SRF)	Shared	2.50%	480,151	-	(30,000)	450,151	35,000
2010 water (SRF)	Twp	2.50%	1,957,658	-	(130,000)	1,827,658	140,000
2010 water (SRF)	Twp	2.50%	326,641	-	(20,000)	306,641	20,000
2010 refunding	Twp	1.50-3.125%	536,340	-	(174,137)	362,203	179,359
2010 water	Twp	4.0-5.0%	1,345,000	-	(80,000)	1,265,000	100,000
2011 water refunding	Twp	2.0-4.0%	4,410,000	-	(450,000)	3,960,000	535,000
2012 water (DWRf)	Shared	2.50%	1,219,554	-	(65,000)	1,154,554	70,000
2012 water (DWRf)	City	2.50%	2,430,000	-	(125,000)	2,305,000	130,000
2012 water (DWRf)	Twp	2.50%	2,477,119	-	(150,000)	2,327,119	155,000
2012 water	Twp	2.0-4.0%	2,135,000	-	(100,000)	2,035,000	105,000
2012 water (DWRf)	Twp	2.00%	1,653,748	-	(95,000)	1,558,748	95,000
2013 water refunding	Twp	0.45-3.25%	3,550,000	-	(290,000)	3,260,000	290,000
2013 water (DWRf)	Shared	2.00%	948,207	-	(50,000)	898,207	50,000
2014 water (DWRf)	Shared	2.50%	3,863,036	-	(175,000)	3,688,036	175,000
2015 water (DWRf)	Shared	2.50%	390,000	-	(20,000)	370,000	20,000
2016 sewer refunding	Twp	2.0-4.0%	4,200,000	-	(345,000)	3,855,000	260,000
2017 sewer refunding	Twp	4.00%	6,370,000	-	(100,000)	6,270,000	125,000
2017 water (DWRf)	Shared	2.50%	1,724,763	45,936	(75,000)	1,695,699	75,000
2017 water (DWRf)	Twp	2.50%	3,456,627	344,799	(155,000)	3,646,426	160,000
2019 water (DWRf)	Shared	2.00%	-	399,743	-	399,743	-
			<u>\$47,208,108</u>	<u>\$ 790,478</u>	<u>\$ (3,076,137)</u>	<u>\$44,922,449</u>	<u>\$ 3,176,359</u>

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Notes to the Financial Statements

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	2.13%	178,702	-	(15,000)	163,702	15,000
2007 water (DWRf)	Twp	2.13%	1,230,075	-	(105,000)	1,125,075	105,000
2008 water (DWRf)	Twp	2.500%	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>

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
2020	\$ 3,176,359	\$ 1,254,084
2021	3,629,844	1,164,459
2022	3,537,000	1,061,877
2023	3,627,000	974,746
2024	3,614,426	883,974
2025-2029	18,059,838	3,066,547
2030-2034	13,477,927	961,965
2035-2039	4,658,036	545,738
2040	570,000	170,605
	54,350,430	<u>\$10,083,995</u>
Less amount remaining to draw on outstanding projects	<u>(9,427,981)</u>	
	<u>\$ 44,922,449</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 2035 through 2040 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, 2019 was \$28,845,000. No new or refunding revenue bonds were issued during the current year.

Revenue bonds outstanding at August 31, 2019 are as follows:

	Credit	Interest Rates	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
2002B water (DWRf)	City	2.50%	\$ 120,000	\$ -	\$ (30,000)	\$ 90,000	\$ 30,000
2003C water (DWRf)	City	2.50%	280,000	-	(45,000)	235,000	45,000
2003D water (DWRf)	City	2.50%	1,875,000	-	(295,000)	1,580,000	300,000
2004B water (DWRf)	City	2.125%	2,530,000	-	(340,000)	2,190,000	345,000
2013 refunding	City	2.00-4.00%	3,290,000	-	(630,000)	2,660,000	-
2016 refunding	City	2.00-4.00%	7,920,000	-	(555,000)	7,365,000	-
			<u>\$16,015,000</u>	<u>\$ -</u>	<u>\$ (1,895,000)</u>	<u>\$14,120,000</u>	<u>\$ 720,000</u>

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Notes to the Financial Statements

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>

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

Year Ended August 31,	Principal	Interest
2020	\$ 720,000	\$ 487,410
2021	1,970,000	427,872
2022	2,015,000	372,238
2023	2,075,000	308,869
2024	2,145,000	237,116
2025-2028	<u>5,195,000</u>	<u>346,891</u>
	<u>\$14,120,000</u>	<u>\$ 2,180,396</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, 2019:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Limited tax obligation bonds	\$47,208,108	\$ 790,478	\$ (3,076,137)	\$44,922,449	\$ 3,176,359
Revenue bonds	16,015,000	-	(1,895,000)	14,120,000	720,000
Environmental liability	1,041,456	-	-	1,041,456	450,000
Compensated absences	874,818	746,490	(728,908)	892,400	446,200
	65,139,382	1,536,968	(5,700,045)	60,976,305	4,792,559
Deduct deferred amounts for:					
Issuance discounts	(276,766)	-	33,135	(243,631)	(33,135)
Issuance premiums	2,180,501	-	(264,065)	1,916,436	264,065
	<u>\$67,043,117</u>	<u>\$ 1,536,968</u>	<u>\$ (5,930,975)</u>	<u>\$62,649,110</u>	<u>\$ 5,023,489</u>

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>

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:

	2019	2018
State of Michigan	\$ -	\$ 70,910
City of Ypsilanti	-	246,252
Ypsilanti Township	1,963,458	358,020
	<u>\$ 1,963,458</u>	<u>\$ 675,182</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

Contributions. The Authority is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. In addition, the employer may establish contribution rates to be paid by its covered employees.

Employees Covered by Benefit Terms. At December 31, 2018, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	122
Inactive employees entitled to but not yet receiving benefits	35
Active employees	<u>108</u>
Total membership	<u><u>265</u></u>

Employer and employee contribution rates, by division/bargaining unit, were as follows for the year ended August 31, 2019:

Division/Bargaining Unit	Employer Contribution	Employee Contribution	Status
AFSCME	2.72%	5.0%	Open
AFSCME	\$ 791,628	5.0%	Closed
Teamsters	684,504	5.0%	Closed
Management	505,920	5.0%	Closed

Net Pension Liability. The Authority's net pension liability was measured as of December 31, 2018, 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, 2018 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
Benefit changes	Employee contributions increased 1%-2%, depending on the group.

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 2.50%.

The mortality table used to project the mortality experience of non-disabled plan members is a 50% male, 50% female blend of the following tables:

- The RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105%
- The RP-2014 Employee Mortality Tables
- The RP-2014 Juvenile Mortality Tables

The mortality table used to project the mortality experience of disabled plan members is 50% Male, 50% Female blend of RP-2014 Disabled Retiree Mortality Tables.

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Notes to the Financial Statements

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of the most recent actuarial experience study of 2009-2013.

Long-term Expected Rate of Return. 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	55.5%	6.15%	3.41%
Global fixed income	18.5%	1.26%	0.23%
Real assets	13.5%	7.22%	0.98%
Diversifying strategies	12.5%	5.00%	0.63%
	<u>100.0%</u>		
Inflation			2.50%
Administrative expenses netted above			<u>0.25%</u>
Investment rate of return			<u>8.00%</u>

Discount Rate. The discount rate used to measure the total pension liability as of December 31, 2018 was 8.0%. 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, 2017	\$ 53,912,136	\$ 32,216,841	\$ 21,695,295
Changes for the year:			
Service cost	674,280	-	674,280
Interest	4,204,347	-	4,204,347
Benefit changes	(63,851)	-	(63,851)
Differences between expected and actual experience	53,343	-	53,343
Employer contributions	-	3,038,002	(3,038,002)
Employee contributions	-	342,890	(342,890)
Net investment loss	-	(1,283,966)	1,283,966
Benefit payments, including refunds of employee contributions	(3,389,880)	(3,389,880)	-
Administrative expense	-	(62,581)	62,581
Net changes	1,478,239	(1,355,535)	2,833,774
Balances at December 31, 2018	\$ 55,390,375	\$ 30,861,306	\$ 24,529,069

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%)
\$ 30,444,235	\$ 24,529,069	\$ 19,481,632

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, 2019, the Authority recognized pension expense of \$3,117,756. 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	\$ 2,349,511	\$ -	\$ 2,349,511
Changes in assumptions	430,027	-	430,027
Difference between expected and actual experience	40,007	(343,262)	(303,255)
	<u>2,819,545</u>	<u>(343,262)</u>	<u>2,476,283</u>
Contributions subsequent to the measurement date	<u>2,684,487</u>	<u>-</u>	<u>2,684,487</u>
Total	<u>\$ 5,504,032</u>	<u>\$ (343,262)</u>	<u>\$ 5,160,770</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, 2020. 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
2020	\$ 1,053,116
2021	169,587
2022	481,889
2023	<u>771,691</u>
Total	<u>\$ 2,476,283</u>

Payable to the Pension Plan. At August 31, 2019, the Authority had \$275,950 recorded as a payable for contributions to the pension plan.

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Notes to the Financial Statements

12. OTHER POSTEMPLOYMENT BENEFITS

Plan Description. The Authority administers a single-employer defined benefit healthcare plan (OPEB Plan), that provides certain health care benefits to all full-time employees, hired prior to September 1, 2019, 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, 2019, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	90
Active employees	<u>70</u>
Total membership	<u><u>160</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, 2019, 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, 2019 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	7.0% trending down to an ultimate rate of 4.5% (The PA 152 benefit caps applied to the employer portion of plan premiums are assumed to increase (trend) at 3.5% per year.)
Assumption changes	The assumed mortality improvement scale as published by the Society of Actuaries was changed from MP 2017 to MP 2018. (From beginning to end of year FY 2019 measurement MP 2018 was changed to MP 2019.)

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Notes to the Financial Statements

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.

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%	3.41%
Global fixed income	18.5%	1.26%	0.23%
Real assets	13.5%	7.22%	0.98%
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 2019 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, 2018	\$ 26,998,344	\$ 25,946,717	\$ 1,051,627
Changes for the year:			
Service cost	224,680	-	224,680
Interest	2,048,287	-	2,048,287
Difference between expected and actual experience	225,926	-	225,926
Changes in assumptions	(103,877)	-	(103,877)
Employer contributions	-	1,645,830	(1,645,830)
Net investment income	-	782,545	(782,545)
Benefit payments, including refunds of employee contributions	(1,587,021)	(1,587,021)	-
Administrative expense	-	(54,532)	54,532
Net changes	807,995	786,822	21,173
Balances at June 30, 2019	\$ 27,806,339	\$ 26,733,539	\$ 1,072,800

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%)
\$ 4,365,648	\$ 1,072,800	\$ (1,682,147)

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%)
\$ (2,259,774)	\$ 1,072,800	\$ 5,091,789

YPSILANTI COMMUNITY UTILITIES AUTHORITY

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, 2019, the Authority recognized other postemployment benefit expense of \$562,246. 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	\$ 971,868	\$ -	\$ 971,868
Changes in assumptions	-	(151,085)	(151,085)
Difference between expected and actual experience	186,290	-	186,290
	<u>1,158,158</u>	<u>(151,085)</u>	<u>1,007,073</u>
Contributions subsequent to the measurement date	<u>358,056</u>	<u>-</u>	<u>358,056</u>
Total	<u>\$ 1,516,214</u>	<u>\$ (151,085)</u>	<u>\$ 1,365,129</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 other postemployment benefit liability for the year ending August 31, 2020. 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
2020	\$ 245,784
2021	245,784
2022	245,782
2023	254,736
2024	<u>14,987</u>
Total	<u>\$ 1,007,073</u>

Payable to the Other Postemployment Benefit Plan. At August 31, 2019, the Authority had no payable for contributions to the other postemployment benefit plan.

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Notes to the Financial Statements

13. ALLOCATION METHODS

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

14. NET INVESTMENT IN CAPITAL ASSETS

The composition of the Authority's net investment in capital assets as of August 31, 2019 and 2018 was as follows:

	2019	2018
Capital assets:		
Capital assets not being depreciated	\$ 1,782,679	\$ 7,473,054
Capital assets being depreciated, net	189,166,166	190,122,199
	<u>190,948,845</u>	<u>197,595,253</u>
Related debt:		
Deferred charge on refunding	(403,454)	(475,864)
Limited tax obligation bonds	44,922,449	47,208,108
Revenue bonds	14,120,000	16,015,000
Issuance discounts	(243,631)	(276,766)
Issuance premiums	1,916,436	2,180,501
	<u>60,311,800</u>	<u>64,650,979</u>
Net investment in capital assets	<u>\$ 130,637,045</u>	<u>\$ 132,944,274</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 prior year. As a result, the prior year 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, 2019 is presented below.

	Condensed Statement of Net Position		
	City	Township	Totals
Assets			
Current and other assets	\$ 9,569,648	\$ 18,807,668	\$ 28,377,316
Capital assets	57,149,979	133,798,866	190,948,845
Total assets	66,719,627	152,606,534	219,326,161
 Deferred outflows of resources	 1,852,941	 5,570,759	 7,423,700
Liabilities			
Long-term debt	20,555,849	42,093,261	62,649,110
Net pension liability	5,627,135	18,901,934	24,529,069
Net OPEB liability	246,108	826,692	1,072,800
Other liabilities	954,089	4,098,969	5,053,058
Total liabilities	27,383,181	65,920,856	93,304,037
 Deferred inflows of resources	 113,407	 380,940	 494,347
Net position			
Net investment			
in capital assets	37,093,762	93,543,283	130,637,045
Restricted	5,183,979	7,583,558	12,767,537
Unrestricted deficit	(1,201,761)	(9,251,344)	(10,453,105)
Total net position	\$ 41,075,980	\$ 91,875,497	\$ 132,951,477

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Notes to the Financial Statements

	Condensed Statement of Revenues, Expenses and Changes in Net Position						
	City			Township			Totals
	Water	Wastewater	Total	Water	Wastewater	Total	
Operating revenues	\$ 4,719,930	\$ 4,361,247	\$ 9,081,177	\$ 15,093,183	\$ 16,272,665	\$ 31,365,848	\$ 40,447,025
Operating expenses							
Depreciation	901,991	1,874,354	2,776,345	1,664,597	7,112,350	8,776,947	11,553,292
Other operating	2,571,590	3,772,178	6,343,768	12,253,818	13,251,588	25,505,406	31,849,174
	<u>3,473,581</u>	<u>5,646,532</u>	<u>9,120,113</u>	<u>13,918,415</u>	<u>20,363,938</u>	<u>34,282,353</u>	<u>43,402,466</u>
Operating income (loss)	1,246,349	(1,285,285)	(38,936)	1,174,768	(4,091,273)	(2,916,505)	(2,955,441)
Nonoperating expense	(206,244)	(257,778)	(464,022)	(208,037)	(718,894)	(926,931)	(1,390,953)
Capital contributions, net	-	458,271	458,271	-	1,505,187	1,505,187	1,963,458
Change in net position	<u>\$ 1,040,105</u>	<u>\$ (1,084,792)</u>	<u>(44,687)</u>	<u>\$ 966,731</u>	<u>\$ (3,304,980)</u>	<u>(2,338,249)</u>	<u>(2,382,936)</u>
Net position							
Beginning of year			<u>41,120,667</u>			<u>94,213,746</u>	<u>135,334,413</u>
End of year			<u>\$ 41,075,980</u>			<u>\$ 91,875,497</u>	<u>\$ 132,951,477</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,				
	2019	2018	2017	2016	2015
Total pension liability					
Service cost	\$ 674,280	\$ 645,677	\$ 647,067	\$ 673,845	\$ 701,844
Interest on total pension liability	4,204,347	4,127,204	4,019,882	3,741,270	3,727,652
Benefit changes	(63,851)	-	-	-	-
Difference between expected and actual experience	53,343	(512,109)	(180,371)	(210,575)	-
Assumption changes	-	-	-	2,150,127	-
Benefit payments and refunds	(3,389,880)	(3,231,682)	(3,057,059)	(2,894,018)	(2,772,550)
Other changes	-	-	-	116,915	-
Net change in total pension liability	1,478,239	1,029,090	1,429,519	3,577,564	1,656,946
Total pension liability, beginning of year	53,912,136	52,883,046	51,453,527	47,875,963	46,219,017
Total pension liability, end of year	55,390,375	53,912,136	52,883,046	51,453,527	47,875,963
Plan fiduciary net position					
Employer contributions	3,038,002	2,338,685	1,793,233	1,443,666	1,331,966
Employee contributions	342,890	213,873	-	214,851	221,036
Pension plan net investment income (loss)	(1,283,966)	3,817,227	3,060,630	(425,351)	1,785,353
Benefit payments and refunds	(3,389,880)	(3,231,682)	(3,057,059)	(2,894,018)	(2,772,550)
Pension plan administrative expense	(62,581)	(60,412)	(60,461)	(62,806)	(65,374)
Net change in plan fiduciary net position	(1,355,535)	3,077,691	1,736,343	(1,723,658)	500,431
Plan fiduciary net position, beginning of year	32,216,841	29,139,150	27,402,807	29,126,465	28,626,034
Plan fiduciary net position, end of year	30,861,306	32,216,841	29,139,150	27,402,807	29,126,465
Net pension liability	\$ 24,529,069	\$ 21,695,295	\$ 23,743,896	\$ 24,050,720	\$ 18,749,498
Plan fiduciary net position as a percentage of total pension liability	55.72%	59.76%	55.10%	53.26%	60.84%
Covered payroll	\$ 6,970,791	\$ 6,591,541	\$ 6,618,831	\$ 6,704,320	\$ 6,907,282
Net pension liability as a percentage of covered payroll	351.88%	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.

2019 benefit changes:

- Employee contributions increased 1%-2%, depending on the group.

2016 assumption changes:

- The mortality table was adjusted to reflect longer lifetimes.
- The assumed annual rate of investment return, net of all expenses, was lowered from 8% to 7.75%.
- The asset smoothing was changed from 10 to 5 years.
- The amortization period was moved to a fixed period amortization.

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
2019	55,390,375	30,861,306	24,529,069	55.72%	6,970,791

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%
2019	3,208,577	3,208,577	-	7,490,351	42.84%

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 (2019, based on the 12/31/2016 valuation):

Actuarial cost method	Entry-age normal
Amortization method	Level percent of payroll, open
Remaining amortization period	20 years
Asset valuation method	5-year smooth market
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
Normal 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	50% Female/50% Male blend of the RP-2014 Healthy Annuitant Mortality Tables with rates multiplied by 105%, the RP-2014 Employee Mortality Tables, and the RP-2014 Juvenile Mortality Tables

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Required Supplementary Information

Other Postemployment Benefits Plan

Schedule of Changes in Net Other Postemployment Benefit Liability and Related Ratios

	Fiscal Year Ended August 31,	
	2019	2018
Total other postemployment benefit liability		
Service cost	\$ 224,680	\$ 217,372
Interest on total other postemployment benefit liability	2,048,287	1,994,044
Difference between expected and actual experience	225,926	-
Assumption changes	(103,877)	(100,802)
Benefit payments and refunds	(1,587,021)	(1,249,001)
Net change in total other postemployment benefit liability	807,995	861,613
Total other postemployment benefit liability, beginning of year	26,998,344	26,136,731
Total other postemployment benefit liability, end of year	27,806,339	26,998,344
Plan fiduciary net position		
Employer contributions	1,645,830	1,889,255
Other postemployment benefit plan net investment income	782,545	1,862,287
Benefit payments and refunds	(1,587,021)	(1,249,001)
Other postemployment benefit plan administrative expense	(54,532)	(60,553)
Net change in plan fiduciary net position	786,822	2,441,988
Plan fiduciary net position, beginning of year	25,946,717	23,504,729
Plan fiduciary net position, end of year	26,733,539	25,946,717
Net other postemployment benefit liability	\$ 1,072,800	\$ 1,051,627
Plan fiduciary net position as a percentage of total other postemployment benefit liability	96.14%	96.10%
Covered payroll	\$ 6,481,158	\$ 6,481,158
Net other postemployment benefit liability as a percentage of covered payroll	16.55%	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.

2019 assumption changes:

- The assumed mortality improvement scale as published by the Society of Actuaries was changed from MP 2017 to MP 2018. (From beginning to end of year FY 2019 measurement MP 2018 was changed to MP 2019.)

2018 assumption changes:

- 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.)

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Required Supplementary Information Other Postemployment Benefits Plan

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
2019	27,806,339	26,733,539	1,072,800	96.14%	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

Other Postemployment Benefits 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
2018	\$ 1,773,549	\$ 1,773,549	\$ -	\$ 7,092,754	25.01%
2019	1,475,147	1,475,147	-	7,490,351	19.69%

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, 2019

Methods and assumptions used to determine contribution rates (2019, based on the 6/30/2019 valuation):

Actuarial cost method	Entry-age normal
Amortization method	Level percent of payroll, open
Remaining amortization period	21 years
Asset valuation method	5-year smooth market
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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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, 2019

	City	Township	Total
Operating revenues			
Water sales	\$ 4,439,273	\$ 14,440,628	\$ 18,879,901
Sewage disposal sales	3,985,786	14,430,454	18,416,240
Surcharges and other usage fees:			
Capital improvement surcharge	353,120	863,027	1,216,147
Construction reserve	57,509	203,933	261,442
Environmental reserve	-	126,453	126,453
Other operating revenue	245,489	1,301,353	1,546,842
Total operating revenues	9,081,177	31,365,848	40,447,025
Operating expenses			
Water distribution	1,799,055	9,640,002	11,439,057
Wastewater treatment	4,140,868	13,600,642	17,741,510
Wastewater pump stations	267,097	1,026,169	1,293,266
Industrial surveillance	75,356	247,512	322,868
Transmission and distribution	1,984,288	6,904,080	8,888,368
Meter service	308,925	1,048,727	1,357,652
Customer accounting and collections	134,863	457,416	592,279
General and administration	409,661	1,357,805	1,767,466
Total operating expenses	9,120,113	34,282,353	43,402,466
Operating loss	(38,936)	(2,916,505)	(2,955,441)
Nonoperating revenues (expenses)			
Investment earnings	94,972	160,790	255,762
Connection fees	-	102,434	102,434
Interest and amortization expense	(558,994)	(1,190,878)	(1,749,872)
Other nonoperating revenues	-	723	723
Total nonoperating expenses	(464,022)	(926,931)	(1,390,953)
Loss before contributions	(502,958)	(3,843,436)	(4,346,394)
Capital contributions	458,271	1,505,187	1,963,458
Change in net position	(44,687)	(2,338,249)	(2,382,936)
Net position, beginning of year	41,120,667	94,213,746	135,334,413
Net position, end of year	\$ 41,075,980	\$ 91,875,497	\$ 132,951,477

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Schedule of Revenues, Expenses and Changes in Net Position

Water and Wastewater Allocation

For the Year Ended August 31, 2019

	Water	Wastewater	Total
Operating revenues			
Water sales	\$ 18,879,901	\$ -	\$ 18,879,901
Sewage disposal sales	-	18,416,240	18,416,240
Surcharges and other usage fees:			
Capital improvement surcharge	750,218	465,929	1,216,147
Construction reserve	74,499	186,943	261,442
Environmental reserve	-	126,453	126,453
Other operating revenue	108,495	1,438,347	1,546,842
Total operating revenues	19,813,113	20,633,912	40,447,025
Operating expenses			
Water distribution	11,439,057	-	11,439,057
Wastewater treatment	-	17,741,510	17,741,510
Wastewater pump stations	-	1,293,266	1,293,266
Industrial surveillance	-	322,868	322,868
Transmission and distribution	4,217,604	4,670,764	8,888,368
Meter service	678,828	678,824	1,357,652
Customer accounting and collections	296,141	296,138	592,279
General and administration	760,366	1,007,100	1,767,466
Total operating expenses	17,391,996	26,010,470	43,402,466
Operating income (loss)	2,421,117	(5,376,558)	(2,955,441)
Nonoperating revenues (expenses)			
Investment earnings	143,838	111,924	255,762
Connection fees	51,217	51,217	102,434
Interest and amortization expense	(609,336)	(1,140,536)	(1,749,872)
Other nonoperating revenues	-	723	723
Total nonoperating expense	(414,281)	(976,672)	(1,390,953)
Income (loss) before contributions	2,006,836	(6,353,230)	(4,346,394)
Capital contributions	-	1,963,458	1,963,458
Change in net position	\$ 2,006,836	\$ (4,389,772)	\$ (2,382,936)

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, 2019

	City		
	Water	Wastewater	Total
Operating revenues			
Water sales	\$ 4,439,273	\$ -	\$ 4,439,273
Sewage disposal sales	-	3,985,786	3,985,786
Surcharges and other usage fees:			
Capital improvement surcharge	222,218	130,902	353,120
Construction reserve	13,011	44,498	57,509
Environmental reserve	-	-	-
Other operating revenue	45,428	200,061	245,489
Total operating revenues	4,719,930	4,361,247	9,081,177
Operating expenses			
Water distribution	1,799,055	-	1,799,055
Wastewater treatment	-	4,140,868	4,140,868
Wastewater pump stations	-	267,097	267,097
Industrial surveillance	-	75,356	75,356
Transmission and distribution	1,276,098	708,190	1,984,288
Meter service	154,465	154,460	308,925
Customer accounting and collections	67,433	67,430	134,863
General and administration	176,530	233,131	409,661
Total operating expenses	3,473,581	5,646,532	9,120,113
Operating income (loss)	1,246,349	(1,285,285)	(38,936)
Nonoperating revenues (expenses)			
Investment earnings	51,830	43,142	94,972
Connection fees	-	-	-
Interest and amortization expense	(258,074)	(300,920)	(558,994)
Other nonoperating revenues	-	-	-
Total nonoperating expenses	(206,244)	(257,778)	(464,022)
Income (loss) before contributions	1,040,105	(1,543,063)	(502,958)
Capital contributions	-	458,271	458,271
Change in net position	\$ 1,040,105	\$ (1,084,792)	\$ (44,687)



Township			
Water	Wastewater	Total	Total
\$ 14,440,628	\$ -	\$ 14,440,628	\$ 18,879,901
-	14,430,454	14,430,454	18,416,240
528,000	335,027	863,027	1,216,147
61,488	142,445	203,933	261,442
-	126,453	126,453	126,453
63,067	1,238,286	1,301,353	1,546,842
15,093,183	16,272,665	31,365,848	40,447,025
9,640,002	-	9,640,002	11,439,057
-	13,600,642	13,600,642	17,741,510
-	1,026,169	1,026,169	1,293,266
-	247,512	247,512	322,868
2,941,506	3,962,574	6,904,080	8,888,368
524,363	524,364	1,048,727	1,357,652
228,708	228,708	457,416	592,279
583,836	773,969	1,357,805	1,767,466
13,918,415	20,363,938	34,282,353	43,402,466
1,174,768	(4,091,273)	(2,916,505)	(2,955,441)
92,008	68,782	160,790	255,762
51,217	51,217	102,434	102,434
(351,262)	(839,616)	(1,190,878)	(1,749,872)
-	723	723	723
(208,037)	(718,894)	(926,931)	(1,390,953)
966,731	(4,810,167)	(3,843,436)	(4,346,394)
-	1,505,187	1,505,187	1,963,458
\$ 966,731	\$ (3,304,980)	\$ (2,338,249)	\$ (2,382,936)

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Detailed Schedule of Operating Expenses

City and Township Allocation

For the Year Ended August 31, 2019

	City	Township	Total
Water distribution			
Wages	\$ 66,334	\$ 348,513	\$ 414,847
Benefits allocation	49,122	258,084	307,206
Purchased water	1,628,424	8,555,592	10,184,016
Utilities	5,385	216,223	221,608
Maintenance and supplies	7,341	38,566	45,907
Depreciation	1,562	8,209	9,771
Other	9,592	50,399	59,991
Fleet allocation	1,176	6,175	7,351
Engineering allocation	257	1,349	1,606
Information technology allocation	3,365	17,678	21,043
Maintenance allocation	26,497	139,214	165,711
	<u>1,799,055</u>	<u>9,640,002</u>	<u>11,439,057</u>
Wastewater treatment			
Wages	388,749	1,276,841	1,665,590
Benefits allocation	287,879	945,537	1,233,416
Utilities	534,667	1,756,108	2,290,775
Sludge removal	77,422	254,291	331,713
Maintenance	281,952	926,072	1,208,024
Engineering	13,479	44,273	57,752
Laboratory	2,517	8,271	10,788
Chemicals	136,783	449,261	586,044
Depreciation	1,693,097	5,560,960	7,254,057
Other	66,724	219,151	285,875
Fleet allocation	62,084	203,917	266,001
Engineering allocation	10,054	33,024	43,078
Information technology allocation	25,355	83,276	108,631
Maintenance allocation	457,374	1,502,241	1,959,615
Laboratory allocation	102,732	337,419	440,151
	<u>4,140,868</u>	<u>13,600,642</u>	<u>17,741,510</u>
Wastewater pump stations			
Wages	88,722	291,407	380,129
Benefits allocation	65,701	215,795	281,496
Utilities	54,989	320,133	375,122
Maintenance and supplies	38,127	125,229	163,356
Depreciation	18,941	62,213	81,154
Other	-	9,364	9,364
Engineering allocation	617	2,028	2,645
	<u>267,097</u>	<u>1,026,169</u>	<u>1,293,266</u>

continued...

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Detailed Schedule of Operating Expenses

City and Township Allocation

For the Year Ended August 31, 2019

	City	Township	Total
Industrial surveillance			
Wages	\$ 35,525	\$ 116,681	\$ 152,206
Benefits allocation	26,307	86,406	112,713
Other	8,613	28,293	36,906
Information technology allocation	4,911	16,132	21,043
	<u>75,356</u>	<u>247,512</u>	<u>322,868</u>
Transmission and distribution			
Wages	377,049	1,231,523	1,608,572
Benefits allocation	279,871	911,321	1,191,192
Utilities	14,593	47,663	62,256
Sewer overflow settlements	29,981	951,617	981,598
Maintenance:			
Shop and office	8,641	28,223	36,864
Water and sewer mains	34,977	115,429	150,406
Engineering	1,890	6,173	8,063
Depreciation	1,014,749	2,988,373	4,003,122
Other	62,229	194,959	257,188
Fleet allocation	86,729	273,271	360,000
Engineering allocation	27,696	87,709	115,405
Information technology allocation	19,749	57,357	77,106
Maintenance allocation	26,134	10,462	36,596
	<u>1,984,288</u>	<u>6,904,080</u>	<u>8,888,368</u>
Meter service			
Wages	127,175	431,345	558,520
Benefits allocation	94,177	319,423	413,600
Utilities	820	3,707	4,527
Maintenance and supplies	5,520	18,726	24,246
Meter parts	13,010	44,129	57,139
Depreciation	10,394	35,256	45,650
Other	45,133	153,080	198,213
Fleet allocation	7,904	26,810	34,714
Information technology allocation	4,792	16,251	21,043
	<u>308,925</u>	<u>1,048,727</u>	<u>1,357,652</u>

continued...

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Detailed Schedule of Operating Expenses

City and Township Allocation

For the Year Ended August 31, 2019

	City	Township	Total
Customer accounting and collections			
Wages	\$ 54,296	\$ 184,158	\$ 238,454
Benefits allocation	40,208	136,374	176,582
Utilities	4,988	16,916	21,904
Maintenance and supplies	12,911	43,789	56,700
Postage	12,347	41,878	54,225
Depreciation	1,628	5,521	7,149
Other	1,298	4,402	5,700
Information technology allocation	7,187	24,378	31,565
	<u>134,863</u>	<u>457,416</u>	<u>592,279</u>
General and administrative			
Wages	48,423	159,046	207,469
Benefits allocation	35,859	117,778	153,637
Utilities	1,390	4,715	6,105
Maintenance and supplies	5,458	17,929	23,387
Engineering	(7,464)	(24,517)	(31,981)
Building and liability insurance	43,251	142,060	185,311
Legal and settlements	10,457	34,346	44,803
Other professional services	1,181	3,881	5,062
Depreciation	359	1,177	1,536
Other	4,186	11,199	15,385
Bad debt expense	7,414	30,009	37,423
Fleet allocation	2,939	9,653	12,592
Engineering allocation	6,116	20,090	26,206
Information technology allocation	4,911	16,132	21,043
Maintenance allocation	140	460	600
Human resource allocation	124,213	417,257	541,470
Accounting allocation	120,828	396,590	517,418
	<u>409,661</u>	<u>1,357,805</u>	<u>1,767,466</u>
Fleet			
Wages	37,343	120,697	158,040
Benefits allocation	27,652	89,382	117,034
Maintenance parts and supplies	27,430	88,655	116,085
Gas, oil and grease	24,067	77,785	101,852
Insurance	11,237	36,320	47,557
Depreciation	32,353	104,567	136,920
Other	750	2,420	3,170
Allocated to various departments	(160,832)	(519,826)	(680,658)
	<u>-</u>	<u>-</u>	<u>-</u>

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YPSILANTI COMMUNITY UTILITIES AUTHORITY

Detailed Schedule of Operating Expenses

City and Township Allocation

For the Year Ended August 31, 2019

	City	Township	Total
Human resources			
Wages	\$ 60,616	\$ 203,614	\$ 264,230
Benefits allocation	44,888	150,782	195,670
Utilities	910	3,087	3,997
Safety program	1,145	3,847	4,992
Training and education	521	1,749	2,270
Legal and professional	685	2,300	2,985
Physicals	2,103	7,064	9,167
Office supplies	567	1,901	2,468
Other	8,761	29,420	38,181
Information technology allocation	4,017	13,493	17,510
Allocated to general and administrative	(124,213)	(417,257)	(541,470)
	-	-	-
Benefits and payroll taxes			
Health insurance	427,654	1,436,516	1,864,170
Life insurance	5,817	19,539	25,356
Disability insurance	10,689	35,904	46,593
Social security	129,872	436,251	566,123
Workers compensation	18,242	61,274	79,516
Pension expense	675,140	2,267,843	2,942,983
Uniforms	5,064	17,009	22,073
Allocated to various departments	(1,272,478)	(4,274,336)	(5,546,814)
	-	-	-
Maintenance			
Wages	275,770	893,228	1,168,998
Benefits allocation	204,215	661,460	865,675
Utilities	3,712	12,022	15,734
Office and supplies	8,475	27,448	35,923
Other professional services	143	464	607
Depreciation	967	3,133	4,100
Other	1,980	6,415	8,395
Information technology allocation	14,883	48,207	63,090
Allocated to various departments	(510,145)	(1,652,377)	(2,162,522)
	-	-	-

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YPSILANTI COMMUNITY UTILITIES AUTHORITY

Detailed Schedule of Operating Expenses

City and Township Allocation

For the Year Ended August 31, 2019

	City	Township	Total
Engineering			
Wages	\$ 21,573	\$ 69,530	\$ 91,103
Benefits allocation	15,976	51,488	67,464
Utilities	107	344	451
Maintenance and supplies	167	540	707
Other professional services	6,572	21,184	27,756
Other	345	1,114	1,459
Allocated to various departments	(44,740)	(144,200)	(188,940)
	-	-	-
Information technology			
Wages	33,512	110,079	143,591
Benefits allocation	24,816	81,516	106,332
Utilities	141	464	605
Maintenance and supplies	32,828	107,830	140,658
Other	329	1,081	1,410
Allocated to various departments	(91,626)	(300,970)	(392,596)
	-	-	-
Laboratory			
Wages	49,349	162,086	211,435
Benefits allocation	36,544	120,030	156,574
Utilities	775	2,546	3,321
Maintenance and supplies	10,320	33,892	44,212
Contractual services	4,306	14,144	18,450
Depreciation	1,000	3,284	4,284
Other	438	1,437	1,875
Allocated to wastewater treatment	(102,732)	(337,419)	(440,151)
	-	-	-
Accounting			
Wages	53,021	174,146	227,167
Benefits allocation	39,263	128,960	168,223
Utilities	506	1,718	2,224
Office supplies	1,654	5,434	7,088
Audit and accounting services	11,203	36,797	48,000
Depreciation	1,295	4,254	5,549
Other	11,430	37,215	48,645
Information technology allocation	2,456	8,066	10,522
Allocated to general and administrative	(120,828)	(396,590)	(517,418)
	-	-	-
Total operating expenses	\$ 9,120,113	\$ 34,282,353	\$ 43,402,466

concluded.

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Detailed Schedule of Operating Expenses

Water and Wastewater Allocation

For the Year Ended August 31, 2019

	Water	Wastewater	Total
Water distribution			
Wages	\$ 414,847	\$ -	\$ 414,847
Benefits allocation	307,206	-	307,206
Purchased water	10,184,016	-	10,184,016
Utilities	221,608	-	221,608
Maintenance and supplies	45,907	-	45,907
Depreciation	9,771	-	9,771
Other	59,991	-	59,991
Fleet allocation	7,351	-	7,351
Engineering allocation	1,606	-	1,606
Information technology allocation	21,043	-	21,043
Maintenance allocation	165,711	-	165,711
	<u>11,439,057</u>	<u>-</u>	<u>11,439,057</u>
Wastewater treatment			
Wages	-	1,665,590	1,665,590
Benefits allocation	-	1,233,416	1,233,416
Utilities	-	2,290,775	2,290,775
Sludge removal	-	331,713	331,713
Maintenance	-	1,208,024	1,208,024
Engineering	-	57,752	57,752
Laboratory	-	10,788	10,788
Chemicals	-	586,044	586,044
Depreciation	-	7,254,057	7,254,057
Other	-	285,875	285,875
Fleet allocation	-	266,001	266,001
Engineering allocation	-	43,078	43,078
Information technology allocation	-	108,631	108,631
Maintenance allocation	-	1,959,615	1,959,615
Laboratory allocation	-	440,151	440,151
	<u>-</u>	<u>17,741,510</u>	<u>17,741,510</u>
Wastewater pump stations			
Wages	-	380,129	380,129
Benefits allocation	-	281,496	281,496
Utilities	-	375,122	375,122
Maintenance and supplies	-	163,356	163,356
Depreciation	-	81,154	81,154
Other	-	9,364	9,364
Engineering allocation	-	2,645	2,645
	<u>-</u>	<u>1,293,266</u>	<u>1,293,266</u>

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YPSILANTI COMMUNITY UTILITIES AUTHORITY

Detailed Schedule of Operating Expenses

Water and Wastewater Allocation

For the Year Ended August 31, 2019

	Water	Wastewater	Total
Industrial surveillance			
Wages	\$ -	\$ 152,206	\$ 152,206
Benefits allocation	-	112,713	112,713
Other	-	36,906	36,906
Information technology allocation	-	21,043	21,043
	<u>-</u>	<u>322,868</u>	<u>322,868</u>
Transmission and distribution			
Wages	712,598	895,974	1,608,572
Benefits allocation	525,015	666,177	1,191,192
Utilities	27,579	34,677	62,256
Sewer overflow settlements	-	981,598	981,598
Maintenance:			
Shop and office	16,332	20,532	36,864
Water and sewer mains	66,672	83,734	150,406
Engineering	3,572	4,491	8,063
Depreciation	2,487,934	1,515,188	4,003,122
Other	113,644	143,544	257,188
Fleet allocation	160,882	199,118	360,000
Engineering allocation	53,143	62,262	115,405
Information technology allocation	35,011	42,095	77,106
Maintenance allocation	15,222	21,374	36,596
	<u>4,217,604</u>	<u>4,670,764</u>	<u>8,888,368</u>
Meter service			
Wages	279,260	279,260	558,520
Benefits allocation	206,800	206,800	413,600
Utilities	2,264	2,263	4,527
Maintenance and supplies	12,124	12,122	24,246
Meter parts	28,570	28,569	57,139
Depreciation	22,825	22,825	45,650
Other	99,106	99,107	198,213
Fleet allocation	17,357	17,357	34,714
Information technology allocation	10,522	10,521	21,043
	<u>678,828</u>	<u>678,824</u>	<u>1,357,652</u>

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YPSILANTI COMMUNITY UTILITIES AUTHORITY

Detailed Schedule of Operating Expenses

Water and Wastewater Allocation

For the Year Ended August 31, 2019

	Water	Wastewater	Total
Customer accounting and collections			
Wages	\$ 119,227	\$ 119,227	\$ 238,454
Benefits allocation	88,291	88,291	176,582
Utilities	10,952	10,952	21,904
Maintenance and supplies	28,351	28,349	56,700
Postage	27,113	27,112	54,225
Depreciation	3,574	3,575	7,149
Other	2,851	2,849	5,700
Information technology allocation	15,782	15,783	31,565
	<u>296,141</u>	<u>296,138</u>	<u>592,279</u>
General and administrative			
Wages	103,735	103,734	207,469
Benefits allocation	76,818	76,819	153,637
Utilities	3,053	3,052	6,105
Maintenance and supplies	11,693	11,694	23,387
Engineering	(15,991)	(15,990)	(31,981)
Building and liability insurance	92,655	92,656	185,311
Legal and settlements	22,402	22,401	44,803
Other professional services	2,531	2,531	5,062
Depreciation	768	768	1,536
Other	7,691	7,694	15,385
Bad debt expense	18,712	18,711	37,423
Fleet allocation	6,297	6,295	12,592
Engineering allocation	13,103	13,103	26,206
Information technology allocation	10,522	10,521	21,043
Maintenance allocation	300	300	600
Human resource allocation	147,368	394,102	541,470
Accounting allocation	258,709	258,709	517,418
	<u>760,366</u>	<u>1,007,100</u>	<u>1,767,466</u>
Fleet			
Wages	44,554	113,486	158,040
Benefits allocation	32,993	84,041	117,034
Maintenance parts and supplies	32,725	83,360	116,085
Gas, oil and grease	28,714	73,138	101,852
Insurance	13,407	34,150	47,557
Depreciation	38,600	98,320	136,920
Other	894	2,276	3,170
Allocated to various departments	(191,887)	(488,771)	(680,658)
	<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, 2019

	Water	Wastewater	Total
Human resources			
Wages	\$ 71,466	\$ 192,764	\$ 264,230
Benefits allocation	52,922	142,748	195,670
Utilities	1,998	1,999	3,997
Safety program	1,350	3,642	4,992
Training and education	614	1,656	2,270
Legal and professional	808	2,177	2,985
Physicals	2,479	6,688	9,167
Office supplies	667	1,801	2,468
Other	10,328	27,853	38,181
Information technology allocation	4,736	12,774	17,510
Allocated to general and administrative	(147,368)	(394,102)	(541,470)
	-	-	-
Benefits and payroll taxes			
Health insurance	504,196	1,359,974	1,864,170
Life insurance	6,858	18,498	25,356
Disability insurance	12,602	33,991	46,593
Social security	153,117	413,006	566,123
Workers compensation	21,506	58,010	79,516
Pension expense	795,979	2,147,004	2,942,983
Uniforms	5,970	16,103	22,073
Allocated to various departments	(1,500,228)	(4,046,586)	(5,546,814)
	-	-	-
Maintenance			
Wages	97,969	1,071,029	1,168,998
Benefits allocation	72,548	793,127	865,675
Utilities	1,319	14,415	15,734
Office and supplies	3,011	32,912	35,923
Other professional services	51	556	607
Depreciation	344	3,756	4,100
Other	704	7,691	8,395
Information technology allocation	5,287	57,803	63,090
Allocated to various departments	(181,233)	(1,981,289)	(2,162,522)
	-	-	-

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YPSILANTI COMMUNITY UTILITIES AUTHORITY

Detailed Schedule of Operating Expenses

Water and Wastewater Allocation

For the Year Ended August 31, 2019

	Water	Wastewater	Total
Engineering			
Wages	\$ 32,717	\$ 58,386	\$ 91,103
Benefits allocation	24,228	43,236	67,464
Utilities	162	289	451
Maintenance and supplies	254	453	707
Other professional services	9,968	17,788	27,756
Other	523	936	1,459
Allocated to various departments	(67,852)	(121,088)	(188,940)
	-	-	-
Information technology			
Wages	39,561	104,030	143,591
Benefits allocation	29,295	77,037	106,332
Utilities	167	438	605
Maintenance and supplies	38,753	101,905	140,658
Other	388	1,022	1,410
Allocated to various departments	(108,164)	(284,432)	(392,596)
	-	-	-
Laboratory			
Wages	-	211,435	211,435
Benefits allocation	-	156,574	156,574
Utilities	-	3,321	3,321
Maintenance and supplies	-	44,212	44,212
Contractual services	-	18,450	18,450
Depreciation	-	4,284	4,284
Other	-	1,875	1,875
Allocated to wastewater treatment	-	(440,151)	(440,151)
	-	-	-
Accounting			
Wages	113,583	113,584	227,167
Benefits allocation	84,112	84,111	168,223
Utilities	1,112	1,112	2,224
Office supplies	3,544	3,544	7,088
Audit and accounting services	24,000	24,000	48,000
Depreciation	2,774	2,775	5,549
Other	24,323	24,322	48,645
Information technology allocation	5,261	5,261	10,522
Allocated to general and administrative	(258,709)	(258,709)	(517,418)
	-	-	-
Total operating expenses	\$ 17,391,996	\$ 26,010,470	\$ 43,402,466

concluded.

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Detailed Schedule of Operating Expenses - Budget and Actual

For the Year Ended August 31, 2019

	Original Budget	Amended Budget	Actual	Actual Over (Under) Final Budget
Water distribution				
Wages	\$ 409,307	\$ 409,307	\$ 414,847	\$ 5,540
Benefits allocation	367,869	367,869	307,206	(60,663)
Purchased water	10,550,544	10,550,544	10,184,016	(366,528)
Utilities	207,500	207,500	221,608	14,108
Maintenance and supplies	45,790	45,790	45,907	117
Engineering	1,000	1,000	-	(1,000)
Depreciation	1,420	1,420	9,771	8,351
Other	60,100	60,100	59,991	(109)
Fleet allocation	18,038	18,038	7,351	(10,687)
Engineering allocation	332	332	1,606	1,274
Information technology allocation	20,043	20,043	21,043	1,000
Maintenance allocation	113,826	113,826	165,711	51,885
	<u>11,795,769</u>	<u>11,795,769</u>	<u>11,439,057</u>	<u>(356,712)</u>
Wastewater treatment				
Wages	1,670,061	1,670,061	1,665,590	(4,471)
Benefits allocation	1,963,017	1,963,017	1,233,416	(729,601)
Utilities	2,270,630	2,270,630	2,290,775	20,145
Sludge removal	710,000	710,000	331,713	(378,287)
Maintenance	1,421,050	1,421,050	1,208,024	(213,026)
Engineering	40,000	40,000	57,752	17,752
Laboratory	32,700	32,700	10,788	(21,912)
Chemicals	800,000	800,000	586,044	(213,956)
Depreciation	6,942,171	6,942,171	7,254,057	311,886
Other	431,700	431,700	285,875	(145,825)
Fleet allocation	288,337	288,337	266,001	(22,336)
Engineering allocation	43,089	43,089	43,078	(11)
Information technology allocation	103,574	103,574	108,631	5,057
Maintenance allocation	2,233,930	2,233,930	1,959,615	(274,315)
Laboratory allocation	462,033	462,033	440,151	(21,882)
	<u>19,412,292</u>	<u>19,412,292</u>	<u>17,741,510</u>	<u>(1,670,782)</u>
Wastewater pump stations				
Wages	414,182	414,182	380,129	(34,053)
Benefits allocation	372,250	372,250	281,496	(90,754)
Utilities	428,450	428,450	375,122	(53,328)
Maintenance and supplies	198,000	198,000	163,356	(34,644)
Engineering	500	500	-	(500)
Depreciation	11,496	11,496	81,154	69,658
Other	35,000	35,000	9,364	(25,636)
Engineering allocation	3,458	3,458	2,645	(813)
	<u>1,463,336</u>	<u>1,463,336</u>	<u>1,293,266</u>	<u>(170,070)</u>

continued...

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Detailed Schedule of Operating Expenses - Budget and Actual

For the Year Ended August 31, 2019

	Original Budget	Amended Budget	Actual	Actual Over (Under) Final Budget
Industrial surveillance				
Wages	\$ 171,183	\$ 171,183	\$ 152,206	\$ (18,977)
Benefits allocation	153,853	153,853	112,713	(41,140)
Other	50,220	50,220	36,906	(13,314)
Fleet allocation	12,017	12,017	-	(12,017)
Information technology allocation	20,043	20,043	21,043	1,000
	<u>407,316</u>	<u>407,316</u>	<u>322,868</u>	<u>(84,448)</u>
Transmission and distribution				
Wages	1,574,080	1,574,080	1,608,572	34,492
Benefits allocation	1,414,721	1,414,721	1,191,192	(223,529)
Utilities	62,000	62,000	62,256	256
Sewer overflow settlements	85,000	85,000	981,598	896,598
Maintenance:				
Shop and office	36,450	36,450	36,864	414
Water and sewer mains	215,750	215,750	150,406	(65,344)
Engineering	1,000	1,000	8,063	7,063
Depreciation	4,525,000	4,525,000	4,003,122	(521,878)
Other	272,500	272,500	257,188	(15,312)
Fleet allocation	371,678	371,678	360,000	(11,678)
Engineering allocation	109,256	109,256	115,405	6,149
Information technology allocation	73,493	73,493	77,106	3,613
Maintenance allocation	30,149	30,149	36,596	6,447
	<u>8,771,077</u>	<u>8,771,077</u>	<u>8,888,368</u>	<u>117,291</u>
Meter service				
Wages	584,822	584,822	558,520	(26,302)
Benefits allocation	525,615	525,615	413,600	(112,015)
Utilities	10,710	10,710	4,527	(6,183)
Maintenance and supplies	8,850	8,850	24,246	15,396
Meter parts	23,000	23,000	57,139	34,139
Depreciation	40,925	40,925	45,650	4,725
Other	7,100	7,100	198,213	191,113
Fleet allocation	84,342	84,342	34,714	(49,628)
Information technology allocation	20,043	20,043	21,043	1,000
	<u>1,305,407</u>	<u>1,305,407</u>	<u>1,357,652</u>	<u>52,245</u>

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YPSILANTI COMMUNITY UTILITIES AUTHORITY

Detailed Schedule of Operating Expenses - Budget and Actual

For the Year Ended August 31, 2019

	Original Budget	Amended Budget	Actual	Actual Over (Under) Final Budget
Customer accounting/collections				
Wages	\$ 238,476	\$ 238,476	\$ 238,454	\$ (22)
Benefits allocation	214,333	214,333	176,582	(37,751)
Utilities	20,000	20,000	21,904	1,904
Maintenance and supplies	42,000	42,000	56,700	14,700
Postage	60,000	60,000	54,225	(5,775)
Depreciation	8,136	8,136	7,149	(987)
Other	9,800	9,800	5,700	(4,100)
Information technology allocation	20,043	20,043	31,565	11,522
	<u>612,788</u>	<u>612,788</u>	<u>592,279</u>	<u>(20,509)</u>
General and administrative				
Wages	203,436	203,436	207,469	4,033
Benefits allocation	1,313,918	1,313,918	153,637	(1,160,281)
Utilities	900	900	6,105	5,205
Maintenance and supplies	4,400	4,400	23,387	18,987
Engineering	-	-	(31,981)	(31,981)
Building and liability insurance	190,000	190,000	185,311	(4,689)
Legal and settlements	75,000	75,000	44,803	(30,197)
Other professional services	-	-	5,062	5,062
Depreciation	14,292	14,292	1,536	(12,756)
Other	60,510	60,510	15,385	(45,125)
Bad debt expense	34,000	34,000	37,423	3,423
Fleet allocation	30,028	30,028	12,592	(17,436)
Engineering allocation	53,442	53,442	26,206	(27,236)
Information technology allocation	33,405	33,405	21,043	(12,362)
Maintenance allocation	206	206	600	394
Human resource allocation	576,303	576,303	541,470	(34,833)
Accounting allocation	554,775	554,775	517,418	(37,357)
	<u>3,144,615</u>	<u>3,144,615</u>	<u>1,767,466</u>	<u>(1,377,149)</u>
Fleet				
Wages	183,225	183,225	158,040	(25,185)
Benefits allocation	164,675	164,675	117,034	(47,641)
Radio maintenance	500	500	-	(500)
Maintenance parts and supplies	131,850	131,850	116,085	(15,765)
Gas, oil and grease	170,000	170,000	101,852	(68,148)
Insurance	47,000	47,000	47,557	557
Depreciation	100,000	100,000	136,920	36,920
Other	7,190	7,190	3,170	(4,020)
Allocated to various departments	(804,440)	(804,440)	(680,658)	123,782
	<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, 2019

	Original Budget	Amended Budget	Actual	Actual Over (Under) Final Budget
Human resources				
Wages	\$ 247,184	\$ 247,184	\$ 264,230	\$ 17,046
Benefits allocation	222,160	222,160	195,670	(26,490)
Utilities	1,800	1,800	3,997	2,197
Safety program	3,500	3,500	4,992	1,492
Training and education	6,000	6,000	2,270	(3,730)
Legal and professional	25,000	25,000	2,985	(22,015)
Physicals	8,000	8,000	9,167	1,167
Office supplies	3,750	3,750	2,468	(1,282)
Depreciation	3,556	3,556	-	(3,556)
Other	38,670	38,670	38,181	(489)
Information technology allocation	16,683	16,683	17,510	827
Allocated to general and administrative	(576,303)	(576,303)	(541,470)	34,833
	-	-	-	-
Benefits and payroll taxes				
Health insurance	3,072,647	3,072,647	1,864,170	(1,208,477)
Life insurance	23,040	23,040	25,356	2,316
Disability insurance	44,000	44,000	46,593	2,593
Social security	538,925	538,925	566,123	27,198
Workers compensation	73,276	73,276	79,516	6,240
Pension expense	3,000,000	3,000,000	2,942,983	(57,017)
Uniforms	23,750	23,750	22,073	(1,677)
Allocated to various departments	(6,775,638)	(6,775,638)	(5,546,814)	1,228,824
	-	-	-	-
Maintenance				
Wages	1,178,826	1,178,826	1,168,998	(9,828)
Benefits allocation	1,059,482	1,059,482	865,675	(193,807)
Utilities	4,400	4,400	15,734	11,334
Office and supplies	50,675	50,675	35,923	(14,752)
Other professional services	2,500	2,500	607	(1,893)
Depreciation	4,100	4,100	4,100	-
Other	18,000	18,000	8,395	(9,605)
Information technology allocation	60,129	60,129	63,090	2,961
Allocated to various departments	(2,378,112)	(2,378,112)	(2,162,522)	215,590
	-	-	-	-

continued...

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Detailed Schedule of Operating Expenses - Budget and Actual

For the Year Ended August 31, 2019

	Original Budget	Amended Budget	Actual	Actual Over (Under) Final Budget
Engineering				
Wages	\$ 94,965	\$ 94,965	\$ 91,103	\$ (3,862)
Benefits allocation	85,351	85,351	67,464	(17,887)
Utilities	900	900	451	(449)
Maintenance and supplies	25,700	25,700	707	(24,993)
Engineering	250	250	-	(250)
Other professional services	-	-	27,756	27,756
Other	2,410	2,410	1,459	(951)
Allocated to various departments	(209,576)	(209,576)	(188,940)	20,636
	-	-	-	-
Information Technology				
Wages	141,851	141,851	143,591	1,740
Benefits allocation	127,490	127,490	106,332	(21,158)
Utilities	900	900	605	(295)
Maintenance and supplies	105,100	105,100	140,658	35,558
Other	2,115	2,115	1,410	(705)
Allocated to various departments	(377,456)	(377,456)	(392,596)	(15,140)
	-	-	-	-
Laboratory				
Wages	204,090	204,090	211,435	7,345
Benefits allocation	183,428	183,428	156,574	(26,854)
Utilities	3,500	3,500	3,321	(179)
Maintenance and supplies	34,750	34,750	44,212	9,462
Contractual services	25,300	25,300	18,450	(6,850)
Depreciation	4,285	4,285	4,284	(1)
Other	6,680	6,680	1,875	(4,805)
Allocated to wastewater treatment	(462,033)	(462,033)	(440,151)	21,882
	-	-	-	-
Accounting				
Wages	223,181	223,181	227,167	3,986
Benefits allocation	200,586	200,586	168,223	(32,363)
Utilities	1,350	1,350	2,224	874
Office supplies	6,650	6,650	7,088	438
Audit and accounting services	61,000	61,000	48,000	(13,000)
Depreciation	1,506	1,506	5,549	4,043
Other	50,500	50,500	48,645	(1,855)
Information technology allocation	10,002	10,002	10,522	520
Allocated to general and administrative	(554,775)	(554,775)	(517,418)	37,357
	-	-	-	-
Total operating expenses	\$ 46,912,600	\$ 46,912,600	\$ 43,402,466	\$ (3,510,134)

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

	2019	2018	2017	2016
Assets				
Current assets:				
Cash and investments	\$ 7,182,648	\$ 11,571,335	\$ 7,462,754	\$ 5,028,900
Receivables, net	6,877,612	5,202,692	5,886,845	5,764,178
Inventories	1,356,111	1,308,354	1,244,573	1,133,694
Prepaid items	84,615	63,177	66,928	60,913
Total current assets	<u>15,500,986</u>	<u>18,145,558</u>	<u>14,661,100</u>	<u>11,987,685</u>
Noncurrent assets:				
Restricted assets:				
Cash and investments	10,317,690	10,068,302	10,085,571	9,240,696
Bond reserve funds held by City of Ypsilanti	2,449,847	2,449,847	2,449,847	2,449,847
Receivables, long-term portion	108,793	167,404	201,813	226,324
Capital assets not being depreciated	1,782,679	7,473,054	6,757,861	4,384,763
Capital assets being depreciated, net	189,166,166	190,122,199	198,218,261	206,566,465
Unamortized bond issuance costs	-	-	-	-
Total noncurrent assets	<u>203,825,175</u>	<u>210,280,806</u>	<u>217,713,353</u>	<u>222,868,095</u>
Total assets	<u>219,326,161</u>	<u>228,426,364</u>	<u>232,374,453</u>	<u>234,855,780</u>
Deferred outflow of resources				
Deferred pension amounts [1]	5,504,032	3,199,192	3,757,182	5,208,480
Deferred other postemployment benefit amounts [2]	1,516,214	288,503	-	-
Deferred charge on refunding	403,454	475,864	548,273	720,741
Total deferred outflow of resources	<u>7,423,700</u>	<u>3,963,559</u>	<u>4,305,455</u>	<u>5,929,221</u>
Liabilities				
Current liabilities:				
Accounts payable	2,904,283	3,280,914	3,465,874	3,016,052
Retentions, deposits and other liabilities	1,069,593	1,558,475	2,361,163	2,010,992
Accrued interest payable	554,634	592,033	614,418	639,426
Unearned revenue	524,548	598,577	-	-
Current maturities of long-term debt	4,577,289	4,467,065	4,146,842	3,856,098
Current maturities of accrued compensated absences	446,200	437,409	443,814	598,206
Total current liabilities	<u>10,076,547</u>	<u>10,934,473</u>	<u>11,032,111</u>	<u>10,120,774</u>
Noncurrent liabilities:				
Long term debt:				
Bonds payable	56,587,965	61,109,778	64,592,710	65,891,389
Environmental liability	591,456	591,456	591,456	591,456
Accrued compensated absences	446,200	437,409	443,813	598,206
Net pension liability [1]	24,529,069	21,695,295	23,743,896	24,050,720
Net other postemployment benefit liability [2]	1,072,800	1,051,627	-	-
Total noncurrent liabilities	<u>83,227,490</u>	<u>84,885,565</u>	<u>89,371,875</u>	<u>91,131,771</u>
Total liabilities	<u>93,304,037</u>	<u>95,820,038</u>	<u>100,403,986</u>	<u>101,252,545</u>
Deferred inflow of resources				
Deferred pension amounts [1]	343,262	1,137,789	261,623	168,460
Deferred other postemployment benefit amounts [2]	151,085	97,683	-	-
Total deferred inflow of resources	<u>494,347</u>	<u>1,235,472</u>	<u>261,623</u>	<u>168,460</u>
Net position				
Net investment in capital assets	130,637,045	132,944,274	137,234,843	142,374,482
Restricted for special purposes	12,767,537	12,518,149	12,535,418	11,690,543
Unrestricted (deficit)	<u>(10,453,105)</u>	<u>(10,128,010)</u>	<u>(13,755,962)</u>	<u>(14,701,029)</u>
Total net position	<u>\$ 132,951,477</u>	<u>\$ 135,334,413</u>	<u>\$ 136,014,299</u>	<u>\$ 139,363,996</u>

[1] GASB 68 implemented in fiscal 2015.

[2] GASB 75 implemented in fiscal 2018.

Table 1

2015	2014	2013	2012	2011	2010
\$ 4,597,931	\$ 5,627,411	\$ 6,694,067	\$ 9,673,074	\$ 8,596,980	\$ 9,089,912
6,360,948	5,752,726	5,170,802	6,123,153	5,538,276	5,464,765
1,091,034	1,057,086	1,069,510	1,143,691	1,037,421	1,004,020
71,034	366,994	379,129	118,202	112,701	88,705
12,120,947	12,804,217	13,313,508	17,058,120	15,285,378	15,647,402
9,186,686	9,986,612	10,547,445	10,396,426	10,771,401	11,002,749
2,641,709	2,641,709	2,641,709	2,818,781	2,814,790	2,814,790
248,007	273,460	292,526	244,318	356,640	384,950
7,195,157	6,630,946	8,248,464	10,905,836	7,965,374	8,655,598
211,538,034	218,508,207	220,965,939	216,753,174	224,347,474	229,617,964
-	-	-	1,156,689	1,182,899	1,197,902
230,809,593	238,040,934	242,696,083	242,275,224	247,438,578	253,673,953
242,930,540	250,845,151	256,009,591	259,333,344	262,723,956	269,321,355
1,357,946	-	-	-	-	-
-	-	-	-	-	-
484,375	-	-	-	-	-
1,842,321	-	-	-	-	-
3,091,399	2,694,691	2,480,027	3,538,756	2,322,633	3,238,050
2,187,708	2,076,998	2,767,556	2,199,221	2,029,486	2,199,817
612,506	993,506	540,782	626,001	607,277	564,778
-	-	-	-	-	-
3,762,602	4,672,205	3,588,723	3,043,240	2,755,016	2,480,000
579,235	521,502	533,585	591,241	679,744	639,462
10,233,450	10,958,902	9,910,673	9,998,459	8,394,156	9,122,107
68,232,336	69,848,604	70,236,288	65,337,620	64,349,878	65,136,104
591,456	591,456	591,456	591,456	591,456	591,456
579,234	521,502	533,585	591,241	679,744	639,462
18,749,498	-	-	-	-	-
-	-	-	-	-	-
88,152,524	70,961,562	71,361,329	66,520,317	65,621,078	66,367,022
98,385,974	81,920,464	81,272,002	76,518,776	74,015,234	75,489,129
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
147,188,253	151,068,344	155,839,392	159,728,150	165,657,954	171,457,428
11,828,395	12,628,321	13,189,154	13,215,207	13,586,191	13,817,539
(12,629,761)	5,228,022	5,709,043	9,871,211	9,464,577	8,557,259
\$ 146,386,887	\$ 168,924,687	\$ 174,737,589	\$ 182,814,568	\$ 188,708,722	\$ 193,832,226

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Revenues and Expenses - Unaudited

Last Ten Fiscal Years Ended August 31

	2019	2018	2017	2016
Operating revenues				
Water sales	\$ 18,879,901	\$ 18,520,302	\$ 17,650,152	\$ 17,115,849
Sewage disposal sales	18,416,240	19,138,366	18,256,939	16,226,170
Surcharges and other usage fees	1,604,042	4,183,629	4,110,517	4,213,478
Other operating revenue	1,546,842	1,891,908	2,027,776	1,626,119
Total operating revenues	<u>40,447,025</u>	<u>43,734,205</u>	<u>42,045,384</u>	<u>39,181,616</u>
Operating expenses				
Water distribution	11,439,057	12,144,581	12,161,179	11,684,881
Wastewater treatment	17,741,510	16,383,759	17,754,991	17,818,636
Wastewater pump stations	1,293,266	1,190,581	1,468,251	1,283,745
Industrial surveillance	322,868	391,466	518,743	441,557
Transmission and distribution	8,888,368	7,717,835	8,233,710	8,693,576
Meter service	1,357,652	1,039,549	1,343,907	1,314,851
Customer accounting and collections	592,279	470,545	680,123	681,598
General and administration	1,767,466	1,810,616	2,008,192	1,954,380
Total operating expenses	<u>43,402,466</u>	<u>41,148,932</u>	<u>44,169,096</u>	<u>43,873,224</u>
Operating income (loss)	<u>(2,955,441)</u>	<u>2,585,273</u>	<u>(2,123,712)</u>	<u>(4,691,608)</u>
Nonoperating revenues (expenses)				
Investment earnings	255,762	173,521	178,601	166,363
Connection fees	102,434	86,958	102,322	57,171
Interest and amortization expense	(1,749,872)	(1,872,822)	(2,097,371)	(2,367,830)
Other nonoperating revenues	723	1,299	4,993	-
Cost to dispose of capital assets	-	-	-	(835,873)
Total nonoperating expenses	<u>(1,390,953)</u>	<u>(1,611,044)</u>	<u>(1,811,455)</u>	<u>(2,980,169)</u>
Income (loss) before contributions and special item	<u>\$ (4,346,394)</u>	<u>\$ 974,229</u>	<u>\$ (3,935,167)</u>	<u>\$ (7,671,777)</u>

Table 2

2015	2014	2013	2012	2011	2010
\$ 14,774,886	\$ 14,568,698	\$ 13,917,141	\$ 14,548,680	\$ 13,148,378	\$ 11,896,822
15,986,337	14,855,053	14,325,974	14,479,442	14,805,649	13,438,220
3,969,419	4,016,188	3,915,923	3,890,623	3,757,175	3,824,805
1,578,254	1,560,864	1,627,364	1,598,545	1,635,819	1,686,828
<u>36,308,896</u>	<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>
10,070,350	9,908,197	9,483,636	9,036,006	7,792,536	7,081,762
17,278,603	15,860,564	16,150,407	16,249,549	16,017,852	16,080,897
1,241,368	1,136,517	1,285,808	1,620,234	1,027,107	1,098,445
417,299	379,784	422,880	393,651	368,906	378,400
7,981,764	7,698,787	7,290,247	7,071,733	6,706,413	6,502,734
1,151,856	1,074,717	1,099,771	1,280,659	1,229,452	1,038,294
645,635	670,487	673,930	594,560	641,919	757,180
1,872,990	1,807,617	1,805,957	1,788,764	2,511,663	2,800,453
<u>40,659,865</u>	<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>(4,350,969)</u>	<u>(3,535,867)</u>	<u>(4,426,234)</u>	<u>(3,517,866)</u>	<u>(2,948,827)</u>	<u>(4,891,490)</u>
168,048	168,262	187,826	212,126	237,628	265,257
20,712	34,051	68,551	35,250	2,304	3,751
(2,320,778)	(2,500,935)	(2,671,012)	(2,757,137)	(2,769,043)	(2,693,219)
-	21,587	12,871	1,694	31,117	(348,062)
-	-	-	-	-	-
<u>(2,132,018)</u>	<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>\$ (6,482,987)</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>

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Revenues and Expenses - City Division - Unaudited

Last Ten Fiscal Years Ended August 31

	2019	2018	2017	2016
Operating revenues				
Water sales	\$ 4,439,273	\$ 2,905,530	\$ 2,860,296	\$ 2,832,507
Sewage disposal sales	3,985,786	3,979,905	3,756,937	3,403,404
Surcharges and other usage fees	410,629	3,175,456	3,196,778	3,272,842
Other operating revenue	245,489	324,932	363,276	252,063
Total operating revenues	<u>9,081,177</u>	<u>10,385,823</u>	<u>10,177,287</u>	<u>9,760,816</u>
Operating expenses				
Water distribution	1,799,055	1,896,372	1,902,930	1,896,746
Wastewater treatment	4,140,868	3,969,782	4,302,035	4,151,739
Wastewater pump stations	267,097	256,074	316,680	260,521
Industrial surveillance	75,356	94,851	125,690	102,883
Transmission and distribution	1,984,288	1,977,703	2,188,225	2,248,677
Meter service	308,925	237,252	307,488	302,974
Customer accounting and collections	134,863	107,567	155,679	157,109
General and administration	409,661	433,522	486,320	460,658
Total operating expenses	<u>9,120,113</u>	<u>8,973,123</u>	<u>9,785,047</u>	<u>9,581,307</u>
Operating income (loss)	<u>(38,936)</u>	<u>1,412,700</u>	<u>392,240</u>	<u>179,509</u>
Nonoperating revenues (expenses)				
Investment earnings	94,972	51,730	61,545	54,419
Connection fees	-	11,233	-	-
Interest and amortization expense	(558,994)	(629,691)	(716,955)	(863,381)
Other nonoperating revenues	-	-	-	-
Total nonoperating expenses	<u>(464,022)</u>	<u>(566,728)</u>	<u>(655,410)</u>	<u>(808,962)</u>
Income (loss) before contributions and special item	<u>\$ (502,958)</u>	<u>\$ 845,972</u>	<u>\$ (263,170)</u>	<u>\$ (629,453)</u>

Table 3

2015	2014	2013	2012	2011	2010
\$ 2,527,857	\$ 2,503,790	\$ 2,321,846	\$ 2,350,010	\$ 2,117,075	\$ 1,959,836
3,280,032	3,104,609	2,971,752	2,976,710	3,210,681	2,908,831
3,089,769	3,158,410	3,018,037	3,007,247	2,905,733	2,990,356
293,374	364,012	381,369	397,267	410,163	392,322
<u>9,191,032</u>	<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>
1,750,111	1,688,754	1,735,094	1,495,435	1,220,447	1,104,248
3,968,895	3,508,358	3,627,379	3,622,023	3,757,790	3,772,580
262,208	238,960	278,352	308,345	199,909	261,659
95,854	84,008	94,978	87,743	86,546	88,772
2,114,593	1,914,907	1,827,963	1,927,194	1,812,792	1,741,448
266,589	249,079	255,760	296,564	284,591	239,901
149,463	155,419	156,756	137,699	148,668	175,060
434,869	406,429	397,109	391,822	585,766	658,522
<u>9,042,582</u>	<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>
148,450	884,907	319,613	464,409	547,143	209,155
61,501	61,573	69,325	72,503	77,554	98,523
-	-	200	9,354	-	3,751
(925,881)	(989,579)	(1,267,179)	(1,226,770)	(1,263,478)	(1,311,768)
-	-	-	-	8,744	(97,805)
<u>(864,380)</u>	<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>\$ (715,930)</u>	<u>\$ (43,099)</u>	<u>\$ (878,041)</u>	<u>\$ (680,504)</u>	<u>\$ (630,037)</u>	<u>\$ (1,098,144)</u>

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Revenues and Expenses - Township Division - Unaudited

Last Ten Fiscal Years Ended August 31

	2019	2018	2017	2016
Operating revenues				
Water sales	\$ 14,440,628	\$ 15,614,772	\$ 14,789,856	\$ 14,283,342
Sewage disposal sales	14,430,454	15,158,461	14,500,002	12,822,766
Surcharges and other usage fees	1,193,413	1,008,173	913,739	940,636
Other operating revenue	1,301,353	1,566,976	1,664,500	1,374,056
Total operating revenues	<u>31,365,848</u>	<u>33,348,382</u>	<u>31,868,097</u>	<u>29,420,800</u>
Operating expenses				
Water distribution	9,640,002	10,248,209	10,258,249	9,788,135
Wastewater treatment	13,600,642	12,413,977	13,452,956	13,666,897
Wastewater pump stations	1,026,169	934,507	1,151,571	1,023,224
Industrial surveillance	247,512	296,615	393,053	338,674
Transmission and distribution	6,904,080	5,740,132	6,045,485	6,444,899
Meter service	1,048,727	802,297	1,036,419	1,011,877
Customer accounting and collections	457,416	362,978	524,444	524,489
General and administration	1,357,805	1,377,094	1,521,872	1,493,722
Total operating expenses	<u>34,282,353</u>	<u>32,175,809</u>	<u>34,384,049</u>	<u>34,291,917</u>
Operating income (loss)	<u>(2,916,505)</u>	<u>1,172,573</u>	<u>(2,515,952)</u>	<u>(4,871,117)</u>
Nonoperating revenues (expenses)				
Investment earnings	160,790	121,791	117,056	111,944
Connection fees	102,434	75,725	102,322	57,171
Interest and amortization expense	(1,190,878)	(1,243,131)	(1,380,416)	(1,504,449)
Other nonoperating revenues	723	1,299	4,993	-
Cost to dispose of capital assets	-	-	-	(835,873)
Total nonoperating expenses	<u>(926,931)</u>	<u>(1,044,316)</u>	<u>(1,156,045)</u>	<u>(2,171,207)</u>
Income (loss) before contributions and special item	<u>\$ (3,843,436)</u>	<u>\$ 128,257</u>	<u>\$ (3,671,997)</u>	<u>\$ (7,042,324)</u>

Table 4

2015	2014	2013	2012	2011	2010
\$ 12,247,029	\$ 12,064,908	\$ 11,595,295	\$ 12,198,670	\$ 11,031,303	\$ 9,936,986
12,706,305	11,750,444	11,354,222	11,502,732	11,594,968	10,529,389
879,650	857,778	897,886	883,376	851,442	834,449
1,284,880	1,196,852	1,245,995	1,201,278	1,225,656	1,294,506
<u>27,117,864</u>	<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>
8,320,239	8,219,443	7,748,542	7,540,571	6,572,089	5,977,514
13,309,708	12,352,206	12,523,028	12,627,526	12,260,062	12,308,317
979,160	897,557	1,007,456	1,311,889	827,198	836,786
321,445	295,776	327,902	305,908	282,360	289,628
5,867,171	5,783,880	5,462,284	5,144,539	4,893,621	4,761,286
885,267	825,638	844,011	984,095	944,861	798,393
496,172	515,068	517,174	456,861	493,251	582,120
1,438,121	1,401,188	1,408,848	1,396,942	1,925,897	2,141,931
<u>31,617,283</u>	<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>(4,499,419)</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>
106,547	106,689	118,501	139,623	160,074	166,734
20,712	34,051	68,351	25,896	2,304	-
(1,394,897)	(1,511,356)	(1,403,833)	(1,530,367)	(1,505,565)	(1,381,451)
-	21,587	12,871	1,694	22,373	(250,257)
-	-	-	-	-	-
<u>(1,267,638)</u>	<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>\$ (5,767,057)</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>

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Revenues - Unaudited

Last Ten Fiscal Years Ended August 31

	2019	2018	2017	2016
Water revenues				
Operating:				
City bi-monthly	\$ 2,673,356	\$ 2,151,608	\$ 2,112,225	\$ 2,009,546
Township bi-monthly	5,085,661	7,042,900	6,765,633	6,453,602
City monthly	964,293	837,172	846,663	899,828
Township monthly	1,040,347	1,115,386	1,169,047	2,307,817
Contract	6,917,449	7,373,236	6,876,635	5,445,055
Ready to serve/surcharge	2,949,014	2,222,062	2,108,869	2,160,761
Other	182,994	271,520	152,914	272,332
Total operating	19,813,114	21,013,884	20,031,986	19,548,941
Interest	143,838	102,615	23,607	95,065
Other	51,216	43,480	28,585	28,585
Total water revenues	\$ 20,008,168	\$ 21,159,979	\$ 20,084,178	\$ 19,672,591
Wastewater revenues				
Operating:				
City bi-monthly	\$ 1,531,631	\$ 1,864,488	\$ 1,698,899	\$ 1,638,121
Township bi-monthly	3,646,163	4,898,722	4,703,050	4,531,609
City monthly	425,300	507,890	639,660	560,030
Township monthly	460,315	564,526	967,651	853,425
Contract	11,189,839	11,302,740	9,968,705	8,642,986
Ready to serve/surcharge	1,628,921	1,585,688	1,719,838	1,669,170
Other	1,751,743	1,996,267	1,874,862	1,737,334
Total operating	20,633,912	22,720,321	21,572,665	19,632,675
Interest	111,924	70,906	33,097	71,298
Other	51,940	44,777	28,586	28,586
Total wastewater revenues	\$ 20,797,776	\$ 22,836,004	\$ 21,634,348	\$ 19,732,559

Table 5

2015	2014	2013	2012	2011	2010
\$ 1,832,901	\$ 1,786,477	\$ 1,721,085	\$ 1,650,904	\$ 1,544,421	\$ 1,446,730
5,687,099	5,658,125	5,573,869	5,662,740	5,119,358	4,636,834
732,640	788,216	720,470	728,260	644,570	594,965
1,061,206	1,044,372	1,049,638	1,007,896	1,041,872	1,168,393
5,461,040	5,291,508	4,852,079	5,498,880	4,798,157	4,049,900
2,028,003	2,061,169	1,987,468	1,941,825	1,740,618	1,778,112
256,839	294,630	287,814	282,321	242,100	256,235
17,059,728	16,924,497	16,192,423	16,772,826	15,131,096	13,931,169
95,556	95,765	106,614	119,360	126,812	140,187
10,356	17,026	34,275	17,625	1,152	1,876
<u>\$ 17,165,640</u>	<u>\$ 17,037,288</u>	<u>\$ 16,333,312</u>	<u>\$ 16,909,811</u>	<u>\$ 15,259,060</u>	<u>\$ 14,073,232</u>
\$ 1,557,237	\$ 1,516,145	\$ 1,482,505	\$ 1,444,198	\$ 1,387,389	\$ 1,435,574
4,221,211	4,190,298	4,077,488	4,130,127	3,965,222	4,017,464
509,095	542,493	503,122	492,530	464,403	510,084
837,588	806,097	657,324	720,562	1,013,058	1,061,843
8,861,206	7,800,020	7,605,536	7,692,024	7,975,576	6,413,255
1,568,067	1,590,352	1,559,142	1,555,247	1,633,626	1,671,592
1,694,764	1,630,901	1,708,863	1,709,775	1,776,650	1,805,694
19,249,168	18,076,306	17,593,980	17,744,463	18,215,924	16,915,506
72,492	72,497	81,212	92,766	110,816	125,070
10,356	17,025	34,276	17,625	1,152	1,875
<u>\$ 19,332,016</u>	<u>\$ 18,165,828</u>	<u>\$ 17,709,468</u>	<u>\$ 17,854,854</u>	<u>\$ 18,327,892</u>	<u>\$ 17,042,451</u>

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Service Consumption (in cubic feet) - Unaudited

Last Ten Fiscal Years Ended August 31

Fiscal Year	Water Usage	Sewer Usage
2019	482,674,500	1,376,118,983
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

YPSILANTI COMMUNITY UTILITIES AUTHORITY

Water and Sewer Revenues - Major Customers

Current Year and Three Years Ago

Company	Product or Service	2019		
		Revenue	Rank	% of Total
Pittsfield Township	Contract community	\$ 7,189,092	1	17.77%
Western Townships Utility Authority	Contract community	5,695,879	2	14.08%
Superior Township	Contract community	2,239,781	3	5.54%
Eastern Michigan University	University	1,447,279	4	3.58%
Augusta Township	Contract community	910,519	5	2.25%
State Hospital	Government	505,167	6	1.25%
Lake in the Woods	Apartments	401,206	7	0.99%
Marsh Plating	Manufacturing	252,207	8	0.62%
Lakeview	Apartments	188,928	9	0.47%
Sumpter Township	Contract community	172,690	10	0.43%
Rawsonville	Manufacturing	162,113	11	0.40%
R A C E R / ACM	Manufacturing	149,371	12	0.37%
Peninsular Place Apts	Apartments	110,643	13	0.27%
River Drive Apts	Apartments	72,029	14	0.18%
Forest Knoll	Apartments	11,401	15	0.03%
Totals		<u>\$ 19,508,305</u>		<u>48.23%</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

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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%
447,640	7	1.14%
350,172	9	0.89%
425,829	8	1.09%
154,847	13	0.40%
182,978	12	0.47%
204,044	10	0.52%
499,883	6	1.28%
129,336	14	0.33%
115,365	15	0.29%
199,397	11	0.51%
<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
2019	\$ 40,805,221	\$ 31,849,174	\$ 8,956,047	\$ 6,916,928	1.29
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

(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).