

CHARTER COUNTY OF WAYNE,
MICHIGAN

SEWAGE DISPOSAL SYSTEMS

Year Ended
September 30,
2016

Financial
Statements

CHARTER COUNTY OF WAYNE, MICHIGAN SEWAGE DISPOSAL SYSTEMS

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INDEPENDENT AUDITORS' REPORT

March 22, 2017

To the Wayne County Commission
and the County Executive
Charter County of Wayne, Michigan
Detroit, Michigan

We have audited the accompanying financial statements of the *Wayne County Sewage Disposal Systems (the "Systems")*, *enterprise funds of the Charter County of Wayne, Michigan*, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Systems' 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 opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on auditor 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 respective financial position of the Wayne County Sewage Disposal Systems, enterprise funds of the Charter County of Wayne, Michigan, as of September 30, 2016, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Reporting Entity

As discussed in Note 1, the financial statements present only the Wayne County Sewage Disposal Systems and do not purport to, and do not, present fairly the financial position of the Charter County of Wayne, Michigan, and the changes in its financial position and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Rehmann Lobson LLC

**CHARTER COUNTY OF WAYNE, MICHIGAN
SEWAGE DISPOSAL SYSTEMS**

**STATEMENT OF NET POSITION
September 30, 2016**

	Downriver	Rouge Valley	Northeast	CSO Basins	Total
Assets					
Current assets:					
Equity in pooled cash and investments	\$ 18,633,733	\$ 8,225,776	\$ 3,879,822	\$ -	\$ 30,739,331
Other cash and investments	1,000	-	-	-	1,000
Receivables:					
Accounts	115,183	-	-	-	115,183
Due from other governments	5,567,056	10,593,444	2,044,651	478,402	18,683,553
Less allowance for uncollectable accounts	(1,467)	-	-	-	(1,467)
Prepayments and deposits	86,913	-	-	-	86,913
Restricted assets:					
Equity in pooled cash and investments	22,483,264	4,389,777	2,277,974	4,120,411	33,271,426
Other cash and investments	2,812,561	-	-	-	2,812,561
Accounts receivable	6,202,042	-	-	4,840,350	11,042,392
Bond principal due from municipalities	47,171,034	75,000	-	2,103,699	49,349,733
Total current assets	103,071,319	23,283,997	8,202,447	11,542,862	146,100,625
Noncurrent assets:					
Capital assets not being depreciated	21,531,050	4,971,757	13,350,279	-	39,853,086
Capital assets being depreciated, net	175,155,732	85,406,488	1,896,197	-	262,458,417
Total noncurrent assets	196,686,782	90,378,245	15,246,476	-	302,311,503
Total assets	299,758,101	113,662,242	23,448,923	11,542,862	448,412,128
Deferred outflows of resources					
Deferred charge on refunding	-	-	-	19,438	19,438

continued...

**CHARTER COUNTY OF WAYNE, MICHIGAN
SEWAGE DISPOSAL SYSTEMS**

STATEMENT OF NET POSITION (concluded)

September 30, 2016

	Downriver	Rouge Valley	Northeast	CSO Basins	Total
Liabilities					
Current liabilities:					
Accounts and contracts payable	\$ 3,150,860	\$ 878,260	\$ 102,768	\$ 81,803	\$ 4,213,691
Accrued wages and benefits	43,930	-	-	-	43,930
Interest payable	1,380,836	-	-	2,697,132	4,077,968
Interfund payable	-	-	-	334,482	334,482
Long-term obligations, current	16,906,815	665,000	565,000	1,671,083	19,807,898
Compensated absences, current	154,207	-	-	-	154,207
Other liabilities	6,785,315	9,255,830	4,415,458	31,604	20,488,207
Total current liabilities	28,421,963	10,799,090	5,083,226	4,816,104	49,120,383
Noncurrent liabilities:					
Bonds and notes payable due in more than one year	85,957,929	10,627,769	12,192,823	4,242,546	113,021,067
Other postemployment benefits obligation	2,757,326	-	-	-	2,757,326
Net pension liability	5,409,898	-	-	-	5,409,898
Total noncurrent liabilities	94,125,153	10,627,769	12,192,823	4,242,546	121,188,291
Total liabilities	122,547,116	21,426,859	17,276,049	9,058,650	170,308,674
Deferred inflows of resources					
Deferred pension amounts	125,360	-	-	-	125,360
Net position					
Net investment in capital assets	140,993,072	79,160,476	2,488,653	-	222,642,201
Restricted for bond programs	31,497,867	4,389,777	2,277,974	2,453,699	40,619,317
Unrestricted	4,594,686	8,685,130	1,406,247	49,951	14,736,014
Total net position	\$ 177,085,625	\$ 92,235,383	\$ 6,172,874	\$ 2,503,650	\$ 277,997,532
Reconciliation of restricted net position					
Total restricted assets	\$ 78,668,901	\$ 4,464,777	\$ 2,277,974	\$ 11,064,460	\$ 96,476,112
Less liabilities payable from restricted assets (excluding capital-related borrowings)	(47,171,034)	(75,000)	-	(8,610,761)	(55,856,795)
	\$ 31,497,867	\$ 4,389,777	\$ 2,277,974	\$ 2,453,699	\$ 40,619,317

concluded.

See accompanying notes to the financial statements.

**CHARTER COUNTY OF WAYNE, MICHIGAN
SEWAGE DISPOSAL SYSTEMS**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
For the Year Ended September 30, 2016**

	Downriver	Rouge Valley	Northeast	CSO Basins	Total
Operating revenues					
Sewage disposal charges	\$ 18,018,458	\$ 57,553,314	\$ 25,833,275	\$ 54,900	\$ 101,459,947
Industrial surcharges	1,241,049	-	-	-	1,241,049
Other charges for services	4,785,187	380	-	1,323,976	6,109,543
Other revenue	6,660	-	-	-	6,660
Total operating revenues	24,051,354	57,553,694	25,833,275	1,378,876	108,817,199
Operating expenses					
Personnel	2,304,059	-	-	-	2,304,059
Fringe benefits	1,200,427	-	-	-	1,200,427
Pension	(2,576,883)	-	-	-	(2,576,883)
Materials and supplies	2,067,491	32,890	30,280	50,524	2,181,185
Contractual services	5,097,256	54,021,437	23,746,440	973,784	83,838,917
Travel	6,049	-	-	-	6,049
Other	3,826,995	79,389	455,737	247,293	4,609,414
Rentals	57,640	2,141	341,082	14,127	414,990
Depreciation	13,338,942	2,840,506	358,665	-	16,538,113
Total operating expenses	25,321,976	56,976,363	24,932,204	1,285,728	108,516,271
Operating gain (loss)	(1,270,622)	577,331	901,071	93,148	300,928
Nonoperating revenues (expenses)					
Investment earnings	232,835	77,734	42,697	115,398	468,664
Collections from participating local units	2,023,391	1,969	-	263,881	2,289,241
Interest expense	(3,089,849)	(274,846)	(253,945)	(334,569)	(3,953,209)
State grants	5,124	-	-	-	5,124
Total nonoperating revenues (expenses)	(828,499)	(195,143)	(211,248)	44,710	(1,190,180)
Change in net position	(2,099,121)	382,188	689,823	137,858	(889,252)
Net position, beginning of year, as restated	179,184,746	91,853,195	5,483,051	2,365,792	278,886,784
Net position, end of year	\$ 177,085,625	\$ 92,235,383	\$ 6,172,874	\$ 2,503,650	\$ 277,997,532

See accompanying notes to the financial statements.

**CHARTER COUNTY OF WAYNE, MICHIGAN
SEWAGE DISPOSAL SYSTEMS**

**Statement of Cash Flows
For the Year Ended September 30, 2016**

	Downriver	Rouge Valley	Northeast	CSO Basins	Total
Cash flows from operating activities					
Receipts from customers	\$ 23,337,317	\$ 59,210,187	\$ 25,738,543	\$ 1,009,370	\$ 109,295,417
Payments to suppliers	(11,842,441)	(53,233,319)	(24,390,016)	(1,151,884)	(90,617,660)
Payments to employees	(2,469,790)	-	-	-	(2,469,790)
Payments for benefits	(2,097,534)	-	-	-	(2,097,534)
Net cash provided by (used in) operating activities	<u>6,927,552</u>	<u>5,976,868</u>	<u>1,348,527</u>	<u>(142,514)</u>	<u>14,110,433</u>
Cash flows from capital and related financing activities					
Repayment of long-term debt	(16,629,107)	(645,000)	(555,000)	(2,975,000)	(20,804,107)
Proceeds from issuance of long term debt	5,713,663	1,376,956	658,481	1,321,937	9,071,037
Bond principal received from municipalities	15,170,728	25,000	-	3,687,850	18,883,578
State grants	5,124	-	-	-	5,124
Interest received from participating local units	2,023,391	1,968	-	263,881	2,289,240
Acquisition of capital assets	(7,672,278)	(2,022,717)	(571,910)	-	(10,266,905)
Interest paid	(3,071,752)	(274,846)	(253,945)	(1,320,282)	(4,920,825)
Net cash provided by (used in) capital and related financing activities	<u>(4,460,231)</u>	<u>(1,538,639)</u>	<u>(722,374)</u>	<u>978,386</u>	<u>(5,742,858)</u>
Cash flows provided by investing activities					
Investment earnings	232,835	77,734	42,697	115,398	468,664
Change in cash and cash equivalents	2,700,156	4,515,963	668,850	951,270	8,836,239
Cash and cash equivalents, beginning of year	<u>41,230,402</u>	<u>8,099,590</u>	<u>5,488,946</u>	<u>3,169,141</u>	<u>57,988,079</u>
Cash and cash equivalents, end of year	<u>\$ 43,930,558</u>	<u>\$ 12,615,553</u>	<u>\$ 6,157,796</u>	<u>\$ 4,120,411</u>	<u>\$ 66,824,318</u>
Cash and cash equivalents at year end consist of:					
Equity in pooled cash and investments	\$ 18,633,733	\$ 8,225,776	\$ 3,879,822	\$ -	\$ 30,739,331
Other cash and investments	1,000	-	-	-	1,000
Restricted assets:					
Equity in pooled cash and investments	22,483,264	4,389,777	2,277,974	4,120,411	33,271,426
Other cash and investments	2,812,561	-	-	-	2,812,561
Total cash and investments	<u>\$ 43,930,558</u>	<u>\$ 12,615,553</u>	<u>\$ 6,157,796</u>	<u>\$ 4,120,411</u>	<u>\$ 66,824,318</u>

continued...

**CHARTER COUNTY OF WAYNE, MICHIGAN
SEWAGE DISPOSAL SYSTEMS**

**Statement of Cash Flows (concluded)
For the Year Ended September 30, 2016**

	Downriver	Rouge Valley	Northeast	CSO Basins	Total
Reconciliation of operating gain (loss) to net cash provided by (used in) operating activities					
Operating gain (loss)	\$ (1,270,622)	\$ 577,331	\$ 901,071	\$ 93,148	\$ 300,928
Adjustments to reconcile operating gain (loss) to net cash provided by (used in) operating activities:					
Depreciation	13,338,942	2,840,506	358,665	-	16,538,113
Amortization of bond discounts, bond premiums and deferred loss on refunding	(37,606)	-	-	81,388	43,782
Changes in current assets, current liabilities and deferrals:					
Accounts receivable	2,315,439	1,125	-	(1,200,465)	1,116,099
Allowance for uncollectable accounts	(128,485)	-	-	-	(128,485)
Due from other governments	(2,919,917)	1,655,368	(94,732)	496,477	(862,804)
Prepayments and deposits	18,926	-	-	-	18,926
Deferred pension amounts (outflows)	153,836	-	-	-	153,836
Accounts and contracts payable	2,255,448	465,738	(2,882)	27,146	2,745,450
Accrued wages	(111,058)	-	-	-	(111,058)
Interfund payable	-	-	-	334,482	334,482
Compensated absences	(54,673)	-	-	-	(54,673)
Other liabilities	(3,004,852)	436,800	186,405	25,310	(2,356,337)
Net other postemployment benefits	(18,813)	-	-	-	(18,813)
Net pension liability	(3,528,834)	-	-	-	(3,528,834)
Deferred pension amounts (inflows)	(80,179)	-	-	-	(80,179)
Net cash provided by (used in) operating activities	\$ 6,927,552	\$ 5,976,868	\$ 1,348,527	\$ (142,514)	\$ 14,110,433

concluded.

See accompanying notes to the financial statements.

NOTES TO FINANCIAL STATEMENTS

CHARTER COUNTY OF WAYNE, MICHIGAN SEWAGE DISPOSAL SYSTEMS

Notes to the Basic Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entities

The Downriver Sewage Disposal System (Downriver), Rouge Valley Sewage Disposal System (Rouge Valley), Northeast Sewage Disposal System (Northeast), and Combined Sewer Overflow Basins (CSO Basins) that are tributary to the Sewage Disposal Systems (collectively, "the Systems"), are enterprise funds of the Charter County of Wayne, Michigan (the County). The County owns and operates the various systems and basins in accordance with enabling legislation and service agreements.

Direct salaries, wages, and employee benefits, plus materials and services supplied by outside vendors or other County operations, are charged to the system responsible for such expenses when incurred. Certain other services are shared among the systems and other County operations, with the proportionate cost of these services being billed to the individual system based upon actual services provided.

These financial statements present only the Systems and are not intended to present the financial position and results of operation of the County in conformity with United States generally accepted accounting principles.

The financial statements of the Systems are included in the County's comprehensive annual financial report, reported as enterprise funds. The County's comprehensive annual financial report can be obtained by contacting the Office of Management and Budget, 500 Griswold, 14th Floor, Detroit, MI 48226.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Basis of Accounting

The Systems are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Sewage Disposal Revenues

The System's revenues, except for the CSO Basins, are recorded and based on consumption. The CSO Basins' revenues are based on the recovery of operation and maintenance costs from the cities they serve.

Contractual Services

Contractual services for the Rouge Valley and Northeast systems primarily represent amounts billed for sewage treatment and disposal costs based on rates established by the Great Lakes Water Authority.

Cash and Investments

Cash resources of the individual funds of the County, except as specifically stated by ordinance, are pooled and invested. Interest on pooled investments is allocated among the respective funds based on average investment balances.

CHARTER COUNTY OF WAYNE, MICHIGAN SEWAGE DISPOSAL SYSTEMS

Notes to the Basic Financial Statements

For the purposes of the statement of cash flows, the County considers all highly liquid investments, including restricted assets, with a maturity of three months or less when purchased to be cash equivalents. All pooled investments qualify as cash equivalents.

Deferred Outflows of Resources

The Systems defer the difference between the reacquisition price and the net carrying amount of the old debt in a refunding. The deferred amount is amortized and recorded as a component of interest expense. The unamortized costs are reported as deferred outflows of resources.

Capital Assets

Capital assets are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows (in years):

Building and improvements	5-25
Machinery, equipment and vehicle:	5-25
Infrastructure (interceptors and appurtenances)	25-80

Expenditures greater than \$5,000 for capital assets and for major renewals and betterments that extend the estimated useful life of the assets are capitalized; routine maintenance and repairs are charged to expense as incurred. All costs relating to the construction of facilities and other capital assets are capitalized, including salaries, employee benefits, and qualifying net bond interest costs during construction. At the time capital assets are disposed of, the costs and related accumulated depreciation are removed from the accounts and any gain or loss is reflected in the results of operations.

Due from Other Governments

Due from other governmental units represents receivables from local municipalities and the State of Michigan, for sewage disposal and grant revenue. The balance sheet (aging) method is used to estimate the reserve for uncollectable.

Bonds Payable

Bonds payable represents the total outstanding bonded debt of the Systems and are reported net of applicable bond premiums and discounts.

Compensated Absences

The Systems' employees earn vacation and sick leave benefits based, in part, on length of service. Vacation pay is fully vested when earned and sick pay vests upon completion of two years of service. Upon separation from service, employees are paid accumulated vacation and sick pay depending upon the nature of the separation (death, retirement, or termination). Certain limitations are placed on the hours of vacation and sick leave that employees may accumulate and carry over for payment at termination, retirement, or death. Unused hours exceeding these limitations are forfeited. The amount of accumulated unpaid vacation and sick pay is recorded in other liabilities in the statement of net position.

CHARTER COUNTY OF WAYNE, MICHIGAN SEWAGE DISPOSAL SYSTEMS

Notes to the Basic Financial Statements

Pension and Other Postemployment Benefits (OPEB)

The County offers the Systems' employees pension and retiree health care benefits. Information regarding those benefits and the related liabilities, deferrals and disclosures are presented in the County's comprehensive annual financial report.

Deferred Inflows of Resources

The Systems report deferred outflows of resources for changes in expected and actual investment returns, assumption, and benefits provided in its pension plans.

Net Position

The basic financial statements utilize a net position presentation. Net position is typically categorized as net investment in capital assets, restricted and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation. The outstanding balances of bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets would further reduce this component. If there were significant unspent debt proceeds at year-end, the debt would be offset by the unspent proceeds.

Restricted net position consists of externally imposed constraints placed on net position by grantors, contributors, laws, regulations or constitutional provisions.

Unrestricted net position represents unrestricted liquid assets. While the Systems' management may have categorized and segmented portions for various purposes, the County Commission has the unrestricted authority to revise or alter these managerial decisions.

Risk Management

The Systems participate in the County's self-insurance program for its various risk exposure coverages and employee insurance benefits. See the County's comprehensive annual financial report for further discussion of this program.

2. CASH AND INVESTMENTS

At year-end, the carrying amount of the Systems' pooled cash and investments, which were deposited entirely in the County Treasurer's internal cash management pool except for \$2.8 million in separately held demand deposit accounts, was \$64.0 million. Because it is infeasible to allocate risk to individual funds or pool participants, aggregate cash and investment categories are presented in the County's basic financial statements.

**CHARTER COUNTY OF WAYNE, MICHIGAN
SEWAGE DISPOSAL SYSTEMS**

Notes to the Basic Financial Statements

3. RESTRICTED ASSETS

Restricted assets total approximately \$96.5 million and represent amounts restricted for use in replacement, improvement and construction projects (\$55.9 million) and bond reserves and amounts pledged toward the payment of outstanding bonds and notes (\$40.6 million). Bond principal due from municipalities is recorded upon the issuance of debt for construction of sewage facilities and systems. Such principal will be repaid by the benefited local communities in accordance with the debt services requirements of the County.

4. CAPITAL ASSETS

Capital assets are capitalized in the fund in which they are utilized. The following summarizes changes in capital assets for each system at September 30, 2016:

	Beginning Balance	Additions	Deductions	Ending Balance
Downriver Sewage Disposal				
Capital assets not being depreciated:				
Land	\$ 2,426,717	\$ -	\$ -	\$ 2,426,717
Construction in Progress	11,479,155	7,625,178	-	19,104,333
	<u>13,905,872</u>	<u>7,625,178</u>	<u>-</u>	<u>21,531,050</u>
Capital assets being depreciated:				
Land improvements	1,367,301	-	-	1,367,301
Buildings and improvements	19,213,707	-	-	19,213,707
Machinery, equipment and vehicles	1,350,835	47,100	-	1,397,935
Infrastructure	400,607,353	-	-	400,607,353
	<u>422,539,196</u>	<u>47,100</u>	<u>-</u>	<u>422,586,296</u>
Less accumulated depreciation for:				
Land improvements	(634,190)	(61,710)	-	(695,900)
Buildings and improvements	(17,852,288)	(135,789)	-	(17,988,077)
Machinery, equipment and vehicles	(918,881)	(114,282)	-	(1,033,163)
Infrastructure	(214,686,263)	(13,027,161)	-	(227,713,424)
	<u>(234,091,622)</u>	<u>(13,338,942)</u>	<u>-</u>	<u>(247,430,564)</u>
Total capital assets being depreciated, net	<u>188,447,574</u>	<u>(13,291,842)</u>	<u>-</u>	<u>175,155,732</u>
Downriver Sewage Disposal capital assets, net	<u><u>\$ 202,353,446</u></u>	<u><u>\$ (5,666,664)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 196,686,782</u></u>

**CHARTER COUNTY OF WAYNE, MICHIGAN
SEWAGE DISPOSAL SYSTEMS**

Notes to the Basic Financial Statements

	Beginning Balance	Additions	Deductions	Ending Balance
Rouge Valley Sewage Disposal				
Capital assets not being depreciated:				
Land	\$ 1,448,847	\$ -	\$ -	\$ 1,448,847
Construction in progress	1,500,193	2,022,717	-	3,522,910
	<u>2,949,040</u>	<u>2,022,717</u>	<u>-</u>	<u>4,971,757</u>
Capital assets being depreciated:				
Buildings and improvements	9,042,608	-	-	9,042,608
Machinery, equipment and vehicles	370,672	-	-	370,672
Infrastructure	139,121,423	-	-	139,121,423
	<u>148,534,703</u>	<u>-</u>	<u>-</u>	<u>148,534,703</u>
Less accumulated depreciation for:				
Buildings and improvements	(7,406,295)	(271,415)	-	(7,677,710)
Machinery, equipment and vehicles	(222,225)	(32,346)	-	(254,571)
Infrastructure	(52,659,190)	(2,536,744)	-	(55,195,934)
	<u>(60,287,710)</u>	<u>(2,840,505)</u>	<u>-</u>	<u>(63,128,215)</u>
Total capital assets being depreciated, net	<u>88,246,993</u>	<u>(2,840,505)</u>	<u>-</u>	<u>85,406,488</u>
Rouge Valley Sewage Disposal capital assets, net	<u>\$ 91,196,033</u>	<u>\$ (817,788)</u>	<u>\$ -</u>	<u>\$ 90,378,245</u>
Northeast Sewage Disposal				
Capital assets not being depreciated:				
Land	\$ 11,040	\$ -	\$ -	\$ 11,040
Construction in progress	12,767,329	571,910	-	13,339,239
	<u>12,778,369</u>	<u>571,910</u>	<u>-</u>	<u>13,350,279</u>
Capital assets being depreciated:				
Buildings and improvements	10,064,660	-	-	10,064,660
Machinery, equipment and vehicles	184,645	-	-	184,645
Infrastructure	1,156,802	-	-	1,156,802
	<u>11,406,107</u>	<u>-</u>	<u>-</u>	<u>11,406,107</u>
Less accumulated depreciation for:				
Buildings and improvements	(8,537,318)	(322,455)	-	(8,859,773)
Machinery, equipment and vehicles	(67,371)	(18,472)	-	(85,843)
Infrastructure	(546,556)	(17,738)	-	(564,294)
	<u>(9,151,245)</u>	<u>(358,665)</u>	<u>-</u>	<u>(9,509,910)</u>
Total capital assets being depreciated, net	<u>2,254,862</u>	<u>(358,665)</u>	<u>-</u>	<u>1,896,197</u>
Northeast Sewage Disposal capital assets, net	<u>\$ 15,033,231</u>	<u>\$ 213,245</u>	<u>\$ -</u>	<u>\$ 15,246,476</u>

**CHARTER COUNTY OF WAYNE, MICHIGAN
SEWAGE DISPOSAL SYSTEMS**

Notes to the Basic Financial Statements

Construction in progress in the Systems involves various improvements. The costs expected to be incurred to complete these projects are estimated at \$12.2 million. These projects are expected to be funded by future contributions from federal grants, participating local governmental units, and assets restricted for improvements.

5. LONG-TERM DEBT AND OTHER OBLIGATIONS

The principal and interest payments on all the Systems' bonds, unless otherwise noted, are payable from contributions of the participating local governmental units as set forth in the related sewage disposal system contracts and bond ordinances.

General Obligation Bonds. General obligation bonds are issued to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the issuer. These bonds are issued as 10 to 20-year serial bonds with varying amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

	Year of Maturity	Interest Rates	Original Amount	Amount Outstanding
Downriver Sewage Disposal				
1995-3	2019	2.25%	\$ 49,525,000	\$ 6,015,000
1995-4	2018	2.25%	14,731,176	895,000
1995-5	2018	2.25%	10,821,813	656,813
1995-7	2018	2.25%	2,082,585	130,000
1995-8	2021	2.25%	58,035,000	13,785,000
1995-9	2018	2.25%	5,980,000	365,000
1995-10	2018	2.25%	5,291,187	256,489
1995-11	2018	2.25%	1,907,456	232,558
1995-12	2018	2.25%	5,773,353	680,000
1995-13	2019	2.25%	3,840,000	465,000
1997	2018	2.25%	2,509,825	305,000
1998	2021	2.25%	16,865,000	4,010,000
1999-2	2020	2.50%	105,103	22,051
1999-3	2021	2.50%	12,030,000	2,910,000
1999-4	2020	2.25%	11,731,749	2,071,749
1999B-5	2019	4.5-5.125%	15,005,000	2,295,000
2000	2021	2.50%	5,085,000	1,520,000
2005	2026	1.63%	4,680,000	2,530,000
			<u>\$ 246,636,048</u>	<u>\$ 39,144,660</u>

**CHARTER COUNTY OF WAYNE, MICHIGAN
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Notes to the Basic Financial Statements

	Year of Maturity	Interest Rates	Original Amount	Amount Outstanding
Rouge Valley Sewage Disposal				
SRF 5140-01	2019	2.25%	\$ 425,000	\$ 75,000
CSO Basins				
SRF 5123-01	2019	2.25%	\$ 5,856,984	\$ 706,984
2007B-2	2018	4.25 - 5.75%	9,935,000	2,385,000
2011A-3	2030	2.50%	275,368	235,368
2011A-4	2032	2.50%	760,000	640,000
SRF 5430-02	2036	2.50%	2,175,000	1,714,363
			<u>\$ 19,002,352</u>	<u>\$ 5,681,715</u>

Revenue Bonds. The government issues revenue bonds where the income derived from the acquired or constructed assets is pledged to pay debt service. Revenue bonds currently outstanding are as follows:

	Year of Maturity	Year of Interest Rates	Original Amount	Amount Outstanding
Downriver Sewage Disposal				
2007B-3	2028	4.25 - 5.75%	\$ 15,790,000	\$ 11,240,000
2007D	2028	4.0 - 5.4%	4,300,000	3,035,000
2008D	2030	2.50%	4,329,086	3,059,086
2008A-2	2031	2.50%	10,612,059	7,952,059
2008B-2	2030	2.50%	12,115,000	9,085,000
2008C	2030	2.50%	4,330,000	3,050,000
2011A-2	2033	2.50%	13,780,990	12,095,990
2013-1	2035	2.00%	11,955,000	10,076,617
2016	2037	2.50%	17,705,000	3,711,826
			<u>\$ 94,917,135</u>	<u>\$ 63,305,578</u>
Rouge Valley Sewage Disposal				
SRF 5350-01	2031	2.50%	\$ 11,426,417	\$ 9,058,417
2015 (5402-01)	2036	2.50%	3,365,000	2,159,352
			<u>\$ 14,791,417</u>	<u>\$ 11,217,769</u>
Northeast Sewage Disposal				
2013-2	2035	2.00%	\$ 13,435,000	\$ 12,757,823

**CHARTER COUNTY OF WAYNE, MICHIGAN
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Notes to the Basic Financial Statements

The annual requirements of principal and interest on the debt outstanding at September 30, 2016 are summarized as follows:

		Downriver Sewage Disposal	
		Principal	Interest
	2017	\$ 16,869,033	\$ 2,694,965
	2018	15,645,676	2,348,154
	2019	10,803,673	1,952,151
	2020	10,371,278	1,694,033
	2021	5,170,000	1,441,398
	2022-2026	26,520,000	5,137,324
	2027-2031	21,696,145	1,725,214
	2032-2036	9,645,990	278,920
	2037	1,110,000	5,818
		117,831,795	
Remaining available to draw		(15,381,557)	
		\$ 102,450,238	\$ 17,277,977

		Rouge Valley Sewage Disposal	
		Principal	Interest
	2017	\$ 665,000	\$ 276,577
	2018	680,000	260,968
	2019	695,000	244,962
	2020	685,000	228,925
	2021	705,000	212,771
	2022-2026	3,820,000	804,646
	2027-2031	4,308,417	332,485
	2032-2035	810,000	34,868
		12,368,417	
Remaining available to draw		(1,075,648)	
		\$ 11,292,769	\$ 2,396,202

		Northeast Sewage Disposal	
		Principal	Interest
	2017	\$ 565,000	\$ 255,257
	2018	575,000	244,060
	2019	590,000	232,665
	2020	600,000	220,972
	2021	610,000	209,081
	2022-2026	3,245,000	858,819
	2027-2031	3,585,000	523,991
	2032-2035	3,110,000	154,879
		12,880,000	
Remaining available to draw		(122,177)	
		\$ 12,757,823	\$ 2,699,724

**CHARTER COUNTY OF WAYNE, MICHIGAN
SEWAGE DISPOSAL SYSTEMS**

Notes to the Basic Financial Statements

	CSO Basins	
	Principal	Interest
2017	\$ 1,650,000	\$ 141,767
2018	1,711,984	70,259
2019	140,000	59,116
2020	145,000	56,004
2021	145,000	52,790
2022-2026	790,000	213,632
2027-2031	885,000	122,169
2032-2035	590,368	29,141
	6,057,352	
Remaining available to draw	(375,637)	
	\$ 5,681,715	\$ 744,878

The changes in the long-term debt for the Systems are as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Downriver Sewage Disposal					
General obligation bonds	\$ 52,468,767	\$ -	\$ (13,324,107)	\$ 39,144,660	\$ 13,454,033
Revenue bonds	60,896,915	5,713,663	(3,305,000)	63,305,578	3,415,000
Compensated absences	208,880	154,207	(208,880)	154,207	154,207
Deferred amounts - For issuance premiums	452,111	-	(37,605)	414,506	37,782
Total long-term debt	\$ 114,026,673	\$ 5,867,870	\$ (16,875,592)	\$ 103,018,951	\$ 17,061,022
Rouge Valley Sewage Disposal					
General obligation bonds	\$ 100,000	\$ -	\$ (25,000)	\$ 75,000	\$ 25,000
Revenue bonds	10,460,813	1,376,956	(620,000)	11,217,769	640,000
Total long-term debt	\$ 10,560,813	\$ 1,376,956	\$ (645,000)	\$ 11,292,769	\$ 665,000
Northeast Sewage Disposal					
Revenue bonds	\$ 12,654,342	\$ 658,481	\$ (555,000)	\$ 12,757,823	\$ 565,000
CSO Basins					
General obligation bonds	\$ 7,334,778	\$ 1,321,937	\$ (2,975,000)	\$ 5,681,715	\$ 1,650,000
Deferred amounts - For issuance premiums	252,997	-	(21,083)	231,914	21,083
Total long-term debt	\$ 7,587,775	\$ 1,321,937	\$ (2,996,083)	\$ 5,913,629	\$ 1,671,083

CHARTER COUNTY OF WAYNE, MICHIGAN
SEWAGE DISPOSAL SYSTEMS

Notes to the Basic Financial Statements

6. RESTATEMENT

In order to present the net pension liability and related deferred outflows and inflows as of the same fiscal year end date of this report (i.e., it was previously reported with a one year lag), the beginning net position was decreased by \$638,427 for the Downriver Sewage Disposal System.

