



Regular Meeting  
February 6, 2017  
7:30 PM

City Hall, Commission Chambers, 301 Washington Avenue, Bay City MI 48708

### **ROLL CALL**

\*City Commission Minutes (1/17/17).  
RECOMMENDATION: Approve.

### **PUBLIC HEARINGS**

- 1 Ordinance amendment to the Code of Ordinances Chapter 18, Animals, Section 18-21, regarding number of dogs.

### **SPECIAL ORDERS - UNFINISHED BUSINESS**

- 1 City Manager recommending Ordinance amendment to the Code of Ordinances, Chapter 18, Animals, Section 18-21, regarding number of dogs.  
RECOMMENDATION: Approve.

### **ACCOUNTS AND CLAIMS**

\*City Manager presenting Accounts and Claims in the amount of \$225,565.32 and Investments and Wire Transfers in the amount of \$1,891,052.31 (1/23/17), Accounts and Claims in the amount of \$526,689.33 and Investments and Wire Transfers in the amount of \$1,817,626.19 (1/30/17) and Accounts and Claims in the amount of \$176,139.35 and Investments and Wire Transfers in the amount of \$1,016,963.76 (2/6/17).  
RECOMMENDATION: Approve.

### **PAYROLL**

\*City Manager presenting Payroll in the amount of \$1,068,570.29 (1/26/17).  
RECOMMENDATION: Approve.

### **REPORTS OF OFFICERS**

- 1 \*City Manager recommending Lease Agreement with McLaren Bay Region, Bay City, for use of the City's right-of-way property located on the corner of Columbus and Washington Avenues, in the total amount of \$10, for ten years.  
RECOMMENDATION: Approve.
- 2 \*City Manager recommending Traffic Control Order #2016.0014 revising center lane of the northbound leg to straight only (remove left turn option in this lane) on Madison Avenue at the intersection of Woodside Avenue.  
RECOMMENDATION: Approve.
- 3 \*City Manager recommending budget amendments in the amount of \$225,000 for the Fiscal Year 2016/2017 budget.

RECOMMENDATION: Approve.

- 4 \*City Manager recommending purchase of four 2017 Chevrolet Silverado, 3500HD, four wheel drive dump trucks from Berger Chevrolet, Grand Rapids, MI, through the State of Michigan Extended Purchasing Program, in the total amount of \$164,236.

RECOMMENDATION: Approve.

- 5 \*City Manager recommending purchase of an Altec Hydraulic Digger Derrick from Altec Industries, Saint Joseph, MO, in the amount of \$120,475 for the Electric Department.

RECOMMENDATION: Approve.

### **REPORTS OF COMMITTEES**

- 1 \*Minutes - Finance Policy Committee (1/17/17).

RECOMMENDATION: Approve.

### **RESOLUTIONS**

- 1 \*Commission as a Whole Resolution regarding the Comprehensive Annual Financial Report for the period ending June 30, 2016.

RECOMMENDATION: Receive.

- 2 \*Commission as a Whole resolution approving the amended Routine Goods list for day-to-day operations for various city departments.

RECOMMENDATION: Approve.

- 3 \*Commission as a Whole resolution appointing Barbara Appold and John Horwath, both of Bay City, to the Historic District Commission, terms to expire May 1, 2019, and 2020, respectively.

RECOMMENDATION: Approve.

**Subject:** Commission Minutes 1/17/17

**Reviewed By:** City Manager: Richard M. Finn Deputy City Manager: Dana L. Muscott

**Prepared By:**

**PERTINENT FACTS:**

**LEGAL ISSUES:**

**TIME SENSITIVITY:**

**BRIEFLY DESCRIBE THE NATURE OF THE TIME SENSITIVITY:**

**FINANCIAL CONSIDERATIONS:**

**CITY GOALS:**

**RECOMMENDED ACTION:**

\*City Commission Minutes (1/17/17).

RECOMMENDATION: Approve.

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**ATTACHMENTS:**

**Description**

Minutes 1.17.17

**Upload Date**

1/30/2017

**Type**

Cover Memo



# BAY CITY CITY COMMISSION

## Regular Meeting Official Proceedings

Bay City, Michigan  
January 17, 2017

The Commission met at 7:34 PM at City Hall, Commission Chambers, 301 Washington Avenue and was called to order by Mayor Kathleen Newsham.

Invocation was given by the City Clerk.

The Commission and others present offered the Pledge of Allegiance.

Commissioners Present: Lynn Stamiris, David Terrasi, Andrew Niedzinski, Brentt Brunner, James Irving, John Davidson, Kerice Basmadjian, 7.

Commissioner Brunner moved to excuse Commissioners Ed Clements and Larry Elliott. There was no objection. Excused by unanimous consent.

Absent: None.

Commissioner Niedzinski moved to allow public input on the consent agenda. There was no objection. No one came forward.

On motion, minutes of the December 19, 2016, and January 3, 2017, regular meetings, reported correct by the City Clerk, were approved without reading.

### PROCLAMATION!

**Whereas**, the Kiwanis Club of Bay City was chartered on January 27, 1917, and was the 5th club in the Michigan District and the 38th club chartered internationally; and

**Whereas**, the Kiwanis Club of Bay City will be celebrating its 100th Anniversary on January 27, 2017; and

**Whereas**, Kiwanis was founded in Detroit, Michigan, on January 21, 1916, and the original name was "The Benevolent Order of Brothers", and within a year the name was changed to Kiwanis, taken from an Indian term "nun keewanis" which means, "self-expression"; and

**Whereas**, the purpose of the organization is to provide community service. Such programs supported by the Kiwanis Club of Bay City are: sponsorship of a Northeast Little League team; the Bay County 4-H program, a \$4,000 Kiwanis Scholarship Program through the Bay Area Community Foundation, and

**Now, Therefore, I**, Kathleen Newsham, Mayor of the City of Bay City, do hereby proclaim January 27, 2017, as

### KIWANIS DAY

in Bay City and do hereby urge all citizens to support the Kiwanis Club of Bay City as they take pride in giving community service and to recognize their volunteer work and outstanding commitment to our community over the past 100 years.

In Witness Whereof I have hereunto set my hand and caused the Seal of the City of Bay City to be affixed this 17th day of January in the year of Our Lord two thousand seventeen.

Kathleen Newsham, Mayor  
CITY OF BAY CITY, MICHIGAN  
Mayor Kathleen Newsham read

and presented the Proclamation to Rich VanTol and Christopher Girard.

Commissioner Davidson moved to receive with approval the Proclamation acknowledging Kiwanis Day. Adopted Unanimously.

#### **PROCLAMATION!**

**Whereas**, bullying is a physical, verbal, sexual, or emotional harm or intimidation intentionally directed at a person or group of people; and **Whereas**, bullying occurs in neighborhoods, playgrounds, schools and through technology, such as the internet and cell phones; and

**Whereas**, students of Bay City Central High School recognized the need to stand up to bullying and end the pain and suffering experienced by students who are bullied; and

**Whereas**, the Bay City Central High School's Anti-Bullying Pledge Club was created in 2010 to create awareness and engage in prevention activities in an effort to make the school a safer environment; and

**Whereas**, in 2016 the Bay City Central High School's Anti-Bullying Pledge Club received national recognition as a certified anti-bullying club by PACER's National Bullying Prevention Center; and

**Now, Therefore, I**, Kathleen Newsham, Mayor of the City of Bay City, do hereby proclaim January 18, 2017, as

#### **BAY CITY CENTRAL HIGH SCHOOL'S ANTI-BULLYING PLEDGE CLUB DAY**

in Bay City and do hereby congratulate the students for making a difference in the lives of their peers, and urge the community to support all anti-bullying endeavors to make our community safer for all children and adolescents.

In Witness Whereof I have hereunto set my hand and caused the

Seal of the City of Bay City to be affixed this 17th day of January in the year of Our Lord two thousand seventeen.

Kathleen Newsham, Mayor  
CITY OF BAY CITY, MICHIGAN  
Mayor Kathleen Newsham read and presented the Proclamation to Jill Moore and members of the club.

Commissioner Davidson moved to receive with approval the Proclamation acknowledging Bay City Central High School's Anti-Bullying Pledge Club Day. Adopted Unanimously.

#### **PUBLIC HEARING**

Commissioner Niedzinski moved to allow citizens to address the City Commission regarding the dangerous building located at 700 Marquette Street, or any item on the agenda or any other matter. There was no objection. (Public comments on public hearing items appear after those items). Barbara Fletcher, 2208 7th Street, spoke on the Fletcher property.

Bruce Eckhart, 810 Germania Street, spoke on a friend that had passed recently and the upcoming Presidential Inauguration.

Jesse Dockett, 2157 5th Street, spoke on the porch railing heights allowed in the Historic District and suggested they may not be being maintained due to homeowners not wanting to switch heights if repaired.

#### **SPECIAL ORDER**

Of Commission as a Whole:

**Whereas**, the structure located at 700 Marquette Avenue, has been found to be a dangerous building pursuant to Chapter 26, Article IX, of the Bay City Code of Ordinances; and

**Whereas**, a Dangerous Building Notice, dated September 20, 2016, requiring the owner to abate the dangerous building by repair or

demolition was served upon Fletcher Oil Company, Inc., Mr. Bill Fletcher, 700 Marquette Avenue, Bay City, MI 48706-4086 on September 20, 2016, in the manner prescribed in Section 26-454 of the Bay City Code of Ordinances; and

**Whereas**, a Dangerous Building hearing was conducted before the Dangerous Building Hearing Officer on December 7, 2016, at 1:00 p.m., who issued a decision and order dated December 9, 2016, that required 1) within ten (10) days of the receipt of the notice, the owner shall secure permits for the repair and renovation of the structure to bring the entire structure into code compliance including submitting an engineering report at the time the permit application is submitted regarding the structural integrity of the existing building and the repairs of the building. Such work shall be completed within ninety (90) days from the date the building permit is issued; 2) within ten (10) days from the receipt of this notice, the owner also has the option of obtaining a demolition permit for the removal of the building. The demolition of the building must commence immediately upon issuance of a demolition permit and must be completed within ten (10) days. A copy of this order was served on the owner, agent, or lessee in the manner prescribed in Section 26-454 of the Bay City Code of Ordinances; and

**Whereas**, the time limit for performance has expired, and the owner has failed, refused, or otherwise neglected to repair, rehabilitate, or demolish the dangerous building; and

**Whereas**, a hearing was held before the Bay City City Commission, at which time the owner, agent, or lessee was given the opportunity to show cause why the order of the Dangerous Building Hearing Officer should not be enforced;

**Now Therefore Be It Resolved**

that the Bay City City Commission hereby approves the order of the Dangerous Building Hearing Officer. The owner, agent, or lessee of the structure shall comply with the order of the Dangerous Building Hearing Officer within thirty (30) days of the date of this hearing. Should the owner, agent, or lessee fail to obtain all necessary permits and complete repairs or to complete the demolition within sixty (60) days after the date of this hearing, the City Attorney and the Code Enforcement Department are hereby authorized to seek an order from the Bay County Circuit Court to demolish said building in accordance with the provisions of Section 26-455 of the Bay City Code of Ordinances, assess the cost thereof against the land as a special assessment, and/or charge the cost thereof as a personal obligation of the property owner, and direct the City Attorney to collect the same on behalf of the City by use of all legal remedies, pursuant to Chapter 26, Article XI, of the Bay City Code of Ordinances.

**Be It Further Resolved** that the owner or party in interest aggrieved by this final decision/order of the City Commission is notified that he/she/it may appeal the decision/order to the circuit court by filing a petition for superintending control within twenty (20) days from the date of the decision/order.

Commissioner Davidson moved to allow public input.

Bill Fletcher, 4145 Fletcher Road, Monitor Township, spoke against demolition by the city.

Commissioner Brunner moved approval of resolution.

Commissioner Niedzinski moved to amend the resolution by adding "**Be It Further Resolved** that the owner or party in interest shall, within ten (10) days, provide to the City a security deposit in the form of a surety (performance) bond issued by a surety

licensed and admitted to do business in the State of Michigan or a certified check, bank draft, bank money order, or cashier's check drawn upon a bank in good standing, for a sum of not less than Two Hundred Fifty Thousand Dollars (\$250,000), as a guarantee on the part of the owner or party in interest that he/it will comply with the terms of this Resolution in the time specified. The surety bond, certified check, bank draft, bank money order or cashier's check shall be made payable to the City of Bay City, Michigan and shall be subject to the conditions specified in this Resolution. The surety of the bond shall be a duly authorized surety company with a "Certificate of Authority of the Surety Company" to do business in the State of Michigan. The attorney-in-fact who executes the required bond on behalf of the surety shall affix thereto a certified and current copy of the power of attorney. Upon receipt of the surety bond, the owner or party shall have until June 30, 2017, to complete the demolition of the building" after paragraph six. There was no objection.

Adopted, as amended, by the following vote:

Yes, Commissioners Stamiris, Terrasi, Niedzinski, Brunner, Irving, 5.

No, Commissioners Davidson, Basmadjian, 2.

#### **ACCOUNTS, CLAIMS, INVESTMENTS & WIRE TRANSFERS**

Of City Manager:

Accounts and Claims in the amount of \$647,857.85 and Investments and Wire Transfers in the amount of \$419,287.43 (1/9/17) and Accounts and Claims in the amount of \$474,258.47 and Investments and Wire Transfers in the amount of \$806,089.55 (1/16/17), have been examined, found correct, and are hereby referred to you for your approval.

Commissioner Davidson moved

adoption of recommendation.

Adopted by the following vote:

Yes, Commissioners Stamiris, Terrasi, Niedzinski, Brunner, Irving, Davidson, Basmadjian, 7.

No, None.

#### **PAYROLLS**

Of City Manager:

Reporting payroll in the amounts of \$84.77 (12/31/16) and \$1,662,317.85 (1/12/17), and recommending payment of same.

Commissioner Davidson moved adoption of recommendation.

Yes, Commissioners Stamiris, Terrasi, Niedzinski, Brunner, Irving, Davidson, Basmadjian, 7.

No, None.

#### **REPORTS OF OFFICERS**

Of Commission as a Whole:

##### **ORDINANCE NO. 2017-2**

**Be It Ordained by the City of Bay City:** that the Code of Ordinances of the City of Bay City, Chapter 18, Animals, Section 18-21, be added to read as follows:

##### **Sec. 18-21. Number of dogs.**

It shall be unlawful for any person to keep more than 3 dogs, six months of age or more, on any property containing a single-family dwelling or on any commercial or industrial property within the city. It shall be unlawful for any person to keep 2 dogs, six months of age or more, within a dwelling unit that shares a common wall (including a floor or ceiling) with another dwelling unit. The provisions of this section shall not apply to a commercial kennel, veterinary clinic, veterinary hospital or animal shelter established in compliance with chapter 122 of this Code.

Commissioner Niedzinski moved to allow public input. There was no

objection. No one came forward.

Commissioner Basmadjian moved to refer to staff. Commissioner Stamiris objected.

Motion to refer defeated by the following vote:

Yes, Commissioners Niedzinski, Brunner, Basmadjian, 3.

No, Commissioners Stamiris, Terrasi, Irving, Davidson, 4.

(Section 3.3.1 of the City Charter provides that no business of any nature whatsoever shall be transacted except on the affirmative vote of at least five members of the Commission).

Commissioner Davidson moved to receive for first reading and refer to next meeting for second reading and possible adoption. There was no objection. Referred by unanimous consent.

Of City Manager:

It is recommended that the purchase of computer hardware from Dell, Inc., Round Rock, TX, in the amount of \$33,918.82 to upgrade the SCADA Wonderware InTouch system for the Wastewater Treatment Plant, be approved.

Commissioner Davidson moved adoption of recommendation.

Adopted by the following vote:

Yes, Commissioners Stamiris, Terrasi, Niedzinski, Brunner, Irving, Davidson, Basmadjian, 7.

No, None.

Of City Manager:

It is recommended that the appointments of Dennis Carrier, Gary Barber, Mark Zanotti, Anne Marie Schmidt, Mark Hickmott, Al McFadyen, Julie Ulman, and Robert Shea, Jr., all of Bay City, to the Board of Review, terms to expire January 1, 2019, be approved.

Commissioner Davidson moved adoption of recommendation.

Adopted by the following vote:

Yes, Commissioners Stamiris, Terrasi, Niedzinski, Brunner, Irving, Davidson, Basmadjian, 7.

No, None.

Of City Manager:

It is recommended that the one year extension to the current collective bargaining agreement with Utility Workers Union of America Local 482 expiring May 31, 2017, with no modification or change in wages or benefits, be approved.

Commissioner Niedzinski moved to allow public input. There was no objection. No one came forward.

Commissioner Niedzinski moved adoption of recommendation.

Adopted by the following vote:

Yes, Commissioners Stamiris, Terrasi, Niedzinski, Brunner, Irving, Davidson, Basmadjian, 7.

No, None.

## REPORTS OF COMMITTEE

Of Finance/Policy Committee:  
Presenting minutes of meeting held January 3, 2017.

Commissioner Davidson moved adoption of recommendation.

Adopted by the following vote:

Yes, Commissioners Stamiris, Terrasi, Niedzinski, Brunner, Irving, Davidson, Basmadjian, 7.

No, None.

## MOTIONS & RESOLUTIONS

Of Commission as a Whole:

**Whereas**, the City of Bay City hereinafter referred to as the "Governmental Agency," periodically applies to the Michigan Department of Transportation, hereinafter referred to as the "Department," for permits, referred to as "permit," to construct, operate, use and/or maintain utilities or other facilities, or to conduct other activities, on, over, and under State Highway Right of Way at various

locations within and adjacent to its corporate limits;

**Now Therefore Be It Resolved** in consideration of the Department granting such permit, the Governmental Agency agrees that:

1. Each party to this Agreement shall remain responsible for any claims arising out of their own acts and/or omissions during the performance of this Agreement, as provided by law. This Agreement is not intended to increase either party's liability for, or immunity from, tort claims, nor shall it be interpreted, as giving either party hereto a right of indemnification, either by Agreement or at law, for claims arising out of the performance of this Agreement.

2. If any of the work performed for the Governmental Agency is performed by a contractor, the Governmental Agency shall require its contractor to hold harmless, indemnify and defend in litigation, the State of Michigan, the Department and their agents and employees, against any claims for damages to public or private property and for injuries to person arising out of the performance of the work, except for claims that result from the sole negligence or willful acts of the Department, until the contractor achieves final acceptance of the Governmental Agency. Failure of the Governmental Agency to require its contractor to indemnify the Department, as set forth above, shall be considered a breach of its duties to the Department.

3. Any work performed for the Governmental Agency by a contractor or subcontractor will be solely as a contractor for the Governmental Agency and not as a contractor or agent of the Department. The Department shall not be subject to any obligations or liabilities by vendors and contractors of the Governmental Agency or their subcontractors or any other person not a party to the permit

without the Department 'S specific prior written consent and notwithstanding the issuance of the permit. Any claims by any contractor or subcontractor will be the sole responsibility of the Governmental Agency .

4. The Governmental Agency shall take no unlawful action or conduct, which arises either directly or indirectly out of its obligations, responsibilities, and duties under the permit which results in claims being asserted against or judgment being imposed against the State of Michigan, the Michigan Transportation Commission, the Department, and all officers, agents and employees thereof and those contracting governmental bodies performing permit activities for the Department and all officers, agents, and employees thereof, pursuant to a maintenance contract. In the event that the same occurs, for the purposes of the permit, it will be considered as a breach of the permit thereby giving the State of Michigan, the Department, and/or the Michigan Transportation Commission a right to seek and obtain any necessary relief or remedy, including, but not by way of limitation, a judgment for money damages.

5. The Governmental Agency will, by its own volition and/or request by the Department, promptly restore and/or correct physical or operating damages to any State Highway Right of Way resulting from the installation construction, operation and/or maintenance of the Governmental Agency's facilities according to a permit issued by the Department .

6. With respect to any activities authorized by a permit, when the Governmental Agency requires insurance on its own or its contractor's behalf it shall also require that such policy include as named insured the State of Michigan, the Transportation Commission, the Department , and all officers, agents, and employees thereof and those governmental bodies

performing permit activities for the Department and all officers, agents, and employees thereof, pursuant to a maintenance contract.

7. The incorporation by the Department of this resolution as part of a permit does not prevent the Department from requiring additional performance security or insurance before issuance of a permit.

8. This resolution shall continue in force from this date until cancelled by the Governmental Agency or the Department with no less than thirty (30) days prior written notice provided to the other party. It will not be cancelled or otherwise terminated by the Governmental Agency with regard to any permit which has already been issued or activity which has already been undertaken.

**Be It Further Resolved** that the following position(s) are authorized to apply to the Department for the necessary permit to work within State Highway Right of Way on behalf of the Governmental Agency .

Commissioner Davidson moved adoption of resolution.

Adopted by the following vote:

Yes, Commissioners Stamiris, Terrasi, Niedzinski, Brunner, Irving, Davidson, Basmadjian, 7.

No, None.

Of Commission as a Whole:

**Whereas**, certain Michigan water, wastewater and public works agencies have formed the "Michigan Water/Wastewater Agency Response Network," (MiWARN), to share resources and to assist each other in the form of personnel, equipment, material and supplies in the event of emergencies that disrupt utility services; and

**Whereas**, the Urban Cooperative Act of 1967, (MCL 124.501 et seq.) authorizes public bodies and private entities to work together to provide mutual aid and assistance to both public and private water and wastewater utilities and public works agencies in need of emergency assistance

caused by natural or man-made disasters; and

**Whereas**, the features of the proposed Mutual Aid and Assistance Agreement under consideration gives sole discretion to Members whether or not to respond to a request for assistance, or to what extent to respond to a request for assistance from a requesting Member, and provides for cost re-imbusement by the requesting Member to the responding Member; and

**Whereas**, the City of Bay City will retain complete discretion and authority to withdraw some or all of its resources furnished to a requesting Member at any time, and may withdraw from MiWARN, for any reason, upon seven (7) days notice to the Steering Committee; and

**Whereas**, legal counsel for the City of Bay City has reviewed the draft Mutual Aid and Assistance Agreement, in conjunction with the Director of Public Works for the City of Bay City and recommend the proposed Agreement; and

**Whereas**, the Members have agreed to enter into this "Michigan Water/Wastewater Agency Response Network Mutual Aid Agreement," to describe the terms and conditions under which emergency assistance may be requested and provided; and

**Whereas**, by executing the Agreement, the Parties express their intent to participate in a program of Mutual Aid and Assistance within the State of Michigan, and

**Now Therefore Be It Resolved** that the City of Bay City does hereby authorize entering into the Mutual Aid and Assistance Agreement with the Michigan Water/Wastewater Agency Response Network, and the authorizes the execution of the Agreement by the City of Bay City Mayor and Clerk.

Commissioner Davidson moved adoption of resolution.

Adopted by the following vote:

Yes, Commissioners Stamiris, Terrasi, Niedzinski, Brunner, Irving, Davidson,

Basmdjian, 7.  
No, None.

The Commission adjourned at 8:21  
PM.

KATHLEEN L. NEWSHAM, MAYOR  
TEMA J. LUCERO, CITY CLERK

**Subject:** Chapter 18, Animals, Section 18-21 - Number of Dogs  
**Reviewed By:** City Manager: Richard M. Finn Deputy City Manager: Dana L. Muscott  
**Prepared By:** Sue Coggin, Building Code and Rental Housing Enforcement Coordinator

**PERTINENT FACTS:**

Section 18-21 currently regulates the number of dogs to any property containing a single-family dwelling, within a dwelling unit, or on any commercial or industrial property within the city to a maximum of three (3) dogs, six months of age or more. Recently a question was raised as to the number of dogs that would be allowed within a multi-unit dwelling. Under the current ordinance, three (3) dogs would be allowed in each unit. Staff conducted research for other municipalities that regulated the number of dogs allowed within a multi-unit dwelling and found that the majority did lower the number for multi-unit dwellings by at least one (1) dog. The proposed ordinance amendment would allow any person to keep two (2) dogs, six months of age or more, within a dwelling unit that shares a common wall (including a floor or ceiling) with another dwelling unit. The proposed ordinance amendment was presented to the City Commission at their regularly scheduled meeting held on Tuesday, January 17, 2017 for first reading.

**LEGAL ISSUES:**

The proposed ordinance amendment was reviewed and approved by the City Attorney, Neil Wackerly.

**TIME SENSITIVITY:**

Routine

**BRIEFLY DESCRIBE THE NATURE OF THE TIME SENSITIVITY:**

**FINANCIAL CONSIDERATIONS:**

The Ordinance will need to be published in a paper of general circulation. The Ordinance will be published as part of the synopsis of the entire meeting with an estimate cost of \$100 total. These funds are budgeted in the City Clerk's budget in the printing and publishing line item.

**CITY GOALS:**

The purpose of this proposed ordinance amendment is to promote the public health, safety and general welfare for the citizens of Bay City and to ensure the humane treatment of animals by regulating the care and control of animals.

**RECOMMENDED ACTION:**

City Manager recommending Ordinance amendment to the Code of Ordinances, Chapter 18, Animals, Section 18-21, regarding number of dogs.

RECOMMENDATION: Approve.

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**ATTACHMENTS:**

<b>Description</b>	<b>Upload Date</b>	<b>Type</b>
Ordinance Amendment - Number of Dogs - Draft	1/23/2017	Cover Memo
Ordinance Amendment - Number of Dogs - Clean Copy	1/23/2017	Cover Memo

Of Commission as a Whole:

Ordinance No.: 2017-\_\_\_\_\_

Be it Ordained by the City of Bay City:

That the Code of Ordinances of the City of Bay City, Chapter 18, Animals, Section 18-21, Number of Dogs be amended to read as follows:

**Sec. 18-21. Number of dogs.**

It shall be unlawful for any person to keep more than 3 dogs, six months of age or more, on any property containing a single-family dwelling, ~~within any dwelling unit~~, or on any commercial or industrial property within the city. ***It shall be unlawful for any person to keep 2 dogs, six months of age or more, within a dwelling unit that shares a common wall (including a floor or ceiling) with another dwelling unit.*** The provisions of this section shall not apply to a commercial kennel, veterinary clinic, veterinary hospital or animal shelter established in compliance with chapter 122 of this Code

Of Commission as a Whole:

Ordinance No.: 2017-\_\_\_\_\_

Be it Ordained by the City of Bay City:

That the Code of Ordinances of the City of Bay City, Chapter 18, Animals, Section 18-21, Number of Dogs be amended to read as follows:

**Sec. 18-21. Number of dogs.**

It shall be unlawful for any person to keep more than 3 dogs, six months of age or more, on any property containing a single-family dwelling or on any commercial or industrial property within the city. It shall be unlawful for any person to keep 2 dogs, six months of age or more, within a dwelling unit that shares a common wall (including a floor or ceiling) with another dwelling *unit*. The provisions of this section shall not apply to a commercial kennel, veterinary clinic, veterinary hospital or animal shelter established in compliance with chapter 122 of this Code

**Subject:** Lease Agreement-McLaren Bay Region  
**Reviewed By:** City Manager: Richard M. Finn Deputy City Manager: Dana L. Muscott  
**Prepared By:** Economic Development Project Manager: Sara Dimitroff

**PERTINENT FACTS:**

The purpose of this recommendation is to request approval of a lease agreement with McLaren Bay Region for ten years to allow them to use the City's right-of-way property for their flag pole on the corner of Columbus and Washington Avenues. This is excess right-of-way property the City is retaining should the parcel be needed to redesign the intersection in the future.

The lease is for a period of ten years at a cost of \$1.00 between the City of Bay City and McLaren Bay Region. McLaren Bay Region will be responsible for lawn maintenance of the area. The lease includes a contingency that if the City needs to utilize the property in the future, the City would provide McLaren Bay Region with a 60 day written notice.

**LEGAL ISSUES:**

City Attorney, Neil Wackerly, has prepared the Lease Agreement between the City of Bay City and McLaren Bay Region.

**TIME SENSITIVITY:**

Urgent;immediate action is necessary

**BRIEFLY DESCRIBE THE NATURE OF THE TIME SENSITIVITY:**

This lease expired December, 2015.

**FINANCIAL CONSIDERATIONS:**

Proceeds from the rental of this property will be credited to Economic Opportunities, Miscellaneous Income, account 451-7301-67899.

**CITY GOALS:**

**RECOMMENDED ACTION:**

\*City Manager recommending Lease Agreement with McLaren Bay Region, Bay City, for use of the City's right-of-way property located on the corner of Columbus and Washington Avenues, in the total amount of \$10, for ten years.

RECOMMENDATION: Approve.

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**ATTACHMENTS:**

<b>Description</b>	<b>Upload Date</b>	<b>Type</b>
Aerial	1/26/2017	Backup Material
Lease Agreement	1/30/2017	Backup Material



Proposed Lease Area

## LEASE AGREEMENT

THIS AGREEMENT OF LEASE, made this \_\_\_\_ day of \_\_\_\_\_, 2017, by and between **CITY OF BAY CITY**, a Michigan Municipal Corporation, of 301 Washington Avenue, Bay City, Michigan 48708 [hereinafter referred to as the "Lessor"], and **McLAREN BAY REGION**, a Michigan non-profit corporation, of 1900 Columbus Avenue, Bay City, Michigan 48708 [hereinafter referred to as the "Lessee"].

WITNESSETH:

WHEREAS, the Lessee, McLaren Bay Region, desires and wishes to lease certain land and improvements thereon for business purposes from Lessor and Lessor desires and wishes to lease same to said Lessee; and

WHEREAS, said Lessee is a Michigan non-profit corporation, and empowered to lease real and personal property;

NOW THEREFORE, in consideration of the mutual warranties, representations, covenants and promises herein contained, is mutually covenanted and agreed upon by and between the parties hereto as follows:

1. **Description.** That the Lessor, in consideration of the agreements herein to be performed by the Lessee, does hereby grant, lease, demise and let onto Lessee the following parcel of land together with hereditaments and appurtenances thereunto situate and being in the City of Bay City, County of Bay and State of Michigan [hereinafter designated as "premises"], to-wit:

All that part of the East ½ of vacated Fraser Street lying between Columbus Avenue and a line fifty (50) feet South of Columbus Avenue.

2. **Term.** The term of this lease shall be for a period of ten (10) years [lease term], commencing upon and having an effective date of January 1, 2017, and shall continue through and inclusive of the 1<sup>st</sup> day of January, 2027. The Lease may be renewed annually for successive periods of twelve (12) months each for the same rental and subject to the same provisions as herein set forth. Either party may terminate this Lease or any renewal or extension thereof, upon sixty (60) days written notice, upon which Lessee shall vacate the premises.

If actual occupancy and use of the demised premises is delayed by redecoration, alteration, construction or repairs be performed by the Lessee, such delay will not affect any of the terms of this Lease.

3. **Acceptance of premises.** Lessee has examined the premises and is satisfied with the physical condition of the structures and improvements thereon and accepts same "as is".

4. **Use.** The Lessee may use and occupy the premises for the installation of a flag pole and low landscaping. Landscaping shall be maintained at a height that does not constitute a visual hazard to vehicle or pedestrian traffic. Lessor may, at its sole discretion, require Lessee to reduce the height of any landscaping upon seven (7) days written notice. The Lessee shall not use or knowingly permit any part of the leased premises to be used for any

unlawful purpose. Lessee shall not use the premises in any manner which would cause the premises to be considered an extra or especially hazardous risk under a standard fire insurance policy. In the event of any violation of this provision, Lessor, at its sole option, may terminate this lease and forthwith re-enter and repossess the premises.

5. **Rental.** The Lessee, in consideration of the agreements and covenants to be performed by the Lessor, does hereby hire the said premises for the term(s) herein set forth and covenants, agrees and promises to pay, for the term of this lease to Lessor, a rental for the above described premises of Ten and 00/100 (\$10.00) Dollars, in advance, for the first 10 year term or any subsequent 10 year term. Rental payments shall be made at 301 Washington Avenue, Bay City, Michigan 48708, or such other place or places as Lessor may from time to time designate in writing.

6. **Construction.** Construction upon the leased premises shall be in strict compliance with all state and local building codes and it shall be the responsibility of the Lessee to obtain all permits and licenses for construction upon the leased premises.

7. **Additional consideration.** As additional consideration the Lessee shall construct and install a flag pole on the premises. Lessee shall also install low landscaping and shall be solely responsible for all maintenance regarding the property, including lawn maintenance.

8. **Utilities and services.** Lessee agrees to pay and be responsible for any and all utilities and services, upon and for the premises, and to keep, save and to hold harmless Lessor from any and all claims thereto.

9. **Repairs and maintenance.** Lessee shall take good care of the demised premises and its fixtures, and suffer no waste, and shall keep the premises in a clean, safe, orderly and sanitary condition, including, but not limited to, cutting grass, as well as keeping the sidewalks and driveways neat and clean, and promptly removing all snow, ice, debris or any material which may be a hazard to the general public, including any business invitees, and Lessee shall make all such repairs as are required in order to maintain the demised premises in the condition in which the same exists upon commencement of actual use and occupancy. Lessee agrees to assume any and all liability for damages and make the necessary repairs of any damages to the demised premises, fixtures or furnishings caused by negligence of or misuse by Lessee, its agents, invitees or guests and at the termination of this lease or any renewal thereof, Lessee shall yield and deliver up the demised premises in like condition, reasonable use and wear thereof and damage by the elements excepted.

10. **Alterations.** All alternations, repairs, decoration, additions, fixtures, trees or other improvements now on said premises or which may be made or installed by either of the parties hereto in and upon the premises, shall be the property of Lessor and at the termination of this lease shall remain upon and be surrendered with the premises as part thereof, without disturbance, molestation or injury, provided, however, that Lessor may direct any such things to be removed by Lessee and the same shall be removed forthwith by Lessee at Lessee's expense.

11. **Insurance and Indemnity.**

- (a) The Lessee agrees that it will carry its own liability insurance of all kinds whereby Lessee shall keep, save, defend and hold harmless Lessor from

any and all damages and liability from anything and everything whatsoever arising from, or out of, the use or occupancy of the premises hereby demised by the Lessor to the Lessee with combined limits of not less than \$500,000.00 and Lessee shall provide Lessor with a certificate of insurance showing the Lessor to be an additional named insured, forthwith upon execution of this lease, and said certificate shall further provide a fifteen (15) day written notice to the Lessor in the event of cancellation or material changes in the coverage. Lessee agrees to indemnify, protect, defend and save Lessor harmless from any loss or liability that may be levied against the premises by reason of Lessee's use or occupancy or any other person thereon by invitation or license of Lessee, and from any expense, cost and attorney fees incurred in connection with any such claim. In the event of any incident or occurrence in and upon the demised premises resulting in personal injury to any person, Lessee agrees to give notice to the Lessor within twelve (12) hours after the occurrence thereof, or Lessee learns of such occurrence, or Lessee should have reasonably known of such occurrence.

- (b) Lessor shall be defended and held harmless by Lessee from any liability for damages to any person or any property in or upon said premises and including but not limited to the sidewalks, parking lots and facilities/areas being a part of said premises, including the person and property of Lessee, and its employees and all persons in the building at its or their invitation or with their consent. It is understood and agreed that all property kept, stored or maintained in the demised premises shall be so kept, stored or maintained at the risk of Lessee only. Lessee shall not suffer or give cause for the filing of any lien against the herein demised premises. Lessee shall be solely responsible for all injuries to persons and property resulting from any incident, accident, explosion, leak or other cause arising in or about the use of the premises and its appurtenances, as hereinbefore stated. Lessor shall not be responsible for any loss or damage resulting to Lessee or its property or to any other person or persons or their property which may be caused by the bursting, stopping or leaking of water, gas, sewer or steam pipes or from overflow or backing up of any sewer or water main or from snow, ice, debris, or any material which may be a hazard to the general public.

12. **Personalty.** All personal property in the devised premises belonging to the Lessee shall be at the risk of the Lessee only, and said Lessor shall not be liable for any damage to said personal property, or to said Lessee or other persons, arising from the building or any part of the appurtenances thereof becoming out of repair or from any acts or neglect of the occupants of the demised premises or any other person or due to the happening of any incident in or to said building.

13. **Other Insurance.** If either party shall employ an independent contractor or others to make any repairs or alterations to the demised premises or for any maintenance thereto, such party shall obtain and maintain or cause said independent contractor to obtain or maintain policies of workers' compensation insurance and such other insurance policies so that the other party will be held harmless from any and all obligations that may arise by causing said repairs, alterations or maintenance to be made.

14. **Waiver of Subrogation.** The Lessor waives all rights of recovery against the Lessee, and sublessors and their respective agents and employees, for any loss or damage to property of the Lessor located on the demised premises or comprising a part thereof or insured under valid and collectible insurance policies to the extent of any recovery collectible under such insurance. The Lessee waives, and will require any sublessor to waive, all rights of recovery against the Lessor, and the agents and employees of the Lessor, for loss or damage to property of the Lessee or to the insured under valid and collectible insurance agencies, to the extent of any recovery collectible under such insurance. The parties hereto agree that all policies of fire or extended coverage insurance or any and all material damage insurance, shall contain either an appropriate provision waiving all rights of subrogation, or an endorsement acknowledging notice that the aforesaid rights of recovery have been waived.

15. **Assignment and Sub-letting.** Lessee shall not assign or transfer this lease or any interest therein, or hypothecate or mortgage the same or any interest therein, or sublet said premises or any part thereof without the prior written consent of Lessor. Lessor shall consent to such assignment or subletting if the proposed assignee or subtenant is, in the sole determination of Lessor, a responsible party and will not adversely affect the character and reputation of the building or the limited purpose and intent of this lease. In case of any assignment or subletting permitted hereunder, Lessee, as well as its assignee or subtenant shall remain subject to all provisions of this lease, including as a surety and/or guarantor of all performances and payments hereunder.

16. **Quiet Enjoyment.** Lessor covenants that if Lessee shall observe and perform all and singular its covenants and agreements herein contained, Lessee may peacefully and quietly have, hold, occupy and enjoy said demised premises, with the appurtenances, for and during the term hereof.

17. **Default.** If Lessee shall fail to observe or perform any obligations under this lease and shall fail to cure its default within fifteen (15) days after notice from Lessor to do so, or within fifteen (15) days after notice of failure to pay rent, or if Lessee shall be adjudicated bankrupt or become insolvent or shall make an assignment for the benefit of creditors or abandon the demised premises, then in any of said cases, Lessor may, in addition to other remedies provided by law, terminate this lease and/or lawfully enter into and upon the demised premises or any part thereof and repossess the same, and expel the Lessee and persons claiming under and through it, and remove any effects, without being liable for trespass and without prejudice to any remedies which may be available for arrears or for Lessee's breach of covenant. Upon default, Lessor may assess against Lessee all of Lessor's reasonable expenses, including attorney fees, for the preparation of any notices or representation in any court proceedings, summary proceedings, eviction, or any other proceeding which pertains to the enforcement of the terms of this lease.

18. **Amendment, Entire Agreement and Waiver of Default.** This lease contains all the agreements and conditions made between the parties hereto, and may not be modified orally or in any other manner than by an agreement in writing signed by all the parties hereto or their respective successors in interest. The receipt of rent by Lessor with knowledge of any breach of this lease by the Lessee, or any default on the part of Lessee in the observances or performance of any of the conditions or covenants of this lease, shall not be deemed to be a waiver of any provisions of this lease. No failure on the part of the Lessor to enforce any covenant or provision herein contained, nor any waiver of any right thereunder by the Lessee, unless in writing, shall discharge or invalidate such covenant or provision or affect the right of

the Lessor to enforce the same in the event of any subsequent breach of default. The receipt by the Lessor of any rent or any other sum of money or any other consideration hereunder paid by the Lessee after the termination, in any manner, of the term herein demised, or after the giving by the Lessor of any notice hereunder to effect such termination, shall not reinstate, continue, or extend the term herein demised, or destroy, or in any manner impair the efficacy of any such notice of termination as may have been given hereunder by the Lessor to the Lessee prior to the receipt of any such sum of money or other consideration, unless so agreed to in writing and signed by the Lessor. Neither acceptance of the keys or any other act or thing done by the Lessor or any agent or employee during the term of this lease shall be deemed to be in agreement in writing signed by the Lessor accepting or agreeing to accept such a surrender.

19. **Holding Over.** Any holding over by the Lessee beyond the expiration of the specified term or any additional period hereunder shall give rise to a tenancy from month to month.

20. **Eminent Domain.**

- (a) If the whole of the premises shall be taken by any public authority under the power of eminent domain, then the term of this lease shall cease as of the day possession shall be taken by such public authority and the rent shall be paid up to that day with a proportionate refund by Lessor of any prepaid rent.
- (b) If less than the whole but more than twenty-five percent (25%) of the premises shall be taken under eminent domain, either party shall have the right to terminate this lease by notice in writing delivered to the other party within ten (10) days after such taking, and Lessee shall have the further right by like notice to terminate in the event so much of the premises shall be taken as shall render the remaining portion unsuitable for Lessee's purposes. If neither party elects to terminate this lease, Lessee shall continue in possession of the remainder of the premises, and all of the terms of this lease shall continue in full operative force and effect, except that the rent other than percentage rent shall be reduced in proportion to the value of the premises taken, and Lessor, at its own costs and expense, shall make all repairs or alterations necessary to constitute the remaining premises substantially like the original premises.
- (c) All damages awarded for any taking under the power of eminent domain, whether for the whole or a part of the premises, shall belong to and be the property of Lessor whether such damages shall be awarded as compensation for the diminution in value to the leasehold or to the fee of the premises; provided, however, that Lessor shall not be entitled to any award made to Lessee for loss of business or removal of furniture, fixtures or other equipment installed on the premises by Lessee.

21. **Broker.** Each of the parties hereto agrees to indemnify, save, keep, defend and hold harmless the other from liability for damages regarding any broker's or realtor's commission.

22. **Notices.** All notices to be given hereunder by the parties shall be in writing and given by personal delivery or certified mail to the parties at the addresses as hereinbefore set

forth or to the Lessee at the demised premises. For purposes of calculating time periods under the provision of this agreement, notice shall be deemed effective upon mailing or personal delivery, whichever is applicable.

23. **Benefit and Usage.** The terms and conditions of this agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, representatives, successors or assigns, except as may be hereinbefore provided, and when applicable, pronouns and relative words shall be read as plural, feminine or neuter, respectively.

24. **Duplicate Original Copies.** This agreement is executed in duplicate original copies, one of which shall be retained by Lessor and one by Lessee, each of which shall be deemed to be an original but all of which shall be construed as one document.

25. **Governing Law.** This agreement and the rights of the parties hereunder shall be governed by and interpreted in accordance with the law of the State of Michigan.

26. **Acknowledgment and Time of the Essence.** Each party acknowledges that they have read this agreement and they agree to the terms and conditions herein contained and further agree that time shall be deemed of the very essence of this agreement.

27. **Paragraph Headings.** The paragraph headings appearing in this agreement have been inserted for the purpose of convenience and ready reference. They do not purport to, and shall not be deemed to, define, limit or extend the scope or intent of the paragraphs to which they have pertain.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals the day and year first above written.

LESSOR: CITY OF BAY CITY

\_\_\_\_\_  
By: Kathleen Newsham, Its Mayor

STATE OF MICHIGAN        )  
  )ss.  
COUNTY OF BAY         )

On this \_\_\_ day of \_\_\_\_\_, 2005, before me, a Notary Public in and for said County, appeared KATHLEEN NEWSHAM to me personally known, who, being duly sworn, did for herself, say that she is the Mayor of the City of Bay City, the municipal corporation named herein and which executes the within instrument, and that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its Commission; and acknowledged said instrument to be the free act and deed of said corporation.

\_\_\_\_\_  
\*, Notary Public  
State of Michigan, County of Bay  
My Commission Expires: \_\_\_\_\_  
Acting in the County of Bay

LESSEE: McLAREN BAY REGION

Clarence Sevillian  
By: Clarence Sevillian, President and CEO

STATE OF MICHIGAN        )  
  )ss.  
COUNTY OF BAY            )

On the 23 day of January, 2017, before me, a Notary Public in and for said County, personally appeared Clarence Sevillian, who did for himself say that he is the President and CEO of McLaren Bay Region, the non-profit organization named in and which executes the within instrument, and that said instrument was signed on behalf of said non-profit organization by authority of its Board of Directors, and acknowledged said instrument to be the free act and deed of said non-profit organization.

Deborah A. Bowen  
\* Deborah A. Bowen, Notary Public  
State of Michigan, County of Bay  
My Commission Expires: 7-18-2018  
Acting in the County of Bay

**Deborah A. Bowen**  
Notary Public  
Acting in Bay County  
Bay County, Michigan  
My Commission Expires: 07/18/2018

Prepared by:  
Neil P. Wackerly, Esq., (P27812)  
Allsopp, Kolka & Wackerly, P.C.  
509 E. Midland Street  
Bay City, Michigan 48706  
(989) 893-1661



**Subject:** Traffic Control Order 2016.0014  
**Reviewed By:** City Manager: Richard M. Finn Deputy City Manager: Dana L. Muscott DPW  
Director: William J. Bohlen  
**Prepared By:** Rachel Phillips, Engineering Manager

**PERTINENT FACTS:**

Pursuant to the Uniform Traffic Code, the following Traffic Control Orders is submitted for approval:  
#2016.0014: Revise center lane of the northbound leg to straight only (remove left turn option in this lane) on Madison Avenue at the intersection of Woodside Avenue.  
Resubmitted after further geometric considerations. Alternate geometric configurations reviewed were not feasible.

**LEGAL ISSUES:**

To establish legal enforceability of the Traffic Control Orders pursuant to the Uniform Traffic Code.

**TIME SENSITIVITY:**

Routine

**BRIEFLY DESCRIBE THE NATURE OF THE TIME SENSITIVITY:**

**FINANCIAL CONSIDERATIONS:**

Installation of traffic control devices (regulatory signs) required of the Traffic Control Orders are considered routine traffic measures budgeted for in the Major and Local Street Fund operating budgets.

**CITY GOALS:**

The goal of this traffic control order is to simplify and improve the safety and operation of the intersection.

**RECOMMENDED ACTION:**

\*City Manager recommending Traffic Control Order #2016.0014 revising center lane of the northbound leg to straight only (remove left turn option in this lane) on Madison Avenue at the intersection of Woodside Avenue.  
RECOMMENDATION: Approve.

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**ATTACHMENTS:**

<b>Description</b>	<b>Upload Date</b>	<b>Type</b>
TCO 2016.20014	12/14/2016	Cover Memo
Traffic Evaluation	12/14/2016	Backup Material
Additional Geometric Considerations	1/24/2017	Backup Material

City of Bay City  
Traffic Control Order  
# 2016.0013

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Location: Madison / Woodside Intersection

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Order: Revise center northbound leg to straight only.

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Justification:

Administrative decision to revise the center lane of the northbound leg to straight only. Currently, the center lane is straight and left. Since traffic comes south out of the Omnisource property, there is driver confusion about when they can turn left without stopping and when they can must yield to southbound traffic.

While there is no significant crash history over the past three-year period (2013-2015), there has been a potential for Rear-end Left Crashes due to driver confusion or uncertainty.

Traffic volumes justify only one left turn lane. The center lane left turn movement is not necessary.

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Recommended by: Rachel Phillips, Engineering Manager Date: December 12, 2016

City Commission Approval: Date: \_\_\_\_\_

Traffic Control Devices Installed: Date: \_\_\_\_\_

CC:

City Clerk

Public Safety Director

Public Works Director

Manager of Streets, Public Works

## Traffic Control Evaluation

**Location:** Madison and Woodside Intersection

**Prepared by:** Rachel Phillips, City Engineer

**Date:** December 14, 2016

### Background

The city has received residents' concerns about the operation and safety at this intersection, specifically with the northbound leg. There are currently three northbound lanes: Left Turn Only, Left Turn & Thru, and Right Turn Only. Although Madison terminates at Woodside, Omnisource has a commercial driveway in alignment with the intersection on the north side. Drivers are uncertain about the signal for the center lane. Many don't realize there is a potential for traffic to be coming south from Omnisource, and they either turn left without verifying there is no oncoming traffic, or they wait for traffic to clear at the risk of being rear-ended by the vehicle behind. As a result, the operation of the intersection is not efficient.

### Traffic Control Criteria

The Uniform Traffic Code (UTC) is adopted by reference by Bay City ordinance. The UTC further established duties of the City Traffic Engineer to follow accepted engineering practices for the placement of traffic control devices, such as those published in the Michigan Manual of Uniform Traffic Control Devices (MMUTCD). The MMUTCD is a universally accepted standard following a similar National standard utilized by city, county and state roadway officials, nationally.

### Scope of the Traffic Control Evaluation

The traffic control evaluation consisted of the following:

- 24-hour Traffic Counts
  - 17,600 total vehicles travel through the intersection
  - 23% of the total vehicles approach from the south leg (Madison)
- Turning Movements
  - Average 170 vehicles per hour turn left (northbound to westbound) during peak hours
- Crash Data
  - Crash History 2013-2015 (3 years)
  - 8 Total Crashes
  - 2 crashes related to NW – WB movements
  - No Injuries

### Findings

Taking into account the overall average daily traffic volume, the percentage of directional volume, and the number of left turn movements, this leg of the intersection does not require dual lanes. The crash history is low, which shows the overall intersection operates effectively. The signal timing is also effective for the needs of the intersection.

**Recommendation:** Remove the left turning movement from the center lane. Configure the northbound leg as: Left Turn Only in left lane, Thru Only in center lane, Right Turn Only in right lane. In addition reconfigure the signal heads with arrows appropriate for each lane, re-mark the lanes with Arrows and Onlys, and add a sign showing the lane configuration.

## **Madison Ave. / Woodside Ave. Intersection**

### **Additional Configuration Alternatives**

I reviewed additional configurations for the Madison Ave. leg of the intersection.

- Re-align the northbound lanes

The focus of the modifications is to separate the left turn and through lanes to reduce potential accidents. Although the through lane doesn't see a significant amount of traffic, it is needed for entrance to OmniSource. The through lane must align with the OmniSource driveway in order to be effective. It cannot be combined with the right turn lane, as that would be out of alignment. Therefore the through lane needs to remain in its current location, also necessitating the need to keep the left turn lane in the same location.

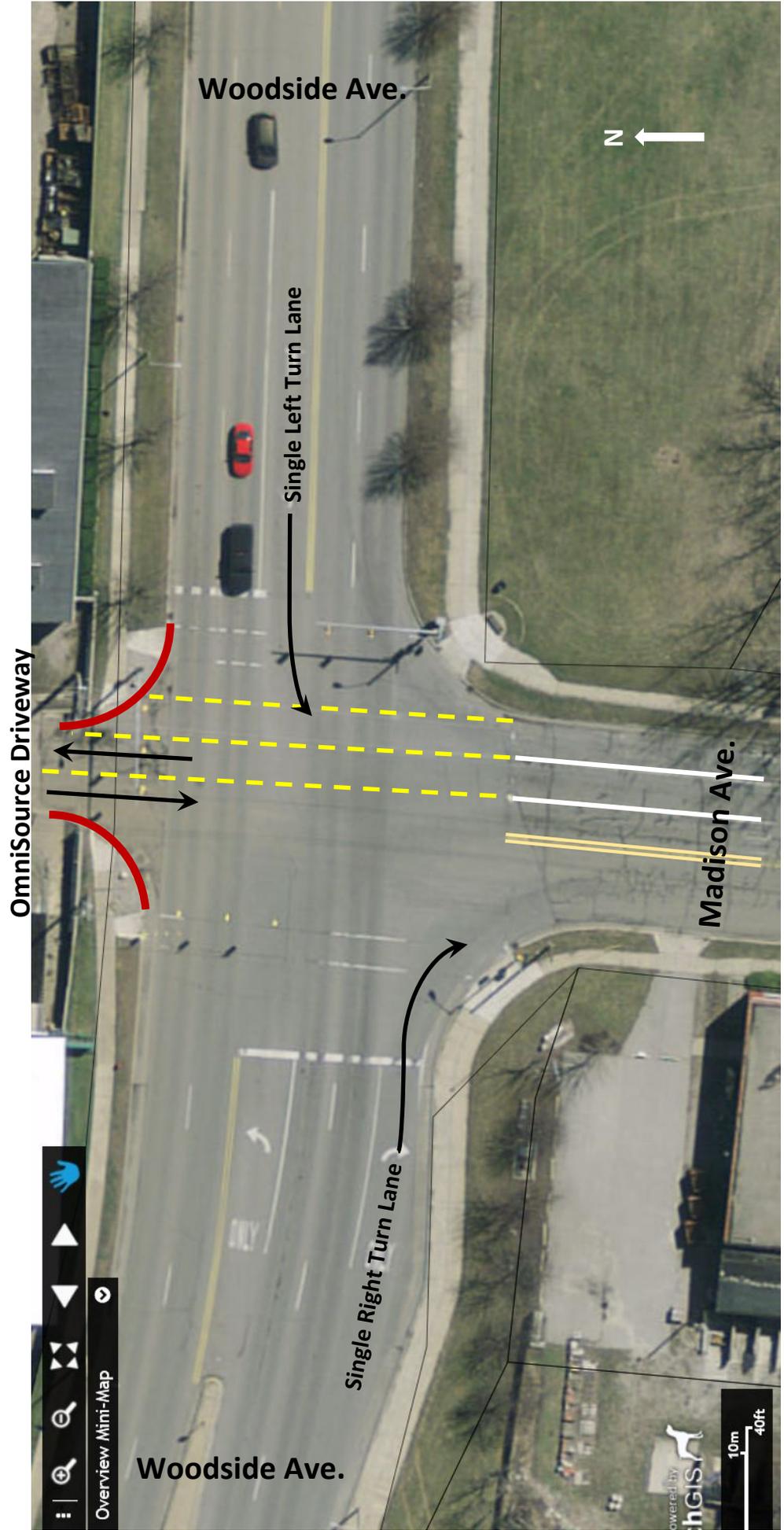
- Additional southbound lanes

The southbound direction of Madison is currently one lane at the intersection and widens to two lanes to the south. The width remaining of the roadway after the northbound configuration is not sufficient to accommodate two lanes at the intersection. Since all of the traffic turning southbound comes from single lanes (OmniSource driveway from the north, single right turn lane on Woodside from the west, and single left turn lane on Woodside from the east), a second lane is also not warranted at this location.

\*See diagram on next page

# Madison Ave. / Woodside Ave.

## Intersection



**Subject:** Budget Amendments  
**Reviewed By:** City Manager: Richard M. Finn Deputy City Manager: Dana L. Muscott  
**Prepared By:** Fiscal Services Director: George Martini

**PERTINENT FACTS:**

During the annual budget process, each division/department manager is expected to project a budget for their respective departments. As part of this process, the division/department manager estimates the dollar amount of anticipated costs for many line items, including labor costs, operating costs, professional services, capital purchases and construction projects to be completed during the fiscal year.

However, as the year progresses, there are many factors that can affect revenues and expenditures and may require an adjustment to the line items within the budget. There are seven budget amendments being recommended at this time.

The first amendment is in the Electric Utility Fund (582) and increases the budget in the Electric Utility Service Building-Equipment Maintenance Supplies Account in the amount of \$10,000 due to a higher than expected cost for these expenses than the amount initially budgeted. These increased costs are being funded with a decrease in the Tools and Supplies Account in the Electric Utility Fund (582) Electric Utility Service Building Activity. This amendment will have no impact on Retained Earnings in the Electric Utility Fund (582).

The second amendment is also in the Electric Utility Fund (582) and appropriates \$200,000 from the Electric Utility Retained Earnings account (582-5600-96520) to the System Planning Account in the Electric System Planning Activity. This amendment will re-appropriate unspent funds for the Electric Utility asset inventory study being conducted by Davey Resources that was originally appropriated in the 2015/2016 fiscal year.

The third amendment is in the General Fund (101) and increases the budget in the Accounting-Healthcare Insurance Account in the amount of \$6,390 due to a higher than expected cost for these expenses than the amount initially budgeted. These increased costs are being funded with a decrease in the Wages Account in the General Fund (101) Payroll/Accounts Payable Activity. This amendment will have no impact on fund balance in the General Fund (101).

The fourth amendment is in the General Fund (101) and moves excess salary and fringe benefit budgets from Payroll/Accounts Payable activity to the Contingencies line item in the Contingency budget (101-8910-96203). This amendment will have no impact on Fund Balance in the General Fund (101).

The fifth amendment is in the General Fund (101) and increases the budget in the Planning-Professional Services Account in the amount of \$25,000 to provide funds for a Non-Motorized Traffic Study. These increased costs are being funded with the elimination of the budget for the Contribution to the Tennis Courts account in the Parks Department Activity in the General Fund (101). This amendment will have no impact on fund balance in the General Fund (101).

The sixth amendment is in the General Fund (101) and increases the budget in the Accounting-Professional Services Account in the amount of \$12,500 to provide funds for the preparation of the Cost Allocation Plan. These increased costs are being funded with a decrease in the budget for Healthcare Insurance in the Payroll/Accounts Payable Activity in the General Fund (101). This amendment will have no impact on Fund Balance in the General Fund (101).

The seventh amendment is in the General Fund (101) and the Drug Forfeiture Fund (265). This amendment increases the budget in the Overtime-Police & Fire Account in the amount of \$40,000 to provide funds for additional overtime in the Public Safety Fire Services Department. In addition, the amendment appropriates

\$25,000 from the Appropriated Fund Balance account in the Drug Forfeiture Fund (265-3451-68700) to the Overtime-Police & Fire Account in the Drug Forfeiture Fund to provide additional overtime for Police functions.

This amendment will have no impact on General Fund fund balance but will decrease the fund balance in the Drug Forfeiture fund by \$25,000.

**LEGAL ISSUES:**

These amendments are required to ensure compliance with the State Uniform Budgeting Act.

**TIME SENSITIVITY:**

Routine

**BRIEFLY DESCRIBE THE NATURE OF THE TIME SENSITIVITY:**

**FINANCIAL CONSIDERATIONS:**

The following funds will be amended to increase/(decrease) both revenues and expenditures (expenses) in the amounts indicated:

	Revenue	Expenditures/ Expenses	Fund Balance Impact
Electric Utility		\$200,000	(\$200,000)
Drug Forfeiture Fund		\$ 25,000	(\$ 25,000)

**CITY GOALS:**

**RECOMMENDED ACTION:**

\*City Manager recommending budget amendments in the amount of \$225,000 for the Fiscal Year 2016/2017 budget.

RECOMMENDATION: Approve.

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**ATTACHMENTS:**

Description	Upload Date	Type
Budget Amendments	1/30/2017	Budget Amendment





# CITY OF BAY CITY BUDGET AMENDMENT/TRANSFER

Date: January 24, 2017

Department: \_\_\_\_\_

Finance Department

Fund Name	Account Number (xxx-xxxx-xxxx)	Account Title	Current Budget Balance	Proposed Modification	Explanation
General	101-2220-70200	Wages	39,084	(6,390)	To adjust the budget for the transfer of the Accounts Payable Coordinator healthcare costs from Human Resources to Accounting.
General	101-2240-71900	Healthcare Insurance	18,804	6,390	To adjust the budget for the transfer of the Accounts Payable Coordinator healthcare costs from Human Resources to Accounting.
		Grand Total	57,888	0	

**APPROVALS:**

Division/Department Head \_\_\_\_\_

Director of Fiscal Services \_\_\_\_\_

City Manager \_\_\_\_\_

Budget Amendments modify fund balance for additional expenses/expenditures, increases/decreases total revenues, and/or moves budgets between funds and/or activities.

Budget Transfers move budgeted expenses/expenditures or revenues from one account to another within a General Fund activity or within funds of any other fund.

All Budget Amendments require City Commission approval.

The City Manager may approve transfers of funds within any department activity budget from any account except for contingents, where there is a surplus to any account, in an amount not to exceed \$4,500 in total transfers for any one fiscal year.

Any transfer of funds in excess of \$4,500, transfer between departmental activities and those involving a request for contingent funds shall be submitted to the City Commission for their approval.

Please submit all Budget Amendments/Transfers to the Fiscal Services Department prior to the approval of the Director of Fiscal Services and/or the City Manager.

Commission Approved Date: \_\_\_\_\_

Date Entered: \_\_\_\_\_

By: \_\_\_\_\_

*George Mouton*  
Director of Fiscal Services

*Rickard [Signature]*  
City Manager  
1-25-17

# CITY OF BAY CITY BUDGET AMENDMENT/TRANSFER

Date: January 24, 2017

Department: \_\_\_\_\_

Finance Department

Fund Name	Account Number (xxx-xxxx-xxxx)	Account Title	Current Budget Balance	Proposed Modification	Explanation
General	101-2220-70200	Wages	39,084	(3,189)	To reduce budgeted wages and move to the contingency account.
General	101-2220-71800	Disability Insurance	324	(92)	To reduce budgeted benefits and move to the contingency account.
General	101-2220-71900	Healthcare Insurance	25,354	(4,216)	To reduce budgeted benefits and move to the contingency account.
General	101-2220-71930	Health Savings Account	1,040	(582)	To reduce budgeted benefits and move to the contingency account.
General	101-2220-72202	F.I.C.A.	2,995	(733)	To reduce budgeted benefits and move to the contingency account.
General	101-2220-72206	Retirement Defined Contribution	3,387	(1,607)	To reduce budgeted benefits and move to the contingency account.
General	101-2220-72400	Workers Compensation	565	(144)	To reduce budgeted benefits and move to the contingency account.
General	101-8910-96203	Contingency	83,032	10,563	To reduce budgeted benefits and move to the contingency account.
		Grand Total	155,781	0	

**APPROVALS:**

Division/Department Head \_\_\_\_\_

*George Mathis*  
Director of Fiscal Services

*Richard Mathis*  
City Manager  
1-25-17

Budget Amendments modify fund balance for additional expenses/expenditures, increases/decreases total revenues, and/or moves budgets between funds and/or activities.

Budget Transfers move budgeted expenses/expenditures or revenues from one account to another within a General Fund activity or within funds of any other fund.

All Budget Amendments require City Commission approval.

The City Manager may approve transfers of funds within any department activity budget from any account except for contingents, where there is a surplus to any account, in an amount not to exceed \$4,500 in total transfers for any one fiscal year.

# CITY OF BAY CITY BUDGET AMENDMENT/TRANSFER

Date: January 24, 2017

Department: \_\_\_\_\_

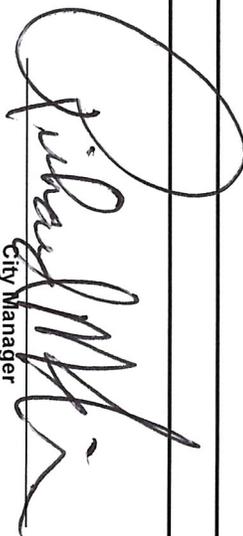
Finance Department

Fund Name	Account Number (xxx-xxxx-xxxx)	Account Title	Current Budget Balance	Proposed Modification	Explanation
General	101-7510-96900	Contribution	25,000	(25,000)	To reduce amount budgeted for Contributions for Tennis Courts and transfer for cost of a Non-Motorized Traffic Study.
General	101-4000-80100	Professional Services	6,467	25,000	To reduce amount budgeted for Contributions for Tennis Courts and transfer for cost of a Non-Motorized Traffic Study.
Grand Total			31,467	0	

**APPROVALS:**

\_\_\_\_\_  
Division/Department Head

  
Director of Fiscal Services

  
City Manager

Budget Amendments modify fund balance for additional expenses/expenditures, increases/decreases total revenues, and/or moves budgets between funds and/or activities.

Budget Transfers move budgeted expenses/expenditures or revenues from one account to another within a General Fund activity or within funds of any other fund.

All Budget Amendments require City Commission approval.

The City Manager may approve transfers of funds within any department activity budget from any account except for contingents, where there is a surplus to any account, in an amount not to exceed \$4,500 in total transfers for any one fiscal year.

Any transfer of funds in excess of \$4,500, transfer between departmental activities and those involving a request for contingent funds shall be submitted to the City Commission for their approval.

Please submit all Budget Amendments/Transfers to the Fiscal Services Department prior to the approval of the Director of Fiscal Services and/or the City Manager.

Commission Approved Date: \_\_\_\_\_

Date Entered: \_\_\_\_\_

By: \_\_\_\_\_

# CITY OF BAY CITY BUDGET AMENDMENT/TRANSFER

Date: January 24, 2017

Department: Finance Department

Fund Name	Account Number (xxx-xxxx-xxxx)	Account Title	Current Budget Balance	Proposed Modification	Explanation
General	101-2220-71900	Healthcare Insurance	25,354	(12,500)	To adjust the budget for the reduction of Healthcare to Professional Services for a Cost Allocation Plan.
General	101-2240-80100	Professional Services	640	12,500	To adjust the budget for the reduction of Healthcare to Professional Services for a Cost Allocation Plan.
		Grand Total	25,994	0	

**APPROVALS:**

Division/Department Head \_\_\_\_\_

*George Martini*  
Director of Fiscal Services

*Richard H. K...*  
City Manager

Budget Amendments modify fund balance for additional expenses/expenditures, increases/decreases total revenues, and/or moves budgets between funds and/or activities.

Budget Transfers move budgeted expenses/expenditures or revenues from one account to another within a General Fund activity or within funds of any other fund.

All Budget Amendments require City Commission approval.

The City Manager may approve transfers of funds within any department activity budget from any account except for contingents, where there is a surplus to any account, in an amount not to exceed \$4,500 in total transfers for any one fiscal year.

Any transfer of funds in excess of \$4,500, transfer between departmental activities and those involving a request for contingent funds shall be submitted to the City Commission for their approval. Please submit all Budget Amendments/Transfers to the Fiscal Services Department prior to the approval of the Director of Fiscal Services and/or the City Manager.

Commission Approved Date: \_\_\_\_\_ Date Entered: \_\_\_\_\_ By: \_\_\_\_\_

# CITY OF BAY CITY BUDGET AMENDMENT/TRANSFER

Date: January 30, 2017

Department: \_\_\_\_\_

Public Safety

Fund Name	Account Number (xxx-xxxx-xxxxx)	Account Title	Current Budget Balance	Proposed Modification	Explanation
General	101.3453.71920	Retiree Health Care	408,691	(40,000)	Move Excess Retiree Health Care to Overtime Account
General	101.3460.70905	Overtime-Police & Fire	(3,502)	40,000	Move Excess Retiree Health Care to Overtime Account
Drug Forf.	265.3451.68700	Appropriated Fund Balance	0	(25,000)	Utilize Drug Forfeiture Funds for Police Overtime Costs
Drug Forf.	265.3458.70905	Overtime-Police & Fire	0	25,000	Utilize Drug Forfeiture Funds for Police Overtime Costs
		Grand Total	405,189	0	

**APPROVALS:**

*Michael O'Leary* 1/30/17  
 Division/Department Head

*George Martin* 1/30/17  
 Director of Fiscal Services

*Richard [Signature]*  
 City Manager

Budget Amendments modify fund balance for additional expenses/expenditures, increases/decreases total revenues, and/or moves budgets between funds and/or activities.

Budget Transfers move budgeted expenses/expenditures or revenues from one account to another within a General Fund activity or within funds of any other fund.

All Budget Amendments require City Commission approval.

The City Manager may approve transfers of funds within any department activity budget from any account except for contingents, where there is a surplus to any account, in an amount not to exceed \$4,500 in total transfers for any one fiscal year.

Any transfer of funds in excess of \$4,500, transfer between departmental activities and those involving a request for contingent funds shall be submitted to the City Commission for their approval.

Please submit all Budget Amendments/Transfers to the Fiscal Services Department prior to the approval of the Director of Fiscal Services and/or the City Manager.

Commission Approved Date: \_\_\_\_\_

Date Entered: \_\_\_\_\_

By: \_\_\_\_\_

**Subject:** Vehicle Replacement #360, #365, #370 & #733

**Reviewed By:** City Manager: Richard M. Finn Deputy City Manager: Dana L. Muscott Director of Public Works: William J. Bohlen D.P.W Manager SSF:Kurt A.Hausbeck

**Prepared By:** DPW Fleet Coordinator: Robert J. Harrison

**PERTINENT FACTS:**

The Department of Public Works Department utilizes seven (7) one-ton, four wheel drive dump-trucks with plows in the fleet. Four (4) of these vehicles #360, #365, #370 and #733, are in need of replacement. These vehicles are used daily by the Sewer, Water and Parks Department personnel respectively to haul topsoil, woodchips, gravel, asphalt, and to tow trailers. Additionally, other divisions borrow these vehicles for snow plowing in alleys and cul-de-sacs during the winter. These vehicles are also used during special events to haul barricades and pull trailers.

The Parks Department Unit #360 is a 1999 Ford F-350 4X4 dump truck with plow and salter and 65,246 miles, and Unit #365 is a 1999 Ford F-350 4X4 dump truck with plow and 78,515 miles. The vehicles are used daily by staff at the airport and parks for hauling trash and general maintenance of all city parks.

The Sewer Department Unit #370 is a 2002 Dodge Ram 3500 4X4 dump truck with 102,865 miles. The replacement will be used for hauling sand, gravel and cold patch; they are currently using a tandem axle dump which is not cost effective.

The Water Department Unit #733 is a 1999 Ford F-350 4X4 dump truck with 90,542, this unit was pulled out of service due to an engine problem. Unit #733 was used daily by staff for water main repairs and breaks.

All four vehicles have scored a 13 on the vehicle evaluation form. A score of 11 points or greater supports vehicle replacement.

The proposed replacement for each vehicle is a 2017 Chevrolet 3500 HD 4X4 Dump Truck for \$41,059.00 each from Berger Chevrolet, Grand Rapids, MI, four (4) of these units would cost a total of \$164,236 through State of Michigan Purchasing Program (MiDEAL).

**LEGAL ISSUES:**

The standard purchase order previously approved by City Attorney will be used for this transaction .

**TIME SENSITIVITY:**

Routine

**BRIEFLY DESCRIBE THE NATURE OF THE TIME SENSITIVITY:**

**FINANCIAL CONSIDERATIONS:**

The Chevrolet 3500 HD 4X4 Dump is \$41,059.00 each from Berger Chevrolet, Grand Rapids, MI, four(4) of these units would cost a total of \$164,236 through State of Michigan Purchasing Program (MiDEAL. Contract Number 071B1300016).

\$193,387 was budgeted in FY 17 for the replacement of these four(4) vehicles, funds are available in the Motor Equipment Revolving Fund, Vehicle Maintenance, Vehicles; account 661-2702-981000 with a balance of 1,057,958.

**CITY GOALS:**

**RECOMMENDED ACTION:**

\*City Manager recommending purchase of four 2017 Chevrolet Silverado, 3500HD, four wheel drive dump trucks from Berger Chevrolet, Grand Rapids, MI, through the State of Michigan Extended Purchasing Program, in the total amount of \$164,236.

RECOMMENDATION: Approve.

---

**ATTACHMENTS:**

<b>Description</b>	<b>Upload Date</b>	<b>Type</b>
quote	1/30/2017	Backup Material
State of Michigan Contract	1/31/2017	Contract
#360 Evaluation	2/1/2017	Cover Memo
#365 Evaluation	2/1/2017	Cover Memo
#370 Evaluation	2/1/2017	Cover Memo
#733 Evaluation	2/1/2017	Cover Memo

# BID PER ENCLOSED SPECIFICATIONS

Cost per vehicle \$ \$41,059.00

Number of units 1

Total Bid Amount \$ \$41,059.00

Vehicle Description:

Year 2017

Make Chevrolet

Model 3500 Silverado  
reg cab 4wd w/t  
MTE-ZEE 9' dump  
stainless steel

Vendor:

Berger Chevrolet Inc.

Address 2525 28th Street S.E.

Grand Rapids, MI 49512

Phone (616) 949-5200

Fax (616) 988-9178

Signature



Printed Signature Robert M. Evans

Date 1/25/2017

Bid Prepared For :

City of Bay City

Price includes title fee and delivery.

**Prepared For:**  
City of Bay City

**Prepared By:**  
Robert Evans  
Berger Chevrolet  
2525 28th Street SE  
Grand Rapids, MI 49512  
Phone: (616) 575-9629  
Fax: (616) 988-9178  
Email: bevans@bergerchevy.com

## 2017 Fleet/Non-Retail Chevrolet Silverado 3500HD 4WD Reg Cab 137.5" W

### ***SELECTED MODEL & OPTIONS***

---

#### **SELECTED MODEL - 2017 Fleet/Non-Retail CK36003 4WD Reg Cab 137.5" WB, 59.06" CA WT**

---

<u>Code</u>	<u>Description</u>
CK36003	2017 Chevrolet Silverado 3500HD 4WD Reg Cab 137.5" WB, 59.06" CA WT

---

#### **SELECTED VEHICLE COLORS - 2017 Fleet/Non-Retail CK36003 4WD Reg Cab 137.5" WB, 59.06" CA WT**

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<u>Code</u>	<u>Description</u>
-	Interior: Dark Ash
-	Exterior 1: Summit White
-	Exterior 2: No color has been selected.

---

#### **SELECTED OPTIONS - 2017 Fleet/Non-Retail CK36003 4WD Reg Cab 137.5" WB, 59.06" CA WT**

---

#### **CATEGORY**

<u>Code</u>	<u>Description</u>
EMISSIONS NE1	EMISSIONS, CONNECTICUT, DELAWARE, MAINE, MARYLAND, MASSACHUSETTS, NEW JERSEY, NEW YORK, OREGON, PENNSYLVANIA, RHODE ISLAND, VERMONT AND WASHINGTON STATE REQUIREMENTS
ENGINE L96	ENGINE, VORTEC 6.0L VARIABLE VALVE TIMING V8 SFI (360 hp [268.4 kW] @ 5400 rpm, 380 lb-ft of torque [515.0 N-m] @ 4200 rpm) (STD)
TRANSMISSION MYD	TRANSMISSION, 6-SPEED AUTOMATIC, HEAVY-DUTY electronically controlled with overdrive and tow/haul mode. Includes Cruise Grade Braking and Powertrain Grade Braking (STD) (Requires (L96) Vortec 6.0L V8 SFI engine.)
AXLE GT5	REAR AXLE, 4.10 RATIO (Requires (L96) Vortec 6.0L V8 SFI engine .)

Report content is based on current data version referenced. Any performance-related calculations are offered solely as guidelines. Actual unit performance will depend on your operating conditions.

GM AutoBook, Data Version: 458.0, Data updated 9/27/2016  
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Customer File:

Prepared For:  
City of Bay City

Prepared By:  
Robert Evans  
Berger Chevrolet  
2525 28th Street SE  
Grand Rapids, MI 49512  
Phone: (616) 575-9629  
Fax: (616) 988-9178  
Email: bevans@bergerchevy.com

## 2017 Fleet/Non-Retail Chevrolet Silverado 3500HD 4WD Reg Cab 137.5" W

### **SELECTED MODEL & OPTIONS**

#### **SELECTED OPTIONS - 2017 Fleet/Non-Retail CK36003 4WD Reg Cab 137.5" WB, 59.06" CA WT**

#### **CATEGORY**

<b><u>Code</u></b>	<b><u>Description</u></b>
<b>PREFERRED EQUIPMENT GROUP</b>	
1WT	WORK TRUCK PREFERRED EQUIPMENT GROUP includes Standard Equipment
<b>TIRES</b>	
QZT	TIRES, LT235/80R17E ALL-TERRAIN
<b>PAINT SCHEME</b>	
ZY1	PAINT, SOLID (STD)
<b>PAINT</b>	
GAZ	SUMMIT WHITE
<b>SEAT TYPE</b>	
AE7	SEATS, FRONT 40/20/40 SPLIT-BENCH 3-passenger, driver and front passenger recline with outboard head restraints and center fold-down armrest with storage. Vinyl has fixed lumbar and cloth has manually adjustable driver lumbar. (STD)
<b>SEAT TRIM</b>	
H2R	DARK ASH, CLOTH includes manually adjustable driver lumbar and Jet Black interior accents
<b>RADIO</b>	
IO3	AUDIO SYSTEM, 4.2" DIAGONAL COLOR DISPLAY, AM/FM STEREO with USB port and auxiliary jack (Not available with (AZ3) 40/20/40 split-bench seat. Upgradeable to (IOB) 7" diagonal color display radio with Chevrolet MyLink.) (STD)
<b>ADDITIONAL EQUIPMENT</b>	
PCR	WT CONVENIENCE PACKAGE includes (DPN) outside heated power-adjustable vertical camper mirrors, (DD8) inside rearview auto-dimming mirror and (AQQ) Remote Keyless Entry; Regular Cab also includes (A31) power windows.

Report content is based on current data version referenced. Any performance-related calculations are offered solely as guidelines. Actual unit performance will depend on your operating conditions.

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Customer File:

**Prepared For:**  
City of Bay City

**Prepared By:**  
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Berger Chevrolet  
2525 28th Street SE  
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Email: bevans@bergerchevy.com

## 2017 Fleet/Non-Retail Chevrolet Silverado 3500HD 4WD Reg Cab 137.5" W

### ***SELECTED MODEL & OPTIONS***

---

#### **SELECTED OPTIONS - 2017 Fleet/Non-Retail CK36003 4WD Reg Cab 137.5" WB, 59.06" CA WT**

---

#### **CATEGORY**

<b><u>Code</u></b>	<b><u>Description</u></b>
<b>ADDITIONAL EQUIPMENT</b>	
VYU	SNOW PLOW PREP PACKAGE includes power feed for backup and roof emergency light, (KW5) 220-amp alternator with gas or diesel engine, forward lamp wiring harness, (TRW) provision for cab roof mounted lamp/beacon, (NZZ) underbody shield and Heavy Duty front-springs (Only available on 4WD models. Upgradeable to (KHB) dual, 150 amps and 220 amps each alternators with (L5P) Duramax 6.6L Turbo Diesel V8 engine)
KW5	ALTERNATOR, 220 AMPS (Included with (VYU) Snow Plow Prep Package when ordered with gas or diesel engines.)
JL1	TRAILER BRAKE CONTROLLER, INTEGRATED
NZZ	UNDERBODY SHIELD frame-mounted shields, includes front underbody shield starting behind front bumper and running to first cross-member, protecting front underbody, oil pan, differential case and transfer case (Included with (VYU) Snow Plow Prep Package. Available on CK****3 models only.)
TRW	PROVISION FOR CAB ROOF-MOUNTED LAMP/BEACON provides an instrument panel-mounted switch and electrical wiring tucked beneath the headliner for a body upfitter to connect a body-mounted warning or emergency lamp (Included with (VYU) Snow Plow Prep Package.)
DPN	MIRRORS, OUTSIDE HEATED POWER-ADJUSTABLE VERTICAL TRAILERING, UPPER GLASS, MANUAL-FOLDING AND EXTENDING, BLACK. Includes integrated turn signal indicators consisting of 51 square inch flat mirror surface positioned over a 24.5 square inch convex mirror surface with a common head and lower convex spotter glass (convex glass is not heated and not power adjustable) and addition of Auxiliary cargo lamp for backing up (helps to see trailer when backing up with a trailer) and amber auxiliary clearance lamp (Included and only available with (PCR) WT Convenience Package and includes (DD8) auto-dimming inside rearview mirror.)

Report content is based on current data version referenced. Any performance-related calculations are offered solely as guidelines. Actual unit performance will depend on your operating conditions.

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Customer File:

**Prepared For:**  
City of Bay City

**Prepared By:**  
Robert Evans  
Berger Chevrolet  
2525 28th Street SE  
Grand Rapids, MI 49512  
Phone: (616) 575-9629  
Fax: (616) 988-9178  
Email: bevans@bergerchevy.com

## 2017 Fleet/Non-Retail Chevrolet Silverado 3500HD 4WD Reg Cab 137.5" W

### ***SELECTED MODEL & OPTIONS***

**SELECTED OPTIONS - 2017 Fleet/Non-Retail CK36003 4WD Reg Cab 137.5" WB, 59.06" CA WT**

#### **CATEGORY**

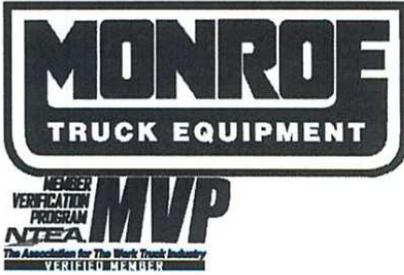
<b><u>Code</u></b>	<b><u>Description</u></b>
<b>ADDITIONAL EQUIPMENT</b>	
A31	WINDOWS, POWER with driver express up and down and express down on all other windows (On Regular Cab, Included and only available with (PCR) WT Convenience Package.)
AQQ	REMOTE KEYLESS ENTRY (Included and only available with (PCR) WT Convenience Package.)
9L7	UPFITTER SWITCHES (4) Provides 4-30 amp circuits to facilitate installation of aftermarket electrical accessories (With (L5P) Duramax 6.6L Turbo Diesel V8 engine you will get 3 switches.)
DD8	MIRROR, INSIDE REARVIEW AUTO-DIMMING (Included and only available with (PCR) WT Convenience Package.)
KI4	POWER OUTLET, 110-VOLT AC

#### **OPTIONS TOTAL**

Report content is based on current data version referenced. Any performance-related calculations are offered solely as guidelines. Actual unit performance will depend on your operating conditions.

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Customer File:



**QUOTATION**  
 Monroe Truck Equipment  
 2400 Reo Drive  
 Flint, MI 48507  
 Phone: 810-853-6833  
 Fax: 810-238-5009  
 Email: [dbeaudoin@monroetruck.com](mailto:dbeaudoin@monroetruck.com)  
[www.monroetruck.com](http://www.monroetruck.com)

Quote Number: 7DB001678  
 Job Order Number:  
 Quote Date: 12/14/2016  
 Quote valid until: 1/13/2017  
 Terms: NET 30  
 Salesperson: HAWKINS, JOSH  
 Quoted By: Dave Beaudoin

Customer: BERGER CHEVROLET, (1706050)  
 2525 28TH ST SE  
 GRAND RAPIDS, MI 49512-1613

Contact:  
 Phone: 616-949-5200 Fax: 616-575-9641  
 Email:

Dealer Code: 44044

P.O. Number: \_\_\_\_\_

REASSIGN (Required for pool units):  Fleet  Retail

MSO/MCO (ONLY check if legally required):  MSO  MCO

Accepted by: \_\_\_\_\_  
*Customer must fill out the information above before the order can be processed.*

Date: \_\_\_\_\_

**Chassis Information**

Year:	Make: CHEVROLET	Model: 3500 CHASSIS CAB	Chassis Color:	Cab Type: REGULAR
Single/Dual: DRW	Cab-to-Axle: 60.0	Wheelbase: 138.0	F.O. Number #:	Vin:

Comments: BAY CITY

Monroe Truck Equipment, Inc. is pleased to offer the following quote for your review:

**DESCRIPTION**

- MTE-ZEE 9', STAINLESS STEEL, 3-4 YD CAPACITY, RIGID SIDE, DUMP BODY
- 10 GA. AR-235 (ABRASIVE RESISTANCE), 65,000 PSI YIELD HIGH-STRENGTH FLOOR
- 10 GA. SIDES & ENDS, 16" H SIDES, 22" H TAILGATE
- 35,000 PSI YIELD HIGH-STRENGTH STAINLESS STEEL CONSTRUCTION
- HEAVY DUTY FRONT BULKHEAD WITH INTEGRAL 12" TAPERED CAB SHIELD & TAPERED LASER CUT WINDOW
- INTERNAL DIRT SHEDDING TOP RAILS & TAILGATE
- CROSS-MEMBERLESS UNDERSTRUCTURE W/ STAINLESS STEEL LONG SILLS
- SINGLE-LEVER RELEASE, QUICK DROP TAILGATE
- LED FMVSS108 LIGHTS & REFLECTORS
- RUBBER REAR FLAPS
- LONG LIFE & CORROSION RESISTANT
- UNDERCOATED

DOUBLE ACTING ELECTRIC HOIST

- 1/2" PLATE w/ ADJUSTABLE 10-HOLE PATTERN
- BUYERS, RECEIVER 2-1/2" X 8" W/ 2" INSERT FOR 2.5" RECEIVER TUBE

BACKUP ALARM

7 WAY FLAT PIN TRAILER RECEPTACLE

US TARP: HAND-CRANK REWIND TARP W/ REAR PULL BAR

- STROBE LIGHT: WHELEN, L.E.D. LIGHT-BAR, AMBER, PERM
- SELF LEVELING
- MOUNTED TO CAB SHIELD

- STROBE LIGHT: WHELEN, TIR 3
- (2) MOUNTED IN REAR CORNER POSTS



**STATE OF MICHIGAN  
ENTERPRISE PROCUREMENT**

Department of Technology, Management, and Budget  
525 W. ALLEGAN ST., LANSING, MICHIGAN 48913  
P.O. BOX 30026 LANSING, MICHIGAN 48909

**CONTRACT CHANGE NOTICE**

Change Notice Number 9

to

Contract Number 071B1300016

<b>CONTRACTOR</b>	BERGER CHEVROLET
	2525 28th. Street S. E.
	Grand Rapids, MI 49506
	Bob Evans
	616-575-9629
	bevans@bergerchevy.com
	*****4197

<b>STATE</b>	Scott Poyer	MULTI
	517-284-6448	
	poyers@Michigan.gov	
	Yvon Dufour	DTMB
	(517) 284-6996	
	dufoury@michigan.gov	

CONTRACT SUMMARY			
VEHICLES - MDOT			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE
October 1, 2010	September 30, 2015	2 - 1 Year	September 30, 2017
PAYMENT TERMS		DELIVERY TIMEFRAME	
ALTERNATE PAYMENT OPTIONS		EXTENDED PURCHASING	
<input type="checkbox"/> P-Card	<input type="checkbox"/> Direct Voucher (DV)	<input type="checkbox"/> Other	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
MINIMUM DELIVERY REQUIREMENTS			
DESCRIPTION OF CHANGE NOTICE			
OPTION	LENGTH OF OPTION	EXTENSION	REVISED EXP. DATE
<input type="checkbox"/>		<input type="checkbox"/>	September 30, 2017
CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE	
\$1,023,344.68	\$0.00	\$1,023,344.68	
DESCRIPTION			
Effective 10/17/2016, the following amendment is hereby incorporated into the contract. Pricing for 2017 model year vehicles per revised attachment A. All other terms, conditions, specifications and pricing remain the same. Per contractor proposal, and DTMB Procurement approval.			

**VEHICLE /EQUIPMENT EVALUATION SUMMARY REPORT**

UNIT #:	360	DEPARTMENT	PARKS DEPARTMENT	
YEAR:	1999	MAKE:	FORD	MODEL: F-350 4X4 DUMP & PLOW with salter
DESCRIPTION:	PARKS USED DAILY FOR HAULING AND SNOW REMOVAL AND AIRPORT			

**SUMMARY VALUES**

AGE:	17 YEARS	AGE OVER BASE:	9 YEARS	POINTS:	4
MILEAGE:	65246 miles	MILES OVER BASE:	-	POINTS:	1

**MAINTENANCE COST**

PM COST:	\$3,058.68	REACTIVE PM COST:	\$30,002.64		
PURCHASE COST:	\$34,077.00	TOTAL M & R COST:	\$33,061.32	POINTS:	4

**CONDITION VALUATION**

BOOK VALUE:		ESTIMATED REPAIRS:		POINTS:	4
Total points (11 POINTS OR GREATER SUPPORT VEHICLE REPLACEMENT)				TOTAL PTS:	13

**COMMENTS & CONSIDERATIONS:**

This equipment was purchased new and put in-service 2/5/1999 and used by the Parks Department daily for hauling in parks and in the winter for snow plowing and salting.

**FLEET MANAGER'S RECOMMENDATIONS:**

This equipment needs to be replaced before major repairs are needed and would cause this unit to be put out of service. The equipment body is becoming very rusty and will require a new box and body work on the cab soon. This unit should be replaced before the costs get any higher.

**VEHICLE /EQUIPMENT EVALUATION SUMMARY REPORT**

UNIT #:	365	DEPARTMENT	PARKS DEPARTMENT	
YEAR:	1999	MAKE:	FORD	MODEL: F-350 4X4 DUMP & PLOW
DESCRIPTION:	PARKS USED DAILY FOR HAULING AND SNOW REMOVAL AND AIRPORT			

**SUMMARY VALUES**

AGE:	17 YEARS	AGE OVER BASE:	9 YEARS	POINTS:	4
MILEAGE:	78515 MILES	MILES OVER BASE:	-	POINTS:	1

**MAINTENANCE COST**

PM COST:	\$3,068.00	REACTIVE PM COST:	\$26,544.60		
PURCHASE COST:	\$34,077.00	TOTAL M & R COST:	\$29,265.13	POINTS:	4

**CONDITION VALUATION**

BOOK VALUE:		ESTIMATED REPAIRS:		POINTS:	4
Total points (11 POINTS OR GREATER SUPPORT VEHICLE REPLACEMENT)				TOTAL PTS:	13

**COMMENTS & CONSIDERATIONS:**

This equipment was purchased new and put in-service 2/5/1999 and used by the Parks Department daily for hauling in parks and in the winter for snow plowing and salting.

**FLEET MANAGER'S RECOMMENDATIONS:**

This equipment needs to be replaced before major repairs are needed and would cause this unit to be put out of service. The equipment body is becoming very rusty and will require a new box and body work on the cab soon. This unit should be replaced before the costs get any higher. It is out of service at this time for transmission work.

**VEHICLE /EQUIPMENT EVALUATION SUMMARY REPORT**

UNIT #:	370	DEPARTMENT	Parks		
YEAR:	2002	MAKE:	DODGE	MODEL:	3500 RAM DUMP 4X4
DESCRIPTION:	SNOW PLOWING				

**SUMMARY VALUES**

AGE:	14 yrs	AGE OVER BASE:	6 YEARS	POINTS:	4
MILEAGE:	102865 MILES	MILES OVER BASE:	2865 MILES	POINTS:	2

**MAINTENANCE COST**

PM COST:	\$1,433.04	REACTIVE PM COST:	\$11,593.98		
PURCHASE COST:	\$34,901.00	TOTAL M & R COST:	\$13,027.02	POINTS:	4

**CONDITION VALUATION**

BOOK VALUE:		ESTIMATED REPAIRS:		POINTS:	4
				TOTAL PTS:	13

**COMMENTS & CONSIDERATIONS:**

This equipment was purchased new 11/02/2001, and used daily.

**FLEET MANAGER'S RECOMMENDATIONS:**

This equipment in the later years of service was frequently in the shop and also sent out to other repair facilities as the transmission went out for a 3rd time. The body was severely rusted and was separating from the frame , making it unsafe for use. The box was just as deteriorated. This equipment was sold 4 years ago in the auction because the body was rusted off the frame. The new replacement unit is being re-allocated to the Sewer Division.

**VEHICLE /EQUIPMENT EVALUATION SUMMARY REPORT**

UNIT #:	733	DEPARTMENT:	Water Department		
YEAR:	1999	MAKE:	Ford	MODEL:	F 350 4X4 DUMP
DESCRIPTION:	Water Department				

**SUMMARY VALUES**

AGE:	17 years	AGE OVER BASE:	9 years	POINTS:	4
MILEAGE:	90,542.00	MILES OVER BASE:		POINTS:	2

**MAINTENANCE COST**

PM COST:	\$2,670.80	REACTIVE PM COST:	\$17,371.90		
PURCHASE COST:	\$35,278.00	TOTAL M & R COST:	\$20,042.46	POINTS:	4

**CONDITION VALUATION**

BOOK VALUE:	\$ -	ESTIMATED REPAIRS:	\$ -	POINTS:	3
				<b>TOTAL PTS:</b>	<b>13</b>

**COMMENTS & CONSIDERATIONS:**

This equipment was bought new on 2/15/1999 and used daily. It was refurbished 8 years ago to extend the life, but now with age, the reliability is not there.

**FLEET MANAGER'S RECOMMENDATIONS:**

City unit 733 1 ton dump for water department is currently out of service for repairs and this is becoming a common occurrence. Fleet department recommendation is to replace the unit before repair cost get any higher. The appearance of unit #733 is also very poor.

**Subject:** Altec Model DB37 Hydraulic Digger Derrick (Back-Yard Pole Setting Machine) for the Electric Department  
**Reviewed By:** City Manager: Richard M. Finn Deputy City Manager: Dana L. Muscott  
**Prepared By:** Administrative Financial Analyst: Patty Martindale

**PERTINENT FACTS:**

The Electric Department requests commission approval to purchase an Altec Model DB37 Hydraulic Digger Derrick (Back-Yard Pole Setting Machine) that will be used to replace numerous poles located in the back-lots of City parcels that have been neglected due to inaccessibility, as well as used for line clearance.

The closing of City alleyways has resulted in a number of property owners building garages, installing swimming pools, and/or erecting fencing that has severely limited department access to poles located along back-lots. This equipment allows for access to back-lots through gates as narrow as 36 inches and around structures that normal sized equipment cannot.

We have over 14,000 poles in our system, with approximately 35% or 4,900 poles located along back-lots; of that approximately 2,450 back-lot poles need to be replaced. Currently, the process used to change out one of these poles takes a crew 5 employees and requires one to climb the pole and use a chainsaw to cut the pole into sections before it can be removed. Setting a pole calls for the same number of employees to hand dig to the minimum depth of 6' followed by the use of a hydraulic cylinder to lift the pole, with employees holding and pulling ropes to guide the pole until it falls into place. This process takes on average of eight hours and does not include the additional time required to transfer lines. This method is both unsafe and relatively unpredictable.

This equipment will reduce the current process by requiring only 2-3 employees to change out a pole and transfer the lines all in one day, while also reducing the risk of accident and/or injury. Additionally, this equipment comes with a bucket that allows for tree trimming and line clearance along the back-lots, which will also assist in reducing storm related outages.

**LEGAL ISSUES:**

The standard purchase order previously approved by the City Attorney will be used for this transaction.

**TIME SENSITIVITY:**

Routine

**BRIEFLY DESCRIBE THE NATURE OF THE TIME SENSITIVITY:**

**FINANCIAL CONSIDERATIONS:**

Altec has allowed the department to utilize this piece of equipment prior to discussing purchase options. As such, Altec has listed this unit as a demonstration model which offers a cost savings to the city. This model has less than 250 hours of operation, and includes the standard Altec warranty. A new model would cost over \$180,000. The price quoted for this purchase is \$120,475, which offers a savings of over \$59,000 by purchasing a demonstration model.

This unit is available for purchase through the National Joint Powers Alliance (NJPA) under Contract # 03101-

ALT.

Staff estimates this piece of equipment will be used on average twice a week. Rental of this type of equipment would cost \$500-\$700 per day, and leave the department at a disadvantage of availability in the event of an emergency.

The FY2018 budget includes \$130,000 earmarked for this purchase in capital account # 582.5640.97519.

**CITY GOALS:**

**RECOMMENDED ACTION:**

\*City Manager recommending purchase of an Altec Hydraulic Digger Derrick from Altec Industries, Saint Joseph, MO, in the amount of \$120,475 for the Electric Department.

RECOMMENDATION: Approve.

---

**ATTACHMENTS:**

<b>Description</b>	<b>Upload Date</b>	<b>Type</b>
Altec Acceptance & Award	1/23/2017	Backup Material
Altec - Quote	1/23/2017	Backup Material
Altec DB37 Specifications	1/23/2017	Backup Material
Altec Contract Number	1/23/2017	Backup Material
Photos	1/23/2017	Backup Material

**FORM D**



**Formal Offering of Proposal**  
(To be completed Only by Proposer)

**PUBLIC UTILITY EQUIPMENT WITH RELATED ACCESSORIES AND SUPPLIES.**

In compliance with the Request for Proposal (RFP) for "PUBLIC UTILITY EQUIPMENT WITH RELATED ACCESSORIES AND SUPPLIES", the undersigned warrants that I/we have examined this RFP and, being familiar with all of the instructions, terms and conditions, general specifications, expectations, technical specifications, service expectations and any special terms, do hereby propose, fully commit and agree to furnish the defined equipment/products and related services in full compliance with all terms, conditions of this RFP, any applicable amendments of this RFP, and all Proposer's Response documentation. Proposer further understands they accept the full responsibility as the sole source of responsibility of the proposed response herein and that the performance of any sub-contractors employed by the Proposer in fulfillment of this proposal is the sole responsibility of the Proposer.

Company Name: ALTEC Industries, Inc. Date: 3/5/2014

Company Address: 33 Inverness Center Parkway

City: Birmingham State: AL Zip: 35242

Contact Person: Cullen Bull Title: New Equipment Sales - Strategic Accounts

Authorized Signature (ink only): *Cullen Bull* Cullen Bull  
(Name printed or typed)



Contract Acceptance and Award

(To be completed only by NJPA)

NJPA Public Utilities Equipment with related accessories + Supplies

ALTEC Industries, Inc.

Proposer's full legal name

Your proposal is hereby accepted and awarded. As an awarded Proposer, you are now bound to provide the defined product/equipment and services contained in your proposal offering according to all terms, conditions, and pricing set forth in this RFP, any amendments to this RFP, your Response, and any exceptions accepted or rejected by NJPA on Form C.

The effective start date of the Contract will be May 1st, 20 14 and continue for four years from the board award date. This contract has the consideration of a fifth year renewal option at the discretion of NJPA.

National Joint Powers Alliance® (NJPA)

NJPA Authorized signature:

NJPA Executive Director

Chad Coquette

(Name printed or typed)

Awarded this 10 day of April, 20 14 NJPA Contract Number # 031014-ALT

NJPA Authorized signature:

NJPA Board Member

Scott Veronen

(Name printed or typed)

Executed this 10 day of April, 20 14 NJPA Contract Number # 031014-ALT

Proposer hereby accepts contract award including all accepted exceptions and NJPA clarifications identified on FORM C.

Vendor Name ALTEC Industries, Inc.

Vendor Authorized signature:

Cullen Bull

(Name printed or typed)

Title: New Equipment Sales - Strategic Accounts

Executed this 10th day of April, 20 14 NJPA Contract Number # 031014-ALT

**Quoted for:** CITY OF BAY CITY  
**Customer Contact:**  
**Phone:** /**Fax:** /**Email:**  
**Quoted by:** VICKIE BELL  
**Phone:** 816-236-1264 /**Fax:** /**Email:** vickie.bell@altec.com  
**Altec Account Manager:** ANDY JOHNSON

**REFERENCE ALTEC MODEL**

DB37	Backyard Digger Derrick	\$127,616
------	-------------------------	-----------

Per NJPA Specifications plus Options below

**(A.) NJPA OPTIONS ON CONTRACT (Unit)**

1	DB37-TRA	MUST quote feature required for BASE, 16K trailer	\$10,987
2			
3			
4			

**(A1.) NJPA OPTIONS ON CONTRACT (General)**

1			
2			
3			
4			
5			
6			
7			
8			

**NJPA OPTIONS TOTAL:** \$138,603

**(B.) OPEN MARKET ITEMS (Customer Requested)**

1	UNIT		
2	UNIT & HYDRAULIC ACC		
3	BODY		
4	BODY & CHASSIS ACC		
5	ELECTRICAL		
6	FINISHING		
7	CHASSIS		
8	OTHER	DEMO DISCOUNT	-\$18,128

**OPEN MARKET OPTIONS TOTAL:** -\$18,128

**SUB-TOTAL FOR UNIT/BODY/CHASSIS:** \$120,475

**Delivery to Customer:** \$0

**TOTAL FOR UNIT/BODY/CHASSIS:** \$120,475

**(C.) ADDITIONAL ITEMS (items are not included in total above)**

1			
2			
3			
4			

**\*\*Pricing valid for 45 days\*\***

**NOTES**

**PAINT COLOR:** White to match chassis, unless otherwise specified

**WARRANTY:** Standard Altec Warranty - One (1) year parts warranty One (1) year labor warranty Ninety (90) days warranty for travel charges (Mobile Service) Limited Lifetime Structural Warranty. Chassis to include standard warranty, per the manufacturer. (Parts only warranty on mounted equipment for overseas customers)

**TO ORDER:** To order, please contact the Altec Inside Sales Representative listed above.

**CHASSIS:** Per Altec Commercial Standard

**DELIVERY:** No later than 30 days ARO, FOB Customer Location

**TERMS:** Net 30 days

**BEST VALUE:** Altec boasts the following "Best Value" features: Altec ISO Grip Controls for Extra Protection, Only Lifetime Warranty on Structural Components in Industry, Largest Service Network in Industry (Domestic and Overseas), Altec SENTRY Web/CD Based Training, Dedicated/Direct Gov't Sales Manager, In-Service Training with Every Order.

**TRADE-IN:** Equipment trades must be received in operational condition (as initial inspection) and DOT compliant at the time of pick-up. Failure to comply with these requirements, may result in customer bill-back repairs.

**BUILD LOCATION:** ST. JOSEPH, MO

April 4, 2016  
Our 87th Year

**Ship To:**  
ALTEC INDUSTRIES PLANT 390 MW SPECIALTY PRODUCTS  
SPECIALTY PRODUCTS  
2106 S RIVERSIDE RD  
SAINT JOSEPH, MO 64507  
US

**Bill To:**  
ALTEC INDUSTRIES PLANT 390 MW SPECIALTY PRODUCTS  
SPECIALTY PRODUCTS  
2106 S RIVERSIDE RD  
SAINT JOSEPH, MO 64507  
United States

Attn:  
Phone:  
Email:

**Altec Quotation Number:** 313753 - 2  
**Account Manager:** No Sales Credit  
**Technical Sales & Support:** Vickie L Bell

<u>Item</u>	<u>Description</u>	<u>Qty</u>
	<u>Unit</u>	
1.	Altec model DB37 hydraulic derrick, designed for mounting on a tracked carrier with a turntable winch, built in accordance with Altec's standard specifications and to include the following features: <ul style="list-style-type: none"> <li>A. Maximum sheave height is 36.7 feet (without jib), maximum sheave height is 44.6 feet (with jib), maximum horizontal reach is 30.2 feet, maximum digging radius is 19.5 feet, boom articulation is -6 degrees below horizontal to 75 degrees above horizontal.</li> <li>B. Digger, single-speed, fully proportional, 2,000 ft-lbs (3390 N-m) - includes all of the components necessary to operate digger (installed).</li> <li>C. Winch, mounted at base end of the main boom - 3,800 pound working capacity (includes cable guides).</li> <li>D. Rope, material handling, 1/2 inch x 90 feet - installed, 3,800 pound rating. Includes eyes at both ends.</li> <li>E. Swivel hook/downhaul weight, 2.75 ton capacity.</li> <li>F. Continuous rotation is given by worm gear drive rotation, equipped with extended shaft for manual rotation.</li> <li>G. Hydraulic auger release.</li> <li>H. Pendant drive controls installed include proportional, independent drive controls for each track, track extend/retract, hi/low speed, and emergency stop.</li> <li>I. Drive control operation from radio or pendant controller.</li> <li>J. Start/stop from radio controls and at lower controls.</li> <li>K. Five (5) function Hydraulic Overload Protection (HOP) system operates from lower control station and radio remote. Visible load indicator gauge at operators platform.</li> <li>L. Outrigger/Unit Selector Control: Allows operator to divert hydraulic oil from machine circuit for outrigger operation. This reduces the potential for inadvertent outrigger movement during machine operation if outrigger controls are bumped.</li> <li>M. Outrigger motion alarm: Provides audible alarm when any of the outriggers are</li> </ul>	1

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And Opportunity of Serving You

<u>Item</u>	<u>Description</u>	<u>Qty</u>
	being hydraulically actuated.	
N.	Outrigger/boom interlock system, prevents operation of unit until all outriggers are lowered.	
O.	Tool circuit below rotation: two way, adjustable flow up to 6 GPM @ 2,000 psi. Tool circuit above rotation: adjustable flow up to 4.5 GPM @ 2,000 psi.	
P.	23.5 hp diesel engine and direct drive pump provide hydraulic power for carrier and unit operation.	
Q.	Fuel tank, installed, 6 gallon capacity.	
R.	Hydraulic oil reservoir, 16.8 gallon capacity.	
S.	Pole carrier, one D ring installed on each outrigger leg (2,000 lb capacity).	
T.	Carrier, track driven, skid-steer with retractable tracks and 2 speed hydraulic piston motors providing max travel speed of 100 feet/minute. Tracks have a minimum spread of 34 inches and maximum spread of 46.8 inches. Maximum drive slopes while tracks are extended are 15 degrees side to side and 15 degrees front to back. Maximum drive slopes while tracks are retracted are 5 degrees side to side and 15 degrees front to back.	
U.	Insulated, 46 kV and below.	
V.	Painted white with Altec's powder coat paint process which is highly resistant to chipping, scratching, abrasion, and corrosion. Paint is electro-statically applied to the inside as well as outside of fabricated parts then high temperature cured prior to assembly ensuring maximum coverage and protection.	
W.	Digger derrick conforms to ANSI A10.31-2006.	
X.	This product is designed and manufactured in facilities that are certified to meet ISO 9001 requirements.	
Y.	ANSI Z535 Safety and Instructional Signs, installed.	
Z.	Two (2) Operators and Maintenance/Parts Manuals.	
2.	DB37 - Radio Remote Lower Controls. Operate all Digger Derrick functions and track drive.	1
3.	Combined Use, Platform/Material Handling	1
4.	Feeder Tubes: Addition of feeder tubes will give a dedicated line to the digger preventing the operator from having to disconnect the digger each time after use.	1
5.	Platform docking station for radio controls.	1
6.	No Derrick Tong Protectors	1
7.	Platform - Fiberglass, pin-on, 24 x 24 x 42 nominal. Includes interior/exterior platform access step and mounting bracket. 300 pound platform capacity, platform can be attached to either side of bracket, provides up to 40 foot working height. (Note: Requires radio remote controls and docking station).	1
8.	Outriggers - Four (4) hydraulic operated radial outriggers with pivot shoes. Outriggers are equipped with D-rings to carry up to a 2,000 LB (907 kg) pole on either side of unit, combined total not to exceed 3,000 lbs. Outrigger spread is 8' 8" at front of machine and 10' 8" at the rear of machine. The distance from front outrigger shoe to rear outrigger shoe at maximum spread setup is 10' 8".	1
9.	Jib - Fiberglass, 8 foot material handling (one piece). Manual articulation accomplished utilizing five (5) pinning positions. Includes boom mounting bracket and hardware, pins, and trailer bracket.	1

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<u>Item</u>	<u>Description</u>	<u>Qty</u>
10.	Platform cover - Soft vinyl, 24 x 24 inches (610 x 610 mm).	1
11.	Platform liner - for single, one-man, side mounted fiberglass platform (24 x 24 x 42). 50kV.	1
12.	Hydraulic Tilting Pole Guides with hydraulic open and close. Provides 60 degrees of articulation.	1
13.	16,000 pound GVWR Steel, Tandem Axle Trailer Includes: - Full powder coat black paint, 2 x 6 treated wood floor, and 2 foot diamond plate dovetail. - 10" Channel Frame. - 80 inch Bed Width x 18 Feet Long. 102 inches overall width. - 5 foot trailer tongue. - Two (2) 8,000 Lb Dexter Spring Axles, Non Oil Bath. - Four (4) Tires, 215-75R-175H- Single 17.5 - 8 Lug. - Safety Chains: 18,800 LB 5/16 x 28 G#80 with slip hook and latch. - Electric brakes with break-a-way & charger, - Enclosed electrical wiring, LED lighting and 6-way round electric plug wired to SAE standards. - Heavy duty full width, split center, spring assist loading ramps with support legs. - 12K spring loaded drop leg jack. - Flat Mounting Plate with multiple hole position for pintle adjustment, 3 inch pintle ring. - Front tongue mount tool box with locking latch, 22 inches tall. - Four (4) D-ring tie downs welded to trailer frame and four (4) heavy duty nylon ratchet tie down straps. - Outrigger pad and wheel chock holders.	1
14.	Black tracks, standard tread.  (Note: By nature of the material, rubber will crack due to UV and ozone degradation with age. To minimize this, store tracks or tacked equipment indoors or cover the track to avoid excessive sunlight exposure.)	1
15.	Cargo Platform - Maximum weight capacity of 3,000 lbs.	1
16.	Fall protection system - to include one body harness and deceleration type lanyard.	1

**Unit & Hydraulic Acc.**

17.	Dirt Auger, 18 Inch Diameter, 59 Inches in Length, 2 Inch Hex, Dual Flight, Flat Teeth	1
18.	HVI-22 Hydraulic Oil (Standard).	25

**Body and Chassis Accessories**

19.	Outrigger pads - set of four (4), wood, 18" x 18" x 3".	1
20.	Rubber Wheel Chocks, (1 pair), with metal hair pin handle.	1
21.	5 LB Fire Extinguisher With Light Duty Bracket, Shipped Loose	1

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<u>Item</u>	<u>Description</u>	<u>Qty</u>
22.	Triangular Reflector Kit, Shipped Loose	1
<b><u>Finishing Details</u></b>		
23.	Powder Coat Unit Altec White	1
24.	Apply Non-Skid Coating to all walking surfaces	1
25.	English Safety And Instructional Decals	1
26.	Dielectric test unit according to ANSI requirements.	1
27.	Stability test unit according to ANSI requirements.	1
28.	Focus Factory Build	1
29.	Delivery Of Completed Unit	1
30.	FA Unit Designator - DB37	1
31.	Stock Unit	1
<b><u>Additional Pricing</u></b>		
32.	Standard Altec Warranty: One (1) year parts warranty, one (1) year labor warranty, ninety (90) days warranty for travel charges, limited lifetime structural warranty	1

---

**Altec Industries, Inc.**

BY \_\_\_\_\_

Vickie L Bell

**Notes:**

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UTILITY EQUIPMENT AND BODIES SINCE 1929

Home > Cooperative Purchasing > Contracts - Fleet > Public Utility & Airport Equipment > Altec Industries, Inc.



## Altec Industries, Inc.



Overview

Contract Documentation

Pricing

Marketing Materials

NJPA Contact Information

### HOW TO PURCHASE

Our step-by-step guide



**Contract#:** 031014-ALT

**Category:** Public Utility & Airport Equipment

**Description:** Aerial Lifts, Cranes & Chippers

**Maturity Date:** 04/10/2018

Altec Industries, Inc. is the world's leading manufacturer of aerial lifts, digger derricks and specialty equipment for the electric utility, telecommunications, tree care and light and sign maintenance industries. Altec has manufacturing, sales and service facilities located throughout North America and sells and services equipment in over 120 countries. In addition to sales and service, Altec offers operator training, and a host of auxiliary services that include used and rental equipment, and equipment financing.

[Altec Products](#)

### Vendor Contact Info

Cullen Bull

Direct Phone: 205-458-1565

[cullen.bull@altec.com](mailto:cullen.bull@altec.com)

[www.altec.com](http://www.altec.com)





**Subject:** FP Minutes 1/17/17

**Reviewed By:** City Manager: Richard M. Finn Deputy City Manager: Dana L. Muscott

**Prepared By:**

**PERTINENT FACTS:**

**LEGAL ISSUES:**

**TIME SENSITIVITY:**

**BRIEFLY DESCRIBE THE NATURE OF THE TIME SENSITIVITY:**

**FINANCIAL CONSIDERATIONS:**

**CITY GOALS:**

**RECOMMENDED ACTION:**

\*Minutes - Finance Policy Committee (1/17/17).

RECOMMENDATION: Approve.

---

**ATTACHMENTS:**

**Description**

FP Minutes 1/17/17

**Upload Date**

1/25/2017

**Type**

Cover Memo

CITY OF BAY CITY  
CITY COMMISSION  
FINANCE/POLICY COMMITTEE MEETING MINUTES  
Tuesday, January 17, 2017

The Finance/Policy Committee met at City Hall, 301 Washington Avenue, Commission Chambers. The meeting was called to order by Commission Vice President Brentt Brunner at 6:30 PM.

Present: Commissioners Lynn Stamiris, David Terrasi, Andrew Niedzinski, Brentt Brunner, Jim Irving, John Davidson, Kerice Basmadjian, 7.  
Excused: Commissioner Irving moved to excuse Commissioners Ed Clements and Larry Elliott, 2. No objection.  
Absent: None.  
Others Present: City Manager Richard Finn, Deputy City Manager Dana Muscott, Finance Director George Martini, Public Works Director Bill Bohlen, Human Resource Director Mikki Manion, Building Code Enforcement Officer Sue Coggin, Mayor Kathleen Newsham and City Clerk Tema Lucero.

**Executive Session**

Commissioner Irving moved to go into Executive Session at 6:31 PM with City staff to discuss collective bargaining agreement extension with Utility Workers Union of America 482. There was no objection.

Motion approved by the following vote:

Yes, Commissioners Stamiris, Terrasi, Niedzinski, Brunner, Irving, Davidson, Basmadjian, 7.  
No, None.

The City Commission came back into regular session at 6:43 PM.

**Presentation on MI Warn - Utilities Helping Utilities, William Bohlen, DPW Director**

Public Works Director Bill Bohlen introduced Tim Neumann, Executive Director of Michigan Rural Water Association. Mr. Neumann explained the MiWarn system is in place to assist in the event of an emergency and the primary goal is to get the water and wastewater systems back up and running in a timely manner. Participation in the program is voluntary, there is no obligation to respond to emergency requests and there is no cost to join. Discussion followed.

**Update on Pending Change Orders - William Bohlen, DPW Director**

Public Works Director Bill Bohlen explained the change order process and what events may lead to a change order. He utilized the recent Madison Avenue project to outline the process and why change orders are necessary. He also stated the Status & Information Update will be used to provide up to date information on projects in an effort to keep commission informed of progress and potential changes. City Manager Richard Finn added a procedure for change orders is being worked on and will be brought to commission for review. Discussion followed.

**Discussion on number of pets allowed and barking dog complaints - Susan Coggin, Building Code Enforcement Officer**

Building Code Enforcement Officer Sue Coggin explained the current ordinances regulating dogs in the city, and the proposed change that is on the agenda for first reading. Discussion followed.

**Agenda Review**

None.

**Other Issues/Concerns/Announcements**

Commissioner Niedzinski commented on the success of a property that the city sold to Bay Area Housing last year located on 11<sup>th</sup> Street. The house has been transformed, it looks great and is no longer an eyesore in the community.

Commissioner Brunner reminded everyone that Liberty Bridge will be closed tomorrow from 9:00AM to 2:00PM for repairs.

**Public Input**

Christopher Girard, 100 Braddock Street, stated he is concerned with the proposed dog ordinance due to the fact that unit size is not addressed. He requested that it be looked at for review and maybe consult the Humane Society and Landlord groups for input.

Meeting adjourned at 7:24 PM.

Respectfully submitted,

Tema J. Lucero  
City Clerk

**Subject:** Resolution for the City Commission to receive the Comprehensive Annual Financial Report for the Period Ending June 30, 2016  
**Reviewed By:** City Manager: Richard M. Finn Deputy City Manager: Dana L. Muscott  
**Prepared By:** Fiscal Services Director: George Martini

**PERTINENT FACTS:**

The City contracted with Rehmann, Robson to provide audit services for the audit of the financial records for the July 1, 2015 through June 30, 2016 fiscal year. Attached is a copy of the Comprehensive Annual Financial Report as well as the "Independent Auditors' Communication with those Charged with Governance" report from Rehmann Robson. The Comprehensive Annual Financial Report includes various schedules and letters detailing Federal Awards, Reports on Internal Control over Financial Reporting, and other compliance findings." These additional schedules are located in the back of the Comprehensive Annual Financial Report document.

It should be noted that Rehmann, Robson provided a "clean" or unqualified opinion regarding the financial audit. An unqualified opinion is the highest level of opinion that the auditor's issue and indicates that the Comprehensive Annual Financial Report for the City, "present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Bay City, Michigan as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and each major special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**LEGAL ISSUES:**

The City is required by the State of Michigan to have an annual audit of the financial records of the City. The Comprehensive Annual Financial Report that is being presented satisfies that legal requirement.

**TIME SENSITIVITY:**

Routine

**BRIEFLY DESCRIBE THE NATURE OF THE TIME SENSITIVITY:**

**FINANCIAL CONSIDERATIONS:**

**CITY GOALS:**

**RECOMMENDED ACTION:**

\*Commission as a Whole Resolution regarding the Comprehensive Annual Financial Report for the period ending June 30, 2016.

RECOMMENDATION: Receive.

---

**ATTACHMENTS:**

**Description**

**Upload Date**

**Type**

Comprehensive Annual Financial Report	1/18/2017	Backup Material
Independent Auditors' Communication with Those Charged with Governance	1/18/2017	Backup Material
Resolution Receiving 6/30/16 Comprehensive Annual Financial Report	1/18/2017	Resolution Letter



**COMPREHENSIVE  
ANNUAL  
FINANCIAL REPORT**



*A beautiful view...of life*  

---

**City of Bay City**



**For the  
Fiscal Year Ended  
June 30, 2016**

**Bay City, Michigan**

**"Governmental imagination leading our community into the future."**





# CITY OF BAY CITY, MICHIGAN

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**CITY OF BAY CITY, MICHIGAN**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
June 30, 2016

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**LIST OF PRINCIPAL OFFICIALS**  
(as of date of issuance)

**MAYOR**

Kathleen L. Newsham

**CITY COMMISSIONERS**

1st Ward: Lynn Stamiris

5th Ward: James Irving

2nd Ward: David Terrasi

6th Ward: John Davidson

3rd Ward: Andrew Niedzinski

7th Ward: Kerice Basmadjian

4th Ward: Brentt Brunner

8th Ward: Ed Clements

9th Ward: Larry Elliott

**ADMINISTRATION**

**CITY  
MANAGER**

Richard M. Finn

**FISCAL SERVICES  
DIRECTOR**

George Martini

**HUMAN RESOURCES  
DIRECTOR**

Mikki Manion

**WASTEWATER TREATMENT  
SUPERINTENDENT**

Shoron Cooper

**PUBLIC SAFETY  
DIRECTOR**

Michael Cecchini

**PUBLIC WORKS  
DIRECTOR**

William Bohlen

**ACTING ELECTRIC  
DIRECTOR**

Dana Muscott

**DIRECTOR OF  
INFORMATION TECHNOLOGIES**

Tony Reyes

**FIRE  
CHIEF**

Karey Prieur

**Prepared By:**  
City of Bay City  
Fiscal Services Division



Bay

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Michigan

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City of Bay City



December 22, 2016

To the Honorable Mayor, City Commission, and Citizens of Bay City, Michigan:

The comprehensive annual financial report of the City of Bay City, Michigan for the fiscal year ended June 30, 2016, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation including disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

State law requires that every general-purpose local government publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2016.

State statutes require an annual audit by independent certified public accountants. The City Commission selected the accounting firm of Rehmann Robson for this purpose. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Rehmann Robson has issued an unmodified ("clean") opinion on the City of Bay City's financial statements for the year ended June 30, 2016. The auditors' report on the financial statements and combining and individual fund statements and schedules is included in the financial section of this report.

Generally accepted accounting principles 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 the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

#### Reporting Entity

The financial reporting entity includes all the funds of the primary government of the City of Bay City, Michigan as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable.

Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the primary government. The Downtown Management Board, Midland Street Management Board, Columbus Avenue Management Board, Brownfield Redevelopment Authority, and all Tax Increment Finance Authorities (TIFA's) and Downtown Development Authorities (DDA's) are reported as discretely presented component units.

#### Profile

Bay City is located at the mouth of the Saginaw Bay in the east central portion of Michigan's Lower Peninsula. The City's rich historical and ethnic heritage began with the lumber boom in the mid-1800s. Two of the City's sawmills were among the three largest sawmills in the world at the time. With the decline of the lumber industry, shipbuilding became the major economic force in the early 1900's. Shipbuilding gave way to the automobile industry as the 20th century progressed. General Motors continues to be the City's principal property taxpayer; however, Bay Regional Medical Center, a healthcare provider, is now the largest employer in the City.

The City's waterfront location provides citizens with a variety of leisure activities. Boating, fishing and a summer of great events headline the selections. The "River Roar," "Fourth of July Fireworks Festival," "YWCA Riverside Art Festival" and "River of Time," are just a few of the activities that draw several hundred thousand people to the community every year.

The City of Bay City operates under a Commission/Manager form of government in which policy making and legislative authority are vested in a governing council (Commission) consisting of a Mayor and nine City Commissioners. All are elected on a non-partisan basis. The City is split into nine wards with one Commissioner elected from each ward. Commission members serve four year terms, with four or five members elected every two years (based upon odd or even numbered wards). The Mayor is elected at large for a four year term. The Commission appoints the Manager, who in turn appoints the heads of the various departments. The City Commission is also responsible for appointing the City Clerk, the City Assessor and the City Treasurer. Once appointed, these City officials are supervised by the City Manager. The City Commission also appoints the City Attorney.

The Commission is required to adopt a final budget prior to the beginning of the fiscal year (July 1). The annual budget serves as the foundation for the City of Bay City's financial planning and control. A separate capital improvement budget is prepared for the upcoming fiscal year and the succeeding five years. This budget is updated monthly to reflect the current needs and financial position of the City.

### Financial Information

*General Government Functions:* The City provides a full range of services to its citizens. These services include law enforcement, fire protection and protective inspection; sanitation; maintenance of highways, streets and infrastructure; parks and recreational facilities; planning and zoning; other general administrative services; and other services mandated by state law or authorized by the City Commission. In addition, water, sewer, and electric utilities are provided on a user fee basis.

*Budgetary Controls:* In addition to internal accounting controls, the City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Commission. Activities of all governmental and proprietary funds are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is exercised on a basis consistent with generally accepted accounting principles for all governmental fund types, except capital project funds which are adopted on a project level. As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

*Internal Control:* Management of the City is responsible for establishing and maintaining internal control designed to ensure that the assets of the City are protected from loss, theft or misuse and to provide that adequate accounting data can be compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. We believe the City's internal control adequately safeguards, and provides reasonable assurance of proper recording of financial transactions. Because of inherent limitations in any internal accounting control, errors or irregularities nevertheless may occur and not be detected.

*Single Audit:* As a recipient of federal financial assistance, the City also is responsible for ensuring that adequate internal control is in place to allow for compliance with applicable laws and regulations related to those programs. Internal control is subject to periodic evaluation by management of the City.

As a part of the City's single audit, tests are conducted to determine the adequacy of internal control, including that portion related to federal financial assistance programs, as well as to determine that the City has complied with applicable laws and regulations.

## Local Economy

The Bay City economy continues to improve since the Great Recession of 2008. During the past year, the unemployment rate and the number of unemployed persons were down 2.4% from the previous year. During the past five years, the area's unemployment rate has dropped significantly from an average of 11.5 percent in FY 2010-11 to 4.9 percent in FY 2015-16.

Bay Riverfront Development, LLC, continued the construction of the \$150 million mixed use development construction project in the heart of Bay City during the year. To date, the Developer has invested approximately \$50 million on the 45 acre site. Several buildings are being constructed in Phase 1 of the project. The first building consisting of 105,000 sq. ft. was completed in July 2014 and now houses approximately 400 employees from Dow Corning Corporation. The second building was completed in August, 2014 with 1/3 of the structure occupied by Chemical Bank with 25 employees. The other 2/3 of the building houses a coffee shop with approximately 3 employees, the Uptown Grill with approximately 15 employees, and an Aveda Lifestyle salon that opened in 2015. The upper two floors of this building consists of 24 condominiums. Currently, all but two penthouses are occupied.

A hotel conference center with the Marriot flag began construction in the spring of 2014 and opened in June, 2016. Additionally a four-story, mixed use building is under construction. This will include commercial space on the first floor and office space on the upper three floors. A 30 unit townhouse project is also under construction and the first phase was completed and is completely occupied. There are also future plans for a condominium project on the south side of the day dock marina.

McLaren Bay Region purchased the southern 9 acres of the 43 acre parcel. The Developer, Landmark Health Care, LLC, constructed a 70,000 square foot 3-story medical office building on the southwest corner of Columbus Avenue and Saginaw Street. McLaren Bay Region broke ground in the spring of 2015 and opened in July, 2016.

Recently, the City has experienced a significant increased demand for housing from residents who desire to live in the downtown and uptown areas. In the last five years there have been significant developments either completed or under development to satisfy this new demand for urban living.

The first new development that occurred to meet this new demand was the Mill End Development. This project demolished an existing commercial building and replaced it with a mixed use building overlooking the Saginaw River with commercial on the first floor and residential space located on the upper floors. A total of twenty-four (24) residential units were created with this development. Approximately \$7.5 million was spent to complete this development.

The Uptown development, located just south of the City's downtown area, also created significant residential spaces. There are twenty (24) condominium units located in the upper floors of the Chemical Bank building. Also there are twelve (12) new townhomes in this development with additional units planned for the future.

More recently, a developer has been purchasing vacant buildings in the downtown area and converting them to commercial/residential spaces.

The first project that this developer undertook was the re-development of the building which previously housed the local newspaper. This project, when completed in early 2017, will have created 31 loft style rental units ranging from 930 to 1200 square feet. In addition, there will be eight (8) two-story townhouses. A commercial tenant will occupy the remainder of the building. The developer invested approximately \$3 million into this project.

Most recently this developer purchased the 125 year-old historic Crapo building which until 2014 housed a local bank. The developer is projecting to spend approximately \$11 million to renovate the entire building with the first and second floors providing commercial and retail space while the upper three levels will house between 20-25 apartments. Construction is expected to begin in the spring or summer of 2017 and will take approximately fourteen to eighteen months.

The local economy in the City of Bay City had significant successes throughout 2015 and into 2016. Overall, the area generated approximately \$29 million in new investment.

<u>Business</u>	<u>Investment</u>	<u>Project</u>
Monarch Associates	\$ 450,000	Renovation of 801 Saginaw Street. Project includes selective demolition of exterior elements and substantial renovations of all interior space with commercial on the first floor and two residential units on the upper floor
Times Lofts	3,000,000	Renovation of the former Bay City Times building into a mixed-use property with loft apartments and restaurant space
The Legacy	11,000,000	Renovation of the former Chemical Bank building into a mixed use facility comprised of commercial and retail space on the lower two levels along with market rate residential rental units on the upper three levels
Bay Riverfront, LLC	14,000,000	95% completion of Phase 1 to Uptown Bay City, a major mixed use development near downtown Bay City
<b>Total New Investments</b>	<b><u><u>\$ 28,450,000</u></u></b>	

#### Long-term Financial Planning

The City Commission adopted a policy that states that the City shall maintain a sum total of Unassigned Fund Balance plus Committed Fund Balance for Future Operations in its General Fund ranging from a minimum of fifteen (15) percent to a maximum of twenty (20) percent of the City's previous year's amended total budgeted expenditures. Based on this policy, the City should have unassigned fund balance of between \$2,725,075 and \$3,633,433. The total Unassigned General Fund fund balance at June 30, 2016 was \$3,422,727 or 18.84% of the previous years amended expenditure budget.

The 2016/2017 fiscal year budget, for the third consecutive year, was balanced with no required use of General Fund fund balance. It is expected that the City will be able to maintain the City Commission required level of Unassigned Fund Balance in the General Fund.

#### Major Initiatives

At the end of 2012, the City made the decision to combine Police and Fire functions into a Public Safety Department. This department began combined operation at the beginning of the 2013/2014 fiscal year. This new model utilizes staff in the Public Safety Department that are trained in both Fire Services and Police functions to perform both duties and are available to respond to either Fire or Law Enforcement emergencies. This new model results in a greater number of trained staff able to respond to Fire emergencies more quickly than the previous model of separate departments. It is projected that during the first five years of the implementation of this new model, the program will save the City approximately \$7.3 million.

For a number of years the City has been considering options for the replacement of the City's automated financial system. This system, originally implemented in 1984, and although updated numerous times throughout the years, does not have many of the features and functionality of current financial systems. In addition, the system runs on an outdated computer platform which is expensive to maintain and service.

A Request for Proposal was issued in early 2014 requesting proposals from vendors interested in providing a financial system solution. After significant review and demonstrations from several vendors, the City ultimately selected New World Systems for a new financial system. This system, which will encompass General Ledger, Accounts Payable, Purchasing, Cash Receipting and Accounts Receivable, Payroll and Human Resources, Business Licensing, and other reporting tools to enhance the ability to utilize the financial information. Subsequent to the decision to purchase the above described modules, the City made the decision to also purchase the Utility Biller/Customer Information System also from New World Systems.

To date, the City has implemented the General Ledger, Accounts Payable, Purchasing and Budgeting modules. The Payroll and Human Resources module is currently being implemented with an expected “go-live” date of January 1, 2017. The cash receipting and utility billing modules are expected to “go-live” during the second quarter of 2017. This new system will provide greater usability to all users of the financial system - both internal and external users, and has been a major leap forward in the methodologies that the City follows in conducting their business.

During 2015, the City began implementation of a strategic plan for improving customer service. This plan recognizes that service is the primary reason why the City organization exists and that our customers are the focus of our attention and commitment. The goal is that all employees will strive to deliver quality customer service through continuous improvement.

In the past year, all employees have attended one or more training sessions regarding methods to provide quality service to our customers; both internal and external. All Department Directors are responsible for development of plans within their own department to achieve high quality customer service. Although it is expected that it will take several years to fully implement this plan, the expected result of this implementation will be greatly enhanced service to the City’s customers.

During the 2015/2016 fiscal year, the City began an update to the City’s Master Plan. This update addresses land use and infrastructure issues and may project strategies twenty (20) years or more into the future. The information provided in the master plan is descriptive with maps, charts, and actionable strategies to serve as policy guidelines for local decisions about the physical, social, economic and environmental development of the City.

As part of the Master Plan process, the City, together with the Bay City Housing Commission, completed a study of Bay City’s housing stock. The housing study, presented to the City Commission and other boards and commissions of the City in August of 2016, provided a comprehensive assessment of the physical condition of the community’s housing options, as well as a candid outline of the challenges and threats faced by the community if current housing trends continue.

The study recommended significant, proactive strategies to be undertaken to stop and reverse decades-long negative trends affecting housing conditions within Bay City. Following these recommendations, the City is exploring several regulatory tactics that may be employed beginning in 2017 as well as targeted infrastructure projects to achieve the overall goal of improving the community’s short- and long-term housing conditions.

Consistent with the housing study comments and recommendations, the City has begun implementation of a sidewalk improvement/replacement project. Utilizing a \$300,000/year dedicated General Fund revenue source combined with additional allocations from the Community Development Block Grant, the City is intending on replacing or repairing most sidewalks in the City in the next ten years.

Stabilizing and improving the city’s housing stock will take years, but expanded efforts to address these situations have already begun and will expand into 2017.

#### Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Bay City for its comprehensive annual financial report for the fiscal year ended June 30, 2015. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

#### Acknowledgments

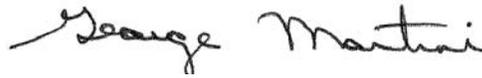
The completion of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire Fiscal Services Division. We would like to express our appreciation to all members of the departments who assisted and contributed to its preparation, especially Angela Willsie, Chief Accountant and the Accounting staff, for their assistance throughout the audit and with the preparation of this report.

Finally, we would like to thank the Mayor, members of the City Commission, and the various City departments for their leadership and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



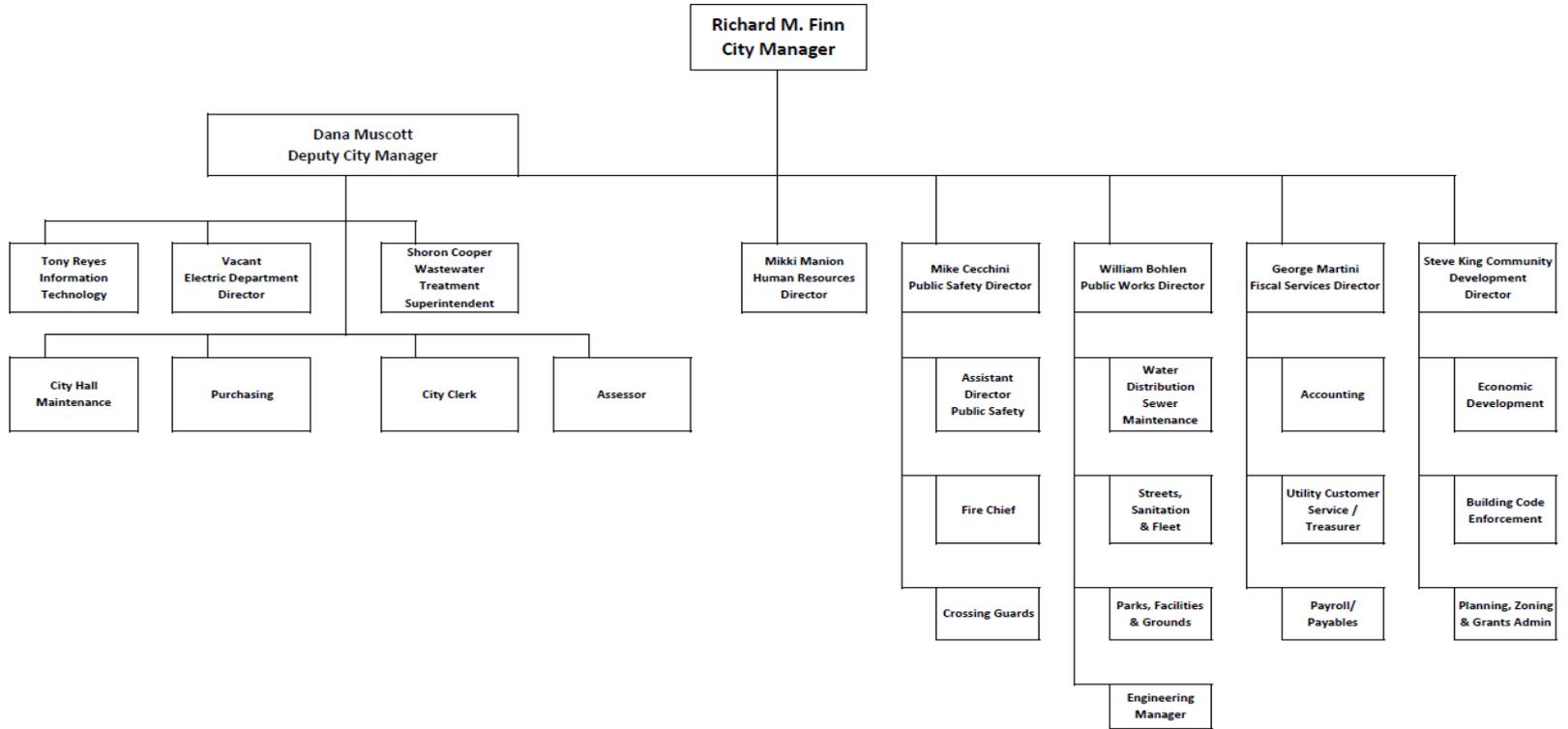
Richard M. Finn  
City Manager



George Martini  
Fiscal Services Director

# CITY OF BAY CITY, MICHIGAN

## Table of Organization





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City of Bay City



Government Finance Officers Association

**Certificate of  
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Presented to

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Michigan**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2015**

Executive Director/CEO



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## FINANCIAL SECTION



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## INDEPENDENT AUDITORS' REPORT

December 22, 2016

To the Honorable Mayor  
and City Commission  
City of Bay City, Michigan

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the *City of Bay City, Michigan* (the "City"), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City'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 opinions on these financial statements based on our audit. We did not audit the financial statements of the Police and Fire Retirement Pension Trust fund, which represents 57 percent of assets, 61 percent of fund balance/net position, and 8 percent of revenues/additions of the aggregate remaining funds or the Bay City Housing Commission component unit, which represents 76 percent of assets, 38 percent of net position and 48 of revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it related to the amounts included for the Police and Fire Retirement Pension Trust fund and the Bay City Housing Commission component unit, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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 opinions.

### *Opinions*

In our opinion, based on our audit and the report of other auditors, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the *City of Bay City, Michigan* as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and each major special revenue fund for the year then ended in conformity 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 schedules for the pension and other postemployment benefit plans, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and 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 information is 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.

#### Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2016, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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



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City of Bay City

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

# CITY OF BAY CITY, MICHIGAN

## Management's Discussion and Analysis

This discussion and analysis of the City of Bay City, Michigan's (the "City") financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2016. Please read it in conjunction with the City's financial statements.

### Financial Highlights

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended June 30, 2016:

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$152,602,302 (net position). This balance is comprised of \$149,927,156 in capital assets (net of related debt), \$11,696,690 restricted for specific purposes, and a deficit unrestricted net position of \$9,021,544.
- Total net position related to the City's governmental activities decreased by \$1,230,610 from the previous year. The business-type activities net position decreased by \$9,491,812. Please see the "Governmental Activities" and "Business-type Activities" sections of this Management and Discussion and Analysis for further detail.
- At the close of the fiscal year, the City's governmental funds reported combined ending fund balances of \$5,803,792, a decrease of \$911,115 from the prior year.
- At the end of the fiscal year, unassigned fund balance for the General Fund was \$3,459,647, or approximately 20% of total General Fund expenditures.
- The City's other liabilities balance increased by \$9,568,178, or 16%. The largest portion of the City's other liability increase in the governmental activities was mainly due to the increase in the OPEB (other postemployment benefits) liability which accounts for approximately \$1.9 million and the increase in the net pension liability for the Police & Fire Retirement System which accounts for approximately \$2.5 million. The largest portion of the other liability increase in the business-type activities is the increase in the OPEB liability which accounts for approximately \$531,000 and the net pension liability increased a little over \$4.5 million.
- State shared revenue remained relatively the same compared to the 2016 fiscal year, although there was a slight decrease of \$2,551 from prior year. While State shared revenues have remained relatively consistent over the last few years, the City received \$862,900 less than it received in 2009, a reduction of 17%. This significant reduction compromises the City's ability to address infrastructure issues and unfunded liabilities and also restricts the services that can be provided to City constituents.
- The City continued its commitment to improving its infrastructure during the fiscal year. The Euclid Avenue road resurfacing and water main project, which cost \$1,779,980 was completed during the 2015/2016 fiscal year. The City also spent an additional \$100,468 on resurfacing and repairs to various City streets. The City and the Water Street DDA in a joint effort resurfaced a portion of the Downtown Streets at a cost of \$1,015,200. The Downtown resurfacing projects was still in process at year end. These projects were primarily funded by local contributions, state resources, federal grants and bond dollars.

### Using this Annual Report

This annual report consists of a series of financial statements. The statement of net position and the statement of activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. This longer-term view uses the accrual basis of accounting to measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing government services.

# CITY OF BAY CITY, MICHIGAN

## Management's Discussion and Analysis

The statement of net position and the statement of activities distinguish functions of the City that are primarily supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, parks and recreation, and economic development. The business-type activities of the City include electric, water, sewer, cemetery, airport, and marina.

The government-wide financial statements include not only the City itself (known as the primary government), but also the component units which are legally separate authorities for which the City is financially accountable. Financial information for the component units is reported separately from the financial information presented for the primary government itself.

Complete financial statements for the Downtown Management Board may be obtained at their administrative offices located at Commerce One, 901 Saginaw Street, Bay City, Michigan 48708. Complete financial statements for the Housing Commission may be obtained at their administrative offices located at 315 14th Street, Bay City, Michigan 48708. Separate financial statements for the remaining component units are not prepared.

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

### The City as a Whole

For the fiscal year ended June 30, 2016, assets and deferred outflows of resources exceeded liabilities and deferred inflow of resources by \$152,602,302. By far, the largest portion of the City's net position reflects its investment in capital assets (i.e. land, buildings, vehicles, equipment and infrastructure); less any related debt used to acquire those assets that is still outstanding. The City uses these assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its 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.

# CITY OF BAY CITY, MICHIGAN

## Management's Discussion and Analysis

The following table shows, in a condensed format, the net position as of June 30, 2016 and 2015:

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 19,989,075	\$ 21,981,017	\$ 56,024,701	\$ 54,342,961	\$ 76,013,776	\$ 76,323,978
Capital assets, net	74,406,529	75,363,944	126,728,810	139,223,894	201,135,339	214,587,838
<b>Total assets</b>	<b>94,395,604</b>	<b>97,344,961</b>	<b>182,753,511</b>	<b>193,566,855</b>	<b>277,149,115</b>	<b>290,911,816</b>
<b>Deferred outflows of resources</b>	<b>4,842,149</b>	<b>1,602,670</b>	<b>5,505,155</b>	<b>2,267,250</b>	<b>10,347,304</b>	<b>3,869,920</b>
Other liabilities	35,952,890	32,525,036	33,808,440	27,668,116	69,761,330	60,193,152
Long-term liabilities	17,493,627	19,286,383	46,618,623	50,842,574	64,112,250	70,128,957
<b>Total liabilities</b>	<b>53,446,517</b>	<b>51,811,419</b>	<b>80,427,063</b>	<b>78,510,690</b>	<b>133,873,580</b>	<b>130,322,109</b>
<b>Deferred inflows of resources</b>	<b>1,020,537</b>	<b>1,134,903</b>	<b>-</b>	<b>-</b>	<b>1,020,537</b>	<b>1,134,903</b>
Net position:						
Net investment in capital assets	68,753,612	69,057,762	81,173,544	94,808,608	149,927,156	163,866,370
Restricted	9,654,415	10,827,652	2,042,275	2,083,275	11,696,690	12,910,927
Unrestricted (deficit)	(33,637,328)	(33,884,105)	24,615,784	20,431,532	(9,021,544)	(13,452,573)
<b>Total net position</b>	<b>\$ 44,770,699</b>	<b>\$ 46,001,309</b>	<b>\$107,831,603</b>	<b>\$117,323,415</b>	<b>\$152,602,302</b>	<b>\$163,324,724</b>

Total City's combined net position decreased \$10,722,422 over the course of the fiscal year's operations to a total of \$152,602,302. Explanations for those changes are described below under the "Governmental Activities" and "Business-type Activities" sections of this Management and Discussion Analysis.

Within the governmental activities net position, \$68,753,612 is invested in capital assets, net of related debt, and is not available to meet the government's ongoing obligations to citizens and creditors. Within the business-type activities, an additional \$81,173,544 is invested in capital assets, net of related debt. These amounts represent a decrease in the City's overall investment in capital assets of \$13,939,214. This decrease is a result of the Bay City Water Plant being decommissioning and contributing the property to the Bay County Water Consortium. The decommissioning of the Water Plant accounts for \$10,985,667 of the decrease in capital assets, the remainder of the decrease is the difference between the addition of assets and the current fiscal year's depreciation expense.

# CITY OF BAY CITY, MICHIGAN

## Management's Discussion and Analysis

The following table shows the changes of the net position during fiscal years 2016 and 2015:

	Change in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Program revenue:						
Charges for services	\$ 4,223,831	\$ 4,018,386	\$ 55,772,444	\$ 58,759,050	\$ 59,996,275	\$ 62,777,436
Operating grants	6,096,407	6,193,927	207,083	291,010	6,303,490	6,484,937
Capital grants	13,079	486,074	-	-	13,079	486,074
General revenue:						
Property taxes	12,559,193	12,287,683	-	-	12,559,193	12,287,683
Grants and contributions not restricted to specific programs	4,244,106	4,256,507	-	-	4,244,106	4,256,507
Unrestricted investment earnings	66,172	61,606	130,055	127,986	196,227	189,592
Miscellaneous	587,099	143,273	854,781	364,329	1,441,880	507,602
<b>Total revenue</b>	<b>27,789,887</b>	<b>27,447,456</b>	<b>56,964,363</b>	<b>59,542,375</b>	<b>84,754,250</b>	<b>86,989,831</b>
Expenses and Indirect:						
General government	874,549	1,128,606	-	-	874,549	1,128,606
Public safety	13,159,256	12,829,386	-	-	13,159,256	12,829,386
Public works	9,947,507	10,628,474	-	-	9,947,507	10,628,474
Parks and recreation	1,096,680	1,262,406	768,191	604,733	1,864,871	1,867,139
Economic development	3,265,251	2,082,400	-	-	3,265,251	2,082,400
Interest on long-term debt	965,133	1,081,478	-	-	965,133	1,081,478
Electric	-	-	34,498,117	32,046,854	34,498,117	32,046,854
Water	-	-	10,278,810	11,160,092	10,278,810	11,160,092
Sewer	-	-	12,947,511	11,224,114	12,947,511	11,224,114
<b>Total expenses</b>	<b>29,308,376</b>	<b>29,012,750</b>	<b>58,492,629</b>	<b>55,035,793</b>	<b>87,801,005</b>	<b>84,048,543</b>
Increase (decrease) in net position before transfers	(1,518,489)	(1,565,294)	(1,528,266)	4,506,582	(3,046,755)	2,941,288
Transfers	287,879	(109,350)	(287,879)	109,350	-	-
Special item	-	-	(7,675,667)	-	(7,675,667)	-
<b>Change in net position</b>	<b>\$ (1,230,610)</b>	<b>\$ (1,674,644)</b>	<b>\$ (9,491,812)</b>	<b>\$ 4,615,932</b>	<b>\$ (10,722,422)</b>	<b>\$ 2,941,288</b>
Net position:						
Beginning of year	46,001,309	65,428,887	117,323,415	138,400,957	163,324,724	203,829,844
Restatement for implementation of GASB 68	-	(17,752,934)	-	(25,693,474)	-	(43,446,408)
	<b>46,001,309</b>	<b>47,675,953</b>	<b>117,323,415</b>	<b>112,707,483</b>	<b>163,324,724</b>	<b>160,383,436</b>
<b>End of year</b>	<b>\$ 44,770,699</b>	<b>\$ 46,001,309</b>	<b>\$107,831,603</b>	<b>\$117,323,415</b>	<b>\$152,602,302</b>	<b>\$163,324,724</b>

### Governmental Activities

As noted above, the City's governmental activities net position decreased by \$1,230,610 from the previous fiscal year. The revenue and expense trends of the governmental activities are discussed below.

## CITY OF BAY CITY, MICHIGAN

### Management's Discussion and Analysis

Governmental activity revenue remained relatively stable with only an increase of \$342,431 from the prior fiscal year. This increase is detailed by major revenue categories as follows:

- Property taxes comprised the largest portion of governmental activity revenue at 45.2% of total revenues or \$12,559,193. This is a \$271,510 or 2.2% increase from the prior fiscal year. The increase was attributable to the timing of the distributions to the taxing jurisdictions.
- Operating grants and contributions comprised \$6,096,407 or 21.9% of governmental activity revenue. This decrease of \$97,520 or 1.6% from the prior fiscal year. The change will vary from year to year and the fluctuation is mostly dependent upon the capital projects the City is working on during the fiscal year. The largest decrease for FY 2015/2016 was the absence of the Local Street State of Michigan Priority Roads Investment Program funding grant, along with the absence of the Bay City Housing Commission one time P.I.L.O.T. payment both received in the 2014/2015 fiscal year. These reductions were offset by the Major Street State of Michigan Priority Roads Investment Program funding grant for the Euclid Avenue and Center Avenue Street projects.
- Capital grants and contributions comprised \$13,079 of governmental activity revenue. This is a decrease of \$472,995 or 97.3% decrease from the prior fiscal year. The change was the result of the Uptown at Rivers Edge project being substantially completed at the end of the 2014/2015 fiscal year.
- Grants and contributions not restricted to specific programs account comprised \$4,244,106 or 15.3% of governmental activity revenue, a decrease of \$12,401 from the prior fiscal year. The majority of this change was a reduction in the amount received for the State Liquor License which was a \$9,850 decrease from the 2014/2015 fiscal year total.
- Charges for services comprise \$4,223,831 or 15.2% of governmental activity revenue. Charges for services increased by \$205,445, this is a 5.1% increase from the prior fiscal year. The increase from the prior year was primarily in the Rehabilitation Fund due to the increase in Federal funding associated with the emergency rehabilitation program, this increase was offset in the Building Code Enforcement department by the reduction of permits issued, the primary cause in the reduction was the near completion of the Uptown at Rivers Edge site in fiscal year 2015.
- Total expenses for governmental activities increased by \$295,626 or 1% from the prior fiscal year. The increase is largely due to increased costs in other postemployment benefits (OPEB), along with the increase of capital outlay during the fiscal year. The increase was partially offset by the reduction in the interest payments on long-term debt and general government costs primarily due to staff vacancies within the organization.

#### Business-type Activities

The City's business-type activities consist of services provided by the electric, water, sewer, cemetery, airport, and marina operations. These services are available to all City residents. In addition to City residents, electric services also extend to numerous customers outside of the City limits. The City provided water to residents of the City of Essexville, Hampton Township, and Bay County for the first three months of the fiscal year, thereafter, the Bay County Water Consortium was functioning and the Bay City Water Plant was subsequently decommissioned. The business-type activities saw an overall decrease in net position of \$9,491,812, primarily due to the following:

- The electric operations experienced an increase in revenues from sales to customers from increased electricity sales and from the electric rate increase which was implemented in April 2016. The electric operations also saw an increase in operating expenses of which a majority of the increase was related to the costs of the defined benefit pension plan, which increased by \$1,809,003 from FY 14/15, a portion of the increase or \$498,107 being directly related to the net pension liability. Retiree Healthcare also increased in the amount of \$154,383. These funds are deposited into the Retiree Healthcare Trust which covers the healthcare costs of current and future retirees. Power Supply costs also increased in the amount of \$373,703 mostly due to increased usage. As a result, the change in net position from electric operations was an increase of \$925,929.

# CITY OF BAY CITY, MICHIGAN

## Management's Discussion and Analysis

- The sewer operations experienced a slight decrease in revenues mostly from the reduction of sales for the Dow storm water; Dow built a wetland in which the storm water will drain into, thus reducing the amount of services that the City is providing, while also increasing operating expenses which was a result of the defined benefit retirement costs, which increased \$1,506,409 from FY 14/15, a portion of the increase or \$612,973 directly related to the net pension liability. As a result, the change in net position from sewer operations was a decrease of \$75,763. The additional revenues are intended to be used for future capital improvement projects.
- The water operations experienced a decrease in revenues from sales of which the majority is as a result of closing the Bay City Water Plant in September 2015. Thereafter, the City no longer sold water to Bay County, Hampton Township or City of Essexville and instead became of customer purchasing water from the Bay County Water Consortium. The operating expenses increased due to the loss on disposal of the Water Plant. This loss was offset by the County Agreement to take over the water bond associated with the City's Water Plant. The other factor was the true up refund to the outlying customers which was primarily due to the water plant not making any major capital improvement due to the anticipated closing and decommissioning of the water plant. As a result, the change in net position from water operations was a decrease in net position of \$10,530,145.

### The City's Funds

The fund financial statements provide detailed information about the most significant funds, not the City as a whole. The City Commission creates funds to help manage monies for specific purposes as well as to show accountability for certain activities, such as a special property tax millage. The City's major governmental funds for 2016 include the General Fund, Major Streets Fund and the Rehabilitation Fund.

**The General Fund** is the chief operating fund of the City. The most significant source of revenue is property taxes, which generated \$8,425,508 in the current fiscal year. This is an increase of \$148,399 from the previous fiscal year. General Fund expenditures decreased by \$384,578 and transfers out decreased by \$153,052 for a total decrease of \$537,630 from the prior fiscal year. There were many factors that led to the decrease in expenditures in General Fund. There was a decrease in wages due to vacancies and retirements, healthcare rates from the previous year were reduced with the expectation of lower costs due to the implementation of higher deductible healthcare plans, Police & Fire Retirement System contributions decreased due to positive actuarial outcomes, defined contribution retirement contributions were decreased due to retirements in the General Fund, and utilities were down due to the reduced cost of natural gas. These cost were then offset by increases in the following expenditures, workers compensation rates as a percentage of payroll were increased to cover costs for any workers compensation claims during the year, MERF rental rates increased due to the purchasing and maintenance of Public Safety vehicles, professional services costs increased due to hiring a firm to work with the City for the preparation of the City's Master Plan and using a temp agency to fill vacancies within various departments. These were the primary reasons for the decrease in expenditures in general fund.

The most significant service accounted for within this fund is public safety, which incurred expenditures of \$11,346,648 in the current year. This expenditure decreased \$341,750 from the prior fiscal year. This decrease is due to retirements in the Fire Department which are generally not replaced due to the City's move to Public Safety. This combined with a reduction of the percentage of payroll contributions to the Police & Fire Retirement System as required by the actuarial valuation were the largest contributors to the reduction of expenditures for public safety. Public safety expenditures equate to approximately 65% of the total expenditures of the General Fund. Public Safety expenditures are approximately 35% more than the total amount of all property taxes generated.

At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$3,459,647. As a measure of the General Fund's liquidity, it may be useful to compare the unassigned fund balance to total fund expenditures. Unassigned fund balance represents approximately 20% of the total General Fund expenditures.

**The Major Streets Fund** accounts for major streets maintenance funds received from the State of Michigan, as well as property tax and other revenues used to maintain and reconstruct major streets within the City. During the fiscal year ended June 30, 2016, the City received \$3,938,994 in grants and state maintenance funds and \$148,385 in property taxes and expended \$2,949,692 on capital outlay, primarily for the rehabilitation of Euclid Ave., Center Ave., and the Downtown Street projects. The funds were also used for the preservation and maintenance of existing streets and City owned bridges within this fund.

# CITY OF BAY CITY, MICHIGAN

## Management's Discussion and Analysis

The **Rehabilitation Fund** is used to account for revenues and expenditures related to providing financing to low and moderate income individuals to assist in home improvement. During the most recent fiscal year, \$428,969 was spent to assist residents of the City with home improvements.

Some notable items in the nonmajor governmental funds are:

- The Local Street Fund ended the fiscal year with restricted fund balance of \$552,968, a decrease of \$152,011 from fiscal year 2014/2015.
- The Solid Waste Fund ended the fiscal year with restricted fund balance of \$84,080, a decrease of \$128,567 from fiscal year 2014/2015.
- The Building Inspection Fund ended the fiscal year with restricted fund balance of \$217,549, a decrease of \$125,935 from fiscal year 2014/2015.
- The Drug Law Enforcement Fund ended the fiscal year with restricted fund balance of \$153,633. During the 2015/2016 fiscal year the fund purchased new police vehicles and equipment with drug forfeiture monies in the approximate cost of \$56,900.
- The Community Development Block Grant Fund expended \$282,829 on economic development activities, \$517,412 on other eligible activities, and \$254,956 on debt principal and interest payments.
- The Riverfront Redevelopment Fund expended \$81,219 on economic development activities to assist with the mixed use development project along the Saginaw River known as Uptown Bay City.

### General Fund Budgetary Highlights

The City of Bay City, Michigan adopted a balanced budget for fiscal year 2015/2016, the second balanced budget in a row after several years that required significant use of General Fund reserves. Included in this balanced budget was a contingency line for unanticipated expenditures that may occur during the year. During the fiscal year, the budget was amended to allocate these funds to various departments to cover unanticipated costs and to recognize projected increases or decreases to revenues. The most significant amendments occurred due to the following:

- The City Clerk Department within the General Fund was amended to reflect a reduction in budgeted State Revenue Sharing in the amount of \$119,670. The actual State Revenue Sharing was less than the February 2015 State projections the City used in the budget process.
- The Payroll Department within the General Fund was amended in the amount of \$61,500 to cover the cost of ADP processing the City's payroll. The New World payroll system was slated to roll out in January 2016, however due to the vacancy of the Human Resource Director the project was delayed. These costs were offset by the reduction to salaries in the payroll and human resource departments due to vacancies.
- The Public Safety Fire Services Department within the General Fund budget was amended to reflect a reduction in salaries and related fringe benefits in the amount of \$242,234 due to firefighter retirements during the fiscal year.
- The Public Safety Fire Services Department within the General Fund budget was amended to reflect a reduction of \$75,000 which was being set aside to purchase all new self-contained breathing apparatus (SCBA) gear. In May 2016, the City was awarded a Federal Grant to purchase the SCBA gear which will be budgeted in the 2016/2017 fiscal year.
- The Planning Department within the General fund was amended in the amount of \$73,000 for the update of the City's Master Plan. Planning Department revenue was amended in the amount of \$49,580 for the donations from the Housing Commission to assist in covering the cost of the Master Plan. The remainder of the project was covered by Fund Balance in the amount of \$23,420 which was assigned in 2015.

# CITY OF BAY CITY, MICHIGAN

## Management's Discussion and Analysis

- The Economic Development revenue within the General Fund budget was amended to eliminate the Reimbursement Other Funds in the amount of \$101,636 as a result of a staff vacancy in the department. This was offset in the Economic Development expense by the reduction of salaries and related fringe benefits of the vacated economic development marketing manager position which was not filled in the 2015/2016 fiscal year.
- The General Fund budget was amended in the Neighborhood Maintenance State Grant revenue along with the Neighborhood Maintenance Demolition and Removal expense line items in the amount of \$250,000 to account for the Demolition Grant the City received through the Michigan Land Bank Fast Track Authority for the demolition of blighted structures within the City.
- The Parks Department within the General Fund was amended to reduce the equipment line item in the amount of \$69,000 due to the Rowing Club project being delayed until the 2016/2017 fiscal year.
- The General Fund budget was amended in the amount of \$98,818 to transfer funds to the Neighborhood Opportunities Fund to cover the Neighborhood Opportunities Fund costs incurred during the fiscal year.

Other differences between the original and final amended budget for expenditures were relatively minor.

During the year, actual revenues were similar to the amounts budgeted. Actual expenditures and transfers out were less than budgetary estimates by \$457,715. This was primarily a result of vacancies during the year, retiree healthcare costs lower than anticipated, the fuel costs less than the previous year, the City's Master Plan still in progress at year end and the demolition grant not fully utilized at the end of the fiscal year.

For the period ending June 30, 2016, General Fund expenditures and transfers out were less than General Fund revenues and transfers in by \$427,867. This was primarily the result of revenues such as taxes, charges for services, and miscellaneous revenue all being higher than anticipated. In addition, actual expenditures and transfers out were less than budgetary estimates by \$459,907. This was a result of vacancies in various departments throughout the year and postponing of capital purchases. This reduction was considerably better than the amended budgeted projection of a decrease of \$32,039.

### Capital Assets and Debt Administration

**Capital Assets.** The City's investment in capital assets for its governmental and business-type activities as of June 30, 2016 amounted to \$201,135,339 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, roads, sidewalks, and bridges.

Additional information on the City's capital assets can be found in the capital assets footnote to the financial statements.

**Long-term Debt.** At year end, the City had total outstanding debt of \$64,112,250, which included a current portion of \$9,029,572. Of this amount, \$45,806,556 is backed by the full faith and credit of the City. The remainder of the City's debt represents bonds secured by specific sources, such as revenue bonds. The long-term debt can be summarized as follows:

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
General obligation bonds	\$ 11,292,069	\$ 12,876,529	\$ 10,342,403	\$ 11,523,603	\$ 21,634,472	\$ 24,400,132
Revenue bonds	-	-	14,390,000	14,970,000	14,390,000	14,970,000
Other notes/leases payable	3,582,084	3,829,704	20,590,000	23,120,000	24,172,084	26,949,704
Compensated absences	2,619,474	2,580,150	1,063,357	1,240,937	3,682,831	3,821,087
Net premium (discount)	-	-	232,863	(11,966)	232,863	(11,966)
<b>Total</b>	<b>\$ 17,493,627</b>	<b>\$ 19,286,383</b>	<b>\$ 46,618,623</b>	<b>\$ 50,842,574</b>	<b>\$ 64,112,250</b>	<b>\$ 70,128,957</b>

The City's total debt decreased by \$6,016,707 during the fiscal year. State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. The current debt limitation for the City is \$56,915,800 which is significantly in excess of the City's outstanding general obligation debt applicable to this limit.

# CITY OF BAY CITY, MICHIGAN

## Management's Discussion and Analysis

Additional information on the City's long-term debt can be found in the long-term debt footnote to the financial statements.

### Economic Factors and Next Year's Budgets and Rates

Despite continuing budget challenges, the City of Bay City has been able to once again adopt a balanced budget for the 2016/2017 fiscal year that did not require the use of any General Fund reserves. This is the third fiscal year in a row that the City has been able to balance the budget without the use of reserve funds. Also, since July 1, 2014, the City has been able to increase General Fund Unassigned Fund Balance from \$3,137,941 to \$3,422,727, an increase of \$284,786. This increase provides the City with a Fund Balance which is equal to 18.84% of the previous years amended expenditure budget; compliant with the City Commission policy of between 15% and 20% of the previous years amended expenditure budget.

The City's largest revenue source, property taxes, continues to see little, if any, growth. Since dropping almost 24% since 2009, property values have continued to see declines which have been offset by the new construction in the City.

The City, together with the Bay City Housing Commission, contracted for a study of the housing in Bay City. This study provided a very frank assessment of the condition of the housing stock in the City but also provided numerous options for attempting to reverse the decreases in housing values that Bay City, as well as many older cities in Michigan and other states, have been facing.

The 2016/2017 budget included two programs that are directly related to the housing study. First, the City appropriated \$300,000 from the General Fund to fund sidewalk improvements/replacements in the City. These funds from a new, designated General Fund funding source, combined with CDBG allocations, will see much of the City's sidewalks repaired/replaced in the next ten years. Second, the City allocated \$200,000 in the 2016/2017 budget for the creation of a citywide video system that will be deployed in various locations throughout the City to enhance security and to discourage vandalism. This is the first year of a multi-year program to build this system in the City. Despite on-going budget challenges, the City is committed to implementing programs addressing the issues highlighted in the housing study.

The City's second largest revenue source, State Shared Revenue Sharing, has seen modest growth in the last several years. However, this revenue source is projected to provide approximately \$750,000 less revenue in the 2016/2017 fiscal year to the City than it did in 2008/2009 fiscal year, a reduction of nearly 15%.

The City has seen an increase in medical insurance costs in the last year which will continue into 2017. These projected increases, approximately 29%, will be partially offset by increases in employee contributions. This increase may also result in employees choosing a high deductible plan which is less costly for both the City and the employees. The increases in medical insurance costs have also resulted in an increase the in Actuarial Accrued Liability for the City's retiree health care (OPEB) costs. This liability increased from approximately \$88 million to \$100 million or approximately 13.6%. Despite the budget challenges that the City faces annually, the City continues to contribute amounts to the Retiree Health Care trust that are in excess of the "pay-as-you-go" liability to continue reducing the unfunded accrued liability (UAL) for the City and to also increase the amount of the investment revenue for this fund.

As a result of new state legislation placing greater emphasis on road funding for the state and local communities, the City will receive an increase of approximately \$600,000 in Act 51 funding. This increase, together with a commitment to provide an additional \$500,000 for the operation of the City's bascule (draw) bridges, will provide a significant increase to the available funds for road maintenance/repairs/construction.

The City adopted rate increases for the 2016/2017 for the electric, water, and sewer utilities. The action taken by the City Commission also approved further rate increases for the electric utility for the 2017/2018 fiscal years. The rates for the all of the utilities will be evaluated annually to determine if additional rate increases will be required to maintain adequate funding for the operation and capital needs of these utilities.

## CITY OF BAY CITY, MICHIGAN

### Management's Discussion and Analysis

The City participates in a MERS (Municipal Employees Retirement System) defined benefit plan for general employees not covered by the City of Bay City Police and Fire Retirement System. This plan was closed to new employees in 1998 and 1999. There were still 48 active employees in this plan as of the latest plan actuarial study (12/31/15). The City has contributed approximately \$1,000,000/year for numerous years over and above the actuarially required contribution to improve the funding level of this plan. As of 12/31/2015, the latest actuarial date, the plan was 68% funded with an unfunded actuarial liability of \$23,687,511 on that date.

During 2015, MERS changed numerous actuarial assumptions to speed up the increases in actuarial funding levels. The plan funding level and unfunded actuarial liability reflected the changes in assumptions made in 2015.

The City's strategic plan adopted in 2014 placed a high priority on addressing the City's infrastructure needs and the unfunded liabilities for pension and OPEB liabilities. Combined with the implementation of recommendations in the housing study, these issues will drive City budgets for many years to come.

#### Contacting the City's Management

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional information, we welcome you to contact the Finance Department, 301 Washington Avenue, Bay City, Michigan 48708.



Bay

City  
Michigan

A beautiful view...of life

City of Bay City

## **BASIC FINANCIAL STATEMENTS**

## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

# CITY OF BAY CITY, MICHIGAN

## Statement of Net Position

June 30, 2016

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and investments	\$ 13,821,841	\$ 30,460,551	\$ 44,282,392	\$ 16,594,503
Cash and cash equivalents, restricted	-	2,042,275	2,042,275	-
Receivables, net	10,661,294	13,327,507	23,988,801	439,220
Internal balances	(6,048,577)	6,048,577	-	-
Prepaid items and other assets	1,218,892	902,878	2,121,770	82,018
Inventories	335,625	3,242,913	3,578,538	-
Capital assets not being depreciated	20,059,332	1,164,223	21,223,555	4,167,385
Capital assets being depreciated, net	54,347,197	125,564,587	179,911,784	18,470,930
<b>Total assets</b>	<b>94,395,604</b>	<b>182,753,511</b>	<b>277,149,115</b>	<b>39,754,056</b>
<b>Deferred outflows of resources</b>				
Deferred loss on bond refunding	-	62,705	62,705	13,693
Deferred pension amounts	4,842,149	5,442,450	10,284,599	186,984
<b>Total deferred outflows</b>	<b>4,842,149</b>	<b>5,505,155</b>	<b>10,347,304</b>	<b>200,677</b>
<b>Liabilities</b>				
Accounts payable and accrued liabilities	3,459,864	3,364,847	6,824,711	1,209,430
Interest payable	55,564	511,983	567,547	-
Unearned revenue	617,788	6,106	623,894	-
Long-term debt:				
Due within one year	4,131,681	4,897,891	9,029,572	397,394
Due in more than one year	13,361,946	41,720,732	55,082,678	19,259,613
Net other postemployment benefit obligation	15,232,182	6,861,982	22,094,164	72,064
Net pension liability	16,587,492	23,063,522	39,651,014	854,124
<b>Total liabilities</b>	<b>53,446,517</b>	<b>80,427,063</b>	<b>133,873,580</b>	<b>21,792,625</b>
<b>Deferred inflows of resources</b>				
Deferred pension amounts	1,020,537	-	1,020,537	-
<b>Net position</b>				
Net investment in capital assets	68,753,612	81,173,544	149,927,156	11,821,836
Restricted	9,654,415	2,042,275	11,696,690	-
Unrestricted (deficit)	(33,637,328)	24,615,784	(9,021,544)	6,340,272
<b>Total net position</b>	<b>\$ 44,770,699</b>	<b>\$ 107,831,603</b>	<b>\$ 152,602,302</b>	<b>\$ 18,162,108</b>

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

**CITY OF BAY CITY, MICHIGAN**

**Statement of Activities**

For the Year Ended June 30, 2016

Functions / Programs	Expenses	Indirect	Program Revenue			Net (Expense) Revenue
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary government</b>						
Governmental activities:						
General government	\$ 3,435,050	\$ (2,560,501)	\$ 1,048,049	\$ 73,638	\$ -	\$ 247,138
Public safety	13,022,156	137,100	1,016,987	21,837	-	(12,120,432)
Public works	9,463,027	484,480	2,064,254	4,790,948	-	(3,092,305)
Parks and recreation	1,096,680	-	90,741	234,602	-	(771,337)
Economic development	3,202,568	62,683	3,800	975,382	13,079	(2,272,990)
Interest on long-term debt	965,133	-	-	-	-	(965,133)
<b>Total governmental activities</b>	<b>31,184,614</b>	<b>(1,876,238)</b>	<b>4,223,831</b>	<b>6,096,407</b>	<b>13,079</b>	<b>(18,975,059)</b>
Business-type activities:						
Electric	33,717,512	780,605	35,417,314	12,000	-	931,197
Water	9,709,618	569,192	7,093,466	-	-	(3,185,344)
Sewer	12,518,559	428,952	12,924,448	-	-	(23,063)
Cemetery	122,384	9,015	55,966	-	-	(75,433)
Airport	392,387	17,621	139,109	195,083	-	(75,816)
Marina	208,438	18,346	142,141	-	-	(84,643)
<b>Total business-type activities</b>	<b>56,668,898</b>	<b>1,823,731</b>	<b>55,772,444</b>	<b>207,083</b>	<b>-</b>	<b>(2,513,102)</b>
<b>Total primary government</b>	<b>\$ 87,853,512</b>	<b>\$ (52,507)</b>	<b>\$ 59,996,275</b>	<b>\$ 6,303,490</b>	<b>\$ 13,079</b>	<b>\$ (21,488,161)</b>
<b>Component units</b>						
Downtown Development Authority	\$ 161,242	\$ 7,068	\$ 150,752	\$ -	\$ -	\$ (17,558)
Midland Street TIFA	119,527	1,050	-	-	-	(120,577)
Kresge's DDA	1,949	163	-	-	-	(2,112)
Marquette District TIFA	154,986	5,520	-	-	-	(160,506)
Water Street DDA	815,186	1,920	-	-	-	(817,106)
Marina Development TIFA	18,745	-	-	-	-	(18,745)
Knepp's DDA	3,599	-	-	-	-	(3,599)
Brownfield Redevelopment Authority	1,162,224	33,160	-	-	-	(1,195,384)
Columbus Avenue Management Board	13,506	2,488	12,520	-	-	(3,474)
Midland Street Management Board	12,801	1,138	19,250	-	-	5,311
Downtown Management Board	260,732	-	89,141	85,000	-	(86,591)
Housing Commission	4,354,654	-	1,888,021	1,865,204	-	(601,429)
<b>Total component units</b>	<b>\$ 7,079,151</b>	<b>\$ 52,507</b>	<b>\$ 2,159,684</b>	<b>\$ 1,950,204</b>	<b>\$ -</b>	<b>\$ (3,021,770)</b>

Continued...

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

# CITY OF BAY CITY, MICHIGAN

## Statement of Activities

For the Year Ended June 30, 2016

Functions/Programs	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Changes in net position</b>	<u>\$ (18,975,059)</u>	<u>\$ (2,513,102)</u>	<u>\$ (21,488,161)</u>	<u>\$ (3,021,770)</u>
General revenue:				
Property taxes	12,559,193	-	12,559,193	2,276,820
Grants and contributions not restricted to specific programs	4,244,106	-	4,244,106	-
Unrestricted investment earnings	66,172	130,055	196,227	62,569
Miscellaneous revenue	587,099	854,781	1,441,880	2,547,712
Transfers - internal activities	287,879	(287,879)	-	-
Special item - loss on disposal of water treatment plant	-	(7,675,667)	(7,675,667)	-
<b>Total general revenue, transfers and special item</b>	<u>17,744,449</u>	<u>(6,978,710)</u>	<u>10,765,739</u>	<u>4,887,101</u>
<b>Change in net position</b>	<u>(1,230,610)</u>	<u>(9,491,812)</u>	<u>(10,722,422)</u>	<u>1,865,331</u>
Net position, beginning of year	<u>46,001,309</u>	<u>117,323,415</u>	<u>163,324,724</u>	<u>16,296,777</u>
<b>Net position, end of year</b>	<u><u>\$ 44,770,699</u></u>	<u><u>\$ 107,831,603</u></u>	<u><u>\$ 152,602,302</u></u>	<u><u>\$ 18,162,108</u></u>

Concluded

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



Bay

City  
Michigan

A beautiful view...of life

City of Bay City

**FUND FINANCIAL STATEMENTS**

# CITY OF BAY CITY, MICHIGAN

## Balance Sheet

Governmental Funds

June 30, 2016

	General Fund	Major Streets Fund	Rehabilitation Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and investments	\$ 2,808,489	\$ 1,129,243	\$ -	\$ 1,268,783	\$ 5,206,515
Receivables, net:					
Accounts	213,407	56,691	5,000	699,106	974,204
Delinquent taxes	49,636	-	-	10,719	60,355
Special assessments	94,165	-	-	45,013	139,178
Interest	4,067	2,239	-	2,445	8,751
Notes	-	-	7,386,621	-	7,386,621
Due from other governmental units	1,043,525	686,145	21,354	326,676	2,077,700
Due from other funds	341,181	-	-	8,174	349,355
Inventories	-	187,477	-	-	187,477
Prepaid items	496	-	-	-	496
<b>Total assets</b>	<b>\$ 4,554,966</b>	<b>\$ 2,061,795</b>	<b>\$ 7,412,975</b>	<b>\$ 2,360,916</b>	<b>\$ 16,390,652</b>
<b>Liabilities</b>					
Accounts payable	\$ 510,168	\$ 678,115	\$ 4,728	\$ 402,966	\$ 1,595,977
Accrued liabilities	228,343	11,246	-	26,278	265,867
Due to other funds	51,163	4,371	16,626	344,203	416,363
Due to other governmental units	96,465	-	-	-	96,465
Deposits	2,404	-	-	27,982	30,386
Unearned revenue	-	611,258	-	6,530	617,788
<b>Total liabilities</b>	<b>888,543</b>	<b>1,304,990</b>	<b>21,354</b>	<b>807,959</b>	<b>3,022,846</b>
<b>Deferred inflows of resources</b>					
Unavailable revenue:					
Property taxes	42,639	-	-	10,719	53,358
Special assessments	80,045	-	-	38,990	119,035
Notes and accounts receivable	-	-	7,391,621	-	7,391,621
<b>Total deferred inflows of resources</b>	<b>122,684</b>	<b>-</b>	<b>7,391,621</b>	<b>49,709</b>	<b>7,564,014</b>
<b>Fund balances</b>					
Nonspendable	496	187,477	-	-	187,973
Restricted	8,596	569,328	-	1,503,248	2,081,172
Assigned	75,000	-	-	-	75,000
Unassigned	3,459,647	-	-	-	3,459,647
<b>Total fund balances</b>	<b>3,543,739</b>	<b>756,805</b>	<b>-</b>	<b>1,503,248</b>	<b>5,803,792</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 4,554,966</b>	<b>\$ 2,061,795</b>	<b>\$ 7,412,975</b>	<b>\$ 2,360,916</b>	<b>\$ 16,390,652</b>

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

# CITY OF BAY CITY, MICHIGAN

## Reconciliation

Fund Balances of Governmental Funds  
to Net Position of Governmental Activities  
June 30, 2016

**Fund balances - total governmental funds** \$ 5,803,792

Amounts reported for *governmental activities* in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Capital assets not being depreciated	20,059,332
Capital assets being depreciated, net	47,627,855

Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current expenditures. Those assets (i.e., receivables) are offset by deferred inflows of resources in the governmental funds and, therefore, are not included in fund balance.

Deferred long-term taxes and tax settlement receivables	53,358
Deferred long-term special assessments receivable	119,035
Deferred long-term notes and accounts receivable	7,391,621

Certain pension-related amounts, such as the net pension liability and deferred amounts are not due and payable in the current period or do not represent current financial resources and, therefore, are not reported in the funds.

Net pension liability	(14,196,761)
Deferred inflows related to the net pension liability	(1,020,537)
Deferred outflows related to the net pension liability	4,277,993

Internal service funds are used by management to charge the costs of certain costs, such as insurance and other centralized costs to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net position.

6,687,551

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Interest payable	(55,564)
Bonds payable	(11,292,068)
Loans payable	(2,575,000)
Landfill remediation liability	(1,007,084)
Net OPEB liability	(14,651,797)
Compensated absences	(2,451,027)

**Net position of governmental activities** \$ 44,770,699

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

# CITY OF BAY CITY, MICHIGAN

## Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2016

	General Fund	Major Streets Fund	Rehabilitation Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Taxes	\$ 8,425,508	\$ 148,385	\$ -	\$ 3,051,069	\$ 11,624,962
Licenses and permits	29,165	-	-	518,083	547,248
Intergovernmental:					
Federal	12,053	555,642	73,241	988,461	1,629,397
Other	5,902,341	3,383,352	-	895,746	10,181,439
Charges for services	3,259,913	-	-	2,025,066	5,284,979
Fines and forfeitures	73,486	-	-	31,390	104,876
Interest revenue	13,691	10,566	5,820	8,042	38,119
Miscellaneous	229,597	515,893	93,940	140,269	979,699
<b>Total revenues</b>	<b>17,945,754</b>	<b>4,613,838</b>	<b>173,001</b>	<b>7,658,126</b>	<b>30,390,719</b>
<b>Expenditures</b>					
Current:					
General government	3,506,357	-	-	-	3,506,357
Public safety	11,346,648	-	-	768,796	12,115,444
Public works	1,414,738	2,523,444	-	3,466,119	7,404,301
Parks and recreation	940,116	-	-	-	940,116
Economic development	132,218	-	428,969	390,832	952,019
Capital outlay	22,926	2,949,692	-	339,436	3,312,054
Debt service:					
Principal retirement	-	-	-	2,595,000	2,595,000
Interest and fiscal charges	-	-	-	132,229	132,229
<b>Total expenditures</b>	<b>17,363,003</b>	<b>5,473,136</b>	<b>428,969</b>	<b>7,692,412</b>	<b>30,957,520</b>
Revenues over (under) expenditures	582,751	(859,298)	(255,968)	(34,286)	(566,801)
<b>Other financing sources (uses)</b>					
Transfers in	191,564	-	355,727	301,614	848,905
Transfers out	(346,448)	(20,600)	(99,759)	(726,412)	(1,193,219)
<b>Total other financing sources (uses)</b>	<b>(154,884)</b>	<b>(20,600)</b>	<b>255,968</b>	<b>(424,798)</b>	<b>(344,314)</b>
<b>Net change in fund balances</b>	<b>427,867</b>	<b>(879,898)</b>	<b>-</b>	<b>(459,084)</b>	<b>(911,115)</b>
Fund balances, beginning of year	3,115,872	1,636,703	-	1,962,332	6,714,907
<b>Fund balances, end of year</b>	<b>\$ 3,543,739</b>	<b>\$ 756,805</b>	<b>\$ -</b>	<b>\$ 1,503,248</b>	<b>\$ 5,803,792</b>

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

# CITY OF BAY CITY, MICHIGAN

## Reconciliation

Net Changes in Fund Balances of Governmental Funds  
to Change in Net Position of Governmental Activities  
For the Year Ended June 30, 2016

Net change in fund balances - total governmental funds \$ (911,115)

Amounts reported for *governmental activities* in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital assets purchased/constructed	2,674,001
Loss on disposal of capital assets	(46,484)
Capital assets transferred to component unit	(1,932,422)
Depreciation expense	(3,431,109)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred to the following fiscal year.

Net change in deferred property taxes receivable	10,585
Net change in deferred special assessments receivable	8,297
Net change in deferred loans receivable	246,412

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal payments on bonds	2,420,000
Principal payments on loans	175,000
Change in interest accrued on bonds	4,877
Interest expense on zero coupon bond	(835,540)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Change in the accrual for landfill remediation liability	72,620
Change in the accrual of compensated absences	(31,143)
Change in the accrual for the net OPEB obligation	(1,901,531)
Change in the net pension liability and deferred amounts	2,087,291

Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.

Net operating income from governmental activities accounted for in internal service funds	(497,158)
Nonoperating revenue (expense), net recorded in internal service funds	24,616
Net transfers recorded in internal service funds	632,193

Change in net position of governmental activities \$ (1,230,610)

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

# CITY OF BAY CITY, MICHIGAN

## Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund  
For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Positive (Negative) Variance with Final Budget
<b>Revenues</b>				
Taxes	\$ 8,333,350	\$ 8,352,746	\$ 8,425,508	\$ 72,762
Licenses and permits	28,670	28,114	29,165	1,051
Intergovernmental:				
Federal	17,500	11,655	12,053	398
Other	5,815,415	5,961,552	5,902,341	(59,211)
Charges for services	3,342,221	3,252,347	3,259,913	7,566
Fines and forfeitures	73,600	73,765	73,486	(279)
Interest revenue	40,000	40,000	13,691	(26,309)
Miscellaneous revenue	179,712	223,383	229,597	6,214
<b>Total revenues</b>	<b>17,830,468</b>	<b>17,943,562</b>	<b>17,945,754</b>	<b>2,192</b>
<b>Expenditures</b>				
Current:				
General government				
Legislative and executive	538,513	543,018	540,988	2,030
Administration	758,893	726,955	641,276	85,679
Finance	1,778,833	1,779,477	1,766,924	12,553
Legal counsel	156,000	156,000	141,528	14,472
Planning and zoning	376,351	456,369	415,641	40,728
Total general government	<u>3,608,590</u>	<u>3,661,819</u>	<u>3,506,357</u>	<u>155,462</u>
Public safety				
Police	6,064,729	6,155,858	6,090,840	65,018
Fire	5,355,672	5,143,608	4,955,873	187,735
Community policing	225,056	304,521	299,935	4,586
Total public safety	<u>11,645,457</u>	<u>11,603,987</u>	<u>11,346,648</u>	<u>257,339</u>
Public works	<u>1,173,204</u>	<u>1,467,475</u>	<u>1,414,738</u>	<u>52,737</u>
Parks and recreation	<u>887,964</u>	<u>901,964</u>	<u>940,116</u>	<u>(38,152)</u>
Economic development	<u>238,002</u>	<u>143,167</u>	<u>132,218</u>	<u>10,949</u>
Capital outlay	<u>212,250</u>	<u>33,250</u>	<u>22,926</u>	<u>10,324</u>
<b>Total expenditures</b>	<b>17,765,467</b>	<b>17,811,662</b>	<b>17,363,003</b>	<b>448,659</b>
Revenues over (under) expenditures	<u>65,001</u>	<u>131,900</u>	<u>582,751</u>	<u>450,851</u>
<b>Other financing sources (uses)</b>				
Transfers in	191,685	191,565	191,564	(1)
Transfers out	(256,686)	(355,504)	(346,448)	9,056
<b>Total other financing sources (uses)</b>	<u>(65,001)</u>	<u>(163,939)</u>	<u>(154,884)</u>	<u>9,055</u>
<b>Net change in fund balance</b>	<b>-</b>	<b>(32,039)</b>	<b>427,867</b>	<b>459,906</b>
Fund balance, beginning of year	<u>3,115,872</u>	<u>3,115,872</u>	<u>3,115,872</u>	<u>-</u>
<b>Fund balance, end of year</b>	<b>\$ 3,115,872</b>	<b>\$ 3,083,833</b>	<b>\$ 3,543,739</b>	<b>\$ 459,906</b>

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

# CITY OF BAY CITY, MICHIGAN

## Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Major Streets Fund

For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Positive (Negative) Variance with Final Budget
<b>Revenues</b>				
Property taxes	\$ 91,276	\$ 91,276	\$ 148,385	\$ 57,109
Intergovernmental:				
Federal	1,764,000	1,764,000	555,642	(1,208,358)
Other	3,686,711	3,686,711	3,383,352	(303,359)
Interest revenue	7,500	7,500	10,566	3,066
Miscellaneous	500	500	515,893	515,393
<b>Total revenues</b>	<u>5,549,987</u>	<u>5,549,987</u>	<u>4,613,838</u>	<u>(936,149)</u>
<b>Expenditures</b>				
Current:				
Public works:				
Highways, streets, and bridges	3,043,730	2,913,730	2,523,444	390,286
Capital outlay	4,136,535	4,266,535	2,949,692	1,316,843
<b>Total expenditures</b>	<u>7,180,265</u>	<u>7,180,265</u>	<u>5,473,136</u>	<u>1,707,129</u>
Revenues over (under) expenditures	(1,630,278)	(1,630,278)	(859,298)	770,980
<b>Other financing sources</b>				
Transfer out	(20,600)	(20,600)	(20,600)	-
<b>Net change in fund balance</b>	(1,650,878)	(1,650,878)	(879,898)	770,980
Fund balance, beginning of year	1,636,703	1,636,703	1,636,703	-
<b>Fund balance, end of year</b>	<u>\$ (14,175)</u>	<u>\$ (14,175)</u>	<u>\$ 756,805</u>	<u>\$ 770,980</u>

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

## CITY OF BAY CITY, MICHIGAN

### Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Rehabilitation Fund  
For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Positive (Negative) Variance with Final Budget
<b>Revenues</b>				
Intergovernmental:				
Federal	\$ 254,308	\$ 254,308	\$ 73,241	\$ (181,067)
Interest revenue	900	5,700	5,820	120
Miscellaneous:				
Program income	29,100	143,800	93,940	(49,860)
<b>Total revenues</b>	<u>284,308</u>	<u>403,808</u>	<u>173,001</u>	<u>(230,807)</u>
<b>Expenditures</b>				
Current:				
Economic development	505,887	678,887	428,969	249,918
Revenues under expenditures	(221,579)	(275,079)	(255,968)	19,111
<b>Other financing sources (uses)</b>				
Transfers in	251,579	424,579	355,727	(68,852)
Transfers out	(30,000)	(149,500)	(99,759)	49,741
<b>Total other financing sources (uses)</b>	<u>221,579</u>	<u>275,079</u>	<u>255,968</u>	<u>(19,111)</u>
<b>Net change in fund balance</b>	-	-	-	-
Fund balance, beginning of year	-	-	-	-
<b>Fund balance, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

CITY OF BAY CITY, MICHIGAN

**Statement of Net Position**

Proprietary Funds

June 30, 2016

	Business-type Activities - Enterprise Funds					Governmental Activities
	Electric	Water	Sewer	Nonmajor Enterprise Funds	Total	Internal Service Funds
<b>Assets</b>						
Current assets:						
Cash and investments	\$ 13,482,042	\$ 4,301,978	\$ 12,503,465	\$ 173,066	\$ 30,460,551	\$ 8,615,326
Receivables, net:						
Accounts	6,615,133	752,149	2,032,515	63,178	9,462,975	5,959
Special assessments	90,911	41,596	328,989	-	461,496	-
Accrued interest	14,432	5,815	8,688	167	29,102	8,526
Due from other governmental units	63,504	3,310,000	-	430	3,373,934	-
Due from other funds	-	6,158	11,759	-	17,917	128,850
Inventories	2,197,583	801,341	206,434	37,555	3,242,913	148,148
Prepaid items	1,622	-	-	2,585	4,207	415,024
Deposits	898,521	150	-	-	898,671	803,372
Total current assets	<u>23,363,748</u>	<u>9,219,187</u>	<u>15,091,850</u>	<u>276,981</u>	<u>47,951,766</u>	<u>10,125,205</u>
Noncurrent assets:						
Restricted assets:						
Debt service funds -						
Cash and cash equivalents	2,042,275	-	-	-	2,042,275	-
Capital assets not being depreciated	182,602	194,820	317,141	469,660	1,164,223	-
Capital assets being depreciated, net	35,434,751	15,253,450	71,297,107	3,579,279	125,564,587	6,719,342
Total noncurrent assets	<u>37,659,628</u>	<u>15,448,270</u>	<u>71,614,248</u>	<u>4,048,939</u>	<u>128,771,085</u>	<u>6,719,342</u>
<b>Total assets</b>	<u>61,023,376</u>	<u>24,667,457</u>	<u>86,706,098</u>	<u>4,325,920</u>	<u>176,722,851</u>	<u>16,844,547</u>
Deferred outflows of resources						
Deferred loss on refunding	-	-	62,705	-	62,705	-
Deferred pension amounts	2,435,828	1,340,702	1,665,920	-	5,442,450	564,156
Total deferred outflow of resources	<u>2,435,828</u>	<u>1,340,702</u>	<u>1,728,625</u>	<u>-</u>	<u>5,505,155</u>	<u>564,156</u>
<b>Liabilities</b>						
Current liabilities:						
Accounts payable	1,343,158	1,113,773	227,346	9,048	2,693,325	680,536
Accrued liabilities	78,666	24,412	44,128	1,604	148,810	20,141
Due to other funds	43,961	9,835	18,311	89	72,196	7,563
Due to other governmental units	119,585	-	-	-	119,585	22,796
Interest payable	281,040	52,598	178,345	-	511,983	-
Claims payable	-	-	-	-	-	747,696
Deposits	381,343	21,284	-	500	403,127	-
Unearned revenue	6,106	-	-	-	6,106	-
Current portion of long-term debt	910,500	887,919	3,097,883	1,589	4,897,891	90,961
Total current liabilities	<u>3,164,359</u>	<u>2,109,821</u>	<u>3,566,013</u>	<u>12,830</u>	<u>8,853,023</u>	<u>1,569,693</u>

Continued...

CITY OF BAY CITY, MICHIGAN

**Statement of Net Position**

Proprietary Funds

June 30, 2016

	Business-type Activities - Enterprise Funds					Governmental Activities
	Electric	Water	Sewer	Nonmajor Enterprise Funds	Total	Internal Service Funds
<b>Liabilities (continued)</b>						
Long-term liabilities:						
Long-term debt, net of current portion	\$ 14,058,498	\$ 5,587,726	\$ 22,074,291	\$ 217	\$ 41,720,732	\$ 77,487
Net OPEB obligation	2,571,298	2,412,166	1,878,518	-	6,861,982	580,385
Net pension liability	10,322,333	5,681,502	7,059,687	-	23,063,522	2,390,731
Total long-term liabilities	<u>26,952,129</u>	<u>13,681,394</u>	<u>31,012,496</u>	<u>217</u>	<u>71,646,236</u>	<u>3,048,603</u>
<b>Total liabilities</b>	<u>30,116,488</u>	<u>15,791,215</u>	<u>34,578,509</u>	<u>13,047</u>	<u>80,499,259</u>	<u>4,618,296</u>
<b>Net position</b>						
Net investment in capital assets	21,227,353	9,136,382	46,760,870	4,048,939	81,173,544	6,719,342
Restricted for debt service	2,042,275	-	-	-	2,042,275	-
Unrestricted	10,073,088	1,080,562	7,095,344	263,934	18,512,928	6,071,065
<b>Total net position</b>	<u>\$ 33,342,716</u>	<u>\$ 10,216,944</u>	<u>\$ 53,856,214</u>	<u>\$ 4,312,873</u>	<u>101,728,747</u>	<u>\$ 12,790,407</u>
Adjustment to reflect the consolidation of internal service funds related to enterprise funds					<u>6,102,856</u>	
<b>Net position of business-type activities</b>					<u>\$107,831,603</u>	

Concluded

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

# CITY OF BAY CITY, MICHIGAN

## Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds

For the Year Ended June 30, 2016

	Business-type Activities - Enterprise Funds					Governmental Activities
	Electric	Water	Sewer	Nonmajor Enterprise Funds	Total	Internal Service Funds
<b>Operating revenues</b>						
Charges for services:						
Sales	\$ 35,417,314	\$ 7,093,466	\$ 12,924,448	\$ 137,472	\$ 55,572,700	\$ 15,236,639
Rents	-	-	-	199,744	199,744	-
Miscellaneous	197,039	586,604	68,635	2,503	854,781	227,465
<b>Total operating revenues</b>	<b>35,614,353</b>	<b>7,680,070</b>	<b>12,993,083</b>	<b>339,719</b>	<b>56,627,225</b>	<b>15,464,104</b>
<b>Operating expenses</b>						
Cost of sales and services	27,731,135	7,481,138	7,754,170	595,077	43,561,520	4,482,765
Administration	3,848,632	1,652,066	396,698	-	5,897,396	803,243
Claims and benefits	-	-	-	-	-	9,798,928
Depreciation	2,485,962	1,034,492	3,841,243	172,595	7,534,292	752,009
<b>Total operating expenses</b>	<b>34,065,729</b>	<b>10,167,696</b>	<b>11,992,111</b>	<b>767,672</b>	<b>56,993,208</b>	<b>15,836,945</b>
Operating income (loss)	1,548,624	(2,487,626)	1,000,972	(427,953)	(365,983)	(372,841)
<b>Nonoperating revenues (expenses)</b>						
Intergovernmental:						
Federal	12,000	-	-	184,759	196,759	-
State	-	-	-	10,324	10,324	-
Interest earnings	81,716	19,138	28,600	601	130,055	28,058
Interest expense	(587,167)	(221,835)	(780,417)	-	(1,589,419)	-
Net loss on disposal of capital assets	-	-	-	-	-	(3,442)
Amortization of bond premium/discount	-	4,251	(38,570)	-	(34,319)	-
<b>Total nonoperating   revenues (expenses)</b>	<b>(493,451)</b>	<b>(198,446)</b>	<b>(790,387)</b>	<b>195,684</b>	<b>(1,286,600)</b>	<b>24,616</b>
Income (loss) before transfers and special item	1,055,173	(2,686,072)	210,585	(232,269)	(1,652,583)	(348,225)
Transfers in	99,600	-	-	144,593	244,193	662,072
Transfers out	(228,844)	(168,406)	(134,822)	-	(532,072)	(29,879)
Special item - loss on disposal of water treatment plant	-	(7,675,667)	-	-	(7,675,667)	-
<b>Change in net position</b>	<b>925,929</b>	<b>(10,530,145)</b>	<b>75,763</b>	<b>(87,676)</b>	<b>(9,616,129)</b>	<b>283,968</b>
Net position, beginning of year	32,416,787	20,747,089	53,780,451	4,400,549		12,506,439
<b>Net position, end of year</b>	<b>\$ 33,342,716</b>	<b>\$ 10,216,944</b>	<b>\$ 53,856,214</b>	<b>\$ 4,312,873</b>		<b>\$ 12,790,407</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					124,317	
<b>Change in net position of business-type activities</b>					<b>\$ (9,491,812)</b>	

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

**CITY OF BAY CITY, MICHIGAN**

**Statement of Cash Flows**

Proprietary Funds

For the Year Ended June 30, 2016

	Business-type Activities - Enterprise Funds					Governmental Activities
	Electric	Water	Sewer	Nonmajor Enterprise Funds	Total	Internal Service Funds
<b>Cash flows from operating activities</b>						
Cash received from customers and users	\$ 35,507,746	\$ 8,518,695	\$ 13,150,056	\$ 329,800	\$ 57,506,297	\$ -
Cash received from internal users	-	-	-	-	-	15,338,195
Cash payments to suppliers for goods and services	(25,210,219)	(5,026,486)	(3,981,126)	(580,389)	(34,798,220)	(12,516,879)
Cash payments to employees for services	(5,090,665)	(2,764,423)	(3,751,464)	(28,898)	(11,635,450)	(2,028,435)
<b>Net cash provided by (used in) operating activities</b>	<b>5,206,862</b>	<b>727,786</b>	<b>5,417,466</b>	<b>(279,487)</b>	<b>11,072,627</b>	<b>792,881</b>
<b>Cash flows from noncapital financing activities</b>						
Intergovernmental - federal grants	12,000	-	-	184,759	196,759	-
Intergovernmental - state grants	-	-	-	10,324	10,324	-
Transfers in	99,600	-	-	144,593	244,193	662,072
Transfers out	(228,844)	(168,406)	(134,822)	-	(532,072)	(29,879)
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>(117,244)</b>	<b>(168,406)</b>	<b>(134,822)</b>	<b>339,676</b>	<b>(80,796)</b>	<b>632,193</b>
<b>Cash flows from capital and related financing activities</b>						
Purchase of capital assets	(2,593,062)	(2,765,688)	(588,776)	(80,344)	(6,027,870)	(2,596,147)
Proceeds from the sale of capital assets	-	-	-	-	-	62,097
Principal paid on debt	(580,000)	(761,682)	(6,404,518)	-	(7,746,200)	-
Proceeds from issuance of bonds	-	-	3,665,510	-	3,665,510	-
Interest paid on debt	(598,170)	(227,778)	(871,722)	-	(1,697,670)	-
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>(3,771,232)</b>	<b>(3,755,148)</b>	<b>(4,199,506)</b>	<b>(80,344)</b>	<b>(11,806,230)</b>	<b>(2,534,050)</b>
<b>Cash flows from investing activities</b>						
Interest received	67,284	13,323	19,912	434	100,953	19,532
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>1,385,670</b>	<b>(3,182,445)</b>	<b>1,103,050</b>	<b>(19,721)</b>	<b>(713,446)</b>	<b>(1,089,444)</b>
Cash and cash equivalents, beginning of year	14,138,647	7,484,423	11,400,415	192,787	33,216,272	9,704,770
<b>Cash and cash equivalents, end of year</b>	<b>\$ 15,524,317</b>	<b>\$ 4,301,978</b>	<b>\$ 12,503,465</b>	<b>\$ 173,066</b>	<b>\$ 32,502,826</b>	<b>\$ 8,615,326</b>
<b>Classified on the statement of net position as</b>						
Cash and investments	\$ 13,482,042	\$ 4,301,978	\$ 12,503,465	\$ 173,066	\$ 30,460,551	\$ 8,615,326
Cash and cash equivalents, restricted	2,042,275	-	-	-	2,042,275	-
	<b>\$ 15,524,317</b>	<b>\$ 4,301,978</b>	<b>\$ 12,503,465</b>	<b>\$ 173,066</b>	<b>\$ 32,502,826</b>	<b>\$ 8,615,326</b>

Continued...

CITY OF BAY CITY, MICHIGAN

**Statement of Cash Flows**

Proprietary Funds

For the Year Ended June 30, 2016

	Business-type Activities - Enterprise Funds					Governmental Activities
	Electric	Water	Sewer	Nonmajor Enterprise Funds	Total	Internal Service Funds
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>						
Operating income (loss)	\$ 1,548,624	\$ (2,487,626)	\$ 1,000,972	\$ (427,953)	\$ (365,983)	\$ (372,841)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities						
Depreciation	2,485,962	1,034,492	3,841,243	172,595	7,534,292	752,009
Loss on disposal of capital assets	-	-	2,995	-	2,995	-
Change in operating assets and liabilities that provided (used) cash:						
Accounts receivable	(40,658)	849,086	162,528	(13,932)	957,024	(436)
Special assessments receivable	(5,309)	(10,461)	(5,555)	-	(21,325)	-
Due from other funds	-	5,900	(8,858)	-	(2,958)	129,383
Due from other government units	(33,530)	-	-	4,013	(29,517)	-
Inventories	195,025	113,967	(53,722)	6,367	261,637	(36,066)
Prepaid items	(1,622)	-	-	(2,585)	(4,207)	(331,851)
Deposits	(33,216)	-	-	-	(33,216)	(125,473)
Accounts payable	411,844	878,116	(155,043)	(19,565)	1,115,352	290,648
Accrued liabilities	(19,727)	(26,671)	(6,675)	1,279	(51,794)	(1,651)
Due to other funds	(27,139)	(20,231)	(11,854)	(1,062)	(60,286)	(5,769)
Due to other governmental units	(973)	-	-	-	(973)	18,407
Claims payable	-	-	-	-	-	(256,301)
Deposits	57,000	(12,037)	-	500	45,463	-
Unearned revenue	6,106	-	-	-	6,106	-
Compensated absences	(42,002)	(139,135)	2,701	856	(177,580)	8,181
Net other postemployment benefit obligation	208,370	296,870	25,761	-	531,001	(46,449)
Change in net pension liability and deferred amounts	498,107	245,516	622,973	-	1,366,596	771,090
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 5,206,862</b>	<b>\$ 727,786</b>	<b>\$ 5,417,466</b>	<b>\$ (279,487)</b>	<b>\$ 11,072,627</b>	<b>\$ 792,881</b>

Concluded

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

# CITY OF BAY CITY, MICHIGAN

## Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2016

	Pension and Other Post- employment Benefits Trust Funds	Agency Funds
<b>Assets</b>		
Cash and cash equivalents	\$ 2,066,326	\$ 198,965
Investments:		
Fixed income	8,809,097	-
Equities	38,025,591	-
Other investments	18,123,583	-
Accounts receivable	257,594	-
Due from others	-	183,826
Interest receivable	69,630	-
	<u>67,351,821</u>	<u>\$ 382,791</u>
<b>Total assets</b>		
<b>Liabilities</b>		
Accounts payable	73,468	\$ -
Due to others	-	276,090
Due to other governmental units	-	104,800
Deposits payable	-	1,901
	<u>73,468</u>	<u>\$ 382,791</u>
<b>Total liabilities</b>		
<b>Net position</b>		
Restricted for employees' pension benefits	52,295,145	
Restricted for postemployment health care benefits	14,983,208	
	<u>67,278,353</u>	
<b>Total net position</b>		

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

# CITY OF BAY CITY, MICHIGAN

## Statement of Changes in Fiduciary Net Position

Fiduciary Funds

For the Year Ended June 30, 2016

### Additions

Contributions:	
Employer	\$ 7,115,150
Plan members	638,648
Total contributions	<u>7,753,798</u>
Investment income:	
Interest and dividends	1,392,316
Net appreciation in fair value of investments	(266,309)
Investment expense	(237,821)
Net investment income	<u>888,186</u>
Other additions	<u>15,999</u>
<b>Total additions</b>	<b><u>8,657,983</u></b>
Deductions	
Retiree healthcare premium payments	5,364,474
Pension benefits and refunds paid to participants	4,835,708
Administrative expenses	154,950
<b>Total deductions</b>	<b><u>10,355,132</u></b>
<b>Change in plan net position</b>	<b>(1,697,149)</b>
Net position, beginning of year	<u>68,975,502</u>
<b>Net position, end of year</b>	<b><u>\$ 67,278,353</u></b>

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

CITY OF BAY CITY, MICHIGAN

**Combining Statement of Net Position**  
Discretely Presented Component Units  
June 30, 2016

	Downtown Development Authority	Midland Street TIFA	Kesge's Downtown Development Authority	Marquette District TIFA	Water Street Downtown Development Authority	Marina Development TIFA
<b>Assets</b>						
Cash and cash equivalents	\$ 115,249	\$ 402,574	\$ 46,499	\$ 1,527,679	\$ 1,638,174	\$ -
Receivables:						
Accounts	37,499	-	-	-	-	-
Interest	116	357	42	1,162	1,283	-
Delinquent taxes	741	-	-	-	-	-
Due from other governmental units	-	-	-	-	-	-
Other	-	-	-	-	-	-
Capital assets not being depreciated	-	24,000	-	30,136	-	-
Capital assets being depreciated, net	114,229	1,189,483	17,775	1,084,835	1,733,997	374,247
<b>Total assets</b>	<b>267,834</b>	<b>1,616,414</b>	<b>64,316</b>	<b>2,643,812</b>	<b>3,373,454</b>	<b>374,247</b>
<b>Deferred outflows of resources</b>						
Deferred loss on bond refunding	-	-	-	-	13,693	-
Deferred pension amounts	-	-	-	-	-	-
<b>Total deferred outflows</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,693</b>	<b>-</b>
<b>Liabilities</b>						
Accounts payable	14,087	1,755	-	1,023	445,673	-
Accrued liabilities	-	9,111	-	574	17,515	-
Long-term debt:						
Due within one year	-	45,793	-	2,334	347,871	-
Due in more than one year	-	861,738	-	-	2,038,158	-
Other postemployment benefit obligation	-	-	-	-	-	-
Net pension liability	-	-	-	-	-	-
<b>Total liabilities</b>	<b>14,087</b>	<b>918,397</b>	<b>-</b>	<b>3,931</b>	<b>2,849,217</b>	<b>-</b>
<b>Net position</b>						
Net investment in capital assets	114,229	305,952	17,775	1,112,637	350,368	374,247
Unrestricted (deficit)	139,518	392,065	46,541	1,527,244	187,562	-
<b>Total net position (deficit)</b>	<b>\$ 253,747</b>	<b>\$ 698,017</b>	<b>\$ 64,316</b>	<b>\$ 2,639,881</b>	<b>\$ 537,930</b>	<b>\$ 374,247</b>

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

Allen Healthcare Downtown Development Authority	Knepp's Downtown Development Authority	Brownfield Redevelopment Authority	Columbus Avenue Management Board	Midland Street Management Board	Downtown Management Board	Housing Commission	Totals
\$ 4,230	\$ 3,442	\$ 5,502,445	\$ 6,616	\$ 40,933	\$ 11,476	\$ 7,295,186	\$ 16,594,503
-	-	-	-	-	1,255	229,347	268,101
-	-	5,514	4	32	-	-	8,510
-	-	-	-	-	96,198	-	96,939
-	-	-	-	-	65,670	-	65,670
-	-	-	-	-	1,680	80,338	82,018
-	-	2,532,590	-	-	-	1,580,659	4,167,385
-	129,034	7,870,878	-	-	-	5,956,452	18,470,930
4,230	132,476	15,911,427	6,620	40,965	176,279	15,141,982	39,754,056
-	-	-	-	-	-	-	13,693
-	-	-	-	-	-	186,984	186,984
-	-	-	-	-	-	186,984	200,677
-	-	92,002	723	356	29,739	106,684	692,042
-	-	199,571	-	-	2,543	288,074	517,388
-	-	1,396	-	-	-	-	397,394
-	-	16,204,340	-	-	-	155,377	19,259,613
-	-	-	-	-	-	72,064	72,064
-	-	-	-	-	-	854,124	854,124
-	-	16,497,309	723	356	32,282	1,476,323	21,792,625
-	129,034	1,880,483	-	-	-	7,537,111	11,821,836
4,230	3,442	(2,466,365)	5,897	40,609	143,997	6,315,532	6,340,272
\$ 4,230	\$ 132,476	\$ (585,882)	\$ 5,897	\$ 40,609	\$ 143,997	\$ 13,852,643	\$ 18,162,108



Bay

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City of Bay City

CITY OF BAY CITY, MICHIGAN

**Combining Statement of Activities**

Discretely Presented Component Units  
For the Year Ended June 30, 2016

Functions / Programs	Expenses	Indirect	Program Revenues		Net (Expense) Revenue
			Charges for Services	Operating Grants and Contributions	
<b>Component units</b>					
Downtown Development Authority	\$ 161,242	\$ 7,068	\$ 150,752	\$ -	\$ (17,558)
Midland Street TIFA	119,527	1,050	-	-	(120,577)
Kresge's Downtown Development Authority	1,949	163	-	-	(2,112)
Marquette District TIFA	154,986	5,520	-	-	(160,506)
Water Street Downtown Development Authority	815,186	1,920	-	-	(817,106)
Marina Development TIFA	18,745	-	-	-	(18,745)
Allen Healthcare Downtown Development Authority	-	-	-	-	-
Knepp's Downtown Development Authority	3,599	-	-	-	(3,599)
Brownfield Redevelopment Authority	1,162,224	33,160	-	-	(1,195,384)
Columbus Avenue Management Board	13,506	2,488	12,520	-	(3,474)
Midland Street Management Board	12,801	1,138	19,250	-	5,311
Downtown Management Board	260,732	-	89,141	85,000	(86,591)
Housing Commission	4,354,654	-	1,888,021	1,865,204	(601,429)
<b>Total component units</b>	<b>\$ 7,079,151</b>	<b>\$ 52,507</b>	<b>\$ 2,159,684</b>	<b>\$ 1,950,204</b>	<b>\$ (3,021,770)</b>

Continued...

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

**CITY OF BAY CITY, MICHIGAN**

**Combining Statement of Activities**  
 Discretely Presented Component Units  
 For the Year Ended June 30, 2016

Functions/Programs	Downtown Development Authority	Midland Street TIFA	Kesge's Downtown Development Authority	Marquette District TIFA	Water Street Downtown Development Authority	Marina Development TIFA
<b>Changes in net position</b>						
Net (expense) revenue	\$ (17,558)	\$ (120,577)	\$ (2,112)	\$ (160,506)	\$ (817,106)	\$ (18,745)
General revenue:						
Property taxes	-	85,808	4,054	473,890	305,746	-
Unrestricted investment earnings	384	1,176	138	3,827	4,223	-
Miscellaneous revenue	-	-	-	-	-	-
Total general revenue	384	86,984	4,192	477,717	309,969	-
<b>Change in net position</b>	(17,174)	(33,593)	2,080	317,211	(507,137)	(18,745)
Net position (deficit), beginning of year	270,921	731,610	62,236	2,322,670	1,045,067	392,992
<b>Net position (deficit), end of year</b>	<u>\$ 253,747</u>	<u>\$ 698,017</u>	<u>\$ 64,316</u>	<u>\$ 2,639,881</u>	<u>\$ 537,930</u>	<u>\$ 374,247</u>

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

Allen Healthcare Downtown Development Authority	Knepp's Downtown Development Authority	Brownfield Redevelopment Authority	Columbus Avenue Management Board	Midland Street Management Board	Downtown Management Board	Housing Commission	Totals
\$ -	\$ (3,599)	\$ (1,195,384)	\$ (3,474)	\$ 5,311	\$ (86,591)	\$ (601,429)	\$ (3,021,770)
-	-	1,311,124	-	-	96,198	-	2,276,820
-	-	18,164	13	106	12	34,526	62,569
-	-	2,001,980	1,500	-	-	544,232	2,547,712
-	-	3,331,268	1,513	106	96,210	578,758	4,887,101
-	(3,599)	2,135,884	(1,961)	5,417	9,619	(22,671)	1,865,331
4,230	136,075	(2,721,766)	7,858	35,192	134,378	13,875,314	16,296,777
<u>\$ 4,230</u>	<u>\$ 132,476</u>	<u>\$ (585,882)</u>	<u>\$ 5,897</u>	<u>\$ 40,609</u>	<u>\$ 143,997</u>	<u>\$ 13,852,643</u>	<u>\$ 18,162,108</u>

Concluded



Bay

City  
Michigan

A beautiful view...of life

City of Bay City

## NOTES TO FINANCIAL STATEMENTS

# CITY OF BAY CITY, MICHIGAN

## Notes to Financial Statements

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the *City of Bay City, Michigan* (the “City”) conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the significant accounting policies used by the City:

#### Reporting Entity

The City is a municipal corporation governed by an elected mayor and nine-member commission and administered by an appointed City Manager. As required by generally accepted accounting principles, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The financial data of the component units are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

The component units column in the government-wide financial statements represent a total of the City's discretely presented component units. They are reported in a separate column to emphasize that they are legally separate from the City.

The governing bodies of the Downtown Management Board (DMB), Midland Street Management Board, Columbus Avenue Management Board, Brownfield Redevelopment Authority, the tax increment financing authorities (TIFA's), and downtown development authorities (DDA's), are all appointed by the City Commission or City Manager. These component units provide economic development and financing services to specific geographic areas within the City. These entities are fiscally dependent on the City because the City Commission is responsible for approving any debt issuances and the annual operating budgets of all component units except for the DMB. All of these discretely presented component units use governmental fund type accounting. However, full accrual accounting is used for the statement of net position as well as the statement of activities presentation.

The governing body of the Bay City Housing Commission is appointed by the City Manager and members can be removed by the City with cause. The Housing Commission determines its own budget, sets rental rates and may issue debt in its own name. The City is not responsible for deficits or liabilities of the Housing Commission. The Housing Commission makes annual payments "in lieu of taxes" to the City. The Housing Commission uses the economic resources measurement focus and the accrual basis of accounting for all of its financial statements. The Housing Commission is reported in the City's financial statements on its fiscal year end of September 30.

Complete financial statements for the DMB may be obtained at their administrative offices located at Commerce One, 901 Saginaw Street, Bay City, Michigan 48708. Separate financial statements for the Housing Commission may be obtained from their administrative offices located at 315 14th Street, Bay City, Michigan 48708. Separate financial statements for the remaining component units are not prepared.

# CITY OF BAY CITY, MICHIGAN

## Notes to Financial Statements

### Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the primary government and its discretely presented component units. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

### Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements, except for agency funds which do not have a measurement focus. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenues of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

# CITY OF BAY CITY, MICHIGAN

## Notes to Financial Statements

The City reports the following major governmental funds:

*The General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those accounted for and reported in another fund.

*The Major Streets Fund* is used to account for major streets maintenance funds received from the State of Michigan, as well as, property tax and other revenues used to maintain and reconstruct major streets within the City.

*The Rehabilitation Fund* is used to account for federal revenues, other revenues and expenditures related to providing financing to low and moderate income individuals to assist with home improvements within specific neighborhoods of the City.

The City reports the following major proprietary funds:

*The Electric Fund* is used to account for all activities relative to providing electric utility services to customers within Bay City and the surrounding townships.

*The Water Fund* is used to account for all activities relative to the maintenance and operation of the water distribution system and water treatment plant. The operations, assets, and liabilities of the water treatment plant were transferred to Bay County, Michigan during the fiscal year ended June 30, 2016.

*The Sewer Fund* is used to account for all activities relative to the maintenance and operation of the City's sanitary and combination sewers, the wastewater treatment plant, and stormwater system.

Additionally, the City reports the following fund types:

*Special revenue funds* are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

*Debt service funds* are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

*Capital project funds* are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

*Internal service funds* account for fleet, equipment purchases and maintenance, employee benefits, information systems, as well as self-insurance and risk management services provided to other departments of the City on a cost reimbursement basis.

*The pension and other postemployment benefits trust funds* account for the activities of the police and fire employees' retirement system, which accumulates resources for pension benefit payments to qualified police and fire members. In addition, the City has a separate postemployment benefits trust fund. The purpose of this fund is to accumulate and invest funds to provide for the funding of health care benefits to retired employees of the City and their beneficiaries.

The *agency funds* account for assets held for other governments in an agency capacity, including tax collections and other project funds.

# CITY OF BAY CITY, MICHIGAN

## Notes to Financial Statements

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's enterprise functions and various other functions of the City. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The City allocates indirect expenses primarily comprised of central governmental services to operating functions and programs benefiting from those services. Central services include City management, centralized budgetary formulation and oversight, accounting, financial reporting, payroll, procurement contracting and oversight, investing and cash management, personnel services, and other central administrative services. Allocations are charged to programs based on use of central services determined by various allocating methodologies. These charges are separately reported in the statement of activities. As a matter of policy, certain functions that use significant central services are not charged for the use of these services. These functions or programs include police, fire, and certain divisions within public services and parks.

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

*Proprietary funds* distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the City's proprietary funds relates to charges to customers for sales and services. The water and sewer funds also recognize the portion of tap fees intended to recover current costs (e.g., labor and materials to connect new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

### **Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Equity**

#### *Deposits and Investments*

The City'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.

Investments are reported at fair value. Investment fair values are predominantly determined using quoted market prices.

#### *Receivables and Payables*

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advance to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

# CITY OF BAY CITY, MICHIGAN

## Notes to Financial Statements

Advances between funds are offset by nonspendable fund balance in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

All trade, property tax, and special assessment receivables are shown net of allowance for uncollectibles, as applicable.

Amounts due from other governments include amounts due from grantors for specific programs and capital projects. Program grants and capital grants for capital assets are recorded as receivables and revenues at the time reimbursable project costs are incurred. Revenues received in advance of project costs being incurred are reported as "unearned".

Notes receivable consists of Home Program funds advanced to area residents for home improvements, which must be repaid by the homeowner upon sale or foreclosure. The City has an enforceable lien on such property.

### *Property Taxes*

Property taxes are levied each July 1 and December 1 on the assessed valuation of property, as equalized by the State, as of the preceding December 31, the lien date. The levies are considered past due on September 15 and February 15, respectively, at which time applicable penalties and interest are assessed. The City bills and collects its own property taxes as well as taxes for the various local governmental units. Collections and remittances for other units are accounted for in the Current Tax Collection Agency Fund. City property tax revenues are recognized when levied to the extent that they result in current receivables.

### *Inventories and Prepaid Items*

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

### *Capital Assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Infrastructure is reported retrospectively from 1980, except for right-of-ways, bridges and traffic signals, which are required to be reported despite the date of purchase.

Donated capital assets 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 asset or materially extend assets lives are not capitalized.

# CITY OF BAY CITY, MICHIGAN

## Notes to Financial Statements

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

	Years
Buildings and improvements	50
Land improvements	50
Machinery, equipment, furnishings and other tools	5-20
Vehicles	3-10
Infrastructure assets:	
Site improvements, streets, sidewalks, curbs	20
Bridges	50

### *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 one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred outflow of resources for unamortized loss on bond refunding and change in expected and actual investment returns, assumptions, and benefits provided in its pension plan.

### *Compensated Absences (Vacation and Sick Leave)*

City employees earn vacation leave at rates ranging between six and 30 days per year, depending on their union membership and length of service. All outstanding vacation is payable upon resignation, retirement, or death. Sick pay is accumulated by employees at rates ranging between 6.67 hours and one day per month of employment. Depending on the union contract, some employees earn one additional day, if the employee does not use any sick leave days within a three month period. Outstanding sick pay is payable only upon qualified retirement. The maximum amount payable upon retirement varies from zero hours to a maximum of 2,400 hours, depending on union membership and original hire date.

### *Long-term Obligations*

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses.

# CITY OF BAY CITY, MICHIGAN

## Notes to Financial Statements

### *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, deferred inflows of resources, represents an acquisition of net position that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds also report unavailable revenues, which arise only under a modified accrual basis of accounting that are reported as deferred inflows of resources. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

### *Fund Equity*

In the fund financial statements, governmental funds report *nonspendable fund balance* for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually require to be maintained intact. *Restricted fund balance* is reported when externally imposed constraints are placed on the use of the resources by grantors, contributors, or laws or regulations of other governments. *Committed fund balance* is reported for amounts that can be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority, City Commission. A formal resolution of the City Commission is required to establish, modify or rescind a fund balance commitment. The City reports *assigned fund balance* for amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. *Unassigned fund balance* is the residual classification only for the General Fund and deficit fund balances of other governmental funds.

The City approved the General Fund fund balance policy on June 17, 2013, giving authority to assign amounts for specific purposes to (a) City Commission or (b) City Manager or other City official to which the City Commission has delegated the authority.

When the City incurs an expenditure for purposes for which various fund balance classifications can be used, it is the City's policy to use restricted fund balance first, then committed, assigned, and finally unassigned fund balance.

The City Commission has adopted a minimum fund balance policy in which the combined unassigned and committed fund balance of the general fund will be equal to 15% to 20% of the previous year's amended total budgeted expenditures and transfers out, less all grant related expenditures. If the combined unassigned and committed fund balance of the general fund falls below the minimum range, the City will replenish shortfall by reducing expenditures, increasing revenues or a combination of expenditure reductions and revenue enhancements as detailed in the policy. If the fund balance of the general fund exceeds 20%, the City shall consider using such surpluses for one-time non-recurring expenditures that will not require additional future expenses for maintenance, additional staffing or any other recurring expenditures, in accordance with the policy.

# CITY OF BAY CITY, MICHIGAN

## Notes to Financial Statements

### *Pensions*

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

## 2. BUDGETARY INFORMATION

Annual budgets are adopted for the general and special revenue funds.

Individual amendments for the year were not material in relation to the original appropriations. Supplemental appropriations were made during the year. Unexpended appropriations lapse at year-end.

Budget appropriations are prepared by the City Manager and authorized by the City Commission on an activity (i.e. City Clerk, City Manager, Treasurer, Human Resources) basis in accordance with sections of the City Charter. The legal level of budgetary control is exercised at the activity level for all funds.

During the year, the City incurred expenditures that were in excess of the amounts budgeted, as follows:

	Final Budget	Actual	Variance
General Fund-			
Parks and recreation	\$ 901,964	\$ 940,116	\$ 38,152
Nonmajor governmental funds:			
Local Streets Fund:			
Public works - highways, streets, and bridges	1,413,283	1,424,764	11,481
Capital outlay	100,000	100,468	468
Parking Enforcement Fund-			
Public safety	52,425	55,472	3,047
Neighborhood Opportunity Fund-			
Capital outlay	148,274	152,489	4,215

## 3. DEFICIT FUND EQUITY

Governmental activities reported a deficit in unrestricted net position in the amount of \$33,637,328 at year-end. Total net position amounted to a positive \$44,770,699.

The Information Systems Internal Service Fund had an unrestricted deficit at year-end of \$1,040,596. The total net position amounted to a deficit of \$549,802.

The Brownfield Redevelopment Authority component unit reported a deficit in unrestricted net position in the amount of \$2,466,365 at year-end. Total net position amounted to a deficit of \$585,882.

# CITY OF BAY CITY, MICHIGAN

## Notes to Financial Statements

### 4. DEPOSITS AND INVESTMENTS

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

The pension trust fund is authorized by the State's Pension Investment Act, as amended, to invest in common stocks, real estate, and various other investment instruments, subject to certain limitations.

The breakdown between deposits and investments for the City is as follows:

	Primary Government	Component Units	Total
<b>Statement of Net Position</b>			
Cash and investments	\$ 44,282,392	\$ 16,594,503	\$ 60,876,895
Cash and cash equivalents, restricted	2,042,275	-	2,042,275
<b>Statement of Net Position - Fiduciary Funds</b>			
Pension and other postemployment benefits trust funds:			
Cash and cash equivalents	2,066,326	-	2,066,326
Investments	64,958,271	-	64,958,271
Agency funds:			
Cash and cash equivalents	198,965	-	198,965
<b>Total</b>	<b>\$ 113,548,229</b>	<b>\$ 16,594,503</b>	<b>\$ 130,142,732</b>
<b>Deposits and investments</b>			
Bank deposits:			
Checking and savings accounts			\$ 10,799,547
Pooled certificates of deposit:			
Due within one year			8,802,947
Due within one to five years			7,136,255
Investments			103,398,388
Cash on hand			5,595
<b>Total</b>			<b>\$ 130,142,732</b>

*Custodial Credit Risk - Deposits.* For deposits, custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to the government. The City does not require collateralization of deposits. At June 30, 2016, \$19,074,247 of the City's \$27,814,166 bank balance was covered by federal depository insurance, including balances invested in the certificate of deposit account registry service (CDARS).

# CITY OF BAY CITY, MICHIGAN

## Notes to Financial Statements

*Custodial Credit Risk - Investments.* Following is a summary of the City's investments as of year-end:

	Primary Government	Trust Funds		Total
		Police & Fire Pension	Health Care	
Money market accounts	\$ 37,962,405	\$ -	\$ -	\$ 37,962,405
Fixed income	-	8,809,097	-	8,809,097
Equities	-	24,530,658	13,494,933	38,025,591
Government securities	477,712	-	-	477,712
Other investments:				-
Other equity	-	10,390,506	-	10,390,506
Other assets	-	3,262,526	-	3,262,526
Real estate investment funds	-	4,470,551	-	4,470,551
<b>Total</b>	<b>\$ 38,440,117</b>	<b>\$ 51,463,338</b>	<b>\$ 13,494,933</b>	<b>\$ 103,398,388</b>

For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that investment securities be held in third-party safekeeping by a designated institution and that the safekeeping agent follow the procedure of delivery vs. payment. As of June 30, 2016, none of the City's investments, excluding the money market accounts which are not subject to custodial credit risk, were exposed to risk since the securities are held in the City's name by the counterparty.

*Interest Rate Risk.* As of year-end, maturities and ratings of the City's investments were as follows:

	Fair Value	Investment Maturities (In Years)		
		N/A	Less Than 1	1-5
Money market funds	\$ 37,962,405	\$ 37,962,405	\$ -	\$ -
Fixed income	8,809,097	218,400	158,495	4,909,481
Equities	38,025,591	38,025,591	-	-
Government securities	477,712	-	-	477,712
Other investments	18,123,583	18,123,583	-	-
<b>Total investments</b>	<b>\$ 103,398,388</b>	<b>\$ 94,329,979</b>	<b>\$ 158,495</b>	<b>\$ 5,387,193</b>

Continued...

# CITY OF BAY CITY, MICHIGAN

## Notes to Financial Statements

	Investment Maturities (In Years)		Moody's Investors Services Rating
	6-10	More Than 10	
Money market funds	\$ -	\$ -	N/A
Fixed income	2,994,870	527,851	Aaa-Aa3; NR
Equities	-	-	N/A
Government securities	-	-	AA3
Other investments	-	-	N/A
<b>Total investments</b>	<u>\$ 2,994,870</u>	<u>\$ 527,851</u>	
		Concluded	

To the extent possible, the City attempts to match its investments with anticipated cash flow requirements. Short-term funds matched to a specific cash flow requirement shall be invested in securities maturing not more than two years from the date of purchase. Long-term funds (capital, debt services, etc.) matched to a specific cash flow requirement may be invested in securities maturing not more than five years from the date of purchase.

The City's investment policy and the Police and Fire Retirement System's investment policy do not have specific limits on maturities of debt securities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit Risk.* State law limits investments as identified in the list of authorized investments in the summary of significant accounting policies. The City's investment policy does not have specific limits in excess of state law on investment credit risk. Credit risk ratings, where applicable, have been identified above for the City's investments.

The Police and Fire Retirement System's investment policy on credit risk for allowable debt securities follows. The credit rating for each investment type is identified in the above table for debt securities held at June 30, 2016. Regarding fixed income securities, the System's investment policy allows its investment managers to invest up to 12.5% of the portfolio in non-investment grade securities with at least 80% of the non-investment grade portfolio consisting of BB or B rated securities. The policy also allows investment managers to invest up to 10% of the portfolio in non-U.S. dollar denominated fixed income securities. The minimum credit rating for international fixed income securities is single B at the time of purchase.

*Concentration of Credit Risk.* The City diversifies its investment portfolio by security type and institution to eliminate potential losses. Individual securities having potential risks shall be limited in size so that default will not exceed the annual income generated from the remainder of the portfolio.

The Police and Fire Retirement System's investment policy limits maturity value that may be invested in American Depositary Receipts to 15% of each equity portfolio. In addition, the System's investment policy limits maturity value that may be invested in corporate stock to 5% of the outstanding securities of one issuer.

# CITY OF BAY CITY, MICHIGAN

## Notes to Financial Statements

### Fair Value Measurement

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City had the following recurring fair value measurements as of year end:

Investment Type	Level 1	Level 2	Level 3	Total Fair Value
<b>Fixed income:</b>				
Debt securities:				
Corporate bonds	\$ -	\$ 3,180,802	\$ -	\$ 3,180,802
Treasury bonds	3,657,028	-	-	3,657,028
Asset backed bonds	-	1,267,892	-	1,267,892
Agency and municipal bonds	-	468,063	-	468,063
Mortgages	-	17,912	-	17,912
Mutual funds	186,509	-	-	186,509
Other	-	30,886	-	30,886
	<u>3,843,537</u>	<u>4,965,555</u>	<u>-</u>	<u>8,809,092</u>
<b>Equities:</b>				
Corporate stock	19,062,239	-	-	19,062,239
Exchange traded funds	68,781	-	-	68,781
Hedge funds	-	-	-	-
Mutual funds	15,779,312	-	-	15,779,312
Other	-	57,624	-	57,624
	<u>34,910,332</u>	<u>57,624</u>	<u>-</u>	<u>34,967,956</u>
<b>Total investments by fair value level</b>				
	<u>\$ 38,753,869</u>	<u>\$ 5,023,179</u>	<u>\$ -</u>	<u>43,777,048</u>
<b>Investments measured at the net asset value (NAV):</b>				
Agency and municipal bonds				\$ 5
Hedge funds - Millennium				3,057,635
Other equity:				
Franklin Templeton Global				1,509,828
Northern Trust Russell				7,827,011
Brandywine Global Opportunistic				1,053,667
Other alternative investments-				
MFIRE Global Partnership Fund				750,443
Other assets-				
Hexavest EAFE Equity Fund				3,262,526
Real estate investment funds:				
Guggenheim				1,163,349
American Realty Advisors				2,556,759
Total investments at the net asset value				<u>21,181,223</u>
<b>Total investments at fair value</b>				<u>\$ 64,958,271</u>

# CITY OF BAY CITY, MICHIGAN

## Notes to Financial Statements

The following is a description of the valuation methodology used for assets recorded at fair value Level 1.

Equity securities classified in Level 1 of the fair value hierarchy are valued based on quoted market prices in active markets.

Descriptions of the valuation methodology used for assets recorded at fair value Level 2 and the net asset value are available in the separately issued Police and Fire Retirement System's financial statements.

### 5. RECEIVABLES, NET

	Governmental Activities	Business-type Activities	Component Units
Receivables:			
Accounts	\$ 1,107,084	\$ 11,117,290	\$ 268,101
Delinquent taxes	100,181	-	96,939
Special assessments	139,178	461,496	-
Due from other governmental units	2,077,700	3,373,934	65,670
Interest	17,277	29,102	8,510
Notes and accrued interest	11,839,662	-	-
Gross receivables	<u>15,281,082</u>	<u>14,981,822</u>	<u>439,220</u>
Less: allowance for uncollectibles	<u>(4,619,788)</u>	<u>(1,654,315)</u>	<u>-</u>
<b>Total receivables, net</b>	<u><u>\$ 10,661,294</u></u>	<u><u>\$ 13,327,507</u></u>	<u><u>\$ 439,220</u></u>

Receivables not expected to be collected within one year are approximately \$7.4 million of the notes receivable reported in the Rehabilitation Fund, \$4 million of notes receivable in the City Loans and Collections Special Revenue Fund, and \$34,000 and \$178,968 of special assessments receivable in the General Fund and Sewer Fund, respectively.

# CITY OF BAY CITY, MICHIGAN

## Notes to Financial Statements

### 6. CAPITAL ASSETS

Capital asset activity of the City's governmental activities for the year ended June 30, 2016, is as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
<b>Governmental activities:</b>					
Capital assets not being depreciated:					
Land	\$ 17,141,056	\$ 125,013	\$ 29,727	\$ -	\$ 17,236,342
Construction in progress	3,446,995	2,290,762	16,759	(3,274,008)	2,446,990
Other intangible assets	376,000	-	-	-	376,000
	<u>20,964,051</u>	<u>2,415,775</u>	<u>46,486</u>	<u>(3,274,008)</u>	<u>20,059,332</u>
Capital assets being depreciated:					
Infrastructure	141,232,532	148,425	-	1,341,586	142,722,543
Buildings and improvements	12,869,547	-	-	-	12,869,547
Vehicles	14,532,440	2,358,153	654,126	-	16,236,467
Office furnishings	39,293	-	-	-	39,293
Other tools and equipment	3,448,206	347,795	240,003	-	3,555,998
	<u>172,122,018</u>	<u>2,854,373</u>	<u>894,129</u>	<u>1,341,586</u>	<u>175,423,848</u>
Accumulated depreciation:					
Infrastructure	100,131,384	2,998,186	-	-	103,129,570
Buildings and improvements	5,186,449	263,762	-	-	5,450,211
Vehicles	9,736,650	700,410	588,589	-	9,848,471
Office furnishings	29,525	1,714	-	-	31,239
Other tools and equipment	2,638,117	219,046	240,003	-	2,617,160
	<u>117,722,125</u>	<u>4,183,118</u>	<u>828,592</u>	<u>-</u>	<u>121,076,651</u>
Net capital assets being depreciated	<u>54,399,893</u>	<u>(1,328,745)</u>	<u>65,537</u>	<u>1,341,586</u>	<u>54,347,197</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 75,363,944</u>	<u>\$ 1,087,030</u>	<u>\$ 112,023</u>	<u>\$ (1,932,422)</u>	<u>\$ 74,406,529</u>

Assets in the amount of \$1,932,422 were transferred from governmental activities to the Brownfield Redevelopment Authority component unit during fiscal 2016.

# CITY OF BAY CITY, MICHIGAN

## Notes to Financial Statements

Capital asset activity of the City's business-type activities for the year ended June 30, 2016, is as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
<b>Business-type activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 821,424	\$ -	\$ 26,200	\$ -	\$ 795,224
Construction in progress	269,471	352,745	2,994	(345,644)	273,578
Other	95,421	-	-	-	95,421
	<u>1,186,316</u>	<u>352,745</u>	<u>29,194</u>	<u>(345,644)</u>	<u>1,164,223</u>
Capital assets, being depreciated:					
Utility plant and systems	290,747,601	3,004,578	36,596,448	-	257,155,731
Land improvements	31,555,618	2,542,416	-	345,644	34,443,678
Buildings and improvements	4,884,659	-	1,928,377	-	2,956,282
Machinery and equipment	8,093,787	128,131	828,121	-	7,393,797
	<u>335,281,665</u>	<u>5,675,125</u>	<u>39,352,946</u>	<u>345,644</u>	<u>301,949,488</u>
Accumulated depreciation:					
Utility plant and systems	182,040,569	6,487,892	26,046,891	-	162,481,570
Land improvements	6,820,520	689,285	-	-	7,509,805
Buildings and improvements	2,871,032	95,394	1,541,165	-	1,425,261
Machinery and equipment	5,511,966	261,721	805,422	-	4,968,265
	<u>197,244,087</u>	<u>7,534,292</u>	<u>28,393,478</u>	<u>-</u>	<u>176,384,901</u>
Net capital assets, being depreciated	<u>138,037,578</u>	<u>(1,859,167)</u>	<u>10,959,468</u>	<u>345,644</u>	<u>125,564,587</u>
<b>Business-type activities capital assets, net</b>	<u>\$ 139,223,894</u>	<u>\$ (1,506,422)</u>	<u>\$ 10,988,662</u>	<u>\$ -</u>	<u>\$ 126,728,810</u>

During the year ended June 30, 2016, the operations of the water treatment plant were transferred to Bay County, Michigan. As a result, the City transferred certain assets of its Water Fund to the County which had a net book value of \$10,985,667, included in the "Disposals" column above. In return the County will assume certain long-term obligations of the City in the amount of \$3,310,000 during fiscal year 2017. The City recognized a loss of \$7,675,667 on this transaction during the year ended June 30, 2016. The City's fiscal 2016 expenses and revenues, related to water treatment plant operations, were approximately \$1,420,528 and \$895,383, respectively.

# CITY OF BAY CITY, MICHIGAN

## Notes to Financial Statements

Capital asset activity of the City's component units for the year ended June 30, 2016, is as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
<b>Component units:</b>					
Capital assets, not being depreciated:					
Land	\$ 1,893,560	\$ -	\$ 258,766	\$ -	\$ 1,634,794
Construction in progress	7,753,730	722,577	-	(5,943,716)	2,532,591
	<u>9,647,290</u>	<u>722,577</u>	<u>258,766</u>	<u>(5,943,716)</u>	<u>4,167,385</u>
Capital assets, being depreciated					
Infrastructure	9,454,224	-	-	7,876,138	17,330,362
Buildings and improvements	36,177,703	172,467	7,813,832	-	28,536,338
Land improvements	25,037	13,341	-	-	38,378
Furniture and equipment	1,203,545	19,105	237,364	-	985,286
	<u>46,860,509</u>	<u>204,913</u>	<u>8,051,196</u>	<u>7,876,138</u>	<u>46,890,364</u>
Accumulated depreciation:					
Infrastructure	4,264,255	599,298	-	-	4,863,553
Buildings improvements	29,063,227	911,709	6,488,738	-	23,486,198
Land improvements	4,214	2,255	-	-	6,469
Furniture and equipment	59,668	3,546	-	-	63,214
	<u>33,391,364</u>	<u>1,516,808</u>	<u>6,488,738</u>	<u>-</u>	<u>28,419,434</u>
Net capital assets being depreciated	<u>13,469,145</u>	<u>(1,311,895)</u>	<u>1,562,458</u>	<u>7,876,138</u>	<u>18,470,930</u>
<b>Component units capital assets, net</b>	<u>\$ 23,116,435</u>	<u>\$ (589,318)</u>	<u>\$ 1,821,224</u>	<u>\$ 1,932,422</u>	<u>\$ 22,638,315</u>

# CITY OF BAY CITY, MICHIGAN

## Notes to Financial Statements

Depreciation expense is charged to the functions/programs of the primary government as follows:

<b>Governmental activities</b>	
General government	\$ 137,177
Public safety	138,226
Public works	2,750,763
Parks and recreation	193,148
Economic development	211,795
Internal service fund depreciation is charged to the various functions based on their usage of the asset	<u>752,009</u>
<b>Total governmental activities</b>	<b><u>\$ 4,183,118</u></b>
<b>Business-type activities</b>	
Electric	\$ 2,485,962
Water	1,034,492
Sewer	3,841,243
Other business-type activities	<u>172,595</u>
<b>Total business-type activities</b>	<b><u>\$ 7,534,292</u></b>

## 7. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

Outstanding balances between funds are reported in the fund financial statements as “due to/from other funds”. These amounts result from short-term lending from one fund to another. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

The composition of interfund balances is as follows:

	Due from Other Funds	Due to Other Funds
General Fund	\$ 341,181	\$ 51,163
Major Streets Fund	-	4,371
Rehabilitation Fund	-	16,626
Nonmajor governmental funds	8,174	344,203
Electric Fund	-	43,961
Water Fund	6,158	9,835
Sewer Fund	11,759	18,311
Nonmajor enterprise funds	-	89
Internal service funds	<u>128,850</u>	<u>7,563</u>
	<b><u>\$ 496,122</u></b>	<b><u>\$ 496,122</u></b>

The above balances generally resulted from a time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

# CITY OF BAY CITY, MICHIGAN

## Notes to Financial Statements

The composition of interfund transfers is as follows:

Transfers From	Transfers To			
	General Fund	Rehabilitation Fund	Nonmajor Governmental Funds	Electric Fund
General Fund	\$ -	\$ -	\$ 201,855	\$ -
Major Streets Fund	-	-	-	20,600
Rehabilitation Fund	-	-	99,759	-
Nonmajor governmental funds	161,685	355,727	-	79,000
Electric Fund	-	-	-	-
Sewer Fund	-	-	-	-
Water Fund	-	-	-	-
Internal service funds	29,879	-	-	-
	<u>\$ 191,564</u>	<u>\$ 355,727</u>	<u>\$ 301,614</u>	<u>\$ 99,600</u>

Continued...

Transfers From	Transfers To		
	Nonmajor Enterprise Funds	Internal Service Funds	Total
General Fund	\$ 144,593	\$ -	\$ 346,448
Major Streets Fund	-	-	20,600
Rehabilitation Fund	-	-	99,759
Nonmajor governmental funds	-	130,000	726,412
Electric Fund	-	228,844	228,844
Water Fund	-	168,406	168,406
Sewer Fund	-	134,822	134,822
Internal service funds	-	-	29,879
	<u>\$ 144,593</u>	<u>\$ 662,072</u>	<u>\$ 1,755,170</u>

Concluded

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; or to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**Notes to Financial Statements**

**8. LONG-TERM DEBT**

The City issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. Contractual agreements and installment purchase agreements are also general obligations of the government. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

Long-term debt obligation activity can be summarized as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
<b>Governmental activities</b>					
6.4% to 7.15% street improvement capital appreciation G.O. bonds dated 7/2/91, aggregate principal due at maturity beginning 6/1/99 through 6/1/21. Original amount \$10,599,932.	\$ 11,431,529	\$ 835,540	\$ (2,350,000)	\$ 9,917,069	\$ 2,375,100
Variable rate HUD Section 108 note payable, principal due annually beginning 8/1/13 through 8/1/22, interest due semi-annually February 1 and August 1. Original amount \$2,000,000.	1,750,000	-	(175,000)	1,575,000	190,000
2.0% to 3.65% Limited Tax G.O Bonds, Series 2012A dated 1/10/12, aggregate principal due at maturity beginning 10/1/12 through 10/1/31. Original amount \$1,630,000.	1,445,000	-	(70,000)	1,375,000	70,000
1.5% Brownfield Redevelopment MDEQ Loan, principal payments beginning 10/10/17 through 10/10/27. Original amount \$1,000,000.	1,000,000	-	-	1,000,000	-
<b>Total bonds and notes payable</b>	<b>15,626,529</b>	<b>835,540</b>	<b>(2,595,000)</b>	<b>13,867,069</b>	<b>2,635,100</b>

CITY OF BAY CITY, MICHIGAN

**Notes to Financial Statements**

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Landfill remediation liability	\$ 1,079,704	\$ -	\$ (72,620)	\$ 1,007,084	\$ 56,296
Employee compensated absences	2,580,150	705,764	(666,440)	2,619,474	1,440,285
<b>Total governmental activities long-term debt</b>	<b>\$ 19,286,383</b>	<b>\$ 1,541,304</b>	<b>\$ (3,334,060)</b>	<b>\$ 17,493,627</b>	<b>\$ 4,131,681</b>

The General Fund and certain special revenue funds have typically been used to liquidate the liability for compensated absences in the governmental funds.

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
<b>Business-type activities</b>					
<b>Sewer Fund:</b>					
2.5% State Revolving Fund Loan issued March 29, 2001, principal due in annual installments beginning 4/1/04 through 4/1/23, interest due semi-annually April 1 and October 1. Original amount \$42,435,000.	\$ 19,515,000	\$ -	\$ (2,235,000)	\$ 17,280,000	\$ 2,290,000
3.5% to 4.25% G.O. Sanitary Sewage System Bonds, Series 2005, refunded during fiscal 2016.	3,880,000	-	(3,880,000)	-	-
2.0% to 4.0% Limited Tax G.O. Sewer Refunding Bonds, Series 2015, principal due in annual installments of \$300,000 to \$400,000 through 10/1/25, interest due semi-annually April 1 and October 1. Original amount \$6,045,000.	-	3,455,000	-	3,455,000	300,000

CITY OF BAY CITY, MICHIGAN

Notes to Financial Statements

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
3.5% to 5.5% G.O. Capital Improvement Bonds, Series 2008, principal due in annual installments of \$75,449 to \$160,826 through 4/1/28, interest due semi-annually April 1 and October 1. Original amount \$2,166,181.	\$ 1,582,446	\$ -	\$ (93,318)	\$ 1,489,128	\$ 97,290
2.0% to 4.5% G.O. Capital Improvement Bonds, Series 2010A, principal due in annual installments of \$89,900 to \$179,800 through 10/1/30, interest due semi-annually April 1 and October 1. Original amount \$2,498,600.	2,126,600	-	(99,200)	2,027,400	102,300
3.261% G.O. Improvement Refunding Bonds, Series 2011, principal due in annual installments of \$95,000 to \$112,000 through 4/1/20, interest annually on April 1. Original amount \$884,000.	517,000	-	(97,000)	420,000	100,000
Premium on bond issuance	35,092	210,510	(21,840)	223,762	21,836
Discounts on bond issuances	(102,322)	-	60,410	(41,912)	(5,987)
<b>Electric Fund:</b>					
3.9% Electric Utility System Revenue Bonds, Series 2013, principal due in annual installments of \$140,000 to \$1,115,000 through 7/1/33, interest due semi-annually January 1 and July 1. Original amount \$13,830,000.	13,690,000	-	(170,000)	13,520,000	175,000

CITY OF BAY CITY, MICHIGAN

Notes to Financial Statements

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
3.5% to 4.0% Electric Utility System Revenue Refunding and Improvement Bonds, 2008 Series, principal due in annual installments of \$365,000 to \$1,940,000 through 1/1/18, interest due semi-annually January 1 and July 1. Original amount \$9,770,000.	\$ 1,280,000	\$ -	\$ (410,000)	\$ 870,000	\$ 425,000
<b>Water Fund:</b>					
2.125% Michigan State Revolving Fund loan issued June 23, 2005, principal due in annual installments of \$245,000 to \$365,000 beginning 4/1/07 through 4/1/26, interest due semi-annually April 1 and October 1. Original amount \$6,000,000.	3,605,000	-	(295,000)	3,310,000	300,000
3.5% to 4.0% G.O. Capital Improvement Bonds, Series 2008A, principal due in annual installments of \$265,000 to \$350,000 through 4/1/18, interest due semi-annually April 1 and October 1. Original amount \$3,030,000.	1,015,000	-	(325,000)	690,000	340,000
3.5% to 5.5% G.O. Capital Improvement Bonds, Series 2008B, principal due in annual installments of \$114,551 to \$244,175 through 4/1/28, interest due semi-annually April 1 and October 1. Original amount \$3,288,819.	2,402,557	-	(141,682)	2,260,875	147,710

CITY OF BAY CITY, MICHIGAN

Notes to Financial Statements

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Premium on bond issuance	\$ 55,264	\$ -	\$ (4,251)	\$ 51,013	\$ 4,251
<b>Total bonds and loans payable</b>	<b>49,601,637</b>	<b>3,665,510</b>	<b>(7,711,881)</b>	<b>45,555,266</b>	<b>4,297,400</b>
Employee compensated absences	1,240,937	451,134	(628,714)	1,063,357	600,491
<b>Total</b>	<b>\$ 50,842,574</b>	<b>\$ 4,116,644</b>	<b>\$ (8,340,595)</b>	<b>\$ 46,618,623</b>	<b>\$ 4,897,891</b>

Debt service requirements for the various bonds and loans outstanding with interest of \$10,910,056 including capital appreciation of \$8,214,152, which is included in the outstanding bonds and notes payable balance above, in the governmental activities bonded debt, and interest of \$366,888 in governmental activities other debt are as follows:

Year Ended June 30,	Governmental Activities			
	Bonded Debt		Other Debt	
	Principal	Interest	Principal	Interest
2017	\$ 70,000	\$ 2,034,137	\$ 190,000	\$ 71,911
2018	70,000	2,103,482	297,826	63,095
2019	75,000	2,145,205	294,294	67,217
2020	75,000	2,193,116	310,558	55,622
2021	1,777,917	2,232,330	321,842	43,033
2022-2026	415,000	135,985	969,143	61,694
2027-2031	485,000	63,794	191,337	4,316
2032	110,000	2,007	-	-
	3,077,917	10,910,056	2,575,000	366,888
Capital appreciation	8,214,152	(8,214,152)	-	-
	<u>\$ 11,292,069</u>	<u>\$ 2,695,904</u>	<u>\$ 2,575,000</u>	<u>\$ 366,888</u>

CITY OF BAY CITY, MICHIGAN

**Notes to Financial Statements**

Debt service requirements to maturity for all installment debt of the City's business-type activities are as follows:

Year Ended June 30,	Business-type Activities	
	Principal	Interest
2017	\$ 4,277,300	\$ 1,481,319
2018	4,398,400	1,356,640
2019	3,693,500	1,226,575
2020	4,263,600	1,124,793
2021	4,277,800	1,001,728
2022-2026	14,968,400	3,226,226
2027-2031	6,218,403	1,342,411
2032-2034	3,225,000	254,670
	<u>\$ 45,322,403</u>	<u>\$ 11,014,362</u>

Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
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**Component units**

2.0% to 4.25% Brownfield

Redevelopment Authority  
Tax Increment Bonds,  
Series 2014, principal  
due in annual installments  
of \$25,000 to \$700,000  
starting 4/1/18 through  
4/1/43, interest due  
semi-annually April 1  
and October 1. Original  
amount \$7,085,000.

\$ 7,085,000	\$ -	\$ -	\$ 7,085,000	\$ -
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3.0% to 5.5% Brownfield

Redevelopment Authority  
2013 Tax Increment Bonds,  
principal due in annual  
installments of \$15,000 to  
\$870,000 starting 10/1/18  
through 10/1/43, interest  
due semi-annually April 1  
and October 1. Original  
amount \$9,200,000.

9,200,000	-	-	9,200,000	-
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CITY OF BAY CITY, MICHIGAN

Notes to Financial Statements

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
2.0% to 3.0% Downtown Development Authority Limited Tax G.O. 2015 Refunding Bonds, principal due in annual installments of \$310,000 to \$365,000 through 4/1/18 interest due semi-annually April 1 and October 1. Original amount \$1,005,000	\$ -	\$ 1,005,000	\$ (310,000)	\$ 695,000	\$ 330,000
2.0% to 3.0% Downtown Development Authority Limited Tax G.O. 2015 Capital Improvement Bonds, principal due in annual installments of \$95,000 to \$475,000 beginning 4/1/19 through 4/1/25, interest due semi-annually April 1 and October 1. Original amount \$1,585,000	-	1,585,000	-	1,585,000	-
2.0% to 4.5% Midland Street TIFA G.O. Capital Improvement Bonds, Series 2010A, principal due in annual installments of \$40,242 to \$80,484 through 10/1/30, interest due semiannually April 1 and October 1. Original amount \$1,118,456.	951,936	-	(44,405)	907,531	45,793
2.0% to 4.5% Brownfield G.O. Capital Improvement Bonds, Series 2010A, principal due in annual installments of \$14,858 to \$29,716 through 10/1/30, interest due semi-annually April 1 and October 1. Original amount \$412,944.	351,464	-	(16,395)	335,069	16,907
2.5% to 4.05% Downtown Development and Refunding Bonds, Series 2004, refunded during fiscal year 2016.	1,010,000	-	(1,010,000)	-	-

CITY OF BAY CITY, MICHIGAN

Notes to Financial Statements

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Premium on bond issuances	\$ -	\$ 123,900	\$ (17,871)	\$ 106,029	\$ 17,871
Discounts on bond issuances	(429,978)	-	15,578	(414,400)	(15,578)
<b>Total bonds payable</b>	<b>18,168,422</b>	<b>2,713,900</b>	<b>(1,383,093)</b>	<b>19,499,229</b>	<b>394,993</b>
Employee compensated absences - Housing	124,375	31,002	-	155,377	-
Employee compensated absences - other	2,196	214	(9)	2,401	2,401
<b>Total long-term debt, component units</b>	<b>\$ 18,294,993</b>	<b>\$ 2,745,116</b>	<b>\$ (1,383,102)</b>	<b>\$ 19,657,007</b>	<b>\$ 397,394</b>

The aggregate debt service requirement for the component units to pay principal and interest on the various outstanding loans are as follows:

Year Ended June 30,	Component Units	
	Principal	Interest
2017	\$ 392,700	\$ 879,963
2018	644,600	878,174
2019	206,500	871,712
2020	283,400	866,180
2021	322,200	858,368
2022-2026	2,266,600	4,088,739
2027-2031	2,711,600	3,376,245
2032-2036	4,030,000	2,828,625
2037-2041	5,920,000	1,670,250
2042-2044	3,030,000	227,438
	<u>\$ 19,807,600</u>	<u>\$ 16,545,694</u>

9. RISK MANAGEMENT

The City is exposed to various risks of loss related to claims, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is self-funded for liability and property insurance, health and dental insurance, and workers' compensation.

Notes to Financial Statements

**Liability and Property Insurance**

The self-insurance program for liability and property is accounted for in the liability/property self-insurance fund (an internal service fund). Presently, the City insures the first \$1,000 on property and 10% of the remaining claim up to \$100,000 of loss and the first \$250,000 for all other claims. The City maintains stop-loss coverage on the excess (up to \$15,000,000) with an external risk management pool. There were no reductions of insurance coverage from the prior year. For the past several years, the City has engaged special legal counsel to assist in the review of liability and property insurance. This review is to ensure adequate coverage and comprehensive pricing. All funds of the City participate in this program and make payments based on estimates of the amounts needed to pay prior year and current year claims and to establish a reserve for losses relating to catastrophes.

Losses, damages, and administrative expenses are all paid from this fund. The claim liability for known claims and incurred but not reported claims is estimated by management and the insurance administrators. Settled claims have not exceeded insurance coverage in any of the past three years.

The changes in the claims liability for the years ended June 30, 2015 and 2016, are as follows:

Fiscal Year	Beginning of Period Liability	Current Year Claims and Changes in Estimates	Claim Payments	End of Period Liability
2015	\$ 438,296	\$ 171,781	\$ (174,285)	\$ 435,792
2016	435,792	180,873	(270,965)	345,700

**Health and Dental Insurance**

The self-insurance program for health and dental insurance is accounted for as part of the benefits program (an internal service fund). An independent administrator (Blue Cross) is hired to process the daily claims. The City is responsible for individual claims up to \$40,000 and Blue Cross is responsible for paying claims above this amount up to \$5,000,000. There were no reductions of insurance coverage from the prior year. The City is also responsible for paying administrative charges. The revenues for this Fund's operation are reimbursements from various funds and employee payroll withholdings. The liability at the end of the year is based on claims already incurred and reported as provided by Blue Cross and on estimates of incurred but not reported claims as estimated by management. Settled claims have not exceeded insurance coverage in any of the past three years.

The changes in the claims liability for the years ended June 30, 2015 and 2016, are as follows:

Fiscal Year	Beginning of Period Liability	Current Year Claims and Changes in Estimates	Claim Payments	End of Period Liability
2015	\$ 303,974	\$ 4,068,047	\$ (4,059,719)	\$ 312,302
2016	312,302	3,290,107	(3,506,498)	95,911

**Notes to Financial Statements**

**Workers' Compensation**

The self-insurance program for workers' compensation is accounted for within the benefits program (an internal service fund). An independent administrator is hired to process the daily claims and to perform auditing and management duties. Presently, the City is responsible for individual claims up to \$350,000 for each occurrence. The City maintains stop-loss coverage on the excess (up to \$1,000,000) through a reinsurance policy. All funds of the City participate in this program and make payments based on estimates of the amounts needed to pay prior year and current year claims and to establish a reserve for losses relating to catastrophes. The liability at the end of the year is based on claims already incurred and reported as provided by the administrator and on estimates of incurred but not reported claims as estimated by management. Settled claims have not exceeded insurance coverage in any of the past three years.

The changes in the claims liability for the years ended June 30, 2015 and 2016 are as follows:

Fiscal Year	Beginning of Period Liability	Current Year Claims and Changes in Estimates	Claim Payments	End of Period Liability
2015	\$ 394,880	\$ 42,011	\$ (180,988)	\$ 255,903
2016	255,903	158,140	(107,958)	306,085

**10. BENEFIT PLANS**

**Agent Multiple-Employer Plan (MERS) - Defined Benefit Pension Plan**

*General Information About the Plan*

*Plan Description.* The City 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](http://www.mersofmich.com).

*Benefits Provided.* Pension benefits vary by division/bargaining unit and are calculated as final average compensation (based on a 3 or 5 year period) and multipliers ranging from 2.25% to 2.5%. Participants are considered to be fully vested in the plan after 10 years. Normal retirement age is 60 with early retirement at varying ages and years of service, depending on division/bargaining unit.

**Notes to Financial Statements**

*Employees Covered by Benefit Terms.* As of the most recent valuation date, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	288
Inactive employees entitled to but not yet receiving benefits	14
Active employees	<u>48</u>
<b>Total membership</b>	<u><u>350</u></u>

*Contributions.* The employer 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. The employer may establish contribution rates to be paid by its covered employees. During the fiscal year, employer contributions were 5.95% of annual payroll for the open division. Closed divisions had monthly employer contributions ranging from \$0 to \$107,455. Member contributions range from 0% to 5.5%. Six of the seven divisions are closed to new entrants.

*Net Pension Liability.* The City's net pension liability was measured as of December 31, 2015, 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, 2015 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 expenses and including inflation

Although no specific price inflation assumptions are needed for the valuation, the 2.50% long-term wage inflation assumption would be consistent with a price inflation of 3%-4%.

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

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study performed for 2009-2013.

**Notes to Financial Statements**

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Global equity	57.50%	5.02%	2.89%
Global fixed income	20.00%	2.18%	0.44%
Real assets	12.50%	4.23%	0.53%
Diversifying strategies	10.00%	6.56%	0.64%
	<u>100.00%</u>		
Inflation			3.25%
Administrative expenses netted above			<u>0.50%</u>
<b>Investment rate of return</b>			<u><u>8.25%</u></u>

*Discount Rate.* The discount rate used to measure the total pension liability is 8.25% for 2015. 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.

Notes to 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, 2014	\$ 70,200,762	\$ 46,146,571	\$ 24,054,191
Changes for the year:			
Service cost	323,154	-	323,154
Interest	5,563,471	-	5,563,471
Differences between expected and actual experience	(689,557)	-	(689,557)
Changes in assumptions	3,216,511	-	3,216,511
Employer contributions	-	4,832,281	(4,832,281)
Employee contributions	-	298,856	(298,856)
Net investment loss	-	(689,452)	689,452
Benefit payments, including refunds of employee contributions	(5,852,712)	(5,852,712)	-
Administrative expense	-	(100,164)	100,164
Net changes	<u>2,560,867</u>	<u>(1,511,191)</u>	<u>4,072,058</u>
<b>Balances at December 31, 2015</b>	<b><u>\$ 72,761,629</u></b>	<b><u>\$ 44,635,380</u></b>	<b><u>\$ 28,126,249</u></b>

The General Fund and certain special revenue funds have typically been used to liquidate the MERS net pension liability in the governmental funds.

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

	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
Net pension liability	\$ 34,931,377	\$ 28,126,249	\$ 22,277,124

**Notes to Financial Statements**

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

*Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to*

For the year ended June 30, 2016, the City recognized pension expense of \$5,502,668. The City reported deferred outflows of resources and deferred inflows of resources related to the MERS pension plan from the following sources:

	Deferred Outflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 4,075,459
Contributions subsequent to the measurement date	<u>2,561,676</u>
	<u>\$ 6,637,135</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 June 30, 2017. Other amounts reported as pension-related deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources
2017	\$ 1,060,977
2018	1,060,977
2019	1,060,977
2020	<u>892,528</u>
<b>Total</b>	<u>\$ 4,075,459</u>

*Payable to the Pension Plan.* At June 30, 2016, the City reported a payable to the Plan of \$426,955 for outstanding contributions to the pension plan required for the year ended June 30, 2016.

### Police and Fire Retirement System

*Plan Description.* The City has provided a single-employer defined benefit pension plan for all eligible police officers and firefighters, which assets are included in the Bay City Police and Fire Retirement System, (the "System"). The System operates under the authority of the City Charter. The System is administered by a 5-member appointed Board of Trustees that is comprised of one police representative, one fire representative, two citizen representatives and the City Manager of the City of Bay City, Michigan.

The City issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the City of Bay City, 301 Washington Ave., Bay City, MI 48708.

*Summary of Significant Accounting Policies.* The financial statements of the Bay City Police and Fire Retirement System are prepared on the accrual basis of accounting. Plan member contributions are recognized in the period they are due. The City's contributions to the System are recognized when due and they have made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the System.

*Method Used to Value Investments.* Investments are reported at fair value. Securities which are traded on a national securities exchange are valued at the last reported sales price on the last business day of the System's fiscal year. Investments traded in the over-the-counter market and listed securities for which no sale was reported on that date are valued at the last reported bid price. The difference between aggregate fair value and the cost of investments along with realized gains and losses on sales of investments are reflected in the statement of changes in plan net position as net appreciation or depreciation in the fair value of investments.

*Investment Policy.* The System's policy regarding the allocation of invested assets is established and may be amended by a majority of the Board's voting members. The Board has determined that the strategic asset allocation policy is consistent with the achievement of the System's financial needs and overall investment objectives. Asset classes are selected based on their expected long-term returns, individual reward / risk characteristics, correlation with other assets, classes, manager roles and fulfillment of the System's long-term financial needs.

*Benefits Provided.* All certified police officers and firefighters are eligible to participate in the System. All participants who retire at age 55 with 10 years of service or with 25 years of service regardless of age are entitled to a regular retirement benefit, payable monthly, of total service times 2.5% (for eligible employees retiring with less than 25 years of credited service) or 2.8% (for eligible employees retiring with 25 years or more of credited service) of the final average salary. The final average salary is determined as the highest 3 consecutive years of the last 10 years of average monthly pay. The plan also provides death and disability benefits. The City Commission has the authority to amend and establish benefit provisions.

**Notes to Financial Statements**

*Employees Covered by Benefit Terms.* At June 30, 2016, plan membership consisted of the following:

Retiree and beneficiaries	
currently receiving benefits	170
Terminated vested members	12
Active plan members	<u>77</u>
<b>Total membership</b>	<b><u><u>259</u></u></b>

*Contributions.* All plan members are required to contribute 8% or 10%, subject to collective bargaining, of their annual salary to the System. The City is required to contribute the remaining amounts necessary to fund the System, based upon actuarial valuations as required by State statute. The City's contribution rate for the year ended June 30, 2016 was 50.39% of covered payroll for firefighters, 29.43% for police patrol, and 37.71% for police command.

*Reserves.* In accordance with the Plan policy, the City establishes reserves for various purposes. The reserves are adjusted annually based on recommendations from the City's actuaries. The policy for creating and adjusting reserves was established and can be amended by the Plan Board of Trustees. A summary of the Plan reserves at June 30, 2016 is as follows:

Reserve / Group	Balance
Employee contributions:	
Police	\$ 6,138,193
Fire	3,134,344
Employer contributions:	
Police	(2,097,089)
Fire	(3,434,626)
Retiree benefit payments	48,292,835
Excess interest	<u>261,488</u>
<b>Total reserves</b>	<b><u><u>\$ 52,295,145</u></u></b>

*Net Pension Liability.* The City's net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016.

Notes to Financial Statements

*Actuarial Assumptions.* The total pension liability was determined by an annual actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry-age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	25 years
Asset valuation method	5 years smoothed market
Inflation	4.0%
Salary increases	4.0-44.0%, based on seniority
Cost of living adjustments	3.5-5% depending on contract
Investment rate of return	7.5%, net of expenses

Mortality rates were based on the RP 2000 Combined Healthy Mortality table.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of the most recent actuarial experience study in 2010. The System's actuary is currently conducting an actuarial experience study covering the period from July 1, 2011 through June 30, 2016.

The long-term expected rate of return on the System's investments was determined using a building-block method, in which best-estimate ranges of expected future real rates of return (expected returns, net of investment 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. Best estimates of arithmetic real rates of return at June 30, 2016 for each major asset class included in the System's target asset allocation as disclosed above are summarized as follows:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
U.S. fixed income	20.00%	1.25%	0.25%
Global fixed income	5.00%	1.00%	0.05%
Large cap equity	28.00%	7.35%	2.06%
Small/mid cap equity	24.00%	9.35%	2.24%
International equity	10.00%	5.45%	0.55%
Alternatives	13.00%	7.95%	1.03%
	<u>100.00%</u>		<u>6.18%</u>
Inflation			4.00%
Risk adjustments			<u>-2.68%</u>
Investment rate of return			<u>7.50%</u>

Notes to Financial Statements

*Discount Rate.* The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make 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.

*Changes in the Net Pension Liability.* The components of the changes 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 June 30, 2015	\$ 63,672,843	\$ 54,653,219	\$ 9,019,624
Changes for the year:			
Service cost	959,969	-	959,969
Interest	4,634,815	-	4,634,815
Differences between expected and actual experience	(737,134)	-	(737,134)
Employer contributions	-	1,720,011	(1,720,011)
Employee contributions	-	469,924	(469,924)
Net investment income	-	288,900	(288,900)
Benefit payments, including refunds of employee contributions	(4,710,583)	(4,710,583)	-
Administrative expense	-	(142,325)	142,325
Other changes	-	15,999	(15,999)
Net changes	<u>147,067</u>	<u>(2,358,074)</u>	<u>2,505,141</u>
<b>Balances at June 30, 2016</b>	<u><b>\$ 63,819,910</b></u>	<u><b>\$ 52,295,145</b></u>	<u><b>\$ 11,524,765</b></u>

The General Fund and certain special revenue funds have typically been used to liquidate the System's net pension liability in the governmental funds.

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate.* The following presents the net pension liability of the City, calculated using the discount rate of 7.5%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1% lower (6.5%) or 1% higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Net pension liability	\$ 18,189,799	\$ 11,524,765	\$ 5,850,310

**Notes to Financial Statements**

*Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.* For the year ended June 30, 2016, the City recognized pension expense of \$902,098. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 1,020,537
Net difference between projected and actual earnings on pension plan investments	<u>3,647,464</u>	<u>-</u>
	<u>\$ 3,647,464</u>	<u>\$ 1,020,537</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2017	\$ 969,706	\$ 791,769
2018	969,706	228,768
2019	969,706	-
2020	<u>738,346</u>	<u>-</u>
<b>Total</b>	<u>\$ 3,647,464</u>	<u>\$ 1,020,537</u>

*Payable to the Pension Plan.* At June 30, 2016, the City reported a payable of \$47,487 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2016.

**Defined Contribution Pension Plan**

The City of Bay City Employees Defined Contribution Pension Plan is a single employer defined contribution pension plan created by the City and administered by MERS. The City is responsible for establishing and amending all provisions of the Plan. All City employees with the exception of police officers and firefighters hired after September 1, 1997 are required to participate. A defined contribution pension plan provides pension benefits in return for services rendered, an individual account for each participant and specifies how contributions to the individual’s account are to be determined instead of specifying the amount of benefits the individual is to receive. Under the defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant’s account. All returns earned on investments of these contributions are allocated to such participant’s account.

Notes to Financial Statements

The contribution requirements of the City are established and may be amended by the City Commission. Currently, there are two plans available to the employees. Plan A offers the employee the option of contributing between 0.0% and 2.5% and requires between 2.5% and 5.0% contribution by the City. There is immediate vesting with Plan A. Plan B allows the employee to contribute between 3.0% and 5.5% while the City contributes between 6.0% and 8.5%. With Plan B, the employee is 50.0% vested after two years and 100.0% vested after four years. For the fiscal year ended June 30, 2016, the City's required and actual contributions amounted to \$506,484. Employees made contributions amounting to \$344,093.

**Postemployment Healthcare**

As authorized by the City Commission, the City has elected to provide postemployment healthcare benefits to certain retirees and their beneficiaries. Substantially all of the City's employees become eligible for postemployment health care benefits if they reach normal retirement age and are eligible for retirement benefits from the City. However, depending on the union contract, some employees hired after July 1, 2007 are not eligible for City provided healthcare benefits upon retirement. Instead the City has established a Retirement Health Savings (RHS) Plan in which the City contributes 6% of their salary on an annual basis. The benefits a participant will receive within the RHS plan depend solely on the amount contributed to each participant's account and the returns earned on the investments of those contributions.

This is a single employer defined benefit plan administered by the City. The RHS Plan does not issue a separate stand-alone financial statement. Administrative costs are paid by the Plan through employer contributions.

The cost of retiree health care benefits is recognized as an expense as claims are paid. The City pays the full cost of these benefits for most retirees. Most retirees are currently not required to contribute. However, depending upon the union contract under which they retire, recent retirees will pay a portion of each monthly premium contribution, based on the subscription rates provided by Blue Cross/Blue Shield. The retiree's portion ranges from \$18 to \$60 per bi-weekly pay, depending upon the bargaining unit from which the individual retired and the healthcare plan selected. The City's contributions for retiree healthcare for the year ended June 30, 2016, were \$5,395,139.

The City's other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarially accrued liabilities (or funding excess) over a period not to exceed thirty years.

**Notes to Financial Statements**

The following table shows the components of the City’s annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the City’s net OPEB obligation:

Annual required contribution	\$ 8,200,581
Interest on net OPEB obligation	1,182,485
Adjustment to annual required contribution	<u>(1,601,844)</u>
Annual OPEB cost (expense)	7,781,222
Contributions made	<u>(5,395,139)</u>
Increase in net OPEB obligation	2,386,083
Net OPEB obligation, beginning of year	<u>19,708,081</u>
<b>Net OPEB obligation, end of year</b>	<b><u><u>\$ 22,094,164</u></u></b>

The General Fund and certain special revenue funds have typically been used to liquidate the net OPEB obligation in the governmental funds.

The City’s annual OPEB cost, percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the years 2014, 2015 and 2016 is as follows:

Three-Year Trend Information			
Years Ended June 30,	Annual OPEB Cost (AOC)	Percentage Contributed	Net OPEB Obligation
2014	\$ 7,323,218	76.3%	\$ 18,600,035
2015	6,903,204	83.9%	19,708,081
2016	7,781,222	69.3%	22,094,164

The actuarial accrued liability as of June 30, 2016, the date of the most recent actuarial valuation, is \$100,253,830. As of June 30, 2016, there is \$14,322,283 in assets available to offset the liabilities of the plan. The funded status of the plan, which is the ratio of plan assets to actuarial accrued liability, as of June 30, 2016, is 14.3%.

Membership of the plan consisted of the following at June 30, 2016, the date of the latest actuarial valuation:

Retiree and beneficiaries currently receiving benefits	412
Active plan members	<u>199</u>
<b>Total membership</b>	<b><u><u>611</u></u></b>

**Notes to Financial Statements**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrences of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedules of funding progress, presented as required supplementary information following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

Valuation date	June 30, 2016
Actuarial cost method	Entry age normal level % of salary
Amortization method	Level dollar based on a 25-year closed period
Remaining amortization period	23 years
Asset valuation method	5-year smoothed market
Actuarial assumptions:	
Investment rate of return	6%
Inflation rate	3.0% per year
Additional projected salary increases	4.5% general inflation, plus merit and seniority ranging from 0.30% to 13.00%, depending on age
Healthcare cost trend rate	9.0% initial decreasing 0.5% annually to a final rate of 4.5%

Following are the financial statements for the Health Care Trust Fund for the year ended June 30, 2016.

**Statement of Plan Net Position**

<b>Assets</b>	
Cash and cash equivalents	\$ 1,359,228
Investments - equities	13,494,933
Accounts receivable	127,531
Interest receivable	1,516
	<hr/>
<b>Total assets</b>	<b>\$ 14,983,208</b>
	<hr/> <hr/>
<b>Net position restricted for employees' postemployment health care benefits</b>	<b>\$ 14,983,208</b>
	<hr/> <hr/>

Notes to Financial Statements

Statement of Changes in Plan Net Position

**Additions**

Contributions:	
Employer	\$ 5,395,139
Plan members	<u>168,724</u>
Total contributions	<u>5,563,863</u>
Investment income:	
Interest and dividends	594,908
Net appreciation in fair value of investments	<u>4,378</u>
Net investment income	<u>599,286</u>
<b>Total additions</b>	<u>6,163,149</u>

**Deductions**

Retiree healthcare premium payments	5,364,474
Benefits and refunds paid to participants	125,125
Administrative expenses	<u>12,625</u>
<b>Total deductions</b>	<u>5,502,224</u>
<b>Change in plan net position</b>	660,925
Net position, beginning of year	<u>14,322,283</u>
<b>Net position, end of year</b>	<u>\$ 14,983,208</u>

11. CONTINGENT LIABILITIES

**Environmental**

Various properties owned or formerly owned by the City are subject to environmental clean-up. The sites include property at the former Middlegrounds Landfill, former Surath scrap yard and the former Industrial Brownhoist site commonly known as Uptown Bay City. Various actions are in process for each property.

Notes to Financial Statements

The Middleground Landfill is a former municipal landfill that ceased operations in 1984. Approximately 40 acres in size, only a portion of the site was used for municipal waste. The U.S. Army Corps of Engineers utilized the north end of the landfill to deposit dredge spoils. The landfill has a 5' clay cap and engineered controls have been put in place. GM, Honeywell and the City are principal responsible parties for this site. A Remedial Action Plan ("RAP") is complete and was approved by the Michigan Department of Environmental Quality (MDEQ) in November, 2012. Important components to closing out the RAP at the landfill was the installation of required signage to inform the general public to avoid entering the property, to advise authorized personnel who need to access the property, and to provide safe access routes to emergency and authorized personnel. In addition, to adding new signage around the perimeter of the landfill, the City also extended surface drives on the site to provide controlled access to the west side of the landfill that will enable emergency personnel to respond to any emergencies in that area. The new signage and extended surface drives were completed in September, 2012. The objective is to help to insure the public health, to minimize the potential for exposure or injuries that may occur in the future, and that all of the engineering controls that are in place on the site are not inadvertently compromised in any way.

Going forward, the site will require regular monitoring, including ground water, landfill gas and engineered controls as part of the ongoing due care obligation. These holding costs were estimated in 2015 to be \$1.8 million over the next 31 years. GM was a responsible party at 61.25%, along with the City (30%) and Honeywell (8.75%). The City worked with the Michigan Attorney General and United States Environmental Protection Agency ("EPA") regarding the proposed GM Bankruptcy "Environmental Response Trust" participating in these holding costs. With the bankruptcy, the 61.25% shifted to the City and Honeywell. The City Commission approved on February 7, 2011 a resolution that authorized the City to establish a fund for placement of funds obtained from any settlement with, or payment from the estate of, General Motors, Inc. and its successor entities. To date, the City received stocks and warrants and with their liquidation received \$152,998 from the GM bankruptcy settlement. As a result of the settlement, the City's total exposure is 60.25% and Honeywell is 39.75%.

The former Surath scrap yard is considered an orphaned site by the Department of Environmental Quality. The DEQ has provided grant dollars to the City in the past to deal with environmental concerns. The site is currently fenced and there is a topsoil cap on the site. There are no current or pending environmental actions on the former Surath scrap yard site. The DEQ has provided technical assistance to the City to help market this site for redevelopment. The former Surath scrap yard has been substantially cleaned up with the City incurring approximately \$600,000 in costs.

The City acquired 43 acres of Riverfront property in Bay City, known as Uptown Bay City. The EPA and the MDEQ have determined that the City is not a liable party for the existing contamination at the site. Further, the EPA has awarded the City four grants totaling \$1,600,000 to primarily aid the City in addressing the environmental legacy of industry on this site. Three large buildings were demolished in 2009 and the remaining structures were demolished in 2012. An EPA grant funded contract to excavate an area of environmental concern (a former coal gasification facility) was completed. The property is fenced and has a 5" gravel cap. Uptown was purchased October 2, 2012 by Bay Riverfront Development, LLC and is intended to become a multi-purpose development site.

Notes to Financial Statements

Commitments

The City's electric department, along with other Michigan municipal utilities, is a member of the Michigan Public Power Agency (MPPA). The agency was formed to acquire interests in certain electric generating plants and related transmission lines. MPPA has acquired a 4.8% undivided interest in the Consumers Power Campbell 3 plant and 18.61% undivided interest in the Detroit Edison Company Belle River project. The City's electric department has entered into power supply and project support contracts with MPPA. Under the agreement, the City's electric department will purchase 13.18% of the energy generated by the Campbell 3 plant and 3.71% of the energy generated by the Belle River plant. Under the terms of the contract, the City's electric department must make annual payments to cover their share of annual debt service requirements and fixed operation costs of the Campbell and Belle River projects. During the fiscal year ended June 30, 2009, the final payment was made on the Campbell project. In 2012, MPPA issued AFEC project bonds, of which the City is responsible for 19.59%. The estimated cumulative annual debt payments with interest included of \$5,622,703 on the Belle River Project and AFEC projects are as follows:

Fiscal Year Ending	Belle River Project	AFEC Project
2017	\$ 1,129,368	\$ 408,956
2018	1,129,184	408,329
2019	1,504,247	408,917
2020	-	408,261
2021	-	408,363
2022-2026	-	2,042,140
2027-2031	-	2,042,796
2032-2036	-	2,041,964
2037-2041	-	2,041,572
2042-2043	-	816,511
<b>Total</b>	<b>\$ 3,762,799</b>	<b>\$ 11,027,809</b>

In addition, the City had other major construction commitments at June 30, 2016 as follows:

Project	Remaining Commitment
Euclid Avenue water main replacement	\$ 1,264,000
Maintenance and operation of Oakridge Cemetery	610,000
Paint and repairs to the water tower	946,000
	<u>\$ 2,820,000</u>

CITY OF BAY CITY, MICHIGAN

Notes to Financial Statements

On January 30, 2013, the City entered into a Water Supply Agreement with the County, the Charter Township of Hampton, the City of Essexville, the Charter Township of Bangor, the Township of Beaver, the Township of Frankenlust, the Township of Fraser, the Township of Kawkawlin, the Township of Monitor, the City of Pinconning, the Charter Township of Portsmouth, and the Charter Township of Williams, which obligates the County to enter into an Agreement with the Saginaw-Midland Municipal Water Supply Corporation on behalf of the above parties to furnish raw, untreated water at a capacity up to 22 million gallons per day. The City will operate, maintain, and repair the existing transmission system providing treated water from the new Bay Area Water Treatment Plant to the above parties.

**Other**

The City is engaged in other routine litigation incidental to the conduct of its municipal and utilities affairs. In the opinion of legal counsel, no legal proceedings are pending against the City, not covered by insurance, which would inhibit the City’s ability to perform its operations or materially affect its financial condition.

12. FUND BALANCES - GOVERNMENTAL FUNDS

GAAP establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in governmental funds. Detail information of fund balances of governmental funds is as follows:

	General Fund	Major Streets Fund	Nonmajor Governmental Funds	Total
<b>Nonspendable</b>				
Inventories	\$ -	\$ 187,477	\$ -	\$ 187,477
Prepaid items	496	-	-	496
<b>Total nonspendable</b>	<b>496</b>	<b>187,477</b>	<b>-</b>	<b>187,973</b>
<b>Restricted</b>				
Waysign grant	8,596	-	-	8,596
Major streets	-	569,328	-	569,328
Local streets	-	-	552,968	552,968
Solid waste management	-	-	84,082	84,082
Building inspection	-	-	217,550	217,550
Neighborhood opportunity	-	-	21,502	21,502
Drug law	-	-	153,633	153,633
Wenonah park	-	-	1,005	1,005
Debt service	-	-	204,772	204,772
Capital projects	-	-	267,736	267,736
<b>Total restricted</b>	<b>8,596</b>	<b>569,328</b>	<b>1,503,248</b>	<b>2,081,172</b>
<b>Assigned</b>				
Fire department	75,000	-	-	75,000
<b>Unassigned</b>	<b>3,459,647</b>	<b>-</b>	<b>-</b>	<b>3,459,647</b>
<b>Total fund balance</b>	<b>\$ 3,543,739</b>	<b>\$ 756,805</b>	<b>\$ 1,503,248</b>	<b>\$ 5,803,792</b>

Notes to Financial Statements

13. NET POSITION

*Restricted Net Position*

The composition of the City's restricted net position as of June 30, 2016, was as follows:

	<b>Governmental Activities</b>
Restricted for:	
Debt service	\$ 159,927
Capital projects	267,736
Waysign grant	8,596
Rehabilitation	7,391,621
Major streets	756,805
Local streets	552,968
Solid waste management	115,403
Building inspection	225,219
Neighborhood opportunity	21,502
Drug law	153,633
Wenonah park	1,005
	<u>9,654,415</u>
	<u>\$ 9,654,415</u>

14. NET INVESTMENT IN CAPITAL ASSETS

The City's net investment in capital assets at June 30, 2016 is as follows:

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Component Units</b>
Capital assets:			
Capital assets not being depreciated	\$ 20,059,332	\$ 1,164,223	\$ 4,167,385
Capital assets being depreciated, net	54,347,197	125,564,587	18,470,930
Related debt:			
Bonds and notes payable	(13,867,069)	(45,555,266)	(19,499,229)
Capital appreciation	8,214,152	-	-
Unspent bond proceeds	-	-	5,074,994
Non-capital debt	-	-	3,607,756
	<u>68,753,612</u>	<u>81,173,544</u>	<u>11,821,836</u>
<b>Net investment in capital assets</b>	<u>\$ 68,753,612</u>	<u>\$ 81,173,544</u>	<u>\$ 11,821,836</u>

Notes to Financial Statements

15. SUBSEQUENT EVENTS

Subsequent to June 30, 2016, the City entered into various construction contracts approximating \$700,000.

The City issued \$3,480,000 (plus premium of \$149,220) of Limited Tax General Obligation Refunding Bonds, Series 2016 on July 12, 2016 in order to refund certain existing bonds in the water and sewer enterprise funds.

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Bay

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A beautiful view...of life

City of Bay City

## REQUIRED SUPPLEMENTARY INFORMATION

# CITY OF BAY CITY, MICHIGAN

## Required Supplementary Information

### MERS Agent Multiple-Employer Defined Benefit Pension Plan

#### Schedule of Changes in City's Net Pension Liability and Related Ratios

	Fiscal Year Ending June 30,	
	2016	2015
<b>Total pension liability</b>		
Service cost	\$ 323,154	\$ 353,816
Interest	5,563,471	5,554,640
Differences between expected and actual experience	(689,557)	-
Changes in assumptions	3,216,511	-
Benefit payments, including refunds of employee contributions	(5,852,712)	(5,719,505)
Other	-	1
<b>Net change in total pension liability</b>	<u>2,560,867</u>	<u>188,952</u>
Total pension liability, beginning of year	<u>70,200,762</u>	<u>70,011,810</u>
<b>Total pension liability, end of year</b>	<u>72,761,629</u>	<u>70,200,762</u>
<b>Plan fiduciary net position</b>		
Employer contributions	4,832,281	3,944,723
Employee contributions	298,856	218,513
Net investment income	(689,452)	2,802,123
Benefit payments, including refunds of employee contributions	(5,852,712)	(5,719,505)
Administrative expense	(100,164)	(102,890)
<b>Net change in plan fiduciary net position</b>	<u>(1,511,191)</u>	<u>1,142,964</u>
Plan fiduciary net position, beginning of year	<u>46,146,571</u>	<u>45,003,607</u>
<b>Plan fiduciary net position, end of year</b>	<u>44,635,380</u>	<u>46,146,571</u>
<b>City's net pension liability</b>	<u>\$ 28,126,249</u>	<u>\$ 24,054,191</u>
Plan fiduciary net position as a percentage of total pension liability	61%	66%
Covered-employee payroll	<u>\$ 2,615,210</u>	<u>\$ 2,860,664</u>
City's net pension liability as a percentage of covered-employee payroll	1075%	841%

#### Notes:

The amounts presented for each fiscal year were determined as of December 31 of the preceding year.

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

# CITY OF BAY CITY, MICHIGAN

## Required Supplementary Information MERS Agent Multiple-Employer Defined Benefit Pension Plan

### Schedule of the Net Pension Liability

Fiscal Year Ended June 30,	Total Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Position as Percentage of Total Pension Liability	Covered-Employee Payroll	Net Pension Liability as Percentage of Covered Payroll
2015	\$ 70,200,762	\$ 46,146,571	\$ 24,054,191	65.7%	\$ 2,860,664	841%
2016	72,761,629	44,635,380	28,126,249	61.3%	2,615,210	1075%

The amounts presented for each fiscal year were determined as of December 31 of the preceding year.

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

# CITY OF BAY CITY, MICHIGAN

## Required Supplementary Information

### MERS Agent Multiple-Employer Defined Benefit Pension Plan

#### Schedule of Contributions

Fiscal Year Ended June 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as Percentage of Covered-Employee Payroll
2015	\$ 3,209,721	\$ 4,305,622	\$ (1,095,901)	\$ 2,855,351	151%
2016	4,027,365	5,123,265	(1,095,900)	2,805,693	183%

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 December 31, which is 18 months prior to the beginning of the fiscal year in which contributions are reported.

#### Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level percent of payroll, closed
Remaining amortization period	23 years
Asset valuation method	Open; 10-year smooth market
Inflation	2.5%
Salary increases	3.75% in the long-term
Investment rate of return	7.75%, net of investment and administrative expense including inflation
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, 2015 actuarial valuations. The Early Retirement rates were first used for the December 31, 2015 actuarial valuations.
Mortality	Mortality rates used were based on the RP-2014 Group Annuity Mortality Table of a 50% Male and 50% Female blend.

# CITY OF BAY CITY, MICHIGAN

## Required Supplementary Information

City of Bay City Police and Fire Retirement System

### Schedule of Changes in Net Pension Liability and Related Ratios

	Fiscal Year Ending June 30,		
	2016	2015	2014
<b>Total pension liability</b>			
Service cost	\$ 959,969	\$ 1,035,976	\$ 1,170,628
Interest	4,634,815	4,711,503	4,728,988
Changes of benefit terms	-	-	(301,242)
Differences between expected and actual experience	(737,134)	(1,732,221)	(734,651)
Benefit payments, including refunds of member contributions	(4,710,583)	(5,288,925)	(4,770,135)
<b>Net change in total pension liability</b>	<u>147,067</u>	<u>(1,273,667)</u>	<u>93,588</u>
Total pension liability, beginning of year	<u>63,672,843</u>	<u>64,946,510</u>	<u>64,852,922</u>
<b>Total pension liability, end of year</b>	<u>63,819,910</u>	<u>63,672,843</u>	<u>64,946,510</u>
<b>Plan fiduciary net position</b>			
Employer contributions	1,720,011	1,925,400	1,808,810
Employee contributions	469,924	562,736	834,201
Net investment income	288,900	2,840,467	8,500,184
Benefit payments, including refunds of member contributions	(4,710,583)	(5,288,925)	(4,770,135)
Pension plan administrative expenses	(142,325)	(167,467)	(141,341)
Other	15,999	-	11,063
<b>Net change in fiduciary net position</b>	<u>(2,358,074)</u>	<u>(127,789)</u>	<u>6,242,782</u>
Fiduciary net position, beginning of year	<u>54,653,219</u>	<u>54,781,008</u>	<u>48,538,226</u>
<b>Fiduciary net position, end of year</b>	<u>52,295,145</u>	<u>54,653,219</u>	<u>54,781,008</u>
<b>Net pension liability</b>	<u>\$ 11,524,765</u>	<u>\$ 9,019,624</u>	<u>\$ 10,165,502</u>
Fiduciary net position as a percentage of total pension liability	81.94%	85.83%	84.35%
Covered employee payroll	<u>\$ 4,380,402</u>	<u>\$ 4,308,434</u>	<u>\$ 4,523,121</u>
Net pension liability as a percentage of covered employee payroll	263.10%	209.35%	224.75%

Note: GASB 67 was implemented in fiscal year 2014. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

# CITY OF BAY CITY, MICHIGAN

## Required Supplementary Information City of Bay City Police and Fire Retirement System

### Schedule of the Net Pension Liability

Fiscal Year Ended June 30,	Total Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Position as Percentage of Total Pension Liability	Covered-Employee Payroll	Net Pension Liability as Percentage of Covered Payroll
2014	\$ 64,946,510	\$ 54,781,008	\$ 10,165,502	84.3%	\$ 4,523,121	224.7%
2015	63,672,843	54,653,219	9,019,624	85.8%	4,308,434	209.3%
2016	63,819,910	52,295,145	11,524,765	81.9%	4,380,402	263.1%

Note: GASB 67 was implemented in fiscal year 2014. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

# CITY OF BAY CITY, MICHIGAN

## Required Supplementary Information

City of Bay City Police and Fire Retirement System

### Schedule of Contributions

Fiscal Year Ended June 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as Percentage of Covered Payroll
2007	\$ 1,605,480	\$ 2,123,900	\$ (518,420)	\$ 6,145,101	34.56%
2008	1,651,747	1,651,747	-	6,123,644	26.97%
2009	1,618,068	1,618,068	-	5,914,162	27.36%
2010	1,483,085	1,483,085	-	5,669,560	26.16%
2011	1,622,079	1,622,079	-	5,464,690	29.68%
2012	1,725,255	1,725,255	-	5,228,425	33.00%
2013	1,979,219	1,979,219	-	4,828,091	40.99%
2014	1,808,810	1,808,810	-	4,523,121	39.99%
2015	1,925,400	1,925,400	-	4,308,434	44.69%
2016	1,720,011	1,720,011	-	4,380,402	39.27%

#### Notes to Schedule of Contributions

Valuation date June 30, 2016

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	24 years
Asset valuation method	5 years smoothed market
Inflation	4.00%
Salary increases	4.00%-44.00%, including inflation
Investment rate of return	7.50%, net of expenses
Mortality	RP 2000 Combined Healthy Mortality Table

# CITY OF BAY CITY, MICHIGAN

## Required Supplementary Information

City of Bay City Police and Fire Retirement System

### Schedule of Investment Returns

Fiscal Year Ending June 30,	Annual Return *
2014	14.79%
2015	5.93%
2016	-1.09%

\* Annual money-weighted rate of return, net of investment expenses

Note: GASB 67 was implemented in fiscal year 2014. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

**CITY OF BAY CITY, MICHIGAN**

**Required Supplementary Information**  
 Postemployment Healthcare

**Schedule of Funding Progress**

Actuarial Valuation Date (June 30)	(a) Actuarial Value of Assets	(b) Actuarial Liability (AAL) Attained Age	(b-a) Unfunded Actuarial Liability (Asset)	(a/b) Funded Ratio	(c) Covered Payroll	((b-a)/c) UAAL as a % of Covered Payroll
2014	\$ 10,115,419	\$ 94,085,536	\$ 83,970,117	10.8%	\$ 11,796,072	711.8%
2015	12,828,860	88,210,109	75,381,249	14.5%	12,326,895	611.5%
2016	14,322,283	100,253,830	85,931,547	14.3%	10,792,985	796.2%

**Schedule of Employer Contributions**

Fiscal Year Ended (June 30)	Annual Required Contribution	Actual Annual Contribution	Percent Contributed
2014	\$ 7,883,956	\$ 5,588,871	70.89%
2015	7,269,235	5,795,158	79.72%
2016	8,200,581	5,395,139	65.79%



Bay

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Michigan

A beautiful view...of life

City of Bay City

**COMBINING AND INDIVIDUAL FUND FINANCIAL  
STATEMENTS AND SCHEDULES**

# CITY OF BAY CITY, MICHIGAN

## Nonmajor Governmental Funds

### Special Revenue Funds

Special revenue funds are used to account for revenues derived from specific taxes or other "earmarked" revenue sources. The City of Bay City, Michigan utilizes the following special revenue funds:

*Local Streets Fund* - This fund is used to account for local streets maintenance funds received from the State of Michigan.

*Parking Enforcement Fund* - This fund is used to account for activities relative to downtown parking enforcement.

*Solid Waste Management Fund* - This fund is used to account for all activities relative to sanitation, recycling, and the landfill.

*Community Development Block Grant Fund* - This fund is used to account for revenues received from the U.S. Department of Housing and Urban Development (H.U.D.) relative to the CDBG program.

*Building Inspection Fund* - This fund is used to account for all activities relative to building inspections and code enforcement services.

*Neighborhood Opportunity Fund* - This fund is used to account for revenues and expenditures related to acquiring and/or demolishing blighted land and/or structures within specific neighborhoods of the City.

*Drug Law Enforcement Fund* - This fund is used to account for revenues received from Federal and State drug forfeitures restricted for law enforcement purposes.

*City Loans and Collections Fund* - This fund is used to account for the collection of outstanding loans owed to the City.

*Wenonah Park Fund* - This fund is used to account for contributions/donations made by businesses and citizens for the purpose of park cleanup and improvements.

# CITY OF BAY CITY, MICHIGAN

## Nonmajor Governmental Funds

### Debt Service Fund

The debt service fund was created to account for the payments of principal and interest on long-term, general obligation debt other than that payable from special assessments and debt issued for and serviced by a governmental enterprise. In the City of Bay City, Michigan, this fund provides for the debt service on the 1991 Street Improvement Bonds. All other long-term debt is serviced directly from the fund responsible for the debt, since a debt service fund is not required and financial resources are not being accumulated for principal and interest payments maturing in future years.

### Capital Projects Funds

Capital projects funds are created to account for the financial resources to be used for the acquisition or construction of major capital facilities by a governmental unit, except those financed by special assessment and proprietary funds. The City of Bay City, Michigan utilizes the following capital projects funds:

*Riverfront Redevelopment Fund* - This fund is used to account for revenues from EPA grants, other federal, state, and local sources, and City funds for the redevelopment of the City's Downtown Riverfront.

*Economic Opportunities Fund* - This fund is used to account for various economic development projects throughout the City and to provide assistance to other funds relative to economic development.

*Public Improvement Fund* - This fund is used to account for monies set aside for public improvement projects.

*Playscape Fund* - This fund will be utilized to account for the revenues and expenditures for the purchase and construction of the City's play scape.

**CITY OF BAY CITY, MICHIGAN**

**Combining Balance Sheet**  
 Nonmajor Governmental Funds  
 June 30, 2016

	Special Revenue Funds				
	Local Streets	Parking Enforcement	Solid Waste Management	Community Development Block Grant	Building Inspection
<b>Assets</b>					
Cash and investments	\$ 585,193	\$ 6,557	\$ -	\$ -	\$ 19,834
Receivables:					
Accounts	2,201	-	430,939	100	265,866
Delinquent taxes	-	-	-	-	-
Special assessments	-	-	37,129	-	7,884
Interest receivable	404	8	-	-	35
Notes and accrued interest	-	-	-	-	-
Allowance for uncollectible amounts	-	-	-	-	-
Due from other governmental units	259,457	-	-	60,430	-
Due from other funds	-	-	-	8,174	-
<b>Total assets</b>	<u>\$ 847,255</u>	<u>\$ 6,565</u>	<u>\$ 468,068</u>	<u>\$ 68,704</u>	<u>\$ 293,619</u>
<b>Liabilities</b>					
Accounts payable	\$ 285,423	\$ 6,565	\$ 43,447	\$ 25,694	\$ 31,029
Accrued liabilities	6,481	-	11,217	1,572	7,008
Due to other funds	2,383	-	298,001	41,438	2,381
Deposits	-	-	-	-	27,982
Unearned revenue	-	-	-	-	-
<b>Total liabilities</b>	<u>294,287</u>	<u>6,565</u>	<u>352,665</u>	<u>68,704</u>	<u>68,400</u>
<b>Deferred inflows of resources</b>					
Unavailable revenue - property taxes	-	-	-	-	-
Unavailable revenue - special assessments	-	-	31,321	-	7,669
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>-</u>	<u>31,321</u>	<u>-</u>	<u>7,669</u>
<b>Fund balances</b>					
Restricted	<u>552,968</u>	<u>-</u>	<u>84,082</u>	<u>-</u>	<u>217,550</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u>\$ 847,255</u>	<u>\$ 6,565</u>	<u>\$ 468,068</u>	<u>\$ 68,704</u>	<u>\$ 293,619</u>

Special Revenue Funds					Debt Service Fund
Neighborhood Opportunity	Drug Law Enforcement	City Loans and Collections	Wenonah Park	Total	Bond Sinking Fund
\$ 32,011	\$ 153,477	\$ -	\$ 1,004	\$ 798,076	\$ 203,270
-	-	-	-	699,106	-
-	-	-	-	-	10,719
-	-	-	-	45,013	-
38	156	-	1	642	1,502
-	-	4,453,041	-	4,453,041	-
-	-	(4,453,041)	-	(4,453,041)	-
-	-	-	-	319,887	-
-	-	-	-	8,174	-
<u>\$ 32,049</u>	<u>\$ 153,633</u>	<u>\$ -</u>	<u>\$ 1,005</u>	<u>\$ 1,870,898</u>	<u>\$ 215,491</u>
\$ 10,547	\$ -	\$ -	\$ -	\$ 402,705	\$ -
-	-	-	-	26,278	-
-	-	-	-	344,203	-
-	-	-	-	27,982	-
-	-	-	-	-	-
<u>10,547</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>801,168</u>	<u>-</u>
-	-	-	-	-	10,719
-	-	-	-	38,990	-
-	-	-	-	38,990	10,719
<u>21,502</u>	<u>153,633</u>	<u>-</u>	<u>1,005</u>	<u>1,030,740</u>	<u>204,772</u>
<u>\$ 32,049</u>	<u>\$ 153,633</u>	<u>\$ -</u>	<u>\$ 1,005</u>	<u>\$ 1,870,898</u>	<u>\$ 215,491</u>

Continued...



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City of Bay City

CITY OF BAY CITY, MICHIGAN

**Combining Balance Sheet**  
 Nonmajor Governmental Funds  
 June 30, 2016

	Capital Projects Funds					Total
	Riverfront Redevelopment	Economic Opportunities	Public Improvement	Playscape	Total	
<b>Assets</b>						
Cash and investments	\$ 133,733	\$ 99,695	\$ 5,009	\$ 29,000	\$ 267,437	\$ 1,268,783
Receivables						
Accounts	-	-	-	-	-	699,106
Delinquent taxes	-	-	-	-	-	10,719
Special assessments	-	-	-	-	-	45,013
Interest receivable	200	97	4	-	301	2,445
Notes and accrued interest	-	-	-	-	-	4,453,041
Allowance for uncollectible amounts	-	-	-	-	-	(4,453,041)
Due from other governmental units	6,789	-	-	-	6,789	326,676
Due from other funds	-	-	-	-	-	8,174
<b>Total assets</b>	<u>\$ 140,722</u>	<u>\$ 99,792</u>	<u>\$ 5,013</u>	<u>\$ 29,000</u>	<u>\$ 274,527</u>	<u>\$ 2,360,916</u>
<b>Liabilities</b>						
Accounts payable	\$ -	\$ 261	\$ -	\$ -	\$ 261	\$ 402,966
Accrued liabilities	-	-	-	-	-	26,278
Due to other funds	-	-	-	-	-	344,203
Deposits	-	-	-	-	-	27,982
Unearned revenue	6,530	-	-	-	6,530	6,530
<b>Total liabilities</b>	<u>6,530</u>	<u>261</u>	<u>-</u>	<u>-</u>	<u>6,791</u>	<u>807,959</u>
<b>Deferred inflows of resources</b>						
Unavailable revenue - property taxes	-	-	-	-	-	10,719
Unavailable revenue - special assessments	-	-	-	-	-	38,990
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>49,709</u>
<b>Fund balances</b>						
Restricted	<u>134,192</u>	<u>99,531</u>	<u>5,013</u>	<u>29,000</u>	<u>267,736</u>	<u>1,503,248</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u>\$ 140,722</u>	<u>\$ 99,792</u>	<u>\$ 5,013</u>	<u>\$ 29,000</u>	<u>\$ 274,527</u>	<u>\$ 2,360,916</u>

Concluded

CITY OF BAY CITY, MICHIGAN

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**

Nonmajor Governmental Funds  
For the Year Ended June 30, 2016

	Special Revenue Funds				
	Local Streets	Parking Enforcement	Solid Waste Management	Community Development Block Grant	Building Inspection
<b>Revenues</b>					
Taxes	\$ 598,288	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	518,083
Intergovernmental:					
Federal	-	-	-	975,382	-
Other:					
State	851,954	-	-	-	-
Local	-	32,290	-	-	-
Charges for services - sales	-	-	2,021,266	-	-
Fines and forfeitures	-	31,390	-	-	-
Interest earnings	1,329	25	-	-	113
Miscellaneous:					
Reimbursements	-	-	-	-	1,841
Other	650	-	21,524	-	60,473
<b>Total revenues</b>	<b>1,452,221</b>	<b>63,705</b>	<b>2,042,790</b>	<b>975,382</b>	<b>580,510</b>
<b>Expenditures</b>					
Current:					
Public safety	-	55,472	-	-	706,444
Public works:					
Highways, streets and bridges	1,424,764	-	-	-	-
Environmental	-	-	2,041,355	-	-
Economic development	-	-	-	282,830	-
Capital outlay	100,468	8,233	-	19,943	-
Debt service:					
Principal	-	-	-	175,000	-
Interest and fiscal charges	-	-	-	79,956	-
<b>Total expenditures</b>	<b>1,525,232</b>	<b>63,705</b>	<b>2,041,355</b>	<b>557,729</b>	<b>706,444</b>
Revenues over (under) expenditures	(73,011)	-	1,435	417,653	(125,934)
<b>Other financing sources (uses)</b>					
Transfers in	-	-	-	99,759	-
Transfers out	(79,000)	-	(130,000)	(517,412)	-
<b>Total other financing sources (uses)</b>	<b>(79,000)</b>	<b>-</b>	<b>(130,000)</b>	<b>(417,653)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(152,011)</b>	<b>-</b>	<b>(128,565)</b>	<b>-</b>	<b>(125,934)</b>
Fund balances, beginning of year	704,979	-	212,647	-	343,484
<b>Fund balances, end of year</b>	<b>\$ 552,968</b>	<b>\$ -</b>	<b>\$ 84,082</b>	<b>\$ -</b>	<b>\$ 217,550</b>

Special Revenue Funds					Debt Service Fund
Neighborhood Opportunity	Drug Law Enforcement	City Loans and Collections	Wenonah Park	Total	Bond Sinking Fund
\$ -	\$ -	\$ -	\$ -	\$ 598,288	\$ 2,452,781
-	-	-	-	518,083	-
-	-	-	-	975,382	-
-	11,502	-	-	863,456	-
-	-	-	-	32,290	-
-	-	-	-	2,021,266	-
-	-	-	-	31,390	-
122	513	-	5	2,107	4,945
-	-	-	-	1,841	-
10,620	8,002	-	-	101,269	-
10,742	20,017	-	5	5,145,372	2,457,726
-	6,880	-	-	768,796	-
-	-	-	-	1,424,764	-
-	-	-	-	2,041,355	-
16,639	-	-	-	299,469	-
152,489	56,885	-	-	338,018	-
-	-	-	-	175,000	2,420,000
-	-	-	-	79,956	52,273
169,128	63,765	-	-	5,127,358	2,472,273
(158,386)	(43,748)	-	5	18,014	(14,547)
89,762	-	-	-	189,521	112,093
-	-	-	-	(726,412)	-
89,762	-	-	-	(536,891)	112,093
(68,624)	(43,748)	-	5	(518,877)	97,546
90,126	197,381	-	1,000	1,549,617	107,226
\$ 21,502	\$ 153,633	\$ -	\$ 1,005	\$ 1,030,740	\$ 204,772

Continued...

CITY OF BAY CITY, MICHIGAN

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**

Nonmajor Governmental Funds  
For the Year Ended June 30, 2016

	Capital Projects Funds					Total
	Riverfront Redevelopment	Economic Opportunities	Public Improvement	Playscape	Total	
<b>Revenues</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,051,069
Licenses and permits	-	-	-	-	-	518,083
Intergovernmental:						
Federal	13,079	-	-	-	13,079	988,461
Other:						
State	-	-	-	-	-	863,456
Local	-	-	-	-	-	32,290
Charges for services - sales	-	3,800	-	-	3,800	2,025,066
Fines and forfeitures	-	-	-	-	-	31,390
Interest earnings	658	319	13	-	990	8,042
Miscellaneous:						
Reimbursements	-	-	-	-	-	1,841
Other	384	2,775	5,000	29,000	37,159	138,428
<b>Total revenues</b>	<b>14,121</b>	<b>6,894</b>	<b>5,013</b>	<b>29,000</b>	<b>55,028</b>	<b>7,658,126</b>
<b>Expenditures</b>						
Current:						
Public safety	-	-	-	-	-	768,796
Public works:						
Highways, streets and bridges	-	-	-	-	-	1,424,764
Environmental	-	-	-	-	-	2,041,355
Economic development	81,219	10,144	-	-	91,363	390,832
Capital outlay	1,418	-	-	-	1,418	339,436
Debt service:						
Principal	-	-	-	-	-	2,595,000
Interest and fiscal charges	-	-	-	-	-	132,229
<b>Total expenditures</b>	<b>82,637</b>	<b>10,144</b>	<b>-</b>	<b>-</b>	<b>92,781</b>	<b>7,692,412</b>
Revenues over (under) expenditures	(68,516)	(3,250)	5,013	29,000	(37,753)	(34,286)
<b>Other financing sources (uses)</b>						
Transfers in	-	-	-	-	-	301,614
Transfers out	-	-	-	-	-	(726,412)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(424,798)</b>
<b>Net change in fund balances</b>	<b>(68,516)</b>	<b>(3,250)</b>	<b>5,013</b>	<b>29,000</b>	<b>(37,753)</b>	<b>(459,084)</b>
Fund balances, beginning of year	202,708	102,781	-	-	305,489	1,962,332
<b>Fund balances, end of year</b>	<b>\$ 134,192</b>	<b>\$ 99,531</b>	<b>\$ 5,013</b>	<b>\$ 29,000</b>	<b>\$ 267,736</b>	<b>\$ 1,503,248</b>

Concluded

# CITY OF BAY CITY, MICHIGAN

## Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual

Local Streets Fund

For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Positive (Negative) Variance with Final Budget
<b>Revenues</b>				
Property taxes	\$ 661,107	\$ 661,107	\$ 598,288	\$ (62,819)
Intergovernmental:				
Other:				
State	795,351	795,351	851,954	56,603
Interest earnings	750	750	1,329	579
Miscellaneous:				
Other	75	75	650	575
<b>Total revenues</b>	<u>1,457,283</u>	<u>1,457,283</u>	<u>1,452,221</u>	<u>(5,062)</u>
<b>Expenditures</b>				
Current:				
Public works:				
Highways, streets, and bridges	1,413,283	1,413,283	1,424,764	(11,481)
Capital outlay	100,000	100,000	100,468	(468)
<b>Total expenditures</b>	<u>1,513,283</u>	<u>1,513,283</u>	<u>1,525,232</u>	<u>(11,949)</u>
Revenues over (under) expenditures	<u>(56,000)</u>	<u>(56,000)</u>	<u>(73,011)</u>	<u>(17,011)</u>
<b>Other financing sources (uses)</b>				
Transfers in	135,000	135,000	-	(135,000)
Transfers out	<u>(79,000)</u>	<u>(79,000)</u>	<u>(79,000)</u>	<u>-</u>
<b>Total other financing sources (uses)</b>	<u>56,000</u>	<u>56,000</u>	<u>(79,000)</u>	<u>(135,000)</u>
<b>Net change in fund balance</b>	-	-	(152,011)	(152,011)
Fund balance, beginning of year	<u>704,979</u>	<u>704,979</u>	<u>704,979</u>	-
<b>Fund balance, end of year</b>	<u>\$ 704,979</u>	<u>\$ 704,979</u>	<u>\$ 552,968</u>	<u>\$ (152,011)</u>

# CITY OF BAY CITY, MICHIGAN

## Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual  
 Parking Enforcement Fund  
 For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Positive (Negative) Variance with Final Budget
<b>Revenues</b>				
Intergovernmental:				
Other:				
Local	\$ 24,024	\$ 34,618	\$ 32,290	\$ (2,328)
Fines and forfeitures	26,000	26,000	31,390	5,390
Interest earnings	40	40	25	(15)
<b>Total revenues</b>	<u>50,064</u>	<u>60,658</u>	<u>63,705</u>	<u>3,047</u>
<b>Expenditures</b>				
Current:				
Public safety	45,064	52,425	55,472	(3,047)
Capital outlay	5,000	8,233	8,233	-
<b>Total expenditures</b>	<u>50,064</u>	<u>60,658</u>	<u>63,705</u>	<u>(3,047)</u>
<b>Net change in fund balance</b>	-	-	-	-
Fund balance, beginning of year	-	-	-	-
<b>Fund balance, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

# CITY OF BAY CITY, MICHIGAN

## Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual

Solid Waste Management Fund

For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Positive (Negative) Variance with Final Budget
<b>Revenues</b>				
Charges for services:				
Sales	\$ 2,149,220	\$ 2,149,220	\$ 2,021,266	\$ (127,954)
Interest earnings	1,200	1,200	-	(1,200)
Miscellaneous:				
Other	14,098	14,098	21,524	7,426
<b>Total revenues</b>	<b>2,164,518</b>	<b>2,164,518</b>	<b>2,042,790</b>	<b>(121,728)</b>
<b>Expenditures</b>				
Current:				
Environmental	2,150,894	2,150,894	2,041,355	109,539
<b>Revenues over (under) expenditures</b>	<b>13,624</b>	<b>13,624</b>	<b>1,435</b>	<b>(12,189)</b>
<b>Other financing uses</b>				
Transfers out	(130,000)	(130,000)	(130,000)	-
<b>Net change in fund balance</b>	<b>(116,376)</b>	<b>(116,376)</b>	<b>(128,565)</b>	<b>(12,189)</b>
Fund balance, beginning of year	212,647	212,647	212,647	-
<b>Fund balance, end of year</b>	<b>\$ 96,271</b>	<b>\$ 96,271</b>	<b>\$ 84,082</b>	<b>\$ (12,189)</b>

# CITY OF BAY CITY, MICHIGAN

## Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual  
 Community Development Block Grant Fund  
 For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Positive (Negative) Variance with Final Budget
<b>Revenues</b>				
Intergovernmental:				
Federal	\$ 1,528,943	\$ 1,530,843	\$ 975,382	\$ (555,461)
<b>Expenditures</b>				
Current:				
Economic development	405,723	354,123	282,830	71,293
Capital outlay	350,000	350,000	19,943	330,057
Debt service:				
Principal	175,000	175,000	175,000	-
Interest	79,956	79,956	79,956	-
<b>Total expenditures</b>	<b>1,010,679</b>	<b>959,079</b>	<b>557,729</b>	<b>401,350</b>
Revenues over (under) expenditures	518,264	571,764	417,653	(956,811)
<b>Other financing sources (uses)</b>				
Transfers in	30,000	149,500	99,759	(49,741)
Transfers out	(548,264)	(721,264)	(517,412)	203,852
<b>Total other financing sources (uses)</b>	<b>(518,264)</b>	<b>(571,764)</b>	<b>(417,653)</b>	<b>154,111</b>
<b>Net change in fund balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund balance, beginning of year	-	-	-	-
<b>Fund balance, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

# CITY OF BAY CITY, MICHIGAN

**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
 Budget and Actual  
 Building Inspection Fund  
 For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Positive (Negative) Variance with Final Budget
<b>Revenues</b>				
Licenses and permits	\$ 823,825	\$ 667,761	\$ 518,083	\$ (149,678)
Interest earnings	400	400	113	(287)
Miscellaneous:				
Reimbursements	15,000	15,000	1,841	(13,159)
Other	85,100	57,550	60,473	2,923
<b>Total revenues</b>	<u>924,325</u>	<u>740,711</u>	<u>580,510</u>	<u>(160,201)</u>
<b>Expenditures</b>				
Current:				
Public safety	<u>924,325</u>	<u>740,711</u>	<u>706,444</u>	<u>34,267</u>
<b>Net change in fund balance</b>	-	-	(125,934)	(125,934)
Fund balance, beginning of year	<u>343,484</u>	<u>343,484</u>	<u>343,484</u>	-
<b>Fund balance, end of year</b>	<u>\$ 343,484</u>	<u>\$ 343,484</u>	<u>\$ 217,550</u>	<u>\$ (125,934)</u>

# CITY OF BAY CITY, MICHIGAN

## Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual

Neighborhood Opportunity Fund

For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Positive (Negative) Variance with Final Budget
<b>Revenues</b>				
Interest earnings	\$ 250	\$ 250	\$ 122	\$ (128)
Miscellaneous:				
Other	-	2,500	10,620	8,120
<b>Total revenues</b>	<u>250</u>	<u>2,750</u>	<u>10,742</u>	<u>7,992</u>
<b>Expenditures</b>				
Current:				
Economic development	250	24,407	16,639	7,768
Capital outlay	36,360	148,274	152,489	(4,215)
<b>Total expenditures</b>	<u>36,610</u>	<u>172,681</u>	<u>169,128</u>	<u>3,553</u>
Revenues over (under) expenditures	(36,360)	(169,931)	(158,386)	11,545
<b>Other financing sources (uses)</b>				
Transfers in	-	98,818	89,762	(9,056)
<b>Net change in fund balance</b>	(36,360)	(71,113)	(68,624)	2,489
Fund balance, beginning of year	90,126	90,126	90,126	-
<b>Fund balance, end of year</b>	<u>\$ 53,766</u>	<u>\$ 19,013</u>	<u>\$ 21,502</u>	<u>\$ 2,489</u>

# CITY OF BAY CITY, MICHIGAN

## Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual

Drug Law Enforcement Fund

For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Positive (Negative) Variance with Final Budget
<b>Revenues</b>				
Intergovernmental:				
Federal	\$ 5,000	\$ 5,000	\$ -	\$ (5,000)
Other:				
State	40,000	40,000	11,502	(28,498)
Interest earnings	-	-	513	513
Miscellaneous	-	-	8,002	8,002
<b>Total revenues</b>	<u>45,000</u>	<u>45,000</u>	<u>20,017</u>	<u>(24,983)</u>
<b>Expenditures</b>				
Current:				
Public safety	40,000	40,000	6,880	33,120
Capital outlay	105,000	150,671	56,885	93,786
<b>Total expenditures</b>	<u>145,000</u>	<u>190,671</u>	<u>63,765</u>	<u>126,906</u>
<b>Net change in fund balance</b>	(100,000)	(145,671)	(43,748)	101,923
Fund balance, beginning of year	<u>197,381</u>	<u>197,381</u>	<u>197,381</u>	-
<b>Fund balance, end of year</b>	<u>\$ 97,381</u>	<u>\$ 51,710</u>	<u>\$ 153,633</u>	<u>\$ 101,923</u>

# CITY OF BAY CITY, MICHIGAN

## Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual  
 City Loans and Collections Fund  
 For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Positive (Negative) Variance with Final Budget
<b>Other financing uses</b>				
Transfers out	\$ -	\$ -	\$ -	\$ -
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

# CITY OF BAY CITY, MICHIGAN

## Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual

Wenonah Park Fund

For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Positive (Negative) Variance with Final Budget
<b>Revenues</b>				
Interest earnings (equal to net change in fund balance)	\$ -	\$ -	\$ 5	\$ 5
Fund balance, beginning of year	1,000	1,000	1,000	-
Fund balance, end of year	<u>\$ 1,000</u>	<u>\$ 1,000</u>	<u>\$ 1,005</u>	<u>\$ 5</u>



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## CITY OF BAY CITY, MICHIGAN

### Nonmajor Enterprise Funds

Enterprise Funds are established to account for the financing of self-supporting municipal activities which render services on a user charge basis to the general public. The significant characteristic of an enterprise fund is that the accounting system allows for the determination of whether the activity is operated at a profit or loss. All accounts of enterprise funds are self contained, providing a means for creditors, legislators, and the general public to evaluate the performance of the municipal enterprise on a comparable basis with investor-owned enterprises in the same industry. The City of Bay City, Michigan has the following nonmajor enterprise funds:

*Oak Ridge Cemetery Fund* - This fund is used to account for the operation and maintenance of a sixty acre cemetery within the City.

*James Clements Airport Fund* - This fund is used to account for the operation and maintenance of the City's municipal airport facilities.

*Liberty Harbor Marina Fund* - This fund is used to account for the operation and maintenance of the City's municipal marina facilities.

# CITY OF BAY CITY, MICHIGAN

## Combining Statement of Net Position

Nonmajor Enterprise Funds

June 30, 2016

	Oak Ridge Cemetery	James Clements Airport	Liberty Harbor Marina	Total
<b>Assets</b>				
Current assets				
Cash and investments	\$ 115,610	\$ 14,207	\$ 43,249	\$ 173,066
Receivables, net:				
Accounts	7,723	54,541	914	63,178
Accrued interest	140	8	19	167
Due from other governmental units	-	430	-	430
Inventories	-	37,555	-	37,555
Prepaid items	-	2,468	117	2,585
Total current assets	<u>123,473</u>	<u>109,209</u>	<u>44,299</u>	<u>276,981</u>
Noncurrent assets:				
Capital assets not being depreciated	144,898	324,762	-	469,660
Capital assets being depreciated, net	37,272	1,968,197	1,573,810	3,579,279
Total noncurrent assets	<u>182,170</u>	<u>2,292,959</u>	<u>1,573,810</u>	<u>4,048,939</u>
<b>Total assets</b>	<u>305,643</u>	<u>2,402,168</u>	<u>1,618,109</u>	<u>4,325,920</u>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	118	4,300	4,630	9,048
Accrued liabilities	-	-	1,604	1,604
Due to other funds	-	-	89	89
Deposits	-	500	-	500
Current portion of long-term debt	-	-	1,589	1,589
Total current liabilities	<u>118</u>	<u>4,800</u>	<u>7,912</u>	<u>12,830</u>
Long-term liabilities:				
Long-term debt, net of current portion	-	-	217	217
<b>Total liabilities</b>	<u>118</u>	<u>4,800</u>	<u>8,129</u>	<u>13,047</u>
<b>Net position</b>				
Investment in capital assets	182,170	2,292,959	1,573,810	4,048,939
Unrestricted	123,355	104,409	36,170	263,934
<b>Total net position</b>	<u>\$ 305,525</u>	<u>\$ 2,397,368</u>	<u>\$ 1,609,980</u>	<u>\$ 4,312,873</u>

# CITY OF BAY CITY, MICHIGAN

## Combining Statement of Revenues, Expenses and Changes in Fund Net Position

Nonmajor Enterprise Funds

For the Year Ended June 30, 2016

	Oak Ridge Cemetery	James Clements Airport	Liberty Harbor Marina	Total
<b>Operating revenues</b>				
Charges for services:				
Sales	\$ 55,966	\$ 78,279	\$ 3,227	\$ 137,472
Rents	-	60,830	138,914	199,744
Miscellaneous	-	1,423	1,080	2,503
<b>Total operating revenues</b>	<u>55,966</u>	<u>140,532</u>	<u>143,221</u>	<u>339,719</u>
<b>Operating expenses</b>				
Cost of sales and services	129,590	299,428	166,059	595,077
Depreciation	1,902	110,090	60,603	172,595
<b>Total operating expenses</b>	<u>131,492</u>	<u>409,518</u>	<u>226,662</u>	<u>767,672</u>
Operating loss	<u>(75,526)</u>	<u>(268,986)</u>	<u>(83,441)</u>	<u>(427,953)</u>
<b>Nonoperating revenues</b>				
Intergovernmental:				
Federal	-	184,759	-	184,759
State	-	10,324	-	10,324
Interest earnings	514	24	63	601
<b>Total nonoperating revenues</b>	<u>514</u>	<u>195,107</u>	<u>63</u>	<u>195,684</u>
Income (loss) before transfers	(75,012)	(73,879)	(83,378)	(232,269)
<b>Other financing sources (uses)</b>				
Transfers in	81,541	63,052	-	144,593
<b>Change in net position</b>	<u>6,529</u>	<u>(10,827)</u>	<u>(83,378)</u>	<u>(87,676)</u>
Net position, beginning of year	<u>298,996</u>	<u>2,408,195</u>	<u>1,693,358</u>	<u>4,400,549</u>
<b>Net position, end of year</b>	<u>\$ 305,525</u>	<u>\$ 2,397,368</u>	<u>\$ 1,609,980</u>	<u>\$ 4,312,873</u>

# CITY OF BAY CITY, MICHIGAN

## Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Year Ended June 30, 2016

	Oak Ridge Cemetery	James Clements Airport	Liberty Harbor Marina	Total
<b>Cash flows from operating activities</b>				
Cash received from customers and users	\$ 54,112	\$ 131,747	\$ 143,941	\$ 329,800
Cash payments to suppliers for goods and services	(141,925)	(295,441)	(143,023)	(580,389)
Cash payments to employees for services	-	-	(28,898)	(28,898)
<b>Net cash used in operating activities</b>	<b>(87,813)</b>	<b>(163,694)</b>	<b>(27,980)</b>	<b>(279,487)</b>
<b>Cash flows from noncapital financing activities</b>				
Intergovernmental:				
Federal grants	-	184,759	-	184,759
State grants	-	10,324	-	10,324
Transfers in	81,541	63,052	-	144,593
<b>Net cash provided by noncapital financing activities</b>	<b>81,541</b>	<b>258,135</b>	<b>-</b>	<b>339,676</b>
<b>Cash flows from capital and related financing activities</b>				
Purchase of capital assets	-	(80,344)	-	(80,344)
<b>Cash flows from investing activities</b>				
Interest received	374	16	44	434
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(5,898)</b>	<b>14,113</b>	<b>(27,936)</b>	<b>(19,721)</b>
Cash and cash equivalents, beginning of year	121,508	94	71,185	192,787
<b>Cash and cash equivalents, end of year</b>	<b>\$ 115,610</b>	<b>\$ 14,207</b>	<b>\$ 43,249</b>	<b>\$ 173,066</b>

Continued...

# CITY OF BAY CITY, MICHIGAN

## Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Year Ended June 30, 2016

	Oak Ridge Cemetery	James Clements Airport	Liberty Harbor Marina	Total
<b>Reconciliation of operating loss to net cash used in operating activities</b>				
Operating loss	\$ (75,526)	\$ (268,986)	\$ (83,441)	\$ (427,953)
Adjustments to reconcile operating loss to net cash used by operating activities:				
Depreciation	1,902	110,090	60,603	172,595
Change in operating assets and liabilities that provided (used) cash:				
Accounts receivable	(1,854)	(12,798)	720	(13,932)
Due from other governmental units	-	4,013	-	4,013
Inventories	-	6,367	-	6,367
Prepaid items	-	(2,468)	(117)	(2,585)
Accounts payable	(12,335)	669	(7,899)	(19,565)
Accrued liabilities	-	-	1,279	1,279
Due to other funds	-	(1,081)	19	(1,062)
Deposits	-	500	-	500
Compensated absences	-	-	856	856
<b>Net cash used in operating activities</b>	<u>\$ (87,813)</u>	<u>\$ (163,694)</u>	<u>\$ (27,980)</u>	<u>\$ (279,487)</u>

Concluded



Bay

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Michigan

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City of Bay City

# CITY OF BAY CITY, MICHIGAN

## Internal Service Funds

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other governments, on a cost reimbursement basis. The City of Bay City, Michigan has the following internal service funds:

*Motor Equipment Revolving Fund* - This fund is used to account for all activities relative to the maintenance and replacement of all City vehicles and large equipment.

*Information Systems Fund* - This fund accounts for all activities necessary to provide technology services to all City departments.

*Property/Liability Self-Insurance Fund* - The function of this fund is to provide liability and property insurance to all City departments.

*Site Remediation Fund* - This fund accounts for the expenses relative to the cleanup and remediation of the Middlegrounds Landfill.

*Benefits Program Fund* - This fund accounts for the healthcare, life insurance, workers compensation, unemployment, and retirement benefits provided to all City employees and retirees.

CITY OF BAY CITY, MICHIGAN

Combining Statement of Net Position

Internal Service Funds

June 30, 2016

	Motor Equipment Revolving	Information Systems	Property/ Liability Self- Insurance	Site Remediation
<b>Assets</b>				
Current assets:				
Cash and investments	\$ 2,736,732	\$ 131,378	\$ 1,300,685	\$ 112,366
Receivables, net:				
Accounts	2,806	-	2,790	179
Accrued interest	3,224	120	992	65
Due from other funds	-	-	-	-
Inventories	96,938	51,210	-	-
Prepaid items	-	2,060	-	-
Deposits	-	-	555,986	-
Total current assets	<u>2,839,700</u>	<u>184,768</u>	<u>1,860,453</u>	<u>112,610</u>
Noncurrent assets:				
Capital assets being depreciated, net	<u>6,228,548</u>	<u>490,794</u>	<u>-</u>	<u>-</u>
Total assets	<u>9,068,248</u>	<u>675,562</u>	<u>1,860,453</u>	<u>112,610</u>
Deferred outflows of resources				
Deferred pension amounts	<u>265,485</u>	<u>298,671</u>	<u>-</u>	<u>-</u>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	162,254	5,115	13,526	27,733
Accrued liabilities	9,562	8,818	-	-
Due to other funds	4,034	3,288	-	-
Due to other governmental units	-	-	-	-
Claims payable	-	-	345,700	-
Current portion of long-term debt	41,196	45,992	-	-
Total current liabilities	<u>217,046</u>	<u>63,213</u>	<u>359,226</u>	<u>27,733</u>
Long-term liabilities:				
Long-term debt, net of current portion	32,528	44,901	-	-
Net other postemployment benefits obligation	430,145	150,240	-	-
Net pension liability	1,125,050	1,265,681	-	-
Total long-term liabilities	<u>1,587,723</u>	<u>1,460,822</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>1,804,769</u>	<u>1,524,035</u>	<u>359,226</u>	<u>27,733</u>
<b>Net position</b>				
Investment in capital assets	6,228,548	490,794	-	-
Unrestricted (deficit)	1,300,416	(1,040,596)	1,501,227	84,877
Total net position	<u>\$ 7,528,964</u>	<u>\$ (549,802)</u>	<u>\$ 1,501,227</u>	<u>\$ 84,877</u>



Benefits Program	Total
\$ 4,334,165	\$ 8,615,326
184	5,959
4,125	8,526
128,850	128,850
-	148,148
412,964	415,024
247,386	803,372
<u>5,127,674</u>	<u>10,125,205</u>
-	<u>6,719,342</u>
<u>5,127,674</u>	<u>16,844,547</u>
-	<u>564,156</u>
471,908	680,536
1,761	20,141
241	7,563
22,796	22,796
401,996	747,696
3,773	90,961
<u>902,475</u>	<u>1,569,693</u>
58	77,487
-	580,385
-	2,390,731
<u>58</u>	<u>3,048,603</u>
<u>902,533</u>	<u>4,618,296</u>
-	6,719,342
<u>4,225,141</u>	<u>6,071,065</u>
<u>\$ 4,225,141</u>	<u>\$ 12,790,407</u>

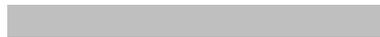
# CITY OF BAY CITY, MICHIGAN

## Combining Statement of Revenues, Expenses and Changes in Fund Net Position

Internal Service Funds

For the Year Ended June 30, 2016

	Motor Equipment Revolving	Information Systems	Property/ Liability Self- Insurance	Site Remediation
<b>Operating revenues</b>				
Charges for services - sales	\$ 3,385,774	\$ 1,185,487	\$ 903,262	\$ -
Miscellaneous:				
Employee contributions	-	-	-	-
Other	2,992	228	3,792	358
<b>Total operating revenues</b>	<b>3,388,766</b>	<b>1,185,715</b>	<b>907,054</b>	<b>358</b>
<b>Operating expenses</b>				
Cost of sales and service	2,452,386	1,917,766	-	112,613
Administration	-	-	11,805	-
Claims and benefits	-	-	421,417	-
Depreciation	646,987	105,022	-	-
<b>Total operating expenses</b>	<b>3,099,373</b>	<b>2,022,788</b>	<b>433,222</b>	<b>112,613</b>
Operating income (loss)	289,393	(837,073)	473,832	(112,255)
<b>Nonoperating revenues (expenses)</b>				
Interest earnings	10,611	395	3,262	216
Net loss on disposal of capital assets	(3,442)	-	-	-
<b>Total nonoperating revenues (expenses)</b>	<b>7,169</b>	<b>395</b>	<b>3,262</b>	<b>216</b>
Income (loss) before transfers	296,562	(836,678)	477,094	(112,039)
Transfers in	-	532,072	-	130,000
Transfers out	-	-	-	-
<b>Change in net position</b>	<b>296,562</b>	<b>(304,606)</b>	<b>477,094</b>	<b>17,961</b>
Net position (deficit), beginning of year	7,232,402	(245,196)	1,024,133	66,916
<b>Net position (deficit), end of year</b>	<b>\$ 7,528,964</b>	<b>\$ (549,802)</b>	<b>\$ 1,501,227</b>	<b>\$ 84,877</b>



<b>Benefits Program</b>	<b>Total</b>
\$ 9,762,116	\$ 15,236,639
9,000	9,000
<u>211,095</u>	<u>218,465</u>
9,982,211	15,464,104
-	4,482,765
791,438	803,243
9,377,511	9,798,928
<u>-</u>	<u>752,009</u>
10,168,949	15,836,945
<u>(186,738)</u>	<u>(372,841)</u>
13,574	28,058
<u>-</u>	<u>(3,442)</u>
13,574	24,616
(173,164)	(348,225)
-	662,072
<u>(29,879)</u>	<u>(29,879)</u>
(203,043)	283,968
<u>4,428,184</u>	<u>12,506,439</u>
<u>\$ 4,225,141</u>	<u>\$ 12,790,407</u>

# CITY OF BAY CITY, MICHIGAN

## Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended June 30, 2016

	Motor Equipment Revolving	Information Systems	Property/ Liability Self- Insurance	Site Remediation
<b>Cash flows from operating activities</b>				
Cash received from interal users	\$ 3,390,923	\$ 1,185,715	\$ 786,075	\$ 358
Cash payments to suppliers for goods and services	(1,442,781)	(757,248)	(513,325)	(87,590)
Cash payments to employees for services	(758,395)	(673,722)	-	-
<b>Net cash provided by (used in) operating activities</b>	<b>1,189,747</b>	<b>(245,255)</b>	<b>272,750</b>	<b>(87,232)</b>
<b>Cash flows from noncapital financing activities</b>				
Transfers in	-	532,072	-	130,000
Transfers out	-	-	-	-
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>-</b>	<b>532,072</b>	<b>-</b>	<b>130,000</b>
<b>Cash flows from capital and related financing activities</b>				
Proceeds from the sale of capital assets	62,097	-	-	-
Purchase of capital assets	(2,304,323)	(291,824)	-	-
<b>Net cash provided by (used in ) capital and related financing activities</b>	<b>(2,242,226)</b>	<b>(291,824)</b>	<b>-</b>	<b>-</b>
<b>Cash flows from investing activities</b>				
Interest received	7,387	275	2,270	151
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(1,045,092)</b>	<b>(4,732)</b>	<b>275,020</b>	<b>42,919</b>
Cash and cash equivalents, beginning of year	3,781,824	136,110	1,025,665	69,447
<b>Cash and cash equivalents, end of year</b>	<b>\$ 2,736,732</b>	<b>\$ 131,378</b>	<b>\$ 1,300,685</b>	<b>\$ 112,366</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>				
Operating income (loss)	\$ 289,393	\$ (837,073)	\$ 473,832	\$ (112,255)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	646,987	105,022	-	-
Change in operating assets and liabilities that provided (used) cash:				
Accounts receivable	2,157	-	(2,790)	-
Due from other funds	-	-	-	-
Inventories	15,144	(51,210)	-	-
Prepaid items	-	65,659	-	-
Deposits	-	-	(118,189)	-
Accounts payable	34,238	(46,170)	9,989	25,023
Accrued liabilities	(1,836)	(800)	-	-
Due to other funds	(3,131)	(2,879)	-	-
Due to other governmental units	-	-	-	-
Claims payable	-	-	(90,092)	-
Compensated absences	(3,795)	8,145	-	-
Net other postemployment benefits obligation	(15,684)	(30,765)	-	-
Change in net pension liability and deferred amounts	226,274	544,816	-	-
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 1,189,747</b>	<b>\$ (245,255)</b>	<b>\$ 272,750</b>	<b>\$ (87,232)</b>

Benefits Program	Total
\$ 9,975,124	\$ 15,338,195
(9,715,935)	(12,516,879)
<u>(596,318)</u>	<u>(2,028,435)</u>
(337,129)	792,881
-	662,072
<u>(29,879)</u>	<u>(29,879)</u>
(29,879)	632,193
-	62,097
<u>-</u>	<u>(2,596,147)</u>
-	(2,534,050)
9,449	19,532
<u>(357,559)</u>	<u>(1,089,444)</u>
4,691,724	9,704,770
<u>\$ 4,334,165</u>	<u>\$ 8,615,326</u>
\$ (186,738)	\$ (372,841)
-	752,009
197	(436)
129,383	129,383
-	(36,066)
(397,510)	(331,851)
(7,284)	(125,473)
267,568	290,648
985	(1,651)
241	(5,769)
18,407	18,407
(166,209)	(256,301)
3,831	8,181
-	(46,449)
-	771,090
<u>\$ (337,129)</u>	<u>\$ 792,881</u>



Bay

City  
Michigan

A beautiful view...of life

City of Bay City

## CITY OF BAY CITY, MICHIGAN

### Fiduciary Funds

Fiduciary funds are set up to account for the assets held by the government in a trustee capacity for other individuals, governmental entities, and non-public organizations. Use of these funds facilitates the discharge of responsibilities placed upon the City by virtue of law or other authority. In the City of Bay City, Michigan, the trust funds are used to account for the Police and Fire Retirement System and retiree healthcare. Agency funds include Trust and Agency, Current Tax Collection, and Imprest Payroll.

# CITY OF BAY CITY, MICHIGAN

## Combining Statement of Fiduciary Net Position Pension and Other Postemployment Benefits Trust Funds June 30, 2016

	Police & Fire Pension Trust	Health Care Trust Fund	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 707,098	\$ 1,359,228	\$ 2,066,326
Investments:			
Fixed income	8,809,097	-	8,809,097
Equities	24,530,658	13,494,933	38,025,591
Other investments	18,123,583	-	18,123,583
Accounts receivable	130,063	127,531	257,594
Interest receivable	68,114	1,516	69,630
<b>Total assets</b>	<b>52,368,613</b>	<b>14,983,208</b>	<b>67,351,821</b>
<b>Liabilities</b>			
Accounts payable	73,468	-	73,468
<b>Net position</b>			
Restricted for employees' pension benefits	52,295,145	-	52,295,145
Restricted for postemployment health care benefits	-	14,983,208	14,983,208
<b>Total net position</b>	<b>\$ 52,295,145</b>	<b>\$ 14,983,208</b>	<b>\$ 67,278,353</b>

# CITY OF BAY CITY, MICHIGAN

## Combining Statement of Changes in Fiduciary Net Position

Pension and Other Postemployment Benefits Trust Funds

For the Year Ended June 30, 2016

	Police & Fire Pension Trust	Health Care Trust Fund	Total
<b>Additions</b>			
Contributions:			
Employer	\$ 1,720,011	\$ 5,395,139	\$ 7,115,150
Plan members	469,924	168,724	638,648
Total contributions	<u>2,189,935</u>	<u>5,563,863</u>	<u>7,753,798</u>
Investment income:			
Interest and dividends	797,408	594,908	1,392,316
Net (depreciation) appreciation in fair value of investments	(270,687)	4,378	(266,309)
Investment expense	(237,821)	-	(237,821)
Net investment income	<u>288,900</u>	<u>599,286</u>	<u>888,186</u>
Other additions	<u>15,999</u>	<u>-</u>	<u>15,999</u>
<b>Total additions</b>	<u>2,494,834</u>	<u>6,163,149</u>	<u>8,657,983</u>
<b>Deductions</b>			
Retiree healthcare premium payments	-	5,364,474	5,364,474
Benefits and refunds paid to participants	4,710,583	125,125	4,835,708
Administrative expenses	142,325	12,625	154,950
<b>Total deductions</b>	<u>4,852,908</u>	<u>5,502,224</u>	<u>10,355,132</u>
<b>Change in plan net position</b>	<u>(2,358,074)</u>	<u>660,925</u>	<u>(1,697,149)</u>
Net position, beginning of year	<u>54,653,219</u>	<u>14,322,283</u>	<u>68,975,502</u>
<b>Net position, end of year</b>	<u>\$ 52,295,145</u>	<u>\$ 14,983,208</u>	<u>\$ 67,278,353</u>

# CITY OF BAY CITY, MICHIGAN

## Combining Statement of Fiduciary Assets and Liabilities

Agency Funds  
June 30, 2016

	Trust and Agency	Current Tax Collection	Imprest Payroll	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 198,392	\$ -	\$ 573	\$ 198,965
Due from others	-	-	183,826	183,826
<b>Total assets</b>	<b>\$ 198,392</b>	<b>\$ -</b>	<b>\$ 184,399</b>	<b>\$ 382,791</b>
<b>Liabilities</b>				
Due to others	\$ 196,491	\$ -	\$ 79,599	\$ 276,090
Due to other governmental units	-	-	104,800	104,800
Deposits payable	1,901	-	-	1,901
<b>Total liabilities</b>	<b>\$ 198,392</b>	<b>\$ -</b>	<b>\$ 184,399</b>	<b>\$ 382,791</b>

# CITY OF BAY CITY, MICHIGAN

## Combining Statement of Changes in Fiduciary Assets and Liabilities

Agency Funds

For the Year Ended June 30, 2016

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
<b>Trust &amp; Agency Fund</b>				
Assets				
Cash and cash equivalents	\$ 2,205	\$ 278,452	\$ 82,265	\$ 198,392
Liabilities				
Due to others	\$ 179	\$ 198,766	\$ 2,454	\$ 196,491
Due to other governmental units	-	-	-	-
Deposits	2,026	2,439	2,564	1,901
Total liabilities	\$ 2,205	\$ 201,205	\$ 5,018	\$ 198,392
<b>Current Tax Collection Fund</b>				
Assets				
Cash and cash equivalents	\$ 4,596	\$ 28,822,853	\$ 28,827,449	\$ -
Liabilities				
Due to others	\$ 4,596	\$ 20,629,895	\$ 20,634,491	\$ -
Due to other governmental units	-	8,647,581	8,647,581	-
Total liabilities	\$ 4,596	\$ 29,277,476	\$ 29,282,072	\$ -
<b>Imprest Payroll Fund</b>				
Assets				
Cash and cash equivalents	\$ 6,150	\$ 7,792,521	\$ 7,798,098	\$ 573
Due from others	442,138	189,926	448,238	183,826
Total assets	\$ 448,288	\$ 7,982,447	\$ 8,246,336	\$ 184,399
Liabilities				
Due to others	\$ 207,419	\$ 6,028,974	\$ 6,156,794	\$ 79,599
Due to other governmental units	240,869	3,971,796	4,107,865	104,800
Total liabilities	\$ 448,288	\$ 10,000,770	\$ 10,264,659	\$ 184,399
<b>Total - All Agency Funds</b>				
Assets				
Cash and cash equivalents	\$ 12,951	\$ 36,893,826	\$ 36,707,812	\$ 198,965
Due from others	442,138	189,926	448,238	183,826
Total assets	\$ 455,089	\$ 37,083,752	\$ 37,156,050	\$ 382,791
Liabilities				
Due to others	\$ 212,194	\$ 26,857,635	\$ 26,793,739	\$ 276,090
Due to other governmental units	240,869	12,619,377	12,755,446	104,800
Deposits	2,026	2,439	2,564	1,901
Total liabilities	\$ 455,089	\$ 39,479,451	\$ 39,551,749	\$ 382,791



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## CITY OF BAY CITY, MICHIGAN

### Component Units

The component units provide economic development and financing services to specific geographic areas within the City limits. These entities are legally separate from the City. However, they are fiscally dependent on the City because the City Commission is responsible for approving their annual operating budgets and any debt issuance. The component units that have reconciling items between government-wide and fund financial statements within the City of Bay City, Michigan are: Downtown Development Authority, Midland Street TIFA, Kresge's DDA, Marquette District TIFA, Water Street DDA, Marina Development TIFA, Allen Healthcare DDA, Knepp's DDA, and Brownfield Redevelopment Authority.

CITY OF BAY CITY, MICHIGAN

**Statement of Net Position and Governmental Fund Balance Sheet**

Downtown Development Authority, Midland Street TIFA,  
Kresge's DDA and Marquette District TIFA  
June 30, 2016

	Downtown Development Authority			Midland Street TIFA		
	Balance Sheet	Adjustments	Statement of Net Position	Balance Sheet	Adjustments	Statement of Net Position
<b>Assets</b>						
Cash and cash equivalents	\$ 115,249	\$ -	\$ 115,249	\$ 402,574	\$ -	\$ 402,574
Receivables:						
Accounts	37,499	-	37,499	-	-	-
Interest receivable	116	-	116	357	-	357
Delinquent taxes	741	-	741	-	-	-
Capital assets not being depreciated	-	-	-	-	24,000	24,000
Capital assets being depreciated, net	-	114,229	114,229	-	1,189,483	1,189,483
<b>Total assets</b>	<u>\$ 153,605</u>	<u>114,229</u>	<u>267,834</u>	<u>\$ 402,931</u>	<u>1,213,483</u>	<u>1,616,414</u>
<b>Liabilities</b>						
Accounts payable	\$ 14,087	-	14,087	\$ 1,755	-	1,755
Accrued liabilities	-	-	-	-	9,111	9,111
Long-term debt:						
Due within one year	-	-	-	-	45,793	45,793
Due in more than one year	-	-	-	-	861,738	861,738
<b>Total liabilities</b>	<u>14,087</u>	<u>-</u>	<u>14,087</u>	<u>1,755</u>	<u>916,642</u>	<u>918,397</u>
<b>Deferred inflows of resources</b>						
Unavailable revenue - delinquent property taxes	740	(740)	-	-	-	-
<b>Fund balances</b>						
Unassigned	138,778	(138,778)	-	401,176	(401,176)	-
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u>\$ 153,605</u>			<u>\$ 402,931</u>		
<b>Net position</b>						
Net investment in capital assets		114,229	114,229		305,952	305,952
Unrestricted		139,518	139,518		392,065	392,065
<b>Total net position</b>		<u>\$ 253,747</u>	<u>\$ 253,747</u>		<u>\$ 698,017</u>	<u>\$ 698,017</u>

Kresge's Downtown Development Authority			Marquette District TIFA		
Balance Sheet	Adjustments	Statement of Net Position	Balance Sheet	Adjustments	Statement of Net Position
\$ 46,499	\$ -	\$ 46,499	\$ 1,527,679	\$ -	\$ 1,527,679
-	-	-	-	-	-
42	-	42	1,162	-	1,162
-	-	-	-	-	-
-	-	-	-	30,136	30,136
-	17,775	17,775	-	1,084,835	1,084,835
<u>\$ 46,541</u>	<u>17,775</u>	<u>64,316</u>	<u>\$ 1,528,841</u>	<u>1,114,971</u>	<u>2,643,812</u>
\$ -	-	-	\$ 1,023	-	1,023
-	-	-	574	-	574
-	-	-	-	2,334	2,334
-	-	-	-	-	-
-	-	-	1,597	2,334	3,931
-	-	-	-	-	-
46,541	(46,541)	-	1,527,244	(1,527,244)	-
<u>\$ 46,541</u>			<u>\$ 1,528,841</u>		
	17,775	17,775		1,112,637	1,112,637
	46,541	46,541		1,527,244	1,527,244
<u>\$ 64,316</u>	<u>\$ 64,316</u>		<u>\$ 2,639,881</u>	<u>\$ 2,639,881</u>	

CITY OF BAY CITY, MICHIGAN

**Statement of Net Position and Governmental Fund Balance Sheet**

Water Street DDA, Marina Development TIFA, Allen Healthcare DDA and Knepp's DDA  
June 30, 2016

	Water Street Downtown Development Authority			Marina Development TIFA		
	Balance Sheet	Adjustments	Statement of Net Position	Balance Sheet	Adjustments	Statement of Net Position
<b>Assets</b>						
Cash and cash equivalents	\$ 1,638,174	\$ -	\$ 1,638,174	\$ -	\$ -	\$ -
Interest receivable	1,283	-	1,283	-	-	-
Capital assets not being depreciated	-	-	-	-	-	-
Capital assets being depreciated, net	-	1,733,997	1,733,997	-	374,247	374,247
<b>Total assets</b>	<b>\$ 1,639,457</b>	<b>1,733,997</b>	<b>3,373,454</b>	<b>\$ -</b>	<b>374,247</b>	<b>374,247</b>
<b>Deferred outflow of resources:</b>						
Deferred loss on refunding		13,693	13,693		-	-
<b>Liabilities</b>						
Accounts payable	\$ 445,673	-	445,673	\$ -	-	-
Accrued liabilities	-	17,515	17,515	-	-	-
Long-term debt:						
Due within one year	-	347,871	347,871	-	-	-
Due in more than one year	-	2,038,158	2,038,158	-	-	-
<b>Total liabilities</b>	<b>445,673</b>	<b>2,403,544</b>	<b>2,849,217</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances</b>						
Unassigned	1,193,784	(1,193,784)	-	-	-	-
<b>Total liabilities and fund balances</b>	<b>\$ 1,639,457</b>			<b>\$ -</b>		
<b>Net position</b>						
Net investment in capital assets		350,368	350,368		374,247	374,247
Unrestricted		187,562	187,562		-	-
<b>Total net position</b>		<b>\$ 537,930</b>	<b>\$ 537,930</b>		<b>\$ 374,247</b>	<b>\$ 374,247</b>

Allen Healthcare Downtown Development Authority			Knepp's Downtown Development Authority		
Balance Sheet	Adjustments	Statement of Net Position	Balance Sheet	Adjustments	Statement of Net Position
\$ 4,230	\$ -	\$ 4,230	\$ 3,442	\$ -	\$ 3,442
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	129,034	129,034
<u>\$ 4,230</u>	<u>-</u>	<u>4,230</u>	<u>\$ 3,442</u>	<u>129,034</u>	<u>132,476</u>
-	-	-	-	-	-
\$ -	-	-	\$ -	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
4,230	(4,230)	-	3,442	(3,442)	-
<u>\$ 4,230</u>			<u>\$ 3,442</u>		
	-	-		129,034	129,034
	4,230	4,230		3,442	3,442
<u>\$ 4,230</u>	<u>\$ 4,230</u>		<u>\$ 132,476</u>	<u>\$ 132,476</u>	



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CITY OF BAY CITY, MICHIGAN

**Statement of Net Position and Governmental Fund Balance Sheet**

Brownfield Redevelopment Authority  
June 30, 2016

	Brownfield Redevelopment Authority		
	Balance Sheet	Adjustments	Statement of Net Position
<b>Assets</b>			
Cash and cash equivalents	\$ 5,502,445	\$ -	\$ 5,502,445
Interest receivable	5,514	-	5,514
Capital assets not being depreciated	-	2,532,590	2,532,590
Capital assets being depreciated, net	-	7,870,878	7,870,878
<b>Total assets</b>	<u>\$ 5,507,959</u>	<u>10,403,468</u>	<u>15,911,427</u>
Accounts payable	\$ 92,002	-	92,002
Accrued liabilities	-	199,571	199,571
Long-term debt:			
Due within one year	-	1,396	1,396
Due in more than one year	-	16,204,340	16,204,340
<b>Total liabilities</b>	<u>92,002</u>	<u>16,405,307</u>	<u>16,497,309</u>
<b>Fund balance</b>			
Committed	4,590,583	(4,590,583)	-
Unassigned	825,374	(825,374)	-
<b>Total fund balance</b>	<u>5,415,957</u>	<u>(5,415,957)</u>	<u>-</u>
<b>Total liabilities and fund balance</b>	<u>\$ 5,507,959</u>		
<b>Net position</b>			
Net investment in capital assets		1,880,483	1,880,483
Unrestricted (deficit)		(2,466,365)	(2,466,365)
<b>Total net position (deficit)</b>		<u>\$ (585,882)</u>	<u>\$ (585,882)</u>

**CITY OF BAY CITY, MICHIGAN**

**Statement of Activities and Governmental Fund Statement of**

Revenues, Expenditures and Changes in Fund Balances  
 Downtown Development Authority, Midland Street TIFA,  
 Kresge's DDA and Marquette District TIFA  
 For the Year Ended June 30, 2016

	Downtown Development Authority			Midland Street TIFA		
	Statement of Revenues, Expenditures and Changes in Fund Balance	Adjustments	Statement of Activities	Statement of Revenues, Expenditures and Changes in Fund Balance	Adjustments	Statement of Activities
<b>Revenues</b>						
Taxes:						
Tax increment	\$ -	\$ -	\$ -	\$ 85,808	\$ -	\$ 85,808
Special assessments	73,027	65	73,092	-	-	-
Charges for services:						
Rents	77,660	-	77,660	-	-	-
Miscellaneous:						
Interest earnings	384	-	384	1,176	-	1,176
Other	-	-	-	-	-	-
<b>Total revenues</b>	<b>151,071</b>	<b>65</b>	<b>151,136</b>	<b>86,984</b>	<b>-</b>	<b>86,984</b>
<b>Expenditures/Expenses</b>						
Current:						
Economic development	162,170	-	162,170	3,610	-	3,610
Depreciation	-	6,140	6,140	-	80,190	80,190
Debt service:						
Principal	-	-	-	44,405	(44,405)	-
Interest	-	-	-	37,110	(333)	36,777
<b>Total expenditures/expenses</b>	<b>162,170</b>	<b>6,140</b>	<b>168,310</b>	<b>85,125</b>	<b>35,452</b>	<b>120,577</b>
<b>Change in fund balance / net position</b>	<b>(11,099)</b>	<b>(6,075)</b>	<b>(17,174)</b>	<b>1,859</b>	<b>(35,452)</b>	<b>(33,593)</b>
Fund balance / net position, beginning of year	149,877	121,044	270,921	399,317	332,293	731,610
<b>Fund balance / net position, end of year</b>	<b>\$ 138,778</b>	<b>\$ 114,969</b>	<b>\$ 253,747</b>	<b>\$ 401,176</b>	<b>\$ 296,841</b>	<b>\$ 698,017</b>

Kresge's Downtown Development Authority			Marquette District TIFA		
Statement of Revenues, Expenditures and Changes in Fund Balance	Adjustments	Statement of Activities	Statement of Revenues, Expenditures and Changes in Fund Balance	Adjustments	Statement of Activities
\$ 4,054	\$ -	\$ 4,054	\$ 473,890	\$ -	\$ 473,890
-	-	-	-	-	-
-	-	-	-	-	-
138	-	138	3,827	-	3,827
-	-	-	-	-	-
<u>4,192</u>	<u>-</u>	<u>4,192</u>	<u>477,717</u>	<u>-</u>	<u>477,717</u>
163	-	163	53,144	215	53,359
-	1,949	1,949	-	107,147	107,147
-	-	-	-	-	-
-	-	-	-	-	-
<u>163</u>	<u>1,949</u>	<u>2,112</u>	<u>53,144</u>	<u>107,362</u>	<u>160,506</u>
4,029	(1,949)	2,080	424,573	(107,362)	317,211
<u>42,512</u>	<u>19,724</u>	<u>62,236</u>	<u>1,102,671</u>	<u>1,219,999</u>	<u>2,322,670</u>
<u>\$ 46,541</u>	<u>\$ 17,775</u>	<u>\$ 64,316</u>	<u>\$ 1,527,244</u>	<u>\$ 1,112,637</u>	<u>\$ 2,639,881</u>

CITY OF BAY CITY, MICHIGAN

**Statement of Activities and Governmental Fund Statement of**  
 Revenues, Expenditures and Changes in Fund Balances  
 Water Street DDA, Marina Development TIFA, Allen Healthcare DDA, and Knepp's DDA  
 For the Year Ended June 30, 2016

	Water Street Downtown Development Authority			Marina Development TIFA		
	Statement of Revenues, Expenditures and Changes in Fund Balance	Adjustments	Statement of Activities	Statement of Revenues, Expenditures and Changes in Fund Balance	Adjustments	Statement of Activities
<b>Revenues</b>						
Taxes:						
Tax increment	\$ 305,746	\$ -	\$ 305,746	\$ -	\$ -	\$ -
Miscellaneous:						
Interest earnings	4,223	-	4,223	-	-	-
<b>Total revenues</b>	<b>309,969</b>	<b>-</b>	<b>309,969</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenditures/Expenses</b>						
Current:						
Economic development	600,732	-	600,732	-	-	-
Depreciation	-	179,475	179,475	-	18,745	18,745
Capital outlay	13,340	(13,340)	-	-	-	-
Debt service:						
Principal	1,320,000	(1,320,000)	-	-	-	-
Interest	57,610	(20,711)	36,899	-	-	-
<b>Total expenditures/expenses</b>	<b>1,991,682</b>	<b>(1,174,576)</b>	<b>817,106</b>	<b>-</b>	<b>18,745</b>	<b>18,745</b>
Revenues over (under) expenditures	(1,681,713)	1,174,576	(507,137)	-	(18,745)	(18,745)
<b>Other financing sources (uses)</b>						
Issuance of long-term debt	2,590,000	(2,590,000)	-	-	-	-
Bond premiums	123,900	(123,900)	-	-	-	-
<b>Total other financing sources (uses) net position</b>	<b>2,713,900</b>	<b>(2,713,900)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balance / net position</b>	<b>1,032,187</b>	<b>(1,539,324)</b>	<b>(507,137)</b>	<b>-</b>	<b>(18,745)</b>	<b>(18,745)</b>
Fund balance / net position, beginning of year	161,597	883,470	1,045,067	-	392,992	392,992
<b>Fund balance / net position (deficit), end of year</b>	<b>\$ 1,193,784</b>	<b>\$ (655,854)</b>	<b>\$ 537,930</b>	<b>\$ -</b>	<b>\$ 374,247</b>	<b>\$ 374,247</b>

Allen Healthcare Downtown Development Authority			Knepp's Downtown Development Authority		
Statement of Revenues, Expenditures and Changes in Fund Balance	Adjustments	Statement of Activities	Statement of Revenues, Expenditures and Changes in Fund Balance	Adjustments	Statement of Activities
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	3,599	3,599
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	3,599	3,599
-	-	-	-	(3,599)	(3,599)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	(3,599)	(3,599)
4,230	-	4,230	3,442	132,633	136,075
<u>\$ 4,230</u>	<u>\$ -</u>	<u>\$ 4,230</u>	<u>\$ 3,442</u>	<u>\$ 129,034</u>	<u>\$ 132,476</u>

**CITY OF BAY CITY, MICHIGAN**

**Statement of Activities and Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance**  
 Brownfield Redevelopment Authority  
 For the Year Ended June 30, 2016

	Brownfield Redevelopment Authority		
	Statement of Revenues, Expenditures and Changes in Fund Balance	Adjustments	Statement of Activities
<b>Revenues</b>			
Taxes:			
Tax increment	\$ 1,311,124	\$ -	\$ 1,311,124
Miscellaneous:			
Interest earnings	18,164	-	18,164
Other	69,558	1,932,422	2,001,980
<b>Total revenues</b>	<u>1,398,846</u>	<u>1,932,422</u>	<u>3,331,268</u>
<b>Expenditures/Expenses</b>			
Current:			
Economic development	178,098	15,567	193,665
Depreciation	-	207,854	207,854
Capital outlay	722,577	(722,577)	-
Debt service:			
Principal	16,395	(16,395)	-
Interest	793,195	670	793,865
<b>Total expenditures/expenses</b>	<u>1,710,265</u>	<u>(514,881)</u>	<u>1,195,384</u>
<b>Change in fund balance / net position</b>	(311,419)	2,447,303	2,135,884
Fund balance / net position (deficit), beginning of year	<u>5,727,376</u>	<u>(8,449,142)</u>	<u>(2,721,766)</u>
<b>Fund balance / net position (deficit), end of year</b>	<u>\$ 5,415,957</u>	<u>\$ (6,001,839)</u>	<u>\$ (585,882)</u>

**CITY OF BAY CITY, MICHIGAN**

**Combining Balance Sheet**

Brownfield Redevelopment Authority Component Unit  
June 30, 2016

	Brownfield Redevelopment General Fund	Uptown Capital Project Fund	Uptown Debt Service Fund	Total Brownfield Redevelopment
<b>Assets</b>				
Cash and cash equivalents	\$ 833,633	\$ 4,668,812	\$ -	\$ 5,502,445
Interest receivable	669	4,845	-	5,514
<b>Total assets</b>	<u>\$ 834,302</u>	<u>\$ 4,673,657</u>	<u>\$ -</u>	<u>\$ 5,507,959</u>
<b>Liabilities</b>				
Accounts payable	\$ 8,928	\$ 83,074	\$ -	\$ 92,002
<b>Fund balances</b>				
Committed	-	4,590,583	-	4,590,583
Unassigned	825,374	-	-	825,374
<b>Total fund balances</b>	<u>825,374</u>	<u>4,590,583</u>	<u>-</u>	<u>5,415,957</u>
<b>Total liabilities and fund balances</b>	<u>\$ 834,302</u>	<u>\$ 4,673,657</u>	<u>\$ -</u>	<u>\$ 5,507,959</u>

CITY OF BAY CITY, MICHIGAN

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**

Brownfield Redevelopment Authority Component Unit  
For the Year Ended June 30, 2016

	Brownfield Redevelopment General Fund	Uptown Capital Project Fund	Uptown Debt Service Fund	Eliminations	Total Brownfield Redevelopment
<b>Revenues</b>					
Taxes:					
Tax increment	\$ 315,704	\$ 995,420	\$ -	\$ -	\$ 1,311,124
Miscellaneous:					
Interest earnings	2,202	15,962	-	-	18,164
Other	-	69,558	-	-	69,558
<b>Total revenues</b>	<u>317,906</u>	<u>1,080,940</u>	<u>-</u>	<u>-</u>	<u>1,398,846</u>
<b>Expenditures</b>					
Current:					
Economic development	120,532	57,566	-	-	178,098
Capital outlay	-	722,577	-	-	722,577
Debt service:					
Principal	16,395	-	-	-	16,395
Interest	13,701	-	779,494	-	793,195
<b>Total expenditures</b>	<u>150,628</u>	<u>780,143</u>	<u>779,494</u>	<u>-</u>	<u>1,710,265</u>
<b>Revenues over (under) expenditures</b>	<u>167,278</u>	<u>300,797</u>	<u>(779,494)</u>	<u>-</u>	<u>(311,419)</u>
<b>Other financing sources (uses)</b>					
Transfers out	-	(779,494)	-	779,494	-
Transfers in	-	-	779,494	(779,494)	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>(779,494)</u>	<u>779,494</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>167,278</u>	<u>(478,697)</u>	<u>-</u>	<u>-</u>	<u>(311,419)</u>
Fund balance, beginning of year	<u>658,096</u>	<u>5,069,280</u>	<u>-</u>	<u>-</u>	<u>5,727,376</u>
<b>Fund balance, end of year</b>	<u>\$ 825,374</u>	<u>\$ 4,590,583</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,415,957</u>

## STATISTICAL SECTION



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# CITY OF BAY CITY, MICHIGAN

## Statistical Section Table of Contents

This part of the City of Bay City, Michigan's (the "City") 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 City's overall financial health.

		<u>Page</u>
Financial Trends	These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	146
Revenue Capacity	These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property taxes.	156
Debt Capacity	These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	161
Demographic and Economic Information	These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	168
Operating Information	These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	172

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

# CITY OF BAY CITY, MICHIGAN

## Net Position by Component Last Ten Fiscal Years (accrual basis of accounting)

	June 30,			
	2007	2008	2009	2010
<b>Governmental activities</b>				
Net investment in capital assets	\$ 60,760,119	\$ 68,777,346	\$ 70,688,130	\$ 58,517,259
Restricted	1,832,805	2,180,059	2,228,927	2,053,986
Unrestricted (deficit)	12,085,327	1,925,635	1,990,740	12,282,722
<b>Total governmental activities net position</b>	<b>\$ 74,678,251</b>	<b>\$ 72,883,040</b>	<b>\$ 74,907,797</b>	<b>\$ 72,853,967</b>
<b>Business-type activities</b>				
Net investment in capital assets	\$ 90,735,387	\$ 79,329,188	\$ 82,703,164	\$ 85,223,708
Restricted	-	-	-	-
Unrestricted	31,542,821	43,744,542	39,161,140	36,689,700
<b>Total business-type activities net position</b>	<b>\$ 122,278,208</b>	<b>\$ 123,073,730</b>	<b>\$ 121,864,304</b>	<b>\$ 121,913,408</b>
<b>Primary government</b>				
Net investment in capital assets	\$ 151,495,506	\$ 148,106,534	\$ 153,391,294	\$ 143,740,967
Restricted	1,832,805	2,180,059	2,228,927	2,053,986
Unrestricted (deficit)	43,628,148	45,670,177	41,151,880	48,972,422
<b>Total primary government net position</b>	<b>\$ 196,956,459</b>	<b>\$ 195,956,770</b>	<b>\$ 196,772,101</b>	<b>\$ 194,767,375</b>

Table 1  
Unaudited

June 30,					
2011	2012	2013	2014	2015	2016
\$ 59,245,396	\$ 69,853,228	\$ 70,001,070	\$ 70,245,428	\$ 69,057,762	\$ 68,753,612
1,758,988	1,746,583	34,813	11,226,225	10,827,652	9,654,415
10,271,923	(1,970,352)	(3,777,530)	(16,042,766)	(33,884,105)	(33,637,328)
<u>\$ 71,276,307</u>	<u>\$ 69,629,459</u>	<u>\$ 66,258,353</u>	<u>\$ 65,428,887</u>	<u>\$ 46,001,309</u>	<u>\$ 44,770,699</u>
\$ 84,043,144	\$ 87,016,755	\$ 91,958,470	\$ 85,045,532	\$ 94,808,608	\$ 81,173,544
11,901,344	10,898,600	8,569,445	9,869,290	2,083,275	2,042,275
33,221,986	34,339,690	33,321,454	43,486,135	20,431,532	24,615,784
<u>\$ 129,166,474</u>	<u>\$ 132,255,045</u>	<u>\$ 133,849,369</u>	<u>\$ 138,400,957</u>	<u>\$ 117,323,415</u>	<u>\$ 107,831,603</u>
\$ 143,288,540	\$ 156,869,983	\$ 161,959,540	\$ 155,290,960	\$ 163,866,370	\$ 149,927,156
13,660,332	12,645,183	8,604,258	21,095,515	12,910,927	11,696,690
43,493,909	32,369,338	29,543,924	27,443,369	(13,452,573)	(9,021,544)
<u>\$ 200,442,781</u>	<u>\$ 201,884,504</u>	<u>\$ 200,107,722</u>	<u>\$ 203,829,844</u>	<u>\$ 163,324,724</u>	<u>\$ 152,602,302</u>

## CITY OF BAY CITY, MICHIGAN

### Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

(amounts expressed in thousands)

	Year Ended June 30,			
	2007	2008	2009	2010
<b>Expenses</b>				
Governmental activities:				
Public safety	\$ 14,640	\$ 13,094	\$ 12,808	\$ 12,811
Economic development	2,602	2,148	1,903	1,819
Public works	9,236	9,633	10,919	11,437
General government	2,064	3,168	2,730	3,087
Recreation and cultural	1,164	1,016	1,074	1,178
Interest on long-term debt	1,302	1,399	1,267	1,223
Total governmental activities expenses	31,008	30,458	30,701	31,555
Business-type activities:				
Electric	26,537	30,012	30,419	30,184
Water	7,694	8,072	8,746	8,705
Sewer	12,165	11,987	12,573	12,511
Public works	519	541	524	528
Total business-type activities expenses	46,915	50,612	52,262	51,928
<b>Total primary government expenses</b>	<b>77,923</b>	<b>81,070</b>	<b>82,963</b>	<b>83,483</b>
<b>Program Revenue</b>				
Governmental activities:				
Charges for services				
Public safety	811	716	727	837
General government	1,256	925	677	845
Public works	1,973	2,010	2,065	2,052
Recreation and culture	10	25	23	61
Other	71	97	(138)	(263)
Operating grants and contributions	5,646	6,252	7,760	6,346
Capital grants and contributions	1,659	1,259	1,461	706
Total governmental activities program revenue	11,426	11,284	12,575	10,584
Business-type activities:				
Charges for services				
Electric	26,060	29,067	30,270	29,870
Water	7,246	7,800	7,540	8,193
Sewer	11,726	12,346	11,761	12,826
Public works	188	264	194	223
Operating grants and contributions	102	115	51	225
Capital grants and contributions	482	427	98	-
Total business-type activities program revenue	45,804	50,019	49,914	51,337
<b>Total primary government program revenue</b>	<b>57,230</b>	<b>61,303</b>	<b>62,489</b>	<b>61,921</b>

Table 2  
Unaudited

Year Ended June 30,					
2011	2012	2013	2014	2015	2016
\$ 12,115	\$ 12,606	\$ 13,499	\$ 11,533	\$ 12,829	\$ 13,159
2,408	2,833	3,581	1,962	2,082	3,265
13,836	12,083	9,863	10,232	10,629	9,948
1,098	982	1,516	2,214	1,129	875
783	924	1,092	1,094	1,262	1,097
1,195	1,283	1,160	1,038	1,082	965
<u>31,435</u>	<u>30,711</u>	<u>30,711</u>	<u>28,073</u>	<u>29,013</u>	<u>29,308</u>
30,285	32,375	33,545	34,456	32,047	34,498
8,193	9,077	9,215	8,929	11,160	10,279
11,909	11,748	11,612	11,352	11,224	12,948
558	590	605	594	605	768
<u>50,945</u>	<u>53,790</u>	<u>54,976</u>	<u>55,330</u>	<u>55,035</u>	<u>58,493</u>
<u>82,380</u>	<u>84,501</u>	<u>85,687</u>	<u>83,403</u>	<u>84,048</u>	<u>87,801</u>
922	845	914	886	1,193	1,017
940	837	815	547	751	1,048
2,049	2,528	2,112	2,267	2,009	2,064
59	67	119	52	56	91
(141)	50	485	274	9	4
5,589	7,967	4,757	4,540	6,194	6,096
1,484	171	1,303	1,403	486	13
<u>10,902</u>	<u>12,465</u>	<u>10,506</u>	<u>9,970</u>	<u>10,699</u>	<u>10,333</u>
32,263	32,240	32,933	34,367	35,175	35,417
8,928	9,501	9,394	11,195	10,179	7,093
14,715	13,667	13,421	13,451	13,106	12,924
231	220	220	321	299	337
128	359	397	30	291	207
-	-	-	-	-	-
<u>56,265</u>	<u>55,987</u>	<u>56,365</u>	<u>59,364</u>	<u>59,050</u>	<u>55,980</u>
<u>67,167</u>	<u>68,452</u>	<u>66,871</u>	<u>69,334</u>	<u>69,749</u>	<u>66,313</u>

Continued...

## CITY OF BAY CITY, MICHIGAN

### Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

(amounts expressed in thousands)

	Year Ended June 30,			
	2007	2008	2009	2010
<b>Net (expense)/revenue</b>				
Governmental activities	\$ (19,582)	\$ (19,174)	\$ (18,126)	\$ (20,971)
Business-type activities	(1,111)	(593)	(2,348)	(591)
<b>Total primary government net expense</b>	<b>(20,693)</b>	<b>(19,767)</b>	<b>(20,474)</b>	<b>(21,562)</b>
<b>General Revenue and Other Changes in Net Position</b>				
Governmental activities:				
Property taxes	13,640	14,044	14,249	14,012
Unrestricted grants and contributions	5,127	4,911	5,104	4,383
Investment earnings	702	1,022	709	462
Gain on sale of capital assets	-	-	-	-
Miscellaneous	74	80	107	92
Transfers	(149)	34	(18)	(32)
<b>Total governmental activities</b>	<b>19,394</b>	<b>20,091</b>	<b>20,151</b>	<b>18,917</b>
Business-type activities:				
Investment earnings	1,459	1,398	1,048	580
Miscellaneous	64	25	72	28
Transfers	149	(34)	18	32
Special item - loss on disposal	-	-	-	-
<b>Total business-type activities</b>	<b>1,672</b>	<b>1,389</b>	<b>1,138</b>	<b>640</b>
<b>Total primary government</b>	<b>21,066</b>	<b>21,480</b>	<b>21,289</b>	<b>19,557</b>
<b>Change in Net Position</b>				
Governmental activities	(188)	917	2,025	(2,054)
Business-type activities	561	796	(1,210)	49
<b>Total primary government</b>	<b>\$ 373</b>	<b>\$ 1,713</b>	<b>\$ 815</b>	<b>\$ (2,005)</b>

Table 2  
Unaudited

Year Ended June 30,					
2011	2012	2013	2014	2015	2016
\$ (20,533)	\$ (18,246)	\$ (20,205)	\$ (18,103)	\$ (18,315)	\$ (18,975)
5,320	2,197	1,389	4,034	4,014	(2,513)
<u>(15,213)</u>	<u>(16,049)</u>	<u>(18,816)</u>	<u>(14,069)</u>	<u>(14,299)</u>	<u>(21,488)</u>
12,728	12,357	12,379	12,389	12,288	12,559
4,614	3,904	4,113	4,157	4,256	4,244
114	182	103	171	62	66
-	-	-	5	-	-
655	766	241	589	143	587
(125)	(610)	(41)	(39)	(109)	288
<u>17,986</u>	<u>16,599</u>	<u>16,795</u>	<u>17,274</u>	<u>16,642</u>	<u>17,744</u>
152	213	91	256	128	130
59	69	208	223	364	855
125	610	41	39	109	(288)
-	-	-	-	-	(7,676)
<u>336</u>	<u>892</u>	<u>340</u>	<u>518</u>	<u>601</u>	<u>(6,979)</u>
<u>18,322</u>	<u>17,491</u>	<u>17,135</u>	<u>17,792</u>	<u>17,243</u>	<u>10,766</u>
(2,547)	(1,647)	(3,411)	(830)	(1,675)	(1,231)
5,656	3,089	1,729	4,552	4,615	(9,492)
<u>\$ 3,109</u>	<u>\$ 1,442</u>	<u>\$ (1,681)</u>	<u>\$ 3,722</u>	<u>\$ 2,940</u>	<u>\$ (10,722)</u>

Concluded

# CITY OF BAY CITY, MICHIGAN

## Fund Balances of Governmental Funds

Last Ten Fiscal Years  
(modified accrual basis of accounting)  
(amounts expressed in thousands)

	Year Ended June 30,			
	2007	2008	2009	2010
<b>General Fund</b>				
Reserved	\$ -	\$ 342	\$ 268	\$ 300
Unreserved	5,086	4,878	5,677	5,440
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<b>Total General Fund</b>	<u>\$ 5,086</u>	<u>\$ 5,220</u>	<u>\$ 5,945</u>	<u>\$ 5,740</u>
<b>All other governmental funds</b>				
Reserved	\$ 65	\$ 37	\$ 41	\$ 157
Unreserved, reported in:				
Special revenue funds	2,479	2,529	2,368	2,903
Capital projects funds	1,446	1,596	1,486	1,218
Debt service fund	387	584	743	836
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Unassigned	-	-	-	-
<b>Total all other governmental funds</b>	<u>\$ 4,377</u>	<u>\$ 4,746</u>	<u>\$ 4,638</u>	<u>\$ 5,114</u>

Note: The City implemented GASB 54 in 2011.

Table 3  
Unaudited

Year Ended June 30,					
2011	2012	2013	2014	2015	2016
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	2	-	-	-	-
307	38	9	41	22	9
-	4,441	3,979	3,160	-	-
-	-	-	-	98	75
5,874	1,783	382	(23)	2,995	3,460
<u>\$ 6,181</u>	<u>\$ 6,264</u>	<u>\$ 4,369</u>	<u>\$ 3,179</u>	<u>\$ 3,116</u>	<u>\$ 3,544</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
108	129	76	39	201	187
3,031	3,881	2,830	3,766	3,398	2,073
-	-	(41)	(297)	-	-
<u>\$ 3,139</u>	<u>\$ 4,010</u>	<u>\$ 2,865</u>	<u>\$ 3,508</u>	<u>\$ 3,599</u>	<u>\$ 2,260</u>

## CITY OF BAY CITY, MICHIGAN

### Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years  
(modified accrual basis of accounting)  
(amounts expressed in thousands)

	Year Ended June 30,			
	2007	2008	2009	2010
<b>Revenues</b>				
Taxes	\$ 12,816	\$ 13,227	\$ 13,271	\$ 13,020
Licenses and permits	532	497	498	515
Federal grants	3,737	3,352	3,473	3,618
State shared revenues and grants	9,820	8,062	10,725	7,606
Local contributions	16	1,763	1,502	1,489
Interest revenue	613	712	427	246
Charges for services	5,856	6,038	6,215	6,466
Fines and forfeitures	132	150	165	149
Miscellaneous revenues	875	1,145	348	520
<b>Total revenues</b>	<b>34,397</b>	<b>34,946</b>	<b>36,624</b>	<b>33,629</b>
<b>Expenditures</b>				
General government	5,609	5,387	5,007	5,183
Public safety	14,358	12,960	12,419	12,071
Public works	6,777	6,800	6,979	6,735
Economic development	1,784	1,740	1,773	2,221
Parks and recreation	1,005	818	830	838
Postretirement benefits	-	2,034	2,077	1,894
Capital outlay	2,841	2,501	5,193	2,662
Debt service:				
Principal	1,638	2,173	1,690	1,711
Interest and fiscal charges	1	77	21	7
<b>Total expenditures</b>	<b>34,013</b>	<b>34,490</b>	<b>35,989</b>	<b>33,322</b>
Revenues over (under) expenditures	384	456	635	307
<b>Other financing sources (uses)</b>				
Lease proceeds	-	14	-	4
Issuance of long-term debt	-	-	-	-
Proceeds from sale of assets	-	-	-	-
Transfers in	841	907	770	1,571
Transfers out	(990)	(874)	(788)	(1,611)
<b>Total other financing sources (uses)</b>	<b>(149)</b>	<b>47</b>	<b>(18)</b>	<b>(36)</b>
Net change in fund balances	\$ 235	\$ 503	\$ 617	\$ 271
Debt service as a percentage of noncapital expenditures	5.26%	7.03%	5.56%	5.60%

Table 4  
Unaudited

Year Ended June 30,						
2011	2012	2013	2014	2015	2016	
\$ 11,757	\$ 11,459	\$ 11,495	\$ 11,535	\$ 11,390	\$ 11,625	
454	415	577	515	714	547	
2,603	3,411	4,339	3,796	2,202	1,629	
9,063	8,555	5,904	6,332	8,445	8,707	
1,457	1,598	1,437	1,349	1,698	1,475	
67	87	55	88	28	38	
6,366	6,684	4,539	4,789	5,266	5,285	
167	103	90	82	111	105	
1,015	1,579	604	1,279	556	980	
<u>32,949</u>	<u>33,891</u>	<u>29,041</u>	<u>29,765</u>	<u>30,410</u>	<u>30,391</u>	
4,659	4,570	2,716	2,653	3,485	3,506	
11,700	11,928	12,354	10,746	12,427	12,115	
6,693	6,688	6,199	6,599	7,150	7,404	
2,093	2,633	2,568	1,702	1,271	952	
813	836	781	795	941	940	
2,108	2,490	2,356	2,700	-	-	
4,170	4,052	4,104	2,417	2,187	3,312	
1,725	1,748	2,326	2,441	2,555	2,595	
2	65	58	104	143	132	
<u>33,963</u>	<u>35,010</u>	<u>33,462</u>	<u>30,157</u>	<u>30,159</u>	<u>30,958</u>	
<u>(1,014)</u>	<u>(1,119)</u>	<u>(4,421)</u>	<u>(392)</u>	<u>251</u>	<u>(567)</u>	
-	-	-	-	-	-	
-	1,630	1,000	-	-	-	
-	85	453	13	-	-	
818	1,555	998	1,165	1,327	849	
<u>(1,338)</u>	<u>(2,165)</u>	<u>(1,110)</u>	<u>(1,332)</u>	<u>(1,551)</u>	<u>(1,193)</u>	
<u>(520)</u>	<u>1,105</u>	<u>1,341</u>	<u>(154)</u>	<u>(224)</u>	<u>(344)</u>	
<u>\$ (1,534)</u>	<u>\$ (15)</u>	<u>\$ (3,080)</u>	<u>\$ (546)</u>	<u>\$ 27</u>	<u>\$ (911)</u>	
5.80%	5.77%	7.88%	9.43%	9.65%	9.64%	

**Revenue By Major Source**  
Last Ten Fiscal Years  
(accrual basis of accounting)

Year Ended June 30,	Property Taxes	Electric Operating
2007	\$ 13,640,017	\$ 26,103,470
2008	14,043,854	29,072,729
2009	14,249,217	30,309,062
2010	14,012,116	29,876,398
2011	12,728,586	32,268,204
2012	12,357,132	32,246,928
2013	12,378,917	33,104,126
2014	12,389,299	34,476,491
2015	12,287,683	35,346,665
2016	12,559,193	35,614,353

CITY OF BAY CITY, MICHIGAN

Table 6  
Unaudited

**Assessed Value and Estimated Actual Value of Taxable Property**

Last Ten Fiscal Years  
(in thousands of dollars)

Year Ended June 30,	Real Property			Personal Property	Total Assessed Value	Total Direct Tax Rate	Estimated Actual Assessed Value	Assessed Value as a Percentage of Actual Value
	Residential	Commercial	Industrial					
2007	\$ 518,800	\$ 119,382	\$ 23,243	\$ 86,733	\$ 748,158	19.4532	\$1,496,316	50.00%
2008	518,972	119,418	25,266	86,584	750,240	19.5503	1,500,480	50.00%
2009	518,669	119,280	25,815	85,948	749,712	19.5503	1,499,424	50.00%
2010	486,359	116,320	26,201	85,895	714,775	19.5503	1,429,550	50.00%
2011	432,491	99,278	21,205	65,117	618,091	19.5503	1,236,182	50.00%
2012	440,003	96,855	25,924	57,217	619,999	20.0935	1,239,998	50.00%
2013	405,281	93,352	23,958	62,467	585,058	21.3365	1,170,116	50.00%
2014	367,702	100,629	23,227	63,091	554,649	21.3365	1,109,298	50.00%
2015	392,971	93,913	25,540	55,523	567,947	21.3365	1,135,894	50.00%
2016	399,808	104,261	26,128	38,961	569,158	21.1865	1,138,316	50.00%

Source: Bay City Assessor's Office

Note: Property in the City is reassessed annually. The City assesses property at approximately 50 percent of actual value for all types of real and personal property. Estimated actual value is calculated by dividing assessed value by those percentages. Tax rates are per \$1,000 of taxable value.

CITY OF BAY CITY, MICHIGAN

Table 7  
Unaudited

**Property Tax Rates**

Direct and Overlapping Governments  
Last Ten Fiscal Years

Year Ended June 30, (1) (2)	Bay City				Overlapping Rates			Total Direct & Overlapping Rates
	Operating Millage	Special Millage (3)	Debt Millage	Total City Millage	School District	Community College	County	
2007	16.9615	(0.0971)	2.5888	19.4532	30.9480	2.0427	9.7100	62.1539
2008	16.9615	0.0000	2.5888	19.5503	31.2733	2.0427	10.8096	63.6759
2009	16.9615	0.0000	2.5888	19.5503	31.2733	2.0427	10.8138	63.6801
2010	16.9615	0.0000	2.5888	19.5503	31.2733	2.0427	10.8138	63.6801
2011	16.9615	0.0000	2.5888	19.5503	31.9133	2.0427	10.8138	64.3201
2012	16.9615	0.0000	3.1320	20.0935	31.9133	2.0427	10.8138	64.8633
2013	16.9615	0.0000	4.3750	21.3365	31.9133	2.0427	10.8138	66.1063
2014	16.9615	0.0000	4.3750	21.3365	32.7157	2.0427	11.4638	67.5587
2015	16.9615	0.0000	4.3750	21.3365	31.9133	2.0427	11.4638	66.7563
2016	16.9615	0.0000	4.2250	21.1865	31.9133	2.0427	11.4638	66.6063

Source: Bay City Assessor's Office

(1) Rates reduced to comply with the Headlee Amendment.

(2) This is the year in which the tax is levied. 2007 refers to the 2008 tax collection, 2008 refers to the 2009 tax collection, and so on.

(3) In FY 2007, a credit was issued due to an over-levy of County millage in Winter 2005.

CITY OF BAY CITY, MICHIGAN

Table 8  
Unaudited

**Principal Property Taxpayers and Electric Customers**  
June 30, 2016 and Nine Years Ago

Taxpayer	2016			2007		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
SSP Development, LLC	\$ 10,373,276	1	1.82%	\$ -		
Consumers Energy Company	7,890,510	2	1.39%	4,833,680	3	0.69%
Mersen USA (formerly Carbone)	3,708,050	3	0.65%	3,707,950	6	0.53%
Charter Communications	2,959,800	4	0.52%	2,508,050	10	0.36%
General Motors Corporation	2,928,260	5	0.51%	76,213,850	1	10.83%
Chemical Bank	2,729,068	6	0.48%	2,807,388	8	0.40%
SSP Development IV LLC	2,649,900	7	0.47%	-		
SC Johnson	2,608,756	8	0.46%	13,694,576	2	1.95%
Rivers Edge Medical Commons, LLC	2,468,180	9	0.43%	-	N/A	
S-S Development and Management Inc.	2,313,171	10	0.41%	-	N/A	
Wenonah Park Properties	-	N/A		3,963,850	5	0.56%
Kerkau Manufacturing	-	N/A		4,028,416	4	0.57%
Marina Place LLC	-	N/A		3,317,575	7	0.47%
Northern Concrete	-	N/A		2,692,100	9	0.38%
<b>Totals</b>	<b>\$ 40,628,971</b>		<b>7.14%</b>	<b>\$ 117,767,435</b>		<b>16.74%</b>

Electric Customer	2016			2007		
	Usage kWh	Rank	Percentage of Total Usage	Usage kWh	Rank	Percentage of Total Usage
Mersen USA (Carbone)	19,882,237	1	6.29%	10,841,600	3	3.36%
McLlaren Bay Region (Bay Med)	17,331,098	2	5.48%	15,728,390	2	4.87%
City of Bay City	9,751,674	3	3.08%	19,170,136	1	5.94%
Bay County	7,958,286	4	2.52%	4,284,482	6	1.33%
S.C. Johnson & Sons	7,258,794	5	2.30%	7,305,050	4	2.26%
Bay Cast Inc	4,305,664	6	1.36%	4,816,851	5	1.49%
Doubletree Hotel	3,528,134	7	1.12%	3,988,101	7	1.24%
Valley Publishing	3,215,164	8	1.02%	-	N/A	
Menards	3,206,531	9	1.01%	-	N/A	
Kerkau Manufacturing	3,130,780	10	0.99%	3,567,520	9	1.11%
Bay City Board of Education	-	N/A		3,643,006	8	1.13%
Bay City Housing Commission	-	N/A		3,351,905	10	1.04%
<b>Totals</b>	<b>79,568,362</b>		<b>25.17%</b>	<b>76,697,041</b>		<b>23.77%</b>

Source: Bay City Assessor's Office and Electric Department.



Bay

City  
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City of Bay City

CITY OF BAY CITY, MICHIGAN

Table 9  
Unaudited

**Property Tax Levies and Collections**  
Last Ten Fiscal Years  
(amounts expressed in thousands)

Year Ended June 30,	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2007	\$ 12,762	\$ 11,970	93.79%	\$ 744	\$ 12,714	99.62%
2008	13,027	12,099	92.88%	890	12,989	99.71%
2009	13,072	12,176	93.15%	864	13,040	99.76%
2010	12,832	11,835	92.23%	943	12,778	99.58%
2011	11,584	10,584	91.37%	918	11,502	99.29%
2012	11,259	10,310	91.57%	908	11,218	99.64%
2013	11,296	10,336	91.50%	946	11,282	99.88%
2014	11,468	10,525	91.78%	914	11,439	99.75%
2015	11,424	10,495	91.87%	875	11,370	99.53%
2016	11,556	10,661	92.26%	874	11,535	99.82%

Tax levy value as of June 30th of each fiscal year end as surrendered to Bay County

## CITY OF BAY CITY, MICHIGAN

### Ratios of Outstanding Debt by Type Last Ten Fiscal Years

June 30,	Governmental Activities				Business-type Activities		
	General Obligation Bonds	Installment Purchase Contracts	Term Loans	Capital Leases	Revenue Bonds	General Obligation Bonds	Term Loans
2007	\$ 17,462,577	\$ 282,040	\$ -	\$ 22,717	\$ 7,115,000	\$ 14,690,000	\$ 41,290,000
2008	17,126,779	239,354	2,170,000	21,260	9,545,000	21,925,001	39,205,000
2009	16,731,739	195,027	2,127,500	9,375	8,020,000	20,140,001	37,070,000
2010	16,284,012	148,995	2,085,000	4,825	6,230,000	18,340,001	34,885,000
2011	15,794,946	101,192	2,042,500	2,720	4,360,000	18,983,600	32,645,000
2012	16,870,889	51,551	2,000,000	1,760	2,420,000	17,047,701	30,350,000
2013	15,659,562	-	3,000,000	800	2,055,000	14,852,702	28,000,000
2014	14,324,644	-	2,915,000	-	15,505,000	13,218,701	25,590,000
2015	12,876,529	-	2,750,000	-	14,970,000	11,523,603	23,120,000
2016	11,292,069	-	2,575,000	-	14,390,000	10,342,403	20,590,000

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

- (1) See Statistical Table Number 15 for personal income and population data.  
 (2) This information is not yet available.

Table 10  
Unaudited

Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
\$ 80,862,334	24.99%	\$ 2,380
90,232,394	26.83%	2,661
84,293,642	25.18%	2,495
77,977,833	22.73%	2,232
73,929,958	20.46%	2,119
68,741,901	18.49%	1,981
63,568,064	16.86%	1,841
71,553,345	18.50%	2,079
65,240,132	16.30%	1,910
59,189,472	(2)	1,745

**Ratios of General Bonded Debt Outstanding**  
Last Ten Fiscal Years  
(amounts expressed in thousands)

June 30,	General Obligation Bonds (1)	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property (2)	Per Capita (3)
2007	\$ 32,153	\$ 387	\$ 31,766	4.25%	\$ 935
2008	39,052	584	38,468	5.13%	1,135
2009	36,872	743	36,129	4.82%	1,070
2010	34,624	836	33,788	4.73%	967
2011	34,779	704	34,075	5.51%	976
2012	33,919	456	33,463	5.40%	964
2013	30,513	-	30,513	5.22%	884
2014	27,543	77	27,466	4.95%	798
2015	24,400	84	24,316	4.28%	712
2016	21,634	261	21,373	3.76%	626

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.  
Taxable value provided by the Bay City Assessor's Office.

- (1) This is the general bonded debt of both governmental and business-type activities, net of original issuance discounts and premiums.  
(2) See Statistical Table Number 6 for taxable value of property data.  
(3) See Statistical Table Number 15 for population data.

CITY OF BAY CITY, MICHIGAN

Table 12  
Unaudited

**Direct and Overlapping Governmental Activities Debt**  
As of June 30, 2016

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Overlapping Debt:			
Bay County	\$ 7,740,721	19.01%	\$ 1,471,511
Bay City School District	55,260,000	31.00%	17,130,600
Bangor Township Schools	9,800,000	0.78%	76,440
Bay-Arenac Intermediate School District	2,600,000	16.08%	<u>418,080</u>
<b>Total Overlapping Debt</b>			<b>19,096,631</b>
Direct Debt:			
City of Bay City	13,867,069	100.00%	<u>13,867,069</u>
<b>Total Direct and Overlapping Debt</b>			<b><u><u>\$ 32,963,700</u></u></b>

Sources: Debt outstanding and estimated share of overlapping debt provided by Municipal Advisory Council of Michigan.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Bay City. This process recognizes that, when considering the government's ability to issue and repay long term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

CITY OF BAY CITY, MICHIGAN

**Legal Debt Margin Information**  
 Last Ten Fiscal Years  
 (amounts expressed in thousands)

	2007	2008	2009	2010
Debt limit	\$ 74,816	\$ 75,024	\$ 74,971	\$ 71,478
Total net debt applicable to limit	31,766	38,468	36,129	33,788
Legal debt margin	\$ 43,050	\$ 36,556	\$ 38,842	\$ 37,690
Total net debt applicable to the limit as a percentage of debt limit	42.46%	51.27%	48.19%	47.27%

\* The calculation method for this table was changed as of FY16 to include bonds, loans and notes for the Primary Government as Component Units.

Table 13  
Unaudited

2011	2012	2013	2014	2015	2016
\$ 62,586	\$ 62,000	\$ 58,506	\$ 54,755	\$ 56,795	\$ 56,916
34,075	33,463	30,513	27,466	24,316	21,373
<u>\$ 28,511</u>	<u>\$ 28,537</u>	<u>\$ 27,993</u>	<u>\$ 27,289</u>	<u>\$ 32,479</u>	<u>\$ 35,543</u>
54.45%	53.97%	52.15%	50.16%	42.81%	37.55%

Legal Debt Margin Calculation for Fiscal Year 2016

Assessed valuation, December 31, 2015		<u>\$ 569,158</u>
Debt limit (10% of assessed valuation)		\$ 56,916
Debt applicable to limit:	\$ 21,634	
Less:		
Assets in Debt Service funds available for payment of principal	<u>261</u>	
Total amount of debt applicable to debt limit		<u>21,373</u>
Legal debt margin		<u>\$ 35,543</u>

CITY OF BAY CITY, MICHIGAN

Table 14  
Unaudited

**Pledged Revenue Coverage**  
Last Ten Fiscal Years

Year Ended June 30,	Operating Revenue (1)	Operating Expenses (2)	Net Available Revenue	Debt Service		Total	Coverage
				Principal	Interest		
Electric System Revenue Bonds							
2007	\$ 26,985,022	\$ 24,582,860	\$ 2,402,162	\$ 1,200,000	\$ 409,300	\$ 1,609,300	1.49
2008	29,892,066	27,816,358	2,075,708	1,270,000	350,251	1,620,251	1.28
2009	30,890,109	28,101,504	2,788,605	1,750,000	336,538	2,086,538	1.34
2010	30,222,987	27,678,220	2,544,767	1,790,000	265,638	2,055,638	1.24
2011	32,324,760	28,068,721	4,256,039	1,870,000	192,638	2,062,638	2.06
2012	32,332,486	30,051,832	2,280,654	1,940,000	125,962	2,065,962	1.10
2013	33,125,115	31,372,020	1,753,095	365,000	85,625	450,625	3.89
2014	34,597,240	30,936,143	3,661,097	380,000	586,012	966,012	3.79
2015	35,420,455	28,975,124	6,445,331	535,000	591,492	1,126,492	5.72
2016	35,696,069	31,579,767	4,116,302	580,000	587,167	1,167,167	3.53

Note: Details regarding Bay City's outstanding debt can be found in the notes to the financial statements.

(1) Includes interest earnings.

(2) Net of depreciation expense.

**Demographic and Economic Statistics**  
Last Ten Fiscal Years

Year Ended June 30,	Population (1)	Personal Income (2) (amounts expressed in thousands)	Per Capita Personal Income	School Enrollment (3)	Unemployment Rate (4)
2007	33,977	\$ 3,236,161	\$ 29,928	5,462	7.30%
2008	33,905	3,438,771	31,047	5,221	8.30%
2009	33,780	3,342,027	30,970	4,922	13.40%
2010	34,932	3,430,917	31,852	4,906	12.80%
2011	34,897	3,613,534	33,737	4,654	11.00%
2012	34,701	3,716,785	34,757	4,805	9.70%
2013	34,521	3,770,457	35,293	4,803	10.40%
2014	34,424	3,866,902	36,419	4,695	8.40%
2015	34,149	(5)	(5)	4,483	5.90%
2016	33,917	(5)	(5)	4,185	5.00%

Data Sources:

- (1) Population Division, U.S. Census Bureau
- (2) Bureau of Economic Analysis, U.S. Department of Commerce
- (3) Local school districts
- (4) U.S. Department of Labor Bureau of Labor Statistics Data - Unemployment rate information is a yearly average not seasonally adjusted.
- (5) This information is not yet available.



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CITY OF BAY CITY, MICHIGAN

Table 16  
Unaudited

**Principal Employers**  
2016 and Nine Years Ago

Employer	2016			2007		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
McLaren Bay Region (2)	2,038	1	4.07%	1,870	1	3.71%
Bay City Public Schools (1) (2)	1,075	2	2.15%	1,106	2	2.19%
Bay County (2)	577	3	1.15%	584	4	1.16%
General Motors Powertrain	385	4	0.77%	675	3	1.34%
SC Johnson (2)	340	5	0.68%	450	5	0.89%
City of Bay City	287	6	0.57%	371	6	0.74%
Bay Arenac Behavioral Health	250	7	0.50%	-	N/A	0.00%
Labadie Auto Group	160	8	0.32%	165	8	0.33%
Doubletree Hotel & Conference Center	147	9	0.29%	120	10	0.24%
F.P. Horak Co.	135	10	0.27%	199	7	0.39%
Northern Concrete	-	N/A	-	126	9	0.25%
<b>Totals</b>	<b>5,394</b>		<b>10.78%</b>	<b>5,666</b>		<b>11.24%</b>

Source:

Bay City Economic Development Department and U.S. Department of Labor Bureau of Labor Statistics and Bay City Times

(1) Excludes substitute teachers.

(2) Multiple locations within Bay County

## CITY OF BAY CITY, MICHIGAN

### Full-time Equivalent City of Bay City Employees by Function Last Ten Fiscal Years

	2007	2008	2009	2010
Function				
General government (1)	60	59	57	60
Public safety				
Police (2)	66	61	59	58
Fire (2)	57	57	54	53
Public safety (2)	N/A	N/A	N/A	N/A
Building inspections	N/A	N/A	N/A	N/A
Public works	61	52	48	48
Recreation and culture	15	12	11	10
Community and economic development	10	10	10	9
Electric	45	43	43	45
Water	42.5	41	40	40
Sewer	42.5	39	38	38
<b>Total</b>	<b>399</b>	<b>374</b>	<b>360</b>	<b>361</b>

Source: City of Bay City Accounting Department

(1) Accounts Receivable and Meter Reader positions were incorporated into the three utility funds during fiscal year 2014.

(2) Police and Fire merged into Public Safety during fiscal year 2014.

Table 17  
Unaudited

2011	2012	2013	2014	2015	2016
48	50	51	36	37	37
62	62	60	N/A	N/A	N/A
41	47	44	N/A	N/A	N/A
N/A	N/A	N/A	89	89	90
4	4	4	4	4	6
34	33	30	28	27	29
5	6	6	6	5	5
12	13	13	10	10	9
42	44	41	49	49	50
37	40	35	35	35	20
33	31	28	34	35	38
318	330	312	291	291	284

CITY OF BAY CITY, MICHIGAN

**Operating Indicators by Function**  
Last Ten Fiscal Years

Function	2007	2008	2009	2010
<b>General Government</b>				
Elections				
Number of registered voters	24,509	24,864	24,947	23,452
<b>Public safety</b>				
Police Department				
Number of citations issued	8,343	5,836	3,190	3,568
Number of complaints filed	6,113	5,963	5,730	4,528
Number of calls for service	28,957	30,275	29,851	30,242
Number of DUI offenses	337	351	210	199
Fire Department				
Number of emergency runs	3,341	4,329	4,438	4,533
Number of fire prevention programs	7	14	187	187
<b>Public works</b>				
Streets				
Tons of salt used	2,280	3,529	2,958	1,485
<b>Recreation and culture</b>				
Park acreage maintained	238	238	233	223
Special events	58	43	33	43
Shelter rentals	63	57	60	67
Street trees planted	716	361	366	-
Street trees trimmed	2,998	1,576	1,977	-
Street trees removal	251	137	209	167
<b>Community and Economic Development</b>				
Housing units rehabilitated	9	8	6	-
Emergency housing units rehabilitated	48	50	47	30
<b>Electric Department</b>				
Generating capacity	33,295	33,295	33,295	33,295
<b>Sewer System</b>				
Sanitary and storm sewer (miles)	310	310	310	320
Daily average treatment (million gallons)	9	9	9	8
Maximum daily capacity (million gallons)	18	18	18	18
<b>Water system</b>				
Miles of water mains	232	232	196.87	196.87
Daily average consumption (million gallons)	8.90	8.58	8.03	7.46
Maximum daily treatment (million gallons)	12.96	12.10	13.85	10.12
<b>Airport</b>				
Private hanger land leases	22	22	23	23
Public hanger lease	1	1	1	1
Cell tower leases	1	1	1	1
Aviation fuel sold (gallons)	29,000	20,163	N/A	12,599
<b>Cemetery</b>				
Interments	35	35	51	57
Grave sales	30	40	16	35
Foundations set	21	19	29	25
Right of 2nd Interment	-	6	5	5
<b>Marina</b>				
Seasonal Dock Leases	50	50	49	50
Transient Dock Rentals	1,585	1,116	542	419

\* Emergency Housing Rehab transferred the program to Bay Area Housing 1/1/2015

Note: Water treatment plant operations were transferred to the County during fiscal year 2016.

Sources: Various city departments.

Table 18  
Unaudited

2011	2012	2013	2014	2015	2016
23,338	22,897	23,674	23,692	23,438	23,620
2,792	3,382	3,723	2,579	2,861	1,517
5,907	4,247	4,934	4,398	5,469	3,937
25,189	33,899	33,039	27,738	25,185	16,742
156	219	143	96	123	85
4,785	4,681	4,677	4,882	4,857	3,626
111	128	115	195	183	81
2,948	1,557	1,914	2,300	780	1,585
223	238	238	238	238	238
40	25	43	44	49	51
50	49	59	67	70	69
-	-	-	-	-	-
-	-	-	-	-	-
101	253	134	115	340	635
-	-	-	-	-	2
39	31	40	46	47	52
33,295	33,295	33,295	33,295	33,295	28,295
320	320	320	320	320	320
7	7	7	7	8	7
18	18	18	18	18	18
196.87	194.50	194.50	177.00	195.77	195.77
7.47	7.41	7.87	7.86	7.90	-
14.45	14.00	14.00	14.00	12.00	-
23	22	22	22	23	23
2	3	3	5	7	8
1	1	1	-	-	-
14,665	13,756	13,000	16,616	13,687	14,016
48	50	37	48	52	41
42	39	19	27	17	26
18	25	20	24	28	11
5	1	2	4	7	1
50	50	50	44	45	51
337	364	340	306	271	330

# CITY OF BAY CITY, MICHIGAN

## Capital Assets Statistics by Function Last Ten Fiscal Years

Function	2007	2008	2009	2010
Public safety				
Police (1)				
Stations	1	1	1	1
Vehicles	25	25	25	25
Fire (1)				
Stations	4	4	4	3
Vehicles	13	13	13	12
Public safety (1)				
Stations	N/A	N/A	N/A	N/A
Vehicles	N/A	N/A	N/A	N/A
Public works				
Bascule span bridges	2	2	2	2
Streets (miles) (2)	181	181	181	181
Recreation and culture				
Park areas	24	24	24	24

(1) Police and Fire merged into Public Safety in fiscal year 2014.

(2) Provided by the State of Michigan as certified Act 51 miles.

Sources: Various city departments.

Note: No capital asset indicators are available for the general government and economic development functions.

Table 19  
Unaudited

2011	2012	2013	2014	2015	2016
1 25	1 22	1 22	N/A N/A	N/A N/A	N/A N/A
3 14	3 14	3 12	N/A N/A	N/A N/A	N/A N/A
N/A N/A	N/A N/A	N/A N/A	5 36	5 36	5 34
2 181	2 181	2 181	2 181	2 181	2 181
24	25	25	25	25	25



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## SINGLE AUDIT ACT COMPLIANCE



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City of Bay City

Independent Auditors' Report On The  
Schedule Of Expenditures Of Federal Awards  
Required by the Uniform Guidance

December 22, 2016

To the Honorable Mayor  
and City Commission  
City of Bay City, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Bay City, Michigan as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 22, 2016, which contained unmodified opinions on those financial statements. Our report includes reference to other auditors. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.





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CITY OF BAY CITY, MICHIGAN

**Schedule of Expenditures of Federal Awards**  
For the Year Ended June 30, 2016

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Total Subawards	Federal Expenditures
U.S. Department of Agriculture - Forest Services					
Urban and Community Forestry Grant Program	10.664	MDNR	CFG 15-02	\$ -	\$ 12,000
U.S. Department of Housing and Urban Development					
Community Development Block Grant Entitlement Grants Cluster:					
Community Development Block Grant (CDBG)					
Grant Entitlements - 2010	14.218	Direct	B-10-MC-26-0003	17,828	17,828
Grant Entitlements - 2012	14.218	Direct	B-12-MC-26-0003	7,407	7,407
Grant Entitlements - 2013	14.218	Direct	B-13-MC-26-0003	74,765	74,765
Grant Entitlements - 2014	14.218	Direct	B-14-MC-26-0003	152,734	227,298
Grant Entitlements - 2015	14.218	Direct	B-15-MC-26-0003	107,929	648,084
Grant Entitlements - 2015	14.218	Direct	N/A	84,948	99,760
				<u>445,611</u>	<u>1,075,142</u>
Home Program					
HOME Program - 2012	14.239	Direct	M-12-MC260219	27	27
HOME Program - 2013	14.239	Direct	M-13-MC260219	367	367
HOME Program - 2014	14.239	Direct	M-14-MC260219	52,444	52,444
HOME Program - 2015	14.239	Direct	M-15-MC260219	20,403	20,403
				<u>73,241</u>	<u>73,241</u>
Total U.S. Department of Housing and Urban Development				<u>518,852</u>	<u>1,148,383</u>
U.S. Department of Justice					
Bulletproof Vest Partnership Program	16.607	Direct	2014BUBX14071782	-	1,948
Edward Byrne Memorial Justice Assistance Grant Program	16.738	Direct	2014-DJ-BX-1033	-	2,133
Edward Byrne Memorial Justice Assistance Grant Program	16.738	Direct	2015-DJ-BX-0514	-	7,575
Total U.S. Department of Justice				<u>-</u>	<u>11,656</u>
U.S. Department of Transportation					
Federal Aviation Administration	20.106	MDOT	B-26-0010-1815	-	113,616
Federal Aviation Administration	20.106	MDOT	B-26-0010-1713	-	71,143
Highway Planning and Construction Cluster:					
Federal Transportation Enhancement Grant	20.205	MDOT	STP 1309	-	18,999
Total U.S. Department of Transportation				<u>-</u>	<u>203,758</u>
U.S. Environmental Protection Agency					
Drinking Water State Revolving Fund Cluster:					
Capitalization Grants for Drinking Water State Revolving Funds	66.468	MDEQ	7393-01	-	2,113,084
Brownfield Revolving Loan Fund Capitalization Grant	66.818	Direct	00E01075	-	13,079
Total U.S. Environmental Protection Agency				<u>-</u>	<u>2,126,163</u>
U.S. Department of Homeland Security					
Homeland Security Grant Program - FY 15	97.067	IC	EMW-2015-SS-000333	-	397
Total Expenditures of Federal Awards				<u>\$ 518,852</u>	<u>\$ 3,502,357</u>

See notes to schedule of expenditures of federal awards.



Bay

City  
Michigan

A beautiful view...of life

City of Bay City

# CITY OF BAY CITY, MICHIGAN

## Notes to Schedule of Expenditures of Federal Awards

### 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the City of Bay City, Michigan (the "City") under programs of the federal government for the year ended June 30, 2016. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

The City's reporting entity is defined in Note 1 of the City's Comprehensive Annual Financial Report. The City's financial statements include the operations of the Bay City Housing Commission component unit audited by other auditors, which received federal awards that are not included in the Schedule for the year ended June 30, 2016, as this entity was separately audited.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting, which is described in Note 1 to the City's financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

For purposes of charging indirect costs to federal awards, the City has not elected to use the 10 percent de minimis cost rate as permitted by §200.414 of the Uniform Guidance.

### 3. OTHER FEDERAL REVENUE

The City is an indirect beneficiary of federal funds that are expended directly by the Michigan Department of Transportation (MDOT). These expenditures (which totaled \$536,643 for the year ended June 30, 2016) are included in the single audit for the State of Michigan.

### 4. PASS-THROUGH AGENCIES

The City receives certain federal grants as subawards from non-federal entities. Pass-through entities, where applicable, have been identified in the Schedule with an abbreviation, defined as follows:

Pass-through Agency Abbreviation	Pass-through Agency Name
IC	Iosco County
MDEQ	Michigan Department of Environmental Quality
MDNR	Michigan Department of Natural Resources
MDOT	Michigan Department of Transportation

# CITY OF BAY CITY, MICHIGAN

## Notes to Schedule of Expenditures of Federal Awards

### 5. RECONCILIATION OF FEDERAL REVENUE TO THE FEDERAL EXPENDITURES REPORTED ON THE SCHEDULE

Federal revenue:	
Statement of revenues, expenditures and changes in fund balances	\$ 1,629,397
Statement of revenues, expenses and changes in fund net position	196,759
Federal portion of Drinking Water Revolving not reimbursed at year-end	2,113,084
CDBG program income	99,760
Less:	
MDOT administered grant	<u>(536,643)</u>
<b>Total federal expenditures</b>	<b><u>\$ 3,502,357</u></b>

■ ■ ■ ■ ■

**Independent Auditors' Report On Internal Control Over Financial Reporting  
And On Compliance And Other Matters Based On An Audit Of Financial Statements  
Performed In Accordance With *Government Auditing Standards***

December 22, 2016

To the Honorable Mayor  
and City Commission  
City of Bay City, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the *City of Bay City, Michigan* (the "City"), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 22, 2016. Our report includes a reference to other auditors who audited the financial statements of the Police and Fire Retirement Pension Trust and the Bay City Housing Commission, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as item 2016-001 that we consider to be significant deficiencies.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **City of Bay City, Michigan's Response to Findings**

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

**Independent Auditors' Report on Compliance for Each Major Federal Program  
and Internal Control over Compliance Required by the Uniform Guidance**

December 22, 2016

To the Honorable Mayor  
and City Commission  
City of Bay City, Michigan

**Report on Compliance for Each Major Federal Program**

We have audited the *City of Bay City, Michigan's* (the "City's") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended June 30, 2016. The City's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

*Management's Responsibility*

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

*Independent Auditors' Responsibility*

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the City's compliance.

### *Opinion on Major Federal Program*

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2016.

### **Report on Internal Control Over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for a major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### *Purpose of this Report*

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Rehmann Loborn LLC*

# CITY OF BAY CITY, MICHIGAN

## Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2016

### SECTION I - SUMMARY OF AUDITORS' RESULTS

#### Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?            yes     X     no

Significant deficiency(ies) identified?     X     yes            no

Noncompliance material to financial statements noted?            yes     X     no

#### Federal Awards

Internal control over major programs:

Material weakness(es) identified?            yes     X     no

Significant deficiency(ies) identified?            yes     X     none reported

Type of auditors' report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)?

           yes     X     no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>	<u>Type of Report</u>
66.468	Drinking Water Revolving Fund Cluster	Unmodified

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

           yes     X     no

# CITY OF BAY CITY, MICHIGAN

## Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2016

### SECTION II - FINANCIAL STATEMENT FINDINGS

#### 2016-001 - Audit Adjustments

**Finding Type.** Significant Deficiency in Internal Control over Financial Reporting. (Repeat)

**Criteria.** Management is responsible for maintaining its accounting records in accordance with generally accepted accounting principles (GAAP).

**Condition.** During our audit, we identified and proposed significant adjustments (which were approved and posted by management) related to bond refunding. In addition, management identified and posted many smaller adjustments to a variety of funds and accounts throughout the audit process that collectively had a material effect on the City's financial reporting process. Although there were significantly fewer adjustments made during the audit process compared to the prior year, improvements can still be made in the timing of these adjustments.

**Cause.** The need for a large volume of additional adjustments by the City subsequent to the start of the audit appears to be a result of the timing of the reconciliation process. Since the City was still in the process of reconciling account balances after the start of the audit fieldwork, it is not readily determinable which audit-identified entries may have been recognized internally by management had the year-end close been completed prior to the start of the audit.

**Effect.** As a result of this condition, the City's financial information was initially misstated by amounts that were deemed to be quantitatively material to nearly every opinion unit, and numerous account balances were not adjusted timely throughout the year. Correcting entries were subsequently posted by management to the City's records and the appropriate balances are presented in the audited financial statements.

**Recommendation.** Management has already taken appropriate corrective action by posting correcting journal entries. However, we encourage the City to have all known adjustments posted to the general ledger prior to the commencement of the audit. When a dollar amount for a known adjustment is not yet available, we recommend the adjustment be made based on a reasonable estimate, with an adjustment to actual provided at a later date.

**View of Responsible Officials.** The City continues to endeavor to complete all adjustments and have all trial balances finalized before the auditors begin the audit process. However, despite our best intentions, there are certain entries where the City is waiting for information from outside entities which the City has little or no ability to influence to secure the information quicker. There are always going to be a small number of entries required after the auditors arrive to begin the audit fieldwork. However, as demonstrated by this commitment, the number of entries prepared by City staff after the arrival of the auditors decreased from 551 entries made during the close-out of the 2014/2015 fiscal year after the auditors arrived to 31 entries made during the close-out of the 2015/2016 fiscal year after the auditors arrived. This was a 94.4% reduction in the number of adjustments made while audit staff was on-site at the City.

# CITY OF BAY CITY, MICHIGAN

## Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2016

### SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted.

# CITY OF BAY CITY, MICHIGAN

## Summary Schedule of Prior Audit Findings

For the Year Ended June 30, 2016

### 2015-001 - Audit Adjustments

The audit process identified the need for adjustments which were quantitatively material to certain opinion units. Material audit adjustments were detected in the current year. Accordingly, this item is repeated for the current year at 2016-001.

### 2015-002 - Inadequate Documentation of Rehabilitation Projects

Each of the five rehabilitation projects tested lacked documentation that a pre-rehabilitation inspection was conducted to identify the deficiencies to be corrected. In addition, there was no rehabilitation contract incorporating the deficiencies to be corrected for two of these projects. This finding was not repeated in fiscal 2016.

■ ■ ■ ■ ■



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## INDEPENDENT AUDITORS' COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

December 22, 2016

To the Honorable Mayor  
and City Commission  
City of Bay City, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the *City of Bay City, Michigan* (the "City") as of and for the year ended June 30, 2016, and have issued our report thereon dated December 22, 2016. We did not audit the financial statements of the Police and Fire Retirement System Pension Trust Fund or the Bay City Housing Commission component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion on the financial statements and this report, insofar as they relate to the Police and Fire Retirement System Pension Trust Fund or the Bay City Housing Commission component unit, are based solely on the reports of other auditors. Professional standards require that we advise you of the following matters relating to our audit.

### Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated June 30, 2016, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the City solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our findings regarding internal control over financial reporting and compliance noted during our audit in a separate letter to you dated December 22, 2016. In addition, we noted certain other matters which are included in Attachment A to this letter.

### **Planned Scope and Timing of the Audit**

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter and in our meeting about planning matters on October 17, 2016.

### **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, and our firm has complied with all relevant ethical requirements regarding independence.

### **Qualitative Aspects of the City's Significant Accounting Practices**

#### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the City is included in Note 1 to the financial statements.

There have been no initial selections of accounting policies and no changes in significant accounting policies or their application during the year.

No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus. No matters have come to our attention that would require us, under professional standards, to inform you about the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

#### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements were:

- Management's estimate of the useful lives of depreciable capital assets is based on the length of time it is believed that those assets will provide some economic benefit in the future.
- Management's estimate of the accrued compensated absences is based on current hourly rates and policies regarding payment of sick and vacation banks.
- Management's estimate of the allowance for uncollectible receivable balances is based on past experience and future expectation for collection of various account balances.

To the Honorable Mayor  
and City Commission  
City of Bay City, Michigan  
December 22, 2016  
Page 3

- Management's estimate of the insurance claims incurred but not reported is based on information provided by the entity's third party administrators and subsequent claims activity.
- The assumptions used in the actuarial valuations of the pension and other postemployment benefits plans are based on historical trends and industry standards.

We evaluated the key factors and assumptions used to develop these estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units. In addition, the financial statements include a net pension liability and other pension-related amounts, which are dependent on estimates made by the plan. These estimates are based on historical trends and industry standards, but are not within the control of management.

#### **Significant Difficulties Encountered During the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

#### **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The material misstatements detected as a result of audit procedures and corrected by management are described in the Schedule of Findings and Questioned Costs issued in connection with the Single Audit.

#### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the City's financial statements or the auditors' report. No such disagreements arose during the course of the audit.

#### **Representations Requested from Management**

We have requested certain written representations from management, which are included in Attachment C to this letter.

#### **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

To the Honorable Mayor  
and City Commission  
City of Bay City, Michigan  
December 22, 2016  
Page 4

**Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with the City, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the City's auditors.

**Other Information in Documents Containing Audited Financial Statements**

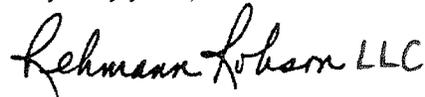
Our responsibility for the supplementary information accompanying the financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole. We made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

**Upcoming Changes in Accounting Standards**

Generally accepted accounting principles (GAAP) are continually changing in order to promote the usability and enhance the applicability of information included in external financial reporting. While it would not be practical to include an in-depth discussion of every upcoming change in professional standards, Attachment B to this letter contains a brief overview of recent pronouncements of the Governmental Accounting Standards Board (GASB) and their related effective dates. Management is responsible for reviewing these standards, determining their applicability, and implementing them in future accounting periods.

This information is intended solely for the use of the governing body and management of the City of Bay City and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

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

# CITY OF BAY CITY, MICHIGAN

## Attachment A - Comments and Recommendations

For the June 30, 2016 Audit

During our audit, we became aware of certain other matters that are opportunities for strengthening internal control and/or improving operating efficiency. This memorandum summarizes our comments and recommendations regarding those matters. Our consideration of the City's internal control over financial reporting is described in our report, dated December 22, 2016, issued in accordance with Government Auditing Standards. This memorandum does not affect that report or our report dated December 22, 2016, on the financial statements of the City of Bay City.

### Credit Card Compliance (Repeat)

During testing we reviewed five credit card transactions. We noted that there was no approval signature documented or retained related to one of the transactions. Per the policy, all transactions are to be reviewed by the purchasing agent or their designee to ensure compliance with the policy and the appropriate purchase of goods or services for official business on behalf of the City. We recommend that the credit card policy be followed as written to ensure appropriate and adequate controls are in place.

### Budgeting

During review of the Financial Statements it was noted that the Major Streets special revenue fund was budgeted in a deficit position at the end of the year. According to the State of Michigan, budgeting a deficit is prohibited. We recommend proper review be performed throughout the year of the budget to ensure no funds are budgeted into a deficit position.

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## CITY OF BAY CITY, MICHIGAN

### ■ Attachment B - Upcoming Changes in Accounting Standards / Regulations

For the June 30, 2016 Audit

The following pronouncements of the Governmental Accounting Standards Board (GASB) have been released recently and may be applicable to the City in the near future. We encourage management to review the following information and determine which standards may be applicable to the City. For the complete text of these and other GASB standards, visit [www.gasb.org](http://www.gasb.org) and click on the "Standards & Guidance" tab. If you have questions regarding the applicability, timing, or implementation approach for any of these standards, please contact your audit team.

#### **GASB 74 ■ Postemployment Benefit Plans Other than Pension Plans**

*Effective 06/15/2017 (your FY 2017)*

This standard requires the calculation of a net other postemployment benefit (OPEB) liability based on an actuarial valuation of retiree healthcare and similar benefits administered by an OPEB trust. It mirrors the new accounting and financial reporting requirements of GASB 67 for pension plans.

#### **GASB 75 ■ Postemployment Benefits Other than Pensions**

*Effective 06/15/2018 (your FY 2018)*

This standard builds on the requirements of GASB 74 by requiring employers that provide other postemployment benefits (OPEB) to recognize a net OPEB liability on their statements of net position. It mirrors the new accounting and financial reporting requirements of GASB 68 for pension benefits.

#### **GASB 77 ■ Tax Abatement Disclosures**

*Effective 12/15/2016 (your FY 2017)*

This standard requires governments to disclose certain information about tax abatement agreements made to foster economic development or otherwise benefit the government or its citizens. Required disclosures include a brief description of the arrangement, the gross dollar amount of taxes abated in the current period, and any additional commitments made by the government as part of the agreement.

#### **GASB 78 ■ Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans**

*Effective 12/15/2016 (your FY 2017)*

This standard is an amendment to GASB 68, and provides guidance to governments that participate in non-governmental cost-sharing pension plans. We do not expect this standard to have any significant effect on the City.

#### **GASB 80 ■ Blending Requirements for Certain Component Units**

*Effective 06/15/2017 (your FY 2017)*

This standard is an amendment to GASB 14, *The Financial Reporting Entity*, and requires blending component units incorporated as not-for-profit corporations in which the government is the sole corporate member. We do not expect this standard to have any significant effect on the City.

# CITY OF BAY CITY, MICHIGAN

## ■ Attachment B - Upcoming Changes in Accounting Standards / Regulations

For the June 30, 2016 Audit

### **GASB 81 ■ Irrevocable Split-Interest Agreements**

*Effective 12/15/2017 (your FY 2018)*

This standard addresses the accounting for split-interest agreements for which the government serves as the intermediary and/or the beneficiary. It requires governments to record assets, liabilities, and deferred inflows of resources at the inception of the agreement when serving as intermediary, or when the government controls the present service capacity of a beneficial interest. We do not expect this standard to have any significant effect on the City.

### **GASB 82 ■ Pension Issues**

*Effective 06/15/2017 (your FY 2017)*

This standard is an amendment to GASB 67/68 to clarify several issues related to pensions. We do not expect this standard to have any significant effect on the City.

### **GASB 83 ■ Certain Asset Retirement Obligations**

*Effective 06/15/2019 (your FY 2019)*

This standard addresses accounting and financial reporting for certain asset retirement obligations--legally enforceable liabilities associated with the retirement of a tangible capital asset. We do not expect this standard to have any significant effect on the City.

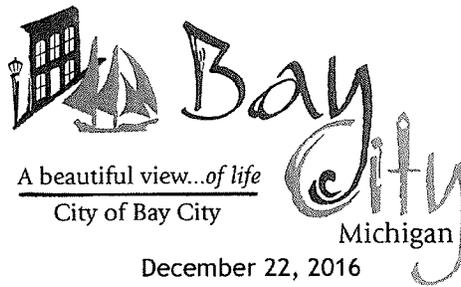


# CITY OF BAY CITY, MICHIGAN

## **Attachment C - Management Representations**

For the June 30, 2016 Audit

The following pages contain the written representations that we requested from management.



Rehmann Robson  
5800 Gratiot Rd., Suite 201  
Saginaw, MI 48638

This representation letter is provided in connection with your audit of the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of *City of Bay City, Michigan*, as of and for the year ended June 30, 2016, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, where applicable, and the respective budgetary comparison for the General Fund and each major special revenue fund of the City in conformity with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of December 22, 2016:

#### Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated June 30, 2016, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP. We have reviewed, approved, and taken responsibility for the financial statements and related notes.
2. We have reviewed and approved the various adjusting journal entries that were proposed by you for recording in our books and records and reflected in the financial statements.
3. We acknowledge our responsibility for 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.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
6. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP. For the purposes of this letter, related parties mean members of the governing body; board members; administrative officials; immediate families of administrative officials, board members, and members of the governing body; and any companies affiliated with or owned by such individuals.
7. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.

8. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
9. With regard to items reported at fair value:
  - a. The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
  - b. The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
  - c. The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.
  - d. There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
10. All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
11. All funds and activities are properly classified.
12. All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
13. All components of net position and fund balance classifications have been properly reported.
14. All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
15. All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
16. All interfund and intra-entity transactions and balances have been properly classified and reported.
17. Special items and extraordinary items have been properly classified and reported.
18. Deposit and investment risks have been properly and fully disclosed.
19. Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
20. All required supplementary information is measured and presented within the prescribed guidelines.
21. We believe that the actuarial assumptions and methods used to measure pension and other postemployment benefit liabilities and costs for financial accounting purposes are appropriate in the circumstances.
22. We are responsible for the fair presentation of the City's net pension liability as calculated by the Municipal Employees' Retirement System of Michigan (MERS) and related amounts. We provided MERS with complete and accurate information regarding the City's participation in the plan, and have reviewed the information provided by MERS for inclusion in the City's financial statements.

#### Information Provided

23. We have provided you with:
  - a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;

- b. Additional information that you have requested from us for the purpose of the audit; and
  - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
24. All transactions have been recorded in the accounting records and are reflected in the financial statements.
25. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
26. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
- a. Management;
  - b. Employees who have significant roles in internal control; or
  - c. Others where the fraud could have a material effect on the financial statements.
27. We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, vendors, regulators, or others.
28. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements and we have not consulted legal counsel concerning litigation or claims.
29. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
30. There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
31. The government has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
32. We have disclosed to you all guarantees, whether written or oral, under which the government is contingently liable.
33. We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
34. There are no:
- a. Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
  - b. Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.
  - c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62.
35. The government has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
36. We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

37. We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB-62. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.

**Supplementary Information in Relation to the Financial Statements as a Whole**

38. With respect to the supplementary information accompanying the financial statements:
- a. We acknowledge our responsibility for the presentation of the supplementary information in accordance with accounting principles generally accepted in the United States of America.
  - b. We believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America.
  - c. The methods of measurement or presentation have not changed from those used in the prior period.
  - d. We believe the significant assumptions or interpretations underlying the measurement or presentation of the supplementary information, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.

**Required Supplementary Information**

39. With respect to the required supplementary information accompanying the financial statements:
- a. We acknowledge our responsibility for the presentation of the required supplementary information in accordance with accounting principles generally accepted in the United States of America.
  - b. We believe the required supplementary information, including its form and content, is measured and fairly presented in accordance with accounting principles generally accepted in the United States of America.
  - c. The methods of measurement or presentation have not changed from those used in the prior period.
  - d. We believe the significant assumptions or interpretations underlying the measurement or presentation of the required supplementary information, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.

**Uniform Guidance (2 CFR 200)**

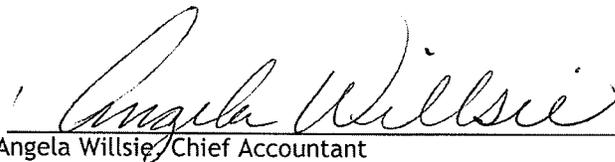
40. With respect to federal awards, we represent the following to you:
- a. We are responsible for understanding and complying with and have complied with the requirements of the Uniform Guidance.
  - b. We are responsible for the preparation and presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance.
  - c. We believe the schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with the Uniform Guidance.
  - d. The methods of measurement or presentation have not changed from those used in the prior period.

- e. We believe the significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.
- f. We are responsible for including the auditor's report on the schedule of expenditures of federal awards in any document that contains the schedule and that indicates that the auditor has reported on such information.
- g. When the schedule of expenditures of federal awards is not presented with the audited financial statements, management will make the audited financial statements readily available to the intended users of the schedule of expenditures of federal awards no later than the date of issuance by the entity of the schedule of expenditures of federal awards and the auditor's report thereon.
- h. We have, in accordance with the Uniform Guidance, identified in the schedule of expenditures of federal awards, expenditures made during the audit period for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, food commodities, direct appropriations, and other assistance.
- i. We are responsible for complying with the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of our federal programs and have identified and disclosed to you the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major federal program; and we have complied, in all material respects, with these requirements.
- j. We have provided to you our interpretations of any compliance requirements that have varying interpretations.
- k. We are responsible for establishing and maintaining effective internal control over compliance requirements applicable to federal programs that provide reasonable assurance that we are managing our federal awards in compliance with laws, regulations, and the provisions of contracts and grant agreements that could have a material effect on our federal programs. Also, no changes have been made in the internal control system to the date of this letter that might significantly affect internal control, including any corrective action taken with regard to significant deficiencies, including material weaknesses, reported in the schedule of findings and questioned costs.
- l. We have made available to you all contracts and grant agreements (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relating to federal programs.
- m. We have received no requests from a federal agency to audit one or more specific programs as a major program.
- n. We have identified and disclosed to you all amounts questioned and any known noncompliance with the requirements of federal awards, including the results of other audits or program reviews. We also know of no instances of noncompliance occurring subsequent to the end of the period audited.
- o. We have charged costs to federal awards in accordance with applicable cost principles, including amounts claimed or used for matching determined in accordance with relevant guidelines in the Uniform Guidance.
- p. We have made available to you all documentation related to the compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.

- q. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared (and are prepared on a basis consistent with the schedule of expenditures of federal awards).
- r. The copies of federal program financial reports provided to you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
- s. We have monitored subrecipients to determine if they have expended pass-through assistance in accordance with applicable laws and regulations and have met the requirements of the Uniform Guidance.
- t. We have issued management decisions timely after the receipt of subrecipients' auditor reports that identified noncompliance with laws, regulations, or the provisions of contracts or grant agreements, and have ensured that the subrecipients have taken the appropriate and timely corrective action on findings.
- u. We have considered the results of subrecipients' audits and have made any necessary adjustments to our own books and records.
- v. We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance, and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
- w. We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- x. We are responsible for and have accurately completed the appropriate sections of the Data Collection Form as required by the Uniform Guidance, and we are responsible for preparing and implementing a correction action plan for each audit finding.
- y. We have disclosed all contracts or other agreements with service organizations and disclosed to you all communications from these service organizations relating to noncompliance at the organizations.
- z. We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- aa. We have disclosed to you the nature of any subsequent events that provide additional evidence with respect to conditions that existed at the end of the reporting period that affect noncompliance during the reporting period.



George Martini, Director of Fiscal Services



Angela Willis, Chief Accountant

CP February 6, 2017

Of Commission as a Whole:

**Whereas**, the Bay City City Commission is in receipt of the *Comprehensive Annual Financial Report and the Report on Expenditures of Federal Awards* dated June 30, 2016, and the *Independent Auditors' Communication with Those Charged with Governance* dated December 22, 2016; and

**Whereas**, the City of Bay City is required by the State of Michigan to undergo an annual financial audit conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and

**Whereas**, for the fiscal year ended June 30, 2016 this audit was conducted by the independent auditing firm of Rehmann; and

**Whereas**, in the opinion of the auditors, the financial statements present fairly, in all material respects, the financial position of the City of Bay City;

**Now Therefore Be It Resolved** that the City Commission hereby receives the June 30, 2016 *Comprehensive Annual Financial Report, the Report on Expenditures of Federal Awards, and the Independent Auditors' Communication with Those Charged with Governance*.

**Subject:**

**Reviewed By:** City Manager: Richard M. Finn Deputy City Manager: Dana L. Muscott

**Prepared By:**

**PERTINENT FACTS:**

This is a resolution that we bring to the City Commission from time-to-time to add daily items that our city staff buys. This resolution adds communication parts and service, radio equipment, fiber equipment, fiber optic equipment, hardware and software for SCADA system for WWTP; chemicals, copper no lead brass, directional boring professional services, spoil hauling and cathodic protection surveys for Water Distribution; and changing Street Department to Street, Sanitation, Fleet and adding cold patch, diesel, gas, heavy equipment repair, trash bags and plastic pavement markings. Delete Water treatment Plant entirely. Delete auction service, diesel and gasoline from Purchasing.

**LEGAL ISSUES:**

None.

**TIME SENSITIVITY:**

Routine

**BRIEFLY DESCRIBE THE NATURE OF THE TIME SENSITIVITY:**

**FINANCIAL CONSIDERATIONS:**

No financial impact.

**CITY GOALS:**

**RECOMMENDED ACTION:**

\*Commission as a Whole resolution approving the amended Routine Goods list for day-to-day operations for various city departments.

RECOMMENDATION: Approve.

---

**ATTACHMENTS:**

<b>Description</b>	<b>Upload Date</b>	<b>Type</b>
Routine Goods Resolution	1/20/2017	Resolution Letter

Of Commission as a Whole:

**Whereas**, February 16, 2015 the Bay City City Commission adopted a resolution regarding the purchasing of day-to-day operation items; and

**Whereas**, the resolution authorizes, pursuant to Section 2-26(3) of the Code of Ordinances, Rule 3 of the Commission, and Section 2-278 of the Code of Ordinances, the purchasing agent to obtain day-to-day operations items without further approval of the City Commission and

**Whereas**, the day-to-day operation items included the following specified goods and services essential for city services:

- **Water Treatment Plant:** chemicals and laboratory supplies for the processing of water, maintenance and repair parts for pumps, motors, instrumentation, disinfection and chemical feed equipment required for the for the processing of water;
- **Wastewater Treatment Plant:** chemicals and laboratory supplies for the processing of wastewater, maintenance and repair parts for pumps, motors, instrumentation, disinfection and chemical feed equipment required for the processing of wastewater, maintenance and repair of pumps, motors, instrumentation, disinfection, chemical feed equipment, buildings and structures required for the processing of wastewater Routine professional services including engineering, legal, environmental; safety, technical and software training.
- **Street Department:** anti-icing and de-icing chemicals for snow and ice removal, street signs and posts, traffic signal maintenance/repair items, recycle bins and trash carts, lubricants and oils, emergency vehicle repairs, and routine maintenance for light duty vehicles, street sweeper brooms, snow plow cutting edges, and sanitation truck body parts, tires, hot mix asphalt
- **Water Distribution Department:** Sewer and Street Departments: sand, gravel and concrete for street, alley, and parking lot repair and maintenance, and sewer and water main installation, repair and maintenance, water main fittings, couplings, valves, hydrants, and ductile iron pipe; (Water Metering) - metering parts, Water meters, testing equipment, handhelds, AMI parts
- **Sewer Department:** manhole frames and covers, catch basin frames, traps, grates, pipe, pipe fittings and Furnco fittings required for the repair and maintenance of the sewer system;
- **Electric Department:** junction and splice cabinets, bases and connectors, underground and overhead wire, pad mount and overhead transformers, utility poles, PVC conduit and connectors, overhead and substation fuses and arrestors, protective equipment testing contracts, transformer testing and disposal contracts;

Generating plant replacement parts, lubricants, diesel fuel, natural gas and professional services, Overhead distribution parts including poles, pole fixtures, transformers, switches, re-closers, capacitors, connectors, and wire, Underground distribution materials including switchgear, splice cabinets, junctions, bases, connectors, wire, PVC conduit, hand holes, vaults, and transformers, Service building/poleyard parts and services including tool replacements, building maintenance services, and safety equipment purchase & testing, Metering parts including meters, sockets, hubs, testing equipment, handhelds, AMI parts, and Tropos parts; Street light materials including poles, fixtures, bases, photoeyes, and controllers, Substation parts including regulators, breakers, transformers, structural steel, switches, fuses, fencing, wire, busbar, foundations, ground mat, oil containment, and testing services, Communications parts and services including supervisory control and data acquisition equipment, radio equipment, phone equipment, fiber optic equipment, dispatch equipment and related services; Energy optimization goods and services including refrigerator recycling, efficient appliances, efficient lighting and related goods; Routine services including safety training, apprentice training, software training, other technical training, transformer testing, transformer/waste disposal, and tree removal/stump grinding, Routine professional services including engineering, legal and environmental

- **Parks Department:** trees, and portable toilet services;
- **Purchasing Department:** auction services, communication equipment and service contracts, radio equipment maintenance contracts, security alarm services, diesel, gasoline and aviation fuel purchases;
- **Water Distribution, Sewer, Street and Parks Departments:** top soil for plantings and repair of parks, outlawns and private property repaired as part of city project;
- **Department of Public Safety (Fire Operations):** turnout gear.
- **Information Technology:** routine maintenance on I Series hardware and operating system; software/licensing maintenance for financial and utility billing software, GIS, cloud backup, phones, email; MS Office upgrades; pcs, laptops and tablets

**Whereas**, City staff has identified other items that are also routine in nature and are required for the day to day operation of the City; as well as some deletions and corrections;

**Now, Therefore Be It Resolved** that the City Commission does hereby authorize, pursuant to Section 14.1 of the City Charter, the purchasing agent to obtain the following additional specified goods for the day-to-day operation of the city without further approval of the City Commission:

- Wastewater Treatment Plant – communication parts and service including Supervisory Control and Data Acquisition (SCADA) equipment, radio equipment, fiber optic equipment and related services, software/hardware/licensing maintenance for the SCADA system.
- Water Distribution Department – chemicals and laboratory supplies for the testing of water, copper no lead brass for water services, routine professional services for directional boring, hauling spoils, cathodic protection surveys and repairs.
- Change Street Department to Streets/Sanitation/Fleet Department and add-cold patch, diesel, gasoline, contracted repair of heavy equipment, trash bags, plastic pavement markings.
- Delete Water Treatment Plant completely.
- Delete auction services, diesel, gasoline from Purchasing Department.

**Be It Further Resolved** that the above grant of authority is conditioned upon the following:

- (1) Signature of the mayor on contracts as required by Section 4.1 of the City Charter.
- (2) Materials which are the subject matter of this resolution must have been specifically included or contemplated in the then current fiscal years budget.
- (3) Compliance with the bidding requirements of Section 2-281 of the Code of Ordinances.
- (4) Compliance with the Purchasing Policy and Procedure Manual, as modified hereby.
- (5) Presentation of a list or register of payment to the audit committee of the City Commission as required by Rule 3, of Section 2-26(3) of the Code of Ordinances.

**Subject:** Historic District Commission appointments  
**Reviewed By:** City Manager: Richard Finn Deputy City Manager: Dana L. Muscott  
**Prepared By:** Deputy City Manager: Dana L. Muscott

**PERTINENT FACTS:**

The Historic Preservation Ordinance, creating the Historic District Commission, was adopted by the City Commission on November 21, 2005. Two vacancies were advertised at the end of 2016, for the committee, and two applications were received from Barbara Appold and John Horwath.

Per City Commission adopted resolution, interviews were conducted on January 23, 2017, by Commission President Larry Elliott, Mayor Kathleen Newsham, Commissioner Stamiris (liaison to the HDC), City Manager Richard M. Finn and HDC member Mary Ewald Sayles. Steve King was also in attendance. Both candidates were interviewed and are being recommended.

**LEGAL ISSUES:**

According to Chapter 64, Section 64-6, Code of Ordinances, the committee shall consist of 7 members, to be appointed by the City Commission. Persons appointed must be residents of the city. A majority of the members shall have a clearly demonstrated interest in or knowledge of historic preservation. If such a person is available for appointment, one member shall be an architect who has two years of architectural experience or who is duly registered in the State of Michigan.

**TIME SENSITIVITY:**

Routine

**BRIEFLY DESCRIBE THE NATURE OF THE TIME SENSITIVITY:**

**FINANCIAL CONSIDERATIONS:**

The members of Historic District Commission do not receive any compensation to attend meetings.

**CITY GOALS:**

**RECOMMENDED ACTION:**

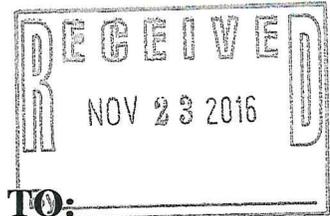
\*Commission as a Whole resolution appointing Barbara Appold and John Horwath, both of Bay City, to the Historic District Commission, terms to expire May 1, 2019, and 2020, respectively.

RECOMMENDATION: Approve.

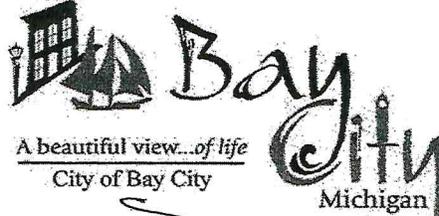
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**ATTACHMENTS:**

<b>Description</b>	<b>Upload Date</b>	<b>Type</b>
applications	1/24/2017	Cover Memo
resolution	1/24/2017	Cover Memo



CITY OF BAY CITY  
APPLICATION FOR APPOINTMENT TO:



HISTORIC DISTRICT COMMISSION

Name of Board, Committee or Commission

Name: BARBARA E. APOLD

Address: 2165 5th St

Email Address: beapold@gmail.com

Cell/Home Phone No: 274-4747 Work Phone No: \_\_\_\_\_

Employer: RETIRED Occupation: \_\_\_\_\_

Do you reside within the corporate boundaries of the City of Bay City? YES

If so, length of time you have resided in the City of Bay City: 50+ YEARS

If you do not live in the City of Bay City, do you have an "interest" in this area? \_\_\_\_\_

List your qualifications for the Board, Committee or Commission:

I OWN TWO PROPERTIES IN THE HISTORICAL DISTRICT & I AM INTERESTED IN THE PRESERVATION OF OUR UNIQUE HERITAGE IN BAY CITY.

Do you meet the qualifications needed for this Board, Committee or Commission? YES.

Why are you interested in serving on this Board, Committee or Commission:

I ENJOY VOLUNTEERING MY TIME & ENERGY TO SERVE THE COMMUNITY & MAKE IT A GREAT PLACE TO LIVE & WORK.

List any other information you feel would be pertinent in assisting the appointing authority and the City Commission in their selection:

I AM AVAILABLE TO MEET AT THE DESIGNATED MEETING TIMES & WOULD BE HONORED TO SERVE ON THE COMMISSION

Do you serve on any other City Board, Committees or Commissions? NO

[Signature]  
Applicant Signature

11-20-16  
Date Submitted

Please return form to: Dana Muscott, Deputy City Manager  
301 Washington Avenue, Room 307  
Bay City, MI 48708



CITY OF BAY CITY

APPLICATION FOR APPOINTMENT TO:

Historic District Commission
Name of Board, Committee or Commission

Name: John Horwath
Address: 1720 6th St, Bay City, MI 48708
Email Address: jthorw@yahoo.com
Cell/Home Phone No: 989-233-1492 Work Phone No: 989-770-0001
Employer: Herbert Roofing+Ins. Occupation: Sales/Project Manager
Do you reside within the corporate boundaries of the City of Bay City? Yes
If so, length of time you have resided in the City of Bay City: 5 years
If you do not live in the City of Bay City, do you have an "interest" in this area?

List your qualifications for the Board, Committee or Commission:
My family lives in the historical district. I am working on two properties within the HD to restore them and rejuvenate the housing market. I also own a business operating out of a historic building in Bay City. I work in the trades industry and am a certified Michigan Home Inspector

Do you meet the qualifications needed for this Board, Committee or Commission? Yes

Why are you interested in serving on this Board, Committee or Commission:
I am interested in maintaining the integrity of our wonderful historic homes and businesses while understanding the concerns of the citizens living in the area.

List any other information you feel would be pertinent in assisting the appointing authority and the City Commission in their selection:
I believe in a rich history for my current home, project homes, and business, and want to preserve them as much as possible while acknowledging the future and progress of our town.

Do you serve on any other City Board, Committees or Commissions? No

Applicant Signature [Signature] Date Submitted 10-3-16

Please return form to: Dana Muscott, City Clerk
301 Washington Avenue, Room 204
Bay City, MI 48708

Of Commission of a Whole:

**Resolved** that Barbara Appold and John Horwath, Bay City, be appointed to the Historic District Commission, terms to expire May 1, 2019, and 2020, respectively.