



# Comprehensive Annual Financial Report



**For the Fiscal Year Ended June 30, 2020**

**Bay City, Michigan**

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

**City of Bay City, Michigan**  
**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended June 30, 2020**

Prepared by the City of Bay City Fiscal Services Division

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**City of Bay City  
List of Principal Officials  
June 30, 2020**

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**Mayor**

Kathleen L. Newsham

**City Commission**

1<sup>st</sup> Ward – Jesse Dockett  
2<sup>nd</sup> Ward – Kristen McDonald Rivet  
3<sup>rd</sup> Ward – Vacant  
4<sup>th</sup> Ward – Brentt A. Brunner  
5<sup>th</sup> Ward – Rachelle Hilliker  
6<sup>th</sup> Ward – Christopher Girard  
7<sup>th</sup> Ward – Kerice Basmadjian  
8<sup>th</sup> Ward – Ed Clements  
9<sup>th</sup> Ward – Cordal D. Morris

**Administration**

City Manager – Dana Muscott  
Fiscal Services Director – George Martini  
Human Resources Director – Mikki Manion  
Wastewater Treatment Superintendent – Shoron Cooper  
Public Safety Director – Michael Cecchini  
Public Works Director – Robert Dion  
Electric Director – Jay Anderson  
Deputy City Manager / Director of Information Technologies – Tony Reyes  
Fire Chief – Kurt Corradi



December 16, 2020

**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, 2020, 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, 2020.

State statutes require an annual audit by independent certified public accountants. The City Commission selected the accounting firm of Yeo & Yeo for this purpose. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the federal Single Audit Act Amendments of 1996 and related OMB Circular A-133. Yeo & Yeo has issued an unmodified ("clean") opinion on the City of Bay City's financial statements for the year ended June 30, 2020. 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 a 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 great events throughout the year headline the selections. The "St. Patrick's Day Parade", "Fourth of July Fireworks Festival," "Tall Ship Celebration", "River of Time," in addition to the numerous concerts and shows in Wenonah Park are just some of the activities that draw several hundred thousand people to the community every year. The COVID-19 pandemic resulted in the cancellation or delay of most of these events during 2020. We look forward to the resumption of a more normal summer in 2021.

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 public safety (law enforcement and fire protection) and protective inspection; sanitation; maintenance of highways, streets and infrastructure; sanitation services; 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**

While only affecting the last quarter of the 2019/2020 fiscal year, the COVID-19 pandemic had and continues to have a significant effect on the City of Bay City. .

The unemployment rate, which hovered around 5% for all of 2019 and the beginning of 2020, skyrocketed to 25% in April, 2020. This rate has fortunately returned to more normal levels during the year and was 4.6% at the end of October, 2020.

Fortunately, City finances have seen a more minimal impact. The City did realize a reduction in State Revenue Sharing which impacted the General Fund. This revenue source was down almost \$408,000 compared to the 2019/2020 original budget. This reduction was replaced with CARES grant funding but it was received in the 2020/2021 fiscal year. The City also saw other reductions in revenues related to the pandemic. Despite these reductions, the City was still able to finish the fiscal year with a small surplus (revenues exceeded expenditures by \$27,912) which was less than .15% of total revenues. This continues numerous years of surpluses in the General Fund.

In recent years, the city has seen significant private investments consistent with demand shifts favoring downtown and urban-style residential options. These investments have resulted in both new construction and rehabilitation of existing structures, developments that continue shifting the face of Bay City and adding to the vibrant riverfront living experience in the community.

The Mill End Lofts project entailed demolition of an existing commercial building and replacement with a new mixed-use building overlooking the Saginaw River, featuring commercial spaces 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, creates a new southern anchor for the City’s enhanced downtown riverfront district. The project’s developer has completed the first phase of this prominent district which included over \$50 million in total investment. Construction has begun on the second phase of this development which includes significant infrastructure work as well as dozens of high-end loft and residential units buttressing enviable storefront and office spaces.

Uptown Bay City now hosts corporate offices for Dow Chemical, Michigan Sugar, Chemical Bank and others, and as of 2016 features a Courtyard by Marriott hotel. McLaren Bay Region also constructed a 70,000 square foot 3-story medical office building that opened in 2016.

The development features a marina, outstanding riverfront restaurant space, and has become an attractive destination for visitors to Bay City. The development’s dozens of residential spaces have received regional acclaim.

Additional significant spaces have recently been developed downtown by a local investor and developer, Jenifer Acosta, resulting in the restoration and remodeling of the former Bay City Times printing facility into 31 high-end residential spaces, all of which have been leased out. The developer has also completed a \$12 million restoration of the former Crapo building located at the epicenter of downtown Bay City. This building, originally constructed in 1890, boasts luxury residences, restaurant and storefront space, and offices. While the finishing touches of this project are still continuing, the residential spaces in this building have begun to fill-up with new downtown tenants. Ms. Acosta has also begun construction on a new facility that will have an additional 12 residential units in the downtown area.

In August 2016, the City received a presentation from hired housing consultants at CZB, LLC, in which chronic and systemic challenges to the community’s housing stock were chronicled. Subsequent to the data and recommendations provided via that study, the 2016 Report on Housing & Neighborhoods, the City has developed a housing improvement strategy that will be carried out through 2032 to gradually enhance housing conditions and, as a result, housing values within Bay City. The strategy entails a combination of targeted public investments, enhanced code enforcement efforts, redirection of incentives to products that “push the market up” (consistent with above-noted riverfront and urban-style market-based residential developments), and economic development marketing.

Bay City continues to see significant, successful private investments in commercial and residential products, yielding more than \$15 million in private investment between 2018 and 2019.

<b><u>Business</u></b>	<b><u>Investment</u></b>	<b><u>Project</u></b>
Wilkinson Minerals	\$50,000,000	Wilkinson Minerals, a company that extracts brine to create salt products, will be located at 101 Picard in a new facility constructed at a cost of more than \$50 million dollars. The company plans to hire 50-75 people during construction and 60 -70 permanent, living wage jobs with a median hourly rate of \$25.00 per hour.
Bay Riverfront, LLC	\$16,000,000	Phase 1 of Phase II of Uptown Bay City, a major mixed- use development near downtown Bay City. Phase I of Phase II includes apartments and townhouses. There will be additional investment in Phase II of mixed-use buildings.

**Business**

**Investment**

**Project**

Sunshine Initiative

\$1,000,000

Sunshine Initiative, LLC is constructing a 12,000 square foot, controlled environment primary grow facility, for use in cultivating and/or processing medical marijuana as defined under the Michigan Medical Marijuana Facilities Licensing Act. Purchaser plans to create 12-36 full and part time jobs at an average of \$20/hour. Purchaser plans to invest a minimum of One Million (\$1,000,000) Dollars for the construction of buildings, parking areas and landscaping.

**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 \$3,110,381 and \$4,147,174. The total Unassigned General Fund fund balance at June 30, 2020 was \$4,691,834 or 22.6% of the previous years amended expenditure budget.

The 2020/2021 fiscal year budget, for the seventh 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**

The City of Bay City is located on the Saginaw River which bisects the City into the West and East side of the river. There are four (4) bascule bridges that cross the river at different points in the City. Two of these bridges are owned by the State of Michigan while the remaining two are owned by the City. These bridges are manned 24 hours per day, 7 days per week from April 1 through December 31 to accommodate both recreational boats as well as large lake freighters. There are approximately 1,000 openings per year of these drawbridges. The oldest of the two bridges, Independence Bridge was built in 1976 while Liberty Bridge was constructed in 1983.

The costs to operate, and more importantly, maintain these bridges has increased dramatically as the bridges aged. The bridges need significant repairs or replacement with estimated costs in excess of \$100 million. After significant engineering and operational studies which included numerous public meetings to discuss options, the City issued a Request for Proposal for options to address the refurbishment/replacement of these bridges. Of the three proposals received, the City accepted the proposal of United Bridge Partners for a Public/Private Partnership. UBP will purchase the bridges from the City and will completely rebuild the Liberty Bridge and build a new bridge to replace the Independence Bridge. Upon completion of the rebuild/construction, UBP will charge tolls for crossing the bridge. If at any point UBP is unwilling or unable to continue to operate the bridges, ownership of the bridges will revert back to the City. This arrangement will eliminate the very large liability that the City had for bridges that were at or near their service life. While UBP and the City have not yet finalized this arrangement, the State of Michigan recently passed legislation specifically allowing for this type of Public/Private Partnership. It is expected that the sale will be completed in early 2021.

In early 2018, the City purchased an existing facility in the City to be utilized as a replacement for the existing Department of Public Works facilities. The design and remodeling of this facility has been delayed by a number of issues but is now on track to begin renovations in the 2020/2021 fiscal year.

After the new facility is renovated and City Departments moved into the new facility, the existing facility will be vacated. This existing facility is located on the east shore of the Saginaw River and is adjacent to upscale residential housing and just south of the Uptown Development. This property will be attractive property for re-development and will likely expand the re-development of the City's riverfront property.

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 years, 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.

Recently, this program has begun to focus on the services provided by the Utilities Customer Service/Treasurer's Department as this department is the primary department interacting with the public through the collection of utility bills and tax bills. This Department has received significant training and coaching services to help with providing excellent customer service to the City's customers. The City continues to look for opportunities to improve the services in the Department that has the highest level of contact with local residents.

During the 2015/2016 fiscal year, the City completed 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 guide-lines 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 and frank 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 explored several regulatory tactics was 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.

Also, consistent with the housing study, the City has begun to be more aggressive tackling blight issues inside the City. Additional staff has been hired to seek greater compliance with property maintenance standards which are part of City ordinances.

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 2021.

## 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, 2019. 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.

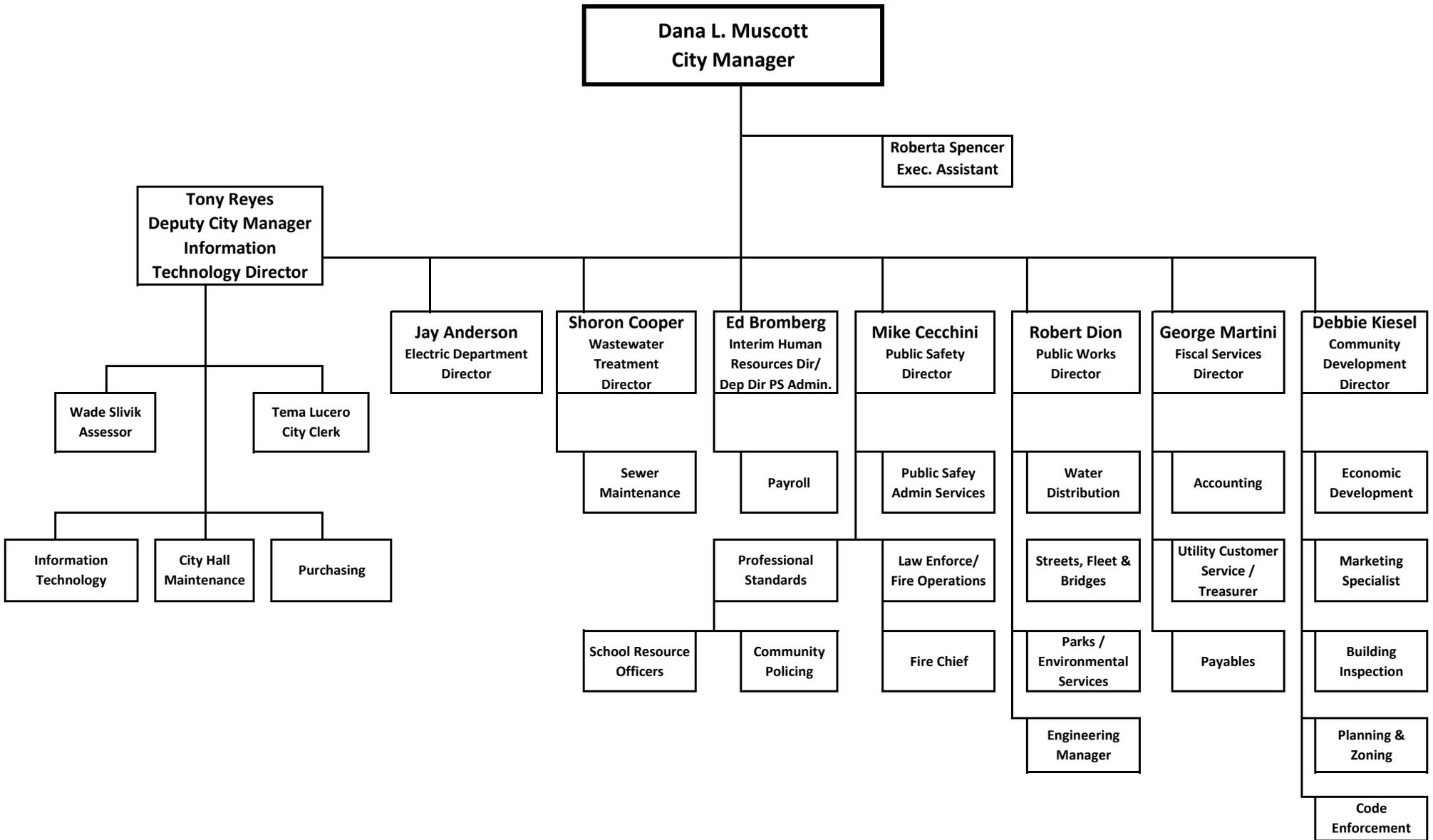
Respectfully submitted,



Dana L. Muscott  
City Manager



George Martini  
Fiscal Services Director





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Bay City  
Michigan**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2019

*Christopher P. Morill*

Executive Director/CEO



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## Independent Auditors' Report

To the Honorable Mayor and the City Commission  
City of Bay City  
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 (the City), as of and for the year ended June 30, 2020, 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.

### 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 45 percent of assets, 49 percent of fund balance/net position, and 7 percent of revenues/additions of the aggregate remaining fund information or the Bay City Housing Commission component unit, which represents 31 percent of assets, 75 percent of net position and 61 percent 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 opinion.

## **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 as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Deficit Fund Balances/Net Position**

The City has an accumulated unassigned deficit in the Solid Waste Management Fund of \$236,650, in the Liberty Harbor Marina Fund of \$3,148 and in the DPW/Electric Building Fund of \$2,086,534 as of June 30, 2020, which have resulted from operating deficits. The deficit and status of the City's Deficit Elimination Plans that are required by the Michigan Department of Treasury, are disclosed in Note 2. Our opinions are not modified with respect to this matter.

## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the schedules for the Municipal Employees Retirement System and Bay City Public Safety and Fire Pension and Retirement System 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 Supplementary 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, statistical section and other supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information, as identified in the table of contents, 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 other supplementary 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 other supplementary information, as identified in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section, which are the responsibility of management, 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 16, 2020, 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 solely 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 the effectiveness of the City of Bay City's 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.

Yeo & Yeo, P.C.  
Saginaw, Michigan  
December 16, 2020

**City of Bay City**  
**Management's Discussion and Analysis**  
**June 30, 2020**

---

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, 2020. 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, 2020:

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$146,033,689 (net position). This balance is comprised of net investment in capital assets of \$161,648,558, \$9,703,052 restricted for specific purposes and a deficit unrestricted net position of \$25,317,921.
- Total net position related to the City's governmental activities increased by \$8,290,083 from the previous year. The business-type activities net position increased by \$19,007,288. Please see the "Governmental Activities" and "Business Type Activities" sections of this Management and Discussion Analysis for further details.
- At the close of the fiscal year, the City's governmental funds reported combined ending fund balances of \$8,795,863, a decrease of \$196,237 from prior year.
- At the end of the fiscal year, unassigned fund balance for the General Fund was \$4,691,934 or approximately 24% of total General Fund expenditures.
- The City's total liabilities balance decreased by \$6,019,962, or 4%. The City's total liability increase in the governmental activities was \$10,494,415 or 15%. The largest portion of the City's total liability increase was in the governmental activities which increased \$13,641,912 or 19%. This increase was mainly due to the increase in the net pension liability which accounts for approximately \$12 million and the increase in unearned revenue of \$2 million. This increase was offset by the decrease in business-type activities in the amount of \$7,621,950 or 2%. The reduction in the business-type activities were due to decrease in debt in the amount of approximately \$4.2 million and the decrease in the net pension liability in the amount of approximately \$3.7 million. State shared revenue increased 2.9% or \$131,172 from 2018/19 fiscal year. Even though the State revenue sharing increased over the prior year, the City received \$476,475 less than it received in 2009, a reduction of 10%. 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.
- State shared revenue decreased 5.13% or \$235,739 from 2019/2020 fiscal year, due primarily to the reduction in State revenues as a result of the COVID-19 pandemic. This decrease, combined with the changes in past years, resulted in the City receiving \$712,214 less than it received in 2009, a reduction of 16%. 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 City ended the year with several construction projects in process, Trumbull Street, Wenona Street, First Street, Kelton Street and Johnson Street road projects had total capital outlay of \$1,756,698 at 6/30/2020. These projects were primarily funded by local contributions, state resources and federal grants.

**City of Bay City**  
**Management's Discussion and Analysis**  
**June 30, 2020**

**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 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.

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 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 are reported separately from the financial information presented from 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, MI 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 also 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, 2020, assets and deferred outflows of resources exceeded liabilities and deferred inflow of resources by \$146,033,689. 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.

The following table shows, in a condensed format, the net position as of June 30, 2020 and 2019:

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current assets	\$ 19,028,787	\$ 16,655,210	\$ 73,881,559	\$ 69,464,768	\$ 92,910,346	\$ 86,119,978
Capital assets	<u>77,057,152</u>	<u>79,195,381</u>	<u>117,361,287</u>	<u>118,591,763</u>	<u>194,418,439</u>	<u>197,787,144</u>
Total assets	<u>96,085,939</u>	<u>95,850,591</u>	<u>191,242,846</u>	<u>188,056,531</u>	<u>287,328,785</u>	<u>283,907,122</u>
Deferred outflows	<u>8,827,497</u>	<u>2,826,423</u>	<u>3,270,153</u>	<u>5,879,258</u>	<u>12,097,650</u>	<u>8,705,681</u>
Current liabilities	4,732,357	2,696,968	4,849,264	3,914,441	9,581,621	6,611,409
Long-term liabilities	<u>78,739,782</u>	<u>67,133,259</u>	<u>64,361,710</u>	<u>72,918,483</u>	<u>143,101,492</u>	<u>140,051,742</u>
Total liabilities	<u>83,472,139</u>	<u>69,830,227</u>	<u>69,210,974</u>	<u>76,832,924</u>	<u>152,683,113</u>	<u>146,663,151</u>
Deferred inflows	<u>461,729</u>	<u>16,157,302</u>	<u>247,904</u>	<u>11,056,032</u>	<u>709,633</u>	<u>27,213,334</u>
Net position:						
Net investment in capital assets	73,890,773	73,577,871	87,757,785	84,849,619	161,648,558	158,427,490
Restricted	8,747,777	8,202,910	955,275	955,275	9,703,052	9,158,185
Unrestricted (deficit)	<u>(61,658,982)</u>	<u>(69,091,296)</u>	<u>36,341,061</u>	<u>20,241,939</u>	<u>(25,317,921)</u>	<u>(48,849,357)</u>
Total net position	<u>\$ 20,979,568</u>	<u>\$ 12,689,485</u>	<u>\$ 125,054,121</u>	<u>\$ 106,046,833</u>	<u>\$ 146,033,689</u>	<u>\$ 118,736,318</u>

# City of Bay City

## Management's Discussion and Analysis

### June 30, 2020

The City's total combined net position increased by \$27,297,371 over the course of the fiscal year's operations to a total of \$146,033,689. Explanations for those changes are described below under the "Governmental Activities" sections of this Management and Discussion Analysis.

Within the governmental activities net position, \$73,890,773 is net investment in capital assets, and is not available to meet the government's ongoing obligations to citizens and creditors. Within the business-type activities, an additional \$87,757,785 is net investment in capital assets. These amounts represent an increase in the City's overall investment in capital assets of \$3,221,068. The increase is a result of the liability of the bonds in both the governmental and business type activities decreasing. The remainder of the difference was between the addition of capital assets and the current year's depreciation expense.

The following table shows the changes of the net position during fiscal years 2020 and 2019:

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Program revenues:						
Charges for services	\$ 6,259,267	\$ 5,075,147	\$ 59,151,920	\$ 59,825,191	\$ 65,411,187	\$ 64,900,338
Operating grants & contributions	6,312,137	8,790,651	191,329	147,960	6,503,466	8,938,611
Capital grants & contributions	-	145,000	895,695	-	895,695	145,000
General Revenues:						
Property taxes	13,973,541	14,420,291	-	-	13,973,541	14,420,291
Grants not restricted	4,395,077	4,675,585	-	-	4,395,077	4,675,585
Unrestricted investment earnings	287,156	412,406	680,864	839,389	968,020	1,251,795
Gain on sale of capital assets	63,250	37,232	-	-	63,250	37,232
Miscellaneous	152,068	57,363	638,155	455,591	790,223	512,954
Total revenues	31,442,496	33,613,675	61,557,963	61,268,131	93,000,459	94,881,806
Expenses:						
General government	(34,665)	831,393	-	-	(34,665)	831,393
Public safety	8,653,728	6,172,336	-	-	8,653,728	6,172,336
Public works	12,115,316	9,003,403	698,639	649,353	12,813,955	9,652,756
Parks and recreation	935,619	(32,731)	-	-	935,619	(32,731)
Economic development	458,856	711,841	-	-	458,856	711,841
Interest on long term debt:	402,244	558,291	-	-	402,244	558,291
Electric	-	-	28,960,530	27,432,226	28,960,530	27,432,226
Water	-	-	7,782,442	5,883,193	7,782,442	5,883,193
Sewer	-	-	5,730,379	5,001,053	5,730,379	5,001,053
Total expenses	22,531,098	17,244,533	43,171,990	38,965,825	65,703,088	56,210,398
Excess or (deficiency) before transfers	8,911,398	16,369,142	18,385,973	22,302,306	27,297,371	38,671,448
Transfers	(621,315)	73,448	621,315	(73,448)	-	-
Changes in net position	8,290,083	16,442,590	19,007,288	22,228,858	27,297,371	38,671,448
Net position - beginning	12,689,485	(3,753,105)	106,046,833	83,817,975	118,736,318	80,064,870
Total net position	\$ 20,979,568	\$ 12,689,485	\$ 125,054,121	\$ 106,046,833	\$ 146,033,689	\$ 118,736,318

### Governmental Activities

The governmental-type activities saw an overall increase in net position of \$8,290,083. The revenue and expense trends of the governmental activities are discussed below.

The governmental activity revenue decreased from the prior year by \$2,171,179. This decrease is detailed by major revenue categories as follows:

- Property taxes comprised the largest portion of governmental activity revenue at 44.9% of total revenues or \$13,973,541. This is an \$446,750 or 3.1% decrease from the prior year. A majority of the decrease was due to the decrease of the Local Community Stabilization funds received from the State of Michigan; a decrease of \$180,531 from the prior year. The remainder of the decrease is substantially the P.I.L.O.T. payment from the Electric Fund.
- Operating grants and contributions comprised \$6,312,137 or 20.1% of governmental activity revenue. This is a decrease of \$2,478,514 or 28.19% from the prior year. The largest decrease was in the Street Funds with a decrease in funding for road maintenance projects in the amount of \$2,192,384. This was offset by an increase in ACT51, State Highway Maintenance and movable bridge dollars in the amount of \$337,799. There was a reduction in the Public Safety Fire division related to the one time grant that was received for the purchase of a firetruck in FY2019 in the amount of \$245,000. The Parks department and the CDBG Fund also contributed to the decrease; these both are due to the inability to complete projects with the restrictions in place during the COVID-19 pandemic.
- Grants and contributions not restricted to specific programs account comprised \$4,395,077 or 14% of governmental activity revenue, a decrease of \$280,508 from the prior fiscal year. The City received a decrease of \$235,739 in State revenue sharing, this was accompanied by the decrease of the State of Michigan

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**Management's Discussion and Analysis**  
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returnable liquor license, a decrease of \$44,769 from the 2018/2019 fiscal year.

- Charges for services comprise \$6,259,267 or 19.9% of governmental activity revenue. Charges for services increased \$1,184,120, which is a 23.3% increase from the prior year. The increase was primarily in the governmental activities with an increase of \$148,500 for Medical and Recreational Marijuana licenses, an increase of \$25,107 as a reimbursement from elections, \$76,423 from a reimbursement from other funds for marketing services and the remainder of the increase is recognizing revenue for the increase in the balance of the rehabilitation note receivable balance. There was a decrease in the public safety activities in the amount of \$316,139 for the reduction of the sale of building inspection permits. There was an increase in the public works activities in the amount of \$277,078 with an increase in trash and recycling fees.
- Capital grants and contributions decreased by \$145,000 from FY 2018/2019, as the City worked on maintenance projects versus capital projects in FY 2019/2020.
- Total expenses for governmental activities increased by \$5,286,565 or 30.66% from the prior year. There are three significant increases in expenses in the governmental activities from the 2018/2019 fiscal year. The landfill remediation liability increased by \$2,806,366, the OPEB liability expense increased by \$1,293,366 and the pension liability expense increased by \$910,914.

**Business-Type Activities**

The City's business-type activities consist of services provided by the electric, water, sewer, cemetery, airport and marina. These services are available to all City residents as well as selected out-city customers of the electric and water utilities. The business-type activities saw an overall increase in net position of \$19,007,288 or 17.92%, primarily due to the following:

- The electric operations experienced a decrease in revenues for sales to customers in the amount of \$347,914. The Electric Department had one rate increase during the 2019/2020 fiscal year. The average sales per month in the 2018/2019 fiscal year was \$3.09 million and in the 2019/2020 fiscal year the average sales per month was \$3.06 million.
- The electric operations also saw an increase in operating expenses of approximately \$1.2 million. The largest increase was related to the net OPEB liability and the net pension liability adjustments. The increase was offset by the reduction of purchased power due to the prices remaining very low, purchasing power on the open market, Pegasus Wind project not coming online when originally anticipated and unanticipated plant outages.
- The water operations experienced decrease in revenues for sales to customers. In fiscal year 2019, the City completed its last water true up without city water customers. The decrease is directly related to this revenue source, as the provider of water is not with the Bay County Water Consortium.
- The Water Fund experienced increases in expenses of approximately \$1.7 million. The largest increase was related to the net OPEB liability and the net pension liability adjustments. The liability along with the increase in the cost of water purchased were the contributors to the increase.
- The sewer operation sales to customers remained relatively flat. Total revenues for the sewer operations increased by \$244,762, the increase was primarily a contribution for sewer work at the Uptown site.
- The Sewer Fund experienced increases in expenses of approximately \$581,970. The increase was related to the net OPEB liability and the net pension liability adjustments. This was offset by the reduction to the equipment maintenance

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account which had a significant expense in FY19 for the replacement of carbon for the filters.

**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 property tax millage. The City's major governmental funds for fiscal year 2020 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 \$11,537,048 in the current fiscal year. This is a decrease of \$95,542 from the prior fiscal year. This decrease was primarily due to the decrease in the Local Community Stabilization share from the State of Michigan of \$180,531 over the prior year and the calculation of the payment in lieu of taxes payment from the Electric Department contributed to the decrease. This decrease was offset by an increase in property taxes. General Fund expenditures increased by \$440,586 and transfers out decreased by \$861,107 for a total decrease of \$420,521. There were several factors that led to the increase of expenditures in the General Fund. The largest increase in General Fund expenditures was in wages which were a direct result of union negotiations; an increase of \$288,879. The City's contribution to the defined contribution retirement plan increased by \$401,770. The increases were offset by decreases. The largest of these decreases was the reduction in demolition projects from fiscal year 2018/2019; a total decrease of \$213,042. There were two large decrease in the transfers out, the first was a decrease of the transfer to public improvement fund in the amount of \$739,398, which took place in the prior year. The other was related to a grant the City received in prior year for the purchase of a fire truck. The total reduction related to this purchase was \$245,115.

The most significant service accounted within the General fund is public safety, which incurred expenditures of \$12,229,856 in the current year. This expenditure increased by \$392,140 from the prior year. The largest portion of the increase is attributable to the sick and vacation payouts for retirements in the fire department; an increase of \$184,004. There was also an increase in the contributions the City made to the Public Safety and Fire Retirements and Pension Fund. The amount of these contributions is determined by actuarial determined percentage of pay. The increase in contributions was \$157,822. Public Safety expenditures are approximately 6.6% more than the total amount of all property taxes generated.

At the end of the fiscal year, the unassigned fund balance of the General Fund was \$4,691,934. As a measurement 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 24% of 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, 2020, the City received \$4,141,767 in grants and state maintenance funds and \$275,394 in property taxes and expended \$1,784,797 on capital outlay, primarily for the rehabilitation of Trumbull Street, Wenona Street, First Street, Kelton Street, Johnson Street and Madison Street projects. The funds were also used for the preservation and maintenance of existing streets, sidewalks and City owned bridges within this fund.

**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 improvements. During the most recent fiscal year, \$165,615 was spent to assist residents of the City with home improvements.

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**Some notable items in the non-major other government funds are:**

The Local Street Fund ended the fiscal year with restricted fund balance of \$1,452,117, an increase of \$468,934 from fiscal year 2018/2019.

The Solid Waste Fund ended the fiscal year with a deficit fund balance of \$232,979; a decrease in the deficit of \$22,180. Because of a history of excess expenditures over revenues in this fund and the need to review the operations of this program, during the 2016/2017 fiscal year, the City completed an analysis of the services provided by the City. In an effort to make the program more sustainable and efficient, the City entered into an agreement with Waste Management to lease and begin operation of a transfer station. Also, at that time, the associated fee schedule to cover the projected operational costs for the 2017/2018 fiscal year and four subsequent fiscal years was adopted by the City Commission.

The costs associated with beginning operation of the transfer station were more than anticipated and revenues did not meet original projections. In addition, the costs of the recycling program have increased due to the drop in revenue from the sale of the recycled products. Accordingly, the City continued to experience excess expenditures over revenues (deficit spending) for this program.

The deficit spending was eliminated in 2019/2020. The Sanitation fund recorded \$22,180 excess revenues over expenditures in the 2019/2020 fiscal year. Although the fund ended the 2019/2020 with a small surplus, it was not expected that the deficit fund balance could be eliminated in the near term through operation. Accordingly, a recommendation to the City Commission to appropriate \$233,000 from the General Fund to the Sanitation Fund during the 2020/2021 fiscal year was made. Moving forward, the deficit has been eliminated and this fund should continue to have balanced operations in future years.

The Building Inspection Fund ended the fiscal year with restricted fund balance of \$76,927 a decrease of \$215,929 from fiscal year 2018/2019.

The Drug Law Enforcement Fund ended the fiscal year with restricted fund balance of \$82,778, a decrease of \$3,175 from fiscal year 2018/2019.

The Community Development Block Grant Fund expended \$254,802 on economic development activities and \$243,085 on debt principal and interest payments.

**General Fund Budgetary Highlights**

The City of Bay City adopted a balanced budget for fiscal year 2019/2020. During the fiscal year, the budget was amended to align the budgeted amounts within the funds in 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 Finance revenue within the General Fund was amended to reflect an increase in the budgeted amount in Appropriated Fund Balance in the amount of \$96,384. The increase was the carry forward amount of the unused Bay Area Community Foundation donations to the City.
- The Parks Department revenue within the General Fund was amended to reflect an increase in the transfer from CDBG and Public Improvement Funds for the Maplewood Park Improvement Project. The amendments were in the amounts of \$20,000 and \$35,259, respectively.
- The Assessor Department within the General Fund was amended to reflect the City hiring a property appraiser. The budget for wages and associated fringe benefits were increased in the amount of \$20,500.
- The Human Resources Department within the General Fund was amended to reflect a reduction in the budgeted amount wages and fringe benefits in the amount of \$28,159. The decrease was due to a staff vacancy during the fiscal year.

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- The Public Safety Department within the General Fund was amended to reflect a reduction in the budget amount of \$35,000. The reduction was to align the budget with the actual dollar amount for gasoline being spent.
- The Public Safety Patrol Department within the General Fund was amended to reflect the decrease in wages and benefits during the fiscal year as a result of staff vacancies. The amendment was in the amount of \$115,000.
- The Public Safety Fire Services Department within the General Fund was amended to reflect the increase in wages to cover the cost of the fire employees sick/vacation payout for retirements. These payouts were for employees that were eligible to retire in FY18 but waited until FY19. Therefore, these sick/vacation payouts were not originally included in the FY20 budget. The amendment was in the amount of \$80,000.
- The Planning Department within the General Fund was amended to reflect the increase in professional services. The increase was to pay a vendor to complete zoning ordinance updates for the City. The amendment was in the amount of \$16,000.
- The Engineering Department within the General Fund was amended to reflect a decrease in professional services. The decrease was reflecting projects being put on hold in the spring of 2020 due to the COVID-19 pandemic. The budget was amended in the amount of \$27,288.
- The Street Lighting Services within the General Fund was amended to reflect the decreased cost to provide street lighting to City residents. This amendment was to reduce the utilities line item by \$35,000.
- The Emergency Services Department within the General Fund was amended to reflect an increase in supplies. This cost center was set up to track the cost of items purchased due to the COVID-19 pandemic that the City would have not otherwise purchased. The budget amendment was in the amount of \$25,000.
- The Economic Development Department within the General Fund was amended to increase the contribution to Bay Future. The amendment was in the amount of \$23,000.
- The Parks Department within the General Fund was amended to roll unused Bay Area Community Foundation funds forward from FY19. The budget amendment was in the amount of \$91,562.
- The Parks Department within the General Fund was amended to reflect an increase in land improvements for the Maplewood Park Improvement Project. This was funded by transfers from the Public Improvement and CDBG funds, \$35,259 and \$20,000 respectively, along with reductions to various line items within the General Fund. The amendment was in the amount of \$170,538.

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

During the year, actual revenues were less than the amount budgeted by approximately \$506,541. A majority of the differences were relatively small amounts, below are the significant increases which were attributable to the following:

- The City did not receive the May/June statutory State Revenue Sharing amount from the State of Michigan due to the COVID-19 pandemic. The City received \$407,760 less than what was budgeted.
- The City did not receive \$95,000 budgeted in transfers in. The transfer in was a reimbursement of costs for the Maplewood

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Fitness Park that did not get started until the close of the fiscal year.

- The City did not receive all of the anticipated tax revenue, the amount was \$55,548 less than budgeted.
- The City received an additional \$120,416 over budgeted amount in licenses and permits. This amount was from the sales of the medical and recreational marijuana licenses.

Actual expenditures and transfers out were less than budgetary estimates by \$630,837. The Public Safety Departments in General Fund were large contributors of savings, as the departments were underspent by \$139,758. A majority of the Public Safety savings was due to the staff vacancies during the fiscal year and equipment purchases being delayed. The Parks Department within the General Fund was also a large contributor of the savings, as the department was underspent by \$109,242 mostly due to being unable to hire seasonal help, postponing the iron belt project and postponing ground maintenance projects. Capital outlay was underspend by \$165,281. The capital improvement projects were delayed due to the COVID-19 pandemic. There were savings in other areas of General Fund as well, as there were vacancies in various departments resulting in a savings in personnel costs. This, along with saving in utilities, maintenance costs, travel, training and professional service across General Fund were as a result from the COVID-19 pandemic.

**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, 2020 amounted to \$194,418,439 (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 note 6; capital assets, beginning on page 4-36 in the notes to the financial statements.

**Long-term Debt.** At year end, the City has total outstanding debt of \$43,215,741, which included a current portion of \$10,081,982. Of this amount, \$23,104,674 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	
	2020	2019	2020	2019	2020	2019
Bonds and notes payable	\$ 5,496,379	\$ 8,095,853	\$ 29,874,777	\$ 34,046,129	\$ 35,371,156	\$ 42,141,982
Compensated absences	3,161,619	2,336,300	1,123,989	1,026,285	4,285,608	3,362,585
Landfill	3,558,977	824,584	-	-	3,558,977	824,584
<b>Total</b>	<b>\$ 12,216,975</b>	<b>\$ 11,256,737</b>	<b>\$ 30,998,766</b>	<b>\$ 35,072,414</b>	<b>\$ 43,215,741</b>	<b>\$ 46,329,151</b>

The City's total debt decreased by \$3,113,410 during the fiscal year. State statutes limit the amount of general obligation debt a government entity may issue to 10 percent of its total assessed valuation. The current debt limitation for the City is \$63,345,534 which is significantly in excess of the City's outstanding general obligation debt applicable to this limit.

Additional information on the City's long-term debt can be found in note 8; the long-term debt, beginning on page 4-42 in the footnote in the financial statements.

**Economic Factors**

Despite continuing budget challenges, the City of Bay City has been able to once again adopt a balanced City budget for the 2020/2021 fiscal year that did not require the use of any General Fund reserves. This is the seventh year in a row that the City has been able to balance the budget without the use of reserve funds. Driving this fiscal conservatism is the City Commission policy that recommends that the City maintain between 15% and 20% of expenditures in fund balance. The General Fund fund balance at June 30, 2020 exceeds the 15-20% policy by approximately \$545,000. This excess fund balance, as well as some of the expected 2020/2021 surplus may be used to offset

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bonding requirements for renovations to the facility purchased in 2018 to be used for a Department of Public Works building.

The City's largest General Fund revenue source, Property Taxes saw a small decrease; from \$11,629,590 in 2019 to \$11,537,048 in 2020, a decrease of \$92,542 or approximately .8%. This decrease was related to the amount of revenues received by the General Fund from the State of Michigan Local Community Stabilization fund.

The City's second largest revenue source, State Shared Revenue Sharing, had previously seen steady increases since the Great Recession. Unfortunately, the COVID-19 pandemic ended this trend. Revenue Sharing decreased in 2020 approximately 5% from \$4.59 million to \$4.35 million. This reduction resulted from the State of Michigan eliminating the May/June statutory revenue sharing payment. Although this amount was restored utilizing CARES grant funding, the revenue had to be recognized as 2021 revenue. With this decrease, combined with the major reductions in 2010 and 2012 results in \$712,214 less revenue in the 2019/2020 fiscal year to the City than it did in 2008/2009 fiscal year, a reduction of over 14%. If State Shared Revenue Sharing had stayed constant since 2009, the City would have had approximately \$9 million in additional resources for needed programs as well as resources to address the unfunded pension and OPEB liabilities.

The City continues to make improvements in the Retiree Health Care Trust which is being utilized to provide funding for the OPEB liability. The dramatic decrease in the liability because of January, 2019, the City switch to the Medicare Advantage plan for coverage of Medicare eligible retirees combined with actuarial changes and solid investment performance in the trust fund, resulted in the City actually contributing in excess of the Annual Required Contribution during the 2019/2020 fiscal year by almost \$400,000. The City will continue to explore changes that can result in reductions in cost and improving the funding level of the trust while also providing quality medical insurance plans for City employees/retirees.

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 and actually contributed more than the Annual Required Contribution in 2020 which continue to reduce the unfunded accrued liability (UAL) for the City and to also increase the amount of the investment revenue for this fund. Although the OPEB plan is still considered "Underfunded" under the standards set by the State of Michigan PA-202 because it is still funded at less than 40%, the Corrective Action Plan that the City prepared to address the "Underfunded" status was approved by the State in 2018. While the City was required to provide an update regarding the status of the Corrective Action Plan, it is not expected that the State will require any changes to the Corrective Action Plan.

The City saw a significant reduction in the total amount of State revenues received for road construction and repair some of which was related to the COVID-19 pandemic.

In past years, the City has had to dedicate significant Act-51 revenues to the maintenance and operation of the two bascule bridges located in the City. The costs to operate, and more importantly, maintain these bridges has increased dramatically as the bridges aged. The bridges need significant repairs or replacement with estimated costs in excess of \$100 million.

To avoid the financial challenges of maintaining these bridges the City entered into a Public/Private Partnership with United Bridge Partners. UBP will purchase the bridges from the City and will completely rebuild the Liberty Bridge and build a new bridge to replace the Independence Bridge. While UBP and the City have not yet finalized this arrangement, the State of Michigan recently passed legislation specifically allowing for this type of Public/Private Partnership. It is expected that the sale will be completed in early 2021.

The City adopted rate increases for 2019/2020 for the Electric, Water, and Sewer utilities. The City will continue to review the rates for the all of the utilities annually to determine if additional rate increases will be

**City of Bay City**  
**Management's Discussion and Analysis**  
**June 30, 2020**

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required to maintain adequate funding for the operation and capital needs of these utilities.

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 twenty-six (26) active employees in this plan as of the latest plan actuarial study (12/31/19). The City contributed \$456,927 during 2019 over and above the actuarially required contribution to improve the funding level of this plan. As of 12/31/2019, the latest actuarial date, the plan was 79.85% funded with an unfunded actuarial liability of \$14,925,883.

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. This plan dramatically increased the City's contribution level during the last several years. It is expected that due to the significant required contributions, it is not expected that they City will make a voluntary contribution to reduce the unfunded liability during 2020.

The required contribution in 2021/2022 will dramatically decrease to approximately \$1 million/year compared to over \$6 million/year in the 2020/2021 fiscal year. The City budget process for the 2021/2022 fiscal year will determine how much of these savings will be passed through to departments and how much will continue to be contributed to MERS as voluntary contributions.

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**

The 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, MI 48708.

**City of Bay City**  
**Statement of Net Position**  
**June 30, 2020**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and cash equivalents	\$ 20,286,595	\$ 37,949,300	\$ 58,235,895	\$ 18,814,259
Equity in pooled cash and investments	-	-	-	105,348
Investments	-	-	-	24,374
Receivables				
Taxes	41,682	-	41,682	109,172
Accounts, net	1,210,958	9,186,502	10,397,460	266,945
Special assessments	257,988	258,988	516,976	-
Accrued interest and other	14,563	26,372	40,935	6,037
Notes, net	8,110,447	-	8,110,447	-
Due from other units of government	1,272,651	4,846,931	6,119,582	69,538
Internal balances	(14,749,915)	14,749,915	-	-
Inventories	270,241	3,726,454	3,996,695	37,284
Prepaid items and other assets	2,313,577	2,181,822	4,495,399	130,450
Restricted assets				
Cash and cash equivalents	-	955,275	955,275	3,446,354
Capital assets not being depreciated	21,540,936	3,166,149	24,707,085	7,543,731
Capital assets, net of accumulated depreciation	<u>55,516,216</u>	<u>114,195,138</u>	<u>169,711,354</u>	<u>13,428,125</u>
Total assets	<u>96,085,939</u>	<u>191,242,846</u>	<u>287,328,785</u>	<u>43,981,617</u>
<b>Deferred Outflows of Resources</b>				
Deferred charges on refunding	-	271,275	271,275	1,855,965
Deferred amount on special assessments	-	-	-	915
Deferred amount relating to net pension liability - MERS	577,302	2,714,042	3,291,344	814,486
Deferred amount relating to net pension liability - Police and Fire	7,840,675	-	7,840,675	-
Deferred amount relating to net OPEB liability	<u>409,520</u>	<u>284,836</u>	<u>694,356</u>	<u>-</u>
Total deferred outflows of resources	<u>8,827,497</u>	<u>3,270,153</u>	<u>12,097,650</u>	<u>2,671,366</u>

See Accompanying Notes to the Financial Statements

**City of Bay City**  
**Statement of Net Position**  
**June 30, 2020**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Liabilities</b>				
Accounts payable	\$ 1,174,816	\$ 2,980,896	\$ 4,155,712	\$ 722,121
Accrued and other liabilities	1,485,171	867,099	2,352,270	493,535
Deposits	52,645	918,283	970,928	-
Due to other units of government	19,725	82,986	102,711	34,257
Unearned revenue	2,000,000	-	2,000,000	-
Noncurrent liabilities due within one year				
Debt due within one year	5,123,622	4,958,360	10,081,982	572,313
Noncurrent liabilities due in more than one year				
Debt due in more than one year	7,093,353	26,040,406	33,133,759	26,517,877
Net pension liability - MERS	2,618,000	12,307,883	14,925,883	977,932
Net pension liability - Police and Fire	33,632,998	-	33,632,998	-
Net OPEB liability	30,271,809	21,055,061	51,326,870	369,638
Total liabilities	<u>83,472,139</u>	<u>69,210,974</u>	<u>152,683,113</u>	<u>29,687,673</u>
<b>Deferred Inflows of Resources</b>				
Deferred amount relating to net pension liability - Police and Fire	108,441	-	108,441	-
Deferred amount relating to net OPEB liability	353,288	247,904	601,192	-
Total deferred inflows of resources	<u>461,729</u>	<u>247,904</u>	<u>709,633</u>	<u>-</u>
<b>Net Position</b>				
Net investment in capital assets	73,890,773	87,757,785	161,648,558	6,043,305
Restricted for				
Debt service	455,730	955,275	1,411,005	3,286,640
Community and economic development	7,549,170	-	7,549,170	-
Capital projects	742,877	-	742,877	-
Unrestricted (deficit)	<u>(61,658,982)</u>	<u>36,341,061</u>	<u>(25,317,921)</u>	<u>7,635,365</u>
Total net position	<u>\$ 20,979,568</u>	<u>\$ 125,054,121</u>	<u>\$ 146,033,689</u>	<u>\$ 16,965,310</u>

See Accompanying Notes to the Financial Statements

**City of Bay City**  
**Statement of Activities**  
**For the Year Ended June 30, 2020**

Functions/Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Position			Component Unit
	Expenses	Indirect	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
						Governmental Activities	Business-type Activities	Total	
<b>Primary government</b>									
Governmental activities									
General government	\$ 1,971,318	\$ (2,005,983)	\$ 1,991,466	\$ -	\$ -	\$ 2,026,131	\$ -	\$ 2,026,131	\$ -
Public safety	8,510,909	142,819	1,125,042	18,186	-	(7,510,500)	-	(7,510,500)	-
Public works	11,791,083	324,233	3,068,842	5,500,660	-	(3,545,814)	-	(3,545,814)	-
Economic development	436,960	21,896	3,800	731,109	-	276,053	-	276,053	-
Parks and recreation	935,619	-	70,117	62,182	-	(803,320)	-	(803,320)	-
Interest and fiscal charges on long-term debt	402,244	-	-	-	-	(402,244)	-	(402,244)	-
Total governmental activities	<u>24,048,133</u>	<u>(1,517,035)</u>	<u>6,259,267</u>	<u>6,312,137</u>	<u>-</u>	<u>(9,959,694)</u>	<u>-</u>	<u>(9,959,694)</u>	<u>-</u>
Business-type activities									
Electric	28,327,437	633,093	37,528,211	-	-	-	8,567,681	8,567,681	-
Water	7,420,852	361,590	8,319,331	153,867	895,695	-	1,586,451	1,586,451	-
Sewer	5,300,917	429,462	12,965,749	-	-	-	7,235,370	7,235,370	-
Cemetery	142,696	24,926	72,030	-	-	-	(95,592)	(95,592)	-
Airport	369,187	9,811	161,470	37,462	-	-	(180,066)	(180,066)	-
Marina	138,094	13,925	105,129	-	-	-	(46,890)	(46,890)	-
Total business-type activities	<u>41,699,183</u>	<u>1,472,807</u>	<u>59,151,920</u>	<u>191,329</u>	<u>895,695</u>	<u>-</u>	<u>17,066,954</u>	<u>17,066,954</u>	<u>-</u>
Total primary government	<u>\$ 65,747,316</u>	<u>\$ (44,228)</u>	<u>\$ 65,411,187</u>	<u>\$ 6,503,466</u>	<u>\$ 895,695</u>	<u>(9,959,694)</u>	<u>17,066,954</u>	<u>7,107,260</u>	<u>-</u>
<b>Component unit</b>									
Downtown Development Authority	\$ 145,043	\$ 5,681	\$ 189,487	\$ 295	\$ -	-	-	-	39,058
Midland Street TIFA	107,785	698	-	14,331	-	-	-	-	(94,152)
Kresge's DDA	952	203	-	-	-	-	-	-	(1,155)
Marquette District TIFA	184,858	6,497	2,033	215,668	-	-	-	-	26,346
Water Street DDA	193,715	20,625	-	15,656	-	-	-	-	(198,684)
Allen Healthcare DDA	18,745	-	-	-	-	-	-	-	(18,745)
Knepp's DDA	3,599	-	-	-	-	-	-	-	(3,599)
Brownfield Redevelopment Authority	2,343,532	7,960	35,165	45,514	-	-	-	-	(2,270,813)
Columbus Avenue Management Board	12,892	1,799	12,720	-	-	-	-	-	(1,971)
Midland Street Management Board	6,068	765	25,190	-	-	-	-	-	18,357
Downtown Management Board	239,464	-	70,397	92,000	-	-	-	-	(77,067)
Housing Commission	4,507,350	-	1,824,308	2,690,102	-	-	-	-	7,060
Total Component units	<u>\$ 7,764,003</u>	<u>\$ 44,228</u>	<u>\$ 2,159,300</u>	<u>\$ 3,073,566</u>	<u>\$ -</u>				<u>(2,575,365)</u>
General revenues									
Property taxes - unrestricted						13,973,541	-	13,973,541	2,285,020
Grants and contributions not restricted to specific programs						4,395,077	-	4,395,077	-
Unrestricted investment earnings						287,156	680,864	968,020	163,893
Gain (loss) on sale of capital assets						63,250	-	63,250	(30,773)
Miscellaneous						152,068	638,155	790,223	322,466
Transfers						(621,315)	621,315	-	-
Total general revenues and transfers						<u>18,249,777</u>	<u>1,940,334</u>	<u>20,190,111</u>	<u>2,740,606</u>
Change in net position						<u>8,290,083</u>	<u>19,007,288</u>	<u>27,297,371</u>	<u>165,241</u>
Net position - beginning of year						12,689,485	106,046,833	118,736,318	16,798,870
Prior period adjustment						-	-	-	1,199
Net position - beginning of year, as restated						12,689,485	106,046,833	118,736,318	16,800,069
Net position - end of year						<u>\$ 20,979,568</u>	<u>\$ 125,054,121</u>	<u>\$ 146,033,689</u>	<u>\$ 16,965,310</u>

See Accompanying Notes to the Financial Statements

**City of Bay City**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2020**

	General	Special Revenue Funds		Nonmajor Governmental Funds	Total Governmental Funds
		Major Streets Fund	Rehabilitation Fund		
<b>Assets</b>					
Cash and investments	\$ 3,693,682	\$ 685,032	\$ -	\$ 4,828,987	\$ 9,207,701
Receivables					
Delinquent taxes	34,102	-	-	7,580	41,682
Accounts	199,353	143,076	-	855,368	1,197,797
Special assessments	47,071	-	-	21,801	68,872
Accrued interest and other	3,856	545	-	3,196	7,597
Notes, net	-	-	8,110,447	-	8,110,447
Due from other units of government	515,899	573,233	-	183,519	1,272,651
Due from other funds	978,755	-	-	-	978,755
Inventories	-	144,871	-	-	144,871
Prepaid items	100	40,101	-	3,671	43,872
Total assets	<u>\$ 5,472,818</u>	<u>\$ 1,586,858</u>	<u>\$ 8,110,447</u>	<u>\$ 5,904,122</u>	<u>\$ 21,074,245</u>

See Accompanying Notes to the Financial Statements

**City of Bay City**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2020**

	Special Revenue Funds			Nonmajor Governmental Funds	Total Governmental Funds
	General	Major Streets Fund	Rehabilitation Fund		
<b>Liabilities</b>					
Accounts payable	\$ 240,821	\$ 202,967	\$ -	\$ 116,816	\$ 560,604
Accrued and other liabilities	355,867	24,634	-	56,149	436,650
Due to other funds	66,206	6,123	-	859,551	931,880
Deposits payable	1,145	-	-	51,500	52,645
Due to other units of government	18,981	-	-	-	18,981
Unearned revenue	-	-	-	2,000,000	2,000,000
Total liabilities	<u>683,020</u>	<u>233,724</u>	<u>-</u>	<u>3,084,016</u>	<u>4,000,760</u>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue	<u>97,864</u>	<u>31,266</u>	<u>8,119,116</u>	<u>29,376</u>	<u>8,277,622</u>
<b>Fund Balances</b>					
Non-spendable	100	184,972	-	3,671	188,743
Restricted for					
Road maintenance and repairs	-	1,136,896	-	1,452,117	2,589,013
Community and economic development	-	-	-	163,531	163,531
Public safety	-	-	-	159,705	159,705
Debt service	-	-	-	505,479	505,479
Capital projects	-	-	-	742,877	742,877
Unassigned (deficit)	<u>4,691,834</u>	<u>-</u>	<u>(8,669)</u>	<u>(236,650)</u>	<u>4,446,515</u>
Total fund balances	<u>4,691,934</u>	<u>1,321,868</u>	<u>(8,669)</u>	<u>2,790,730</u>	<u>8,795,863</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,472,818</u>	<u>\$ 1,586,858</u>	<u>\$ 8,110,447</u>	<u>\$ 5,904,122</u>	<u>\$ 21,074,245</u>

See Accompanying Notes to the Financial Statements

**City of Bay City**  
**Governmental Funds**  
**Reconciliation of Fund Balances of Governmental Funds**  
**to Net Position of Governmental Activities**  
**June 30, 2020**

<b>Total fund balances for governmental funds</b>	<b>\$ 8,795,863</b>
Total net position for governmental activities in the statement of net position is different because:	
Capital assets net of accumulated depreciation used in governmental activities are not financial resources and therefore are not reported in the funds.	43,972,730
Capital assets not being depreciated used in governmental activities are not financial resources and therefore are not reported in the funds.	21,286,024
Certain receivables are not available to pay for current period expenditures and therefore are deferred in the funds.	8,277,622
The net other post employment asset is not a current financial resource and therefore is not reported in the funds.	
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(57,329)
Compensated absences	(2,947,964)
Landfill closure and post closure costs	(3,558,977)
Deferred outflows of resources resulting from net pension liability - MERS	454,864
Deferred inflows of resources resulting from net pension liability - Police and Fire	(108,441)
Deferred outflows of resources resulting from net pension liability - Police and Fire	7,840,675
Deferred inflows of resources resulting from net OPEB liability	(326,273)
Deferred outflows of resources resulting from net OPEB liability	381,505
Long-term liabilities applicable to governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities.	
Bonds payable	(4,897,322)
Net pension liability - MERS	(2,062,757)
Net pension liability - Police and Fire	(33,632,998)
Net OPEB liability	(28,200,922)
Internal service funds are included as part of governmental activities.	<u>5,763,268</u>
<b>Net position of governmental activities</b>	<b><u>\$ 20,979,568</u></b>

See Accompanying Notes to the Financial Statements

**City of Bay City**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2020**

	General	Special Revenue Funds		Nonmajor Governmental Funds	Total Governmental Funds
		Major Streets Fund	Rehabilitation Fund		
<b>Revenues</b>					
Taxes	\$ 11,537,048	\$ 275,394	\$ -	\$ 2,602,888	\$ 14,415,330
Licenses and permits	217,716	-	-	627,318	845,034
Federal grants	10,122	-	-	731,109	741,231
State-shared revenue	4,395,077	-	-	-	4,395,077
Other state grants	8,064	4,141,767	-	1,268,479	5,418,310
Local contributions	-	-	-	135,703	135,703
Charges for services	2,908,714	-	-	3,049,760	5,958,474
Fines and forfeitures	68,659	-	-	25,215	93,874
Interest income	67,427	30,389	6,635	59,330	163,781
Program income	-	-	72,995	-	72,995
Other revenue	225,256	114,801	-	199,799	539,856
<b>Total revenues</b>	<b>19,438,083</b>	<b>4,562,351</b>	<b>79,630</b>	<b>8,699,601</b>	<b>32,779,665</b>

See Accompanying Notes to the Financial Statements

**City of Bay City**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2020**

	General	Special Revenue Funds		Nonmajor Governmental Funds	Total Governmental Funds
		Major Streets Fund	Rehabilitation Fund		
<b>Expenditures</b>					
Current					
General government	\$ 4,324,866	\$ -	\$ -	\$ -	\$ 4,324,866
Public safety	12,299,856	-	-	1,044,494	13,344,350
Public works	1,226,762	3,251,900	-	4,230,833	8,709,495
Economic development	289,569	-	165,615	265,429	720,613
Recreation and culture	1,067,779	-	-	20,858	1,088,637
Capital outlay	87,965	1,784,797	-	182,771	2,055,533
Debt service					
Principal retirement	-	-	-	2,863,901	2,863,901
Interest and fiscal charges	-	-	-	72,781	72,781
Total expenditures	<u>19,296,797</u>	<u>5,036,697</u>	<u>165,615</u>	<u>8,681,067</u>	<u>33,180,176</u>
Excess (deficiency) of revenues over expenditures	<u>141,286</u>	<u>(474,346)</u>	<u>(85,985)</u>	<u>18,534</u>	<u>(400,511)</u>

See Accompanying Notes to the Financial Statements

**City of Bay City**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2020**

	General	Special Revenue Funds		Nonmajor Governmental Funds	Total Governmental Funds
		Major Streets Fund	Rehabilitation Fund		
<b>Other financing sources (uses)</b>					
Transfers in	\$ 694,862	\$ 140,080	\$ 165,614	\$ 532,810	\$ 1,533,366
Transfers out	(808,236)	-	(88,298)	(432,558)	(1,329,092)
Total other financing sources and uses	<u>(113,374)</u>	<u>140,080</u>	<u>77,316</u>	<u>100,252</u>	<u>204,274</u>
Net change in fund balance	27,912	(334,266)	(8,669)	118,786	(196,237)
Fund balance - beginning of year	<u>4,664,022</u>	<u>1,656,134</u>	<u>-</u>	<u>2,671,944</u>	<u>8,992,100</u>
Fund balance (deficit) - end of year	<u>\$ 4,691,934</u>	<u>\$ 1,321,868</u>	<u>\$ (8,669)</u>	<u>\$ 2,790,730</u>	<u>\$ 8,795,863</u>

See Accompanying Notes to the Financial Statements

**City of Bay City  
Governmental Funds**

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2020**

<b>Net change in fund balances - total governmental funds</b>	\$ (196,237)
Total change in net position reported for governmental activities in the statement of activities is 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.	
Depreciation expense	(3,601,617)
Capital outlay	2,055,532
Sale of capital assets (net book value)	(25,000)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	
Deferred inflow of resources	1,040,641
Expenses are recorded when incurred in the statement of activities.	
Accrued interest	723
Compensated absences	(765,025)
Landfill closure and post closure costs	(2,734,393)
The statement of net position reports the net pension and net OPEB liabilities and deferred outflows of resources and deferred inflows of resources related to the net pension and net OPEB liabilities and pension and OPEB expense. However, the amount recorded on the governmental funds equals actual pension contributions.	
Net change in net pension liability - MERS	283,972
Net change in the deferred inflows and outflows of resources related to the net pension liability - MERS	(362,560)
Net change in net pension liability - Police and Fire	(11,818,208)
Net change in the deferred inflows and outflows of resources related to the net pension liability - Police and Fire	6,882,738
Net change in net OPEB liability	113,576
Net change in the deferred inflows and outflows of resources related to the net OPEB liability	14,385,211
Bond proceeds are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.	
Repayments of long-term debt	2,863,901
Internal service funds are also included as governmental activities	497,013
<b>Change in net position of governmental activities</b>	<b>\$ 8,290,081</b>

See Accompanying Notes to the Financial Statements

**City of Bay City**  
**Proprietary Funds**  
**Statement of Net Position**  
**June 30, 2020**

	Enterprise Funds					Internal Service Funds
	Electric	Water	Sewer	Nonmajor Enterprise Funds	Total	
<b>Assets</b>						
Current assets						
Cash and cash equivalents	\$ 21,576,900	\$ 3,765,607	\$ 12,353,607	\$ 253,186	\$ 37,949,300	\$ 11,078,894
Receivables						
Accounts, net	5,560,456	1,551,132	2,007,558	67,356	9,186,502	13,161
Special assessments	33,408	16,692	208,888	-	258,988	189,116
Accrued interest and other	14,722	3,056	8,431	163	26,372	6,966
Due from other units of government	279,764	4,567,167	-	-	4,846,931	-
Due from other funds	-	-	20,295	-	20,295	177,278
Inventories	2,702,304	746,265	262,962	14,923	3,726,454	125,370
Prepaid items	-	-	-	422	422	1,420,438
Deposits	2,181,400	-	-	-	2,181,400	849,267
Total current assets	<u>32,348,954</u>	<u>10,649,919</u>	<u>14,861,741</u>	<u>336,050</u>	<u>58,196,664</u>	<u>13,860,490</u>
Noncurrent assets						
Restricted assets						
Cash and cash equivalents	955,275	-	-	-	955,275	-
Advances to other funds	1,960,588	-	-	-	1,960,588	-
Capital assets not being depreciated	2,261,451	39,307	313,891	551,500	3,166,149	254,912
Capital assets, net of accumulated depreciation	<u>33,604,379</u>	<u>16,522,344</u>	<u>61,199,021</u>	<u>2,869,394</u>	<u>114,195,138</u>	<u>11,543,486</u>
Total noncurrent assets	<u>38,781,693</u>	<u>16,561,651</u>	<u>61,512,912</u>	<u>3,420,894</u>	<u>120,277,150</u>	<u>11,798,398</u>
 Total assets	 <u>71,130,647</u>	 <u>27,211,570</u>	 <u>76,374,653</u>	 <u>3,756,944</u>	 <u>178,473,814</u>	 <u>25,658,888</u>
<b>Deferred Outflows of Resources</b>						
Deferred amount on refunding	-	87,680	183,595	-	271,275	-
Deferred amount relating to net pension liability - MERS	1,512,043	739,894	462,105	-	2,714,042	122,438
Deferred amount relating to net OPEB liability	108,081	70,062	106,693	-	284,836	28,015
Total deferred outflows of resources	<u>1,620,124</u>	<u>897,636</u>	<u>752,393</u>	<u>-</u>	<u>3,270,153</u>	<u>150,453</u>

See Accompanying Notes to the Financial Statements

**City of Bay City**  
**Proprietary Funds**  
**Statement of Net Position**  
**June 30, 2020**

	Enterprise Funds					Internal Service Funds
	Electric	Water	Sewer	Nonmajor Enterprise Funds	Total	
<b>Liabilities</b>						
Current liabilities						
Accounts payable	\$ 1,123,030	\$ 1,714,783	\$ 95,145	\$ 47,938	\$ 2,980,896	\$ 614,212
Accrued and other liabilities	250,924	67,838	192,230	288	511,280	53,178
Due to other funds	54,556	18,354	24,549	36,475	133,934	110,514
Deposits	862,534	54,999	-	750	918,283	-
Due to other units of government	82,986	-	-	-	82,986	744
Current portion of long-term debt	680,000	346,461	3,154,798	-	4,181,259	66,088
Claims payable, current	-	-	-	-	-	938,014
Compensated absences, current	352,019	153,387	270,803	892	777,101	118,661
Total current liabilities	<u>3,406,049</u>	<u>2,355,822</u>	<u>3,737,525</u>	<u>86,343</u>	<u>9,585,739</u>	<u>1,901,411</u>
Noncurrent liabilities						
Advances from other funds	-	-	-	-	-	1,960,588
Compensated absences, net of current portion	194,109	66,057	86,722	-	346,888	94,994
Long-term debt, net of current portion	11,640,000	4,280,394	9,773,124	-	25,693,518	532,969
Accrued interest payable	240,240	29,557	86,022	-	355,819	-
Net pension liability - MERS	6,856,951	3,355,338	2,095,594	-	12,307,883	555,243
Net OPEB liability	7,989,334	5,178,963	7,886,764	-	21,055,061	2,070,887
Total noncurrent liabilities	<u>26,920,634</u>	<u>12,910,309</u>	<u>19,928,226</u>	<u>-</u>	<u>59,759,169</u>	<u>5,214,681</u>
Total liabilities	<u>30,326,683</u>	<u>15,266,131</u>	<u>23,665,751</u>	<u>86,343</u>	<u>69,344,908</u>	<u>7,116,092</u>
<b>Deferred Inflows of Resources</b>						
Deferred amount relating to net OPEB liability	<u>95,504</u>	<u>56,980</u>	<u>95,420</u>	<u>-</u>	<u>247,904</u>	<u>27,015</u>

See Accompanying Notes to the Financial Statements

**City of Bay City  
Proprietary Funds  
Statement of Net Position  
June 30, 2020**

	Enterprise Funds					Internal Service Funds
	Electric	Water	Sewer	Nonmajor Enterprise Funds	Total	
<b>Net Position</b>						
Net investment in capital assets	\$ 23,545,830	\$ 12,022,476	\$ 48,768,585	\$ 3,420,894	\$ 87,757,785	\$ 11,199,341
Restricted for						
Debt service	955,275	-	-	-	955,275	-
Unrestricted	<u>17,827,479</u>	<u>763,619</u>	<u>4,597,290</u>	<u>249,707</u>	<u>23,438,095</u>	<u>7,466,893</u>
 Total net position	 <u>\$ 42,328,584</u>	 <u>\$ 12,786,095</u>	 <u>\$ 53,365,875</u>	 <u>\$ 3,670,601</u>	 112,151,155	 <u>\$ 18,666,234</u>
 Some amounts reported for business-type activities in the statement of net position are different because certain internal service funds assets and liabilities are reported with business-type activities					<u>12,902,966</u>	
Net position of business-type activities					<u>\$ 125,054,121</u>	

See Accompanying Notes to the Financial Statements

**City of Bay City**  
**Proprietary Funds**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**For the Year Ended June 30, 2020**

	Enterprise Funds					Internal Service Funds
	Electric	Water	Sewer	Nonmajor Enterprise Funds	Total	
<b>Operating revenue</b>						
Charges for services	\$ 37,528,211	\$ 8,319,331	\$ 12,965,749	\$ 338,629	\$ 59,151,920	\$ 18,939,017
Rental income	-	-	-	-	-	358,500
Other revenue	160,264	237,384	238,017	3,628	639,293	361,461
Total operating revenue	<u>37,688,475</u>	<u>8,556,715</u>	<u>13,203,766</u>	<u>342,257</u>	<u>59,791,213</u>	<u>19,658,978</u>
<b>Operating expenses</b>						
Administration	502,805	456,833	439,930	-	1,399,568	290,462
Cost of sales and services	26,480,246	6,941,585	1,581,058	513,459	35,516,348	2,433,358
Claims and benefits	-	-	-	-	-	11,953,563
Repairs and maintenance	-	-	-	12,121	12,121	-
Other operating costs	-	-	-	-	-	5,137
Depreciation	2,670,626	678,520	3,988,073	180,326	7,517,545	1,120,999
Total operating expenses	<u>29,653,677</u>	<u>8,076,938</u>	<u>6,009,061</u>	<u>705,906</u>	<u>44,445,582</u>	<u>15,803,519</u>
Operating income (loss)	<u>8,034,798</u>	<u>479,777</u>	<u>7,194,705</u>	<u>(363,649)</u>	<u>15,345,631</u>	<u>3,855,459</u>
<b>Nonoperating revenue (expenses)</b>						
Local contribution	-	153,867	-	-	153,867	-
Federal grant	-	258,113	-	35,490	293,603	-
State grant	-	637,582	-	1,972	639,554	-
Interest income	478,537	52,279	146,908	3,140	680,864	123,375
Loss on disposal of assets	-	-	-	-	-	(292,158)
Bond issuance costs	-	(65,846)	-	-	(65,846)	-
Amortization of bond premium / discount	-	(3,499)	2,361	-	(1,138)	-
Interest expense	(480,480)	(123,320)	(399,576)	-	(1,003,376)	(21,258)
Total nonoperating revenues (expenses)	<u>(1,943)</u>	<u>909,176</u>	<u>(250,307)</u>	<u>40,602</u>	<u>697,528</u>	<u>(190,041)</u>
Income (loss) before transfers	8,032,855	1,388,953	6,944,398	(323,047)	16,043,159	3,665,418
Transfers in	218,553	91,413	126,944	272,513	709,423	280,691
Transfers out	(37,004)	(25,552)	(25,552)	-	(88,108)	(1,106,280)
Change in net position	8,214,404	1,454,814	7,045,790	(50,534)	16,664,474	2,839,829
Net position - beginning of year	<u>34,114,180</u>	<u>11,331,281</u>	<u>46,320,085</u>	<u>3,721,135</u>		<u>15,826,405</u>
Net position - end of year	<u>\$ 42,328,584</u>	<u>\$ 12,786,095</u>	<u>\$ 53,365,875</u>	<u>\$ 3,670,601</u>		<u>\$ 18,666,234</u>
Some amounts reported for business-type activities in the statement of activities are different because the net revenue (expense) of certain internal service funds is reported with business-type activities					<u>2,342,814</u>	
Change in net position of business-type activities					<u>\$ 19,007,288</u>	

See Accompanying Notes to the Financial Statements

**City of Bay City**  
**Proprietary Funds**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2020**

	Enterprise Funds					Internal Service Funds
	Electric	Water	Sewer	Nonmajor Enterprise Funds	Total	
<b>Cash flows from operating activities</b>						
Receipts from customers	\$ 36,801,221	\$ 8,612,165	\$ 13,100,293	\$ 331,907	\$ 58,845,586	\$ 355,312
Receipts from interfund users	-	-	-	-	-	19,203,433
Receipts from other funds	22,838	6,575	-	417	29,830	7,855
Payments to other funds	-	-	(13,033)	(19,785)	(32,818)	(249,125)
Payments to suppliers	(21,005,367)	(3,457,197)	(1,768,979)	(542,957)	(26,774,500)	(4,102,875)
Payments to employees	(5,118,130)	(2,492,013)	(6,089,689)	-	(13,699,832)	(13,246,621)
Payments for interfund services used	(5,803,778)	(2,683,674)	-	-	(8,487,452)	-
Net cash provided (used) by operating activities	<u>4,896,784</u>	<u>(14,144)</u>	<u>5,228,592</u>	<u>(230,418)</u>	<u>9,880,814</u>	<u>1,967,979</u>
<b>Cash flows from noncapital financing activities</b>						
Local contributions	-	153,867	-	-	153,867	-
Transfer from other funds	218,553	91,413	126,944	272,513	709,423	280,691
Transfers to other funds	(37,004)	(25,552)	(25,552)	-	(88,108)	(1,106,280)
Federal grant	-	258,113	-	35,490	293,603	-
State grant	-	273,123	-	1,972	275,095	-
Net cash provided (used) by noncapital financing activities	<u>181,549</u>	<u>750,964</u>	<u>101,392</u>	<u>309,975</u>	<u>1,343,880</u>	<u>(825,589)</u>
<b>Cash flows from capital and related financing activities</b>						
Purchases/construction of capital assets	(2,644,336)	(2,449,332)	(1,150,032)	(43,370)	(6,287,070)	(867,953)
Principal and interest paid on long-term debt	(1,130,480)	(155,705)	(3,558,356)	-	(4,844,541)	(87,000)
Proceeds from sale of capital assets	-	-	-	-	-	21,940
Net cash used by capital and related financing activities	<u>(3,774,816)</u>	<u>(2,605,037)</u>	<u>(4,708,388)</u>	<u>(43,370)</u>	<u>(11,131,611)</u>	<u>(933,013)</u>

See Accompanying Notes to the Financial Statements

**City of Bay City**  
**Proprietary Funds**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2020**

	Enterprise Funds					Internal Service Funds
	Electric	Water	Sewer	Nonmajor Enterprise Funds	Total	
<b>Cash flows from investing activities</b>						
Interest received	\$ 484,870	\$ 54,954	\$ 152,596	\$ 3,140	\$ 695,560	\$ 123,358
Net change in cash and cash equivalents	1,788,387	(1,813,263)	774,192	39,327	788,643	332,735
Cash and cash equivalents - beginning of year	20,743,788	5,578,870	11,579,415	213,859	38,115,932	10,746,159
Cash and cash equivalents - end of year	<u>\$ 22,532,175</u>	<u>\$ 3,765,607</u>	<u>\$ 12,353,607</u>	<u>\$ 253,186</u>	<u>\$ 38,904,575</u>	<u>\$ 11,078,894</u>
<b>Reconciliation to the statement of net position</b>						
Cash and cash equivalents	\$ 21,576,900	\$ 3,765,607	\$ 12,353,607	\$ 253,186	\$ 37,949,300	\$ 11,078,894
Restricted cash	955,275	-	-	-	955,275	-
Cash and cash equivalents	<u>\$ 22,532,175</u>	<u>\$ 3,765,607</u>	<u>\$ 12,353,607</u>	<u>\$ 253,186</u>	<u>\$ 38,904,575</u>	<u>\$ 11,078,894</u>

See Accompanying Notes to the Financial Statements

**City of Bay City**  
**Proprietary Funds**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2020**

	Enterprise Funds					Internal Service Funds
	Electric	Water	Sewer	Nonmajor Enterprise Funds	Total	
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>						
Operating income (loss)	\$ 8,034,798	\$ 479,777	\$ 7,194,705	\$ (363,649)	\$ 15,345,631	\$ 3,855,459
Adjustments to reconcile operating income (loss) to net cash from operating activities						
Depreciation and amortization expense	2,670,626	678,520	3,988,073	180,326	7,517,545	1,120,999
Changes in assets and liabilities						
Receivables (net)	(736,459)	(452,550)	(103,473)	(10,350)	(1,302,832)	(8,063)
Due from other units of government	(150,795)	508,000	-	-	357,205	21,824
Due from other funds	-	-	(18,178)	-	(18,178)	(39,934)
Inventories	(135,470)	33,914	(63,519)	6,762	(158,313)	47,342
Prepaid items	16,750	1,562	1,922	347	20,581	(1,420,438)
Deposits	(213,284)	-	-	-	(213,284)	(116,481)
Accounts payable	(117,543)	836,960	(126,324)	22,055	615,148	(142,761)
Accrued and other liabilities	132,498	28,882	108,841	28	270,249	11,310
Due to other funds	22,838	6,575	5,145	(19,768)	14,790	(205,155)
Due to other units of government	28,775	(104,978)	-	-	(76,203)	(3,805)
Estimated claims payable	-	-	-	-	-	353,021
Customer deposits payable	91,873	33,256	-	500	125,629	-
Net pension liability and related deferrals	111,096	454,648	(1,405,417)	-	(839,673)	(372,887)
Net OPEB liability and related deferrals	(4,841,877)	(2,550,943)	(4,435,324)	(47,041)	(11,875,185)	(1,192,746)
Compensated absences	(17,042)	32,233	82,141	372	97,704	60,294
<b>Net cash provided (used) by operating activities</b>	<b>\$ 4,896,784</b>	<b>\$ (14,144)</b>	<b>\$ 5,228,592</b>	<b>\$ (230,418)</b>	<b>\$ 9,880,814</b>	<b>\$ 1,967,979</b>

See Accompanying Notes to the Financial Statements

**City of Bay City**  
**Fiduciary Funds**  
**Statement of Fiduciary Net Position**  
**June 30, 2020**

	Pension and Other Post- Employment Benefits Trust Funds	Agency Funds
<b>Assets</b>		
Cash and cash equivalents	\$ 2,231,710	\$ 390,569
Investments, at fair value		
Fixed income	7,834,470	-
Equities	45,724,985	-
Other investments	18,669,804	-
Accounts receivable	75,548	-
Interest receivable	71,506	-
Due from other units of government	-	727,216
	74,608,023	\$ 1,117,785
<b>Liabilities</b>		
Accounts payable	85,212	\$ -
Due to others	-	1,046,681
Due to other units of government	-	68,728
Deposits payable	-	2,376
	85,212	\$ 1,117,785
<b>Net Position</b>		
Restricted for employees' pension benefits	49,019,314	
Restricted for postemployment health care benefits	25,503,497	
	\$ 74,522,811	

See Accompanying Notes to the Financial Statements

**City of Bay City**  
**Fiduciary Funds**  
**Statement of Changes in Fiduciary Net Position**  
**For the Year Ended June 30, 2020**

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	<u>Pension and Other Post- Employment Benefits Trust Funds</u>
<b>Additions</b>	
Contributions	
Employer	\$ 7,628,483
Plan member	<u>747,818</u>
Total contributions	<u>8,376,301</u>
Investment income	
Interest and dividends	3,181,384
Net depreciation in fair value of investments	(138,192)
Investment expense	<u>(189,150)</u>
Net investment income	<u>2,854,042</u>
Total additions	<u>11,230,343</u>
<b>Deductions</b>	
Retiree healthcare premiums payments	4,775,049
Benefits and refunds paid to participants	7,394,420
Administrative expenses	<u>211,611</u>
Total deductions	<u>12,381,080</u>
Change in net position	(1,150,737)
Net position - beginning of year	<u>75,673,548</u>
Net position - end of year	<u>\$ 74,522,811</u>

See Accompanying Notes to the Financial Statements

**City of Bay City**  
**Discretely Presented Component Units**  
**Combining Statement of Net Position**  
**June 30, 2020**

	Downtown Development Authority	Midland Street TIFA	Kresge's Downtown Development Authority	Marquette District TIFA	Water Street Downtown Development Authority	Marina Development TIFA
<b>Assets</b>						
Cash and cash equivalents	\$ -	\$ 132,749	\$ 366	\$ 2,747,649	\$ 91,060	\$ -
Investments	-	-	-	-	-	-
Equity in pooled cash and investments	-	-	-	-	-	-
Receivables:						
Taxes, net	987	-	-	-	-	-
Customers	81,619	-	-	-	-	-
Accrued interest and other	-	66	-	1,772	-	-
Due from other units of government	-	-	-	-	-	-
Inventories	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Capital assets not being depreciated	-	24,000	-	30,136	-	-
Capital assets being depreciated, net	95,789	871,497	12,258	656,247	1,082,578	299,270
Restricted assets						
Cash and cash equivalents	-	-	-	-	-	-
Total assets	<u>178,395</u>	<u>1,028,312</u>	<u>12,624</u>	<u>3,435,804</u>	<u>1,173,638</u>	<u>299,270</u>
<b>Deferred Outflows of Resources</b>						
Deferred loss on refunding	-	36,589	-	-	-	-
Deferred amount related to special assessments	915	-	-	-	-	-
Deferred amount relating to net pension asset	-	-	-	-	-	-
Total deferred outflows of resources	<u>915</u>	<u>36,589</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Liabilities</b>						
Accounts payable	6,506	350	-	5,981	10,000	-
Accrued and other liabilities	-	4,659	-	1,901	11,853	-
Due to other units of government	21,535	-	-	-	-	-
Long-term debt						
Compensated absences, current	-	-	-	5,244	-	-
Compensated absences, net of current portion	-	-	-	3,208	-	-
Due within one year	-	60,314	-	-	195,041	-
Due in more than one year	-	694,378	-	-	1,185,164	-
Net pension liability	-	-	-	-	-	-
Net OPEB liability	-	-	-	-	-	-
Total liabilities	<u>28,041</u>	<u>759,701</u>	<u>-</u>	<u>16,334</u>	<u>1,402,058</u>	<u>-</u>
<b>Net Position</b>						
Net investment in capital assets	95,789	177,394	12,258	686,383	1,082,578	299,270
Restricted	-	-	-	-	-	-
Unrestricted (deficit)	<u>55,480</u>	<u>127,806</u>	<u>366</u>	<u>2,733,087</u>	<u>(1,310,998)</u>	<u>-</u>
Total net position	<u>\$ 151,269</u>	<u>\$ 305,200</u>	<u>\$ 12,624</u>	<u>\$ 3,419,470</u>	<u>\$ (228,420)</u>	<u>\$ 299,270</u>

See Accompanying Notes to the Financial Statements

**City of Bay City**  
**Discretely Presented Component Units**  
**Combining Statement of Net Position**  
**June 30, 2020**

	Knepp's Downtown Development Authority	Brownfield Redevelopment Authority	Columbus Avenue Management Board	Midland Street Management Board	Downtown Management Board	Housing Commission	Total
<b>Assets</b>							
Cash and cash equivalents	\$ -	\$ 11,734,618	\$ 13,572	\$ 94,870	\$ 4,259	\$ 3,995,116	\$ 18,814,259
Investments	-	-	-	-	-	24,374	24,374
Equity in pooled cash and investments	-	105,348	-	-	-	-	105,348
Receivables:							
Taxes, net	-	-	-	-	108,185	-	109,172
Customers	-	-	-	-	-	185,326	266,945
Accrued interest and other	-	4,140	6	53	-	-	6,037
Due from other units of government	-	12,592	-	-	56,946	-	69,538
Inventories	-	-	-	-	-	37,284	37,284
Prepaid items	-	-	-	-	745	129,705	130,450
Capital assets not being depreciated	-	5,655,176	-	-	-	1,834,419	7,543,731
Capital assets being depreciated, net	114,636	6,251,845	-	-	-	4,044,005	13,428,125
Restricted assets							
Cash and cash equivalents	-	-	-	-	-	3,446,354	3,446,354
Total assets	<u>114,636</u>	<u>23,763,719</u>	<u>13,578</u>	<u>94,923</u>	<u>170,135</u>	<u>13,696,583</u>	<u>43,981,617</u>
<b>Deferred Outflows of Resources</b>							
Deferred loss on refunding	-	1,819,376	-	-	-	-	1,855,965
Deferred amount related to special assessments	-	-	-	-	-	-	915
Deferred amount relating to net pension asset	-	-	-	-	-	814,486	814,486
Total deferred outflows of resources	<u>-</u>	<u>1,819,376</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>814,486</u>	<u>2,671,366</u>
<b>Liabilities</b>							
Accounts payable	-	627,575	1,524	234	6,017	63,934	722,121
Accrued and other liabilities	-	71,728	-	-	20,802	382,592	493,535
Due to other units of government	-	12,722	-	-	-	-	34,257
Long-term debt							
Compensated absences, current	-	3,691	-	-	-	-	8,935
Compensated absences, net of current portion	-	-	-	-	-	135,203	138,411
Due within one year	-	308,023	-	-	-	-	563,378
Due in more than one year	-	24,499,924	-	-	-	-	26,379,466
Net pension liability	-	-	-	-	-	977,932	977,932
Net OPEB liability	-	-	-	-	-	369,638	369,638
Total liabilities	<u>-</u>	<u>25,523,663</u>	<u>1,524</u>	<u>234</u>	<u>26,819</u>	<u>1,929,299</u>	<u>29,687,673</u>
<b>Net Position</b>							
Net investment in capital assets	114,636	(2,303,427)	-	-	-	5,878,424	6,043,305
Restricted	-	-	-	-	-	3,286,640	3,286,640
Unrestricted (deficit)	-	2,362,859	12,054	94,689	143,316	3,416,706	7,635,365
Total net position	<u>\$ 114,636</u>	<u>\$ 59,432</u>	<u>\$ 12,054</u>	<u>\$ 94,689</u>	<u>\$ 143,316</u>	<u>\$ 12,581,770</u>	<u>\$ 16,965,310</u>

See Accompanying Notes to the Financial Statements

**City of Bay City**  
**Discretely Presented Component Units**  
**Combining Statement of Activities**  
**For the Year Ended June 30, 2020**

Functions/Programs	Program Revenues					Net (Expense) Revenue							
	Expenses	Indirect	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions								
<b>Component units</b>													
Downtown Development Authority	\$ 145,043	\$ 5,681	\$ 189,487	\$ 295	\$ -	\$ 39,058							
Midland Street TIFA	107,785	698	-	14,331	-	(94,152)							
Kresge's Downtown Development Authority	952	203	-	-	-	(1,155)							
Marquette District TIFA	184,858	6,497	2,033	215,668	-	26,346							
Water Street Downtown Development Authority	193,715	20,625	-	15,656	-	(198,684)							
Marina Development TIFA	18,745	-	-	-	-	(18,745)							
Knepp's Downtown Development Authority	3,599	-	-	-	-	(3,599)							
Brownfield Redevelopment Authority	2,343,532	7,960	35,165	45,514	-	(2,270,813)							
Columbus Avenue Management Board	12,892	1,799	12,720	-	-	(1,971)							
Midland Street Management Board	6,068	765	25,190	-	-	18,357							
Downtown Management Board	239,464	-	70,397	92,000	-	(77,067)							
Housing Commission	4,507,350	-	1,824,308	2,690,102	-	7,060							
<b>Total component units</b>	<b>7,764,003</b>	<b>44,228</b>	<b>2,159,300</b>	<b>3,073,566</b>	<b>-</b>	<b>(2,575,365)</b>							
	Downtown Development Authority	Midland Street TIFA	Kresge's Downtown Development Authority	Marquette District TIFA	Water Street Downtown Development Authority	Marina Development TIFA	Knepp's Downtown Development Authority	Brownfield Redevelopment Authority	Columbus Avenue Management Board	Midland Street Management Board	Downtown Management Board	Housing Commission	Total
<b>Changes in net position</b>													
<b>Net (expense) revenue</b>	\$ 39,058	\$ (94,152)	\$ (1,155)	\$ 26,346	\$ (198,684)	\$ (18,745)	\$ (3,599)	\$ (2,270,813)	\$ (1,971)	\$ 18,357	\$ (77,067)	\$ 7,060	\$ (2,575,365)
General revenues													
Property taxes	-	80,501	-	133,917	295,824	-	-	1,666,593	-	-	108,185	-	2,285,020
Unrestricted investment earnings	-	1,171	-	31,675	-	-	-	73,509	115	958	28	56,437	163,893
Loss on sale of capital assets	-	-	-	-	-	-	-	-	-	-	-	(30,773)	(30,773)
Miscellaneous	-	-	-	-	10,314	-	-	-	-	-	-	312,152	322,466
<b>Total general revenues</b>	<b>-</b>	<b>81,672</b>	<b>-</b>	<b>165,592</b>	<b>306,138</b>	<b>-</b>	<b>-</b>	<b>1,740,102</b>	<b>115</b>	<b>958</b>	<b>108,213</b>	<b>337,816</b>	<b>2,740,606</b>
Change in net position	39,058	(12,480)	(1,155)	191,938	107,454	(18,745)	(3,599)	(530,711)	(1,856)	19,315	31,146	344,876	165,241
Net position - beginning of year	112,211	317,680	13,779	3,227,532	(335,874)	318,015	118,235	590,143	13,910	75,374	112,170	12,235,695	16,798,870
Prior period adjustment	-	-	-	-	-	-	-	-	-	-	-	1,199	1,199
Net position - beginning of year (restated)	112,211	317,680	13,779	3,227,532	(335,874)	318,015	118,235	590,143	13,910	75,374	112,170	12,236,894	16,800,069
Net position - end of year	\$ 151,269	\$ 305,200	\$ 12,624	\$ 3,419,470	\$ (228,420)	\$ 299,270	\$ 114,636	\$ 59,432	\$ 12,054	\$ 94,689	\$ 143,316	\$ 12,581,770	\$ 16,965,310

See Accompanying Notes to the Financial Statements

**City of Bay City**  
**Notes to the Financial Statements**  
**June 30, 2020**

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**Note 1 - Summary of Significant Accounting Policies**

**Reporting entity**

The City of Bay City (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 unit's 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 (TIFAs), and downtown development authorities (DDAs), 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.

**Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) 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.

**City of Bay City**  
**Notes to the Financial Statements**  
**June 30, 2020**

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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.

The City reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Major Street 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. Major assets and cost of the liability for the transmission system was assumed by Bay County in October 2017.

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.

**City of Bay City**  
**Notes to the Financial Statements**  
**June 30, 2020**

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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 are fleet, equipment purchases and maintenance, employee benefits, information systems, Electric/DPW building 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 (OPEB) trust funds account for the activities of the Bay City Public Safety and Fire Pension and Retirement System as well as the OPEB plan of the City. The Bay City Public Safety and Fire Pension and Retirement System accumulates resources for pension benefit payments to qualified police and fire members. The City has a separate postemployment benefits trust fund to accumulate and invest funds to provide for the funding of health care benefits to qualified 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.

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

**City of Bay City**  
**Notes to the Financial Statements**  
**June 30, 2020**

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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 net position or 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."

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

**City of Bay City**  
**Notes to the Financial Statements**  
**June 30, 2020**

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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.

Property, plant and equipment are depreciated using the straight-line method over the following useful lives:

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

Deferred outflows of resources – A deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period. The City reports deferred outflows of resources as a result of pension and OPEB earnings. This amount is the result of a difference between what the plan expected to earn from plan investments and what is actually earned. This amount will be amortized over the next four years and included in pension and OPEB expense. Changes in assumptions and experience differences relating to the net pension and OPEB liability are deferred and amortized over the expected remaining services lives of the employees and retirees in the plan. The City also reported deferred outflows of resources for pension contributions made after the measurement date. This amount will reduce net pension liability in the following year. Deferred amounts on bond refundings are included in the government-wide financial statements. The amounts represent the difference between the

reacquisition price and the net carrying amount of the prior debt.

Compensated absences – 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.

Pension – 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

**City of Bay City**  
**Notes to the Financial Statements**  
**June 30, 2020**

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at fair value. The City receives actuarial-based calculations to compute the actuarially determined contributions (ADC) necessary to fund the obligations over the remaining amortization periods. In the governmental funds, pension costs are recognized as contributions are made. For government-wide statements and proprietary funds, the City reports the full accrual cost equal to the current year required contributions.

**Other Postemployment Benefits** – For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's Plan and additions to/deductions from the City's Plan fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

**Deferred inflows of resources** – A deferred inflow of resources is an acquisition of net position by the government that is applicable to a future reporting period. For governmental funds this includes unavailable revenue in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period. The City reports deferred inflows of resources as a result of pension and OPEB earnings. This amount is the result of a difference between what the plan expected to earn from the plan investments and what the plan actually earned. This amount will be amortized over the next four years and included in pension and OPEB expense. Changes in assumptions and experience differences relating to the net pension and OPEB liability are deferred and amortized over the expected remaining services lives of the employees and retirees in the plan.

**Fund balance** – 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**  
**Notes to the Financial Statements**  
**June 30, 2020**

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Use of estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities, deferred inflows and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

**Adoption of New Accounting Standards**

Statement No. 90, *Majority Equity Interests* improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain components.

Statement No. 92, *Omnibus 2020* enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following: (1) The effective date of Statement No. 87, Leases, and Implementation Guide No. 2019-3, Leases, for interim financial reports (2) Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan. (3) The applicability of Statements No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, to reporting assets accumulated for postemployment benefits. (4) The applicability of certain requirements of Statement No. 84, Fiduciary Activities, to postemployment benefit arrangements. (5) Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition. (6) Reporting by public entity risk pools for amounts that are recoverable

from reinsurers or excess insurers. (7) Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature. (8) Terminology used to refer to derivative instruments.

Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic and provides postponement of effective dates for certain GASB Statements. This statement was effective upon issuance in May of 2020.

**Upcoming Accounting and Reporting Changes**

In addition, the Governmental Accounting Standards Board has released the following Statements.

Statement No. 84, *Fiduciary Activities* improves the guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The criteria generally is on (1) is the government controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. The four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally will report fiduciary activities that are not held in a trust or similar arrangement that meets specific criteria. The requirements of this Statement are effective for the fiscal year ending June 30, 2021.

Statement No. 87, *Leases* increases the usefulness of the financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. A lessee will be required to recognize a lease liability and an intangible right-to-use a lease asset, and a lessor will be required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the

**City of Bay City**  
**Notes to the Financial Statements**  
**June 30, 2020**

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relevance and consistency of information about leasing activities. The requirements of this Statement are effective for the fiscal year ending June 30, 2022.

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. It requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reporting in a business-type activity or enterprise fund. Interest cost incurred before the end of a construction period should be recognized as an expenditure for financial statements prepared using the current financial resources measurement. The requirements of this Statement are effective for the fiscal year ending June 30, 2022.

Statement No. 91, *Conduit Debt Obligations* provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This statement is effective for the year ending June 30, 2023.

Statement No. 93, *Replacement of Interbank Offered Rates* establishes accounting and financial reporting requirements related to the replacement of IBORs in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging

derivative instruments. The requirements of this Statement apply to the financial statements of all state and local governments. This statement is effective for the year ending June 30, 2022.

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. This statement is effective for the year ending June 30, 2023.

The City is evaluating the impact that the above GASB statements will have on its financial reporting.

**City of Bay City**  
**Notes to the Financial Statements**  
**June 30, 2020**

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**Note 2 - Stewardship, Compliance, and Accountability**

**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.

**Fund deficits**

The Water Street Downtown Development Authority component unit reported a deficit in unrestricted net position in the amount of \$1,310,998 at year end. The Information Systems internal service fund report a deficit in unrestricted net position in the amount of \$1,065,136 at year end. The Rehabilitation Fund reported an unassigned deficit in fund balance of \$8,669 at year end. Deficit elimination plans are not required to be submitted to the State of Michigan as current assets are greater than current liabilities for the Water Street Downtown Development Authority component unit and the Information Systems internal service fund and deferred inflows of resources is greater than the unassigned deficit in fund balance for the Rehabilitation Fund as of yearend.

The Solid Waste Management Fund reported deficit fund balance in the amount of \$236,650 at year end. There was a decrease in the deficit of \$18,509 over the deficit at June 30, 2019 of \$255,159. The City has a plan to authorize a transfer from the General Fund in fiscal year 2021 to eliminate the deficit.

The Liberty Harbor Marina Fund reported deficit fund balance in the amount of \$3,148 at year end. The deficit is a result of the COVID-19

pandemic, which significantly impacted rentals during fiscal year 2020. The City has a plan to authorize a transfer from the General Fund in fiscal year 2021 to eliminate the deficit.

The DPW/Electric Building Fund reported a deficit in unrestricted net position in the amount of \$2,086,534 at year end. The City plans to eliminate this deficit during fiscal year 2021 with transfers from other funds who will be housed in the building once complete.

The required deficit elimination plans will be submitted to the State of Michigan after issuance of the financial statements.

**Note 3 - 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.

**City of Bay City**  
**Notes to the Financial Statements**  
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The breakdown between deposits and investments for the City it as follows:

	Cash and Cash		Restricted Cash	Total
	Equivalents	Investments	and Cash Equivalents	
Governmental activities	\$ 20,286,595	\$ -	\$ -	\$ 20,286,595
Business-type activities	37,949,300	-	955,275	38,904,575
Total	58,235,895	-	955,275	59,191,170
Fiduciary funds	2,622,279	72,229,259	-	74,851,538
Component units	18,919,607	24,374	3,446,354	22,390,335
Total	<u>\$ 79,777,781</u>	<u>\$ 72,253,633</u>	<u>\$ 4,401,629</u>	<u>\$ 156,433,043</u>

The breakdown between deposits and investments is as follows:

	Primary	Fiduciary Funds	Component	Total
	Government		Units	
Bank deposits (checking and savings accounts, money markets and certificates of deposit)	\$ 59,185,355	\$ 2,622,279	\$ 22,365,961	\$ 84,173,595
Investments in securities, mutual funds and similar vehicles	-	72,229,259	24,374	72,253,633
Petty cash and cash on hand	5,815	-	-	5,815
Total	<u>\$ 59,191,170</u>	<u>\$ 74,851,538</u>	<u>\$ 22,390,335</u>	<u>\$ 156,433,043</u>

*Interest rate risk* – The City’s interest rate risk in debt securities and maturities were as follows:

Years to Maturity	% of Debt Securities	Corporate	U.S. Treasury and Agency	Other	Total
Less than 1	1.62%	\$ 119,976	\$ -	\$ 5	\$ 119,981
1 - 5	48.28%	2,742,131	841,873	-	3,584,004
6 - 10	39.67%	1,553,766	1,221,470	168,977	2,944,213
11 - 15	5.30%	116,485	277,270	-	393,755
16 or more	5.13%	-	295,562	85,133	380,695
		<u>\$ 4,532,358</u>	<u>\$ 2,636,175</u>	<u>\$ 254,115</u>	<u>\$ 7,422,648</u>

Rating	% of Debt Securities	Fair Value
Moody's Aaa	32.67%	\$ 2,424,916
Moody's Aa2	0.34%	25,527
Moody's Aa3	0.94%	69,900
Moody's A1	0.41%	29,807
Other	65.64%	4,872,498
		<u>\$ 7,422,648</u>

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.

*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 Bay City Public Safety and Fire Pension and Retirement System’s investment policy does not have specific limits in excess of State law on credit risk for allowable debt securities as identified above. The

**City of Bay City**  
**Notes to the Financial Statements**  
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credit rating for each investment type is identified in the above table of investments held at year end.

*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 Bay City Public Safety and Fire Pension and Retirement System’s investment policy limits maturity value that may be invested in American Depository 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.

*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, 2020, \$9,265,819 of the City’s \$61,032,451 bank balance was covered by federal depository insurance, including balances invested in the certificate of deposit account registry service (CDARS), therefore, \$51,766,632 is uninsured.

*Custodial credit risk – investments* – Following is a summary of the City’s investments as of year-end:

	Trust Funds		
	Police & Fire Pension	Health Care	Total
Fixed income	\$ 7,834,470	\$ -	\$ 7,834,470
Equities	17,365,136	24,654,139	42,019,275
Other investments:			
Hedge funds	3,705,710	-	3,705,710
Other equity	12,214,781	-	12,214,781
Other alternative investments	2,388,486	-	2,388,486
Private equity	990,475	-	990,475
Real estate investment funds	3,076,062	-	3,076,062
<b>Total</b>	<b><u>\$ 47,575,120</u></b>	<b><u>\$ 24,654,139</u></b>	<b><u>\$ 72,229,259</u></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, 2020, 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.

**City of Bay City**  
**Notes to the Financial Statements**  
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**Note 4 - Fair Value Measurements**

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 yearend:

Investment Type	Level 1	Level 2	Level 3	Total Fair Value
Fixed income				
Debt securities				
Corporate bonds	\$ -	\$ 4,224,270	\$ -	\$ 4,224,270
Treasury bonds	2,019,524	-	-	2,019,524
Asset backed securities	-	308,088	-	308,088
Agency bonds	-	616,651	-	616,651
Mortgages	-	254,110	5	254,115
Mutual funds	<u>411,822</u>	<u>-</u>	<u>-</u>	<u>411,822</u>
	<u>2,431,346</u>	<u>5,403,119</u>	<u>5</u>	<u>7,834,470</u>
Equities				
Corporate stock	15,342,870	-	20	15,342,890
Mutual funds	26,635,501	-	-	26,635,501
Other	<u>-</u>	<u>40,884</u>	<u>-</u>	<u>40,884</u>
	<u>41,978,371</u>	<u>40,884</u>	<u>20</u>	<u>42,019,275</u>
Total investments by fair value level				
	<u>\$ 44,409,717</u>	<u>\$ 5,444,003</u>	<u>\$ 25</u>	<u>49,853,745</u>
Investments measure at the net asset value (NAV)				
Hedge funds - Millennium				3,705,710
Other equity				
Franklin Templeton Global				1,598,280
Northern Trust Collective Russell 1000 Index Fund				6,629,474
Northern Trust Collective S&P 400 Index Fund				2,943,422
Brandywine Global Opportunistic				1,043,605
Other alternative investments				
Real Estate Global Partnership Fund				334,795
WCM Focused International Growth Fund				2,053,691
Private Equity				
Alidade Capital Fund				990,475
Real estate investment funds				
GWL Real Estate PLUS Trust				993,943
American Realty Advisors				<u>2,082,119</u>
Total investments at the net asset value				<u>22,375,514</u>
Total investments measured at fair value				
				<u>\$ 72,229,259</u>

**City of Bay City**  
**Notes to the Financial Statements**  
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The following is a description of the valuation methodology used for assets recorded at fair value Level 1.

Equity securities, mutual funds and treasury bonds 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 at fair value Level 2 and 3 and the net asset value are available in the separately issued Bay City Public Safety and Fire Pension and Retirement System's financial statements.

**Note 5 - Receivables**

	Governmental Activities	Business-type Activities	Component Units
Accounts	\$ 1,375,768	\$ 11,545,974	\$ 266,945
Delinquent taxes	88,162	-	109,847
Special assessments	257,988	258,988	-
Due from other units of government	1,272,651	4,846,931	69,538
Accrued interest and other	14,563	26,372	6,037
Notes	<u>12,723,488</u>	<u>-</u>	<u>-</u>
Gross receivables	15,732,620	16,678,265	452,367
Allowance for taxes	(46,480)	-	(675)
Allowance for notes	(4,613,041)	-	-
Allowance for accounts	<u>(164,810)</u>	<u>(2,359,472)</u>	<u>-</u>
Total receivables, net	<u>10,908,289</u>	<u>\$ 14,318,793</u>	<u>\$ 451,692</u>

Receivables not expected to be collected within one year are approximately \$8.1 million of the notes receivable reported in the Rehabilitation Fund and \$4.6 million of notes receivable in the City Loans and Collections Special Revenue Fund.

**City of Bay City**  
**Notes to the Financial Statements**  
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**Note 6 - Capital Assets**

Capital asset activity of the City's governmental activities for the year ended June 30, 2020, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities</b>				
Capital assets not being depreciated				
Land	\$ 18,062,874	\$ 99,047	\$ 287,908	\$ 17,874,013
Construction-in-progress	1,447,099	1,849,264	5,440	3,290,923
Other intangible assets	376,000	-	-	376,000
Total capital assets not being depreciated	<u>19,885,973</u>	<u>1,948,311</u>	<u>293,348</u>	<u>21,540,936</u>
Capital assets being depreciated				
Land improvements	98,029	-	-	98,029
Infrastructure	150,524,228	8,099	-	150,532,327
Buildings, additions and improvements	17,267,918	43,121	-	17,311,039
Office furnishings	39,293	-	-	39,293
Machinery and equipment	3,510,588	157,295	75,565	3,592,318
Vehicles	18,804,301	766,659	413,818	19,157,142
Total capital assets being depreciated	<u>190,244,357</u>	<u>975,174</u>	<u>489,383</u>	<u>190,730,148</u>
Less accumulated depreciation for				
Land improvements	50,132	32,683	-	82,815
Infrastructure	112,696,724	3,119,993	-	115,816,717
Buildings, additions and improvements	6,381,372	358,650	-	6,740,022
Office furnishings	35,633	1,465	-	37,098
Machinery and equipment	2,513,953	258,621	75,565	2,697,009
Vehicles	9,257,135	951,204	368,068	9,840,271
Total accumulated depreciation	<u>130,934,949</u>	<u>4,722,616</u>	<u>443,633</u>	<u>135,213,932</u>
Net capital assets being depreciated	<u>59,309,408</u>	<u>(3,747,442)</u>	<u>45,750</u>	<u>55,516,216</u>
Governmental activities capital assets, net	<u>\$ 79,195,381</u>	<u>\$ (1,799,131)</u>	<u>\$ 339,098</u>	<u>\$ 77,057,152</u>

**City of Bay City**  
**Notes to the Financial Statements**  
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Capital asset activity of the City's business-type activities for the year ended June 30, 2020, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities</b>				
Capital assets not being depreciated				
Land	\$ 795,224	\$ -	\$ -	\$ 795,224
Construction-in-progress	1,882,668	524,124	131,288	2,275,504
Other intangible assets	95,421	-	-	95,421
Total capital assets not being depreciated	<u>2,773,313</u>	<u>524,124</u>	<u>131,288</u>	<u>3,166,149</u>
Capital assets being depreciated				
Land improvements	39,188,638	2,878,621	-	42,067,259
Utility plant and systems	260,496,219	2,847,650	332,939	263,010,930
Buildings, additions and improvements	2,956,282	1,433	-	2,957,715
Machinery and equipment	8,250,410	166,530	-	8,416,940
Total capital assets being depreciated	<u>310,891,549</u>	<u>5,894,234</u>	<u>332,939</u>	<u>316,452,844</u>
Less accumulated depreciation for				
Land improvements	9,720,286	846,270	-	10,566,556
Infrastructure	177,903,101	6,270,096	332,938	183,840,259
Buildings, additions and improvements	1,634,659	69,815	-	1,704,474
Machinery and equipment	5,815,053	331,364	-	6,146,417
Total accumulated depreciation	<u>195,073,099</u>	<u>7,517,545</u>	<u>332,938</u>	<u>202,257,706</u>
Net capital assets being depreciated	<u>115,818,450</u>	<u>(1,623,311)</u>	<u>1</u>	<u>114,195,138</u>
Business-type capital assets, net	<u>\$ 118,591,763</u>	<u>\$ (1,099,187)</u>	<u>\$ 131,289</u>	<u>\$ 117,361,287</u>

**City of Bay City**  
**Notes to the Financial Statements**  
**June 30, 2020**

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Capital asset activity of the City's component units for the year ended June 30, 2020, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Component Units</b>				
Capital assets not being depreciated				
Land	\$ 1,634,795	\$ -	\$ -	\$ 1,634,795
Construction-in-progress	3,522,214	2,418,795	30,773	5,910,236
Total capital assets not being depreciated	<u>5,157,009</u>	<u>2,418,795</u>	<u>30,773</u>	<u>7,545,031</u>
Capital assets being depreciated				
Land improvements	45,952	-	-	45,952
Infrastructure	17,330,362	-	-	17,330,362
Buildings, additions and improvements	29,127,273	368,721	-	29,495,994
Machinery and equipment	1,002,002	8,573	-	1,010,575
Total capital assets being depreciated	<u>47,505,589</u>	<u>377,294</u>	<u>-</u>	<u>47,882,883</u>
Less accumulated depreciation for				
Land improvements	17,130	3,680	-	20,810
Infrastructure	7,229,113	751,400	-	7,980,513
Buildings, additions and improvements	25,723,620	701,123	-	26,424,743
Machinery and equipment	29,072	920	-	29,992
Total accumulated depreciation	<u>32,998,935</u>	<u>1,457,123</u>	<u>-</u>	<u>34,456,058</u>
Net capital assets being depreciated	<u>14,506,654</u>	<u>(1,079,829)</u>	<u>-</u>	<u>13,426,825</u>
Component unit capital assets, net	<u>\$ 19,663,663</u>	<u>\$ 1,338,966</u>	<u>\$ 30,773</u>	<u>\$ 20,971,856</u>

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

**Governmental activities**

General government	\$ 120,812
Public safety	121,106
Public works	2,890,276
Community and economic development	234,424
Recreation and culture	234,999

Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets

1,120,999
<u>4,722,616</u>

Total governmental activities

**Business-type activities**

Electric	2,670,626
Water	678,520
Sewer	3,988,073
Other business-type activities	180,326
Total business-type activities	<u>7,517,545</u>

Total primary government \$ 12,240,161

**Component units** \$ 1,457,123

**Note 7 - Interfund Receivables, 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:

<u>Receivable Fund</u>	<u>Payable Fund</u>	Amount
Sewer Fund	Electric Fund	\$ 20,295
General Fund	Nonmajor Funds	978,755
Nonmajor Funds	General Fund	66,206
Nonmajor Funds	Major Streets Fund	6,123
Nonmajor Funds	Electric Fund	34,261
Nonmajor Funds	Sewer Fund	24,549
Nonmajor Funds	Water Fund	18,354
Nonmajor Funds	Nonmajor Funds	<u>27,785</u>
		<u>\$ 1,176,328</u>

The composition of interfund advances is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	Amount
Electric Fund	Nonmajor Funds	<u>\$ 1,960,588</u>

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**  
**Notes to the Financial Statements**  
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The advance was to provide funding to purchase a new building, to be held in an internal service fund, for the Electric Department and Department of Public Works. It will be repaid as follows:

<u>Fiscal Year</u>	<u>Principal</u>
2021	\$ 196,059
2022	196,059
2023	196,059
2024	196,059
2025	196,059
2026 - 2030	<u>980,293</u>
	<u>\$ 1,960,588</u>

**City of Bay City**  
**Notes to the Financial Statements**  
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The composition of interfund transfers is as follows:

Transfer from	Transfer To							Total
	General Fund	Major Streets Fund	Rehabilitation Fund	Electric Fund	Sewer Fund	Water Fund	Nonmajor Funds	
General Fund	\$ -	\$ 101,876	\$ -	\$ 12,131	\$ -	\$ -	\$ 694,229	\$ 808,236
Rehabilitation Fund	-	-	-	-	-	-	88,298	88,298
Electric Fund	-	-	-	-	-	-	37,004	37,004
Sewer Fund	-	-	-	-	-	-	25,552	25,552
Water Fund	-	-	-	-	-	-	25,552	25,552
Nonmajor Funds	<u>694,862</u>	<u>38,204</u>	<u>165,614</u>	<u>206,422</u>	<u>126,944</u>	<u>91,413</u>	<u>215,379</u>	<u>1,538,838</u>
Total	<u>\$ 694,862</u>	<u>\$ 140,080</u>	<u>\$ 165,614</u>	<u>\$ 218,553</u>	<u>\$ 126,944</u>	<u>\$ 91,413</u>	<u>\$ 1,086,014</u>	<u>\$ 2,523,480</u>

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.

**City of Bay City**  
**Notes to the Financial Statements**  
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**Note 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:

	Amount of Issue	Maturity Date	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities</b>									
Bonds and notes payable									
General obligation bonds									
Street Improvement Capital Appreciation	\$ 10,599,932	2021	6.40 - 7.15%	\$1,999,814	\$ 4,478,157	\$ 330,186	\$ 2,478,343	\$ 2,330,000	\$ 2,330,000
Limited Tax Series 2012A	1,630,000	2031	2.30 - 3.65%	75,000 - 110,000	1,160,000	-	75,000	1,085,000	75,000
HUD Section 108 Note	2,000,000	2022	4.96 - 5.13%	235,000 - 265,000	975,000	-	225,000	750,000	235,000
Notes from direct borrowings and direct placements									
Brownfield Redevelopment MDEQ Loan	1,000,000	2027	1.50%	86,842 - 96,382	817,880	-	85,558	732,322	86,842
Installment Note - Fire Truck (MERF)	985,739	2027	3.54%	66,088 - 84,309	664,816	-	65,759	599,057	66,088
Total bonds and notes payable					8,095,853	330,186	2,929,660	5,496,379	2,792,930
Landfill remediation liability					824,584	2,817,311	82,918	3,558,977	109,405
Compensated absences					2,336,300	2,214,878	1,389,559	3,161,619	2,221,287
Total governmental activities					<u>\$ 11,256,737</u>	<u>\$ 5,362,375</u>	<u>\$ 4,402,137</u>	<u>\$ 12,216,975</u>	<u>\$ 5,123,622</u>

**City of Bay City**  
**Notes to the Financial Statements**  
**June 30, 2020**

	Amount of Issue	Maturity Date	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Business-type activities</b>									
Bonds and notes payable									
<b>Sewer Fund</b>									
General obligation bonds									
2015 Limited Tax Refunding	\$ 3,455,000	2025	3.50% - 4.00%	\$340,000 - \$400,000	\$ 2,535,000	\$ -	\$ 330,000	\$ 2,205,000	\$ 340,000
2010A Capital Improvement	2,498,600	2020	4.00%	131,233	255,559	-	124,326	131,233	131,233
2011 Improvement Refunding	884,000	2020	0.000%	\$0	112,000	-	112,000	-	-
2016 Limited Tax Refunding	1,392,000	2028	3.00%	118,000 - 150,000	1,232,000	-	124,000	1,108,000	126,000
2017 Capital Improvement Refunding	1,574,796	2030	2.34%	3,454 - 172,672	1,557,529	-	3,454	1,554,075	3,454
Notes from direct borrowings and direct placements									
State Revolving Fund	42,435,000	2023	2.50%	2,530,000 - 2,655,000	10,240,000	-	2,465,000	7,775,000	2,530,000
Premiums					178,725	-	24,111	154,614	24,111
Total Sewer Fund					<u>16,110,813</u>	<u>-</u>	<u>3,182,891</u>	<u>12,927,922</u>	<u>3,154,798</u>
<b>Electric Fund</b>									
Revenue bonds									
2013 Electric Utility System	13,830,000	2033	3.90%	190,000 - 1,115,000	12,970,000	-	650,000	12,320,000	680,000
<b>Water Fund</b>									
General obligation bonds									
2016 Limited Tax Refunding	2,088,000	2028	3.00%	189,000 - 225,000	1,848,000	-	186,000	1,662,000	189,000
Notes from direct borrowings and direct placements									
DWRF 7393-01	3,575,167	2035	2.50%	150,000 - 215,167	3,050,167	-	145,000	2,905,167	150,000
Premiums					67,149	-	7,461	59,688	7,461
Total Water Fund					<u>4,965,316</u>	<u>-</u>	<u>338,461</u>	<u>4,626,855</u>	<u>346,461</u>
Total bonds and notes payable					34,046,129	-	4,171,352	29,874,777	4,181,259
Compensated absences					1,026,285	869,295	771,591	1,123,989	777,101
Total business-type activities					<u>\$ 35,072,414</u>	<u>\$ 869,295</u>	<u>\$ 4,942,943</u>	<u>\$ 30,998,766</u>	<u>\$ 4,958,360</u>

**City of Bay City**  
**Notes to the Financial Statements**  
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	Amount of Issue	Maturity Date	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Component units</b>									
Bonds and notes payable									
<b>Water Street DDA</b>									
General obligation bonds									
2015 Limited Tax Capital Improvements	\$ 1,585,000	2025	2.00% - 4.00%	\$110,000 - \$475,000	\$ 1,490,000	\$ -	\$ 160,000	\$ 1,330,000	\$ 185,000
Premiums					<u>60,246</u>	<u>-</u>	<u>10,041</u>	<u>50,205</u>	<u>10,041</u>
Total Water Street DDA					<u>1,550,246</u>	<u>-</u>	<u>170,041</u>	<u>1,380,205</u>	<u>195,041</u>
<b>Midland Street TIFA</b>									
General obligation bonds									
2010A Capital Improvement	1,118,456	2020	4.00%	58,766	114,440	-	55,672	58,768	58,767
2017 Capital Improvement Refunding	705,204	2030	2.34%	1,547 - 77,322	<u>697,471</u>	<u>-</u>	<u>1,547</u>	<u>695,924</u>	<u>1,547</u>
Total Midland Street TIFA					<u>811,911</u>	<u>-</u>	<u>57,219</u>	<u>754,692</u>	<u>60,314</u>
<b>Brownfield Redevelopment Authority</b>									
Revenue bonds									
2013 Tax Increment	9,200,000	2043	3.50% - 4.50%	30,000 - 55,000	9,185,000	-	9,015,000	170,000	30,000
2014 Tax Increment	7,085,000	2042	3.00% - 4.25%	25,000 - 700,000	6,860,000	-	25,000	6,835,000	25,000
2020 Tax Increment	6,120,000	2043	4.00%	170,000 - 435,000	-	6,120,000	-	6,120,000	-
2020 Tax Increment	10,860,000	2043	.998% - 3.71%	150,000 - 830,000	-	10,860,000	-	10,860,000	225,000
Premiums					-	1,003,021	-	1,003,021	43,610
Discounts					<u>(383,252)</u>	<u>-</u>	<u>(203,178)</u>	<u>(180,074)</u>	<u>(15,578)</u>
Total Brownfield Redevelopment Authority					<u>15,661,748</u>	<u>17,983,021</u>	<u>8,836,822</u>	<u>24,807,947</u>	<u>308,032</u>
Total bonds and notes payable					18,023,905	17,983,021	9,064,082	26,942,844	563,387
Compensated absences - Housing Commission					105,273	29,930	-	135,203	-
Compensated absences - other component units					<u>11,538</u>	<u>8,265</u>	<u>7,660</u>	<u>12,143</u>	<u>8,935</u>
Total component units					<u>\$ 18,140,716</u>	<u>\$ 18,021,216</u>	<u>\$ 9,071,742</u>	<u>\$ 27,090,190</u>	<u>\$ 572,322</u>

	Beginning Balance	Additions	Reductions	Ending Balance
Deferred amount on refunding - business-type activities	\$ (303,985)	\$ -	\$ (32,710)	\$ (271,275)
Deferred amount on refunding - component units	<u>(39,915)</u>	<u>(1,819,376)</u>	<u>(3,326)</u>	<u>(1,855,965)</u>
Total	<u>\$ (343,900)</u>	<u>\$ (1,819,376)</u>	<u>\$ (36,036)</u>	<u>\$ (2,127,240)</u>

**City of Bay City**  
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Debt service requirements for the various bonds and loans outstanding of the governmental activities, business type activities, and component units is as follows.

Year Ending June 30,	Governmental Activities				Business-type Activities				Component Units	
	Bonds		Notes from Direct Borrowings and Direct Placements		Bonds		Notes from Direct Borrowings and Direct Placements		Principal	Interest
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest		
2021	\$ 2,640,000	\$ 680,678	\$ 152,930	\$ 32,192	\$ 1,469,687	\$ 641,510	\$ 2,680,000	\$ 265,131	\$ 525,314	\$ 1,260,330
2022	330,000	52,055	156,571	28,549	1,518,140	589,934	2,745,000	198,068	576,861	1,376,619
2023	345,000	36,525	160,316	24,805	1,561,594	537,791	2,815,000	129,380	738,407	1,360,853
2024	80,000	27,328	164,166	20,955	1,620,047	482,097	160,000	59,004	879,953	1,336,461
2025	85,000	24,853	168,126	16,996	1,676,954	422,362	165,000	54,942	1,073,046	821,984
2026-2030	470,000	80,541	529,270	26,092	6,741,213	1,321,172	900,000	209,398	3,918,789	3,713,517
2031-2035	215,000	7,940	-	-	4,392,673	256,692	1,000,000	90,648	5,427,322	2,975,365
2036-2040	-	-	-	-	-	-	215,167	2,690	7,340,000	1,870,231
2041-2045	-	-	-	-	-	-	-	-	5,590,000	390,852
	<u>\$ 4,165,000</u>	<u>\$ 909,920</u>	<u>\$ 1,331,379</u>	<u>\$ 149,589</u>	<u>\$ 18,980,308</u>	<u>\$ 4,251,558</u>	<u>\$ 10,680,167</u>	<u>\$ 1,009,261</u>	<u>\$ 26,069,692</u>	<u>\$ 15,106,212</u>

As of June 30, 2018, Bay County, Michigan assumed the debt and the remaining principal payments of \$2,705,000 (State Revolving Fund 7165-01). During the fiscal year ended June 30, 2018, certain transmission assets were transferred to the County. The County will reimburse the City for all future debt payments of \$3,050,167 (DWRP 7393-01) through fiscal year 2036 and \$1,848,000 (2016 Limited Tax Refunding) through fiscal year 2028.

**Defeased Debt**

During fiscal year 2018, the City issued \$2,280,000 of refunding bonds to partially advance refund the Capital Improvement Bonds, Series 2010A to provide resources to purchase U.S. government securities that were placed in an irrevocable trust to generate resources for all future debt service payments. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the business-type activities and component units. The defeased debt will be paid out of escrow through October 1, 2020. The remaining balance as of June 30, 2020 was \$2,471,521.

During fiscal year 2020, the City issued \$10,860,000 of refunding bonds to partially advance refund the Brownfield 2013 Tax Increment Bonds to provide resources to purchase U.S. government securities that were placed in an irrevocable trust to generate resources for all future debt service payments. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the component units. The defeased debt will be paid out of escrow through October 1, 2043. The remaining balance as of June 30, 2020 was \$15,782,952. The refunding resulted in a savings of \$912,656 and an economic gain of \$1,595,395.

**City of Bay City**  
**Notes to the Financial Statements**  
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**Note 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.

**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, 2019 and 2020, are as follows:

	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	End of Year Liability
2019	\$ 627,631	\$ (377,146)	\$ 182,442	\$ 68,043
2020	68,043	441,301	194,725	314,619

**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 \$125,000 and Blue Cross is responsible for paying claims above this amount. 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.

**City of Bay City**  
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The changes in the claims liability for the years ended June 30, 2019 and 2020, are as follows:

	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	End of Year Liability
2019 \$	202,729	\$ 3,861,053	\$ 3,748,528	\$ 315,254
2020	315,254	3,001,459	3,133,880	182,833

**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 \$600,000 for each occurrence. The City maintains stop-loss coverage on the excess (up to \$5,000,000) 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, 2019 and 2020, are as follows:

	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	End of Year Liability
2019 \$	214,465	\$ 28,514	\$ 41,283	\$ 201,696
2020	201,696	617,182	378,316	440,562

**Note 10 - Employee Retirement and Benefit Systems**

**Defined benefit pension plan**

Plan description – The government participates in the Michigan Municipal Employees' Retirement System (MERS), an agent multiple-employer, statewide public employee defined benefit pension plan that covers all employees of the government. The plan was established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine-member Retirement Board. The system provides retirement, disability and death benefits to plan members and their beneficiaries. MERS 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 MERS at 1134 Municipal Way, Lansing, Michigan 48917 or on the web at <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 2.50%. 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.

**City of Bay City**  
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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	19
Active employees	<u>26</u>
	<u>333</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 15.46% of annual payroll for the open division. Closed divisions had monthly employer contributions ranging from \$70 to \$121,314. Member contributions range from 0% to 5.5%. Six of the seven divisions are closed to new entrants.

Net pension liability – The employer’s net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of that date.

Actuarial assumptions – The total pension liability in the December 31, 2019 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement include: 1) Inflation 2.5%; 2) Salary increases 3.00% in the long-term; 3) Investment rate of return of 7.35%, net of investment expense, including inflation.

Although no specific price inflation assumptions are needed for the valuation, the 3.00% long-term wage inflation assumption would be consistent with a price inflation of 2.50%.

Mortality rates used were based on the 2014 Group Annuity Mortality Table of a 50% male and 50% female blend. For disabled retirees, the

regular mortality table is used with a 10-year set forward in ages to reflect the higher expected mortality rates of disabled members.

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

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Target Allocation Gross Rate of Return</u>	<u>Long-Term Expected Gross Rate of Return</u>	<u>Inflation Assumption</u>	<u>Long-term Expected Real Rate of Return</u>
Global equity	60.00%	8.65%	5.19%	2.50%	3.70%
Global fixed income	20.00%	3.76%	0.75%	2.50%	0.30%
Private investments	20.00%	9.06%	1.81%	2.50%	1.30%
	<u>100%</u>		<u>7.75%</u>		<u>5.25%</u>

Discount rate – The discount rate used to measure the total pension liability is 8.00% for the December 31, 2019 valuation. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the 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.

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

**Total Pension Liability**

Service cost	\$ 189,778
Interest on the total pension liability	5,525,007
Experience differences	270,514
Other changes	(1,195)
Benefit payments and refunds	(6,252,735)
Changes in actuarial assumptions	<u>2,304,781</u>
Net change in total pension liability	2,036,150
Total pension liability - beginning	<u>72,144,068</u>
Total pension liability - ending (a)	<u>\$ 74,180,218</u>

**Plan Fiduciary Net Position**

Employer contributions	\$ 5,903,142
Employee contributions	64,365
Pension plan net investment gain	7,109,755
Benefit payments and refunds	(6,252,735)
Pension plan administrative expense	<u>(122,505)</u>
Net change in plan fiduciary net position	6,702,022
Plan fiduciary net position - beginning	<u>52,552,313</u>
Plan fiduciary net position - ending (b)	<u>\$ 59,254,335</u>
Net pension liability (a-b)	<u>\$ 14,925,883</u>
Plan fiduciary net position as a percentage of total pension lia	79.88%
Covered payroll	<u>\$ 1,523,585</u>
Net pension liability as a percentage of covered payroll	979.66%

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 7.60%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1% lower (6.60%) or 1% higher (8.60%) than the current rate:

1% Decrease	Current Discount Rate	1% Increase
<u>\$ 21,558,729</u>	<u>\$ 14,925,883</u>	<u>\$ 9,210,981</u>

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

Pension expense and deferred outflows of resources related to pensions – For the year ended June 30, 2020 the City recognized pension expense of \$4,965,309. The City reported deferred outflows of resources related to the MERS pension plan from the following sources:

	Deferred Outflows of Resources	Total to Amortize
Net difference between projected and actual earnings on plan investments	\$ 261,985	\$ 261,985
Contributions subsequent to the measurement date*	<u>3,029,359</u>	<u>-</u>
Total	<u>\$ 3,291,344</u>	<u>\$ 261,985</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 in the subsequent year.

**City of Bay City**  
**Notes to the Financial Statements**  
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Other amounts reported as pension-related deferred outflows of resources will be recognized in pension expense as follows:

<u>Year Ended</u>	
2021	\$ (90,367)
2022	210,494
2023	727,033
2024	<u>(585,175)</u>
	<u>\$ 261,985</u>

**Bay City Public Safety and Fire Pension and 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 Public Safety and Fire Pension and 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 Public Safety and Fire Pension and 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 2.50% (for eligible employees retiring with less than 25 years of credited service) or 2.80% (for eligible employees retiring with 25 years or more of credited service) of the final average salary. For Police members hired after July 1, 2014 and Fire members hired after July 1, 2018, the multiplier is 2.00% of final average compensation times years of service. The final average salary is determined as the highest 3 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.

**City of Bay City**  
**Notes to the Financial Statements**  
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Employees Covered by Benefit Terms – At June 30, 2020, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	178
Inactive employees entitled to, but not yet receiving benefits	12
Active employees	<u>70</u>
	<u>260</u>

Contributions – All plan members are required to contribute 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, 2019 was 31.27% of covered payroll for firefighters, 31.32% for police patrol, and 33.65% 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, 2020 is as follows:

Beginning reserve balance	\$ 53,561,701
Employee contributions	471,350
Employer contributions	1,528,480
Net investment income	840,953
Pension benefit payments	(7,217,802)
Employee refunds	<u>(165,368)</u>
Ending reserve balance	<u>\$ 49,019,314</u>

Net Pension Liability – The City's net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020.

Actuarial Assumptions – The total pension liability was determined by an annual actuarial valuation as of June 30, 2020, 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	21 years
Asset valuation method	5 years smoothed market
Inflation	4.00%
Salary increases	4.00% - 44.00% based on seniority
Cost of living adjustments	3.50% to 5.00% depending on contract
Investment rate of return	7.50%, net of expenses

Mortality rates were based on the RP 2000 Combined Healthy Mortality table projected to 2014.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2010 through June 30, 2016.

**City of Bay City**  
**Notes to the Financial Statements**  
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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, 2020 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
U.S. Fixed Income	20%	1.25%
Global Fixed Income	5%	1.00%
Large Cap Equity	28%	7.35%
Small / Mid Cap Equity	24%	9.35%
International Equity	10%	5.45%
Alternatives	13%	7.95%
	<u>100%</u>	

**Discount Rate** - The discount rate used to measure the total pension liability was 5.62%. 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:

<b>Total Pension Liability</b>	
Service cost	\$ 946,215
Interest on the total pension liability	4,589,250
Experience differences	2,942,853
Changes in assumptions	6,180,673
Benefit payments and refunds	<u>(7,383,170)</u>
Net change in total pension liability	7,275,821
Total pension liability - beginning	<u>75,376,491</u>
Total pension liability - ending (a)	<u>\$ 82,652,312</u>
<b>Plan Fiduciary Net Position</b>	
Employer contributions	\$ 1,528,480
Employee contributions	471,350
Pension plan net investment income	989,168
Benefit payments and refunds	(7,383,170)
Pension plan administrative expense	(136,949)
Other	<u>(11,266)</u>
Net change in plan fiduciary net position	(4,542,387)
Plan fiduciary net position - beginning	<u>53,561,701</u>
Plan fiduciary net position - ending (b)	<u>\$ 49,019,314</u>
Net pension liability (a-b)	<u>\$ 33,632,998</u>
Plan fiduciary net position as a percentage of total pension liability	59.31%
Covered payroll	<u>\$ 4,418,384</u>
Net pension liability as a percentage of covered payroll	761.21%

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

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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 5.62%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1% lower (4.62%) or 1% higher (6.62%) than the current rate:

1% Decrease	Current Discount Rate	1% Increase
\$ 43,415,255	\$ 33,632,998	\$ 25,463,519

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – For the year ended June 30, 2020, the City recognized pension expense of \$6,463,950. At June 30, 2020, 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	Total
Differences in experience	\$ 2,462,443	\$ -	\$ 2,462,443
Differences in assumptions	4,186,908	(108,441)	4,078,467
Net difference between projected and actual earnings on plan investments	1,191,324	-	1,191,324
Total	\$ 7,840,675	\$ (108,441)	\$ 7,732,234

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,		
2021	\$	3,175,529
2022		3,310,924
2023		797,492
2024		448,289
	\$	7,732,234

**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.

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, 2020, the City's required and actual contributions amounted to \$651,892. Employees made contributions amounting to \$420,844. There were 248 active employees in the Plans.

**Note 11 - Other Postemployment Benefits**

**Postemployment Healthcare**

Plan administration – 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 of Bay City**  
**Notes to the Financial Statements**  
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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.

Plan membership – Membership of the plan consisted of the following at June 30, 2020, the date of the latest actuarial valuation:

Retiree and beneficiaries currently receiving benefits	422
Active plan members	<u>141</u>
Total membership	<u><u>563</u></u>

Benefits provided – The Plan provides healthcare benefits for retirees and their dependents. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the plan. The City Commission has the authority to establish and amend benefit terms.

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 \$9.83 to \$668.46 monthly, 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, 2020, were \$6,100,003. The City Commission has the authority to establish and amend contribution requirements.

Investment policy – The Plan's policy in regard to the invested assets is established and may be amended by the City Commission by a majority vote of its members. It is the policy of the Commission to pursue an investment strategy that provides liquidity needs to meet the operating requirements that may be reasonably anticipated and to seek an investment rate of return based on a benchmark index that measures the investment return of the overall stock and bond markets. The plan does not have an asset allocation policy.

Rate of return – For the year ended June 30, 2020, the annual money-weighted rate of return on investments, net of investment expense, was 9.28%. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

Net OPEB liability – the components of the net OPEB liability as of June 30, 2020 were as follows:

Total OPEB liability	\$ 76,830,366
Plan fiduciary net position	<u>25,503,496</u>
Net OPEB liability	<u><u>\$ 51,326,870</u></u>

Plan fiduciary net position as a percentage of the total OPEB liability is 33.19%.

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**June 30, 2020**

Actuarial assumptions – 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:

Actuarial valuation date	June 30, 2019
Actuarial cost method	Entry-age normal level % of salary
Amortization method	Level dollar
Remaining amortization period	20 years
Asset valuation method	5-year smoothed market
Actuarial assumptions:	
Investment rate of return	7.00%
Projected salary increases	4.05% to 14.75%
Inflation rate	3.75% per year
Healthcare inflation rate	8.00% initially decreasing to a final rate of 4.50%

Mortality rates were based on the RPH-2016 Total Dataset Mortality Table and the RPH-2016 Disabled Mortality Table.

Discount rate – The discount rate used to measure the total OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Total OPEB Liability**

Service cost	\$ 620,846
Interest on the total OPEB liability	5,085,448
Experience differences	1,388,712
Benefit payments and refunds	(4,509,832)
Net change in total OPEB liability	2,585,174
Total OPEB liability - beginning	<u>74,245,192</u>
Total OPEB liability - ending (a)	<u>\$ 76,830,366</u>

**Plan Fiduciary Net Position**

Employer contributions	\$ 6,100,003
Employee contributions	-
OPEB plan net investment income	2,047,575
Benefit payments and refunds	(4,509,832)
OPEB plan administrative expense	<u>(63,396)</u>
Net change in plan fiduciary net position	3,574,350
Plan fiduciary net position - beginning	<u>21,929,146</u>
Plan fiduciary net position - ending (b)	<u>\$ 25,503,496</u>

Net OPEB liability (a-b) \$ 51,326,870

Plan fiduciary net position as a percentage of total OPEB liability	33.19%
Covered payroll	<u>\$ 9,035,110</u>
Net OPEB liability as a percentage of covered payroll	568.08%

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Sensitivity of the net OPEB liability to changes in the discount rate – The following presents the net OPEB liability of the City, as well as what the City’s net OPEB liability would be if it were calculated using a discount rate that is 1% lower (6.00%) or 1% higher (8.00%) than the current discount rate.

1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
<u>\$ 61,075,438</u>	<u>\$ 51,326,870</u>	<u>\$ 43,313,984</u>

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates – The following presents the net OPEB liability of the City, as well as what the City’s net OPEB liability would be if were calculated using healthcare cost trend rates that are 1% lower (7.00%) or 1% higher (9.00%) than the current healthcare cost trend rates:

1% Decrease (7.00%)	Healthcare Cost Trend Rate (8.00%)	1% Increase (9.00%)
<u>\$ 42,554,494</u>	<u>\$ 51,326,870</u>	<u>\$ 61,971,269</u>

OPEB expense and deferred outflows and inflows of resources related to OPEB – For the year ended June 30, 2020 the employer recognized OPEB expense of (\$21,467,715). The employer reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total	Total to Amortize
Differences in experience	\$ 694,356	\$ -	\$ 694,356	\$ 694,356
Net difference between projected and actual earnings on plan investments	-	(601,192)	(601,192)	(601,192)
Total	<u>\$ 694,356</u>	<u>\$ (601,192)</u>	<u>\$ 93,164</u>	<u>\$ 93,164</u>

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended,	
2021	\$ 495,055
2022	(199,300)
2023	(110,752)
2024	(91,839)
	<u>\$ 93,164</u>

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

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.

**Note 12 - 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.

The Middleground Landfill is a former municipal landfill that ceased

**City of Bay City**  
**Notes to the Financial Statements**  
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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 Environment, Great Lakes & Energy (EGLE) 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 EGLE 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.

### **Commitments**

#### **Electric Department and Michigan Public Power Agency**

Bay City is a member of and participant in several Michigan Public Power Agency (MPPA) projects. MPPA is a public body politic and corporate of the State of Michigan created in 1978 under Act 448 of the Public Acts of Michigan, 1976, as amended. MPPA was formed to undertake the planning, financing, development, acquisition, construction, improvement, operation and maintenance of projects to supply electric power and energy for the present or future needs of its members.

**City of Bay City**  
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**June 30, 2020**

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Each MPPA member is a municipal corporation organized under the laws of the State of Michigan and owns and operates a municipal electric system. Of MPPA's twenty-two members, ten are participants in the Campbell No. 3 Project, eleven are participants in the Belle River Project, five are participants in the Combustion Turbine No.1 Project, thirteen participate in the Transmission Project, twenty-one are participants in the Energy Services Project, thirteen participate in the AFEC Project and fourteen participate in the Landfill Renewable Energy Project.

**Campbell Unit No. 3 Project**

MPPA and Consumers Energy Company (Consumers) entered into the following agreements dated October 1, 1979, as amended, relating to Consumers' Campbell Unit No. 3 steam-electric generating unit, which went into commercial operation in September 1980:

The Campbell Ownership Agreement provides for MPPA to own a 4.8% undivided interest in Campbell Unit No. 3, for Consumers to operate Campbell Unit No. 3, for the sale of surplus electric capacity to Consumers, for operating costs of Campbell Unit No. 3 to be shared on a pro rata basis, and for MPPA to purchase an undivided ownership interest in the fuel supply for Campbell Unit No. 3.

The Campbell Transmission Agreement provides for MPPA to purchase a 58.06% undivided ownership interest in Consumers' (now METC) 345 kV transmission line, the method of determining certain charges for utilization of the METC/(Consumers) transmission system, for the sale to METC/(Consumers) of planned available transmission capacity in excess of MPPA's need, if available, and for sharing transmission line operating expenses.

The Campbell Back-Up Agreement provides for Consumers to make backup electric capacity and energy available to MPPA from its electric system reserves in the event of total or partial unavailability of capacity and energy from Campbell Unit No. 3, and for determination of the associated backup electric capacity and energy charges to MPPA.

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. Conversely, the City is obligated to pay its share of the operating and debt service costs of the Project.

On January 30, 2013, MPPA completed financing via a private placement bond through BMO Harris Bank N.A. in the amount of \$23,500,000. The funds were used to finance capital improvements to the Campbell 3 power plant and the installation of necessary environmental controls. The final payment on this debt will be made on January 1, 2022.

**Belle River Unit No. 1 Project**

On December 1, 1982, MPPA and Detroit Edison Company (Edison) entered into the following agreements, as amended, relating to Edison's Belle River Unit No. 1 steam-electric generating unit, part of a two-unit generating station, which went into commercial operation in August 1984:

The Belle River Participation Agreement provides for MPPA to purchase a 37.22% undivided ownership interest in Belle River Unit No. 1 and an undivided ownership interest in certain common and joint facilities associated with Belle River Unit No. 1, for MPPA to purchase an undivided ownership interest in the fuel supply stockpile, for Edison to operate Belle River Units No. 1 and 2, for the sharing of operating costs of both units, for the sale of surplus electric capacity and energy to Edison, and for backup electric capacity and energy from Edison's electric system reserves to be available in the event of total or partial unavailability of power and energy from Belle River. Pursuant to the reliability exchange provisions in the Agreement, MPPA is entitled to 18.61% of the electric capacity and energy from each of the Belle River Units No. 1 and 2.

The Belle River Transmission Ownership and Operating Agreement with Edison provides for MPPA to purchase a 50.41% undivided ownership interest in Edison's 345 kV Transmission Line (now ITC), for

**City of Bay City**  
**Notes to the Financial Statements**  
**June 30, 2020**

ITC/(Edison) to operate the transmission lines, for the sharing of operating costs, and for the sale of planned excess transmission capacity to ITC/(Edison), if any.

MPPA entered into the Belle River Transmission Ownership and Operating Agreement with Consumers' (now METC), dated December 1, 1982, as amended, which provides MPPA with a 90% undivided ownership interest in certain METC/(Consumers) designated transmission lines, for METC/(Consumers) to operate the transmission lines, for the sharing of operating costs, and for the sale to METC/(Consumers) of planned excess transmission capacity, if any.

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 3.71% of the energy generated by the Belle River plant and receive the utilization revenues from the transmission system. Conversely, the City is obligated to pay its share of the operating and debt service costs of the Project. During the fiscal year ended June 30, 2018, the final debt payment was made on the Belle River project.

**Transmission Project**

In 2005, the MPPA members contributed capital for the purchase of transmission rights in the bulk transmission system. In 2006, MPPA purchased an undivided ownership in certain 345kV transmission lines in the METC system giving rights to use of the bulk transmission system. Thirteen members participate in this Project.

**AMP Fremont Energy Center Project (AFEC)**

In June 2012, MPPA completed its purchase of a 5.16% interest in a natural gas fired electric facility located in Fremont, Sandusky County, Ohio. American Municipal Power, Inc. is the majority owner of this power plant and serves as the operator. Thirteen of MPPA's municipal members committed to power purchases under the AFEC project. MPPA issued \$32,520,000 in revenue bonds to finance the purchase. The City's electric department has entered into power supply and project support contracts with MPPA to purchase 19.59% of the energy

generated by the AFEC plant and will pay the corresponding share of the operating and debt service costs associated with the Project.

**Other Purchase Power Commitments**

In addition to the participation projects listed above, the City's electric department has secured Purchase Power Commitments (PPC) with MPPA that includes renewable energy purchase entitlements of 20.33% of the energy generated by the Granger/NANR Landfill Gas Project, 15.38% of energy generated by the Beebe Wind Project, and up-to 13.15% of energy generated by the Pegasus Wind Project.

**Debt Service Under the Projects**

The estimated remaining debt service payments for the Campbell Unit No. 3 Project and the AFEC Project with interest included are as follows:

Fiscal Year Ending	Campbell Unit No. 3 Project	AFEC Project
2021	\$ 611,054	\$ 408,363
2022	-	408,510
2023	-	408,314
2024	-	408,755
2025	-	408,403
2026-2030	-	2,042,698
2031-2035	-	2,042,062
2036-2040	-	2,042,523
2041-2043	-	1,224,718
	<u>\$ 611,054</u>	<u>\$ 9,394,346</u>

**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.

**City of Bay City**  
**Notes to the Financial Statements**  
**June 30, 2020**

**Note 13 - Net Investment in Capital Assets**

The City's net investment in capital assets at June 30, 2020 is as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Component Units</u>
<b>Capital assets</b>			
Capital assets not being depreciated	\$ 21,540,936	\$ 3,166,149	\$ 7,545,031
Capital assets - net of accumulated depreciation	55,516,216	114,195,138	13,426,825
Deferred outflows of resources (capital related)	-	271,275	1,855,965
<b>Total capital assets</b>	<u>77,057,152</u>	<u>117,632,562</u>	<u>22,827,821</u>
<b>Related debt:</b>			
Bonds and notes payable	(5,496,379)	(29,874,777)	(26,942,844)
Capital appreciation	2,330,000	-	-
Unspent bond proceeds	-	-	8,778,123
Non-capital debt	-	-	1,380,205
<b>Net investment in capital assets</b>	<u>\$ 73,890,773</u>	<u>\$ 87,757,785</u>	<u>\$ 6,043,305</u>

**Note 14 - Tax Abatements**

The City enters into property tax abatement agreements with local businesses under several programs as authorized under Public Act 198 of 1974, as amended (PA 198) and Public Act 381 of 1996, as amended (PA 381).

PA 198 (Industrial Property Tax Abatement) allows abatements to encourage Michigan manufacturers to build new plants, expand existing plants, renovate aging plants, or add new machinery and equipment. High technology operations are also eligible for the abatement. Once approved the firm pays an Industrial Facilities Tax (IFT), instead of property taxes, which reflects the abatement savings. The exemption covers only the specific project that is the subject of the application. Any buildings and equipment that existed prior to the construction of a new facility are not exempt. Likewise, any structures or equipment added after completion of the project are fully taxable. The IFT on new plant

and non-industrial personal property is computed at half the local property mileage rate, resulting in a reduction of property taxes of approximately 50%. For an obsolete plant or machinery that is being replaced or restored, the IFT is frozen at the assessed value of the plant prior to improvement, resulting in a 100% exemption from property tax on the value of the improvements. A speculative building would be eligible for a reduction in property taxes of approximately 50%. Commercial personal property will receive an automatic reduction of 12 mills for local school on their property tax bill. The City abated \$209,464 related to PA 198 during fiscal year 2020.

PA 381 (Brownfield Redevelopment Abatement) encourages the purchase and revitalization of properties in which redevelopment or reuse may be complicated by the presence or perception of contamination. Revitalizing and redeveloping these properties protect the environment, reuses existing infrastructure, minimizes urban sprawl and creates economic opportunities. The City abated \$1,921,496 related to PA 381 during fiscal year 2020.

**Note 15 - Coronavirus Pandemic**

As result of the global coronavirus pandemic of 2020, many organizations' financial picture has seen an unanticipated change. The duration and full effects of the outbreak are currently unknown, as the global picture continues to change daily. While management is hopeful that the impact is temporary in nature, a description of known and anticipated circumstances expected to have a significant impact on the City as of the date of management's review is as follows:

Investments – The stock market has experienced significant, double digit percentage declines and extreme volatility over the past several weeks leading up to the report date. The City's investment performance is expected to experience similar volatility over the same period. The City currently has no immediate plans to liquidate investments and remains focused on long term appreciation.

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Revenues and Liquidity – The City does not foresee any significant changes to income or expect to experience significant liquidity issues at this time, however, the effect the pandemic may have on taxable values is unknown. In addition, future state shared revenues are expected to be lower as a result of fewer sales tax collections.

Accounts Receivable – The City is prepared to see future delays in collection of accounts receivable; however, the extent of any future delays in payment remains uncertain. As of the date of the report, the City has not experienced significant issues.

**City of Bay City**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended June 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Actual Over (Under)
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
<b>Revenues</b>				
Taxes	\$ 11,592,596	\$ 11,592,596	\$ 11,537,048	\$ (55,548)
Licenses and permits	97,300	97,300	217,716	120,416
Federal grants	12,235	12,235	10,122	(2,113)
State-shared revenue and grants	4,800,996	4,800,996	4,395,077	(405,919)
Other - intergovernmental	9,492	9,492	8,064	(1,428)
Charges for services	2,938,241	2,938,241	2,908,714	(29,527)
Fines and forfeitures	72,028	72,028	68,659	(3,369)
Interest income	50,000	50,000	67,427	17,427
Other revenue	276,736	276,736	225,256	(51,480)
Transfers in	729,997	789,862	694,862	(95,000)
Total revenues	<u>20,579,621</u>	<u>20,639,486</u>	<u>20,132,945</u>	<u>(506,541)</u>

**City of Bay City**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended June 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Actual Over (Under)
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
<b>Expenditures</b>				
General government				
City Commission	\$ 92,728	\$ 92,728	\$ 87,905	\$ (4,823)
Mayor	13,404	13,404	12,130	(1,274)
City Manager	746,591	764,091	759,211	(4,880)
Elections	42,658	46,076	45,065	(1,011)
Auditing	58,000	58,000	56,500	(1,500)
Assessor	367,708	396,708	348,018	(48,690)
Attorney	150,000	150,000	150,820	820
City Clerk	307,384	300,794	293,594	(7,200)
Payroll/payables	143,449	143,449	132,353	(11,096)
Fiscal services	175,339	178,889	190,308	11,419
Accounting	625,320	615,570	604,031	(11,539)
Human resources	328,826	300,667	291,940	(8,727)
Purchasing	401,524	403,524	396,942	(6,582)
Treasurer	503,181	516,681	500,004	(16,677)
Public relations	36,895	31,895	34,308	2,413
Contingency	15,907	-	-	-
Planning and zoning	395,853	427,853	421,737	(6,116)
Total general government	<u>4,404,767</u>	<u>4,440,329</u>	<u>4,324,866</u>	<u>(115,463)</u>
Public safety				
Police	9,122,347	9,039,928	8,964,875	(75,053)
Fire	3,019,820	3,085,995	3,036,849	(49,146)
Community policing	309,521	313,691	298,132	(15,559)
Total public safety	<u>12,451,688</u>	<u>12,439,614</u>	<u>12,299,856</u>	<u>(139,758)</u>

**City of Bay City**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended June 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Actual Over (Under)
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
Public works				
City hall and grounds	\$ 327,287	\$ 318,487	\$ 297,185	\$ (21,302)
Construction and engineering	329,092	291,804	249,397	(42,407)
Street lighting	700,805	665,805	627,960	(37,845)
Neighborhood maintenance	49,400	49,400	52,220	2,820
Total public works	<u>1,406,584</u>	<u>1,325,496</u>	<u>1,226,762</u>	<u>(98,734)</u>
Economic development	272,109	295,559	289,569	(5,990)
Parks and recreation	1,101,910	1,177,021	1,067,779	(109,242)
Capital outlay	123,955	255,243	87,965	(167,278)
Transfers out	<u>818,608</u>	<u>802,608</u>	<u>808,236</u>	<u>5,628</u>
Total expenditures	<u>20,579,621</u>	<u>20,735,870</u>	<u>20,105,033</u>	<u>(630,837)</u>
Excess (deficiency) of revenues over expenditures	-	(96,384)	27,912	124,296
Fund balance - beginning of year	<u>4,664,022</u>	<u>4,664,022</u>	<u>4,664,022</u>	-
Fund balance - end of year	<u>\$ 4,664,022</u>	<u>\$ 4,567,638</u>	<u>\$ 4,691,934</u>	<u>\$ 124,296</u>

**City of Bay City**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Major Streets**  
**For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual	Actual Over (Under)
	Original	Final		Final Budget
<b>Revenues</b>				
Taxes	\$ 258,248	\$ 258,248	\$ 275,394	\$ 17,146
Other - intergovernmental	4,497,851	4,497,851	4,141,767	(356,084)
Interest income	20,000	20,000	30,389	10,389
Other revenue	500	232,388	114,801	(117,587)
Transfers in	138,204	138,204	140,080	1,876
Total revenues	<u>4,914,803</u>	<u>5,146,691</u>	<u>4,702,431</u>	<u>(444,260)</u>
<b>Expenditures</b>				
Current				
Public works	3,495,707	3,747,951	3,251,900	(496,051)
Capital outlay	<u>1,862,200</u>	<u>2,109,212</u>	<u>1,784,797</u>	<u>(324,415)</u>
Total expenditures	<u>5,357,907</u>	<u>5,857,163</u>	<u>5,036,697</u>	<u>(820,466)</u>
Excess (deficiency) of revenues over expenditures	(443,104)	(710,472)	(334,266)	376,206
Fund balance - beginning of year	<u>1,656,134</u>	<u>1,656,134</u>	<u>1,656,134</u>	<u>-</u>
Fund balance - end of year	<u>\$ 1,213,030</u>	<u>\$ 945,662</u>	<u>\$ 1,321,868</u>	<u>\$ 376,206</u>

**City of Bay City**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Rehabilitation Fund**  
**For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual	Actual
	Original	Final		Over (Under)
				Final Budget
<b>Revenues</b>				
Federal grants	\$ 345,547	\$ 345,547	\$ -	\$ (345,547)
Interest income	4,900	9,900	6,635	(3,265)
Program income	55,100	75,100	72,995	(2,105)
Transfers in	494,593	494,593	165,614	(328,979)
Total revenues	<u>900,140</u>	<u>925,140</u>	<u>245,244</u>	<u>(679,896)</u>
<b>Expenditures</b>				
Current				
Economic development	840,140	840,140	165,615	(674,525)
Transfers out	60,000	85,000	88,298	3,298
Total expenditures	<u>900,140</u>	<u>925,140</u>	<u>253,913</u>	<u>(671,227)</u>
Excess (deficiency) of revenues over expenditures	-	-	(8,669)	(8,669)
Fund balance - beginning of year	-	-	-	-
Fund balance (deficit) - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (8,669)</u>	<u>\$ (8,669)</u>

**City of Bay City**  
**Required Supplementary Information**  
**Municipal Employees Retirement System of Michigan**  
**Schedule of Changes in Net Pension Liability and Related Ratios**  
**June 30, 2020**

Fiscal year ended June 30,	2020	2019	2018	2017	2016	2015
<b>Total Pension Liability</b>						
Service cost	\$ 189,778	\$ 200,524	\$ 240,463	\$ 292,662	\$ 323,154	\$ 353,816
Interest on the total pension liability	5,525,007	5,593,831	5,613,810	5,596,371	5,563,471	5,554,640
Experience differences	270,514	(328,852)	100,986	349,317	(689,557)	-
Changes in actuarial assumptions	2,304,781	-	-	-	-	-
Other changes	(1,195)	-	-	(1)	3,216,511	1
Benefit payments and refunds	<u>(6,352,735)</u>	<u>(6,288,113)</u>	<u>(6,081,903)</u>	<u>(5,906,656)</u>	<u>(5,852,712)</u>	<u>(5,719,505)</u>
Net change in total pension liability	1,936,150	(822,610)	(126,644)	331,693	2,560,867	188,952
Total pension liability - beginning	<u>72,144,068</u>	<u>72,966,678</u>	<u>73,093,322</u>	<u>72,761,629</u>	<u>70,200,762</u>	<u>70,011,810</u>
Total pension liability - ending (a)	<u>\$ 74,080,218</u>	<u>\$ 72,144,068</u>	<u>\$ 72,966,678</u>	<u>\$ 73,093,322</u>	<u>\$ 72,761,629</u>	<u>\$ 70,200,762</u>
<b>Plan Fiduciary Net Position</b>						
Employer contributions	\$ 5,903,142	\$ 5,979,481	\$ 5,379,964	\$ 5,409,126	\$ 4,832,281	\$ 3,944,723
Employee contributions	64,365	117,646	97,748	139,768	298,856	218,513
Pension plan net investment income (loss)	7,109,755	(2,171,261)	6,493,186	5,056,837	(689,452)	2,802,123
Benefit payments and refunds	(6,352,735)	(6,288,113)	(6,081,903)	(5,906,656)	(5,852,712)	(5,719,505)
Pension plan administrative expense	<u>(122,505)</u>	<u>(106,362)</u>	<u>(102,730)</u>	<u>(99,798)</u>	<u>(100,164)</u>	<u>(102,890)</u>
Net change in plan fiduciary net position	6,602,022	(2,468,609)	5,786,265	4,599,277	(1,511,191)	1,142,964
Plan fiduciary net position - beginning	<u>52,552,313</u>	<u>55,020,922</u>	<u>49,234,657</u>	<u>44,635,380</u>	<u>46,146,571</u>	<u>45,003,607</u>
Plan fiduciary net position - ending (b)	<u>\$ 59,154,335</u>	<u>\$ 52,552,313</u>	<u>\$ 55,020,922</u>	<u>\$ 49,234,657</u>	<u>\$ 44,635,380</u>	<u>\$ 46,146,571</u>
Net pension liability (a-b)	<u>\$ 14,925,883</u>	<u>\$ 19,591,755</u>	<u>\$ 17,945,756</u>	<u>\$ 23,858,665</u>	<u>\$ 28,126,249</u>	<u>\$ 24,054,191</u>
Plan fiduciary net position as a percentage of total pension liability	79.85%	72.84%	75.41%	67.36%	61.34%	65.74%
Covered payroll	<u>\$ 1,523,585</u>	<u>\$ 1,623,125</u>	<u>\$ 1,947,137</u>	<u>\$ 2,349,701</u>	<u>\$ 2,615,210</u>	<u>\$ 2,860,664</u>
Net pension liability as a percentage of covered payroll	979.66%	1,207.04%	921.65%	1,015.39%	1,075.49%	840.86%

Notes: The amounts presented for each fiscal year were determined as of December 31 of the preceding year.  
GASB Statement No. 68 was implemented in fiscal year 2015. This schedule is being built prospectively.  
Data will be added as information is available until 10 years of such data is available.

**City of Bay City**  
**Required Supplementary Information**  
**Municipal Employees Retirement System of Michigan**  
**Schedule of Employer Contributions**  
**June 30, 2020**

Fiscal Year Ending June 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2015	\$ 3,209,721	\$ 4,305,622	\$ (1,095,901)	\$ 2,855,351	150.79%
2016	4,027,365	5,123,265	(1,095,900)	2,805,693	182.60%
2017	4,598,968	5,694,856	(1,095,888)	2,372,397	240.05%
2018	4,742,266	4,987,535	(245,269)	2,171,932	229.64%
2019	5,168,988	6,357,861	(1,188,873)	1,644,667	386.57%
2020	5,642,354	6,099,281	(456,927)	1,534,223	397.55%

Notes: The amounts presented for each fiscal year were determined as of December 31 of the preceding year. GASB Statement No. 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Data will be added as information is available until 10 years of such data is available.

**Notes to Schedule of Employer Contributions**

Valuation date            Actuarially determined contribution rates are calculated as of December 31 that is 18 months prior to the beginning of the fiscal year for which the contributions are reported.

Other information        There were no benefit changes during the year.

**Methods and assumptions used to determine contribution rates:**

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	19
Asset valuation method	5-year smoothed market
Inflation	2.50%
Salary increases	3.00%
Investment rate of return	7.35% net of pension plan investment expense, including inflation
Retirement age	50 to 60 dependent on years of service
Mortality	RP2014 Group Annuity Mortality Table - 50% male and 50% female blend

**City of Bay City**  
**Required Supplementary Information**  
**Bay City Public Safety and Fire Pension and Retirement System**  
**Schedule of Changes in Net Pension Liability and Related Ratios**  
**June 30, 2020**

Fiscal year ended June 30,	2020	2019	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>							
Service cost	\$ 946,215	\$ 959,061	\$ 965,593	\$ 970,300	\$ 959,969	\$ 1,035,976	\$ 1,170,628
Interest on the total pension liability	4,589,250	4,523,489	4,527,037	4,609,895	4,634,815	4,711,503	4,728,988
Change of benefit terms	-	-	-	-	-	-	(301,242)
Experience differences	2,942,853	2,031,877	712,218	1,118,519	(737,134)	(1,732,221)	(734,651)
Changes in actuarial assumptions	6,180,673	(469,909)	928,112	8,045,729	-	-	-
Benefit payments and refunds	<u>(7,383,170)</u>	<u>(5,979,812)</u>	<u>(5,705,932)</u>	<u>(5,679,596)</u>	<u>(4,710,583)</u>	<u>(5,288,925)</u>	<u>(4,770,135)</u>
Net change in total pension liability	7,275,821	1,064,706	1,427,028	9,064,847	147,067	(1,273,667)	93,588
Total pension liability - beginning	<u>75,376,491</u>	<u>74,311,785</u>	<u>72,884,757</u>	<u>63,819,910</u>	<u>63,672,843</u>	<u>64,946,510</u>	<u>64,852,922</u>
Total pension liability - ending (a)	<u>\$ 82,652,312</u>	<u>\$ 75,376,491</u>	<u>\$ 74,311,785</u>	<u>\$ 72,884,757</u>	<u>\$ 63,819,910</u>	<u>\$ 63,672,843</u>	<u>\$ 64,946,510</u>
<b>Plan Fiduciary Net Position</b>							
Employer contributions	\$ 1,528,480	\$ 1,357,959	\$ 1,406,290	\$ 1,521,054	\$ 1,720,011	\$ 1,925,400	\$ 1,808,810
Employee contributions	471,350	514,532	480,790	456,986	469,924	562,736	834,201
Pension plan net investment income	989,168	3,042,461	4,057,322	6,256,577	288,900	2,840,467	8,500,184
Benefit payments and refunds	(7,383,170)	(5,979,812)	(5,705,932)	(5,679,596)	(4,710,583)	(5,288,925)	(4,770,135)
Pension plan administrative expense	(136,949)	(118,859)	(148,829)	(160,372)	(142,325)	(167,467)	(141,341)
Other	<u>(11,266)</u>	<u>(34,014)</u>	<u>(1)</u>	<u>-</u>	<u>15,999</u>	<u>-</u>	<u>11,063</u>
Net change in plan fiduciary net position	(4,542,387)	(1,217,733)	89,640	2,394,649	(2,358,074)	(127,789)	6,242,782
Plan fiduciary net position - beginning	<u>53,561,701</u>	<u>54,779,434</u>	<u>54,689,794</u>	<u>52,295,145</u>	<u>54,653,219</u>	<u>54,781,008</u>	<u>48,538,226</u>
Plan fiduciary net position - ending (b)	<u>\$ 49,019,314</u>	<u>\$ 53,561,701</u>	<u>\$ 54,779,434</u>	<u>\$ 54,689,794</u>	<u>\$ 52,295,145</u>	<u>\$ 54,653,219</u>	<u>\$ 54,781,008</u>
Net pension liability (a-b)	<u>\$ 33,632,998</u>	<u>\$ 21,814,790</u>	<u>\$ 19,532,351</u>	<u>\$ 18,194,963</u>	<u>\$ 11,524,765</u>	<u>\$ 9,019,624</u>	<u>\$ 10,165,502</u>
Plan fiduciary net position as a percentage of total pension liability	59.31%	71.06%	73.72%	75.04%	81.94%	85.83%	84.35%
Covered payroll	<u>\$ 4,418,384</u>	<u>\$ 4,097,440</u>	<u>\$ 4,056,629</u>	<u>\$ 4,204,892</u>	<u>\$ 4,380,402</u>	<u>\$ 4,308,434</u>	<u>\$ 4,523,121</u>
Net pension liability as a percentage of covered payroll	761.21%	532.40%	481.49%	432.71%	263.10%	209.35%	224.75%

GASB Statement No. 67 was implemented in fiscal year 2014. This schedule is being built prospectively.  
Data will be added as information is available until 10 years of such data is available.

**City of Bay City**  
**Required Supplementary Information**  
**Bay City Public Safety and Fire Pension and Retirement System**  
**Schedule of Employer Contributions**  
**June 30, 2020**

Fiscal Year Ending June 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
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%
2017	1,521,054	1,521,054	-	4,204,892	36.17%
2018	1,406,290	1,406,290	-	4,056,629	34.67%
2019	1,357,959	1,357,959	-	4,097,440	33.14%
2020	1,528,480	1,528,480	-	4,418,384	34.59%

GASB Statement No. 67 was implemented in fiscal year 2014. This schedule is being built prospectively. Data will be added as information is available until 10 years of such data is available.

**Notes to Schedule of Employer Contributions**

Actuarial valuation information relative to the determination of contributions in fiscal year 2019/20:

Valuation date                      June 30, 2020

**Methods and assumptions used to determine contribution rates:**

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	21 years
Asset valuation method	5 year smoothed market
Inflation	3.50% beginning with 6/30/2017; 4.00% prior
Salary increases	3.50% - 26.30%, including inflation
Investment rate of return	7.50%, net of investment expenses, including inflation
Mortality	RP 2000 Combined Healthy Mortality projected to 2014 beginning with the 6/30/2017 valuation RP 2000 prior

**City of Bay City**  
**Required Supplementary Information**  
**Bay City Public Safety and Fire Pension and Retirement System**  
**Schedule of Investment Returns**  
**June 30, 2020**

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Fiscal Year Ending June 30,	Annual Return (1)
2014	14.79%
2015	5.93%
2016	-1.09%
2017	10.82%
2018	5.48%
2019	2.98%
2020	0.11%

(1) Annual money-weighted rate of return, net of investment expenses.

GASB Statement No. 67 was implemented in fiscal year 2014. This schedule is being built prospectively. Data will be added as information is available until 10 years of such data is available.

**City of Bay City**  
**Required Supplementary Information**  
**Other Post Employment Benefits**  
**Schedule of Changes in Net OPEB Liability and Related Ratios**  
**June 30, 2020**

Fiscal year ended June 30,	2020	2019	2018	2017
<b>Total OPEB Liability</b>				
Service cost	\$ 620,846	\$ 1,535,003	\$ 1,651,710	\$ 1,833,556
Interest	5,085,448	6,390,402	6,572,757	5,760,654
Other	-	26,835	-	-
Differences between expected and actual experience	1,388,712	(31,991,432)	(7,746,934)	4,316,030
Changes in assumptions	-	(20,294,729)	(3,664,637)	1,543,813
Benefit payments	<u>(4,509,832)</u>	<u>(5,486,933)</u>	<u>(5,039,104)</u>	<u>(4,821,533)</u>
Net change in total OPEB liability	2,585,174	(49,820,854)	(8,226,208)	8,632,520
Total OPEB liability - beginning	<u>74,245,192</u>	<u>124,066,046</u>	<u>132,292,254</u>	<u>123,659,734</u>
Total OPEB liability - ending (a)	<u>\$ 76,830,366</u>	<u>\$ 74,245,192</u>	<u>\$ 124,066,046</u>	<u>\$ 132,292,254</u>
<b>Plan Fiduciary Net Position</b>				
Employer contributions	\$ 6,100,003	\$ 6,025,491	\$ 6,328,317	\$ 5,213,485
Net investment income	2,047,575	1,506,633	1,675,971	1,661,536
Benefit payments and refunds	(4,509,832)	(5,486,933)	(5,039,104)	(4,821,533)
Administrative expense	(63,396)	(46,655)	(36,171)	(35,099)
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>
Net change in plan fiduciary net position	3,574,350	1,998,536	2,929,013	2,018,390
Plan fiduciary net position - beginning	<u>21,929,146</u>	<u>19,930,610</u>	<u>17,001,597</u>	<u>14,983,208</u>
Plan fiduciary net position - ending (b)	<u>\$ 25,503,496</u>	<u>\$ 21,929,146</u>	<u>\$ 19,930,610</u>	<u>\$ 17,001,598</u>
Net OPEB liability (a-b)	<u>\$ 51,326,870</u>	<u>\$ 52,316,046</u>	<u>\$ 104,135,436</u>	<u>\$ 115,290,656</u>
Plan fiduciary net position as a percentage of total OPEB liability	33.19%	29.54%	16.06%	12.85%
Covered payroll	<u>\$ 9,035,110</u>	<u>\$ 8,708,540</u>	<u>\$ 10,884,537</u>	<u>\$ 10,567,512</u>
Net OPEB liability as a percentage of covered payroll	568.08%	600.74%	956.73%	1,090.99%

GASB Statement No. 74 was implemented in fiscal year 2017. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

**City of Bay City**  
**Required Supplementary Information**  
**Other Post Employment Benefits**  
**Schedule of Employer Contributions**  
**June 30, 2020**

Fiscal Year Ending June 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2017	\$ 7,788,653	\$ 5,213,485	\$ 2,575,168	\$ 10,567,512	49.34%
2018	8,722,029	6,328,317	2,393,712	10,884,537	58.14%
2019	8,308,751	6,025,491	2,283,260	8,708,540	69.19%
2020	5,726,041	6,100,003	(373,962)	9,035,110	67.51%

Notes: Actuarially determined contribution amounts are calculated as of June 30 each year, which is 12 months prior to the beginning of the fiscal year in which contributions are reported. GASB Statement No. 74 was implemented in fiscal year 2017. This schedule is being built prospectively. Data will be added as information is available until 10 years of such data is available.

**Methods and assumptions used to determine contribution rates:**

Actuarial valuation date	June 30, 2019
Actuarial cost method	Entry-age normal level % of salary
Amortization method	Level dollar
Remaining amortization period	20
Asset valuation method	5-year smoothed market
Actuarial assumptions:	
Investment rate of return	7.00%
Projected salary increases	4.05% to 14.75%
Inflation rate	3.75% per year
Healthcare inflation rate	8.00% initial decreasing to a final rate of 4.50%

**City of Bay City**  
**Required Supplementary Information**  
**Other Post Employment Benefits**  
**Schedule of Investment Returns**  
**June 30, 2020**

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Fiscal Year Ending June 30,	Annual Return (1)
2017	17.41%
2018	13.81%
2019	10.38%
2020	9.28%

(1) Annual money-weighted rate of return, net of investment expenses.

Note: GASB 74 was implemented in fiscal year 2017. This schedule is being built prospectively. Data will be added as information is available until 10 years of such data is available.

**City of Bay City**  
**Other Supplementary Information**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2020**

	Special Revenue Funds						
	Local Streets	Parking Enforcement	Solid Waste Management	Community Development Block Grant	Building Inspection	Neighborhood Opportunity	Drug Law Enforcement
<b>Assets</b>							
Cash and cash equivalents	\$ 1,318,651	\$ 8,338	\$ -	\$ 829	\$ -	\$ 169,415	\$ 82,719
Receivables							
Taxes	-	-	-	-	-	-	-
Accounts	-	-	506,898	-	344,670	-	-
Special assessments	-	-	16,821	-	4,980	-	-
Accrued interest and other	532	-	-	-	-	116	59
Notes and accrued interest	-	-	-	-	-	-	-
Less allowance for uncollectible accounts	-	-	-	-	-	-	-
Due from other units of government	151,941	-	16,292	15,286	-	-	-
Prepaid items	-	-	3,671	-	-	-	-
<b>Total assets</b>	<b>\$ 1,471,124</b>	<b>\$ 8,338</b>	<b>\$ 543,682</b>	<b>\$ 16,115</b>	<b>\$ 349,650</b>	<b>\$ 169,531</b>	<b>\$ 82,778</b>
<b>Liabilities</b>							
Accounts payable	\$ 7,098	\$ 8,338	\$ 78,516	\$ 13,161	\$ 2,735	\$ -	\$ -
Accrued and other liabilities	8,615	-	23,131	2,602	21,801	-	-
Due to other funds	3,294	-	658,143	352	197,762	-	-
Deposits payable	-	-	-	-	45,500	6,000	-
Unearned revenue	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>19,007</b>	<b>8,338</b>	<b>759,790</b>	<b>16,115</b>	<b>267,798</b>	<b>6,000</b>	<b>-</b>
<b>Deferred inflows of resources</b>							
Unavailable revenue	-	-	16,871	-	4,925	-	-
<b>Fund Balances</b>							
Non-spendable							
Prepaid items	-	-	3,671	-	-	-	-
Restricted							
Local Streets	1,452,117	-	-	-	-	-	-
Building Inspection	-	-	-	-	76,927	-	-
Neighborhood Opportunity	-	-	-	-	-	163,531	-
Drug Law Enforcement	-	-	-	-	-	-	82,778
Debt service	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-
Unassigned (deficit)	-	-	(236,650)	-	-	-	-
<b>Total fund balances</b>	<b>1,452,117</b>	<b>-</b>	<b>(232,979)</b>	<b>-</b>	<b>76,927</b>	<b>163,531</b>	<b>82,778</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 1,471,124</b>	<b>\$ 8,338</b>	<b>\$ 543,682</b>	<b>\$ 16,115</b>	<b>\$ 349,650</b>	<b>\$ 169,531</b>	<b>\$ 82,778</b>

**City of Bay City**  
**Other Supplementary Information**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2020**

	Special Revenue Funds		Debt Service Fund	Capital Projects Funds			Total Nonmajor Governmental Funds
	City Loans and Collections	Wenonah Park	Bond Sinking Fund	Economic Opportunities	Public Improvement	Playscape	
<b>Assets</b>							
Cash and cash equivalents	\$ -	\$ -	\$ 504,198	\$ 106,983	\$ 2,625,847	\$ 12,007	\$ 4,828,987
Receivables							
Taxes	-	-	7,580	-	-	-	7,580
Accounts	-	-	-	3,800	-	-	855,368
Special assessments	-	-	-	-	-	-	21,801
Accrued interest and other	-	-	1,281	72	1,119	17	3,196
Notes and accrued interest	4,613,041	-	-	-	-	-	4,613,041
Less allowance for uncollectible accounts	(4,613,041)	-	-	-	-	-	(4,613,041)
Due from other units of government	-	-	-	-	-	-	183,519
Prepaid items	-	-	-	-	-	-	3,671
<b>Total assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 513,059</b>	<b>\$ 110,855</b>	<b>\$ 2,626,966</b>	<b>\$ 12,024</b>	<b>\$ 5,904,122</b>
<b>Liabilities</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ 261	\$ 6,707	\$ -	\$ 116,816
Accrued and other liabilities	-	-	-	-	-	-	56,149
Due to other funds	-	-	-	-	-	-	859,551
Deposits payable	-	-	-	-	-	-	51,500
Unearned revenue	-	-	-	-	2,000,000	-	2,000,000
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>261</b>	<b>2,006,707</b>	<b>-</b>	<b>3,084,016</b>
<b>Deferred inflows of resources</b>							
Unavailable revenue	-	-	7,580	-	-	-	29,376
<b>Fund Balances</b>							
Non-spendable							
Prepaid items	-	-	-	-	-	-	3,671
Restricted							
Local Streets	-	-	-	-	-	-	1,452,117
Building Inspection	-	-	-	-	-	-	76,927
Neighborhood Opportunity	-	-	-	-	-	-	163,531
Drug Law Enforcement	-	-	-	-	-	-	82,778
Debt service	-	-	505,479	-	-	-	505,479
Capital projects	-	-	-	110,594	620,259	12,024	742,877
Unassigned (deficit)	-	-	-	-	-	-	(236,650)
<b>Total fund balances</b>	<b>-</b>	<b>-</b>	<b>505,479</b>	<b>110,594</b>	<b>620,259</b>	<b>12,024</b>	<b>2,790,730</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 513,059</b>	<b>\$ 110,855</b>	<b>\$ 2,626,966</b>	<b>\$ 12,024</b>	<b>\$ 5,904,122</b>

**City of Bay City**  
**Other Supplementary Information**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2020**

	Special Revenue Funds						
	Local Streets	Parking Enforcement	Solid Waste Management	Community Development Block Grant	Building Inspection	Neighborhood Opportunity	Drug Law Enforcement
<b>Revenues</b>							
Taxes	\$ 226,674	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, permits and registration	-	-	-	-	627,318	-	-
Federal grants	-	-	-	731,109	-	-	-
Other state grants	1,244,125	-	16,942	-	-	-	7,412
Local contributions and donations	-	37,877	-	-	-	-	-
Charges for services	-	-	3,045,960	-	-	-	-
Fines and forfeitures	-	11,131	11,395	-	2,689	-	-
Investment income	9,552	34	-	-	-	2,095	1,051
Other revenue	500	-	10,540	-	112,011	63,250	91
Total revenues	<u>1,480,851</u>	<u>49,042</u>	<u>3,084,837</u>	<u>731,109</u>	<u>742,018</u>	<u>65,345</u>	<u>8,554</u>
<b>Expenditures</b>							
Current							
Public safety	-	49,042	-	-	983,723	-	11,729
Public works	1,237,252	-	-	-	-	-	-
Environmental	-	-	2,993,581	-	-	-	-
Economic development	-	-	-	254,802	-	1,222	-
Recreation and culture	-	-	-	-	-	-	-
Capital outlay	-	-	42,915	-	-	19,072	-
Debt service							
Principal retirement	-	-	-	225,000	-	-	-
Interest and fiscal charges	-	-	-	18,085	-	-	-
Total expenditures	<u>1,237,252</u>	<u>49,042</u>	<u>3,036,496</u>	<u>497,887</u>	<u>983,723</u>	<u>20,294</u>	<u>11,729</u>
Excess (deficiency) of revenues over expenditures	<u>243,599</u>	<u>-</u>	<u>48,341</u>	<u>233,222</u>	<u>(241,705)</u>	<u>45,051</u>	<u>(3,175)</u>
<b>Other financing sources (uses)</b>							
Transfers in	225,335	-	43,839	89,471	25,776	-	-
Transfers out	-	-	(70,000)	(322,693)	-	-	-
Total other financing sources and uses	<u>225,335</u>	<u>-</u>	<u>(26,161)</u>	<u>(233,222)</u>	<u>25,776</u>	<u>-</u>	<u>-</u>
Net change in fund balance	468,934	-	22,180	-	(215,929)	45,051	(3,175)
Fund balance (deficit) - beginning of year	983,183	-	(255,159)	-	292,856	118,480	85,953
Fund balance (deficit) - end of year	<u>\$ 1,452,117</u>	<u>\$ -</u>	<u>\$ (232,979)</u>	<u>\$ -</u>	<u>\$ 76,927</u>	<u>\$ 163,531</u>	<u>\$ 82,778</u>

**City of Bay City**  
**Other Supplementary Information**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2020**

	Special Revenue Funds		Debt Service Fund	Capital Projects Funds			Total Nonmajor Governmental Funds
	City Loans and Collections	Wenonah Park	Bond Sinking Fund	Economic Opportunities	Public Improvement	Playscape	
<b>Revenues</b>							
Taxes	\$ -	\$ -	\$ 2,376,214	\$ -	\$ -	\$ -	\$ 2,602,888
Licenses, permits and registration	-	-	-	-	-	-	627,318
Federal grants	-	-	-	-	-	-	731,109
Other state grants	-	-	-	-	-	-	1,268,479
Local contributions and donations	-	-	97,826	-	-	-	135,703
Charges for services	-	-	-	3,800	-	-	3,049,760
Fines and forfeitures	-	-	-	-	-	-	25,215
Investment income	-	-	22,537	1,267	22,447	347	59,330
Other revenue	-	-	-	4,693	914	7,800	199,799
Total revenues	-	-	2,496,577	9,760	23,361	8,147	8,699,601
<b>Expenditures</b>							
Current							
Public safety	-	-	-	-	-	-	1,044,494
Public works	-	-	-	-	-	-	1,237,252
Environmental	-	-	-	-	-	-	2,993,581
Economic development	-	-	-	9,405	-	-	265,429
Recreation and culture	-	-	-	-	-	20,858	20,858
Capital outlay	-	-	-	-	107,817	12,967	182,771
Debt service	-	-	-	-	-	-	-
Principal retirement	-	-	2,638,901	-	-	-	2,863,901
Interest and fiscal charges	-	-	54,696	-	-	-	72,781
Total expenditures	-	-	2,693,597	9,405	107,817	33,825	8,681,067
Excess (deficiency) of revenues over expenditures	-	-	(197,020)	355	(84,456)	(25,678)	18,534
<b>Other financing sources (uses)</b>							
Transfers in	-	-	110,889	-	-	37,500	532,810
Transfers out	-	-	-	-	(39,865)	-	(432,558)
Total other financing sources and uses	-	-	110,889	-	(39,865)	37,500	100,252
Net change in fund balance	-	-	(86,131)	355	(124,321)	11,822	118,786
Fund balance (deficit) - beginning of year	-	-	591,610	110,239	744,580	202	2,671,944
Fund balance (deficit) - end of year	\$ -	\$ -	\$ 505,479	\$ 110,594	\$ 620,259	\$ 12,024	\$ 2,790,730

**City of Bay City**  
**Other Supplementary Information**  
**Budgetary Comparison Schedule**  
**Local Streets Fund**  
**For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual	Actual
	Original	Final		Over (Under)
				Final
				Budget
<b>Revenues</b>				
Taxes	\$ 247,936	\$ 247,936	\$ 226,674	\$ (21,262)
Other state grants	1,092,420	1,092,420	1,244,125	151,705
Investment income	-	-	9,552	9,552
Other revenue	320	320	500	180
Transfers in	221,583	221,583	225,335	3,752
Total revenues	<u>1,562,259</u>	<u>1,562,259</u>	<u>1,706,186</u>	<u>143,927</u>
<b>Expenditures</b>				
Current				
Public works	<u>1,621,521</u>	<u>1,708,905</u>	<u>1,237,252</u>	<u>(471,653)</u>
Excess (deficiency) of revenues over expenditures	(59,262)	(146,646)	468,934	615,580
Fund balance - beginning of year	<u>983,183</u>	<u>983,183</u>	<u>983,183</u>	<u>-</u>
Fund balance - end of year	<u>\$ 923,921</u>	<u>\$ 836,537</u>	<u>\$ 1,452,117</u>	<u>\$ 615,580</u>

**City of Bay City**  
**Other Supplementary Information**  
**Budgetary Comparison Schedule**  
**Parking Enforcement Fund**  
**For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
<b>Revenues</b>				
Local contributions	\$ 40,770	\$ 40,770	\$ 37,877	\$ (2,893)
Fines and forfeitures	32,000	32,000	11,131	(20,869)
Interest income	-	-	34	34
Total revenues	<u>72,770</u>	<u>72,770</u>	<u>49,042</u>	<u>(23,728)</u>
<b>Expenditures</b>				
Current				
Public safety	<u>72,770</u>	<u>72,770</u>	<u>49,042</u>	<u>(23,728)</u>
Excess of revenues over expenditures	-	-	-	-
Fund balance - beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**City of Bay City**  
**Other Supplementary Information**  
**Budgetary Comparison Schedule**  
**Solid Waste Management Fund**  
**For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual	Actual
	Original	Final		Over (Under)
				Final
				Budget
<b>Revenues</b>				
Other state grants	\$ 4,000	\$ 30,881	\$ 16,942	\$ (13,939)
Charges for services	3,084,353	3,084,353	3,045,960	(38,393)
Fines and forfeitures	10,000	15,050	11,395	(3,655)
Other revenue	12,500	15,500	10,540	(4,960)
Transfers in	43,839	43,839	43,839	-
Total revenues	<u>3,154,692</u>	<u>3,189,623</u>	<u>3,128,676</u>	<u>(60,947)</u>
<b>Expenditures</b>				
Current				
Environmental	3,039,357	2,995,606	2,993,581	(2,025)
Capital outlay	6,000	42,915	42,915	-
Transfers out	70,000	70,000	70,000	-
Total expenditures	<u>3,115,357</u>	<u>3,108,521</u>	<u>3,106,496</u>	<u>(2,025)</u>
Excess of revenues over expenditures	39,335	81,102	22,180	(58,922)
Fund balance (deficit) - beginning of year	<u>(255,159)</u>	<u>(255,159)</u>	<u>(255,159)</u>	<u>-</u>
Fund balance (deficit) - end of year	<u>\$ (215,824)</u>	<u>\$ (174,057)</u>	<u>\$ (232,979)</u>	<u>\$ (58,922)</u>

**City of Bay City**  
**Other Supplementary Information**  
**Budgetary Comparison Schedule**  
**Community Development Block Grant Fund**  
**For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual	Actual Over (Under)
	Original	Final		Final Budget
<b>Revenues</b>				
Federal grants	\$ 1,605,656	\$ 1,625,656	\$ 731,109	\$ (894,547)
Transfers in	61,173	86,173	89,471	3,298
Total revenues	<u>1,666,829</u>	<u>1,711,829</u>	<u>820,580</u>	<u>(891,249)</u>
<b>Expenditures</b>				
Current				
Economic development	429,874	454,874	254,802	(200,072)
Capital outlay	141,929	141,929	-	(141,929)
Debt service				
Principal retirement	225,000	225,000	225,000	-
Interest and fiscal charges	43,354	43,354	18,085	(25,269)
Transfers out	<u>826,672</u>	<u>846,672</u>	<u>322,693</u>	<u>(523,979)</u>
Total expenditures	<u>1,666,829</u>	<u>1,711,829</u>	<u>820,580</u>	<u>(891,249)</u>
Excess of revenues over expenditures	-	-	-	-
Fund balance - beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**City of Bay City**  
**Other Supplementary Information**  
**Budgetary Comparison Schedule**  
**Building Inspection Fund**  
**For the Year Ended June 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Actual Over (Under)
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
<b>Revenues</b>				
Licenses and permits	\$ 850,750	\$ 850,750	\$ 627,318	\$ (223,432)
Local contributions	-	-	-	-
Fines and forfeitures	3,000	3,000	2,689	(311)
Other revenue	<u>135,350</u>	<u>135,350</u>	<u>112,011</u>	<u>(23,339)</u>
Total revenues	1,014,876	1,014,876	767,794	(247,082)
<b>Expenditures</b>				
Current				
Public safety	<u>1,186,315</u>	<u>1,186,315</u>	<u>983,723</u>	<u>(202,592)</u>
Deficiency of revenues over expenditures	(171,439)	(171,439)	(215,929)	(44,490)
Fund balance - beginning of year	<u>292,856</u>	<u>292,856</u>	<u>292,856</u>	<u>-</u>
Fund balance - end of year	<u>\$ 121,417</u>	<u>\$ 121,417</u>	<u>\$ 76,927</u>	<u>\$ (44,490)</u>

**City of Bay City**  
**Other Supplementary Information**  
**Budgetary Comparison Schedule**  
**Neighborhood Opportunity Fund**  
**For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual	Actual
	Original	Final		Over (Under)
				Final
				Budget
<b>Revenues</b>				
Investment income	\$ -	\$ -	\$ 2,095	\$ 2,095
Other revenue	2,000	2,000	63,250	61,250
Total revenues	<u>2,000</u>	<u>2,000</u>	<u>65,345</u>	<u>63,345</u>
<b>Expenditures</b>				
Current				
Economic development	1,691	1,691	1,222	(469)
Capital outlay	-	-	19,072	19,072
Total expenditures	<u>1,691</u>	<u>1,691</u>	<u>20,294</u>	<u>18,603</u>
Excess of revenues over expenditures	309	309	45,051	44,742
Fund balance - beginning of year	<u>118,480</u>	<u>118,480</u>	<u>118,480</u>	<u>-</u>
Fund balance - end of year	<u>\$ 118,789</u>	<u>\$ 118,789</u>	<u>\$ 163,531</u>	<u>\$ 44,742</u>

**City of Bay City**  
**Other Supplementary Information**  
**Budgetary Comparison Schedule**  
**Drug Law Enforcement Fund**  
**For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual	Actual
	Original	Final		Over (Under)
				Final Budget
<b>Revenues</b>				
Federal grants	\$ 5,000	\$ 5,000	\$ -	\$ (5,000)
Other state grants	14,891	14,891	7,412	(7,479)
Investment income	680	680	1,051	371
Other revenue	-	-	91	91
Total revenues	<u>20,571</u>	<u>20,571</u>	<u>8,554</u>	<u>(12,017)</u>
<b>Expenditures</b>				
Current				
Public safety	<u>20,900</u>	<u>20,900</u>	<u>11,729</u>	<u>(9,171)</u>
Excess (deficiency) of revenues over expenditures	(329)	(329)	(3,175)	(2,846)
Fund balance - beginning of year	<u>85,953</u>	<u>85,953</u>	<u>85,953</u>	<u>-</u>
Fund balance - end of year	<u>\$ 85,624</u>	<u>\$ 85,624</u>	<u>\$ 82,778</u>	<u>\$ (2,846)</u>

**City of Bay City**  
**Other Supplementary Information**  
**Combining Statement of Net Position**  
**Nonmajor Enterprise Funds**  
**June 30, 2020**

	Oak Ridge Cemetery	James Clements Airport	Liberty Harbor Marina	Total
<b>Assets</b>				
Current assets				
Cash and investments	\$ 245,056	\$ -	\$ 8,130	\$ 253,186
Accounts receivable, net	8,449	58,846	61	67,356
Accrued interest and other	159	1	3	163
Inventories	-	14,923	-	14,923
Prepaid items	-	422	-	422
Total current assets	<u>253,664</u>	<u>74,192</u>	<u>8,194</u>	<u>336,050</u>
Noncurrent assets				
Capital assets not being depreciated	144,898	406,602	-	551,500
Capital assets, net of accumulated depreciation	38,827	1,495,041	1,335,526	2,869,394
Total noncurrent assets	<u>183,725</u>	<u>1,901,643</u>	<u>1,335,526</u>	<u>3,420,894</u>
Total assets	<u>437,389</u>	<u>1,975,835</u>	<u>1,343,720</u>	<u>3,756,944</u>
<b>Liabilities</b>				
Current liabilities				
Accounts payable	10,125	27,737	10,076	47,938
Accrued and other liabilities	-	-	288	288
Due to other funds	-	36,389	86	36,475
Deposits	-	750	-	750
Compensated absences, current	-	-	892	892
Total current liabilities	<u>10,125</u>	<u>64,876</u>	<u>11,342</u>	<u>86,343</u>
<b>Net Position</b>				
Investment in capital assets	183,725	1,901,643	1,335,526	3,420,894
Unrestricted (deficit)	243,539	9,316	(3,148)	249,707
Total net position	<u>\$ 427,264</u>	<u>\$ 1,910,959</u>	<u>\$ 1,332,378</u>	<u>\$ 3,670,601</u>

**City of Bay City**  
**Other Supplementary Information**  
**Combining Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Nonmajor Enterprise Funds**  
**For the Year Ended June 30, 2020**

	Oak Ridge Cemetery	James Clements Airport	Liberty Harbor Marina	Total
<b>Operating revenue</b>				
Charges for services				
Sales	\$ 72,030	\$ 98,901	\$ 1,216	\$ 172,147
Rents	-	62,569	103,913	166,482
Other revenue	-	2,143	1,485	3,628
Total operating revenue	<u>72,030</u>	<u>163,613</u>	<u>106,614</u>	<u>342,257</u>
<b>Operating expenses</b>				
Cost of sales and service	153,508	265,812	94,139	513,459
Repairs and maintenance	12,121	-	-	12,121
Depreciation	2,397	118,838	59,091	180,326
Total operating expenses	<u>168,026</u>	<u>384,650</u>	<u>153,230</u>	<u>705,906</u>
Operating loss	<u>(95,996)</u>	<u>(221,037)</u>	<u>(46,616)</u>	<u>(363,649)</u>
<b>Nonoperating revenue (expenses)</b>				
Federal grant	-	35,490	-	35,490
State grant	-	1,972	-	1,972
Investment income (loss)	3,058	30	52	3,140
Total nonoperating revenues	<u>3,058</u>	<u>37,492</u>	<u>52</u>	<u>40,602</u>
Loss before transfers	(92,938)	(183,545)	(46,564)	(323,047)
Transfers in	156,166	105,752	10,595	272,513
Change in net position	63,228	(77,793)	(35,969)	(50,534)
Net position - beginning of year	364,036	1,988,752	1,368,347	3,721,135
Net position - end of year	<u>\$ 427,264</u>	<u>\$ 1,910,959</u>	<u>\$ 1,332,378</u>	<u>\$ 3,670,601</u>

**City of Bay City**  
**Other Supplementary Information**  
**Combining Statement of Cash Flows**  
**Nonmajor Enterprise Funds**  
**For the Year Ended June 30, 2020**

	Oak Ridge Cemetery	James Clements Airport	Liberty Harbor Marina	Total
<b>Cash flows from operating activities</b>				
Receipts from customers	\$ 67,766	\$ 157,565	\$ 106,576	\$ 331,907
Receipts from other funds	-	-	417	417
Payments to other funds	-	(19,785)	-	(19,785)
Payments to suppliers	(165,162)	(237,653)	(140,142)	(542,957)
Net cash used by operating activities	<u>(97,396)</u>	<u>(99,873)</u>	<u>(33,149)</u>	<u>(230,418)</u>
<b>Cash flows from noncapital financing activities</b>				
Transfer from other funds	156,166	105,752	10,595	272,513
Federal grant	-	35,490	-	35,490
State grant	-	1,972	-	1,972
Net cash provided by noncapital financing activities	<u>156,166</u>	<u>143,214</u>	<u>10,595</u>	<u>309,975</u>
<b>Cash flows from capital and related financing activities</b>				
Purchases/construction of capital assets	<u>-</u>	<u>(43,370)</u>	<u>-</u>	<u>(43,370)</u>
<b>Cash flows from investing activities</b>				
Interest received	<u>3,059</u>	<u>29</u>	<u>52</u>	<u>3,140</u>
Net change in cash and cash equivalents	61,829	-	(22,502)	39,327
Cash and cash equivalents - beginning of year	<u>183,227</u>	<u>-</u>	<u>30,632</u>	<u>213,859</u>
Cash and cash equivalents - end of year	<u>\$ 245,056</u>	<u>\$ -</u>	<u>\$ 8,130</u>	<u>\$ 253,186</u>

**City of Bay City**  
**Other Supplementary Information**  
**Combining Statement of Cash Flows**  
**Nonmajor Enterprise Funds**  
**For the Year Ended June 30, 2020**

	Oak Ridge Cemetery	James Clements Airport	Liberty Harbor Marina	Total
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>				
Operating loss	\$ (95,996)	\$ (221,037)	\$ (46,616)	\$ (363,649)
Adjustments to reconcile operating loss to net cash used by operating activities				
Depreciation and amortization expense	2,397	118,838	59,091	180,326
Changes in assets and liabilities				
Receivables (net)	(4,264)	(6,048)	(38)	(10,350)
Inventories	-	6,762	-	6,762
Prepaid items	-	347	-	347
Accounts payable	467	20,550	1,038	22,055
Accrued and other liabilities	-	-	28	28
Due to other funds	-	(19,785)	17	(19,768)
Deposits payable	-	500	-	500
Compensated absences	-	-	372	372
Net OPEB liability and related deferrals	-	-	(47,041)	(47,041)
Net cash used by operating activities	<u>\$ (97,396)</u>	<u>\$ (99,873)</u>	<u>\$ (33,149)</u>	<u>\$ (230,418)</u>

**City of Bay City**  
**Other Supplementary Information**  
**Combining Statement of Net Position**  
**Internal Service Funds**  
**June 30, 2020**

	Motor Equipment Revolving	Information Systems	Property/ Liability Self- Insurance	Site Remediation	Benefits Program	Security Cameras	DPW/Electric Building	Total
<b>Assets</b>								
Current assets								
Cash and investments	\$ 3,916,231	\$ 322,366	\$ 1,568,554	\$ 24,127	\$ 5,075,523	\$ 172,093	\$ -	\$ 11,078,894
Accounts receivable, net	89	95	-	12,193	784	-	-	13,161
Accrued interest and other	2,107	177	651	15	3,898	118	-	6,966
Due from other units of government	189,116	-	-	-	-	-	-	189,116
Due from other funds	-	-	-	-	177,278	-	-	177,278
Inventories	98,510	26,860	-	-	-	-	-	125,370
Prepaid items	-	-	-	-	1,420,438	-	-	1,420,438
Deposits	-	-	606,848	-	242,419	-	-	849,267
Total current assets	<u>4,206,053</u>	<u>349,498</u>	<u>2,176,053</u>	<u>36,335</u>	<u>6,920,340</u>	<u>172,211</u>	<u>-</u>	<u>13,860,490</u>
Noncurrent assets								
Capital assets not being depreciated	-	-	-	-	-	-	254,912	254,912
Capital assets, net of accumulated depreciation	<u>9,314,837</u>	<u>326,016</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>174,211</u>	<u>1,728,422</u>	<u>11,543,486</u>
Total noncurrent assets	<u>9,314,837</u>	<u>326,016</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>174,211</u>	<u>1,983,334</u>	<u>11,798,398</u>
 Total assets	 <u>13,520,890</u>	 <u>675,514</u>	 <u>2,176,053</u>	 <u>36,335</u>	 <u>6,920,340</u>	 <u>346,422</u>	 <u>1,983,334</u>	 <u>25,658,888</u>
<b>Deferred Outflows of Resources</b>								
Deferred amount relating to net pension liability - MERS	-	122,438	-	-	-	-	-	122,438
Deferred amount relating to net OPEB liability	<u>16,244</u>	<u>11,771</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,015</u>
Total deferred outflows of resources	<u>16,244</u>	<u>134,209</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>150,453</u>

**City of Bay City**  
**Other Supplementary Information**  
**Combining Statement of Net Position**  
**Internal Service Funds**  
**June 30, 2020**

	Motor Equipment Revolving	Information Systems	Property/ Liability Self- Insurance	Site Remediation	Benefits Program	Security Cameras	DPW/Electric Building	Total
<b>Liabilities</b>								
Current liabilities								
Accounts payable	\$ 67,673	\$ 3,618	\$ 10,518	\$ 14,365	\$ 492,040	\$ -	\$ 25,998	\$ 614,212
Accrued and other liabilities	39,232	11,236	-	-	2,710	-	-	53,178
Due to other funds	7,014	3,474	-	-	78	-	99,948	110,514
Due to other units of government	-	-	-	-	744	-	-	744
Current portion of long-term debt	66,088	-	-	-	-	-	-	66,088
Claims payable	-	-	314,619	-	623,395	-	-	938,014
Compensated absences, current	69,400	49,261	-	-	-	-	-	118,661
Total current liabilities	<u>249,407</u>	<u>67,589</u>	<u>325,137</u>	<u>14,365</u>	<u>1,118,967</u>	<u>-</u>	<u>125,946</u>	<u>1,901,411</u>
Noncurrent liabilities								
Current liabilities payable from restricted assets								
Long-term debt, net of current portion	532,969	-	-	-	-	-	-	532,969
Advances from other funds	-	-	-	-	-	-	1,960,588	1,960,588
Compensated absences, net of current portion	36,575	43,418	-	-	15,001	-	-	94,994
Net pension liability - MERS	-	555,243	-	-	-	-	-	555,243
Net OPEB liability	1,200,765	870,122	-	-	-	-	-	2,070,887
Total noncurrent liabilities	<u>1,770,309</u>	<u>1,468,783</u>	<u>-</u>	<u>-</u>	<u>15,001</u>	<u>-</u>	<u>1,960,588</u>	<u>5,214,681</u>
Total liabilities	<u>2,019,716</u>	<u>1,536,372</u>	<u>325,137</u>	<u>14,365</u>	<u>1,133,968</u>	<u>-</u>	<u>2,086,534</u>	<u>7,116,092</u>
<b>Deferred Inflows of Resources</b>								
Deferred amount relating to net OPEB liability	<u>14,544</u>	<u>12,471</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,015</u>
<b>Net Position</b>								
Net investment in capital assets	8,715,780	326,016	-	-	-	174,211	1,983,334	11,199,341
Unrestricted (deficit)	<u>2,787,094</u>	<u>(1,065,136)</u>	<u>1,850,916</u>	<u>21,970</u>	<u>5,786,372</u>	<u>172,211</u>	<u>(2,086,534)</u>	<u>7,466,893</u>
Total net position	<u>\$ 11,502,874</u>	<u>\$ (739,120)</u>	<u>\$ 1,850,916</u>	<u>\$ 21,970</u>	<u>\$ 5,786,372</u>	<u>\$ 346,422</u>	<u>\$ (103,200)</u>	<u>\$ 18,666,234</u>

**City of Bay City**  
**Other Supplementary Information**  
**Combining Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Internal Service Funds**  
**For the Year Ended June 30, 2020**

	Motor Equipment Revolving	Information Systems	Property/ Liability Self- Insurance	Site Remediation	Benefits Program	Security Cameras	DPW/Electric Building	Total
<b>Operating revenue</b>								
Charges for services	\$ 4,524,662	\$ 1,477,835	\$ 968,983	\$ -	\$ 11,967,537	\$ -	\$ -	\$ 18,939,017
Rental income	-	-	-	-	-	-	358,500	358,500
Other revenue	128,288	1,321	50,822	19,286	129,785	-	31,959	361,461
Total operating revenue	<u>4,652,950</u>	<u>1,479,156</u>	<u>1,019,805</u>	<u>19,286</u>	<u>12,097,322</u>	<u>-</u>	<u>390,459</u>	<u>19,658,978</u>
<b>Operating expenses</b>								
Administration	-	-	119,884	-	170,578	-	-	290,462
Cost of sales and service	956,425	1,135,270	-	140,615	26,660	-	174,388	2,433,358
Claims and benefits	-	-	678,981	-	11,274,582	-	-	11,953,563
Other expenses	-	-	-	-	3,287	-	1,850	5,137
Depreciation	908,055	131,969	-	-	-	10,446	70,529	1,120,999
Total operating expenses	<u>1,864,480</u>	<u>1,267,239</u>	<u>798,865</u>	<u>140,615</u>	<u>11,475,107</u>	<u>10,446</u>	<u>246,767</u>	<u>15,803,519</u>
Operating income (loss)	<u>2,788,470</u>	<u>211,917</u>	<u>220,940</u>	<u>(121,329)</u>	<u>622,215</u>	<u>(10,446)</u>	<u>143,692</u>	<u>3,855,459</u>
<b>Nonoperating revenue (expenses)</b>								
Investment income	39,320	3,221	11,124	206	67,449	2,055	-	123,375
Loss on disposal of assets	(45,750)	-	-	-	-	-	(246,408)	(292,158)
Interest expense	(21,241)	-	-	-	-	-	(17)	(21,258)
Total nonoperating revenues (expenses)	<u>(27,671)</u>	<u>3,221</u>	<u>11,124</u>	<u>206</u>	<u>67,449</u>	<u>2,055</u>	<u>(246,425)</u>	<u>(190,041)</u>
Income (loss) before transfers	2,760,799	215,138	232,064	(121,123)	689,664	(8,391)	(102,733)	3,665,418
Transfers in	29,713	110,978	-	140,000	-	-	-	280,691
Transfers out	-	-	-	-	(1,106,280)	-	-	(1,106,280)
Change in net position	2,790,512	326,116	232,064	18,877	(416,616)	(8,391)	(102,733)	2,839,829
Net position - beginning of year	<u>8,712,362</u>	<u>(1,065,236)</u>	<u>1,618,852</u>	<u>3,093</u>	<u>6,202,988</u>	<u>354,813</u>	<u>(467)</u>	<u>15,826,405</u>
Net position - end of year	\$ <u>11,502,874</u>	\$ <u>(739,120)</u>	\$ <u>1,850,916</u>	\$ <u>21,970</u>	\$ <u>5,786,372</u>	\$ <u>346,422</u>	\$ <u>(103,200)</u>	\$ <u>18,666,234</u>

**City of Bay City**  
**Other Supplementary Information**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended June 30, 2020**

	Motor Equipment Revolving	Information Systems	Property/ Liability Self- Insurance	Site Remediation	Benefits Program	Security Cameras	DPW/Electric Building	Total
<b>Cash flows from operating activities</b>								
Receipts from customers	\$ 128,288	\$ 1,254	\$ 51,395	\$ 7,315	\$ 132,523	\$ 198	\$ 34,339	\$ 355,312
Receipts from interfund users	4,547,059	1,477,835	787,455	-	12,032,584	-	358,500	19,203,433
Receipts from other funds	7,014	841	-	-	-	-	-	7,855
Payments to other funds	-	-	-	-	(40,091)	-	(209,034)	(249,125)
Payments to suppliers	(990,220)	(1,133,680)	(437,205)	(165,890)	(1,364,234)	(11,646)	-	(4,102,875)
Payments to employees	(1,257,959)	(257,210)	(119,884)	-	(11,435,330)	-	(176,238)	(13,246,621)
Net cash provided (used) by operating activities	<u>2,434,182</u>	<u>89,040</u>	<u>281,761</u>	<u>(158,575)</u>	<u>(674,548)</u>	<u>(11,448)</u>	<u>7,567</u>	<u>1,967,979</u>
<b>Cash flows from noncapital financing activities</b>								
Transfer from other funds	29,713	110,978	-	140,000	-	-	-	280,691
Transfers to other funds	-	-	-	-	(1,106,280)	-	-	(1,106,280)
Net cash provided (used) by noncapital financing activities	<u>29,713</u>	<u>110,978</u>	<u>-</u>	<u>140,000</u>	<u>(1,106,280)</u>	<u>-</u>	<u>-</u>	<u>(825,589)</u>
<b>Cash flows from capital and related financing activities</b>								
Purchases/construction of capital assets	(761,259)	(77,204)	-	-	-	-	(29,490)	(867,953)
Principal and interest paid on long-term debt	(87,000)	-	-	-	-	-	-	(87,000)
Proceeds from sale of capital assets	-	-	-	-	-	-	21,940	21,940
Net cash used by capital and related financing activities	<u>(848,259)</u>	<u>(77,204)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,550)</u>	<u>(933,013)</u>
<b>Cash flows from investing activities</b>								
Interest received (paid)	39,320	3,221	11,124	206	67,449	2,055	(17)	123,358
Net change in cash and cash equivalents	1,654,956	126,035	292,885	(18,369)	(1,713,379)	(9,393)	-	332,735
Cash and cash equivalents - beginning of year	<u>2,261,275</u>	<u>196,331</u>	<u>1,275,669</u>	<u>42,496</u>	<u>6,788,902</u>	<u>181,486</u>	<u>-</u>	<u>10,746,159</u>
Cash and cash equivalents - end of year	<u>\$ 3,916,231</u>	<u>\$ 322,366</u>	<u>\$ 1,568,554</u>	<u>\$ 24,127</u>	<u>\$ 5,075,523</u>	<u>\$ 172,093</u>	<u>\$ -</u>	<u>\$ 11,078,894</u>

**City of Bay City**  
**Other Supplementary Information**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended June 30, 2020**

	Motor Equipment Revolving	Information Systems	Property/ Liability Self- Insurance	Site Remediation	Benefits Program	Security Cameras	DPW/Electric Building	Total
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>								
Operating income (loss)	\$ 2,788,470	\$ 211,917	\$ 220,940	\$ (121,329)	\$ 622,215	\$ (10,446)	\$ 143,692	\$ 3,855,459
Adjustments to reconcile operating income (loss) to net cash from (used by) operating activities								
Depreciation and amortization expense	908,055	131,969	-	-	-	10,446	70,529	1,120,999
Changes in assets and liabilities								
Receivables (net)	573	(67)	573	(11,971)	2,738	80	11	(8,063)
Due from other units of government	21,824	-	-	-	-	-	-	21,824
Due from other funds	-	-	-	-	(39,934)	-	-	(39,934)
Deposits	-	-	(181,528)	-	65,047	-	-	(116,481)
Inventories	13,548	33,794	-	-	-	-	-	47,342
Prepaid items	-	-	-	-	(1,420,438)	-	-	(1,420,438)
Accounts payable	(52,079)	(34,490)	(4,800)	(25,275)	(16,958)	(11,528)	2,369	(142,761)
Accrued and other liabilities	8,555	2,286	-	-	469	-	-	11,310
Due to other funds	3,195	841	-	-	(157)	-	(209,034)	(205,155)
Due to other units of government	-	-	-	-	(3,805)	-	-	(3,805)
Claims payable	-	-	246,576	-	106,445	-	-	353,021
Net pension liability and related deferrals	(395,823)	22,936	-	-	-	-	-	(372,887)
Net OPEB liability and related deferrals	(888,675)	(304,071)	-	-	-	-	-	(1,192,746)
Compensated absences	26,539	23,925	-	-	9,830	-	-	60,294
Net cash provided (used) by operating activities	<u>\$ 2,434,182</u>	<u>\$ 89,040</u>	<u>\$ 281,761</u>	<u>\$ (158,575)</u>	<u>\$ (674,548)</u>	<u>\$ (11,448)</u>	<u>\$ 7,567</u>	<u>\$ 1,967,979</u>

**City of Bay City**  
**Other Supplementary Information**  
**Combining Statement of Fiduciary Net Position**  
**Pension and Other Postemployment Benefits Trust Funds**  
**June 30, 2020**

	Police & Fire Pension Trust Fund	Health Care Trust Fund	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 1,389,569	\$ 842,141	\$ 2,231,710
Investments, at fair value			
Fixed income	7,834,470	-	7,834,470
Equities	21,070,846	24,654,139	45,724,985
Other investments	18,669,804	-	18,669,804
Accounts receivable	75,548	-	75,548
Interest receivable	59,914	11,592	71,506
Total assets	<u>49,100,151</u>	<u>25,507,872</u>	<u>74,608,023</u>
<b>Liabilities</b>			
Accounts payable	<u>80,837</u>	<u>4,375</u>	<u>85,212</u>
<b>Net Position</b>			
Restricted for employees' pension benefits	49,019,314	-	49,019,314
Restricted for postemployment health care benefits	-	25,503,497	25,503,497
Total net position	<u>\$ 49,019,314</u>	<u>\$ 25,503,497</u>	<u>\$ 74,522,811</u>

**City of Bay City**  
**Other Supplementary Information**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Pension and Other Postemployment Benefits Trust Funds**  
**For the Year Ended June 30, 2020**

	Police & Fire Pension Trust Fund	Health Care Trust Fund	Total
<b>Additions</b>			
Contributions			
Employer	\$ 1,528,480	\$ 6,100,003	\$ 7,628,483
Plan members	471,350	276,468	747,818
Total contributions	<u>1,999,830</u>	<u>6,376,471</u>	<u>8,376,301</u>
Investment income			
Interest and dividends	1,314,136	1,867,248	3,181,384
Net depreciation in fair value of investments	(135,818)	(2,374)	(138,192)
Investment expense	(189,150)	-	(189,150)
Net investment income	<u>989,168</u>	<u>1,864,874</u>	<u>2,854,042</u>
Total additions	<u>2,988,998</u>	<u>8,241,345</u>	<u>11,230,343</u>
<b>Deductions</b>			
Retiree healthcare premiums payments	-	4,775,049	4,775,049
Benefits and refunds paid to participants	7,383,170	11,250	7,394,420
Administrative expenses	148,215	63,396	211,611
Total deductions	<u>7,531,385</u>	<u>4,849,695</u>	<u>12,381,080</u>
Change in net position	(4,542,387)	3,391,650	(1,150,737)
Net position - beginning of year	<u>53,561,701</u>	<u>22,111,847</u>	<u>75,673,548</u>
Net position - end of year	<u>\$ 49,019,314</u>	<u>\$ 25,503,497</u>	<u>\$ 74,522,811</u>

**City of Bay City**  
**Other Supplementary Information**  
**Combining Statement of Assets and Liabilities**  
**Agency Funds**  
**June 30, 2020**

	Trust and Agency	Current Tax Collection	Imprest Payroll	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 191,707	\$ 162,628	\$ 36,234	\$ 390,569
Due from others	-	-	727,216	727,216
Total assets	<u>\$ 191,707</u>	<u>\$ 162,628</u>	<u>\$ 763,450</u>	<u>\$ 1,117,785</u>
<b>Liabilities</b>				
Due to others	\$ 189,331	\$ 162,628	\$ 694,722	\$ 1,046,681
Due to other units of government	-	-	68,728	68,728
Deposits payable	2,376	-	-	2,376
Total liabilities	<u>\$ 191,707</u>	<u>\$ 162,628</u>	<u>\$ 763,450</u>	<u>\$ 1,117,785</u>

**City of Bay City**  
**Other Supplementary Information**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Year Ended June 30, 2020**

	Beginning Balance	Additions	Deductions	Ending Balance
<b>Trust and Agency Fund</b>				
Assets				
Cash and cash equivalents	\$ 3,374	\$ 265,212	\$ 76,879	\$ 191,707
Liabilities				
Due to others	\$ 108	\$ 455,280	\$ 266,057	\$ 189,331
Deposits	3,266	1,290	2,180	2,376
Total Liabilities	<u>\$ 3,374</u>	<u>\$ 456,570</u>	<u>\$ 268,237</u>	<u>\$ 191,707</u>
<b>Current Tax Collection Fund</b>				
Assets				
Cash and cash equivalents	\$ 26	\$ 29,300,286	\$ 29,137,684	\$ 162,628
Liabilities				
Due to others	\$ 26	\$ 20,546,201	\$ 20,383,599	\$ 162,628
Due to other units of government	-	9,172,811	9,172,811	-
Total Liabilities	<u>\$ 26</u>	<u>\$ 29,719,012</u>	<u>\$ 29,556,410</u>	<u>\$ 162,628</u>

**City of Bay City**  
**Other Supplementary Information**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Year Ended June 30, 2020**

	Beginning Balance	Additions	Deductions	Ending Balance
<b>Imprest Payroll Fund</b>				
Assets				
Cash and cash equivalents	\$ 48,012	\$ 32,529,314	\$ 32,541,092	\$ 36,234
Due from others	551,156	728,076	552,016	727,216
<b>Total Assets</b>	<b>\$ 599,168</b>	<b>\$ 33,257,390</b>	<b>\$ 33,093,108</b>	<b>\$ 763,450</b>
Liabilities				
Due to others	\$ 524,827	\$ 8,406,249	\$ 8,236,354	\$ 694,722
Due to other units of government	74,341	4,158,602	4,164,215	68,728
<b>Total Liabilities</b>	<b>\$ 599,168</b>	<b>\$ 12,564,851</b>	<b>\$ 12,400,569</b>	<b>\$ 763,450</b>
<b>Total - All Agency Funds</b>				
Assets				
Cash and cash equivalents	\$ 51,412	\$ 62,094,812	\$ 61,755,655	\$ 390,569
Due from others	551,156	728,076	552,016	727,216
<b>Total Assets</b>	<b>\$ 602,568</b>	<b>\$ 62,822,888</b>	<b>\$ 62,307,671</b>	<b>\$ 1,117,785</b>
Liabilities				
Due to others	\$ 524,961	\$ 29,407,730	\$ 28,886,010	\$ 1,046,681
Due to other units of government	74,341	13,331,413	13,337,026	68,728
Deposits	3,266	1,290	2,180	2,376
<b>Total Liabilities</b>	<b>\$ 602,568</b>	<b>\$ 42,740,433</b>	<b>\$ 42,225,216</b>	<b>\$ 1,117,785</b>

**City of Bay City**  
**Other Supplementary Information**  
**Statement of Net Position and Governmental Fund Balance Sheet**  
**Component Units**  
**June 30, 2020**

	Downtown Development Authority			Midland Street TIFA			Kresge's DDA		
	Balance Sheet	Adjustments	Statement of Net Position	Balance Sheet	Adjustments	Statement of Net Position	Balance Sheet	Adjustments	Statement of Net Position
<b>Assets</b>									
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 132,749	\$ -	\$ 132,749	\$ 366	\$ -	\$ 366
Equity in pooled cash and investments	-	-	-	-	-	-	-	-	-
Receivables:									
Taxes, net	987	-	987	-	-	-	-	-	-
Customers	81,619	-	81,619	-	-	-	-	-	-
Accrued interest and other	-	-	-	66	-	66	-	-	-
Due from other units of government	-	-	-	-	-	-	-	-	-
Capital assets not being depreciated	-	-	-	-	24,000	24,000	-	-	-
Capital assets being depreciated, net	-	95,789	95,789	-	871,497	871,497	-	12,258	12,258
Total assets	<u>82,606</u>	<u>95,789</u>	<u>178,395</u>	<u>132,815</u>	<u>895,497</u>	<u>1,028,312</u>	<u>366</u>	<u>12,258</u>	<u>12,624</u>
<b>Deferred outflows of resources</b>									
Deferred loss on refunding	-	-	-	-	36,589	36,589	-	-	-
Deferred amount on special assessments	-	915	915	-	-	-	-	-	-
Total deferred outflows of resources	<u>-</u>	<u>915</u>	<u>915</u>	<u>-</u>	<u>36,589</u>	<u>36,589</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 82,606</u>	<u>96,704</u>	<u>179,310</u>	<u>\$ 132,815</u>	<u>932,086</u>	<u>1,064,901</u>	<u>\$ 366</u>	<u>12,258</u>	<u>12,624</u>
<b>Liabilities</b>									
Accounts payable	\$ 6,506	\$ -	\$ 6,506	\$ 350	\$ -	\$ 350	\$ -	\$ -	\$ -
Accrued and other liabilities	-	-	-	-	4,659	4,659	-	-	-
Due to other units of government	21,535	-	21,535	-	-	-	-	-	-
Long-term debt:									
Compensated absences, current	-	-	-	-	-	-	-	-	-
Compensated absences, net of current portion	-	-	-	-	-	-	-	-	-
Due within one year	-	-	-	-	60,314	60,314	-	-	-
Due in more than one year	-	-	-	-	694,378	694,378	-	-	-
Total liabilities	<u>28,041</u>	<u>-</u>	<u>28,041</u>	<u>350</u>	<u>759,351</u>	<u>759,701</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Deferred inflows of resources</b>									
Unavailable revenue - delinquent property taxes	35,989	(35,989)	-	-	-	-	-	-	-
Total liabilities and deferred inflows of resources	<u>64,030</u>	<u>(35,989)</u>	<u>28,041</u>	<u>350</u>	<u>759,351</u>	<u>759,701</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance</b>									
Committed for community and economic development	-	-	-	-	-	-	-	-	-
Unassigned	18,576	(18,576)	-	132,465	(132,465)	-	366	(366)	-
Total fund balances	<u>18,576</u>	<u>(18,576)</u>	<u>-</u>	<u>132,465</u>	<u>(132,465)</u>	<u>-</u>	<u>366</u>	<u>(366)</u>	<u>-</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 82,606</u>			<u>\$ 132,815</u>			<u>\$ 366</u>		
<b>Net Position</b>									
Net investment in capital assets		95,789	95,789		177,394	177,394		12,258	12,258
Unrestricted (deficit)		55,480	55,480		127,806	127,806		366	366
Total net position		<u>\$ 151,269</u>	<u>\$ 151,269</u>		<u>\$ 305,200</u>	<u>\$ 305,200</u>		<u>\$ 12,624</u>	<u>\$ 12,624</u>

**City of Bay City**  
**Other Supplementary Information**  
**Statement of Net Position and Governmental Fund Balance Sheet**  
**Component Units**  
**June 30, 2020**

	Marquette District TIFA			Water Street DDA			Marina Development TIFA		
	Balance Sheet	Adjustments	Statement of Net Position	Balance Sheet	Adjustments	Statement of Net Position	Balance Sheet	Adjustments	Statement of Net Position
<b>Assets</b>									
Cash and cash equivalents	\$ 2,747,649	\$ -	\$ 2,747,649	\$ 91,060	\$ -	\$ 91,060	\$ -	\$ -	\$ -
Equity in pooled cash and investments	-	-	-	-	-	-	-	-	-
Receivables:									
Taxes, net	-	-	-	-	-	-	-	-	-
Customers	-	-	-	-	-	-	-	-	-
Accrued interest and other	1,772	-	1,772	-	-	-	-	-	-
Due from other units of government	-	-	-	-	-	-	-	-	-
Capital assets not being depreciated	-	30,136	30,136	-	-	-	-	-	-
Capital assets being depreciated, net	-	656,247	656,247	-	1,082,578	1,082,578	-	299,270	299,270
Total assets	<u>2,749,421</u>	<u>686,383</u>	<u>3,435,804</u>	<u>91,060</u>	<u>1,082,578</u>	<u>1,173,638</u>	<u>-</u>	<u>299,270</u>	<u>299,270</u>
<b>Deferred outflows of resources</b>									
Deferred loss on refunding	-	-	-	-	-	-	-	-	-
Deferred amount on special assessments	-	-	-	-	-	-	-	-	-
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 2,749,421</u>	<u>686,383</u>	<u>3,435,804</u>	<u>\$ 91,060</u>	<u>1,082,578</u>	<u>1,173,638</u>	<u>\$ -</u>	<u>299,270</u>	<u>299,270</u>
<b>Liabilities</b>									
Accounts payable	\$ 5,981	\$ -	\$ 5,981	\$ 10,000	\$ -	\$ 10,000	\$ -	\$ -	\$ -
Accrued and other liabilities	1,901	-	1,901	-	11,853	11,853	-	-	-
Due to other units of government	-	-	-	-	-	-	-	-	-
Long-term debt:									
Compensated absences, current	-	5,244	5,244	-	-	-	-	-	-
Compensated absences, net	-	3,208	3,208	-	-	-	-	-	-
Due within one year	-	-	-	-	195,041	195,041	-	-	-
Due in more than one year	-	-	-	-	1,185,164	1,185,164	-	-	-
Total liabilities	<u>7,882</u>	<u>8,452</u>	<u>16,334</u>	<u>10,000</u>	<u>1,392,058</u>	<u>1,402,058</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Deferred inflows of resources</b>									
Unavailable revenue - delinquent property taxes	-	-	-	-	-	-	-	-	-
Total liabilities and deferred inflows of resources	<u>7,882</u>	<u>8,452</u>	<u>16,334</u>	<u>10,000</u>	<u>1,392,058</u>	<u>1,402,058</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance</b>									
Committed for community and economic development	-	-	-	-	-	-	-	-	-
Unassigned	2,741,539	(2,741,539)	-	81,060	(81,060)	-	-	-	-
Total fund balances	<u>2,741,539</u>	<u>(2,741,539)</u>	<u>-</u>	<u>81,060</u>	<u>(81,060)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 2,749,421</u>			<u>\$ 91,060</u>			<u>\$ -</u>		
<b>Net Position</b>									
Net investment in capital assets		686,383	686,383		1,082,578	1,082,578		299,270	299,270
Unrestricted (deficit)		2,733,087	2,733,087		(1,310,998)	(1,310,998)		-	-
Total net position		<u>\$ 3,419,470</u>	<u>\$ 3,419,470</u>		<u>\$ (228,420)</u>	<u>\$ (228,420)</u>		<u>\$ 299,270</u>	<u>\$ 299,270</u>

**City of Bay City**  
**Other Supplementary Information**  
**Statement of Net Position and Governmental Fund Balance Sheet**  
**Component Units**  
**June 30, 2020**

	Knepp's DDA			Brownfield Redevelopment Authority		
	Balance Sheet	Adjustments	Statement of Net Position	Balance Sheet	Adjustments	Statement of Net Position
<b>Assets</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 11,734,618	\$ -	\$ 11,734,618
Equity in pooled cash and investments	-	-	-	105,348	-	105,348
Receivables:						
Taxes, net	-	-	-	-	-	-
Customers	-	-	-	-	-	-
Accrued interest and other	-	-	-	4,140	-	4,140
Due from other units of government	-	-	-	12,592	-	12,592
Capital assets not being depreciated	-	-	-	-	5,655,176	5,655,176
Capital assets being depreciated, net	-	114,636	114,636	-	6,251,845	6,251,845
Total assets	<u>-</u>	<u>114,636</u>	<u>114,636</u>	<u>11,856,698</u>	<u>11,907,021</u>	<u>23,763,719</u>
<b>Deferred outflows of resources</b>						
Deferred loss on refunding	-	-	-	-	1,819,376	1,819,376
Deferred amount on special assessments	-	-	-	-	-	-
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,819,376</u>	<u>1,819,376</u>
Total assets and deferred outflows of resources	<u>\$ -</u>	<u>114,636</u>	<u>114,636</u>	<u>\$ 11,856,698</u>	<u>13,726,397</u>	<u>25,583,095</u>
<b>Liabilities</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ 627,575	\$ -	\$ 627,575
Accrued and other liabilities	-	-	-	-	71,728	71,728
Due to other units of government	-	-	-	12,722	-	12,722
Long-term debt:						
Compensated absences, current	-	-	-	-	3,691	3,691
Compensated absences, net	-	-	-	-	-	-
Due within one year	-	-	-	-	308,023	308,023
Due in more than one year	-	-	-	-	24,499,924	24,499,924
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>640,297</u>	<u>24,883,366</u>	<u>25,523,663</u>
<b>Deferred inflows of resources</b>						
Unavailable revenue - delinquent property taxes	-	-	-	-	-	-
Total liabilities and deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>640,297</u>	<u>24,883,366</u>	<u>25,523,663</u>
<b>Fund Balance</b>						
Committed for community and economic development	-	-	-	10,851,480	(10,851,480)	-
Unassigned	-	-	-	364,921	(364,921)	-
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,216,401</u>	<u>(11,216,401)</u>	<u>-</u>
Total liabilities, deferred inflows and fund balances	<u>\$ -</u>			<u>\$ 11,856,698</u>		
<b>Net Position</b>						
Net investment in capital assets		114,636	114,636		(2,303,427)	(2,303,427)
Unrestricted (deficit)		<u>-</u>	<u>-</u>		<u>2,362,859</u>	<u>2,362,859</u>
Total net position		<u>\$ 114,636</u>	<u>\$ 114,636</u>		<u>\$ 59,432</u>	<u>\$ 59,432</u>

**City of Bay City**  
**Other Supplementary Information**  
**Statement of Activities and Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2020**

	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>						
Tax increment	\$ -	\$ -	\$ -	\$ 80,501	\$ -	\$ 80,501
Special assessments	69,155	35,989	105,144	-	-	-
Other state grants	-	-	-	14,331	-	14,331
Charges for services	-	-	-	-	-	-
Investment income	-	-	-	1,171	-	1,171
Rental income	84,343	-	84,343	-	-	-
Other revenue	295	-	295	-	-	-
Total revenues	153,793	35,989	189,782	96,003	-	96,003
<b>Expenditures</b>						
Current						
Economic development	144,623	-	144,623	6,558	2,760	9,318
Depreciation	-	6,101	6,101	-	79,398	79,398
Debt service						
Principal retirement	-	-	-	57,221	(57,221)	-
Interest and fiscal charges	-	-	-	19,767	-	19,767
Total expenditures / expense	144,623	6,101	150,724	83,546	24,937	108,483
Excess (deficiency) of revenues over expenditures / expense	9,170	29,888	39,058	12,457	(24,937)	(12,480)
Fund balance / net position - beginning of year	9,406	102,805	112,211	120,008	197,672	317,680
Fund balance / net position - end of year	\$ 18,576	\$ 132,693	\$ 151,269	\$ 132,465	\$ 172,735	\$ 305,200

**City of Bay City**  
**Other Supplementary Information**  
**Statement of Activities and Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2020**

	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
<b>Revenues</b>						
Tax increment	\$ -	\$ -	\$ -	\$ 133,917	\$ -	\$ 133,917
Special assessments	-	-	-	-	-	-
Other state grants	-	-	-	215,668	-	215,668
Charges for services	-	-	-	2,033	-	2,033
Investment (loss)	-	-	-	31,675	-	31,675
Rental income	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Total revenues	-	-	-	383,293	-	383,293
<b>Expenditures</b>						
Current						
Economic development	243	-	243	83,784	424	84,208
Depreciation	-	912	912	-	107,147	107,147
Debt service						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures / expense	243	912	1,155	83,784	107,571	191,355
Excess (deficiency) of revenues over expenditures / expense	(243)	(912)	(1,155)	299,509	(107,571)	191,938
Fund balance / net position - beginning of year	609	13,170	13,779	2,442,030	785,502	3,227,532
Fund balance / net position - end of year	\$ 366	\$ 12,258	\$ 12,624	\$ 2,741,539	\$ 677,931	\$ 3,419,470

**City of Bay City**  
**Other Supplementary Information**  
**Statement of Activities and Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2020**

	Water Street DDA			Marina Development TIFA			Knepp's DDA		
	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	Statement of Revenues, Expenditures and Changes in Fund Balance	Adjustments	Statement of Activities
<b>Revenues</b>									
Tax increment	\$ 295,824	\$ -	\$ 295,824	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other state grants	15,656	-	15,656	-	-	-	-	-	-
Other revenue	10,314	-	10,314	-	-	-	-	-	-
Total revenues	<u>321,794</u>	<u>-</u>	<u>321,794</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures</b>									
Current									
Community and economic development	39,229	-	39,229	-	-	-	-	-	-
Depreciation	-	134,042	134,042	-	18,745	18,745	-	3,599	3,599
Capital outlay	-	1,300	1,300	-	-	-	-	-	-
Debt service									
Principal retirement	160,000	(160,000)	-	-	-	-	-	-	-
Interest and fiscal charges	50,610	(10,841)	39,769	-	-	-	-	-	-
Total expenditures / expense	<u>249,839</u>	<u>(35,499)</u>	<u>214,340</u>	<u>-</u>	<u>18,745</u>	<u>18,745</u>	<u>-</u>	<u>3,599</u>	<u>3,599</u>
Excess (deficiency) of revenues over expenditures / expenses	71,955	35,499	107,454	-	(18,745)	(18,745)	-	(3,599)	(3,599)
Fund balance (deficit) / net position - beginning of year	<u>9,105</u>	<u>(344,979)</u>	<u>(335,874)</u>	<u>-</u>	<u>318,015</u>	<u>318,015</u>	<u>-</u>	<u>118,235</u>	<u>118,235</u>
Fund balance (deficit) / net position - end of year	<u>\$ 81,060</u>	<u>\$ (309,480)</u>	<u>\$ (228,420)</u>	<u>\$ -</u>	<u>\$ 299,270</u>	<u>\$ 299,270</u>	<u>\$ -</u>	<u>\$ 114,636</u>	<u>\$ 114,636</u>

**City of Bay City**  
**Other Supplementary Information**  
**Statement of Activities and Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2020**

	Brownfield Redevelopment Authority		
	Statement of Revenues, Expenditures and Changes in Fund Balance	Adjustments	Statement of Activities
<b>Revenues</b>			
Tax increment	\$ 1,666,593	\$ -	\$ 1,666,593
Other state grants	45,514	-	45,514
Charges for services	35,165	-	35,165
Investment income	73,509	-	73,509
Issuance of debt	16,980,000	(16,980,000)	-
Premium on issuance of debt	1,003,021	(1,003,021)	-
Transfers in	-	-	-
Total revenues	<u>19,803,802</u>	<u>(17,983,021)</u>	<u>1,820,781</u>
<b>Expenditures</b>			
Current			
Economic development	927,808	182	927,990
Depreciation	-	404,758	404,758
Capital outlay	2,378,097	(2,378,097)	-
Debt service			
Principal retirement	45,000	(45,000)	-
Interest and fiscal charges	774,244	(115,461)	658,783
Bond issuance costs	359,961	-	359,961
Payment to refunded bond escrow agent	10,617,396	(10,617,396)	-
Total expenditures / expenses	<u>15,102,506</u>	<u>(12,751,014)</u>	<u>2,351,492</u>
Excess (deficiency) of revenues over expenditures / expenses	4,701,296	(5,232,007)	(530,711)
Fund balance / net position (deficit) - beginning of year	<u>6,515,105</u>	<u>(5,924,962)</u>	<u>590,143</u>
Fund balance / net position (deficit) - end of year	<u>\$ 11,216,401</u>	<u>\$ (11,156,969)</u>	<u>\$ 59,432</u>

**City of Bay City**  
**Other Supplementary Information**  
**Combining Balance Sheet**  
**Brownfield Redevelopment Authority Component Unit**  
**June 30, 2020**

	Brownfield Redevelopment General Fund	Local Site Remediation Revolving Fund	Uptown Capital Project Fund	Uptown Debt Service Fund	Total Brownfield Redevelopment
<b>Assets</b>					
Cash and cash equivalents	\$ 375,383	\$ 770,579	\$ 10,588,656	\$ -	\$ 11,734,618
Equity in pooled cash and investments	-	-	105,348	-	105,348
Accrued interest and other	309	501	3,330	-	4,140
Due from other units of government	12,592	-	-	-	12,592
Total assets	<u>\$ 388,284</u>	<u>\$ 771,080</u>	<u>\$ 10,697,334</u>	<u>\$ -</u>	<u>\$ 11,856,698</u>
<b>Liabilities</b>					
Accounts payable	\$ 10,641	\$ -	\$ 616,934	\$ -	\$ 627,575
Due to other units of government	12,722	-	-	-	12,722
Total liabilities	<u>23,363</u>	<u>-</u>	<u>616,934</u>	<u>-</u>	<u>640,297</u>
<b>Fund Balances</b>					
Committed	-	771,080	10,080,400	-	10,851,480
Unassigned	364,921	-	-	-	364,921
Total fund balances	<u>364,921</u>	<u>771,080</u>	<u>10,080,400</u>	<u>-</u>	<u>11,216,401</u>
Total liabilities and fund balance	<u>\$ 388,284</u>	<u>\$ 771,080</u>	<u>\$ 10,697,334</u>	<u>\$ -</u>	<u>\$ 11,856,698</u>

**City of Bay City**  
**Other Supplementary Information**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Brownfield Redevelopment Authority Component Unit**  
**For the Year Ended June 30, 2020**

	Brownfield Redevelopment General Fund	Local Site Remediation Revolving Fund	Uptown Capital Project Fund	Uptown Debt Service Fund	Eliminations	Total Brownfield Redevelopment
<b>Revenues</b>						
Tax increment	\$ 82,360	\$ -	\$ 1,584,233	\$ -	\$ -	\$ 1,666,593
Other state grants	45,514	-	-	-	-	45,514
Charges for services	1,254	33,911	-	-	-	35,165
Investment income (loss)	4,087	9,925	59,497	-	-	73,509
Issuance of debt	-	-	16,980,000	-	-	16,980,000
Premium on issuance of debt	-	-	1,003,021	-	-	1,003,021
Transfers in	83,392	-	-	819,244	(902,636)	-
Total revenues	<u>216,607</u>	<u>43,836</u>	<u>19,626,751</u>	<u>819,244</u>	<u>(902,636)</u>	<u>19,803,802</u>
<b>Expenditures</b>						
Current						
Economic development	303,641	-	624,167	-	-	927,808
Capital outlay	-	-	2,378,097	-	-	2,378,097
Debt service						
Principal retirement	-	-	-	45,000	-	45,000
Interest and fiscal charges	-	-	-	774,244	-	774,244
Bond issuance costs	-	-	359,961	-	-	359,961
Payment to refunded bond escrow agent	-	-	10,617,396	-	-	10,617,396
Transfers out	-	-	902,636	-	(902,636)	-
Total expenditures	<u>303,641</u>	<u>-</u>	<u>14,882,257</u>	<u>819,244</u>	<u>(902,636)</u>	<u>15,102,506</u>
Excess (deficiency) of revenues over expenditures	(87,034)	43,836	4,744,494	-	-	4,701,296
Fund balance - beginning of year	<u>451,955</u>	<u>727,244</u>	<u>5,335,906</u>	<u>-</u>	<u>-</u>	<u>6,515,105</u>
Fund balance - end of year	<u>\$ 364,921</u>	<u>\$ 771,080</u>	<u>\$ 10,080,400</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,216,401</u>

**City of Bay City**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Governmental activities</b>										
Net investment in capital assets	\$ 59,245,396	\$ 69,853,228	\$ 70,001,070	\$ 70,245,428	\$ 69,057,762	\$ 68,753,612	\$ 68,308,363	\$ 73,233,603	\$ 73,577,871	\$ 73,890,773
Restricted	1,758,988	1,746,583	34,813	11,226,225	10,827,652	9,654,415	7,372,266	6,299,674	8,202,910	8,747,777
Unrestricted (deficit)	<u>10,271,923</u>	<u>(1,970,352)</u>	<u>(3,777,530)</u>	<u>(16,042,766)</u>	<u>(33,884,105)</u>	<u>(33,637,328)</u>	<u>(35,096,237)</u>	<u>(83,286,382)</u>	<u>(69,091,296)</u>	<u>(61,658,982)</u>
<b>Total governmental activities net position</b>	<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>	<u>\$ 40,584,392</u>	<u>\$ (3,753,105)</u>	<u>\$ 12,689,485</u>	<u>\$ 20,979,568</u>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 84,043,144	\$ 87,016,755	\$ 91,958,470	\$ 85,045,532	\$ 94,808,608	\$ 81,173,544	\$ 79,855,097	\$ 83,131,894	\$ 84,849,619	\$ 87,757,785
Restricted	11,901,344	10,898,600	8,569,445	9,869,290	2,083,275	2,042,275	1,999,775	955,275	955,275	955,275
Unrestricted	<u>33,221,986</u>	<u>34,339,690</u>	<u>33,321,454</u>	<u>43,486,135</u>	<u>20,431,532</u>	<u>24,615,784</u>	<u>32,730,757</u>	<u>(269,194)</u>	<u>20,241,939</u>	<u>36,341,061</u>
<b>Total business-type activities net position</b>	<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>	<u>\$ 114,585,629</u>	<u>\$ 83,817,975</u>	<u>\$ 106,046,833</u>	<u>\$ 125,054,121</u>
<b>Primary government</b>										
Net investment in capital assets	\$ 143,288,540	\$ 156,869,983	\$ 161,959,540	\$ 155,290,960	\$ 163,866,370	\$ 149,927,156	\$ 148,163,460	\$ 156,365,497	\$ 158,427,490	\$ 161,648,558
Restricted	13,660,332	12,645,183	8,604,258	21,095,515	12,910,927	11,696,690	9,372,041	7,254,949	9,158,185	9,703,052
Unrestricted (deficit)	<u>43,493,909</u>	<u>32,369,338</u>	<u>29,543,924</u>	<u>27,443,369</u>	<u>(13,452,573)</u>	<u>(9,021,544)</u>	<u>(2,365,480)</u>	<u>(83,555,576)</u>	<u>(48,849,357)</u>	<u>(25,317,921)</u>
<b>Total primary government net position</b>	<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>	<u>\$ 155,170,021</u>	<u>\$ 80,064,870</u>	<u>\$ 118,736,318</u>	<u>\$ 146,033,689</u>

**City of Bay City**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
**(amounts expressed in thousands)**

	June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Expenses</b>										
Governmental activities:										
Public safety	\$ 12,115	\$ 12,606	\$ 13,499	\$ 11,533	\$ 12,829	\$ 13,159	\$ 16,214	\$ 15,129	\$ 6,173	\$ 8,654
Community and economic development	2,408	2,833	3,581	1,962	2,082	3,265	1,188	1,340	712	459
Public works	13,836	12,083	9,863	10,232	10,629	9,948	10,375	9,625	9,004	12,115
General government	1,098	982	1,516	2,214	1,129	875	1,581	587	831	(35)
Recreation and culture	783	924	1,092	1,094	1,262	1,097	1,177	1,058	(33)	936
Interest on long-term debt	1,195	1,283	1,160	1,038	1,082	965	853	758	558	402
<b>Total governmental activities expenses</b>	<b>31,435</b>	<b>30,711</b>	<b>30,711</b>	<b>28,073</b>	<b>29,013</b>	<b>29,308</b>	<b>31,388</b>	<b>28,497</b>	<b>17,245</b>	<b>22,531</b>
Business-type activities:										
Electric	30,285	32,375	33,545	34,456	32,047	34,498	33,632	32,432	27,433	28,961
Water	8,193	9,077	9,215	8,929	11,160	10,279	8,267	8,792	5,883	7,782
Sewer	11,909	11,748	11,612	11,352	11,224	12,948	12,566	11,535	5,001	5,730
Public works	558	590	604	593	605	768	668	696	649	699
<b>Total business-type activities expenses</b>	<b>50,945</b>	<b>53,790</b>	<b>54,976</b>	<b>55,330</b>	<b>55,035</b>	<b>58,493</b>	<b>55,133</b>	<b>53,455</b>	<b>38,966</b>	<b>43,172</b>
<b>Total primary government expenses</b>	<b>\$ 82,380</b>	<b>\$ 84,501</b>	<b>\$ 85,687</b>	<b>\$ 83,403</b>	<b>\$ 84,048</b>	<b>\$ 87,801</b>	<b>\$ 86,521</b>	<b>\$ 81,952</b>	<b>\$ 56,211</b>	<b>\$ 65,703</b>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services										
Public safety	\$ 922	\$ 845	\$ 914	\$ 886	\$ 1,193	\$ 1,017	\$ 928	\$ 1,446	\$ 1,441	\$ 1,125
General government	940	837	815	547	751	1,048	736	620	808	1,991
Public works	2,049	2,528	2,112	2,267	2,009	2,064	2,135	2,527	2,792	3,069
Recreation and culture	59	67	120	52	56	91	62	68	30	70
Other	(141)	50	485	275	9	4	4	4	4	4
Operating grants and contributions	5,589	7,967	4,757	4,540	6,194	6,096	6,110	8,401	8,791	6,312
Capital grants and contributions	1,484	171	1,303	1,403	486	13	7	2,923	145	-
<b>Total governmental activities program revenues</b>	<b>10,902</b>	<b>12,465</b>	<b>10,506</b>	<b>9,970</b>	<b>10,699</b>	<b>10,333</b>	<b>9,982</b>	<b>15,989</b>	<b>14,011</b>	<b>12,571</b>
Business-type activities:										
Charges for services										
Electric	32,263	32,240	32,933	34,367	35,175	35,417	38,148	35,910	37,876	37,528
Water	8,928	9,501	9,394	11,195	10,179	7,093	8,996	8,310	8,644	8,319
Sewer	14,715	13,667	13,421	13,451	13,106	12,924	13,430	12,814	12,958	12,966
Public works	231	220	220	321	299	337	339	361	348	339
Operating grants and contributions	128	359	397	30	291	207	30	4	148	191
Capital grants and contributions	-	-	-	-	-	-	-	5,565	-	896
<b>Total business-type activities program revenues</b>	<b>56,265</b>	<b>55,987</b>	<b>56,365</b>	<b>59,364</b>	<b>59,050</b>	<b>55,980</b>	<b>60,943</b>	<b>62,964</b>	<b>59,974</b>	<b>60,239</b>
<b>Total primary government program revenues</b>	<b>\$ 67,167</b>	<b>\$ 68,452</b>	<b>\$ 66,871</b>	<b>\$ 69,334</b>	<b>\$ 69,749</b>	<b>\$ 66,313</b>	<b>\$ 70,925</b>	<b>\$ 78,953</b>	<b>\$ 73,985</b>	<b>\$ 72,810</b>
<b>Net (expense)/revenue</b>										
Governmental activities	\$ (20,533)	\$ (18,246)	\$ (20,205)	\$ (18,103)	\$ (18,314)	\$ (18,975)	\$ (21,406)	\$ (12,508)	\$ (3,234)	\$ (9,960)
Business-type activities	5,320	2,197	1,389	4,034	4,015	(2,513)	5,810	9,509	21,008	17,067
<b>Total primary government net expense</b>	<b>\$ (15,213)</b>	<b>\$ (16,049)</b>	<b>\$ (18,816)</b>	<b>\$ (14,069)</b>	<b>\$ (14,299)</b>	<b>\$ (21,488)</b>	<b>\$ (15,596)</b>	<b>\$ (2,999)</b>	<b>\$ 17,774</b>	<b>\$ 7,107</b>

**City of Bay City**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
**(amounts expressed in thousands)**

	June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes	\$ 12,728	\$ 12,357	\$ 12,379	\$ 12,389	\$ 12,288	\$ 12,559	\$ 12,539	\$ 13,592	\$ 14,420	\$ 13,974
Unrestricted grants and contributions	4,614	3,904	4,113	4,158	4,256	4,244	4,410	4,458	4,676	4,395
Investment earnings	114	182	103	171	62	66	72	187	412	287
Gain on sale of capital assets	-	-	-	5	-	-	28	136	37	63
Miscellaneous	655	766	241	590	143	587	129	48	57	152
Transfers	(125)	(610)	(41)	(39)	(109)	288	42	91	73	(621)
<b>Total governmental activities</b>	<b>17,986</b>	<b>16,599</b>	<b>16,795</b>	<b>17,274</b>	<b>16,642</b>	<b>17,744</b>	<b>17,220</b>	<b>18,512</b>	<b>19,675</b>	<b>18,250</b>
Business-type activities:										
Investment earnings	152	213		256	128	130	144	354	839	681
Miscellaneous	59	69	208	223	364	855	842	243	456	638
Transfers	125	610	41	39	109	(288)	(42)	(90)	(73)	621
Special item - loss on disposal	-	-	-	-	-	(7,676)	-	-	-	-
<b>Total business-type activities</b>	<b>336</b>	<b>892</b>	<b>249</b>	<b>518</b>	<b>601</b>	<b>(6,979)</b>	<b>944</b>	<b>507</b>	<b>1,222</b>	<b>1,940</b>
<b>Total primary government</b>	<b>\$ 18,322</b>	<b>\$ 17,491</b>	<b>\$ 17,044</b>	<b>\$ 17,792</b>	<b>\$ 17,243</b>	<b>\$ 10,766</b>	<b>\$ 18,164</b>	<b>\$ 19,019</b>	<b>\$ 20,897</b>	<b>\$ 20,190</b>
<b>Change in Net Position</b>										
Governmental activities	\$ (2,547)	\$ (1,647)	\$ (3,411)	\$ (830)	\$ (1,675)	\$ (1,231)	\$ (4,186)	\$ 6,004	\$ 16,441	\$ 8,290
Business-type activities	5,656	3,089	1,638	4,552	4,615	(9,492)	6,754	10,016	22,230	19,007
<b>Total primary government</b>	<b>\$ 3,109</b>	<b>\$ 1,442</b>	<b>\$ (1,772)</b>	<b>\$ 3,722</b>	<b>\$ 2,940</b>	<b>\$ (10,722)</b>	<b>\$ 2,568</b>	<b>\$ 16,020</b>	<b>\$ 38,671</b>	<b>\$ 27,297</b>

**City of Bay City**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**  
**(amounts expressed in thousands)**

	June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nonspendable	-	2	-	-	-	-	-	-	-	-
Restricted	307	38	9	41	22	22	9	9	92	-
Committed	-	4,441	3,978	3,160	-	-	-	-	-	-
Unassigned (deficit)	5,874	1,783	382	(23)	2,995	3,423	3,905	4,732	4,572	4,692
Total general fund	<u>\$ 6,181</u>	<u>\$ 6,264</u>	<u>\$ 4,369</u>	<u>\$ 3,179</u>	<u>\$ 3,116</u>	<u>\$ 3,544</u>	<u>\$ 3,914</u>	<u>\$ 4,741</u>	<u>\$ 4,664</u>	<u>\$ 4,692</u>
All other governmental funds										
Nonspendable	\$ 108	\$ 129	\$ 76	\$ 39	\$ 201	\$ 187	\$ 174	\$ 99	\$ 382	\$ 185
Restricted	3,031	3,881	2,830	3,766	3,398	2,073	1,416	2,831	4,201	4,160
Unassigned (deficit)	-	-	(41)	(297)	-	-	(57)	(204)	(255)	(245)
Total all other governmental funds	<u>\$ 3,139</u>	<u>\$ 4,010</u>	<u>\$ 2,865</u>	<u>\$ 3,508</u>	<u>\$ 3,599</u>	<u>\$ 2,260</u>	<u>\$ 1,533</u>	<u>\$ 2,726</u>	<u>\$ 4,328</u>	<u>\$ 4,100</u>

**City of Bay City**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**  
**(amounts expressed in thousands)**

	June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Revenues</b>										
Property taxes and other taxes	\$ 11,757	\$ 11,459	\$ 11,496	\$ 11,535	\$ 11,390	\$ 11,625	\$ 11,547	\$ 14,051	\$ 14,881	\$ 14,415
Licenses and permits	454	415	577	515	714	547	575	1,038	1,033	845
Federal grants	2,603	3,411	4,339	3,796	2,202	1,629	2,451	1,293	931	741
State shared revenues and grants	9,063	8,555	5,904	6,332	8,445	8,707	8,062	11,118	12,455	9,813
Local contributions	1,457	1,598	1,437	1,349	1,698	1,475	1,531	553	175	136
Interest, rents and royalties	67	87	55	88	28	38	41	110	227	164
Charges for services	6,366	6,684	4,539	4,789	5,266	5,285	5,147	5,715	5,642	5,959
Fines and forfeits	167	103	90	82	111	105	99	175	125	94
Reimbursements, refunds and other revenue	1,015	1,579	604	1,279	556	980	372	430	461	613
<b>Total revenues</b>	<b>32,949</b>	<b>33,891</b>	<b>29,041</b>	<b>29,765</b>	<b>30,410</b>	<b>30,391</b>	<b>29,825</b>	<b>34,483</b>	<b>35,930</b>	<b>32,780</b>
<b>Expenditures</b>										
General government	4,659	4,570	2,716	2,653	3,485	3,506	3,647	3,705	4,045	4,325
Public safety	11,700	11,928	12,354	10,746	12,427	12,115	12,422	12,590	12,913	13,344
Public works	6,693	6,688	6,199	6,599	7,150	7,404	7,152	8,026	9,597	8,709
Community and economic development	2,093	2,633	2,568	1,702	1,271	952	924	1,183	755	720
Recreation and culture	813	836	781	795	941	940	988	1,002	1,088	1,089
Post-retirement benefits	2,108	2,490	2,356	2,700	-	-	-	-	-	-
Capital outlay	4,170	4,052	4,104	2,417	2,187	3,312	2,079	2,680	2,556	2,056
Debt service:										
Principal	1,725	1,748	2,326	2,441	2,555	2,595	2,634	2,794	2,817	2,864
Interest and other fees	2	65	58	104	143	132	122	111	124	73
<b>Total expenditures</b>	<b>33,963</b>	<b>35,010</b>	<b>33,462</b>	<b>30,157</b>	<b>30,159</b>	<b>30,958</b>	<b>29,968</b>	<b>32,091</b>	<b>33,895</b>	<b>33,180</b>
Excess of revenues over (under) expenditures	(1,014)	(1,119)	(4,421)	(392)	251	(567)	(143)	2,392	2,035	(400)
<b>Other financing sources (uses)</b>										
Issuance of long-term debt	-	1,630	1,000	-	-	-	-	-	-	-
Proceeds from sale of assets	-	85	453	13	-	-	-	-	-	-
Transfers in	818	1,555	998	1,165	1,327	849	962	1,219	1,585	1,533
Transfers (out)	(1,338)	(2,165)	(1,110)	(1,332)	(1,551)	(1,193)	(1,176)	(1,592)	(2,095)	(1,329)
<b>Total other financing sources (uses)</b>	<b>(520)</b>	<b>1,105</b>	<b>1,341</b>	<b>(154)</b>	<b>(224)</b>	<b>(344)</b>	<b>(214)</b>	<b>(373)</b>	<b>(510)</b>	<b>204</b>
<b>Net change in fund balances</b>	<b>\$ (1,534)</b>	<b>\$ (15)</b>	<b>\$ (3,080)</b>	<b>\$ (546)</b>	<b>\$ 27</b>	<b>\$ (911)</b>	<b>\$ (357)</b>	<b>\$ 2,019</b>	<b>\$ 1,525</b>	<b>\$ (196)</b>
Debt service as a percentage of noncapital expenditures	5.80%	5.77%	7.88%	9.43%	9.65%	9.64%	9.88%	9.88%	9.38%	9.44%

**City of Bay City**  
**Revenue by Source**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

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<u>Year Ended June 30,</u>	<u>Property Taxes</u>	<u>Electric Operating</u>
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
2017	12,539,095	38,438,745
2018	13,591,855	36,043,574
2019	14,420,291	38,029,392
2020	13,973,541	37,688,475

**City of Bay City**  
**Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**  
**(in thousands of dollars)**

<b>Year Ended June 30</b>	<b>Residential</b>	<b>Real Property Commercial</b>	<b>Industrial</b>	<b>Personal Property</b>	<b>Total Assessed Value</b>	<b>Total Direct Tax Rate</b>	<b>Estimated Actual Assessed Value</b>	<b>Assessed Value as a Percentage of Actual Value</b>
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%
2017	388,404	119,384	29,132	36,842	573,762	21.4085	1,147,524	50.00%
2018	396,717	114,219	27,529	35,114	573,579	21.4615	1,147,158	50.00%
2019	405,133	122,252	25,383	35,712	588,480	20.7115	1,176,960	50.00%
2020	418,017	148,303	29,326	37,809	633,455	20.7115	1,266,910	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  
Property Tax Rates  
Direct and Overlapping Governments  
Last Ten Fiscal Years**

Year Ended June 30, Year (1) (2)	Bay City				Overlapping Rates			Total Direct & Overlapping Rates
	Operating Millage	Special Millage	Debt Millage	Total City Millage	School District	Community College	County	
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
2017	16.9615	0.0000	4.4470	21.4085	31.9133	2.0427	11.6138	66.9783
2018	16.9615	0.0000	4.5000	21.4615	31.9133	2.0427	11.2138	66.6313
2019	16.9615	0.0000	3.7500	20.7115	31.9133	2.0427	11.3138	65.9813
2020	16.9615	0.0000	3.7500	20.7115	31.9133	2.0427	11.3138	65.9813

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. 2012 refers to the 2013 tax collection, 2013 refers to the 2014 tax collection, and so on.

**City of Bay City**  
**Principal Property Taxpayers and Electric Customers**  
**June 30, 2020 and Ten Years Previous**

Taxpayer	2020			2011		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Consumers Energy Company	\$ 12,109,539	1	4.24%	\$ 5,453,307	2	0.88%
SSP Development, LLC	10,835,872	2	3.79%	-	-	-
Spectrum (formerly Charter Communications)	5,441,150	3	1.90%	4,611,850	3	0.74%
Mersen USA (formerly Carbone)	5,314,529	4	1.86%	1,830,600	9	0.30%
SSP Development IV LLC	4,902,383	5	1.72%			
Rivers Edge Medical Commons, LLC	3,801,684	6	1.33%			
General Motors Corporation	3,499,015	7	1.22%	12,391,750	1	2.00%
Bay City Hotels, LLC	3,398,206	8	1.19%			
213 Development LLC	3,246,573	9	1.14%			
The Times Lofts LLC	3,051,568	10	1.07%			
SC Johnson				4,213,750	5	0.68%
Wenonah Park Properties				1,924,236	8	0.31%
Bay City Housing Commission				2,014,250	7	0.32%
Northern Concrete				2,323,631	6	0.37%
Nexteer Automotive				4,358,700	4	0.70%
FP Horak Company				1,802,300	10	0.29%
Totals	<u>\$ 55,600,519</u>		<u>19.46%</u>	<u>\$ 40,924,374</u>		<u>6.59%</u>

Electric Customer	2020			2011		
	Usage kWh	Rank	Percentage of Total Usage	Usage kWh	Rank	Percentage of Total Usage
Mersen USA (Carbone)	17,047,842	1	5.76%	14,196,160	2	4.30%
McLaren Bay Region (Bay Med)	16,631,034	2	5.62%	16,764,051	1	5.10%
Bay County	9,570,892	3	3.24%			
S.C. Johnson & Sons	8,418,435	4	2.85%	6,463,830	4	2.00%
City of Bay City	3,968,930	5	1.34%	13,180,377	3	4.00%
Bay City Schools	3,414,003	6	1.15%	2,950,874	10	0.90%
Doubletree Hotel	3,299,310	7	1.12%	3,739,961	6	1.10%
Bay Cast Inc	2,935,820	8	0.99%	4,357,877	5	1.30%
Kerkau Manufacturing	2,829,150	9	0.96%	3,266,040	8	1.00%
Bay City Housing Commission	2,806,400	10	0.95%			
Menards				3,266,296	7	1.00%
Valley Publishing				3,055,840	9	0.90%
Totals	<u>70,921,816</u>		<u>23.98%</u>	<u>71,241,306</u>		<u>21.60%</u>

Source: Bay City Assessor's Office and Electric Department

**City of Bay City**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**  
**(amounts expressed in thousands)**

<u>Year Ended June 30,</u>	<u>Total Tax Levy for Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy</u>			<u>Total Collections to Date</u>		
		<u>Amount</u>	<u>Percentage of Levy</u>	<u>Collections in Subsequent Years</u>	<u>Amount</u>	<u>Percentage of Levy</u>	
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%	
2017	11,249	10,393	92.39%	837	11,230	99.83%	
2018	11,396	10,505	92.18%	876	11,381	99.87%	
2019	11,523	10,639	92.33%	864	11,503	99.83%	
2020	11,420	10,584	92.68%	816	11,400	99.82%	

Tax levy value as of June 30th of each fiscal year end as surrendered to Bay County

**City of Bay City**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

June 30,	Governmental Activities				Business-type Activities			Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Installment Purchase Contracts	Term Loans	Capital Leases	Revenue Bonds	General Obligation Bonds	Term Loans			
2011	\$ 15,794,946	\$ 101,192	\$ 2,042,500	\$ 2,720	\$ 4,360,000	\$ 18,983,600	\$ 32,645,000	\$ 73,929,958	20.46%	\$ 2,119
2012	16,870,889	51,551	2,000,000	1,760	2,420,000	17,047,701	30,350,000	68,741,901	18.49%	1,981
2013	15,659,562	-	3,000,000	800	2,055,000	14,852,702	28,000,000	63,568,064	16.86%	1,841
2014	14,324,644	-	2,915,000	-	15,505,000	13,218,701	25,590,000	71,553,345	18.46%	2,079
2015	12,876,529	-	2,750,000	-	14,970,000	11,523,603	23,120,000	65,240,132	16.20%	1,916
2016	11,292,069	-	2,575,000	-	14,390,000	10,342,403	20,590,000	59,189,472	14.34%	1,755
2017	9,582,934	-	2,385,000	-	13,790,000	9,537,047	21,657,615	56,952,596	13.32%	1,707
2018	7,690,361	-	2,087,174	985,739	13,160,000	8,665,674	15,875,167	48,464,115	11.18%	1,460
2019	5,638,157	-	2,457,696	-	12,970,000	7,785,962	13,290,137	42,141,952	9.36%	1,276
2020	3,415,000	-	2,081,379	-	12,320,000	6,874,610	10,680,167	35,371,156	(2)	1,081

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.

**City of Bay City**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**  
**(amounts expressed in thousands)**

<u>June 30,</u>	<u>General Obligation Bonds (1)</u>	<u>Less: Amounts Available in Debt Service Fund</u>	<u>Total</u>	<u>Percentage of Estimated Actual Taxable Value of Property (2)</u>	<u>Per Capita (3)</u>
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%	630
2017	19,120	75	19,045	3.32%	571
2018	16,356	225	16,131	2.81%	486
2019	13,424	590	12,834	2.18%	389
2020	10,290	475	9,815	1.55%	300

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,
- (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**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2020**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Overlapping Debt:			
Bay County	\$ 3,366,821	19.02%	\$ 640,369
Bay City School District	48,270,000	29.52%	14,249,304
Bangor Township Schools	5,491,667	1.05%	57,663
Bay-Arenac Intermediate School District	1,590,000	15.97%	<u>253,923</u>
TOTAL OVERLAPPING DEBT			15,201,259
Direct Debt:			
City of Bay City		100.00%	<u>5,496,379</u>
TOTAL DIRECT AND OVERLAPPING DEBT			<u><u>\$ 20,697,638</u></u>

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**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**  
**(amounts expressed in thousands)**

	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Debt limit	\$ 62,586	\$ 62,000	\$ 58,506	\$ 54,755	\$ 56,795	\$ 56,916	\$ 57,376	\$ 57,358	\$ 58,848	\$ 63,346
Total net debt applicable to limit	34,075	33,463	30,513	27,466	24,316	21,373	19,045	16,131	12,834	9,815
Legal debt margin	<u>\$ 28,511</u>	<u>\$ 28,537</u>	<u>\$ 27,993</u>	<u>\$ 27,289</u>	<u>\$ 32,479</u>	<u>\$ 35,543</u>	<u>\$ 38,331</u>	<u>\$ 41,227</u>	<u>\$ 46,014</u>	<u>\$ 53,531</u>
Total net debt applicable to the limit as a percentage of debt limit	54.45%	53.97%	52.15%	50.16%	42.81%	37.55%	33.19%	28.12%	21.81%	15.49%

**Legal Debt Margin Calculation for Fiscal Year 2019**

Assessed valuation, December 31, 2019	<u>\$ 633,455</u>
Debt limit (10% of assessed valuation)	\$ 63,346
Debt applicable to limit:	\$ 10,290
Less:	
Assets in Debt Service funds available for payment of principal	<u>475</u>
Total amount of debt applicable to debt limit	<u>9,815</u>
Legal debt margin	<u>\$ 53,531</u>

**City of Bay City  
Pledged-Revenue Coverage  
Last Ten Fiscal Years**

Year Ended June 30,	Operating Revenue (1)	Operating Expenses (2)	Net Available Revenue	Debt Service Principal	Interest	Total	Coverage
<b>Electric System Revenue Bonds</b>							
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
2017	38,501,727	30,629,611	7,872,116	600,000	529,355	1,129,355	6.97
2018	36,210,814	29,887,555	6,323,259	630,000	522,143	1,152,143	5.49
2019	38,514,695	25,653,698	12,860,997	190,000	505,830	695,830	18.48
2020	38,167,012	26,983,051	11,183,961	650,000	480,480	1,130,480	9.89

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.

**City of Bay City**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**

<u>Year Ended June 30,</u>	<u>Population (1)</u>	<u>Personal Income (2) (amounts expressed in thousands)</u>	<u>Per Capita Personal Income</u>	<u>School Enrollment (3)</u>	<u>Unemployment Rate (4)</u>
2011	34,882	\$ 3,613,534	\$ 33,737	4,654	10.50%
2012	34,731	3,716,785	34,757	4,805	9.20%
2013	34,500	3,770,457	35,293	4,803	9.30%
2014	34,351	3,876,836	36,486	4,695	7.40%
2015	34,049	4,026,590	38,146	4,483	6.00%
2016	33,727	4,127,462	39,404	4,185	5.60%
2017	33,356	4,276,300	41,024	4,138	5.60%
2018	33,188	4,393,535	42,367	4,049	5.10%
2019	33,019	4,502,212	43,657	3,970	5.00%
2020	32,717	(5)	(5)	3,831	17.30%

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.

**City of Bay City  
Principal Employers  
2017 and Six Years Ago**

<u>Employer</u>	<u>2017(3)</u>			<u>2011</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
McLaren Bay Region (Bay Regional) (2)	2,083	1	4.01%	1,748	1	10.94%
Bay City Public Schools (1) (2)	875	2	1.68%	922	2	5.77%
Bay County (2)	593	3	1.14%	525	3	3.28%
General Motors Powertrain	392	4	0.75%	325	6	2.03%
SC Johnson (2)	340	5	0.65%	398	4	2.49%
City of Bay City	275	6	0.53%	345	5	2.16%
Do-All	268	7	0.52%	-	-	-
Bay Arenac Behavioral Health	245	8	0.47%	-	-	-
Go to Transport	167	9	0.32%	-	-	-
Labadie Auto Group	162	10	0.31%	-	-	-
Doubletree Hotel & Conference Center	-		-	133	7	0.83%
Chemical Bank & Trust	-		-	128	8	0.80%
Independent Bank & Mortgage Co.	-		-	125	9	0.78%
FP Horak Company	-		-	124	10	0.78%
Totals	<u>5,400</u>		<u>10.39%</u>	<u>4,773</u>		<u>29.86%</u>

Source:  
Bay Future, U.S. Department of Labor Bureau of Labor Statistics and the Bay City Times

- (1) Excludes substitute teachers.
- (2) Multiple locations within Bay County.
- (3) 2017 is the most current information available.

**City of Bay City**  
**Full-time Equivalent City of Bay City Employees by Function**  
**Last Ten Fiscal Years**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<b>Function</b>										
General government (1)	48	50	51	36	37	37	38	37	37	38
Public safety (2)	N/A	N/A	N/A	89	89	90	86	83	85	82
Police	62	62	60	N/A						
Fire	41	47	44	N/A						
Building Inspections	4	4	4	4	4	6	6	8	9	11
Public works	34	33	30	28	27	29	30	30	31	33
Recreation and culture	5	6	6	6	5	5	5	6	5	5
Community and economic development	12	13	13	10	10	9	8	8	8	9
Electric	42	44	41	49	49	50	51	50	52	51
Water	37	40	35	35	35	20	23	24	25	25
Sewer	33	31	28	34	35	38	38	37	39	40
<b>Total</b>	<b>318</b>	<b>330</b>	<b>312</b>	<b>291</b>	<b>291</b>	<b>284</b>	<b>285</b>	<b>283</b>	<b>291</b>	<b>293</b>

(1) Accounts Receivable and Meter Reader positions were incorporated into the three utility funds as of 2014.

(2) Police and Fire merged into Public Safety as of 2014.

Source: City of Bay City Accounting Department

**City of Bay City**  
**Operating Indicators by Function**  
**Last Ten Fiscal Years**

<b>Function</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>General Government</b>										
Elections										
Number of registered voters	23,338	22,897	23,674	23,692	23,438	23,620	23,161	22,605	22,953	23,896
<b>Public safety</b>										
Police Department										
Number of citations issued	2,792	3,382	3,723	2,579	2,861	1,517	2,294	2,088	2,501	2,082
Number of complaints filed	5,907	4,247	4,934	4,398	5,469	3,937	5,775	5,798	5,374	4,736
Number of calls for service	25,189	33,899	33,039	27,738	25,185	16,742	23,181	23,539	22,512	21,687
Number of DUI offenses	156	219	143	96	123	85	150	167	117	114
Fire Department										
Number of emergency runs	4,785	4,681	4,677	4,882	4,857	3,626	5,099	5,179	5,386	4,730
Number of fire prevention programs	111	128	115	195	183	81	81	10	29	10
<b>Public works</b>										
Streets -Tons of salt used	2,948	1,557	1,914	2,300	780	1,585	1,227	1,810	2,182	2,348
<b>Recreation and culture</b>										
Park acreage maintained	223	238	238	238	238	238	238	238	238	238
Special events	40	25	43	44	49	51	60	47	53	43
Shelter rentals	50	49	59	67	70	69	71	58	63	35
<b>Community and Economic Development</b>										
Housing units rehabilitated	-	-	-	-	-	2	2	4	2	-
Emergency housing units rehabilitated *	39	31	40	46	47	52	44	44	19	17
<b>Electric Department</b>										
Generating capacity	33,295	33,295	33,295	33,295	33,295	28,295	28,295	28,295	27,000	27,000
Street trees removed	101	253	134	115	340	635	530	475	373	409
<b>Sewer System</b>										
Sanitary and storm sewer (miles)	320	320	320	320	320	320	320	320	320	320
Daily average treatment (million gallons)	7	7	7	7	8	7	8	7	8	9
Maximum daily capacity (million gallons)	18	18	18	18	18	18	18	18	18	18
<b>Water system</b>										
Miles of water mains	196.87	194.50	194.50	195.00	195.77	195.77	195.77	194.77	194.77	195.38
Daily average consumption (million gallons)	7.47	7.41	7.87	7.86	7.90	-	-	-	-	-
Maximum daily treatment (million gallons)	14.45	14.00	14.00	14.00	12.00	-	-	-	-	-
<b>Airport</b>										
Private hanger land leases	23	22	22	22	23	23	22	22	22	22
Public hanger lease	2	3	3	5	7	8	8	7	10	9
Aviation fuel sold (gallons)	14,665	13,756	13,000	16,616	13,687	14,016	20,621	26,605	17,027	26,813
<b>Cemetery</b>										
Interments	48	50	37	48	52	41	43	48	41	54
Grave sales	42	39	19	27	17	26	19	35	28	34
Foundations set	18	25	20	24	28	11	25	29	23	32
Right of 2nd Interment	5	1	2	4	7	1	3	6	4	3
<b>Marina</b>										
Seasonal Dock Leases	50	50	50	44	45	51	51	51	53	49
Transient Dock Rentals	337	364	340	306	271	330	287	173	338	267

\* Emergency Housing Rehab transferred the program to Bay Area Housing 1/1/2015  
Sources: Various city departments.

**City of Bay City**  
**Capital Asset Statistics by Function**  
**Last Ten Fiscal Years**

<b>Function</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Public safety (1)										
Stations	-	-	-	5	5	5	5	5	5	5
Vehicles	-	-	-	36	36	34	36	36	36	36
Police										
Stations	1	1	1	-	-	-	-	-	-	-
Vehicles	25	22	22	-	-	-	-	-	-	-
Fire										
Stations	3	3	3	-	-	-	-	-	-	-
Vehicles	14	14	12	-	-	-	-	-	-	-
Public works										
Bascule span bridges	2	2	2	2	2	2	2	2	2	2
Streets (miles) (2)	181	181	181	181	181	181	181	181	181	181
Recreation and culture										
Park areas	24	25	25	25	25	25	25	25	25	25

(1) Police and Fire merged into Public Safety as of 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.