



Comprehensive Annual Financial Report



**For the Fiscal Year Ended June 30, 2018
Bay City, Michigan**

"Governmental imagination leading our community in to the future."

City of Bay City, Michigan
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2018

Prepared by the City of Bay City Fiscal Services Division

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**City of Bay City
List of Principal Officials
June 30, 2018**

Mayor

Kathleen L. Newsham

City Commission

1st Ward – Jesse Dockett

2nd Ward – David Terrasi

3rd Ward – Andrew Niedzinski

4th Ward – Brentt Brunner

5th Ward – Rachelle Hilliker

6th Ward – John Davidson

7th Ward – Kerice Basmadjian

8th Ward – Ed Clements

9th 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 – Mark Kaplenski

Deputy City Manager / Director of Information Technologies – Tony Reyes

Fire Chief – Karey Prieur



December 18, 2018

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, 2018, 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, 2018.

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, 2018. 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", "River Roar," "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 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; parks and recreational facilities; planning and zoning; other general administrative services; and other services mandated by state law or authorized by the City Commission. In addition, water, sewer and electric utilities are provided on a user fee basis.

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

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

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

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

Local Economy

The Bay City economy continues to improve since the Great Recession of 2008. Unemployment peaked at 12.6% in June, 2009 and currently stands at 4.7% (October, 2018).

In recent years, the city has benefitted from 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. The City's Brownfield Authority has approved the second phase of this development which will result in dozens more high-end loft and residential units buttressing enviable storefront and office spaces. This second phase will also include significant infrastructure development and traffic improvements.

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 is also completing a \$12 million restoration of the former Crapo building located at the epicenter of downtown Bay City. This building, originally constructed in 1890, will boast luxury residences, restaurant and storefront space, and offices when it is completed. While the finishing touches or 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 2017 and 2018.

<u>Business</u>	<u>Investment</u>	<u>Project</u>
3 Missions	\$6,400,000	Renovation of 1108 N Water, the former “Atrium” and “Stein Haus” now called North and Stein. Project includes facilitating the rehabilitation/development of three interconnected, mixed-use buildings. Once completed, the former “Atrium” building will be a first-floor restaurant, “North”. The former “Steinhouse” will be redeveloped into a first floor restaurant called “Stein”. They are anticipated to occupy approximately 9,364 square feet. The upper floor of the “Steinhouse” building will be converted into three apartments. The vacant lot to the North will construct a new 3-story, mixed-use building with eight apartments in the upper stories and approximately 3,000 square feet available for lease. The total project is anticipated to be 22,543 square feet of new/rehabilitated space. It will add an additional 12,417 square feet of commercial and 11 apartments totaling 7,963 square feet.
MA Real Estate	\$630,000	The purpose of this recommendation is to approve a request for a 6 year Obsolete Property Rehabilitation Exemption Certificate for MA Real Estate & Investments, LLC located at 816 and 818 Washington. This recommendation will aid in the reuse of historic downtown buildings. This will also facilitate market rate downtown housing, which is consistent with the City's objective to bring market rate housing into the Downtown area.
Bay Riverfront, LLC	\$8,500,000	98% completion of Phase 1 to Uptown Bay City, a major mixed use development near downtown Bay City.

Long-Term Financial Planning

The City Commission adopted a policy that states that the City shall maintain a sum total of Unassigned Fund Balance plus Committed Fund Balance for Future Operations in its General Fund ranging from a minimum of fifteen (15) percent to a maximum of twenty (20) percent of the City's previous year's amended total budgeted expenditures. Based on this policy, the City should have unassigned fund balance of between \$2,994,355 and \$3,992,473. The total Unassigned General Fund fund balance at June 30, 2018 was \$4,731,871 or 23.7% of the previous years amended expenditure budget.

The 2018/2019 fiscal year budget, for the fifth 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

In early 2018, the City purchased an existing facility in the City to be utilized as a replacement for the existing Electric Utility and Department of Public Works facilities. The City is currently working with an architect to facilitate the renovations to this building to accommodate the various needs of the departments that will ultimately occupy this facility.

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 next 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.

At the end of 2012, the City made the decision to combine Police and Fire functions into a Public Safety Department. This department began combined operation at the beginning of the 2013/2014 fiscal year. This new model utilizes staff in the Public Safety Department that are trained in both Fire Services and Police functions to perform both duties and are available to respond to either Fire or Law Enforcement emergencies. This new model results in a greater number of trained staff able to respond to Fire emergencies more quickly than the previous model of separate departments. During the first five years of the implementation of this new model, the program has saved the City over \$11.8 million and will continue to provide savings and efficiencies to the City.

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

This system, which will encompass General Ledger, Accounts Payable, Purchasing, Cash Receipting and Accounts Receivable, Payroll and Human Resources, Business Licensing, Utility Billing/Customer Information System and other reporting tools to enhance the ability to utilize the financial information.

To date, all modules except the cash receipting, utility billing and miscellaneous billing modules have been implement. It is expected that the remaining modules will "go-live" during early 2019. This new system will provide greater usability to all users of the financial system – both internal and external users, and has been a major leap forward in the methodologies that the City follows in conducting their business.

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

In the past 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.

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 assessment of the physical condition of the community's housing options, as well as a candid outline of the challenges and threats faced by the community if current housing trends continue.

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

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

Stabilizing and improving the city's housing stock will take years, but expanded efforts to address these situations have already begun and will expand into 2019.

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, 2017. 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.

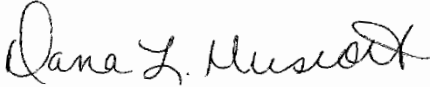
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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.

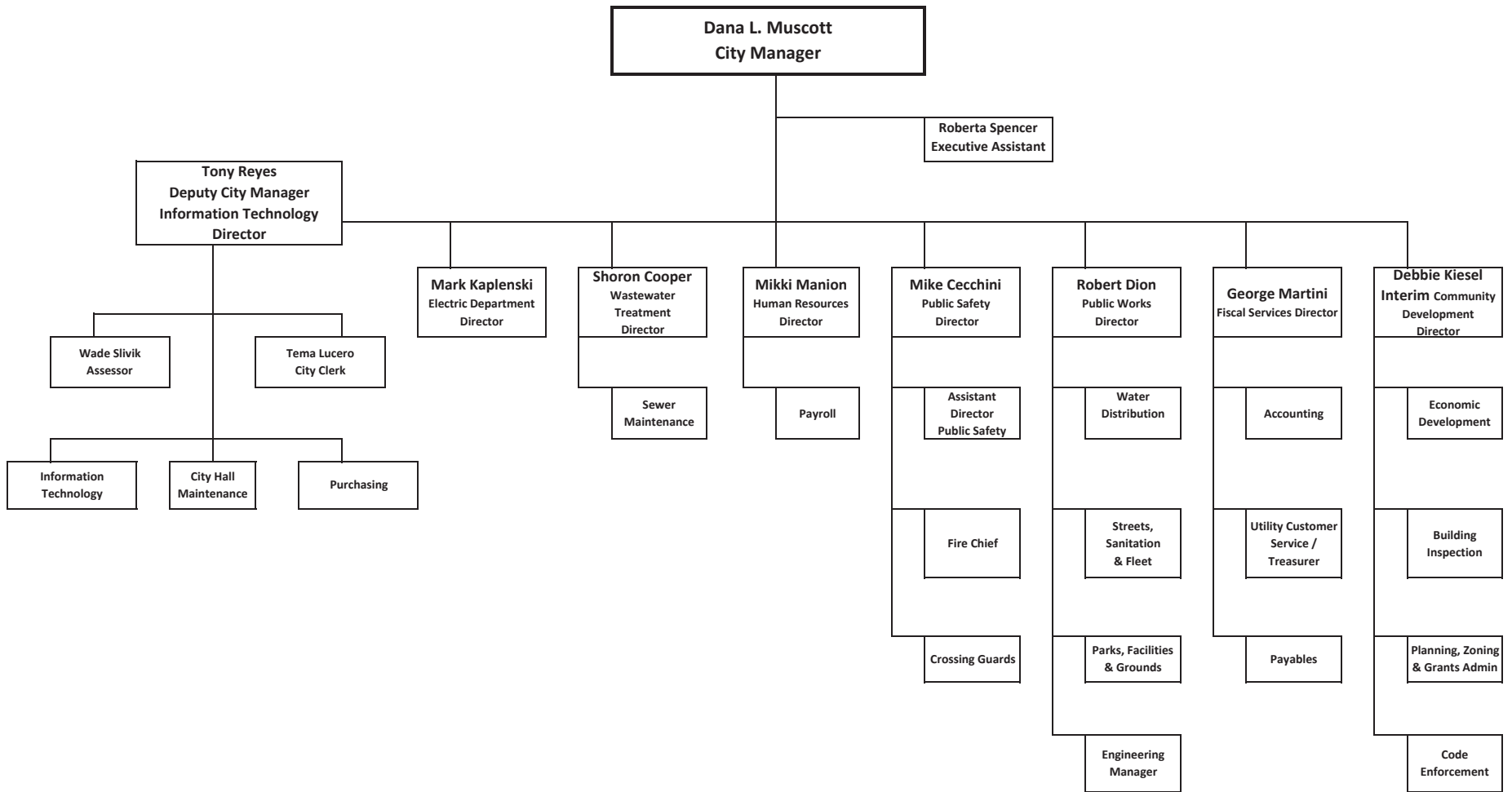
Respectfully submitted,



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, 2017

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, as of and for the year ended June 30, 2018, 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 67 percent of assets, 48 percent of fund balance/net position, and 8 percent of revenues/additions of the aggregate remaining funds or the Bay City Housing Commission component unit, which represents 40 percent of assets, 76 percent of net position and 55 of revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it related to the amounts included for the Police and Fire Retirement Pension Trust fund and the Bay City Housing Commission component unit, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Bay City as of June 30, 2018, 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.

Adoption of New Accounting Standards

As described in Note 1 to the financial statements, during the year ended June 30, 2018, the City adopted GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinions are not modified with respect to this matter.

Other Matters

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 City of Bay City Police and Fire 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 of Bay 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, list of principal officials, 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 18, 2018, 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, MI
December 18, 2018

City of Bay City
Management's Discussion and Analysis
June 30, 2018

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, 2018. 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, 2018:

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$80,064,870 (net position). This balance is comprised of \$156,365,497 in capital assets (net of related debt), \$7,254,949 restricted for specific purposes and a deficit unrestricted net position of \$83,555,576.
- Total net position related to the City's governmental activities decreased by \$44,337,497 from the previous year. The business-type activities net position decreased by \$30,767,654. 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 \$7,466,915, an increase of \$2,019,773 from prior year.
- At the end of the fiscal year, unassigned fund balance for the General Fund was \$4,731,871, or approximately 26% of total General Fund expenditures.
- The City's total liabilities balance increased by \$65,211,461, or 48%. The largest portion of the City's total liability increase was in the governmental activities which increased \$41,747,387 or 71%. This increase was mainly due to the implementation of GASB 75 and the increase in the OPEB (other postemployment benefits) liability which accounts for approximately \$44 million, along with the increase in net pension liability for the Police & Fire Retirement System which accounts for approximately \$1.3 million. This was offset by the reduction of net pension liability, a reduction of approximately \$1 million and the bonds payable a reduction of approximately \$1.8 million. The liabilities in the business-type increased \$23,464,074 or 30%. The largest portion of the total liability increase in the business-type activities was due to the implementation of GASB 75 and the increase in the net OPEB liability which accounts for approximately \$36 million and this was offset by the net pension liability which decreased a just under \$4.9 million and a reduction of bonds payable of approximately \$6.4 million.
- State shared revenue increased 2.3% or \$102,385 from 2016/2017 fiscal year. Even though the State revenue sharing increased over the prior year, the City received \$607,647 less than it received in 2009, a reduction of 14%. 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 Midland Street road resurfacing and the Vermont/Midland Street road resurfacing project were completed during the 2017/2018 fiscal year at a cost of \$639,645 and \$293,042, respectively. The City also completed the Independence Bridge deck rehab project at a cost of \$1,156,064. The City also spent \$83,868 on the CDBG sidewalk replacement program. These projects were primarily funded by local contributions, state resources, federal grants and bond dollars.

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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, 2018, assets and deferred outflows of resources exceeded liabilities and deferred inflow of resources by \$80,064,870. 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.

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The following table shows, in a condensed format, the net position as of June 30, 2018 and 2017:

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current assets	\$ 17,191,607	\$ 18,168,050	\$ 65,410,623	\$ 63,517,527	\$ 82,602,230	\$ 81,685,577
Capital assets	79,564,016	73,883,363	120,496,040	124,573,643	200,060,056	198,457,006
Total assets	<u>96,755,623</u>	<u>92,051,413</u>	<u>185,906,663</u>	<u>188,091,170</u>	<u>282,662,286</u>	<u>280,142,583</u>
Deferred outflows	3,809,695	7,314,830	2,333,148	4,074,155	6,142,843	11,388,985
Total assets and deferred outflows	<u>100,565,318</u>	<u>99,366,243</u>	<u>188,239,811</u>	<u>192,165,325</u>	<u>288,805,129</u>	<u>291,531,568</u>
Current liabilities	2,991,506	7,829,769	3,915,711	9,537,444	6,907,217	17,367,213
Long-term liabilities	97,308,956	50,723,306	97,128,059	68,042,252	194,437,015	118,765,558
Total liabilities	<u>100,300,462</u>	<u>58,553,075</u>	<u>101,043,770</u>	<u>77,579,696</u>	<u>201,344,232</u>	<u>136,132,771</u>
Deferred inflows	4,017,961	228,766	3,378,066	-	7,396,027	228,766
Total liabilities and deferred outflows	<u>104,318,423</u>	<u>58,781,841</u>	<u>104,421,836</u>	<u>77,579,696</u>	<u>208,740,259</u>	<u>136,361,537</u>
Net position:						
Net investment in capital assets	73,233,603	68,308,363	83,131,894	79,855,097	156,365,497	148,163,460
Restricted	6,299,674	7,372,266	955,275	1,999,775	7,254,949	9,372,041
Unrestricted (deficit)	<u>(83,286,382)</u>	<u>(35,096,237)</u>	<u>(269,194)</u>	<u>32,730,757</u>	<u>(83,555,576)</u>	<u>(2,365,480)</u>
Total net position	<u>\$ (3,753,105)</u>	<u>\$ 40,584,392</u>	<u>\$ 83,817,975</u>	<u>\$ 114,585,629</u>	<u>\$ 80,064,870</u>	<u>\$ 155,170,021</u>

The City's total combined net position decreased by \$75,105,151 over the course of the fiscal year's operations to a total of \$80,064,870. Explanations for those changes are described below under the "Governmental Activities" sections of this Management and Discussion Analysis.

Within the governmental activities net position, \$73,233,603 is invested in capital assets, net of related debt, and is not available to meet the government's ongoing obligations to citizens and creditors. Within the business-type activities, an additional \$83,131,894 is invested in capital assets, net of related debt. These amounts represent an increase in the City's overall investment in capital assets of \$8,202,037. This largest increase is a result of the County assuming liability of the bonds

in the Water Fund that were related to the water plant and the transmission system. 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 2018 and 2017:

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Program revenues:						
Charges for services	\$ 4,664,264	\$ 3,865,423	\$ 57,394,685	\$ 60,912,245	\$ 62,058,949	\$ 64,777,668
Operating grants & contributions	8,401,190	6,110,332	4,006	29,991	8,405,196	6,140,323
Capital grants & contributions	2,923,531	6,530	5,565,222	-	8,488,753	6,530
General Revenues:						
Property taxes	13,591,855	12,539,095	-	-	13,591,855	12,539,095
Grants not restricted	4,458,326	4,410,107	-	-	4,458,326	4,410,107
Unrestricted investment earnings	186,884	72,365	354,151	143,953	541,035	216,318
Gain on sale of capital assets	136,536	27,674	-	-	136,536	27,674
Miscellaneous	47,900	128,784	243,027	842,262	290,927	971,046
Total revenues	<u>34,410,486</u>	<u>27,160,310</u>	<u>63,561,091</u>	<u>61,928,451</u>	<u>97,971,577</u>	<u>89,088,761</u>
Expenses:						
General government	587,363	1,581,134	-	-	587,363	1,581,134
Public safety	15,128,659	16,213,573	-	-	15,128,659	16,213,573
Public works	9,625,120	10,375,450	695,920	668,416	10,321,040	11,043,866
Parks and recreation	1,340,022	1,177,335	-	-	1,340,022	1,177,335
Economic development	1,058,595	1,187,689	-	-	1,058,595	1,187,689
Interest on long term debt:	757,605	853,229	-	-	757,605	853,229
Electric	-	-	32,431,775	33,631,716	32,431,775	33,631,716
Water	-	-	8,791,853	8,266,891	8,791,853	8,266,891
Sewer	-	-	11,535,080	12,565,609	11,535,080	12,565,609
Total expenses	<u>28,497,364</u>	<u>31,388,410</u>	<u>53,454,628</u>	<u>55,132,632</u>	<u>81,951,992</u>	<u>86,521,042</u>
Excess or (deficiency) before transfers	5,913,122	(4,228,100)	10,106,463	6,795,819	16,019,585	2,567,719
Transfers	90,571	41,793	(90,571)	(41,793)	-	-
Changes in net position	<u>6,003,693</u>	<u>(4,186,307)</u>	<u>10,015,892</u>	<u>6,754,026</u>	<u>16,019,585</u>	<u>2,567,719</u>
Net position - beginning	40,584,392	44,770,699	114,585,629	107,831,603	155,170,021	152,602,302
Prior period adjustment	(50,341,190)	-	(40,783,546)	-	(91,124,736)	-
Net position-beginning of year restated	<u>(9,756,798)</u>	<u>44,770,699</u>	<u>73,802,083</u>	<u>107,831,603</u>	<u>64,045,285</u>	<u>152,602,302</u>
Total net position	<u>\$ (3,753,105)</u>	<u>\$ 40,584,392</u>	<u>\$ 83,817,975</u>	<u>\$ 114,585,629</u>	<u>\$ 80,064,870</u>	<u>\$ 155,170,021</u>

Governmental Activities

As noted above, the governmental-type activities beginning fund balance was adjusted in 2018 to eliminate accrued retiree healthcare and record the Net OPEB liability per GASB 75. The net effect for the governmental-type activities was a reduction of the beginning balance of net assets in the amount of \$50,341,190. In fiscal year 2018, the City's governmental activities net position increased by \$6,003,693

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from the restated net position of the previous fiscal year. The governmental-type activities saw an overall decrease in net position of \$44,337,497. The revenue and expense trends of the governmental activities are discussed below.

The governmental activity revenue increased from the prior year by \$8,882,816. This increase is detailed by major revenue categories as follows:

- Property taxes comprised the largest portion of governmental activity revenue at 39.5% of total revenues or \$13,591,855. This is a \$1,052,760 or 8.4% increase from the prior year. A majority of the increase was due to the increase in the P.I.L.O.T. payment from the Electric Fund, which was an approved budgeted increase of \$893,286, the remainder of the increase was in the Sinking Fund increasing the millage to cover the bond costs.
- Operating grants and contributions comprised \$8,401,190 or 26.7% of governmental activity revenue. This is an increase of \$2.3 million or 37.49% from the prior year. Almost all of the increase is in the street funds. The City received state funding for the deck project on the Independence Bridge, as well as state funding for the operational costs for the City's two movable bridges. The funding for operating grants and contributions are expected to change yearly, related to the projects the City is undertaking during the fiscal year.
- Grants and contributions not restricted to specific programs account comprised \$2,923,531 or 8.5% of governmental activity revenue, an increase of \$2,917,001 from the prior fiscal year. The City received an increase in State Revenue sharing which increased by \$102,385, this was offset by the reduction of the State of Michigan returnable liquor license, a decrease of \$54,166 from the prior year.

- Charges for services comprise \$4,664,264 or 13.55% of governmental activity revenue. Charges for services increased \$798,841, which is a 20.67% increase from the prior year. The increase was primarily in the Sanitation and Building Inspection departments. The City increased the fee schedules for services in these departments for the 2017/2018 fiscal year.
- Total expenses for governmental activities decreased by \$2,891,046 or 9.21% from the prior year. By far the largest decrease in expenses was due to the implementation of GASB 75 and recording the Net OPEB liability in the Statement of Net Position which in turn reduced the expenses in the Statement of Activities.

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. In addition to City residents, electric services also extend to numerous customers outside of the City limits. The business-type activities beginning fund balance was adjusted in 2018 to eliminate accrued retiree healthcare and record the Net OPEB liability per GASB 75. The net effect for the business-type activities was a reduction of the beginning balance of net assets in the amount of \$40,783,546. The business-type activities saw an overall decrease in net position of \$30,767,654 or 26.85%, primarily due to the following:

- The electric operations experienced a decrease in revenues for sales to customers with the implementation of the AMI meters in 2015 and 2016, the City was able to reduce the time between the meter read and billing. This resulted in approximately thirteen months of revenues in 2017. The normal number of days returned in fiscal year 2018.
- The electric operations also saw a decrease in operating expenses. The majority of the decrease was related to a

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reduction in fringe benefits (retiree healthcare and retirement DB plans). These reductions were the result of positive actuarial outcomes. This along with the decrease of purchased power costs, which is directly related to the decrease in revenues with fewer electric sales. The electric expense decrease was offset by the increases in the PILOT payment, which a two percent increase in the calculation was approved by the City Commission during the budget process. As a result, the change in net position from electric operations was an increase of \$3,007,754.

- The water operations experienced a decrease in revenues for sales to customers with the implementation of the AMI meters in 2015 and 2016, the City was able to reduce the time between the meter read and billing. This resulted in approximately thirteen months of revenues in 2017. The normal number of days returned in fiscal year 2018. The decrease in water sales was offset with the increase of other revenue. The increase was related to the Bay County water agreement. During the 2018 fiscal year, the water tower and portions of the transmission system were transferred to Bay County, as a result of the transfer Bay County has agreed to reimburse the City for principal and interest payments for the related outstanding debt. The City has recorded a receivable for the debt service payment reimbursements.
- The Water Fund also had an increase in expenses the largest was the loss on disposal of capital assets. This loss was for of the water tower and portions of transmission assets that were transferred to Bay County. The other increase was the purchase of water from Bay County. This was due to the increase in Bay County water rates. These increases were offset by a decrease in fringe benefits (retiree healthcare and retirement DB plans). These reductions were the result of positive actuarial outcomes. As a result of all of the changes,

the net change in position from water operations was an increase of \$5,062,687.

- The sewer operations experienced a decrease in sewer sales which is directly related to the decrease in water sales for residential customers, as the charges are based off of water sales. These increases were offset by a decrease in fringe benefits (retiree healthcare and retirement DB plans). These reductions were the result of positive actuarial outcomes. As a result, the net change in position from sewer operations was an increase of \$825,420.

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 2018 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 \$10,996,316 in the current fiscal year. This is an increase of \$2,197,546 from the prior fiscal year. This increase was primarily due to the City Commission approving an increase in the payment in lieu of taxes payment from the Electric Department. General Fund expenditures increased by \$292,781 and transfers out increased by \$80,155 for a total increase of \$372,936. There were many factors that led to the increase of expenditures in the General Fund. The largest increase was for the cost of retiree healthcare as the individual cost per eligible person increased from 2017 to 2018; defined benefit retirement costs increased as there are fewer active employees to cover these costs thus the cost increase; information technology charges increased as was determined by the Cost Allocation Plan, and utility costs

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increased. These costs were offset by reduction in the Police and Fire Retirement System employer contributions due to positive actuarial outcomes, overall wages decrease as a result of vacant positions; and the purchase of assets under capital threshold decrease as the fire department received a grant in FY17 to purchase equipment. These were the primary reasons for the increase of expenditures in the general fund.

The most significant service accounted within this fund is public safety, which incurred expenditures of \$11,742,551 in the current year. This expenditure increased by \$109,123 from the prior year. The largest portion of the increase is attributable to the increase in retiree healthcare costs up from the 2017 fiscal year. This was then offset by the decreased costs for the police and fire retiree pension costs, which were reduced due to positive actuarial outcomes, and the decrease in grant funding for non-capital assets purchases for the fire department in fiscal year 2017. Public safety expenditures equate to approximately 64% of the total expenditures of the General Fund. Public Safety expenditures are approximately 33% 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 \$4,731,871. 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 25% 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, 2018, the City received \$5,239,684 in grants and state maintenance funds and \$476,644 in property taxes and expended \$2,349,308 on capital outlay, primarily for the rehabilitation of Midland Street, Patterson Street, Saginaw Street and Independence Bridge decking rehab 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, \$489,743 was spent to assist residents of the City with home improvements.

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

The Local Street Fund ended the fiscal year with restricted fund balance of \$852,196, an increase of \$203,905 from fiscal year 2016/2017.

The Solid Waste Fund ended the fiscal year with deficit fund balance of \$204,275. During the 2017 fiscal year, the City completed an analysis of the fee schedule and cost of sales and adjusted the fee schedule to cover the projected operational costs for the 2017/2018 fiscal year. During the 2017/2018 fiscal year, the City entered into an agreement with Waste Management to lease and begin operating a transfer station. The costs to get the transfer station up and going was more than anticipated, therefore, the increase in the rates did not cover the costs for the transfer station. In addition, revenues did not meet original projections.

The Building Inspection Fund ended the fiscal year with restricted fund balance of \$223,688, an increase of \$153,335 from fiscal year 2016/20217.

The Drug Law Enforcement Fund ended the fiscal year with restricted fund balance of \$75,040. During the 2017/2018 fiscal year, the fund transferred funds to General Fund to help purchased new radio equipment a transfer of \$56,719.

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The Community Development Block Grant Fund expended \$274,590 on economic development activities, \$117,793 on other eligible activities, and \$263,095 on debt principal and interest payments.

General Fund Budgetary Highlights

The City of Bay City adopted a balanced budget for fiscal year 2017/2018. 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 City Clerks revenue within the General Fund was amended to include an amount for the Medical Marihuana License in the amount of \$70,000. The City Commission approved a Medical Marihuana Ordinance during the 2018 fiscal year. As this was a first year implementation, the revenues exceeded the expectations of the City.
- The City Clerks revenue within the General Fund was amended to reflect an increase in the budgeted amount for State Revenue Sharing in the amount of \$121,830, the increase was the amount on the State of Michigan website at the time of the amendment.
- The Treasurers revenue within the General Fund was amended to reflect an increase in the budgeted amount for Payments in Lieu of Tax in the amount of \$167,620.
- The Treasurers revenue within the General Fund was amended to reflect an increase in the budgeted amount for the Local Community Stabilization Share in the amount of \$208,405.
- The Treasurers revenue within the General Fund was amended to reflect a decrease in the budgeted amount for the IFT/CFT revenue in the amount of \$42,616.
- The Public Safety department within the General Fund was amended to reflect an increase in Reimbursement revenues in the amount of \$81,222.
- The Public Safety Law Enforcement revenue, public safety patrol and public safety fire departments were amended in the General Fund to cover the costs of purchasing new radios in the amount of \$153,219.
- The Economic Development revenue within the General Fund was amended to reflect the decrease in revenue for reimbursements in the amount of \$52,707. This reduction was related to a vacancy of the Economic Development director for a portion of the year and the loss of revenue to pay for the position.
- The Parks Department revenue within the General Fund was amended to reflect the decrease in revenue from the Bay Area Community Foundation during the fiscal year in the amount of \$37,790. This decrease was a direct result of projects being postponed.
- The Assessor Department within the General Fund was amended to reflect the decrease in wages and related benefits in the amount of \$40,000. This decrease was due to a vacancy throughout the fiscal year.
- The Human Resources Department within the General Fund was amended to reflect the decrease in wages during the fiscal year as a result of a vacancy for a portion of the year. The amendment was in the amount of \$25,000

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- The City Hall and Grounds Department within the General Fund was amended to reflect the increased costs of utilities in the amount of \$25,000. City Hall grounds maintenance was also amended for repairs in the amount of \$16,700.
- The Engineering Department within General Fund was amended to reflect the increased wages in the amount of \$18,000, this amount covered the overtime and union negotiated wage increases.
- The Neighborhood Maintenance Department within the General Fund was amended to reflect the increased revenue and associated expenses in the amount of \$250,000. This increase was for a Michigan Blight Elimination Grant that Economic Development received to demolish blighted structures within the City of Bay City.
- The Public Safety Law Enforcement and Parks Departments within the General Fund was amended to move budgeted funds for the purchase of security camera equipment to the transfer to the Security Camera Fund where the cameras would be purchased. The amendments were in the amounts of \$84,000 and \$42,000 respectively.
- The Public Safety Support Department within the General Fund was amended to reflect the savings in gasoline costs as the price of fuel did not increase as anticipated. The amendment was in the amount of \$32,921.
- The Public Safety Support and the Public Safety Law Enforcement Departments were amended to move the cost of the building rental from one department to the other and account for the building rental, maintenance and other repair costs which Bay County charges the City. The net amendment amount was \$12,000.
- Public Safety Law Enforcement Patrol within the General Fund was amended to reflect the changes in wages and related benefits, the net effect was an increase in \$30,300.
- The Parks Department within the General Fund was amended to align the wages, a decrease of \$40,000, and professional services, an increase of \$30,000, with what actually occurred during the fiscal year.
- The City's Contingency was increased, this reflects the amount in which the City received revenues over anticipated and expenses under anticipated during the fiscal year, essentially a reflection of savings in the City seen during the fiscal year. The increase was in the amount of \$367,286.

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

During the year, actual revenues were similar to the amounts budgeted. Actual expenditures and transfers out were less than budgetary estimates by \$1,343,879. The Administration Departments in General Fund was the largest contributor of savings, as the department was underspent by \$487,577, a majority of the administration savings was due to the contingency amount not being used and vacancies during the fiscal year. The final for public works in the general fund was less than budgeted, street lighting utilities was less than anticipated and the budgeted amount for the blight grant was not used as the projects started after June 30, 2018. There were savings in other areas of General Fund as well, as there were vacancies which will account for the most of the remainder of the under budgeted expenditures.

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, 2018

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amounted to \$200,060,056 (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 4-35 in the notes to the financial statements.

Long-term Debt. At year end, the City has total outstanding debt of \$52,825,326, which included a current portion of \$8,481,304. Of this amount \$34,625,990 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	
	2018	2017	2018	2017	2018	2017
Loans/Bonds	9,777,535	11,967,934	37,700,841	44,984,662	47,478,376	56,952,596
Compensated absences	2,494,427	2,509,846	970,115	1,039,819	3,464,542	3,549,665
Capital leases	985,739	-	-	-	985,739	-
Landfill	896,671	1,401,772	-	-	896,671	1,401,772
Total	\$ 14,154,372	\$ 15,879,552	\$ 38,670,956	\$ 46,024,481	\$ 52,825,328	\$ 61,904,033

The City's total debt decreased by \$9,078,707 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 \$57,358,080 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 4-41 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 2018/2019 fiscal year that did not require the use of any General Fund reserves. This is the fifth fiscal year in a row that the City has been able to balance the budget without the use of reserve funds. Also, since July 1, 2014, the City has been able to increase General Fund Unassigned Fund Balance from \$3,137,941 to \$4,740,964, an increase of \$1,603,023. This increase provides the City with a Fund Balance which is equal to 23.7% of the previous years amended expenditure budget; slightly in excess if the City Commission policy of between 15% and 20% of the previous years amended expenditure budget.

The City's largest revenue source, property taxes, continues to see little, if any growth. However, property values seemed to stabilize in the last year with a small increase expected in 2018.

In 2016, the City, together with the Bay City Housing Commission, contracted for a study of the housing in Bay City. This study provided a very frank assessment of the condition of the housing stock in the City but also provided numerous options for attempting to reverse the decreases in housing values that Bay City as well as many older cities in Michigan and other states have been facing.

The 2018/2019 budget continued two programs that are directly related to the housing study. First, the City appropriated an additional \$300,000 from the General Fund to fund sidewalk improvements/replacements in the City. These funds from a new, designated General Fund funding source, combined with CDBG allocations, will see much of the City's sidewalks repaired/replaced in the next ten years. Second, the City allocated approximately \$200,000 in the 2017/2018 budget for the continued implementation of a citywide video system that will be deployed in various locations throughout the

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City to enhance security and to discourage vandalism. This is the second year of a multi-year program to build this system in the City.

Despite on-going budget challenges, the City is committed to implementing programs addressing the issues highlighted in the housing study.

The City's second largest revenue source, State Shared Revenue Sharing, has seen small increases in the last several years. Despite these small increase, the major reductions in 2010 and 2012 results in approximately \$780,000 less revenue in the 2017/2018 fiscal year to the City than it did in 2008/2009 fiscal year, a reduction of over 15%. If State Shared Revenue Sharing had stayed constant since 2009, the City would have had approximately \$8 million in additional resources for needed programs as well as resources to address the unfunded pension and OPEB liabilities.

After significant increases in medical insurance rates and employee contributions for calendar year 2017, the City saw decreases in both rates and actual utilization medical insurance. This decrease is due mainly to more individuals utilizing the high deductible plans put in place several years ago.

The changes in medical insurance plans to offer higher deductible plans with either smaller (or no) employee contributions has resulted in generally stable or decreased costs to the City for health care costs including health care for retirees. These savings have resulted in a reduction in the Actuarial Accrued Liability for OPEB (retiree health care) from approximately \$132 million to \$124 million. With a further change to a Medicare Advantage plan effective January 1, 2019, the City should see a further reduction in the total liability for OPEB in future years.

Despite the budget challenges that the City faces annually, the City continues to contribute amounts to the Retiree Health Care trust that

are in excess of the "pay-as-you-go" liability to continue reducing the unfunded accrued liability (UAL) for the City and to also increase the amount of the investment revenue for this fund.

As a result of new state legislation placing greater emphasis on road funding for the State and local communities, the City received an increase of approximately \$652,000 in Act 51 funding, along with the additional ACT51 special disbursement in the amount of \$288,452 during 2017/2018. These increases, together with a small commitment to provide an additional funds for the operation of the City's bascule (draw) bridges, will provide additional funds for road maintenance/repairs/construction.

The City adopted rate increases for 2017/2018 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 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 35 active employees in this plan as of the latest plan actuarial study (12/31/17). The City has contributed approximately \$1,000,000/year for numerous years over and above the actuarially required contribution to improve the funding level of this plan. As of 12/31/2017, the latest actuarial date, the plan was 75% funded with an unfunded actuarial liability of \$18,879,781 on that date.

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

City of Bay City
Management's Discussion and Analysis
June 30, 2018

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, 2018

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 15,605,954	\$ 35,357,034	\$ 50,962,988	\$ 11,928,648
Investments	-	-	-	24,374
Receivables				
Taxes	56,419	-	56,419	95,519
Accounts, net	1,071,399	8,043,028	9,114,427	241,036
Special assessments	330,254	377,853	708,107	-
Accrued interest and other	16,191	36,178	52,369	11,368
Notes, net	7,052,163	-	7,052,163	-
Due from other units of government	1,640,913	5,384,136	7,025,049	285,317
Internal balances	(9,551,584)	9,551,584	-	-
Inventories	184,847	3,824,569	4,009,416	43,201
Prepaid items and other assets	785,051	1,880,966	2,666,017	76,633
Restricted assets				
Cash and cash equivalents	-	955,275	955,275	2,995,000
Net other post employment benefits asset	-	-	-	1,797,841
Capital assets not being depreciated	18,273,930	1,855,194	20,129,124	4,704,158
Capital assets, net of accumulated depreciation	61,290,086	118,640,846	179,930,932	15,798,808
Total assets	<u>96,755,623</u>	<u>185,906,663</u>	<u>282,662,286</u>	<u>38,001,903</u>
Deferred Outflows of Resources				
Deferred charges on refunding	-	336,695	336,695	43,241
Deferred amount relating to net pension liability - MERS	449,581	1,996,453	2,446,034	792,757
Deferred amount relating to net pension liability - Police and Fire	3,360,114	-	3,360,114	-
Total deferred outflows of resources	<u>3,809,695</u>	<u>2,333,148</u>	<u>6,142,843</u>	<u>835,998</u>
Total assets and deferred outflows of resources	<u>100,565,318</u>	<u>188,239,811</u>	<u>288,805,129</u>	<u>38,837,901</u>

See Accompanying Notes to the Financial Statements

City of Bay City
Statement of Net Position
June 30, 2018

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Liabilities				
Accounts payable	\$ 1,062,804	\$ 2,524,501	\$ 3,587,305	\$ 433,821
Accrued and other liabilities	1,496,433	602,467	2,098,900	524,959
Deposits	48,908	725,375	774,283	-
Due to other units of government	96,295	63,368	159,663	4,690
Unearned revenue	287,066	-	287,066	-
Noncurrent liabilities				
Due within one year	4,250,997	4,230,307	8,481,304	196,827
Due in more than one year	9,903,375	34,440,649	44,344,024	18,127,624
Net pension liability - MERS	3,298,430	14,647,326	17,945,756	866,807
Net pension liability - Police and Fire	19,530,495	-	19,530,495	-
Net OPEB liability	60,325,659	43,809,777	104,135,436	-
Total liabilities	<u>100,300,462</u>	<u>101,043,770</u>	<u>201,344,232</u>	<u>20,154,728</u>
Deferred Inflows of Resources				
Deferred amount relating to net pension liability - MERS	186,600	828,632	1,015,232	62,183
Deferred amount relating to net pension liability - Police and Fire	320,815	-	320,815	-
Deferred amount relating to net OPEB liability	3,510,546	2,549,434	6,059,980	-
Total deferred inflows of resources	<u>4,017,961</u>	<u>3,378,066</u>	<u>7,396,027</u>	<u>62,183</u>
Total liabilities and deferred inflows of resources	<u>104,318,423</u>	<u>104,421,836</u>	<u>208,740,259</u>	<u>20,216,911</u>
Net Position				
Net investment in capital assets	73,233,603	83,131,894	156,365,497	7,413,129
Restricted for				
Debt service	173,150	955,275	1,128,425	2,995,000
Community and economic development	6,002,278	-	6,002,278	26,255
Capital projects	115,650	-	115,650	-
Wayfinding grant	8,596	-	8,596	-
Unrestricted (deficit)	<u>(83,286,382)</u>	<u>(269,194)</u>	<u>(83,555,576)</u>	<u>8,186,606</u>
Total net position	<u>\$ (3,753,105)</u>	<u>\$ 83,817,975</u>	<u>\$ 80,064,870</u>	<u>\$ 18,620,990</u>

See Accompanying Notes to the Financial Statements

City of Bay City
Statement of Activities
For the Year Ended June 30, 2018

	Expenses		Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
						Governmental Activities	Business-type Activities	Total	
Functions/Programs									
Primary government									
Governmental activities									
General government	\$ 2,991,938	\$ (2,404,575)	\$ 619,784	\$ 117,671	\$ -	\$ 150,092	\$ -	\$ 150,092	\$ -
Public safety	14,998,889	129,770	1,446,200	55,160	-	(13,627,299)	-	(13,627,299)	-
Public works	9,193,664	431,456	2,526,804	7,024,636	598,159	524,479	-	524,479	-
Economic development	1,290,863	49,159	3,800	1,200,945	296,200	160,923	-	160,923	-
Parks and recreation	1,058,595	-	67,676	2,778	2,029,172	1,041,031	-	1,041,031	-
Interest and fiscal charges on long-term debt	757,605	-	-	-	-	(757,605)	-	(757,605)	-
Total governmental activities	<u>30,291,554</u>	<u>(1,794,190)</u>	<u>4,664,264</u>	<u>8,401,190</u>	<u>2,923,531</u>	<u>(12,508,379)</u>	<u>-</u>	<u>(12,508,379)</u>	<u>-</u>
Business-type activities									
Electric	31,713,210	718,565	35,909,408	-	-	-	3,477,633	3,477,633	-
Water	8,260,106	531,747	8,309,773	-	5,565,222	-	5,083,142	5,083,142	-
Sewer	11,049,043	486,037	12,814,118	-	-	-	1,279,038	1,279,038	-
Cemetery	138,723	3,024	75,204	-	-	-	(66,543)	(66,543)	-
Airport	328,594	9,042	156,778	4,006	-	-	(176,852)	(176,852)	-
Marina	198,752	17,785	129,404	-	-	-	(87,133)	(87,133)	-
Total business-type activities	<u>51,688,428</u>	<u>1,766,200</u>	<u>57,394,685</u>	<u>4,006</u>	<u>5,565,222</u>	<u>-</u>	<u>9,509,285</u>	<u>9,509,285</u>	<u>-</u>
Total primary government	<u>\$ 81,979,982</u>	<u>\$ (27,990)</u>	<u>\$ 62,058,949</u>	<u>\$ 8,405,196</u>	<u>\$ 8,488,753</u>	<u>(12,508,379)</u>	<u>9,509,285</u>	<u>(2,999,094)</u>	<u>-</u>
Component unit									
Downtown Development Authority	\$ 217,806	\$ 7,537	\$ 123,117	\$ -	\$ -	-	-	-	(102,226)
Midland Street TIFA	418,392	724	-	12,629	-	-	-	-	(406,487)
Kresge's DDA	1,586	158	-	141	-	-	-	-	(1,603)
Marquette District TIFA	177,473	5,595	-	204,708	-	-	-	-	21,640
Water Street DDA	2,333,506	6,666	-	957,112	-	-	-	-	(1,383,060)
Allen Healthcare DDA	18,745	-	-	-	-	-	-	-	(18,745)
Marina Development TIFA	4,207	-	-	-	-	-	-	-	(4,207)
Knepp's DDA	4,640	-	-	-	-	-	-	-	(4,640)
Brownfield Redevelopment Authority	1,411,703	5,531	-	-	-	-	-	-	(1,417,234)
Columbus Avenue Management Board	10,344	1,499	13,520	1,189	-	-	-	-	2,866
Midland Street Management Board	9,019	280	21,120	-	-	-	-	-	11,821
Downtown Management Board	263,208	-	84,065	88,000	-	-	-	-	(91,143)
Housing Commission	4,328,456	-	2,363,651	2,593,330	-	-	-	-	628,525
Total Component units	<u>\$ 9,199,085</u>	<u>\$ 27,990</u>	<u>\$ 2,605,473</u>	<u>\$ 3,857,109</u>	<u>\$ -</u>				<u>(2,764,493)</u>
General revenues									
Property taxes						13,591,855	-	13,591,855	2,616,086
Grants and contributions not restricted to specific programs						4,458,326	-	4,458,326	-
Unrestricted investment earnings						186,884	354,151	541,035	125,028
Gain on sale of capital assets						136,536	-	136,536	450
Miscellaneous						47,900	243,027	290,927	179,212
Transfers						90,571	(90,571)	-	-
Total general revenues and transfers						<u>18,512,072</u>	<u>506,607</u>	<u>19,018,679</u>	<u>2,920,776</u>
Change in net position						<u>6,003,693</u>	<u>10,015,892</u>	<u>16,019,585</u>	<u>156,283</u>
Net position - beginning of year						40,584,392	114,585,629	155,170,021	18,453,518
Prior period adjustment						(50,341,190)	(40,783,546)	(91,124,736)	11,189
Net position - beginning of year, as restated						<u>(9,756,798)</u>	<u>73,802,083</u>	<u>64,045,285</u>	<u>18,464,707</u>
Net position - end of year						<u>\$ (3,753,105)</u>	<u>\$ 83,817,975</u>	<u>\$ 80,064,870</u>	<u>\$ 18,620,990</u>

See Accompanying Notes to the Financial Statements

**City of Bay City
Governmental Funds
Balance Sheet
June 30, 2018**

	General	Special Revenue Funds		Nonmajor Governmental Funds	Total Governmental Funds
		Major Streets Fund	Rehabilitation Fund		
Assets					
Cash and investments	\$ 3,724,300	\$ 829,051	\$ -	\$ 1,669,533	\$ 6,222,884
Receivables					
Delinquent taxes	46,290	-	-	10,129	56,419
Accounts	183,921	15,274	2,601	867,040	1,068,836
Special assessments	37,298	-	-	46,521	83,819
Accrued interest and other	5,220	649	-	2,628	8,497
Notes	-	-	7,052,163	-	7,052,163
Due from other units of government	791,101	597,137	-	252,675	1,640,913
Due from other funds	642,241	-	-	-	642,241
Inventories	-	99,408	-	-	99,408
Prepaid items	497	-	-	-	497
Total assets	\$ 5,430,868	\$ 1,541,519	\$ 7,054,764	\$ 2,848,526	\$ 16,875,677

See Accompanying Notes to the Financial Statements

**City of Bay City
Governmental Funds
Balance Sheet
June 30, 2018**

	General	Special Revenue Funds		Nonmajor Governmental Funds	Total Governmental Funds
		Major Streets Fund	Rehabilitation Fund		
Liabilities					
Accounts payable	\$ 235,397	\$ 260,025	\$ -	\$ 352,328	\$ 847,750
Accrued and other liabilities	243,883	16,370	-	36,317	296,570
Due to other funds	52,961	4,351	-	604,766	662,078
Deposits payable	2,345	-	-	46,563	48,908
Due to other units of government	77,027	-	-	-	77,027
Unearned revenue	-	-	-	287,066	287,066
Total liabilities	<u>611,613</u>	<u>280,746</u>	<u>-</u>	<u>1,327,040</u>	<u>2,219,399</u>
Deferred Inflows of Resources					
Unavailable revenue	<u>78,291</u>	<u>-</u>	<u>7,054,764</u>	<u>56,308</u>	<u>7,189,363</u>
Fund Balances					
Non-spendable	497	99,408	-	-	99,905
Restricted for					
Wayfinding grant	8,596	-	-	-	8,596
Road maintenance and repairs	-	1,161,365	-	852,196	2,013,561
Community and economic development	-	-	-	144,499	144,499
Culture and recreation	-	-	-	1,019	1,019
Public safety	-	-	-	298,728	298,728
Debt service	-	-	-	257,361	257,361
Capital projects	-	-	-	115,650	115,650
Unassigned (deficit)	<u>4,731,871</u>	<u>-</u>	<u>-</u>	<u>(204,275)</u>	<u>4,527,596</u>
Total fund balances	<u>4,740,964</u>	<u>1,260,773</u>	<u>-</u>	<u>1,465,178</u>	<u>7,466,915</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,430,868</u>	<u>\$ 1,541,519</u>	<u>\$ 7,054,764</u>	<u>\$ 2,848,526</u>	<u>\$ 16,875,677</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, 2018

Total fund balances for governmental funds	\$ 7,466,915
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.	49,911,527
Capital assets not being depreciated used in governmental activities are not financial resources and therefore are not reported in the funds.	18,153,757
Certain receivables are not available to pay for current period expenditures and therefore are deferred in the funds.	7,189,363
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(94,338)
Compensated absences	(2,328,828)
Landfill closure and post closure costs	(896,671)
Deferred inflows of resources resulting from net pension liability - MERS	(81,219)
Deferred outflows of resources resulting from net pension liability - MERS	195,683
Deferred inflows of resources resulting from net pension liability - Police and Fire	(320,815)
Deferred outflows of resources resulting from net pension liability - Police and Fire	3,360,114
Deferred inflows of resources resulting from net OPEB liability	(3,213,607)
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	(9,777,535)
Net pension liability - MERS	(1,435,661)
Net pension liability - Police and Fire	(19,530,495)
Net OPEB liability	(55,223,023)
Internal service funds are included as part of governmental activities.	<u>2,871,728</u>
Net position of governmental activities	<u><u>\$ (3,753,105)</u></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, 2018

	Special Revenue Funds			Nonmajor Governmental Funds	Total Governmental Funds
	General	Major Streets Fund	Rehabilitation Fund		
Revenues					
Taxes	\$ 10,996,316	\$ 476,647	\$ -	\$ 2,578,508	\$ 14,051,471
Licenses and permits	162,188	-	-	875,663	1,037,851
Federal grants	2,679	-	90,007	1,200,945	1,293,631
Other state grants	4,467,280	5,239,684	-	1,411,418	11,118,382
Local contributions	-	300,000	-	253,495	553,495
Charges for services	3,221,221	-	-	2,493,511	5,714,732
Fines and forfeitures	74,834	466	-	99,523	174,823
Interest income	52,882	22,270	7,886	26,597	109,635
Program income	-	-	120,681	-	120,681
Other revenue	247,036	75	-	61,979	309,090
	<u>19,224,436</u>	<u>6,039,142</u>	<u>218,574</u>	<u>9,001,639</u>	<u>34,483,791</u>
Total revenues					

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, 2018

	General	Special Revenue Funds		Nonmajor Governmental Funds	Total Governmental Funds
		Major Streets Fund	Rehabilitation Fund		
Expenditures					
Current					
General government	\$ 3,704,491	\$ -	\$ -	\$ -	\$ 3,704,491
Public safety	11,742,551	-	-	847,289	12,589,840
Public works	1,282,072	2,988,458	-	3,755,553	8,026,083
Economic development	225,343	-	607,111	350,492	1,182,946
Recreation and culture	1,002,374	-	-	-	1,002,374
Capital outlay	15,126	2,381,992	-	283,021	2,680,139
Debt service					
Principal retirement	-	-	-	2,794,226	2,794,226
Interest and fiscal charges	-	-	-	111,212	111,212
Total expenditures	<u>17,971,957</u>	<u>5,370,450</u>	<u>607,111</u>	<u>8,141,793</u>	<u>32,091,311</u>
Excess (deficiency) of revenues over expenditures	<u>1,252,479</u>	<u>668,692</u>	<u>(388,537)</u>	<u>859,846</u>	<u>2,392,480</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, 2018

	Special Revenue Funds			Nonmajor Governmental Funds	Total Governmental Funds
	General	Major Streets Fund	Rehabilitation Fund		
Other financing sources (uses)					
Transfers in	\$ 221,298	\$ 99,285	\$ 489,743	\$ 408,945	\$ 1,219,271
Transfers out	(646,531)	-	(101,206)	(844,241)	(1,591,978)
Total other financing sources and uses	(425,233)	99,285	388,537	(435,296)	(372,707)
Net change in fund balance	827,246	767,977	-	424,550	2,019,773
Fund balance - beginning of year	3,913,718	492,796	-	1,040,628	5,447,142
Fund balance - end of year	<u>\$ 4,740,964</u>	<u>\$ 1,260,773</u>	<u>\$ -</u>	<u>\$ 1,465,178</u>	<u>\$ 7,466,915</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, 2018**

Net change in fund balances - total governmental funds	\$ 2,019,773
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	(3,657,101)
Capital outlay	2,660,049
Donations of capital assets	2,923,531
Sale of capital assets (net book value)	(54,702)
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	(281,295)
Expenses are recorded when incurred in the statement of activities.	
Accrued interest	(42,566)
Interest expense on zero coupon bond	(603,827)
Compensated absences	1,981
Landfill closure and post closure costs	505,101
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	869,322
Net change in the deferred inflows and outflows of resources related to the net pension liability - MERS	(345,896)
Net change in net pension liability - Police and Fire	(1,335,531)
Net change in the deferred inflows and outflows of resources related to the net pension liability - Police and Fire	(3,196,365)
Net change in net OPEB liability	5,915,613
Net change in the deferred inflows and outflows of resources related to the net OPEB liability	(3,213,607)
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	2,794,226
Internal service funds are also included as governmental activities	1,044,987
Change in net position of governmental activities	\$ 6,003,693

See Accompanying Notes to the Financial Statements

City of Bay City
Proprietary Funds
Statement of Net Position
June 30, 2018

	Enterprise Funds					Internal Service Funds
	Electric	Water	Sewer	Nonmajor Enterprise Funds	Total	
Assets						
Current assets						
Cash and cash equivalents	\$ 16,487,514	\$ 5,695,216	\$ 12,990,464	\$ 183,840	\$ 35,357,034	\$ 9,383,070
Receivables						
Accounts, net	5,015,822	1,047,495	1,914,199	65,512	8,043,028	2,563
Special assessments	59,431	38,325	280,097	-	377,853	246,435
Accrued interest and other	17,611	5,503	12,891	173	36,178	7,694
Due from other units of government	128,969	5,255,167	-	-	5,384,136	-
Due from other funds	-	-	696	-	696	131,198
Inventories	2,781,780	783,821	234,337	24,631	3,824,569	85,439
Prepaid items	7,378	7,378	7,378	2,269	24,403	249,370
Deposits	1,856,563	-	-	-	1,856,563	535,184
Total current assets	<u>26,355,068</u>	<u>12,832,905</u>	<u>15,440,062</u>	<u>276,425</u>	<u>54,904,460</u>	<u>10,640,953</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	1,131,844	33,558	206,001	483,791	1,855,194	120,173
Capital assets, net of accumulated depreciation	<u>34,618,124</u>	<u>14,849,372</u>	<u>65,952,818</u>	<u>3,220,532</u>	<u>118,640,846</u>	<u>11,378,559</u>
Total noncurrent assets	<u>38,665,831</u>	<u>14,882,930</u>	<u>66,158,819</u>	<u>3,704,323</u>	<u>123,411,903</u>	<u>11,498,732</u>
Total assets	<u>65,020,899</u>	<u>27,715,835</u>	<u>81,598,881</u>	<u>3,980,748</u>	<u>178,316,363</u>	<u>22,139,685</u>
Deferred Outflows of Resources						
Deferred amount on refunding	-	109,600	227,095	-	336,695	-
Deferred amount relating to net pension liability - MERS	902,587	421,696	672,170	-	1,996,453	253,898
Total deferred outflows of resources	<u>902,587</u>	<u>531,296</u>	<u>899,265</u>	<u>-</u>	<u>2,333,148</u>	<u>253,898</u>
Total assets and deferred outflows of resources	<u>65,923,486</u>	<u>28,247,131</u>	<u>82,498,146</u>	<u>3,980,748</u>	<u>180,649,511</u>	<u>22,393,583</u>

See Accompanying Notes to the Financial Statements

City of Bay City
Proprietary Funds
Statement of Net Position
June 30, 2018

	Enterprise Funds					Internal Service Funds
	Electric	Water	Sewer	Nonmajor Enterprise Funds	Total	
Liabilities						
Current liabilities						
Accounts payable	\$ 1,041,924	\$ 916,202	\$ 541,674	\$ 24,701	\$ 2,524,501	\$ 215,054
Accrued and other liabilities	97,280	34,065	54,470	239	186,054	60,700
Due to other funds	26,620	11,863	17,254	49,990	105,727	6,330
Deposits	696,347	29,028	-	-	725,375	-
Due to other units of government	63,368	-	-	-	63,368	19,268
Current portion of long-term debt	190,000	364,461	3,100,252	-	3,654,713	78,535
Claims payable, current	-	-	-	-	-	1,044,825
Compensated absences, current	283,903	116,384	174,237	1,070	575,594	85,749
Total current liabilities	<u>2,399,442</u>	<u>1,472,003</u>	<u>3,887,887</u>	<u>76,000</u>	<u>7,835,332</u>	<u>1,510,461</u>
Noncurrent liabilities						
Advances from other funds	-	-	-	-	-	1,960,588
Compensated absences, net of current portion	223,830	70,371	100,020	300	394,521	79,850
Long-term debt, net of current portion	12,970,000	4,965,316	16,110,812	-	34,046,128	907,204
Accrued interest payable	256,620	35,082	124,711	-	416,413	-
Net pension liability - MERS	6,621,984	3,093,848	4,931,494	-	14,647,326	1,862,769
Net OPEB liability	17,473,926	9,101,437	17,130,279	104,135	43,809,777	5,102,636
Total noncurrent liabilities	<u>37,546,360</u>	<u>17,266,054</u>	<u>38,397,316</u>	<u>104,435</u>	<u>93,314,165</u>	<u>9,913,047</u>
Total liabilities	<u>39,945,802</u>	<u>18,738,057</u>	<u>42,285,203</u>	<u>180,435</u>	<u>101,149,497</u>	<u>11,423,508</u>
Deferred Inflows of Resources						
Deferred amount relating to net pension liability - MERS	374,620	175,026	278,986	-	828,632	105,381
Deferred amount relating to net OPEB liability	1,016,865	529,642	996,867	6,060	2,549,434	296,939
Total deferred inflows of resources	<u>1,391,485</u>	<u>704,668</u>	<u>1,275,853</u>	<u>6,060</u>	<u>3,378,066</u>	<u>402,320</u>
Total liabilities and deferred inflows of resources	<u>41,337,287</u>	<u>19,442,725</u>	<u>43,561,056</u>	<u>186,495</u>	<u>104,527,563</u>	<u>11,825,828</u>

See Accompanying Notes to the Financial Statements

**City of Bay City
Proprietary Funds
Statement of Net Position
June 30, 2018**

	Enterprise Funds					Internal Service Funds
	Electric	Water	Sewer	Nonmajor Enterprise Funds	Total	
Net Position						
Net investment in capital assets	\$ 22,589,968	\$ 9,662,753	\$ 47,174,850	\$ 3,704,323	\$ 83,131,894	\$ 9,535,606
Restricted for						
Debt service	955,275	-	-	-	955,275	-
Unrestricted (deficit)	<u>1,040,956</u>	<u>(858,347)</u>	<u>(8,237,760)</u>	<u>89,930</u>	<u>(7,965,221)</u>	<u>1,032,149</u>
 Total net position	 <u>\$ 24,586,199</u>	 <u>\$ 8,804,406</u>	 <u>\$ 38,937,090</u>	 <u>\$ 3,794,253</u>	 76,121,948	 <u>\$ 10,567,755</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>7,696,027</u>	
 Net position of business-type activities					 <u>\$ 83,817,975</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, 2018

	Enterprise Funds					Internal Service Funds
	Electric	Water	Sewer	Nonmajor Enterprise Funds	Total	
Operating revenue						
Charges for services	\$ 35,909,408	\$ 8,309,773	\$ 12,814,118	\$ 361,386	\$ 57,394,685	\$ 17,297,554
Other revenue	134,166	231,815	58,553	1,698	426,232	521,214
Total operating revenue	<u>36,043,574</u>	<u>8,541,588</u>	<u>12,872,671</u>	<u>363,084</u>	<u>57,820,917</u>	<u>17,818,768</u>
Operating expenses						
Administration	3,521,790	631,246	518,934	-	4,671,970	295,576
Cost of sales and services	26,365,765	6,298,569	6,942,906	513,368	40,120,608	3,977,460
Claims and benefits	-	-	-	-	-	10,796,477
Repairs and maintenance	-	-	-	5,885	5,885	-
Depreciation	2,652,926	677,443	3,906,311	180,471	7,417,151	1,021,799
Total operating expenses	<u>32,540,481</u>	<u>7,607,258</u>	<u>11,368,151</u>	<u>699,724</u>	<u>52,215,614</u>	<u>16,091,312</u>
Operating income (loss)	<u>3,503,093</u>	<u>934,330</u>	<u>1,504,520</u>	<u>(336,640)</u>	<u>5,605,303</u>	<u>1,727,456</u>
Nonoperating revenue (expenses)						
Local contribution	-	5,565,222	-	-	5,565,222	-
Federal grant	-	-	-	3,795	3,795	-
State grant	-	-	-	211	211	-
Interest income	167,240	55,298	129,823	1,790	354,151	77,254
Gain on sale of assets	-	-	-	-	-	18,501
Loss on disposal of assets	-	(1,258,428)	(16,567)	-	(1,274,995)	(154,352)
Bond issuance costs	-	-	(23,285)	-	(23,285)	-
Amortization of bond premium / discount	-	755	(183,960)	-	(183,205)	-
Interest expense	(522,143)	(206,569)	(557,190)	-	(1,285,902)	(37,291)
Total nonoperating revenues (expenses)	<u>(354,903)</u>	<u>4,156,278</u>	<u>(651,179)</u>	<u>5,796</u>	<u>3,155,992</u>	<u>(95,888)</u>
Income before capital contributions and transfers	3,148,190	5,090,608	853,341	(330,844)	8,761,295	1,631,568
Capital contributions	-	-	-	-	-	295,309
Transfers in	-	-	-	105,707	105,707	470,778
Transfers out	(140,436)	(27,921)	(27,921)	-	(196,278)	(7,500)
Change in net position	<u>3,007,754</u>	<u>5,062,687</u>	<u>825,420</u>	<u>(225,137)</u>	<u>8,670,724</u>	<u>2,390,155</u>
Net position - beginning of year	38,031,262	11,218,405	54,850,422	4,134,681		13,148,757
Prior period adjustment	(16,452,817)	(7,476,686)	(16,738,752)	(115,291)		(4,971,157)
Net position - beginning of year (restated)	<u>21,578,445</u>	<u>3,741,719</u>	<u>38,111,670</u>	<u>4,019,390</u>		<u>8,177,600</u>
Net position - end of year	<u>\$ 24,586,199</u>	<u>\$ 8,804,406</u>	<u>\$ 38,937,090</u>	<u>\$ 3,794,253</u>		<u>\$ 10,567,755</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>1,345,168</u>	
Change in net position of business-type activities					<u>\$ 10,015,892</u>	

See Accompanying Notes to the Financial Statements

City of Bay City
Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2018

	Enterprise Funds					Internal Service Funds
	Electric	Water	Sewer	Nonmajor Enterprise Funds	Total	
Cash flows from operating activities						
Receipts from customers	\$ 38,403,100	\$ 8,729,415	\$ 13,142,357	\$ 361,260	\$ 60,636,132	\$ 519,023
Receipts from interfund users	-	-	-	-	-	17,565,722
Receipts from other funds	-	3,057	7,966	49,930	60,953	-
Payments to other funds	(1,104)	-	-	-	(1,104)	(221)
Payments to suppliers	(22,977,161)	(2,717,495)	(7,121,563)	(525,005)	(33,341,224)	(5,421,135)
Payments to employees	(5,347,924)	(2,171,274)	(1,683,828)	(344)	(9,203,370)	(9,956,469)
Payments for interfund services used	(4,875,136)	(3,324,872)	-	-	(8,200,008)	-
Net cash provided (used) by operating activities	<u>5,201,775</u>	<u>518,831</u>	<u>4,344,932</u>	<u>(114,159)</u>	<u>9,951,379</u>	<u>2,706,920</u>
Cash flows from noncapital financing activities						
Local contributions	-	615,055	-	-	615,055	-
Transfer from other funds	-	-	-	105,707	105,707	470,778
Transfers to other funds	(140,436)	(27,921)	(27,921)	-	(196,278)	(7,500)
Federal grant	-	-	-	3,795	3,795	-
State grant	-	-	-	211	211	-
Net cash provided (used) by noncapital financing activities	<u>(140,436)</u>	<u>587,134</u>	<u>(27,921)</u>	<u>109,713</u>	<u>528,490</u>	<u>463,278</u>
Cash flows from capital and related financing activities						
Proceeds from sale of bonds and notes	-	-	1,747,029	-	1,747,029	-
Capital contributions	-	-	-	-	-	48,874
Advances from other funds	-	-	-	-	-	1,960,588
Purchases/construction of capital assets	(2,695,202)	(805,244)	(1,107,748)	(6,352)	(4,614,546)	(3,999,289)
Principal and interest paid on long-term debt	(1,152,143)	(1,460,739)	(5,275,936)	-	(7,888,818)	(37,290)
Proceeds from sale of capital assets	-	-	-	-	-	18,501
Net cash used by capital and related financing activities	<u>(3,847,345)</u>	<u>(2,265,983)</u>	<u>(4,636,655)</u>	<u>(6,352)</u>	<u>(10,756,335)</u>	<u>(2,008,616)</u>

See Accompanying Notes to the Financial Statements

City of Bay City
Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2018

	Enterprise Funds					Internal Service Funds
	Electric	Water	Sewer	Nonmajor Enterprise Funds	Total	
Cash flows from investing activities						
Advances to other funds	\$ (1,960,588)	\$ -	\$ -	\$ -	\$ (1,960,588)	\$ -
Interest received	162,953	54,237	126,911	1,790	345,891	77,254
Net cash provided (used) by investing activities	<u>(1,797,635)</u>	<u>54,237</u>	<u>126,911</u>	<u>1,790</u>	<u>(1,614,697)</u>	<u>77,254</u>
Net change in cash and cash equivalents	(583,641)	(1,105,781)	(192,733)	(9,008)	(1,891,163)	1,238,836
Cash and cash equivalents - beginning of year	<u>18,026,430</u>	<u>6,800,997</u>	<u>13,183,197</u>	<u>192,848</u>	<u>38,203,472</u>	<u>8,144,234</u>
Cash and cash equivalents - end of year	<u>\$ 17,442,789</u>	<u>\$ 5,695,216</u>	<u>\$ 12,990,464</u>	<u>\$ 183,840</u>	<u>\$ 36,312,309</u>	<u>\$ 9,383,070</u>
Reconciliation to the statement of net position						
Cash and cash equivalents	\$ 16,487,514	\$ 5,695,216	\$ 12,990,464	\$ 183,840	\$ 35,357,034	\$ 9,383,070
Restricted cash	<u>955,275</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>955,275</u>	<u>-</u>
Cash and cash equivalents	<u>\$ 17,442,789</u>	<u>\$ 5,695,216</u>	<u>\$ 12,990,464</u>	<u>\$ 183,840</u>	<u>\$ 36,312,309</u>	<u>\$ 9,383,070</u>

See Accompanying Notes to the Financial Statements

City of Bay City
Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2018

	Enterprise Funds					Internal Service Funds
	Electric	Water	Sewer	Nonmajor Enterprise Funds	Total	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities						
Operating income (loss)	\$ 3,503,093	\$ 934,330	\$ 1,504,520	\$ (336,640)	\$ 5,605,303	\$ 1,727,456
Adjustments to reconcile operating income to net cash from operating activities						
Depreciation and amortization expense	2,652,926	677,443	3,906,311	180,471	7,417,151	1,021,799
Changes in assets and liabilities						
Receivables (net)	2,458,521	187,827	269,686	(1,824)	2,914,210	(3,068)
Due from other units of government	(98,995)	-	-	-	(98,995)	-
Due from other funds	-	-	6,112	-	6,112	(19,000)
Inventories	(199,130)	120,290	(27,347)	(2,323)	(108,510)	43,889
Prepaid items	(7,378)	(7,378)	(7,378)	(1,289)	(23,423)	428,091
Deposits	(968,207)	-	-	-	(968,207)	288,608
Accounts payable	(637,488)	134,333	(143,932)	3,206	(643,881)	(488,480)
Accrued and other liabilities	(9,810)	(20,902)	(41,508)	(51)	(72,271)	31,947
Due to other funds	(1,104)	3,057	1,854	49,930	53,737	(906)
Due to other units of government	61,682	-	-	-	61,682	(7,735)
Estimated claims payable	-	-	-	-	-	(141,674)
Customer deposits payable	263,989	8,957	-	(250)	272,696	-
Net pension liability and related deferrals	(935,989)	(1,093,755)	(221,209)	-	(2,250,953)	89,098
Net OPEB liability and related deferrals	(854,981)	(445,324)	(838,167)	(5,096)	(2,143,568)	(249,667)
Compensated absences	(25,354)	19,953	(64,010)	(293)	(69,704)	(13,438)
Net cash provided (used) by operating activities	\$ 5,201,775	\$ 518,831	\$ 4,344,932	\$ (114,159)	\$ 9,951,379	\$ 2,706,920

See Accompanying Notes to the Financial Statements

City of Bay City
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2018

	Pension and Other Post- Employment Benefits Trust Funds	Agency Funds
Assets		
Cash and cash equivalents	\$ 4,039,243	\$ 298,514
Investments, at fair value		
Fixed income	8,775,575	-
Equities	47,357,670	-
Other investments	14,375,927	-
Accounts receivable	165,237	-
Interest receivable	78,901	-
Due from other funds	-	507,659
	<u>74,792,553</u>	<u>\$ 806,173</u>
Liabilities		
Accounts payable	82,507	\$ -
Due to others	-	734,055
Due to other units of government	-	69,194
Deposits payable	-	2,924
	<u>82,507</u>	<u>\$ 806,173</u>
Net Position		
Restricted for employees' pension benefits	54,779,434	
Restricted for postemployment health care benefits	<u>19,930,612</u>	
	<u>\$ 74,710,046</u>	

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, 2018

	<u>Pension and Other Post- Employment Benefits Trust Funds</u>
Additions	
Contributions	
Employer	\$ 7,734,607
Plan member	<u>673,617</u>
Total contributions	<u>8,408,224</u>
Investment income	
Interest and dividends	2,433,749
Net appreciation in fair value of investments	3,400,909
Investment expense	<u>(256,936)</u>
Net investment income	<u>5,577,722</u>
Other additions	<u>155,572</u>
Total additions	<u>14,141,518</u>
Deductions	
Retiree healthcare premiums payments	5,218,581
Benefits and refunds paid to participants	5,719,282
Administrative expenses	<u>185,000</u>
Total deductions	<u>11,122,863</u>
Change in net position	3,018,655
Net position - beginning of year	<u>71,691,391</u>
Net position - end of year	<u>\$ 74,710,046</u>

See Accompanying Notes to the Financial Statements

City of Bay City
Discretely Presented Component Units
Combining Statement of Net Position
June 30, 2018

	Downtown Development Authority	Midland Street TIFA	Kresge's Downtown Development Authority	Marquette District TIFA	Water Street Downtown Development Authority	Marina Development TIFA	Allen Healthcare Downtown Development Authority
Assets							
Cash and cash equivalents	\$ 8,216	\$ 117,796	\$ 46,943	\$ 2,113,717	\$ 17,355	\$ -	\$ 4,230
Investments	-	-	-	-	-	-	-
Receivables:							
Taxes, net	480	-	-	-	-	-	-
Customers	44,655	-	-	-	-	-	-
Accrued interest and other	69	278	45	1,908	756	-	-
Due from other units of government	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-
Net OPEB asset	-	-	-	-	-	-	-
Capital assets not being depreciated	-	24,000	-	30,136	1,300	-	-
Capital assets being depreciated, net	108,389	1,030,292	14,419	870,541	1,373,712	336,760	-
Restricted assets							
Cash and cash equivalents	-	-	-	-	-	-	-
Total assets	<u>161,809</u>	<u>1,172,366</u>	<u>61,407</u>	<u>3,016,302</u>	<u>1,393,123</u>	<u>336,760</u>	<u>4,230</u>
Deferred Outflows of Resources							
Deferred loss on refunding	-	43,241	-	-	-	-	-
Deferred amount relating to net pension liability	-	-	-	-	-	-	-
Total deferred outflows of resources	<u>-</u>	<u>43,241</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>161,809</u>	<u>1,215,607</u>	<u>61,407</u>	<u>3,016,302</u>	<u>1,393,123</u>	<u>336,760</u>	<u>4,230</u>
Liabilities							
Accounts payable	2,670	855	-	2,406	253,107	-	4,207
Accrued and other liabilities	-	4,599	-	1,582	13,128	-	-
Due to other units of government	-	-	-	-	-	-	-
Long-term debt:							
Compensated absences, current	-	-	-	5,421	-	-	-
Compensated absences, net of current portion	-	-	-	2,942	-	-	-
Due within one year	-	61,860	-	-	105,041	-	-
Due in more than one year	-	811,912	-	-	1,550,246	-	-
Net pension liability	-	-	-	-	-	-	-
Total liabilities	<u>2,670</u>	<u>879,226</u>	<u>-</u>	<u>12,351</u>	<u>1,921,522</u>	<u>-</u>	<u>4,207</u>
Deferred Inflows of Resources							
Deferred amount relating to net pension liability	-	-	-	-	-	-	-
Total liabilities, deferred inflows and fund balances	<u>2,670</u>	<u>879,226</u>	<u>-</u>	<u>12,351</u>	<u>1,921,522</u>	<u>-</u>	<u>4,207</u>
Net Position							
Net investment in capital assets	108,389	223,761	14,419	900,677	1,375,012	336,760	-
Restricted	-	-	-	-	26,255	-	-
Unrestricted (deficit)	<u>50,750</u>	<u>112,620</u>	<u>46,988</u>	<u>2,103,274</u>	<u>(1,929,666)</u>	<u>-</u>	<u>23</u>
Total net position	<u>\$ 159,139</u>	<u>\$ 336,381</u>	<u>\$ 61,407</u>	<u>\$ 3,003,951</u>	<u>\$ (528,399)</u>	<u>\$ 336,760</u>	<u>\$ 23</u>

See Accompanying Notes to the Financial Statements

City of Bay City
Discretely Presented Component Units
Combining Statement of Net Position
June 30, 2018

	Knepp's Downtown Development Authority	Brownfield Redevelopment Authority	Columbus Avenue Management Board	Midland Street Management Board	Downtown Management Board	Housing Commission	Total
Assets							
Cash and cash equivalents	\$ 3,441	\$ 6,593,835	\$ 13,374	\$ 63,240	\$ 10,556	\$ 2,935,945	\$ 11,928,648
Investments	-	-	-	-	-	24,374	24,374
Receivables:							
Taxes, net	-	-	-	-	95,039	-	95,519
Customers	-	-	-	-	-	196,381	241,036
Accrued interest and other	-	6,038	5	49	2,220	-	11,368
Due from other units of government	-	-	-	-	40,945	244,372	285,317
Inventories	-	-	-	-	-	43,201	43,201
Prepaid items	2,400	-	-	-	2,906	71,327	76,633
Net OPEB asset	-	-	-	-	-	1,797,841	1,797,841
Capital assets not being depreciated	-	3,016,178	-	-	-	1,632,544	4,704,158
Capital assets being depreciated, net	121,834	7,061,361	-	-	-	4,881,500	15,798,808
Restricted assets							
Cash and cash equivalents	-	-	-	-	-	2,995,000	2,995,000
Total assets	<u>127,675</u>	<u>16,677,412</u>	<u>13,379</u>	<u>63,289</u>	<u>151,666</u>	<u>14,822,485</u>	<u>38,001,903</u>
Deferred Outflows of Resources							
Deferred loss on refunding	-	-	-	-	-	-	43,241
Deferred amount relating to net pension liability	-	-	-	-	-	792,757	792,757
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>792,757</u>	<u>835,998</u>
Total assets and deferred outflows of resources	<u>127,675</u>	<u>16,677,412</u>	<u>13,379</u>	<u>63,289</u>	<u>151,666</u>	<u>15,615,242</u>	<u>38,837,901</u>
Liabilities							
Accounts payable	3,440	23,265	2,621	189	16,226	124,835	433,821
Accrued and other liabilities	-	193,622	-	-	5,211	306,817	524,959
Due to other units of government	-	4,690	-	-	-	-	4,690
Long-term debt:							
Compensated absences, current	-	83	-	-	-	-	5,504
Compensated absences, net of current portion	-	-	-	-	-	100,776	103,718
Due within one year	-	24,422	-	-	-	-	191,323
Due in more than one year	-	15,661,748	-	-	-	-	18,023,906
Net pension liability	-	-	-	-	-	866,807	866,807
Total liabilities	<u>3,440</u>	<u>15,907,830</u>	<u>2,621</u>	<u>189</u>	<u>21,437</u>	<u>1,399,235</u>	<u>20,154,728</u>
Deferred Inflows of Resources							
Unavailable revenue - delinquent property taxes	-	-	-	-	-	62,183	62,183
Total liabilities, deferred inflows and fund balances	<u>3,440</u>	<u>15,907,830</u>	<u>2,621</u>	<u>189</u>	<u>21,437</u>	<u>1,461,418</u>	<u>20,216,911</u>
Net Position							
Net investment in capital assets	121,834	(2,181,767)	-	-	-	6,514,044	7,413,129
Restricted	-	-	-	-	-	2,995,000	3,021,255
Unrestricted (deficit)	<u>2,401</u>	<u>2,951,349</u>	<u>10,758</u>	<u>63,100</u>	<u>130,229</u>	<u>4,644,780</u>	<u>8,186,606</u>
Total net position	<u>\$ 124,235</u>	<u>\$ 769,582</u>	<u>\$ 10,758</u>	<u>\$ 63,100</u>	<u>\$ 130,229</u>	<u>\$ 14,153,824</u>	<u>\$ 18,620,990</u>

See Accompanying Notes to the Financial Statements

City of Bay City
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Note 1 - Summary of Significant Accounting Policies

Reporting entity

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

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

The governing bodies of the Downtown Management Board (DMB), Midland Street Management Board, Columbus Avenue Management Board, Brownfield Redevelopment Authority, the tax increment financing authorities (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

City of Bay City
Notes to the Financial Statements
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particular function or segment. Taxes and other items not included among program revenues are reported instead as general revenue.

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

Measurement focus, basis of accounting, and financial statement presentation

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

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

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

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.

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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.

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

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.

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.

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

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.

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.

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.

The pension and other postemployment benefits (OPEB) trust funds account for the activities of the police and fire employees' retirement system as well as the OPEB plan of the City. The police and fire employees' 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.

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

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

Assets, deferred outflows of resources, liabilities, deferred inflows of resources, and 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,

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

Donated capital assets are recorded at estimated acquisition cost at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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 – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred

outflow of resources for unamortized loss on bond refunding, contributions subsequent to the measurement date for the MERS pension plan, and change assumptions and experience differences in its pension plans.

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

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fiduciary net position of the Plan and additions to/deductions from the Plan fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. 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 – In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds also report unavailable revenues, which arise only under a modified accrual basis of accounting that are reported as deferred inflows of resources. These amounts are deferred and

recognized as an inflow of resources in the period that the amounts become available. The City reports deferred inflows of resources as a result of pension and OPEB earnings. This amount is the result of a difference between 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. In addition, the City reports deferred inflows of resources due to changes in assumptions and experience differences in its OPEB plan.

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

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

When the City incurs an expenditure for purposes for which various fund balance classifications can be used, it is the City's policy to use

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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.

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. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined OPEB plans, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to

periods of employee services. It also requires additional note disclosures and required supplementary information.

Statement No. 85, *Omnibus 2017* addresses practice issues that were identified during implementation and application of certain GASB Statements. This statement covers issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits).

Statement No. 86, *Certain Debt Extinguishment Issues* is to improve consistency in accounting and financial reporting for in-substance defeasance of debt. The statement provides uniform guidance for derecognizing debt that is defeased in substance, regardless of how cash and other monetary assets placed in an irremovable trust for the purpose of extinguishing that debt were acquired.

Upcoming Accounting and Reporting Changes

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

Statement No. 83, *Certain Asset Retirement Obligations* establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. The requirements of this Statement are effective for the fiscal year ending June 30, 2019.

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

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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, 2020.

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 relevance and consistency of information about leasing activities. The requirements of this Statement are effective for the fiscal year ending June 30, 2021.

Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* improves the information that is disclosed in notes to the financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities should be included when disclosing information related to debt. It requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. It will also require that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement are effective for the fiscal year ending June 30, 2019.

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, 2021.

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. This statement is effective for the year ending June 30, 2020.

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

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.

City of Bay City
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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 \$1,929,666 at year end.

The Solid Waste Management Fund reported deficit fund balance in the amount of \$204,275 at year end.

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.

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

	Cash and Cash Equivalents	Investments	Restricted Cash and Cash Equivalents	Total
Governmental activities	\$ 15,605,954	\$ -	\$ -	\$ 15,605,954
Business-type activities	<u>35,357,034</u>	<u>-</u>	<u>955,275</u>	<u>36,312,309</u>
Total	50,962,988	-	955,275	51,918,263
Fiduciary funds	4,337,757	70,509,172	-	74,846,929
Component units	<u>11,929,386</u>	<u>24,374</u>	<u>2,995,000</u>	<u>14,948,760</u>
Total	<u>\$ 67,230,131</u>	<u>\$ 70,533,546</u>	<u>\$ 3,950,275</u>	<u>\$ 141,713,952</u>

The breakdown between deposits and investments is as follows:

	Primary Government	Fiduciary Funds	Component Units	Total
Bank deposits (checking and savings accounts, money markets and certificates of deposit)	\$ 50,948,518	\$ 4,337,757	\$ 14,924,386	\$ 70,210,661
Investments in securities, mutual funds and similar vehicles	963,930	70,509,172	24,374	71,497,476
Petty cash and cash on hand	<u>5,815</u>	<u>-</u>	<u>-</u>	<u>5,815</u>
	<u>\$ 51,918,263</u>	<u>\$ 74,846,929</u>	<u>\$ 14,948,760</u>	<u>\$ 141,713,952</u>

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

<u>Years to Maturity</u>	<u>% of Debt Securities</u>	<u>Corporate</u>	<u>U.S. Treasury and Agency</u>	<u>Other</u>	<u>Total</u>
Less than 1	3.15%	\$ 270,977	\$ -	\$ 5	\$ 270,982
1 - 5	58.08%	3,224,923	1,690,500	86,545	5,001,968
6 - 10	33.19%	1,630,605	1,095,799	132,428	2,858,832
11 - 15	4.73%	30,163	377,217	-	407,380
16 or more	0.85%	-	73,205	-	73,205
		<u>\$ 5,156,668</u>	<u>\$ 3,236,721</u>	<u>\$ 218,978</u>	<u>\$ 8,612,367</u>

<u>Rating</u>	<u>% of Debt Securities</u>	<u>Fair Value</u>
Moody's Aaa	45.03%	\$ 3,878,300
Moody's Aa2	1.93%	166,400
Moody's Aa3	1.10%	94,273
Moody's A1	4.16%	358,294
Other	47.78%	4,115,100
		<u>\$ 8,612,367</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 Police and Fire Retirement System’s investment policy on credit risk for allowable debt securities follows. The credit rating for each investment type is identified in the above table for debt securities held at June 30, 2018. Regarding fixed income securities, the System’s investment policy allows its investment managers to invest up to 12.5% of the portfolio in non-investment grade securities with at least 80% of the non-investment grade portfolio consisting of BB or B rated securities. The policy also allows investment managers to invest up to 10% of the portfolio in non-U.S. dollar denominated fixed income securities. The minimum credit rating for international fixed income securities is single B at the time of purchase.

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

The Police and Fire Retirement System’s investment policy limits maturity value that may be invested in American 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, 2018, \$8,731,861 of the City’s \$53,418,386 bank balance was covered by federal depository insurance, including balances invested in the certificate of deposit account registry service (CDARS), therefore, \$44,686,525 is uninsured.

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

	Primary Government	Trust Funds		Total
		Police & Fire Pension	Health Care	
Fixed income	\$ -	\$ 8,775,575	\$ -	\$ 8,775,575
Equities	-	26,537,509	16,709,453	43,246,962
Government securities	963,930	-	-	963,930
Other investments:				
Other equity	-	10,701,789	-	10,701,789
Real estate investment funds	-	7,784,846	-	7,784,846
Total	\$ 963,930	\$ 53,799,719	\$ 16,709,453	\$ 71,473,102

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, 2018, 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.

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 year end:

Investment Type	Level 1	Level 2	Level 3	Total Fair Value
Fixed income				
Debt securities				
Corporate bonds	\$ -	\$ 4,128,416	\$ -	\$ 4,128,416
Treasury bonds	3,709,139	-	-	3,709,139
Asset backed bonds	-	1,028,252	-	1,028,252
Agency and municipal bonds	-	491,513	-	491,513
Mortgages	-	132,429	-	132,429
Mutual funds	163,208	-	-	163,208
Other	-	86,545	-	86,545
	<u>3,872,347</u>	<u>5,867,155</u>	<u>-</u>	<u>9,739,502</u>
Equities				
Corporate stock	20,158,682	-	-	20,158,682
Exchange traded funds	131,799	-	-	131,799
Mutual funds	19,249,643	-	-	19,249,643
Other	-	75,272	-	75,272
	<u>39,540,124</u>	<u>75,272</u>	<u>-</u>	<u>39,615,396</u>
Total investments by fair value level	<u>\$ 43,412,471</u>	<u>\$ 5,942,427</u>	<u>\$ -</u>	<u>49,354,898</u>
Investments measure at the net asset value (NAV)				
Municipal bonds				5
Hedge funds - Millennium				3,631,564
Other equity				
Franklin Templeton Global				1,643,735
Northern Trust Russell				7,959,286
Brandywine Global Opportunistic				1,098,768
Other alternative investments				
Real Estate Global Partnership				580,180
WCM Focused International Growth Fund				2,851,016
Private Equity				
Alidade Capital Fund				679,511
Real estate investment funds				
Guggenheim				1,293,295
American Realty Advisors				2,380,844
Total investments at the net asset value				<u>22,118,204</u>
Total investments measured at fair value				<u>\$ 71,473,102</u>

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

Equity securities 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 the net asset value are available in the separately issued Police and Fire Retirement System's financial statements.

Note 5 - Receivables

	Governmental Activities	Business-type Activities	Component Units
Accounts	\$ 1,211,294	\$ 10,339,514	\$ 241,036
Delinquent taxes	116,045	-	90,603
Special assessments	330,254	377,853	-
Due from other governmental units	1,640,913	5,384,136	277,520
Accrued interest and other	16,191	36,178	10,869
Notes	11,585,204	-	-
Gross receivables	14,899,901	16,137,681	620,028
Allowance for taxes	(59,626)	-	(619)
Allowance for notes	(4,533,041)	-	-
Allowance for accounts	(139,895)	(2,296,486)	-
Total receivables, net	\$ 10,167,339	\$ 13,841,195	\$ 619,409

Receivables not expected to be collected within one year are approximately \$7.1 million of the notes receivable reported in the Rehabilitation Fund, \$4 million of notes receivable in the City Loans and Collections Special Revenue Fund.

City of Bay City
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Note 6 - Capital Assets

Capital asset activity of the City's governmental activities for the year ended June 30, 2018, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 17,275,869	\$ 470,185	\$ 54,702	\$ 17,691,352
Construction-in-progress	428,182	172,102	393,706	206,578
Other intangible assets	376,000	-	-	376,000
Total capital assets not being depreciated	<u>18,080,051</u>	<u>642,287</u>	<u>448,408</u>	<u>18,273,930</u>
Capital assets being depreciated				
Land improvements	-	98,029	-	98,029
Infrastructure	146,619,979	2,688,642	-	149,308,621
Buildings, additions and improvements	13,059,997	4,143,245	-	17,203,242
Office furnishings	39,293	-	-	39,293
Machinery and equipment	3,545,616	484,066	68,968	3,960,714
Vehicles	17,071,796	2,906,045	1,306,027	18,671,814
Total capital assets being depreciated	<u>180,336,681</u>	<u>10,320,027</u>	<u>1,374,995</u>	<u>189,281,713</u>
Less accumulated depreciation for				
Land improvements	-	17,449	-	17,449
Infrastructure	106,234,122	3,202,628	-	109,436,750
Buildings, additions and improvements	5,716,661	309,004	-	6,025,665
Office furnishings	32,703	1,465	-	34,168
Machinery and equipment	2,662,404	255,913	68,968	2,849,349
Vehicles	9,887,479	892,441	1,151,674	9,628,246
Total accumulated depreciation	<u>124,533,369</u>	<u>4,678,900</u>	<u>1,220,642</u>	<u>127,991,627</u>
Net capital assets being depreciated	<u>55,803,312</u>	<u>5,641,127</u>	<u>154,353</u>	<u>61,290,086</u>
Governmental activities capital assets, net	<u>\$ 73,883,363</u>	<u>\$ 6,283,414</u>	<u>\$ 602,761</u>	<u>\$ 79,564,016</u>

City of Bay City
Notes to the Financial Statements
June 30, 2018

Capital asset activity of the City's business-type activities for the year ended June 30, 2018, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities				
Capital assets not being depreciated				
Land	\$ 795,224	\$ -	\$ -	\$ 795,224
Construction-in-progress	193,830	955,594	184,875	964,549
Other intangible assets	<u>95,421</u>	<u>-</u>	<u>-</u>	<u>95,421</u>
Total capital assets not being depreciated	<u>1,084,475</u>	<u>955,594</u>	<u>184,875</u>	<u>1,855,194</u>
Capital assets being depreciated				
Land improvements	35,386,944	1,562,177	65,370	36,883,751
Utility plant and systems	260,372,140	1,899,014	2,745,972	259,525,182
Buildings, additions and improvements	3,267,994	-	-	3,267,994
Machinery and equipment	<u>7,507,156</u>	<u>382,636</u>	<u>67,611</u>	<u>7,822,181</u>
Total capital assets being depreciated	<u>306,534,234</u>	<u>3,843,827</u>	<u>2,878,953</u>	<u>307,499,108</u>
Less accumulated depreciation for				
Land improvements	8,238,396	757,240	65,370	8,930,266
Infrastructure	168,069,029	6,283,281	1,475,878	172,876,432
Buildings, additions and improvements	1,495,059	69,800	-	1,564,859
Machinery and equipment	<u>5,242,582</u>	<u>306,830</u>	<u>62,707</u>	<u>5,486,705</u>
Total accumulated depreciation	<u>183,045,066</u>	<u>7,417,151</u>	<u>1,603,955</u>	<u>188,858,262</u>
Net capital assets being depreciated	<u>123,489,168</u>	<u>(3,573,324)</u>	<u>1,274,998</u>	<u>118,640,846</u>
Business-type capital assets, net	<u>\$ 124,573,643</u>	<u>\$ (2,617,730)</u>	<u>\$ 1,459,873</u>	<u>\$ 120,496,040</u>

City of Bay City
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June 30, 2018

Capital asset activity of the City's component units for the year ended June 30, 2018, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Component Units				
Capital assets not being depreciated				
Land	\$ 1,634,795	\$ -	\$ -	\$ 1,634,795
Construction-in-progress	<u>2,943,465</u>	<u>127,439</u>	<u>1,541</u>	<u>3,069,363</u>
Total capital assets not being depreciated	<u>4,578,260</u>	<u>127,439</u>	<u>1,541</u>	<u>4,704,158</u>
Capital assets being depreciated				
Land improvements	45,952	-	-	45,952
Infrastructure	17,330,362	-	-	17,330,362
Buildings, additions and improvements	28,604,148	288,298	-	28,892,446
Machinery and equipment	<u>979,260</u>	<u>33,821</u>	<u>19,340</u>	<u>993,741</u>
Total capital assets being depreciated	<u>46,959,722</u>	<u>322,119</u>	<u>19,340</u>	<u>47,262,501</u>
Less accumulated depreciation for				
Land improvements	9,771	3,680	-	13,451
Infrastructure	5,659,756	796,205	-	6,455,961
Buildings, additions and improvements	24,230,457	750,203	13,793	24,966,867
Machinery and equipment	<u>30,527</u>	<u>2,387</u>	<u>5,500</u>	<u>27,414</u>
Total accumulated depreciation	<u>29,930,511</u>	<u>1,552,475</u>	<u>19,293</u>	<u>31,463,693</u>
Net capital assets being depreciated	<u>17,029,211</u>	<u>(1,230,356)</u>	<u>47</u>	<u>15,798,808</u>
Component unit capital assets, net	<u>\$ 21,607,471</u>	<u>\$ (1,102,917)</u>	<u>\$ 1,588</u>	<u>\$ 20,502,966</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	\$ 125,796
Public safety	142,264
Public works	2,950,072
Health and welfare	213,640
Community and economic development	225,329
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>1,021,799</u>
Total governmental activities	<u>4,678,900</u>
Business-type activities	
Electric	2,652,926
Water	677,443
Sewer	3,906,311
Other business-type activities	<u>180,471</u>
Total business-type activities	<u>7,417,151</u>
Total primary government	<u>\$ 12,096,051</u>
Component units	<u>\$ 1,552,475</u>

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:

	Due from Other Funds	Due to Other Funds
General Fund	\$ 642,241	\$ 52,961
Major Streets Fund	-	4,351
Electric Fund	-	26,620
Water Fund	-	11,863
Sewer Fund	696	17,254
Internal service funds	131,198	6,330
Nonmajor funds	<u>-</u>	<u>654,756</u>
	<u>\$ 774,135</u>	<u>\$ 774,135</u>
	Advance from Other Funds	Advance to Other Funds
Electric Fund	\$ -	\$ 1,960,588
Internal service funds	<u>1,960,588</u>	<u>-</u>
	<u>\$ 1,960,588</u>	<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
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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>
2020	\$ 196,059
2021	196,059
2022	196,059
2023	196,059
2024	196,059
2025-2029	<u>980,293</u>
	<u>\$ 1,960,588</u>

City of Bay City
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The composition of interfund transfers is as follows:

	Transfers To					Total
	General Fund	Major Streets	Rehabilitation Fund	Nonmajor Funds	Internal Service Funds	
Transfers from						
General Fund	\$ -	\$ 99,285	\$ -	\$ 413,446	\$ 133,800	\$ 646,531
Rehabilitation Fund	-	-	-	101,206	-	101,206
Nonmajor Funds	213,798	-	489,743	-	140,700	844,241
Electric Fund	-	-	-	-	140,436	140,436
Sewer Fund	-	-	-	-	27,921	27,921
Water Fund	-	-	-	-	27,921	27,921
Internal Service Funds	7,500	-	-	-	-	7,500
Total	\$ 221,298	\$ 99,285	\$ 489,743	\$ 514,652	\$ 470,778	\$ 1,795,756

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
June 30, 2018

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
Governmental activities									
Bonds and notes payable									
General obligation bonds									
Street Improvement Capital Appreciation	\$ 10,599,932	2021	6.4 - 7.15%	\$2,022,500 - \$2,281,595	\$ 8,277,934	\$ 603,827	\$ 2,426,400	\$ 6,455,361	\$ 2,281,595
Limited Tax Series 2012A	1,630,000	2031	2.3 - 3.65%	\$75,000 - \$110,000	1,305,000	-	70,000	1,235,000	75,000
Loans and notes									
HUD Section 108 Note	2,000,000	2022	4.62 - 5.13%	\$210,000 - \$265,000	1,385,000	-	200,000	1,185,000	210,000
Brownfield Redevelopment MDEQ Loan	1,000,000	2027	1.5%	\$84,294 - \$96,382	1,000,000	-	97,826	902,174	84,294
Total bonds and notes payable					11,967,934	603,827	2,794,226	9,777,535	2,650,889
Capital leases									
Fire Truck	985,739	2027	3.54%	\$65,759 - \$242,387	-	985,739	-	985,739	78,535
Landfill remediation liability									
Compensated absences					1,401,772	-	505,101	896,671	72,077
					<u>2,509,846</u>	<u>1,279,099</u>	<u>1,294,518</u>	<u>2,494,427</u>	<u>1,449,496</u>
Total governmental activities					<u>\$ 15,879,552</u>	<u>\$ 2,868,665</u>	<u>\$ 4,593,845</u>	<u>\$ 14,154,372</u>	<u>\$ 4,250,997</u>

City of Bay City
Notes to the Financial Statements
June 30, 2018

	Amount of Issue	Maturity Date	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities									
Bonds and notes payable									
Sewer Fund									
General obligation bonds									
2015 Limited Tax Refunding	\$ 3,455,000	2025	3.0% - 4.0%	\$310,000 - \$400,000	\$ 3,155,000	\$ -	\$ 310,000	\$ 2,845,000	\$ 310,000
2008 Capital Improvement	2,166,181	2028	4%	\$0	99,275	-	99,275	-	-
2010A Capital Improvement	2,498,600	2020	3.5% - 4.0%	\$120,873 - \$131,233	1,925,100	-	1,548,668	376,432	120,873
2011 Improvement Refunding	884,000	2020	3.261%	\$105,000 - \$112,000	320,000	-	103,000	217,000	105,000
2016 Limited Tax Refunding	1,392,000	2028	3%	\$118,000 - \$150,000	1,364,000	-	14,000	1,350,000	118,000
2017 Capital Improvement Refunding	1,574,796	2030	2.34%	\$3,454 - \$172,675	-	1,574,796	-	1,574,796	17,268
Revolving loans									
State Revolving Fund	42,435,000	2023	2.5%	\$2,405,000 - \$2,655,000	14,990,000	-	2,345,000	12,645,000	2,405,000
Premiums					76,550	172,233	45,947	202,836	24,111
Discounts					(35,925)	-	(35,925)	-	-
Total Sewer Fund					<u>21,894,000</u>	<u>1,747,029</u>	<u>4,429,965</u>	<u>19,211,064</u>	<u>3,100,252</u>
Electric Fund									
Revenue bonds									
2013 Electric Utility System	13,830,000	2033	3.90%	\$190,000 - \$1,115,000	13,345,000	-	185,000	13,160,000	190,000
2008 Electric Utility System	9,770,000	2018	3.75%	\$0	445,000	-	445,000	-	-
Total Electric Fund					<u>13,790,000</u>	<u>-</u>	<u>630,000</u>	<u>13,160,000</u>	<u>190,000</u>
Water Fund									
General obligation bonds									
2008A Capital Improvement	3,030,000	2018	4%	\$0	350,000	-	350,000	-	-
2008B Capital Improvement	3,288,819	2028	4%	\$0	150,725	-	150,725	-	-
2016 Limited Tax Refunding	2,088,000	2028	3%	\$177,000 - \$225,000	2,046,000	-	21,000	2,025,000	177,000
Revolving loans									
State Revolving Fund 7165-01	6,000,000	2026	2.125%	\$0	3,010,000	-	3,010,000	-	-
DWRF 7393-01	3,575,167	2035	2.5%	\$145,000 - \$215,167	3,657,615	-	427,448	3,230,167	180,000
Premiums					86,322	-	11,712	74,610	7,461
Total Water Fund					<u>9,300,662</u>	<u>-</u>	<u>3,970,885</u>	<u>5,329,777</u>	<u>364,461</u>
Total bonds and notes payable					44,984,662	1,747,029	9,030,850	37,700,841	3,654,713
Compensated absences					<u>1,039,819</u>	<u>604,293</u>	<u>673,997</u>	<u>970,115</u>	<u>575,594</u>
Total business-type activities					<u>\$ 46,024,481</u>	<u>\$ 2,351,322</u>	<u>\$ 9,704,847</u>	<u>\$ 38,670,956</u>	<u>\$ 4,230,307</u>

City of Bay City
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June 30, 2018

	Amount of Issue	Maturity Date	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Component units									
Bonds and notes payable									
Water Street DDA									
General obligation bonds									
2015 Limited Tax Refunding	\$ 100,500	2018	2.0% - 3.0%	\$0	\$ 365,000	\$ -	\$ 365,000	\$ -	\$ -
2015 Limited Tax Capital Improvements	1,585,000	2025	2.0% - 4.0%	\$95,000 - \$475,000	1,585,000	-	-	1,585,000	95,000
Premiums					88,158	-	17,871	70,287	10,041
Total Water Street DDA					<u>2,038,158</u>	<u>-</u>	<u>382,871</u>	<u>1,655,287</u>	<u>105,041</u>
Midland Street TIFA									
General obligation bonds									
2010A Capital Improvement	1,118,456	2020	3.5% - 4.5%	\$54,128 - \$58,767	861,738	-	693,170	168,568	54,127
2017 Capital Improvement Refunding	705,204	2030	2.34%	\$1,547 - \$77,325	-	705,204	-	705,204	7,733
Total Midland Street TIFA					<u>861,738</u>	<u>705,204</u>	<u>693,170</u>	<u>873,772</u>	<u>61,860</u>
Brownfield Redevelopment Authority									
General obligation bonds									
2010A Capital Improvement	412,944	2030	2.625% - 4.5%	\$0	318,162	-	318,162	-	-
Revenue bonds									
2013 Tax Increment	9,200,000	2043	3.0% - 5.5%	\$15,000 - \$870,000	9,200,000	-	-	9,200,000	15,000
2014 Tax Increment	7,085,000	2042	2.00% - 4.25%	\$25,000 - \$700,000	7,085,000	-	200,000	6,885,000	25,000
Discounts					<u>(398,822)</u>	<u>(8)</u>	<u>-</u>	<u>(398,830)</u>	<u>(15,578)</u>
Total Brownfield Redevelopment Authority					<u>16,204,340</u>	<u>(8)</u>	<u>518,162</u>	<u>15,686,170</u>	<u>24,422</u>
Total bonds and notes payable					19,104,236	705,196	1,594,203	18,215,229	191,323
Compensated absences - Housing Commission					161,647	-	60,870	100,777	-
Compensated absences - other component units					<u>5,190</u>	<u>8,352</u>	<u>5,097</u>	<u>8,445</u>	<u>5,504</u>
Total component units					<u>\$ 19,271,073</u>	<u>\$ 713,548</u>	<u>\$ 1,660,170</u>	<u>\$ 18,324,451</u>	<u>\$ 196,827</u>
					<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	
Deferred amount on refunding - business-type activities					\$ (266,116)	\$ (103,285)	\$ (32,706)	\$ (336,695)	
Deferred amount on refunding - component units					(6,847)	(46,567)	(10,173)	(43,241)	

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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. Governmental activities has interest of \$6,544,705 including capital appreciation of \$4,432,861, which is included in the outstanding bonds and notes payable balance above.

Year Ending June 30,	Governmental Activities		Business-type Activities		Component Units	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 447,829	\$ 2,745,356	\$ 3,623,141	\$ 1,139,353	\$ 196,861	\$ 846,201
2020	627,945	2,718,304	4,139,780	1,026,666	262,221	843,620
2021	2,485,101	713,199	4,149,687	906,641	300,314	836,520
2022	484,232	82,944	4,263,140	788,002	256,860	828,828
2023	502,893	63,752	4,376,594	667,171	398,407	821,947
2024-2028	1,288,103	187,463	8,678,224	2,096,412	2,091,777	3,844,684
2029-2033	494,310	33,687	6,447,665	778,706	3,032,336	3,373,904
2034-2038	-	-	1,745,164	23,887	4,535,000	2,491,535
2039-2043	-	-	-	-	6,600,000	1,161,859
2044	-	-	-	-	869,996	23,925
	6,330,413	6,544,705	37,423,395	7,426,838	18,543,772	15,073,023
Capital appreciation	4,432,861	(4,432,861)	-	-	-	-
	<u>\$ 10,763,274</u>	<u>\$ 2,111,844</u>	<u>\$ 37,423,395</u>	<u>\$ 7,426,838</u>	<u>\$ 18,543,772</u>	<u>\$ 15,073,023</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 \$3,230,167 (DWRP 7393-01) and \$2,025,000 (2016 Limited Tax Refunding).

Refunding Bond

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, 2018 was \$2,525,082. The refunding resulted in a savings of \$571,225 and an economic gain of \$170,512.

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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, 2017 and 2018, are as follows:

	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	End of Year Liability
2017	\$ 345,700	\$ 463,878	\$ 60,532	\$ 749,046
2018	749,046	134,686	256,101	627,631

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 up to \$5,000,000. There were no reductions of insurance coverage from the prior year. The City is also responsible for paying administrative charges. The revenues for this Fund's operation are reimbursements from various funds and employee payroll withholdings. The liability at the end of the year is based on claims already incurred and reported as provided by Blue Cross and on estimates of incurred but not reported claims as estimated by management. Settled claims have not exceeded insurance coverage in any of the past three years.

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The changes in the claims liability for the years ended June 30, 2017 and 2018, are as follows:

	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	End of Year Liability
2017 \$	95,911	\$ 4,464,615	\$ 4,496,392	\$ 64,134
2018	64,134	3,749,553	3,610,958	202,729

Workers' Compensation

The self-insurance program for workers' compensation is accounted for within the benefits program (an internal service fund). An independent administrator is hired to process the daily claims and to perform auditing and management duties. Presently, the City is responsible for individual claims up to \$350,000 for each occurrence. The City maintains stop-loss coverage on the excess (up to \$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, 2017 and 2018, are as follows:

	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	End of Year Liability
2017 \$	306,085	\$ 283,754	\$ 216,520	\$ 373,319
2018	373,319	(47,878)	110,976	214,465

Note 10 - Employee Retirement and Benefit Systems

Agent Multiple-Employee Plan (MERS) - Defined benefit pension plan

Plan description – The City participates in the Municipal Employees' Retirement System (MERS) of Michigan, a defined benefit pension plan providing certain retirement, disability and death benefits to plan members and beneficiaries. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. Public Act 427 of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at www.mersofmich.com.

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

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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	292
Inactive employees entitled to, but not yet receiving benefits	13
Active employees	<u>35</u>
	<u>340</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 13.06% of annual payroll for the open division. Closed divisions had monthly employer contributions ranging from \$0 to \$149,172. 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, 2017, 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, 2017 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 3.75% in the long-term; 3) Investment rate of return of 7.75%, net of investment expense, including inflation.

Although no specific price inflation assumptions are needed for the valuation, the 3.75% long-term wage inflation assumption would be consistent with a price inflation of 2.5%.

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:

Asset class	Target allocation	Long-term expected real rate of return
Global equity	55.5%	8.65%
Global fixed income	18.5%	3.76%
Real assets	13.5%	9.72%
Diversifying strategies	12.5%	7.50%

Discount rate – The discount rate used to measure the total pension liability is 8.00% for the December 31, 2017 valuation. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates

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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.

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

Total Pension Liability	
Service cost	\$ 240,463
Interest on the total pension liability	5,613,810
Experience differences	100,986
Benefit payments and refunds	<u>(6,081,903)</u>
Net change in total pension liability	(126,644)
Total pension liability - beginning	<u>73,093,322</u>
Total pension liability - ending (a)	<u>\$ 72,966,678</u>
Plan Fiduciary Net Position	
Employer contributions	\$ 5,379,964
Employee contributions	97,748
Pension plan net investment income	6,493,186
Benefit payments and refunds	(6,081,903)
Pension plan administrative expense	<u>(102,730)</u>
Net change in plan fiduciary net position	5,786,265
Plan fiduciary net position - beginning	<u>49,234,657</u>
Plan fiduciary net position - ending (b)	<u>\$ 55,020,922</u>
Net pension liability (a-b)	<u>\$ 17,945,756</u>
Plan fiduciary net position as a percentage of total pension liability	75.41%
Covered payroll	<u>\$ 1,947,137</u>
Net pension liability as a percentage of covered employee payroll	921.65%

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

Sensitivity of the net pension liability to changes in the discount rate – The following presents the net pension liability of the City, calculated using the discount rate of 8.0%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1% lower (7.0%) or 1% higher (9.0%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total pension liability	\$ 79,566,956	\$ 72,966,678	\$ 67,282,994
Fiduciary net position	<u>55,020,922</u>	<u>55,020,922</u>	<u>55,020,922</u>
Net pension liability	<u>\$ 24,546,034</u>	<u>\$ 17,945,756</u>	<u>\$ 12,262,072</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.

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Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions – For the year ended June 30, 2018 the City recognized pension expense of \$2,293,322. The City reported deferred outflows and deferred inflows of resources related to the MERS pension plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total	Total to Amortize
Net difference between projected and actual earnings on plan investments	\$ -	\$ (1,015,232)	\$ (1,015,232)	\$ (1,015,232)
Contributions subsequent to the measurement date	<u>2,446,034</u>	<u>-</u>	<u>2,446,034</u>	<u>-</u>
Total	<u>\$ 2,446,034</u>	<u>\$ (1,015,232)</u>	<u>\$ 1,430,802</u>	<u>\$ (1,015,232)</u>

The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending June 30, 2019. Other amounts reported as pension-related deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

<u>Year ended,</u>	
2019	\$ 243,577
2020	75,128
2021	(817,399)
2022	<u>(516,538)</u>
	<u>\$ (1,015,232)</u>

Police and Fire Retirement System

Plan Description – The City has provided a single-employer defined benefit pension plan for all eligible police officers and firefighters, which assets are included in the Bay City Police and Fire Retirement System, (the “System”). The System operates under the authority of the City Charter. The System is administered by a 5-member

appointed Board of Trustees that is comprised of one police representative, one fire representative, two citizen representatives and the City Manager of the City of Bay City, Michigan.

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

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

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

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

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individual reward / risk characteristics, correlation with other assets, classes, manager roles and fulfillment of the System's long-term financial needs.

Benefits Provided – All certified police officers and firefighters are eligible to participate in the System. All participants who retire at age 55 with 10 years of service or with 25 years of service regardless of age are entitled to a regular retirement benefit, payable monthly, of total service times 2.5% (for eligible employees retiring with less than 25 years of credited service) or 2.8% (for eligible employees retiring with 25 years or more of credited service) of the final average salary. The final average salary is determined as the highest 3 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.

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

Inactive employees or beneficiaries currently receiving benefits	175
Inactive employees entitled to, but not yet receiving benefits	13
Active employees	<u>68</u>
	<u><u>256</u></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, 2018 was 41.45% of covered payroll for firefighters, 26.10% for police patrol, and 34.09% 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, 2018 is as follows:

Reserve / Group	Balance
Employee contributions	
Police	\$ 6,710,117
Fire	2,119,146
Employer contributions	
Police	(7,556,122)
Fire	(6,618,118)
Retiree benefit payments	59,862,938
Excess interest	<u>261,473</u>
 Total reserves	 <u><u>\$ 54,779,434</u></u>

Net Pension Liability – The City's net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018.

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Actuarial Assumptions – The total pension liability was determined by an annual actuarial valuation as of June 30, 2018, 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	23 years
Asset valuation method	5 years smoothed market
Inflation	3.5% beginning with the 6/30/17 valuation, 4.0% prior
Salary increases	3.5% - 26.3%, including inflation
Cost of living adjustments	3.5% to 5% depending on contract
Investment rate of return	7.5%, net of expenses

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

The actuarial assumptions used in the June 30, 2018 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.

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, 2018 for each major asset class included in the System's target asset allocation as disclosed above are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>	<u>Expected Money-Weighted Rate of Return</u>
U.S. Fixed Income	20%	1.25%	0.25%
Global Fixed Income	5%	1.00%	0.05%
Large Cap Equity	28%	7.35%	2.06%
Small / Mid Cap Equity	24%	9.35%	2.24%
International Equity	10%	5.45%	0.55%
Alternatives	13%	7.95%	1.03%
	<u>100%</u>		6.18%
Inflation			4.00%
Risk adjustments			<u>-2.68%</u>
Investment rate of return			<u>7.50%</u>

Discount Rate - The discount rate used to measure the total pension liability was 6.30%. 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

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determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability – the components of the changes in the net pension liability are summarized as follows:

Total Pension Liability	
Service cost	\$ 965,593
Interest on the total pension liability	4,527,037
Experience differences	712,218
Changes in assumptions	928,112
Benefit payments and refunds	<u>(5,705,932)</u>
Net change in total pension liability	1,427,028
Total pension liability - beginning	<u>72,884,757</u>
Total pension liability - ending (a)	<u>\$ 74,311,785</u>
Plan Fiduciary Net Position	
Employer contributions	\$ 1,406,290
Employee contributions	480,790
Pension plan net investment income	4,060,322
Benefit payments and refunds	(5,705,932)
Pension plan administrative expense	(149,975)
Other	<u>1</u>
Net change in plan fiduciary net position	91,496
Plan fiduciary net position - beginning	<u>54,689,794</u>
Plan fiduciary net position - ending (b)	<u>\$ 54,781,290</u>
Net pension liability (a-b)	<u>\$ 19,530,495</u>
Plan fiduciary net position as a percentage of total pension liability	73.72%
Covered payroll	<u>\$ 4,056,629</u>
Net pension liability as a percentage of covered employee payroll	481.45%

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

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the City, calculated using the discount rate of 6.30%, as well as what the City's

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net pension liability would be if it were calculated using a discount rate that is 1% lower (5.30%) or 1% higher (7.30%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total pension liability	\$ 82,860,988	\$ 74,311,785	\$ 67,127,847
Fiduciary net position	<u>54,781,290</u>	<u>54,781,290</u>	<u>54,781,290</u>
 Net pension liability	 <u>\$ 28,079,698</u>	 <u>\$ 19,530,495</u>	 <u>\$ 12,346,557</u>

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – For the year ended June 30, 2018, the City recognized pension expense of \$5,938,188. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Total</u>
Differences in experience	\$ 717,318	\$ -	\$ 717,318
Differences in assumptions	2,642,796	-	2,642,796
Net difference between projected and actual earnings on plan investments	<u>-</u>	<u>(320,815)</u>	<u>(320,815)</u>
 Total	 <u>\$ 3,360,114</u>	 <u>\$ (320,815)</u>	 <u>\$ 3,039,299</u>

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

<u>Year Ended,</u>	
2019	\$ 3,370,573
2020	435,233
2021	(631,178)
2022	<u>(135,329)</u>
	<u>\$ 3,039,299</u>

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

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employee is 50.0% vested after two years and 100.0% vested after four years. For the fiscal year ended June 30, 2018, the City's required and actual contributions amounted to \$535,752. Employees made contributions amounting to \$388,981. There were 156 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. 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, 2017, the date of the latest actuarial valuation:

Retiree and beneficiaries currently receiving benefits	413
Active plan members	<u>193</u>
 Total membership	 <u>606</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 \$18 to \$60 per bi-weekly pay, depending upon the bargaining unit from which the individual retired and the healthcare plan selected. The City's contributions for retiree healthcare for the year ended June 30, 2018, were \$6,328,317. The City Commission has the authority to establish and amend contribution requirements.

Investment policy – The Plan's policy in regards 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.

Concentrations – The Plan has invested 24 percent of its funds in Vanguard Total Bond Market Index Admiral Shares and 76 percent of its funds in Vanguard 500 Index Fund Admiral Shares.

Rate of return – For the year ended June 30, 2018, the annual money-weighted rate of return on investments, net of investment expense, was 13.81%. The money-weighted rate of return expresses

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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, 2018 were as follows:

Total OPEB liability	\$ 124,066,046
Plan fiduciary net position	<u>19,930,610</u>
Net OPEB liability	<u>\$ 104,135,436</u>

Plan fiduciary net position as a percentage of the total OPEB liability is 16.1%.

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, 2017, projected to June 30, 2018
Actuarial cost method	Entry-age normal level % of salary
Amortization method	Level dollar
Remaining amortization period	21
Asset valuation method	5-year smoothed market
Actuarial assumptions:	
Investment rate of return	7.0%
Projected salary increases	4.05% to 14.75%
Inflation rate	3.75% per year
Healthcare inflation rate	9.0% initial decreasing .5% annually to a final rate of 4.5%

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 5.2%. 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.

City of Bay City
Notes to the Financial Statements
June 30, 2018

Changes in Net OPEB Liability

Total OPEB Liability

Service cost	\$ 1,651,710
Interest on the total OPEB liability	6,572,757
Experience differences	(7,746,934)
Changes in assumptions	(3,664,637)
Benefit payments and refunds	<u>(5,039,104)</u>
Net change in total OPEB liability	(8,226,208)
Total OPEB liability - beginning	<u>132,292,254</u>
Total OPEB liability - ending (a)	<u>\$ 124,066,046</u>
Plan Fiduciary Net Position	
Employer contributions	\$ 6,328,317
OPEB plan net investment income	1,675,971
Benefit payments and refunds	(5,039,104)
OPEB plan administrative expense	<u>(36,171)</u>
Net change in plan fiduciary net position	2,929,013
Plan fiduciary net position - beginning	<u>17,001,597</u>
Plan fiduciary net position - ending (b)	<u>\$ 19,930,610</u>
Net OPEB liability (a-b)	<u>\$ 104,135,436</u>
Plan fiduciary net position as a percentage of total OPEB liability	16.06%
Covered payroll	\$ 10,884,537
Net OPEB liability as a percentage of covered payroll	956.73%

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 (4.2%) or 1% higher (6.2%) than the current discount rate.

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	4.2%	5.2%	6.2%
Net OPEB liability	\$ 124,325,822	\$ 104,135,436	\$ 88,116,202

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 (8%) or 1% higher (10%) than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Healthcare Cost</u>	<u>1% Increase</u>
	8%	Trend Rates	9%
	8%	9%	10%
Net OPEB liability	\$ 86,772,429	\$ 104,135,436	\$ 126,003,291

OPEB expense and deferred inflows of resources related to OPEB – For the year ended June 30, 2018 the employer recognized OPEB expense of \$1,233,076. The employer reported deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred</u>
	<u>Inflows of</u>
	<u>Resources</u>
Differences in experience	\$ (3,873,467)
Differences in assumptions	(1,832,318)
Net difference between projected and actual earnings on plan investments	<u>(354,195)</u>
Total	<u>\$ (6,059,980)</u>

City of Bay City
Notes to the Financial Statements
June 30, 2018

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

Year ended,	
2019	\$ (5,794,334)
2020	(88,549)
2021	(88,549)
2022	(88,548)
	<u>\$ (6,059,980)</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 operations in 1984. Approximately 40 acres in size, only a portion of the site was used for municipal waste. The U.S. Army Corps of Engineers utilized the north end of the landfill to deposit dredge spoils. The landfill has a 5' clay cap and engineered controls have been put in place. GM, Honeywell and the City are principal responsible parties for this site. A Remedial Action Plan ("RAP") is complete and was approved by the Michigan Department of Environmental Quality (MDEQ) in November, 2012. Important components to closing out the RAP at the landfill was the installation of required signage to inform the general public to avoid entering the property, to advise authorized personnel who need to access the property, and to provide safe access routes to emergency and authorized personnel. In addition, to adding new signage around the perimeter of the landfill, the City also extended surface drives on the site to provide controlled access to the west side of the landfill that will enable emergency personnel to respond to any emergencies in that area. The new signage and extended surface drives were completed in September, 2012. The objective is to help to insure the public health, to minimize the potential for exposure or injuries that may occur in the future, and that all of the engineering controls that are in place on the site are not inadvertently compromised in any way.

Going forward, the site will require regular monitoring, including ground water, landfill gas and engineered controls as part of the ongoing due care obligation. These holding costs were estimated in 2015 to be \$1.8 million over the next 31 years. GM was a responsible party at 61.25%, along with the City (30%) and Honeywell (8.75%). The City worked with the Michigan Attorney General and United States Environmental Protection Agency ("EPA") regarding the proposed GM Bankruptcy "Environmental Response Trust" participating in these holding costs. With the bankruptcy, the 61.25% shifted to the City and Honeywell. The City Commission approved on February 7, 2011 a resolution that authorized the City to establish a fund for placement of funds obtained from any settlement with, or

City of Bay City
Notes to the Financial Statements
June 30, 2018

payment from the estate of, General Motors, Inc. and its successor entities. To date, the City received stocks and warrants and with their liquidation received \$152,998 from the GM bankruptcy settlement. As a result of the settlement, the City's total exposure is 60.25% and Honeywell is 39.75%.

The former Surath scrap yard is considered an orphaned site by the Department of Environmental Quality. The DEQ has provided grant dollars to the City in the past to deal with environmental concerns. The site is currently fenced and there is a topsoil cap on the site. There are no current or pending environmental actions on the former Surath scrap yard site. The DEQ has provided technical assistance to the City to help market this site for redevelopment. The former Surath scrap yard has been substantially cleaned up with the City incurring approximately \$600,000 in costs.

The City acquired 43 acres of Riverfront property in Bay City, known as Uptown Bay City. The EPA and the MDEQ have determined that the City is not a liable party for the existing contamination at the site. Further, the EPA has awarded the City four grants totaling \$1,600,000 to primarily aid the City in addressing the environmental legacy of industry on this site. Three large buildings were demolished in 2009 and the remaining structures were demolished in 2012. An EPA grant funded contract to excavate an area of environmental concern (a former coal gasification facility) was completed. The property is fenced and has a 5" gravel cap. Uptown was purchased October 2, 2012 by Bay Riverfront Development, LLC and is intended to become a multi-purpose development site.

Commitments

The City's electric department, along with other Michigan municipal utilities, is a member of the Michigan Public Power Agency (MPPA). The agency was formed to acquire interests in certain electric generating plants and related transmission lines. MPPA has acquired a 4.8% undivided interest in the Consumers Power Campbell 3 plant and 18.61% undivided interest in the Detroit Edison Company Belle River project. The City's electric department has entered into power supply and project support contracts with MPPA. Under the agreement, the City's electric department will purchase 13.18% of the energy generated by the Campbell 3 plant and 3.71% of the energy generated by the Belle River plant. Under the terms of the contract, the City's electric department must make annual payments to cover their share of annual debt service requirements and fixed operation costs of the Campbell and Belle River projects. During the fiscal year ended June 30, 2009, the final payment was made on the Campbell project. In 2012, MPPA issued AFEC project bonds, of which the City is responsible for 19.59%. The estimated cumulative annual debt payments with interest included of \$4,515,838 on the Belle River Project and AFEC projects are as follows:

<u>Fiscal Year</u> <u>Ending</u>	<u>Belle River</u> <u>Project</u>	<u>AFEC Project</u>
2019	\$ 1,504,247	\$ 408,917
2020	-	408,261
2021	-	408,363
2022	-	408,510
2023	-	408,314
2024-2028	-	2,042,218
2029-2033	-	2,042,698
2034-2038	-	2,041,474
2039-2043	-	2,041,768
	<u>\$ 1,504,247</u>	<u>\$ 10,210,523</u>

City of Bay City
Notes to the Financial Statements
June 30, 2018

On January 30, 2013, the City entered into a Water Supply Agreement with the County, the Charter Township of Hampton, the City of Essexville, the Charter Township of Bangor, the Township of Beaver, the Township of Frankenlust, the Township of Fraser, the Township of Kawkawlin, the Township of Monitor, the City of Pinconning, the Charter Township of Portsmouth, and the Charter Township of Williams, which obligates the County to enter into an Agreement with the Saginaw-Midland Municipal Water Supply Corporation on behalf of the above parties to furnish raw, untreated water at a capacity up to 22 million gallons per day. The City will operate, maintain, and repair the existing transmission system providing treated water from the new Bay Area Water Treatment Plant to the above parties.

Other

The City is engaged in other routine litigation incidental to the conduct of its municipal and utilities affairs. In the opinion of legal counsel, no legal proceedings are pending against the City, not covered by insurance, which would inhibit the City's ability to perform its operations or materially affect its financial condition.

Note 13 - Net Investment in Capital Assets

The City's net investment in capital assets at June 30, 2018 is as follows:

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Component</u> <u>Units</u>
Capital assets			
Capital assets not being depreciated	\$ 18,273,930	\$ 1,855,194	\$ 4,704,158
Capital assets - net of accumulated depreciation	61,290,086	118,640,846	15,798,805
Deferred outflows of resources (capital related)	-	336,695	43,241
Total capital assets	<u>79,564,016</u>	<u>120,832,735</u>	<u>20,546,204</u>
Related debt:			
Bonds and notes payable	(10,763,274)	(37,700,841)	(18,215,249)
Capital appreciation	4,432,861	-	-
Unspent bond proceeds	-	-	3,426,864
Non-capital debt	-	-	1,655,287
Net investment in capital assets	<u>\$ 73,233,603</u>	<u>\$ 83,131,894</u>	<u>\$ 7,413,106</u>

Note 14 - Tax Abatements

The Government 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 plans, expand existing plans, 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

City of Bay City
Notes to the Financial Statements
June 30, 2018

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 \$159,548 related to PA 198 during fiscal year 2018.

\$3,741,719; the Sewer Fund by \$16,738,752, restating it from \$54,850,422 to \$38,111,670; the non-major enterprise funds by \$115,291, restating them from \$4,134,681 to \$4,019,390; and the internal service funds by \$4,971,157, restating them from \$13,148,757 to \$8,177,600.

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 protects the environment, reuses existing infrastructure, minimizes urban sprawl and creates economic opportunities. The City abated \$689,144 related to PA 381 during fiscal year 2018.

Note 15 - Change in Accounting Principle

As indicated in Note 1, Governmental Accounting Standards Board Statement 75 has been adopted. This statement requires the net OPEB liability and OPEB expense to be recorded. The standard requires this change be applied retroactively. The impact of this change is to reduce beginning net position in the statement of activities as of July 1, 2017 for the governmental activities by \$50,341,190, restating it from \$40,584,392 to \$(9,756,798) and in the business-type activities by \$40,783,546, restating it from \$114,585,629 to \$73,802,083. The impact also changed the Electric Fund by \$16,452,817, restating it from \$38,031,262 to \$21,578,445; the Water Fund by \$7,476,686, restating it from \$11,218,405 to

City of Bay City
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Revenues				
Taxes	\$ 11,043,049	\$ 11,376,458	\$ 10,996,316	\$ (380,142)
Licenses and permits	25,775	95,775	162,188	66,413
Federal grants	17,500	12,380	2,679	(9,701)
Other - intergovernmental	4,335,884	4,707,714	4,467,280	(240,434)
Contributions and donations	-	-	-	-
Charges for services	3,255,905	3,203,198	3,221,221	18,023
Fines and forfeitures	72,011	72,011	74,834	2,823
Interest income	45,000	45,000	52,882	7,882
Other revenue	183,894	227,326	247,036	19,710
Transfers in	167,500	221,298	221,298	-
Total revenues	<u>19,146,518</u>	<u>19,961,160</u>	<u>19,445,734</u>	<u>(515,426)</u>

City of Bay City
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Expenditures				
General government				
Legislative and executive	\$ 727,259	\$ 734,535	\$ 712,366	\$ (22,169)
Administration	1,476,175	1,803,143	1,315,566	(487,577)
Legal counsel	150,000	150,000	153,213	3,213
Finance	1,142,905	1,156,355	1,159,570	3,215
Planning and zoning	400,430	405,937	363,776	(42,161)
Total general government	<u>3,896,769</u>	<u>4,249,970</u>	<u>3,704,491</u>	<u>(545,479)</u>
Public safety				
Police	6,546,202	6,630,994	6,512,970	(118,024)
Fire	5,010,206	5,020,290	4,866,670	(153,620)
Community policing	339,878	377,200	362,911	(14,289)
Total public safety	<u>11,896,286</u>	<u>12,028,484</u>	<u>11,742,551</u>	<u>(285,933)</u>
Public works	1,301,895	1,614,445	1,282,072	(332,373)

City of Bay City
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Economic development	\$ 253,079	\$ 253,079	\$ 225,343	\$ (27,736)
Parks and recreation	1,059,590	1,051,590	1,002,374	(49,216)
Capital outlay	224,022	116,122	15,126	(100,996)
Transfers out	<u>514,877</u>	<u>648,677</u>	<u>646,531</u>	<u>(2,146)</u>
Total expenditures	<u>19,146,518</u>	<u>19,962,367</u>	<u>18,618,488</u>	<u>(1,343,879)</u>
Excess (deficiency) of revenues over expenditures	-	(1,207)	827,246	828,453
Fund balance - beginning of year	<u>3,913,718</u>	<u>3,913,718</u>	<u>3,913,718</u>	<u>-</u>
Fund balance - end of year	<u>\$ 3,913,718</u>	<u>\$ 3,912,511</u>	<u>\$ 4,740,964</u>	<u>\$ 828,453</u>

City of Bay City
Required Supplementary Information
Budgetary Comparison Schedule
Major Streets
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual	Actual
	Original	Final		Over (Under) Final Budget
Revenues				
Taxes	\$ 485,118	\$ 485,118	\$ 476,647	\$ (8,471)
Federal grants	2,562,988	2,562,988	-	(2,562,988)
Other - intergovernmental	3,246,550	3,591,381	5,239,684	1,648,303
Contributions and donations	300,000	300,000	300,000	-
Fines and forfeitures	-	-	466	466
Interest income	3,500	11,000	22,270	11,270
Other revenue	835,556	2,000	75	(1,925)
Transfers in	274,756	274,756	99,285	(175,471)
Total revenues	7,708,468	7,227,243	6,138,427	(1,088,816)
Expenditures				
Current				
Public works	3,572,148	3,242,961	2,988,458	(254,503)
Capital outlay	4,136,320	4,146,507	2,381,992	(1,764,515)
Total expenditures	7,708,468	7,389,468	5,370,450	(2,019,018)
Excess (deficiency) of revenues over expenditures	-	(162,225)	767,977	930,202
Fund balance - beginning of year	492,796	492,796	492,796	-
Fund balance - end of year	\$ 492,796	\$ 330,571	\$ 1,260,773	\$ 930,202

City of Bay City
Required Supplementary Information
Budgetary Comparison Schedule
Rehabilitation Fund
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual	Actual Over (Under)
	Original	Final		Final Budget
Revenues				
Federal grants	\$ 261,112	\$ 275,598	\$ 90,007	\$ (185,591)
Interest income	7,400	14,400	7,886	(6,514)
Program income	42,600	116,600	120,681	4,081
Transfers in	<u>1,126,495</u>	<u>1,126,495</u>	<u>489,743</u>	<u>(636,752)</u>
Total revenues	<u>1,437,607</u>	<u>1,533,093</u>	<u>708,317</u>	<u>(824,776)</u>
Expenditures				
Current				
Economic development	1,387,607	1,402,093	607,111	(794,982)
Transfers out	<u>50,000</u>	<u>131,000</u>	<u>101,206</u>	<u>(29,794)</u>
Total expenditures	<u>1,437,607</u>	<u>1,533,093</u>	<u>708,317</u>	<u>(824,776)</u>
Deficiency 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
Required Supplementary Information
Municipal Employees Retirement System of Michigan
Schedule of Changes in Net Pension Liability and Related Ratios
June 30, 2018

Fiscal year ended June 30,	2018	2017	2016	2015
Total Pension Liability				
Service cost	\$ 240,463	\$ 292,662	\$ 323,154	\$ 353,816
Interest on the total pension liability	5,613,810	5,596,371	5,563,471	5,554,640
Experience differences	100,986	349,317	(689,557)	-
Other changes	-	(1)	3,216,511	1
Benefit payments and refunds	<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	(126,644)	331,693	2,560,867	188,952
Total pension liability - beginning	<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>\$ 72,966,678</u>	<u>\$ 73,093,322</u>	<u>\$ 72,761,629</u>	<u>\$ 70,200,762</u>
Plan Fiduciary Net Position				
Employer contributions	\$ 5,379,964	\$ 5,409,126	\$ 4,832,281	\$ 3,944,723
Employee contributions	97,748	139,768	298,856	218,513
Pension plan net investment income (loss)	6,493,186	5,056,837	(689,452)	2,802,123
Benefit payments and refunds	(6,081,903)	(5,906,656)	(5,852,712)	(5,719,505)
Pension plan administrative expense	<u>(102,730)</u>	<u>(99,798)</u>	<u>(100,164)</u>	<u>(102,890)</u>
Net change in plan fiduciary net position	5,786,265	4,599,277	(1,511,191)	1,142,964
Plan fiduciary net position - beginning	<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>\$ 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>\$ 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	75.41%	67.36%	61.34%	65.74%
Covered payroll	<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 employee payroll	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, 2018

Fiscal Year Ending June 30,	Annual 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%

Notes: The amounts presented for each fiscal year were determined as of December 31 of the preceding year. 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	22
Asset valuation method	Open; 10-year smoothed market
Inflation	2.5%
Salary increases	3.75% including inflation
Investment rate of return	7.75% 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
City of Bay City Police and Fire Retirement System
Schedule of Changes in Net Pension Liability and Related Ratios
June 30, 2018

Fiscal year ended June 30,	2018	2017	2016	2015	2014
Total Pension Liability					
Service cost	\$ 965,593	\$ 970,300	\$ 959,969	\$ 1,035,976	\$ 1,170,628
Interest on the total pension liability	4,527,037	4,609,895	4,634,815	4,711,503	4,728,988
Change of benefit terms	-	-	-	-	(301,242)
Experience differences	712,218	1,118,519	(737,134)	(1,732,221)	(734,651)
Changes in actuarial assumptions	928,112	8,045,729	-	-	-
Benefit payments and refunds	(5,705,932)	(5,679,596)	(4,710,583)	(5,288,925)	(4,770,135)
Net change in total pension liability	1,427,028	9,064,847	147,067	(1,273,667)	93,588
Total pension liability - beginning	<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>\$ 74,311,785</u>	<u>\$ 72,884,757</u>	<u>\$ 63,819,910</u>	<u>\$ 63,672,843</u>	<u>\$ 64,946,510</u>
Plan Fiduciary Net Position					
Employer contributions	\$ 1,406,290	\$ 1,521,054	\$ 1,720,011	\$ 1,925,400	\$ 1,808,810
Employee contributions	480,790	456,986	469,924	562,736	834,201
Pension plan net investment income	4,060,322	6,256,577	288,900	2,840,467	8,500,184
Benefit payments and refunds	(5,705,932)	(5,679,596)	(4,710,583)	(5,288,925)	(4,770,135)
Pension plan administrative expense	(149,975)	(160,372)	(142,325)	(167,467)	(141,341)
Other	<u>1</u>	<u>-</u>	<u>15,999</u>	<u>-</u>	<u>11,063</u>
Net change in plan fiduciary net position	91,496	2,394,649	(2,358,074)	(127,789)	6,242,782
Plan fiduciary net position - beginning	<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>\$ 54,781,290</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>\$ 19,530,495</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	73.72%	75.04%	81.94%	85.83%	84.35%
Covered payroll	<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 employee payroll	481.45%	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
City of Bay City Police and Fire Retirement System
Schedule of Employer Contributions
June 30, 2018

Fiscal Year Ending June 30,	Annual 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%

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

Valuation date June 30, 2018

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	23 years
Asset valuation method	5 year smoothed market
Inflation	3.5% beginning 6/30/17; 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

City of Bay City
Required Supplementary Information
City of Bay City Police and Fire Retirement System
Schedule of Investment Returns
June 30, 2018

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

(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, 2018

Fiscal year ended June 30,	2018	2017
Total OPEB Liability		
Service cost	\$ 1,651,710	\$ 1,833,556
Interest	6,572,757	5,760,654
Differences between expected and actual experience	(7,746,934)	4,316,030
Changes in assumptions	(3,664,637)	1,543,813
Benefit payments	(5,039,104)	(4,821,533)
Net change in total OPEB liability	(8,226,208)	8,632,520
Total OPEB liability - beginning	132,292,254	123,659,734
Total OPEB liability - ending (a)	<u>\$ 124,066,046</u>	<u>\$ 132,292,254</u>
Plan Fiduciary Net Position		
Employer contributions	\$ 6,328,317	\$ 5,213,485
Net investment income	1,675,971	1,661,536
Benefit payments and refunds	(5,039,104)	(4,821,533)
Administrative expense	(36,171)	(35,099)
Other	-	1
Net change in plan fiduciary net position	2,929,013	2,018,390
Plan fiduciary net position - beginning	17,001,597	14,983,208
Plan fiduciary net position - ending (b)	<u>\$ 19,930,610</u>	<u>\$ 17,001,598</u>
Net OPEB liability (a-b)	<u>\$ 104,135,436</u>	<u>\$ 115,290,656</u>
Plan fiduciary net position as a percentage of total OPEB liability	16.06%	12.85%
Covered payroll	\$ 10,884,537	\$ 10,567,512
Net OPEB liability as a percentage of covered employee payroll	956.73%	1,090.99%

GASB Statement No. 74 was implemented in fiscal year 2017. This schedule is being built prospectively.

City of Bay City
Required Supplementary Information
Other Post Employment Benefits
Schedule of Employer Contributions
June 30, 2018

Fiscal Year Ending June 30,	Annual 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%

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.

Methods and assumptions used to determine contribution rates:

Actuarial valuation date	June 30, 2017 projected to June 30, 2018
Actuarial cost method	Entry-age normal level % of salary
Amortization method	Level dollar
Remaining amortization period	22
Asset valuation method	5-year smoothed market
Actuarial assumptions:	
Investment rate of return	7.0%
Projected salary increases	4.05% to 14.75%
Inflation rate	3.75% per year
Healthcare inflation rate	9.0% initial decreasing .5% annually to a final rate of 4.5%

City of Bay City
Required Supplementary Information
Other Post Employment Benefits
Schedule of Investment Returns
June 30, 2018

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

(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. Ultimately, 10 years of data will be presented.

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for revenues derived from specific taxes or other "earmarked" revenue sources. The City of Bay City utilizes the following special revenue funds:

Local Streets Fund - This fund is used to account for local streets maintenance funds received from the State of Michigan.

Parking Enforcement Fund - This fund is used to account for activities relative to downtown parking enforcement.

Solid Waste Management Fund - This fund is used to account for all activities relative to sanitation, recycling, and the landfill.

Community Development Block Grant Fund - This fund is used to account for revenues received from the U.S. Department of Housing and Urban Development (H.U.D.) relative to the CDBG program.

Building Inspection Fund - This fund is used to account for all activities relative to building inspections and code enforcement services.

Neighborhood Opportunity Fund - This fund is used to account for revenues and expenditures related to acquiring and/or demolishing blighted land and/or structures within specific neighborhoods of the City.

Drug Law Enforcement Fund - This fund is used to account for revenues received from Federal and State drug forfeitures restricted for law enforcement purposes.

City Loans and Collections Fund - This fund is used to account for the collection of outstanding loans owed to the City.

Wenonah Park Fund - This fund is used to account for contributions/donations made by businesses and citizens for the purpose of park cleanup and improvements.

Debt Service Fund

The debt service fund was created to account for the payments of principal and interest on long-term, general obligation debt other than that payable from special assessments and debt issued for and serviced by a governmental enterprise. In the City of Bay City, this fund provides for the debt service on the 1991 Street Improvement Bonds. All other long-term debt is serviced directly from the fund responsible for the debt, since a debt service fund is not required and financial resources are not being accumulated for principal and interest payments maturing in future years.

Capital Projects Funds

Capital projects funds are created to account for the financial resources to be used for the acquisition or construction of major capital facilities by a governmental unit, except those financed by special assessment and proprietary funds. The City of Bay City utilizes the following capital projects funds:

Riverfront Redevelopment Fund - This fund is used to account for revenues from EPA grants, other federal, state, and local sources, and City funds for the redevelopment of the City's Downtown Riverfront.

Economic Opportunities Fund - This fund is used to account for various economic development projects throughout the City and to provide assistance to other funds relative to economic development.

Public Improvement Fund - This fund is used to account for monies set aside for public improvement projects.

Playscape Fund - This fund will be utilized to account for the revenues and expenditures for the purchase and construction of the City's play scape.

City of Bay City
Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018

Special Revenue Funds

	Local Streets	Parking Enforcement	Solid Waste Management	Community Development Block Grant	Building Inspection	Neighborhood Opportunity	Drug Law Enforcement
Assets							
Cash and cash equivalents	\$ 1,061,971	\$ 6,673	\$ -	\$ -	\$ -	\$ 145,422	\$ 78,482
Receivables							
Taxes	-	-	-	-	-	-	-
Accounts	2,201	-	436,203	-	428,636	-	-
Special assessments	-	-	27,958	-	18,563	-	-
Accrued interest and other	834	-	-	-	-	77	101
Notes and accrued interest	-	-	-	-	-	-	-
Less allowance for uncollectible accounts	-	-	-	-	-	-	-
Due from other units of government	167,207	-	1,200	84,268	-	-	-
Total assets	<u>\$ 1,232,213</u>	<u>\$ 6,673</u>	<u>\$ 465,361</u>	<u>\$ 84,268</u>	<u>\$ 447,199</u>	<u>\$ 145,499</u>	<u>\$ 78,583</u>
Liabilities							
Accounts payable	\$ 84,782	\$ 6,673	\$ 217,761	\$ 32,440	\$ 2,556	\$ -	\$ 3,543
Accrued and other liabilities	5,837	-	15,677	754	14,049	-	-
Due to other funds	2,332	-	408,240	51,074	143,120	-	-
Deposits payable	-	-	-	-	45,563	1,000	-
Unearned revenue	287,066	-	-	-	-	-	-
Total liabilities	<u>380,017</u>	<u>6,673</u>	<u>641,678</u>	<u>84,268</u>	<u>205,288</u>	<u>1,000</u>	<u>3,543</u>
Deferred inflows of resources							
Unavailable revenue	-	-	27,958	-	18,223	-	-
Fund Balances							
Restricted							
Local Streets	852,196	-	-	-	-	-	-
Building Inspection	-	-	-	-	223,688	-	-
Neighborhood Opportunity	-	-	-	-	-	144,499	-
Drug Law Enforcement	-	-	-	-	-	-	75,040
Wenonah Park	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-
Unassigned (deficit)	-	-	(204,275)	-	-	-	-
Total fund balances	<u>852,196</u>	<u>-</u>	<u>(204,275)</u>	<u>-</u>	<u>223,688</u>	<u>144,499</u>	<u>75,040</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,232,213</u>	<u>\$ 6,673</u>	<u>\$ 465,361</u>	<u>\$ 84,268</u>	<u>\$ 447,199</u>	<u>\$ 145,499</u>	<u>\$ 78,583</u>

City of Bay City
Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018

	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	
Assets							
Cash and cash equivalents	\$ -	\$ 1,017	\$ 255,871	\$ 114,820	\$ 5,079	\$ 198	\$ 1,669,533
Receivables							
Taxes	-	-	10,129	-	-	-	10,129
Accounts	-	-	-	-	-	-	867,040
Special assessments	-	-	-	-	-	-	46,521
Accrued interest and other	-	2	1,488	120	5	1	2,628
Notes and accrued interest	4,533,041	-	-	-	-	-	4,533,041
Less allowance for uncollectible accounts	(4,533,041)	-	-	-	-	-	(4,533,041)
Due from other units of government	-	-	-	-	-	-	252,675
Total assets	<u>\$ -</u>	<u>\$ 1,019</u>	<u>\$ 267,488</u>	<u>\$ 114,940</u>	<u>\$ 5,084</u>	<u>\$ 199</u>	<u>\$ 2,848,526</u>
Liabilities							
Accounts payable	\$ -	\$ -	\$ -	\$ 4,573	\$ -	\$ -	\$ 352,328
Accrued and other liabilities	-	-	-	-	-	-	36,317
Due to other funds	-	-	-	-	-	-	604,766
Deposits payable	-	-	-	-	-	-	46,563
Unearned revenue	-	-	-	-	-	-	287,066
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,573</u>	<u>-</u>	<u>-</u>	<u>1,327,040</u>
Deferred inflows of resources							
Unavailable revenue	-	-	10,127	-	-	-	56,308
Fund Balances							
Restricted							
Local Streets	-	-	-	-	-	-	852,196
Building Inspection	-	-	-	-	-	-	223,688
Neighborhood Opportunity	-	-	-	-	-	-	144,499
Drug Law Enforcement	-	-	-	-	-	-	75,040
Wenonah Park	-	1,019	-	-	-	-	1,019
Debt service	-	-	257,361	-	-	-	257,361
Capital projects	-	-	-	110,367	5,084	199	115,650
Unassigned (deficit)	-	-	-	-	-	-	(204,275)
Total fund balances	<u>-</u>	<u>1,019</u>	<u>257,361</u>	<u>110,367</u>	<u>5,084</u>	<u>199</u>	<u>1,465,178</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ -</u>	<u>\$ 1,019</u>	<u>\$ 267,488</u>	<u>\$ 114,940</u>	<u>\$ 5,084</u>	<u>\$ 199</u>	<u>\$ 2,848,526</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, 2018

Special Revenue Funds

	Local Streets	Parking Enforcement	Solid Waste Management	Community Development Block Grant	Building Inspection	Neighborhood Opportunity	Drug Law Enforcement
Revenues							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, permits and registration	-	-	-	-	875,663	-	-
Federal grants	-	-	-	1,200,945	-	-	-
Other state grants	1,385,926	-	1,200	-	-	-	24,292
Local contributions and donations	-	37,566	-	-	-	118,103	-
Charges for services	-	-	2,489,711	-	-	-	-
Fines and forfeitures	100	26,308	27,721	-	1,564	-	43,830
Investment income (loss)	8,539	2	-	-	(2)	795	1,013
Other revenue	550	-	5,262	149	51,083	-	-
Total revenues	<u>1,395,115</u>	<u>63,876</u>	<u>2,523,894</u>	<u>1,201,094</u>	<u>928,308</u>	<u>118,898</u>	<u>69,135</u>
Expenditures							
Current							
Public safety	-	63,876	-	-	774,273	-	9,140
Public works	1,370,574	-	-	-	-	-	-
Environmental	-	-	2,384,979	-	-	-	-
Economic development	-	-	-	274,590	-	27,167	-
Capital outlay	19,205	-	146,023	117,793	-	-	-
Debt service							
Principal retirement	-	-	-	200,000	-	-	-
Interest and fiscal charges	-	-	-	63,095	-	-	-
Total expenditures	<u>1,389,779</u>	<u>63,876</u>	<u>2,531,002</u>	<u>655,478</u>	<u>774,273</u>	<u>27,167</u>	<u>9,140</u>
Excess (deficiency) of revenues over expenditures	<u>5,336</u>	<u>-</u>	<u>(7,108)</u>	<u>545,616</u>	<u>154,035</u>	<u>91,731</u>	<u>59,995</u>
Other financing sources (uses)							
Transfers in	198,569	-	-	101,206	-	-	-
Transfers out	-	-	(140,000)	(646,822)	(700)	-	(56,719)
Total other financing sources and uses	<u>198,569</u>	<u>-</u>	<u>(140,000)</u>	<u>(545,616)</u>	<u>(700)</u>	<u>-</u>	<u>(56,719)</u>
Net change in fund balance	203,905	-	(147,108)	-	153,335	91,731	3,276
Fund balance - beginning of year	648,291	-	(57,167)	-	70,353	52,768	71,764
Fund balance - end of year	<u>\$ 852,196</u>	<u>\$ -</u>	<u>\$ (204,275)</u>	<u>\$ -</u>	<u>\$ 223,688</u>	<u>\$ 144,499</u>	<u>\$ 75,040</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, 2018

	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	
Revenues							
Taxes	\$ -	\$ -	\$ 2,578,508	\$ -	\$ -	\$ -	\$ 2,578,508
Licenses, permits and registration	-	-	-	-	-	-	875,663
Federal grants	-	-	-	-	-	-	1,200,945
Other state grants	-	-	-	-	-	-	1,411,418
Local contributions and donations	-	-	97,826	-	-	-	253,495
Charges for services	-	-	-	3,800	-	-	2,493,511
Fines and forfeitures	-	-	-	-	-	-	99,523
Investment income (loss)	-	11	14,981	1,207	47	4	26,597
Other revenue	-	-	-	4,935	-	-	61,979
Total revenues	-	11	2,691,315	9,942	47	4	9,001,639
Expenditures							
Current							
Public safety	-	-	-	-	-	-	847,289
Public works	-	-	-	-	-	-	1,370,574
Environmental	-	-	-	-	-	-	2,384,979
Economic development	-	-	-	48,735	-	-	350,492
Capital outlay	-	-	-	-	-	-	283,021
Debt service							
Principal retirement	-	-	2,594,226	-	-	-	2,794,226
Interest and fiscal charges	-	-	48,117	-	-	-	111,212
Total expenditures	-	-	2,642,343	48,735	-	-	8,141,793
Excess (deficiency) of revenues over expenditures	-	11	48,972	(38,793)	47	4	859,846
Other financing sources (uses)							
Transfers in	-	-	109,170	-	-	-	408,945
Transfers out	-	-	-	-	-	-	(844,241)
Total other financing sources and uses	-	-	109,170	-	-	-	(435,296)
Net change in fund balance	-	11	158,142	(38,793)	47	4	424,550
Fund balance - beginning of year	-	1,008	99,219	149,160	5,037	195	1,040,628
Fund balance - end of year	\$ -	\$ 1,019	\$ 257,361	\$ 110,367	\$ 5,084	\$ 199	\$ 1,465,178

City of Bay City
Other Supplementary Information
Budgetary Comparison Schedule
Local Streets Fund
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual	Actual
	Original	Final		Over (Under) Final Budget
Revenues				
Other state grants	\$ 1,045,012	\$ 1,599,882	\$ 1,385,926	\$ (213,956)
Fines and forfeitures	-	-	100	100
Investment income	-	-	8,539	8,539
Other revenue	229,513	-	550	550
Transfers in	200,000	200,000	198,569	(1,431)
 Total revenues	 <u>1,474,525</u>	 <u>1,799,882</u>	 <u>1,593,684</u>	 <u>(206,198)</u>
Expenditures				
Current				
Public works	1,461,525	2,016,395	1,370,574	(645,821)
Capital outlay	13,000	13,000	19,205	6,205
 Total expenditures	 <u>1,474,525</u>	 <u>2,029,395</u>	 <u>1,389,779</u>	 <u>(639,616)</u>
 Excess (deficiency) of revenues over expenditures	 -	 (229,513)	 203,905	 433,418
 Fund balance - beginning of year	 <u>648,291</u>	 <u>648,291</u>	 <u>648,291</u>	 <u>-</u>
 Fund balance - end of year	 <u>\$ 648,291</u>	 <u>\$ 418,778</u>	 <u>\$ 852,196</u>	 <u>\$ 433,418</u>

City of Bay City
Other Supplementary Information
Budgetary Comparison Schedule
Parking Enforcement Fund
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Revenues				
Local contributions	\$ 32,730	\$ 32,730	\$ 37,566	\$ 4,836
Fines and forfeitures	33,800	33,800	26,308	(7,492)
Interest income	20	20	2	(18)
Total revenues	<u>66,550</u>	<u>66,550</u>	<u>63,876</u>	<u>(2,674)</u>
Expenditures				
Current				
Public safety	<u>66,550</u>	<u>66,550</u>	<u>63,876</u>	<u>(2,674)</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, 2018

	Budgeted Amounts		Actual	Actual
	Original	Final		Over (Under) Final Budget
Revenues				
Other state grants	\$ -	\$ -	\$ 1,200	\$ 1,200
Local contributions	300,000	300,000	-	(300,000)
Charges for services	2,910,517	2,910,517	2,489,711	(420,806)
Fines and forfeitures	40,000	40,000	27,721	(12,279)
Other revenue	2,000	2,000	5,262	3,262
Bond/note proceeds	1,440,000	1,440,000	-	(1,440,000)
 Total revenues	 <u>4,692,517</u>	 <u>4,692,517</u>	 <u>2,523,894</u>	 <u>(2,168,623)</u>
Expenditures				
Current				
Environmental	2,699,600	2,459,184	2,384,979	(74,205)
Capital outlay	1,740,000	1,745,000	146,023	(1,598,977)
Debt service				
Principal retirement	55,317	55,317	-	(55,317)
Interest and fiscal charges	57,600	57,600	-	(57,600)
Transfers out	140,000	140,000	140,000	-
 Total expenditures	 <u>4,692,517</u>	 <u>4,457,101</u>	 <u>2,671,002</u>	 <u>(1,786,099)</u>
 Excess (deficiency) of revenues over expenditures	 -	 235,416	 (147,108)	 (382,524)
 Fund balance (deficit) - beginning of year	 <u>(57,167)</u>	 <u>(57,167)</u>	 <u>(57,167)</u>	 <u>-</u>
 Fund balance (deficit) - end of year	 <u>\$ (57,167)</u>	 <u>\$ 178,249</u>	 <u>\$ (204,275)</u>	 <u>\$ (382,524)</u>

City of Bay City
Other Supplementary Information
Budgetary Comparison Schedule
Community Development Block Grant Fund
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Revenues				
Federal grants	\$ 2,652,777	\$ 2,618,781	\$ 1,200,945	\$ (1,417,836)
Other revenue	-	-	149	149
Transfers in	50,000	131,000	101,206	(29,794)
Total revenues	<u>2,702,777</u>	<u>2,749,781</u>	<u>1,302,300</u>	<u>(1,447,481)</u>
Expenditures				
Current				
Economic development	561,430	577,430	274,590	(302,840)
Capital outlay	417,000	450,925	117,793	(333,132)
Debt service				
Principal retirement	250,376	200,000	200,000	-
Interest and fiscal charges	12,720	63,096	63,095	(1)
Transfers out	1,461,251	1,458,330	646,822	(811,508)
Total expenditures	<u>2,702,777</u>	<u>2,749,781</u>	<u>1,302,300</u>	<u>(1,447,481)</u>
Excess of revenues over expenditures	-	-	-	-
Fund balance - beginning of year	-	-	-	-
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, 2018

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Revenues				
Licenses and permits	\$ 786,865	\$ 786,865	\$ 875,663	\$ 88,798
Fines and forfeitures	5,000	5,000	1,564	(3,436)
Investment income (loss)	-	-	(2)	(2)
Other revenue	<u>61,115</u>	<u>61,115</u>	<u>51,083</u>	<u>(10,032)</u>
Total revenues	<u>852,980</u>	<u>852,980</u>	<u>928,308</u>	<u>75,328</u>
Expenditures				
Current				
Public safety	855,695	866,115	774,273	(91,842)
Transfers out	<u>-</u>	<u>700</u>	<u>700</u>	<u>-</u>
Total expenditures	<u>855,695</u>	<u>866,815</u>	<u>774,973</u>	<u>(91,842)</u>
Excess (deficiency) of revenues over expenditures	(2,715)	(13,835)	153,335	167,170
Fund balance - beginning of year	<u>70,353</u>	<u>70,353</u>	<u>70,353</u>	<u>-</u>
Fund balance - end of year	<u>\$ 67,638</u>	<u>\$ 56,518</u>	<u>\$ 223,688</u>	<u>\$ 167,170</u>

City of Bay City
Other Supplementary Information
Budgetary Comparison Schedule
Neighborhood Opportunity Fund
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Revenues				
Investment income	\$ -	\$ -	\$ 795	\$ 795
Other revenue	<u>2,575</u>	<u>43,672</u>	<u>118,103</u>	<u>74,431</u>
Total revenues	2,575	43,672	118,898	75,226
Expenditures				
Current				
Economic development	<u>20,046</u>	<u>45,891</u>	<u>27,167</u>	<u>(18,724)</u>
Excess (deficiency) of revenues over expenditures	(17,471)	(2,219)	91,731	93,950
Fund balance - beginning of year	<u>52,768</u>	<u>52,768</u>	<u>52,768</u>	<u>-</u>
Fund balance - end of year	<u>\$ 35,297</u>	<u>\$ 50,549</u>	<u>\$ 144,499</u>	<u>\$ 93,950</u>

City of Bay City
Other Supplementary Information
Budgetary Comparison Schedule
Drug Law Enforcement Fund
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Revenues				
Other state grants	\$ 40,000	\$ 40,000	\$ 24,292	\$ (15,708)
Fines and forfeitures	5,000	5,000	43,830	38,830
Investment income	350	350	1,013	663
Other revenue	5,000	5,000	-	(5,000)
Total revenues	<u>50,350</u>	<u>50,350</u>	<u>69,135</u>	<u>18,785</u>
Expenditures				
Current				
Public safety	50,350	26,248	9,140	(17,108)
Transfers out	-	56,719	56,719	-
Total expenditures	<u>50,350</u>	<u>82,967</u>	<u>65,859</u>	<u>(17,108)</u>
Excess (deficiency) of revenues over expenditures	-	(32,617)	3,276	35,893
Fund balance - beginning of year	<u>71,764</u>	<u>71,764</u>	<u>71,764</u>	<u>-</u>
Fund balance - end of year	<u>\$ 71,764</u>	<u>\$ 39,147</u>	<u>\$ 75,040</u>	<u>\$ 35,893</u>

City of Bay City
Other Supplementary Information
Budgetary Comparison Schedule
City Loans and Collections Fund
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual	Actual
	Original	Final		Over (Under)
Expenditures				Final
Transfers out	\$ -	\$ -	\$ -	\$ -
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Bay City
Other Supplementary Information
Budgetary Comparison Schedule
Wenonah Park Fund
For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Actual Over (Under) Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment income	\$ -	\$ -	\$ 11	\$ 11
Fund balance - beginning of year	<u>1,008</u>	<u>1,008</u>	<u>1,008</u>	<u>-</u>
Fund balance - end of year	<u>\$ 1,008</u>	<u>\$ 1,008</u>	<u>\$ 1,019</u>	<u>\$ 11</u>

Nonmajor Enterprise Funds

Enterprise Funds are established to account for the financing of self-supporting municipal activities which render services on a user charge basis to the general public. The significant characteristic of an enterprise fund is that the accounting system allows for the determination of whether the activity is operated at a profit or loss. All accounts of enterprise funds are self contained, providing a means for creditors, legislators, and the general public to evaluate the performance of the municipal enterprise on a comparable basis with investor-owned enterprises in the same industry.

The City of Bay City has the following nonmajor enterprise funds:

Oak Ridge Cemetery Fund - This fund is used to account for the operation and maintenance of a sixty acre cemetery within the City.

James Clements Airport Fund - This fund is used to account for the operation and maintenance of the City's municipal airport facilities.

Liberty Harbor Marina Fund - This fund is used to account for the operation and maintenance of the City's municipal marina facilities.

City of Bay City
Other Supplementary Information
Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2018

	Oak Ridge Cemetery	James Clements Airport	Liberty Harbor Marina	Total
Assets				
Current assets				
Cash and investments	\$ 174,379	\$ -	\$ 9,461	\$ 183,840
Accounts receivable, net	4,970	60,397	145	65,512
Accrued interest and other	157	11	5	173
Inventories	-	24,631	-	24,631
Prepaid items	-	2,269	-	2,269
Total current assets	179,506	87,308	9,611	276,425
Noncurrent assets				
Capital assets not being depreciated	144,898	338,893	-	483,791
Capital assets, net of accumulated depreciation	33,468	1,732,716	1,454,348	3,220,532
Total noncurrent assets	178,366	2,071,609	1,454,348	3,704,323
Total assets	357,872	2,158,917	1,463,959	3,980,748
Liabilities				
Current liabilities				
Accounts payable	9,656	5,868	9,177	24,701
Accrued and other liabilities	-	-	239	239
Due to other funds	-	49,910	80	49,990
Compensated absences, current	-	-	1,070	1,070
Total current liabilities	9,656	55,778	10,566	76,000
Noncurrent liabilities				
Compensated absences, net of current portion	-	-	300	300
Net OPEB liability	-	-	104,135	104,135
Total noncurrent liabilities	-	-	104,435	104,435
Total liabilities	9,656	55,778	115,001	180,435
Deferred Inflows of Resources				
Deferred amount relating to net OPEB liability	-	-	6,060	6,060
Total liabilities and deferred inflows of resources	9,656	55,778	121,061	186,495
Net Position				
Investment in capital assets	178,366	2,071,609	1,454,348	3,704,323
Unrestricted (deficit)	169,850	31,530	(111,450)	89,930
Total net position	\$ 348,216	\$ 2,103,139	\$ 1,342,898	\$ 3,794,253

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, 2018

	Oak Ridge Cemetery	James Clements Airport	Liberty Harbor Marina	Total
Operating revenue				
Charges for services				
Sales	\$ 75,204	\$ 98,681	\$ 2,766	\$ 176,651
Rents	-	58,097	126,638	184,735
Other revenue	221	1,477	-	1,698
Total operating revenue	<u>75,425</u>	<u>158,255</u>	<u>129,404</u>	<u>363,084</u>
Operating expenses				
Cost of sales and service	133,960	221,707	157,701	513,368
Repairs and maintenance	5,885	-	-	5,885
Depreciation	1,902	118,838	59,731	180,471
Total operating expenses	<u>141,747</u>	<u>340,545</u>	<u>217,432</u>	<u>699,724</u>
Operating loss	<u>(66,322)</u>	<u>(182,290)</u>	<u>(88,028)</u>	<u>(336,640)</u>
Nonoperating revenue (expenses)				
Federal grant	-	3,795	-	3,795
State grant	-	211	-	211
Investment income	1,639	105	46	1,790
Total nonoperating revenues (expenses)	<u>1,639</u>	<u>4,111</u>	<u>46</u>	<u>5,796</u>
Loss before transfers	(64,683)	(178,179)	(87,982)	(330,844)
Transfers in	95,707	-	10,000	105,707
Change in net position	<u>31,024</u>	<u>(178,179)</u>	<u>(77,982)</u>	<u>(225,137)</u>
Net position - beginning of year	317,192	2,281,318	1,536,171	4,134,681
Prior period adjustment	-	-	(115,291)	(115,291)
Net position - beginning of year (restated)	<u>317,192</u>	<u>2,281,318</u>	<u>1,420,880</u>	<u>4,019,390</u>
Net position - end of year	<u>\$ 348,216</u>	<u>\$ 2,103,139</u>	<u>\$ 1,342,898</u>	<u>\$ 3,794,253</u>

City of Bay City
Other Supplementary Information
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2018

	Oak Ridge Cemetery	James Clements Airport	Liberty Harbor Marina	Total
Cash flows from operating activities				
Receipts from customers	\$ 76,388	\$ 154,800	\$ 130,072	\$ 361,260
Receipts from other funds	-	49,910	20	49,930
Payments to suppliers	(139,847)	(224,796)	(160,362)	(525,005)
Payments to employees	-	-	(344)	(344)
Net cash used by operating activities	<u>(63,459)</u>	<u>(20,086)</u>	<u>(30,614)</u>	<u>(114,159)</u>
Cash flows from noncapital financing activities				
Transfer from other funds	95,707	-	10,000	105,707
Federal grant	-	3,795	-	3,795
State grant	-	211	-	211
Net cash provided by noncapital financing activities	<u>95,707</u>	<u>4,006</u>	<u>10,000</u>	<u>109,713</u>
Cash flows from capital and related financing activities				
Purchases/construction of capital assets	-	(6,352)	-	(6,352)
Cash flows from investing activities				
Interest received	1,639	105	46	1,790
Net change in cash and cash equivalents	33,887	(22,327)	(20,568)	(9,008)
Cash and cash equivalents - beginning of year	140,492	22,327	30,029	192,848
Cash and cash equivalents - end of year	<u>\$ 174,379</u>	<u>\$ -</u>	<u>\$ 9,461</u>	<u>\$ 183,840</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating loss	\$ (66,322)	\$ (182,290)	\$ (88,028)	\$ (336,640)
Adjustments to reconcile operating income to net cash from operating activities				
Depreciation and amortization expense	1,902	118,838	59,731	180,471
Changes in assets and liabilities				
Receivables (net)	963	(3,455)	668	(1,824)
Inventories	-	(2,323)	-	(2,323)
Prepaid items	-	(1,289)	-	(1,289)
Accounts payable	(2)	773	2,435	3,206
Accrued and other liabilities	-	-	(51)	(51)
Due to other funds	-	49,910	20	49,930
Deposits payable	-	(250)	-	(250)
Compensated absences	-	-	(293)	(293)
Net OPEB liability and related deferrals	-	-	(5,096)	(5,096)
Net cash used by operating activities	<u>\$ (63,459)</u>	<u>\$ (20,086)</u>	<u>\$ (30,614)</u>	<u>\$ (114,159)</u>

Internal Service Funds

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other governments, on a cost reimbursement basis. The City of Bay City has the following internal service funds:

Motor Equipment Revolving Fund - This fund is used to account for all activities relative to the maintenance and replacement of all City vehicles and large equipment.

Information Systems Fund - This fund accounts for all activities necessary to provide technology services to all City departments.

Property/Liability Self-Insurance Fund - The function of this fund is to provide liability and property insurance to all City departments.

Site Remediation Fund - This fund accounts for the expenses relative to the cleanup and remediation of the Middlegrounds Landfill.

Benefits Program Fund - This fund accounts for the healthcare, life insurance, workers compensation, unemployment, and retirement benefits provided to all City employees and retirees.

Security Cameras Fund - This fund accounts for the expenses relative to the City's security cameras.

DPW/Electric Building Fund - This fund accounts for the activities necessary to operate the DPW and Electric building.

City of Bay City
Other Supplementary Information
Combining Statement of Net Position
Internal Service Funds
June 30, 2018

	Motor Equipment Pool	Information Systems	Property/ Liability Self- Insurance	Site Remediation	Benefits Program	Security Cameras	DPW/Electric Building	Total
Assets								
Current assets								
Cash and investments	\$ 1,400,963	\$ 150,352	\$ 1,097,442	\$ 115,954	\$ 6,342,141	\$ 182,478	\$ 93,740	\$ 9,383,070
Accounts receivable, net	1,975	-	-	179	409	-	-	2,563
Accrued interest and other	1,529	154	1,250	67	4,626	63	5	7,694
Due from other units of government	246,435	-	-	-	-	-	-	246,435
Due from other funds	-	-	-	-	131,198	-	-	131,198
Inventories	56,309	29,130	-	-	-	-	-	85,439
Prepaid items	-	2,305	-	-	247,065	-	-	249,370
Deposits	-	-	312,684	-	222,500	-	-	535,184
Total current assets	<u>1,707,211</u>	<u>181,941</u>	<u>1,411,376</u>	<u>116,200</u>	<u>6,947,939</u>	<u>182,541</u>	<u>93,745</u>	<u>10,640,953</u>
Noncurrent assets								
Capital assets not being depreciated	-	-	-	-	-	2,538	117,635	120,173
Capital assets, net of accumulated depreciation	<u>8,972,490</u>	<u>420,741</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>176,167</u>	<u>1,809,161</u>	<u>11,378,559</u>
Total noncurrent assets	<u>8,972,490</u>	<u>420,741</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>178,705</u>	<u>1,926,796</u>	<u>11,498,732</u>
Total assets	<u>10,679,701</u>	<u>602,682</u>	<u>1,411,376</u>	<u>116,200</u>	<u>6,947,939</u>	<u>361,246</u>	<u>2,020,541</u>	<u>22,139,685</u>
Deferred Outflows of Resources								
Deferred amount relating to net pension liability - MERS	<u>120,345</u>	<u>133,553</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>253,898</u>
Total assets and deferred outflows of resources	<u>10,800,046</u>	<u>736,235</u>	<u>1,411,376</u>	<u>116,200</u>	<u>6,947,939</u>	<u>361,246</u>	<u>2,020,541</u>	<u>22,393,583</u>

City of Bay City
Other Supplementary Information
Combining Statement of Net Position
Internal Service Funds
June 30, 2018

	Motor Equipment Pool	Information Systems	Property/ Liability Self- Insurance	Site Remediation	Benefits Program	Security Cameras	DPW/Electric Building	Total
Liabilities								
Current liabilities								
Accounts payable	\$ 147,637	\$ 18,938	\$ 10,800	\$ 24,393	\$ 13,227	\$ -	\$ 59	\$ 215,054
Accrued and other liabilities	48,754	10,166	-	-	1,780	-	-	60,700
Due to other funds	3,518	2,649	-	-	163	-	-	6,330
Due to other units of government	-	-	-	-	19,268	-	-	19,268
Current portion of long-term debt	78,535	-	-	-	-	-	-	78,535
Claims payable	-	-	627,631	-	417,194	-	-	1,044,825
Compensated absences, current	45,907	34,857	-	-	4,985	-	-	85,749
Total current liabilities	<u>324,351</u>	<u>66,610</u>	<u>638,431</u>	<u>24,393</u>	<u>456,617</u>	<u>-</u>	<u>59</u>	<u>1,510,461</u>
Noncurrent liabilities								
Long-term debt, net of current portion	907,204	-	-	-	-	-	-	907,204
Advances from other funds	-	-	-	-	-	-	1,960,588	1,960,588
Compensated absences, net of current portion	43,956	35,195	-	-	699	-	-	79,850
Net pension liability - MERS	882,931	979,838	-	-	-	-	-	1,862,769
Net OPEB liability	2,894,965	2,207,671	-	-	-	-	-	5,102,636
Total noncurrent liabilities	<u>4,729,056</u>	<u>3,222,704</u>	<u>-</u>	<u>-</u>	<u>699</u>	<u>-</u>	<u>1,960,588</u>	<u>9,913,047</u>
Total liabilities	<u>5,053,407</u>	<u>3,289,314</u>	<u>638,431</u>	<u>24,393</u>	<u>457,316</u>	<u>-</u>	<u>1,960,647</u>	<u>11,423,508</u>
Deferred Inflows of Resources								
Deferred amount relating to net pension liability - MERS	49,949	55,432	-	-	-	-	-	105,381
Deferred amount relating to net OPEB liability	168,467	128,472	-	-	-	-	-	296,939
Total deferred inflows of resources	<u>218,416</u>	<u>183,904</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>402,320</u>
Net Position								
Net investment in capital assets	8,972,490	420,741	-	-	-	176,167	(33,792)	9,535,606
Unrestricted (deficit)	(3,444,267)	(3,157,724)	772,945	91,807	6,490,623	185,079	93,686	1,032,149
Total net position	<u>\$ 5,528,223</u>	<u>\$ (2,736,983)</u>	<u>\$ 772,945</u>	<u>\$ 91,807</u>	<u>\$ 6,490,623</u>	<u>\$ 361,246</u>	<u>\$ 59,894</u>	<u>\$ 10,567,755</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, 2018

	Motor Equipment Revolving	Information Systems	Property/ Liability Self- Insurance	Site Remediation	Benefits Program	Security Cameras	DPW/Electric Building	Total
Operating revenue								
Charges for services	\$ 3,728,546	\$ 1,492,644	\$ 517,652	\$ -	\$ 11,558,712	\$ -	\$ -	\$ 17,297,554
Other revenue	164,671	1,103	159,062	3,315	193,063	-	-	521,214
Total operating revenue	<u>3,893,217</u>	<u>1,493,747</u>	<u>676,714</u>	<u>3,315</u>	<u>11,751,775</u>	<u>-</u>	<u>-</u>	<u>17,818,768</u>
Operating expenses								
Administration	-	-	60,124	-	235,452	-	-	295,576
Cost of sales and service	2,477,733	1,383,725	-	116,002	-	-	-	3,977,460
Claims and benefits	-	-	1,309,591	-	9,480,523	-	6,363	10,796,477
Depreciation	850,903	127,582	-	-	-	9,523	33,791	1,021,799
Total operating expenses	<u>3,328,636</u>	<u>1,511,307</u>	<u>1,369,715</u>	<u>116,002</u>	<u>9,715,975</u>	<u>9,523</u>	<u>40,154</u>	<u>16,091,312</u>
Operating income (loss)	<u>564,581</u>	<u>(17,560)</u>	<u>(693,001)</u>	<u>(112,687)</u>	<u>2,035,800</u>	<u>(9,523)</u>	<u>(40,154)</u>	<u>1,727,456</u>
Nonoperating revenue (expenses)								
Investment income	14,968	1,561	12,539	675	46,807	656	48	77,254
Gain on sale of assets	18,501	-	-	-	-	-	-	18,501
Loss on disposal of assets	(154,352)	-	-	-	-	-	-	(154,352)
Interest expense	(37,291)	-	-	-	-	-	-	(37,291)
Total nonoperating revenues (expenses)	<u>(158,174)</u>	<u>1,561</u>	<u>12,539</u>	<u>675</u>	<u>46,807</u>	<u>656</u>	<u>48</u>	<u>(95,888)</u>
Income (loss) before transfers	406,407	(15,999)	(680,462)	(112,012)	2,082,607	(8,867)	(40,106)	1,631,568
Capital contributions	246,435	-	-	-	-	48,874	-	295,309
Transfers in	-	104,778	-	140,000	-	126,000	100,000	470,778
Transfers out	-	-	-	-	(7,500)	-	-	(7,500)
Change in net position	<u>652,842</u>	<u>88,779</u>	<u>(680,462)</u>	<u>27,988</u>	<u>2,075,107</u>	<u>166,007</u>	<u>59,894</u>	<u>2,390,155</u>
Net position - beginning of year	7,595,409	(574,633)	1,453,407	63,819	4,415,516	195,239	-	13,148,757
Prior period adjustment	(2,720,028)	(2,251,129)	-	-	-	-	-	(4,971,157)
Net position - beginning of year (restated)	<u>4,875,381</u>	<u>(2,825,762)</u>	<u>1,453,407</u>	<u>63,819</u>	<u>4,415,516</u>	<u>195,239</u>	<u>-</u>	<u>8,177,600</u>
Net position - end of year	<u>\$ 5,528,223</u>	<u>\$ (2,736,983)</u>	<u>\$ 772,945</u>	<u>\$ 91,807</u>	<u>\$ 6,490,623</u>	<u>\$ 361,246</u>	<u>\$ 59,894</u>	<u>\$ 10,567,755</u>

City of Bay City
Other Supplementary Information
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2018

	Motor Equipment Revolving	Information Systems	Property/ Liability Self- Insurance	Site Remediation	Benefits Program	Security Cameras	DPW/Electric Building	Total
Cash flows from operating activities								
Receipts from customers	\$ 164,671	\$ 1,041	\$ 158,890	\$ 3,118	\$ 191,249	\$ -	\$ 54	\$ 519,023
Receipts from interfund users	3,727,106	1,492,644	813,178	-	11,532,794	-	-	17,565,722
Payments to other funds	-	(181)	-	-	(40)	-	-	(221)
Payments to suppliers	(2,442,858)	(1,376,010)	(1,423,858)	(104,194)	(74,152)	(63)	-	(5,421,135)
Payments to employees	(83,340)	(91,820)	(60,124)	-	(9,714,822)	-	(6,363)	(9,956,469)
Net cash provided (used) by operating activities	<u>1,365,579</u>	<u>25,674</u>	<u>(511,914)</u>	<u>(101,076)</u>	<u>1,935,029</u>	<u>(63)</u>	<u>(6,309)</u>	<u>2,706,920</u>
Cash flows from noncapital financing activities								
Transfer from other funds	-	104,778	-	140,000	-	126,000	100,000	470,778
Transfers to other funds	-	-	-	-	(7,500)	-	-	(7,500)
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>104,778</u>	<u>-</u>	<u>140,000</u>	<u>(7,500)</u>	<u>126,000</u>	<u>100,000</u>	<u>463,278</u>
Cash flows from capital and related financing activities								
Capital contributions	-	-	-	-	-	48,874	-	48,874
Advances from other funds	-	-	-	-	-	-	1,960,588	1,960,588
Purchases/construction of capital assets	(1,920,306)	(115,858)	-	-	-	(2,538)	(1,960,587)	(3,999,289)
Principal and interest paid on long-term debt	(37,290)	-	-	-	-	-	-	(37,290)
Proceeds from sale of capital assets	18,501	-	-	-	-	-	-	18,501
Net cash provided (used) by capital and related financing activities	<u>(1,939,095)</u>	<u>(115,858)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,336</u>	<u>1</u>	<u>(2,008,616)</u>
Cash flows from investing activities								
Interest received	<u>14,968</u>	<u>1,561</u>	<u>12,539</u>	<u>675</u>	<u>46,807</u>	<u>656</u>	<u>48</u>	<u>77,254</u>
Net change in cash and cash equivalents	(558,548)	16,155	(499,375)	39,599	1,974,336	172,929	93,740	1,238,836
Cash and cash equivalents - beginning of year	<u>1,959,511</u>	<u>134,197</u>	<u>1,596,817</u>	<u>76,355</u>	<u>4,367,805</u>	<u>9,549</u>	<u>-</u>	<u>8,144,234</u>
Cash and cash equivalents - end of year	<u>\$ 1,400,963</u>	<u>\$ 150,352</u>	<u>\$ 1,097,442</u>	<u>\$ 115,954</u>	<u>\$ 6,342,141</u>	<u>\$ 182,478</u>	<u>\$ 93,740</u>	<u>\$ 9,383,070</u>

City of Bay City
Other Supplementary Information
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2018

	Motor Equipment Revolving	Information Systems	Property/ Liability Self- Insurance	Site Remediation	Benefits Program	Security Cameras	DPW/Electric Building	Total
Reconciliation of operating income (loss) to net cash provided (used) by operating activities								
Operating income (loss)	\$ 564,581	\$ (17,560)	\$ (693,001)	\$ (112,687)	\$ 2,035,800	\$ (9,523)	\$ (40,154)	\$ 1,727,456
Adjustments to reconcile operating income to net cash from operating activities								
Depreciation and amortization expense	850,903	127,582	-	-	-	9,523	33,791	1,021,799
Changes in assets and liabilities								
Receivables (net)	(755)	(62)	(172)	(197)	(1,814)	(63)	(5)	(3,068)
Due from other funds	-	-	-	-	(19,000)	-	-	(19,000)
Deposits	-	-	295,526	-	(6,918)	-	-	288,608
Inventories	46,318	(2,429)	-	-	-	-	-	43,889
Prepaid items	-	(2,305)	-	-	430,396	-	-	428,091
Accounts payable	(44,218)	13,453	7,148	11,808	(476,730)	-	59	(488,480)
Accrued and other liabilities	32,775	(1,004)	-	-	176	-	-	31,947
Due to other funds	(685)	(181)	-	-	(40)	-	-	(906)
Due to other units of government	-	-	-	-	(7,735)	-	-	(7,735)
Claims payable	-	-	(121,415)	-	(20,259)	-	-	(141,674)
Net pension liability and related deferrals	48,416	40,682	-	-	-	-	-	89,098
Net OPEB liability and related deferrals	(141,648)	(108,019)	-	-	-	-	-	(249,667)
Compensated absences	9,892	(24,483)	-	-	1,153	-	-	(13,438)
Net cash provided (used) by operating activities	<u>\$ 1,365,579</u>	<u>\$ 25,674</u>	<u>\$ (511,914)</u>	<u>\$ (101,076)</u>	<u>\$ 1,935,029</u>	<u>\$ (63)</u>	<u>\$ (6,309)</u>	<u>\$ 2,706,920</u>

Fiduciary Funds

Fiduciary funds are set up to account for the assets held by the government in a trustee capacity for other individuals, governmental entities, and non-public organizations. Use of these funds facilitates the discharge of responsibilities placed upon the City by virtue of law or other authority. In the City of Bay City, the trust funds are used to account for the Police and Fire Retirement System and retiree healthcare. Agency funds include Trust and Agency, Current Tax Collection, and Imprest Payroll.

City of Bay City
Other Supplementary Information
Combining Statement of Fiduciary Net Position
Pension and Other Postemployment Benefits Trust Funds
June 30, 2018

	Police & Fire Pension Trust Fund	Health Care Trust Fund	Total
Assets			
Cash and cash equivalents	\$ 821,092	\$ 3,218,151	\$ 4,039,243
Investments, at fair value			
Fixed income	8,775,575	-	8,775,575
Equities	30,648,217	16,709,453	47,357,670
Other investments	14,375,927	-	14,375,927
Accounts receivable	165,237	-	165,237
Interest receivable	75,893	3,008	78,901
	<u>54,861,941</u>	<u>19,930,612</u>	<u>74,792,553</u>
Liabilities			
Accounts payable	<u>82,507</u>	<u>-</u>	<u>82,507</u>
Net Position			
Restricted for employees' pension benefits	54,779,434	-	54,779,434
Restricted for postemployment health care benefits	<u>-</u>	<u>19,930,612</u>	<u>19,930,612</u>
	<u>\$ 54,779,434</u>	<u>\$ 19,930,612</u>	<u>\$ 74,710,046</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, 2018

	Police & Fire Pension Trust Fund	Health Care Trust Fund	Total
Additions			
Contributions			
Employer	\$ 1,406,290	\$ 6,328,317	\$ 7,734,607
Plan member	480,790	192,827	673,617
Total contributions	<u>1,887,080</u>	<u>6,521,144</u>	<u>8,408,224</u>
Investment income			
Interest and dividends	843,848	1,589,901	2,433,749
Net appreciation in fair value of investments	3,399,277	1,632	3,400,909
Investment expense	(256,936)	-	(256,936)
Net investment income	<u>3,986,189</u>	<u>1,591,533</u>	<u>5,577,722</u>
Other additions	<u>71,133</u>	<u>84,439</u>	<u>155,572</u>
Total additions	<u>5,944,402</u>	<u>8,197,116</u>	<u>14,141,518</u>
Deductions			
Retiree healthcare premiums payments	-	5,218,581	5,218,581
Benefits and refunds paid to participants	5,705,932	13,350	5,719,282
Administrative expenses	148,829	36,171	185,000
Total deductions	<u>5,854,761</u>	<u>5,268,102</u>	<u>11,122,863</u>
Change in net position	89,641	2,929,014	3,018,655
Net position - beginning of year	<u>54,689,793</u>	<u>17,001,598</u>	<u>71,691,391</u>
Net position - end of year	<u>\$ 54,779,434</u>	<u>\$ 19,930,612</u>	<u>\$ 74,710,046</u>

City of Bay City
Other Supplementary Information
Combining Statement of Assets and Liabilities
Agency Funds
June 30, 2018

	Trust and Agency	Current Tax Collection	Imprest Payroll	Total
Assets				
Cash and cash equivalents	\$ 177,767	\$ -	\$ 120,747	\$ 298,514
Due from other funds	-	-	507,659	507,659
Total assets	<u>\$ 177,767</u>	<u>\$ -</u>	<u>\$ 628,406</u>	<u>\$ 806,173</u>
Liabilities				
Due to others	\$ 174,843	\$ -	\$ 559,212	\$ 734,055
Due to other units of governmental units	-	-	69,194	69,194
Deposits payable	2,924	-	-	2,924
Total liabilities	<u>\$ 177,767</u>	<u>\$ -</u>	<u>\$ 628,406</u>	<u>\$ 806,173</u>

City of Bay City
Other Supplementary Information
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2018

	Beginning Balance	Additions	Deductions	Ending Balance
Trust and Agency Fund				
Assets				
Cash and cash equivalents	\$ 1,916	\$ 249,440	\$ 73,589	\$ 177,767
Liabilities				
Due to others	\$ -	\$ 176,775	\$ 1,932	\$ 174,843
Deposits	1,916	249,470	248,462	2,924
Total Liabilities	\$ 1,916	\$ 426,245	\$ 250,394	\$ 177,767
Current Tax Collection Fund				
Assets				
Cash and cash equivalents	\$ -	\$ 28,357,732	\$ 28,357,732	\$ -
Liabilities				
Due to others	\$ -	\$ 19,944,963	\$ 19,944,963	\$ -
Due to other governmental units	-	8,696,534	8,696,534	-
Total Liabilities	\$ -	\$ 28,641,497	\$ 28,641,497	\$ -
Imprest Payroll Fund				
Assets				
Cash and cash equivalents	\$ 63,575	\$ 30,054,743	\$ 29,997,571	\$ 120,747
Due from others	513,250	563,660	569,251	507,659
Total Assets	\$ 576,825	\$ 30,618,403	\$ 30,566,822	\$ 628,406
Liabilities				
Due to others	\$ 486,929	\$ 9,192,882	\$ 9,120,599	\$ 559,212
Due to other governmental units	89,896	3,949,764	3,970,466	69,194
Total Liabilities	\$ 576,825	\$ 13,142,646	\$ 13,091,065	\$ 628,406

City of Bay City
Other Supplementary Information
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2018

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
Total - All Agency Funds				
Assets				
Cash and cash equivalents	\$ 65,491	\$ 58,661,915	\$ 58,428,892	\$ 298,514
Due from others	<u>513,250</u>	<u>563,660</u>	<u>569,251</u>	<u>507,659</u>
Total Assets	<u>\$ 578,741</u>	<u>\$ 59,225,575</u>	<u>\$ 58,998,143</u>	<u>\$ 806,173</u>
Liabilities				
Due to others	\$ 486,929	\$ 29,314,620	\$ 29,067,494	\$ 734,055
Due to other governmental units	89,896	12,646,298	12,667,000	69,194
Deposits	<u>1,916</u>	<u>249,470</u>	<u>248,462</u>	<u>2,924</u>
Total Liabilities	<u>\$ 578,741</u>	<u>\$ 42,210,388</u>	<u>\$ 41,982,956</u>	<u>\$ 806,173</u>

Component Units

The component units provide economic development and financing services to specific geographic areas within the City limits. These entities are legally separate from the City. However, they are fiscally dependent on the City because the City Commission is responsible for approving their annual operating budgets and any debt issuance. The component units that have reconciling items between government-wide and fund financial statements within the City of Bay City are: Downtown Development Authority, Midland Street TIFA, Kresge's DDA, Marquette District TIFA, Water Street DDA, Marina Development TIFA, Allen Healthcare DDA, Knepp's DDA, and Brownfield Redevelopment Authority.

City of Bay City
Other Supplementary Information
Statement of Net Position and Governmental Fund Balance Sheet
Component Units
June 30, 2018

	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
Assets									
Cash and cash equivalents	\$ 8,216	\$ -	\$ 8,216	\$ 117,796	\$ -	\$ 117,796	\$ 46,943	\$ -	\$ 46,943
Receivables:									
Taxes, net	480	-	480	-	-	-	-	-	-
Customers	44,655	-	44,655	-	-	-	-	-	-
Accrued interest and other	69	-	69	278	-	278	45	-	45
Prepaid items	-	-	-	-	-	-	-	-	-
Capital assets not being depreciated	-	-	-	-	24,000	24,000	-	-	-
Capital assets being depreciated, net	-	108,389	108,389	-	1,030,292	1,030,292	-	14,419	14,419
Total assets	<u>53,420</u>	<u>108,389</u>	<u>161,809</u>	<u>118,074</u>	<u>1,054,292</u>	<u>1,172,366</u>	<u>46,988</u>	<u>14,419</u>	<u>61,407</u>
Deferred outflows of resources									
Deferred loss on refunding	-	-	-	-	43,241	43,241	-	-	-
Total assets and deferred outflows of resources	<u>\$ 53,420</u>	<u>108,389</u>	<u>161,809</u>	<u>\$ 118,074</u>	<u>1,097,533</u>	<u>1,215,607</u>	<u>\$ 46,988</u>	<u>14,419</u>	<u>61,407</u>
Liabilities									
Accounts payable	\$ 2,670	-	2,670	\$ 855	-	855	\$ -	-	-
Accrued and other liabilities	-	-	-	-	4,599	4,599	-	-	-
Due to other units of government	-	-	-	-	-	-	-	-	-
Long-term debt:									
Compensated absences, current	-	-	-	-	-	-	-	-	-
Compensated absences, net of current portion	-	-	-	-	-	-	-	-	-
Due within one year	-	-	-	-	61,860	61,860	-	-	-
Due in more than one year	-	-	-	-	811,912	811,912	-	-	-
Total liabilities	<u>2,670</u>	<u>-</u>	<u>2,670</u>	<u>855</u>	<u>878,371</u>	<u>879,226</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources									
Unavailable revenue - delinquent property taxes	5,388	(5,388)	-	-	-	-	-	-	-
Fund Balance									
Non-spendable									
Inventory	-	-	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-	-	-
Restricted for									
Water Street DDA	-	-	-	-	-	-	-	-	-
Committed for community and economic development	-	-	-	-	-	-	-	-	-
Unassigned	45,362	(45,362)	-	117,219	(117,219)	-	46,988	(46,988)	-
Total fund balances	<u>45,362</u>	<u>(45,362)</u>	<u>-</u>	<u>117,219</u>	<u>(117,219)</u>	<u>-</u>	<u>46,988</u>	<u>(46,988)</u>	<u>-</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 53,420</u>			<u>\$ 118,074</u>			<u>\$ 46,988</u>		
Net Position									
Net investment in capital assets		108,389	108,389		223,761	223,761		14,419	14,419
Restricted		-	-		-	-		-	-
Unrestricted (deficit)		50,750	50,750		112,620	112,620		46,988	46,988
Total net position		<u>\$ 159,139</u>	<u>\$ 159,139</u>		<u>\$ 336,381</u>	<u>\$ 336,381</u>		<u>\$ 61,407</u>	<u>\$ 61,407</u>

City of Bay City
Other Supplementary Information
Statement of Net Position and Governmental Fund Balance Sheet
Component Units
June 30, 2018

	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
Assets									
Cash and cash equivalents	\$ 2,113,717	\$ -	\$ 2,113,717	\$ 17,355	\$ -	\$ 17,355	\$ -	\$ -	\$ -
Receivables:									
Taxes, net	-	-	-	-	-	-	-	-	-
Customers	-	-	-	-	-	-	-	-	-
Accrued interest and other	1,908	-	1,908	756	-	756	-	-	-
Prepaid items	-	-	-	-	-	-	-	-	-
Capital assets not being depreciated	-	30,136	30,136	-	1,300	1,300	-	-	-
Capital assets being depreciated, net	-	870,541	870,541	-	1,373,712	1,373,712	-	336,760	336,760
Total assets	<u>2,115,625</u>	<u>900,677</u>	<u>3,016,302</u>	<u>18,111</u>	<u>1,375,012</u>	<u>1,393,123</u>	<u>-</u>	<u>336,760</u>	<u>336,760</u>
Deferred outflows of resources									
Deferred loss on refunding	-	-	-	-	-	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ 2,115,625</u>	<u>900,677</u>	<u>3,016,302</u>	<u>\$ 18,111</u>	<u>1,375,012</u>	<u>1,393,123</u>	<u>\$ -</u>	<u>336,760</u>	<u>336,760</u>
Liabilities									
Accounts payable	\$ 2,406	-	2,406	\$ 253,107	-	253,107	\$ -	-	-
Accrued and other liabilities	1,582	-	1,582	-	13,128	13,128	-	-	-
Due to other units of government	-	-	-	-	-	-	-	-	-
Long-term debt:									
Compensated absences, current	-	5,421	5,421	-	-	-	-	-	-
Compensated absences, net	-	2,942	2,942	-	-	-	-	-	-
Due within one year	-	-	-	-	105,041	105,041	-	-	-
Due in more than one year	-	-	-	-	1,550,246	1,550,246	-	-	-
Total liabilities	<u>3,988</u>	<u>8,363</u>	<u>12,351</u>	<u>253,107</u>	<u>1,668,415</u>	<u>1,921,522</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources									
Unavailable revenue - delinquent property taxes	-	-	-	-	-	-	-	-	-
Fund Balance									
Non-spendable									
Inventory	-	-	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-	-	-
Restricted for									
Water Street DDA	-	-	-	26,255	(26,255)	-	-	-	-
Committed for community and economic development	-	-	-	-	-	-	-	-	-
Unassigned	2,111,637	(2,111,637)	-	(261,251)	261,251	-	-	-	-
Total fund balances	<u>2,111,637</u>	<u>(2,111,637)</u>	<u>-</u>	<u>(261,251)</u>	<u>261,251</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 2,115,625</u>			<u>\$ (8,144)</u>			<u>\$ -</u>		
Net Position									
Net investment in capital assets		900,677	900,677		1,375,012	1,375,012		336,760	336,760
Restricted		-	-		26,255	26,255		-	-
Unrestricted (deficit)		2,103,274	2,103,274		(1,929,666)	(1,929,666)		-	-
Total net position		<u>\$ 3,003,951</u>	<u>\$ 3,003,951</u>		<u>\$ (528,399)</u>	<u>\$ (528,399)</u>		<u>\$ 336,760</u>	<u>\$ 336,760</u>

City of Bay City
Other Supplementary Information
Statement of Net Position and Governmental Fund Balance Sheet
Component Units
June 30, 2018

	Allen Healthcare DDA			Knepp's DDA			Brownfield Redevelopment Authority		
	Balance Sheet	Adjustments	Statement of Net Position	Balance Sheet	Adjustments	Statement of Net Position	Balance Sheet	Adjustments	Statement of Net Position
Assets									
Cash and cash equivalents	\$ 4,230	\$ -	\$ 4,230	\$ 3,441	\$ -	\$ 3,441	\$ 6,593,835	\$ -	\$ 6,593,835
Receivables:									
Taxes, net	-	-	-	-	-	-	-	-	-
Customers	-	-	-	-	-	-	-	-	-
Accrued interest and other	-	-	-	-	-	-	6,038	-	6,038
Prepaid items	-	-	-	2,400	-	2,400	-	-	-
Capital assets not being depreciated	-	-	-	-	-	-	-	3,016,178	3,016,178
Capital assets being depreciated, net	-	-	-	-	121,834	121,834	-	7,061,361	7,061,361
Total assets	<u>4,230</u>	<u>-</u>	<u>4,230</u>	<u>5,841</u>	<u>121,834</u>	<u>127,675</u>	<u>6,599,873</u>	<u>10,077,539</u>	<u>16,677,412</u>
Deferred outflows of resources									
Deferred loss on refunding	-	-	-	-	-	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ 4,230</u>	<u>-</u>	<u>4,230</u>	<u>\$ 5,841</u>	<u>121,834</u>	<u>127,675</u>	<u>\$ 6,599,873</u>	<u>10,077,539</u>	<u>16,677,412</u>
Liabilities									
Accounts payable	\$ 4,207	-	4,207	\$ 3,440	-	3,440	\$ 23,265	-	23,265
Accrued and other liabilities	-	-	-	-	-	-	-	193,622	193,622
Due to other units of government	-	-	-	-	-	-	4,690	-	4,690
Long-term debt:									
Compensated absences, current	-	-	-	-	-	-	-	83	83
Compensated absences, net	-	-	-	-	-	-	-	-	-
Due within one year	-	-	-	-	-	-	-	24,422	24,422
Due in more than one year	-	-	-	-	-	-	-	15,661,748	15,661,748
Total liabilities	<u>4,207</u>	<u>-</u>	<u>4,207</u>	<u>3,440</u>	<u>-</u>	<u>3,440</u>	<u>27,955</u>	<u>15,879,875</u>	<u>15,907,830</u>
Deferred inflows of resources									
Unavailable revenue - delinquent property taxes	-	-	-	-	-	-	-	-	-
Fund Balance									
Non-spendable									
Inventory	-	-	-	-	-	-	-	-	-
Prepaid items	-	-	-	2,400	-	2,400	-	-	-
Restricted for									
Water Street DDA	-	-	-	-	-	-	-	-	-
Committed for community and economic development	-	-	-	-	-	-	5,326,663	(5,326,663)	-
Unassigned	23	(4,230)	(4,207)	2,401	(2,401)	-	1,245,255	(1,245,255)	-
Total fund balances	<u>23</u>	<u>(4,230)</u>	<u>(4,207)</u>	<u>2,401</u>	<u>(2,401)</u>	<u>-</u>	<u>6,571,918</u>	<u>(6,571,918)</u>	<u>-</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 4,230</u>			<u>\$ 5,841</u>			<u>\$ 6,599,873</u>		
Net Position									
Net investment in capital assets		-	-		121,834	121,834		(2,181,767)	(2,181,767)
Restricted		-	-		-	-		-	-
Unrestricted (deficit)		23	23		2,401	2,401		2,951,349	2,951,349
Total net position		<u>\$ 23</u>	<u>\$ 23</u>		<u>\$ 124,235</u>	<u>\$ 124,235</u>		<u>\$ 769,582</u>	<u>\$ 769,582</u>

City of Bay City
Other Supplementary Information
Statement of Activities and Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances
Downtown Development Authority and Midland Street TIFA
For the Year Ended June 30, 2018

	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
Revenues						
Tax increment	\$ -	\$ -	\$ -	\$ 73,376	\$ -	\$ 73,376
Special assessments	68,073	(15,245)	52,828	-	-	-
Other state grants	-	-	-	12,629	-	12,629
Investment income	682	-	682	2,768	-	2,768
Rental income	70,289	-	70,289	-	-	-
Other revenue	450	(450)	-	-	-	-
Sale of fixed assets	-	450	450	-	-	-
Issuance of debt	-	-	-	705,204	(705,204)	-
Total revenues	<u>139,494</u>	<u>(15,245)</u>	<u>124,249</u>	<u>793,977</u>	<u>(705,204)</u>	<u>88,773</u>
Expenditures						
Current						
Economic development	218,448	-	218,448	361,772	(43,245)	318,527
Depreciation	-	6,895	6,895	-	79,398	79,398
Debt service						
Principal retirement	-	-	-	693,170	(693,170)	-
Interest and fiscal charges	-	-	-	25,355	(4,164)	21,191
Total expenditures / expense	<u>218,448</u>	<u>6,895</u>	<u>225,343</u>	<u>1,080,297</u>	<u>(661,181)</u>	<u>419,116</u>
Excess (deficiency) of revenues over expenditures / expense	(78,954)	(22,140)	(101,094)	(286,320)	(44,023)	(330,343)
Fund balance / net position - beginning of year	<u>124,316</u>	<u>135,917</u>	<u>260,233</u>	<u>403,539</u>	<u>263,185</u>	<u>666,724</u>
Fund balance / net position - end of year	<u>\$ 45,362</u>	<u>\$ 113,777</u>	<u>\$ 159,139</u>	<u>\$ 117,219</u>	<u>\$ 219,162</u>	<u>\$ 336,381</u>

City of Bay City
Other Supplementary Information
Statement of Activities and Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances
Kresge's DDA and Marquette District TIFA
For the Year Ended June 30, 2018

	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
Revenues						
Tax increment	\$ 3	\$ -	\$ 3	\$ 122,529	\$ -	\$ 122,529
Special assessments	-	-	-	-	-	-
Other state grants	141	-	141	204,708	-	204,708
Investment income	455	-	455	19,327	-	19,327
Rental income	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Sale of fixed assets	-	-	-	-	-	-
Issuance of debt	-	-	-	-	-	-
Total revenues	599	-	599	346,564	-	346,564
Expenditures						
Current						
Economic development	158	-	158	72,656	3,265	75,921
Depreciation	-	1,586	1,586	-	107,147	107,147
Debt service						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures / expense	158	1,586	1,744	72,656	110,412	183,068
Excess (deficiency) of revenues over expenditures / expense	441	(1,586)	(1,145)	273,908	(110,412)	163,496
Fund balance / net position - beginning of year	46,547	16,005	62,552	1,837,729	1,002,726	2,840,455
Fund balance / net position - end of year	\$ 46,988	\$ 14,419	\$ 61,407	\$ 2,111,637	\$ 892,314	\$ 3,003,951

City of Bay City
Other Supplementary Information
Statement of Activities and Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances
Water Street DDA and Marina Development TIFA, Allen Healthcare DDA, and Knepp's DDA
For the Year Ended June 30, 2018

	Water Street DDA			Marina Development TIFA		
	Statement of Revenues, Expenditures and Changes in Fund Balance	Adjustments	Statement of Activities	Statement of Revenues, Expenditures and Changes in Fund Balance	Adjustments	Statement of Activities
Revenues						
Tax increment	\$ 301,346	\$ -	\$ 301,346	\$ -	\$ -	\$ -
Other state grants	14,597	-	14,597	-	-	-
Local contributions	942,515	-	942,515	-	-	-
Investment income (loss)	7,453	-	7,453	-	-	-
Other revenue	7,420	-	7,420	-	-	-
Total revenues	1,273,331	-	1,273,331	-	-	-
Expenditures						
Current						
Community and economic development	2,110,330	6,847	2,117,177	-	-	-
Depreciation	-	180,143	180,143	-	18,745	18,745
Capital outlay	200	(200)	-	-	-	-
Debt service						
Principal retirement	365,000	(365,000)	-	-	-	-
Interest and fiscal charges	63,460	(20,608)	42,852	-	-	-
Total expenditures / expense	2,538,990	(198,818)	2,340,172	-	18,745	18,745
Excess (deficiency) of revenues over expenditures / expenses	(1,265,659)	198,818	(1,066,841)	-	(18,745)	(18,745)
Fund balance (deficit) / net position - beginning of year	1,030,663	(492,221)	538,442	-	355,505	355,505
Fund balance (deficit) / net position - end of year	\$ (234,996)	\$ (293,403)	\$ (528,399)	\$ -	\$ 336,760	\$ 336,760

City of Bay City
Other Supplementary Information
Statement of Activities and Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances
Allen Healthcare DDA and Knepp's DDA
For the Year Ended June 30, 2018

	Allen Healthcare DDA			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
Revenues						
Tax increment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other state grants	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Investment income (loss)	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures						
Current						
Community and economic development	4,207	-	4,207	1,040	-	1,040
Depreciation	-	-	-	-	3,600	3,600
Capital outlay	-	-	-	-	-	-
Debt service						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures / expense	<u>4,207</u>	<u>-</u>	<u>4,207</u>	<u>1,040</u>	<u>3,600</u>	<u>4,640</u>
Excess (deficiency) of revenues over expenditures / expenses	(4,207)	-	(4,207)	(1,040)	(3,600)	(4,640)
Fund balance / net position - beginning of year	<u>4,230</u>	<u>-</u>	<u>4,230</u>	<u>3,441</u>	<u>125,434</u>	<u>128,875</u>
Fund balance / net position - end of year	<u>\$ 23</u>	<u>\$ -</u>	<u>\$ 23</u>	<u>\$ 2,401</u>	<u>\$ 121,834</u>	<u>\$ 124,235</u>

City of Bay City
Other Supplementary Information
Statement of Activities and Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances
Brownfield Redevelopment Authority
For the Year Ended June 30, 2018

	Brownfield Redevelopment Authority		
	Statement of Revenues, Expenditures and Changes in Fund Balance	Adjustments	Statement of Activities
Revenues			
Tax increment	\$ 2,023,793	\$ -	\$ 2,023,793
Investment income	61,084	-	61,084
Other revenue	1,042	-	1,042
	<u>2,085,919</u>	<u>-</u>	<u>2,085,919</u>
Expenditures			
Current			
Economic development	208,325	-	208,325
Depreciation	-	404,758	404,758
Capital outlay	75,354	(75,354)	-
Debt service			
Principal retirement	518,162	(518,162)	-
Interest and fiscal charges	808,406	(4,255)	804,151
	<u>1,610,247</u>	<u>(193,013)</u>	<u>1,417,234</u>
Excess (deficiency) of revenues over expenditures / expenses	475,672	193,013	668,685
Fund balance / net position (deficit) - beginning of year	<u>6,096,246</u>	<u>(5,995,349)</u>	<u>100,897</u>
Fund balance / net position (deficit) - end of year	<u>\$ 6,571,918</u>	<u>\$ (5,802,336)</u>	<u>\$ 769,582</u>

City of Bay City
Other Supplementary Information
Combining Balance Sheet
Brownfield Redevelopment Authority Component Unit
June 30, 2018

	Brownfield Redevelopment General Fund	Local Site Remediation Revolving Fund	Uptown Capital Project Fund	Uptown Debt Service Fund	Total Brownfield Redevelopment
Assets					
Cash and cash equivalents	\$ 1,257,860	\$ 9,818	\$ 5,326,157	\$ -	\$ 6,593,835
Accrued interest and other	<u>1,197</u>	<u>9</u>	<u>4,832</u>	<u>-</u>	<u>6,038</u>
Total assets	<u>\$ 1,259,057</u>	<u>\$ 9,827</u>	<u>\$ 5,330,989</u>	<u>\$ -</u>	<u>\$ 6,599,873</u>
Liabilities					
Accounts payable	\$ 9,112	\$ -	\$ 14,153	\$ -	\$ 23,265
Due to other units of government	<u>4,690</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,690</u>
Total liabilities	<u>13,802</u>	<u>-</u>	<u>14,153</u>	<u>-</u>	<u>27,955</u>
Fund Balances					
Committed	-	9,827	5,316,836	-	5,326,663
Unassigned	<u>1,245,255</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,245,255</u>
Total fund balances	<u>1,245,255</u>	<u>9,827</u>	<u>5,316,836</u>	<u>-</u>	<u>6,571,918</u>
Total liabilities and fund balance	<u>\$ 1,259,057</u>	<u>\$ 9,827</u>	<u>\$ 5,330,989</u>	<u>\$ -</u>	<u>\$ 6,599,873</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, 2018

	Brownfield Redevelopment General Fund	Local Site Remediation Revolving Fund	Uptown Capital Project Fund	Uptown Debt Service Fund	Eliminations	Total Brownfield Redevelopment
Revenues						
Tax increment	\$ 354,895	\$ -	\$ 1,668,898	\$ -	\$ -	\$ 2,023,793
Investment income (loss)	12,157	94	48,903	(70)	-	61,084
Other revenue	1,042	-	-	-	-	1,042
Transfers in	84,247	-	-	978,555	(1,062,802)	-
Total revenues	452,341	94	1,717,801	978,485	(1,062,802)	2,085,919
Expenditures						
Current						
Economic development	42,975	-	165,350	-	-	208,325
Capital outlay	-	-	75,354	-	-	75,354
Debt service						
Principal retirement	318,162	-	-	200,000	-	518,162
Interest and fiscal charges	28,912	-	-	779,494	-	808,406
Transfers out	-	-	1,062,802	-	(1,062,802)	-
Total expenditures	390,049	-	1,303,506	979,494	(1,062,802)	1,610,247
Excess (deficiency) of revenues over expenditures	62,292	94	414,295	(1,009)	-	475,672
Fund balance - beginning of year	1,182,963	9,733	4,902,541	1,009	-	6,096,246
Fund balance - end of year	<u>\$ 1,245,255</u>	<u>\$ 9,827</u>	<u>\$ 5,316,836</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,571,918</u>

Statistical Section

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

Financial Trends - These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity - These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property taxes.

Debt Capacity - These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information - These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.

Operating Information - These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.

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

	June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Net investment in capital assets	\$ 70,688,130	\$ 58,517,259	\$ 59,245,396	\$ 69,853,228	\$ 70,001,070	\$ 70,245,428	\$ 69,057,762	\$ 68,753,612	\$ 68,308,363	\$ 73,233,603
Restricted	2,228,927	2,053,986	1,758,988	1,746,583	34,813	11,226,225	10,827,652	9,654,415	7,372,266	6,299,674
Unrestricted (deficit)	1,990,740	12,282,722	10,271,923	(1,970,352)	(3,777,530)	(16,042,766)	(33,884,105)	(33,637,328)	(35,096,237)	(83,286,382)
Total governmental activities net position	\$ 74,907,797	\$ 72,853,967	\$ 71,276,307	\$ 69,629,459	\$ 66,258,353	\$ 65,428,887	\$ 46,001,309	\$ 44,770,699	\$ 40,584,392	\$ (3,753,105)
Business-type activities										
Net investment in capital assets	\$ 82,703,164	\$ 85,223,708	\$ 84,043,144	\$ 87,016,755	\$ 91,958,470	\$ 85,045,532	\$ 94,808,608	\$ 81,173,544	\$ 79,855,097	\$ 83,131,894
Restricted	-	-	11,901,344	10,898,600	8,569,445	9,869,290	2,083,275	2,042,275	1,999,775	955,275
Unrestricted	39,161,140	36,689,700	33,221,986	34,339,690	33,321,454	43,486,135	20,431,532	24,615,784	32,730,757	(269,194)
Total business-type activities net position	\$ 121,864,304	\$ 121,913,408	\$ 129,166,474	\$ 132,255,045	\$ 133,849,369	\$ 138,400,957	\$ 117,323,415	\$ 107,831,603	\$ 114,585,629	\$ 83,817,975
Primary government										
Net investment in capital assets	\$ 153,391,294	\$ 143,740,967	\$ 143,288,540	\$ 156,869,983	\$ 161,959,540	\$ 155,290,960	\$ 163,866,370	\$ 149,927,156	\$ 148,163,460	\$ 156,365,497
Restricted	2,228,927	2,053,986	13,660,332	12,645,183	8,604,258	21,095,515	12,910,927	11,696,690	9,372,041	7,254,949
Unrestricted (deficit)	41,151,880	48,972,422	43,493,909	32,369,338	29,543,924	27,443,369	(13,452,573)	(9,021,544)	(2,365,480)	(83,555,576)
Total primary government net position	\$ 196,772,101	\$ 194,767,375	\$ 200,442,781	\$ 201,884,504	\$ 200,107,722	\$ 203,829,844	\$ 163,324,724	\$ 152,602,302	\$ 155,170,021	\$ 80,064,870

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

	June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities:										
Public safety	\$ 12,808	\$ 12,811	\$ 12,115	\$ 12,606	\$ 13,499	\$ 11,533	\$ 12,829	\$ 13,159	\$ 16,214	\$ 15,129
Community and economic development	1,903	1,819	2,408	2,833	3,581	1,962	2,082	3,265	1,188	1,340
Public works	10,919	11,437	13,836	12,083	9,863	10,232	10,629	9,948	10,375	9,625
General government	2,730	3,087	1,098	982	1,516	2,214	1,129	875	1,581	587
Recreation and culture	1,074	1,178	783	924	1,092	1,094	1,262	1,097	1,177	1,058
Interest on long-term debt	1,267	1,223	1,195	1,283	1,160	1,038	1,082	965	853	758
Total governmental activities expenses	30,701	31,555	31,435	30,711	30,711	28,073	29,013	29,308	31,388	28,497
Business-type activities:										
Electric	30,419	30,184	30,285	32,375	33,545	34,456	32,047	34,498	33,632	32,432
Water	8,746	8,705	8,193	9,077	9,215	8,929	11,160	10,279	8,267	8,792
Sewer	12,573	12,511	11,909	11,748	11,612	11,352	11,224	12,948	12,566	11,535
Public works	524	528	558	590	604	593	605	768	668	696
Total business-type activities expenses	52,262	51,928	50,945	53,790	54,976	55,330	55,035	58,493	55,133	53,455
Total primary government expenses	\$ 82,963	\$ 83,483	\$ 82,380	\$ 84,501	\$ 85,687	\$ 83,403	\$ 84,048	\$ 87,801	\$ 86,521	\$ 81,952
Program Revenues										
Governmental activities:										
Charges for services										
Public safety	\$ 727	\$ 837	\$ 922	\$ 845	\$ 914	\$ 886	\$ 1,193	\$ 1,017	\$ 928	\$ 1,446
General government	677	845	940	837	815	547	751	1,048	736	620
Public works	2,065	2,052	2,049	2,528	2,112	2,267	2,009	2,064	2,135	2,527
Recreation and culture	23	61	59	67	120	52	56	91	62	68
Other	(138)	(263)	(141)	50	485	275	9	4	4	4
Operating grants and contributions	7,760	6,346	5,589	7,967	4,757	4,540	6,194	6,096	6,110	8,401
Capital grants and contributions	1,461	706	1,484	171	1,303	1,403	486	13	7	2,923
Total governmental activities program revenues	12,575	10,584	10,902	12,465	10,506	9,970	10,699	10,333	9,982	15,989
Business-type activities:										
Charges for services										
Electric	30,270	29,870	32,263	32,240	32,933	34,367	35,175	35,417	38,148	35,910
Water	7,540	8,193	8,928	9,501	9,394	11,195	10,179	7,093	8,996	8,310
Sewer	11,761	12,826	14,715	13,667	13,421	13,451	13,106	12,924	13,430	12,814
Public works	194	223	231	220	220	321	299	337	339	361
Operating grants and contributions	51	225	128	359	397	30	291	207	30	4
Capital grants and contributions	98	-	-	-	-	-	-	-	-	5,565
Total business-type activities program revenues	49,914	51,337	56,265	55,987	56,365	59,364	59,050	55,980	60,943	62,964
Total primary government program revenues	\$ 62,489	\$ 61,921	\$ 67,167	\$ 68,452	\$ 66,871	\$ 69,334	\$ 69,749	\$ 66,313	\$ 70,925	\$ 78,953
Net (expense)/revenue										
Governmental activities	\$ (18,126)	\$ (20,971)	\$ (20,533)	\$ (18,246)	\$ (20,205)	\$ (18,103)	\$ (18,314)	\$ (18,975)	\$ (21,406)	\$ (12,508)
Business-type activities	(2,348)	(591)	5,320	2,197	1,389	4,034	4,015	(2,513)	5,810	9,509
Total primary government net expense	\$ (20,474)	\$ (21,562)	\$ (15,213)	\$ (16,049)	\$ (18,816)	\$ (14,069)	\$ (14,299)	\$ (21,488)	\$ (15,596)	\$ (2,999)

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

	June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	\$ 14,249	\$ 14,012	\$ 12,728	\$ 12,357	\$ 12,379	\$ 12,389	\$ 12,288	\$ 12,559	\$ 12,539	\$ 13,592
Unrestricted grants and contributions	5,104	4,383	4,614	3,904	4,113	4,158	4,256	4,244	4,410	4,458
Investment earnings	709	462	114	182	103	171	62	66	72	187
Gain on sale of capital assets	-	-	-	-	-	5	-	-	28	136
Miscellaneous	107	92	655	766	241	590	143	587	129	48
Transfers	(18)	(32)	(125)	(610)	(41)	(39)	(109)	288	42	91
Total governmental activities	20,151	18,917	17,986	16,599	16,795	17,274	16,642	17,744	17,220	18,512
Business-type activities:										
Investment earnings	1,048	580	152	213	91	256	128	130	144	354
Miscellaneous	72	28	59	69	208	223	364	855	842	243
Transfers	18	32	125	610	41	39	109	(288)	(42)	(90)
Special item - loss on disposal	-	-	-	-	-	-	-	(7,676)	-	-
Total business-type activities	1,138	640	336	892	340	518	601	(6,979)	944	507
Total primary government	\$ 21,289	\$ 19,557	\$ 18,322	\$ 17,491	\$ 17,135	\$ 17,792	\$ 17,243	\$ 10,766	\$ 18,164	\$ 19,019
Change in Net Position										
Governmental activities	\$ 2,025	\$ (2,054)	\$ (2,547)	\$ (1,647)	\$ (3,411)	\$ (830)	\$ (1,675)	\$ (1,231)	\$ (4,186)	\$ 6,004
Business-type activities	(1,210)	49	5,656	3,089	1,729	4,552	4,615	(9,492)	6,754	10,016
Total primary government	\$ 815	\$ (2,005)	\$ 3,109	\$ 1,442	\$ (1,681)	\$ 3,722	\$ 2,940	\$ (10,722)	\$ 2,568	\$ 16,020

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

	June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General fund										
Reserved	\$ 268	\$ 300	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	5,677	5,440	-	-	-	-	-	-	-	-
Nonspendable	-	-	-	2	-	-	-	-	-	-
Restricted	-	-	307	38	9	41	22	22	9	9
Committed	-	-	-	4,441	3,978	3,160	-	-	-	-
Assigned	-	-	-	-	-	-	99	99	-	-
Unassigned (deficit)	-	-	5,874	1,783	382	(23)	2,995	3,423	3,905	4,732
Total general fund	\$ 5,945	\$ 5,740	\$ 6,181	\$ 6,264	\$ 4,369	\$ 3,179	\$ 3,116	\$ 3,544	\$ 3,914	\$ 4,741
All other governmental funds										
Reserved	\$ 41	\$ 157	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	2,368	2,903	-	-	-	-	-	-	-	-
Capital projects funds	1,486	1,218	-	-	-	-	-	-	-	-
Debt service fund	743	836	-	-	-	-	-	-	-	-
Nonspendable	-	-	108	129	76	39	201	187	174	99
Restricted	-	-	3,031	3,881	2,830	3,766	3,398	2,073	1,416	2,831
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	(41)	(297)	-	-	(57)	(204)
Total all other governmental funds	\$ 4,638	\$ 5,114	\$ 3,139	\$ 4,010	\$ 2,865	\$ 3,508	\$ 3,599	\$ 2,260	\$ 1,533	\$ 2,726

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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Property taxes and other taxes	\$ 13,271	\$ 13,020	\$ 11,757	\$ 11,459	\$ 11,496	\$ 11,535	\$ 11,390	\$ 11,625	\$ 11,547	\$ 14,051
Licenses and permits	498	515	454	415	577	515	714	547	575	1,038
Federal grants	3,473	3,618	2,603	3,411	4,339	3,796	2,202	1,629	2,451	1,293
State shared revenues and grants	10,725	7,606	9,063	8,555	5,904	6,332	8,445	8,707	8,062	11,118
Local contributions	1,502	1,489	1,457	1,598	1,437	1,349	1,698	1,475	1,531	553
Interest, rents and royalties	427	246	67	87	55	88	28	38	41	110
Charges for services	6,215	6,466	6,366	6,684	4,539	4,789	5,266	5,285	5,147	5,715
Fines and forfeits	165	149	167	103	90	82	111	105	99	175
Reimbursements, refunds and other revenue	348	520	1,015	1,579	604	1,279	556	980	372	430
Total revenues	36,624	33,629	32,949	33,891	29,041	29,765	30,410	30,391	29,825	34,483
Expenditures										
General government	5,007	5,183	4,659	4,570	2,716	2,653	3,485	3,506	3,647	3,705
Public safety	12,419	12,071	11,700	11,928	12,354	10,746	12,427	12,115	12,422	12,590
Public works	6,979	6,735	6,693	6,688	6,199	6,599	7,150	7,404	7,152	8,026
Community and economic development	1,773	2,221	2,093	2,633	2,568	1,702	1,271	952	924	1,183
Recreation and culture	830	838	813	836	781	795	941	940	988	1,002
Post-retirement benefits	2,077	1,894	2,108	2,490	2,356	2,700	-	-	-	-
Capital outlay	5,193	2,662	4,170	4,052	4,104	2,417	2,187	3,312	2,079	2,680
Debt service:										
Principal	1,690	1,711	1,725	1,748	2,326	2,441	2,555	2,595	2,634	2,794
Interest and other fees	21	7	2	65	58	104	143	132	122	111
Total expenditures	35,989	33,322	33,963	35,010	33,462	30,157	30,159	30,958	29,968	32,091
Excess of revenues over (under) expenditures	635	307	(1,014)	(1,119)	(4,421)	(392)	251	(567)	(143)	2,392
Other financing sources (uses)										
Lease proceeds	-	4	-	-	-	-	-	-	-	-
Issuance of long-term debt	-	-	-	1,630	1,000	-	-	-	-	-
Proceeds from sale of assets	-	-	-	85	453	13	-	-	-	-
Transfers in	770	1,571	818	1,555	998	1,165	1,327	849	962	1,219
Transfers (out)	(788)	(1,611)	(1,338)	(2,165)	(1,110)	(1,332)	(1,551)	(1,193)	(1,176)	(1,592)
Total other financing sources (uses)	(18)	(36)	(520)	1,105	1,341	(154)	(224)	(344)	(214)	(373)
Net change in fund balances	\$ 617	\$ 271	\$ (1,534)	\$ (15)	\$ (3,080)	\$ (546)	\$ 27	\$ (911)	\$ (357)	\$ 2,019
Debt service as a percentage of noncapital expenditures	5.56%	5.60%	5.80%	5.77%	7.88%	9.43%	9.65%	9.64%	9.88%	9.88%

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

<u>Year Ended June 30,</u>	<u>Property Taxes</u>	<u>Electric Operating</u>
2009	\$ 14,249,217	\$ 30,309,062
2010	14,012,116	29,876,398
2011	12,728,586	32,268,204
2012	12,357,132	32,246,928
2013	12,378,917	33,104,126
2014	12,389,299	34,476,491
2015	12,287,683	35,346,665
2016	12,559,193	35,614,353
2017	12,539,095	38,438,745
2018	13,591,855	36,043,574

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

<u>Year Ended June 30</u>	<u>Residential</u>	<u>Real Property Commercial</u>	<u>Industrial</u>	<u>Personal Property</u>	<u>Total Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Assessed Value</u>	<u>Assessed Value as a Percentage of Actual Value</u>
2009	\$ 518,669	\$ 119,280	\$ 25,815	\$ 85,948	\$ 749,712	19.5503	\$ 1,499,424	50.00%
2010	486,359	116,320	26,201	85,895	714,775	19.5503	1,429,550	50.00%
2011	432,491	99,278	21,205	65,117	618,091	19.5503	1,236,182	50.00%
2012	440,003	96,855	25,924	57,217	619,999	20.0935	1,239,998	50.00%
2013	405,281	93,352	23,958	62,467	585,058	21.3365	1,170,116	50.00%
2014	367,702	100,629	23,227	63,091	554,649	21.3365	1,109,298	50.00%
2015	392,971	93,913	25,540	55,523	567,947	21.3365	1,135,894	50.00%
2016	399,808	104,261	26,128	38,961	569,158	21.1865	1,138,316	50.00%
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%

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	
2009	16.9615	0.0000	2.5888	19.5503	31.2733	2.0427	10.8138	63.6801
2010	16.9615	0.0000	2.5888	19.5503	31.2733	2.0427	10.8138	63.6801
2011	16.9615	0.0000	2.5888	19.5503	31.9133	2.0427	10.8138	64.3201
2012	16.9615	0.0000	3.1320	20.0935	31.9133	2.0427	10.8138	64.8633
2013	16.9615	0.0000	4.3750	21.3365	31.9133	2.0427	10.8138	66.1063
2014	16.9615	0.0000	4.3750	21.3365	32.7157	2.0427	11.4638	67.5587
2015	16.9615	0.0000	4.3750	21.3365	31.9133	2.0427	11.4638	66.7563
2016	16.9615	0.0000	4.2250	21.1865	31.9133	2.0427	11.4638	66.6063
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

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, 2018 and Ten Years Previous

Taxpayer	2018			2009		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
SSP Development, LLC	\$ 10,384,600	1	1.81%	\$ -	-	-
Consumers Energy Company	9,367,500	2	1.63%	5,123,904	2	0.79%
Charter Communications	4,436,200	3	0.77%	2,388,400	7	0.37%
SSP Development IV LLC	3,364,100	4	0.59%	-	-	-
Rivers Edge Medical Commons, LLC	3,335,450	5	0.58%	-	-	-
Bay City Hotels, LLC	3,118,250	6	0.54%	-	-	-
General Motors Corporation	2,709,750	7	0.47%	47,883,576	1	7.39%
SC Johnson	2,037,719	8	0.36%	-	-	-
Wenonah Park Properties	1,641,512	9	0.29%	3,954,250	3	0.61%
Port Fisher LLC	1,635,527	10	0.29%	-	-	-
Mersen USA (formerly Carbone)	-	-	-	2,390,200	6	0.37%
Arthur P Dore	-	-	-	2,937,039	4	0.45%
Bay City Housing Commission	-	-	-	2,547,550	5	0.39%
Northern Concrete	-	-	-	2,382,183	8	0.37%
Kerkau Manufacturing	-	-	-	2,256,010	9	0.35%
FP Horak Company	-	-	-	2,183,900	10	0.34%
Totals	<u>\$ 42,030,608</u>		<u>7.33%</u>	<u>\$ 74,047,012</u>		<u>11.43%</u>

Electric Customer	2018			2009		
	Usage kWh	Rank	Percentage of Total Usage	Usage kWh	Rank	Percentage of Total Usage
Mersen USA (Carbone)	19,060,251	1	6.24%	12,089,280	3	3.75%
McLaren Bay Region (Bay Med)	12,464,492	2	4.08%	17,810,342	1	5.53%
Bay County	8,420,320	3	2.76%	7,632,483	4	2.37%
S.C. Johnson & Sons	6,774,328	4	2.22%	6,519,700	5	2.02%
City of Bay City	5,081,278	5	1.66%	15,583,127	2	4.84%
Doubletree Hotel	3,548,468	6	1.16%	3,855,947	7	1.20%
Kerkau Manufacturing	3,293,171	7	1.08%	3,468,800	8	1.08%
Valley Publishing	2,987,307	8	0.98%	-	-	-
Bay Cast Inc	2,933,691	9	0.96%	4,466,768	6	1.39%
Bay City Schools	2,900,674	10	0.95%	-	-	-
Bay City Housing Commission	-	-	-	3,351,905	9	1.04%
Menards	-	-	-	3,260,208	10	1.01%
Totals	<u>67,463,980</u>		<u>22.09%</u>	<u>78,038,560</u>		<u>24.22%</u>

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>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
2009	\$ 13,072	\$ 12,176	93.15%	\$ 864	\$ 13,040	99.76%
2010	12,832	11,835	92.23%	943	12,778	99.58%
2011	11,584	10,584	91.37%	918	11,502	99.29%
2012	11,259	10,310	91.57%	908	11,218	99.64%
2013	11,296	10,336	91.50%	946	11,282	99.88%
2014	11,468	10,525	91.78%	914	11,439	99.75%
2015	11,424	10,495	91.87%	875	11,370	99.53%
2016	11,556	10,661	92.26%	874	11,535	99.82%
2017	11,249	10,393	92.39%	837	11,230	99.83%
2018	11,396	10,505	92.18%	876	11,381	99.87%

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			
2009	\$ 16,731,739	\$ 195,027	\$ 2,127,500	\$ 9,375	\$ 8,020,000	\$ 20,140,001	\$ 37,070,000	\$ 84,293,642	25.18%	\$ 2,495
2010	16,284,012	148,995	2,085,000	4,825	6,230,000	18,340,001	34,885,000	77,977,833	22.73%	2,232
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	(2)	1,707
2018	7,690,361	-	2,087,174	985,739	13,160,000	8,665,674	15,875,167	48,464,115	(2)	1,460

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>
2009	\$ 36,872	\$ 743	\$ 36,129	4.82%	\$ 1,070
2010	34,624	836	33,788	4.73%	967
2011	34,779	704	34,075	5.51%	976
2012	33,919	456	33,463	5.40%	964
2013	30,513	-	30,513	5.22%	884
2014	27,543	77	27,466	4.95%	798
2015	24,400	84	24,316	4.28%	712
2016	21,634	261	21,373	3.76%	630
2017	19,120	75	19,045	3.32%	571
2018	16,356	225	16,131	2.81%	486

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, 2018

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Overlapping Debt:			
Bay County	\$ 4,062,478	18.96%	\$ 770,246
Bay City School District	47,840,000	30.41%	14,548,144
Bangor Township Schools	7,738,333	0.87%	67,323
Bay-Arenac Intermediate School District	2,100,000	16.06%	<u>337,260</u>
TOTAL OVERLAPPING DEBT			15,722,973
Direct Debt:			
City of Bay City	10,763,274	100.00%	<u>10,763,274</u>
TOTAL DIRECT AND OVERLAPPING DEBT			<u><u>\$ 26,486,247</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)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Debt limit	\$ 74,971	\$ 71,478	\$ 62,586	\$ 62,000	\$ 58,506	\$ 54,755	\$ 56,795	\$ 56,916	\$ 57,376	\$ 57,358
Total net debt applicable to limit	36,129	33,788	34,075	33,463	30,513	27,466	24,316	21,373	19,045	16,131
Legal debt margin	<u>\$ 38,842</u>	<u>\$ 37,690</u>	<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>
Total net debt applicable to the limit as a percentage of debt limit	48.19%	47.27%	54.45%	53.97%	52.15%	50.16%	42.81%	37.55%	33.19%	28.12%

Legal Debt Margin Calculation for Fiscal Year 2018

Assessed valuation, December 31, 2017	<u>\$ 573,579</u>
Debt limit (10% of assessed valuation)	\$ 57,358
Debt applicable to limit:	\$ 16,356
Less:	
Assets in Debt Service funds available for payment of principal	<u>225</u>
Total amount of debt applicable to debt limit	<u>16,131</u>
Legal debt margin	<u>\$ 41,227</u>

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

<u>Year Ended June 30,</u>	<u>Operating Revenue (1)</u>	<u>Operating Expenses (2)</u>	<u>Net Available Revenue</u>	<u>Debt Service</u>		<u>Total</u>	<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>		
Electric System Revenue Bonds							
2009	\$ 30,890,109	\$ 28,101,504	\$ 2,788,605	\$ 1,750,000	\$ 336,538	\$ 2,086,538	1.34
2010	30,222,987	27,678,220	2,544,767	1,790,000	265,638	2,055,638	1.24
2011	32,324,760	28,068,721	4,256,039	1,870,000	192,638	2,062,638	2.06
2012	32,332,486	30,051,832	2,280,654	1,940,000	125,962	2,065,962	1.10
2013	33,125,115	31,372,020	1,753,095	365,000	85,625	450,625	3.89
2014	34,597,240	30,936,143	3,661,097	380,000	586,012	966,012	3.79
2015	35,420,455	28,975,124	6,445,331	535,000	591,492	1,126,492	5.72
2016	35,696,069	31,579,767	4,116,302	580,000	587,167	1,167,167	3.53
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

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>
2009	33,780	\$ 3,342,027	30,970	4,922	13.30%
2010	34,932	3,430,917	31,852	4,906	11.60%
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	(5)	(5)	4,138	5.60%
2018	33,188	(5)	(5)	4,049	5.10%

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 Eight Years Ago**

<u>Employer</u>	<u>2017(3)</u>			<u>2009</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%	1,773	1	3.46%
Bay City Public Schools (1) (2)	875	2	1.68%	1,075	2	2.10%
Bay County (2)	593	3	1.14%	500	3	0.97%
General Motors Powertrain	392	4	0.75%	415	5	0.81%
SC Johnson (2)	340	5	0.65%	430	4	0.84%
City of Bay City	275	6	0.53%	371	6	0.72%
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%	148	8	0.29%
FP Horak Company	-		-	188	7	0.37%
Doubletree Hotel & Conference Center	-		-	143	9	0.28%
Independent Bank & Mortgage Co.	-		-	142	10	0.28%
Totals	<u>5,400</u>		<u>10.39%</u>	<u>5,185</u>		<u>10.12%</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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Function										
General government (1)	57	60	48	50	51	36	37	37	38	37
Public safety (2)	N/A	N/A	N/A	N/A	N/A	89	89	90	86	83
Police	59	58	62	62	60	N/A	N/A	N/A	N/A	N/A
Fire	54	53	41	47	44	N/A	N/A	N/A	N/A	N/A
Building Inspections	N/A	N/A	4	4	4	4	4	6	6	8
Public works	48	48	34	33	30	28	27	29	30	30
Recreation and culture	11	10	5	6	6	6	5	5	5	6
Community and economic development	10	9	12	13	13	10	10	9	8	8
Electric	43	45	42	44	41	49	49	50	51	50
Water	40	40	37	40	35	35	35	20	23	24
Sewer	38	38	33	31	28	34	35	38	38	37
Total	360	361	318	330	312	291	291	284	285	283

(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

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government										
Elections										
Number of registered voters	24,947	23,452	23,338	22,897	23,674	23,692	23,438	23,620	23,161	22,605
Public safety										
Police Department										
Number of citations issued	3,190	3,568	2,792	3,382	3,723	2,579	2,861	1,517	2,294	2,088
Number of complaints filed	5,730	4,528	5,907	4,247	4,934	4,398	5,469	3,937	5,775	5,798
Number of calls for service	29,851	30,242	25,189	33,899	33,039	27,738	25,185	16,742	23,181	23,539
Number of DUI offenses	210	199	156	219	143	96	123	85	150	167
Fire Department										
Number of emergency runs	4,438	4,533	4,785	4,681	4,677	4,882	4,857	3,626	5,099	5,179
Number of fire prevention programs	187	187	111	128	115	195	183	81	81	10
Public works										
Streets -Tons of salt used	2,958	1,485	2,948	1,557	1,914	2,300	780	1,585	1,227	1,810
Recreation and culture										
Park acreage maintained	233	223	223	238	238	238	238	238	238	238
Special events	33	43	40	25	43	44	49	51	60	47
Shelter rentals	60	67	50	49	59	67	70	69	71	58
Community and Economic Development										
Housing units rehabilitated	6	-	-	-	-	-	-	2	2	4
Emergency housing units rehabilitated *	47	30	39	31	40	46	47	52	44	44
Electric Department										
Generating capacity	33,295	33,295	33,295	33,295	33,295	33,295	33,295	28,295	28,295	28,295
Street trees removed	209	167	101	253	134	115	340	635	530	475
Sewer System										
Sanitary and storm sewer (miles)	310	320	320	320	320	320	320	320	320	320
Daily average treatment (million gallons)	9	8	7	7	7	7	8	7	8	7
Maximum daily capacity (million gallons)	18	18	18	18	18	18	18	18	18	18
Water system										
Miles of water mains	196.87	196.87	196.87	194.50	194.50	195.00	195.77	195.77	195.77	194.77
Daily average consumption (million gallons)	8.03	7.46	7.47	7.41	7.87	7.86	7.90	-	-	-
Maximum daily treatment (million gallons)	13.85	10.12	14.45	14.00	14.00	14.00	12.00	-	-	-
Airport										
Private hanger land leases	23	23	23	22	22	22	23	23	22	22
Public hanger lease	1	1	2	3	3	5	7	8	8	7
Aviation fuel sold (gallons)	-	12,599	14,665	13,756	13,000	16,616	13,687	14,016	20,621	26,605
Cemetery										
Interments	51	57	48	50	37	48	52	41	43	48
Grave sales	16	35	42	39	19	27	17	26	19	35
Foundations set	29	25	18	25	20	24	28	11	25	29
Right of 2nd Interment	5	5	5	1	2	4	7	1	3	6
Marina										
Seasonal Dock Leases	49	50	50	50	50	44	45	51	51	51
Transient Dock Rentals	542	419	337	364	340	306	271	330	287	173

* 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**

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public safety (1)										
Stations	-	-	-	-	-	5	5	5	5	5
Vehicles	-	-	-	-	-	36	36	34	36	36
Police										
Stations	1	1	1	1	1	-	-	-	-	-
Vehicles	25	25	25	22	22	-	-	-	-	-
Fire										
Stations	4	3	3	3	3	-	-	-	-	-
Vehicles	13	12	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	24	24	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.