



Annual Comprehensive Financial Report



For the Fiscal Year Ended June 30, 2021

Bay City, Michigan

"Governmental imagination leading our community into the future."

City of Bay City, Michigan
Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2021

Prepared by the City of Bay City Fiscal Services Division

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**City of Bay City
List of Principal Officials
June 30, 2021**

Mayor

Kathleen L. Newsham

City Commission

1st Ward – Jesse Dockett
2nd Ward – Kristen McDonald Rivet
3rd Ward – Kathleen Zanotti
4th Ward – Brentt A. Brunner
5th Ward – Rachelle Hilliker
6th Ward – Christopher Girard
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 – Bradley Tucker
Wastewater Treatment Superintendent – Shoron Cooper
Public Safety Director – Michael Cecchini
Public Works Director – Robert Dion
Electric Director – Adam Webster
Deputy City Manager / Director of Information Technologies – Tony Reyes
Fire Chief – Kurt Corradi



December 20, 2021

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

The annual comprehensive financial report of the City of Bay City, Michigan for the fiscal year ended June 30, 2021, 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, 2021.

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, 2021. The auditors' report on the financial statements and combining and individual fund statements and schedules is included in the financial section of this report.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Reporting Entity

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

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

Profile

Bay City is located at the mouth of the Saginaw Bay in the east central portion of Michigan's Lower Peninsula. The City's rich historical and ethnic heritage began with the lumber boom in the mid-1800s. Two of the City's sawmills were among the three largest sawmills in the world at the time. With the decline of the lumber industry, shipbuilding became the major economic force in the early 1900's. Shipbuilding gave way to the

automobile industry as the 20th century progressed. General Motors continues to be a principal property taxpayer; however, Bay Regional Medical Center, a healthcare provider, is now the largest employer in the City.

The City's waterfront location provides citizens with a variety of leisure activities. Boating, fishing and great events throughout the year headline the selections. The "St. Patrick's Day Parade", "Fourth of July Fireworks Festival," "Tall Ship Celebration", "River of Time," in addition to the numerous concerts and shows in Wenonah Park are just some of the activities that draw several hundred thousand people to the community every year. While almost all of these events were cancelled in 2020 due to the COVID-19 pandemic, almost all of these events were held during the summer of 2021.

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

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

Financial Information

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

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

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

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

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

Local Economy

The COVID-19 pandemic has taken the City of Bay City for a roller coaster ride over the past year. The unemployment rate, which hovered around 5% for all of 2019 and the beginning of 2020, skyrocketed to over 25% in April 2020. This rate has fortunately returned to more normal levels during the year but was still slightly elevated to 5.6% at the end of September 2021.

City finances have also seen a significant impact. General Fund revenues were up over \$2.7 million; an increase of 13.54% compared to 2020. While there were one-time revenue increases due to the additional funding sources associated with COVID-19, there were also increases in on-going revenues. State Shared Revenue Sharing increased over \$600,000, Property Taxes saw an increase of nearly \$350,000, and marijuana revenues were up nearly \$200,000. While revenues were significantly higher in 2021 than in 2020, expenditure increases were more modest. While department budgets saw increases primarily related to salary and fringe benefit increases, there was a significant increase in transfers-out to other funds. These transfers were made to move excess General Fund fund balance to the Public Improvement fund, to eliminate a deficit fund balance in the Sanitation fund, and to transfer \$1,000,000 to the DPW Building fund in advance of a major renovation to the facility. Despite all of these one-time transfers, the City was still able to finish the fiscal year with a significant surplus of almost \$400,000. This continues numerous years of surpluses in the General Fund.

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

The Mill End Lofts project entailed demolition of an existing commercial building and replacement with a new mixed-use building overlooking the Saginaw River, featuring commercial spaces on the first floor and residential space located on the upper floors. A total of twenty-four (24) residential units were created with this development. Approximately \$7.5 million was spent to complete this development.

The Uptown development, located just south of the City's downtown area, creates a new southern anchor for the City's enhanced downtown riverfront district. The project's developer has completed the first phase of this prominent district which included over \$50 million in total investment. Construction has begun on the second phase of this development which includes significant infrastructure work as well as dozens of high-end loft and residential units buttressing enviable storefront and office spaces.

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

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

Additional significant spaces have recently been developed downtown by a local investor and developer, Jenifer Acosta, resulting in the restoration and remodeling of the former Bay City Times printing facility into 31 high-end residential spaces, all of which have been leased out. The developer has also completed a \$12 million restoration of the former Crapo building located at the epicenter of downtown Bay City. This building, originally constructed in 1890, boasts luxury residences, restaurant and storefront space, and offices. While the finishing touches 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.

<u>Business</u>	<u>Investment</u>	<u>Project</u>
Wilkinson Minerals	\$150,000,000	Wilkinson Minerals, a company that extracts brine to create salt products, will be located at 101 Picard in a new facility constructed at a cost of more than \$50 million dollars. The company plans to hire 50-75 people during construction and 60 -70 permanent, living wage jobs with a median hourly rate of \$25.00 per hour.
Bay Riverfront, LLC	\$16,000,000	Phase 1 of Phase II of Uptown Bay City, a major mixed- use development near downtown Bay City. Phase I of Phase II includes apartments and townhouses. There is significant additional investment in Phase II of mixed-use buildings.
3 Mission, LLC	\$4,800,000	The proposed redevelopment includes the renovation of two vacant and blighted attached buildings totaling approximately 9,448 square feet. Future use following redevelopment will include three residential units, a brew pub, and a restaurant (refer to the attached redevelopment plans). The property was historically used as a gasoline filling and automotive service station.

Long-Term Financial Planning

The City Commission adopted a policy that states that the City shall maintain a sum total of Unassigned Fund Balance plus Committed Fund Balance for Future Operations in its General Fund ranging from a minimum of fifteen (15) percent to a maximum of twenty (20) percent of the City’s previous year’s amended total budgeted expenditures. Based on this policy, the City should have unassigned fund balance of between \$3,446,542 and \$4,595,389. The total Unassigned General Fund fund balance at June 30, 2021 was \$4,989,668 or 21.7% of the previous years amended expenditure budget.

The 2021/2022 fiscal year budget, for the eighth consecutive year, was balanced with no required use of General Fund fund balance. It is expected that the City will be able to maintain the City Commission required level of Unassigned Fund Balance in the General Fund.

Major Initiatives

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

The costs to operate, and more importantly, maintain these bridges has increased dramatically as the bridges aged. The bridges need significant repairs or replacement with estimated costs in excess of \$100 million. After significant engineering and operational studies which included numerous public meetings to discuss options, the City issued a Request for Proposal for options to address the refurbishment/replacement of these bridges. Of the three proposals received, the City accepted the proposal of United Bridge Partners for a Public/Private Partnership. UBP will lease the bridges from the City for a period of 75 years and will completely rebuild the Liberty Bridge and build a new bridge to replace the Independence Bridge. Upon completion of the rebuild/construction, UBP will charge tolls for crossing the bridge. If at any point UBP is unwilling or unable to continue to operate the bridges, control of the bridges will revert back to the City. This arrangement will eliminate the very large liability that the City had for bridges that were at or near their service life. UBP and the City have finalized this arrangement for the Liberty Bridge but is still negotiating the lease for the Independence bridge. It is expected that the lease for the Independence Bridge will be completed in 2022.

In early 2018, the City purchased an existing facility in the City to be utilized as a replacement for the existing Department of Public Works facilities. After reviewing numerous options for the building renovation, the plans are finalized. It is expected that the City will be awarding contracts and issuing debt to finance the renovations that will begin in early 2022.

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

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

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

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

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

Stabilizing and improving the city's housing stock will take years but expanded efforts to address these situations have already begun and will expand into 2021.

American Rescue Plan Act of 2021

In early 2021, the City was awarded approximately \$31.1 million in Federal funds from the American Rescue Plan Act of 2021 (ARPA). These funds have to be allocated for eligible expenditures no later than December 31, 2024 with the final costs incurred prior to December 31, 2026.

Allowable uses of these funds include (1) Responding to the COVID-19 Public Health Emergency or its negative economic impacts, (2) Providing premium pay to workers performing essential work during the COVID-19 pandemic, (3) For the provision of government services to the extent of the reduction in revenue due to the COVID-19 pandemic, and (4) To make necessary investments in Water Sewer, and Broadband Infrastructure.

The City Commission has created three subcommittees (Increase Population which includes Infrastructure, Social Mobility, Children and Education) to determine the best uses of these funds. The tentative allocations to these areas include significant resources water infrastructure improvements (specifically lead service line replacements), sewer improvements and possibly road improvements that would be allowable as "government services" to the extent of the reduction in revenue due to the COVID-19 pandemic.

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 annual comprehensive financial report for the fiscal year ended June 30, 2020. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

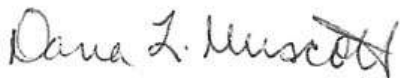
A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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.

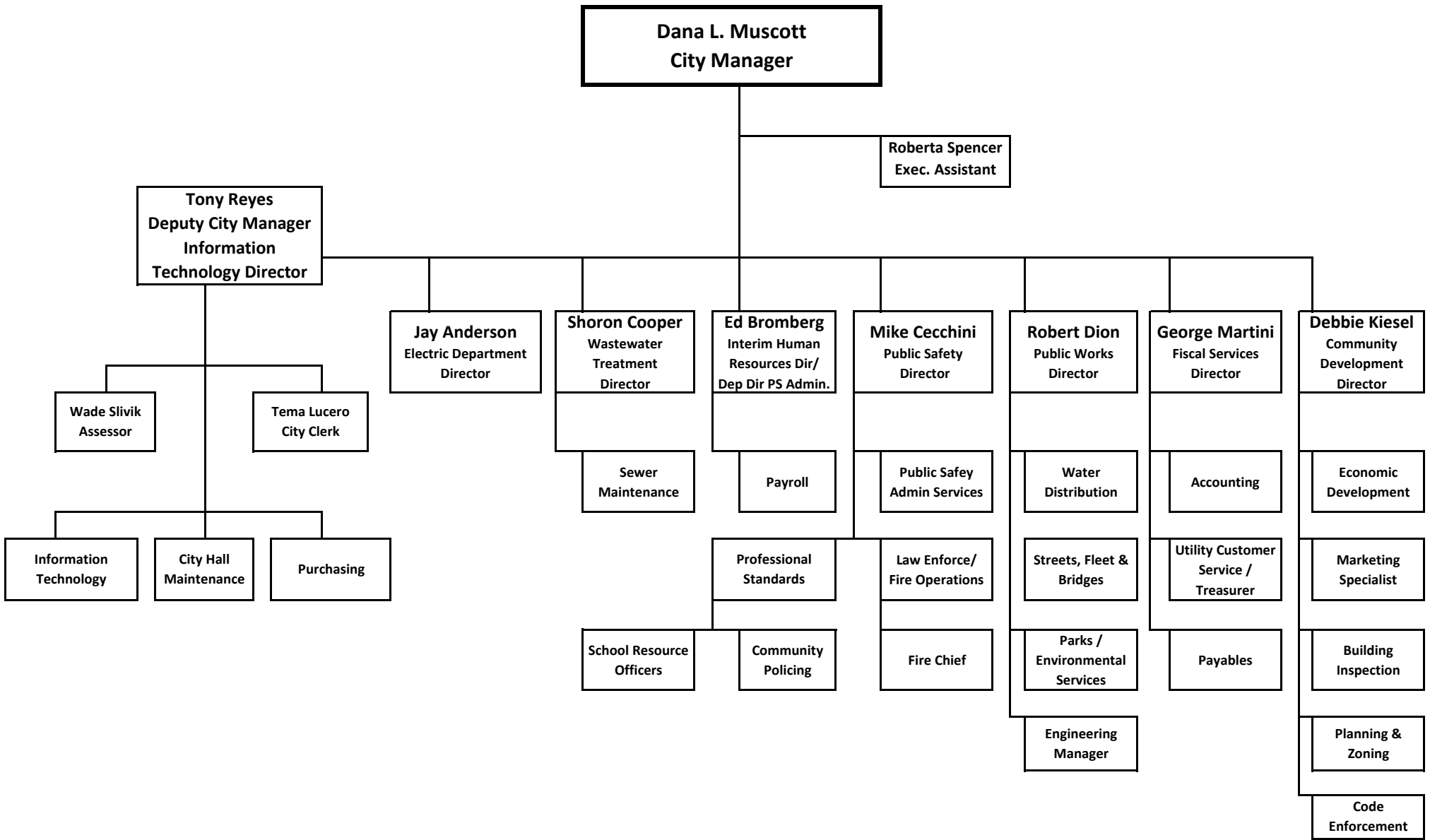
Respectfully submitted,



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, 2020



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Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Bay City (the City), as of and for the year ended June 30, 2021, 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 46 percent of assets, 50 percent of fund balance/net position, and 23 percent of revenues/additions of the aggregate remaining fund information or the Bay City Housing Commission component unit, which represents 33 percent of assets, 81 percent of net position and 57 percent of revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it related to the amounts included for the Police and Fire Retirement Pension Trust Fund and the Bay City Housing Commission component unit, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of

the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of June 30, 2021, 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 Standard

As described in Note 1 to the financial statements, during the year ended June 30, 2021, the City adopted GASB Statement No. 84 *Fiduciary Activities*. Our opinions are not modified with respect to this matter.

Deficit Fund Balances/Net Position

The City has an accumulated unassigned deficit in the James Clements Airport Fund of \$5,650 as of June 30, 2021, which has resulted from operating deficits. The deficit and status of the City's Deficit Elimination Plan, that is required by the Michigan Department of Treasury, is disclosed in Note 2. Our opinions are not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the schedules for the Municipal Employees Retirement System and Bay City Public Safety and Fire Pension Plan and Retirement System and Other Postemployment Benefit plans, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, statistical section and other supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information, as identified in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The other supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information, as identified in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section, which are the responsibility of management, have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2021, 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's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Yeo & Yeo, P.C.

Saginaw, Michigan
December 20, 2021

City of Bay City
Management's Discussion and Analysis
June 30, 2021

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, 2021. 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, 2021:

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$163,332,562 (net position). This balance is comprised of net investment in capital assets of \$164,474,543, \$9,537,902 restricted for specific purposes and a deficit unrestricted net position of \$10,679,883.
- Total net position related to the City's governmental activities increased by \$6,676,403 from the previous year. The business-type activities net position increased by \$10,622,470. 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 \$11,028,432, an increase of \$2,232,569 from prior year.
- At the end of the fiscal year, unassigned fund balance for the General Fund was \$4,989,668 or approximately 24% of total General Fund expenditures.
- The City's total liabilities balance decreased by \$18,587,755, or 12%. The City's total liabilities decreased in the governmental activities by \$10,275,614 or 12%. The largest decrease in the governmental activities was for the Public Safety and Fire Pension Plan and Retirement System decrease in the net pension liability of \$20,453,955. Other significant decreases were related to the Street Bond being paid in full in FY21 and the decrease in the net OPEB liability. These decreases were offset with the increase in the unearned revenue which increased \$15,537,493, this is the ARPA funds the City received in June 2021 that are unearned until spent. The business-type activities also experienced a decrease in liabilities in the amount of \$8,312,141. The decrease in the net pension liability in the amount of \$6,025,056 and the debt due within one year decrease in the amount of \$1,991,492 were the largest contributors of the decrease.
- State shared revenue increased 15.4% or \$671,813 from the amount received in the 2020/2021 fiscal year, due primarily to the increase in State revenues after the shut down from the COVID-19 pandemic. This increase resulted in the City receiving a total of \$5,025,049. Although this was a significant increase over the amount received in 2019/2020, it is still below the \$5,065,450 received in 2009; before the State began significant reductions to the Revenue Sharing for local governments. Since those reduction began in 2009, the City has lost a combined total of \$9,248,947 in Revenue Sharing payments if the State had held the 2009 payment constant for the last twelve years. These additional revenues will be used to address infrastructure issues and unfunded liabilities as well as providing services to City constituents.
- The City continued its commitment to improving its infrastructure during the fiscal year. The City ended the year with several construction projects in process; Lafayette Street, Wenona Street, First Street, Trumbull Street and Johnson Street road projects had total capital outlay of \$1,249,368 at 6/30/2021. These projects were primarily funded by local contributions, state resources and federal grants.

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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 is 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, 2021, assets and deferred outflows of resources exceeded liabilities and deferred inflow of resources by \$163,332,562. By far, the largest portion of the City's net position reflects its investment in capital assets (i.e. land, buildings, vehicles, equipment and infrastructure); less any related debt used to acquire those assets that is still outstanding. The City uses these assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following table shows, in a condensed format, the net position as of June 30, 2021 and 2020:

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current assets	\$ 38,503,018	\$ 19,028,787	\$ 77,991,792	\$ 73,881,559	\$ 116,494,810	\$ 92,910,346
Capital assets	<u>75,369,948</u>	<u>77,057,152</u>	<u>119,064,914</u>	<u>117,361,287</u>	<u>194,434,862</u>	<u>194,418,439</u>
Total assets	<u>113,872,966</u>	<u>96,085,939</u>	<u>197,056,706</u>	<u>191,242,846</u>	<u>310,929,672</u>	<u>287,328,785</u>
Deferred outflows	<u>8,772,396</u>	<u>8,827,497</u>	<u>3,259,990</u>	<u>3,270,153</u>	<u>12,032,386</u>	<u>12,097,650</u>
Current liabilities	22,059,267	4,732,357	6,142,188	4,849,264	28,201,455	9,581,621
Long-term liabilities	<u>51,137,258</u>	<u>78,739,782</u>	<u>54,756,645</u>	<u>64,361,710</u>	<u>105,893,903</u>	<u>143,101,492</u>
Total liabilities	<u>73,196,525</u>	<u>83,472,139</u>	<u>60,898,833</u>	<u>69,210,974</u>	<u>134,095,358</u>	<u>152,683,113</u>
Deferred inflows	<u>21,792,866</u>	<u>461,729</u>	<u>3,741,272</u>	<u>247,904</u>	<u>25,534,138</u>	<u>709,633</u>
Net position:						
Net investment in capital assets	73,181,499	73,890,773	91,293,044	87,757,785	164,474,543	161,648,558
Restricted	8,582,627	8,747,777	955,275	955,275	9,537,902	9,703,052
Unrestricted (deficit)	<u>(54,108,155)</u>	<u>(61,658,982)</u>	<u>43,428,272</u>	<u>36,341,061</u>	<u>(10,679,883)</u>	<u>(25,317,921)</u>
Total net position	<u>\$ 27,655,971</u>	<u>\$ 20,979,568</u>	<u>\$ 135,676,591</u>	<u>\$ 125,054,121</u>	<u>\$ 163,332,562</u>	<u>\$ 146,033,689</u>

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The City's total combined net position increased by \$17,298,873 over the course of the fiscal year's operations to a total of \$163,332,562. Explanations for those changes are described below under the "Governmental Activities" sections of this Management and Discussion Analysis.

Within the governmental activities net position, \$73,181,499 is net investment in capital assets, and is not available to meet the government's ongoing obligations to citizens and creditors. Within the business-type activities, an additional \$91,293,044 is net investment in capital assets. These amounts represent an increase in the City's overall investment in capital assets of \$2,825,985. The increase is a result of the liability of the bonds in both the governmental and business type activities decreasing. The remainder of the difference was between the addition of capital assets and the current year's depreciation expense.

The following table shows the changes of the net position during fiscal years 2021 and 2020:

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Program revenues:						
Charges for services	\$ 6,063,248	\$ 6,259,267	\$ 60,220,465	\$ 59,151,920	\$ 66,283,713	\$ 65,411,187
Operating grants & contributions	9,622,353	6,312,137	1,375,535	191,329	10,997,888	6,503,466
Capital grants & contributions	-	-	106,143	895,695	106,143	895,695
General Revenues:						
Property taxes	14,174,994	13,973,541	-	-	14,174,994	13,973,541
Grants not restricted	5,054,585	4,395,077	-	-	5,054,585	4,395,077
Unrestricted investment earnings	83,123	287,156	114,203	680,864	197,326	968,020
Gain on sale of capital assets	13,385	63,250	-	-	13,385	63,250
Miscellaneous	579,873	152,068	857,289	638,155	1,437,162	790,223
Total revenues	35,591,561	31,442,496	62,673,635	61,557,963	98,265,196	93,000,459
Expenses:						
General government	3,038,703	(34,665)	-	-	3,038,703	(34,665)
Public safety	10,107,312	8,653,728	-	-	10,107,312	8,653,728
Public works	11,546,850	12,115,316	735,043	698,639	12,281,893	12,813,955
Parks and recreation	1,683,562	935,619	-	-	1,683,562	935,619
Economic development	1,512,968	458,856	-	-	1,512,968	458,856
Interest on long term debt:	223,706	402,244	-	-	223,706	402,244
Electric	-	-	34,032,225	28,960,530	34,032,225	28,960,530
Water	-	-	7,760,664	7,782,442	7,760,664	7,782,442
Sewer	-	-	10,325,290	5,730,379	10,325,290	5,730,379
Total expenses	28,113,101	22,531,098	52,853,222	43,171,990	80,966,323	65,703,088
Excess or (deficiency) before transfers	7,478,460	8,911,398	9,820,413	18,385,973	17,298,873	27,297,371
Transfers	(802,057)	(621,315)	802,057	621,315	-	-
Changes in net position	6,676,403	8,290,083	10,622,470	19,007,288	17,298,873	27,297,371
Net position - beginning	20,979,588	12,689,485	125,054,121	106,046,833	146,033,689	118,736,318
Total net position	\$ 27,655,971	\$ 20,979,568	\$ 135,676,591	\$ 125,054,121	\$ 163,332,562	\$ 146,033,689

Governmental Activities

The governmental-type activities saw an overall increase in net position of \$6,676,403. The revenue and expense trends of the governmental activities are discussed below.

The governmental activity revenue increased from the prior year by \$4,149,065. This increase is detailed by major revenue categories as follows:

- Property taxes comprised the largest portion of governmental activity revenue at 39.8% of total revenues or \$14,174,994. This is a \$201,453 or 1.4% increase from the prior year.
- Operating grants and contributions comprised \$9,622,353 or 27.0% of governmental activity revenue. This is an increase of \$3,310,216 or 52.4% from the prior year. The increases were in the public safety and economic development departments. The increase for public safety was due to an increase in the reimbursement for school resource officers and the receipt of the federal CARES grant. Economic Development received a CDBG-CV grant in the amount of \$632,000 and the City was reimbursed by HUD for the pay off the HUD 108 loan in the amount of \$550,000.
- Grants and contributions not restricted to specific programs account comprised \$5,054,585 or 14% of governmental activity revenue, an increase of \$659,508 from the prior fiscal year. The City received an increase of \$671,813 in State revenue sharing compared to the 2019/2020 fiscal year.
- Charges for services comprise \$6,063,248 or 17% of governmental activity revenue. Charges for services decreased by \$196,019; a 3% decrease from the prior year. There were slight decreases in the general government charges for services and this was offset by the increase in building permits, inspection fees and trash fees.

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- Total expenses for governmental activities increased by \$5,582,003 or 24.7% from the prior year. The significant increase in the governmental activities compared to the 2019/2020 fiscal year was the OPEB liability expense which increased \$13,126,577. This was offset by the decrease in the police and fire retirement expenses in the amount of \$6,470,307. The remainder of the difference was a reduction to the retirement defined benefit, accrued vacation and debt service principal costs.

Business-Type Activities

The City's business-type activities consist of services provided by the electric, water, sewer, cemetery, airport and marina. These services are available to all City residents as well as selected out-city customers of the electric and water utilities. The business-type activities saw an overall increase in net position of \$10,622,470 primarily due to the following:

- The electric operations experienced an increase in revenues for sales to customers in the amount of \$723,911. The Electric Department did not have a rate increase during the 2020/2021 fiscal year. The average sales per month in the 2019/2020 fiscal year was \$3.06 million and in the 2020/2021 fiscal year the average sales per month was \$3.09 million.
- The electric operations also saw an increase in operating expenses of approximately \$4.3 million. The largest increase was related to the net OPEB liability and the net pension liability adjustments. The increase was offset by the reduction of MERS defined benefit costs due to changes in the net pension liability.
- The water operations experienced an increase in revenues for sales to customers in the amount of \$468,324. The increase was primarily due to an increase in water rates
- The Water Fund experienced a decrease in expenses of \$259,472. The largest decrease was related to the net pension liability. This was combined with a decrease of professional

services, hardware/software maintenance and ground maintenance due to projects being delayed. This was offset by the increase of retiree healthcare costs related to the net OPEB liability adjustments.

- The sewer operation sales to customers remained relatively flat. Total revenues for the sewer operations increased by \$176,864, the increase was primarily a contribution for sewer work for the Johnson Street project.
- The Sewer Fund experienced an increase in expenses of approximately \$4 million. The increase was related to the net OPEB liability and the net pension liability adjustments

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 2021 include the General Fund, Major Streets Fund and the Rehabilitation Fund.

The General Fund is the chief operating fund of the City. The most significant source of revenue is property taxes, which generated \$11,716,989 in the current fiscal year. This is an increase of \$179,941 increase from the prior fiscal year. This increase was primarily due to the increase in the calculation of the payment in lieu of taxes payment from the Electric Department and an increase in the property transfer fees.

- General Fund expenditures increased by \$971,892 and transfers out increased by \$1,383,752 for a total increase of \$2,355,644. The largest increases were in the City Managers, Payroll and the Treasurers Departments. The increases were due to actuarially determined costs in the retiree healthcare and the retirement defined benefit costs. The Assessors Department also experienced increases in attorney fees,

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professional services and postage. The increase in Transfers Out of General Fund included the Public Improvement Fund. This was to transfer funds over the twenty percent fund balance policy to be used for projects within the City in the amount of \$544,600. A transfer to the DPW Building for \$1 million was made to cover a small deficit net position and to reduce the amount of debt which will be issued to begin renovations of the facility. A transfer to Solid Waste to cover the fund balance deficit of \$237,000 was also part of the total Transfers-Out.

- The most significant service accounted within the General fund is public safety, which incurred expenditures of \$12,499,971 in the current year. This expenditure increased by \$200,115 from the prior year. The largest portion of the increase is attributable to the wage increases and vacation payouts, an increase of \$224,179, and the increase in police and fire retirement contribution due to the increase in the actuarial determined contributions. This was offset by the decrease in the retiree healthcare costs due to the decrease in employees that are eligible to receive retiree healthcare upon retirement.

At the end of the fiscal year, the unassigned fund balance of the General Fund was \$4,989,668. As a measurement of the General Fund's liquidity, it may be useful to compare the unassigned fund balance to total fund expenditures. Unassigned fund balance represents approximately 24% of General Fund expenditures.

The Major Streets Fund accounts for major streets maintenance funds received from the State of Michigan, as well as property tax and other revenues used to maintain and reconstruct major streets within the City. During the fiscal year ended June 30, 2021, the City received \$4,352,634 in grants and state maintenance funds and \$412,200 in property taxes and expended \$1,256,592 on capital outlay, primarily for the rehabilitation of Lafayette Street, Wenona Street, First Street, Trumbull Street and Johnson Street projects. The funds were also used for the preservation and maintenance of existing streets, sidewalks and City owned bridges within this fund.

The Rehabilitation Fund is used to account for revenues and expenditures related to providing financing to low- and moderate-income individuals to assist in home improvements. During the most recent fiscal year, \$59,490 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 \$1,766,758, an increase of \$314,641 from fiscal year 2019/2020.

The Solid Waste Fund ended the fiscal year with a restricted fund balance of \$196,952; an increase in fund balance of \$429,931. Because of a history of excess expenditures over revenues in this fund and the need to review the operations of this program, an analysis of the services provided by the City was completed during the 2016/2017 fiscal year. The study resulted in the City entering into an agreement with Waste Management to lease and begin operation of a transfer station. Also, the associated fee schedule to cover the projected operational costs for the 2017/2018 fiscal year and four subsequent fiscal years was adopted by the City Commission.

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

The deficit spending was eliminated in 2019/2020. The Solid Waste Management fund recorded \$22,180 excess revenues over expenditures in the 2019/2020 fiscal year. Although the fund ended the 2019/2020 with a small excess revenue over expenditures, it was not expected that the deficit fund balance could be eliminated in the near term through operating surpluses. Accordingly, a recommendation to the City Commission to appropriate \$237,000 from the General Fund to the Solid Waste Management Fund during the 2020/2021 fiscal year

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was made. Moving forward, the deficit has been eliminated and this fund should continue to have revenues exceed expenditures.

The Building Inspection Fund ended the fiscal year with restricted fund balance of \$28,210, a decrease of \$48,717 from fiscal year 2019/2020.

The Drug Law Enforcement Fund ended the fiscal year with restricted fund balance of \$93,625, an increase of \$10,847 from fiscal year 2019/2020.

The Community Development Block Grant Fund expended \$1,008,291 on economic development activities and \$779,508 on debt principal and interest payments.

General Fund Budgetary Highlights

The City of Bay City adopted a balanced budget for fiscal year 2020/2021. 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 Clerk revenue within the General Fund was amended to reflect an increase in the Recreational Marihuana Excise Tax, the Medical Marihuana License and Recreational Marihuana License. These amendments were in the amounts of \$84,004, \$47,100 and \$150,600, respectively. There was also an increase in Other Federal Grants for the receipt of the Corona Relief Local Government Grant in the amount of \$418,309. State Revenue Sharing and Donations/Contributions were also amended for increases in the amounts of \$480,209 and \$21,841, respectively.
- The Public Safety revenue within the General Fund was amended to reflect an increase in Other Federal Grants for the Public Safety and Public Health Payroll Reimbursement Program (PSPHPR) and the First Responders Hazard Pay

Premium Program (FRHPPP). They were in the amounts of \$903,424 and \$70,000, respectively.

- The Public Safety Department of Justice COVID19 Grant revenue and related expenses within the General Fund were amended in the amount of \$41,009 for reimbursement of costs related to COVID19. The funds were not received within the 60 days following the end of the fiscal year which the City requires to be considered revenue and is deferred revenue until 2022 fiscal year.
- The Parks Department revenue within the General Fund was amended to reflect an increase the transfer from CDBG and Contributions from the Bay Area Community Foundation, both amendments were for the Maplewood Park Improvements. The amendments were in the amounts of \$75,000 and \$24,243, respectively.
- The Elections Department within the General Fund was amended to reflect the increase in professional services for election workers for the Presidential Election. The budget was amended in the amount of \$21,483.
- The Finance Department within the General Fund was amended to reflect the increase to purchase the Munetrix software in the amount of \$9,047.
- The Human Resources Department within the General Fund was amended to reflect a reduction in the budgeted amount of \$16,500. The decrease was a reduction of the attorney fees during the fiscal year.
- The Public Safety Department within the General Fund was amended to reflect an increase in the budget for the K-9 Unit supplies and personal protective equipment for officers in the amounts of \$6,850 and \$20,219, respectively.

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- The Public Safety MCOLES Department within the General Fund was amended to reflect an increase in education and training for school for one officer. The amendment was in the amount of \$7,940.
- The Public Safety Fire Services Department within the General Fund was amended to reflect the increase in building maintenance for the replacement of an air conditioning unit at Station 1 and to complete the refurbishment of a rescue boat. The amendments were in the amounts of \$10,077 and \$20,080, respectively.
- The Emergency Services Department within the General Fund was amended to reflect an increase in supplies and bank charges. This cost center was set up to track the cost of items purchased due to the COVID-19 pandemic that the City would have not otherwise purchased or needed to use. The budget amendments were in the amounts of \$150,000 and \$112,500, respectively.
- The Parks Department within the General Fund was amended to reflect an increase for the purchase of new radios for vehicles and staff in the amount of \$35,115. The Parks Department budget was amended for the increase in land improvements for the Maplewood Park Project, which was delayed in prior year due to COVID19. The amendment was in the amount of \$259,025.
- Transfers Out within the General Fund was amended to reflect increases to Transfers Out to the Solid Waste Fund to cover the budget deficit in the prior year in the amount of \$237,000; an increase to the Transfer to Public Improvement Fund, this amount was the amount above the twenty percent policy for fund balance in General Fund. These funds will be used for infrastructure projects within the City. The amendment was in the amount of \$544,600. There was also an increase to Transfer to Other Funds, which was transferred to the DPW Building

Fund for the costs of renovations and to cover a small deficit net position. The transfer was in the amount of \$1,000,000.

- The General Fund wages and fringe benefits were collectively amended to reflect actual outcomes during the fiscal year. The total difference was a decrease of \$66,588. The largest reduction from the original budget was in the public safety activities due to healthcare costs being less than the original budget.

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

During the year, actual revenues were less than the amount of the amended budget by approximately \$181,167. A majority of the differences were relatively small amounts. Below are the significant increases/decreases which were attributable to the following:

- The City received State Revenue Sharing in an amount of \$84,902 more than anticipated for the fiscal year.
- The City received more than anticipated for the recreational and medical marihuana licenses; the overages were in the amount of \$45,000.
- The City received fewer contributions from the Bay Area Community Foundation in fiscal year 2021 directly related to projects being delaying during the year. The amount was \$19,997 less than anticipated.
- The City did not receive all the anticipated reimbursements for weed cutting for year. The shortfall was in the amount of \$25,079.

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- The City did not receive reimbursements for special events as many of the events were cancelled due to the COVID-19 pandemic. The receipts were \$29,230 less than the budgeted amount.
- The City did not receive all the anticipated tax revenue. The amount was \$20,509 less than budgeted.
- The City budgeted amount in interest earnings and investment in market gain were less than budgeted. This was attributable to the COVID-19 pandemic. The receipts were \$62,316 and \$88,829 less than budgeted, respectively.
- The City did not receive the DOJ Covid 19 Grant funds prior to the sixty days revenue collections rule; therefore those funds are deferred revenue until FY22. This is in the amount of \$41,009.
- The City did not receive the entire amount anticipated for the CATV Contract Fees. There was a shortfall from the budgeted amount of \$25,250.

Actual expenditures and transfers out were less than budgetary estimates by \$516,268. The Public Safety Departments in General Fund were large contributors of savings, as the departments were underspent by \$213,836. The City did have a few budget variances within the General Fund. These budget variances were a result of receiving invoices after the fiscal year ended and thus, the City was unable to make appropriate budget adjustments.

Other Funds Budgetary Highlights

Community Development Block Grant did have an excess of expenditures over appropriations. CDBG principal and interest were significantly over the appropriated amount. HUD has a Timeliness Requirement, 24 CFR 570.902, that states sixty days prior to the end of the grantee's current program year, the amount of entitlement grant funds available to the recipient under grant agreements but undisbursed by the U.S. Treasury is more than 1.5 times the entitlement

grant amount for its current program year there is a lack of timeliness. Due to COVID 19, the City was in excess of 1.5x the annual grant unspent entitlement. The City worked with the HUD representative to shift unspent entitlement funds and paid off the existing HUD 108 loan to remain in compliance with HUD requirements.

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, 2021 amounted to \$194,434,862 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, roads, sidewalks, and bridges.

Additional information on the City's capital assets can be found in note 6; capital assets, beginning on page 4-36 in the notes to the financial statements.

Long-term Debt. At year end, the City has total outstanding debt of \$38,071,734, which included a current portion of \$7,288,209. Of this amount, \$19,259,978 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	
	2021	2020	2021	2020	2021	2020
Bonds and notes payable	\$ 2,188,449	\$ 5,496,379	\$ 28,010,435	\$ 29,874,777	\$ 30,198,884	\$ 35,371,156
Compensated absences	2,927,232	3,161,619	1,206,190	1,123,989	4,133,422	4,285,608
Landfill	3,739,428	3,558,977	-	-	3,739,428	3,558,977
Total	\$ 8,855,109	\$ 12,216,975	\$ 29,216,625	\$ 30,998,766	\$ 38,071,734	\$ 43,215,741

The City's total debt decreased by \$5,144,007 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 \$61,129,000 which is significantly in excess of the City's outstanding general obligation debt applicable to this limit.

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

Economic Factors

Despite continuing budget challenges, the City of Bay City has been able to once again adopt a balanced City budget for the 2021/2022 fiscal year that did not require the use of any General Fund reserves. This is the eighth year in a row that the City has been able to balance the budget without the use of reserve funds. Driving this fiscal conservatism is the City Commission policy that recommends that the City maintain between 15% and 20% of expenditures in fund balance. Since 2015, the City General Fund has annually completed the fiscal year with excess revenues over expenditures. In order to maintain a fund balance level within this policy, the City has made several transfers from the General Fund to the Public Improvement fund. The Public Improvement fund is utilized by the City to make needed improvements in City infrastructure.

During the 2020/2021 fiscal year, the City transferred the amount in General Fund balance that was over the recommended 20% upper limit of the Commission policy, \$544,600, to the Public Improvement fund for possible use for capital improvement projects in the City. In addition to the transfer to the Public Improvement Fund, a \$237,000 transfer to the Sanitation Fund was approved by the City Commission to eliminate a deficit fund balance. Also, a \$1,000,000 transfer was made to the DPW Building Fund to decrease the amount of debt that will be issued to fund the renovations to this facility beginning during the 2021/2022 fiscal year.

The City's largest General Fund revenue source, Property Taxes saw a small increase; from \$11,537,048 in 2020 to \$11,717,051 in 2021, an increase of \$180,003 or approximately 1.6%. The increase in ad valorem tax revenues exceeded \$337,000 due to the strong real estate market in the City. This increase was offset slightly by decreases in other tax accounts.

The City's second largest revenue source, State Shared Revenue Sharing, increased \$671,813 to \$5,025,049 compared to the amount received in 2019/2020. Despite this increase, the amount received is still less than was received by the City in 2009 (\$5,065,450).

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 2020/2021 budget provided funding for the programs that were initiated to address the Housing Commission study. The City continues to appropriate money from the CDBG fund to address sidewalk maintenance and replacements in low income areas of the City. In addition, the Building Department fund has increased staffing to enforce property maintenance standards to reduce blight throughout the City and is looking at additional options for additional staffing increases as well as funding for emergency home repairs.

In early 2021, the City received notice that the American Rescue Plan Act of 2021 had awarded the City approximately \$31.1 million in grant funds. While there are significant restrictions related to the COVID-19 pandemic on the allowable use of these funds, they will provide a jump start to many of the recommendations in the Housing Study as well as provide needed funds for Water and Sewer infrastructure.

The City continues to review options for savings in health care costs. The renewal effective January 1, 2022 of both the AETNA Medicare Advantage for Medicare eligible retirees as well as the Blue Cross/Blue Shield plan for pre-Medicare retirees and active employees saw significant reductions in premiums. This will have a positive impact on the Retiree Health Care Trust actuarial for 6/30/22 but will also have a positive impact on the 2022/2023 City budget process.

City of Bay City
Management's Discussion and Analysis
June 30, 2021

Despite the budget challenges that the City faces annually, the City contributes the ADC (actuarially determined contribution) amounts to the Retiree Health Care trust. These amounts are currently roughly equal to the “pay-as-you-go” liability for the retiree health care costs. When combined with the investment revenue of the trust balance, this has resulted in significant reductions in the unfunded actuarial liability. The standards set by the State of Michigan PA-202 consider an OPEB plan to be “Underfunded” if it is less than 40% funded. The City’s employer contributions combined with significant investment earnings over the last several years has resulted in a June 30, 2021 funding level of 41.9%; above the 40% threshold to no longer be considered “Underfunded”. This funding level was achieved approximately seven years ahead of the schedule in the Corrective Action Plan that the City prepared for the State of Michigan for the Retiree Health Care Trust.

The City received an increase of approximately \$325,000 in Act 51 funding during 2020/2021 FY. These increases will provide additional funds for road maintenance/repairs/construction.

The City adopted rate increases for 2020/2021 for the Water utility. The City will continue to review the rates for all 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 twenty-six (23) active employees in this plan as of the latest plan actuarial study (12/31/20). 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 12/31/2020, the latest actuarial date, the plan was 85% funded with an unfunded actuarial liability of \$11,656,963.

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

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

Contacting the City’s Management

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, 2021

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 41,337,957	\$ 42,387,943	\$ 83,725,900	\$ 13,933,645
Equity in pooled cash and investments	-	-	-	105,382
Investments	-	-	-	24,374
Receivables				
Taxes	37,244	-	37,244	134,602
Accounts, net	1,053,698	8,848,497	9,902,195	303,682
Special assessments	229,798	236,307	466,105	-
Accrued interest and other	13,619	21,869	35,488	6,438
Notes, net	7,758,601	-	7,758,601	-
Due from other units of government	1,916,516	4,320,641	6,237,157	64,142
Internal balances	(15,202,411)	15,202,411	-	-
Due from component unit	41,760	-	41,760	-
Inventories	294,458	3,836,954	4,131,412	42,450
Prepaid items and other assets	1,021,778	2,181,895	3,203,673	123,750
Restricted assets				
Cash and cash equivalents	-	955,275	955,275	3,319,211
Net OPEB asset	-	-	-	610,762
Capital assets not being depreciated	19,704,072	5,238,173	24,942,245	11,356,177
Capital assets, net of accumulated depreciation	<u>55,665,876</u>	<u>113,826,741</u>	<u>169,492,617</u>	<u>12,622,096</u>
Total assets	<u>113,872,966</u>	<u>197,056,706</u>	<u>310,929,672</u>	<u>42,646,711</u>
Deferred Outflows of Resources				
Deferred charges on refunding	-	238,565	238,565	1,773,529
Deferred amount on special assessments	-	-	-	702
Deferred amount relating to net pension liability - MERS	892,966	2,389,763	3,282,729	157,130
Deferred amount relating to net pension liability - Police and Fire	6,988,222	-	6,988,222	-
Deferred amount relating to net OPEB liability	<u>891,208</u>	<u>631,662</u>	<u>1,522,870</u>	<u>-</u>
Total deferred outflows of resources	<u>8,772,396</u>	<u>3,259,990</u>	<u>12,032,386</u>	<u>1,931,361</u>

See Accompanying Notes to the Financial Statements

City of Bay City
Statement of Net Position
June 30, 2021

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Liabilities				
Accounts payable	\$ 1,939,169	\$ 4,583,678	\$ 6,522,847	\$ 176,562
Accrued and other liabilities	1,834,740	508,732	2,343,472	585,846
Deposits	316,867	963,189	1,280,056	-
Due to primary government	-	-	-	41,760
Due to other units of government	345,682	86,589	432,271	13,266
Due to fiduciary fund	85,316	-	85,316	-
Unearned revenue	17,537,493	-	17,537,493	31,344
Noncurrent liabilities due within one year				
Debt due within one year	2,120,498	5,167,711	7,288,209	626,227
Noncurrent liabilities due in more than one year				
Debt due in more than one year	6,734,611	24,048,914	30,783,525	25,935,356
Net pension liability - MERS	1,933,240	6,282,827	8,216,067	982,498
Net pension liability - Police and Fire	13,179,043	-	13,179,043	-
Net OPEB liability	27,169,866	19,257,193	46,427,059	-
Total liabilities	<u>73,196,525</u>	<u>60,898,833</u>	<u>134,095,358</u>	<u>28,392,859</u>
Deferred Inflows of Resources				
Deferred amount relating to net pension liability - MERS	510,473	1,658,990	2,169,463	-
Deferred amount relating to net pension liability - Police and Fire	18,345,620	-	18,345,620	-
Deferred amount relating to net OPEB liability	2,936,773	2,082,282	5,019,055	-
Total deferred inflows of resources	<u>21,792,866</u>	<u>3,741,272</u>	<u>25,534,138</u>	<u>-</u>
Net Position				
Net investment in capital assets	73,181,499	91,293,044	164,474,543	4,586,088
Restricted for				
Debt service	408,978	955,275	1,364,253	3,319,211
Community and economic development	7,422,004	-	7,422,004	-
Solid waste management	223,697	-	223,697	-
Capital projects	108,670	-	108,670	-
Highways and streets	419,278	-	419,278	-
Unrestricted (deficit)	<u>(54,108,155)</u>	<u>43,428,272</u>	<u>(10,679,883)</u>	<u>8,238,154</u>
Total net position	<u>\$ 27,655,971</u>	<u>\$ 135,676,591</u>	<u>\$ 163,332,562</u>	<u>\$ 16,185,213</u>

See Accompanying Notes to the Financial Statements

City of Bay City
Statement of Activities
For the Year Ended June 30, 2021

	Program Revenues					Net (Expense) Revenue and Changes in Net Position			Component Units
	Expenses	Indirect	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
						Governmental Activities	Business-type Activities		
Functions/Programs									
Primary government									
Governmental activities									
General government	\$ 5,057,529	\$ (2,018,826)	\$ 893,929	\$ 8,128	\$ -	\$ (2,136,646)	\$ -	\$ (2,136,646)	\$ -
Public safety	9,944,025	163,287	1,537,565	1,414,292	-	(7,155,455)	-	(7,155,455)	-
Public works	11,229,753	317,097	3,247,502	5,847,331	-	(2,452,017)	-	(2,452,017)	-
Economic development	1,631,825	51,737	3,800	2,307,829	-	628,067	-	628,067	-
Parks and recreation	1,512,968	-	380,452	44,773	-	(1,087,743)	-	(1,087,743)	-
Interest and fiscal charges on long-term debt	223,706	-	-	-	-	(223,706)	-	(223,706)	-
Total governmental activities	29,599,806	(1,486,705)	6,063,248	9,622,353	-	(12,427,500)	-	(12,427,500)	-
Business-type activities									
Electric	33,401,547	630,678	38,252,122	431,649	-	-	4,651,546	4,651,546	-
Water	7,407,402	353,262	8,779,660	271,853	106,143	-	1,396,992	1,396,992	-
Sewer	9,915,507	409,783	12,865,526	-	-	-	2,540,236	2,540,236	-
Cemetery	130,269	24,078	54,246	-	-	-	(100,101)	(100,101)	-
Airport	344,890	11,277	129,217	672,033	-	-	445,083	445,083	-
Marina	212,193	12,336	139,694	-	-	-	(84,835)	(84,835)	-
Total business-type activities	51,411,808	1,441,414	60,220,465	1,375,535	106,143	-	8,848,921	8,848,921	-
Total primary government	\$ 81,011,614	\$ (45,291)	\$ 66,283,713	\$ 10,997,888	\$ 106,143	(12,427,500)	8,848,921	(3,578,579)	-
Component units									
Downtown Development Authority	\$ 103,240	\$ 5,141	\$ 40,734	\$ 41,300	\$ -	-	-	-	(26,347)
Midland Street TIFA	106,064	309	-	-	-	-	-	-	(106,373)
Kresge's DDA	913	366	-	-	-	-	-	-	(1,279)
Marquette District TIFA	1,435,157	12,156	3,428	246,048	-	-	-	-	(1,197,837)
Water Street DDA	190,924	700	-	-	-	-	-	-	(191,624)
Allen Healthcare DDA	-	-	-	-	-	-	-	-	-
Marina Development TIFA	18,746	-	-	-	-	-	-	-	(18,746)
Knepp's DDA	3,600	-	-	-	-	-	-	-	(3,600)
Brownfield Redevelopment Authority	2,691,852	24,571	4,162	87,257	-	-	-	-	(2,625,004)
Columbus Avenue Management Board	11,524	1,500	13,070	-	-	-	-	-	46
Midland Street Management Board	7,392	548	25,190	-	-	-	-	-	17,250
Downtown Management Board	153,166	-	50,373	-	-	-	-	-	(102,793)
Housing Commission	4,015,181	-	1,670,723	2,509,298	-	-	-	-	164,840
Total Component units	\$ 8,737,759	\$ 45,291	\$ 1,807,680	\$ 2,883,903	\$ -	-	-	-	(4,091,467)
General revenues									
Property taxes - unrestricted						14,174,994	-	14,174,994	2,872,823
Grants and contributions not restricted to specific programs						5,054,585	-	5,054,585	-
Unrestricted investment earnings						83,123	114,203	197,326	123,657
Gain (loss) on sale of capital assets						13,385	-	13,385	(17)
Miscellaneous						579,873	857,289	1,437,162	327,818
Transfers						(802,057)	802,057	-	-
Total general revenues and transfers						19,103,903	1,773,549	20,877,452	3,324,281
Change in net position						6,676,403	10,622,470	17,298,873	(767,186)
Net position - beginning of year						20,979,568	125,054,121	146,033,689	16,952,399
Net position - end of year						\$ 27,655,971	\$ 135,676,591	\$ 163,332,562	\$ 16,185,213

See Accompanying Notes to the Financial Statements

City of Bay City
Governmental Funds
Balance Sheet
June 30, 2021

	Special Revenue Funds					Total Governmental Funds
	General	Major Streets Fund	Rehabilitation Fund	American Rescue Plan Act Fund	Nonmajor Governmental Funds	
Assets						
Cash and investments	\$ 4,607,867	\$ 2,117,802	\$ 30,051	\$ 15,538,289	\$ 5,368,589	\$ 27,662,598
Receivables						
Delinquent taxes	30,054	-	-	-	7,190	37,244
Accounts	154,487	128,044	-	-	756,350	1,038,881
Special assessments	30,189	-	-	-	32,316	62,505
Accrued interest and other	3,535	762	-	-	3,237	7,534
Notes, net	-	-	7,758,601	-	-	7,758,601
Due from other units of government	993,140	696,131	-	-	227,245	1,916,516
Due from other funds	706,028	-	-	-	-	706,028
Due from component unit	41,760	-	-	-	-	41,760
Inventories	-	151,481	-	-	-	151,481
Prepaid items	209	40,914	-	-	211	41,334
Total assets	<u>\$ 6,567,269</u>	<u>\$ 3,135,134</u>	<u>\$ 7,788,652</u>	<u>\$ 15,538,289</u>	<u>\$ 6,395,138</u>	<u>\$ 39,424,482</u>

See Accompanying Notes to the Financial Statements

City of Bay City
Governmental Funds
Balance Sheet
June 30, 2021

	Special Revenue Funds					Total Governmental Funds
	General	Major Streets Fund	Rehabilitation Fund	American Rescue Plan Act Fund	Nonmajor Governmental Funds	
Liabilities						
Accounts payable	\$ 330,150	\$ 748,752	\$ 43	\$ -	\$ 137,485	\$ 1,216,430
Accrued and other liabilities	498,442	-	-	796	-	499,238
Due to other funds	117,918	30,476	-	-	292,534	440,928
Due to fiduciary fund	85,316	-	-	-	-	85,316
Deposits payable	4,485	-	-	-	312,382	316,867
Due to other units of government	343,356	-	-	-	-	343,356
Unearned revenue	-	-	-	15,537,493	2,000,000	17,537,493
Total liabilities	<u>1,379,667</u>	<u>779,228</u>	<u>43</u>	<u>15,538,289</u>	<u>2,742,401</u>	<u>20,439,628</u>
Deferred Inflows of Resources						
Unavailable revenue	<u>97,567</u>	<u>31,266</u>	<u>7,788,609</u>	<u>-</u>	<u>38,980</u>	<u>7,956,422</u>
Fund Balances						
Non-spendable	209	192,395	-	-	211	192,815
Restricted for						
Road maintenance and repairs	-	2,132,245	-	-	1,766,758	3,899,003
Community and economic development	8,596	-	-	-	185,327	193,923
Culture and recreation	91,562	-	-	-	-	91,562
Solid waste management	-	-	-	-	196,741	196,741
Public safety	-	-	-	-	121,835	121,835
Debt service	-	-	-	-	433,542	433,542
Capital projects	-	-	-	-	108,670	108,670
Assigned for capital projects	-	-	-	-	800,673	800,673
Unassigned	<u>4,989,668</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,989,668</u>
Total fund balances	<u>5,090,035</u>	<u>2,324,640</u>	<u>-</u>	<u>-</u>	<u>3,613,757</u>	<u>11,028,432</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 6,567,269</u>	<u>\$ 3,135,134</u>	<u>\$ 7,788,652</u>	<u>\$ 15,538,289</u>	<u>\$ 6,395,138</u>	<u>\$ 39,424,482</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, 2021

Total fund balances for governmental funds	\$ 11,028,432
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.	44,388,948
Capital assets not being depreciated used in governmental activities are not financial resources and therefore are not reported in the funds.	19,358,956
Certain receivables are not available to pay for current period expenditures and therefore are deferred in the funds.	7,956,422
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(31,753)
Compensated absences	(2,685,249)
Landfill closure and post closure costs	(3,739,428)
Deferred inflows of resources resulting from net pension liability - MERS	(406,339)
Deferred outflows of resources resulting from net pension liability - MERS	742,961
Deferred inflows of resources resulting from net pension liability - Police and Fire	(18,345,620)
Deferred outflows of resources resulting from net pension liability - Police and Fire	6,988,222
Deferred inflows of resources resulting from net OPEB liability	(2,691,215)
Deferred outflows of resources resulting from net OPEB liability	816,717
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	(1,655,480)
Net pension liability - MERS	(1,538,869)
Net pension liability - Police and Fire	(13,179,043)
Net OPEB liability	(24,898,905)
Internal service funds are included as part of governmental activities.	<u>5,547,214</u>
Net position of governmental activities	<u>\$ 27,655,971</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, 2021

	Special Revenue Funds					Total Governmental Funds
	General	Major Streets Fund	Rehabilitation Fund	American Rescue Plan Act Fund	Nonmajor Governmental Funds	
Revenues						
Taxes	\$ 11,716,989	\$ 412,200	\$ -	\$ -	\$ 2,482,336	\$ 14,611,525
Licenses and permits	370,270	-	-	-	982,332	1,352,602
Federal grants	1,415,991	-	-	797	1,931,427	3,348,215
State-shared revenue	5,054,585	-	-	-	-	5,054,585
Other state grants	14,071	4,352,634	-	-	1,417,686	5,784,391
Local contributions	-	376,402	-	-	107,120	483,522
Charges for services	2,996,199	-	-	-	3,212,052	6,208,251
Fines and forfeitures	73,936	-	-	-	8,569	82,505
Interest income	18,855	7,553	6,859	-	17,584	50,851
Program income	-	-	147,814	-	-	147,814
Other revenue	178,305	468,919	-	-	576,182	1,223,406
Total revenues	<u>21,839,201</u>	<u>5,617,708</u>	<u>154,673</u>	<u>797</u>	<u>10,735,288</u>	<u>38,347,667</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, 2021

	Special Revenue Funds					Total Governmental Funds
	General	Major Streets Fund	Rehabilitation Fund	American Rescue Plan Act Fund	Nonmajor Governmental Funds	
Expenditures						
Current						
General government	\$ 5,036,189	\$ -	\$ -	\$ -	\$ -	\$ 5,036,189
Public safety	12,499,971	-	-	797	1,207,736	13,708,504
Public works	1,196,719	3,301,582	-	-	4,653,557	9,151,858
Economic development	312,420	-	59,490	-	1,024,018	1,395,928
Recreation and culture	1,077,958	-	-	-	-	1,077,958
Capital outlay	145,432	1,256,592	-	-	451,473	1,853,497
Debt service						
Principal retirement	-	-	-	-	3,411,842	3,411,842
Interest and fiscal charges	-	-	-	-	79,060	79,060
Total expenditures	<u>20,268,689</u>	<u>4,558,174</u>	<u>59,490</u>	<u>797</u>	<u>10,827,686</u>	<u>35,714,836</u>
Excess (deficiency) of revenues over expenditures	<u>1,570,512</u>	<u>1,059,534</u>	<u>95,183</u>	<u>-</u>	<u>(92,398)</u>	<u>2,632,831</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, 2021

	Special Revenue Funds					Total Governmental Funds
	General	Major Streets Fund	Rehabilitation Fund	American Rescue Plan Act Fund	Nonmajor Governmental Funds	
Other financing sources (uses)						
Transfers in	\$ 1,019,577	\$ 54,937	\$ 59,491	\$ -	\$ 1,373,779	\$ 2,507,784
Transfers out	(2,191,988)	(111,699)	(146,005)	-	(484,050)	(2,933,742)
Sale of fixed assets	-	-	-	-	25,696	25,696
Total other financing sources and uses	<u>(1,172,411)</u>	<u>(56,762)</u>	<u>(86,514)</u>	<u>-</u>	<u>915,425</u>	<u>(400,262)</u>
Net change in fund balance	398,101	1,002,772	8,669	-	823,027	2,232,569
Fund balance (deficit) - beginning of year	<u>4,691,934</u>	<u>1,321,868</u>	<u>(8,669)</u>	<u>-</u>	<u>2,790,730</u>	<u>8,795,863</u>
Fund balance - end of year	<u>\$ 5,090,035</u>	<u>\$ 2,324,640</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,613,757</u>	<u>\$ 11,028,432</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, 2021

Net change in fund balances - total governmental funds	\$ 2,232,569
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	(3,559,933)
Capital outlay	2,078,393
Sale of capital assets (net book value)	(29,310)
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	(321,200)
Expenses are recorded when incurred in the statement of activities.	
Accrued interest	25,576
Interest expense on zero coupon bond	(170,000)
Compensated absences	262,715
Landfill closure and post closure costs	(180,451)
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	523,888
Net change in the deferred inflows and outflows of resources related to the net pension liability - MERS	(118,242)
Net change in net pension liability - Police and Fire	20,453,955
Net change in the deferred inflows and outflows of resources related to the net pension liability - Police and Fire	(19,089,632)
Net change in net OPEB liability	3,302,017
Net change in the deferred inflows and outflows of resources related to the net OPEB liability	(1,929,730)
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	3,411,842
Internal service funds are also included as governmental activities	<u>(216,054)</u>
Change in net position of governmental activities	<u>\$ 6,676,403</u>

See Accompanying Notes to the Financial Statements

City of Bay City
Proprietary Funds
Statement of Net Position
June 30, 2021

	Enterprise Funds					Internal Service Funds
	Electric	Water	Sewer	Nonmajor Enterprise Funds	Total	
Assets						
Current assets						
Cash and cash equivalents	\$ 24,872,749	\$ 4,722,347	\$ 12,476,556	\$ 316,291	\$ 42,387,943	\$ 13,675,359
Receivables						
Accounts, net	5,545,860	1,388,003	1,855,162	59,472	8,848,497	14,817
Special assessments	29,894	20,551	185,862	-	236,307	167,293
Accrued interest and other	12,942	1,918	6,870	139	21,869	6,085
Due from other units of government	281,474	4,039,167	-	-	4,320,641	-
Due from other funds	-	-	7,109	-	7,109	242,114
Inventories	2,739,836	708,375	367,048	21,695	3,836,954	142,977
Prepaid items	3,384	-	-	27	3,411	153,883
Deposits	2,178,484	-	-	-	2,178,484	826,562
Advances to other funds	1,960,588	-	-	-	1,960,588	-
Total current assets	<u>37,625,211</u>	<u>10,880,361</u>	<u>14,898,607</u>	<u>397,624</u>	<u>63,801,803</u>	<u>15,229,090</u>
Noncurrent assets						
Restricted assets						
Cash and cash equivalents	955,275	-	-	-	955,275	-
Capital assets not being depreciated	2,558,671	641,629	1,483,576	554,297	5,238,173	345,116
Capital assets, net of accumulated depreciation	32,723,997	17,991,473	59,778,548	3,332,723	113,826,741	11,276,928
Total noncurrent assets	<u>36,237,943</u>	<u>18,633,102</u>	<u>61,262,124</u>	<u>3,887,020</u>	<u>120,020,189</u>	<u>11,622,044</u>
Total assets	<u>73,863,154</u>	<u>29,513,463</u>	<u>76,160,731</u>	<u>4,284,644</u>	<u>183,821,992</u>	<u>26,851,134</u>
Deferred Outflows of Resources						
Deferred amount on refunding	-	76,720	161,845	-	238,565	-
Deferred amount relating to net pension liability - MERS	1,399,419	680,022	310,322	-	2,389,763	150,005
Deferred amount relating to net OPEB liability	267,601	135,437	228,029	595	631,662	74,491
Total deferred outflows of resources	<u>1,667,020</u>	<u>892,179</u>	<u>700,196</u>	<u>595</u>	<u>3,259,990</u>	<u>224,496</u>

See Accompanying Notes to the Financial Statements

City of Bay City
Proprietary Funds
Statement of Net Position
June 30, 2021

	Enterprise Funds					Internal Service Funds
	Electric	Water	Sewer	Nonmajor Enterprise Funds	Total	
Liabilities						
Current liabilities						
Accounts payable	\$ 1,039,336	\$ 2,197,192	\$ 1,288,051	\$ 59,099	\$ 4,583,678	\$ 722,739
Accrued and other liabilities	97,221	3,228	79,003	-	179,452	16,903
Due to other funds	203,555	75,895	116,400	68,507	464,357	49,966
Deposits	852,192	100,247	-	10,750	963,189	-
Due to other units of government	86,589	-	-	-	86,589	2,326
Current portion of long-term debt	705,000	515,000	3,208,140	-	4,428,140	68,427
Claims payable, current	-	-	-	-	-	1,286,846
Compensated absences, current	381,185	141,430	216,230	726	739,571	110,637
Advances from other funds	-	-	-	-	-	1,960,588
Total current liabilities	<u>3,365,078</u>	<u>3,032,992</u>	<u>4,907,824</u>	<u>139,082</u>	<u>11,444,976</u>	<u>4,218,432</u>
Noncurrent liabilities						
Compensated absences, net of current portion	262,173	87,679	116,328	439	466,619	131,346
Long-term debt, net of current portion	10,935,000	6,082,311	6,564,984	-	23,582,295	464,543
Accrued interest payable	226,980	36,918	65,382	-	329,280	-
Net pension liability - MERS	3,679,155	1,787,816	815,856	-	6,282,827	394,371
Net OPEB liability	<u>8,158,228</u>	<u>4,129,007</u>	<u>6,951,817</u>	<u>18,141</u>	<u>19,257,193</u>	<u>2,270,961</u>
Total noncurrent liabilities	<u>23,261,536</u>	<u>12,123,731</u>	<u>14,514,367</u>	<u>18,580</u>	<u>49,918,214</u>	<u>3,261,221</u>
Total liabilities	<u>26,626,614</u>	<u>15,156,723</u>	<u>19,422,191</u>	<u>157,662</u>	<u>61,363,190</u>	<u>7,479,653</u>
Deferred Inflows of Resources						
Deferred amount relating to net pension liability - MERS	971,486	472,076	215,428	-	1,658,990	104,134
Deferred amount relating to net OPEB liability	<u>882,150</u>	<u>446,470</u>	<u>751,700</u>	<u>1,962</u>	<u>2,082,282</u>	<u>245,558</u>
Total deferred inflows of resources	<u>1,853,636</u>	<u>918,546</u>	<u>967,128</u>	<u>1,962</u>	<u>3,741,272</u>	<u>349,692</u>

See Accompanying Notes to the Financial Statements

City of Bay City
Proprietary Funds
Statement of Net Position
June 30, 2021

	Enterprise Funds					Internal Service Funds
	Electric	Water	Sewer	Nonmajor Enterprise Funds	Total	
Net Position						
Net investment in capital assets	\$ 23,642,668	\$ 12,112,511	\$ 51,650,845	\$ 3,887,020	\$ 91,293,044	\$ 11,089,074
Restricted for						
Debt service	955,275	-	-	-	955,275	-
Unrestricted	<u>22,451,981</u>	<u>2,217,862</u>	<u>4,820,763</u>	<u>238,595</u>	<u>29,729,201</u>	<u>8,157,211</u>
Total net position	<u>\$ 47,049,924</u>	<u>\$ 14,330,373</u>	<u>\$ 56,471,608</u>	<u>\$ 4,125,615</u>	121,977,520	<u>\$ 19,246,285</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

Net position of business-type activities

13,699,071
\$ 135,676,591

City of Bay City
Proprietary Funds
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended June 30, 2021

	Enterprise Funds				Total	Internal Service Funds
	Electric	Water	Sewer	Nonmajor Enterprise Funds		
Operating revenue						
Charges for services	\$ 38,252,122	\$ 8,779,660	\$ 12,865,526	\$ 323,157	\$ 60,220,465	\$ 19,641,046
Rental income	-	-	-	-	-	273,880
Other revenue	92,816	230,951	530,690	3,970	858,427	432,318
Total operating revenue	<u>38,344,938</u>	<u>9,010,611</u>	<u>13,396,216</u>	<u>327,127</u>	<u>61,078,892</u>	<u>20,347,244</u>
Operating expenses						
Administration	5,730,622	472,022	423,462	-	6,626,106	548,677
Cost of sales and services	25,565,271	6,622,099	5,720,545	542,880	38,450,795	4,698,272
Claims and benefits	-	-	-	-	-	13,003,755
Repairs and maintenance	-	-	-	340	340	-
Other operating costs	-	-	-	-	-	10,930
Depreciation	2,703,913	723,345	4,042,325	194,899	7,664,482	1,130,133
Total operating expenses	<u>33,999,806</u>	<u>7,817,466</u>	<u>10,186,332</u>	<u>738,119</u>	<u>52,741,723</u>	<u>19,391,767</u>
Operating income (loss)	<u>4,345,132</u>	<u>1,193,145</u>	<u>3,209,884</u>	<u>(410,992)</u>	<u>8,337,169</u>	<u>955,477</u>
Nonoperating revenue (expenses)						
Local contribution	431,649	271,853	-	-	703,502	-
Federal grant	-	106,143	-	641,504	747,647	-
State grant	-	-	-	30,529	30,529	-
Interest income	68,532	9,205	35,654	812	114,203	32,053
Loss on sale of assets	-	-	-	-	-	(12,311)
Amortization of bond premium / discount	-	(3,499)	2,361	-	(1,138)	-
Interest expense	(453,960)	(137,960)	(315,684)	-	(907,604)	(19,069)
Total nonoperating revenues (expenses)	<u>46,221</u>	<u>245,742</u>	<u>(277,669)</u>	<u>672,845</u>	<u>687,139</u>	<u>673</u>
Income before transfers	4,391,353	1,438,887	2,932,215	261,853	9,024,308	956,150
Transfers in	366,267	160,665	222,612	193,161	942,705	1,472,212
Transfers out	(36,280)	(55,274)	(49,094)	-	(140,648)	(1,848,311)
Change in net position	<u>4,721,340</u>	<u>1,544,278</u>	<u>3,105,733</u>	<u>455,014</u>	<u>9,826,365</u>	<u>580,051</u>
Net position - beginning of year	<u>42,328,584</u>	<u>12,786,095</u>	<u>53,365,875</u>	<u>3,670,601</u>		<u>18,666,234</u>
Net position - end of year	\$ <u>47,049,924</u>	\$ <u>14,330,373</u>	\$ <u>56,471,608</u>	\$ <u>4,125,615</u>		\$ <u>19,246,285</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>796,105</u>	
Change in net position of business-type activities					<u>\$ 10,622,470</u>	

See Accompanying Notes to the Financial Statements

City of Bay City
Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2021

	Enterprise Funds					Internal Service Funds
	Electric	Water	Sewer	Nonmajor Enterprise Funds	Total	
Cash flows from operating activities						
Receipts from customers	\$ 38,361,338	\$ 9,697,881	\$ 13,571,638	\$ 335,035	\$ 61,965,892	\$ 3,584,249
Receipts from interfund users	-	-	-	-	-	18,711,260
Receipts from other funds	148,999	57,541	105,037	31,422	342,999	29,617
Payments to other funds	-	-	-	-	-	(161,907)
Payments to suppliers	(19,772,967)	(3,573,425)	(4,631,725)	(508,333)	(28,486,450)	(5,192,335)
Payments to employees	(7,098,021)	(2,281,021)	(1,894,826)	-	(11,273,868)	(12,979,127)
Payments for interfund services used	(5,920,737)	(2,483,127)	-	-	(8,403,864)	-
Net cash provided (used) by operating activities	<u>5,718,612</u>	<u>1,417,849</u>	<u>7,150,124</u>	<u>(141,876)</u>	<u>14,144,709</u>	<u>3,991,757</u>
Cash flows from noncapital financing activities						
Local contributions	431,649	271,853	-	-	703,502	-
Transfer from other funds	366,267	160,665	222,612	193,161	942,705	1,472,212
Transfers to other funds	(36,280)	(55,274)	(49,094)	-	(140,648)	(1,848,311)
Federal grant	-	106,143	-	641,504	747,647	-
State grant	-	-	-	30,529	30,529	-
Net cash provided (used) by noncapital financing activities	<u>761,636</u>	<u>483,387</u>	<u>173,518</u>	<u>865,194</u>	<u>2,283,735</u>	<u>(376,099)</u>
Cash flows from capital and related financing activities						
Proceeds from sale of bonds and notes	-	2,316,917	-	-	2,316,917	-
Purchases/construction of capital assets	(2,120,751)	(2,794,796)	(3,791,537)	(661,026)	(9,368,110)	(966,089)
Principal and interest paid on long-term debt	(1,133,960)	(473,903)	(3,446,371)	-	(5,054,234)	(85,200)
Net cash provided (used) by capital and related financing activities	<u>(3,254,711)</u>	<u>(951,782)</u>	<u>(7,237,908)</u>	<u>(661,026)</u>	<u>(12,105,427)</u>	<u>(1,051,289)</u>

See Accompanying Notes to the Financial Statements

City of Bay City
Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2021

	Enterprise Funds					Internal Service Funds
	Electric	Water	Sewer	Nonmajor Enterprise Funds	Total	
Cash flows from investing activities						
Interest received	\$ 70,312	\$ 7,286	\$ 37,215	\$ 813	\$ 115,626	\$ 32,096
Net change in cash and cash equivalents	3,295,849	956,740	122,949	63,105	4,438,643	2,596,465
Cash and cash equivalents - beginning of year	<u>22,532,175</u>	<u>3,765,607</u>	<u>12,353,607</u>	<u>253,186</u>	<u>38,904,575</u>	<u>11,078,894</u>
Cash and cash equivalents - end of year	<u>\$ 25,828,024</u>	<u>\$ 4,722,347</u>	<u>\$ 12,476,556</u>	<u>\$ 316,291</u>	<u>\$ 43,343,218</u>	<u>\$ 13,675,359</u>
Reconciliation to the statement of net position						
Cash and cash equivalents	\$ 24,872,749	\$ 4,722,347	\$ 12,476,556	\$ 316,291	\$ 42,387,943	\$ 13,675,359
Restricted cash	955,275	-	-	-	955,275	-
Cash and cash equivalents	<u>\$ 25,828,024</u>	<u>\$ 4,722,347</u>	<u>\$ 12,476,556</u>	<u>\$ 316,291</u>	<u>\$ 43,343,218</u>	<u>\$ 13,675,359</u>

See Accompanying Notes to the Financial Statements

City of Bay City
Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2021

	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)	\$ 4,345,132	\$ 1,193,145	\$ 3,209,884	\$ (410,992)	\$ 8,337,169	\$ 955,477
Adjustments to reconcile operating income (loss) to net cash from operating activities						
Depreciation and amortization expense	2,703,913	723,345	4,042,325	194,899	7,664,482	1,130,133
Changes in assets and liabilities						
Receivables (net)	18,110	159,270	175,422	7,908	360,710	(775)
Due from other units of government	(1,710)	528,000	-	-	526,290	21,823
Due from other funds	-	-	13,186	-	13,186	(64,836)
Inventories	(37,532)	37,890	(104,086)	(6,772)	(110,500)	(17,607)
Prepaid items	(3,384)	-	-	395	(2,989)	1,266,555
Deposits	2,916	-	-	-	2,916	22,705
Accounts payable	(83,694)	482,409	1,192,906	11,161	1,602,782	108,527
Accrued and other liabilities	(166,963)	(57,249)	(133,867)	(288)	(358,367)	(2,163)
Due to other funds	148,999	57,541	91,851	32,032	330,423	(94,660)
Due to other units of government	3,603	-	-	-	3,603	1,582
Estimated claims payable	-	-	-	-	-	348,832
Customer deposits payable	(10,342)	45,248	-	10,000	44,906	-
Net pension liability and related deferrals	(2,093,686)	(1,035,574)	(912,527)	-	(4,041,787)	(84,305)
Net OPEB liability and related deferrals	796,020	(725,841)	(400,003)	20,103	(309,721)	372,141
Compensated absences	97,230	9,665	(24,967)	(322)	81,606	28,328
Net cash provided (used) by operating activities	<u>\$ 5,718,612</u>	<u>\$ 1,417,849</u>	<u>\$ 7,150,124</u>	<u>\$ (141,876)</u>	<u>\$ 14,144,709</u>	<u>\$ 3,991,757</u>

See Accompanying Notes to the Financial Statements

City of Bay City
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2021

	<u>Pension and Other Post- Employment Benefits Trust Funds</u>	<u>Custodial Fund</u>
Assets		
Cash and cash equivalents	\$ 3,339,364	\$ -
Investments, at fair value		
Fixed income	10,886,986	-
Equities	62,009,120	-
Other investments	18,450,570	-
Accounts receivable	323,008	-
Interest receivable	3,739	-
Total assets	<u>95,012,787</u>	<u>-</u>
Liabilities		
Accounts payable	<u>67,486</u>	<u>-</u>
Net Position		
Restricted for employees' pension benefits	61,486,075	-
Restricted for postemployment health care benefits	<u>33,459,226</u>	<u>-</u>
Total net position	<u>\$ 94,945,301</u>	<u>\$ -</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, 2021

	Pension and Other Post- Employment Benefits Trust Funds	Custodial Fund
Additions		
Contributions		
Employer	\$ 7,608,831	\$ -
Plan member	977,928	-
Total contributions	<u>8,586,759</u>	<u>-</u>
Investment income		
Interest and dividends	7,320,871	-
Net depreciation in fair value of investments	15,811,637	-
Other investment income	123,853	-
Investment expense	(232,886)	-
Net investment income	<u>23,023,475</u>	<u>-</u>
Property tax collections for other governments	<u>-</u>	<u>19,113,445</u>
Total additions	<u>31,610,234</u>	<u>19,113,445</u>
Deductions		
Retiree healthcare premiums payments	4,778,162	-
Benefits and refunds paid to participants	6,198,467	-
Administrative expenses	211,115	-
Payments of property taxes to other governments	<u>-</u>	<u>19,113,445</u>
Total deductions	<u>11,187,744</u>	<u>19,113,445</u>
Change in net position	20,422,490	-
Net position - beginning of year	<u>74,522,811</u>	<u>-</u>
Net position - end of year	<u>\$ 94,945,301</u>	<u>\$ -</u>

See Accompanying Notes to the Financial Statements

City of Bay City
Discretely Presented Component Units
Combining Statement of Net Position
June 30, 2021

	Downtown Development Authority	Midland Street TIFA	Kresge's Downtown Development Authority	Marquette District TIFA	Water Street Downtown Development Authority	Marina Development TIFA
Assets						
Cash and cash equivalents	\$ -	\$ 147,221	\$ -	\$ 1,832,387	\$ 156,375	\$ -
Investments	-	-	-	-	-	-
Equity in pooled cash and investments	-	-	-	-	-	-
Receivables:						
Taxes, net	702	-	-	-	-	-
Customers	82,257	-	-	-	-	-
Accrued interest and other	-	51	-	1,514	50	-
Due from other units of government	-	-	-	-	-	-
Inventories	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Capital assets not being depreciated	-	24,000	-	30,136	-	-
Capital assets being depreciated, net	89,688	792,100	11,345	549,100	948,536	280,524
Net OPEB asset	-	-	-	-	-	-
Restricted assets						
Cash and cash equivalents	-	-	-	-	-	-
Total assets	<u>172,647</u>	<u>963,372</u>	<u>11,345</u>	<u>2,413,137</u>	<u>1,104,961</u>	<u>280,524</u>
Deferred Outflows of Resources						
Deferred loss on refunding	-	33,263	-	-	-	-
Deferred amount related to special assessments	702	-	-	-	-	-
Deferred amount relating to net OPEB asset	-	-	-	-	-	-
Total deferred outflows of resources	<u>702</u>	<u>33,263</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Liabilities						
Accounts payable	10,012	400	-	40	5,810	-
Accrued and other liabilities	-	4,062	-	462	10,928	-
Due to primary government	38,415	-	-	1,792	-	-
Due to other units of government	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Long-term debt						
Compensated absences, current	-	-	-	7,585	-	-
Compensated absences, net of current portion	-	-	-	14,460	-	-
Due within one year	-	61,860	-	-	120,041	-
Due in more than one year	-	632,519	-	-	1,065,123	-
Net pension liability	-	-	-	-	-	-
Total liabilities	<u>48,427</u>	<u>698,841</u>	<u>-</u>	<u>24,339</u>	<u>1,201,902</u>	<u>-</u>
Net Position						
Net investment in capital assets	89,688	154,984	11,345	579,236	948,536	280,524
Restricted	-	-	-	-	-	-
Unrestricted (deficit)	35,234	142,810	-	1,809,562	(1,045,477)	-
Total net position	<u>\$ 124,922</u>	<u>\$ 297,794</u>	<u>\$ 11,345</u>	<u>\$ 2,388,798</u>	<u>\$ (96,941)</u>	<u>\$ 280,524</u>

See Accompanying Notes to the Financial Statements

City of Bay City
Discretely Presented Component Units
Combining Statement of Net Position
June 30, 2021

	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	\$ -	\$ 7,263,124	\$ 12,868	\$ 112,691	\$ 48,590	\$ 4,360,389	\$ 13,933,645
Investments	-	-	-	-	-	24,374	24,374
Equity in pooled cash and investments	-	105,382	-	-	-	-	105,382
Receivables:							
Taxes, net	-	-	-	-	133,900	-	134,602
Customers	-	-	-	-	5,460	215,965	303,682
Accrued interest and other	-	4,768	5	50	-	-	6,438
Due from other units of government	-	4,718	-	-	59,424	-	64,142
Inventories	-	-	-	-	-	42,450	42,450
Prepaid items	-	-	-	-	404	123,346	123,750
Capital assets not being depreciated	-	9,422,232	-	-	-	1,879,809	11,356,177
Capital assets being depreciated, net	111,036	5,847,088	-	-	-	3,992,679	12,622,096
Net OPEB asset	-	-	-	-	-	610,762	610,762
Restricted assets							
Cash and cash equivalents	-	-	-	-	-	3,319,211	3,319,211
Total assets	<u>111,036</u>	<u>22,647,312</u>	<u>12,873</u>	<u>112,741</u>	<u>247,778</u>	<u>14,568,985</u>	<u>42,646,711</u>
Deferred Outflows of Resources							
Deferred loss on refunding	-	1,740,266	-	-	-	-	1,773,529
Deferred amount related to special assessments	-	-	-	-	-	-	702
Deferred amount relating to net OPEB asset	-	-	-	-	-	157,130	157,130
Total deferred outflows of resources	<u>-</u>	<u>1,740,266</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>157,130</u>	<u>1,931,361</u>
Liabilities							
Accounts payable	-	26,557	747	533	37,667	94,796	176,562
Accrued and other liabilities	-	209,282	-	-	2,148	358,964	585,846
Due to primary government	-	1,553	-	-	-	-	41,760
Due to other units of government	-	13,266	-	-	-	-	13,266
Unearned revenue	-	-	-	-	31,344	-	31,344
Long-term debt							
Compensated absences, current	-	3,709	-	-	-	-	11,294
Compensated absences, net of current portion	-	-	-	-	-	156,362	170,822
Due within one year	-	433,032	-	-	-	-	614,933
Due in more than one year	-	24,066,892	-	-	-	-	25,764,534
Net pension liability	-	-	-	-	-	982,498	982,498
Total liabilities	<u>-</u>	<u>24,754,291</u>	<u>747</u>	<u>533</u>	<u>71,159</u>	<u>1,592,620</u>	<u>28,392,859</u>
Net Position							
Net investment in capital assets	111,036	(3,162,599)	-	-	-	5,573,338	4,586,088
Restricted	-	-	-	-	-	3,319,211	3,319,211
Unrestricted (deficit)	-	2,795,886	12,126	112,208	176,619	4,240,946	8,279,914
Total net position	<u>\$ 111,036</u>	<u>\$ (366,713)</u>	<u>\$ 12,126</u>	<u>\$ 112,208</u>	<u>\$ 176,619</u>	<u>\$ 13,133,495</u>	<u>\$ 16,185,213</u>

See Accompanying Notes to the Financial Statements

City of Bay City
Discretely Presented Component Units
Combining Statement of Activities
For the Year Ended June 30, 2021

	Program Revenues						Net (Expense) Revenue						
	Expenses	Indirect	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions								
Component units													
Downtown Development Authority	\$ 103,240	\$ 5,141	\$ 40,734	\$ 41,300	\$ -	\$ (26,347)							
Midland Street TIFA	106,064	309	-	-	-	(106,373)							
Kresge's Downtown Development Authority	913	366	-	-	-	(1,279)							
Marquette District TIFA	1,435,157	12,156	3,428	246,048	-	(1,197,837)							
Water Street Downtown Development Authority	190,924	700	-	-	-	(191,624)							
Marina Development TIFA	18,746	-	-	-	-	(18,746)							
Allen Healthcare Downtown Development Authority	-	-	-	-	-	-							
Knepp's Downtown Development Authority	3,600	-	-	-	-	(3,600)							
Brownfield Redevelopment Authority	2,691,852	24,571	4,162	87,257	-	(2,625,004)							
Columbus Avenue Management Board	11,524	1,500	13,070	-	-	46							
Midland Street Management Board	7,392	548	25,190	-	-	17,250							
Downtown Management Board	153,166	-	50,373	-	-	(102,793)							
Housing Commission	4,015,181	-	1,670,723	2,509,298	-	164,840							
Total component units	8,737,759	45,291	1,807,680	2,883,903	-	(4,091,467)							
	Downtown Development Authority	Midland Street TIFA	Kresge's Downtown Development Authority	Marquette District TIFA	Water Street Downtown Development Authority	Marina Development TIFA	Knepp's Downtown Development Authority	Brownfield Redevelopment Authority	Columbus Avenue Management Board	Midland Street Management Board	Downtown Management Board	Housing Commission	Total
Changes in net position													
Net (expense) revenue	\$ (26,347)	\$ (106,373)	\$ (1,279)	\$ (1,197,837)	\$ (191,624)	\$ (18,746)	\$ (3,600)	\$ (2,625,004)	\$ 46	\$ 17,250	\$ (102,793)	\$ 164,840	\$ (4,091,467)
General revenues													
Property taxes	-	98,708	-	159,216	311,231	-	-	2,169,768	-	-	133,900	-	2,872,823
Unrestricted investment earnings	-	259	-	7,949	323	-	-	26,591	26	269	7	88,233	123,657
Loss on sale of capital assets	-	-	-	-	-	-	-	-	-	-	-	(17)	(17)
Miscellaneous	-	-	-	-	11,549	-	-	2,500	-	-	15,100	298,669	327,818
Total general revenues	-	98,967	-	167,165	323,103	-	-	2,198,859	26	269	149,007	386,885	3,324,281
Change in net position	(26,347)	(7,406)	(1,279)	(1,030,672)	131,479	(18,746)	(3,600)	(426,145)	72	17,519	46,214	551,725	(767,186)
Net position - beginning of year	151,269	305,200	12,624	3,419,470	(228,420)	299,270	114,636	59,432	12,054	94,689	130,405	12,581,770	16,952,399
Net position - end of year	\$ 124,922	\$ 297,794	\$ 11,345	\$ 2,388,798	\$ (96,941)	\$ 280,524	\$ 111,036	\$ (366,713)	\$ 12,126	\$ 112,208	\$ 176,619	\$ 13,133,495	\$ 16,185,213

See Accompanying Notes to the Financial Statements

City of Bay City
Notes to the Financial Statements
June 30, 2021

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

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

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

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

The governing body of the Bay City Housing Commission is appointed by the City Manager and members can be removed by the City with cause. The Housing Commission determines its own budget, sets rental rates and may issue debt in its own name. The City is not responsible for deficits or liabilities of the Housing Commission. The Housing Commission makes annual payments "in lieu of taxes" to the

City. The Housing Commission uses the economic resources measurement focus and the accrual basis of accounting for all of its financial statements. The Housing Commission is reported in the City's financial statements on its fiscal year end of September 30.

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

Government-wide and Fund Financial Statements

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

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

City of Bay City
Notes to the Financial Statements
June 30, 2021

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. 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 City.

The City reports the following major governmental funds:

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

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

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

The American Rescue Plan Act Fund is used to account for federal revenues and expenditures incurred by the City to respond to the COVID-19 emergency.

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 the City and the surrounding townships.

The Water Fund is used to account for all activities relative to the maintenance and operation of the water distribution system. Major assets and cost of the liability for the transmission system was assumed by Bay County in October 2017.

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

City of Bay City
Notes to the Financial Statements
June 30, 2021

Additionally, the City reports the following fund types:

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

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

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

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

The pension and other postemployment benefits (OPEB) trust funds account for the activities of the Bay City Public Safety and Fire Pension Plan and Retirement System as well as the OPEB plan of the City. The Bay City Public Safety and Fire Pension Plan and Retirement System accumulates resources for pension benefit payments to qualified police and fire members. The City has a separate postemployment benefits trust fund to accumulate and invest funds to provide for the funding of health care benefits to qualified retired employees of the City and their beneficiaries.

The custodial fund accounts for tax collections held for other governments in a custodial capacity.

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

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

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

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the City's proprietary funds relates to charges to customers for sales and services. The water and sewer funds also recognize the portion of tap in 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

City of Bay City
Notes to the Financial Statements
June 30, 2021

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 Custodial Fund. City property tax revenues are recognized when levied to the extent that they result in current receivables.

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

Capital assets – Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or

City of Bay City
Notes to the Financial Statements
June 30, 2021

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. Capital assets received in a service concession arrangement will be reported at acquisition value rather than fair value.

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

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

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

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

statements. The amounts represent the difference between the reacquisition price and the net carrying amount of the prior debt.

Compensated absences – City employees earn vacation leave at rates ranging between 6 and 30 days per year, depending on their union membership and length of service. All outstanding vacation is payable upon resignation, retirement, or death. Sick pay is accumulated by employees at rates ranging between 6.67 hours and one day per month of employment. Depending on the union contract, some employees earn one additional day, if the employee does not use any sick leave days within a three-month period. Outstanding sick pay is payable only upon qualified retirement. The maximum amount payable upon retirement varies from zero hours to a maximum of 2,400 hours, depending on union membership and original hire date.

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

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

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

City of Bay City
Notes to the Financial Statements
June 30, 2021

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

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

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

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

The City Commission has adopted a minimum fund balance policy in which the combined unassigned and committed fund balance of the General Fund will be equal to 15% to 20% of the previous year’s amended total budgeted expenditures and transfers out, less all grant related expenditures. If the combined unassigned and committed fund balance of the general fund falls below the minimum range, the City will replenish shortfall by reducing expenditures, increasing revenues or a combination of expenditure reductions and revenue enhancements as detailed in the policy. If the fund balance of the general fund exceeds 20%, the City shall consider using such surpluses for one-time non-

City of Bay City
Notes to the Financial Statements
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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. 84, *Fiduciary Activities* improves the guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The criteria generally is on (1) is the government controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. The four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally will report fiduciary activities that are not held in a trust or similar arrangement that meets specific criteria.

Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, (1) increases consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigates costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhances the relevance,

consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

Statement No. 98, *The Annual Comprehensive Financial Report* establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for comprehensive annual financial report sounds like a profoundly objectionable racial slur. This Statement's introduction of the new term is founded on a commitment to promoting inclusiveness.

Upcoming Accounting and Reporting Changes

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

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, 2022.

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* enhances the relevance and comparability of information about capital assets and the cost of borrowing for a

City of Bay City
Notes to the Financial Statements
June 30, 2021

reporting period and to simplify accounting for interest cost incurred before the end of a construction period. It requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reporting in a business-type activity or enterprise fund. Interest cost incurred before the end of a construction period should be recognized as an expenditure for financial statements prepared using the current financial resources measurement. The requirements of this Statement are effective for the fiscal year ending June 30, 2022.

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

Statement No. 93, *Replacement of Interbank Offered Rates* establishes accounting and financial reporting requirements related to the replacement of IBORs in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this Statement apply to the financial statements of all state and local governments. This statement is effective for the year ending June 30, 2022.

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* improves financial reporting by addressing issues related to public-private and public-public

partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. This statement is effective for the year ending June 30, 2023.

Statement No. 96, *Subscription-Based Information Technology Arrangements*, is based on the standards established in Statement No. 87 *Leases*. This statement (1) defines a SBITA as a contract that conveys control of the right to use a SBITA vendor's IT software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction (2) requires governments with SBITAs to recognize a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability, and (3) provides guidance related to outlays other than subscription payments, including implementation costs, and requirements for note disclosures related to a SBITA. This statement is effective for the year ending June 30, 2023.

City of Bay City
Notes to the Financial Statements
June 30, 2021

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.

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.

Excess of Expenditures Over Appropriations

	<u>Appropriations</u>	<u>Actual</u>	<u>Budget Variance</u>
General Fund			
General government			
Elections	\$ 51,549	\$ 51,859	\$ 310
Auditing	60,000	61,500	1,500
Assessor	364,121	395,268	31,147
Attorney	170,000	172,791	2,791
Fiscal services	188,355	188,514	159
Public works			
Neighborhood maintenance	45,000	47,642	2,642
Transfers out	2,164,857	2,191,988	27,131
Rehabilitation Fund			
Transfers out	145,845	146,005	160
American Rescue Plan Act Fund			
Current			
Public Safety	-	797	797
Community Development Block Grant Fund			
Debt service			
Principal retirement	235,000	750,000	515,000
Interest and fiscal charges	16,170	29,508	13,338

Deficits

The Water Street Downtown Development Authority component unit reported a deficit in unrestricted net position in the amount of \$1,045,477 at year end. The Information Systems internal service fund reported a deficit in unrestricted net position in the amount of \$928,621 at year end. The Liberty Harbor Marina Fund reported a deficit unrestricted net position of \$2,074 at year end. The DPW Building internal service fund reported a deficit in unrestricted net position in the amount of \$1,068,265 at year end. Deficit elimination plans are not required to be submitted to the State of Michigan as current assets are greater than current liabilities.

City of Bay City
Notes to the Financial Statements
June 30, 2021

The James Clements Airport Fund reported deficit unrestricted net position in the amount of \$5,650 at year end. The deficit is a result of the COVID-19 pandemic, which significantly impacted rentals during fiscal year 2021. The City has a plan to authorize a transfer from the General Fund in fiscal year 2022 to eliminate the deficit.

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

Note 3 - Deposits and Investments

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

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

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	\$ 41,337,957	\$ -	\$ -	\$ 41,337,957
Business-type activities	<u>42,387,943</u>	<u>-</u>	<u>955,275</u>	<u>43,343,218</u>
Total	83,725,900	-	955,275	84,681,175
Fiduciary funds	3,339,364	91,346,676	-	94,686,040
Component units	<u>14,039,027</u>	<u>24,374</u>	<u>3,319,211</u>	<u>17,382,612</u>
Total	<u>\$ 101,104,291</u>	<u>\$ 91,371,050</u>	<u>\$ 4,274,486</u>	<u>\$ 196,749,827</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)	\$ 84,675,260	\$ 3,339,364	\$ 17,358,238	\$ 105,372,862
Investments in securities, mutual funds and similar vehicles	-	91,346,676	24,374	91,371,050
Petty cash and cash on hand	<u>5,915</u>	<u>-</u>	<u>-</u>	<u>5,915</u>
	<u>\$ 84,681,175</u>	<u>\$ 94,686,040</u>	<u>\$ 17,382,612</u>	<u>\$ 196,749,827</u>

City of Bay City
Notes to the Financial Statements
June 30, 2021

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

Years to Maturity	% of Debt Securities	Corporate	U.S. Treasury and Agency	Other	Total
Less than 1	1.97%	\$ 208,327	\$ -	\$ -	\$ 208,327
1 - 5	54.30%	2,549,379	3,161,607	25,629	5,736,615
6 - 10	32.45%	2,578,932	849,238	-	3,428,170
11 - 15	7.81%	113,249	712,226	-	825,475
16 or more	3.47%	-	319,237	46,869	366,106
		<u>\$ 5,449,887</u>	<u>\$ 5,042,308</u>	<u>\$ 72,498</u>	<u>\$ 10,564,693</u>

Rating	% of Debt Securities	Fair Value
Moody's Aaa	36.25%	\$ 3,829,965
Moody's Aa1	0.50%	52,100
Moody's Aa2	0.75%	79,135
Moody's Aa3	0.29%	30,857
Other	62.21%	<u>6,572,636</u>
		<u>\$ 10,564,693</u>

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

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

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

The credit rating for each investment type is identified in the above table of investments held at year end.

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

The Bay City Public Safety and Fire Pension Plan and Retirement System’s investment policy limits maturity value that may be invested in American Depository Receipts to 15% of each equity portfolio. In addition, the System’s investment policy limits maturity value that may be invested in corporate stock to 5% of the outstanding securities of one issuer.

Custodial credit risk - deposits – For deposits, custodial credit risk is the risk that in the event of a bank failure, the City’s deposits may not be returned to the City. The City does not require collateralization of deposits. At June 30, 2021, \$9,113,600 of the City's \$82,028,458 bank balance was covered by federal depository insurance, including balances invested in the certificate of deposit account registry service (CDARS), therefore, \$72,914,858 is uninsured.

City of Bay City
Notes to the Financial Statements
June 30, 2021

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

	Trust Funds		
	Police & Fire		Total
	Pension	Health Care	
Fixed income	\$ 10,886,986	\$ -	\$ 10,886,986
Equities	30,722,900	31,286,220	62,009,120
Other investments:			
Other equity	13,994,750	-	13,994,750
Real estate investment funds	4,455,820	-	4,455,820
Total	\$ 60,060,456	\$ 31,286,220	\$ 91,346,676

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, 2021, 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 yearend:

Investment Type	Level 1	Level 2	Level 3	Total Fair Value
Fixed income				
Debt securities				
Corporate bonds	\$ -	\$ 5,176,128	\$ -	\$ 5,176,128
Treasury bonds	3,789,075	-	-	3,789,075
Asset backed securities	-	273,760	-	273,760
Agency bonds	-	1,253,232	-	1,253,232
Mortgages	-	72,498	-	72,498
Mutual funds	322,293	-	-	322,293
	<u>4,111,368</u>	<u>6,775,618</u>	<u>-</u>	<u>10,886,986</u>
Equities				
Corporate stock	10,838,947	-	-	10,838,947
Mutual funds	43,248,432	-	-	43,248,432
Other	-	49,956	-	49,956
	<u>54,087,379</u>	<u>49,956</u>	<u>-</u>	<u>54,137,335</u>
Total investments by fair value level	<u>\$ 58,198,747</u>	<u>\$ 6,825,574</u>	<u>\$ -</u>	<u>65,024,321</u>
Investments measure at the net asset value (NAV)				
Hedge funds - Millennium				3,349,869
Other equity				
Northern Trust Collective Russell 1000 Index Fund				9,484,317
Northern Trust Collective S&P 400 Index Fund				4,510,434
Other alternative investments				
Real Estate Global Partnership Fund				312,445
WCM Focused International Growth Fund				4,521,916
Private Equity				
Alidade Capital Fund				1,174,479
Real estate investment funds				
H.I.G. Bayside Loan Opportunity Fund				95,314
GWL Real Estate PLUS Trust				663,383
American Realty Advisors Core Property Fund				2,210,198
Total investments at the net asset value				<u>26,322,355</u>
Total investments measured at fair value				<u>\$ 91,346,676</u>

City of Bay City
Notes to the Financial Statements
June 30, 2021

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

Equity securities, mutual funds and treasury bonds classified in Level 1 of the fair value hierarchy are valued based on quoted market prices in active markets.

Descriptions of the valuation methodology used for assets at fair value Level 2 and 3 and the net asset value are available in the separately issued Bay City Public Safety and Fire Pension Plan and Retirement System's financial statements.

Note 5 - Receivables

	Governmental Activities	Business-type Activities	Component Units
Accounts	\$ 1,228,693	\$ 11,288,239	\$ 303,682
Delinquent taxes	86,530	-	135,221
Special assessments	229,798	236,307	-
Due from other units of government	1,916,516	4,320,641	64,142
Accrued interest and other	13,619	21,869	6,438
Notes	<u>12,391,642</u>	<u>-</u>	<u>-</u>
Gross receivables	15,866,798	15,867,056	509,483
Allowance for taxes	(49,286)	-	(619)
Allowance for notes	(4,633,041)	-	-
Allowance for accounts	(174,995)	(2,439,742)	-
Total receivables, net	<u>\$ 11,009,476</u>	<u>\$ 13,427,314</u>	<u>\$ 508,864</u>

Receivables not expected to be collected within one year are approximately \$7.8 million of the notes receivable reported in the Rehabilitation Fund.

City of Bay City
Notes to the Financial Statements
June 30, 2021

Note 6 - Capital Assets

Capital asset activity of the City's governmental activities for the year ended June 30, 2021, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 17,874,013	\$ -	\$ 29,310	\$ 17,844,703
Construction-in-progress	3,290,923	1,280,496	3,088,050	1,483,369
Other intangible assets	376,000	-	-	376,000
Total capital assets not being depreciated	<u>21,540,936</u>	<u>1,280,496</u>	<u>3,117,360</u>	<u>19,704,072</u>
Capital assets being depreciated				
Land improvements	98,029	-	-	98,029
Infrastructure	150,532,327	2,990,660	-	153,522,987
Buildings, additions and improvements	17,311,039	963,897	24,500	18,250,436
Office furnishings	39,293	-	-	39,293
Machinery and equipment	3,592,318	234,279	73,554	3,753,043
Vehicles	19,157,142	727,306	520,029	19,364,419
Total capital assets being depreciated	<u>190,730,148</u>	<u>4,916,142</u>	<u>618,083</u>	<u>195,028,207</u>
Less accumulated depreciation for				
Land improvements	50,132	64,258	-	114,390
Infrastructure	115,816,717	3,078,601	-	118,895,318
Buildings, additions and improvements	6,772,705	357,202	24,500	7,105,407
Office furnishings	37,098	1,465	-	38,563
Machinery and equipment	2,697,009	264,427	73,554	2,887,882
Vehicles	9,840,271	924,113	443,613	10,320,771
Total accumulated depreciation	<u>135,213,932</u>	<u>4,690,066</u>	<u>541,667</u>	<u>139,362,331</u>
Net capital assets being depreciated	<u>55,516,216</u>	<u>226,076</u>	<u>76,416</u>	<u>55,665,876</u>
Governmental activities capital assets, net	<u>\$ 77,057,152</u>	<u>\$ 1,506,572</u>	<u>\$ 3,193,776</u>	<u>\$ 75,369,948</u>

City of Bay City
Notes to the Financial Statements
June 30, 2021

Capital asset activity of the City's business-type activities for the year ended June 30, 2021, 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	2,275,504	2,150,354	164,143	4,261,715
Other intangible assets	95,421	85,813	-	181,234
Total capital assets not being depreciated	<u>3,166,149</u>	<u>2,236,167</u>	<u>164,143</u>	<u>5,238,173</u>
Capital assets being depreciated				
Land improvements	42,067,259	5,124,260	-	47,191,519
Utility plant and systems	263,010,930	1,999,258	371,469	264,638,719
Buildings, additions and improvements	2,957,715	-	-	2,957,715
Machinery and equipment	8,416,940	172,567	-	8,589,507
Total capital assets being depreciated	<u>316,452,844</u>	<u>7,296,085</u>	<u>371,469</u>	<u>323,377,460</u>
Less accumulated depreciation for				
Land improvements	10,566,556	945,032	-	11,511,588
Infrastructure	183,840,259	6,319,667	371,469	189,788,457
Buildings, additions and improvements	1,704,474	69,830	-	1,774,304
Machinery and equipment	6,146,417	329,953	-	6,476,370
Total accumulated depreciation	<u>202,257,706</u>	<u>7,664,482</u>	<u>371,469</u>	<u>209,550,719</u>
Net capital assets being depreciated	<u>114,195,138</u>	<u>(368,397)</u>	<u>-</u>	<u>113,826,741</u>
Business-type capital assets, net	<u>\$ 117,361,287</u>	<u>\$ 1,867,770</u>	<u>\$ 164,143</u>	<u>\$ 119,064,914</u>

City of Bay City
Notes to the Financial Statements
June 30, 2021

Capital asset activity of the City's component units for the year ended June 30, 2021, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Component Units				
Capital assets not being depreciated				
Land	\$ 1,634,795	\$ -	\$ -	\$ 1,634,795
Construction-in-progress	5,910,236	3,893,326	82,180	9,721,382
Total capital assets not being depreciated	<u>7,545,031</u>	<u>3,893,326</u>	<u>82,180</u>	<u>11,356,177</u>
Capital assets being depreciated				
Land improvements	45,952	-	-	45,952
Infrastructure	17,330,362	-	-	17,330,362
Buildings, additions and improvements	29,495,994	624,258	-	30,120,252
Machinery and equipment	1,010,575	3,313	90,312	923,576
Total capital assets being depreciated	<u>47,882,883</u>	<u>627,571</u>	<u>90,312</u>	<u>48,420,142</u>
Less accumulated depreciation for				
Land improvements	20,810	3,679	-	24,489
Infrastructure	7,980,513	750,103	-	8,730,616
Buildings, additions and improvements	26,424,743	677,582	78,688	27,023,637
Machinery and equipment	29,992	920	11,608	19,304
Total accumulated depreciation	<u>34,456,058</u>	<u>1,432,284</u>	<u>90,296</u>	<u>35,798,046</u>
Net capital assets being depreciated	<u>13,426,825</u>	<u>(804,713)</u>	<u>16</u>	<u>12,622,096</u>
Component unit capital assets, net	<u>\$ 20,971,856</u>	<u>\$ 3,088,613</u>	<u>\$ 82,196</u>	<u>\$ 23,978,273</u>

City of Bay City
Notes to the Financial Statements
June 30, 2021

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

Governmental activities

General government	\$ 119,686
Public safety	98,650
Public works	2,874,368
Community and economic development	234,423
Recreation and culture	232,806

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

1,130,133
<u>4,690,066</u>

Business-type activities

Electric	2,703,913
Water	723,345
Sewer	4,042,325
Other business-type activities	194,899
Total business-type activities	<u>7,664,482</u>

Total primary government	<u>\$ 12,354,548</u>
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Component units	<u>\$ 1,432,284</u>
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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:

Receivable Fund	Payable Fund	Amount
Sewer Fund	Electric Fund	\$ 7,109
Internal Service Funds in the Aggregate	General Fund	117,918
Internal Service Funds in the Aggregate	Major Street Fund	7,056
Internal Service Funds in the Aggregate	Electric Fund	43,481
Internal Service Funds in the Aggregate	Sewer Fund	27,205
Internal Service Funds in the Aggregate	Water Fund	19,465
Internal Service Funds in the Aggregate	Nonmajor Governmental Funds in the Aggregate	14,698
Internal Service Funds in the Aggregate	Internal Service Funds in the Aggregate	12,191
Internal Service Funds in the Aggregate	Nonmajor Enterprise Funds in the Aggregate	100
General Fund	Nonmajor Governmental Funds in the Aggregate	277,836
General Fund	Nonmajor Enterprise Funds in the Aggregate	68,407
General Fund	Major Street Fund	23,420
General Fund	Electric Fund	152,965
General Fund	Sewer Fund	89,195
General Fund	Water Fund	56,430
General Fund	Internal Service Funds in the Aggregate	37,775
		<u>\$ 955,251</u>

Receivable Fund	Payable Fund	Amount
General Fund	Brownfield Redevelopment Authority	\$ 1,553
General Fund	Marquette District TIFA	1,792
General Fund	Downtown Development Authority	38,415
		<u>\$ 41,760</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.

The composition of interfund advances is as follows:

Receivable Fund	Payable Fund	Amount
Electric Fund	Internal Service Funds in the Aggregate	\$ 1,960,588

City of Bay City
Notes to the Financial Statements
June 30, 2021

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

<u>Fiscal Year</u>	<u>Principal</u>
2022	<u>\$ 1,960,588</u>

City of Bay City
Notes to the Financial Statements
June 30, 2021

The composition of interfund transfers is as follows:

Transfer from	Transfer To							Nonmajor Governmental Funds in the Aggregate	Nonmajor Enterprise Funds in the Aggregate	Internal Service Funds in the Aggregate	Total
	General Fund	Major Streets Fund	Rehabilitation Fund	Electric Fund	Sewer Fund	Water Fund					
General Fund	\$ -	\$ -	\$ -	\$ 12,131	\$ -	\$ -	\$ 905,760	\$ 192,434	\$ 1,081,663	\$ 2,191,988	
Major Streets Fund	-	-	-	-	-	-	94,814	-	16,885	111,699	
Rehabilitation Fund	-	-	-	-	-	-	146,005	-	-	146,005	
Electric Fund	-	-	-	-	-	-	-	-	36,280	36,280	
Sewer Fund	-	-	-	-	-	-	-	-	49,094	49,094	
Water Fund	-	-	-	-	-	-	-	-	55,274	55,274	
Nonmajor Governmental Funds in the Aggregate	232,079	-	59,491	-	-	-	86,167	-	106,313	484,050	
Internal Service Funds in the Aggregate	<u>787,498</u>	<u>54,937</u>	<u>-</u>	<u>354,136</u>	<u>222,612</u>	<u>160,665</u>	<u>141,033</u>	<u>727</u>	<u>126,703</u>	<u>1,848,311</u>	
Total	<u>\$ 1,019,577</u>	<u>\$ 54,937</u>	<u>\$ 59,491</u>	<u>\$ 366,267</u>	<u>\$ 222,612</u>	<u>\$ 160,665</u>	<u>\$ 1,373,779</u>	<u>\$ 193,161</u>	<u>\$ 1,472,212</u>	<u>\$ 4,922,701</u>	

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

City of Bay City
Notes to the Financial Statements
June 30, 2021

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 City. 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	0%	\$0	\$ 2,330,000	\$ 170,000	\$ 2,500,000	\$ -	\$ -
Limited Tax Series 2012A	1,630,000	2031	2.30 - 3.65%	80,000 - 110,000	1,085,000	-	75,000	1,010,000	80,000
HUD Section 108 Note	2,000,000	2021	0%	0	750,000	-	750,000	-	-
Notes from direct borrowings and direct placements									
Brownfield Redevelopment MDEQ Loan	1,000,000	2027	1.50%	88,144 - 96,382	732,322	-	86,842	645,480	88,144
Installment Note - Fire Truck (MERF)	985,739	2027	3.54%	68,427 - 84,309	599,057	-	66,088	532,969	68,427
Total bonds and notes payable					5,496,379	170,000	3,477,930	2,188,449	236,571
Landfill remediation liability					3,558,977	180,451	-	3,739,428	166,371
Compensated absences					3,161,619	1,440,176	1,674,563	2,927,232	1,717,556
Total governmental activities					<u>\$ 12,216,975</u>	<u>\$ 1,790,627</u>	<u>\$ 5,152,493</u>	<u>\$ 8,855,109</u>	<u>\$ 2,120,498</u>

City of Bay City
Notes to the Financial Statements
June 30, 2021

	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	3.50% - 4.00%	\$350,000 - \$400,000	\$ 2,205,000	\$ -	\$ 340,000	\$ 1,865,000	\$ 350,000
2010A Capital Improvement	2,498,600	2020	0.00%	\$0	131,233	-	131,233	-	-
2016 Limited Tax Refunding	1,392,000	2028	3.00%	130,000 - 150,000	1,108,000	-	126,000	982,000	130,000
2017 Capital Improvement Refunding	1,574,796	2030	2.34%	138,140 - 172,672	1,554,075	-	3,454	1,550,621	138,140
Notes from direct borrowings and direct placements									
State Revolving Fund	42,435,000	2023	2.50%	2,590,000 - 2,655,000	7,775,000	-	2,530,000	5,245,000	2,590,000
Premiums					154,614	-	24,111	130,503	-
Total Sewer Fund					<u>12,927,922</u>	<u>-</u>	<u>3,154,798</u>	<u>9,773,124</u>	<u>3,208,140</u>
Electric Fund									
Revenue bonds									
2013 Electric Utility System	13,830,000	2033	3.90%	705,000 - 1,115,000	12,320,000	-	680,000	11,640,000	705,000
Water Fund									
General obligation bonds									
2016 Limited Tax Refunding	2,088,000	2028	3.00%	195,000 - 225,000	1,662,000	-	189,000	1,473,000	195,000
Notes from direct borrowings and direct placements									
DWRF 7393-01	3,575,167	2035	2.50%	155,000 - 215,167	2,905,167	-	150,000	2,755,167	155,000
DWRF 2021	4,000,000	2042	2.000%	165,000 - 240,000	-	2,316,917	-	2,316,917	165,000
Premiums					59,688	-	7,461	52,227	-
Total Water Fund					<u>4,626,855</u>	<u>2,316,917</u>	<u>346,461</u>	<u>6,597,311</u>	<u>515,000</u>
Total bonds and notes payable					<u>29,874,777</u>	<u>2,316,917</u>	<u>4,181,259</u>	<u>28,010,435</u>	<u>4,428,140</u>
Compensated absences					<u>1,123,989</u>	<u>1,052,687</u>	<u>970,486</u>	<u>1,206,190</u>	<u>739,571</u>
Total business-type activities					<u>\$ 30,998,766</u>	<u>\$ 3,369,604</u>	<u>\$ 5,151,745</u>	<u>\$ 29,216,625</u>	<u>\$ 5,167,711</u>

City of Bay City
Notes to the Financial Statements
June 30, 2021

	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 Capital Improvements	\$ 1,585,000	2025	2.10% - 4.00%	\$110,000 - \$475,000	\$ 1,330,000	\$ -	\$ 185,000	\$ 1,145,000	\$ 110,000
Premiums					50,205	-	10,041	40,164	10,041
Total Water Street DDA					<u>1,380,205</u>	<u>-</u>	<u>195,041</u>	<u>1,185,164</u>	<u>120,041</u>
Midland Street TIFA									
General obligation bonds									
2010A Capital Improvement	1,118,456	2020	0.00%	\$0	58,768	-	58,768	-	-
2017 Capital Improvement Refunding	705,204	2030	2.34%	61,860 - 77,322	695,924	-	1,545	694,379	61,860
Total Midland Street TIFA					<u>754,692</u>	<u>-</u>	<u>60,313</u>	<u>694,379</u>	<u>61,860</u>
Brownfield Redevelopment Authority									
Revenue bonds									
2013 Tax Increment	9,200,000	2043	4.00% - 4.50%	40,000 - 55,000	170,000	-	30,000	140,000	40,000
2014 Tax Increment	7,085,000	2042	3.00% - 4.25%	45,000 - 700,000	6,835,000	-	25,000	6,810,000	45,000
2020 Tax Increment	6,120,000	2043	4.00%	170,000 - 435,000	6,120,000	-	-	6,120,000	170,000
2020 Tax Increment	10,860,000	2043	1.098% - 3.710%	150,000 - 830,000	10,860,000	-	225,000	10,635,000	150,000
Premiums					1,003,021	-	43,601	959,420	43,601
Discounts					(180,074)	-	(15,578)	(164,496)	(15,569)
Total Brownfield Redevelopment Authority					<u>24,807,947</u>	<u>-</u>	<u>308,023</u>	<u>24,499,924</u>	<u>433,032</u>
Total bonds and notes payable					26,942,844	-	563,377	26,379,467	614,933
Compensated absences - Housing Commission					135,203	21,159	-	156,362	-
Compensated absences - other component units					12,143	21,390	7,779	25,754	11,294
Total component units					<u>\$ 27,090,190</u>	<u>\$ 42,549</u>	<u>\$ 571,156</u>	<u>\$ 26,561,583</u>	<u>\$ 626,227</u>

City of Bay City
Notes to the Financial Statements
June 30, 2021

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

Year Ending June 30,	Governmental Activities				Business-type Activities				Component Units	
	Bonds		Notes from Direct Borrowings and Direct Placements		Bonds		Notes from Direct Borrowings and Direct Placements		Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 80,000	\$ 32,148	\$ 156,571	\$ 28,549	\$ 1,518,140	\$ 589,934	\$ 2,910,000	\$ 240,669	\$ 576,860	\$ 1,141,455
2023	80,000	29,728	160,316	24,805	1,561,594	537,791	2,985,000	172,418	738,407	1,360,853
2024	80,000	27,328	164,166	20,955	1,620,047	482,097	330,000	98,642	879,953	1,336,461
2025	85,000	24,853	168,126	16,996	1,676,954	422,362	340,000	91,180	1,073,046	821,984
2026	90,000	22,228	172,196	12,924	1,731,954	364,127	350,000	83,493	638,048	786,420
2027-2031	485,000	64,245	357,074	13,168	6,176,932	1,084,841	1,865,000	295,338	4,298,065	3,589,636
2032-2036	110,000	2,008	-	-	3,225,000	128,896	2,070,167	83,947	5,700,000	2,791,480
2037-2041	-	-	-	-	-	-	1,150,000	-	7,805,000	1,588,600
2042-2043	-	-	-	-	-	-	-	-	3,835,000	193,828
	<u>\$ 1,010,000</u>	<u>\$ 202,538</u>	<u>\$ 1,178,449</u>	<u>\$ 117,397</u>	<u>\$ 17,510,621</u>	<u>\$ 3,610,048</u>	<u>12,000,167</u>	<u>\$ 1,065,687</u>	<u>\$ 25,544,379</u>	<u>\$ 13,610,717</u>
							(1,683,083)			
							<u>\$ 10,317,084</u>			

Less: undrawn maturities

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

The addition to Street Improvement Capital Appreciation bond included in the governmental activities long-term debt of \$170,000 represents interest as this is a zero-coupon bond. This does not represent a debt issuance. The bond was paid off in full as of June 30, 2021.

Deferred Amount of Debt Refunding

The City and component units issued bonds to advance refund and retire previously issued term refund bonds. The advance refundings resulted in a difference between the reacquisition price and the net carrying amount of the old debt. This is reported in the accompanying statement of net position as a deferred outflow of resources. The deferred amounts on debt refunding's are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Deferred amount on refunding - business-type activities	\$ (271,275)	\$ -	\$ (32,710)	\$ (238,565)
Deferred amount on refunding - component units	(1,855,965)	-	(82,436)	(1,773,529)
Total	<u>\$ (2,127,240)</u>	<u>\$ -</u>	<u>\$ (115,146)</u>	<u>\$ (2,012,094)</u>

City of Bay City
Notes to the Financial Statements
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Defeased Debt

During fiscal year 2020, the City issued \$10,860,000 of refunding bonds to partially advance refund the Brownfield 2013 Tax Increment Bonds to provide resources to purchase U.S. government securities that were placed in an irrevocable trust to generate resources for all future debt service payments. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the component units. The defeased debt will be paid out of escrow through October 1, 2043. The remaining balance as of June 30, 2021 was \$8,995,000.

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, 2020 and 2021, are as follows:

	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	End of Year Liability
2020	\$ 68,043	\$ 441,301	\$ 194,725	\$ 314,619
2021	314,619	187,818	151,889	350,548

Health and Dental Insurance

The self-insurance program for health and dental insurance is accounted for as part of the benefits program (an internal service fund). An independent administrator (Blue Cross) is hired to process the daily claims. The City is responsible for individual claims up to \$125,000 and Blue Cross is responsible for paying claims above this amount. There were no reductions of insurance coverage from the prior year. The City is also responsible for paying administrative charges. The revenues for this Fund's operation are reimbursements from various funds and employee payroll withholdings. The liability at the end of the year is based on claims already incurred and reported as provided by Blue Cross and on estimates of incurred but not reported claims as estimated by management. Settled claims have not exceeded insurance coverage in any of the past three years.

City of Bay City
Notes to the Financial Statements
June 30, 2021

The changes in the claims liability for the years ended June 30, 2020 and 2021, are as follows:

	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	End of Year Liability
2020	\$ 315,254	\$ 3,001,459	\$ 3,133,880	\$ 182,833
2021	182,833	3,834,009	3,766,413	250,429

Workers' Compensation

The self-insurance program for workers' compensation is accounted for within the benefits program (an internal service fund). An independent administrator is hired to process the daily claims and to perform auditing and management duties. Presently, the City is responsible for individual claims up to \$600,000 for each occurrence. The City maintains stop-loss coverage on the excess (up to \$5,000,000) through a reinsurance policy. All funds of the City participate in this program and make payments based on estimates of the amounts needed to pay prior year and current year claims and to establish a reserve for losses relating to catastrophes. The liability at the end of the year is based on claims already incurred and reported as provided by the administrator and on estimates of incurred but not reported claims as estimated by management. Settled claims have not exceeded insurance coverage in any of the past three years.

The changes in the claims liability for the years ended June 30, 2020 and 2021, are as follows:

	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	End of Year Liability
2020	\$ 201,696	\$ 617,182	\$ 378,316	\$ 440,562
2021	440,562	735,411	490,104	685,869

Note 10 - Employee Retirement and Benefit Systems

Defined Benefit Pension Plan

Plan description – The City participates in the Michigan Municipal Employees' Retirement System (MERS), an agent multiple-employer, statewide public employee defined benefit pension plan that covers all employees of the City. The plan was established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine-member Retirement Board. The system provides retirement, disability and death benefits to plan members and their beneficiaries. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to MERS at 1134 Municipal Way, Lansing, Michigan 48917 or on the web at <http://www.mersofmich.com>.

Benefits provided – Pension benefits vary by division/bargaining unit and are calculated as final average compensation (based on a 3- or 5-year period) and multipliers ranging from 2.25% to 2.50%. Participants are considered to be fully vested in the plan after 10 years. Normal retirement age is 60 with early retirement at varying ages and years of service, depending on division/bargaining unit.

City of Bay City
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Employees Covered by Benefit Terms – As of the most recent valuation date, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	282
Inactive employees entitled to, but not yet receiving benefits	17
Active employees	<u>23</u>
	<u>322</u>

Contributions – The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees. During the fiscal year, employer contributions were 15.46% of annual payroll for the open division. Closed divisions had monthly employer contributions ranging from \$70 to \$121,314. Member contributions range from 0% to 5.5%. Six of the seven divisions are closed to new entrants.

Net pension liability – The employer’s net pension liability was measured as of December 31, 2020, 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, 2020 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement include: 1) Inflation 3.00%; 2) Salary increases 3.00% in the long-term; 3) Investment rate of return of 7.35%, net of investment expense, including inflation.

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

Mortality rates used were based on the Pub-2010 Public Retirement Plans Mortality Tables. 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	Target Gross Rate of Return	Long-Term Expected Gross Rate of Return	Inflation Assumption	Long-term Expected Real Rate of Return
Global equity	60.00%	7.75%	4.65%	2.50%	3.15%
Global fixed income	20.00%	3.75%	0.75%	2.50%	0.25%
Private investments	<u>20.00%</u>	9.75%	1.95%	2.50%	<u>1.45%</u>
	<u>100.00%</u>		<u>7.35%</u>		<u>4.85%</u>

Discount rate – The discount rate used to measure the total pension liability is 7.60% for the December 31, 2020 valuation. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of Bay City
Notes to the Financial Statements
June 30, 2021

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

Changes in Net Pension Liability

Total Pension Liability

Service cost	\$ 159,322
Interest on the total pension liability	5,389,724
Experience differences	(489,829)
Other changes	(1,029)
Benefit payments and refunds	(6,484,923)
Changes in actuarial assumptions	<u>1,860,201</u>
Net change in total pension liability	433,466
Total pension liability - beginning	<u>74,080,218</u>
Total pension liability - ending (a)	<u>\$ 74,513,684</u>

Plan Fiduciary Net Position

Employer contributions	\$ 6,040,868
Employee contributions	76,903
Pension plan net investment gain	7,629,521
Benefit payments and refunds	(6,484,923)
Pension plan administrative expense	<u>(119,087)</u>
Net change in plan fiduciary net position	7,143,282
Plan fiduciary net position - beginning	<u>59,154,335</u>
Plan fiduciary net position - ending (b)	<u>\$ 66,297,617</u>

Net pension liability (a-b) \$ 8,216,067

Plan fiduciary net position as a percentage of total pension liat	88.97%
Covered payroll	<u>\$ 1,292,855</u>
Net pension liability as a percentage of covered payroll	635.50%

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

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

1% Decrease	Current Discount Rate	1% Increase
<u>\$ 15,046,364</u>	<u>\$ 8,216,067</u>	<u>\$ 2,360,203</u>

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

Pension expense, deferred outflows and deferred inflows of resources related to pensions – For the year ended June 30, 2021 the City recognized pension expense of \$1,762,501. 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	\$ -	\$ (2,169,463)	\$ (2,169,463)	\$ (2,169,463)
Contributions subsequent to the measurement date*	<u>3,282,729</u>	<u>-</u>	<u>3,282,729</u>	<u>-</u>
Total	<u>\$ 3,282,729</u>	<u>\$ (2,169,463)</u>	<u>\$ 1,113,266</u>	<u>\$ (2,169,463)</u>

*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability in the subsequent year.

City of Bay City
Notes to the Financial Statements
June 30, 2021

Other amounts reported as pension-related deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:

<u>Year Ended</u>	
2022	\$ (419,960)
2023	96,579
2024	(1,215,629)
2025	<u>(630,453)</u>
	<u>\$ (2,169,463)</u>

Bay City Public Safety and Fire Pension Plan and Retirement System

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

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

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

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

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

Benefits Provided – All certified police officers and firefighters are eligible to participate in the System. All participants who retire at age 55 with 10 years of service or with 25 years of service regardless of age are entitled to a regular retirement benefit, payable monthly, of total service times 2.50% (for eligible employees retiring with less than 25 years of credited service) or 2.80% (for eligible employees retiring with 25 years or more of credited service) of the final average salary. For Police members hired after July 1, 2014 and Fire members hired after July 1, 2018, the multiplier is 2.00% of final average compensation times years of service. The final average salary is determined as the highest 3 years of the last 10 years of average monthly pay. The plan also provides death and disability benefits. The City Commission has the authority to amend and establish benefit provisions.

City of Bay City
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June 30, 2021

Employees Covered by Benefit Terms – At June 30, 2021, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	181
Inactive employees entitled to, but not yet receiving benefits	12
Active employees	<u>69</u>
	<u>262</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, 2021 was 37.71% of covered payroll for firefighters, 35.61% for police patrol, and 39.18% 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, 2021 is as follows:

Beginning reserve balance	\$ 49,019,314
Employee contributions	653,785
Employer contributions	1,760,864
Net investment income	16,239,779
Pension benefit payments	<u>(6,187,667)</u>
Ending reserve balance	<u>\$ 61,486,075</u>

Net Pension Liability – The City's net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021.

Actuarial Assumptions – The total pension liability was determined by an annual actuarial valuation as of June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry-age normal
Amortization method	Level percent of payroll, closed
Remaining amortization period	21 years
Asset valuation method	5 years smoothed market
Inflation	2.50%
Salary increases	4.50% - 26.30% based on seniority
Cost of living adjustments	3.50% to 5.00% depending on contract
Investment rate of return	7.50%, net of expenses

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2010 through June 30, 2016.

City of Bay City
Notes to the Financial Statements
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The long-term expected rate of return on the System's investments was determined using a building-block method, in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return at June 30, 2021 for each major asset class included in the System's target asset allocation as disclosed above are summarized as follows:

Asset Class	Long-term Expected Real Rate of Return	Target Allocation	Asset Group Contribution
Domestic Equity	7.50%	52.00%	3.90%
International Equity	8.50%	10.00%	0.85%
U.S. Fixed Income	2.50%	20.00%	0.50%
Non-U.S. Fixed Income	3.50%	5.00%	0.18%
Real Estate	4.50%	8.00%	0.36%
Alternative Assets	6.09%	5.00%	0.30%
			<u>6.90%</u>

Discount Rate - The discount rate used to measure the total pension liability was 7.22%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

Changes in Net Pension Liability

Total Pension Liability

Service cost	\$ 1,171,085
Interest on the total pension liability	4,537,001
Experience differences	5,001,118
Changes in assumptions	(12,508,731)
Benefit payments and refunds	<u>(6,187,667)</u>
Net change in total pension liability	(7,987,194)
Total pension liability - beginning	<u>82,652,312</u>
Total pension liability - ending (a)	<u>\$ 74,665,118</u>

Plan Fiduciary Net Position

Employer contributions	\$ 1,760,864
Employee contributions	653,785
Pension plan net investment income	16,383,801
Benefit payments and refunds	(6,187,667)
Pension plan administrative expense	<u>(144,022)</u>
Net change in plan fiduciary net position	12,466,761
Plan fiduciary net position - beginning	<u>49,019,314</u>
Plan fiduciary net position - ending (b)	<u>\$ 61,486,075</u>

Net pension liability (a-b) \$ 13,179,043

Plan fiduciary net position as a percentage of total pension liability	82.35%
Covered payroll	<u>\$ 4,516,738</u>
Net pension liability as a percentage of covered payroll	291.78%

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

City of Bay City
Notes to the Financial Statements
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Sensitivity of the Net Pension Liability to Changes in the Discount Rate
 - The following presents the net pension liability of the City, calculated using the discount rate of 7.22%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1% lower (6.22%) or 1% higher (8.22%) than the current rate:

1% Decrease	Current Discount Rate	1% Increase
\$ 20,596,538	\$ 13,179,043	\$ 6,866,019

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – For the year ended June 30, 2021, the City recognized pension expense of \$396,541. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total	Total to Amortize
Differences in experience	\$ -	\$ (8,964,072)	\$ (8,964,072)	\$ (8,964,072)
Differences in assumptions	4,795,079	-	4,795,079	4,795,079
Net difference between projected and actual earnings on plan investments	2,193,143	(9,381,548)	(7,188,405)	(7,188,405)
Total	\$ 6,988,222	\$ (18,345,620)	\$ (11,357,398)	\$ (11,357,398)

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

Year Ended,	
2022	\$ (1,136,827)
2023	(3,650,259)
2024	(3,999,463)
2025	(2,570,849)
	\$ (11,357,398)

Defined Contribution Pension Plan

The City of Bay City Employees Defined Contribution Pension Plan is a single employer defined contribution pension plan created by the City and administered by MERS. The City is responsible for establishing and amending all provisions of the Plan. All City employees with the exception of police officers and firefighters hired after September 1, 1997 are required to participate. A defined contribution pension plan provides pension benefits in return for services rendered, an individual account for each participant and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under the defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account. All returns earned on investments of these contributions are allocated to such participant's account.

The contribution requirements of the City are established and may be amended by the City Commission. Currently, there are two plans available to the employees. Plan A offers the employee the option of contributing between 0.0% and 2.5% and requires between 2.5% and 5.0% contribution by the City. There is immediate vesting with Plan A. Plan B allows the employee to contribute between 3.0% and 5.5% while the City contributes between 6.0% and 8.5%. With Plan B, the employee is 50.0% vested after two years and 100.0% vested after four years. For the fiscal year ended June 30, 2021, the City's required and actual contributions amounted to \$723,952. Employees made contributions amounting to \$425,315. There were 182 active employees in the Plans.

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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, 2021, the date of the latest actuarial valuation:

Retiree and beneficiaries currently receiving benefits	419
Active plan members	<u>117</u>
Total membership	<u><u>536</u></u>

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

Contributions – The cost of retiree health care benefits is recognized as an expense as claims are paid. The City pays the full cost of these benefits for most retirees. Most retirees are currently not required to contribute. However, depending upon the union contract under which they retire, recent retirees will pay a portion of each monthly premium

contribution, based on the subscription rates provided by Blue Cross/Blue Shield. The retiree’s portion ranges from \$9.08 to \$685.91 monthly, depending upon the bargaining unit from which the individual retired and the healthcare plan selected. The City’s contributions for retiree healthcare for the year ended June 30, 2021, were \$5,847,967. The City Commission has the authority to establish and amend contribution requirements.

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

Rate of return – For the year ended June 30, 2021, the annual money-weighted rate of return on investments, net of investment expense, was 26.87%. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

Net OPEB liability – the components of the net OPEB liability as of June 30, 2021 were as follows:

Total OPEB liability	\$ 79,886,285
Plan fiduciary net position	<u>33,459,226</u>
Net OPEB liability	<u><u>\$ 46,427,059</u></u>

Plan fiduciary net position as a percentage of the total OPEB liability is 41.88%.

City of Bay City
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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, 2021
Actuarial cost method	Entry-age normal level % of salary
Amortization method	Level dollar
Remaining amortization period	18 years
Asset valuation method	5-year smoothed market
Actuarial assumptions:	
Investment rate of return	7.00%
Projected salary increases	3.30% - 14.00%
Inflation rate	3.00% per year
Healthcare inflation rate	8.00% initially decreasing to a final rate of 4.50%

Mortality rates were based on the Pub-2010 Public Retirement Plans Mortality Tables.

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

Changes in Net OPEB Liability

Total OPEB Liability

Service cost	\$ 611,031
Interest on the total OPEB liability	5,267,272
Experience differences	(1,540,938)
Changes in assumptions	3,045,741
Benefit payments and refunds	(4,464,819)
Other changes	<u>137,632</u>
Net change in total OPEB liability	3,055,919
Total OPEB liability - beginning	<u>76,830,366</u>
Total OPEB liability - ending (a)	<u>\$ 79,886,285</u>

Plan Fiduciary Net Position

Employer contributions	\$ 5,847,967
OPEB plan net investment income	6,639,676
Benefit payments and refunds	(4,464,819)
OPEB plan administrative expense	<u>(67,094)</u>
Net change in plan fiduciary net position	7,955,730
Plan fiduciary net position - beginning	<u>25,503,496</u>
Plan fiduciary net position - ending (b)	<u>\$ 33,459,226</u>

Net OPEB liability (a-b) \$ 46,427,059

Plan fiduciary net position as a percentage of total OPEB liability	41.88%
Covered payroll	<u>\$ 7,871,745</u>
Net OPEB liability as a percentage of covered payroll	589.79%

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

	Discount Rate	
1% Decrease (6.00%)	(7.00%)	1% Increase (8.00%)
\$ 53,415,441	\$ 46,427,059	\$ 36,164,327

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

	Healthcare Cost	
1% Decrease (7.00%)	Trend Rate (8.00%)	1% Increase (9.00%)
\$ 36,055,083	\$ 46,427,059	\$ 53,480,910

OPEB expense and deferred outflows and inflows of resources related to OPEB – For the year ended June 30, 2021 the employer recognized OPEB expense of \$4,537,505. The employer reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total	Total to Amortize
Differences in experience	\$ -	\$ (770,469)	\$ (770,469)	\$ (770,469)
Differences in assumptions	1,522,870	-	1,522,870	1,522,870
Net difference between projected and actual earnings on plan investments	-	(4,248,586)	(4,248,586)	(4,248,586)
Total	<u>\$ 1,522,870</u>	<u>\$ (5,019,055)</u>	<u>\$ (3,496,185)</u>	<u>\$ (3,496,185)</u>

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

Year ended,	
2022	\$ (408,573)
2023	(1,072,426)
2024	(1,053,513)
2025	(961,673)
	<u>\$ (3,496,185)</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.

City of Bay City
Notes to the Financial Statements
June 30, 2021

Note 12 - Pension and Other Employee Benefit Trust Funds

The following are condensed financial statements for the individual pension plans and postemployment health care plans:

	Police & Fire Pension Trust Fund	Health Care Trust Fund	Total Pension Trust and Other Employee Benefit Trust Funds
Statement of Net Position			
Assets			
Cash and cash equivalents	\$ 1,160,442	\$ 2,178,922	\$ 3,339,364
Investments	60,060,456	31,286,220	91,346,676
Accounts receivable	323,008	-	323,008
Interest receivable	-	3,739	3,739
Total assets	<u>61,543,906</u>	<u>33,468,881</u>	<u>95,012,787</u>
Liabilities			
Accounts payable	57,831	9,655	67,486
Net Position			
Restricted for employees' pension benefits	61,486,075	-	61,486,075
Restricted for employees' pension benefits	-	33,459,226	33,459,226
Total net position	<u>\$ 61,486,075</u>	<u>\$ 33,459,226</u>	<u>\$ 94,945,301</u>
Statement of Changes in Net Position			
Additions			
Contributions	\$ 2,414,649	\$ 6,172,110	\$ 8,586,759
Net investment income	16,383,801	6,639,674	23,023,475
Total additions	<u>18,798,450</u>	<u>12,811,784</u>	<u>31,610,234</u>
Deductions			
Retiree healthcare premium payments	-	4,778,162	4,778,162
Benefits and refunds paid to participants	6,187,667	10,800	6,198,467
Administrative expenses	144,022	67,093	211,115
Total deductions	<u>6,331,689</u>	<u>4,856,055</u>	<u>11,187,744</u>
Change in net position	<u>\$ 12,466,761</u>	<u>\$ 7,955,729</u>	<u>\$ 20,422,490</u>

Note 13 - 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 Environment, Great Lakes & Energy (EGLE) in November 2012. Important components to closing out the RAP at the landfill was the installation of required signage to inform the general public to avoid entering the property, to advise authorized personnel who need to access the property, and to provide safe access routes to emergency and authorized personnel. In addition, to adding new signage around the perimeter of the landfill, the City also extended surface drives on the site to provide controlled access to the west side of the landfill that will enable emergency personnel to respond to any emergencies in that area. The new signage and extended surface drives were completed in September 2012. The objective is to help to ensure 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

City of Bay City
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the Michigan Attorney General and United States Environmental Protection Agency (“EPA”) regarding the proposed GM Bankruptcy “Environmental Response Trust” participating in these holding costs. With the bankruptcy, the 61.25% shifted to the City and Honeywell. The City Commission approved on February 7, 2011 a resolution that authorized the City to establish a fund for placement of funds obtained from any settlement with, or payment from the estate of, General Motors, Inc. and its successor entities. To date, the City received stocks and warrants and with their liquidation received \$152,998 from the GM bankruptcy settlement. As a result of the settlement, the City’s total exposure is 60.25% and Honeywell is 39.75%.

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

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

Commitments

Electric Department and Michigan Public Power Agency

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

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

Campbell Unit No. 3 Project

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

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

The Campbell Transmission Agreement provides for MPPA to purchase a 58.06% undivided ownership interest in Consumers’ (now

City of Bay City
Notes to the Financial Statements
June 30, 2021

METC) 345 kV transmission line, the method of determining certain charges for utilization of the METC/(Consumers) transmission system, for the sale to METC/(Consumers) of planned available transmission capacity in excess of MPPA's need, if available, and for sharing transmission line operating expenses.

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

The City's electric department has entered into power supply and project support contracts with MPPA. Under the Agreement, the City's electric department will purchase 13.18% of the energy generated by the Campbell 3 plant. Conversely, the City is obligated to pay its share of the operating and debt service costs of the Project.

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

Belle River Unit No. 1 Project

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

The Belle River Participation Agreement provides for MPPA to purchase a 37.22% undivided ownership interest in Belle River Unit No. 1 and an undivided ownership interest in certain common and joint facilities associated with Belle River Unit No. 1, for MPPA to purchase an undivided ownership interest in the fuel supply stockpile, for Edison

to operate Belle River Units No. 1 and 2, for the sharing of operating costs of both units, for the sale of surplus electric capacity and energy to Edison, and for backup electric capacity and energy from Edison's electric system reserves to be available in the event of total or partial unavailability of power and energy from Belle River. Pursuant to the reliability exchange provisions in the Agreement, MPPA is entitled to 18.61% of the electric capacity and energy from each of the Belle River Units No. 1 and 2.

The Belle River Transmission Ownership and Operating Agreement with Edison provides for MPPA to purchase a 50.41% undivided ownership interest in Edison's 345 kV Transmission Line (now ITC), for ITC/(Edison) to operate the transmission lines, for the sharing of operating costs, and for the sale of planned excess transmission capacity to ITC/(Edison), if any.

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

The City's electric department has entered into power supply and project support contracts with MPPA. Under the agreement, the City's electric department will purchase 3.71% of the energy generated by the Belle River plant and receive the utilization revenues from the transmission system. Conversely, the City is obligated to pay its share of the operating and debt service costs of the Project. During the fiscal year ended June 30, 2018, the final debt payment was made on the Belle River project.

Transmission Project

In 2005, the MPPA members contributed capital for the purchase of transmission rights in the bulk transmission system. In 2006, MPPA purchased an undivided ownership in certain 345kV transmission lines

City of Bay City
Notes to the Financial Statements
June 30, 2021

in the METC system giving rights to use of the bulk transmission system. Thirteen members participate in this Project.

AMP Fremont Energy Center Project (AFEC)

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

Debt Service Under the Projects

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

Fiscal Year	AFEC Project
<u>Ending</u>	<u></u>
2022	\$ 408,510
2023	408,314
2024	408,755
2025	408,403
2026	408,158
2027-2031	2,042,796
2032-2036	2,041,964
2037-2041	2,041,572
2042-2043	816,511
	<u>\$ 8,984,983</u>

The City's portion of the future interest expense as of June 30, 2021 is \$3,604,589.

Other Power Purchase Commitments

In addition to the participation projects listed above, the City's electric department has secured Power Purchase Commitments (PPC) with MPPA that includes renewable energy purchase entitlements of 20.33% of the energy generated by the Granger/NANR Landfill Gas Project, 15.38% of energy generated by the Beebe Wind Project, and up-to 13.15% of energy generated by the Pegasus Wind Project. The City's electric department has also secured Solar PPCs' with MPPA that includes renewable energy purchase entitlements of 5.80% of the energy generated by Assembly Solar 1, 7.20% of energy generated by Hart Solar, 7.60% of energy generated by Savion Calhoun Solar, and 5.80% of the energy generated by Invenergy Calhoun Solar. In addition to the City's long-term renewable PPCs, the City routinely makes PPCs under MPPA's Five Year Stability Hedge Plan.

Other

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

City of Bay City
Notes to the Financial Statements
June 30, 2021

Note 14 - Net Investment in Capital Assets

The City's net investment in capital assets at June 30, 2021 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	\$ 19,704,072	\$ 5,238,173	\$ 11,057,027
Capital assets - net of accumulated depreciation	55,665,876	113,826,741	12,622,096
Deferred outflows of resources (capital related)	-	238,565	1,773,529
Total capital assets	<u>75,369,948</u>	<u>119,303,479</u>	<u>25,452,652</u>
Related debt:			
Bonds and notes payable	(2,188,449)	(28,010,435)	(26,379,467)
Unspent bond proceeds	-	-	4,327,739
Non-capital debt	-	-	1,185,164
Net investment in capital assets	<u>\$ 73,181,499</u>	<u>\$ 91,293,044</u>	<u>\$ 4,586,088</u>

Note 15 - Tax Abatements

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

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

property mileage rate, resulting in a reduction of property taxes of approximately 50%. For an obsolete plant or machinery that is being replaced or restored, the IFT is frozen at the assessed value of the plant prior to improvement, resulting in a 100% exemption from property tax on the value of the improvements. A speculative building would be eligible for a reduction in property taxes of approximately 50%. Commercial personal property will receive an automatic reduction of 12 mills for local school on their property tax bill. The City abated \$248,815 related to PA 198 during fiscal year 2021.

PA 381 (Brownfield Redevelopment Abatement) encourages the purchase and revitalization of properties in which redevelopment or reuse may be complicated by the presence or perception of contamination. Revitalizing and redeveloping these properties protect the environment, reuses existing infrastructure, minimizes urban sprawl and creates economic opportunities. The City abated \$2,212,162 related to PA 381 during fiscal year 2021.

City of Bay City
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	Actual Over (Under)
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
Revenues				
Taxes	\$ 11,707,627	\$ 11,757,531	\$ 11,716,989	\$ (40,542)
Licenses and permits	128,850	326,550	370,270	43,720
Federal grants	13,064	1,454,731	1,415,991	(38,740)
State-shared revenue and grants	4,499,852	4,980,147	5,054,585	74,438
Other - intergovernmental	8,966	22,038	14,071	(7,967)
Charges for services	2,914,091	3,013,095	2,996,199	(16,896)
Fines and forfeitures	75,528	84,028	73,936	(10,092)
Interest and rental income	90,000	90,000	18,855	(71,145)
Other revenue	155,886	229,248	178,305	(50,943)
Transfers in	944,577	1,019,577	1,019,577	-
Total revenues	<u>20,538,441</u>	<u>22,976,945</u>	<u>22,858,778</u>	<u>(118,167)</u>

City of Bay City
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	Actual Over (Under)
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
Expenditures				
General government				
City Commission	\$ 105,137	\$ 105,137	\$ 97,770	\$ (7,367)
Mayor	15,049	15,049	13,382	(1,667)
City Manager	856,487	871,637	860,694	(10,943)
Elections	26,859	51,549	51,859	310
Auditing	60,000	60,000	61,500	1,500
Assessor	350,122	364,121	395,268	31,147
Attorney	170,000	170,000	172,791	2,791
City Clerk	326,695	321,696	318,797	(2,899)
Payroll/payables	165,339	165,424	161,340	(4,084)
Fiscal services	171,608	188,355	188,514	159
Accounting	612,581	607,581	600,410	(7,171)
Human resources	317,746	310,746	298,829	(11,917)
Purchasing	500,614	500,614	494,399	(6,215)
Treasurer	638,283	630,683	620,307	(10,376)
Public relations	28,924	28,924	23,961	(4,963)
Planning and zoning	430,335	430,335	416,847	(13,488)
Emergency services	-	262,500	259,521	(2,979)
Total general government	<u>4,775,779</u>	<u>5,084,351</u>	<u>5,036,189</u>	<u>(48,162)</u>
Public safety	<u>12,690,649</u>	<u>12,713,807</u>	<u>12,499,971</u>	<u>(213,836)</u>

City of Bay City
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	Actual Over (Under)
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
Public works				
City hall and grounds	\$ 316,386	\$ 322,587	\$ 300,253	\$ (22,334)
Construction and engineering	251,704	253,578	244,998	(8,580)
Street lighting	635,724	630,087	603,826	(26,261)
Neighborhood maintenance	<u>45,000</u>	<u>45,000</u>	<u>47,642</u>	<u>2,642</u>
Total public works	<u>1,248,814</u>	<u>1,251,252</u>	<u>1,196,719</u>	<u>(54,533)</u>
Economic development	<u>321,736</u>	<u>321,736</u>	<u>312,420</u>	<u>(9,316)</u>
Parks and recreation	<u>1,105,146</u>	<u>1,134,706</u>	<u>1,077,958</u>	<u>(56,748)</u>
Capital outlay	<u>4,650</u>	<u>279,105</u>	<u>145,432</u>	<u>(133,673)</u>
Transfers out	<u>391,667</u>	<u>2,191,988</u>	<u>2,191,988</u>	<u>-</u>
Total expenditures	<u>20,538,441</u>	<u>22,976,945</u>	<u>22,460,677</u>	<u>(516,268)</u>
Excess of revenues over expenditures	-	-	398,101	398,101
Fund balance - beginning of year	<u>4,691,934</u>	<u>4,691,934</u>	<u>4,691,934</u>	<u>-</u>
Fund balance - end of year	<u>\$ 4,691,934</u>	<u>\$ 4,691,934</u>	<u>\$ 5,090,035</u>	<u>\$ 398,101</u>

City of Bay City
Required Supplementary Information
Budgetary Comparison Schedule
Major Streets
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Actual Over (Under)
	Original	Final		Final Budget
Revenues				
Taxes	\$ 418,825	\$ 418,825	\$ 412,200	\$ (6,625)
Other - intergovernmental	4,561,184	4,561,184	4,352,634	(208,550)
Local contributions	631,706	631,706	376,402	(255,304)
Interest income	20,000	20,000	7,553	(12,447)
Other revenue	388,482	533,482	468,919	(64,563)
Transfers in	54,937	54,937	54,937	-
Total revenues	<u>6,075,134</u>	<u>6,220,134</u>	<u>5,672,645</u>	<u>(547,489)</u>
Expenditures				
Current				
Public works	3,411,151	3,634,061	3,301,582	(332,479)
Capital outlay	2,069,033	2,069,033	1,256,592	(812,441)
Transfers out	-	111,699	111,699	-
Total expenditures	<u>5,480,184</u>	<u>5,814,793</u>	<u>4,669,873</u>	<u>(1,144,920)</u>
Excess of revenues over expenditures	594,950	405,341	1,002,772	597,431
Fund balance - beginning of year	<u>1,321,868</u>	<u>1,321,868</u>	<u>1,321,868</u>	<u>-</u>
Fund balance - end of year	<u>\$ 1,916,818</u>	<u>\$ 1,727,209</u>	<u>\$ 2,324,640</u>	<u>\$ 597,431</u>

City of Bay City
Required Supplementary Information
Budgetary Comparison Schedule
Rehabilitation Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Actual Over (Under)
	Original	Final		Final Budget
Revenues				
Federal grants	\$ 537,713	\$ 537,713	\$ -	\$ (537,713)
Interest income	7,741	13,741	6,859	(6,882)
Program income	86,280	132,104	147,814	15,710
Transfers in	326,506	326,506	59,491	(267,015)
Total revenues	<u>958,240</u>	<u>1,010,064</u>	<u>214,164</u>	<u>(795,900)</u>
Expenditures				
Current				
Economic development	864,219	864,219	59,490	(804,729)
Transfers out	94,021	145,845	146,005	160
Total expenditures	<u>958,240</u>	<u>1,010,064</u>	<u>205,495</u>	<u>(804,569)</u>
Excess of revenues over expenditures	-	-	8,669	8,669
Fund balance (deficit) - beginning of year	(8,669)	(8,669)	(8,669)	-
Fund balance (deficit) - end of year	<u>\$ (8,669)</u>	<u>\$ (8,669)</u>	<u>\$ -</u>	<u>\$ 8,669</u>

City of Bay City
Required Supplementary Information
Budgetary Comparison Schedule
American Rescue Plan Act Fund
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	Actual Over (Under)
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
Revenues				
Federal grants	\$ -	\$ -	\$ 797	\$ 797
Expenditures				
Current				
Public safety	-	-	797	797
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
Required Supplementary Information
Municipal Employees Retirement System of Michigan
Schedule of Changes in Net Pension Liability and Related Ratios
June 30, 2021

Fiscal year ended June 30,	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability							
Service cost	\$ 159,322	\$ 189,778	\$ 200,524	\$ 240,463	\$ 292,662	\$ 323,154	\$ 353,816
Interest on the total pension liability	5,389,724	5,525,007	5,593,831	5,613,810	5,596,371	5,563,471	5,554,640
Experience differences	(489,829)	270,514	(328,852)	100,986	349,317	(689,557)	-
Changes in actuarial assumptions	1,860,201	2,304,781	-	-	-	-	-
Other changes	(1,029)	(1,195)	-	-	(1)	3,216,511	1
Benefit payments and refunds	<u>(6,484,923)</u>	<u>(6,352,735)</u>	<u>(6,288,113)</u>	<u>(6,081,903)</u>	<u>(5,906,656)</u>	<u>(5,852,712)</u>	<u>(5,719,505)</u>
Net change in total pension liability	433,466	1,936,150	(822,610)	(126,644)	331,693	2,560,867	188,952
Total pension liability - beginning	<u>74,080,218</u>	<u>72,144,068</u>	<u>72,966,678</u>	<u>73,093,322</u>	<u>72,761,629</u>	<u>70,200,762</u>	<u>70,011,810</u>
Total pension liability - ending (a)	<u>\$ 74,513,684</u>	<u>\$ 74,080,218</u>	<u>\$ 72,144,068</u>	<u>\$ 72,966,678</u>	<u>\$ 73,093,322</u>	<u>\$ 72,761,629</u>	<u>\$ 70,200,762</u>
Plan Fiduciary Net Position							
Employer contributions	\$ 6,040,868	\$ 5,903,142	\$ 5,979,481	\$ 5,379,964	\$ 5,409,126	\$ 4,832,281	\$ 3,944,723
Employee contributions	76,903	64,365	117,646	97,748	139,768	298,856	218,513
Pension plan net investment income (loss)	7,629,521	7,109,755	(2,171,261)	6,493,186	5,056,837	(689,452)	2,802,123
Benefit payments and refunds	(6,484,923)	(6,352,735)	(6,288,113)	(6,081,903)	(5,906,656)	(5,852,712)	(5,719,505)
Pension plan administrative expense	<u>(119,087)</u>	<u>(122,505)</u>	<u>(106,362)</u>	<u>(102,730)</u>	<u>(99,798)</u>	<u>(100,164)</u>	<u>(102,890)</u>
Net change in plan fiduciary net position	7,143,282	6,602,022	(2,468,609)	5,786,265	4,599,277	(1,511,191)	1,142,964
Plan fiduciary net position - beginning	<u>59,154,335</u>	<u>52,552,313</u>	<u>55,020,922</u>	<u>49,234,657</u>	<u>44,635,380</u>	<u>46,146,571</u>	<u>45,003,607</u>
Plan fiduciary net position - ending (b)	<u>\$ 66,297,617</u>	<u>\$ 59,154,335</u>	<u>\$ 52,552,313</u>	<u>\$ 55,020,922</u>	<u>\$ 49,234,657</u>	<u>\$ 44,635,380</u>	<u>\$ 46,146,571</u>
Net pension liability (a-b)	<u>\$ 8,216,067</u>	<u>\$ 14,925,883</u>	<u>\$ 19,591,755</u>	<u>\$ 17,945,756</u>	<u>\$ 23,858,665</u>	<u>\$ 28,126,249</u>	<u>\$ 24,054,191</u>
Plan fiduciary net position as a percentage of total pension liability	88.97%	79.85%	72.84%	75.41%	67.36%	61.34%	65.74%
Covered payroll	<u>\$ 1,292,855</u>	<u>\$ 1,523,585</u>	<u>\$ 1,623,125</u>	<u>\$ 1,947,137</u>	<u>\$ 2,349,701</u>	<u>\$ 2,615,210</u>	<u>\$ 2,860,664</u>
Net pension liability as a percentage of covered payroll	635.50%	979.66%	1,207.04%	921.65%	1,015.39%	1,075.49%	840.86%

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

City of Bay City
Required Supplementary Information
Municipal Employees Retirement System of Michigan
Schedule of Employer Contributions
June 30, 2021

Fiscal Year Ending June 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2015	\$ 3,209,721	\$ 4,305,622	\$ (1,095,901)	\$ 2,855,351	150.79%
2016	4,027,365	5,123,265	(1,095,900)	2,805,693	182.60%
2017	4,598,968	5,694,856	(1,095,888)	2,372,397	240.05%
2018	4,742,266	4,987,535	(245,269)	2,171,932	229.64%
2019	5,168,988	6,357,861	(1,188,873)	1,644,667	386.57%
2020	5,642,354	6,099,281	(456,927)	1,534,223	397.55%
2021	6,248,630	6,294,239	(45,609)	1,318,211	477.48%

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

Notes to Schedule of Employer Contributions

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

Other information There were no benefit changes during the year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	18
Asset valuation method	5-year smoothed market
Inflation	3.00%
Salary increases	3.00%
Investment rate of return	7.35% net of pension plan investment expense, including inflation
Retirement age	50 to 60 dependent on years of service
Mortality	Pub-2010 Public Retirement Plans Mortality Tables

City of Bay City
Required Supplementary Information
Bay City Public Safety and Fire Pension Plan and Retirement System
Schedule of Changes in Net Pension Liability and Related Ratios
June 30, 2021

Fiscal year ended June 30,	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service cost	\$ 1,171,085	\$ 946,215	\$ 959,061	\$ 965,593	\$ 970,300	\$ 959,969	\$ 1,035,976	\$ 1,170,628
Interest on the total pension liability	4,537,001	4,589,250	4,523,489	4,527,037	4,609,895	4,634,815	4,711,503	4,728,988
Change of benefit terms	-	-	-	-	-	-	-	(301,242)
Experience differences	5,001,118	2,942,853	2,031,877	712,218	1,118,519	(737,134)	(1,732,221)	(734,651)
Changes in actuarial assumptions	(12,508,731)	6,180,673	(469,909)	928,112	8,045,729	-	-	-
Benefit payments and refunds	(6,187,667)	(7,383,170)	(5,979,812)	(5,705,932)	(5,679,596)	(4,710,583)	(5,288,925)	(4,770,135)
Net change in total pension liability	(7,987,194)	7,275,821	1,064,706	1,427,028	9,064,847	147,067	(1,273,667)	93,588
Total pension liability - beginning	82,652,312	75,376,491	74,311,785	72,884,757	63,819,910	63,672,843	64,946,510	64,852,922
Total pension liability - ending (a)	\$ 74,665,118	\$ 82,652,312	\$ 75,376,491	\$ 74,311,785	\$ 72,884,757	\$ 63,819,910	\$ 63,672,843	\$ 64,946,510
Plan Fiduciary Net Position								
Employer contributions	\$ 1,760,864	\$ 1,528,480	\$ 1,357,959	\$ 1,406,290	\$ 1,521,054	\$ 1,720,011	\$ 1,925,400	\$ 1,808,810
Employee contributions	653,785	471,350	514,532	480,790	456,986	469,924	562,736	834,201
Pension plan net investment income	16,383,801	989,168	3,042,461	4,057,322	6,256,577	288,900	2,840,467	8,500,184
Benefit payments and refunds	(6,187,667)	(7,383,170)	(5,979,812)	(5,705,932)	(5,679,596)	(4,710,583)	(5,288,925)	(4,770,135)
Pension plan administrative expense	(144,022)	(136,949)	(118,859)	(148,829)	(160,372)	(142,325)	(167,467)	(141,341)
Other	-	(11,266)	(34,014)	(1)	-	15,999	-	11,063
Net change in plan fiduciary net position	12,466,761	(4,542,387)	(1,217,733)	89,640	2,394,649	(2,358,074)	(127,789)	6,242,782
Plan fiduciary net position - beginning	49,019,314	53,561,701	54,779,434	54,689,794	52,295,145	54,653,219	54,781,008	48,538,226
Plan fiduciary net position - ending (b)	\$ 61,486,075	\$ 49,019,314	\$ 53,561,701	\$ 54,779,434	\$ 54,689,794	\$ 52,295,145	\$ 54,653,219	\$ 54,781,008
Net pension liability (a-b)	\$ 13,179,043	\$ 33,632,998	\$ 21,814,790	\$ 19,532,351	\$ 18,194,963	\$ 11,524,765	\$ 9,019,624	\$ 10,165,502
Plan fiduciary net position as a percentage of total pension liability	82.35%	59.31%	71.06%	73.72%	75.04%	81.94%	85.83%	84.35%
Covered payroll	\$ 4,516,738	\$ 4,418,384	\$ 4,097,440	\$ 4,056,629	\$ 4,204,892	\$ 4,380,402	\$ 4,308,434	\$ 4,523,121
Net pension liability as a percentage of covered payroll	291.78%	761.21%	532.40%	481.49%	432.71%	263.10%	209.35%	224.75%

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

City of Bay City
Required Supplementary Information
Bay City Public Safety and Fire Pension Plan and Retirement System
Schedule of Employer Contributions
June 30, 2021

Fiscal Year Ending June 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2014	\$ 1,808,810	\$ 1,808,810	-	\$ 4,523,121	39.99%
2015	1,925,400	1,925,400	-	4,308,434	44.69%
2016	1,720,011	1,720,011	-	4,380,402	39.27%
2017	1,521,054	1,521,054	-	4,204,892	36.17%
2018	1,406,290	1,406,290	-	4,056,629	34.67%
2019	1,357,959	1,357,959	-	4,097,440	33.14%
2020	1,528,480	1,528,480	-	4,418,384	34.59%
2021	1,760,864	1,760,864	-	4,516,738	38.99%

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

Notes to Schedule of Employer Contributions

Actuarial valuation information relative to the determination of contributions in fiscal year 2020/21:

Valuation date June 30, 2019

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	21 years
Asset valuation method	5 year smoothed market
Inflation	3.50%
Salary increases	3.50%
Investment rate of return	7.50%
Mortality	RP 2000 Combined Healthy Mortality projected to 2014

City of Bay City
Required Supplementary Information
Bay City Public Safety and Fire Pension Plan and Retirement System
Schedule of Investment Returns
June 30, 2021

Fiscal Year Ending June 30,	Annual Return (1)
2014	14.79%
2015	5.93%
2016	-1.09%
2017	10.82%
2018	5.48%
2019	2.98%
2020	0.11%
2021	32.94%

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

Notes: 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, 2021

Fiscal year ended June 30,	2021	2020	2019	2018	2017
Total OPEB Liability					
Service cost	\$ 611,031	\$ 620,846	\$ 1,535,003	\$ 1,651,710	\$ 1,833,556
Interest	5,267,272	5,085,448	6,390,402	6,572,757	5,760,654
Other	137,632	-	26,835	-	-
Differences between expected and actual experience	(1,540,938)	1,388,712	(31,991,432)	(7,746,934)	4,316,030
Changes in assumptions	3,045,741	-	(20,294,729)	(3,664,637)	1,543,813
Benefit payments	(4,464,819)	(4,509,832)	(5,486,933)	(5,039,104)	(4,821,533)
Net change in total OPEB liability	3,055,919	2,585,174	(49,820,854)	(8,226,208)	8,632,520
Total OPEB liability - beginning	76,830,366	74,245,192	124,066,046	132,292,254	123,659,734
Total OPEB liability - ending (a)	<u>\$ 79,886,285</u>	<u>\$ 76,830,366</u>	<u>\$ 74,245,192</u>	<u>\$ 124,066,046</u>	<u>\$ 132,292,254</u>
Plan Fiduciary Net Position					
Employer contributions	\$ 5,847,967	\$ 6,100,003	\$ 6,025,491	\$ 6,328,317	\$ 5,213,485
Net investment income	6,639,676	2,047,575	1,506,633	1,675,971	1,661,536
Benefit payments and refunds	(4,464,819)	(4,509,832)	(5,486,933)	(5,039,104)	(4,821,533)
Administrative expense	(67,094)	(63,396)	(46,655)	(36,171)	(35,099)
Other	-	-	-	-	1
Net change in plan fiduciary net position	7,955,730	3,574,350	1,998,536	2,929,013	2,018,390
Plan fiduciary net position - beginning	25,503,496	21,929,146	19,930,610	17,001,597	14,983,208
Plan fiduciary net position - ending (b)	<u>\$ 33,459,226</u>	<u>\$ 25,503,496</u>	<u>\$ 21,929,146</u>	<u>\$ 19,930,610</u>	<u>\$ 17,001,598</u>
Net OPEB liability (a-b)	<u>\$ 46,427,059</u>	<u>\$ 51,326,870</u>	<u>\$ 52,316,046</u>	<u>\$ 104,135,436</u>	<u>\$ 115,290,656</u>
Plan fiduciary net position as a percentage of total OPEB liability	41.88%	33.19%	29.54%	16.06%	12.85%
Covered payroll	<u>\$ 7,871,745</u>	<u>\$ 9,035,110</u>	<u>\$ 8,708,540</u>	<u>\$ 10,884,537</u>	<u>\$ 10,567,512</u>
Net OPEB liability as a percentage of covered payroll	589.79%	568.08%	600.74%	956.73%	1,090.99%

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

City of Bay City
Required Supplementary Information
Other Post Employment Benefits
Schedule of Employer Contributions
June 30, 2021

Fiscal Year Ending June 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2017	\$ 7,788,653	\$ 5,213,485	\$ 2,575,168	\$ 10,567,512	49.34%
2018	8,722,029	6,328,317	2,393,712	10,884,537	58.14%
2019	8,308,751	6,025,491	2,283,260	8,708,540	69.19%
2020	5,726,041	6,100,003	(373,962)	9,035,110	67.51%
2021	5,756,341	5,847,967	(91,626)	7,871,745	74.29%

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

Methods and assumptions used to determine contribution rates:

Actuarial valuation date	June 30, 2021
Actuarial cost method	Entry-age normal level % of salary
Amortization method	Level dollar
Remaining amortization period	18 years
Asset valuation method	5-year smoothed market
Actuarial assumptions:	
Investment rate of return	7.00%
Projected salary increases	3.30% to 14.00%
Inflation rate	3.00% per year
Healthcare inflation rate	8.00% initial decreasing to a final rate of 4.50%

City of Bay City
Required Supplementary Information
Other Post Employment Benefits
Schedule of Investment Returns
June 30, 2021

Fiscal Year Ending June 30,	Annual Return (1)
2017	17.41%
2018	13.81%
2019	10.38%
2020	9.28%
2021	26.87%

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

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

City of Bay City
Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2021

	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	\$ 1,598,735	\$ -	\$ -	\$ -	\$ 98,019	\$ 192,232	\$ 94,621
Receivables							
Taxes	-	-	-	-	-	-	-
Accounts	-	-	481,010	-	271,540	-	-
Special assessments	-	-	27,270	-	5,046	-	-
Accrued interest and other	670	-	-	-	6	95	44
Notes and accrued interest	-	-	-	-	-	-	-
Less allowance for uncollectible accounts	-	-	-	-	-	-	-
Due from other units of government	195,953	-	-	31,292	-	-	-
Prepaid items	-	-	211	-	-	-	-
Total assets	<u>\$ 1,795,358</u>	<u>\$ -</u>	<u>\$ 508,491</u>	<u>\$ 31,292</u>	<u>\$ 374,611</u>	<u>\$ 192,327</u>	<u>\$ 94,665</u>
Liabilities							
Accounts payable	\$ 16,239	\$ -	\$ 62,116	\$ 1,982	\$ 7,788	\$ -	\$ 1,040
Due to other funds	12,361	-	222,678	29,310	28,185	-	-
Deposits payable	-	-	-	-	305,382	7,000	-
Unearned revenue	-	-	-	-	-	-	-
Total liabilities	<u>28,600</u>	<u>-</u>	<u>284,794</u>	<u>31,292</u>	<u>341,355</u>	<u>7,000</u>	<u>1,040</u>
Deferred inflows of resources							
Unavailable revenue	-	-	26,745	-	5,046	-	-
Fund Balances							
Non-spendable							
Prepaid items	-	-	211	-	-	-	-
Restricted							
Local Streets	1,766,758	-	-	-	-	-	-
Solid Waste Management	-	-	196,741	-	-	-	-
Building Inspection	-	-	-	-	28,210	-	-
Neighborhood Opportunity	-	-	-	-	-	185,327	-
Drug Law Enforcement	-	-	-	-	-	-	93,625
Debt service	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-
Assigned to capital projects	-	-	-	-	-	-	-
Total fund balances	<u>1,766,758</u>	<u>-</u>	<u>196,952</u>	<u>-</u>	<u>28,210</u>	<u>185,327</u>	<u>93,625</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,795,358</u>	<u>\$ -</u>	<u>\$ 508,491</u>	<u>\$ 31,292</u>	<u>\$ 374,611</u>	<u>\$ 192,327</u>	<u>\$ 94,665</u>

City of Bay City
Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2021

	Special	Debt Service	Capital			Total Nonmajor Governmental Funds
	Revenue Fund	Fund	Projects Funds			
	City Loans and Collections	Bond Sinking Fund	Economic Opportunities	Public Improvement	Playscape	
Assets						
Cash and cash equivalents	\$ -	\$ 432,547	\$ 107,815	\$ 2,844,620	\$ -	\$ 5,368,589
Receivables						
Taxes	-	7,190	-	-	-	7,190
Accounts	-	-	3,800	-	-	756,350
Special assessments	-	-	-	-	-	32,316
Accrued interest and other	-	994	55	1,373	-	3,237
Notes and accrued interest	4,633,041	-	-	-	-	4,633,041
Less allowance for uncollectible accounts	(4,633,041)	-	-	-	-	(4,633,041)
Due from other units of government	-	-	-	-	-	227,245
Prepaid items	-	-	-	-	-	211
Total assets	<u>\$ -</u>	<u>\$ 440,731</u>	<u>\$ 111,670</u>	<u>\$ 2,845,993</u>	<u>\$ -</u>	<u>\$ 6,395,138</u>
Liabilities						
Accounts payable	\$ -	\$ -	\$ 3,000	\$ 45,320	\$ -	\$ 137,485
Due to other funds	-	-	-	-	-	292,534
Deposits payable	-	-	-	-	-	312,382
Unearned revenue	-	-	-	2,000,000	-	2,000,000
Total liabilities	<u>-</u>	<u>-</u>	<u>3,000</u>	<u>2,045,320</u>	<u>-</u>	<u>2,742,401</u>
Deferred inflows of resources						
Unavailable revenue	-	7,189	-	-	-	38,980
Fund Balances						
Non-spendable						
Prepaid items	-	-	-	-	-	211
Restricted						
Local Streets	-	-	-	-	-	1,766,758
Solid Waste Management	-	-	-	-	-	196,741
Building Inspection	-	-	-	-	-	28,210
Neighborhood Opportunity	-	-	-	-	-	185,327
Drug Law Enforcement	-	-	-	-	-	93,625
Debt service	-	433,542	-	-	-	433,542
Capital projects	-	-	108,670	-	-	108,670
Assigned to capital projects	-	-	-	800,673	-	800,673
Total fund balances	<u>-</u>	<u>433,542</u>	<u>108,670</u>	<u>800,673</u>	<u>-</u>	<u>3,613,757</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ -</u>	<u>\$ 440,731</u>	<u>\$ 111,670</u>	<u>\$ 2,845,993</u>	<u>\$ -</u>	<u>\$ 6,395,138</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, 2021

Special Revenue Funds

	Local Streets	Parking Enforcement	Solid Waste Management	Community Development Block Grant	Building Inspection	Neighborhood Opportunity	Drug Law Enforcement
Revenues							
Taxes	\$ 54,959	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, permits and registration	-	-	-	-	982,332	-	-
Federal grants	-	-	-	1,931,427	-	-	-
Other state grants	1,358,476	-	38,394	-	-	-	20,816
Local contributions and donations	-	9,293	-	-	-	-	-
Charges for services	-	-	3,208,252	-	-	-	-
Fines and forfeitures	-	2,012	-	-	6,557	-	-
Investment income	3,782	-	-	-	-	495	221
Other revenue	64,220	-	33,283	-	117,622	-	-
Total revenues	<u>1,481,437</u>	<u>11,305</u>	<u>3,279,929</u>	<u>1,931,427</u>	<u>1,106,511</u>	<u>495</u>	<u>21,037</u>
Expenditures							
Current							
Public safety	-	14,305	-	-	1,183,241	-	10,190
Public works	1,285,788	-	-	-	-	-	-
Environmental	-	-	3,082,590	-	-	-	-
Economic development	-	-	-	1,008,291	-	1,395	-
Capital outlay	-	-	-	-	-	-	-
Debt service							
Principal retirement	-	-	-	750,000	-	-	-
Interest and fiscal charges	-	-	-	29,508	-	-	-
Total expenditures	<u>1,285,788</u>	<u>14,305</u>	<u>3,082,590</u>	<u>1,787,799</u>	<u>1,183,241</u>	<u>1,395</u>	<u>10,190</u>
Excess (deficiency) of revenues over expenditures	<u>195,649</u>	<u>(3,000)</u>	<u>197,339</u>	<u>143,628</u>	<u>(76,730)</u>	<u>(900)</u>	<u>10,847</u>
Other financing sources (uses)							
Transfers in	126,937	-	330,960	147,942	28,013	-	-
Transfers out	(7,945)	-	(98,368)	(291,570)	-	-	-
Sale of capital assets	-	3,000	-	-	-	22,696	-
Total other financing sources and uses	<u>118,992</u>	<u>3,000</u>	<u>232,592</u>	<u>(143,628)</u>	<u>28,013</u>	<u>22,696</u>	<u>-</u>
Net change in fund balance	314,641	-	429,931	-	(48,717)	21,796	10,847
Fund balance (deficit) - beginning of year	<u>1,452,117</u>	<u>-</u>	<u>(232,979)</u>	<u>-</u>	<u>76,927</u>	<u>163,531</u>	<u>82,778</u>
Fund balance - end of year	<u>\$ 1,766,758</u>	<u>\$ -</u>	<u>\$ 196,952</u>	<u>\$ -</u>	<u>\$ 28,210</u>	<u>\$ 185,327</u>	<u>\$ 93,625</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, 2021

	Special Revenue Fund	Debt Service Fund	Capital Projects Funds			Total Nonmajor Governmental Funds
	City Loans and Collections	Bond Sinking Fund	Economic Opportunities	Public Improvement	Playscape	
Revenues						
Taxes	\$ -	\$ 2,427,377	\$ -	\$ -	\$ -	\$ 2,482,336
Licenses, permits and registration	-	-	-	-	-	982,332
Federal grants	-	-	-	-	-	1,931,427
Other state grants	-	-	-	-	-	1,417,686
Local contributions and donations	-	97,827	-	-	-	107,120
Charges for services	-	-	3,800	-	-	3,212,052
Fines and forfeitures	-	-	-	-	-	8,569
Investment income	-	5,093	281	7,160	552	17,584
Other revenue	-	-	8,327	-	352,730	576,182
Total revenues	<u>-</u>	<u>2,530,297</u>	<u>12,408</u>	<u>7,160</u>	<u>353,282</u>	<u>10,735,288</u>
Expenditures						
Current						
Public safety	-	-	-	-	-	1,207,736
Public works	-	-	-	285,179	-	1,570,967
Environmental	-	-	-	-	-	3,082,590
Economic development	-	-	14,332	-	-	1,024,018
Capital outlay	-	-	-	-	451,473	451,473
Debt service						
Principal retirement	-	2,661,842	-	-	-	3,411,842
Interest and fiscal charges	-	49,552	-	-	-	79,060
Total expenditures	<u>-</u>	<u>2,711,394</u>	<u>14,332</u>	<u>285,179</u>	<u>451,473</u>	<u>10,827,686</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(181,097)</u>	<u>(1,924)</u>	<u>(278,019)</u>	<u>(98,191)</u>	<u>(92,398)</u>
Other financing sources (uses)						
Transfers in	-	109,160	-	544,600	86,167	1,373,779
Transfers out	-	-	-	(86,167)	-	(484,050)
Sale of capital assets	-	-	-	-	-	25,696
Total other financing sources and uses	<u>-</u>	<u>109,160</u>	<u>-</u>	<u>458,433</u>	<u>86,167</u>	<u>915,425</u>
Net change in fund balance	-	(71,937)	(1,924)	180,414	(12,024)	823,027
Fund balance (deficit) - beginning of year	<u>-</u>	<u>505,479</u>	<u>110,594</u>	<u>620,259</u>	<u>12,024</u>	<u>2,790,730</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ 433,542</u>	<u>\$ 108,670</u>	<u>\$ 800,673</u>	<u>\$ -</u>	<u>\$ 3,613,757</u>

City of Bay City
Other Supplementary Information
Budgetary Comparison Schedule
Local Streets Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Actual
	Original	Final		Over (Under)
				Final
				Budget
Revenues				
Taxes	\$ 55,251	\$ 55,251	\$ 54,959	\$ (292)
Other state grants	1,248,702	1,248,702	1,358,476	109,774
Investment income	3,000	3,000	3,782	782
Other revenue	63,894	63,894	64,220	326
Transfers in	32,123	126,937	126,937	-
Total revenues	<u>1,402,970</u>	<u>1,497,784</u>	<u>1,608,374</u>	<u>110,590</u>
Expenditures				
Public works	1,416,523	1,629,032	1,285,788	(343,244)
Transfers out	-	7,945	7,945	-
Total expenditures	<u>1,416,523</u>	<u>1,636,977</u>	<u>1,293,733</u>	<u>(343,244)</u>
Excess (deficiency) of revenues over expenditures	(13,553)	(139,193)	314,641	453,834
Fund balance - beginning of year	<u>1,452,117</u>	<u>1,452,117</u>	<u>1,452,117</u>	<u>-</u>
Fund balance - end of year	<u>\$ 1,438,564</u>	<u>\$ 1,312,924</u>	<u>\$ 1,766,758</u>	<u>\$ 453,834</u>

City of Bay City
Other Supplementary Information
Budgetary Comparison Schedule
Parking Enforcement Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Actual
	Original	Final		Over (Under)
				Final Budget
Revenues				
Local contributions	\$ 39,609	\$ 39,609	\$ 9,293	\$ (30,316)
Fines and forfeitures	22,000	22,000	2,012	(19,988)
Insurance recoveries	-	-	3,000	3,000
Total revenues	<u>61,609</u>	<u>61,609</u>	<u>14,305</u>	<u>(47,304)</u>
Expenditures				
Current				
Public safety	<u>61,609</u>	<u>61,609</u>	<u>14,305</u>	<u>(47,304)</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, 2021

	Budgeted Amounts		Actual	Actual
	Original	Final		Over (Under)
				Final
				Budget
Revenues				
Other state grants	\$ 4,000	\$ 4,000	\$ 38,394	\$ 34,394
Charges for services	3,107,292	3,107,292	3,208,252	100,960
Fines and forfeitures	20,000	20,000	-	(20,000)
Other revenue	132,000	132,000	33,283	(98,717)
Transfers in	93,960	330,960	330,960	-
Total revenues	<u>3,357,252</u>	<u>3,594,252</u>	<u>3,610,889</u>	<u>16,637</u>
Expenditures				
Current				
Environmental	3,256,046	3,206,290	3,082,590	(123,700)
Transfers out	-	98,368	98,368	-
Total expenditures	<u>3,256,046</u>	<u>3,304,658</u>	<u>3,180,958</u>	<u>(123,700)</u>
Excess of revenues over expenditures	101,206	289,594	429,931	140,337
Fund balance (deficit) - beginning of year	<u>(232,979)</u>	<u>(232,979)</u>	<u>(232,979)</u>	<u>-</u>
Fund balance (deficit) - end of year	<u>\$ (131,773)</u>	<u>\$ 56,615</u>	<u>\$ 196,952</u>	<u>\$ 140,337</u>

City of Bay City
Other Supplementary Information
Budgetary Comparison Schedule
Community Development Block Grant Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Actual Over (Under)
	Original	Final		Final Budget
Revenues				
Federal grants	\$ 1,284,882	\$ 2,285,419	\$ 1,931,427	\$ (353,992)
Transfers in	95,958	147,782	147,942	160
Total revenues	<u>1,380,840</u>	<u>2,433,201</u>	<u>2,079,369</u>	<u>(353,832)</u>
Expenditures				
Current				
Economic development	401,085	1,378,446	1,008,291	(370,155)
Capital outlay	145,000	145,000	-	(145,000)
Debt service				
Principal retirement	235,000	235,000	750,000	515,000
Interest and fiscal charges	16,170	16,170	29,508	13,338
Transfers out	<u>583,585</u>	<u>658,585</u>	<u>291,570</u>	<u>(367,015)</u>
Total expenditures	<u>1,380,840</u>	<u>2,433,201</u>	<u>2,079,369</u>	<u>(353,832)</u>
Excess of revenues over expenditures	-	-	-	-
Fund balance - beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance (deficit) - 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, 2021

	Budgeted Amounts		Actual	Actual
	Original	Final		Over (Under)
				Final Budget
Revenues				
Licenses and permits	\$ 922,500	\$ 922,500	\$ 982,332	\$ 59,832
Charges for services	10,000	10,000	-	(10,000)
Fines and forfeitures	5,000	5,000	6,557	1,557
Other revenue	145,100	145,100	117,622	(27,478)
Transfers in	<u>28,013</u>	<u>28,013</u>	<u>28,013</u>	<u>-</u>
Total revenues	1,110,613	1,110,613	1,134,524	23,911
Expenditures				
Current				
Public safety	<u>1,184,895</u>	<u>1,184,895</u>	<u>1,183,241</u>	<u>(1,654)</u>
Deficiency of revenues over expenditures	(74,282)	(74,282)	(48,717)	25,565
Fund balance - beginning of year	<u>76,927</u>	<u>76,927</u>	<u>76,927</u>	<u>-</u>
Fund balance - end of year	<u>\$ 2,645</u>	<u>\$ 2,645</u>	<u>\$ 28,210</u>	<u>\$ 25,565</u>

City of Bay City
Other Supplementary Information
Budgetary Comparison Schedule
Neighborhood Opportunity Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Actual
	Original	Final		Over (Under) Final Budget
Revenues				
Investment income	\$ 650	\$ 650	\$ 495	\$ (155)
Insurance recoveries	2,000	21,346	22,696	1,350
Total revenues	<u>2,650</u>	<u>21,996</u>	<u>23,191</u>	<u>1,195</u>
Expenditures				
Current				
Economic development	<u>2,050</u>	<u>2,050</u>	<u>1,395</u>	<u>(655)</u>
Excess of revenues over expenditures	600	19,946	21,796	1,850
Fund balance - beginning of year	<u>163,531</u>	<u>163,531</u>	<u>163,531</u>	<u>-</u>
Fund balance - end of year	<u>\$ 164,131</u>	<u>\$ 183,477</u>	<u>\$ 185,327</u>	<u>\$ 1,850</u>

City of Bay City
Other Supplementary Information
Budgetary Comparison Schedule
Drug Law Enforcement Fund
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	Actual
	<u>Original</u>	<u>Final</u>		Over (Under)
				<u>Final</u>
				<u>Budget</u>
Revenues				
Other state grants	\$ 16,837	\$ 16,837	\$ 20,816	\$ 3,979
Investment income	989	989	221	(768)
Total revenues	<u>17,826</u>	<u>17,826</u>	<u>21,037</u>	<u>3,211</u>
Expenditures				
Current				
Public safety	<u>17,826</u>	<u>17,826</u>	<u>10,190</u>	<u>(7,636)</u>
Excess of revenues over expenditures	-	-	10,847	10,847
Fund balance - beginning of year	<u>82,778</u>	<u>82,778</u>	<u>82,778</u>	<u>-</u>
Fund balance - end of year	<u>\$ 82,778</u>	<u>\$ 82,778</u>	<u>\$ 93,625</u>	<u>\$ 10,847</u>

City of Bay City
Other Supplementary Information
Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2021

	Oak Ridge Cemetery	James Clements Airport	Liberty Harbor Marina	Total
Assets				
Current assets				
Cash and investments	\$ 286,123	\$ -	\$ 30,168	\$ 316,291
Accounts receivable, net	5,583	53,841	48	59,472
Accrued interest and other	138	-	1	139
Inventories	-	21,695	-	21,695
Prepaid items	-	27	-	27
Total current assets	<u>291,844</u>	<u>75,563</u>	<u>30,217</u>	<u>397,624</u>
Noncurrent assets				
Capital assets not being depreciated	144,898	409,399	-	554,297
Capital assets, net of accumulated depreciation	<u>36,824</u>	<u>2,018,788</u>	<u>1,277,111</u>	<u>3,332,723</u>
Total noncurrent assets	<u>181,722</u>	<u>2,428,187</u>	<u>1,277,111</u>	<u>3,887,020</u>
Total assets	<u>473,566</u>	<u>2,503,750</u>	<u>1,307,328</u>	<u>4,284,644</u>
Deferred Outflows of Resources				
Deferred amount relating to net OPEB liability	-	-	595	595
Liabilities				
Current liabilities				
Accounts payable	45,525	2,404	11,170	59,099
Accrued and other liabilities	-	-	-	-
Due to other funds	-	68,059	448	68,507
Deposits	-	10,750	-	10,750
Compensated absences, current	-	-	726	726
Total current liabilities	<u>45,525</u>	<u>81,213</u>	<u>12,344</u>	<u>139,082</u>
Noncurrent liabilities				
Compensated absences, net of current portion	-	-	439	439
Net OPEB liability	-	-	18,141	18,141
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>18,580</u>	<u>18,580</u>
Total liabilities	<u>45,525</u>	<u>81,213</u>	<u>30,924</u>	<u>157,662</u>
Deferred Inflows of Resources				
Deferred amount relating to net OPEB liability	-	-	1,962	1,962
Net Position				
Investment in capital assets	181,722	2,428,187	1,277,111	3,887,020
Unrestricted (deficit)	<u>246,319</u>	<u>(5,650)</u>	<u>(2,074)</u>	<u>238,595</u>
Total net position	<u>\$ 428,041</u>	<u>\$ 2,422,537</u>	<u>\$ 1,275,037</u>	<u>\$ 4,125,615</u>

City of Bay City
Other Supplementary Information
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Nonmajor Enterprise Funds
For the Year Ended June 30, 2021

	Oak Ridge Cemetery	James Clements Airport	Liberty Harbor Marina	Total
Operating revenue				
Charges for services				
Sales	\$ 54,246	\$ 69,013	\$ 471	\$ 123,730
Rents	-	60,204	139,223	199,427
Other revenue	211	1,937	1,822	3,970
Total operating revenue	<u>54,457</u>	<u>131,154</u>	<u>141,516</u>	<u>327,127</u>
Operating expenses				
Cost of sales and service	151,750	224,457	166,673	542,880
Repairs and maintenance	340	-	-	340
Depreciation	2,397	134,087	58,415	194,899
Total operating expenses	<u>154,487</u>	<u>358,544</u>	<u>225,088</u>	<u>738,119</u>
Operating loss	<u>(100,030)</u>	<u>(227,390)</u>	<u>(83,572)</u>	<u>(410,992)</u>
Nonoperating revenue (expenses)				
Federal grant	-	641,504	-	641,504
State grant	-	30,529	-	30,529
Investment income (loss)	807	(1)	6	812
Total nonoperating revenues	<u>807</u>	<u>672,032</u>	<u>6</u>	<u>672,845</u>
Income (loss) before transfers	(99,223)	444,642	(83,566)	261,853
Transfers in	<u>100,000</u>	<u>66,936</u>	<u>26,225</u>	<u>193,161</u>
Change in net position	777	511,578	(57,341)	455,014
Net position - beginning of year	<u>427,264</u>	<u>1,910,959</u>	<u>1,332,378</u>	<u>3,670,601</u>
Net position - end of year	<u>\$ 428,041</u>	<u>\$ 2,422,537</u>	<u>\$ 1,275,037</u>	<u>\$ 4,125,615</u>

City of Bay City
Other Supplementary Information
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2021

	Oak Ridge Cemetery	James Clements Airport	Liberty Harbor Marina	Total
Cash flows from operating activities				
Receipts from customers	\$ 57,344	\$ 136,160	\$ 141,531	\$ 335,035
Receipts from other funds	-	31,670	-	31,670
Payments to other funds	-	-	(248)	(248)
Payments to suppliers	(116,690)	(246,167)	(145,476)	(508,333)
Net cash used by operating activities	<u>(59,346)</u>	<u>(78,337)</u>	<u>(4,193)</u>	<u>(141,876)</u>
Cash flows from noncapital financing activities				
Transfer from other funds	100,000	66,936	26,225	193,161
Federal grant	-	641,504	-	641,504
State grant	-	30,529	-	30,529
Net cash provided by noncapital financing activities	<u>100,000</u>	<u>738,969</u>	<u>26,225</u>	<u>865,194</u>
Cash flows from capital and related financing activities				
Purchases/construction of capital assets	<u>(394)</u>	<u>(660,632)</u>	<u>-</u>	<u>(661,026)</u>
Cash flows from investing activities				
Interest received	<u>807</u>	<u>-</u>	<u>6</u>	<u>813</u>
Net change in cash and cash equivalents	41,067	-	22,038	63,105
Cash and cash equivalents - beginning of year	<u>245,056</u>	<u>-</u>	<u>8,130</u>	<u>253,186</u>
Cash and cash equivalents - end of year	<u>\$ 286,123</u>	<u>\$ -</u>	<u>\$ 30,168</u>	<u>\$ 316,291</u>

City of Bay City
Other Supplementary Information
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2021

	Oak Ridge Cemetery	James Clements Airport	Liberty Harbor Marina	Total
Reconciliation of operating loss to net cash provided (used) by operating activities				
Operating loss	\$ (100,030)	\$ (227,390)	\$ (83,572)	\$ (410,992)
Adjustments to reconcile operating loss to net cash used by operating activities				
Depreciation and amortization expense	2,397	134,087	58,415	194,899
Changes in assets and liabilities				
Receivables (net)	2,887	5,006	15	7,908
Inventories	-	(6,772)	-	(6,772)
Prepaid items	-	395	-	395
Accounts payable	35,400	(25,333)	1,094	11,161
Accrued and other liabilities	-	-	(288)	(288)
Due to other funds	-	31,670	362	32,032
Deposits payable	-	10,000	-	10,000
Compensated absences	-	-	(322)	(322)
Net OPEB liability and related deferrals	-	-	20,103	20,103
Net cash used by operating activities	<u>\$ (59,346)</u>	<u>\$ (78,337)</u>	<u>\$ (4,193)</u>	<u>\$ (141,876)</u>

City of Bay City
Other Supplementary Information
Combining Statement of Net Position
Internal Service Funds
June 30, 2021

	Motor Equipment Revolving	Information Systems	Property/ Liability Self- Insurance	Site Remediation	Benefits Program	Security Cameras	DPW Building	Total
Assets								
Current assets								
Cash and investments	\$ 4,939,939	\$ 525,955	\$ 1,581,970	\$ 112,794	\$ 5,444,684	\$ 172,579	\$ 897,438	\$ 13,675,359
Accounts receivable, net	-	-	-	13,874	943	-	-	14,817
Accrued interest and other	2,315	235	657	29	2,752	90	7	6,085
Due from other units of government	167,293	-	-	-	-	-	-	167,293
Due from other funds	-	-	-	-	242,114	-	-	242,114
Inventories	124,179	18,798	-	-	-	-	-	142,977
Prepaid items	-	-	-	-	153,883	-	-	153,883
Deposits	-	-	739,562	-	87,000	-	-	826,562
Total current assets	<u>5,233,726</u>	<u>544,988</u>	<u>2,322,189</u>	<u>126,697</u>	<u>5,931,376</u>	<u>172,669</u>	<u>897,445</u>	<u>15,229,090</u>
Noncurrent assets								
Capital assets not being depreciated	-	-	-	-	-	-	345,116	345,116
Capital assets, net of accumulated depreciation	<u>9,050,902</u>	<u>404,663</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>163,765</u>	<u>1,657,598</u>	<u>11,276,928</u>
Total noncurrent assets	<u>9,050,902</u>	<u>404,663</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>163,765</u>	<u>2,002,714</u>	<u>11,622,044</u>
Total assets	<u>14,284,628</u>	<u>949,651</u>	<u>2,322,189</u>	<u>126,697</u>	<u>5,931,376</u>	<u>336,434</u>	<u>2,900,159</u>	<u>26,851,134</u>
Deferred Outflows of Resources								
Deferred amount relating to net pension liability - MERS	-	150,005	-	-	-	-	-	150,005
Deferred amount relating to net OPEB liability	<u>41,060</u>	<u>29,753</u>	<u>-</u>	<u>-</u>	<u>3,678</u>	<u>-</u>	<u>-</u>	<u>74,491</u>
Total deferred outflows of resources	<u>41,060</u>	<u>179,758</u>	<u>-</u>	<u>-</u>	<u>3,678</u>	<u>-</u>	<u>-</u>	<u>224,496</u>

City of Bay City
Other Supplementary Information
Combining Statement of Net Position
Internal Service Funds
June 30, 2021

	Motor Equipment Revolving	Information Systems	Property/ Liability Self- Insurance	Site Remediation	Benefits Program	Security Cameras	DPW Building	Total
Liabilities								
Current liabilities								
Accounts payable	\$ 81,413	\$ 9,232	\$ 8,948	\$ 47,138	\$ 570,886	\$ -	\$ 5,122	\$ 722,739
Accrued and other liabilities	16,903	-	-	-	-	-	-	16,903
Due to other funds	26,163	18,164	-	-	5,639	-	-	49,966
Due to other units of government	-	-	-	-	2,326	-	-	2,326
Current portion of long-term debt	68,427	-	-	-	-	-	-	68,427
Claims payable	-	-	350,548	-	936,298	-	-	1,286,846
Compensated absences, current	54,723	55,914	-	-	-	-	-	110,637
Advances from other funds	-	-	-	-	-	-	1,960,588	1,960,588
Total current liabilities	<u>247,629</u>	<u>83,310</u>	<u>359,496</u>	<u>47,138</u>	<u>1,515,149</u>	<u>-</u>	<u>1,965,710</u>	<u>4,218,432</u>
Noncurrent liabilities								
Long-term debt, net of current portion	464,543	-	-	-	-	-	-	464,543
Compensated absences, net of current portion	44,977	66,391	-	-	19,978	-	-	131,346
Net pension liability - MERS	-	394,371	-	-	-	-	-	394,371
Net OPEB liability	1,251,767	907,079	-	-	112,115	-	-	2,270,961
Total noncurrent liabilities	<u>1,761,287</u>	<u>1,367,841</u>	<u>-</u>	<u>-</u>	<u>132,093</u>	<u>-</u>	<u>-</u>	<u>3,261,221</u>
Total liabilities	<u>2,008,916</u>	<u>1,451,151</u>	<u>359,496</u>	<u>47,138</u>	<u>1,647,242</u>	<u>-</u>	<u>1,965,710</u>	<u>7,479,653</u>
Deferred Inflows of Resources								
Deferred amount relating to net pension liability - MERS	-	104,134	-	-	-	-	-	104,134
Deferred amount relating to net OPEB liability	135,353	98,082	-	-	12,123	-	-	245,558
Total deferred inflows of resources	<u>135,353</u>	<u>202,216</u>	<u>-</u>	<u>-</u>	<u>12,123</u>	<u>-</u>	<u>-</u>	<u>349,692</u>
Net Position								
Net investment in capital assets	8,517,932	404,663	-	-	-	163,765	2,002,714	11,089,074
Unrestricted (deficit)	3,663,487	(928,621)	1,962,693	79,559	4,275,689	172,669	(1,068,265)	8,157,211
Total net position	<u>\$ 12,181,419</u>	<u>\$ (523,958)</u>	<u>\$ 1,962,693</u>	<u>\$ 79,559</u>	<u>\$ 4,275,689</u>	<u>\$ 336,434</u>	<u>\$ 934,449</u>	<u>\$ 19,246,285</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, 2021

	Motor Equipment Revolving	Information Systems	Property/ Liability Self- Insurance	Site Remediation	Benefits Program	Security Cameras	DPW Building	Total
Operating revenue								
Charges for services	\$ 4,347,815	\$ 1,678,184	\$ 1,000,000	\$ -	\$ 12,615,047	\$ -	\$ -	\$ 19,641,046
Rental income	-	-	-	-	-	-	273,880	273,880
Other revenue	13,301	263	114,030	42,623	262,101	-	-	432,318
Total operating revenue	<u>4,361,116</u>	<u>1,678,447</u>	<u>1,114,030</u>	<u>42,623</u>	<u>12,877,148</u>	<u>-</u>	<u>273,880</u>	<u>20,347,244</u>
Operating expenses								
Administration	-	-	117,048	-	431,629	-	-	548,677
Cost of sales and service	2,760,161	1,451,749	-	131,093	38,159	-	317,110	4,698,272
Claims and benefits	-	-	888,778	-	12,114,977	-	-	13,003,755
Other expenses	-	-	-	-	7,590	-	3,340	10,930
Depreciation	914,825	134,038	-	-	-	10,446	70,824	1,130,133
Total operating expenses	<u>3,674,986</u>	<u>1,585,787</u>	<u>1,005,826</u>	<u>131,093</u>	<u>12,592,355</u>	<u>10,446</u>	<u>391,274</u>	<u>19,391,767</u>
Operating income (loss)	<u>686,130</u>	<u>92,660</u>	<u>108,204</u>	<u>(88,470)</u>	<u>284,793</u>	<u>(10,446)</u>	<u>(117,394)</u>	<u>955,477</u>
Nonoperating revenue (expenses)								
Investment income	12,792	1,337	3,573	175	13,718	458	-	32,053
Loss on sale of assets	(12,311)	-	-	-	-	-	-	(12,311)
Interest expense	(19,112)	-	-	-	-	-	43	(19,069)
Total nonoperating revenues (expenses)	<u>(18,631)</u>	<u>1,337</u>	<u>3,573</u>	<u>175</u>	<u>13,718</u>	<u>458</u>	<u>43</u>	<u>673</u>
Income (loss) before transfers	667,499	93,997	111,777	(88,295)	298,511	(9,988)	(117,351)	956,150
Transfers in	50,163	121,165	-	145,884	-	-	1,155,000	1,472,212
Transfers out	(39,117)	-	-	-	(1,809,194)	-	-	(1,848,311)
Change in net position	678,545	215,162	111,777	57,589	(1,510,683)	(9,988)	1,037,649	580,051
Net position - beginning of year	<u>11,502,874</u>	<u>(739,120)</u>	<u>1,850,916</u>	<u>21,970</u>	<u>5,786,372</u>	<u>346,422</u>	<u>(103,200)</u>	<u>18,666,234</u>
Net position - end of year	<u>\$ 12,181,419</u>	<u>\$ (523,958)</u>	<u>\$ 1,962,693</u>	<u>\$ 79,559</u>	<u>\$ 4,275,689</u>	<u>\$ 336,434</u>	<u>\$ 934,449</u>	<u>\$ 19,246,285</u>

City of Bay City
Other Supplementary Information
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2021

	Motor Equipment Revolving	Information Systems	Property/ Liability Self- Insurance	Site Remediation	Benefits Program	Security Cameras	DPW Building	Total
Cash flows from operating activities								
Receipts from customers	\$ 152,440	\$ 50,207	\$ 114,024	\$ 40,928	\$ 2,973,535	\$ 118	\$ 252,997	\$ 3,584,249
Receipts from interfund users	4,371,100	1,678,184	867,286	-	11,794,690	-	-	18,711,260
Receipts from other funds	26,163	3,454	-	-	-	-	-	29,617
Payments to other funds	-	-	-	-	(61,959)	-	(99,948)	(161,907)
Payments to suppliers	(2,801,433)	(1,438,073)	(854,419)	(98,320)	-	(90)	-	(5,192,335)
Payments to employees	-	-	(117,048)	-	(12,541,629)	-	(320,450)	(12,979,127)
Net cash provided (used) by operating activities	<u>1,748,270</u>	<u>293,772</u>	<u>9,843</u>	<u>(57,392)</u>	<u>2,164,637</u>	<u>28</u>	<u>(167,401)</u>	<u>3,991,757</u>
Cash flows from noncapital financing activities								
Transfer from other funds	50,163	121,165	-	145,884	-	-	1,155,000	1,472,212
Transfers to other funds	(39,117)	-	-	-	(1,809,194)	-	-	(1,848,311)
Net cash provided (used) by noncapital financing activities	<u>11,046</u>	<u>121,165</u>	<u>-</u>	<u>145,884</u>	<u>(1,809,194)</u>	<u>-</u>	<u>1,155,000</u>	<u>(376,099)</u>
Cash flows from capital and related financing activities								
Purchases/construction of capital assets	(663,200)	(212,685)	-	-	-	-	(90,204)	(966,089)
Principal and interest paid on long-term debt	(85,200)	-	-	-	-	-	-	(85,200)
Net cash provided (used) by capital and related financing activities	<u>(748,400)</u>	<u>(212,685)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(90,204)</u>	<u>(1,051,289)</u>
Cash flows from investing activities								
Interest received (paid)	<u>12,792</u>	<u>1,337</u>	<u>3,573</u>	<u>175</u>	<u>13,718</u>	<u>458</u>	<u>43</u>	<u>32,096</u>
Net change in cash and cash equivalents	1,023,708	203,589	13,416	88,667	369,161	486	897,438	2,596,465
Cash and cash equivalents - beginning of year	<u>3,916,231</u>	<u>322,366</u>	<u>1,568,554</u>	<u>24,127</u>	<u>5,075,523</u>	<u>172,093</u>	<u>-</u>	<u>11,078,894</u>
Cash and cash equivalents - end of year	<u>\$ 4,939,939</u>	<u>\$ 525,955</u>	<u>\$ 1,581,970</u>	<u>\$ 112,794</u>	<u>\$ 5,444,684</u>	<u>\$ 172,579</u>	<u>\$ 897,438</u>	<u>\$ 13,675,359</u>

City of Bay City
Other Supplementary Information
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2021

	Motor Equipment Revolving	Information Systems	Property/ Liability Self- Insurance	Site Remediation	Benefits Program	Security Cameras	DPW Building	Total
Reconciliation of operating income (loss) to net cash provided (used) by operating activities								
Operating income (loss)	\$ 686,130	\$ 92,660	\$ 108,204	\$ (88,470)	\$ 284,793	\$ (10,446)	\$ (117,394)	\$ 955,477
Adjustments to reconcile operating income (loss) to net cash from (used by) operating activities								
Depreciation and amortization expense	914,825	134,038	-	-	-	10,446	70,824	1,130,133
Changes in assets and liabilities								
Receivables (net)	(119)	37	(6)	(1,695)	987	28	(7)	(775)
Due from other units of government	21,823	-	-	-	-	-	-	21,823
Due from other funds	-	-	-	-	(64,836)	-	-	(64,836)
Deposits	-	-	(132,714)	-	155,419	-	-	22,705
Inventories	(25,669)	8,062	-	-	-	-	-	(17,607)
Prepaid items	-	-	-	-	1,266,555	-	-	1,266,555
Accounts payable	13,740	5,614	(1,570)	32,773	78,846	-	(20,876)	108,527
Accrued and other liabilities	(2,137)	-	-	-	(26)	-	-	(2,163)
Due to other funds	(1,043)	3,454	-	-	2,877	-	(99,948)	(94,660)
Due to other units of government	-	-	-	-	1,582	-	-	1,582
Claims payable	-	-	35,929	-	312,903	-	-	348,832
Net pension liability and related deferrals	-	(84,305)	-	-	-	-	-	(84,305)
Net OPEB liability and related deferrals	146,995	104,586	-	-	120,560	-	-	372,141
Compensated absences	(6,275)	29,626	-	-	4,977	-	-	28,328
Net cash provided (used) by operating activities	<u>\$ 1,748,270</u>	<u>\$ 293,772</u>	<u>\$ 9,843</u>	<u>\$ (57,392)</u>	<u>\$ 2,164,637</u>	<u>\$ 28</u>	<u>\$ (167,401)</u>	<u>\$ 3,991,757</u>

City of Bay City
Other Supplementary Information
Combining Statement of Fiduciary Net Position
June 30, 2021

	Police & Fire Pension Trust Fund	Health Care Trust Fund	Total
Assets			
Cash and cash equivalents	\$ 1,160,442	\$ 2,178,922	\$ 3,339,364
Investments, at fair value			
Fixed income	10,886,986	-	10,886,986
Equities	30,722,900	31,286,220	62,009,120
Other investments	18,450,570	-	18,450,570
Accounts receivable	323,008	-	323,008
Interest receivable	-	3,739	3,739
Total assets	<u>61,543,906</u>	<u>33,468,881</u>	<u>95,012,787</u>
Liabilities			
Accounts payable	<u>57,831</u>	<u>9,655</u>	<u>67,486</u>
Net Position			
Restricted for employees' pension benefits	61,486,075	-	61,486,075
Restricted for postemployment health care benefits	-	33,459,226	33,459,226
Total net position	<u>\$ 61,486,075</u>	<u>\$ 33,459,226</u>	<u>\$ 94,945,301</u>

City of Bay City
Other Supplementary Information
Combining Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2021

	Police & Fire Pension Trust Fund	Health Care Trust Fund	Total
Additions			
Contributions			
Employer	\$ 1,760,864	\$ 5,847,967	\$ 7,608,831
Plan members	653,785	324,143	977,928
Total contributions	<u>2,414,649</u>	<u>6,172,110</u>	<u>8,586,759</u>
Investment income			
Interest and dividends	680,175	6,640,696	7,320,871
Net appreciation (depreciation) in fair value of investments	15,812,659	(1,022)	15,811,637
Other investment income	123,853	-	123,853
Investment expense	(232,886)	-	(232,886)
Net investment income	<u>16,383,801</u>	<u>6,639,674</u>	<u>23,023,475</u>
Total additions	<u>18,798,450</u>	<u>12,811,784</u>	<u>31,610,234</u>
Deductions			
Retiree healthcare premiums payments	-	4,778,162	4,778,162
Benefits and refunds paid to participants	6,187,667	10,800	6,198,467
Administrative expenses	144,022	67,093	211,115
Total deductions	<u>6,331,689</u>	<u>4,856,055</u>	<u>11,187,744</u>
Change in net position	12,466,761	7,955,729	20,422,490
Net position - beginning of year	<u>49,019,314</u>	<u>25,503,497</u>	<u>74,522,811</u>
Net position - end of year	<u>\$ 61,486,075</u>	<u>\$ 33,459,226</u>	<u>\$ 94,945,301</u>

City of Bay City
Other Supplementary Information
Statement of Net Position and Governmental Fund Balance Sheet
Component Units
June 30, 2021

	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	\$ -	\$ -	\$ -	\$ 147,221	\$ -	\$ 147,221	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-	-	-
Equity in pooled cash and investments	-	-	-	-	-	-	-	-	-
Receivables:									
Taxes, net	702	-	702	-	-	-	-	-	-
Customers	82,257	-	82,257	-	-	-	-	-	-
Accrued interest and other	-	-	-	51	-	51	-	-	-
Due from other units of government	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-	-	-
Net OPEB asset	-	-	-	-	-	-	-	-	-
Capital assets not being depreciated	-	-	-	-	24,000	24,000	-	-	-
Capital assets being depreciated, net	-	89,688	89,688	-	792,100	792,100	-	11,345	11,345
Restricted assets	-	-	-	-	-	-	-	-	-
Cash and cash equivalents	-	-	-	-	-	-	-	-	-
Total assets	<u>82,959</u>	<u>89,688</u>	<u>172,647</u>	<u>147,272</u>	<u>816,100</u>	<u>963,372</u>	<u>-</u>	<u>11,345</u>	<u>11,345</u>
Deferred outflows of resources									
Deferred loss on refunding	-	-	-	-	33,263	33,263	-	-	-
Deferred amount relating to net OPEB asset	-	-	-	-	-	-	-	-	-
Deferred amount on special assessments	-	702	702	-	-	-	-	-	-
Total deferred outflows of resources	<u>-</u>	<u>702</u>	<u>702</u>	<u>-</u>	<u>33,263</u>	<u>33,263</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 82,959</u>	<u>90,390</u>	<u>173,349</u>	<u>\$ 147,272</u>	<u>849,363</u>	<u>996,635</u>	<u>\$ -</u>	<u>11,345</u>	<u>11,345</u>
Liabilities									
Accounts payable	\$ 10,012	\$ -	\$ 10,012	\$ 400	\$ -	\$ 400	\$ -	\$ -	\$ -
Accrued and other liabilities	-	-	-	-	4,062	4,062	-	-	-
Due to primary government	38,415	-	38,415	-	-	-	-	-	-
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	-	-	-	-	632,519	632,519	-	-	-
Net pension liability	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-	-
Total liabilities	<u>48,427</u>	<u>-</u>	<u>48,427</u>	<u>400</u>	<u>698,441</u>	<u>698,841</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance									
Committed for community and economic development	-	-	-	-	-	-	-	-	-
Unassigned	33,830	(33,830)	-	146,872	(146,872)	-	-	-	-
Total fund balances	<u>33,830</u>	<u>(33,830)</u>	<u>-</u>	<u>146,872</u>	<u>(146,872)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 82,959</u>			<u>\$ 147,272</u>			<u>\$ -</u>		
Net Position									
Net investment in capital assets		89,688	89,688		154,984	154,984		11,345	11,345
Restricted		-	-		-	-		-	-
Unrestricted (deficit)		35,234	35,234		142,810	142,810		-	-
Total net position		<u>\$ 124,922</u>	<u>\$ 124,922</u>		<u>\$ 297,794</u>	<u>\$ 297,794</u>		<u>\$ 11,345</u>	<u>\$ 11,345</u>

City of Bay City
Other Supplementary Information
Statement of Net Position and Governmental Fund Balance Sheet
Component Units
June 30, 2021

	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	\$ 1,832,387	\$ -	\$ 1,832,387	\$ 156,375	\$ -	\$ 156,375	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-	-	-
Equity in pooled cash and investments	-	-	-	-	-	-	-	-	-
Receivables:									
Taxes, net	-	-	-	-	-	-	-	-	-
Customers	-	-	-	-	-	-	-	-	-
Accrued interest and other	1,514	-	1,514	50	-	50	-	-	-
Due from other units of government	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-	-	-
Net OPEB asset	-	-	-	-	-	-	-	-	-
Capital assets not being depreciated	-	30,136	30,136	-	-	-	-	-	-
Capital assets being depreciated, net	-	549,100	549,100	-	948,536	948,536	-	280,524	280,524
Restricted assets									
Cash and cash equivalents	-	-	-	-	-	-	-	-	-
Total assets	<u>1,833,901</u>	<u>579,236</u>	<u>2,413,137</u>	<u>156,425</u>	<u>948,536</u>	<u>1,104,961</u>	<u>-</u>	<u>280,524</u>	<u>280,524</u>
Deferred outflows of resources									
Deferred loss on refunding	-	-	-	-	-	-	-	-	-
Deferred amount relating to net OPEB asset	-	-	-	-	-	-	-	-	-
Deferred amount on special assessments	-	-	-	-	-	-	-	-	-
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 1,833,901</u>	<u>579,236</u>	<u>2,413,137</u>	<u>\$ 156,425</u>	<u>948,536</u>	<u>1,104,961</u>	<u>\$ -</u>	<u>280,524</u>	<u>280,524</u>
Liabilities									
Accounts payable	\$ 40	\$ -	\$ 40	\$ 5,810	\$ -	\$ 5,810	\$ -	\$ -	\$ -
Accrued and other liabilities	462	-	462	-	10,928	10,928	-	-	-
Due to primary government	1,792	-	1,792	-	-	-	-	-	-
Due to other units of government	-	-	-	-	-	-	-	-	-
Long-term debt:									
Compensated absences, current	-	7,585	7,585	-	-	-	-	-	-
Compensated absences, net	-	14,460	14,460	-	-	-	-	-	-
Due within one year	-	-	-	-	120,041	120,041	-	-	-
Due in more than one year	-	-	-	-	1,065,123	1,065,123	-	-	-
Net pension liability	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-	-
Total liabilities	<u>2,294</u>	<u>22,045</u>	<u>24,339</u>	<u>5,810</u>	<u>1,196,092</u>	<u>1,201,902</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance									
Committed for community and economic development	-	-	-	-	-	-	-	-	-
Unassigned	1,831,607	(1,831,607)	-	150,615	(150,615)	-	-	-	-
Total fund balances	<u>1,831,607</u>	<u>(1,831,607)</u>	<u>-</u>	<u>150,615</u>	<u>(150,615)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 1,833,901</u>			<u>\$ 156,425</u>			<u>\$ -</u>		
Net Position									
Net investment in capital assets		579,236	579,236		948,536	948,536		280,524	280,524
Restricted		-	-		-	-		-	-
Unrestricted (deficit)		1,809,562	1,809,562		(1,045,477)	(1,045,477)		-	-
Total net position		<u>\$ 2,388,798</u>	<u>\$ 2,388,798</u>		<u>\$ (96,941)</u>	<u>\$ (96,941)</u>		<u>\$ 280,524</u>	<u>\$ 280,524</u>

City of Bay City
Other Supplementary Information
Statement of Net Position and Governmental Fund Balance Sheet
Component Units
June 30, 2021

	Knepp's DDA			Brownfield Redevelopment Authority			Columbus Avenue Management Board		
	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	\$ -	\$ -	\$ -	\$ 7,263,124	\$ -	\$ 7,263,124	\$ 12,868	\$ -	\$ 12,868
Investments	-	-	-	-	-	-	-	-	-
Equity in pooled cash and investments	-	-	-	105,382	-	105,382	-	-	-
Receivables:									
Taxes, net	-	-	-	-	-	-	-	-	-
Customers	-	-	-	-	-	-	-	-	-
Accrued interest and other	-	-	-	4,768	-	4,768	5	-	5
Due from other units of government	-	-	-	4,718	-	4,718	-	-	-
Inventories	-	-	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-	-	-
Net OPEB asset	-	-	-	-	-	-	-	-	-
Capital assets not being depreciated	-	-	-	-	9,422,232	9,422,232	-	-	-
Capital assets being depreciated, net	-	111,036	111,036	-	5,847,088	5,847,088	-	-	-
Restricted assets									
Cash and cash equivalents	-	-	-	-	-	-	-	-	-
Total assets	-	111,036	111,036	7,377,992	15,269,320	22,647,312	12,873	-	12,873
Deferred outflows of resources									
Deferred loss on refunding	-	-	-	-	1,740,266	1,740,266	-	-	-
Deferred amount relating to net OPEB asset	-	-	-	-	-	-	-	-	-
Deferred amount on special assessments	-	-	-	-	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	1,740,266	1,740,266	-	-	-
Total assets and deferred outflows of resources	\$ -	111,036	111,036	\$ 7,377,992	17,009,586	24,387,578	\$ 12,873	-	12,873
Liabilities									
Accounts payable	\$ -	\$ -	\$ -	\$ 26,557	\$ -	\$ 26,557	\$ 747	\$ -	\$ 747
Accrued and other liabilities	-	-	-	-	209,282	209,282	-	-	-
Due to primary government	-	-	-	1,553	-	1,553	-	-	-
Due to other units of government	-	-	-	13,266	-	13,266	-	-	-
Long-term debt:									
Compensated absences, current	-	-	-	-	3,709	3,709	-	-	-
Compensated absences, net	-	-	-	-	-	-	-	-	-
Due within one year	-	-	-	-	433,032	433,032	-	-	-
Due in more than one year	-	-	-	-	24,066,892	24,066,892	-	-	-
Net pension liability	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	41,376	24,712,915	24,754,291	747	-	747
Fund Balance									
Committed for community and economic development	-	-	-	6,923,868	(6,923,868)	-	-	-	-
Unassigned	-	-	-	412,748	(412,748)	-	12,126	(12,126)	-
Total fund balances	-	-	-	7,336,616	(7,336,616)	-	12,126	(12,126)	-
Total liabilities and fund balances	\$ -			\$ 7,377,992			\$ 12,873		
Net Position									
Net investment in capital assets		111,036	111,036		(3,162,599)	(3,162,599)			
Restricted		-	-		-	-			
Unrestricted (deficit)		-	-		2,795,886	2,795,886		12,126	12,126
Total net position		\$ 111,036	\$ 111,036		\$ (366,713)	\$ (366,713)		\$ 12,126	\$ 12,126

City of Bay City
Other Supplementary Information
Statement of Net Position and Governmental Fund Balance Sheet
Component Units
June 30, 2021

	Midland Street Downtown Management Board			Downtown Management Board			Housing Commission		
	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	\$ 112,691	\$ -	\$ 112,691	\$ 48,590	\$ -	\$ 48,590	\$ 4,360,389	\$ -	\$ 4,360,389
Investments	-	-	-	-	-	-	24,374	-	24,374
Equity in pooled cash and investments	-	-	-	-	-	-	-	-	-
Receivables:									
Taxes, net	-	-	-	133,900	-	133,900	-	-	-
Customers	-	-	-	5,460	-	5,460	215,965	-	215,965
Accrued interest and other	50	-	50	-	-	-	-	-	-
Due from other units of government	-	-	-	59,424	-	59,424	-	-	-
Inventories	-	-	-	-	-	-	42,450	-	42,450
Prepaid items	-	-	-	404	-	404	123,346	-	123,346
Net OPEB asset	-	-	-	-	-	-	610,762	-	610,762
Capital assets not being depreciated	-	-	-	-	-	-	1,879,809	-	1,879,809
Capital assets being depreciated, net	-	-	-	-	-	-	3,992,679	-	3,992,679
Restricted assets									
Cash and cash equivalents	-	-	-	-	-	-	3,319,211	-	3,319,211
Total assets	<u>112,741</u>	<u>-</u>	<u>112,741</u>	<u>247,778</u>	<u>-</u>	<u>247,778</u>	<u>14,568,985</u>	<u>-</u>	<u>14,568,985</u>
Deferred outflows of resources									
Deferred loss on refunding	-	-	-	-	-	-	-	-	-
Deferred amount relating to net OPEB asset	-	-	-	-	-	-	157,130	-	157,130
Deferred amount on special assessments	-	-	-	-	-	-	-	-	-
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>157,130</u>	<u>-</u>	<u>157,130</u>
Total assets and deferred outflows of resources	<u>\$ 112,741</u>	<u>-</u>	<u>112,741</u>	<u>\$ 247,778</u>	<u>-</u>	<u>247,778</u>	<u>\$ 14,726,115</u>	<u>-</u>	<u>14,726,115</u>
Liabilities									
Accounts payable	\$ 533	\$ -	\$ 533	\$ 37,667	\$ -	\$ 37,667	\$ 94,796	\$ -	\$ 94,796
Accrued and other liabilities	-	-	-	2,148	-	2,148	358,964	-	358,964
Due to component unit	-	-	-	-	-	-	-	-	-
Due to other units of government	-	-	-	-	-	-	-	-	-
Long-term debt:									
Compensated absences, current	-	-	-	-	-	-	-	-	-
Compensated absences, net	-	-	-	-	-	-	156,362	-	156,362
Due within one year	-	-	-	-	-	-	-	-	-
Due in more than one year	-	-	-	-	-	-	-	-	-
Net pension liability	-	-	-	-	-	-	982,498	-	982,498
Unearned revenue	-	-	-	31,344	-	31,344	-	-	-
Total liabilities	<u>533</u>	<u>-</u>	<u>533</u>	<u>71,159</u>	<u>-</u>	<u>71,159</u>	<u>1,592,620</u>	<u>-</u>	<u>1,592,620</u>
Fund Balance									
Committed for community and economic development	-	-	-	-	-	-	-	-	-
Unassigned	<u>112,208</u>	<u>(112,208)</u>	<u>-</u>	<u>176,215</u>	<u>(176,215)</u>	<u>-</u>	<u>12,967,699</u>	<u>(12,967,699)</u>	<u>-</u>
Total fund balances	<u>112,208</u>	<u>(112,208)</u>	<u>-</u>	<u>176,619</u>	<u>(176,619)</u>	<u>-</u>	<u>13,133,495</u>	<u>(13,133,495)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 112,741</u>			<u>\$ 247,778</u>			<u>\$ 14,726,115</u>		
Net Position									
Net investment in capital assets								5,573,338	5,573,338
Restricted								3,319,211	3,319,211
Unrestricted (deficit)		<u>112,208</u>	<u>112,208</u>		<u>176,619</u>	<u>176,619</u>		<u>4,240,946</u>	<u>4,240,946</u>
Total net position		<u>\$ 112,208</u>	<u>\$ 112,208</u>		<u>\$ 176,619</u>	<u>\$ 176,619</u>		<u>\$ 13,133,495</u>	<u>\$ 13,133,495</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, 2021

	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	\$ -	\$ -	\$ -	\$ 98,708	\$ -	\$ 98,708
Special assessments	76,234	(35,500)	40,734	-	-	-
Other state grants	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Investment income	-	-	-	259	-	259
Other revenue	41,300	-	41,300	-	-	-
Total revenues	117,534	(35,500)	82,034	98,967	-	98,967
Expenditures						
Current						
Economic development	102,280	-	102,280	6,804	2,729	9,533
Depreciation	-	6,101	6,101	-	79,398	79,398
Debt service						
Principal retirement	-	-	-	60,314	(60,314)	-
Interest and fiscal charges	-	-	-	17,442	-	17,442
Total expenditures / expense	102,280	6,101	108,381	84,560	21,813	106,373
Excess (deficiency) of revenues over expenditures / expense	15,254	(41,601)	(26,347)	14,407	(21,813)	(7,406)
Fund balance / net position - beginning of year	18,576	132,693	151,269	132,465	172,735	305,200
Fund balance / net position - end of year	\$ 33,830	\$ 91,092	\$ 124,922	\$ 146,872	\$ 150,922	\$ 297,794

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, 2021

	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	\$ -	\$ -	\$ -	\$ 159,216	\$ -	\$ 159,216
Special assessments	-	-	-	-	-	-
Other state grants	-	-	-	246,048	-	246,048
Charges for services	-	-	-	3,428	-	3,428
Investment income	-	-	-	7,949	-	7,949
Other revenue	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>416,641</u>	<u>-</u>	<u>416,641</u>
Expenditures						
Current						
Economic development	366	-	366	1,326,573	13,593	1,340,166
Depreciation	-	913	913	-	107,147	107,147
Debt service						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures / expense	<u>366</u>	<u>913</u>	<u>1,279</u>	<u>1,326,573</u>	<u>120,740</u>	<u>1,447,313</u>
Excess (deficiency) of revenues over expenditures / expense	(366)	(913)	(1,279)	(909,932)	(120,740)	(1,030,672)
Fund balance / net position - beginning of year	<u>366</u>	<u>12,258</u>	<u>12,624</u>	<u>2,741,539</u>	<u>677,931</u>	<u>3,419,470</u>
Fund balance / net position - end of year	<u>\$ -</u>	<u>\$ 11,345</u>	<u>\$ 11,345</u>	<u>\$ 1,831,607</u>	<u>\$ 557,191</u>	<u>\$ 2,388,798</u>

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, 2021

	Water Street DDA			Marina Development TIFA			Knepp's DDA		
	Statement of Revenues, Expenditures and Changes in Fund Balance	Adjustments	Statement of Activities	Statement of Revenues, Expenditures and Changes in Fund Balance	Adjustments	Statement of Activities	Statement of Revenues, Expenditures and Changes in Fund Balance	Adjustments	Statement of Activities
Revenues									
Tax increment	\$ 311,231	\$ -	\$ 311,231	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment income	323	-	323	-	-	-	-	-	-
Other revenue	11,549	-	11,549	-	-	-	-	-	-
Total revenues	<u>323,103</u>	<u>-</u>	<u>323,103</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures									
Current									
Community and economic development	21,138	-	21,138	-	-	-	-	-	-
Depreciation	-	134,042	134,042	-	18,746	18,746	-	3,600	3,600
Debt service									
Principal retirement	185,000	(185,000)	-	-	-	-	-	-	-
Interest and fiscal charges	47,410	(10,966)	36,444	-	-	-	-	-	-
Total expenditures / expense	<u>253,548</u>	<u>(61,924)</u>	<u>191,624</u>	<u>-</u>	<u>18,746</u>	<u>18,746</u>	<u>-</u>	<u>3,600</u>	<u>3,600</u>
Excess (deficiency) of revenues over expenditures / expenses	69,555	61,924	131,479	-	(18,746)	(18,746)	-	(3,600)	(3,600)
Fund balance (deficit) / net position - beginning of year	<u>81,060</u>	<u>(309,480)</u>	<u>(228,420)</u>	<u>-</u>	<u>299,270</u>	<u>299,270</u>	<u>-</u>	<u>114,636</u>	<u>114,636</u>
Fund balance (deficit) / net position - end of year	<u>\$ 150,615</u>	<u>\$ (247,556)</u>	<u>\$ (96,941)</u>	<u>\$ -</u>	<u>\$ 280,524</u>	<u>\$ 280,524</u>	<u>\$ -</u>	<u>\$ 111,036</u>	<u>\$ 111,036</u>

City of Bay City
Other Supplementary Information
Statement of Activities and Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2021

	<u>Brownfield Redevelopment Authority</u>		
	<u>Statement of Revenues, Expenditures and Changes in Fund Balance</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues			
Tax increment	\$ 2,169,768	\$ -	\$ 2,169,768
Other state grants	87,257	-	87,257
Local contributions	4,162	-	4,162
Investment income	26,591	-	26,591
Other revenue	2,500	-	2,500
Total revenues	<u>2,290,278</u>	<u>-</u>	<u>2,290,278</u>
Expenditures			
Current			
Economic development	1,410,311	18	1,410,329
Depreciation	-	404,758	404,758
Capital outlay	3,767,055	(3,767,055)	-
Debt service			
Principal retirement	280,000	(280,000)	-
Interest and fiscal charges	712,697	188,639	901,336
Total expenditures / expenses	<u>6,170,063</u>	<u>(3,453,640)</u>	<u>2,716,423</u>
Excess (deficiency) of revenues over expenditures / expenses	(3,879,785)	3,453,640	(426,145)
Fund balance / net position - beginning of year	<u>11,216,401</u>	<u>(11,156,969)</u>	<u>59,432</u>
Fund balance / net position (deficit) - end of year	<u>\$ 7,336,616</u>	<u>\$ (7,703,329)</u>	<u>\$ (366,713)</u>

City of Bay City
Other Supplementary Information
Statement of Activities and Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances
Columbus Avenue Management Board and Midland Street Management Board
For the Year Ended June 30, 2021

	Columbus Avenue Management Board			Midland Street Management Board		
	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	12,920	-	12,920	25,190	-	25,190
Other state grants	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Investment income	26	-	26	269	-	269
Rental income	-	-	-	-	-	-
Other revenue	150	-	150	-	-	-
Sale of fixed assets	-	-	-	-	-	-
Total revenues	<u>13,096</u>	<u>-</u>	<u>13,096</u>	<u>25,459</u>	<u>-</u>	<u>25,459</u>
Expenditures						
Current						
Economic development	13,024	-	13,024	7,940	-	7,940
Depreciation	-	-	-	-	-	-
Total expenditures / expense	<u>13,024</u>	<u>-</u>	<u>13,024</u>	<u>7,940</u>	<u>-</u>	<u>7,940</u>
Excess (deficiency) of revenues over expenditures / expense	72	-	72	17,519	-	17,519
Fund balance / net position - beginning of year	<u>12,054</u>	<u>-</u>	<u>12,054</u>	<u>94,689</u>	<u>-</u>	<u>94,689</u>
Fund balance / net position - end of year	<u>\$ 12,126</u>	<u>\$ -</u>	<u>\$ 12,126</u>	<u>\$ 112,208</u>	<u>\$ -</u>	<u>\$ 112,208</u>

City of Bay City
Other Supplementary Information
Statement of Activities and Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances
Downtown Management Board and Housing Commission
For the Year Ended June 30, 2021

	Downtown Management Board			Housing Commission		
	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	\$ 133,900	\$ -	\$ 133,900	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-
Other state grants	-	-	-	2,509,298	-	2,509,298
Charges for services	50,373	-	50,373	-	-	-
Investment income	7	-	7	88,233	-	88,233
Rental income	-	-	-	1,670,723	-	1,670,723
Other revenue	15,100	-	15,100	298,669	-	298,669
Sale of fixed assets	-	-	-	(17)	-	(17)
Total revenues	<u>199,380</u>	<u>-</u>	<u>199,380</u>	<u>4,566,906</u>	<u>-</u>	<u>4,566,906</u>
Expenditures						
Current						
Economic development	153,166	-	153,166	3,337,597	-	3,337,597
Depreciation	-	-	-	677,584	-	677,584
Total expenditures / expense	<u>153,166</u>	<u>-</u>	<u>153,166</u>	<u>4,015,181</u>	<u>-</u>	<u>4,015,181</u>
Excess (deficiency) of revenues over expenditures / expense	46,214	-	46,214	551,725	-	551,725
Fund balance / net position - beginning of year	<u>130,405</u>	<u>-</u>	<u>130,405</u>	<u>12,581,770</u>	<u>-</u>	<u>12,581,770</u>
Fund balance / net position - end of year	<u>\$ 176,619</u>	<u>\$ -</u>	<u>\$ 176,619</u>	<u>\$ 13,133,495</u>	<u>\$ -</u>	<u>\$ 13,133,495</u>

City of Bay City
Other Supplementary Information
Combining Balance Sheet
Brownfield Redevelopment Authority Component Unit
June 30, 2021

	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	\$ 426,442	\$ 772,760	\$ 6,006,543	\$ 57,379	\$ 7,263,124
Equity in pooled cash and investments	-	-	105,382	-	105,382
Accrued interest and other	201	403	4,130	34	4,768
Due from other units of government	4,718	-	-	-	4,718
Total assets	<u>\$ 431,361</u>	<u>\$ 773,163</u>	<u>\$ 6,116,055</u>	<u>\$ 57,413</u>	<u>\$ 7,377,992</u>
Liabilities					
Accounts payable	\$ 3,794	\$ -	\$ 22,763	\$ -	\$ 26,557
Due to primary government	1,553	-	-	-	1,553
Due to other units of government	13,266	-	-	-	13,266
Total liabilities	<u>18,613</u>	<u>-</u>	<u>22,763</u>	<u>-</u>	<u>41,376</u>
Fund Balances					
Committed	-	773,163	6,093,292	57,413	6,923,868
Unassigned	412,748	-	-	-	412,748
Total fund balances	<u>412,748</u>	<u>773,163</u>	<u>6,093,292</u>	<u>57,413</u>	<u>7,336,616</u>
 Total liabilities and fund balance	 <u>\$ 431,361</u>	 <u>\$ 773,163</u>	 <u>\$ 6,116,055</u>	 <u>\$ 57,413</u>	 <u>\$ 7,377,992</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, 2021

	Brownfield Redevelopment General Fund	Local Site Remediation Revolving Fund	Uptown Capital Project Fund	Uptown Debt Service Fund	Eliminations	Total Brownfield Redevelopment
Revenues						
Tax increment	\$ 252,494	\$ -	\$ 1,917,274	\$ -	\$ -	\$ 2,169,768
Other state grants	87,257	-	-	-	-	87,257
Local contributions	4,162	-	-	-	-	4,162
Investment income (loss)	976	2,083	23,313	219	-	26,591
Other revenue	2,500	-	-	-	-	2,500
Transfers in	-	-	-	1,049,891	(1,049,891)	-
Total revenues	<u>347,389</u>	<u>2,083</u>	<u>1,940,587</u>	<u>1,050,110</u>	<u>(1,049,891)</u>	<u>2,290,278</u>
Expenditures						
Current						
Economic development	299,562	-	1,110,749	-	-	1,410,311
Capital outlay	-	-	3,767,055	-	-	3,767,055
Debt service						
Principal retirement	-	-	-	280,000	-	280,000
Interest and fiscal charges	-	-	-	712,697	-	712,697
Transfers out	-	-	1,049,891	-	(1,049,891)	-
Total expenditures	<u>299,562</u>	<u>-</u>	<u>5,927,695</u>	<u>992,697</u>	<u>(1,049,891)</u>	<u>6,170,063</u>
Excess (deficiency) of revenues over expenditures	47,827	2,083	(3,987,108)	57,413	-	(3,879,785)
Fund balance - beginning of year	<u>364,921</u>	<u>771,080</u>	<u>10,080,400</u>	<u>-</u>	<u>-</u>	<u>11,216,401</u>
Fund balance - end of year	<u>\$ 412,748</u>	<u>\$ 773,163</u>	<u>\$ 6,093,292</u>	<u>\$ 57,413</u>	<u>\$ -</u>	<u>\$ 7,336,616</u>

City of Bay City, Michigan

Statistical Section

This part of the City's annual comprehensive annual financial report represents 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.

Contents

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 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.

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

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

	June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities										
Net investment in capital assets	\$ 69,853,228	\$ 70,001,070	\$ 70,245,428	\$ 69,057,762	\$ 68,753,612	\$ 68,308,363	\$ 73,233,603	\$ 73,577,871	\$ 73,890,773	\$ 73,181,499
Restricted	1,746,583	34,813	11,226,225	10,827,652	9,654,415	7,372,266	6,299,674	8,202,910	8,747,777	8,582,627
Unrestricted (deficit)	<u>(1,970,352)</u>	<u>(3,777,530)</u>	<u>(16,042,766)</u>	<u>(33,884,105)</u>	<u>(33,637,328)</u>	<u>(35,096,237)</u>	<u>(83,286,382)</u>	<u>(69,091,296)</u>	<u>(61,658,982)</u>	<u>(54,108,155)</u>
Total governmental activities net position	<u>\$ 69,629,459</u>	<u>\$ 66,258,353</u>	<u>\$ 65,428,887</u>	<u>\$ 46,001,309</u>	<u>\$ 44,770,699</u>	<u>\$ 40,584,392</u>	<u>\$ (3,753,105)</u>	<u>\$ 12,689,485</u>	<u>\$ 20,979,568</u>	<u>\$ 27,655,971</u>
Business-type activities										
Net investment in capital assets	\$ 87,016,755	\$ 91,958,470	\$ 85,045,532	\$ 94,808,608	\$ 81,173,544	\$ 79,855,097	\$ 83,131,894	\$ 84,849,619	\$ 87,757,785	\$ 91,293,044
Restricted	10,898,600	8,569,445	9,869,290	2,083,275	2,042,275	1,999,775	955,275	955,275	955,275	955,275
Unrestricted	<u>34,339,690</u>	<u>33,321,454</u>	<u>43,486,135</u>	<u>20,431,532</u>	<u>24,615,784</u>	<u>32,730,757</u>	<u>(269,194)</u>	<u>20,241,939</u>	<u>36,341,061</u>	<u>43,428,272</u>
Total business-type activities net position	<u>\$ 132,255,045</u>	<u>\$ 133,849,369</u>	<u>\$ 138,400,957</u>	<u>\$ 117,323,415</u>	<u>\$ 107,831,603</u>	<u>\$ 114,585,629</u>	<u>\$ 83,817,975</u>	<u>\$ 106,046,833</u>	<u>\$ 125,054,121</u>	<u>\$ 135,676,591</u>
Primary government										
Net investment in capital assets	\$ 156,869,983	\$ 161,959,540	\$ 155,290,960	\$ 163,866,370	\$ 149,927,156	\$ 148,163,460	\$ 156,365,497	\$ 158,427,490	\$ 161,648,558	\$ 164,474,543
Restricted	12,645,183	8,604,258	21,095,515	12,910,927	11,696,690	9,372,041	7,254,949	9,158,185	9,703,052	9,537,902
Unrestricted (deficit)	<u>32,369,338</u>	<u>29,543,924</u>	<u>27,443,369</u>	<u>(13,452,573)</u>	<u>(9,021,544)</u>	<u>(2,365,480)</u>	<u>(83,555,576)</u>	<u>(48,849,357)</u>	<u>(25,317,921)</u>	<u>(10,679,883)</u>
Total primary government net position	<u>\$ 201,884,504</u>	<u>\$ 200,107,722</u>	<u>\$ 203,829,844</u>	<u>\$ 163,324,724</u>	<u>\$ 152,602,302</u>	<u>\$ 155,170,021</u>	<u>\$ 80,064,870</u>	<u>\$ 118,736,318</u>	<u>\$ 146,033,689</u>	<u>\$ 163,332,562</u>

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

	June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities:										
Public safety	\$ 12,606	\$ 13,499	\$ 11,533	\$ 12,829	\$ 13,159	\$ 16,214	\$ 15,129	\$ 6,173	\$ 8,654	\$ 10,107
Community and economic development	2,833	3,581	1,962	2,082	3,265	1,188	1,340	712	459	1,684
Public works	12,083	9,863	10,232	10,629	9,948	10,375	9,625	9,004	12,115	11,547
General government	982	1,516	2,214	1,129	875	1,581	587	831	(35)	3,039
Recreation and culture	924	1,092	1,094	1,262	1,097	1,177	1,058	(33)	936	1,513
Interest on long-term debt	1,283	1,160	1,038	1,082	965	853	758	558	402	224
Total governmental activities expenses	<u>30,711</u>	<u>30,711</u>	<u>28,073</u>	<u>29,013</u>	<u>29,308</u>	<u>31,388</u>	<u>28,497</u>	<u>17,245</u>	<u>22,531</u>	<u>28,114</u>
Business-type activities:										
Electric	32,375	33,545	34,456	32,047	34,498	33,632	32,432	27,433	28,961	34,032
Water	9,077	9,215	8,929	11,160	10,279	8,267	8,792	5,883	7,782	7,761
Sewer	11,748	11,612	11,352	11,224	12,948	12,566	11,535	5,001	5,730	10,325
Public works	590	604	593	605	768	668	696	649	699	735
Total business-type activities expenses	<u>53,790</u>	<u>54,976</u>	<u>55,330</u>	<u>55,035</u>	<u>58,493</u>	<u>55,133</u>	<u>53,455</u>	<u>38,966</u>	<u>43,172</u>	<u>52,853</u>
Total primary government expenses	<u>\$ 84,501</u>	<u>\$ 85,687</u>	<u>\$ 83,403</u>	<u>\$ 84,048</u>	<u>\$ 87,801</u>	<u>\$ 86,521</u>	<u>\$ 81,952</u>	<u>\$ 56,211</u>	<u>\$ 65,703</u>	<u>\$ 80,967</u>
Program Revenues										
Governmental activities:										
Charges for services										
Public safety	\$ 845	\$ 914	\$ 886	\$ 1,193	\$ 1,017	\$ 928	\$ 1,446	\$ 1,441	\$ 1,125	\$ 1,538
General government	837	815	547	751	1,048	736	620	808	1,991	894
Public works	2,528	2,112	2,267	2,009	2,064	2,135	2,527	2,792	3,069	3,248
Recreation and culture	67	120	52	56	91	62	68	30	70	380
Other	50	485	275	9	4	4	4	4	4	4
Operating grants and contributions	7,967	4,757	4,540	6,194	6,096	6,110	8,401	8,791	6,312	9,622
Capital grants and contributions	171	1,303	1,403	486	13	7	2,923	145	-	-
Total governmental activities program revenues	<u>12,465</u>	<u>10,506</u>	<u>9,970</u>	<u>10,699</u>	<u>10,333</u>	<u>9,982</u>	<u>15,989</u>	<u>14,011</u>	<u>12,571</u>	<u>15,686</u>
Business-type activities:										
Charges for services										
Electric	32,240	32,933	34,367	35,175	35,417	38,148	35,910	37,876	37,528	38,252
Water	9,501	9,394	11,195	10,179	7,093	8,996	8,310	8,644	8,319	8,779
Sewer	13,667	13,421	13,451	13,106	12,924	13,430	12,814	12,958	12,966	12,866
Public works	220	220	321	299	337	339	361	348	339	323
Operating grants and contributions	359	397	30	291	207	30	4	148	191	1,376
Capital grants and contributions	-	-	-	-	-	-	5,565	-	896	106
Total business-type activities program revenues	<u>55,987</u>	<u>56,365</u>	<u>59,364</u>	<u>59,050</u>	<u>55,980</u>	<u>60,943</u>	<u>62,964</u>	<u>59,974</u>	<u>60,239</u>	<u>61,702</u>
Total primary government program revenues	<u>\$ 68,452</u>	<u>\$ 66,871</u>	<u>\$ 69,334</u>	<u>\$ 69,749</u>	<u>\$ 66,313</u>	<u>\$ 70,925</u>	<u>\$ 78,953</u>	<u>\$ 73,985</u>	<u>\$ 72,810</u>	<u>\$ 77,388</u>
Net (expense)/revenue										
Governmental activities	\$ (18,246)	\$ (20,205)	\$ (18,103)	\$ (18,314)	\$ (18,975)	\$ (21,406)	\$ (12,508)	\$ (3,234)	\$ (9,960)	\$ (12,428)
Business-type activities	2,197	1,389	4,034	4,015	(2,513)	5,810	9,509	21,008	17,067	8,849
Total primary government net expense	<u>\$ (16,049)</u>	<u>\$ (18,816)</u>	<u>\$ (14,069)</u>	<u>\$ (14,299)</u>	<u>\$ (21,488)</u>	<u>\$ (15,596)</u>	<u>\$ (2,999)</u>	<u>\$ 17,774</u>	<u>\$ 7,107</u>	<u>\$ (3,579)</u>

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

	June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	\$ 12,357	\$ 12,379	\$ 12,389	\$ 12,288	\$ 12,559	\$ 12,539	\$ 13,592	\$ 14,420	\$ 13,974	\$ 14,175
Unrestricted grants and contributions	3,904	4,113	4,158	4,256	4,244	4,410	4,458	4,676	4,395	5,055
Investment earnings	182	103	171	62	66	72	187	412	287	83
Gain on sale of capital assets	-	-	5	-	-	28	136	37	63	13
Miscellaneous	766	241	590	143	587	129	48	57	152	580
Transfers	(610)	(41)	(39)	(109)	288	42	91	73	(621)	(802)
Total governmental activities	16,599	16,795	17,274	16,642	17,744	17,220	18,512	19,675	18,250	19,104
Business-type activities:										
Investment earnings	213	-	256	128	130	144	354	839	681	114
Miscellaneous	69	208	223	364	855	842	243	456	638	857
Transfers	610	41	39	109	(288)	(42)	(90)	(73)	621	802
Special item - loss on disposal	-	-	-	-	(7,676)	-	-	-	-	-
Total business-type activities	892	249	518	601	(6,979)	944	507	1,222	1,940	1,773
Total primary government	\$ 17,491	\$ 17,044	\$ 17,792	\$ 17,243	\$ 10,766	\$ 18,164	\$ 19,019	\$ 20,897	\$ 20,190	\$ 20,877
Change in Net Position										
Governmental activities	\$ (1,647)	\$ (3,411)	\$ (830)	\$ (1,675)	\$ (1,231)	\$ (4,186)	\$ 6,004	\$ 16,441	\$ 8,290	\$ 6,676
Business-type activities	3,089	1,638	4,552	4,615	(9,492)	6,754	10,016	22,230	19,007	10,622
Total primary government	\$ 1,442	\$ (1,772)	\$ 3,722	\$ 2,940	\$ (10,722)	\$ 2,568	\$ 16,020	\$ 38,671	\$ 27,297	\$ 17,298

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

	June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nonspendable	2	-	-	-	-	-	-	-	-	-
Restricted	38	9	41	22	22	9	9	92	-	100
Committed	4,441	3,978	3,160	-	-	-	-	-	-	-
Unassigned (deficit)	1,783	382	(23)	2,995	3,423	3,905	4,732	4,572	4,692	4,990
Total general fund	<u>\$ 6,264</u>	<u>\$ 4,369</u>	<u>\$ 3,179</u>	<u>\$ 3,116</u>	<u>\$ 3,544</u>	<u>\$ 3,914</u>	<u>\$ 4,741</u>	<u>\$ 4,664</u>	<u>\$ 4,692</u>	<u>\$ 5,090</u>
All other governmental funds										
Nonspendable	\$ 129	\$ 76	\$ 39	\$ 201	\$ 187	\$ 174	\$ 99	\$ 382	\$ 189	\$ 193
Restricted	3,881	2,830	3,766	3,398	2,073	1,416	2,831	4,201	4,160	5,746
Unassigned (deficit)	-	(41)	(297)	-	-	(57)	(204)	(255)	(245)	-
Total all other governmental funds	<u>\$ 4,010</u>	<u>\$ 2,865</u>	<u>\$ 3,508</u>	<u>\$ 3,599</u>	<u>\$ 2,260</u>	<u>\$ 1,533</u>	<u>\$ 2,726</u>	<u>\$ 4,328</u>	<u>\$ 4,104</u>	<u>\$ 5,939</u>

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

	June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Property taxes and other taxes	\$ 11,459	\$ 11,496	\$ 11,535	\$ 11,390	\$ 11,625	\$ 11,547	\$ 14,051	\$ 14,881	\$ 14,415	\$ 14,612
Licenses and permits	415	577	515	714	547	575	1,038	1,033	845	1,353
Federal grants	3,411	4,339	3,796	2,202	1,629	2,451	1,293	931	741	3,348
State shared revenues and grants	8,555	5,904	6,332	8,445	8,707	8,062	11,118	12,455	9,813	10,839
Local contributions	1,598	1,437	1,349	1,698	1,475	1,531	553	175	136	484
Interest, rents and royalties	87	55	88	28	38	41	110	227	164	198
Charges for services	6,684	4,539	4,789	5,266	5,285	5,147	5,715	5,642	5,959	6,208
Fines and forfeits	103	90	82	111	105	99	175	125	94	82
Reimbursements, refunds and other revenue	1,579	604	1,279	556	980	372	430	461	613	1,224
Total revenues	<u>33,891</u>	<u>29,041</u>	<u>29,765</u>	<u>30,410</u>	<u>30,391</u>	<u>29,825</u>	<u>34,483</u>	<u>35,930</u>	<u>32,780</u>	<u>38,348</u>
Expenditures										
General government	4,570	2,716	2,653	3,485	3,506	3,647	3,705	4,045	4,325	5,036
Public safety	11,928	12,354	10,746	12,427	12,115	12,422	12,590	12,913	13,344	13,709
Public works	6,688	6,199	6,599	7,150	7,404	7,152	8,026	9,597	8,709	9,152
Community and economic development	2,633	2,568	1,702	1,271	952	924	1,183	755	720	1,396
Recreation and culture	836	781	795	941	940	988	1,002	1,088	1,089	1,078
Post-retirement benefits	2,490	2,356	2,700	-	-	-	-	-	-	-
Capital outlay	4,052	4,104	2,417	2,187	3,312	2,079	2,680	2,556	2,056	1,853
Debt service:										
Principal	1,748	2,326	2,441	2,555	2,595	2,634	2,794	2,817	2,864	3,412
Interest and other fees	65	58	104	143	132	122	111	124	73	79
Total expenditures	<u>35,010</u>	<u>33,462</u>	<u>30,157</u>	<u>30,159</u>	<u>30,958</u>	<u>29,968</u>	<u>32,091</u>	<u>33,895</u>	<u>33,180</u>	<u>35,715</u>
Excess of revenues over (under) expenditures	<u>(1,119)</u>	<u>(4,421)</u>	<u>(392)</u>	<u>251</u>	<u>(567)</u>	<u>(143)</u>	<u>2,392</u>	<u>2,035</u>	<u>(400)</u>	<u>2,633</u>
Other financing sources (uses)										
Issuance of long-term debt	1,630	1,000	-	-	-	-	-	-	-	-
Proceeds from sale of assets	85	453	13	-	-	-	-	-	-	26
Transfers in	1,555	998	1,165	1,327	849	962	1,219	1,585	1,533	2,508
Transfers (out)	(2,165)	(1,110)	(1,332)	(1,551)	(1,193)	(1,176)	(1,592)	(2,095)	(1,329)	(2,934)
Total other financing sources (uses)	<u>1,105</u>	<u>1,341</u>	<u>(154)</u>	<u>(224)</u>	<u>(344)</u>	<u>(214)</u>	<u>(373)</u>	<u>(510)</u>	<u>204</u>	<u>(400)</u>
Net change in fund balances	<u>\$ (15)</u>	<u>\$ (3,080)</u>	<u>\$ (546)</u>	<u>\$ 27</u>	<u>\$ (911)</u>	<u>\$ (357)</u>	<u>\$ 2,019</u>	<u>\$ 1,525</u>	<u>\$ (196)</u>	<u>\$ 2,233</u>
Debt service as a percentage of noncapital expenditures	5.77%	7.88%	9.43%	9.65%	9.64%	9.88%	9.88%	9.38%	9.44%	10.31%

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

<u>Year Ended June 30,</u>	<u>Property Taxes</u>	<u>Electric Operating</u>
2012	\$ 12,357,132	\$ 32,246,928
2013	12,378,917	33,104,126
2014	12,389,299	34,476,491
2015	12,287,683	35,346,665
2016	12,559,193	35,614,353
2017	12,539,095	38,438,745
2018	13,591,855	36,043,574
2019	14,420,291	38,029,392
2020	13,973,541	37,688,475
2021	14,174,994	38,344,938

City of Bay City
Assessed Value and Estimated Actual Value of Taxable Property
(Unaudited)
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>
2012	\$ 440,003	\$ 96,855	\$ 25,924	\$ 57,217	\$ 619,999	20.0935	\$ 1,239,998	50.00%
2013	405,281	93,352	23,958	62,467	585,058	21.3365	1,170,116	50.00%
2014	367,702	100,629	23,227	63,091	554,649	21.3365	1,109,298	50.00%
2015	392,971	93,913	25,540	55,523	567,947	21.3365	1,135,894	50.00%
2016	399,808	104,261	26,128	38,961	569,158	21.1865	1,138,316	50.00%
2017	388,404	119,384	29,132	36,842	573,762	21.4085	1,147,524	50.00%
2018	396,717	114,219	27,529	35,114	573,579	21.4615	1,147,158	50.00%
2019	405,133	122,252	25,383	35,712	588,480	20.7115	1,176,960	50.00%
2020	418,017	148,303	29,326	37,809	633,455	20.7115	1,266,910	50.00%
2021	460,194	147,752	32,243	37,543	677,732	16.9615	1,355,464	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
2012	16.9615	0.0000	3.1320	20.0935	31.9133	2.0427	10.8138	64.8633
2013	16.9615	0.0000	4.3750	21.3365	31.9133	2.0427	10.8138	66.1063
2014	16.9615	0.0000	4.3750	21.3365	32.7157	2.0427	11.4638	67.5587
2015	16.9615	0.0000	4.3750	21.3365	31.9133	2.0427	11.4638	66.7563
2016	16.9615	0.0000	4.2250	21.1865	31.9133	2.0427	11.4638	66.6063
2017	16.9615	0.0000	4.4470	21.4085	31.9133	2.0427	11.6138	66.9783
2018	16.9615	0.0000	4.5000	21.4615	31.9133	2.0427	11.2138	66.6313
2019	16.9615	0.0000	3.7500	20.7115	31.9133	2.0427	11.3138	65.9813
2020	16.9615	0.0000	3.7500	20.7115	31.7909	2.0427	12.0685	66.6136
2021	16.9615	0.0000	0.0000	16.9615	31.7847	2.0427	12.0581	62.8470

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
(Unaudited)
June 30, 2021 and Ten Years Previous

Taxpayer	2021			2012		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Consumers Energy Company	\$ 12,095,159	1	1.97%	\$ 5,179,600	2	0.89%
Dow Chemical	12,011,513	2	1.95%			
Mersen USA (formerly Carbone)	5,126,198	3	0.83%	1,764,650	7	0.30%
SSP Development, LLC	4,981,466	4	0.81%			
SC Johnson	4,681,364	5	0.76%	3,872,500	4	0.66%
213 Development LLC	4,380,565	6	0.71%			
Kerkau Manufacturing	4,362,700	7	0.71%			
Rivers Edge Medical Commons, LLC	4,000,907	8	0.65%			
Main Street Uptown Development LLC	3,886,743	9	0.63%			
Spectrum (formerly Charter Communications)	3,850,950	10	0.63%	4,686,500	3	0.80%
General Motors Corporation				15,513,000	1	2.65%
General Motors Corporation				3,427,750	5	0.59%
Wenonah Park Properties				1,502,933	9	0.26%
Bay City Housing Commission				1,989,400	6	0.34%
Art Van Furniture - Conner Inc				1,521,200	8	0.26%
Baldauf Enterprises Inc				1,484,300	10	0.25%
Totals	<u>\$ 59,377,565</u>		<u>9.65%</u>	<u>\$ 40,941,833</u>		<u>7.00%</u>

Electric Customer	2021			2012		
	Usage kWh	Rank	Percentage of Total Usage	Usage kWh	Rank	Percentage of Total Usage
Mersen USA (Carbone)	16,700,471	1	6.00%	14,193,920	2	4.30%
McLaren Bay Region (Bay Med)	14,844,198	2	5.00%	16,499,373	1	5.00%
S.C. Johnson & Sons	9,027,728	3	3.00%	6,055,360	5	1.80%
Bay County	7,884,677	4	3.00%	6,665,311	4	2.00%
Bay City Schools	4,153,432	5	1.00%			
City of Bay City	4,007,254	6	1.00%	12,521,214	3	3.80%
Doubletree Hotel	3,107,518	7	1.00%	3,653,550	7	1.10%
Kerkau Manufacturing	2,559,827	8	1.00%	3,387,160	8	1.00%
Menards	2,397,266	9	1.00%	3,319,112	9	1.00%
Fabiano	2,382,212	10	1.00%			
Bay Cast Inc				4,869,936	6	1.50%
Valley Publishing				3,237,280	10	1.00%
Totals	<u>67,064,583</u>		<u>23.00%</u>	<u>74,402,216</u>		<u>22.50%</u>

Source: Bay City Assessor's Office and Electric Department

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

Year Ended June 30,	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy			Total Collections to Date	
		Amount	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Levy
2012	\$ 11,259	\$ 10,310	91.57%	\$ 908	\$ 11,218	99.64%
2013	11,296	10,336	91.50%	946	11,282	99.88%
2014	11,468	10,525	91.78%	914	11,439	99.75%
2015	11,424	10,495	91.87%	875	11,370	99.53%
2016	11,556	10,661	92.26%	874	11,535	99.82%
2017	11,249	10,393	92.39%	837	11,230	99.83%
2018	11,396	10,505	92.18%	876	11,381	99.87%
2019	11,523	10,639	92.33%	864	11,503	99.83%
2020	11,420	10,584	92.68%	816	11,400	99.82%
2021	11,919	11,032	92.56%	887	11,919	100.00%

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
(Unaudited)
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			
2012	\$ 16,870,889	\$ 51,551	\$ 2,000,000	\$ 1,760	\$ 2,420,000	\$ 17,047,701	\$ 30,350,000	\$ 68,741,901	18.49%	1,981
2013	15,659,562	-	3,000,000	800	2,055,000	14,852,702	28,000,000	63,568,064	16.86%	1,841
2014	14,324,644	-	2,915,000	-	15,505,000	13,218,701	25,590,000	71,553,345	18.46%	2,079
2015	12,876,529	-	2,750,000	-	14,970,000	11,523,603	23,120,000	65,240,132	16.20%	1,916
2016	11,292,069	-	2,575,000	-	14,390,000	10,342,403	20,590,000	59,189,472	14.34%	1,755
2017	9,582,934	-	2,385,000	-	13,790,000	9,537,047	21,657,615	56,952,596	13.32%	1,707
2018	7,690,361	-	2,087,174	985,739	13,160,000	8,665,674	15,875,167	48,464,115	11.18%	1,460
2019	5,638,157	-	2,457,696	-	12,970,000	7,785,962	13,290,137	42,141,952	9.36%	1,276
2020	3,415,000	-	2,081,379	-	12,320,000	6,874,610	10,680,167	35,371,156	7.86%	1,081
2021	1,010,000	-	1,178,449	-	11,640,000	6,053,351	10,317,084	30,198,884	6.71%	925

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
(Unaudited)
Last Ten Fiscal Years
(amounts expressed in thousands)

June 30,	General Obligation Bonds (1)	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property (2)	Per Capita (3)
2012	\$ 33,919	\$ 456	\$ 33,463	5.40%	\$ 964
2013	30,513	-	30,513	5.22%	884
2014	27,543	77	27,466	4.95%	798
2015	24,400	84	24,316	4.28%	712
2016	21,634	261	21,373	3.76%	630
2017	19,120	75	19,045	3.32%	571
2018	16,356	225	16,131	2.81%	486
2019	13,424	590	12,834	2.18%	389
2020	10,290	475	9,815	1.55%	300
2021	7,063	419	6,644	0.98%	203

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
(Unaudited)
As of June 30, 2021

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Overlapping Debt:			
Bay County	\$ 1,823,878	19.38%	\$ 353,468
Bay City School District	44,485,000	30.28%	13,470,058
Bangor Township Schools	4,208,333	1.01%	42,504
Bay-Arenac Intermediate School District	1,375,000	16.30%	<u>224,125</u>
TOTAL OVERLAPPING DEBT			14,090,155
<u>Direct Debt:</u>			
City of Bay City		100.00%	<u>2,188,449</u>
TOTAL DIRECT AND OVERLAPPING DEBT			<u>\$ 16,278,604</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
(Unaudited)
Last Ten Fiscal Years
(amounts expressed in thousands)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Debt limit	\$ 62,000	\$ 58,506	\$ 54,755	\$ 56,795	\$ 56,916	\$ 57,376	\$ 57,358	\$ 58,848	\$ 63,346	\$ 67,773
Total net debt applicable to limit	<u>33,463</u>	<u>30,513</u>	<u>27,466</u>	<u>24,316</u>	<u>21,373</u>	<u>19,045</u>	<u>16,131</u>	<u>12,834</u>	<u>9,815</u>	<u>6,644</u>
Legal debt margin	<u>\$ 28,537</u>	<u>\$ 27,993</u>	<u>\$ 27,289</u>	<u>\$ 32,479</u>	<u>\$ 35,543</u>	<u>\$ 38,331</u>	<u>\$ 41,227</u>	<u>\$ 46,014</u>	<u>\$ 53,531</u>	<u>\$ 61,129</u>
Total net debt applicable to the limit as a percentage of debt limit	53.97%	52.15%	50.16%	42.81%	37.55%	33.19%	28.12%	21.81%	15.49%	9.80%

Legal Debt Margin Calculation for Fiscal Year 2021

Assessed valuation, December 31, 2020	<u>\$ 677,732</u>
Debt limit (10% of assessed valuation)	\$ 67,773
Debt applicable to limit:	\$ 7,063
Less:	
Assets in Debt Service funds available for payment of principal	<u>419</u>
Total amount of debt applicable to debt limit	<u>6,644</u>
Legal debt margin	<u>\$ 61,129</u>

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

Year Ended June 30,	Operating Revenue (1)	Operating Expenses (2)	Net Available Revenue	Debt Service		Total	Coverage
				Principal	Interest		
Electric System Revenue Bonds							
2012	\$ 32,332,486	\$ 30,051,832	\$ 2,280,654	\$ 1,940,000	\$ 125,962	\$ 2,065,962	1.10
2013	33,125,115	31,372,020	1,753,095	365,000	85,625	450,625	3.89
2014	34,597,240	30,936,143	3,661,097	380,000	586,012	966,012	3.79
2015	35,420,455	28,975,124	6,445,331	535,000	591,492	1,126,492	5.72
2016	35,696,069	31,579,767	4,116,302	580,000	587,167	1,167,167	3.53
2017	38,501,727	30,629,611	7,872,116	600,000	529,355	1,129,355	6.97
2018	36,210,814	29,887,555	6,323,259	630,000	522,143	1,152,143	5.49
2019	38,514,695	25,653,698	12,860,997	190,000	505,830	695,830	18.48
2020	38,167,012	26,983,051	11,183,961	650,000	480,480	1,130,480	9.89
2021	38,845,119	31,295,893	7,549,226	680,000	453,960	1,133,960	6.66

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
(Unaudited)
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>
2012	34,731	3,716,785	34,757	4,805	9.20%
2013	34,500	3,770,457	35,293	4,803	9.30%
2014	34,351	3,876,836	36,486	4,695	7.40%
2015	34,049	4,026,590	38,146	4,483	6.00%
2016	33,727	4,127,462	39,404	4,185	5.60%
2017	33,356	4,276,300	41,024	4,138	5.60%
2018	33,188	4,393,535	42,367	4,049	5.10%
2019	33,019	4,502,212	43,657	3,970	5.00%
2020	32,717	4,892,672	47,786	3,831	17.30%
2021	32,661	(5)	(5)	3,777	7.80%

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
(Unaudited)
2021 and Ten Years Previous**

<u>Employer</u>	<u>2021</u>			<u>2012</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)	1,880	1	4.18%	1,750	1	11.13%
Bay City Public Schools (1) (2)	792	2	1.76%	892	2	5.67%
Bay County (2)	589	3	1.31%	500	3	3.18%
SC Johnson (2)	450	4	1.00%	400	4	2.54%
General Motors Powertrain	432	5	0.96%	309	5	1.96%
City of Bay City	291	6	0.65%	297	6	1.89%
Go to Transport	250	7	0.56%			
Dow Bay Area Family YMCA	239	8	0.53%			
Bay Arenac Behavioral Health	229	9	0.51%			
Mersen USA	170	10	0.38%	146	9	0.0093
Labadie Auto Group				160	8	1.02%
Doubletree Hotel & Conference Center				135	10	0.86%
FP Horak Company				220	7	1.40%
Totals	<u>5,322</u>		<u>11.84%</u>	<u>4,809</u>		<u>30.58%</u>

Source:

Bay Future, U.S. Department of Labor Bureau of Labor Statistics, and Bay City Economic Development Department

(1) Excludes substitute teachers.

(2) Multiple locations within Bay County.

City of Bay City
Full-time Equivalent City of Bay City Employees by Function
(Unaudited)
Last Ten Fiscal Years

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Function										
General government (1)	50	51	36	37	37	38	37	37	38	38
Public safety (2)	N/A	N/A	89	89	90	86	83	85	82	82
Police	62	60	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fire	47	44	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Building Inspections	4	4	4	4	6	6	8	9	11	10
Public works	33	30	28	27	29	30	30	31	33	32
Recreation and culture	6	6	6	5	5	5	6	5	5	5
Community and economic development	13	13	10	10	9	8	8	8	9	8
Electric	44	41	49	49	50	51	50	52	51	53
Water	40	35	35	35	20	23	24	25	25	24
Sewer	31	28	34	35	38	38	37	39	40	39
Total	<u>330</u>	<u>312</u>	<u>291</u>	<u>291</u>	<u>284</u>	<u>285</u>	<u>283</u>	<u>291</u>	<u>293</u>	<u>291</u>

(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
(Unaudited)
Last Ten Fiscal Years

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government										
Elections										
Number of registered voters	22,897	23,674	23,692	23,438	23,620	23,161	22,605	22,953	23,896	24,845
Public safety										
Police Department										
Number of citations issued	3,382	3,723	2,579	2,861	1,517	2,294	2,088	2,501	2,082	2,704
Number of complaints filed	4,247	4,934	4,398	5,469	3,937	5,775	5,798	5,374	4,736	5,289
Number of calls for service	33,899	33,039	27,738	25,185	16,742	23,181	23,539	22,512	21,687	22,755
Number of DUI offenses	219	143	96	123	85	150	167	117	114	90
Fire Department										
Number of emergency runs	4,681	4,677	4,882	4,857	3,626	5,099	5,179	5,386	4,730	5,602
Number of fire prevention programs	128	115	195	183	81	81	10	29	10	11
Public works										
Streets -Tons of salt used	1,557	1,914	2,300	780	1,585	1,227	1,810	2,182	2,348	1,439
Recreation and culture										
Park acreage maintained	238	238	238	238	238	238	238	238	238	238
Special events	25	43	44	49	51	60	47	53	43	17
Shelter rentals	49	59	67	70	69	71	58	63	35	76
Community and Economic Development										
Housing units rehabilitated	-	-	-	-	2	2	4	2	-	-
Emergency housing units rehabilitated	31	40	46	47	52	44	44	19	17	-
Electric Department										
Generating capacity	33,295	33,295	33,295	33,295	28,295	28,295	28,295	27,000	27,000	27,000
Street trees removed	253	134	115	340	635	530	475	373	409	565
Sewer System										
Sanitary and storm sewer (miles)	320	320	320	320	320	320	320	320	320	320
Daily average treatment (million gallons)	7	7	7	8	7	8	7	8	9	6
Maximum daily capacity (million gallons)	18	18	18	18	18	18	18	18	18	18
Water system										
Miles of water mains	195	195	195	196	196	196	195	195	195	195
Daily average consumption (million gallons)	7	8	8	8	-	-	-	-	-	-
Maximum daily treatment (million gallons)	14	14	14	12	-	-	-	-	-	-
Airport										
Private hanger land leases	22	22	22	23	23	22	22	22	22	21
Public hanger lease	3	3	5	7	8	8	7	10	9	9
Aviation fuel sold (gallons)	13,756	13,000	16,616	13,687	14,016	20,621	26,605	17,027	26,813	19,984
Cemetery										
Interments	50	37	48	52	41	43	48	41	54	46
Grave sales	39	19	27	17	26	19	35	28	34	27
Foundations set	25	20	24	28	11	25	29	23	32	22
Right of 2nd Interment	1	2	4	7	1	3	6	4	3	4
Marina										
Seasonal Dock Leases	50	50	44	45	51	51	51	53	49	65
Transient Dock Rentals	364	340	306	271	330	287	173	338	267	586

Sources: Various city departments.

City of Bay City
Capital Asset Statistics by Function
(Unaudited)
Last Ten Fiscal Years

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Public safety (1)										
Stations	-	-	5	5	5	5	5	5	5	5
Vehicles	-	-	36	36	34	36	36	36	36	7
Police										
Stations	1	1	-	-	-	-	-	-	-	-
Vehicles	22	22	-	-	-	-	-	-	-	-
Fire										
Stations	3	3	-	-	-	-	-	-	-	-
Vehicles	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	25	25	25	25	25	25	25	25	25	25

(1) Police and Fire merged into Public Safety as of 2014.
(2) Provided by the State of Michigan as certified Act 51 miles.

Sources: Various city departments.
Note: No capital asset indicators are available for the general government and economic development functions.