



CITY OF BOYNE CITY

CHARLEVIOX COUNTY, MICHIGAN

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED APRIL 30, 2018

CITY OF BOYNE CITY, MICHIGAN

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED APRIL 30, 2018

Prepared by: Finance Department

City Clerk / Treasurer

Cindy Grice

Deputy Treasurer

Michele Hewitt

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INTRODUCTORY SECTION



City of Boyne City

Founded 1856

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October 30, 2018

To Mayor Neidhamer, City Commissioners, and Citizens of Boyne City:

In accordance with State statute, provisions of the City Charter, in conformity with Generally Accepted Accounting Principles (GAAP), audited in accordance with auditing standards generally accepted in the United States and in accordance with Government Auditing Standards by a firm of Licensed certified public accountants, it is my pleasure to provide you with the comprehensive annual financial report of the City of Boyne City for the fiscal year ending April 30, 2018 (FYE 18). Responsibility for the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the City. Your City administration believes, and has made its best efforts to insure, that the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial status have been included.

In developing and monitoring the City's accounting system, significant consideration is given to the adequacy of our systems of fiscal checks and balances. Our internal accounting controls are regularly reviewed, not just by our auditors in the preparations of our annual audit, but also by the City Clerk/Treasurer and the City administration throughout the year as we examine current and propose future practices and procedures. Boyne City's administration has established a comprehensive internal framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, our comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As the City's administration, we assert that to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Public Act 2 of 1968 of the State of Michigan, as amended, requires that Boyne City's financial statements be audited by a certified public account selected by the City Commission. This requirement has been met through bidding out and retaining the services of Gabridge & Company, PLC as our independent auditors, a process that we will be repeating this fall.

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The goal of the independent audit was to provide reasonable assurance that the basic financial statements of the City for the fiscal year which ended April 30, 2018 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amount and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation.

The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Boyne City's financial statements for the fiscal year which ended April 30, 2018, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires 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 of Boyne City's MD&A can be found immediately following the report of the independent certified public accountants in the financial section and provides a narrative introduction, overview and analysis of the basic financial statements.

Profile of the Government

The City of Boyne City is a vibrant small community on the east end of beautiful Lake Charlevoix in Northwestern Michigan. November 14th of this year marks the 162nd anniversary of the arrival of the first settlers to our community. Boyne City has experienced recent growth and now some approximately 3,800 residents live here year-round. During the summer months the population grows exponentially with seasonal home owners and visitors returning to the area.

The City of Boyne City has a Commission/Manager form of government. The City is governed by the Boyne City City Commission which is made up of five at large elected non-partisan officials, including a Mayor and Mayor Pro-Tem who are in turn selected by the Commission. The Commission hires the City Manager and City Attorney and is the legislative and governing body of the City. The Commission is responsible for passing ordinances and resolutions and adopting the annual budget. The City Manager is responsible for carrying out the policies and ordinances of the Commission and overseeing the daily operations of the government.

The City of Boyne City offers a full range of quality services including police, fire and ambulance service, water, sewer, street maintenance, zoning and planning, parks and recreation, municipal marina, and a municipal airport.

The annual budget serves as a foundation for the City of Boyne City's financial planning and control for each May 1st to April 30th fiscal year. Each February, departments of the City are required to submit requests for appropriations to the City Manager and these requests are the initiation of developing the proposed budget. The City Manager then prepares and presents a proposed budget to the Commission for their consideration. Every March, an all-day budget review work session involving the City Commission, City Manager, City Clerk/Treasurer, and the other department heads is held to discuss in detail the proposed budget and any changes to it. The Commission holds public hearings in April on the

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proposed budget and adopts a final budget no later than the third week of April annually. The appropriated budget is prepared by fund and department. The City Commission approves any budget amendments that may be necessary during a fiscal year. Budget to actual comparisons are provided in this report for the general fund for which an appropriated annual budget has been adopted. The general fund, budget to actual report, is presented in the required supplemental information section of this report.

Local Economy

The Boyne City economy is strong and is experiencing an influx of new businesses and growth. Boyne City is fortunate to have a balanced economy made up of residential, commercial, and industrial components. All three of these legs which serve as the foundation for Boyne City's economic stool are doing very well at this time and there is nothing that we are aware of on the horizon which will upset that. Several new tap room/restaurants and retail shops have opened in recent years as well as a physical therapy office and art studio. New businesses have come to or expanded in the Boyne Business Park (aka Industrial Park) over the last year. Properties throughout the City continue to sell well. The Boyne City Public Schools have had an increase of over 100 students from a decade ago. In terms of continued population, student growth, and economic strength, Boyne City's ongoing successes continue to be a model for many of our peers.

Supported by a voter approved millage, the City has built a new nearly 7 million dollar facility to house the governmental offices, Police, Fire, and EMS departments. This City Facility, fully occupied in the late summer of 2017, houses most of the City of Boyne City's public meeting spaces, along with its restored 1905 tower clock and its fully operational 1917 LaFrance fire truck. The La France is the City's first motorized piece of fire equipment and its own 100th anniversary in 2017. The new City Facility builds upon the strong foundations of our community's past while preparing us for the future. Still in progress is the reorganization of the City's museum as a new regional Heritage Center to further expand upon a rich history unique to this area. More positive milestones for Boyne City.

Because Boyne City is the fastest growing city in Northern Michigan, we do face some challenges. There is a housing and employee shortage, particularly during the summer months, that while not unique to Boyne City hampers potential business growth. Quite a far cry from the experiences of the national economic downturn of nearly a decade ago.

Boyne City is a community with a vibrant downtown with a very active Main Street Program and Chamber of Commerce. Volunteers are plentiful, with thousands of hours given every year for special events and committees. The volunteers like the region itself, as represented by the City government, the schools, the Chamber of Commerce and business community, the Library, and neighbors, all work well together while striving for the greater good. Boyne City is seen as an effective leader in regional cooperation.

Boyne City's City government seeks to be frugal, efficient, open and accountable with the tax dollars and other community resources entrusted to it.

Overall the City of Boyne City is in excellent financial health. We have been and continue to make significant investments in the City and its various forms of infrastructure. That in turn has helped attract

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new citizens, businesses, and private investment. We continue to spend well within our means and when we do, we do our best to insure we obtain the best value for the dollars spent. Boyne City seeks to position itself for long term sustainability in good times and in bad, as we successfully demonstrated during the great recession.

Long-term Financial Planning

Each year the City develops goals which guide the long-range fiscal planning and serves as the framework for development of the next adopted budget. Boyne City seeks to keep moving forward and not rest on our past accomplishments. The City Commission, through an enhanced community driven goal setting process has adopted six major goals for the coming two years. They are: Be excellent stewards of taxpayer funds; Engage our Community; Increase housing availability; Protect Lake Charlevoix and the Boyne River; Keep Boyne City's economy strong and resilient; Enhance recreational opportunities in Boyne City's parks and public spaces. High priority actions are being detailed for each of these goals and each will seek to identify measurable results which will be assigned to certain parties with specific completion targets.

Relevant Financial Policies

The City of Boyne City had no new policies or changes in existing financial policies that would have made a significant impact on the current period's financial statements.

Awards and Acknowledgements

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 Boyne City for its comprehensive annual financial report (CAFR) for the fiscal year ended April 30, 2017 and is again applying for FYE 2018 that is reflected in this audit. FYE 2017 was the second year that the City of Boyne City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR 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. My congratulations to the City Clerk/Treasurer and our entire team for pursuing this higher level of public reporting.

The City of Boyne City has been the recipient of numerous other recognitions and awards. We are a Master Level and nationally accredited Main Street Community and have been designated as a Tree City and a Trail Town. We are also a Certified Local Government and we are also certified by the State of Michigan as one of their first six Redevelopment Ready Communities. All the awards and honors earned by the City of Boyne City are done so in the pursuit of providing excellent local government and services to our citizens, businesses, tax payers, and visitors.

The preparation of this report would not have been possible without the efficient and dedicated services of City Clerk/Treasurer Cindy Grice and the entire City of Boyne City team. I would like to personally

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express my appreciation to all who assisted and contributed to the preparation of this report. Appreciation is also extended to the Mayor and City Commission for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Boyne City's finances.

In closing, let me express my hope that you will find this document to be a useful tool in evaluating the City's financial health. Helping you obtain a thorough understanding of the City's financial condition is important to us all. Should you have any questions, comments, concerns, or suggestions regarding this document or the information it contains, Cindy and I are available to respond. My staff and I look forward to reviewing this information with you.

Respectfully submitted,

Michael Cain
City Manager
mcain@boynecity.com



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Boyne City
Michigan**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

April 30, 2017

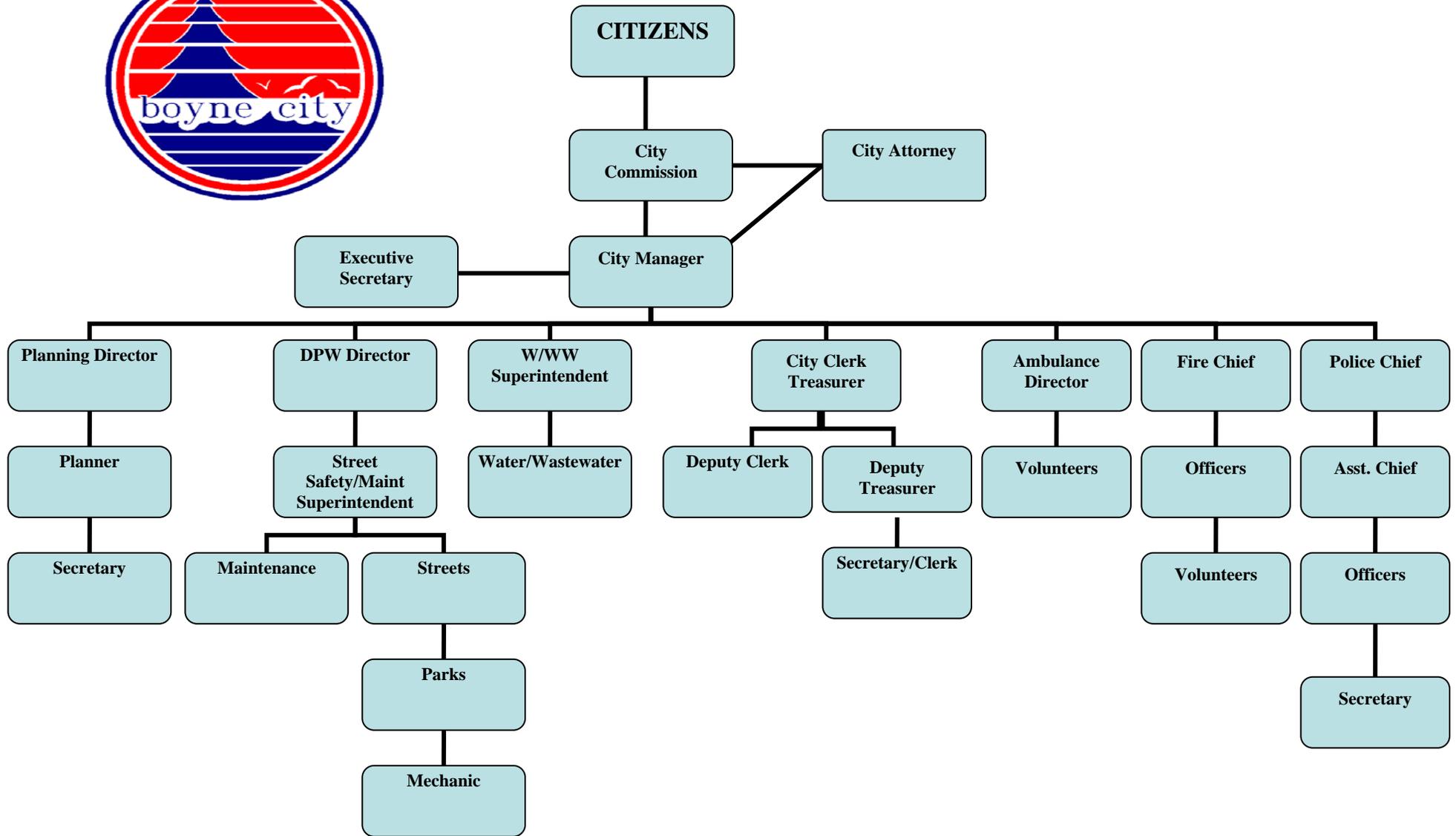
Christopher P. Morrill

Executive Director/CEO

CITY OF BOYNE CITY, MICHIGAN CITY OFFICIALS

City Commission _____	Tom Neidhamer, Mayor
_____	Ron Grunch, Mayor Pro-tem
_____	Hugh Conklin
_____	Sally Page
_____	Dean Solomon
City Manager _____	Michael Cain
City Clerk / Treasurer _____	Cindy Grice
Deputy Treasurer _____	Michele Hewitt
Executive Assistant _____	Barb Brooks
Planning / Zoning Administrator _____	Scott McPherson
Police Chief _____	Jeff Gaither
Fire Chief _____	Dennis Amesbury
Ambulance Director _____	John Lamont
Water / Waste Water Superintendent _____	Mark Fowler
Streets / Parks Superintendent _____	Vacant

Boyne City Organizational Chart



FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the City Commission
City of Boyne 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 Boyne City, Michigan (the "City") as of and for the year ended April 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Boyne City Housing Commission which represents 24 percent of the assets and deferred outflows, 17 percent of net position, and 58 percent of revenues of the discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Boyne City Housing Commission 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express

no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Boyne City, as of April 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the

auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City'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.



Gabridge & Company, PLC
Grand Rapids, Michigan
October 30, 2018

Management's Discussion and Analysis

Management's Discussion and Analysis

As management of the City of Boyne City, Michigan (The "City" or "government") we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended April 30, 2018. We encourage readers to consider the information presented here in conjunction with the financial statements.

Financial Highlights

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$25,592,680 (net position).
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$3,651,647, a decrease of \$2,165,185 in comparison with the prior year. Approximately 61.0% of this amount, or \$2,228,565, is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$2,228,565, or approximately 54.3% of total general fund expenditures and transfers out.

Overview of the Financial Statements

The discussion and analysis provided here is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents financial information on all of the City's assets, deferred outflows, liabilities, and deferred inflows, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., accrued but unpaid other postemployment benefits and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) 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, police and fire protection, streets, rubbish collection, health and welfare, community and economic development, and recreation and culture. The business-type activities of the City include water and sewer services.

The government-wide financial statements include not only the City of Boyne City itself (known as the primary government), but also a legally separate Downtown Development Authority, Local Development Finance Authority, and the Boyne City Housing Commission for which the City is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself. The Boyne City Housing Commission has separately issued financial statements, which can be obtained by contacting the Housing Commission's administrative office at 829 South Park Street, Boyne City, Michigan 49712.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general, ambulance, and city facilities construction funds, which are considered to be major funds. Data from the fire, boyne thunder, major and local streets, marina, city facilities debt fund, and airport funds is presented as a separate column as they are considered nonmajor funds.

The City adopts an annual appropriated budget for the general fund and each special revenue fund. A budgetary comparison schedule for the general fund and each major special revenue fund has been provided to demonstrate compliance with these budgets.

Proprietary Funds. The City maintains two types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprises funds to account for its water and sewer operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions.

The City uses an internal service fund to account for motor vehicle costs by allocating the cost to the funds that are using the resources. Because these services predominantly benefit governmental rather than business-type functions, they have been included within the governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer operations, both of which are considered to be major funds of the City. The internal service fund data is presented in the proprietary fund financial statements.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City reports one type of fiduciary fund, which are agency funds.

Agency funds report resources held by the City in a custodial capacity for individuals, private organizations, and other governments.

Notes to the Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City's budgetary comparison schedules and the City's pension and other post-employment benefits schedules.

This report also presents other supplementary information which includes the combining and individual fund statements. The combining statements are presented immediately following the required supplementary information on pensions.

Government-wide Overall Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$25,592,680, at the close of the most recent fiscal year.

City of Boyne City's Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
ASSETS						
<i>Current Assets</i>						
Cash and Investments	\$ 3,744,364	\$ 6,174,996	\$ 3,961,750	\$ 3,303,745	\$ 7,706,114	\$ 9,478,741
Due from Other Governmental Units	141,941	133,162	-	-	141,941	133,162
Accounts Receivable	511,921	353,155	517,621	413,167	1,029,542	766,322
Inventories	29,641	24,623	22,447	28,227	52,088	52,850
Prepaid Items	47,276	44,848	3,641	3,450	50,917	48,298
Note Receivable	-	-	-	7,074	-	7,074
Total Current Assets	4,475,143	6,730,784	4,505,459	3,755,663	8,980,602	10,486,447
<i>Noncurrent Assets</i>						
Note Receivable	-	-	-	-	-	-
Restricted Cash	-	-	475,364	534,183	475,364	534,183
Capital Assets, Net	19,208,474	16,769,046	10,740,466	11,254,562	29,948,940	28,023,608
Total Assets	23,683,617	23,499,830	15,721,289	15,544,408	39,404,906	39,044,238
DEFERRED OUTFLOWS OF RESOURCES						
Pension	147,776	258,803	29,761	29,752	177,537	288,555
LIABILITIES						
<i>Current Liabilities</i>						
Accounts Payable	98,202	222,742	43,827	14,376	142,029	237,118
Payroll Liabilities	37,338	28,682	6,854	4,736	44,192	33,418
Current Portion of Compensated Absences	94,414	84,831	5,624	5,336	100,038	90,167
Customer Deposits	1,075	1,225	15,029	16,079	16,104	17,304
Unearned Revenue	208,351	220,070	-	-	208,351	220,070
Accrued Interest	-	-	7,759	8,475	7,759	8,475
Current Portion of Long-term Debt	240,000	220,000	540,000	530,000	780,000	750,000
Total Current Liabilities	679,380	777,550	619,093	579,002	1,298,473	1,356,552
<i>Noncurrent Liabilities</i>						
Other Post Employment Benefits	97,536	56,872	-	-	97,536	56,872
Compensated Absences	80,427	72,263	4,790	4,544	85,217	76,807
Long-term Debt	6,595,041	6,843,201	3,748,091	4,288,091	10,343,132	11,131,292
Net Pension Liability	1,677,483	2,122,211	337,838	243,973	2,015,321	2,366,184
Total Liabilities	9,129,867	9,872,097	4,709,812	5,115,610	13,839,679	14,987,707
DEFERRED INFLOWS						
Pension	124,925	380,841	25,159	43,782	150,084	424,623
Total Deferred Inflows	124,925	380,841	25,159	43,782	150,084	424,623
NET POSITION						
Net Investment in Capital Assets	12,614,764	12,463,814	6,452,375	6,436,471	19,067,139	18,900,285
Restricted	1,336,327	3,702,074	475,364	534,183	1,811,691	4,236,257
Unrestricted	625,510	(2,660,193)	4,088,340	3,444,114	4,713,850	783,921
Total Net Position	\$ 14,576,601	\$ 13,505,695	\$ 11,016,079	\$ 10,414,768	\$ 25,592,680	\$ 23,920,463

The largest portion of the City's net position of \$19,067,139 (74.5%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure), less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, \$1,811,691 (7.1%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$4,713,850 is unrestricted net position.

Cash and investments decreased significantly during the year, from \$9,478,741 as of April 30, 2017 to \$7,706,114 as of April 30, 2018. The primary reason for this is the capital asset additions of \$3,532,982 that were paid for during the year. Accordingly, capital assets increased, net of depreciation and disposals, by \$1,925,332. See the capital asset footnote (Note 4) for more information.

The City's net pension liability decreased from \$2,366,184 as of April 30, 2017 to \$2,015,321 as of April 30, 2018. The pension related deferrals also showed significant changes during the year. The aggregate change of the net pension liability and the pension related deferrals led to a decrease of expenses within governmental activities of \$589,617 and an increase in expenses within business-type activities of \$75,233 that was recognized during the year. See the defined benefit pension plan footnote for more information regarding the City's pension expense and the makeup of the changes in the net pension liability.

The City's overall net position increased \$1,672,217 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

Governmental Activities. Governmental activities increased the City's net position by \$1,070,906. The total increase was the result of total revenues of \$7,281,638 less total expenses of \$6,210,732.

Capital grants and contributions decreased from \$113,522 during the year ended April 30, 2017 to \$0 during 2018 because of one-time capital grant revenues provided by the Michigan Department of Transportation to finance various street and non-motorized pathway improvements during 2017. These projects were completed during 2017.

The City had an increase in property tax revenues, from \$3,293,985 to \$3,581,763. This is largely a result of increased taxable values within the City, from \$182,057,408 during 2017 to \$184,749,876 during 2018, as well as an increase in the voter approved debt service millage from 1.32 mills in 2017 to 2.30 mills in 2018.

Business-type Activities. Business-type activities increased the City's net position by \$601,311. The total increase was a result of a rate increase of 3% that went into effect on May 1, 2017 as well as approximately \$96,221 of additional revenues recognized from new developments placed in service during 2018. Expenses showed a similar increase primarily due to the additional expenses associated with expanding services during the year.

City of Boyne City's Changes in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Revenue						
Program Revenues						
Charges for Services	\$ 2,430,719	\$ 2,056,242	\$ 2,274,917	\$ 2,026,137	\$ 4,705,636	\$ 4,082,379
Operating Grants and Contributions	834,898	648,601	-	-	834,898	648,601
Capital Grants and Contributions	-	113,522	-	-	-	113,522
Total Program Revenues	<u>3,265,617</u>	<u>2,818,365</u>	<u>2,274,917</u>	<u>2,026,137</u>	<u>5,540,534</u>	<u>4,844,502</u>
General Revenues						
Property Taxes	3,581,763	3,293,985	-	-	3,581,763	3,293,985
State Revenue Sharing	365,090	408,974	-	-	365,090	408,974
Interest Income	69,168	39,136	1,401	3,670	70,569	42,806
Total General Revenues and Transfers	<u>4,016,021</u>	<u>3,742,095</u>	<u>1,401</u>	<u>3,670</u>	<u>4,017,422</u>	<u>3,745,765</u>
Total Revenues	<u>7,281,638</u>	<u>6,560,460</u>	<u>2,276,318</u>	<u>2,029,807</u>	<u>9,557,956</u>	<u>8,590,267</u>
Expenses						
Legislative	19,964	19,082	-	-	19,964	19,082
General Government	1,019,267	1,282,401	-	-	1,019,267	1,282,401
Public Safety	901,292	925,056	-	-	901,292	925,056
Public Works	1,931,913	1,711,115	-	-	1,931,913	1,711,115
Community and Economic Development	194,117	282,398	-	-	194,117	282,398
Recreation and Culture	884,893	845,394	-	-	884,893	845,394
Health and Welfare	1,046,328	1,017,676	-	-	1,046,328	1,017,676
Other Functions	35,580	40,691	-	-	35,580	40,691
Interest on Long-term Debt	177,378	199,673	-	-	177,378	199,673
Water and Sewer Operations	-	-	1,675,007	1,508,478	1,675,007	1,508,478
Total Expenses	<u>6,210,732</u>	<u>6,323,486</u>	<u>1,675,007</u>	<u>1,508,478</u>	<u>7,885,739</u>	<u>7,831,964</u>
Change in Net Position	<u>1,070,906</u>	<u>236,974</u>	<u>601,311</u>	<u>521,329</u>	<u>1,672,217</u>	<u>758,303</u>
<i>Net Position at the Beginning of Period</i>	<u>13,505,695</u>	<u>13,268,721</u>	<u>10,414,768</u>	<u>9,893,439</u>	<u>23,920,463</u>	<u>23,162,160</u>
Net Position at the End of Period	<u>\$ 14,576,601</u>	<u>\$ 13,505,695</u>	<u>\$ 11,016,079</u>	<u>\$ 10,414,768</u>	<u>\$ 25,592,680</u>	<u>\$ 23,920,463</u>

Financial Analysis of Governmental Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City's Commission.

At April 30, 2018, the City's governmental funds reported combined fund balances of \$3,651,647, a decrease of \$2,165,185 in comparison with the prior year. Approximately 61.0% of this amount, or \$2,228,565, constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is either *nonspendable*, *assigned*, or *restricted* to indicate that it is: 1) not in spendable form, \$56,691 for inventories and prepaid items, or 2) restricted for particular purposes, \$1,316,321 for major and local streets and capital improvement projects, or 3) assigned, \$50,070 for various purposes.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$2,228,565 while total fund balance increased to \$2,293,457. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents approximately 54.3% of total general fund expenditures and transfers out while total fund balance represents approximately 55.9% of that same amount.

The fund balance of the City's general fund decreased by \$36,295 during the current fiscal year. This compares to an increase of \$818,902 in 2017. The primary reason for the current year decrease in general fund balance relates to transfers out of \$1,121,276, most of which was used to subsidize the repair and maintenance of several City streets.

The ambulance fund, a major fund, had a \$100,972 increase in fund balance during the current fiscal year which put the overall fund balance at \$242,566. Revenues were similar to operating expenditures during the year. The current year increase in fund balance was generated by a transfer in from the general fund of \$132,732.

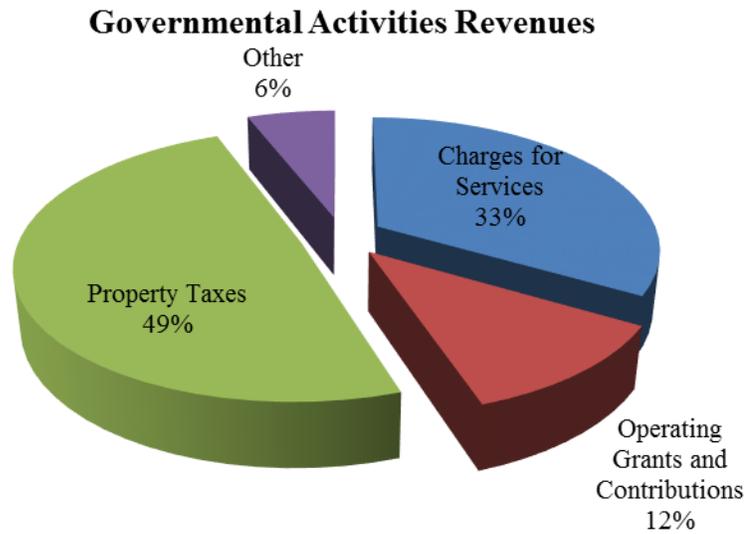
The city facilities construction fund, a major fund, had a \$2,516,638 decrease in fund balance during the current fiscal year which put the overall fund balance at \$241,331. The decrease in fund balance is a result capital outlay expenditures paid for the current year construction costs of the new city hall facility in the amount of \$2,537,512.

Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

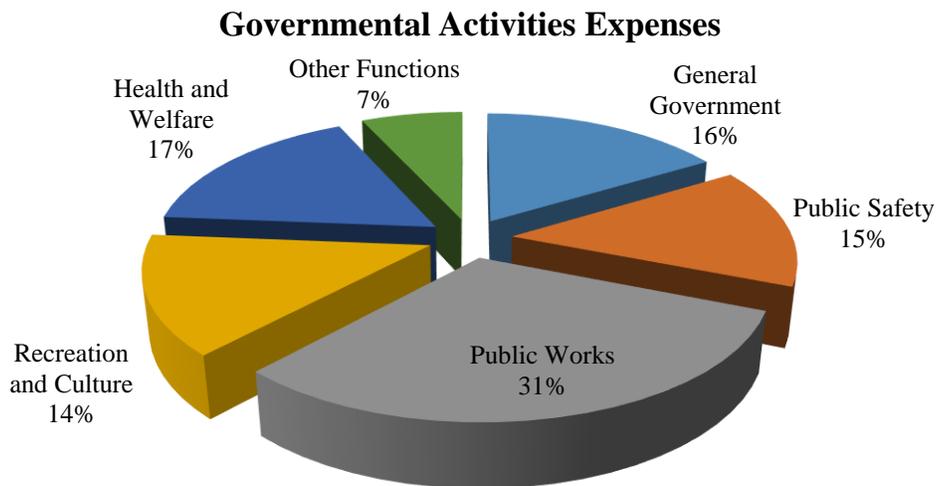
Unrestricted net position at the end of the year was \$1,037,386 for the water fund and \$3,050,954 for the sewer fund. The increase in net position was \$57,582 for the water fund and \$543,729 for the sewer fund.

Governmental Activities

The following chart summarizes the revenue sources for the governmental activities of the City for the most recent fiscal year end.



The following chart summarizes the expenses for the governmental activities of the City for the most recent fiscal year end.



General Fund Budgetary Highlights

Original budget compared to final budget. During the year the budget amendments were relatively minor, with the exception of increased property tax revenues resulting from a larger than expected personal property tax reimbursement received from the Local Community Stabilization Authority.

Final budget compared to actual results. During the current fiscal year the City had the following expenditures in excess of the appropriated amounts in the general fund.

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
General Fund			
Legislative Services	\$ 18,227	\$ 19,964	\$ (1,737)
Assessment / Taxes	63,098	66,285	(3,187)
Police Department	674,914	680,095	(5,181)
Planning	190,110	191,162	(1,052)
Museum	1,315	2,602	(1,287)
Transfers Out	1,073,538	1,121,276	(47,738)

Capital Assets and Debt Administration

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of April 30, 2018, amounts to \$29,948,940 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery, equipment, vehicles, and water and sewer infrastructure. The following summarizes the City's capital assets:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Primary Government</u>
Land	\$ 1,007,117	\$ -	\$ 1,007,117
Land Improvements	1,845,022	-	1,845,022
Infrastructure	9,609,965	-	9,609,965
Buildings and Improvements	11,598,077	-	11,598,077
Vehicles and Equipment	4,123,793	490,328	4,614,121
Furniture and Fixtures	115,104	-	115,104
Water System	-	7,029,845	7,029,845
Sewer System	-	13,437,266	13,437,266
Total Capital Assets	<u>28,299,078</u>	<u>20,957,439</u>	<u>49,256,517</u>
Less: Accumulated Depreciation	9,090,604	10,216,973	19,307,577
Capital Assets, Net	<u>\$ 19,208,474</u>	<u>\$ 10,740,466</u>	<u>\$ 29,948,940</u>

More detailed information about the City's capital assets can be found in note 4.

Long-term Debt

As described in note 6 to the financial statements, the City had \$11,123,132 in long-term debt at the end of the fiscal year. The City is well under its legal debt limit as of year-end.

Economic Condition and Outlook

Management believes, based in part on the information presented in this audit, that the economic condition and outlook for the City of Boyne City is good and will remain so for the foreseeable future minus some significant negative external factors.

Boyne City continues to invest heavily in its future. Since the last years audit the first phase of the long discussed marina expansion has been completed. That first phase costing over \$500,000 is the initial part of the new floating break wall (wave attenuator) from which the remaining some \$3.5 million dollars of improvements that will more than double the marina's capacity will follow. Determining how the balance of those improvements will be funded is a major focus of study and discussion during the current and future fiscal years.

For the first time in some twenty years a citizen requested special assessment district (SAD) has been established in Boyne City. Requested by the majority of property owners on a section of West Michigan and Woodland Streets a new district was set up to provide for the installation of a water main that will allow homes along those road sections to connect to the City water system for the first time. The extended water system will also include new fire hydrants for enhanced fire protection, and possibly lower insurance rates. An example of the citizens and their government working together for the common good.

The acquisition of the Open Space property on North Lake Street, across from Family Fare, is an exciting opportunity that is set to become a reality in November 2018. The City has been approved for a significant grant of about 74% of the price to help purchase this much desired waterfront property from the Michigan Natural Resources Trust Fund with an additional grant coming from the Charlevoix County Community Foundation. After considering various options for funding the remaining balance necessary to purchase the property, including asking the voters for an additional millage to fill the gap, the City determined that it will use funds available in its unassigned fund balance to complete the acquisition. While this will further reduce the City's available fund balance, it still leaves it in an acceptable range.

The City is also excited about several other opportunities. The first two phases of the expansion of the Veterans Park pavilion have been completed and a third phase, which will allow the facility to be enclosed during inclement weather, is currently underway. We are also creating new trails in conjunction with neighboring Townships and further developing our parks. These are all great opportunities and as they continue to move forward will require significant resources. We continue to look to grants and partnerships to help spread the costs and better leverage our available resources. When these projects are undertaken and how they will be funded are matters to be considered carefully to protect the progress Boyne City has made over the years and keep us on the path for future successes.

As noted in previous reports our recent audits look significantly different than ones before them because of the recent requirements that further pension liabilities be shown directly on our books. The good news is that Boyne City has taken actions to help address this matter well over a decade ago and our 77% funded rate is fairly strong among local governments in the region. However, pension funding is expected to increase sharply through 2023 to get us through the bubble of retirees under the old program so we cannot ignore or let up on our efforts to control costs in this or other areas of the organization; quite the opposite. Given our reduced unassigned fund balance reserves, we will have to step up our efforts even further to make sure we are using every dollar of available resources as wisely as possible.

Both the national and state economies continue to experience good growth. There has been continued development and investment occurring over both the commercial and residential portions of the community. New businesses and investments continue to take place downtown and throughout the City. Improvement and inquiries continue to increase in the residential, commercial and industrial segments of the City. A significant challenge is finding enough qualified employees to handle the needs of businesses. New this year is a concern regarding whether the past few years of a fairly strong economy will continue. What long term impacts the trade skirmishes with other countries, rising interest rates, housing shortages, and worker shortages will have is yet to be seen and something to try and keep an eye on.

Private developments are building off a stronger overall economy and the investments in infrastructure the City continues to make. As noted above, the City continues to improve its roads and other infrastructure to continually help make Boyne City a better place to live, visit and do business.

This year's mid-term elections and some of the ballot issues could have major implications regarding policies coming down from both Washington and Lansing. We know for sure we will have a new Governor with his or her new set of priorities to understand and deal with. Lansing's revised policies regarding water system service leads and who is responsible for them could have huge economic impacts on communities across the State, including Boyne City. If the recent policy changes from the MDEQ on this matter stand it will be one of, if not, the largest unfunded mandates passed onto local governments in Michigan's history resulting in possibly delayed or canceled projects and/or utility rate increases to cover the additional costs.

On another possible negative front, legislation continues to be mentioned from time to time in Lansing which could have further implications on Tax Increment Financing (TIF) districts like those which fund much of our activities both downtown and in our business park. With libraries now having the ability to opt out of these funding districts it is a constant worry on who may be next. While there might be short-term benefits for taxing jurisdictions to opt out, losing this long-term generator of growth not only in the district but in the entire community would be a long-term loss for all involved. We will be keeping a watchful eye on this possibility for the foreseeable future.

Overall, it is management's opinion that the City of Boyne City continues to make great progress, remains strong and is poised for future successes and growth if it continues to nurture its resources wisely.

Contacting the City

This financial report is designed to provide a general overview of the City's finances to its citizens, customers, investors, and creditors and to demonstrate the City's accountability for the resources it receives. Questions regarding any information provided in this report or requests for additional financial information should be addressed to:

The City of Boyne City
319 North Lake Street
Boyne City, MI 49712

Or by contacting Cindy Grice, 231.582.6597 or cgrice@boynecity.com

Basic Financial Statements

City of Boyne City
Statement of Net Position
April 30, 2018

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
<i>Current Assets</i>				
Cash and Investments	\$ 3,744,364	\$ 3,961,750	\$ 7,706,114	\$ 1,631,827
Due from Other Governmental Units	141,941	--	141,941	--
Accounts Receivable	511,921	517,621	1,029,542	6,412
Inventories	29,641	22,447	52,088	1,523
Prepaid Items	47,276	3,641	50,917	12,515
Total Current Assets	4,475,143	4,505,459	8,980,602	1,652,277
<i>Noncurrent Assets</i>				
Restricted Cash - Bond Reserve	--	428,809	428,809	--
Restricted Cash - Bond Interest	--	46,555	46,555	--
Capital Assets not being Depreciated	964,470	--	964,470	1,085,686
Capital Assets being Depreciated	18,244,004	10,740,466	28,984,470	3,430,046
Total Assets	23,683,617	15,721,289	39,404,906	6,168,009
DEFERRED OUTFLOWS OF RESOURCES				
Pension	147,776	29,761	177,537	56,179
Total Deferred Outflows of Resources	147,776	29,761	177,537	56,179
LIABILITIES				
<i>Current Liabilities</i>				
Accounts Payable	98,202	43,827	142,029	1,729
Payroll Liabilities	37,338	6,854	44,192	17,310
Current Portion of Compensated Absences	94,414	5,624	100,038	4,241
Customer Deposits	1,075	15,029	16,104	29,769
Accrued Interest	--	7,759	7,759	10
Unearned Revenue	208,351	--	208,351	432
Current Portion of Long-term Debt	240,000	540,000	780,000	7,424
Total Current Liabilities	679,380	619,093	1,298,473	60,915
<i>Noncurrent Liabilities</i>				
Other Post Employment Benefits	97,536	--	97,536	--
Long-term Debt	6,595,041	3,748,091	10,343,132	--
Compensated Absences	80,427	4,790	85,217	4,907
Net Pension Liability	1,677,483	337,838	2,015,321	488,575
Total Liabilities	9,129,867	4,709,812	13,839,679	554,397
DEFERRED INFLOWS OF RESOURCES				
Pension	124,925	25,159	150,084	1,346
Total Deferred Inflows of Resources	124,925	25,159	150,084	1,346
NET POSITION				
Net Investment in Capital Assets	12,614,764	6,452,375	19,067,139	4,508,308
<i>Restricted for:</i>				
Streets	182,559	--	182,559	--
Debt Service	--	475,364	475,364	--
Capital Projects	241,331	--	241,331	--
Health and Welfare	242,566	--	242,566	--
Public Safety	321,035	--	321,035	--
Public Works	72,070	--	72,070	--
Health and Welfare	276,766	--	276,766	--
<i>Unrestricted</i>	625,510	4,088,340	4,713,850	1,160,137
Total Net Position	\$ 14,576,601	\$ 11,016,079	\$ 25,592,680	\$ 5,668,445

The Notes to the Financial Statements are an integral part of these Financial Statements

**City of Boyne City
Statement of Activities
For the Year Ended April 30, 2018**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Primary Government								
Governmental Activities:								
General Government	\$ 1,019,267	\$ 273,719	\$ 154	\$ --	\$ (745,394)	\$ --	\$ (745,394)	\$ --
Public Safety	901,292	253,856	13,931	--	(633,505)	--	(633,505)	--
Public Works	1,931,913	264,551	648,056	--	(1,019,306)	--	(1,019,306)	--
Community and Economic Development	194,117	70,104	--	--	(124,013)	--	(124,013)	--
Recreation and Culture	884,893	616,046	169,116	--	(99,731)	--	(99,731)	--
Health and Welfare	1,046,328	952,443	3,641	--	(90,244)	--	(90,244)	--
Legislative	19,964	--	--	--	(19,964)	--	(19,964)	--
Other Functions	35,580	--	--	--	(35,580)	--	(35,580)	--
Interest on Long-term Debt	177,378	--	--	--	(177,378)	--	(177,378)	--
Total Governmental Activities	6,210,732	2,430,719	834,898	--	(2,945,115)	--	(2,945,115)	--
Business-type Activities:								
Sewer	1,036,219	1,578,547	--	--	--	542,328	542,328	--
Water	638,788	696,370	--	--	--	57,582	57,582	--
Total Business-type Activities	1,675,007	2,274,917	--	--	--	599,910	599,910	--
Total Primary Government	\$ 7,885,739	\$ 4,705,636	\$ 834,898	\$ --	\$ (2,945,115)	\$ 599,910	\$ (2,345,205)	--
Component Units								
Downtown Development Authority	\$ 260,668	\$ 60,900	\$ 5,195	\$ --	--	--	--	(194,573)
Local Development Finance Authority	106,401	--	--	--	--	--	--	(106,401)
Boyne City Housing Commission 9/30/2017	886,748	286,761	393,703	--	--	--	--	(206,284)
Total Component Units	\$ 1,253,817	\$ 347,661	\$ 398,898	\$ --	--	--	--	(507,258)
General Purpose Revenues:								
Revenues								
Property Taxes					3,581,763	--	3,581,763	430,887
Interest and Rentals					69,168	1,401	70,569	94
Intergovernmental Revenues					365,090	--	365,090	--
Total General Revenues					4,016,021	1,401	4,017,422	430,981
Change in Net Position					1,070,906	601,311	1,672,217	(76,277)
<i>Net Position at Beginning of Period</i>					13,505,695	10,414,768	23,920,463	5,744,722
Net Position at End of Period					\$ 14,576,601	\$ 11,016,079	\$ 25,592,680	\$ 5,668,445

The Notes to the Financial Statements are an integral part of these Financial Statements

**City of Boyne City
Balance Sheet
Governmental Funds
April 30, 2018**

	<u>General</u>	<u>Special Revenue Ambulance</u>	<u>Capital Projects City Facilities Construction Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Investments	\$ 2,230,606	\$ --	\$ 249,948	\$ 797,669	\$ 3,278,223
Due from Other Governmental Units	57,748	--	--	84,193	141,941
Accounts Receivable	19,826	267,166	--	224,929	511,921
Inventories	--	--	--	13,056	13,056
Prepaid Items	36,685	1,324	--	5,626	43,635
Due from Other Funds	--	--	--	1,702	1,702
Total Assets	\$ 2,344,865	\$ 268,490	\$ 249,948	\$ 1,127,175	\$ 3,990,478
LIABILITIES					
Accounts Payable	\$ 21,983	\$ 24,313	\$ 8,617	\$ 35,452	\$ 90,365
Payroll Liabilities	29,425	1,611	--	6,302	37,338
Customer Deposits	--	--	--	1,075	1,075
Unearned Revenue	--	--	--	208,351	208,351
Due to Other Funds	--	--	--	1,702	1,702
Total Liabilities	51,408	25,924	8,617	252,882	338,831
FUND BALANCE					
Nonspendable	36,685	1,324	--	18,682	56,691
Restricted	--	241,242	241,331	833,748	1,316,321
Assigned	28,207	--	--	21,863	50,070
Unassigned	2,228,565	--	--	--	2,228,565
Total Fund Balance	2,293,457	242,566	241,331	874,293	3,651,647
Total Liabilities and Fund Balance	\$ 2,344,865	\$ 268,490	\$ 249,948	\$ 1,127,175	\$ 3,990,478

The Notes to the Financial Statements are an integral part of these Financial Statements

City of Boyne City
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
April 30, 2018

Total Fund Balance - Governmental Funds	\$	3,651,647
Net position of internal service funds that are treated as proprietary in the fund level statements are treated as governmental in the entity-wide statements.		1,366,796
General government capital assets of \$26,231,176, net of accumulated depreciation of \$7,910,968, are not financial resources, and accordingly are not reported in the funds.		18,320,208
Certain liabilities are not due and payable in the current period and, therefore, are not reported in the funds. This is the City's outstanding bonds payable, and related premiums, as of year-end.		(6,835,041)
Other post-employment benefits are not due and payable in the current period and, therefore, are not reported in the funds.		(97,536)
Compensated absences are not due in and payable in the current period and, therefore, are not reported in the funds.		(174,841)
The City's net pension liability, and pension related deferred outflows and inflows of resources, related to its participation in the MERS defined benefit pension plan are not recorded in the governmental funds but are recorded in the statement of net position.		(1,654,632)
Total Net Position - Governmental Funds	\$	<u>14,576,601</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

City of Boyne City
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended April 30, 2018

	<u>Special Revenue</u>		<u>Capital Projects</u>		<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>Ambulance</u>	<u>City Facilities Construction Fund</u>			
Revenues						
Property Taxes	\$ 2,998,775	\$ --	\$ --	\$ 582,985	\$ 3,581,760	
Licenses and Permits	18,406	--	--	--	18,406	
Intergovernmental Revenues	367,148	--	--	648,056	1,015,204	
Charges for Services	366,650	952,443	--	880,393	2,199,486	
Fine and Forfeitures	6,521	--	--	--	6,521	
Other Revenues	289,475	3,641	--	--	293,116	
Interest and Rentals	18,238	--	20,874	43,516	82,628	
Total Revenues	<u>4,065,213</u>	<u>956,084</u>	<u>20,874</u>	<u>2,154,950</u>	<u>7,197,121</u>	
Expenditures						
Legislative	19,964	--	--	--	19,964	
General Government	1,086,596	--	--	--	1,086,596	
Public Safety	680,095	--	--	191,051	871,146	
Public Works	54,602	--	--	1,485,610	1,540,212	
Health and Welfare	--	987,844	--	--	987,844	
Community and Economic Development	194,117	--	--	--	194,117	
Recreation and Culture	353,997	--	--	503,428	857,425	
Other Functions	35,580	--	--	--	35,580	
Capital Outlay	555,281	--	2,537,512	271,091	3,363,884	
Debt Service - Principal	--	--	--	228,160	228,160	
Debt Service - Interest	--	--	--	177,378	177,378	
Total Expenditures	<u>2,980,232</u>	<u>987,844</u>	<u>2,537,512</u>	<u>2,856,718</u>	<u>9,362,306</u>	
Excess of Revenues Over (Under) Expenditures	<u>1,084,981</u>	<u>(31,760)</u>	<u>(2,516,638)</u>	<u>(701,768)</u>	<u>(2,165,185)</u>	
Other Financing Sources (Uses)						
Transfers In	--	132,732	--	988,544	1,121,276	
Transfers Out	(1,121,276)	--	--	--	(1,121,276)	
Net Other Financing Sources (Uses)	<u>(1,121,276)</u>	<u>132,732</u>	<u>--</u>	<u>988,544</u>	<u>--</u>	
Net Change in Fund Balance	(36,295)	100,972	(2,516,638)	286,776	(2,165,185)	
<i>Fund Balance at Beginning of Period</i>	2,329,752	141,594	2,757,969	587,517	5,816,832	
Fund Balance at End of Period	<u>\$ 2,293,457</u>	<u>\$ 242,566</u>	<u>\$ 241,331</u>	<u>\$ 874,293</u>	<u>\$ 3,651,647</u>	

The Notes to the Financial Statements are an integral part of these Financial Statements

City of Boyne City
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and
Changes in Fund Balance with Statement of Activities
For the Year Ended April 30, 2018

Total Net Change in Fund Balances - Governmental Funds	\$	(2,165,185)
Changes in net position of internal service funds that are treated as enterprise fund changes in net position in the fund level statements are treated as governmental fund changes in net position in the entity-wide statements.		84,517
Governmental fund report capital outlay as expenditures; however, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense. This is the amount by which capital outlay expenditures of \$3,363,884 is in excess of depreciation expense of \$971,676.		2,392,208
In the statement of activities, an expense is recorded for other post-employment benefits (OPEB) to adjust net OPEB obligation to the actuarial determined amount less any contributions to fund the obligation. This is the difference between the prior year and the current year net OPEB obligation.		(40,664)
Long-term debt payments are reported as financing uses in the governmental funds and thus contribute to the change in fund balance. However, long-term debt payments reduce long-term liabilities on the statement of net position. This represents the amount of long-term debt principal payments made during the year and amortization of the bond premium over the year.		228,160
Change to compensated absences are not shown in the fund financial statements. The net effect of the current year increase is to decrease net position.		(17,747)
Changes in the City's net pension liability, deferred outflows of resources, and deferred inflows of resources for the current year are not reported in the governmental funds but are reported in the statement of activities.		589,617
Changes in Net Position - Governmental Funds	\$	<u>1,070,906</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

**City of Boyne City
Statement of Net Position
Proprietary Funds
April 30, 2018**

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities Internal Service Fund</u>
	<u>Sewer</u>	<u>Water</u>	<u>Total Enterprise Funds</u>	
ASSETS				
<i>Current Assets</i>				
Cash and Investments	\$ 2,901,281	\$ 1,060,469	\$ 3,961,750	\$ 466,141
Accounts Receivable	375,958	141,663	517,621	--
Inventories	1,929	20,518	22,447	16,585
Prepaid Items	2,648	993	3,641	3,641
Total Current Assets	3,281,816	1,223,643	4,505,459	486,367
<i>Noncurrent Assets</i>				
Restricted Cash - Bond Reserve	375,809	53,000	428,809	--
Restricted Cash - Bond Interest	39,930	6,625	46,555	--
Capital Assets being Depreciated	9,050,904	1,689,562	10,740,466	888,266
Total Assets	12,748,459	2,972,830	15,721,289	1,374,633
DEFERRED OUTFLOWS OF RESOURCES				
Pension	14,985	14,776	29,761	--
Total Deferred Outflows of Resources	14,985	14,776	29,761	--
LIABILITIES				
<i>Current Liabilities</i>				
Accounts Payable	37,584	6,243	43,827	7,837
Payroll Liabilities	3,595	3,259	6,854	--
Current Portion of Compensated Absences	2,653	2,971	5,624	--
Customer Deposits	10,324	4,705	15,029	--
Accrued Interest	6,655	1,104	7,759	--
Current Portion of Long-term Debt	440,000	100,000	540,000	--
Total Current Liabilities	500,811	118,282	619,093	7,837
<i>Noncurrent Liabilities</i>				
Long-term Debt	3,318,091	430,000	3,748,091	--
Compensated Absences	2,260	2,530	4,790	--
Net Pension Liability	170,108	167,730	337,838	--
Total Liabilities	3,991,270	718,542	4,709,812	7,837
DEFERRED INFLOWS OF RESOURCES				
Pension	12,668	12,491	25,159	--
Total Deferred Inflows of Resources	12,668	12,491	25,159	--
NET POSITION				
Net Investment in Capital Assets	5,292,813	1,159,562	6,452,375	888,266
<i>Restricted for:</i>				
Debt Service	415,739	59,625	475,364	--
<i>Unrestricted</i>	3,050,954	1,037,386	4,088,340	478,530
Total Net Position	\$ 8,759,506	\$ 2,256,573	\$ 11,016,079	\$ 1,366,796

The Notes to the Financial Statements are an integral part of these Financial Statements

City of Boyne City
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended April 30, 2018

	<u>Business-type Activities - Enterprise Funds</u>			Governmental
	<u>Sewer</u>	<u>Water</u>	<u>Total Enterprise Funds</u>	Activities Internal Service Fund
Operating Revenues				
Charges for Services	\$ 1,352,783	\$ 696,370	\$ 2,049,153	\$ 351,841
Other Revenues	--	--	--	6,708
Total Operating Revenues	<u>1,352,783</u>	<u>696,370</u>	<u>2,049,153</u>	<u>358,549</u>
Operating Expenses				
Contractual Services	162,551	63,709	226,260	76,452
Personal	232,583	221,785	454,368	6,294
Supplies	50,667	42,288	92,955	26,110
Utilities	126,336	56,769	183,105	41,697
Repair and Maintenance	69,238	30,966	100,204	1,599
Depreciation Expense	306,298	207,798	514,096	121,878
Total Operating Expenses	<u>947,673</u>	<u>623,315</u>	<u>1,570,988</u>	<u>274,030</u>
Operating Income (Loss)	<u>405,110</u>	<u>73,055</u>	<u>478,165</u>	<u>84,519</u>
Non-Operating Revenues (Expenses)				
Interest Income	1,401	--	1,401	--
Debt Service Charges	225,764	--	225,764	--
Interest Expense	(88,546)	(15,473)	(104,019)	(2)
Net Non-Operating Revenues (Expenses)	<u>138,619</u>	<u>(15,473)</u>	<u>123,146</u>	<u>(2)</u>
Change In Net Position	543,729	57,582	601,311	84,517
<i>Net Position at Beginning of Period</i>	8,215,777	2,198,991	10,414,768	1,282,279
Net Position at End of Period	<u>\$ 8,759,506</u>	<u>\$ 2,256,573</u>	<u>\$ 11,016,079</u>	<u>\$ 1,366,796</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

City of Boyne City
Statement of Cash Flows
Proprietary Funds
For the Year Ended April 30, 2018

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities</u>
	<u>Sewer</u>	<u>Water</u>	<u>Total Enterprise Funds</u>	<u>Internal Service - Motor Pool</u>
Cash Flows from Operating Activities				
Cash Received from Customers	\$ 1,245,413	\$ 698,236	\$ 1,943,649	\$ 358,549
Cash Payments to Employees for Services and Fringe Benefits	(123,138)	(25,237)	(148,375)	(76,542)
Cash Payments to Suppliers for Goods and Services	(448,227)	(347,365)	(795,592)	(76,166)
<i>Net Cash Provided by Operating Activities</i>	<u>674,048</u>	<u>325,634</u>	<u>999,682</u>	<u>205,841</u>
Cash Flows from Capital and Related Financing Activities				
Debt Service Charges	225,764	-	225,764	-
Interest Expense	(88,991)	(15,744)	(104,735)	(2)
Principal Payment on Long-term Debt	(430,000)	(100,000)	(530,000)	-
Cash Received from Notes Receivable Collections	7,074	-	7,074	-
Purchases of Capital Assets	-	-	-	(169,098)
<i>Net Cash Used by Capital and Related Financing Activities</i>	<u>(286,153)</u>	<u>(115,744)</u>	<u>(401,897)</u>	<u>(169,100)</u>
Cash Flows from Investing Activities				
Interest on Investments	1,401	-	1,401	-
<i>Net Cash Provided by Investing Activities</i>	<u>1,401</u>	<u>-</u>	<u>1,401</u>	<u>-</u>
<i>Net Increase in Cash and Equivalents</i>	389,296	209,890	599,186	36,741
<i>Cash and Equivalents - Beginning of Year</i>	2,927,724	910,204	3,837,928	429,400
<i>Cash and Equivalents - End of Year</i>	<u>\$ 3,317,020</u>	<u>\$ 1,120,094</u>	<u>\$ 4,437,114</u>	<u>\$ 466,141</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

City of Boyne City
Statement of Cash Flows
Proprietary Funds
For the Year Ended April 30, 2018

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities</u>
	<u>Sewer</u>	<u>Water</u>	<u>Total Enterprise Funds</u>	<u>Internal Service - Motor Pool</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating Income	\$ 405,110	\$ 73,055	\$ 478,165	\$ 84,519
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities				
Depreciation Expense	306,298	207,798	514,096	121,878
Changes in Assets & Liabilities				
Accounts Receivable	(106,845)	2,391	(104,454)	-
Prepaid Items	(139)	(52)	(191)	(191)
Inventories	1,977	3,803	5,780	(5,058)
Accounts Payable	28,759	692	29,451	4,783
Payroll Liabilities	1,611	507	2,118	(90)
Customer Deposits	(525)	(525)	(1,050)	-
Net Pension Liability and Pension Related Deferrals	37,829	37,404	75,233	-
Compensated Absences	(27)	561	534	-
Net Cash Provided by Operating Activities	<u>\$ 674,048</u>	<u>\$ 325,634</u>	<u>\$ 999,682</u>	<u>205,841</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

City of Boyne City
Statement of Fiduciary Net Position
Fiduciary Funds
April 30, 2018

	<u>Agency Funds</u>
ASSETS	
Cash and Investments	\$ 30,794
<i>Total Assets</i>	<u>30,794</u>
LIABILITIES	
Due to Other Governmental Units	30,794
<i>Total Liabilities</i>	<u>\$ 30,794</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

City of Boyne City
Combining Statement of Net Position
Component Units
April 30, 2018

	<u>Downtown Development Authority</u>	<u>Local Development Finance Authority</u>	<u>Boyne City Housing Commission 9/30/2017</u>	<u>Total Component Units</u>
ASSETS				
<i>Current Assets</i>				
Cash and Investments	\$ 389,611	\$ 1,017,918	\$ 224,298	\$ 1,631,827
Accounts Receivable	--	--	6,412	6,412
Inventories	--	--	1,523	1,523
Prepaid Items	--	--	12,515	12,515
Total Current Assets	<u>389,611</u>	<u>1,017,918</u>	<u>244,748</u>	<u>1,652,277</u>
<i>Noncurrent Assets</i>				
Capital Assets not being Depreciated	--	291,419	794,267	1,085,686
Capital Assets being Depreciated	1,518,413	1,487,560	424,073	3,430,046
Total Assets	<u>1,908,024</u>	<u>2,796,897</u>	<u>1,463,088</u>	<u>6,168,009</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension	1,592	--	54,587	56,179
Total Deferred Outflows of Resources	<u>1,592</u>	<u>--</u>	<u>54,587</u>	<u>56,179</u>
LIABILITIES				
<i>Current Liabilities</i>				
Accounts Payable	307	--	1,422	1,729
Payroll Liabilities	2,682	--	14,628	17,310
Current Portion of Compensated Absences	--	--	4,241	4,241
Customer Deposits	--	--	29,769	29,769
Accrued Interest	--	--	10	10
Unearned Revenue	--	--	432	432
Current Portion of Long-term Debt	--	--	7,424	7,424
Total Current Liabilities	<u>2,989</u>	<u>--</u>	<u>57,926</u>	<u>60,915</u>
<i>Noncurrent Liabilities</i>				
Compensated Absences	--	--	4,907	4,907
Net Pension Liability	18,072	--	470,503	488,575
Total Liabilities	<u>21,061</u>	<u>--</u>	<u>533,336</u>	<u>554,397</u>
DEFERRED INFLOWS OF RESOURCES				
Pension	1,346	--	--	1,346
Total Deferred Inflows of Resources	<u>1,346</u>	<u>--</u>	<u>--</u>	<u>1,346</u>
NET POSITION				
Net Investment in Capital Assets	1,518,413	1,778,979	1,210,916	4,508,308
<i>Unrestricted</i>	368,796	1,017,918	(226,577)	1,160,137
Total Net Position	<u>\$ 1,887,209</u>	<u>\$ 2,796,897</u>	<u>\$ 984,339</u>	<u>\$ 5,668,445</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

City of Boyne City
Combining Statement of Activities
Component Units
For the Year Ended April 30, 2018

	Downtown Development Authority	Local Development Finance Authority	Boyne City Housing Commission 9/30/2017	Total Component Units
Expenses				
Health and Welfare	\$ --	\$ --	\$ 821,495	\$ 821,495
Community and Economic Development	259,042	44,608	--	303,650
Depreciation Expense	1,400	61,793	64,933	128,126
Interest Expense	226	--	320	546
Total Expenses	260,668	106,401	886,748	1,253,817
Program Revenues				
Charges for Services	60,900	--	286,761	347,661
Operating Grants and Contributions	5,195	--	393,703	398,898
Capital Grants and Contributions	--	--	--	--
Total Program Revenues	66,095	--	680,464	746,559
Net Program Revenues (Expenses)	(194,573)	(106,401)	(206,284)	(507,258)
General Revenue				
Property Taxes	261,839	169,048	--	430,887
Interest Income	--	--	94	94
Total General Revenues	261,839	169,048	94	430,981
Change in Net Position	67,266	62,647	(206,190)	(76,277)
<i>Net Position at Beginning of Period</i>	1,819,943	2,734,250	1,190,529	5,744,722
Net Position at End of Period	\$ 1,887,209	\$ 2,796,897	\$ 984,339	\$ 5,668,445

The Notes to the Financial Statements are an integral part of these Financial Statements

Notes to the Financial Statements

City of Boyne City

Notes to the Financial Statements

Note 1 - Summary of Significant Accounting Policies

The financial statements of the City of Boyne City (the “City” or primary government) have been prepared in conformity with generally accepted accounting principles as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial-reporting principles. The more significant of the City’s accounting policies are described below.

Reporting Entity

The financial statements of the reporting entity include those of the City and its component units as required by generally accepted accounting principles.

The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The component units discussed below are included in the City’s reporting entity as discretely presented component units because of the significance of their operational or financial relationships with the City. These component units are reported in a separate column to emphasize that they are legally separate from the City. A combining statement of net position and statement of activities for these discretely presented component units are included as part of the basic financial statements.

Discretely Presented Component Units

The ***Downtown Development Authority*** (the “DDA”) is reported in a separate column to emphasize that it is legally separate from the City. The members of the governing board of the DDA are appointed by the City Commission. The budgets and expenditures of the DDA must be approved by the City Commission. The City also has the ability to significantly influence operations of the DDA. Complete financial statements for this component unit are not prepared.

The ***Local Development Finance Authority*** (the “LDFA”) is reported in a separate column to emphasize that it is legally separate from the City. The members of the governing board of the LDFA are appointed by the City Commission. The budgets and expenditures of the LDFA must be approved by the City Commission. The City also has the ability to significantly influence operations of the LDFA. Complete financial statements for this component unit are not prepared.

The ***Boyne City Housing Commission*** (the “Commission”) is reported in a separate column to emphasize that it is legally separate from the City. The members of the governing board of the Commission are appointed by the City Commission. The budgets and expenditures of the Commission must be approved by the City Commission. The City also has the ability to significantly influence operations of the Commission. The Commission has a September 30 year

City of Boyne City

Notes to the Financial Statements

end. The component unit is audited separately from the City and complete financial statements may be obtained from the Housing Commission's administrative office at 829 South Park Street, Boyne City, Michigan 49712. Accordingly, the City has elected to omit substantially all note disclosures related to the Commission in these financial statements.

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. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are 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.

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 properly included among program revenues are reported instead as *general revenues*.

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements, except for agency funds which do not have a measurement focus. Revenues are 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 revenues 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*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period or within one year for expenditure-driven grants. Expenditures generally are recorded when a liability is incurred, as under accrual

City of Boyne City

Notes to the Financial Statements

accounting. However, debt service and compensated absences expenditures are recorded only when payment is due.

Property taxes, state shared revenues, 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 revenue 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 of Boyne City reports the following major governmental funds:

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

The ***ambulance fund*** accounts for the activity of the ambulance services. Funding is primarily from charges for services.

The ***city facilities construction fund*** accounts for capital project activity of the City facility construction projections.

The City reports the following major proprietary funds:

The ***sewer fund*** accounts for the activities of the City's sewage collection system.

The ***water fund*** accounts for the activities of the City's water distribution system.

Additionally, the government 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 specific purposes other than debt service or capital projects.

Debt service funds account for the servicing of long-term debt not being financed by proprietary or nonexpendable trust funds.

Internal service funds account for shared services and equipment usage provided to the City departments and funds on a cost reimbursement basis. The City's internal service fund accounts for the operations within its motor pool.

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting.

City of Boyne City

Notes to the Financial Statements

These funds are used to account for asset that the government holds for others in an agency capacity (such as taxes collected for other governments).

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are transactions where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues 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 revenues of the enterprise funds are charges for services. Operating expenses for the enterprise funds include depreciation on capital assets, labor, supplies and contracted services. All revenues and expenses are not meeting this definition are reported as nonoperating revenues and expenses.

Budgetary and Budgetary Accounting

Budgets presented in the financial statements were prepared on the same basis as the accounting basis used to reflect actual results. The general fund and special revenue funds are subject to legal budgetary accounting controls and all are budgeted annually. The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The City Commission, by resolution, adopts a budget for the next fiscal year no later than the third week in April of each year.
2. Public hearings are conducted to obtain taxpayer comments.
3. The City shall appropriate the money needed for municipal purposes during the next fiscal year of the City and shall provide for a levy of the amount necessary to be raised by taxes upon real and personal property.
4. Budgetary control is exercised at the functional level, which is the level at which expenditures may not legally exceed appropriations. Any revisions that alter the total expenditures of any department or fund (i.e., budget amendments) require approval by the City Commission. Such amendments are made in accordance with the procedures prescribed under Public Act 621 of 1978.
5. The budget and approved appropriations lapse at the end of the fiscal year.
6. The City does not record encumbrances in the accounting records during the year as normal practice and, therefore, no outstanding encumbrances exist at year-end.

City of Boyne City

Notes to the Financial Statements

Assets, Liabilities, and Fund Equity

Cash and Cash Equivalents

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.

State statutes and City policy authorize the City to invest in:

- Bonds, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.
- Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- In United States government or federal agency obligation repurchase agreements.
- Bankers' acceptances of United States banks.
- Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- External investment pools as authorized by Public Act 20 as amended through March, 1997.

Restricted Cash

Restricted cash consists of bond reserve and bond interest to maintain the City's debt requirements in the water and sewer fund.

Receivables and Payables

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

All trade receivables are shown net of an allowance for uncollectibles, as applicable. All amounts deemed to be uncollectible are charged against the allowance for doubtful accounts in the period that determination is made.

City of Boyne City

Notes to the Financial Statements

The ambulance fund receivables are shown net of an allowance for uncollectable accounts. It is composed of expected Medicaid and Medicare write-offs and accounts receivable older than 120 days, which are estimated to be \$23,656 as of year-end.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Inventories

Inventories are stated at the lower of cost or market; cost is determined by the first-in, first-out method. Inventories are recorded as expenditures when consumed rather than when purchased.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., water system and similar items), are reported in the applicable governmental or business-type columns in the government-wide financial statements. Capital assets are defined by the city as assets with an estimated useful life in excess of two years and an initial individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

Capital assets are depreciated using the straight-line method over the following useful lives:

	<u>Years</u>
Vehicles and Equipment	5 - 20
Furniture and Fixtures	5 - 10
Land Improvements	10 - 40
Public Domain Infrastructure	20
Buildings and Improvements	20 - 50
Water and Sewer Infrastructure	20 - 50

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused sick and vacation time benefits, subject to certain limitations. All sick and vacation time is accumulated up to a maximum of 720 hours and upon retirement the employee will receive for sick time an amount based on the number of years of service multiplied by 1.5%. Vacation time will be paid in full. The liability for

City of Boyne City

Notes to the Financial Statements

these amounts is included in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example as a result of employee resignations or retirements.

Long-term Obligations

In the government-wide financial statements and 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 straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, 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 on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City reports pension related deferred inflows. The government-wide statements and proprietary funds report deferred outflows from the difference between expected and actual experience. The deferred inflows related to pension are explained in Note 7.

Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports pension related deferred outflows. The government-wide statements and proprietary funds report deferred outflows from the difference between excess investment returns of the pension plan as well as City contributions made after the measurement date of the net pension liability. The deferred outflows related to pension are explained in Note 7.

City of Boyne City

Notes to the Financial Statements

Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the government's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. 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 required to be maintained intact. *Restricted fund balance* is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The *committed fund balance* classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The City Commission is the highest level of decision-making authority for the government that can, by adoption of a resolution or majority vote prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution or majority vote remains in place until a similar action is taken (the adoption of another resolution or majority vote) to remove or revise the limitation.

Amounts in the *assigned fund balance* classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The City

City of Boyne City

Notes to the Financial Statements

Commission is authorized to assign fund balance. The City Commission may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned fund balance is the residual classification for the City's general fund and includes all spendable amounts not contained in the other classifications and is therefore available to be spent as determined by the City Commission. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, the unassigned classification is used only to report a deficit.

Property Tax Revenue Recognition

The City property tax is levied on July 1 on the taxable valuation of property located in the City as of the preceding December 31. The billings are due on or before August 31, after which time the bill becomes delinquent and penalties and interest may be assessed by the City; as of March 1 of the succeeding year, unpaid real property taxes are sold to and collected by Charlevoix County.

It is the City's policy to recognize revenues in the current year when they are levied and made available for the financing of City operations. The City considers property taxes levied on July 1 to be revenues of the current period.

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 Municipal Employees Retirement System (MERS) of Michigan and additions to/deductions from MERS' fiduciary net position have been determined on the same basis as they are reported by MERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Use of Estimates

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

City of Boyne City

Notes to the Financial Statements

Subsequent Events

Subsequent events have been evaluated through October 30, 2018, the date the financial statements were available to be issued. Management is not aware of any subsequent events that would have a significant impact on the financial condition of the City.

Note 2 - Excess of Expenditures Over Budget

P.A. 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated. The City incurred the following expenditures in certain budgetary funds which were in excess of the amounts appropriated during the year ended April 30, 2018.

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
General Fund			
Legislative Services	\$ 18,227	\$ 19,964	\$ (1,737)
Assessment / Taxes	63,098	66,285	(3,187)
Police Department	674,914	680,095	(5,181)
Planning	190,110	191,162	(1,052)
Museum	1,315	2,602	(1,287)
Transfers Out	1,073,538	1,121,276	(47,738)
Ambulance			
Health and Welfare	921,031	987,844	(66,813)
Marina			
Recreation and Culture	140,436	143,611	(3,175)

City of Boyne City

Notes to the Financial Statements

Note 3 - Cash and Cash Equivalents

Following is a reconciliation of deposit balances as of April 30, 2018:

	Primary Government	Component Units	Totals
Statement of Net Position			
Cash and Investments	\$ 7,706,114	\$ 1,631,827	\$ 9,337,941
Restricted Cash	475,364	-	475,364
Statement of Fiduciary Net Position			
Cash and Investments	30,794	-	30,794
Total Deposits and Investments	8,212,272	1,631,827	9,844,099
Less Component Units Separately Audited			
Boyne City Housing Commission	-	(224,298)	(224,298)
Deposits Managed by the City Treasurer	\$ 8,212,272	\$ 1,407,529	\$ 9,619,801
Deposits and Investments			
			\$ 8,096,358
			1,523,043
			400
		Total	\$ 9,619,801

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits might not be returned. State law does not require and the City does not have a policy for deposit custodial credit risk. As of year-end, \$7,971,874 of the City's bank balance of \$9,721,874 was exposed to custodial credit risk because it was uninsured and uncollateralized. Due to the dollar amounts of cash deposits and the limits of FDIC insurance, the City believes it is impractical to insure all bank deposits. As a result, the City evaluates each financial institution with which it deposits City funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Credit Risk. State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools 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.

Interest Rate Risk. Interest rate risk is the risk that the market rate of securities in the portfolio will fall due to changes in market interest rates. State law limits the allowable investments and the maturities of some of the allowable investments as identified in the summary of significant

City of Boyne City

Notes to the Financial Statements

accounting policies. The City's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. All certificates of deposits of \$1,523,043 are due within one year.

Note 4 - Capital Assets

Capital asset activity for governmental activities during the year was as follows:

Governmental Activities	April 30, 2017	Additions	Reductions	Transfers	April 30, 2018
Capital Assets not Being Depreciated					
Land	\$ 964,470	\$ 42,647	\$ -	\$ -	\$ 1,007,117
Construction in Progress	5,156,654	-	-	(5,156,654)	-
<i>Total Capital Assets not Being Depreciated</i>	<u>6,121,124</u>	<u>42,647</u>	<u>-</u>	<u>(5,156,654)</u>	<u>1,007,117</u>
Capital Assets Being Depreciated					
Land Improvements	1,673,388	136,415	-	35,219	1,845,022
Infrastructure	9,535,924	74,041	-	-	9,609,965
Buildings and Improvements	3,050,763	2,873,279	-	5,121,435	11,045,477
Vehicles and Equipment	2,370,989	237,502	-	-	2,608,491
Furniture and Fixtures	120,643	-	5,539	-	115,104
<i>Total Capital Assets Being Depreciated</i>	<u>16,751,707</u>	<u>3,321,237</u>	<u>5,539</u>	<u>5,156,654</u>	<u>25,224,059</u>
Less Accumulated Depreciation					
Land Improvements	1,297,843	37,332	-	-	1,335,175
Infrastructure	2,992,499	567,240	-	-	3,559,739
Buildings and Improvements	960,073	220,999	-	-	1,181,072
Vehicles and Equipment	1,585,631	143,285	-	-	1,728,916
Furniture and Fixtures	108,785	2,820	5,539	-	106,066
<i>Total Accumulated Depreciation</i>	<u>6,944,831</u>	<u>971,676</u>	<u>5,539</u>	<u>-</u>	<u>7,910,968</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>9,806,876</u>	<u>2,349,561</u>	<u>-</u>	<u>5,156,654</u>	<u>17,313,091</u>
Internal Service Fund					
Motor Pool Assets	841,046	47,220	-	-	888,266
<i>Total Capital Assets, Governmental Activities</i>	<u>\$ 16,769,046</u>	<u>\$ 2,439,428</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,208,474</u>
Internal Service Fund	April 30, 2017	Additions	Reductions	Transfers	April 30, 2018
Capital Assets Being Depreciated					
Buildings and Improvements	\$ 552,600	\$ -	\$ -	\$ -	\$ 552,600
Vehicles and Equipment	1,354,719	169,098	8,515	-	1,515,302
<i>Total Capital Assets Being Depreciated</i>	<u>1,907,319</u>	<u>169,098</u>	<u>8,515</u>	<u>-</u>	<u>2,067,902</u>
Less Accumulated Depreciation					
Buildings and Improvements	19,571	13,815	-	-	33,386
Vehicles and Equipment	1,046,702	108,063	8,515	-	1,146,250
<i>Total Accumulated Depreciation</i>	<u>1,066,273</u>	<u>121,878</u>	<u>8,515</u>	<u>-</u>	<u>1,179,636</u>
<i>Total Capital Assets, ISF</i>	<u>\$ 841,046</u>	<u>\$ 47,220</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 888,266</u>

City of Boyne City

Notes to the Financial Statements

Capital asset activity for business-type activities during the year was as follows:

Business-type Activities	April 30, 2017	Additions	Reductions	Transfers	April 30, 2018
Capital Assets Being Depreciated					
Water System	\$ 7,029,845	\$ -	\$ -	\$ -	\$ 7,029,845
Sewer System	13,437,266	-	-	-	13,437,266
Vehicles and Equipment	513,555	-	23,227	-	490,328
<i>Total Capital Assets Being Depreciated</i>	<u>20,980,666</u>	<u>-</u>	<u>23,227</u>	<u>-</u>	<u>20,957,439</u>
Less Accumulated Depreciation					
Water System	5,161,380	202,982	-	-	5,364,362
Sewer System	4,225,612	273,409	-	-	4,499,021
Vehicles and Equipment	339,112	37,705	23,227	-	353,590
<i>Total Accumulated Depreciation</i>	<u>9,726,104</u>	<u>514,096</u>	<u>23,227</u>	<u>-</u>	<u>10,216,973</u>
Total Capital Assets, Business-type Activities	<u>\$ 11,254,562</u>	<u>\$ (514,096)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,740,466</u>

Capital asset activity for the DDA and LDFA (component units) during the year was as follows:

Downtown Development Authority	April 30, 2017	Additions	Reductions	Transfers	April 30, 2018
Capital Assets Being Depreciated					
Infrastructure	\$ 2,858,193	\$ -	\$ -	\$ -	\$ 2,858,193
Less Accumulated Depreciation					
Infrastructure	1,338,380	1,400	-	-	1,339,780
Total Capital Assets, DDA	<u>\$ 1,519,813</u>	<u>\$ (1,400)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,518,413</u>
Local Development Finance Authority	April 30, 2017	Additions	Reductions	Transfers	April 30, 2018
Capital Assets not Being Depreciated					
Land	\$ 291,419	\$ -	\$ -	\$ -	\$ 291,419
Capital Assets Being Depreciated					
Infrastructure	2,390,812	-	-	-	2,390,812
Less Accumulated Depreciation					
Infrastructure	841,459	61,793	-	-	903,252
Capital Assets Being Depreciated, Net	<u>1,549,353</u>	<u>(61,793)</u>	<u>-</u>	<u>-</u>	<u>1,487,560</u>
Total Capital Assets, LDFA	<u>\$ 1,840,772</u>	<u>\$ (61,793)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,778,979</u>

Additional information about the Boyne City Housing Commission's (a component unit) capital asset activity can be found in its separately issued financial statements.

City of Boyne City

Notes to the Financial Statements

Depreciation expense was charged to governmental functions of the City as follows:

Governmental Activities	
General Government	\$ 172,500
Public Safety	84,093
Public Works	614,044
Health and Welfare	66,181
Recreation and Culture	34,858
Depreciation Charged to the Internal Service Fund	121,878
<i>Total Governmental Activities</i>	\$ 1,093,554
Business-type Activities	
Sewer Fund	\$ 306,298
Water Fund	207,798
<i>Total Business-type Activities</i>	\$ 514,096
Component Units	
Downtown Development Authority	\$ 1,400
Local Development Finance Authority	61,793
<i>Total Component Units</i>	\$ 63,193

Note 5 - Interfund Balances & Interfund Transfers

As of April 30, 2018, the interfund balances were as follows:

Receivable Fund	Payable Fund	Amount
Local Streets	Major Streets	\$ 1,702

Interfund balances resulted primarily from the time lag between the dates that: 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

Transfers are used to: 1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; 2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and 3) use unrestricted revenues collected to finance various programs accounted for in other funds in accordance with budgetary authorizations.

City of Boyne City

Notes to the Financial Statements

The following transfers occurred between funds of the City for the current year:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Ambulance Fund	General Fund	\$ 132,732
Major Streets	General Fund	218,222
Local Streets	General Fund	707,322
Fire	General Fund	63,000

Note 6 - Long-term Debt

The following is a summary of long-term debt activity of the City for the year ended April 30, 2018:

<u>Governmental Activities</u>	<u>Balance at April 30, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at April 30, 2018</u>	<u>Due Within One Year</u>
Series 2016, \$7,000,000 unlimited tax general obligation bonds, used for construction of new City hall, maturing serially in 2036 with annual installments ranging from \$100,000 to \$500,000 and bearing interest at rates of 2.00% to 3.25%	\$ 6,900,000	\$ -	\$ 220,000	\$ 6,680,000	\$ 240,000
Bond Premium	163,201	-	8,160	155,041	-
Governmental Compensated Absences	157,094	17,747	-	174,841	94,414
Governmental OPEB Obligation	56,872	40,664	-	97,536	-
Total Governmental Activities	<u>\$ 7,277,167</u>	<u>\$ 58,411</u>	<u>\$ 228,160</u>	<u>\$ 7,107,418</u>	<u>\$ 334,414</u>
<u>Business-type Activities</u>	<u>Balance at April 30, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at April 30, 2018</u>	<u>Due Within One Year</u>
Series 2003, \$1,785,000 water supply and sewage disposal system revenue bonds, maturing serially in 2023 with annual installments ranging from \$70,000 to \$110,000 and bearing interest at 2.50%	\$ 630,000	\$ -	\$ 100,000	\$ 530,000	\$ 100,000
Series 2004, \$8,363,091 water supply and sewage disposal system revenue bonds, maturing serially in 2026 with annual installments ranging from \$340,000 to \$510,000 and bearing interest at 2.13%	4,188,091	-	430,000	3,758,091	440,000
Business-type Compensated Absences	9,880	534	-	10,414	5,624
Total Business-type Activities	<u>\$ 4,827,971</u>	<u>\$ 534</u>	<u>\$ 530,000</u>	<u>\$ 4,298,505</u>	<u>\$ 545,624</u>

Compensated absences will be paid from the general fund. There is no repayment schedule for the net pension liability; however, employer pension contributions are made from the general fund. The OPEB obligation will also be paid from the general fund.

Boyne Mountain reimburses the wastewater fund for 43.5% of the Series 2004 Water Supply & Sewage Disposal System Revenue Bonds debt service payments.

City of Boyne City

Notes to the Financial Statements

The following is a summary of long-term debt activity of the City's component units for the year ended April 30, 2018:

Component Units	Balance at April 30, 2017	Additions	Deletions	Balance at April 30, 2018	Due Within One Year
DDA - 2008 note payable for improvement projects, maturing serially in 2018 with annual amounts of \$7,300 and bearing interest at 4.25%	\$ 7,074	\$ -	\$ 7,074	\$ -	\$ -
Housing Commission - Lease purchase agreement, maturing in 2018 and bearing interest at 3.375%	5,771	-	3,854	1,917	1,917
Housing Commission - Lease purchase agreement, maturing in 2018 and bearing interest at 1.625%	17,799	-	12,292	5,507	5,507
Compensated Absences	1,922	7,226	-	9,148	4,241
Total Long-term Obligations, Component Units	\$ 32,566	\$ 7,226	\$ 23,220	\$ 16,572	\$ 11,665

Annual debt service requirements, exclusive of compensated absences and OPEB obligations, to maturity are as follows:

Year Ending April 30	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 240,000	\$ 178,738	\$ 418,738	\$ 540,000	\$ 93,109	\$ 633,109
2020	265,000	173,688	438,688	555,000	81,259	636,259
2021	280,000	168,238	448,238	565,000	69,072	634,072
2022	290,000	162,538	452,538	580,000	56,672	636,672
2023-2027	1,640,000	711,019	2,351,019	2,048,091	105,969	2,154,060
2028-2032	2,025,000	457,350	2,482,350	-	-	-
2033-2037	1,940,000	124,438	2,064,438	-	-	-
Totals	\$ 6,680,000	\$ 1,976,006	\$ 8,656,006	\$ 4,288,091	\$ 406,082	\$ 4,694,173

Note 7 - Defined Benefit Pension Plan

Plan Description

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

City of Boyne City

Notes to the Financial Statements

Retirement benefits for employees are calculated as follows:

Division	Benefit Multiplier	Benefit Maximum	Final Average Compensation (Years)	Normal Retirement Age	Unreduced Benefit (Age/Years of Service)	Reduced Benefit (Age/Years of Service)	Vesting (Years)
General - Closed	2.50%	80%	5	60	55/25	50/25 or 55/15	10
Police / Fire	2.50%	80%	5	60	50/25	55/15	10
AFSCME - Closed	2.50%	80%	5	60	55/25	50/25 or 55/15	10

Employees Covered by Benefit Terms

At the December 31, 2017 valuation date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	39
Inactive plan members entitled to but not yet receiving benefits	5
Active plan members	<u>11</u>
Total employees covered by MERS	<u><u>55</u></u>

Contributions

The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees.

For the year ended April 30, 2018, the City had the following contribution rates:

Division	Employee Contributions	Employer Contributions
General - Closed	4.70%	\$18,707 / month
Police / Fire	4.70%	5.29%
AFSCME - Closed	4.70%	\$19,893 / month

Net Pension Liability

The net pension liability reported at April 30, 2018 was determined using a measure of the total pension liability and the pension net position as of December 31, 2017. The December 31, 2017 total pension liability was determined by an actuarial valuation performed as of December 31, 2017.

City of Boyne City

Notes to the Financial Statements

Actuarial Assumptions

The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.75% in the long-term
Investment rate of return	7.75%, net of investment expense, including inflation

Although no specific price inflation assumptions are needed for the valuation, the 2.5% long-term wage inflation assumption would be consistent with a price inflation of 3%-4%.

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

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study of 2009-2013.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global equity	57.5%	5.02%
Global fixed income	20.0%	2.18%
Real assets	12.5%	4.23%
Diversifying strategies	10.0%	6.56%
	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the total pension liability is 8.0%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be

City of Boyne City

Notes to the Financial Statements

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.

Changes in the net pension liability during the measurement year were as follows:

Changes in Net Pension Liability	Increase (Decrease)		Net Pension Liability
	Total Pension Liability	Plan Net Position	
Balance at December 31, 2016	\$ 8,888,687	\$ 6,505,015	\$ 2,383,672
Service cost	78,862	-	78,862
Interest	690,248	-	690,248
Difference between expected and actual experience	100,310	-	100,310
Changes in assumptions	-	-	-
Contributions - Employer	-	344,461	(344,461)
Contributions - Employee	-	36,315	(36,315)
Net investment income	-	852,428	(852,428)
Benefit payments, including refunds	(599,957)	(599,957)	-
Administrative expenses	-	(13,505)	13,505
Net changes	269,463	619,742	(350,279)
Balance at December 31, 2017	\$ 9,158,150	\$ 7,124,757	\$ 2,033,393

The net pension liability was allocated to governmental activities (\$1,677,483), business-type activities (\$337,838), and the Downtown Development Authority (component unit, \$18,072).

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 8.00 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.00 percent) or one percentage point higher (9.00 percent) than the current rate.

	1% Decrease	Current	1% Increase
	(7.00%)	Discount Rate (8.00%)	(9.00%)
Net pension liability of the City	\$ 2,952,133	\$ 2,033,393	\$ 1,248,507

Note: The current discount rate shown for GASB 68 purposes is higher than the MERS assumed rate of return. This is because for GASB purposes, the discount rate must be gross of administrative expenses, whereas for funding purposes, it is net of administrative expenses.

City of Boyne City

Notes to the Financial Statements

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

For the year ended April 30, 2018 the City recognized pension expense of \$(129,110).

The City reported deferred outflows of resources related to pensions from the following sources:

Source	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 50,155	\$ -
Excess (deficit) investment returns	-	151,430
* Employer contributions to the plan subsequent to the measurement date	128,974	-
Total	\$ 179,129	\$ 151,430

*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending April 30, 2019.

The deferred outflows were allocated to governmental activities (\$147,776), business-type activities (\$29,761), and the Downtown Development Authority (component unit, \$1,592). Additionally, the deferred inflows were allocated to governmental activities (\$124,925), business-type activities (\$25,159), and the Downtown Development Authority (component unit, \$1,346).

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

Years Ending	Amount
March 31	
2019	\$ 137,022
2020	13,291
2021	(109,745)
2022	(68,267)

Additional information about the Boyne City Housing Commission's (a separately audited component unit) defined benefit pension plan can be found in its separately issued financial statements.

Defined Contribution Plans

The City provides two defined contribution pension plans, which provide pension benefits to qualified employees. In a defined contribution plan, benefits depend solely on amounts contributed

City of Boyne City

Notes to the Financial Statements

to the plan plus investment earnings. The City's contribution for employees eligible to participate in the plans vests based on year of service with 100% vesting occurring after 7 years of service. The City and participants contribute a percentage of participant salary to the plans based on the participant's position with the City. City contributions to the 401A plan are 8% of salary. City contributions to the 457B plan range from 1% to 10% of salary. City contributions were \$75,474 and \$20,697, respectively, and participant contributions were \$43,714 to the plans. The plan provisions and contribution amounts were established by the City Commission and may be amended by the Commission. The plans are administered as noted above.

Note 8 - Other Postemployment Benefits

Plan Description

The City of Boyne City administers a single-employer defined benefit healthcare plan (the "Plan"). In addition to the retirement benefits described in Note 7, the Plan provides health insurance benefits to certain retirees and their beneficiaries, which are advance-funded on a discretionary basis. In accordance with City policy, certain individuals and their beneficiaries receive medical, dental, prescription, and eyeglass coverage for varying periods of timing, depending on bargaining unit and years of service. As of April 30, 2018, the date of the last plan valuation, the Plan covered 32 members (28 active plan members and 4 retirees receiving benefits).

Funding Policy

The City is required to contribute at an amount actuarially determined in accordance with the parameters of GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The annual required contribution (ARC) represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*. The City has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement No. 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

City of Boyne City

Notes to the Financial Statements

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the City's net OPEB obligation:

Annual Required Contribution	\$	44,546
Adjustment to ARC		22,912
Interest on Net OPEB Obligation		1,422
Annual OPEB Cost (Expense)		68,880
Less: Contributions Made		28,216
<i>Increase in OPEB Obligation</i>		40,664
<i>Net OPEB Obligation - Beginning</i>		56,872
<i>Net OPEB Obligation - Ending</i>	\$	97,536

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal year 2018 and the previous years were as follows:

	Fiscal Year Ended April 30,		
	2018	2017	2016
Annual OPEB Cost	\$ 68,880	\$ 40,071	\$ 39,479
Percentage of OPEB Cost Contributed	41%	68%	63%
Net OPEB Obligation	\$ 97,536	\$ 56,872	\$ 43,625

Funded Status and Funding Progress

As of April 30, 2018, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$491,536, all of which was unfunded. The covered payroll (annual payroll of the active employees covered by the Plan) was \$1,189,670 and the ratio of the UAAL to the covered payroll was 41%.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits calculations.

Methods and 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

City of Boyne City

Notes to the Financial Statements

the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The 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.

The following simplifying assumptions were made:

Retirement age for active employees - Based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 55.

Marital status - Marital status of members at the calculation date was assumed to continue throughout retirement.

Mortality - Life expectancies were based on mortality tables from the National Center for Health Statistics. The 2006 United States Life Tables for Males and for Females were used.

Turnover - Non-group-specific age-based turnover data from GASB Statement 45 were used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

Healthcare cost trend rate - The expected rate of increase in healthcare insurance premiums was based on projections by the City's management. A flat cost was used in these valuations as the total annual cost has been capped by management.

Health insurance premiums - 2018 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

Inflation rate - The expected long-term inflation assumption of 3.3 percent was based on projected changes in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) in *The 2006 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds* for an intermediate growth scenario.

Payroll growth rate - The expected long-term payroll growth rate was assumed to equal the rate of inflation.

Based on the historical and expected returns of the City's short-term investment portfolio, a discount rate of 2.50% was used. In addition, a simplified version of the entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at April 30, 2018 was 23 years.

City of Boyne City

Notes to the Financial Statements

Note 9 - Risk Management

The City is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). The risks of loss arising from general liability, property and casualty, and workers' compensation are managed through purchased commercial insurance. Claims have not exceeded annual premiums during any of the prior three fiscal years.

Note 10 - Tax Abatement Disclosure

Industrial property tax abatements are granted in the State of Michigan under Public Act 198, as amended, to promote economic development, creation of jobs, and new or improvement facilities. The industrial facilities tax (IFT) exemption must be approved by both the City (after a public hearing is held) and the State of Michigan. IFT exemptions can cover real and/or personal property. By State law, the exemption must be applied for no later than six months after commencement of the project, and must be accompanied by a written agreement between the taxpayer and the City. An exemption allows for taxation on IFT property at 50% of the local property tax millage rate for a period of 1 to 12 years. Accordingly, such agreements meet the criteria of "tax abatements" under GASB Statement No. 77. For the year ended April 30, 2018, the City's property taxes were reduced by \$41,782 under this program.

Note 11 - Net Investment of Capital Assets

The following is a reconciliation of the City's net investment in capital assets:

	<u>Governmental Activities</u>	<u>Internal Service Fund</u>	<u>Business-type Activities</u>
Total Capital Assets as of April 30, 2018	\$ 19,208,474	\$ 888,266	\$ 10,740,466
Plus: Unspent bond proceeds	241,331	-	-
Less: Outstanding capital-related debt as of year-end	(6,835,041)	-	(4,288,091)
Net Investment in Capital Assets as of April 30, 2018	<u>\$ 12,614,764</u>	<u>\$ 888,266</u>	<u>\$ 6,452,375</u>

City of Boyne City

Notes to the Financial Statements

Note 12 - Fund Balances - Governmental Funds

The City reports fund balance in governmental funds based on the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. GASB 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

	<u>General Fund</u>	<u>Ambulance</u>	<u>City Facilities Construction Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Nonspendable					
Prepaid Items	\$ 36,685	\$ 1,324	\$ -	\$ 5,626	\$ 43,635
Inventories	-	-	-	13,056	13,056
Total Nonspendable	<u>36,685</u>	<u>1,324</u>	<u>-</u>	<u>18,682</u>	<u>56,691</u>
Restricted for:					
Streets	-	-	-	181,567	181,567
Capital Projects	-	-	241,331	-	241,331
Health and Welfare	-	241,242	-	-	241,242
Recreation and Culture	-	-	-	276,435	276,435
Public Safety	-	-	-	317,394	317,394
Public Works	-	-	-	58,352	58,352
	<u>-</u>	<u>241,242</u>	<u>241,331</u>	<u>833,748</u>	<u>1,316,321</u>
Assigned for:					
Creative Playground	3,252	-	-	-	3,252
Farmers Market	24,955	-	-	-	24,955
Debt Service	-	-	-	21,863	21,863
Total Assigned	<u>28,207</u>	<u>-</u>	<u>-</u>	<u>21,863</u>	<u>50,070</u>
Unassigned	<u>2,228,565</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,228,565</u>
Total Fund Balances - Governmental Funds	<u>\$ 2,293,457</u>	<u>\$ 242,566</u>	<u>\$ 241,331</u>	<u>\$ 874,293</u>	<u>\$ 3,651,647</u>

Required Supplementary Information

City of Boyne City
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
General Fund
For the Year Ended April 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative) Final to Actual
Revenues				
Property Tax Revenues	\$ 4,265,097	\$ 3,087,480	\$ 2,998,775	\$ (88,705)
Licenses and Permits	7,200	18,406	18,406	--
Intergovernmental Revenues	2,884,763	349,251	367,148	17,897
Charges for Services	399,623	398,043	366,650	(31,393)
Fines and Forfeitures	7,700	6,150	6,521	371
Other Revenues	92,088	332,332	289,475	(42,857)
Interest	51,500	13,025	18,238	5,213
Total Revenues	<u>7,707,971</u>	<u>4,204,687</u>	<u>4,065,213</u>	<u>(139,474)</u>
Expenditures				
Legislative Services	19,945	18,227	19,964	(1,737)
General Government				
General Services	672,750	673,057	659,352	13,705
Elections	1,750	1,122	1,122	--
Accounting / Audit	13,400	13,770	13,770	--
Assessment / Taxes	68,300	63,098	66,285	(3,187)
Legal	60,000	30,000	23,647	6,353
Public Buildings	159,499	223,659	215,956	7,703
Cemetery	59,476	58,832	46,895	11,937
Other General Government	87,500	119,650	59,569	60,081
Total General Government	<u>1,122,675</u>	<u>1,183,188</u>	<u>1,086,596</u>	<u>96,592</u>
Public Safety - Police Department	711,133	674,914	680,095	(5,181)
Health and Welfare - Environmental	--	4,070	--	4,070
Public Works				
Rubbish Collection	50,000	49,939	49,939	--
Sidewalk Construction	13,500	119,982	4,663	115,319
Total Public Works	<u>63,500</u>	<u>169,921</u>	<u>54,602</u>	<u>115,319</u>
Community and Economic Development				
Planning	190,963	190,110	191,162	(1,052)
Housing	--	102,768	2,955	99,813
Total Community and Economic Development	<u>190,963</u>	<u>292,878</u>	<u>194,117</u>	<u>98,761</u>
Parks and Recreation				
Parks and Recreation	330,538	366,180	351,395	14,785
Museum	550	1,315	2,602	(1,287)
Total Parks and Recreation	<u>331,088</u>	<u>367,495</u>	<u>353,997</u>	<u>13,498</u>
Other Functions - Contingency	41,379	51,326	35,580	15,746
Capital Outlay	4,490,717	931,094	555,281	375,813
Total Expenditures	<u>6,971,400</u>	<u>3,693,113</u>	<u>2,980,232</u>	<u>712,881</u>
Other Financing Uses				
Transfers Out	709,571	1,073,538	1,121,276	(47,738)
Total Expenditures and Other Financing Uses	<u>7,680,971</u>	<u>4,766,651</u>	<u>4,101,508</u>	<u>665,143</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Uses	<u>27,000</u>	<u>(561,964)</u>	<u>(36,295)</u>	<u>525,669</u>
Net Change in Fund Balance	<u>27,000</u>	<u>(561,964)</u>	<u>(36,295)</u>	<u>525,669</u>
Fund Balance at Beginning of Period	2,329,752	2,329,752	2,329,752	--
Fund Balance at End of Period	<u>\$ 2,356,752</u>	<u>\$ 1,767,788</u>	<u>\$ 2,293,457</u>	<u>\$ 525,669</u>

City of Boyne City
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Ambulance
For the Year Ended April 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative) Final to Actual
Revenues				
Charges for Services	\$ 900,985	\$ 1,093,087	\$ 952,443	\$ (140,644)
Other Revenues	2,000	1,271	3,641	2,370
Total Revenues	<u>902,985</u>	<u>1,094,358</u>	<u>956,084</u>	<u>(138,274)</u>
Other Financing Sources				
Transfers In	79,500	79,180	132,732	53,552
Total Revenues and Other Financing Sources	<u>982,485</u>	<u>1,173,538</u>	<u>1,088,816</u>	<u>(84,722)</u>
Expenditures				
Capital Outlay	75,000	1,800	--	1,800
Health & Welfare	901,874	921,031	987,844	(66,813)
Total Expenditures	<u>976,874</u>	<u>922,831</u>	<u>987,844</u>	<u>(65,013)</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures	<u>5,611</u>	<u>250,707</u>	<u>100,972</u>	<u>(149,735)</u>
Net Change in Fund Balance	<u>5,611</u>	<u>250,707</u>	<u>100,972</u>	<u>(149,735)</u>
Fund Balance at Beginning of Period	141,594	141,594	141,594	--
Fund Balance at End of Period	<u>\$ 147,205</u>	<u>\$ 392,301</u>	<u>\$ 242,566</u>	<u>\$ (149,735)</u>

City of Boyne City
Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios
Last Three Calendar Years (Schedule is built prospectively upon implementation of GASB 68)

	2017	2016	2015
Total Pension Liability			
Service Cost	\$ 78,862	\$ 92,362	\$ 106,360
Interest	690,248	738,755	679,506
Differences Between Expected & Actual Experience	100,310	(855,523)	340,288
Changes in Assumptions	-	-	400,488
Benefit Payments, Including Refunds	(599,957)	(550,319)	(492,966)
Net Change in Pension Liability	269,463	(574,725)	1,033,676
<i>Total Pension Liability - Beginning</i>	8,888,687	9,463,412	8,429,736
Total Pension Liability - Ending (a)	\$ 9,158,150	\$ 8,888,687	\$ 9,463,412
 Plan Fiduciary Net Position			
Contributions - Employer	\$ 344,461	\$ 252,664	\$ 222,915
Contributions - Member	36,315	40,067	46,487
Net Investment Income	852,428	683,914	(94,930)
Benefit Payments, Including Refunds	(599,957)	(550,319)	(492,966)
Administrative Expenses	(13,505)	(13,509)	(13,953)
Net Change in Plan Fiduciary Net Position	619,742	412,817	(332,447)
<i>Plan Fiduciary Net Position - Beginning</i>	6,505,015	6,092,198	6,424,645
Plan Fiduciary Net Position - Ending (b)	\$ 7,124,757	\$ 6,505,015	\$ 6,092,198
 Net Pension Liability - Ending (a) - (b)	\$ 2,033,393	\$ 2,383,672	\$ 3,371,214
 Plan Fiduciary Net Position as a Percentage of Total Pension Liability	77.80%	73.18%	64.38%
 Covered Employee Payroll	\$ 678,579	\$ 809,970	\$ 951,343
 Net Pension Liability as a Percentage of Covered Employee Payroll	299.65%	294.29%	354.36%

Per GASB No. 68, the required supplementary information should include 10 year fiscal history built prospectively; historical information prior to implementation of GASB No. 68 is not available.

City of Boyne City
Required Supplementary Information
Schedule of Contributions
Last 10 Fiscal Years

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially Determined Contribution	\$ 344,461	\$ 252,664	\$ 222,915	\$ 213,415	\$ 214,402	\$ 184,824	\$ 185,936	\$ 168,714	\$ 153,450	\$ 170,547
Contributions in Relation to the Actuarially Determined Contribution	344,461	252,664	222,915	213,415	214,402	184,824	185,936	168,714	153,450	170,547
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Employee Payroll	643,596	792,969	935,370	1,003,608	971,917	965,300	931,311	1,110,967	1,122,292	1,137,909
Contributions as a Percentage of Covered Employee Payroll	54%	31%	23%	21%	22%	19%	20%	15%	14%	15%

Notes

Valuation Date

Actuarially determined contribution amounts are calculated as of December 31 each year, which is 16 months prior to the beginning of the fiscal year in which the contributions are required.

Methods and assumptions used to determine contribution rates

Actuarial cost method	Entry-age Normal
Amortization method	Level percentage of pay
Remaining amortization period	6 - 21 Years Division Specific
Asset valuation method	10-year smoothed
Inflation	2.50%
Salary increases	3.75% in the long-term
Investment rate of return	7.75%, net of investment expense, including inflation
Retirement age	Experience-based tables of rates that are specific to the type of eligibility condition
Mortality	RP-2014 Group Annuity Table of a 50% male and 50% female blend

**City of Boyne City
Other Post Employment Benefits
Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) Entry Age (b)	(Overfunded) Unfunded AAL (UAAL) (b-a)	Funded Ratio Total	Covered Payroll (c)	UAL as a Percentage of Covered Payroll ((b-a)/c)
2016	\$ -	\$ 438,140	\$ 438,140	0%	N/A	N/A
2017	-	460,827	460,827	0%	N/A	N/A
2018	-	491,536	491,536	0%	1,189,670	41%

	Fiscal Year Ended April 30,		
	2018	2017	2016
Annual OPEB Cost	\$ 68,880	\$ 40,071	\$ 39,479
Percentage of OPEB Cost Contributed	41%	68%	63%
Net OPEB Obligation	\$ 97,536	\$ 56,872	\$ 43,625

Combining and Individual Fund Statements and Schedules

City of Boyne City

Nonmajor Governmental Fund Descriptions

SPECIAL REVENUE FUNDS

Major Streets Fund - is used to account for the receipt and expenditures of state shared gas and weight taxes under Act 51, P.A. 1951 as amended which are for use on major streets. Gas and weight taxes are distributed to cities and villages in Michigan on the basis of population and the number of miles of streets.

Local Streets Fund - This fund is used to account for the receipt and expenditures of state shared gas and weight taxes under Act 51, P.A. 1951 as amended which are for use on local streets within the City. Gas and weight taxes are distributed to cities and villages in Michigan on the basis of population and the number of miles of streets.

Fire Fund - This fund records the financial activities of running the fire department. Revenues from charges for services, along with transfers in from the general fund, finance these activities.

Boyne Thunder Fund - This fund records the financial activities of running the annual Boyne Thunder event. Revenues from charges for event registration finance these activities.

Marina Fund - This fund records the financial activities of running the City Marina. Revenues from charges for services finance these activities.

Airport Fund - This fund records the financial activities of running the City Airport. Revenues from charges for services and hangar rentals finance these activities.

DEBT SERVICE FUND

City Facilities Debt Fund - This fund is used to account for resources collected from the various departments / funds benefiting from the new city facilities and the expenditures of the funds for payments of principal and interest on the underlying bonds payable used to finance the construction of the city facilities.

**City of Boyne City
Combining Balance Sheet
Nonmajor Governmental Funds
April 30, 2018**

	Special Revenue						Debt Service	Total Nonmajor Governmental Funds
	Major Streets	Local Streets	Fire	Boyne Thunder	Marina	Airport	City Facilities Debt Fund	
ASSETS								
Cash and Investments	\$ 121,266	\$ 2,119	\$ 104,893	\$ 210,314	\$ 279,084	\$ 58,130	\$ 21,863	\$ 797,669
Due from Other Governmental Units	60,584	23,609	--	--	--	--	--	84,193
Accounts Receivable	--	248	223,729	--	--	952	--	224,929
Inventories	--	--	--	--	--	13,056	--	13,056
Prepaid Items	496	496	3,641	--	331	662	--	5,626
Due from Other Funds	--	1,702	--	--	--	--	--	1,702
Total Assets	\$ 182,346	\$ 28,174	\$ 332,263	\$ 210,314	\$ 279,415	\$ 72,800	\$ 21,863	\$ 1,127,175
LIABILITIES								
Accounts Payable	\$ 13,909	\$ 6,137	\$ 11,228	\$ 1,963	\$ 1,574	\$ 641	\$ --	\$ 35,452
Payroll Liabilities	3,687	2,526	--	--	--	89	--	6,302
Customer Deposits	--	--	--	--	1,075	--	--	1,075
Unearned Revenue	--	--	--	208,351	--	--	--	208,351
Due to Other Funds	1,702	--	--	--	--	--	--	1,702
Total Liabilities	19,298	8,663	11,228	210,314	2,649	730	--	252,882
FUND BALANCE								
Nonspendable	496	496	3,641	--	331	13,718	--	18,682
Restricted	162,552	19,015	317,394	--	276,435	58,352	--	833,748
Assigned	--	--	--	--	--	--	21,863	21,863
Total Fund Balance	163,048	19,511	321,035	--	276,766	72,070	21,863	874,293
Total Liabilities and Fund Balance	\$ 182,346	\$ 28,174	\$ 332,263	\$ 210,314	\$ 279,415	\$ 72,800	\$ 21,863	\$ 1,127,175

City of Boyne City
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended April 30, 2018

	Special Revenue						Debt Service	Total Nonmajor Governmental Funds
	Major Streets	Local Streets	Fire	Boyne Thunder	Marina	Airport	City Facilities Debt Fund	
Revenues								
Property Taxes	\$ 81,620	\$ 81,619	\$ --	\$ --	\$ --	\$ --	\$ 419,746	\$ 582,985
Intergovernmental Revenues	432,778	215,278	--	--	--	--	--	648,056
Charges for Services	--	938	223,779	359,817	213,772	82,087	--	880,393
Interest and Rentals	--	--	--	--	--	43,516	--	43,516
Total Revenues	514,398	297,835	223,779	359,817	213,772	125,603	419,746	2,154,950
Expenditures								
Public Safety	--	--	191,051	--	--	--	--	191,051
Public Works	696,998	688,956	--	--	--	99,656	--	1,485,610
Recreation and Culture	--	--	--	359,817	143,611	--	--	503,428
Capital Outlay	--	74,041	197,050	--	--	--	--	271,091
Debt Service - Principal	--	--	--	--	--	--	228,160	228,160
Debt Service - Interest	--	--	--	--	--	--	177,378	177,378
Total Expenditures	696,998	762,997	388,101	359,817	143,611	99,656	405,538	2,856,718
Excess of Revenues Over (Under) Expenditures	(182,600)	(465,162)	(164,322)	--	70,161	25,947	14,208	(701,768)
Other Financing Sources (Uses)								
Transfers In	218,222	707,322	63,000	--	--	--	--	988,544
Net Other Financing Sources (Uses)	218,222	707,322	63,000	--	--	--	--	988,544
Net Change in Fund Balance	35,622	242,160	(101,322)	--	70,161	25,947	14,208	286,776
<i>Fund Balance at Beginning of Period</i>	127,426	(222,649)	422,357	--	206,605	46,123	7,655	587,517
Fund Balance at End of Period	\$ 163,048	\$ 19,511	\$ 321,035	\$ --	\$ 276,766	\$ 72,070	\$ 21,863	\$ 874,293

City of Boyne City
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Major Streets
For the Year Ended April 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative) Final to Actual
Revenues				
Property Tax Revenues	\$ 85,000	\$ 81,622	\$ 81,620	\$ (2)
Intergovernmental Revenues	403,946	533,381	432,778	(100,603)
Total Revenues	<u>488,946</u>	<u>615,003</u>	<u>514,398</u>	<u>(100,605)</u>
Other Financing Sources				
Transfers In	152,600	218,717	218,222	(495)
Total Revenues and Other Financing Sources	<u>641,546</u>	<u>833,720</u>	<u>732,620</u>	<u>(101,100)</u>
Expenditures				
Construction	65,706	72,398	65,892	6,506
Routine Maintenance	338,000	372,205	369,613	2,592
Traffic Service	21,000	20,750	17,852	2,898
Winter Maintenance	138,500	178,000	169,019	8,981
Administration	78,340	79,063	74,622	4,441
Total Expenditures	<u>641,546</u>	<u>722,416</u>	<u>696,998</u>	<u>25,418</u>
Other Financing Uses				
Total Expenditures and Other Financing Uses	<u>641,546</u>	<u>722,416</u>	<u>696,998</u>	<u>25,418</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures	<u>--</u>	<u>111,304</u>	<u>35,622</u>	<u>(75,682)</u>
Net Change in Fund Balance	<u>--</u>	<u>111,304</u>	<u>35,622</u>	<u>(75,682)</u>
Fund Balance at Beginning of Period	<u>127,426</u>	<u>127,426</u>	<u>127,426</u>	<u>--</u>
Fund Balance at End of Period	<u>\$ 127,426</u>	<u>\$ 238,730</u>	<u>\$ 163,048</u>	<u>\$ (75,682)</u>

City of Boyne City
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Local Streets
For the Year Ended April 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative) Final to Actual
Revenues				
Property Tax Revenues	\$ 89,000	\$ 89,000	\$ 81,619	\$ (7,381)
Intergovernmental Revenues	158,563	208,105	215,278	7,173
Charges for Services	--	1,000	938	(62)
Total Revenues	<u>247,563</u>	<u>298,105</u>	<u>297,835</u>	<u>(270)</u>
Other Financing Sources				
Transfers In	414,471	608,321	707,322	99,001
Total Revenues and Other Financing Sources	<u>662,034</u>	<u>906,426</u>	<u>1,005,157</u>	<u>98,731</u>
Expenditures				
Capital Outlay	50,000	329,000	74,041	254,959
Construction	39,734	41,834	30,433	11,401
Routine Maintenance	364,700	449,380	430,038	19,342
Traffic Service	15,900	14,210	7,628	6,582
Winter Maintenance	116,100	172,010	147,661	24,349
Administration	75,600	81,309	73,196	8,113
Total Expenditures	<u>662,034</u>	<u>1,087,743</u>	<u>762,997</u>	<u>324,746</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures	<u>--</u>	<u>(181,317)</u>	<u>242,160</u>	<u>423,477</u>
Net Change in Fund Balance	<u>--</u>	<u>(181,317)</u>	<u>242,160</u>	<u>423,477</u>
Fund Balance at Beginning of Period	<u>(222,649)</u>	<u>(222,649)</u>	<u>(222,649)</u>	<u>--</u>
Fund Balance at End of Period	<u>\$ (222,649)</u>	<u>\$ (403,966)</u>	<u>\$ 19,511</u>	<u>\$ 423,477</u>

City of Boyne City
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Fire
For the Year Ended April 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative) Final to Actual
Revenues				
Charges for Services	\$ 440,690	\$ 460,137	\$ 223,779	\$ (236,358)
<i>Total Revenues</i>	<u>440,690</u>	<u>460,137</u>	<u>223,779</u>	<u>(236,358)</u>
Other Financing Sources				
Transfers In	<u>63,000</u>	<u>63,000</u>	<u>63,000</u>	<u>--</u>
<i>Total Revenues and Other Financing Sources</i>	<u>503,690</u>	<u>523,137</u>	<u>286,779</u>	<u>(236,358)</u>
Expenditures				
Fire	458,690	478,137	191,051	287,086
Capital Outlay	<u>45,000</u>	<u>395,000</u>	<u>197,050</u>	<u>197,950</u>
<i>Total Expenditures</i>	<u>503,690</u>	<u>873,137</u>	<u>388,101</u>	<u>485,036</u>
<i>Excess (Deficiency) of Revenues and Other Sources Over Expenditures</i>	<u>--</u>	<u>(350,000)</u>	<u>(101,322)</u>	<u>248,678</u>
<i>Net Change in Fund Balance</i>	<u>--</u>	<u>(350,000)</u>	<u>(101,322)</u>	<u>248,678</u>
<i>Fund Balance at Beginning of Period</i>	422,357	422,357	422,357	--
<i>Fund Balance at End of Period</i>	<u>\$ 422,357</u>	<u>\$ 72,357</u>	<u>\$ 321,035</u>	<u>\$ 248,678</u>

City of Boyne City
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Boyne Thunder
For the Year Ended April 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative) Final to Actual
Revenues				
Administrative Service Fees	\$ 317,850	\$ 377,392	\$ 359,817	\$ (17,575)
Total Revenues	<u>317,850</u>	<u>377,392</u>	<u>359,817</u>	<u>(17,575)</u>
Expenditures				
Recreation and Culture	317,850	391,883	359,817	32,066
Total Expenditures	<u>317,850</u>	<u>391,883</u>	<u>359,817</u>	<u>32,066</u>
Excess (Deficiency) of Revenues				
Over Expenditures	--	(14,491)	--	14,491
Net Change in Fund Balance	--	(14,491)	--	14,491
<i>Fund Balance at Beginning of Period</i>	--	--	--	--
Fund Balance at End of Period	<u>\$ --</u>	<u>\$ (14,491)</u>	<u>\$ --</u>	<u>\$ 14,491</u>

City of Boyne City
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Marina
For the Year Ended April 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative) Final to Actual
Revenues				
State Shared Revenues	\$ 260,000	\$ 8,000	\$ --	\$ (8,000)
Charges for Services	421,442	168,152	213,772	45,620
Total Revenues	<u>681,442</u>	<u>176,152</u>	<u>213,772</u>	<u>37,620</u>
Expenditures				
Recreation and Culture	160,300	140,436	143,611	(3,175)
Capital Outlay	521,142	--	--	--
Total Expenditures	<u>681,442</u>	<u>140,436</u>	<u>143,611</u>	<u>(3,175)</u>
Excess (Deficiency) of Revenues				
Over Expenditures	--	35,716	70,161	34,445
Net Change in Fund Balance	--	35,716	70,161	34,445
Fund Balance at Beginning of Period	206,605	206,605	206,605	--
Fund Balance at End of Period	<u>\$ 206,605</u>	<u>\$ 242,321</u>	<u>\$ 276,766</u>	<u>\$ 34,445</u>

City of Boyne City
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Airport
For the Year Ended April 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative) Final to Actual
Revenues				
Charges for Services	\$ 85,850	\$ 79,816	\$ 82,087	\$ 2,271
Interest	22,000	40,514	43,516	3,002
Total Revenues	<u>107,850</u>	<u>120,330</u>	<u>125,603</u>	<u>5,273</u>
Other Financing Sources				
Transfers In	--	15,000	--	(15,000)
Total Revenues and Other Financing Sources	<u>107,850</u>	<u>135,330</u>	<u>125,603</u>	<u>(9,727)</u>
Expenditures				
Public Works	100,600	100,636	99,656	980
Recreation and Culture	7,000	7,000	--	7,000
Capital Outlay	250	500	--	500
Total Expenditures	<u>107,850</u>	<u>108,136</u>	<u>99,656</u>	<u>8,480</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures	--	27,194	25,947	(1,247)
Net Change in Fund Balance	--	27,194	25,947	(1,247)
<i>Fund Balance at Beginning of Period</i>	46,123	46,123	46,123	--
Fund Balance at End of Period	<u>\$ 46,123</u>	<u>\$ 73,317</u>	<u>\$ 72,070</u>	<u>\$ (1,247)</u>

City of Boyne City

Agency Fund Descriptions

AGENCY FUNDS

Trust & Agency Fund - This fund is used to account for short-term custodial collections on resources on behalf of another individual, entity, or government.

Current Tax Collection Fund - This fund is used to record the receipt and transfers of property taxes collected by the City on behalf of the state, county, school districts, and other governments.

Boyne Senior Center Fund - This fund is used to account for tax tribunal adjustments or delinquent personal property tax collections on behalf of the County for its veterans' millage.

Howes Escrow Fund - This fund is used to account for resources held in escrow related to the former Howes Tannery.

City of Boyne City
Combining Statement of Fiduciary Net Position
Fiduciary Funds
April 30, 2018

	Agency				
	Trust & Agency	Current Tax Collection	Boyne Senior Center	Howes Escrow	Total Agency Funds
ASSETS					
Cash and Cash Equivalents	\$ 17,751	\$ 109	\$ --	\$ 12,934	\$ 30,794
<i>Total Assets</i>	17,751	109	--	12,934	30,794
LIABILITIES					
Due to Other Governmental Units	17,751	109	--	12,934	30,794
<i>Total Liabilities</i>	\$ 17,751	\$ 109	\$ --	\$ 12,934	\$ 30,794

City of Boyne City
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended April 30, 2018

	Trust & Agency			
	April 30, 2017	Additions	Deductions	April 30, 2018
ASSETS				
Cash and Cash Equivalents	\$ 14,834	\$ 38,242	\$ 35,325	\$ 17,751
<i>Total Assets</i>	<u>14,834</u>	<u>38,242</u>	<u>35,325</u>	<u>17,751</u>
LIABILITIES				
Due to Other Governmental Units	14,834	38,242	35,325	17,751
<i>Total Liabilities</i>	<u>\$ 14,834</u>	<u>\$ 38,242</u>	<u>\$ 35,325</u>	<u>\$ 17,751</u>

	Current Tax Collection			
	April 30, 2017	Additions	Deductions	April 30, 2018
ASSETS				
Cash and Cash Equivalents	\$ 100	\$ 8,805,301	\$ 8,805,292	\$ 109
<i>Total Assets</i>	<u>100</u>	<u>8,805,301</u>	<u>8,805,292</u>	<u>109</u>
LIABILITIES				
Due to Other Governmental Units	100	8,805,301	8,805,292	109
<i>Total Liabilities</i>	<u>\$ 100</u>	<u>\$ 8,805,301</u>	<u>\$ 8,805,292</u>	<u>\$ 109</u>

	Boyne Senior Center			
	April 30, 2017	Additions	Deductions	April 30, 2018
ASSETS				
Cash and Cash Equivalents	\$ -	\$ 275	\$ 275	\$ -
<i>Total Assets</i>	<u>-</u>	<u>275</u>	<u>275</u>	<u>-</u>
LIABILITIES				
Due to Other Governmental Units	-	275	275	-
<i>Total Liabilities</i>	<u>\$ -</u>	<u>\$ 275</u>	<u>\$ 275</u>	<u>\$ -</u>

	Howes Escrow			
	April 30, 2017	Additions	Deductions	April 30, 2018
ASSETS				
Cash and Cash Equivalents	\$ -	\$ 12,934	\$ -	\$ 12,934
<i>Total Assets</i>	<u>-</u>	<u>12,934</u>	<u>-</u>	<u>12,934</u>
LIABILITIES				
Due to Other Governmental Units	-	12,934	-	12,934
<i>Total Liabilities</i>	<u>\$ -</u>	<u>\$ 12,934</u>	<u>\$ -</u>	<u>\$ 12,934</u>

	Total Agency Funds			
	April 30, 2017	Additions	Deductions	April 30, 2018
ASSETS				
Cash and Cash Equivalents	\$ 14,934	\$ 8,856,752	\$ 8,840,892	\$ 30,794
<i>Total Assets</i>	<u>14,934</u>	<u>8,856,752</u>	<u>8,840,892</u>	<u>30,794</u>
LIABILITIES				
Due to Other Governmental Units	14,934	8,856,752	8,840,892	30,794
<i>Total Liabilities</i>	<u>\$ 14,934</u>	<u>\$ 8,856,752</u>	<u>\$ 8,840,892</u>	<u>\$ 30,794</u>

City of Boyne City

Component Unit Fund Descriptions

COMPONENT UNITS

Downtown Development Authority - This fund is designed to assist in the economic growth of the central business district. Recaptured property taxes are the primary source of income for the DDA.

Local Development Finance Authority Fund - This fund was established to provide a source of revenue for the LDFA to undertake various capital and public infrastructure improvements within the LDFA district. Recaptured property taxes are the primary source of income for the LDFA.

City of Boyne City
Combining Statement of Net Position / Balance Sheet
Component Units
April 30, 2018

	Governmental Activities					
	Downtown Development Authority	Adjustments	Statement of Net Position	Local Development Finance Authority	Adjustments	Statement of Net Position
ASSETS						
<i>Current Assets</i>						
Cash and Investments	\$ 389,611	\$ --	\$ 389,611	\$ 1,017,918	\$ --	\$ 1,017,918
Total Current Assets	389,611	--	389,611	1,017,918	--	1,017,918
<i>Noncurrent Assets</i>						
Capital Assets not being Depreciated	--	--	--	--	291,419 ¹	291,419
Capital Assets being Depreciated	--	1,518,413 ¹	1,518,413	--	1,487,560 ¹	1,487,560
Total Assets	389,611	1,518,413	1,908,024	1,017,918	1,778,979	2,796,897
DEFERRED OUTFLOWS OF RESOURCES						
Pension	--	1,592 ²	1,592	--	--	--
LIABILITIES						
<i>Current Liabilities</i>						
Accounts Payable	307	--	307	-	--	-
Payroll Liabilities	2,682	--	2,682	--	--	--
Total Current Liabilities	2,989	--	2,989	--	--	--
<i>Noncurrent Liabilities</i>						
Net Pension Liability	--	18,072 ²	18,072	--	--	--
Total Liabilities	2,989	18,072	21,061	--	--	--
DEFERRED INFLWOS OF RESOURCES						
Pension	--	1,346 ²	1,346	--	--	--
NET POSITION / FUND BALANCE						
Net Investment in Capital Assets	--	1,518,413	1,518,413	--	1,778,979	1,778,979
Unassigned / Unrestricted	386,622	(17,826)	368,796	1,017,918	--	1,017,918
Total Net Position / Fund Balance	\$ 386,622	\$ 1,518,413	\$ 1,887,209	\$ 1,017,918	\$ 1,778,979	\$ 2,796,897

- ¹ General government capital assets net of accumulated depreciation are not financial resources, and accordingly are not reported in the funds.
² The DDA's net pension liability and deferred outflows of resources related to its participation in the MERS defined benefit pension plan are not recorded in the governmental funds but are recorded in the statement of net position.

City of Boyne City
Combining Statement of Activities / Statement of Revenues, Expenses and Changes in Fund Balance
Component Units
For the Year Ended April 30, 2018

	Governmental Activities					
	Downtown Development Authority	Adjustments	Statement of Activities	Local Development Finance Authority	Adjustments	Statement of Activities
Expenses						
Community & Economic Development	\$ 286,845	\$ (27,803) 1	\$ 259,042	\$ 44,608	\$ - 2	\$ 44,608
Debt Service - Principal	7,074	(7,074) 3	-	--	--	--
Debt Service - Interest	226	-	226	--	--	--
Depreciation Expense	--	1,400 2	1,400	-	61,793 2	61,793
Total Expenses	294,145	(5,674)	260,668	44,608	61,793	106,401
Program Revenues						
Charges for Services	60,900	--	60,900	--	--	--
Operating Grants and Contributions	5,195	--	5,195	--	--	--
Total Program Revenues	66,095	--	66,095	--	--	--
Net Program Revenues (Expenses)	(228,050)	5,674	(194,573)	(44,608)	(61,793)	(106,401)
General Revenue						
Property Taxes	288,975	--	261,839	169,048	--	169,048
Total General Revenues	288,975	--	261,839	169,048	--	169,048
Change in Net Position / Fund Balance	60,925	5,674	67,266	124,440	(61,793)	62,647
<i>Net Position / Fund Balance at Beginning of Period</i>	325,697	1,494,246	1,819,943	893,478	1,840,772	2,734,250
Net Position / Fund Balance at End of Period	\$ 386,622	\$ 1,499,920	\$ 1,887,209	\$ 1,017,918	\$ 1,778,979	\$ 2,796,897

- 1 Changes in the City's net pension liability and deferred outflows of resources for the current year are not reported in the governmental funds but are reported in the statement of activities.
- 2 Governmental fund report capital outlay as expenditures; however, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.
- 3 Long-term debt payments are reported as financing uses in the governmental funds and thus contribute to the change in fund balance. However, long-term debt payments reduce long-term liabilities on the statement of net position

STATISTICAL SECTION

City of Boyne City

Statistical Section

This part of the City of Boyne City’s comprehensive annual financial report presents detailed information as context for understanding what the information in the financial statements and note disclosures says about the City’s overall financial health.

Contents	Table
Financial Trends	
These schedules contain information to help the reader understand how the City’s financial performance and well-being have changed over time.	A-1 to A-4
Revenue Capacity	
These schedules contain information to help the reader assess the city’s most significant local revenue source, the property tax.	B-1 to B-4
Debt Capacity	
These 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.	C-1 to C-4
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment in which the City’s financial activities take place.	D-1 to D-2
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and activities it performs.	E-1 to E-3

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

CITY OF BOYNE CITY

Table A-1

**NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)**

	Fiscal Year									
	2018	2017	2016 *	2015	2014	2013	2012	2011	2010	2009
Governmental activities										
Net investment in capital assets	\$ 12,614,764	\$ 12,463,814	\$ 12,501,782	\$ 9,390,960	\$ 8,164,779	\$ 7,825,004	\$ 6,702,500	\$ 6,596,961	\$ 5,735,843	\$ 5,410,919
Restricted	1,336,327	3,702,074	7,973,717	342,380	28,081	77,175	67,412	268,962	200,914	155,540
Unrestricted	625,510	(2,660,193)	(7,206,778)	4,806,478	4,545,273	4,207,938	3,647,444	3,193,279	3,600,193	2,890,917
Total governmental activities net position	\$ 14,576,601	\$ 13,505,695	\$ 13,268,721	\$ 14,539,818	\$ 12,738,133	\$ 12,110,117	\$ 10,417,356	\$ 10,059,202	\$ 9,536,950	\$ 8,457,376
Business-type activities										
Net investment in capital assets	\$ 6,452,375	\$ 6,436,471	\$ 6,472,651	\$ 6,522,574	\$ 6,588,280	\$ 6,635,833	\$ 6,636,468	\$ 6,130,492	\$ 5,241,435	\$ 5,325,977
Restricted	475,364	534,183	591,333	647,376	660,216	564,392	564,240	564,497	414,747	341,189
Unrestricted	4,088,340	3,444,114	2,829,455	2,417,042	1,998,813	1,725,378	1,592,384	1,447,894	1,702,843	1,772,147
Total business-type activities net position	\$ 11,016,079	\$ 10,414,768	\$ 9,893,439	\$ 9,586,992	\$ 9,247,309	\$ 8,925,603	\$ 8,793,092	\$ 8,142,883	\$ 7,359,025	\$ 7,439,313
Primary government										
Net investment in capital assets	\$ 19,067,139	\$ 18,900,285	\$ 18,974,433	\$ 15,913,534	\$ 14,753,059	\$ 14,460,837	\$ 13,338,968	\$ 12,727,453	\$ 10,977,278	\$ 10,736,896
Restricted	1,811,691	4,236,257	8,565,050	989,756	688,297	641,567	631,652	833,459	615,661	496,729
Unrestricted	4,713,850	783,921	(4,377,323)	7,223,520	6,544,086	5,933,316	5,239,828	4,641,173	5,303,036	4,663,064
Total primary government net position	\$ 25,592,680	\$ 23,920,463	\$ 23,162,160	\$ 24,126,810	\$ 21,985,442	\$ 21,035,720	\$ 19,210,448	\$ 18,202,085	\$ 16,895,975	\$ 15,896,689

Source: City Treasurer's office

* 2016 was the initial year that GASB 68 was implemented which recognized the net pension liability of the City.

CITY OF BOYNE CITY

Table A-2.1

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Expenses										
Governmental activities										
General government	\$ 1,019,267	\$ 1,282,401	\$ 1,500,604	\$ 1,000,246	\$ 1,109,769	\$ 1,150,743	\$ 1,219,421	\$ 1,139,799	\$ 1,240,244	\$ 1,747,639
Public safety	901,292	925,056	965,164	876,459	815,770	659,376	808,776	852,170	875,309	861,606
Public works	1,931,913	1,711,115	1,558,262	1,443,188	1,597,029	1,647,620	1,785,072	2,282,830	1,354,473	1,493,864
Community and Economic Development	194,117	282,398	400,862	150,224	145,842	-	-	-	-	-
Recreation and culture	884,893	845,394	765,354	608,090	795,090	345,620	264,033	250,120	279,953	399,447
Other Functions	35,580	40,691	38,981	29,742	-	210,019	171,023	153,086	130,179	123,657
Interest on Long-term Debt	177,378	199,673	-	-	-	-	-	-	-	-
Health and Welfare	1,046,328	1,017,676	968,550	840,667	830,119	784,940	715,324	692,163	575,682	552,646
Legislative	19,964	19,082	17,556	21,910	16,149	18,980	17,665	16,612	15,911	14,055
Total governmental activities	6,210,732	6,323,486	6,215,333	4,970,526	5,309,768	4,817,298	4,981,314	5,386,780	4,471,751	5,192,914
Business-type activities										
Sewer	1,036,219	865,868	859,761	877,408	873,262	850,272	840,332	881,574	1,081,353	997,864
Water	638,788	642,610	672,251	612,442	619,161	613,370	586,410	594,954	688,377	660,916
Total business-type activities	1,675,007	1,508,478	1,532,012	1,489,850	1,492,423	1,463,642	1,426,742	1,476,528	1,769,730	1,658,780
Total primary government expenses	7,885,739	7,831,964	7,747,345	6,460,376	6,802,191	6,280,940	6,408,056	6,863,308	6,241,481	6,851,694
Program revenues										
Governmental activities										
Charges for services										
General Government	273,719	213,900	241,576	237,007	210,801	140,013	139,960	64,948	69,570	338,897
Public Safety	253,856	234,665	228,863	257,136	265,892	209,108	188,153	202,331	221,853	220,452
Public Works	264,551	278,165	207,290	274,630	397,711	267,388	264,608	351,380	273,497	236,906
Community and Economic Development	70,104	75,451	67,661	130,599	2,500	-	-	-	-	-
Recreation and Culture	616,046	498,405	501,079	288,077	401,578	124,777	-	-	-	-
Health & Welfare	952,443	755,656	845,807	681,978	617,335	570,179	472,263	474,989	470,316	427,309
Total charges for services	2,430,719	2,056,242	2,092,276	1,869,427	1,895,817	1,311,465	1,064,984	1,093,648	1,035,236	1,223,564
Operating grants and contributions	834,898	648,601	650,099	789,281	496,062	530,258	398,057	770,680	636,682	483,670
Capital grants and contributions	-	113,522	780,702	935,137	157,774	503,440	116,250	-	-	-
Total governmental activities program revenues	3,265,617	2,818,365	3,523,077	3,593,845	2,549,653	2,345,163	1,579,291	1,864,328	1,671,918	1,707,234
Business-type activities										
Charges for services										
Sewer	1,578,547	1,347,750	1,345,826	1,180,380	1,189,898	1,141,573	1,238,040	1,103,726	865,955	882,335
Water	696,370	678,387	668,684	676,461	616,173	509,677	614,421	588,223	574,898	588,917
Total charges for services	2,274,917	2,026,137	2,014,510	1,856,841	1,806,071	1,651,250	1,852,461	1,691,949	1,440,853	1,471,252
Operating grants and contributions	-	-	1,000	-	-	-	-	-	-	-
Capital grants and contributions	-	-	797	-	4,619	-	223,488	436,045	232,680	644,765
Total business-type activities program revenues	2,274,917	2,026,137	2,016,307	1,856,841	1,810,690	1,651,250	2,075,949	2,127,994	1,673,533	2,116,017
Total primary government program revenues	5,540,534	4,844,502	5,539,384	5,450,686	4,360,343	3,996,413	3,655,240	3,992,322	3,345,451	3,823,251

CITY OF BOYNE CITY

Table A-2.2

**CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)**

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Net (expense) revenue										
Governmental activities	\$ (2,945,115)	\$ (3,505,121)	\$ (2,692,256)	\$ (1,376,681)	\$ (2,760,115)	\$ (2,472,135)	\$ (3,402,023)	\$ (3,522,452)	\$ (2,799,833)	\$ (3,485,680)
Business-type activities	599,910	517,659	484,295	366,991	318,267	187,608	649,207	651,466	(96,197)	457,237
Total primary government net (expense) revenue	(2,345,205)	(2,987,462)	(2,207,961)	(1,009,690)	(2,441,848)	(2,284,527)	(2,752,816)	(2,870,986)	(2,896,030)	(3,028,443)
General revenues and other changes in net position										
Governmental activities										
Property taxes	3,581,763	3,293,985	2,863,397	2,791,309	2,779,574	2,803,775	2,875,010	3,015,991	3,141,347	2,978,762
Other Revenues	-	-	17,373	4,661	268,340	574,254	595,047	571,928	426,705	521,794
Interest and Rentals	69,168	39,136	3,601	1,248	998	8,272	12,671	11,601	19,954	36,599
State Revenue Sharing	365,090	408,974	337,273	351,138	339,219	288,660	277,449	250,368	298,118	338,357
Transfers	-	-	-	30,010	-	489,935	-	194,816	(6,717)	-
Total governmental activities	<u>4,016,021</u>	<u>3,742,095</u>	<u>3,221,644</u>	<u>3,178,366</u>	<u>3,388,131</u>	<u>4,164,896</u>	<u>3,760,177</u>	<u>4,044,704</u>	<u>3,879,407</u>	<u>3,875,512</u>
Business-type activities										
Interest and Rentals	1,401	3,670	495	2,702	3,439	-	1,002	2,392	5,368	12,083
Transfers	-	-	-	(30,010)	-	(55,097)	-	130,000	-	-
Total business-type activities	<u>1,401</u>	<u>3,670</u>	<u>495</u>	<u>(27,308)</u>	<u>3,439</u>	<u>(55,097)</u>	<u>1,002</u>	<u>132,392</u>	<u>5,368</u>	<u>12,083</u>
Total primary government	4,017,422	3,745,765	3,222,139	3,151,058	3,391,570	4,109,799	3,761,179	4,177,096	3,884,775	3,887,595
Change in net position										
Governmental activities	1,070,906	236,974	529,388	1,801,685	628,016	1,692,761	358,154	522,252	1,079,574	389,832
Business-type activities	601,311	521,329	484,790	339,683	321,706	132,511	650,209	783,858	(90,829)	469,320
Total primary government	\$ 1,672,217	\$ 758,303	\$ 1,014,178	\$ 2,141,368	\$ 949,722	\$ 1,825,272	\$ 1,008,363	\$ 1,306,110	\$ 988,745	\$ 859,152

CITY OF BOYNE CITY

Table A-3

FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 158,962	\$ 129,481	\$ 100,000
Unreserved	-	-	-	-	-	-	-	1,446,522	1,517,721	1,532,070
Nonspendable	36,685	34,812	34,942	38,295	31,152	19,390	-	-	-	-
Committed	-	-	-	152,706	142,241	129,331	118,933	-	-	-
Assigned	28,207	53,176	45,460	317,947	276,189	232,392	1,215	-	-	-
Unassigned	2,228,565	2,241,764	1,430,448	2,673,178	2,485,027	2,052,058	2,175,164	-	-	-
Total general fund	\$ 2,293,457	\$ 2,329,752	\$ 1,510,850	\$ 3,182,126	\$ 2,934,609	\$ 2,433,171	\$ 2,295,312	\$ 1,605,484	\$ 1,647,202	\$ 1,632,070
All other governmental funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 110,000	\$ 71,433	\$ 55,540
Unreserved reported in										
Special revenue funds	-	-	-	-	-	-	-	1,189,932	1,704,196	1,048,471
Nonspendable	20,006	19,682	29,147	22,761	11,958	11,205	13,489	-	-	-
Restricted	1,316,321	3,682,862	7,944,570	342,380	28,081	77,175	67,412	-	-	-
Assigned	21,863	-	-	-	-	-	-	-	-	-
Committed	-	7,655	-	794,697	898,796	1,080,572	684,320	-	-	-
Unassigned	-	(223,119)	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ 1,358,190	\$ 3,487,080	\$ 7,973,717	\$ 1,159,838	\$ 938,835	\$ 1,168,952	\$ 765,221	\$ 1,299,932	\$ 1,775,629	\$ 1,104,011

Notes:

(1) Fund balance classification was changed in 2012 to comply with the requirements of GASB Statement Number 54.

CITY OF BOYNE CITY

Table A-4

**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)**

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenues										
Property Taxes	\$ 3,581,760	\$ 3,293,988	\$ 2,863,397	\$ 2,791,309	\$ 2,779,574	\$ 2,803,775	\$ 2,875,010	\$ 3,015,991	\$ 3,141,347	\$ 2,978,762
Intergovernmental revenues										
Federal	-	-	903,388	822,211	-	503,440	30,790	337,267	149,545	-
State	1,015,204	1,095,531	819,278	960,988	931,421	724,633	716,702	619,836	735,628	807,840
Local	-	43,758	25,905	-	61,634	94,285	44,264	63,945	49,627	22,508
Licenses and permits	18,406	7,197	6,406	6,194	6,550	-	-	-	-	-
Charges for services	2,199,486	1,893,723	1,962,820	1,704,263	1,667,620	1,311,465	1,064,984	1,093,648	1,035,236	950,207
Fines and Forfeitures	6,521	5,769	5,755	8,260	5,866	-	-	-	-	-
Interest and rentals	82,628	45,094	36,717	34,529	30,429	8,272	12,671	11,601	19,954	32,549
Miscellaneous	293,116	123,573	91,589	331,830	262,527	477,552	530,822	471,379	401,189	499,947
Total revenues	7,197,121	6,508,633	6,715,255	6,659,584	5,745,621	5,923,422	5,275,243	5,613,667	5,532,526	5,291,813
Expenditures										
Current										
General government	1,086,596	1,016,527	1,224,149	951,789	1,063,767	1,090,443	1,197,877	1,220,523	1,256,741	1,398,945
Public safety	871,146	822,763	804,544	771,922	729,516	732,581	763,072	790,510	792,816	758,980
Public works	1,540,212	1,092,479	928,577	1,041,317	1,217,483	2,804,543	2,049,145	3,173,048	1,763,924	1,307,765
Community and Economic development	194,117	282,398	400,862	150,224	145,842	-	-	-	-	-
Recreation and Culture	857,425	814,446	732,821	582,031	776,451	325,413	233,727	220,790	243,505	363,434
Legislative	19,964	19,082	17,556	21,910	16,149	18,980	17,665	16,612	15,911	14,055
Health and Welfare	987,844	945,481	891,528	813,265	801,354	756,175	679,733	686,940	569,033	547,423
Other	35,580	40,691	38,981	29,742	-	143,632	178,907	146,766	134,974	113,320
Debt service										
Principal	228,160	100,000	-	-	-	-	-	70,709	62,155	168,137
Interest	177,378	207,833	-	-	-	-	-	-	-	-
Capital Outlay	3,363,884	4,834,668	3,633,440	1,858,874	723,738	-	-	-	-	-
Total expenditures	9,362,306	10,176,368	8,672,458	6,221,074	5,474,300	5,871,767	5,120,126	6,325,898	4,839,059	4,672,059
Excess of Revenues Over (Under) Expenditures	(2,165,185)	(3,667,735)	(1,957,203)	438,510	271,321	51,655	155,117	(712,231)	693,467	619,754
Other financing sources (uses)										
Bond/note proceeds	-	-	7,171,361	-	-	-	-	-	-	-
Transfers in	1,121,276	873,219	863,944	1,068,045	948,208	1,856,258	769,711	1,735,065	1,501,615	1,245,260
Transfers out	(1,121,276)	(873,219)	(863,944)	(1,038,035)	(948,208)	(1,366,323)	(769,711)	(1,540,249)	(1,508,332)	(1,245,260)
Total other financing sources (uses)	-	-	7,171,361	30,010	-	489,935	-	194,816	(6,717)	-
Net changes in fund balances	\$ (2,165,185)	\$ (3,667,735)	\$ 5,214,158	\$ 468,520	\$ 271,321	\$ 541,590	\$ 155,117	\$ (517,415)	\$ 686,750	\$ 619,754
Debt service as a percentage of noncapital expenditures	6.8%	5.8%	0.0%	0.0%	0.0%	0.0%	0.0%	1.1%	1.3%	3.6%

CITY OF BOYNE CITY

Table B-1

***ASSESSED VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS***

Fiscal Year Ended April 30	Real property				Personal Property	Total Assessed Value	Total Direct Tax Rate
	Residential Property	Commercial Property	Industrial Property	Total			
2009	\$ 198,150,108	\$ 30,915,100	\$ 5,796,300	\$ 234,861,508	\$ 11,692,400	\$ 246,553,908	16.0100
2010	178,706,850	28,931,300	4,957,100	212,595,250	11,732,200	224,327,450	16.0100
2011	165,737,200	26,869,016	4,281,800	196,888,016	11,688,900	208,576,916	15.7600
2012	153,525,100	25,594,500	4,137,300	183,256,900	12,744,700	196,001,600	15.5100
2013	144,678,200	25,426,100	4,671,000	174,775,300	13,362,100	188,137,400	15.5100
2014	145,684,250	25,737,500	5,405,900	176,827,650	14,284,600	191,112,250	15.5100
2015	154,032,900	26,419,700	5,423,500	185,876,100	13,778,500	199,654,600	15.5100
2016	167,780,600	26,657,500	5,405,900	199,844,000	9,939,000	209,783,000	15.5100
2017	175,267,013	26,245,972	7,229,100	208,742,085	12,105,800	220,847,885	17.2100
2018	185,221,100	25,842,700	5,491,800	216,555,600	8,483,100	225,038,700	17.8100

*Property is reassessed each year at actual value. Therefore, the assessed values are equal to the actual value.
Direct tax rate (millage) is per \$1,000 of taxable value, which is generally equal to one half of the assessed value.*

Source: City of Boyne City Assessor

CITY OF BOYNE CITY

Table B-2

DIRECT AND OVERLAPPING PROPERTY TAX RATES
 LAST TEN FISCAL YEARS
 (rate per \$1,000 of taxable value)

Fiscal Year Ended	City of Boyne City			Charlevoix County								Boyne City Public Schools (1)			Charlevoix ISD			State	Library	Total		
	Operating Millage	Debt Millage	Total City Millage	Operating Millage	MCF Millage	Commission on Aging Millage	Transit Millage	Co Road Millage	Recycling Millage	Parks Millage	Veterans Millage	Total County Millage	Non-Homestead Millage	Debt Millage	Total BRPS Millage	Operating Millage	Special Education	Vocational Education	Total MOISD Millage		State Education Tax	Library Operating
2009	16.0100	0.5750	16.5850	4.5288	1.2864	0.4000	0.2408	-	0.1500	-	-	6.6060	18.0000	3.5000	21.5000	0.1942	1.8313	0.7468	2.7723	6.0000	0.9696	54.4329
2010	16.0100	-	16.0100	4.7000	1.2864	0.4000	0.2500	1.0000	0.1500	-	-	7.7864	18.0000	3.5000	21.5000	0.2000	1.8313	0.7468	2.7781	6.0000	0.9696	55.0441
2011	15.7600	-	15.7600	4.7000	1.2864	0.4000	0.2500	1.0000	0.1500	-	-	7.7864	18.0000	3.5000	21.5000	0.2000	1.8313	0.7500	2.7813	6.0000	0.9696	54.7973
2012	15.5100	-	15.5100	4.7000	0.9250	0.4000	0.2500	1.0000	0.1500	-	-	7.4250	18.0000	3.3500	21.3500	0.2000	1.8313	0.7500	2.7813	6.0000	0.9696	54.0359
2013	15.5100	-	15.5100	4.7000	0.7500	0.6000	0.2500	1.0000	0.1500	-	-	7.4500	18.0000	3.3500	21.3500	0.2000	1.8313	0.7500	2.7813	6.0000	0.9696	54.0609
2014	15.5100	-	15.5100	4.7000	0.7500	0.6500	0.2500	1.0000	0.1500	-	-	7.5000	18.0000	3.3500	21.3500	0.2000	1.8313	0.7500	2.7813	6.0000	0.9696	54.1109
2015	15.5100	-	15.5100	4.7000	0.7500	0.6500	0.2500	1.0000	0.1500	0.1500	0.1000	7.7500	18.0000	3.3500	21.3500	0.2000	1.8313	0.7500	2.7813	6.0000	0.9696	54.3609
2016	15.5100	-	15.5100	4.7000	0.7500	0.6500	0.2500	1.0000	0.1500	0.1500	0.1000	7.7500	18.0000	3.3500	21.3500	0.2000	1.8313	0.7500	2.7813	6.0000	0.9696	54.3609
2017	15.5100	1.7000	17.2100	4.7000	0.7500	0.6494	0.2497	0.9991	0.1498	0.1498	0.0999	7.7477	18.0000	1.5700	19.5700	0.1996	1.8301	0.7487	2.7784	6.0000	0.9647	54.2708
2018	15.5100	2.3000	17.8100	4.4500	0.7462	0.6473	0.2489	0.9950	0.1493	0.1491	0.0994	7.4852	18.0000	1.5700	19.5700	0.1989	1.8200	0.7445	2.7634	6.0000	0.6264	54.2550

Source: City of Boyne City Assessor

CITY OF BOYNE CITY

Table B-3

**PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	2018			2009		
	Taxable Value	Rank	Percentage of Total City Taxable Value	Taxable Value	Rank	Percentage of Total City Taxable Value
Consumers Energy	\$ 3,683,684	1	4.90%	\$ 1,755,548	3	0.69%
Decoma Intl	2,273,390	2	1.70%	1,411,956	2	0.55%
Integrity Land Company	1,779,064	3	1.50%	-		0.00%
Top O Michigan REA	1,751,156	4	1.10%	1,973,940	1	0.77%
Catt's Realty	1,527,197	5	0.80%	1,847,235	10	0.72%
DFC of Boyne City LLC	1,243,131	6	0.60%	1,347,600	5	0.53%
475 Lake Street LLC	1,075,500	7	0.60%	-		0.00%
VanDam Marine Co	1,006,066	8	0.50%	1,297,700	8	0.51%
Great Lakes Energy Cooperative	944,800	9	0.50%	1,042,507	6	0.41%
Allied/Bendix GSD	879,629	10	0.50%	1,113,124	7	0.44%
Lexamar	2,001,768	-	0.40%	2,747,800	4	1.08%
Devlon Properties	-	13	0.40%	1,108,000	9	0.43%
Total	\$ 18,165,385		13.50%	\$ 15,645,410		6.13%

Source: City of Boyne City Assessor

CITY OF BOYNE CITY

Table B-4

***PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS***

Fiscal Year Ended April 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2009	\$ 3,124,443	\$ 3,114,266	99.67%	\$ 6,251	\$ 3,120,517	99.87%
2010	3,240,358	3,233,390	99.78%	2,770	3,236,160	99.87%
2011	3,066,529	3,058,746	99.75%	2,823	3,061,569	99.84%
2012	2,928,447	2,921,136	99.75%	2,965	2,924,101	99.85%
2013	2,877,829	2,874,308	99.88%	844	2,875,152	99.91%
2014	2,843,698	2,821,935	99.23%	18,764	2,840,699	99.89%
2015	2,849,496	2,827,460	99.23%	11,284	2,838,745	99.62%
2016	2,903,749	2,885,040	99.36%	14,866	2,899,906	99.87%
2017	2,906,183	2,824,995	97.21%	57,617	2,882,612	99.19%
2018	2,889,466	2,880,176	99.68%	8,312	2,888,488	99.97%

Source: City Treasurer

CITY OF BOYNE CITY

Table C-1

**RATIO OF GENERAL OBLIGATION BONDED DEBT TO ESTIMATED ACTUAL VALUE OF TAXABLE
PROPERTY AND BONDED DEBT PER CAPITA
AND RATIOS OF OUTSTANDING DEBT TO TOTAL PERSONAL INCOME AND DEBT PER CAPITA
LAST TEN FISCAL YEARS**

Fiscal Year Ended April 30	Governmental Activities				Business-type	Total		
	General Obligation Bonds	Loans Payable	Percentage of Property Value	Per Capita (1)	Activities Revenue Bonds	Total Debt	Percentage of Personal Income	Per Capita
2009	\$ -	\$ 132,864	0.03%	42	\$ 8,658,091	\$ 8,790,955	9.93%	\$ 2,760
2010	-	70,709	0.02%	19	8,213,091	8,283,800	8.31%	2,203
2011	-	-	0.00%	-	7,758,091	7,758,091	8.22%	2,062
2012	-	-	0.00%	-	7,293,091	7,293,091	9.03%	1,940
2013	-	-	0.00%	-	6,818,091	6,818,091	8.80%	1,823
2014	-	-	0.00%	-	6,333,091	6,333,091	7.01%	1,687
2015	-	-	0.00%	-	5,838,091	5,838,091	6.24%	1,550
2016	7,171,361	-	1.71%	1,911	5,333,091	12,504,452	12.29%	3,342
2017	7,063,201	-	1.60%	1,888	4,818,091	11,881,292	11.67%	3,175
2018	6,835,041	-	1.52%	1,827	4,288,091	11,123,132	10.93%	2,973

Note:

(1) Includes only bonds serviced from property tax revenues.

CITY OF BOYNE CITY

Table C-2

***DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF APRIL 30, 2018***

Governmental Unit	Debt Outstanding	Percentage Applicable To City	Amount Applicable To City
Overlapping Debt			
Boyne City School District	\$ 8,415,000	31.20%	\$ 2,625,480
Boyne Falls School District	3,505,000	1.39%	48,720
<i>Total Overlapping Debt</i>			<u>2,674,200</u>
Direct Debt - City of Boyne City - General Obligation		100%	<u>6,835,041</u>
<i>Total Direct and Overlapping Debt</i>			<u>\$ 9,509,241</u>

Note:

The portion of the taxable value for each governmental unit located within the City of Boyne City over the taxable value of the governmental unit as a whole is utilized to calculate overlapping debt percentages.

Source: Michigan Advisory Council (MAC)

CITY OF BOYNE CITY

Table C-3

**LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

Total state equalized value (1)	\$ 215,900,200
Debt limitation - 10 percent of SEV	<u>\$ 21,590,020</u>
Debt applicable to limitation	
Total bonded debt	11,123,132
Less:	
Revenue bonds	<u>4,288,091</u>
Total Debt Applicable to Limitation	<u>6,835,041</u>
Legal Debt Margin	<u>\$ 14,754,979</u>

	Fiscal Year									
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Debt limit	\$ 21,590,020	\$ 22,006,022	\$ 20,978,300	\$ 19,965,460	\$ 19,111,225	\$ 18,813,740	\$ 19,600,160	\$ 20,857,692	\$ 22,432,745	\$ 24,655,391
Total net debt applicable to limit	6,835,041	7,063,201	7,171,361	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 14,754,979</u>	<u>\$ 14,942,821</u>	<u>\$ 13,806,939</u>	<u>\$ 19,965,460</u>	<u>\$ 19,111,225</u>	<u>\$ 18,813,740</u>	<u>\$ 19,600,160</u>	<u>\$ 20,857,692</u>	<u>\$ 22,432,745</u>	<u>\$ 24,655,391</u>
Total net debt applicable to limit as a percentage of debt limit	31.7%	32.1%	34.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

(1) Source: City assessors office

CITY OF BOYNE CITY

Table C-4

**PLEGGED REVENUE COVERAGE
LAST TEN FISCAL YEARS**

Fiscal Year Ended April 30	Sewer Revenue Bonds						Water Revenue Bonds					
	Utility Service Charges	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage	Utility Service Charges	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest					Principal	Interest	
2009	\$ 882,335	\$ 528,661	\$ 353,674	\$ 355,000	\$ 163,053	0.68	\$ 588,917	\$ 376,396	\$ 212,521	\$ 80,000	\$ 35,500	1.84
2010	865,955	619,866	246,089	365,000	155,509	0.47	574,898	408,547	166,351	80,000	33,500	1.47
2011	890,537	429,813	460,724	370,000	147,753	0.89	588,223	345,400	242,823	85,000	31,500	2.08
2012	872,533	399,185	473,348	380,000	139,891	0.91	615,423	344,897	270,526	85,000	29,375	2.37
2013	906,662	397,646	509,016	385,000	131,816	0.98	509,677	328,624	181,053	90,000	27,250	1.54
2014	962,426	437,541	524,885	395,000	128,178	1.00	616,173	337,723	278,450	90,000	24,813	2.43
2015	956,777	455,791	500,986	405,000	114,524	0.96	676,461	336,268	340,193	90,000	22,562	3.02
2016	1,122,382	446,959	675,423	410,000	105,908	1.31	668,684	403,920	264,764	95,000	20,302	2.30
2017	1,126,124	462,710	663,414	420,000	96,860	1.28	678,387	379,738	298,649	95,000	17,990	2.64
2018	1,354,184	641,375	712,809	430,000	88,991	1.37	696,370	415,517	280,853	100,000	15,744	2.43

Note:
 Details regarding the City's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest or depreciation expense.
 Service charges include interest income and operating expenses include transfers out for indirect costs.

CITY OF BOYNE CITY

Table D-1

**DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS**

Year	Population (1)	Personal Income	Per Capita Personal Income (1)	Median Age (1)	Unemployment Rate (1)	School Enrollment (2)
2009	3,185	\$ 88,501,595	\$ 27,787	39.9	8.4	1,272
2010	3,760	99,696,400	26,515	40.7	6.8	1,272
2011	3,763	94,432,485	25,095	39.1	6.3	1,309
2012	3,759	80,773,392	21,488	35.0	6.2	1,310
2013	3,741	77,513,520	20,720	34.5	6.3	1,317
2014	3,753	90,304,686	24,062	37.4	5.6	1,330
2015	3,766	93,536,142	24,837	41.8	4.6	1,329
*2016	3,742	101,774,916	27,198	42.7	4.5	1,379
*2017	3,742	101,774,916	27,198	42.7	4.5	1,376
*2018	3,742	101,774,916	27,198	42.7	4.5	1,352

Notes

* Data unavailable as of the date of this report. Used most recent data.

(1) Per American Community Survey (5 year estimates)

(2) Boyne City Public Schools (FTE - October count)

CITY OF BOYNE CITY

Table D-2

***PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO***

Employer	2018			2009		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
LexaMar Corporation	500	1	27.31%	345	1	19.98%
Precision Edge	178	2	9.72%	-	-	0.00%
Honeywell Precision Aerospace Products	160	3	8.74%	160	2	9.26%
Great Lakes Energy	90	4	4.92%	90	3	5.21%
Industrial Magnetics, Inc.	68	5	3.71%	73	4	4.23%
Jervis B. Webb (Daifuku Webb) Boyne City	54	6	2.95%	60	5	3.47%
Classic Instruments	27	7	1.47%	24	8	1.39%
Stiggs Microbrewery	25	8	1.37%	-	-	0.00%
Arete	19	9	1.04%	25	6	1.45%
Temprel	14	10	0.76%	22	7	1.27%
Van Dam Marine Co	13	11	0.71%	15	9	0.87%

Source: City offices

CITY OF BOYNE CITY

Table E-1

**CITY EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Function/Program	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General government										
Administration										
Full time	7	7	7	7	7	7	8	8	8	8
Part time	1	1	1	-	-	1	1	1	1	1
Finance										
Full time	2	2	2	2	2	2	2	2	2	2
Part time	-	-	-	-	-	-	-	-	-	-
Public works										
Full time	10	10	10	10	10	11	11	12	12	12
Part time	3	3	3	3	3	3	3	3	3	3
Library										
Full time	4	4	4	2	2	3	3	3	3	3
Part time	8	7	7	8	8	8	8	8	8	8
Public Safety										
Police										
Full time	8	8	8	8	8	8	8	8	8	8
Part time	2	2	2	2	2	2	2	2	2	2
Fire										
Full time	-	-	-	-	-	-	-	-	-	-
Part time	22	24	22	22	22	22	22	22	22	22
Total	67	68	66	64	64	67	68	69	69	69

Source: City clerks office

CITY OF BOYNE CITY

Table E-2

**OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Function/Program	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Police										
Arrests	103	128	68	136	132	149	141	125	84	151
Accident responses	107	130	127	190	154	170	144	145	149	174
Fire/EMS										
Fire calls	185	204	155	188	172	154	241	155	162	139
Rescue calls	4	4	4	8	3	2	4	3	3	4
Patient care responses	1,054	1,112	945	932	938	953	886	787	801	797
Public works and streets										
Street resurfacing (in miles)	2.57	2.57	2.50	2.90	3.70	3.20	2.60	3.00	2.40	1.80
Culture and recreation										
Library books	46,000	42,000	42,890	42,890	41,500	38,880	38,771	37,180	34,830	31,324
Sewer system										
Number of service connections	1,651	1,651	1,651	1,643	1,638	1,628	1,628	1,627	1,626	1,626
Daily average treatment in millions of gallons	0.671	0.662	0.670	0.673	0.677	0.499	0.394	0.391	0.525	0.543
Water system										
Number of service connections	1,748	1,748	1,748	1,741	1,736	1,726	1,726	1,725	1,724	1,724
Daily average consumption in millions of gallons	0.689	0.778	0.807	0.806	0.715	0.632	0.656	0.621	0.558	0.503

Source: Various City departments

CITY OF BOYNE CITY

Table E-3

**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Function/Program	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	3	3	3	3	3	3	3	3	3	3
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Emergency response vehicles	8	7	7	7	7	7	7	7	7	7
Public works and streets										
Buildings	26	26	27	26	26	26	26	26	26	26
Miles of streets	36.33	36.33	36.33	36.33	36.33	36.33	36.33	36.33	36.10	36.10
Number of street lights	309	309	309	309	300	294	284	270	258	258
Culture and recreation										
Park acreage	514	514	514	514	514	514	514	514	514	514
Sewer system										
Miles of sanitary sewers	32.91	32.91	32.91	30.91	30.91	30.91	30.91	30.91	30.91	30.91
Miles of storm sewers	22.80	22.80	22.80	22.00	22.00	21.60	21.60	21.10	21.10	20.70
Maximum daily capacity in millions of gallons	0.662	0.662	0.670	0.619	0.677	0.499	0.394	0.391	0.525	0.543
Water system										
Miles of water mains	35	35	35	35	35	35	35	35	35	35
Fire hydrants	271	271	271	271	271	271	271	271	271	271
Maximum daily capacity in millions of gallons	0.778	0.778	0.750	0.750	0.750	0.750	0.750	0.750	0.750	0.750

Source: City finance office