CITY OF BOYNE CITY
CHARLEVOIX COUNTY, MICHIGAN
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED APRIL 30, 2016

CITY OF BOYNE CITY, MICHIGAN

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED APRIL 30, 2016

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

319 N Lake Street Boyne City, Michigan 49712 Phone 231-582-6597
www.cityofboynecity.com Fax 231-582-6506

August 12, 2016

To the Mayor, 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, 2016 (FYE 16). 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 Treasurer and the City administration throughout the year as we examine current and propose future practices and procedures. The City of 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 of Boyne City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Boyne City's 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.

This report has been formulated following the guidelines recommended by the Government Finance Officers Association (GFOA) of the United States and Canada. The GFOA annually awards certificates of Achievement to those governments whose financial reports are judged to meet the high standards of public

financial reporting and generally accepted accounting principles. This is the first year that the City of Boyne City has pursued the lofty goal of obtaining a Certificate of Achievement for excellence in Financial Reporting for this, our Comprehensive Annual Financial Report (CAFR). That Certificate of Achievement has been obtained by only a select few organizations in the State of Michigan and throughout the United States and Canada. My congratulations to the City Clerk/Treasurer and our entire team for pursuing this higher level of public reporting.

In order to be awarded a Certificate of Achievement, we must publish an easily readable and efficiently organized CAFR. This report satisfies both GAAP and applicable legal requirements.

Once obtained, a Certificate of Achievement is valid for a period of one year only. I believe that this current CAFR meets the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for a certificate.

Public Act 2 of 1968 of the State of Michigan, as amended, requires that the financial statements of the City of Boyne City 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.

The goal of the independent audit was to provide reasonable assurance that the basic financial statements of the City of Boyne City for the fiscal year ended April 30, 2016 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amount and disclosers 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 unqualified opinion that the City of Boyne City's financial statements for the fiscal year ended April 30, 2016, 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.

Risk Management

The City of Boyne City is exposed to various risks of loss related to torts, theft or damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City obtains Liability Insurance through the Michigan Township Participating Plan; Health Insurance through Priority Health, and Workers Compensation through the Michigan Municipal League Workers Compensation Program. The City's maximum liability insurance deductible is $1,000.

Profile of the Government

The City of Boyne City is a small town situated on beautiful Lake Charlevoix in Northwestern Michigan. November 14th of this year marks the 160th 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 vacation home owners and visitors returning to the area.

The City of Boyne City is 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 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 is required to hold public hearings in April on the proposed budget and to adopt a final budget no later than the third week of May, after the April 30th close of the City's fiscal year. 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 City of 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 the past year as well as a physical therapy office and art studio. 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 an increase of over 50 students from last year. In terms of continued population, student growth and economic strength Boyne City's ongoing successes run contrary to many of our peers.

Supported by a voter approved millage, the City is building a new nearly 7 million dollar facility to house the governmental offices, Police, Fire and EMS departments. This new City Facility will house most of the City of Boyne City's public meeting spaces, its historical museum along with its restored 1905 tower clock and it's still operational 1917 LaFrance fire truck. The La France is the City's first motorized piece of fire equipment and will be celebrating its own 100th anniversary in 2017. The new City Facility is expected to be opening to serve the community in the summer of 2017. 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. Quite a far cry from the experiences of the national economic downturn of 2008. The City Commission, through a community goal setting process which for the first time this year also included the goals of the Boyne City Main Street Program and the Boyne Area Chamber of Commerce, has adopted three major goals for the coming two years. They are: encourage Housing Diversity, Economic Development and Parks and Recreation.

Boyne City is a community with a vibrant downtown community 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 together well 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 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.

Pension and Other Post-Employment Benefits

The City joined the Municipal Employees Retirement System (MERS) on May 1, 1966 to provide post-employment retirement pension benefits to its employees. The City's requires employee contribution of 4.70% of covered payroll for employees remaining in the defined benefit (DB) program. The DB program has been closed to most new employees, except Police officers, since June 1, 2004. MERS report that the DB program is 64% funded as of December 31, 2015. In addition, a limited number of current employees hired before November 10, 2009 are eligible to receive a monthly stipend to offset a portion of their medical insurance costs for a period not to exceed ten years. The City implemented GASB 45 on April 30, 2010 and has elected to calculate the annual required contribution using the alternative measurement method permitted by GASB Statement for employers in plans with fewer than one-hundred total eligible plan members. This method represents funding that is projected to cover normal costs each year. We amortize any unfunded liabilities over a period not to exceed 30 years.

Awards and Acknowledgements

The City of Boyne City has been the recipient of numerous 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 within the last year we were certified by the State of Michigan as one of 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 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

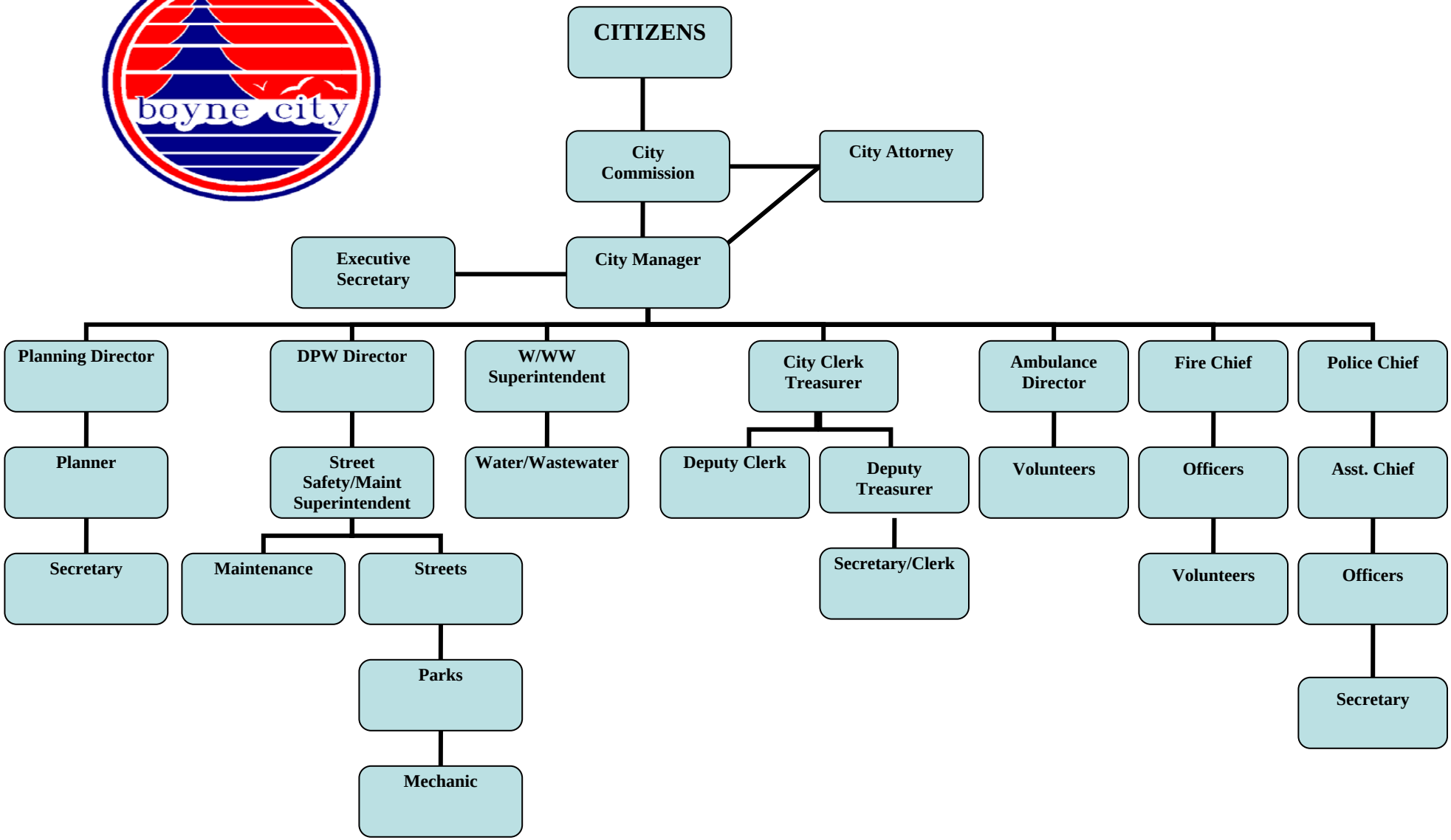
City Manager

mcain@boynecity.com

CITY OF BOYNE CITY, MICHIGAN
CITY OFFICIALS

City Commission	Tom Neidhamer, Mayor
	Gene Towne, Mayor Pro-tem
	Ron Grunch
	Laura Sansom
	Hugh Conklin
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	Andy Kovolski

Boyne City Organizational Chart



FINANCIAL SECTION

GABRIDGE & CO

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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, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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 25 percent of the assets, 20 percent net position, and 56 percent 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, 2016, 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.

Emphasis of Matter

As described in Note 14 to the financial statements, during the year ended April 30, 2016, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions. As a result of implementing this pronouncement, the City's net pension liability has been recognized on the government-wide financial statements and, as discussed in Note 14, the 2015 financial statements have been restated. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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 combining and individual fund financial statements 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 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 12, 2016, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Gabridge & Company

Gabridge & Company, PLC
Grand Rapids, Michigan
August 12, 2016

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, 2016. We encourage readers to consider the information presented here in conjunction with the financial statements.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by $23,162,160 (net position).

- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of $9,484,567, an increase of $5,214,158 in comparison with the prior year. Approximately 15% of this amount, or $1,430,448, 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 $1,430,448, or approximately 27% 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, and liabilities, 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 nine individual governmental funds. This is an increase of one fund from last year with the addition of the city facilities construction fund to track funding for that project. 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, major streets, ambulance funds and city facilities construction fund which are considered to be major funds. Data from the fire, boyne thunder, local streets, marina, 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 then 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, an agency fund.

The *agency fund* reports 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 by $23,162,160 at the close of the most recent fiscal year.

City of Boyne City
Statement of Net Position as of April 30, 2016 and April 30, 2015

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**
ASSETS						
Current Assets						
Cash & Cash Equivalents	$ 9,567,555	$ 4,918,271	$ 2,633,421	$ 2,076,774	$ 12,200,976	$ 6,995,045
Due from Other Governmental Units	207,090	125,567	-	-	207,090	125,567
Accounts Receivable	408,516	278,174	420,143	387,704	828,659	665,878
Inventories	60,114	54,166	43,630	58,629	103,744	112,795
Prepaid Items	43,020	54,982	2,776	2,962	45,796	57,944
Note Receivable	-	-	13,856	6,503	13,856	6,503
Total Current Assets	10,286,295	5,431,160	3,113,826	2,532,572	13,400,121	7,963,732
Noncurrent Assets						
Note Receivable	-	-	-	13,857	-	13,857
Restricted Cash	-	-	591,333	647,376	591,333	647,376
Capital Assets, net	13,011,347	9,390,960	11,805,742	12,360,665	24,817,089	21,751,625
Total Assets	23,297,642	14,822,120	15,510,901	15,554,470	38,808,543	30,376,590
DEFERRED OUTFLOWS OF RESOURCES						
Pension	840,279	63,621	86,677	6,563	926,956	70,184
LIABILITIES						
Current Liabilities						
Accounts Payable	311,765	59,788	8,295	27,126	320,060	86,914
Payroll Liabilities	27,401	22,577	4,569	3,305	31,970	25,882
Customer Deposits	1,200	1,050	15,854	15,554	17,054	16,604
Unearned Revenue	156,497	138,610	-	-	156,497	138,610
Accrued Interest	-	-	9,670	10,594	9,670	10,594
Current Portion of Long-term Debt	-	-	515,000	505,000	515,000	505,000
Internal Balances	-	(50,000)	-	50,000	-	-
Total Current Liabilities	496,863	172,025	553,388	611,579	1,050,251	783,604
Noncurrent Liabilities						
Other Post Employment Benefits	43,625	29,126	-	-	43,625	29,126
Compensated Absences	143,487	152,706	21,772	22,808	165,259	175,514
Long-term Debt	7,171,361	-	4,818,091	5,333,091	11,989,452	5,333,091
Net Pension Liability	3,013,864	1,792,551	310,888	184,906	3,324,752	1,977,457
Total Liabilities	10,869,200	2,146,408	5,704,139	6,152,384	16,573,339	8,298,792
NET POSITION						
Net Investment in Capital Assets	12,501,782	9,390,960	6,472,651	6,522,574	18,974,433	25,447,084
Restricted	119,680	342,380	591,333	647,376	711,013	989,756
Unrestricted	647,259	3,005,993	2,829,455	2,238,699	3,476,714	5,244,692
Total Net Position	$ 13,268,721	$ 12,739,333	$ 9,893,439	$ 9,408,649	$ 23,162,160	$ 22,147,982

By far, the largest portion of the City's net position of $18,974,433 (82%) 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, $711,013, represents resources that are subject to external restrictions on how they may be used. The remaining balance of $3,476,714 is unrestricted net position.

Cash and cash equivalents increased significantly during the year, from $6,995,045 as of April 30, 2015 to $12,200,976 as of April 30, 2016. The primary reason for this is the issuance of a seven million dollar bond during the year, whereas only a portion ($509,565) of this was spent during the year. Large capital projects were paid for during the year, reducing the increase of cash by a lesser amount. See the long-term debt and capital asset footnotes for more information.

During the year the City also booked its net pension liability, which recognizes the unfunded portion of its liability for retirement pension benefits provided to employees. This change recognized a $3,324,752 liability on the financial statements and restated the April 30, 2015 statements. The City's net pension liability is discussed further at note 7 and 14 in the footnotes to the financial statements.

The City's overall net position increased $1,014,178 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

City of Boyne City
Change in Net Position for Fiscal Years Ended April 30, 2016 and April 30, 2015

	Governmental Activities		Business-type Activities		Total Government	
	2016	2015	2016	2015	2016	2015
Revenue						
Program Revenues						
Charges for Services	$ 2,092,276	$ 1,869,427	$ 2,014,510	$ 1,856,841	$ 4,106,786	$ 3,726,268
Operating Grants & Contributions	650,099	789,281	1,000	-	651,099	789,281
Capital Grants & Contributions	780,702	935,137	797	-	781,499	935,137
Total Program Revenues	3,523,077	3,593,845	2,016,307	1,856,841	5,539,384	5,450,686
General Revenues						
Property Taxes	2,863,397	2,791,309	-	-	2,863,397	2,791,309
State Revenue Sharing	337,273	351,138	-	-	337,273	351,138
Other Revenue	17,373	4,661	-	-	17,373	4,661
Interest Income	3,601	1,248	495	2,702	4,096	3,950
Transfers In (Out)	-	30,010	-	(30,010)	-	-
Total General Revenues & Transfers	3,221,644	3,178,366	495	(27,308)	3,222,139	3,151,058
Total Revenues	6,744,721	6,772,211	2,016,802	1,829,533	8,761,523	8,601,744
Expenses						
Legislative	17,556	21,910	-	-	17,556	21,910
General Government	1,500,604	1,029,988	-	-	1,500,604	1,029,988
Public Safety	965,164	876,459	-	-	965,164	876,459
Public Works	1,558,262	1,443,188	-	-	1,558,262	1,443,188
Community & Economic Development	400,862	150,224	-	-	400,862	150,224
Recreation & Culture	765,354	608,090	-	-	765,354	608,090
Health & Welfare	968,550	840,667	-	-	968,550	840,667
Other Functions	38,981	-	-	-	38,981	-
Water & Sewer Operations	-	-	1,532,012	1,489,850	1,532,012	1,489,850
Total Expenses	6,215,333	4,970,526	1,532,012	1,489,850	7,747,345	6,460,376
Change in Net Position	529,388	1,801,685	484,790	339,683	1,014,178	2,141,368
Net Position at the Beginning of Period	12,739,333	10,937,648	9,408,649	9,068,966	22,147,982	20,006,614
Net Position at the End of Period	$ 13,268,721	$ 12,739,333	$ 9,893,439	$ 9,408,649	$ 23,162,160	$ 22,147,982

Governmental Activities. Governmental activities increased the City's net position by $529,388. The total increase was the result of total revenues of $6,744,721 less total expenses of $6,215,333.

Total revenues were comparable to the prior year, with similar makeups of program and general revenues as sources of funding. Total expenses increased from $4,970,526 in 2015 to $6,215,333 in 2016. The recognition of $444,655 of pension expense due to the recording of the net pension liability was one of the major reasons for this increase in expenses. Depreciation expenses recognized also increased by $186,511 in comparison to the prior year because of the additions that began to depreciation during 2016. These increases were recognized across all functions of government. Most other expenses were comparable to the prior year.

Business-type Activities. Business-type activities increased the City's net position by $484,790. The total increase was a larger increase than in the prior year.

The biggest change in the business-type funds was an increase of revenue. This was mostly due to an increase in the amount of revenue from charges for services recognized, which increased from $1,856,841 in 2015 to $2,014,510 in 2016. Total expenses were consistent with the prior year, leading to a larger change in net position during 2016 in comparison to 2015.

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, 2016, the City's governmental funds reported combined fund balances of $9,484,567, an increase of $5,214,158 in comparison with the prior year. Approximately 15% of this amount, $1,430,448, constitutes *unassigned fund balance,* which is available for spending at the government's discretion. The remainder of the fund balance is either *nonspendable, committed, or restricted* to indicate that it is; 1) not in spendable form, $64,089 for inventories and prepaid items, or 2) restricted for particular purposes, $6,864,427 for major and local streets and unspent bond proceeds, or 3) committed, $1,125,603 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 $1,430,448, while total fund balance decreased to $1,510,850. 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 27 percent of total general fund expenditures and transfers out, while total fund balance represents approximately 28 percent of that same amount.

The fund balance of the City's general fund decreased by $1,599,721 during the current fiscal year. This compares to an increase of $247,517 in 2015. The primary reason for this change is the recognition of $2,015,325 of capital outlay expenditures in 2016. Many new capital asset additions were completed and expended during the year. One of the largest components of capital outlay expenditures in the general fund was $1,626,884 for the new department of public works building.

Community and economic development expenditures increased significantly over the prior year, but these expenditures were fully reimbursed by a federal MSHDA grant for housing improvements. The expenses of the other functions were mostly comparable to the prior year.

Because of the increased capital outlay activity, the overall effect of these changes was a large decrease in fund balance.

The major streets fund, a major fund, had a $199,846 decrease in fund balance during the current fiscal year which put the overall fund balance at $107,803. This compares to an increase of $291,703 during 2015. Total revenues decreased, which is mostly due to the fund receiving less in federal grant reimbursements for capital projects. Total expenditures also decreased, relating to a decrease in both capital outlay and public works expenditures. The fund received a much lower transfer in from the general fund than in the prior year, leading to an overall decrease in fund balance.

The ambulance fund, a major fund, had a $126,495 increase in fund balance during the current fiscal year which put the overall fund balance at $181,877. Both total revenues and total expenditures increased during the year, with expenditures exceeding revenues. However, the fund received an increased transfer in from the general fund in comparison to 2015, leading to an overall increase in fund balance for 2016.

The city facilities construction fund, a major fund, is a new fund created during 2016. The activity recorded recognizes the issuance of a new $7 million dollar bond and the respective revenues. This fund also recognizes the capital outlay expenditures paid for the construction of the new city hall facility that began during the year. This activity lead to an ending fund balance of $6,745,505. The majority of the construction and expenditures for this project will be completed during 2017.

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

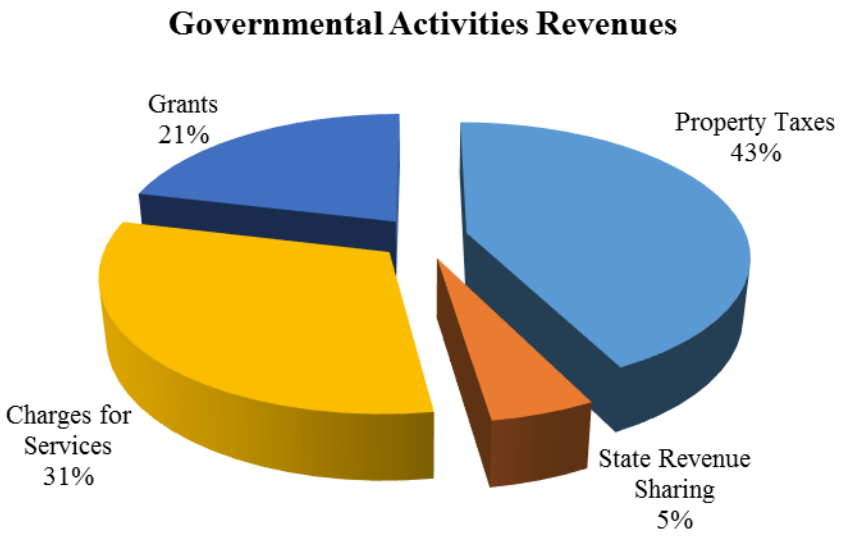
Unrestricted net position at the end of the year was $664,409 for the water fund and $2,165,046 for the sewer fund. The decrease in net position was ($3,567) for the water fund and an increase of $488,357 for the sewer fund.

The water fund had an increase of total expenses in comparison to the prior year, increasing from $589,880 in 2015 to $651,949 in 2016, mostly due to the need for additional operational maintenance. Charges for services also declined slightly, which lead to the overall decrease in net position.

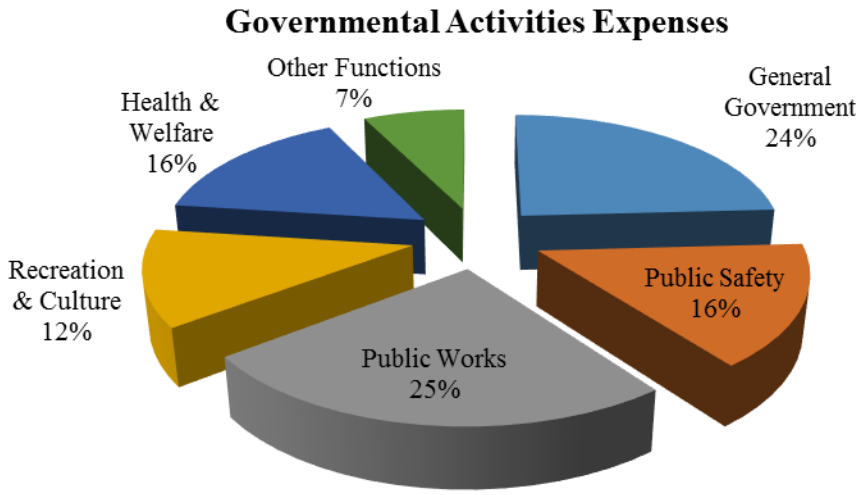
The sewer fund had an increase in revenues from charges for services, increasing from $954,075 in 2015 to $1,121,090. This was related to an increase in new tap-in fees and an increase in wastewater rates. Expenses declined slightly, leading to a larger increase in net position in comparison to the prior year.

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 there was a need to adjust expenditures in the final budget to $4,620,456 from the originally budgeted expenditures of $6,031,604. The biggest changes were large decreases in the budgeted expenditures for parks and recreation and sidewalk construction, due to changes in the planning for related projects. All other budget amendments during the year were relatively minor.

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:

	Final Budget	Actual	Variance Final to Actual
General Fund			
Assessment / Taxes	$ 70,357	$ 72,826	$ (2,469)
Planning	168,196	169,997	(1,801)
Housing	-	230,865	(230,865)
Transfers Out	837,353	863,944	(26,591)
Major Streets			
Capital Outlay	596,542	1,061,836	(465,294)

Note that the majority of the housing expenditures were fully reimbursed by a federal grant.

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, 2016, amounts to $24,817,089 (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:

	Governmental Activities	Business-type Activities	Total Primary Government
Land	$ 964,470	$ -	$ 964,470
Construction in Progress	675,376	-	675,376
Land Improvements	412,608	-	412,608
Infrastructure	6,867,683	-	6,867,683
Buildings & Improvements	2,219,852	-	2,219,852
Equipment	1,856,680	115,829	1,972,509
Furniture & Fixtures	14,678	-	14,678
Water System	-	2,156,690	2,156,690
Sewer System	-	9,533,223	9,533,223
	$ 13,011,347	$ 11,805,742	$ 24,817,089

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 $12,504,452 long-term debt at the end of the fiscal year. The City issued a new $7 million dollar bond to finance the construction of new City hall facilities. 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 stable and will remain so for the foreseeable future minus some significant negative external factors.

This change comes from the fact that the City continues to invest heavily in its future. As noted earlier in May of 2015, the voters in Boyne City approved funding for the construction of a new City facility. That project is well underway as this is written and by the time of our next audit we should have been operating out of that new facility for several months. While the voters approved funding for the new facility other costs, such as those for the preparation of our temporary facilities and rental of our temporary City Hall facility were and are unreimbursed additional expenses. Hopefully these costs will be offset by reduced energy, rent and other efficiency savings once we are fully into our new facilities.

During the fiscal year which ended on April 30, 2016 the City completed major long-term projects such as the curb and gutter first time paving of a large section of Court Street and the once in a lifetime replacement and construction of a new DPW complex on the north side of town. Those major, long planned for and much needed projects, significantly drew down the City's unassigned fund balance from 82% to 27% of total general fund expenditures over the past fiscal year. This means that the City will be operating with a lot less flexibility or maneuvering room than it has had in the past. Our ability to take advantage of opportunities that may present themselves will be reduced.

One such opportunity, the acquisition of the Open Space on North Lake Street, across from Family Fare, is both an exciting opportunity and a significant challenge. The City has applied for significant grants to help purchase this much desired waterfront property which would otherwise more than consume the City's available fund balances. Even with the grants, the required local matches will probably require a further significant draw down of our fund balances. And there are other such opportunities as well. Expanding the City Marina, upgrading the Veterans Park pavilion, creating new trails, further developing our parks. These are all exciting opportunities that when moved forward will require significant 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.

In addition the results of this audit look significantly different than the one from last year or before because of the new 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 79% funded rate is one of the strongest of local governments in the region. That doesn't mean that we can 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 seemed to have stabilized with steady growth. There has been continued development and investment occurring over both the commercial and residential portions of the community. Catt Development has built not only most of the residential phase of their One Water Street development but maybe even more significantly has redeveloped a major portion of the 200 block of South Lake Street welcoming two new businesses into our community, so far. Several other news businesses have or are preparing to open in our community. As an example Northern Logistics has brought new life and employees to the long underused Federal Screw Facility in the Business Park. A significant issue now is finding enough qualified employees to handle the needs of businesses that are looking to grow.

Those 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 help make Boyne City a continually better place to live, visit and do business.

A major wild card going forward is the upcoming Presidential election. More so than in elections past the uncertainty regarding what the direction the country may be going forward seems to be greater. What implications that may have on the country and units of government such as ours remains to be seen.

On a possibly negative front, legislation continues to be considered in Lansing which could have negative implications on Tax Increment Financing (TIF) districts like those which fund much of our activities both downtown and in our business park. We are keeping a watchful eye on this possibility which could occur during this current fiscal year.

Taken altogether, 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, 2016

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Current Assets				
Cash and Cash Equivalents	$ 9,567,555	$ 2,633,421	$ 12,200,976	$ 1,283,886
Due from Other Governmental Units	207,090	--	207,090	--
Accounts Receivable	408,516	420,143	828,659	2,001
Inventories	60,114	43,630	103,744	2,864
Prepaid Items	43,020	2,776	45,796	12,265
Note Receivable	--	13,856	13,856	--
Total Current Assets	10,286,295	3,113,826	13,400,121	1,301,016
Noncurrent Assets				
Restricted Cash - Bond Reserve	--	533,309	533,309	--
Restricted Cash - Bond Interest	--	58,024	58,024	--
Capital Assets not being Depreciated	1,639,846	--	1,745,273	1,087,686
Capital Assets being Depreciated	11,371,501	11,805,742	23,071,816	3,682,180
Total Assets	23,297,642	15,510,901	38,808,543	6,070,882
DEFERRED OUTFLOWS OF RESOURCES				
Pension	840,279	86,677	926,956	83,676
Total Deferred Outflows of Resources	840,279	86,677	926,956	83,676
LIABILITIES				
Current Liabilities				
Accounts Payable	311,765	8,295	320,060	19,791
Payroll Liabilities	27,401	4,569	31,970	23,299
Customer Deposits	1,200	15,854	17,054	30,138
Accrued Interest	--	9,670	9,670	63
Unearned Revenue	156,497	--	156,497	563
Current Portion of Long-term Debt	--	515,000	515,000	22,578
Total Current Liabilities	496,863	553,388	1,050,251	96,432
Noncurrent Liabilities				
Other Post Employment Benefits	43,625	--	43,625	--
Long-term Debt	7,171,361	4,818,091	11,989,452	30,663
Compensated Absences	143,487	21,772	165,259	2,804
Net Pension Liability	3,013,864	310,888	3,324,752	398,401
Total Liabilities	10,869,200	5,704,139	16,573,339	528,300
NET POSITION				
Net Investment in Capital Assets	12,501,782	6,472,651	18,974,433	4,716,625
Restricted for:				
Streets	119,680	--	119,680	--
Debt Service	--	591,333	591,333	--
Housing Commission	--	--	--	5,295
Unrestricted	647,259	2,829,455	3,476,714	904,338
Total Net Position	**$ 13,268,721**	**$ 9,893,439**	**$ 23,162,160**	**$ 5,626,258**

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, 2016

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue – Primary Government: Governmental Activities	Net (Expense) Revenue – Primary Government: Business-type Activities	Net (Expense) Revenue – Primary Government: Total	Component Units
Primary Government								
Governmental Activities:								
General Government	$ 1,500,604	$ 241,576	$ 808	$ --	$ (1,258,220)	$ --	$ (1,258,220)	$ --
Public Safety	965,164	228,863	4,635	--	(731,666)	--	(731,666)	--
Public Works	1,558,262	207,290	475,183	610,147	(265,642)	--	(265,642)	--
Community and Economic Development	400,862	67,661	158,079	--	(175,122)	--	(175,122)	--
Recreation and Culture	765,354	501,079	11,144	30,905	(222,226)	--	(222,226)	--
Other Functions	38,981	--	--	--	(38,981)	--	(38,981)	--
Health and Welfare	968,550	845,807	250	139,650	17,157	--	17,157	--
Legislative	17,556	--	--	--	(17,556)	--	(17,556)	--
Total Governmental Activities	6,215,333	2,092,276	650,099	780,702	(2,692,256)	--	(2,692,256)	--
Business-type Activities:								
Sewer	859,761	1,345,826	1,000	797	--	487,862	487,862	--
Water	672,251	668,684	--	--	--	(3,567)	(3,567)	--
Total Business-type Activities	1,532,012	2,014,510	1,000	797	--	484,295	484,295	--
Total Primary Government	$ 7,747,345	$ 4,106,786	$ 651,099	$ 781,499	$ (2,692,256)	$ 484,295	$ (2,207,961)	--
Component Units								
Downtown Development Authority	$ 400,350	$ 95,691	$ 3,054	$ --	--	--	--	(301,605)
Local Development Finance Authority	105,654	--	--	--	--	--	--	(105,654)
Boyne City Housing Commission 9/30/2015	709,277	282,827	445,358	--	--	--	--	18,908
Total Component Units	$ 1,215,281	$ 378,518	$ 448,412	$ --	--	--	--	(388,351)
		General Purpose Revenues and Transfers:						
		Revenues						
		Property Taxes			2,863,397	--	2,863,397	464,822
		State Sources			337,273	--	337,273	--
		Interest and Rentals			3,601	495	4,096	72
		Other Revenues			17,373	--	17,373	--
		Transfers			--	--	--	--
		Total General Revenues and Transfers			3,221,644	495	3,222,139	464,894
		Change in Net Position			**529,388**	**484,790**	**1,014,178**	**76,543**
		Net Position at Beginning of Period (Restated, Note 14)			12,739,333	9,408,649	22,147,982	5,549,715
		Net Position at End of Period			**$ 13,268,721**	**$ 9,893,439**	**$ 23,162,160**	**$ 5,626,258**

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

City of Boyne City
Balance Sheet
Governmental Funds
April 30, 2016

		Special Revenue		Capital Projects		
	General	Major Streets	Ambulance	City Facilities Construction Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and Cash Equivalents	$ 1,531,966	$ --	$ 36,966	$ 6,879,059	$ 861,930	$ 9,309,921
Due from Other Governmental Units	52,883	123,851	--	--	30,356	207,090
Accounts Receivable	44,403	--	150,863	--	213,250	408,516
Inventories	--	--	--	--	23,846	23,846
Prepaid Items	34,942	379	1,010	--	3,912	40,243
Due from Other Funds	--	--	--	--	1,702	1,702
Total Assets and Deferred Outflows of Resources	**$ 1,664,194**	**$ 124,230**	**$ 188,839**	**$ 6,879,059**	**$ 1,134,996**	**$ 9,991,318**
LIABILITIES						
Accounts Payable	$ 132,089	$ 5,943	$ 5,781	$ 133,554	$ 29,014	$ 306,381
Payroll Liabilities	21,255	1,997	1,181	--	2,968	27,401
Customer Deposits	--	--	--	--	1,200	1,200
Unearned Revenue	--	--	--	--	156,497	156,497
Due to Other Funds	--	1,702	--	--	--	1,702
Total Liabilities	153,344	9,642	6,962	133,554	189,679	493,181
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenues	--	6,785	--	--	6,785	13,570
Total Liabilities and Deferred Inflows of Resources	153,344	16,427	6,962	133,554	196,464	506,751
FUND BALANCE						
Nonspendable	34,942	379	1,010	--	27,758	64,089
Restricted	--	107,424	--	6,745,505	11,498	6,864,427
Committed	45,460	--	180,867	--	899,276	1,125,603
Unassigned	1,430,448	--	--	--	--	1,430,448
Total Fund Balance	1,510,850	107,803	181,877	6,745,505	938,532	9,484,567
Total Liabilities, Deferred Inflows of Resources and Fund Balance	**$ 1,664,194**	**$ 124,230**	**$ 188,839**	**$ 6,879,059**	**$ 1,134,996**	**$ 9,991,318**

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, 2016

Total Fund Balance - Governmental Funds	$	9,484,567
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		1,216,882
General government capital assets of $18,490,384, net of accumulated depreciation of $6,404,624, are not financial resources, and accordingly are not reported in the funds.		12,085,760
Certain liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		(7,171,361)
Other post-employment benefits are not due and payable in the current period and, therefore, are not reported in the funds.		(43,625)
Compensated absences are not due in and payable in the current period, and therefore, are not reported in the funds.		(143,487)
Unavailable revenues are not available to pay current period expenditures and, therefore, are deferred inflows of resources in the funds.		13,570
The City's net pension liability, deferred outflows of resources, and deferred 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.		(2,173,585)
Total Net Position - Governmental Funds	$	**13,268,721**

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, 2016

		Special Revenue		Capital Projects		
	General	**Major Streets**	**Ambulance**	**City Facilities Construction Fund**	**Other Governmental Funds**	**Total Governmental Funds**
Revenues						
Property Taxes	$ 2,697,515	$ 82,941	$ --	$ --	$ 82,941	$ 2,863,397
State Sources	338,669	323,500	--	--	157,109	819,278
Federal Grants	233,627	530,111	139,650	--	--	903,388
Local Revenues	25,905	--	--	--	--	25,905
Charges for Services	378,991	2,126	844,556	--	737,147	1,962,820
Licenses and Permits	6,406	--	--	--	--	6,406
Fine and Forfeitures	5,755	--	--	--	--	5,755
Interest and Rentals	9,396	2	--	1,893	25,426	36,717
Other Revenues	84,011	--	3,739	--	3,839	91,589
Total Revenues	3,780,275	938,680	987,945	1,893	1,006,462	6,715,255
Expenditures						
Legislative	17,556	--	--	--	--	17,556
General Government	1,046,578	--	--	177,571	--	1,224,149
Public Safety	631,918	--	--	--	172,626	804,544
Public Works	48,082	356,173	--	--	524,322	928,577
Health and Welfare	2,035	--	889,493	--	--	891,528
Community and Economic Development	400,862	--	--	--	--	400,862
Recreation and Culture	314,715	--	--	--	418,106	732,821
Other Functions	38,981	--	--	--	--	38,981
Capital Outlay	2,015,325	1,061,836	146,823	250,178	159,278	3,633,440
Total Expenditures	4,516,052	1,418,009	1,036,316	427,749	1,274,332	8,672,458
Excess of Revenues Over (Under) Expenditures	(735,777)	(479,329)	(48,371)	(425,856)	(267,870)	(1,957,203)
Other Financing Sources (Uses)						
Bonds Issued	--	--	--	7,000,000	--	7,000,000
Premium on Bonds Issued	--	--	--	171,361	--	171,361
Transfers In	--	279,483	174,866	--	409,595	863,944
Transfers Out	(863,944)	--	--	--	--	(863,944)
Net Other Financing Sources (Uses)	(863,944)	279,483	174,866	7,171,361	409,595	7,171,361
Net Change in Fund Balance	**(1,599,721)**	**(199,846)**	**126,495**	**6,745,505**	**141,725**	**5,214,158**
Fund Balance at Beginning of Period (Restated, Note 14)	3,110,571	307,649	55,382	--	796,807	4,270,409
Fund Balance at End of Period	**$ 1,510,850**	**$ 107,803**	**$ 181,877**	**$ 6,745,505**	**$ 938,532**	**$ 9,484,567**

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, 2016

Total Net Change in Fund Balances - Governmental Funds	$	5,214,158
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		23,404
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 $3,633,440 is in excess of depreciation expense of $726,380.		2,907,060
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.		(14,499)
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.		9,219
Revenues in the statement of activities that do not provide current financial resources are reported as deferred inflows of resources on the fund statements.		6,062
The issuance of debt provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the government-wide statements.		(7,000,000)
Bond premiums are reflected as other financing sources in the governmental funds when they are received but are amortized over the lives of the bonds in the statement of activities.		(171,361)
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.		(444,655)
Changes in Net Position - Governmental Funds	$	**529,388**

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, 2016

	Business-type Activities - Enterprise Funds			Governmental Activities
	Sewer	**Water**	**Total Enterprise Funds**	**Internal Service Fund**
ASSETS				
Current Assets				
Cash and Cash Equivalents	$ 2,016,841	$ 616,580	$ 2,633,421	$ 257,634
Accounts Receivable	277,614	142,529	420,143	--
Inventories	--	43,630	43,630	36,268
Prepaid Items	2,019	757	2,776	2,777
Note Receivable	13,856	--	13,856	--
Total Current Assets	2,310,330	803,496	3,113,826	296,679
Noncurrent Assets				
Restricted Cash - Bond Reserve	460,809	72,500	533,309	--
Restricted Cash - Bond Interest	48,961	9,063	58,024	--
Capital Assets being Depreciated	9,663,500	2,142,242	11,805,742	925,587
Total Assets	12,483,600	3,027,301	15,510,901	1,222,266
DEFERRED OUTFLOWS OF RESOURCES				
Pension	44,176	42,501	86,677	--
Total Deferred Outflows of Resources	44,176	42,501	86,677	--
LIABILITIES				
Current Liabilities				
Accounts Payable	5,291	3,004	8,295	5,384
Payroll Liabilities	2,341	2,228	4,569	--
Customer Deposits	10,699	5,155	15,854	--
Accrued Interest	8,160	1,510	9,670	--
Current Portion of Long-term Debt	420,000	95,000	515,000	--
Total Current Liabilities	446,491	106,897	553,388	5,384
Noncurrent Liabilities				
Long-term Debt	4,188,091	630,000	4,818,091	--
Compensated Absences	4,522	17,250	21,772	--
Net Pension Liability	158,447	152,441	310,888	--
Total Liabilities	4,797,551	906,588	5,704,139	5,384
NET POSITION				
Net Investment in Capital Assets	5,055,409	1,417,242	6,472,651	925,587
Restricted for:				
Debt Service	509,770	81,563	591,333	--
Unrestricted	2,165,046	664,409	2,829,455	291,295
Total Net Position	**$ 7,730,225**	**$ 2,163,214**	**$ 9,893,439**	**$ 1,216,882**

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, 2016

	Business-type Activities - Enterprise Funds			Governmental Activities
	Sewer	Water	Total Enterprise Funds	Internal Service Fund
Operating Revenues				
Charges for Services	$ 1,121,090	$ 668,684	$ 1,789,774	$ 260,563
Other Revenues	--	--	--	12,494
Total Operating Revenues	1,121,090	668,684	1,789,774	273,057
Operating Expenses				
Contractual Services	49,300	53,455	102,755	76,875
Personal	179,096	207,428	386,524	13,521
Supplies	37,739	46,217	83,956	32,898
Utilities	119,792	56,821	176,613	47,303
Repair and Maintenance	61,032	39,999	101,031	1,235
Depreciation Expense	306,894	248,029	554,923	92,824
Total Operating Expenses	753,853	651,949	1,405,802	264,656
Operating Income (Loss)	367,237	16,735	383,972	8,401
Non-Operating Revenues (Expenses)				
Interest and Rentals	1,292	--	1,292	3
Other	225,736	--	225,736	--
Gain on Disposal	--	--	--	15,000
Interest Expense	(105,908)	(20,302)	(126,210)	--
Net Non-Operating Revenues (Expenses)	121,120	(20,302)	100,818	15,003
Income Before Contributions and Transfers	488,357	(3,567)	484,790	23,404
Transfers In	--	--	--	--
Transfers Out	--	--	--	--
Change In Net Position	**488,357**	**(3,567)**	**484,790**	**23,404**
Net Position at Beginning of Period (Restated, Note 14)	7,241,868	2,166,781	9,408,649	1,193,478
Net Position at End of Period	$ **7,730,225**	$ **2,163,214**	$ **9,893,439**	$ **1,216,882**

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, 2016

	Business-type Activities - Enterprise Funds			Governmental Activities
	Sewer	**Water**	**Total Enterprise Funds**	**Internal Service - Motor Pool**
Cash Flows from Operating Activities				
Cash Received from Customers	$ 1,086,737	$ 670,898	$ 1,757,635	$ 273,057
Cash Payments to Employees for Services and Fringe Benefits	(152,611)	(187,817)	(340,428)	(13,691)
Cash Payments to Suppliers for Goods and Services	(284,881)	(184,044)	(468,925)	(146,296)
Total Cash Flows from Operating Activities	649,245	299,037	948,282	113,070
Cash Flows from Non-capital and Related Financing Activities				
Change in Interfund Balances	-	(50,000)	(50,000)	-
Total Cash Flows Used by Non-capital and Related Financing Activities	-	(50,000)	(50,000)	-
Cash Flows from Capital and Related Financing Activities				
Other Revenue	225,736	-	225,736	-
Interest Expense	(105,908)	(20,302)	(126,210)	-
Principal Payment on Long-term Debt	(410,000)	(95,000)	(505,000)	-
Cash Received from Notes Receivable Collections	6,504	-	6,504	-
Purchases of Capital Assets	-	-	-	(806,151)
Gain on Disposal of Capital Assets	-	-	-	15,000
Total Cash Flows used by Capital and Related Financing Activities	(283,668)	(115,302)	(398,970)	(791,151)
Cash Flows from Investing Activities				
Interest on Investments	1,292	-	1,292	3
Total Cash Flows from Investing Activities	1,292	-	1,292	3
Net Increase (Decrease) in Cash and Equivalents	366,869	133,735	500,604	(678,078)
Cash and Equivalents - Beginning of Year	2,159,742	564,408	2,724,150	935,712
Cash and Equivalents - End of Year	$ 2,526,611	$ 698,143	$ 3,224,754	$ 257,634

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, 2016

	Business-type Activities - Enterprise Funds			Governmental Activities
	Sewer	Water	Total Enterprise Funds	Internal Service - Motor Pool
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating Income	$ 367,237	$ 16,735	$ 383,972	$ 8,401
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities				
Depreciation Expense	306,894	248,029	554,923	92,824
Pension Expense	23,377	22,491	45,868	-
Changes in Assets & Liabilities				
Accounts Receivable	(34,503)	2,064	(32,439)	-
Prepaids	135	51	186	185
Inventory	900	14,099	14,999	8,862
Accounts Payable	(17,327)	(1,504)	(18,831)	2,968
Payroll Liabilities	1,036	228	1,264	(170)
Customer Deposits	150	150	300	-
Accrued Interest	(726)	(198)	(924)	-
Compensated Absences	2,072	(3,108)	(1,036)	-
Net Cash Provided by Operating Activities	$ 649,245	$ 299,037	$ 948,282	113,070

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, 2016

	Agency Funds
ASSETS	
Cash and Cash Equivalents	$ 14,681
Total Assets	14,681
LIABILITIES	
Due to Other Governmental Units	14,681
Total Liabilities	14,681
NET POSITION	
Held in Trust	$ --

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, 2016

	Downtown Development Authority	Local Development Finance Authority	Boyne City Housing Commission 9/30/2015	Total Component Units
ASSETS				
Current Assets				
Cash and Cash Equivalents	$ 235,372	$ 811,142	$ 237,372	$ 1,283,886
Accounts Receivable	--	--	2,001	2,001
Inventories	--	--	2,864	2,864
Prepaid Items	--	--	12,265	12,265
Total Current Assets	235,372	811,142	254,502	1,301,016
Noncurrent Assets				
Capital Assets not being Depreciated	--	291,419	796,267	1,087,686
Capital Assets being Depreciated	1,626,822	1,611,146	444,212	3,682,180
Total Assets	1,862,194	2,713,707	1,494,981	6,070,882
DEFERRED OUTFLOWS OF RESOURCES				
Pension	12,954	--	70,722	83,676
Total Deferred Outflows of Resources	12,954	--	70,722	83,676
LIABILITIES				
Current Liabilities				
Accounts Payable	444	16,363	2,984	19,791
Payroll Liabilities	1,167	--	22,132	23,299
Customer Deposits	--	--	30,138	30,138
Accrued Interest	--	--	63	63
Unearned Revenue	--	--	563	563
Current Portion of Long-term Debt	6,783	--	15,795	22,578
Total Current Liabilities	8,394	16,363	71,675	96,432
Noncurrent Liabilities				
Long-term Debt	7,074	--	23,589	30,663
Compensated Absences	--	--	2,804	2,804
Net Pension Liability	46,462	--	351,939	398,401
Total Liabilities	61,930	16,363	450,007	528,300
NET POSITION				
Net Investment in Capital Assets	1,612,965	1,902,565	1,201,095	4,716,625
Restricted for:				
Housing Commission	--	--	5,295	5,295
Unrestricted	200,253	794,779	(90,694)	904,338
Total Net Position	**$ 1,813,218**	**$ 2,697,344**	**$ 1,115,696**	**$ 5,626,258**

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, 2016

	Downtown Development Authority	Local Development Finance Authority	Boyne City Housing Commission 9/30/2015	Total Component Units
Expenses				
Health and Welfare	$ --	$ --	$ 615,174	$ 615,174
Community and Economic Development	272,592	53,683	--	326,275
Repair and Maintenance	--	--	5,250	5,250
Depreciation Expense	126,961	51,971	87,870	266,802
Interest Expense	797	--	983	1,780
Total Expenses	400,350	105,654	709,277	1,215,281
Program Revenues				
Charges for Services	95,691	--	282,827	378,518
Operating Grants and Contributions	3,054	--	445,358	448,412
Total Program Revenues	98,745	--	728,185	826,930
Net Program Revenues (Expenses)	(301,605)	(105,654)	18,908	(388,351)
General Revenue				
Property Taxes	293,222	171,600	--	464,822
Interest and Rentals	--	--	72	72
Total General Revenues	293,222	171,600	72	464,894
Change in Net Position	**(8,383)**	**65,946**	**18,980**	**76,543**
Net Position at Beginning of Period (Restated, Note 14)	1,821,601	2,631,398	1,096,716	5,549,715
Net Position at End of Period	$ **1,813,218**	$ **2,697,344**	$ **1,115,696**	$ **5,626,258**

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

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

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

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as 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 ***major streets fund*** accounts for the maintenance and improvement activities for streets designated as "major" within the City. Funding is primary through state sources.
>
> 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 project.

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.
>
> ***Internal service funds*** account for the financing of goods or services provided by the City to other departments or funds on a cost reimbursement basis.
>
> ***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. 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.

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.

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.

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 $22,052.

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 estimated fair market 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:

Description	Life
Vehicles	5 - 10 Years
Equipment	5 - 20 Years
Land Improvements	10 - 40 Years
Public Domain Infrastructure	20 Years
Buildings	20 - 50 Years
Water & Sewer Infrastructure	20 - 50 Years

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 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 government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue,* is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from an operating grant receivable collected beyond 60 days after the end of the fiscal year. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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 projected and actual investment earnings of the pension plan as well as City contributions made after the measurement date of the net pension liability.

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 prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) 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 Commission, or its designee, 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.

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.

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.

Subsequent Events

Subsequent events have been evaluated through August 12, 2016, 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.

During the year ended April 30, 2016, the City incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

	Final Budget	Actual	Variance Final to Actual
General Fund			
Assessment / Taxes	$ 70,357	$ 72,826	$ (2,469)
Planning	168,196	169,997	(1,801)
Housing	-	230,865	(230,865)
Transfers Out	837,353	863,944	(26,591)
Major Streets			
Capital Outlay	596,542	1,061,836	(465,294)

Note that the majority of the housing expenditures were fully reimbursed by a federal grant (the respective revenues were also not part of the budgeted amounts). The major street capital outlay expenses received $469,397 in federal and state grant reimbursements that were also not considered in the City's budgeting process, which would have resolved the budget variance.

Note 3 - Cash and Cash Equivalents

Following is a reconciliation of deposit balances as of April 30, 2016:

	Primary Government	Component Units	Totals
Statement of Net Position			
Cash & Cash Equivalents	$ 12,200,976	$ 1,283,886	$ 13,484,862
Restricted Cash	591,333	-	591,333
Statement of Fiduciary Net Position			
Cash & Cash Equivalents	14,681	-	14,681
Total Deposits and Investments	12,806,990	1,283,886	14,090,876
Less Component Units Separately Audited			
Boyne City Housing Commission	-	(237,372)	(237,372)
Deposits Managed by the City Treasurer	$ 12,806,990	$ 1,046,514	$ 13,853,504

Deposits and Investments	
Cash & Cash Equivalents	$ 12,086,788
Certificates of Deposit	1,766,316
Cash on hand	400
Total	$ 13,853,504

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, $12,008,880 of the City's bank balance of $14,053,107 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 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 $1,766,316 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, 2015	Additions	Reductions	Transfers	April 30, 2016
Capital assets not being depreciated					
Land	$ 964,470	$ -	$ -	$ -	$ 964,470
Construction in Progress	130,084	650,719	-	(105,427)	675,376
Total Capital assets not being depreciated	1,094,554	650,719	-	(105,427)	1,639,846
Capital assets being depreciated					
Land Improvements	1,673,388	-	-	-	1,673,388
Infrastructure	8,112,313	1,190,414	-	-	9,302,727
Buildings & Improvements	1,580,555	1,626,884	-	105,427	3,312,866
Equipment	2,252,394	154,423	-	-	2,406,817
Furniture & Fixtures	143,740	11,000	-	-	154,740
Total capital assets being depreciated	13,762,390	2,982,721	-	105,427	16,850,538
Less accumulated depreciation					
Land Improvements	1,219,286	41,494	-	-	1,260,780
Infrastructure	1,946,499	488,545	-	-	2,435,044
Buildings & Improvements	1,052,110	40,904	-	-	1,093,014
Equipment	1,321,823	153,901	-	-	1,475,724
Furniture & Fixtures	138,526	1,536	-	-	140,062
Total accumulated depreciation	5,678,244	726,380	-	-	6,404,624
Internal Service Fund					
Motor Pool Assets	212,260	806,151	92,824	-	925,587
Total capital assets, governmental activities	$ 9,390,960	$ 3,713,211	$ 92,824	$ -	$ 13,011,347

Internal Service Fund	April 30, 2015	Additions	Reductions	Transfers	April 30, 2016
Capital assets being depreciated					
Buildings & Improvements	$ -	$ 552,600	$ -	$ -	552,600
Equipment	1,350,497	253,551	-	-	1,604,048
Less accumulated depreciation					
Buildings & Improvements	$ -	$ 5,756	$ -	$ -	5,756
Equipment	1,138,237	87,068	-	-	1,225,305
Total capital assets	$ 212,259.51	$ 713,327	$ -	$ -	$ 925,587

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

Business-type Activities	April 30, 2015	Additions	Reductions	Transfers	April 30, 2016
Capital assets being depreciated					
Water System	$ 7,042,027	$ -	$ -	$ -	$ 7,042,027
Sewer System	13,508,651	-	-	-	13,508,651
Equipment	446,889	-	-	-	446,889
Total capital assets being depreciated	20,997,567	-	-	-	20,997,567
Less accumulated depreciation					
Water System	4,642,124	243,213	-	-	4,885,337
Sewer System	3,701,423	274,005	-	-	3,975,428
Equipment	293,355	37,705	-	-	331,060
Total accumulated depreciation	8,636,902	554,923	-	-	9,191,825
Total capital assets, business-type activities	$ 12,360,665	$ (554,923)	$ -	$ -	$ 11,805,742

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

Downtown Development Authority	April 30, 2015	Additions	Reductions	Transfers	April 30, 2016
Capital assets being depreciated					
Infrastructure	$ 2,837,193	$ -	$ -	$ -	$ 2,837,193
Less accumulated depreciation					
Infrastructure	1,083,410	126,961	-	-	1,210,371
Total capital assets, DDA	$ 1,753,783	$ (126,961)	$ -	$ -	$ 1,626,822

Local Development Finance Authority	April 30, 2015	Additions	Reductions	Transfers	April 30, 2016
Capital assets not being depreciated					
Land	$ 291,419	$ -	$ -	$ -	$ 291,419
Capital assets being depreciated					
Infrastructure	1,997,920	392,892	-	-	2,390,812
Less accumulated depreciation					
Infrastructure	727,695	51,971	-	-	779,666
Total capital assets, LDFA	$ 1,561,644	$ (51,971)	$ -	$ -	$ 1,902,565

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

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

Governmental Activities		
General Government	$	36,602
Public Safety		93,361
Public Works		495,274
Health and Welfare		69,207
Recreation and Culture		31,936
Depreciation Charged to the Internal Service Fund		92,824
Total Governmental Activities	$	819,204
Business-type Activities		
Sewer Fund	$	306,894
Water Fund		248,029
Total Business-type Activities	$	554,923
Component Units		
Downtown Development Authority	$	126,961
Local Development Finance Authority		51,971
Total Component Units	$	178,932

Note 5 - Interfund Balances & Interfund Transfers

As of April 30, 2016, the interfund balances were as follows:

Receivable Fund	Payable Fund	Amount
Local Street Fund	Major Street Fund	$ 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.

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

Transfer In	Transfer Out	Amount
Major Streets Fund	General Fund	$ 279,483
Ambulance Fund	General Fund	174,866
Local Streets Fund	General Fund	341,702
Fire Fund	General Fund	63,000
Airport	General Fund	4,893

Note 6 - Long-term Debt

The following is a summary of long-term debt activity of the City for the year ended April 30, 2016:

Governmental Activities	Balance at April 30, 2015	Additions	Deletions	Balance at April 30, 2016	Due Within One Year
Series 2016, 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%	$ -	$ 7,000,000	$ -	$ 7,000,000	$ -
Bond Premium	-	171,361	-	171,361	8,160
Governmental Compensated Absences	152,706	56,214	65,433	143,487	-
Governmental OPEB Obligation	29,126	14,499	-	43,625	-
Total Governmental Activities	$ 181,832	$ 7,242,074	$ 65,433	$ 7,358,473	$ 8,160

Business-type Activities	Balance at April 30, 2015	Additions	Deletions	Balance at April 30, 2016	Due Within One Year
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%	$ 820,000	$ -	$ 95,000	$ 725,000	$ 95,000
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%	5,018,091	-	410,000	4,608,091	420,000
Business-type Compensated Absences	31,363	10,401	19,992	21,772	-
Total Business-type Activities	$ 5,869,454	$ 10,401	$ 524,992	$ 5,354,863	$ 515,000

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

The 2016 unlimited tax general obligation bonds will be repaid with a dedicated millage. The governmental compensated absences and OPEB obligations will be paid by the funds that the underlying wages were originally recognized.

Compensated absences are recognized as long-term obligations as the amounts expensed during a given year are generally commensurate with compensated absence amounts earned during the year. Accordingly, the year-end balances represent long-term obligations.

The following is a summary of long-term debt activity of the City's component units for the year ended April 30, 2016:

Component Units	Balance at April 30, 2015	Additions	Deletions	Balance at April 30, 2016	Due Within One Year
DDA - 2008 note payable for improvement projects, maturing serially in 2017 with annual amounts of $7,300 and bearing interest at 4.25%	$ 20,360	$ -	$ 6,503	$ 13,857	$ 6,783
Housing Commission - Lease purchase agreement, maturing in 2018 and bearing interest at 3.375%	13,091	-	3,598	9,493	3,712
Housing Commission - Lease purchase agreement, maturing in 2018 and bearing interest at 1.625%	41,787	-	11,896	29,891	12,083
Compensated Absences	3,671	-	867	2,804	-
Total Long-term Obligations, Component Units	**$ 126,870**	**$ -**	**$ 70,825**	**$ 56,045**	**$ 22,578**

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

Year Ending	Governmental Activities			Business-type Activities		
April 30	Principal	Interest	Total	Principal	Interest	Total
2017	$ -	$ 113,564	$ 113,564	$ 515,000	$ 116,047	$ 631,047
2018	100,000	186,538	286,538	530,000	104,747	634,747
2019	220,000	183,338	403,338	540,000	93,109	633,109
2020	240,000	178,738	418,738	555,000	81,259	636,259
2021	265,000	173,688	438,688	565,000	69,072	634,072
2022-2026	1,515,000	780,344	2,295,344	2,628,091	162,641	2,790,732
2027-2031	1,860,000	572,550	2,432,550	-	-	-
2032-2036	2,300,000	262,563	2,562,563	-	-	-
2037	500,000	8,125	508,125	-	-	-
Totals	$ 7,000,000	$ 2,459,446	$ 9,459,446	$ 5,333,091	$ 626,876	$ 5,959,967

The first payment of the governmental activities 2016 bond is due May 1, 2017, therefore there is no current portion of the bond to record in the current year.

Note 7 - Defined Benefit Pension Plan

Plan Description

The City's defined benefit pension plan provides retirement, death, and disability benefits to plan members and beneficiaries. The City participates in the Municipal Employees Retirement System of Michigan (MERS), an agent multiple-employer plan administered by the MERS

Retirement Board. Act No. 427 of the Public Acts of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. The Municipal Employees Retirement System of Michigan issues a publicly available financial report that includes financial statements and required supplementary information for MERS. That report may be obtained by writing to the Municipal Employees Retirement System of Michigan, 447 N. Canal Road, Lansing, Michigan 48917-9755 or by calling (800) 767-6377.

Retirement benefits for employees are calculated as follows:

Division	Benefit Multiplier	Benefit Maximun	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, 2015 measurement date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	36
Inactive plan members entitled to but not yet receiving benefits	4
Active plan members	17
Total employees covered by MERS	57

Contributions

Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, MERS retains an independent actuary to determine the annual contribution. 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 costs of benefits earned by plan members 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, 2016, the City had the following contribution rates:

Division	Employee Contributions	Employer Contribution
General - Closed	4.70%	29.09%
Police / Fire	4.70%	11.29%
AFSCME - Closed	4.70%	28.99%

Net Pension Liability

The net pension liability reported at April 30, 2016 was determined using a measure of the total pension liability and the pension net position as of December 31, 2015. The December 31, 2015 total pension liability was determined by an actuarial valuation performed as of that date.

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

General Government

	Increase (Decrease)		
Changes in Net Pension Liability	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at December 31, 2014	$ 8,429,736	$ 6,424,645	$ 2,005,091
Service cost	106,360	-	106,360
Interest	679,506	-	679,506
Difference between expected and actual experience	340,288	-	340,288
Changes in assumptions	400,488	-	400,488
Contributions - employer	-	222,915	(222,915)
Contributions - employee	-	46,487	(46,487)
Net investment income	-	(94,930)	94,930
Benefit payments, including refunds	(492,966)	(492,966)	-
Administrative expenses	-	(13,953)	13,953
Net changes	1,033,676	(332,447)	1,366,123
Balance at December 31, 2015	$ 9,463,412	$ 6,092,198	$ 3,371,214

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

For the year ended April 30, 2016 the City recognized pension expense of $726,517. At April 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following source:

Source	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ 492,133	$ -
Net difference in experience	170,144	-
Net difference in assumptions	200,244	-
Employer contributions to the plan subsequent to the measurement date	77,389	-
Total	$ 939,910	$ -

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

Years Ended April 30	Amount
2017	$ 493,422
2018	123,033
2019	123,033
2020	123,033

Actuarial Assumptions

The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3 - 4%	
Salary increases	4.5%	In the long-term, 1 percent, 2 percent, and 3 percent for calendar years 2014, 2015, and 2016, respectively, including inflation
Investment rate of return	8.25%	Gross of pension plan investment expense, including inflation

Mortality rates were based on the 1994 Group Annuity Mortality Table of a 50 percent male and 50 percent female blend. For disabled retirees, the regular mortality table is used with a 10-year set forward in ages to reflect the higher expected mortality rates of disabled members.

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of the most recent actuarial experience study in 2008.

Discount Rate

The discount rate used to measure the total pension liability was 8.00 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Projected Cash Flows

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return on pension plan investments was determined using a model in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense 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 as of December 31, 2015, the measurement date, for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Global equity	58%	5.02%	2.89%
Global fixed income	20%	2.18%	0.44%
Real assets	12%	4.23%	0.51%
Diversifying strategies	10%	6.56%	0.66%
	100%		

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 (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Net pension liability of the City	$ 4,348,371	$ 3,371,214	$ 2,535,653

Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in the separately issued financial report found at www.mersofmich.com. The plan's fiduciary net position has been determined on the same basis used by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

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 can be advance-funded on a discretionary basis. In accordance with City policy, which is established and can be amended by

the City Commission, 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, 2016, the date of the last plan valuation, the Plan covered 31 members (25 active plan members and 6 retirees receiving benefits). The plan does not issue a separate report.

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.

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	$	38,751
Interest on Net OPEB Obligation		728
Annual OPEB Cost (Expense)		39,479
Less: Contributions Made		24,980
Increase in OPEB Obligation		14,499
Net OPEB Obligation - Beginning		29,126
Net OPEB Obligation - Ending	$	43,625

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal year 2016 and the previous years were as follows:

	Fiscal Year Ended April 30,		
	2016	**2015**	**2014**
Annual OPEB Cost (Expense)	$ 39,479	$ 38,195	$ 34,631
Percentage of OPEB Cost Contributed	63%	75%	101%
Net OPEB Obligation	$ 43,625	$ 29,126	$ 13,332

Funded Status and Funding Progress

As of April 30, 2016, the most recent actuarial valuation date, the actuarial accrued liability for benefits was $438,140**,** all of which was unfunded. The covered payroll (annual payroll of the active employees covered by the Plan) was not available and the ratio of the UAAL to the covered payroll was unknown as well given that the plan is closed.

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 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 - 2016 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 percent 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, 2016 was 25 years.

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. Settlements of insurance claims have not exceeded insurance coverage during any of the past three years.

Note 10 - 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.

	General Fund	Major Streets	Ambulance	City Facilities Construction Fund	Nonmajor Funds	Total
Nonspendable						
Prepaid Items	$ 34,942	$ 379	$ 1,010	$ -	$ 3,912	$ 40,243
Inventories	-	-	-	-	23,846	23,846
Total Nonspendable	34,942	379	1,010	-	27,758	64,089
Restricted for:						
Major & Local Streets	-	107,424	-	-	11,498	118,922
Unspent Bond Proceeds	-	-	-	6,745,505	-	6,745,505
	-	107,424	-	6,745,505	11,498	6,864,427
Committed for:						
Cemetery	26,027	-	-	-	-	26,027
Creative Playground	7,068	-	-	-	-	7,068
Farmers Market	12,365	-	-	-	-	12,365
Fire Protection	-	-	-	-	669,535	669,535
Airport	-	-	-	-	17,000	17,000
Boyne Thunder	-	-	-	-	43,571	43,571
Marina	-	-	-	-	169,170	169,170
Ambulance	-	-	180,867	-	-	180,867
Total Committed	45,460	-	180,867	-	899,276	1,125,603
Unassigned	1,430,448	-	-	-	-	1,430,448
Total Fund Balances - Governmental Funds	$ 1,510,850	$ 107,803	$ 181,877	$ 6,745,505	$ 938,532	$ 9,484,567

Note 11 - Commitments

During the year Boyne City issued $7,000,000 of debt to build new City facilities to those existing to house Police, Fire, Ambulance, Museum and City Hall operations. During 2016 the City spent $509,565 of these proceeds, and is expected to spend the remaining $6,490,435 to finish construction of the new City hall facility during 2017.

Note 12 - Federal Awards

During 2016 the City received $903,388 of federal awards. Of these awards, $530,111 was received from MDOT related to the Court Street improvement project and grant. This award will be included in the single audit of MDOT's federal awards, and does not need to be included in a

single audit of the City. Excluding this award from consideration, the City did not require a single audit during 2016.

Note 13 - Net Investment of Capital Assets

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

	Governmental Activities	Internal Service Fund	Business-type Activities
Total capital assets as of April 30, 2016	$ 13,011,347	$ 925,587	$ 11,805,742
Less: Bond proceeds used for capital outlay as of year-end	(509,565)	-	-
Outstanding bonds as of year-end	-	-	(5,333,091)
Net investment in capital assets as of April 30, 2016	$ 12,501,782	$ 925,587	$ 6,472,651

Note 14 - Prior Period Adjustment

During the current year, the City adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. As a result, the government-wide statements now include a liability for the City's unfunded legacy costs. Some of the changes in this net pension liability will be recognized immediately as part of the pension expense measurement, and part will be deferred and recognized over future years. Refer to the pension note for further details. This change does not impact the general fund or any other governmental fund.

The financial statements for the year ended April 30, 2015 have been restated in order to adopt GASB Statement No. 68. The effect of this new accounting standard was a decrease in net position to record the net pension liability at April 30, 2015.

The financial statements for the year ended April 30, 2015 were also restated to correct an error where revenues were overstated on the 2015 financial statements due to a duplicate billing. The effect of this correction was a decrease in fund balance (and net position) and a decrease in revenue in both the government-wide and fund financial statements as of April 30, 2015.

As a result of implementing these changes, the beginning net position of governmental activities and the aggregate discretely presented component units have been restated as indicated:

		Business-type Activities		Component Unit
	Governmental Activities	Sewer Fund	Water Fund	Downtown Development Authority
Net position - April 30, 2015 - As previously reported	$ 14,539,818	$ 7,332,762	$ 2,254,230	$ 1,848,254
Correct overstated revenue reported in 2015	(71,555)	-	-	-
Adjustment for implementation of GASB Statement No. 68	(1,728,930)	(90,894)	(87,449)	(26,653)
Net position - April 30, 2015 - As restated	$ 12,739,333	$ 7,241,868	$ 2,166,781	$ 1,821,601

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, 2016

	Budgeted Amounts			Variance Positive (Negative)
	Original	Final	Actual	Final to Actual
Revenues				
Property Tax Revenues	$ 2,657,318	$ 2,694,840	$ 2,697,515	$ 2,675
State Shared Revenues	350,190	337,843	338,669	826
Federal Grants	1,324,142	160,079	233,627	73,548
Local Revenue Sharing	--	--	25,905	25,905
Charges for Services	312,968	359,195	378,991	19,796
Licenses and Permits	6,200	6,406	6,406	--
Fines and Forfeitures	7,000	5,800	5,755	(45)
Interest and Rentals	17,700	10,700	9,396	(1,304)
Other Revenues	87,566	103,634	84,011	(19,623)
Total Revenues	4,763,084	3,678,497	3,780,275	101,778
Other Financing Sources				
Transfers In	--	283,000	--	(283,000)
Total Revenues and Other Financing Sources	4,763,084	3,961,497	3,780,275	(181,222)
Expenditures				
Legislative Services	19,895	20,395	17,556	2,839
General Government				
General Services	604,352	651,755	611,816	39,939
Elections	5,600	5,904	5,904	--
Accounting / Audit	12,600	12,600	12,600	--
Assessment / Taxes	67,800	70,357	72,826	(2,469)
Legal	57,500	60,000	57,722	2,278
Public Buildings	239,010	348,712	166,395	182,317
General Fund Other	161,200	94,500	78,069	16,431
Cemetery	75,039	42,284	41,246	1,038
Total General Government	1,223,101	1,286,112	1,046,578	239,534
Public Safety - Police Department	676,868	650,438	631,918	18,520
Health and Welfare - Environmental	1,000	2,035	2,035	--
Public Works				
Rubbish Collection	38,300	38,315	38,315	--
Sidewalk Construction	800,000	18,300	9,767	8,533
Total Public Works	838,300	56,615	48,082	8,533
Community and Economic Development				
Planning	171,208	168,196	169,997	(1,801)
Housing	--	--	230,865	(230,865)
Total Community and Economic Development	171,208	168,196	400,862	(232,666)
Recreation and Culture				
Parks and Recreation	1,049,540	374,456	308,526	65,930
Museum	3,277	7,724	6,189	1,535
Total Recreation and Culture	1,052,817	382,180	314,715	67,465
Other Functions - Contingency	33,090	39,160	38,981	179
Capital Outlay	2,015,325	2,015,325	2,015,325	--
Total Expenditures	6,031,604	4,620,456	4,516,052	104,404
Other Financing Uses				
Transfers Out	941,062	837,353	863,944	(26,591)
Total Expenditures and Other Financing Uses	6,972,666	5,457,809	5,379,996	77,813
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(2,209,582)	(1,496,312)	(1,599,721)	(103,409)
Net Change in Fund Balance	**(2,209,582)**	**(1,496,312)**	**(1,599,721)**	**(103,409)**
Fund Balance at Beginning of Period	3,110,571	3,110,571	3,110,571	--
Fund Balance at End of Period	**$ 900,989**	**$ 1,614,259**	**$ 1,510,850**	**$ (103,409)**

City of Boyne City
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Major Streets
For the Year Ended April 30, 2016

	Budgeted Amounts			Variance Positive (Negative)
	Original	**Final**	**Actual**	**Final to Actual**
Revenues				
Property Tax Revenues	$ 75,000	$ 83,031	$ 82,941	$ (90)
State Shared Revenues	264,704	282,927	323,500	40,573
Federal Grants	67,012	67,012	530,111	463,099
Charges for Services	--	2,125	2,126	1
Interest	--	--	2	2
Total Revenues	406,716	435,095	938,680	503,585
Other Financing Sources				
Transfers In	502,872	332,652	279,483	(53,169)
Total Revenues and Other Financing Sources	909,588	767,747	1,218,163	450,416
Expenditures				
Construction	53,835	10,884	10,884	--
Routine Maintenance	25,024	147,644	147,644	--
Traffic Service	20,520	20,740	13,221	7,519
Winter Maintenance	143,000	115,820	112,354	3,466
Administration	70,665	74,397	72,070	2,327
Capital Outlay	596,544	596,542	1,061,836	(465,294)
Total Expenditures	909,588	966,027	1,418,009	(451,982)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures	--	(198,280)	(199,846)	(1,566)
Net Change in Fund Balance	**--**	**(198,280)**	**(199,846)**	**(1,566)**
Fund Balance at Beginning of Period	307,649	307,649	307,649	--
Fund Balance at End of Period	$ **307,649**	$ **109,369**	$ **107,803**	$ **(1,566)**

City of Boyne City
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Ambulance
For the Year Ended April 30, 2016

	Budgeted Amounts			Variance Positive (Negative)
	Original	**Final**	**Actual**	**Final to Actual**
Revenues				
Charges for Services	$ 743,042	$ 743,042	$ 844,556	$ 101,514
Federal Grants	137,580	137,580	139,650	2,070
Other Revenues	6,000	6,000	3,739	(2,261)
Total Revenues	886,622	886,622	987,945	101,323
Other Financing Sources				
Transfers In	79,179	79,179	174,866	95,687
Total Revenues and Other Financing Sources	965,801	965,801	1,162,811	197,010
Expenditures				
Health & Welfare	910,577	910,577	889,493	21,084
Capital Outlay	146,823	146,823	146,823	--
Total Expenditures	1,057,400	1,057,400	1,036,316	21,084
Excess (Deficiency) of Revenues and Other Sources Over Expenditures	(91,599)	(91,599)	126,495	218,094
Net Change in Fund Balance	**(91,599)**	**(91,599)**	**126,495**	**218,094**
Fund Balance at Beginning of Period	55,382	55,382	55,382	--
Fund Balance at End of Period	$ **(36,217)**	$ **(36,217)**	$ **181,877**	$ **218,094**

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

		2016
Total Pension Liability		
Service Cost	$	106,360
Interest		679,506
Differences Between Expected & Actual Experience		340,288
Changes in Assumptions		400,488
Benefit Payments, Including Refunds		(492,966)
Net Change in Pension Liability		1,033,676
Total Pension Liability - Beginning		8,429,736
Total Pension Liability - Ending (a)	$	9,463,412
Plan Fiduciary Net Position		
Contributions - Employer	$	222,915
Contributions - Member		46,487
Net Investment Income		(94,930)
Benefit Payments, Including Refunds		(492,966)
Administrative Expenses		(13,953)
Transfers		-
Net Change in Plan Fiduciary Net Position		(332,447)
Plan Fiduciary Net Position - Beginning		6,424,645
Plan Fiduciary Net Position - Ending (b)	$	6,092,198
Net Pension Liability - Ending (a) - (b)	$	3,371,214
Plan Fiduciary Net Position as a Percentage of Total Pension Liability		64.38%
Covered Employee Payroll	$	951,343
Net Pension Liability as a Percentage of Covered Employee Payroll		354.36%

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially Determined Contribution	$ 222,915	$ 213,415	$ 214,402	$ 184,824	$ 185,936	$ 168,714	$ 153,450	$ 170,547	$ 161,265	$ 129,662
Contributions in Relation to the Actuarially Determined Contribution	222,915	213,415	214,402	184,824	185,936	168,714	153,450	170,547	161,265	129,662
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Employee Payroll	951,343	1,003,608	971,917	965,300	931,311	1,110,967	1,122,292	1,137,909	1,152,129	1,310,556
Contributions as a Percentage of Covered Employee Payroll	23%	21%	22%	19%	20%	15%	14%	15%	14%	10%

Notes

Valuation Date

Actuarially determined contribution amounts are calculated as of December 31 each year, which is 12 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	8 - 23 Years Division Specific
Asset valuation method	10-year smoothed
Inflation	3 - 4%
Salary increases	4.5%, including inflation
Investment rate of return	8.00%
Retirement Age	Experience-based tables of rates that are specific to the type of eligibility condition
Mortality	50% Male - 50% Female blend of the 1994 Group Annuity Mortality Table

City of Boyne City
Required Supplementary Information
Schedule of Investment Returns
Last 10 Fiscal Years

		Information Unavailable								
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Annual money-weighted rate of return, net of investment expenses	-1.52%	0%	0%	0%	0%	0%	0%	0%	0%	0%

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued 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)
2014	-	426,125	426,125	0%	N/A	N/A
2015	-	441,674	441,674	0%	N/A	N/A
2016	-	438,140	438,140	0%	N/A	N/A

	Fiscal Year Ended April 30,		
	2016	2015	2014
Annual OPEB Cost (Expense)	$ 39,479	$ 38,195	$ 34,631
Percentage of OPEB Cost Contributed	63%	75%	101%
Net OPEB Obligation	$ 43,625	$ 29,126	$ 13,332

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUNDS

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.

City of Boyne City
Combining Balance Sheet
Nonmajor Governmental Funds
April 30, 2016

	Special Revenue					
	Local Streets	**Fire**	**Boyne Thunder**	**Marina**	**Airport**	**Total Nonmajor Governmental Funds**
ASSETS						
Cash and Cash Equivalents	$ --	$ 459,479	$ 203,591	$ 174,523	$ 24,337	$ 861,930
Due from Other Governmental Units	30,356	--	--	--	--	30,356
Accounts Receivable	--	210,752	--	--	2,498	213,250
Inventories	--	--	--	--	23,846	23,846
Prepaid Items	379	2,776	--	252	505	3,912
Due from Other Funds	1,702	--	--	--	--	1,702
Total Assets	**$ 32,437**	**$ 673,007**	**$ 203,591**	**$ 174,775**	**$ 51,186**	**$ 1,134,996**
LIABILITIES						
Accounts Payable	$ 11,080	$ 696	$ 3,523	$ 3,895	$ 9,820	$ 29,014
Payroll Liabilities	2,695	--	--	258	15	2,968
Customer Deposits	--	--	--	1,200	--	1,200
Unearned Revenue	--	--	156,497	--	--	156,497
Total Liabilities	13,775	696	160,020	5,353	9,835	189,679
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue	6,785	--	--	--	--	6,785
Total Liabilities and Deferred Inflows of Resources	20,560	696	160,020	5,353	9,835	196,464
FUND BALANCE						
Nonspendable	379	2,776	--	252	24,351	27,758
Restricted	11,498	--	--	--	--	11,498
Committed	--	669,535	43,571	169,170	17,000	899,276
Unassigned	--	--	--	--	--	--
Total Fund Balance	11,877	672,311	43,571	169,422	41,351	938,532
Total Liabilities, Deferred Inflows of Resources and Fund Balance	**$ 32,437**	**$ 673,007**	**$ 203,591**	**$ 174,775**	**$ 51,186**	**$ 1,134,996**

City of Boyne City
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended April 30, 2016

	Special Revenue					
	Local Streets	**Fire**	**Boyne Thunder**	**Marina**	**Airport**	**Total Nonmajor Governmental Funds**
Revenues						
Property Taxes	$ 82,941	$ --	$ --	$ --	$ --	$ 82,941
State Sources	152,109	--	--	5,000	--	157,109
Charges for Services	2,126	210,752	309,457	142,601	72,211	737,147
Other Revenues	--	3,839	--	--	--	3,839
Interest and Rentals	--	--	--	--	25,426	25,426
Total Revenues	237,176	214,591	309,457	147,601	97,637	1,006,462
Expenditures						
Public Safety	--	172,626	--	--	--	172,626
Public Works	443,262	--	--	--	81,060	524,322
Recreation and Culture	--	--	265,886	146,784	5,436	418,106
Capital Outlay	159,278	--	--	--	--	159,278
Total Expenditures	602,540	172,626	265,886	146,784	86,496	1,274,332
Excess of Revenues Over (Under) Expenditures	(365,364)	41,965	43,571	817	11,141	(267,870)
Other Financing Sources (Uses)						
Transfers In	341,702	63,000	--	--	4,893	409,595
Net Other Financing Sources (Uses)	341,702	63,000	--	--	4,893	409,595
Net Change in Fund Balance	**(23,662)**	**104,965**	**43,571**	**817**	**16,034**	**141,725**
Fund Balance at Beginning of Period	35,539	567,346	--	168,605	25,317	796,807
Fund Balance at End of Period	$ **11,877**	$ **672,311**	$ **43,571**	$ **169,422**	$ **41,351**	$ **938,532**

City of Boyne City
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Local Streets
For the Year Ended April 30, 2016

	Budgeted Amounts			Variance Positive (Negative)
	Original	**Final**	**Actual**	**Final to Actual**
Revenues				
Property Tax Revenues	$ 75,000	$ 83,031	$ 82,941	$ (90)
State Shared Revenues	99,000	157,190	152,109	(5,081)
Charges for Services	--	2,126	2,126	--
Total Revenues	174,000	242,347	237,176	(5,171)
Other Financing Sources				
Transfers In	271,011	326,563	341,702	15,139
Total Revenues and Other Financing Sources	445,011	568,910	578,878	9,968
Expenditures				
Public Works	525,011	552,568	443,262	109,306
Capital Outlay	--	51,881	159,278	(107,397)
Total Expenditures	525,011	604,449	602,540	1,909
Other Financing Uses				
Total Expenditures and Other Financing Uses	525,011	604,449	602,540	1,909
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(80,000)	(35,539)	(23,662)	11,877
Net Change in Fund Balance	**(80,000)**	**(35,539)**	**(23,662)**	**11,877**
Fund Balance at Beginning of Period	35,539	35,539	35,539	--
Fund Balance at End of Period	$ **(44,461)**	$ **--**	$ **11,877**	$ **11,877**

City of Boyne City
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Fire
For the Year Ended April 30, 2016

	Budgeted Amounts			Variance Positive (Negative)
	Original	**Final**	**Actual**	**Final to Actual**
Revenues				
Charges for Services	$ 204,506	$ 204,506	$ 210,752	$ 6,246
Interest and Rentals	--	3,239	3,239	--
Other Revenues	--	600	600	--
Total Revenues	204,506	208,345	214,591	6,246
Other Financing Sources				
Transfers In	63,000	63,000	63,000	--
Total Revenues and Other Financing Sources	267,506	271,345	277,591	6,246
Expenditures				
Public Safety	271,406	238,246	172,626	65,620
Total Expenditures	271,406	238,246	172,626	65,620
Other Financing Uses				
Total Expenditures and Other Financing Uses	271,406	238,246	172,626	65,620
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(3,900)	33,099	104,965	71,866
Net Change in Fund Balance	**(3,900)**	**33,099**	**104,965**	**71,866**
Fund Balance at Beginning of Period	567,346	567,346	567,346	--
Fund Balance at End of Period	$ **563,446**	$ **600,445**	$ **672,311**	$ **71,866**

City of Boyne City
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Boyne Thunder
For the Year Ended April 30, 2016

	Budgeted Amounts			Variance Positive (Negative)
	Original	**Final**	**Actual**	**Final to Actual**
Revenues				
Administrative Service Fees	$ 247,700	$ 258,960	$ 309,457	$ 50,497
Total Revenues	247,700	258,960	309,457	50,497
Other Financing Sources				
Total Revenues and Other Financing Sources	247,700	258,960	309,457	50,497
Expenditures				
Recreation & Culture	217,700	222,909	229,835	(6,926)
Total Expenditures	217,700	222,909	229,835	(6,926)
Other Financing Uses				
Transfers Out	30,000	36,051	36,051	--
Total Expenditures and Other Financing Uses	247,700	258,960	265,886	(6,926)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	--	--	43,571	43,571
Net Change in Fund Balance	**--**	**--**	**43,571**	**43,571**
Fund Balance at Beginning of Period	--	--	--	--
Fund Balance at End of Period	$ **--**	$ **--**	$ **43,571**	$ **43,571**

City of Boyne City
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Marina
For the Year Ended April 30, 2016

	Budgeted Amounts			Variance Positive (Negative)
	Original	**Final**	**Actual**	**Final to Actual**
Revenues				
State Shared Revenues	$ 30,000	$ 5,000	$ 5,000	$ --
Charges for Services	123,400	122,392	140,662	18,270
Other Revenues	1,000	1,935	1,937	2
Total Revenues	154,400	129,327	147,599	18,272
Other Financing Sources				
Total Revenues and Other Financing Sources	154,400	129,327	147,599	18,272
Expenditures				
Recreation & Culture	182,350	144,848	146,782	(1,934)
Capital Outlay	10,000	--	--	--
Total Expenditures	192,350	144,848	146,782	(1,934)
Other Financing Uses				
Total Expenditures and Other Financing Uses	192,350	144,848	146,782	(1,934)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(37,950)	(15,521)	817	16,338
Net Change in Fund Balance	**(37,950)**	**(15,521)**	**817**	**16,338**
Fund Balance at Beginning of Period	168,605	168,605	168,605	--
Fund Balance at End of Period	$ **130,655**	$ **153,084**	$ **169,422**	$ **16,338**

City of Boyne City
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Airport
For the Year Ended April 30, 2016

	Budgeted Amounts			Variance Positive (Negative)
	Original	**Final**	**Actual**	**Final to Actual**
Revenues				
Charges for Services	$ 109,500	$ 72,021	$ 72,211	$ 190
Interest and Rentals	21,126	29,808	25,426	(4,382)
Total Revenues	130,626	101,829	97,637	(4,192)
Other Financing Sources				
Transfers In	25,000	25,000	4,893	(20,107)
Total Revenues and Other Financing Sources	155,626	126,829	102,530	(24,299)
Expenditures				
Public Works	156,150	106,516	86,496	20,020
Capital Outlay	500	250	--	250
Total Expenditures	156,650	106,766	86,496	20,270
Other Financing Uses				
Total Expenditures and Other Financing Uses	156,650	106,766	86,496	20,270
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(1,024)	20,063	16,034	(4,029)
Net Change in Fund Balance	**(1,024)**	**20,063**	**16,034**	**(4,029)**
Fund Balance at Beginning of Period	25,317	25,317	25,317	--
Fund Balance at End of Period	$ **24,293**	$ **45,380**	$ **41,351**	$ **(4,029)**

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 amounts collected by the City on behalf of the Boyne Senior Center.

City of Boyne City
Combining Statement of Fiduciary Net Position
Fiduciary Funds
April 30, 2016

	Agency			
	Trust & Agency	Current Tax Collection	Boyne Senior Center	Total Agency Funds
ASSETS				
Cash and Cash Equivalents	$ 14,482	$ 100	$ 99	$ 14,681
Total Assets	14,482	100	99	14,681
LIABILITIES				
Due to Other Governmental Units	14,482	100	99	14,681
Total Liabilities	14,482	100	99	14,681
NET POSITION				
Held in Trust	$ --	$ --	$ --	$ --

City of Boyne City
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended April 30, 2016

	Trust & Agency			
	April 30, 2015	Additions	Deductions	April 30, 2016
ASSETS				
Cash and Cash Equivalents	$ 13,817	$ 20,325	$ 19,660	$ 14,482
Total Assets	13,817	20,325	19,660	14,482
LIABILITIES				
Due to Other Governmental Units	13,817	20,325	19,660	14,482
Total Liabilities	$ 13,817	$ 20,325	$ 19,660	$ 14,482

	Current Tax Collection			
	April 30, 2015	Additions	Deductions	April 30, 2016
ASSETS				
Cash and Cash Equivalents	$ 100	$ 12,358,475	$ 12,358,475	$ 100
Total Assets	100	12,358,475	12,358,475	100
LIABILITIES				
Due to Other Governmental Units	100	12,358,475	12,358,475	100
Total Liabilities	$ 100	$ 12,358,475	$ 12,358,475	$ 100

	Boyne Senior Center			
	April 30, 2015	Additions	Deductions	April 30, 2016
ASSETS				
Cash and Cash Equivalents	$ 495	$ 512	$ 908	$ 99
Total Assets	495	512	908	99
LIABILITIES				
Due to Other Governmental Units	495	512	908	99
Total Liabilities	$ 495	$ 512	$ 908	$ 99

	Total Agency Funds			
	April 30, 2015	Additions	Deductions	April 30, 2016
ASSETS				
Cash & Pooled Investments	$ 14,412	$ 12,379,312	$ 12,379,043	$ 14,681
Total Assets	14,412	12,379,312	12,379,043	14,681
LIABILITIES				
Due to Other Governments	14,412	12,379,312	12,379,043	14,681
Total Liabilities	$ 14,412	$ 12,379,312	$ 12,379,043	$ 14,681

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, 2016

	Governmental Activities					
	Downtown Development Authority	**Adjustments**	**Statement of Net Position**	**Local Development Finance Authority**	**Adjustments**	**Statement of Net Position**
ASSETS						
Current Assets						
Cash & Cash Equivalents	$ 235,372	$ --	$ 235,372	$ 811,142	$ --	$ 811,142
Total Current Assets	235,372	--	235,372	811,142	--	811,142
Noncurrent Assets						
Capital Assets not being Depreciated	--	--	--	--	291,419 1	291,419
Capital Assets being Depreciated	--	1,626,822 1	1,626,822	--	1,611,146 1	1,611,146
Total Assets	235,372	1,626,822	1,862,194	811,142	1,902,565	2,713,707
DEFERRED OUTFLOWS OF RESOURCES						
Pension	--	12,954 3	12,954	--	--	--
LIABILITIES						
Current Liabilities						
Accounts Payable	444	--	444	16,363	--	16,363
Payroll Liabilities	1,167	--	1,167	--	--	--
Current Portion of Long-term Debt	--	6,783 2	6,783	--	--	--
Total Current Liabilities	1,611	6,783	8,394	16,363	--	16,363
Noncurrent Liabilities						
Long-term Debt	--	7,074 2	7,074	--	--	--
Net Pension Liability	--	46,462 3	46,462	--	--	--
Total Liabilities	1,611	60,319	61,930	16,363	--	16,363
NET POSITION / FUND BALANCE						
Net Investment in Capital Assets	--	1,612,965	1,612,965	--	1,902,565	1,902,565
Unassigned / Unrestricted	233,761	(33,508)	200,253	794,779	--	794,779
Total Net Position / Fund Balance	**$ 233,761**	**$ 1,612,965**	**$ 1,813,218**	**$ 794,779**	**$ 1,902,565**	**$ 2,697,344**

Notes

1 General government capital assets net of accumulated depreciation are not financial resources, and accordingly are not reported in the funds.

2 Certain liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

3 The City'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, 2016

	Governmental Activities											
	Downtown Development Authority		Adjustments			Statement of Activities	Local Development Finance Authority		Adjustments			Statement of Activities
Expenses												
Community & Economic Development	$	265,737	$	6,855	1	$ 272,592	$	446,575	$	(392,892)	2	$ 53,683
Debt Service - Principal		6,503		(6,503)	3	--		--		--		--
Debt Service - Interest		797		--		797		--		--		--
Depreciation Expense		--		126,961	2	126,961		-		51,971	2	51,971
Total Expenses		273,037		120,458		400,350		446,575		51,971		105,654
Program Revenues												
Charges for Services		95,691		--		95,691		--		--		--
Operating Grants and Contributions		3,054		--		3,054		--		--		--
Total Program Revenues		98,745		--		98,745		--		--		--
Net Program Revenues (Expenses)		(174,292)		(120,458)		(301,605)		(446,575)		(51,971)		(105,654)
General Revenue												
Property Taxes		293,222		--		293,222		171,600		--		171,600
Total General Revenues		293,222		--		293,222		171,600		--		171,600
Change in Net Position / Fund Balance		**118,930**		**(120,458)**		**(8,383)**		**(274,975)**		**(51,971)**		**65,946**
Net Position / Fund Balance at Beginning of Period		114,831		1,706,770		1,821,601		1,069,754		1,561,644		2,631,398
Net Position / Fund Balance at End of Period		**$ 233,761**		**$ 1,586,312**		**$ 1,813,218**		**$ 794,779**		**$ 1,509,673**		**$ 2,697,344**

Notes

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

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 ass 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									
	2016 *	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**
Governmental activities										
Net investment in capital assets	$ 12,501,782	$ 9,390,960	$ 8,164,779	$ 7,825,004	$ 6,702,500	$ 6,596,961	$ 5,735,843	$ 5,410,919	$ 5,550,265	$ 4,377,700
Restricted	19,680	342,380	28,081	77,175	67,412	268,962	200,914	155,540	10,648	6,990
Unrestricted	647,259	4,806,478	4,545,273	4,207,938	3,647,444	3,193,279	3,600,193	2,890,917	2,506,631	2,303,893
Total governmental activities net position	$ 13,168,721	$ 14,539,818	$ 12,738,133	$ 12,110,117	$ 10,417,356	$ 10,059,202	$ 9,536,950	$ 8,457,376	$ 8,067,544	$ 6,688,583
Business-type activities										
Net investment in capital assets	$ 6,472,651	$ 6,522,574	$ 6,588,280	$ 6,635,833	$ 6,636,468	$ 6,130,492	$ 5,241,435	$ 5,325,977	$ 5,431,896	$ 4,877,902
Restricted	591,333	647,376	660,216	564,392	564,240	564,497	414,747	341,189	266,530	306,530
Unrestricted	2,829,455	2,417,042	1,998,813	1,725,378	1,592,384	1,447,894	1,702,843	1,772,147	1,271,567	1,024,679
Total business-type activities net position	$ 9,893,439	$ 9,586,992	$ 9,247,309	$ 8,925,603	$ 8,793,092	$ 8,142,883	$ 7,359,025	$ 7,439,313	$ 6,969,993	$ 6,209,111
Primary government										
Net investment in capital assets	$ 18,974,433	$ 15,913,534	$ 14,753,059	$ 14,460,837	$ 13,338,968	$ 12,727,453	$ 10,977,278	$ 10,736,896	$ 10,982,161	$ 9,255,602
Restricted	611,013	989,756	688,297	641,567	631,652	833,459	615,661	496,729	277,178	313,520
Unrestricted	3,476,714	7,223,520	6,544,086	5,933,316	5,239,828	4,641,173	5,303,036	4,663,064	3,778,198	3,328,572
Total primary government net position	$ 23,062,160	$ 24,126,810	$ 21,985,442	$ 21,035,720	$ 19,210,448	$ 18,202,085	$ 16,895,975	$ 15,896,689	$ 15,037,537	$ 12,897,694

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

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

	Fiscal Year									
	2016	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**
Expenses										
Governmental activities										
General government	$ 1,500,604	$ 1,000,246	$ 1,109,769	$ 1,150,743	$ 1,219,421	$ 1,139,799	$ 1,240,244	$ 1,747,639	$ 1,397,874	$ 1,328,602
Public safety	965,164	876,459	815,770	659,376	808,776	852,170	875,309	861,606	849,557	863,291
Public works	1,558,262	1,443,188	1,597,029	1,647,620	1,785,072	2,282,830	1,354,473	1,493,864	852,260	1,308,726
Community and Economic Development	400,862	150,224	145,842	-	-	-	-	-	-	-
Recreation and culture	765,354	608,090	795,090	345,620	264,033	250,120	279,953	399,447	281,866	256,321
Other Functions	38,981	29,742	-	210,019	171,023	153,086	130,179	123,657	41,642	98,194
Health and Welfare	968,550	840,667	830,119	784,940	715,324	692,163	575,682	552,646	553,744	426,117
Legislative	17,556	21,910	16,149	18,980	17,665	16,612	15,911	14,055	16,438	14,330
Total governmental activities	6,215,333	4,970,526	5,309,768	4,817,298	4,981,314	5,386,780	4,471,751	5,192,914	3,993,381	4,295,581
Business-type activities										
Sewer	859,761	877,408	873,262	850,272	840,332	881,574	1,081,353	997,864	1,544,603	2,695,665
Water	672,251	612,442	619,161	613,370	586,410	594,954	688,377	660,916	^COMBINED^	^COMBINED^
Total business-type activities	1,532,012	1,489,850	1,492,423	1,463,642	1,426,742	1,476,528	1,769,730	1,658,780	1,544,603	2,695,665
Total primary government expenses	**7,747,345**	**6,460,376**	**6,802,191**	**6,280,940**	**6,408,056**	**6,863,308**	**6,241,481**	**6,851,694**	**5,537,984**	**6,991,246**
Program revenues										
Governmental activities										
Charges for services										
General Government	241,576	237,007	210,801	140,013	139,960	64,948	69,570	338,897	137,321	149,668
Public Safety	228,863	257,136	265,892	209,108	188,153	202,331	221,853	220,452	553,562	191,331
Public Works	207,290	274,630	397,711	267,388	264,608	351,380	273,497	236,906	265,818	286,502
Community and Economic Development	67,661	130,599	2,500	-	-	-	-	-	-	-
Recreation and Culture	501,079	288,077	401,578	124,777	-	-	-	-	-	-
Other Functions	-	-	-	-	-	-	-	-	-	-
Health & Welfare	845,807	681,978	617,335	570,179	472,263	474,989	470,316	427,309	-	330,462
Legislative	-	-	-	-	-	-	-	-	-	-
Total charges for services	2,092,276	1,869,427	1,895,817	1,311,465	1,064,984	1,093,648	1,035,236	1,223,564	956,701	957,963
Operating grants and contributions	650,099	789,281	496,062	530,258	398,057	770,680	636,682	483,670	782,212	722,531
Capital grants and contributions	780,702	935,137	157,774	503,440	116,250	-	-	-	269,510	81,771
Total governmental activities program revenues	3,523,077	3,593,845	2,549,653	2,345,163	1,579,291	1,864,328	1,671,918	1,707,234	2,008,423	1,762,265
Business-type activities										
Charges for services										
Sewer	1,345,826	1,180,380	958,987	906,662	872,533	890,537	865,955	882,335	1,539,551	1,501,536
Water	668,684	676,461	616,173	509,677	614,421	588,223	574,898	588,917	^COMBINED^	^COMBINED^
Total charges for services	2,014,510	1,856,841	1,575,160	1,416,339	1,486,954	1,478,760	1,440,853	1,471,252	1,539,551	1,501,536
Operating grants and contributions	1,000	-	-	-	-	-	-	-	-	-
Capital grants and contributions	797	-	4,619	-	223,488	436,045	232,680	644,765	726,729	307,013
Total business-type activities program revenues	**2,016,307**	**1,856,841**	**1,579,779**	**1,416,339**	**1,710,442**	**1,914,805**	**1,673,533**	**2,116,017**	**2,266,280**	**1,808,549**
Total primary government program revenues	**5,539,384**	**5,450,686**	**4,129,432**	**3,761,502**	**3,289,733**	**3,779,133**	**3,345,451**	**3,823,251**	**4,274,703**	**3,570,814**

Continued...

CITY OF BOYNE CITY

Table A-2

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

	Fiscal Year									
	2016	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**
Net (expense) revenue										
Governmental activities	$ (2,692,256)	$ (1,376,681)	$ (2,760,115)	$ (2,472,135)	$ (3,402,023)	$ (3,522,452)	$ (2,799,833)	$ (3,485,680)	$ (1,984,958)	$ (2,533,316)
Business-type activities	484,295	366,991	87,356	(47,303)	283,700	438,277	(96,197)	457,237	721,677	(887,116)
Total primary government net (expense) revenue	**(2,207,961)**	**(1,009,690)**	**(2,672,759)**	**(2,519,438)**	**(3,118,323)**	**(3,084,175)**	**(2,896,030)**	**(3,028,443)**	**(1,263,281)**	**(3,420,432)**
General revenues and other changes in net position										
Governmental activities										
Property taxes	2,863,397	2,791,309	2,779,574	2,803,775	2,875,010	3,015,991	3,141,347	2,978,762	2,930,801	2,824,860
Other Revenues	17,373	4,661	268,340	574,254	595,047	571,928	426,705	521,794	26,273	12,607
Interest and Rentals	3,601	1,248	998	8,272	12,671	11,601	19,954	36,599	65,203	63,279
State Revenue Sharing	337,273	351,138	339,219	288,660	277,449	250,368	298,118	338,357	341,642	350,987
Transfers	-	30,010	-	489,935	-	194,816	(6,717)	-	-	-
Total governmental activities	3,221,644	3,178,366	3,388,131	4,164,896	3,760,177	4,044,704	3,879,407	3,875,512	3,363,919	3,251,733
Business-type activities										
Other Revenues	-	-	230,911	234,911	365,507	213,189	-	-	1,486	-
Interest and Rentals	495	2,702	3,439	-	1,002	2,392	5,368	12,083	37,719	36,787
Transfers	-	(30,010)	-	(55,097)	-	130,000	-	-	-	-
Total business-type activities	495	(27,308)	234,350	179,814	366,509	345,581	5,368	12,083	39,205	36,787
Total primary government	**3,222,139**	**6,644,615**	**6,794,060**	**6,216,776**	**6,237,520**	**6,294,834**	**6,255,990**	**6,506,045**	**6,313,612**	**5,726,336**
Change in net position										
Governmental activities	529,388	1,801,685	628,016	1,692,761	358,154	522,252	1,079,574	389,832	1,378,961	718,417
Business-type activities	484,790	339,683	321,706	132,511	650,209	783,858	(90,829)	469,320	760,882	(850,329)
Total primary government	**$ 1,014,178**	**$ 2,141,368**	**$ 949,722**	**$ 1,825,272**	**$ 1,008,363**	**$ 1,306,110**	**$ 988,745**	**$ 859,152**	**$ 2,139,843**	**$ (131,912)**

Concluded.

CITY OF BOYNE CITY

Table A-3

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

	Fiscal Year									
	2016	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**
General fund										
Reserved	$ -	$ -	$ -	$ -	$ -	$ 158,962	$ 129,481	$ 100,000	$ 66,526	$ 36,103
Unreserved	-	-	-	-	-	1,446,522	1,517,721	1,532,070	1,436,241	1,469,246
Nonspendable	34,942	38,295	31,152	19,390	-	-	-	-	-	-
Committed	45,460	152,706	142,241	129,331	118,933	-	-	-	-	-
Assigned	-	317,947	276,189	232,392	1,215	-	-	-	-	-
Unassigned	1,430,448	2,673,178	2,485,027	2,052,058	2,175,164	-	-	-	-	-
Total general fund	$ 1,510,850	$ 3,182,126	$ 2,934,609	$ 2,433,171	$ 2,295,312	$ 1,605,484	$ 1,647,202	$ 1,632,070	$ 1,502,767	$ 1,505,349
All other governmental funds										
Reserved	$ -	$ -	$ -	$ -	$ -	$ 110,000	$ 71,433	$ 55,540	$ 25,948	$ 18,791
Unreserved reported in										
Special revenue funds	-	-	-	-	-	1,189,932	1,704,196	1,048,471	587,612	574,255
Nonspendable	29,147	22,761	11,958	11,205	13,489	-	-	-	-	-
Restricted	6,864,427	342,380	28,081	77,175	67,412	-	-	-	-	-
Committed	1,080,143	794,697	898,796	1,080,572	684,320	-	-	-	-	-
Total all other governmental funds	$ 7,973,717	$ 1,159,838	$ 938,835	$ 1,168,952	$ 765,221	$ 1,299,932	$ 1,775,629	$ 1,104,011	$ 613,560	$ 593,046

Notes:

(1) Fund balance classification was changed in 2011 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									
	2016	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**
Revenues										
Property Taxes	$ 2,863,397	$ 2,791,309	$ 2,779,574	$ 2,803,775	$ 2,875,010	$ 3,015,991	$ 3,141,347	$ 2,978,762	$ 2,930,801	$ 2,824,860
Intergovernmental revenues										
Federal	903,388	822,211	-	503,440	30,790	337,267	149,545	-	269,510	98,771
State	819,278	960,988	931,421	724,633	716,702	619,836	735,628	807,840	769,650	753,798
Local	25,905	-	61,634	94,285	44,264	63,945	49,627	22,508	350,632	292,164
Licenses and permits	6,406	6,194	6,550	-	-	-	-	-	-	-
Charges for services	1,962,820	1,704,263	1,667,620	1,311,465	1,064,984	1,093,648	1,035,236	950,207	963,227	956,160
Fines and Forfeitures	5,755	8,260	5,866	-	-	-	-	-	-	-
Interest	36,717	34,529	422	8,272	12,671	11,601	19,954	32,549	74,656	71,522
Rents and royalties	-	-	30,007	-	-	-	-	-	-	-
Miscellaneous	91,589	331,830	262,527	477,552	530,822	471,379	401,189	499,947	21,292	10,652
Total revenues	6,715,255	6,659,584	5,745,621	5,923,422	5,275,243	5,613,667	5,532,526	5,291,813	5,379,768	5,007,927
Expenditures										
Current										
General government	1,224,149	951,789	1,063,767	1,090,443	1,197,877	1,220,523	1,256,741	1,398,945	1,373,336	1,327,326
Public safety	804,544	771,922	729,516	732,581	763,072	790,510	792,816	758,980	796,575	782,221
Public works	928,577	1,041,317	1,217,483	2,804,543	2,049,145	3,173,048	1,763,924	1,307,765	2,183,149	1,511,462
Community and Economic development	400,862	150,224	145,842	-	-	-	-	-	-	-
Recreation and Culture	732,821	582,031	776,451	325,413	233,727	220,790	243,505	363,434	254,254	219,647
Legislative	17,556	21,910	16,149	18,980	17,665	16,612	15,911	14,055	16,438	14,330
Health and Welfare	891,528	813,265	801,354	756,175	679,733	686,940	569,033	547,423	543,421	458,452
Other	38,981	29,742	-	143,632	178,907	146,766	134,974	113,320	24,474	74,244
Debt service										
Principal	-	-	-	-	-	70,709	62,155	168,137	152,788	145,774
Interest	-	-	-	-	-	-	-	-	17,401	24,128
Capital Outlay	3,633,440	1,858,874	723,738	-	-	-	-	-	-	-
Total expenditures	8,672,458	6,221,074	5,474,300	5,871,767	5,120,126	6,325,898	4,839,059	4,672,059	5,361,836	4,557,584
Excess of Revenues Over (Under) Expenditures	(1,957,203)	438,510	271,321	51,655	155,117	(712,231)	693,467	619,754	17,932	450,343
Other financing sources (uses)										
Bond/note proceeds	7,171,361	-	-	-	-	-	-	-	-	-
Transfers in	863,944	1,068,045	948,208	1,856,258	769,711	1,735,065	1,501,615	1,245,260	1,514,354	1,004,570
Transfers out	(863,944)	(1,038,035)	(948,208)	(1,366,323)	(769,711)	(1,540,249)	(1,508,332)	(1,245,260)	(1,514,354)	(1,004,570)
Sale of capital assets	-	-	-	-	-	-	-	-	-	4,268
Total other financing sources (uses)	7,171,361	30,010	-	489,935	-	194,816	(6,717)	-	-	4,268
Net changes in fund balances	$ 5,214,158	$ 468,520	$ 271,321	$ 541,590	$ 155,117	$ (517,415)	$ 686,750	$ 619,754	$ 17,932	$ 454,611
Debt service as a percentage of noncapital expenditures	0.0%	0.0%	0.0%	0.0%	0.0%	1.1%	1.3%	3.6%	3.2%	3.7%

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	Agricultural Property	Commercial Property	Industrial Property	Total			
2007	$ 208,019,900	$ -	$ 30,638,100	$ 5,052,500	$ 243,710,500	$ 11,367,500	$ 255,078,000	16.0100
2008	197,134,219	-	30,709,870	5,165,900	$ 233,009,989	10,739,050	243,749,039	16.0100
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

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	City of Boyne City			Charlevoix County									Boyne City Public Schools (1)				Charlevoix ISD				State	Library	
Year Ended April 30	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	Sinking Fund Millage	Total BRPS Millage	Operating Millage	Special Education	Vocational Education	Total MOISD Millage	State Education Tax Millage	Library Operating	Total
2007	16.3400	0.5220	16.8620	4.5507	1.2409	0.7247	0.2420	-	0.1451	-	-	6.9034	18.0000	3.7500	-	21.7500	0.1951	1.8062	0.7500	2.7513	6.0000	0.9743	55.2410
2008	16.0100	0.5980	16.6080	4.5288	1.2864	0.3853	0.2408	-	0.1444	-	-	6.5857	18.0000	3.5000	-	21.5000	0.1942	1.7985	0.7468	2.7395	6.0000	0.9696	54.4028
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

Source: City assessors office

CITY OF BOYNE CITY

Table B-3

PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO

	2016			2007		
Taxpayer	**Taxable Value**	**Rank**	**Percentage of Total City Taxable Value**	**Taxable Value**	**Rank**	**Percentage of Total City Taxable Value**
Lexamar Inc	$ 9,971,400	1	4.90%	$ 9,971,400	1	3.91%
Consumers Energy	3,495,600	2	1.70%	1,499,165	4	0.59%
Precision Edge Surgical	3,195,551	3	1.50%	-		0.00%
Decoma Intnl	2,208,065	4	1.10%	1,222,863	7	0.48%
Top O Michigan REA	1,694,757	5	0.80%	1,847,235	3	0.72%
Honeywell International Inc	1,395,900	6	0.60%	1,347,600	5	0.53%
DFC of Boyne City LLC	1,203,094	7	0.60%	-		0.00%
Great Lakes Energy Cooperative	1,175,100	8	0.50%	1,262,200	6	0.49%
Boyne Parkview Limited	1,152,201	9	0.50%	1,146,112	8	0.45%
475 Lake St LLC	1,102,400	10	0.50%	1,075,500	9	0.42%
Allied/Bendix GSD	851,300	13	0.40%	1,049,277	10	0.41%
Federal Screw Works	-		0.00%	4,040,500	2	1.58%
Total	$ 27,445,368		13.10%	$ 24,461,852		9.59%

Source: City assessors office

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
2007	$ 2,985,745	$ 2,968,810	99.43%	$ 6,615	$ 2,975,425	99.65%
2008	3,077,183	3,060,025	99.44%	7,623	3,067,648	99.69%
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%	7,962	2,893,002	99.63%

Source: City Treasurer

CITY OF BOYNE CITY

Table C-1

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year Ended April 30	Governmental Activities						Business-type Activities			
	General Obligation Bonds	Amount Available	Net General Obligation Bonds	Loans Payable	Percentage of Property Value	Per Capita (1)	Revenue Bonds	Total	Percentage of Personal Income	Per Capita
2007	$ -	$ -	$ -	$ 453,789	0.09%	78	$ 9,442,398	$ 9,896,187	9.36%	2,600
2008	-	-	-	301,001	0.06%	80	9,093,091	9,394,092	8.95%	2,487
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	6.46%	1,556
2016	7,171,361	-	7,171,361	-	1.71%	1,911	5,333,091	12,504,452	13.85%	3,332

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, 2016

Governmental Unit	Debt Outstanding	Percentage Applicable To City	Amount Applicable To City
Overlapping Debt			
Boyne City School District	$ 11,970,000	31.20%	$ 3,734,640
Boyne Falls School District	4,555,000	1.39%	63,315
Total Overlapping Debt			3,797,955
Direct Debt - City of Boyne City - General Obligation		100%	7,171,361
Total Direct and Overlapping Debt			$ 10,969,316

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)	$ 209,783,000
Debt limitation - 10 percent of SEV	$ 20,978,300
Debt applicable to limitation	
Total bonded debt	12,504,452
Less:	
Revenue bonds	5,333,091
Total Debt Applicable to Limitation	7,171,361
Legal Debt Margin	$ 13,806,939

	Fiscal Year									
	2016	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**
Debt limit	$ 20,978,300	$ 19,965,460	$ 19,111,225	$ 18,813,740	$ 19,600,160	$ 20,857,692	$ 22,432,745	$ 24,655,391	$ 24,374,904	$ 24,371,050
Total net debt applicable to limit	7,171,361	-	-	-	-	-	-	-	-	-
Legal debt margin	$ 13,806,939	$ 19,965,460	$ 19,111,225	$ 18,813,740	$ 19,600,160	$ 20,857,692	$ 22,432,745	$ 24,655,391	$ 24,374,904	$ 24,371,050
Total net debt applicable to limit as a percentage of debt limit	34.2%	0.0%	0.0%	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

PLEDGED 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 Principal	Debt Service Interest	Coverage	Utility Service Charges	Less Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
2007	$ 922,453	$ 479,408	$ 443,045	$ 340,000	$ 157,636	0.89	$ 579,083	$ 436,759	$ 142,324	$ 75,000	$ 39,250	1.25
2008	941,546	438,027	503,519	350,000	169,301	0.97	579,544	364,271	215,273	75,000	37,725	1.91
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

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) (3)	Personal Income	Per Capita Personal Income (1)	Median Age (1)	Unemployment Rate (1) (2)
2007	3,806	$ 105,757,322	$ 27,787	39.9	8.5
2008	3,777	104,951,499	27,787	39.9	9.7
2009	3,185	88,501,595	27,787	39.9	8.4
2010	3,760	99,696,400	26,515	40.7	6.8
2011	3,763	94,432,485	25,095	39.1	6.3
2012	3,759	80,773,392	21,488	35.0	6.2
2013	3,741	77,513,520	20,720	34.5	6.3
2014	3,753	90,304,686	24,062	37.4	5.6
*2015	3,753	90,304,686	24,062	37.4	5.6
*2016	3,753	90,304,686	24,062	37.4	5.6

Notes

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

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

(2) Per U.S. Department of Labor, Bureau of Statistics - Charlevoix County for 2007 and 2008

(3) Per Michigan Department of Technology, Management, and Budget for 2007 and 2008

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

CITY OF BOYNE CITY

Table D-2

PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

	2016			2007		
Employer	**Employees**	**Rank**	**Percentage of Total City Employment**	**Employees**	**Rank**	**Percentage of Total City Employment**
LexaMar Corporation	500	1	27%	400	1	23%
Honeywell Precision Aerospace Products	160	2	9%	194	2	11%
Great Lakes Energy	90	3	5%	90	3	5%
Industrial Magnetics, Inc.	71	4	4%	73	4	4%
Jervis B. Webb (Daifuku Webb) Boyne City	54	5	3%	60	5	3%
Precision Edge	50	6	3%			
Classic Instruments	27	7	1%	22	7	1%
Temprel, Inc.	25	8	1%	25	6	1%
Bulmann Dock & Lift	14	9	1%			
Van Dam Custom Boats*	13	10	1%	19	8	1%
Arete Industries	10	11	1%	15	9	1%

Source: City offices

** Split company into Van Dam Custom Boats and Boyne Boat Yard*

CITY OF BOYNE CITY

Table E-1

CITY EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	Fiscal Year									
Function/Program	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**
General government										
Administration										
Full time	7	7	7	7	8	8	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	11	11	12	12	12	12	12
Part time	3	3	3	3	3	3	3	3	3	3
Library										
Full time	4	2	2	3	3	3	3	3	3	3
Part time	7	8	8	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
Other public safety										
Fire										
Full time	-	-	-	-	-	-	-	-	-	-
Part time	22	22	22	22	22	22	22	22	22	22
Total	66	64	64	67	68	69	69	69	69	69

Source: City clerks office

CITY OF BOYNE CITY

Table E-2

OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	Fiscal Year									
Function/Program	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**
Police										
Arrests	68	136	132	149	141	125	84	151	195	282
Accident responses	127	190	154	170	144	145	149	174	167	207
Fire/EMS										
Fire calls	155	188	172	154	241	155	162	139	173	163
Rescue calls	4	8	3	2	4	3	3	4	5	2
Patient care responses	945	932	938	953	886	787	801	797	799	746
Public works and streets										
Street resurfacing (in miles)	2.50	2.90	3.70	3.20	2.60	3.00	2.40	1.80	0.50	0.60
Culture and recreation										
Library books	42,890	42,890	41,500	38,880	38,771	37,180	34,830	31,324	31,295	30,070
Sewer system										
Number of service connections	1,651	1,643	1,638	1,628	1,628	1,627	1,626	1,626	1,626	1,626
Daily average treatment in millions of gallons	0.670	0.673	0.677	0.499	0.394	0.391	0.525	0.543	0.399	0.400
Water system										
Number of service connections	1,748	1,741	1,736	1,726	1,726	1,725	1,724	1,724	1,722	1,722
Daily average consumption in millions of gallons	0.807	0.806	0.715	0.632	0.656	0.621	0.558	0.503	0.539	0.595

Source: Various City departments

CITY OF BOYNE CITY

Table E-3

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	Fiscal Year									
Function/Program	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**
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	7	7	7	7	7	7	7	7	7	7
Public works and streets										
Buildings	27	26	26	26	26	26	26	26	26	26
Miles of streets	36.33	36.33	36.33	36.33	36.33	36.33	36.10	36.10	36.10	36.10
Number of street lights	309	309	300	294	284	270	258	258	251	295
Culture and recreation										
Park acreage	514	514	514	514	514	514	514	514	514	514
Sewer system										
Miles of sanitary sewers	32.91	30.91	30.91	30.91	30.91	30.91	30.91	30.91	30.91	30.91
Miles of storm sewers	22.80	22.00	22.00	21.60	21.60	21.10	21.10	20.70	20.70	20.20
Maximum daily capacity in millions of gallons	0.670	0.619	0.677	0.499	0.394	0.391	0.525	0.543	0.399	0.400
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	0.750	0.750	0.750	0.750	0.750	0.750	0.750	0.750	0.750	0.750

Source: City finance office