



**City of Boyne City**  
Founded 1856

319 N. Lake Street

Boyne City, Michigan 49712  
www.boyne-city.com

Phone 231-582-6597  
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**BOYNE CITY  
CITY COMMISSION REGULAR MEETING  
Boyne City Hall  
364 North Lake Street  
Tuesday, October 11, 2016 at 7:00 p.m.**

1. CALL TO ORDER AND PLEDGE OF ALLEGIANCE
2. ROLL CALL
3. CONSENT AGENDA  
The purpose of the consent agenda is to expedite business by grouping non-controversial items together to be dealt with by one Commission motion without discussion. Any member of the Commission, staff, or the public may ask that any item(s) on the consent agenda be removed and placed as the last item under new business to receive full discussion. Such requests will be automatically respected.
  - A. Approval of the September 27, 2016 City Commission regular meeting minutes as presented
  - B. Approval of the October 3, 2016 City Commission special meeting minutes as presented
  - C. Approval of the resolution recognizing the Michigan Local Government Management Association with the new name of Michigan Municipal Executives and authorize the Mayor and / or City Clerk to execute and distribute the resolution and related materials on behalf of the City as appropriate
  - D. Approval of the recommendation to renew Laura Sansom to the Boyne City Historical Commission for a three year term expiring June, 2019
  - E. Approval of the recommendation from the Parks & Recreation Board to accept the resignation of members Jerry Swift and Heath Meeder.
  - F. Approval of the recommendation from the Parks & Recreation Board to appoint Lisa Alexander to the board fill a vacancy with a term expiring on 12/31/2018
  - G. Approval of the recommendation from the Parks & Recreation Board to appoint Mike Doumanian to the board fill a vacancy with a term expiring on 12/31/2018
4. HEARING CITIZENS COMMENTS (on non-agenda items; 5 minute limit)
5. CORRESPONDENCE
  - A. Notice of Grant Application Approval for the SAW Grant Project Number 1525-01 from the State of Michigan Department of Environmental Quality
6. CITY MANAGER'S REPORT
7. REPORTS OF OFFICERS, BOARDS AND STANDING COMMITTEES
  - A. Draft minutes of the September 1, 2016 Main Street Board meeting
  - B. Draft minutes of the September 1, 2016 Parks & Recreation Board meeting
  - C. Draft minutes of the September 12, 2016 EDC meeting

An Equal Opportunity Provider and Employer

**Hometown Feel, Small Town Appeal**

- D. Draft minutes of the September 12, 2016 LDFA meeting
- E. Draft minutes of the September 19, 2016 Planning Commission meeting
- F. Draft minutes of the September 19, 2016 Historical Commission meeting
- G. Draft minutes of the Airport Advisory Board meeting

8. OLD BUSINESS

9. NEW BUSINESS

A. Audit Presentation

Presentation of the City of Boyne City FYE 2016 Financial Report from Neil Hammerbacher of Gabridge & Company

B. Tree Removal Bids

Consideration to award the bid for tree trimming and removal services for this year to All Aspects Tree Service for the not to exceed amount of \$13,611 and authorize the City Manager to execute the required documents. Funds for this project were allocated in the Local and Major Street Maintenance Budgets.

C. Tree Planting Bids

Consideration to approve the contract with Robinson's Landscape and Nursery of Boyne City in the amount not to exceed \$14,739 and authorize the City Manager to sign the necessary documents. Funds for this project are available in the Major and Local Street Maintenance Budgets

D. Sunset Coast Birding Trail Proposal

Consideration to approve the proposal from the Petoskey Regional Audubon Society to designate Riverside Park and Veterans Park as birding locations to be added to the Sunset Coast Birding Trail map and website and work with staff on sign placement

E. River-Mouth Restroom Renovation Engineering

Consideration to the proposal from Environment Architects to provide design services for the remodeling of the River mouth restroom for a price not to exceed \$11,500 for the proposed services.

10. GOOD OF THE ORDER

11. ANNOUNCEMENTS

- The next regular City Commission meeting is scheduled for Tuesday, October 27, 2016 at noon

12. ADJOURNMENT

*Individuals with disabilities requiring auxiliary aids or services in order to participate in municipal meetings may contact Boyne City Hall for assistance: Cindy Grice, City Clerk/Treasurer, 319 North Lake Street, Boyne City, MI 49712; phone (231) 582-0334*



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click on Boards & Commissions for complete  
agendas packets & minutes for each board

**SEPTEMBER 27, 2016  
REGULAR MEETING**

RECORD OF THE PROCEEDINGS OF THE REGULAR BOYNE CITY COMMISSION MEETING DULY CALLED AND HELD AT BOYNE CITY HALL, 364 NORTH LAKE STREET, ON TUESDAY SEPTEMBER 27, 2016

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**CALL TO ORDER**

Mayor Neidhamer called the meeting to order at noon followed by the Pledge of Allegiance.

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Present: Mayor Tom Neidhamer, Mayor Pro-Tem Gene Towne, Commissioners Laura Sansom and Hugh Conklin

Absent: Commissioner Ron Grunch

Staff: Mark Fowler, Cindy Grice, Michael Cain, Barb Brooks, Scott McPherson, Andy Kovolski and Patrick Kilkenny

Others: There were nine citizens in attendance including representatives from the Petoskey News Review and Charlevoix County News

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**Excuse Commissioner  
Grunch  
MOTION**

2016-09-114  
Moved by Neidhamer  
Second by Towne

To excuse Commissioner Grunch from today's meeting

Ayes: 4  
Nays: 0  
Absent: 1, Commissioner Grunch  
Motion carried

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**CONSENT AGENDA  
MOTION**

2016-09-115  
Moved by Sansom  
Second by Towne

To approval of the September 13, 2016 City Commission regular meeting minutes with minor correction as presented

Ayes: 4  
Nays: 0  
Absent: 1, Commissioner Grunch  
Motion carried

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**CITIZENS COMMENTS**

Boyne City Public Schools Superintendent Patrick Little was introduced and welcomed by the Commissioners and Staff. Patrick stated that he is impressed by the teamwork within the Boyne Community and it has been a great transition.

Ron Crozier said there will be a workbee this coming Saturday at the Veteran's Memorial.

Katelyn Vincent, a member of the Leadership Charlevoix County class introduced herself.

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**CORRESPONDENCE**

Commissioner Neidhamer presented a thank you note from Boyne City High School teacher Michele Deming for the City providing use of tables for the recent football game tailgate party.

**CITY MANAGERS REPORT**

City Manager Cain reported:

- The ACD agreement has been executed.
- The Safe Routes to School project is nearly complete
- Parkview Apartment's access road progress continues
- Networks North will be holding a housing summit soon.
- Good progress is also being made on the City Facilities
- We are looking at reuse possibilities for the former City Hall generator

**REPORTS OF OFFICERS, BOARDS AND STANDING COMMITTEES**

The August, 2016 Financial Statement was received and filed.

**First Reading Fireworks Ordinance Amendment**

Consideration to approve the First Reading to amend section 31.113 of the Boyne City Fireworks Ordinance and authorize staff to schedule the Second Reading for November 15, 2016.

City Manager Cain discussed the proposed amendment to the City's Fireworks Ordinance Section 34-113. Proposed is adding the language "On these days the ignition, discharge, and use of Consumer Fireworks is prohibited between 1:00 a.m. until 8:00 a.m. This proposal is based on the Commission's direction to staff to start the process to amend the ordinance to specify the hours that fireworks use would be prohibited on the holidays, the day before and the day after, as allowed by the state law.

Staff Comments: None

Citizens Comments: None

Board Discussion: All are in agreement with the recommendation.

**MOTION**

2016-09-116  
Moved by Sansom  
Second by Conklin

To approve the First Reading to amend section 31.113 of the Boyne City Fireworks Ordinance and authorize staff to schedule the Second Reading for November 15, 2016

Ayes: 4

Nays: 0

Absent: 1, Commissioner Grunch

Motion carried

**MParks Grant Avalanche Trail Proposal**

Barb Brooks discussed the bids received for the MParks Avalanche trail project. Low bid is from Dirt Artisans in the amount of \$8,280. Dirt Artisans are currently constructing the new mountain bike trails in Avalanche. This trail is to be constructed to provide a new, non-motorized connection from the 1910 building on Division Street to the improved Avalanche trail system, using the existing access drive for our south well field and this proposed trail extension. This project is being funded entirely by an up-to an estimated \$35,000 MParks grant that we received earlier this year. There is no local match required.

Staff Comments: None

Citizens Comments: None

Board Discussion: Commissioner Sansom asked if it would be hard-packed gravel and was informed, yes. Commissioner Conklin asked if the trail was geared towards anyone's use and was informed yes, but no changes to the grade would be made. All Commissioners are in agreement with the recommendation.

## **MOTION**

2016-09-117

Moved by Conklin

Second by Towne

To approve to award the bid to Dirt Artisans in the amount of \$8,280 and allow staff the discretion to increase the unit amount as necessary, not to exceed a total project cost of \$9,200.

Ayes: 4

Nays: 0

Absent: 1, Commissioner Grunch

Motion carried

## **MParks Grant Remaining Expenditures**

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Consideration to allow staff to spend the balance of the grant funds, after program reimbursement and trail bid award, on further enhancement items, and authorize the City Manager and / or staff to sign the purchase orders

Executive Assistant Barb Brooks discussed the MParks grant that was approved by the City Commission in January. The project included a grant to implement two recreation study programs, one geared toward senior citizens and one geared toward youths. The City partnered with MSU Extension and Boyne Area Rehab to run these activities, incorporating them into some of their existing programs. There is up to a \$10,000 reimbursement for program costs and staff time.

The second component of the proposal is a \$25,000 grant to make improvements to a specified park where various physical activity takes place. The park chosen was Avalanche. Using the Avalanche Master Plan, city staff submitted a list of items from the plan to MParks as potential projects for consideration. The Parks & Recreation board reviewed the list and recommended to improve signs throughout the park, install a picnic area and /or install a designated trail from the 1910 Waterworks Building to Avalanche. Staff requests the ability to spend the remaining funds to implement other portions of the project as has been discussed at prior meetings. Because the money has to be spent no later than the end of September, there will not be time to come back to the Commissioner for each expense. To ensure that we are able to make the most of these grant funds, staff proposes the remaining money be spent to purchase directional signage, materials for a shade structure, picnic tables and benches, and landscaping around the signs, as funds allow.

Staff Comments: None

Citizens Comments: None

Board Discussion: All Commissioners are in support of the recommendation

**MOTION**

2016-09-118  
Moved by Towne  
Second by Sansom

To approve to allow staff to spend the balance of the grant funds, after program reimbursement and trail bid award, on further enhancement items, and authorize the City Manager and / or staff to sign the purchase orders

Ayes: 4  
Nays: 0  
Absent: 1, Commissioner Grunch  
Motion carried

**Good of the Order**

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Commissioner Sansom said she attended the United Way poverty simulation. The exercise left her frustrated and gave her more empathy.

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**ADJOURNMENT**

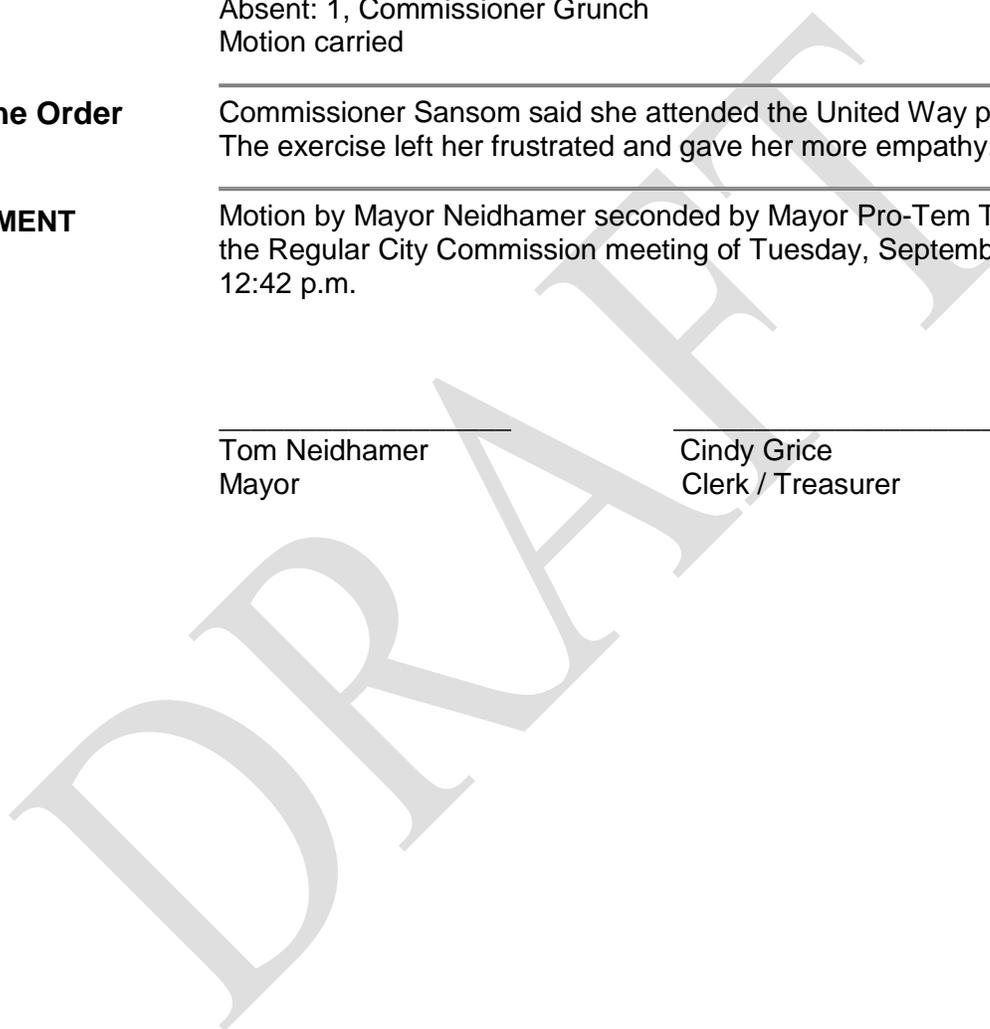
Motion by Mayor Neidhamer seconded by Mayor Pro-Tem Towne to adjourn the Regular City Commission meeting of Tuesday, September 27, 2016 at 12:42 p.m.

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Tom Neidhamer  
Mayor

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Cindy Grice  
Clerk / Treasurer



**OCTOBER 3, 2016  
SPECIAL MEETING**

RECORD OF THE PROCEEDINGS OF THE SPECIAL BOYNE CITY COMMISSION MEETING DULY CALLED AND HELD AT BOYNE CITY HALL, 364 NORTH LAKE STREET, ON MONDAY, OCTOBER 3, 2016

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**CALL TO ORDER**

Mayor Neidhamer called the meeting to order at 9:00 a.m. followed by the Pledge of Allegiance.

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Present: Mayor Tom Neidhamer, Mayor Pro-Tem Gene Towne, Commissioners Ron Grunch, Laura Sansom and Hugh Conklin

Absent: None

Staff: Mark Fowler, Cindy Grice, Michael Cain, Barb Brooks, Scott McPherson, Andy Kovolski and Patrick Kilkenny

Others: There were no citizens in attendance

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**Michigan Natural  
Resource Trust Fund  
Grant Application  
Revised Resolutions**

Consideration to adopt the resolution for the Boyne City Veterans Park Pavilion Project revising the project funding request to \$280,000 and increase the City's match to \$320,000 and authorize the City Manager to execute the documents

City Manager Cain discussed the three applications that were submitted for the Michigan Natural Resources Trust Fund grant – The Open Space Acquisition, the Pavilion Development and the Boyne Valley Trail Development. After review, the DNR staff has provided preliminary scores. Where applicable, feedback was provided with the scores. In some sections, there isn't anything we can change or add to increase our score. In other sections, there are opportunities to strengthen or revise our responses for additional points. Staff has addressed these items. One way to gain additional points is to increase our match. By increasing our match on the Veterans Park Pavilion Grant and Open Space Acquisition Grant, we could gain additional points. The Boyne Valley Trail application has the same circumstance, however, representatives from NDG who prepared the grant application believe they can improve their score enough in other sections and opted not to decrease the amount of grant requested. Given the fact these grants are competitive based on scoring, it is imperative that we score the highest possible in each category. Increasing our match will help us be more competitive. The increase in match funds would come from the General Fund Balance.

Staff Comments: Barb Brooks added that it is always a balancing act. It is a very competitive grant. Any extra points we can gain will be beneficial.

Citizens Comments: None

Board Discussion: Commissioner Grunch agreed with the proposal, while looking at the big picture. Mayor Pro-Tem Towne said he has been approached by citizens on both projects and they are both very popular. All Commissioners are in agreement with the proposed resolution revisions.

**MOTION**

2016-10-119  
Moved by Towne  
Second by Sansom

To adopt the resolution for the Boyne City Veterans Park Pavilion Project revising the project funding request to \$280,000 and increase the City's match to \$320,000 and authorize the City Manager to execute the documents

Ayes: 5  
Nays: 0  
Absent: 0  
Motion carried

**MOTION**

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2016-10-120  
Moved by Towne  
Second by Sansom

To adopt the resolution for the Boyne City Open Space Acquisition Project revising the project funding request to \$2,438,800 and increase the City's match to \$857,000 and authorize the City Manager to execute the documents

Ayes: 5  
Nays: 0  
Absent: 0  
Motion carried

**Good of the Order**

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None

**ADJOURNMENT**

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Motion by Mayor Neidhamer seconded by Mayor Pro-Tem Towne to adjourn the Special City Commission meeting of Monday, October 3, 2016 at 9:31 a.m.

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Tom Neidhamer  
Mayor

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Cindy Grice  
Clerk / Treasurer



# City of Boyne City

# MEMO

Date: October 6, 2016

To: Mayor Neidhamer and the Boyne City City Commission

From: Michael Cain, City Manager *Mc*

Subject: Michigan Municipal Executives (MME) Resolution of Support

Attached for the City Commission's review and consideration is a resolution prepared by the board of the MME. As noted in the resolution, the MME is the new name for the Michigan Local Government Management Association (MLGMA). This association, of which I am a member, is an affiliate of the Michigan Municipal League representing the professional managers of many of the cities, villages, townships and counties across Michigan. When I first joined the organization in the early 1980's, it was called the Michigan City Management Association (MCMA). Then to better represent the members it served it was renamed the Michigan City/County Management Association (MCMA). As the membership grew to include professional manager types from other units of government, the name was again changed to MLGMA. While a very accurate name the initials always sounded like a terrible disease. The change to MME is an effort to resolve that issue.

But more importantly than a name change, the MME is working hard to encourage that a new generation of qualified and ethical men and women take up this line of work so that communities like Boyne City will have a sufficient supply of professional managers to choose from, should the need ever arise again.

Personally I believe the MCMA/MLGMA/MME has been and remains one of the best State organizations of its type in the nation providing quality continuing educational programs to its members.

You may recall that I have chaired their Summer Conference program twice in recent years, bringing them to Boyne Mountain and our community.

**RECOMMENDATION:** That the City Commission approve the resolution recognizing the new name and continued good works of the Michigan Municipal Executives and authorize the Mayor and/or City Clerk to execute and distribute it and related materials on behalf of the City as appropriate.

Options:

- a) Postpone this matter for further information or consideration.
- b) Decide not to pursue this matter at this time.
- c) Deny the request.
- d) Other options as determined by the City Commission.

## RESOLUTION

*Michigan Local Government Management Association  
is now Michigan Municipal Executives*

- WHEREAS,** the Michigan Local Government Management Association (MLGMA) is the state affiliate of the International City/County Management Association (ICMA), and
- WHEREAS,** the Board of Directors and Membership of the MLGMA have conducted a vast overhaul to create a new branding image under the new name Michigan Municipal Executives, and
- WHEREAS,** the mission statement of the Michigan Municipal Executives is, "Michigan's Municipal Executives are dedicated to keeping communities running smoothly. By doing all of the things large and small, we are stewards of our cities, working in the background to make sure your home is highly livable, highly desirable, and built on a solid ground for the future. We make Michigan's cities go.", and
- WHEREAS,** Michigan Municipal Executives seek to support optimistic, humble, adaptable, and driven municipal executives through professional development and other resources, and
- WHEREAS,** your local government manager or administrator, acting in his/her role as the Chief Administrative Officer of the community, does so in the best interest of the overall community to create the highest quality of life for all of its citizens, and
- WHEREAS,** the Boyne City City Commissioners and the City of Boyne City do hereby support the Michigan Municipal Executives in their efforts to develop the municipal executive career and support municipal executives throughout the state.

**THEREFORE BE IT RESOLVED,** that the Boyne City City Commission does hereby recognize Michigan Municipal Executives and support the organization for the professional development and extraordinary services provided to professional managers throughout the State of Michigan.

Resolution adopted on this, the 11th day of October, 2016.

Ayes:

Nays:

Absent:

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Tom Neidhamer, Mayor

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INTEROFFICE MEMORANDUM

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**TO:** MICHAEL CAIN- CITY MANAGER *Mc*  
**FROM:** MICHELE HEWITT-DEPUTY TREASURER *MH*  
**SUBJECT:** BOYNE CITY HISTORICAL COMMISSION BOARD APPOINTMENT  
**DATE:** 9/28/2016

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At our September 19, 2016 Boyne City Historical Commission meeting Laura Sansom accepted the renewal of her board position for another three years with term expiring June 2019. Boyne City Historical Commission is making a recommendation to the city commission to accept her three year term.



# CITY OF BOYNE CITY

# MEMO

**To:** Michael Cain, City Manager 

**From:** Barb Brooks, Executive Assistant 

**Date:** October 7, 2016

**Subject:** Parks and Recreation Board Resignations and Appointments

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At the Thursday, October 6, 2016 meeting of the Parks and Recreation Board, the board unanimously voted to recommend to the City Commission the resignations of board members Jerry Swift and Heath Meeder. In a separate motion the board unanimously voted to recommend the appointment of Lisa Alexander and Mike Doumanian to the Parks and Recreation Board to fill vacancies left by Swift and Meeder. Both terms expire 12/31/2018.

## Board Discussion:

Resignations - Swift had informed the board earlier in the summer that he would be wintering in the south and would be gone approximately 5 months out of the year making him unable to attend half of the board meetings. He thought it would be best to find a board member that had more availability but would stay on until a replacement was found. Meeder had indicated at the September meeting that he had conflicts with the meeting dates and times and travel was becoming a burden to get to the meetings. He also indicated that he would remain on the board until a replacement was found. *Parish moved, Patoka seconded, PASSED UNANIMOUSLY with regret to accept the resignations of Jerry Swift and Heath Meeder*

Appointments – Lisa Alexander attended the September board meeting and expressed interest in serving on the board if there were any openings. She filled out a board member application, which is attached to this memo. She lives adjacent to Avalanche and has a passion for outdoor spaces. Michael Doumanian submitted a board application and attended the October meeting. He stated that he has lived in Boyne for about 5 years with his family and loves all that Boyne has to offer including all of the parks and recreation opportunities and feels this would be a good way to get involved and contribute to the community. Mike's application is also attached. *Patoka moved, Parish seconded, PASSED UNANIMOUSLY a motion to recommend the appointments of both Lisa Alexander and Mike Doumanian*



RICK SNYDER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF ENVIRONMENTAL QUALITY  
LANSING



C. HEIDI GREETHER  
DIRECTOR

September 23, 2016

Mr. Michael Cain, Manager  
City of Boyne City  
319 North Lake Street  
Boyne City, Michigan 49712

*Rec'd 9-30-16*

Dear Mr. Cain:

SUBJECT: Notice of Grant Application Approval  
City of Boyne City  
Wastewater and Stormwater Asset Management Plans, and Stormwater  
Management Plan  
SAW Grant Project Number 1525-01

The Michigan Department of Environmental Quality (DEQ), pursuant to Parts 52 and 53, Clean Water Assistance, of the Natural Resources and Environmental Protection Act, 1994 PA 451, as amended (NREPA), has reviewed your Stormwater, Asset Management, and Wastewater (SAW) Grant Application received on December 2, 2013, and determined that the application is administratively complete. The DEQ has determined that Boyne City is eligible to receive grant assistance as provided by Part 5204(4)(b), of the amended NREPA and hereby approves the application. Exhibit A, attached, identifies the DEQ approved grant amount along with the approved project scope, budget items with approved project costs, effective grant period (start/end dates), and ineligible services, if any.

By copy of this letter, we are requesting the Michigan Finance Authority (MFA), who will also receive a copy of your SAW Grant Application, to prepare a grant agreement for the amount stated in the attached exhibit for signature under the provisions set forth in Part 5204(4)(b), of the NREPA, as amended.

You may anticipate the grant award in November 2016. Should you have any questions about this project, please contact the project manager, Izabel Hartman, by phone at 517-284-5408, e-mail at HartmanI@michigan.gov, or by mail at DEQ, P.O. Box 30241, Lansing, Michigan 48909-7741, or you may contact me.

Sincerely,

*Sonya T. Butler*

Sonya T. Butler, Chief  
Revolving Loan Section  
Office of Drinking Water and Municipal Assistance  
517-284-5433

Attachment

cc/att: Ms. Mary G. Martin, Executive Director, MFA (w/copy of SAW Grant Application)  
Mr. Larry Fox, C2AE - Gaylord  
Mr. Alan J. Lambert, Assistant Attorney General, Office of Attorney General  
Mr. John Draminski, DEQ-WRD, Cadillac District Office  
Mr. Bob Sweet, DEQ-WRD, Nonpoint Source Program  
Ms. Izabel Hartman and Ms. Debbie Martinson, DEQ-ODWMA

**SAW Grant Program**

**Exhibit A**

Grantee: City of Boyne City

Project Name: Wastewater and Stormwater Asset Management Plans, and Stormwater Management Plan

DEQ Approved Grant Amount: \$690,847 (Six Hundred Ninety Thousand Eight Hundred Forty-seven Dollars)

Time Period for Eligible Costs: Start Date January 2013

End Date November 2019

Description of Approved Project Scope:

Preparation of wastewater and stormwater asset management plans, and a stormwater management plan.

<b>DEQ Approved Project Costs</b>	
1. Project Planning Costs	\$0
2. Design Engineering Costs	\$0
3. User Charge System Development Costs	\$0
4. Wastewater Asset Management Plan Costs	\$422,922
5. Stormwater Asset Management Plan Costs	\$309,686
6. Stormwater Management Plan Costs	\$35,000
7. Innovative Wastewater and Stormwater Technology Costs	\$0
8. Disadvantaged Community Construction Costs	\$0
9. Eligible Cost Subtotal	\$767,608
10. LESS Local Match (if applicable)	\$76,761
11. Requested SAW Grant Amount (Line 9 minus Line 10)	\$690,847



Approved: \_\_\_\_\_

Meeting of September 1, 2016 MINUTES OF THE BOYNE CITY MAIN STREET BOARD REGULAR MEETING HELD ON THURSDAY SEPTEMBER 1, 2016 at 8:30 AM CITY HALL, 364 NORTH LAKE STREET

Call to Order Chair O'Brien called the meeting to order at 8:30 a.m.

Roll Call Present: Michael Cain, Michelle Cortright, Ben Van Dam, Pat O'Brien, Rob Swartz, Don Ryde, Chris Bandy, Jodie Adams

Meeting Attendance Absent: Robin Berry-Williams

City Staff: Main Street Director Lori Meeder, Recording Secretary Jane Halstead, City Clerk Cindy Grice, Assistant Planning/Zoning Administrator Patrick Kilkenny, Chamber of Commerce Director Jim Baumann

Public: None

Excused Absences Berry-Williams did not make contact

Approval of Minutes MOTION Cortwright moved, Cain seconded, PASSED UNANIMOUSLY to approve the July 14, 2016 regular minutes as presented.

Citizens Comments None

Correspondence None

Committee Reports Chamber of Commerce Director Jim Baumann announced that Ashley Cousen's official start date as the new Chamber Director will be September 13th. He also stated that Shelly Bush has opened Up North Image Wear - located at 501 Boyne Avenue.

Mike Cain and Jim Baumann are working on an article for the MML Review on the Team Boyne experience.

Rob Swartz stated the Organization Committee is working on the Volunteer Dinner scheduled for September 8th.

First set of applications for new Main Street Director will be reviewed.

Manager's Report

Main Street Director Meeder gave the Manager's Report on the following topics:

- Thanked the Committee for the opportunity to work for Main Street.
• Expecting 125 people for the Volunteer Appreciation Dinner.
• Harvest Festival is September 24th.
• SOBO - no one stepped up to chair the committee - may be discontinued.

- Stroll the Streets had another successful year. Karen Guzniczak did a great job. Sponsorships \$16,400 this year, up from \$12,300.
- Stroll through History event was disappointing in terms of attendee and committee participation. Phase 2 was implemented with the self-guided walking tour and phase 3 will focus on the walking tour of the industrial waterfront. Main Street should look for ways to support phase 3 through a more self-sustaining approach.
- Boyne Thunder was a big success.
- Holiday decorations committee is being formed.
- Meeder, Cain and Rich Bergman checked out the Rialto Theater in Grayling to gain insight on how to operate/renovate the Boyne City Theatre.
- CREATE Community Arts Studio is slated to open at the end of September.
- Late fall is the goal for the installation of The Last River Draw sculpture.
- Should hear on September 8th if we received \$5,000 grant from MCACA for the Walkabout Sculpture Tour.

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**Old Business**

None

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**New Business**

Meeder reviewed the financial statements from Boyne Thunder. Merchandise sales and bar revenue was up from last year. Net of approximately \$170,000. The Boyne Thunder Committee is considering putting money back into the event - possibly for improvements to marina.

Meeder reviewed the DDA financial statement.

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**Good Of The Order**

- The board expressed appreciation for Lori Meeder's hard work with Main Street – she will be missed.
- Triathlon, Red Fox Regatta, Drag Race, Car Show all this weekend.
- Work will begin on the trails at Avalanche next week.
- Conversion of street lights continue.
- Bob Grove, owner of Dilworth has declined MEDC grant.
- Northern Michigan Sports Medicine opens next week.
- City has applied for CELCP grant to help with purchase of open space.
- Business After Hours is set for September 15th at Good Neighbors Food Pantry.
- Boyne Appetit Wednesday specials begin in September.
- October 17<sup>th</sup> to October 24<sup>th</sup> is restaurant week.

**ADJOURNMENT**

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Chair O'Brien adjourned the September, 1, 2016 meeting of the Boyne City Main Street Board at 9:28 a.m.

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Jane Halstead, Recording Secretary



Approved:

**MEETING OF  
September 1, 2016**

RECORD OF THE PROCEEDINGS OF THE **REGULAR BOYNE CITY PARKS AND RECREATION COMMISSION MEETING HELD AT 6:00 P.M. AT CITY HALL ON THURSDAY, SEPTEMBER 1, 2016.**

**CALL TO ORDER**

Meeting was called to order by Chair Sheean at 6:00 p.m.

**ROLL CALL**

Present: Mike Sheean, Jerry Swift, Jo Bowman, Patrick Patoka, Heath Meeder and Marie Sheets

Absent: Darryl Parish

**MEETING  
ATTENDANCE**

City Staff: Streets/Parks & Recreation Superintendent Andy Kovolski and Recording Secretary Barb Brooks

Public Present: Three (3)

**APPROVAL OF  
MINUTES **\*\*MOTION****

**Swift moved, Meeder seconded, PASSED UNANIMOUSLY**, a motion approving the August 4, 2016 meeting minutes as presented.

**CITIZENS COMMENTS  
(on non-agenda items)**

Lisa Alexander introduced herself and expressed an interest in serving on the board. She turned in an application prior to the start of the meeting.

**DIRECTOR'S REPORT**

Kovolski reported coming up Labor Day weekend are many events; the triathlon, car show, Red Fox Regatta, Dalmac and Stroll the Streets. Kovolski also gave an update on the City facilities and Safe Routes to School sidewalk project.

**CORRESPONDENCE**

Letter from Dick Wheeler regarding positive experience at the dog park.

**REPORTS OF  
OFFICERS, BOARDS  
AND STANDING  
COMMITTEES**

**Park Inspection Reports -**

- Bowman visited Peninsula Beach, Sunset and Tannery Parks and said they were looking good. Sheets indicated that Old City Park was being well used and was clean.
- **Disc Golf Update** - None
- **Trail(s) Update** - Board Chair Sheean stated that there was a great turnout for the BC/Charlevoix Trail ribbon cutting ceremony. He added that the Friends of Avalanche had their 3<sup>rd</sup> meeting and has had good participation. The group has cleaned up some of the downfall from the clearing on the face of the hill, installed signs and will start working on repairs to the steps.
- The board discussed the removal of dead or dying trees that pose

a safety threat along the walking trail. Board members inquired as to if there was a way to be more proactive about having some that are close to the path removed so they are not a potential hazard instead of addressing them once they are fallen and either across the path or looming overhead. It was suggested that we hire a contractor to perform this work. Kovolski thought his crews could handle it and would take a look at them while they were removing the ones that have fallen.

**UNFINIHSED  
BUSINESS**

**Non-motorized Trail  
Route into town from  
the BC/Charlevoix Trail**

Kovolski reported that signs went up to direct trail users to some of the side streets with less vehicle traffic. Concerns were expressed regarding the area where there is only the striped bike lane or paved shoulder. A suggestion was made to add a rumble strip on the white line to alert motorist that they are veering off the road.

**NEW BUSINESS  
Avalanche Trail  
Construction**

Steve Schnell from the Top of Michigan Mountain Bike Association (TOMMBA) stated that a crew of four professional trail artisans, who travel all over the United States working on trails, will work with local volunteers to install the first phase of the mountain bike trail. Conklin brought up the concern regarding horses being allowed on Avalanche and asked how that would impact these trails. Steve indicated that horse traffic would be detrimental to the trail and if the use was going to be allowed, they would not go to the expense and put in all of the man hours to build this trail. The board recalled having the discussion before regarding horses in Avalanche and on riding on various trail but no formal action to deal with it ever took place because there just wasn't much use and had not really been a problem. After further discussion the general consensus was to prohibit horses on the mountain bike trail only at this time. **Swift moved, Meeder seconded, PASSED UNANIMOUSLY** to recommend the prohibition of horses on the mountain bike trail and sign the trail accordingly.

**\*\*MOTION**

**Sunset Coast Birding  
Trail Request**

Board Member Parish was contacted by the Sunset Coast Birding Trail Development Team regarding the selection of Boyne City to be placed on the map of the birding trail. The purpose of the trail is to attract visitors to this area by highlighting prime birding sites. By doing this, it will both demonstrate the diverse natural features of our area and provide an economic boost, notably during the shoulder seasons. Sites have been selected based on the quality of habitat, accessibility, and geographic location. They are composed of two categories; Primary and Secondary sites. Primary are birding sites will be featured both on the website and on the printed map. In addition, signage in the form of an 8x12 aluminum sign will be placed at the site's parking area(s). Secondary sites also offer excellent birding opportunities, but are either too close to a primary site, offer less parking availability, or are too far from the central hub of primary sites to be considered a primary site

themselves. They will be featured on the website, but not on the printed map. They also will not receive signage. The development team had selected Riverside Park for the “Primary” and Veterans Park as the “Secondary”. The general consensus of the board was that this was a great opportunity and doesn’t really require much from the City. There was unanimous agreement that Riverside Park was an excellent primary location and unanimously disagreed with the selection of Veterans Park as the secondary. Other parks were discussed but the board opted to wait for some input from board member Parish at the October meeting before making a recommendation.

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**NEXT MEETING**

The next regular meeting of the Parks and Recreation Board is scheduled for Thursday, October 6, 2016 at 6 pm at City Hall.

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**ADJOURNMENT**

The September 1, 2016 meeting of the Parks and Recreation Board adjourned at 6:56 p.m.

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Barb Brooks, Recording Secretary



Approved \_\_\_\_\_

**MEETING OF  
September 12, 2016**

MINUTES OF THE **BOYNE CITY ECONOMIC DEVELOPMENT CORPORATION**  
MEETING DULY CALLED AND HELD ON MONDAY, SEPTEMBER 12, 2016 at CITY  
HALL~364 N Lake St, Boyne City

**CALL TO ORDER**

Chair Gillett called the meeting to order at 12:03 p.m.

**ROLL CALL**

Present: Pat Anzell, Kelly Bellant, Michael Cain, Michelle Cortright, Todd Fewins,  
Pete Friedrich and Ralph Gillett  
Absent: Marilee Grom, Josette Lory

**EXCUSED ABSENCES  
MOTION**

**Cortwright moved, Fewins seconded, PASSED UNANIMOUSLY** to excuse Marilee  
Grom and Josette Lory

**MEETING ATTENDENCE**

Staff: Recording Secretary Jane Halstead City Clerk/Treasurer Cindy Grice  
Public: Three

**MINUTE APPROVAL  
MOTION**

**Friedrich moved, Fewins seconded PASSED UNANIMOUSLY** to approve the  
minutes of August 8, 2016.

**CORRESPONDENCE**

None

**UNFINISHED BUSINESS**

**Tax Abatement Reviews:** The Tax Abatement Reviews that were returned earlier in the  
year cannot be located with the exception of Kirkland Products. Letters will be sent out  
again to obtain information.

**NEW BUSINESS**

None.

**GOOD OF THE ORDER**

There has been no new communication with Northern Logistics regarding their future plans.

**NEXT MEETING**

The next meeting of the Economic Development Corporation is scheduled for Monday,  
November 14, 2016.

**ADJOURNMENT**

The September 12, 2016 Economic Development Corporation meeting was adjourned at  
12:07 p.m.

\_\_\_\_\_  
Jane Halstead, Recording Secretary



Approved: \_\_\_\_\_

**MEETING OF  
September 12, 2016**

**MINUTES OF THE BOYNE CITY LOCAL DEVELOPMENT FINANCE  
AUTHORITY MEETING DULY CALLED AND HELD ON MONDAY, SEPTEMBER  
12, 2016 AT City Hall~364 N Lake St, Boyne City**

**CALL TO ORDER**

Chair Gillett called the meeting to order at 12:08 p.m.

**ROLL CALL**

Present: Pat Anzell, Kelly Bellant, Michael Cain, Michelle Cortright, Todd Fewins, Pete Friedrich, Ralph Gillett  
Absent: Josette Lory

**EXCUSED ABSENCES  
MOTION**

**Friedrich moved, Bellant seconded, PASSED UNANIMOUSLY** to excuse Josette Lory

**MEETING  
ATTENDANCE**

Staff: Recording Secretary Jane Halstead and City Clerk/Treasurer Cindy Grice  
Public: Three

**APPROVAL OF  
MINUTES  
MOTION**

**Friedrich moved, Fewins seconded, PASSED UNANIMOUSLY** to approve the August 8, 2016 minutes

**HEARING CITIZENS  
PRESENT**

None

**UNFINISHED BUSINESS**

LDFA Plan Update Considerations with Mac McClelland, Consulting Engineer with Otwell Mawby. The LDFA wants to extend the Development and Tax Increment Financing Plan which expires in April 2017. McClelland recommended implementing another 20 year plan and provided a rough initial draft for discussion. The board discussed whether it would be beneficial to instead institute a 30 year plan and would like to pursue that. McClelland stated that in regards to affordable housing, no LDFA has done that. It was discussed whether the plan could include flexible language that may allow for affordable housing and/or childcare in the future.

McClelland will provide a timetable for implementation of the plan.

Bellant suggested that future signage and correspondence refer to the park as the Boyne City Business Park – discontinuing the use of the Boyne City Air Industrial Park name.

McClelland was asked whether the district can be non-contiguous and if the airport can be part of the LDFA – yes to both questions. Property acquisition will be discussed at another time.

The budget was reviewed.

The board discussed contacting businesses in the park to determine a “wish list” for improvements. Also, what makes a business choose one park over another? Cain will reach out to other agencies to gather information.

Cain encouraged the board to check out the drainage improvements along the Boyne River – they have been effective.

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**NEW BUSINESS**

None.

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**GOOD OF THE ORDER**

Jim Baumann announced that the State of the Community is on October 13, 2016 and that the Business Expo will take place on November 2<sup>nd</sup> at Boyne Mountain. Ashley Cousens starts 9/13/16 as the new Chamber of Commerce Director. The board thanked Jim for his years of service.

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**NEXT MEETING**

The next meeting of the Local Development Finance Authority is scheduled for Monday, November 14, 2016.

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**ADJOURNMENT**

The September 13, 2016 Local Development Finance Authority meeting was adjourned at 12:50 p.m.

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Pete Friedrich, LDFA Secretary

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Jane Halstead, Recording Secretary

**Approved:** \_\_\_\_\_

**Meeting of  
September 19, 2016**

Record of the proceedings of the Boyne City Planning Commission regular meeting held at Boyne City Hall, 364 North Lake Street, on Monday September 19, 2016 at 5:00 pm.

**Call to Order**

Chair MacKenzie called the meeting to order at 5:00 p.m.

**Roll Call**

Present: Ken Allen, George Ellwanger, Jane MacKenzie, Tom Neidhamer and Joe St. Dennis  
Absent: Jason Biskner, Chris Frasz, Jim Kozlowski and Aaron Place

**Excused Absence(s)  
\*\*MOTION**

**2016-09-19-02**  
**Neidhamer moved, Ellwanger seconded, PASSED UNANIMOUSLY**, a motion to excuse the absence(s) of Jason Biskner, Jim Kozlowski and Aaron Place.

**Meeting Attendance**

City Officials/Staff: Planning and Zoning Administrator Scott McPherson and Recording Secretary Pat Haver  
Public Present: Thirty two

**Consent Agenda  
\*\*MOTION**

**2016-09-19-03**  
**Allen moved, Ellwanger seconded, PASSED UNANIMOUSLY**, a motion to approve the consent agenda; approval of the Planning Commission minutes from August 15, 2016 as presented.

**Citizen comments on  
Non-Agenda Items**

Chamber Director Jim Baumann wanted to introduce 5 Leadership Charlevoix members that were in attendance as a requirement of attending a Governmental meeting. Kathleen Adkison, Savannah Cool, Ashley Cousens, Mark Druesne and Erica Tosch.

**Reports of Officers, Boards  
and Standing Committees  
Unfinished Business**

None

**New Business**

**600 Jefferson Street Ted  
Macksey Rezoning Request  
Application Public Hearing**

Planning Director McPherson reviewed the staff report that was included in the agenda packet. Ted Macksey submitted an application to rezone parcels 15-051-026-005-00 and 15-051-026-004-15 from Rural Estate District (RED) to Multiple Family Residential District (MFRD). Public sewer and water are located adjacent to the subject property on Jefferson Street. The property is currently vacant, with the majority covered in mature trees with an elevation change of approximately 40 feet front to back of the property with significant slopes. The topic of housing has been discussed over the past months and was identified and adopted as a goal of the City Commission. This piece of property presents a unique situation for the city and developer. There is not another large tract of land available for development for working family and work force housing. The applicant previously discussed potential future uses of the property with this board and indicated his intention to provide a mix of multi-family dwellings. This board needs to consider all of the potential uses that could occur in the proposed zoning district other than housing, if the request is granted. Using amendment criteria under section 2.5(c) the board can make a recommendation to the City Commission, who will schedule a first reading public hearing, and then schedule a 2<sup>nd</sup> reading public hearing to hear the proposal and make a determination.

**Ted Macksey - applicant:** Spoke about his qualifications and past projects. He sees a need for alternative affordable housing for the working family/work force, and feels that this project will fill that need.

Public hearing opened at 5:10 pm

**Mark Fruge' - 560 Maddy Lane:** Expressed his concerns that the board has no idea what type of project will be going in there, so how can you make the decision to rezone the property? Has anything been proposed for single family townhouses or apartments? Concerned about declining property values in the area if the project were built with increased traffic, noise, lights, etc.

**Cathy Birmingham - 611 Maddy Lane:** Shares concerns expressed already. There has been some logging activity taking place already without any markings. How do the loggers know where to stop? Trees have been falling quite close to the property lines. She has concerns about increased traffic, lights and multi-story structures.

**John Birmingham - 611 Maddy Lane:** Cited a letter that was received by the board from Dave Swanson, he shares his options. Unnerving to consider that this development could produce 300 units; can the city infrastructure handle the increase? Rumors are running rampant because no one has been forthcoming with what is being proposed. I believe that starter homes are necessary, maybe scale back the project.

**Jim Walker - 720 Jefferson St:** As currently zoned RED, you could have a development with 120 units on 30 acres, with multi-family zoning could have up to 300 units, which will impact the requirements for services. You could have up to 400 + cars all trying to get to work or school at the same time, so congestion will increase. Have you contemplated very dense zoning? Smaller starter homes and apartment housing units have very different requirements.

**Macksey -** Currently there is a 12,000 sq ft lot requirement, which will give you up to 3 lots per acre for a min of 70 and a max of 90 units. Due to infrastructure, roads, topography and a buffer zone; these will dictate exactly what can be built.

**Vi Riley - 625 Jefferson St:** My concerns are with the increase in traffic and what is going to happen with the wetlands and the water in the area. How will they control water run off once you begin to build. I have runoff onto my property now.

**Jeff Porter - 620 Jefferson St:** My concern is for the property values in the area along with the increased traffic. They don't do the posted speed limit of 25 mph now.

**Julie Moskal - 523 Vogel St:** In agreement with what has been said, we looked for a quiet area when we bought our house. Increased traffic could be detrimental; our long term financial investment could be negatively impacted. We felt the struggle of trying to find affordable housing when we moved here, but this development will not be a good one for the city.

**Mark Druesne - 927 Wilson St:** Is the rezoning of these parcels being done to the betterment of the community as a whole and were other areas looked at for a more appropriate location for such a development, or is it being done strictly at this request?

**McPherson -** Application submitted by Mr. Macksey, that is why we are looking at this particular property.

**Druesne -** As a Planning Commission, do you look at other areas of the city in its entirety for such a development?

**MacKenzie -** The board does look at the Master Plan overall, it is being proposed for this area, so that is where we are looking only.

**Ruth Ann Porter - 620 Jefferson St:** Is there a vote among the area of people who live there, or only made by you and the commission.

**MacKenzie** – We make a recommendation to the City Commission and they will hold a couple of meetings/public hearings to allow comments, and the ultimate decision will be made by them. They will have a first reading to review and a second reading can happen no less than 30 days after with the final decision then.

**Porter** – There is not a community vote? **MacKenzie** – No.

**Frank Minier – 514 W. Michigan Av:** Water issue in our neighborhood, flooding occurs in my area, if you put in any asphalt parking on the project, you will directly impact where the water will go. Will you do any studies on the impact of increased traffic, density studies, water and sewer impact, storm water runoff and flooding?

**McPherson** – As a part of this review process, the only study that is required is a traffic impact study; however, the Planning Commission has the ability to request other impact studies. Those requests can be made as the process moves forward with the site plan review as appropriate studies can be requested at that time.

**Minier** – The developer has a long period of time to decide what type of development to put in if the rezoning request is granted, then it goes to the City Commission for review, is there any time for public comments?

**McPherson** – I would suggest anyone who is interested in this project attend every meeting. The City Commission will only review the rezoning request and if the request is granted, the developer will bring back his site plan to the Planning Commission for approval.

Public Hearing closed at 5:35 pm

Board Discussion/deliberation

**Allen** – When was the zoning in this area implemented?

**McPherson** – Adopted as part of the zoning in 2001; Master Plan was last updated in 2015.

**Allen** – Any other proposals for the use of this property

**McPherson** - One other person requested a variance on the amount of the driveway to be paved, as he was going to build a single family home, ultimately that fell through and the property came back on the market.

**Neidhamer** – That land has been vacant for a long time; in the last 15 years zoned as Rural Estate has it ever been bought?

**McPherson** – Ten acres were split off of one of the parcels for the development of the Brook which was conditionally rezoned; which is the only possible use as a part of that rezoning.

**Macksey** - There is a 66 foot easement that runs along the west side of the Brook property down to Vogel Street, so can be used as a second entry onto the property.

Chair MacKenzie read a letter from David Swanson and Haggard Plumbing & Heating that were submitted to the Planning Director as a part of the public hearing.

At this point, the board went through Section 2.50 (C) Amendment Criteria and discussed each of the points **Section 2.50 Amendment Criteria.**

C. For amendment requests to change, create, extend or reduce a mapped zoning district, the Planning Commission and City Commission shall use the following as a guide:

1. The proposed zoning district is more appropriate than any other zoning district, or more appropriate than adding the desired use as a conditional land use in the existing zoning district. *The board felt that there was no other area left within the city for a possible development of this size to provide working family/work force housing.*

2. The property cannot be reasonably used as zoned, and the applicant cannot receive a reasonable return on investment through developing the property with one (1) of the uses permitted under current zoning at the time of purchase or at the time of securing legal control of the property. *Board members agreed with this statement, as it is not economically feasible to build 75-125 housing units that are affordable.*
3. The proposed zone change is supported by and consistent with the goals, policies and future land use map of the adopted City Comprehensive Plan, including any sub-area or corridor studies. If conditions have changed since the Comprehensive Plan was adopted, as determined by the Planning Commission, the consistency with recent development trends in the area shall be considered. *The adopted city goals and other meetings have shown that there is a shortage of affordable housing from both the employee and employer recent statements.*
4. The proposed zone change is compatible with the established land use pattern, surrounding uses, and surrounding zoning in terms of land suitability, impacts on the environment, density, nature of use, traffic impacts, aesthetics, infrastructure and potential influence on property values, and is consistent with the needs of the community. *At the time of the site plan review, all of these impacts will be addressed with the Planning Commission, and various impact studies can be requested.*
5. All the potential uses allowed in the proposed zoning district are compatible with the site's physical, geological, hydrological and other environmental features. *At the time of the site plan review, these issues will be looked into.*
6. The change would not severely impact traffic, public facilities, utilities, and the natural characteristics of the area, or significantly change population density, and would not compromise the health, safety, and welfare of the City. The Planning Commission may require a general impact assessment in accordance with the requirements of this Ordinance if it determines the proposed zoning change could have a negative impact upon traffic, public facilities, utilities, natural characteristics, population density, or other concerns. A traffic impact study in accordance with the requirements of this Ordinance shall be required if the proposed rezoning district permits uses that could generate one hundred (100) or more directional trips during the peak hour, or at least one thousand (1,000) trips per day more than the majority of the uses that could be developed under current zoning. *Because these 30 acre properties have been vacant, no matter what type of development gets built there will be an impact on the area.*
7. The rezoning would constitute and create an isolated and unplanned spot zone granting a special privilege to one landowner not available to others. *Portions of this property will be adjacent to other multi-family zoned areas.*
8. The change of present district boundaries is consistent in relation to existing uses, and construction on the site will be able to meet the dimensional regulations for the proposed zoning district listed in the Schedule of Regulations. *Due to the total size of the parcels, dimensional requirements and zoning requirements will be able to be met.*
9. There has been a change of conditions in the area supporting the proposed rezoning. *Yes, city goals and economic goals have changed through the years.*
10. Adequate sites are neither properly zoned nor available elsewhere to accommodate the proposed uses permitted in the requested zoning district. *There are no other undeveloped multi-family properties within the city limits.*
11. There was a mistake in the original zoning classification. *No/NA*
12. The request has not previously been submitted within the past one (1) year, unless conditions have changed or new information has been provided. *No*

**Neidhamer** – As the board has gone through the amendment criteria, and it meets

some of the requirements, we must move forward. I would encourage everyone to stay involved through the process and attend meetings to voice your opinions. Planning Director McPherson again laid out the proposed time frame for the hearings and then submission of the site plan. The developer will be responsible to bear the costs of the requested impact studies, starting with the required traffic impact study.

The board will wait to see exactly what type of site plan will be submitted and development will take place, and acknowledged the concerns of the surrounding property owner's that were expressed at the meeting tonight, and again encouraged interested individuals to stay involved in the entire process.

After board discussion, **motion by Ellwanger, seconded by Neidhamer** to recommend to the City Commission the change in zoning from Rural Estate District (RED) to Multi-family Residential District (MFRD) for parcels 15-051-026-005-00 and 15-051-026-004-15 as requested by developer Ted Macksey.

**2016-9-19-7A**

**Roll Call:**

Aye: Allen, Ellwanger, MacKenzie, Neidhamer and St. Dennis

Nay: None

Absent: Biskner, Frasz, Kozlowski and Place

**Motion Carries**

**Boyer District Library  
Development Plan  
Amendment for Building  
Addition**

Planning Director McPherson reviewed his staff report that was included in the agenda packet. An application for an amendment has been submitted as the library is proposing a 2400 sq. foot 2 story addition that will match the existing building. The proposed addition will supply additional space for computer labs, staff offices, re-locate some existing storage and community resource makers' space. No set backs are required within the (CBD) Central Business District. The library must coordinate with the street department as a part of the new impervious surfaces will be within city property.

**Cliff Cary – District Library Director:** We were given a gift to enhance the library. The addition will match what we currently have, and allow us to relocate some offices, storage and create smaller conference rooms. It will give us the ability to move the computer lab away from the quiet areas. The east side will have an ingress/egress exit only and no windows. The main entrance will remain, there will be a larger "garage" door type window structure in order to bring in larger items for the new community makers space. As the mechanical system is getting older and louder, we are looking at relocating that a bit to the south, and replacing with a much quieter more efficient unit.

**McPherson** – I did have the department heads review the plan, and the Fire Chief saw no issues. The new structure will have a sprinkler system. As a condition of being within the Central Business District, the Main Street Design committee will need to take a look at the plans still, as they have not had an opportunity to do so. There is a public parking lot adjacent to the library, however, is not dedicated specifically to the library; there is also on street parking on two sides of the building; so parking does not seem to be an issue with the new addition. Coordination with the DPW Superintendent needs to be made to determine the extent of the improvements within the public property for modifications.

Public Comment

Public member had the following questions: When would the project start? Spring

2017; What is Maker Space? Collaborative space to make things, do things, resource center and meeting space; what is the impact needed for additional space with the new city hall facilities? We will offer more intimate space for smaller groups that what is available at city hall; what is the cost?

Projected between 200 and 250.00 per sq ft.; we do not have bids out as of yet, so not sure of final costs, but anticipate approximately \$500,000; will the mechanics be quieter? Yes the air handling unit needs to be replaced, so we will do that with a more efficient and quieter unit that won't need to run as much.

After board discussion/deliberation **motion by MacKenzie, seconded by St. Dennis** to approve the development plan amendment requested by the Boyne District Library contingent on:

- 1) Coordination with the DPW Street Department for the work that will be done on public property;
- 2) Submittal to the Main Street Design Committee for their review and comments.

**2016-9-19-7B**

**Roll Call:**

Aye: Allen, Ellwanger, MacKenzie, Neidhamer and St. Dennis

Nay: None

Absent: Biskner, Frasz, Kozlowski and Place

**Motion Carries**

**Pre-application meeting for Marcella Hill alley vacation request**

Planning Director McPherson reviewed the staff report included in the agenda packet. Marcella Hill is here today to discuss the possibility of vacating an alley that runs between her two residences on Lincoln St. She is here to get input and feedback from the board prior to submitting an application. The alley runs up a steep hill that will never be built upon. Mrs. Hill indicated that she has spoken with the neighbors and verbally has their consent for the vacation. During board discussion, it was suggested that she get signatures from the neighboring homeowners to submit with the application, the board discussed the topography of the area, and also feel that it will never be built upon. They advised her that this board will review an application and after the review will make a recommendation to the City Commission.

**Marvin Loding Award Nominations**

Planning Director McPherson handed out copies of the nominated homes or businesses and asked the board to review the properties prior to the next meeting; as the vote will take place in October. He reminded the board to keep the nominees secret, as the winners will be notified at a later date.

**Staff Report**

- There will be a city/regional housing summit sometime in October; date is unknown at this time. Traverse City will have a conference on 10/24 for an all-day conference.
- Safe Routes to School signs will be energized soon, and the project is almost completed.

**Good of the Order**

- What is happening with the Dilworth windows? They seem to be going in and coming out? Due to the historical easement they must maintain the original windows. They are looking at doing an interior storm to assist in the cold weather months.
- The city is really looking nice with all of the remodeling, and the corner of Boyne Avenue and Pearl Street is quite the attractive area into the city

**Adjournment**

The next regular meeting of the Boyne City Planning Commission is scheduled for Monday, October 17, 2016 at 5:00 pm in the Honeywell Meeting Room.

**2016-09-19-10**

**\*\*MOTION**

**St. Dennis moved, Neidhamer seconded, PASSED UNANIMOUSLY** a motion to adjourn the September 19, 2016 meeting at 7:29 p.m.

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Chair Jane MacKenzie

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Recording Secretary Pat Haver

DRAFT

BOYNE CITY HISTORICAL COMMISSION

Minutes of September 19, 2016  
7:00 pm  
Boyne City Hall Commission Chambers

CALL TO ORDER: 7:03. PM

PRESENT: Kelts, Alexander, Barden, Sansom, Hewitt.

ABSENT: Lazarz

GUEST: none

**APPROVAL OF MINUTES:** Minutes of the May 24, 2016, March 21, 2016, June 20, 2016, July 18, 2016 and August 24, 2016 meetings, Kelts approved all as written, Sansom second, all ayes.

**OLD BUSINESS:**

LaFrance updates. Alexander spoke to the fire department about the dates for the celebration and they are very flexible. Ok with the Stroll thru History date and activities, Ok with the 4<sup>th</sup> of July announcement for the upcoming event in August during the Antique car show. There was a great amount of support for the anniversary. It was unanimous that we would want the fire department in period clothing for the Stroll thru History event.

Do a postage stamp with the LaFrance on it thru Stamps.com download picture of fire truck so it will match up with the post mark.

We have lots of old railroad postcards that we can sell at the same time.

Sansom brought in her framed picture and post mark and stamp from when the Pope visited California several years ago. It was a very nice display.

Barden asked why we need to fundraise. We explained about our wish list (mannequins, display cases and glass for the built in display case).

We will need more people to be involved to help with the new museum.

Sell bricks with names on them to be displayed inside the museum as a fundraiser.

Sansom is hopeful that at the end of construction of the new facility that we will have enough money left over to do the glass on the built in display cases.

Discussion was had regarding contact with other fire departments to attend our celebration and bring their antique fire trucks. Barden offered to make up a flyer and Alexander offered to do a mailing.

**NEW BUSINESS:**

- A. Kelts nominated Sansom for chair and she excepted the nomination, Alexander excepted Vice Chair and Hewitt excepted secretary position motion by Kelts, second by Alexander, all ayes.
- B. Bill Kuhn absenteeism, due to no attendance in the past year he is no longer a board member, this is a new vacancy for our board which will need to be filled. We now have two vacancies on our board.
- C. Sansom agreed to renew her board position for another 3 years with her term ending June of 2019. Recommendation to city commission for her renewal.

**COMMUNICATIONS:**

Kelts gave an update on the Last River Draw sculpture it is expected to be installed towards the end of October it was noted that it would be good for anyone from our board to attend this event.

**Next Meeting:** Special meeting October 17, 2016 at 5:00.

**Adjourned:** Kelts motioned to adjourn at 8:06 pm, second by Alexander, all ayes.



Approved: \_\_\_\_\_

**MEETING OF  
SEPTEMBER 29, 2016**

**RECORD OF THE PROCEEDINGS OF THE MEETING OF THE BOYNE CITY  
AIRPORT ADVISORY BOARD HELD SEPTEMBER 29, 2016**

**CALL TO ORDER**

**Chair Schmidt** called the meeting to order at **5:30 p.m.** followed by the pledge of allegiance.

**ROLL CALL  
ATTENDANCE**

**Present:** Richard Bouters, Brian Harrington, Oral Sutliff \* Leon Jarema  
\*Bud Chipman, Jerry Schmidt  
**Absent:**, \* Larry Trumble \*Jim Kozlowski, Rod Cortright ,\*  
*\*Ex Officio Members*  
**Citizens:**  
**Staff:** Airport Manager/City Manager, Michael Cain

**EXCUSED ABSENCES  
MOTION**

NONE

**APPROVAL OF MINUTES  
MOTION**

Motion by **Sutliff** Seconded by **Harrington** **PASSED UNANIMOUSLY** to table the approval of the **August 25, 2016** minutes until the **October 27, 2016** meeting to allow member more time to review them.

**CORRESPONDENCE**

NONE

**CITIZENS COMMENTS  
(NON-AGENDA ITEMS)**

NONE

**COMMITTEES**

NONE

**UNFINISHED BUSINESS**

- A. Hangar A-18 available for rent:** The city controlled hangar A-18 is available for rent as well as hangar C-15 that has recently become available. Michael Cain reported that the city has lately received a number of inquiries regarding hangar rental and building hangars.
- B. Other:**

## NEW BUSINESS

### A. Airport Board member Term Expirations:

Motion by **Sutliff**, Seconded by **Harrington PASSED UNANIMOUSLY** to recommend to the City Commission to renew 3 year terms to the Airport Advisory Board for Leon Jarema and Bud Chipman, but to **NOT** renew the terms for Larry Trumble and James Kozlowski.

### B. Approval of Deckinga Sub-lease: Motion by **Sutliff** Seconded by **Harrington PASSED UNANIMOUSLY** to approve the lease transfer for hangar C25.

### C. Un-identified purchaser of AV Fuel: A fuel slip for the purchase of AV Fuel on July 25, 2016 was reviewed by the board. Due to lack of information on the slip, billing for this purchase has not been able to take place. Board members as well as city staff will continue to investigate.

### D. Other:

a. **Business Expo – November 2, 2016:** The Airport Board will share a booth with the City as in the past. Members are encouraged to attend the Expo if possible.

b. **Internet in the Terminal:** The current internet service in the terminal was discussed and the city will research appropriate and update service.

c. **Emergency Plan Update:** Michael Cain will report back on when the last update was completed and the board will review and make needed changes.

## GOOD OF THE ORDER

A. The Fuel Price at the airport is \$4.20 per gallon as of September 15, 2016.

## ANNOUNCEMENTS

### NEXT MEETING

### MOTION

A. The next regular Airport Advisory Board meeting is scheduled for **October 27, 2016 at 5:30pm** at the Airport Terminal

## ADJOURNMENT

A. The meeting was adjourned **6:34pm** by **Chair Schmidt**.

Richard L. Bouters-Secretary\_\_\_\_\_



**CITY OF BOYNE CITY**  
**CHARLEVIOX COUNTY, MICHIGAN**  
**ANNUAL FINANCIAL REPORT**  
**YEAR ENDED APRIL 30, 2016**

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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, the transportation fund schedules, and the schedule of expenditures of federal awards 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, PLC  
Grand Rapids, Michigan  
August 12, 2016

## 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, \$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 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 can be found on pages 18 – 19 of this report.

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.

The combining component unit financial statements can be found on pages 29 – 30 of this report.

**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, boyme 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.

The basic governmental fund financial statements can be found on pages 20 – 23 of this report.

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

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

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

The basic proprietary fund financial statements can be found on pages 24 – 27 of this report.

**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.

The fiduciary fund financial statement can be found on page 28 of this report.

**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.

The notes to the financial statements can be found on pages 31 - 55 of this report.

**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.

Required supplementary information can be found on pages 57 - 63 of this report.

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.

Combining and individual fund statements and schedules can be found on pages 65 - 71 of this report.

## 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 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
<b>ASSETS</b>						
<i>Current Assets</i>						
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
<b>Total Current Assets</b>	<b>10,286,295</b>	<b>5,431,160</b>	<b>3,113,826</b>	<b>2,532,572</b>	<b>13,400,121</b>	<b>7,963,732</b>
<i>Noncurrent Assets</i>						
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
<b>Total Assets</b>	<b>23,297,642</b>	<b>14,822,120</b>	<b>15,510,901</b>	<b>15,554,470</b>	<b>38,808,543</b>	<b>30,376,590</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Pension	840,279	63,621	86,677	6,563	926,956	70,184
<b>LIABILITIES</b>						
<i>Current Liabilities</i>						
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	-	-
<b>Total Current Liabilities</b>	<b>496,863</b>	<b>172,025</b>	<b>553,388</b>	<b>611,579</b>	<b>1,050,251</b>	<b>783,604</b>
<i>Noncurrent Liabilities</i>						
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
<b>Total Liabilities</b>	<b>10,869,200</b>	<b>2,146,408</b>	<b>5,704,139</b>	<b>6,152,384</b>	<b>16,573,339</b>	<b>8,298,792</b>
<b>NET POSITION</b>						
Net Investment in Capital Assets	12,501,782	9,390,960	6,472,651	6,522,574	18,974,433	25,447,084
Restricted	6,865,185	342,380	591,333	647,376	7,456,518	989,756
Unrestricted	(6,098,246)	3,005,993	2,829,455	2,238,699	(3,268,791)	5,244,692
<b>Total Net Position</b>	<b>\$ 13,268,721</b>	<b>\$ 12,739,333</b>	<b>\$ 9,893,439</b>	<b>\$ 9,408,649</b>	<b>\$ 23,162,160</b>	<b>\$ 22,147,982</b>

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, \$7,456,518, represents resources that are subject to external restrictions on how they may be used. The remaining balance of (\$3,268,791) is a negative 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. Largest 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 booked a \$3,324,752 liability on the financial statements and restated the April 30, 2015 statements. This change 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		Business-type		Total	
	Activities		Activities		Government	
	2016	2015	2016	2015	2016	2015
<b>Revenue</b>						
<b>Program Revenues</b>						
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
<b>Total Program Revenues</b>	<b>3,523,077</b>	<b>3,593,845</b>	<b>2,016,307</b>	<b>1,856,841</b>	<b>5,539,384</b>	<b>5,450,686</b>
<b>General Revenues</b>						
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	2,373	4,661	-	-	2,373	4,661
Interest Income	3,601	1,248	495	2,702	4,096	3,950
Gain on Disposal	15,000	-	-	-	15,000	-
Transfers In (Out)	-	30,010	-	(30,010)	-	-
<b>Total General Revenues &amp; Transfers</b>	<b>3,221,644</b>	<b>3,178,366</b>	<b>495</b>	<b>(27,308)</b>	<b>3,222,139</b>	<b>3,151,058</b>
<b>Total Revenues</b>	<b>6,744,721</b>	<b>6,772,211</b>	<b>2,016,802</b>	<b>1,829,533</b>	<b>8,761,523</b>	<b>8,601,744</b>
<b>Expenses</b>						
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
<b>Total Expenses</b>	<b>6,215,333</b>	<b>4,970,526</b>	<b>1,532,012</b>	<b>1,489,850</b>	<b>7,747,345</b>	<b>6,460,376</b>
<b>Change in Net Position</b>	<b>529,388</b>	<b>1,801,685</b>	<b>484,790</b>	<b>339,683</b>	<b>1,014,178</b>	<b>2,141,368</b>
<i>Net Position at the Beginning of Period</i>	<i>12,739,333</i>	<i>10,937,648</i>	<i>9,408,649</i>	<i>9,068,966</i>	<i>22,147,982</i>	<i>20,006,614</i>
<b>Net Position at the End of Period</b>	<b>\$ 13,268,721</b>	<b>\$ 12,739,333</b>	<b>\$ 9,893,439</b>	<b>\$ 9,408,649</b>	<b>\$ 23,162,160</b>	<b>\$ 22,147,982</b>

**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, assigned, 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) assigned, \$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 expense in 2016. Many new capital asset additions were completed and expensed during the year. One of the largest components of capital outlay expenses in the general fund was \$1,626,884 for the new department of public works building.

Community and economic development expenses increased significantly over the prior year, but these expenses 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 expenses also decreased, relating to a decrease in both capital outlay and public works expenses. 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 expenses increased during the year, with expenses 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 expenses 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 expenses 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.

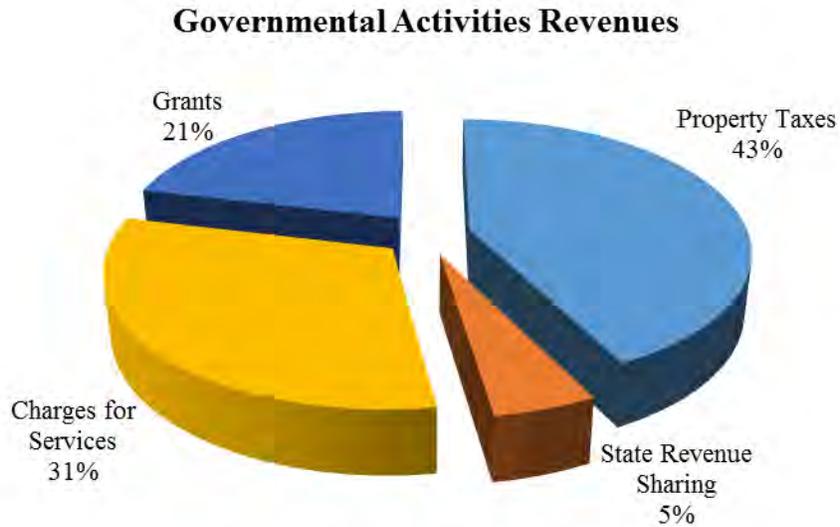
Unrestricted net position at the end of the year was \$664,409 for the water fund and \$2,165,046 for the sewer fund. The decrease in net position was (\$3,567) for the water fund and an increase of \$488,357 for the sewer fund.

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.

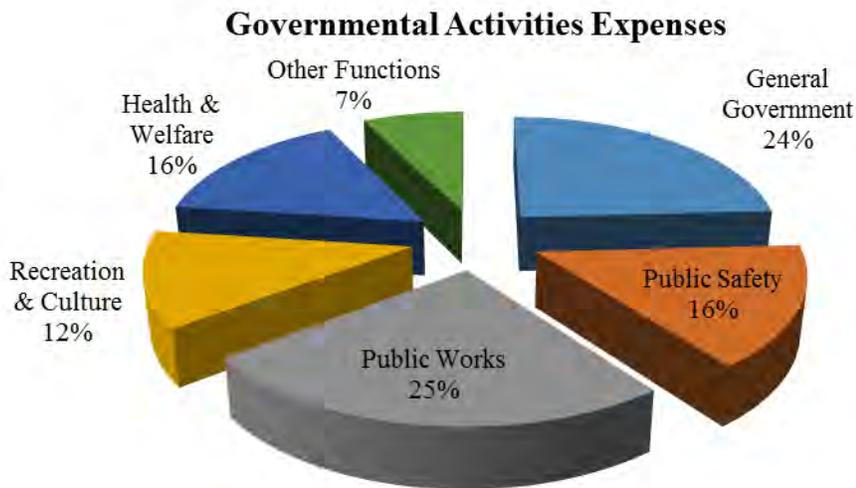
The sewer fund had an increase in revenues from charges for services, increasing from \$954,075 in 2015 to \$1,121,090. This was related to an increase in new tap-in fees and an increase in wastewater rates. Expenses declined slightly, leading to a larger increase in net position in comparison to the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

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>General Fund</b>			
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)

Note that the majority of the housing expenses 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:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Primary Government</u>
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
	<u>\$ 13,011,347</u>	<u>\$ 11,805,742</u>	<u>\$ 24,817,089</u>

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

### ***Long-term Debt***

As described in note 6 to the financial statements, the City had \$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 election's 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](mailto:cgrice@boynecity.com)

## **BASIC FINANCIAL STATEMENTS**

**City of Boyne City**  
**Statement of Net Position**  
**April 30, 2016**

	<b>Primary Government</b>			<b>Component Units</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	
<b>ASSETS</b>				
<i>Current Assets</i>				
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	--
<b>Total Current Assets</b>	<b>10,286,295</b>	<b>3,113,826</b>	<b>13,400,121</b>	<b>1,301,016</b>
<i>Noncurrent Assets</i>				
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
<b>Total Assets</b>	<b>23,297,642</b>	<b>15,510,901</b>	<b>38,808,543</b>	<b>6,070,882</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension	840,279	86,677	926,956	83,676
<b>Total Deferred Outflows of Resources</b>	<b>840,279</b>	<b>86,677</b>	<b>926,956</b>	<b>83,676</b>
<b>LIABILITIES</b>				
<i>Current Liabilities</i>				
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
<b>Total Current Liabilities</b>	<b>496,863</b>	<b>553,388</b>	<b>1,050,251</b>	<b>96,432</b>
<i>Noncurrent Liabilities</i>				
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
<b>Total Liabilities</b>	<b>10,869,200</b>	<b>5,704,139</b>	<b>16,573,339</b>	<b>528,300</b>
<b>NET POSITION</b>				
Net Investment in Capital Assets	12,501,782	6,472,651	18,974,433	4,716,625
<i>Restricted for:</i>				
Streets	119,680	--	119,680	--
Unspent Bond Proceeds	6,745,505	--	6,745,505	--
Debt Service	--	591,333	591,333	--
Housing Commission	--	--	--	5,295
<i>Unrestricted</i>	(6,098,246)	2,829,455	(3,268,791)	904,338
<b>Total Net Position</b>	<b>\$ 13,268,721</b>	<b>\$ 9,893,439</b>	<b>\$ 23,162,160</b>	<b>\$ 5,626,258</b>

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			Net (Expense) Revenue			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
<b>Primary Government</b>								
<b>Governmental Activities:</b>								
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)	--
<b>Total Governmental Activities</b>	<b>6,215,333</b>	<b>2,092,276</b>	<b>650,099</b>	<b>780,702</b>	<b>(2,692,256)</b>	<b>--</b>	<b>(2,692,256)</b>	<b>--</b>
<b>Business-type Activities:</b>								
Sewer	859,761	1,345,826	1,000	797	--	487,862	487,862	--
Water	672,251	668,684	--	--	--	(3,567)	(3,567)	--
<b>Total Business-type Activities</b>	<b>1,532,012</b>	<b>2,014,510</b>	<b>1,000</b>	<b>797</b>	<b>--</b>	<b>484,295</b>	<b>484,295</b>	<b>--</b>
<b>Total Primary Government</b>	<b>\$ 7,747,345</b>	<b>\$ 4,106,786</b>	<b>\$ 651,099</b>	<b>\$ 781,499</b>	<b>\$ (2,692,256)</b>	<b>\$ 484,295</b>	<b>\$ (2,207,961)</b>	<b>--</b>
<b>Component Units</b>								
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
<b>Total Component Units</b>	<b>\$ 1,215,281</b>	<b>\$ 378,518</b>	<b>\$ 448,412</b>	<b>\$ --</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>(388,351)</b>
<b>General Purpose Revenues and Transfers:</b>								
<b>Revenues</b>								
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					2,373	--	2,373	--
Gain on Disposal					15,000	--	15,000	--
<b>Transfers</b>					--	--	--	--
<b>Total General Revenues and Transfers</b>					<b>3,221,644</b>	<b>495</b>	<b>3,222,139</b>	<b>464,894</b>
<b>Change in Net Position</b>					<b>529,388</b>	<b>484,790</b>	<b>1,014,178</b>	<b>76,543</b>
<i>Net Position at Beginning of Period (Restated, Note 14)</i>					12,739,333	9,408,649	22,147,982	5,549,715
<b>Net Position at End of Period</b>					<b>\$ 13,268,721</b>	<b>\$ 9,893,439</b>	<b>\$ 23,162,160</b>	<b>\$ 5,626,258</b>

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**

	<u>Special Revenue</u>			<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>Major Streets</u>	<u>Ambulance</u>	<u>City Facilities Construction Fund</u>		
<b>ASSETS</b>						
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
<b>Total Assets and Deferred Outflows of Resources</b>	<b><u>\$ 1,664,194</u></b>	<b><u>\$ 124,230</u></b>	<b><u>\$ 188,839</u></b>	<b><u>\$ 6,879,059</u></b>	<b><u>\$ 1,134,996</u></b>	<b><u>\$ 9,991,318</u></b>
<b>LIABILITIES</b>						
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
<b>Total Liabilities</b>	<b><u>153,344</u></b>	<b><u>9,642</u></b>	<b><u>6,962</u></b>	<b><u>133,554</u></b>	<b><u>189,679</u></b>	<b><u>493,181</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable Revenues	--	6,785	--	--	6,785	13,570
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b><u>153,344</u></b>	<b><u>16,427</u></b>	<b><u>6,962</u></b>	<b><u>133,554</u></b>	<b><u>196,464</u></b>	<b><u>506,751</u></b>
<b>FUND BALANCE</b>						
Nonspendable	34,942	379	1,010	--	27,758	64,089
Restricted	--	107,424	--	6,745,505	11,498	6,864,427
Assigned	45,460	--	180,867	--	899,276	1,125,603
Unassigned	1,430,448	--	--	--	--	1,430,448
<b>Total Fund Balance</b>	<b><u>1,510,850</u></b>	<b><u>107,803</u></b>	<b><u>181,877</u></b>	<b><u>6,745,505</u></b>	<b><u>938,532</u></b>	<b><u>9,484,567</u></b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<b><u>\$ 1,664,194</u></b>	<b><u>\$ 124,230</u></b>	<b><u>\$ 188,839</u></b>	<b><u>\$ 6,879,059</u></b>	<b><u>\$ 1,134,996</u></b>	<b><u>\$ 9,991,318</u></b>

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 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)
<b>Total Net Position - Governmental Funds</b>	<b>\$</b>	<b><u>13,268,721</u></b>

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**

	<u>Special Revenue</u>			<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>Major Streets</u>	<u>Ambulance</u>	<u>City Facilities Construction Fund</u>		
<b>Revenues</b>						
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
<b>Total Revenues</b>	<u>3,780,275</u>	<u>938,680</u>	<u>987,945</u>	<u>1,893</u>	<u>1,006,462</u>	<u>6,715,255</u>
<b>Expenditures</b>						
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
<b>Total Expenditures</b>	<u>4,516,052</u>	<u>1,418,009</u>	<u>1,036,316</u>	<u>427,749</u>	<u>1,274,332</u>	<u>8,672,458</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>(735,777)</u>	<u>(479,329)</u>	<u>(48,371)</u>	<u>(425,856)</u>	<u>(267,870)</u>	<u>(1,957,203)</u>
<b>Other Financing Sources (Uses)</b>						
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)
<b>Net Other Financing Sources (Uses)</b>	<u>(863,944)</u>	<u>279,483</u>	<u>174,866</u>	<u>7,171,361</u>	<u>409,595</u>	<u>7,171,361</u>
<b>Net Change in Fund Balance</b>	<u>(1,599,721)</u>	<u>(199,846)</u>	<u>126,495</u>	<u>6,745,505</u>	<u>141,725</u>	<u>5,214,158</u>
<i>Fund Balance at Beginning of Period (Restated, Note 14)</i>	3,110,571	307,649	55,382	--	796,807	4,270,409
<b>Fund Balance at End of Period</b>	<u>\$ 1,510,850</u>	<u>\$ 107,803</u>	<u>\$ 181,877</u>	<u>\$ 6,745,505</u>	<u>\$ 938,532</u>	<u>\$ 9,484,567</u>

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

**City of Boyne City**  
**Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance with Statement of Activities**  
**For the Year Ended April 30, 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)
<b>Changes in Net Position - Governmental Funds</b>	<b>\$</b>	<b><u>529,388</u></b>

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**

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities Internal Service Fund</u>
	<u>Sewer</u>	<u>Water</u>	<u>Total Enterprise Funds</u>	
<b>ASSETS</b>				
<i>Current Assets</i>				
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	--
<b>Total Current Assets</b>	<u>2,310,330</u>	<u>803,496</u>	<u>3,113,826</u>	<u>296,679</u>
<i>Noncurrent Assets</i>				
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
<b>Total Assets</b>	<u>12,483,600</u>	<u>3,027,301</u>	<u>15,510,901</u>	<u>1,222,266</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension	44,176	42,501	86,677	--
<b>Total Deferred Outflows of Resources</b>	<u>44,176</u>	<u>42,501</u>	<u>86,677</u>	<u>--</u>
<b>LIABILITIES</b>				
<i>Current Liabilities</i>				
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	--
<b>Total Current Liabilities</b>	<u>446,491</u>	<u>106,897</u>	<u>553,388</u>	<u>5,384</u>
<i>Noncurrent Liabilities</i>				
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	--
<b>Total Liabilities</b>	<u>4,797,551</u>	<u>906,588</u>	<u>5,704,139</u>	<u>5,384</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	5,055,409	1,417,242	6,472,651	925,587
<i>Restricted for:</i>				
Debt Service	509,770	81,563	591,333	--
<i>Unrestricted</i>	2,165,046	664,409	2,829,455	291,295
<b>Total Net Position</b>	<u>\$ 7,730,225</u>	<u>\$ 2,163,214</u>	<u>\$ 9,893,439</u>	<u>\$ 1,216,882</u>

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**

	<b>Business-type Activities - Enterprise Funds</b>			<b>Governmental</b>
	<b>Sewer</b>	<b>Water</b>	<b>Total Enterprise</b>	<b>Activities</b>
			<b>Funds</b>	<b>Internal Service</b>
				<b>Fund</b>
<b>Operating Revenues</b>				
Charges for Services	\$ 1,121,090	\$ 668,684	\$ 1,789,774	\$ 260,563
Other Revenues	--	--	--	12,494
<b>Total Operating Revenues</b>	<b>1,121,090</b>	<b>668,684</b>	<b>1,789,774</b>	<b>273,057</b>
<b>Operating Expenses</b>				
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
<b>Total Operating Expenses</b>	<b>753,853</b>	<b>651,949</b>	<b>1,405,802</b>	<b>264,656</b>
<b>Operating Income (Loss)</b>	<b>367,237</b>	<b>16,735</b>	<b>383,972</b>	<b>8,401</b>
<b>Non-Operating Revenues (Expenses)</b>				
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)	--
<b>Net Non-Operating Revenues (Expenses)</b>	<b>121,120</b>	<b>(20,302)</b>	<b>100,818</b>	<b>15,003</b>
<b>Income Before Contributions and Transfers</b>	<b>488,357</b>	<b>(3,567)</b>	<b>484,790</b>	<b>23,404</b>
Transfers In	--	--	--	--
Transfers Out	--	--	--	--
<b>Change In Net Position</b>	<b>488,357</b>	<b>(3,567)</b>	<b>484,790</b>	<b>23,404</b>
<i>Net Position at Beginning of Period (Restated, Note 14)</i>	7,241,868	2,166,781	9,408,649	1,193,478
<b>Net Position at End of Period</b>	<b>\$ 7,730,225</b>	<b>\$ 2,163,214</b>	<b>\$ 9,893,439</b>	<b>\$ 1,216,882</b>

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**

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities</u>
	<u>Sewer</u>	<u>Water</u>	<u>Total Enterprise Funds</u>	<u>Internal Service - Motor Pool</u>
<b>Cash Flows from Operating Activities</b>				
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)
<b>Total Cash Flows from Operating Activities</b>	<u>649,245</u>	<u>299,037</u>	<u>948,282</u>	<u>113,070</u>
<b>Cash Flows from Non-capital and Related Financing Activities</b>				
Change in Interfund Balances	-	(50,000)	(50,000)	-
Transfer In (Out)	-	-	-	-
<b>Total Cash Flows from Non-capital and Related Financing Activities</b>	<u>-</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>
<b>Cash Flows from Capital and Related Financing Activities</b>				
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
<b>Total Cash Flows from (used by) Capital and Related Financing Activities</b>	<u>(283,668)</u>	<u>(115,302)</u>	<u>(398,970)</u>	<u>(791,151)</u>
<b>Cash Flows from Investing Activities</b>				
Interest on Investments	1,292	-	1,292	3
<b>Total Cash Flows from Investing Activities</b>	<u>1,292</u>	<u>-</u>	<u>1,292</u>	<u>3</u>
<b>Net Increase (Decrease) in Cash and Equivalents</b>	366,869	133,735	500,604	(678,078)
<i>Cash and Equivalents - Beginning of Year</i>	2,159,742	564,408	2,724,150	935,712
<b>Cash and Equivalents - End of Year</b>	<u>\$ 2,526,611</u>	<u>\$ 698,143</u>	<u>\$ 3,224,754</u>	<u>\$ 257,634</u>

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

**City of Boyne City  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended April 30, 2016**

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities</u>
	<u>Sewer</u>	<u>Water</u>	<u>Total Enterprise Funds</u>	<u>Internal Service - Motor Pool</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>				
<b>Operating Income</b>	\$ 367,237	\$ 16,735	\$ 383,972	\$ 8,401
<b>Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities</b>				
Depreciation Expense	306,894	248,029	554,923	92,824
Pension Expense	23,377	22,491	45,868	-
<b>Changes in Assets &amp; Liabilities</b>				
Accounts Receivable	(34,503)	2,064	(32,439)	-
Prepays	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)	-
<b>Net Cash Provided by Operating Activities</b>	<u>\$ 649,245</u>	<u>\$ 299,037</u>	<u>\$ 948,282</u>	<u>113,070</u>

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

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

	<b>Agency Funds</b>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 14,681
<i>Total Assets</i>	14,681
<b>LIABILITIES</b>	
Due to Other Governmental Units	14,681
<i>Total Liabilities</i>	14,681
<b>NET POSITION</b>	
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**

	<b>Downtown Development Authority</b>	<b>Local Development Finance Authority</b>	<b>Boyne City Housing Commission 9/30/2015</b>	<b>Total Component Units</b>
<b>ASSETS</b>				
<i>Current Assets</i>				
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
<b>Total Current Assets</b>	<b>235,372</b>	<b>811,142</b>	<b>254,502</b>	<b>1,301,016</b>
<i>Noncurrent Assets</i>				
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
<b>Total Assets</b>	<b>1,862,194</b>	<b>2,713,707</b>	<b>1,494,981</b>	<b>6,070,882</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension	12,954	--	70,722	83,676
<b>Total Deferred Outflows of Resources</b>	<b>12,954</b>	<b>--</b>	<b>70,722</b>	<b>83,676</b>
<b>LIABILITIES</b>				
<i>Current Liabilities</i>				
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
<b>Total Current Liabilities</b>	<b>8,394</b>	<b>16,363</b>	<b>71,675</b>	<b>96,432</b>
<i>Noncurrent Liabilities</i>				
Long-term Debt	7,074	--	23,589	30,663
Compensated Absences	--	--	2,804	2,804
Net Pension Liability	46,462	--	351,939	398,401
<b>Total Liabilities</b>	<b>61,930</b>	<b>16,363</b>	<b>450,007</b>	<b>528,300</b>
<b>NET POSITION</b>				
Net Investment in Capital Assets	1,612,965	1,902,565	1,201,095	4,716,625
<i>Restricted for:</i>				
Housing Commission	--	--	5,295	5,295
<i>Unrestricted</i>	200,253	794,779	(90,694)	904,338
<b>Total Net Position</b>	<b>\$ 1,813,218</b>	<b>\$ 2,697,344</b>	<b>\$ 1,115,696</b>	<b>\$ 5,626,258</b>

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**

	<b>Downtown Development Authority</b>	<b>Local Development Finance Authority</b>	<b>Boyne City Housing Commission 9/30/2015</b>	<b>Total Component Units</b>
<b>Expenses</b>				
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
<b>Total Expenses</b>	<b>400,350</b>	<b>105,654</b>	<b>709,277</b>	<b>1,215,281</b>
<b>Program Revenues</b>				
Charges for services	95,691	--	282,827	378,518
Operating grants and contributions	3,054	--	445,358	448,412
Capital grants and contributions	--	--	--	--
<b>Total Program Revenues</b>	<b>98,745</b>	<b>--</b>	<b>728,185</b>	<b>826,930</b>
<b>Net Program Revenues (Expenses)</b>	<b>(301,605)</b>	<b>(105,654)</b>	<b>18,908</b>	<b>(388,351)</b>
<b>General Revenue</b>				
Property Taxes	293,222	171,600	--	464,822
Interest and Rentals	--	--	72	72
<b>Total General Revenues</b>	<b>293,222</b>	<b>171,600</b>	<b>72</b>	<b>464,894</b>
<b>Change in Net Position</b>	<b>(8,383)</b>	<b>65,946</b>	<b>18,980</b>	<b>76,543</b>
<i>Net Position at Beginning of Period (Restated, Note 14)</i>	1,821,601	2,631,398	1,096,716	5,549,715
<b>Net Position at End of Period</b>	<b>\$ 1,813,218</b>	<b>\$ 2,697,344</b>	<b>\$ 1,115,696</b>	<b>\$ 5,626,258</b>

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

## City of Boyne City

### Notes to the Financial Statements

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#### **Note 1 – Summary of Significant Accounting Policies**

The financial statements of the City 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 of Boyne City (the primary government) 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

## City of Boyne City

### Notes to the Financial Statements

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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

## City of Boyne City

### Notes to the Financial Statements

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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 projections.

The City reports the following major proprietary funds:

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

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

Additionally, the government reports the following fund types:

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

***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

## City of Boyne City

### Notes to the Financial Statements

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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.

## City of Boyne City

### Notes to the Financial Statements

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#### **Assets, Liabilities, and Fund Equity**

##### ***Cash and Cash Equivalents***

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

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

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

##### ***Restricted Cash***

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

##### ***Receivables and Payables***

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

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

## City of Boyne City

### Notes to the Financial Statements

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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:

<b>Description</b>	<b>Life</b>
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

## City of Boyne City

### Notes to the Financial Statements

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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.

## City of Boyne City

### Notes to the Financial Statements

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#### ***Net Position Flow Assumption***

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

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

#### ***Fund Balance Flow Assumptions***

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

#### ***Fund Balance Policies***

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Governmental funds report *nonspendable fund balance* for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. *Restricted fund balance* is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

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

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

## City of Boyne City

### Notes to the Financial Statements

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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.



## City of Boyne City

### Notes to the Financial Statements

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***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.

## City of Boyne City

### Notes to the Financial Statements

#### Note 4 – Capital Assets

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

<b>Governmental Activities</b>	<u>April 30, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Transfers</u>	<u>April 30, 2016</u>
<b>Capital assets not being depreciated</b>					
Land	\$ 964,470	\$ -	\$ -	\$ -	\$ 964,470
Construction in Progress	130,084	650,719	-	(105,427)	675,376
<b>Total Capital assets not being depreciated</b>	<u>1,094,554</u>	<u>650,719</u>	<u>-</u>	<u>(105,427)</u>	<u>1,639,846</u>
<b>Capital assets being depreciated</b>					
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
<b>Total capital assets, being depreciated</b>	<u>13,762,390</u>	<u>2,982,721</u>	<u>-</u>	<u>105,427</u>	<u>16,850,538</u>
<b>Less accumulated depreciation</b>					
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
<b>Total accumulated depreciation</b>	<u>5,678,244</u>	<u>726,380</u>	<u>-</u>	<u>-</u>	<u>6,404,624</u>
<b>Internal Service Fund</b>					
Motor Pool Assets	212,260	806,151	92,824	-	925,587
<b>Total capital assets, governmental activities</b>	<u>\$ 9,390,960</u>	<u>\$ 3,713,211</u>	<u>\$ 92,824</u>	<u>\$ -</u>	<u>\$ 13,011,347</u>
<b>Internal Service Fund</b>	<u>April 30, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Transfers</u>	<u>April 30, 2016</u>
<b>Capital assets being depreciated</b>					
Buildings & Improvements	\$ -	\$ 552,600	\$ -	\$ -	552,600
Equipment	1,350,497	253,551	-	-	1,604,048
<b>Less accumulated depreciation</b>					
Buildings & Improvements	\$ -	\$ 5,756	\$ -	\$ -	5,756
Equipment	1,138,237	87,068	-	-	1,225,305
<b>Total capital assets</b>	<u>\$ 212,259.51</u>	<u>\$ 713,327</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 925,587</u>

## City of Boyne City

### Notes to the Financial Statements

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

<b>Business-type Activities</b>	<u>April 30, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Transfers</u>	<u>April 30, 2016</u>
<b>Capital assets being depreciated</b>					
Water System	\$ 7,042,027	\$ -	\$ -	\$ -	\$ 7,042,027
Sewer System	13,508,651	-	-	-	13,508,651
Equipment	446,889	-	-	-	446,889
<b>Total capital assets, being depreciated</b>	<u>20,997,567</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,997,567</u>
<b>Less accumulated depreciation</b>					
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
<b>Total accumulated depreciation</b>	<u>8,636,902</u>	<u>554,923</u>	<u>-</u>	<u>-</u>	<u>9,191,825</u>
<b>Total capital assets, business-type activities</b>	<u>\$ 12,360,665</u>	<u>\$ (554,923)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,805,742</u>

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

<b>Downtown Development Authority</b>	<u>April 30, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Transfers</u>	<u>April 30, 2016</u>
<b>Capital assets being depreciated</b>					
Infrastructure	\$ 2,837,193	\$ -	\$ -	\$ -	\$ 2,837,193
<b>Less accumulated depreciation</b>					
Infrastructure	1,083,410	126,961	-	-	1,210,371
<b>Total capital assets, DDA</b>	<u>\$ 1,753,783</u>	<u>\$ (126,961)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,626,822</u>
<b>Local Development Finance Authority</b>	<u>April 30, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Transfers</u>	<u>April 30, 2016</u>
<b>Capital assets not being depreciated</b>					
Land	\$ 291,419	\$ -	\$ -	\$ -	\$ 291,419
<b>Capital assets being depreciated</b>					
Infrastructure	1,997,920	392,892	-	-	2,390,812
<b>Less accumulated depreciation</b>					
Infrastructure	727,695	51,971	-	-	779,666
<b>Total capital assets, LDFA</b>	<u>\$ 1,561,644</u>	<u>\$ (51,971)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,902,565</u>

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

**City of Boyne City**

Notes to the Financial Statements

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

<b>Governmental Activities</b>	
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
<b><i>Total Governmental Activities</i></b>	<b>\$ 819,204</b>
<b>Business-type Activities</b>	
Sewer Fund	\$ 306,894
Water Fund	248,029
<b><i>Total Business-type Activities</i></b>	<b>\$ 554,923</b>
<b>Component Units</b>	
Downtown Development Authority	\$ 126,961
Local Development Finance Authority	51,971
<b><i>Total Component Units</i></b>	<b>\$ 178,932</b>

**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.

## City of Boyne City

### Notes to the Financial Statements

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:

Primary Government	Balance at April 30, 2015	Additions	Deletions	Balance at April 30, 2016	Due Within One Year
Series 2016, unlimited tax general obligation bonds, 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	-	9,219	143,487	-
Governmental OPEB Obligation	29,126	14,499	-	43,625	-
<b>Total Long-term Obligations, Primary Government</b>	<b>\$ 181,832</b>	<b>\$ 7,185,860</b>	<b>\$ 9,219</b>	<b>\$ 7,358,473</b>	<b>\$ 8,160</b>
Business-type Activities	Balance at April 30, 2015	Additions	Deletions	Balance at April 30, 2016	Due Within One Year
Series 2003, 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, 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	-	9,591	21,772	-
<b>Total Business-type Activities Bonds Payable</b>	<b>5,869,454</b>	<b>-</b>	<b>514,591.00</b>	<b>5,354,863</b>	<b>515,000</b>

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

## City of Boyne City

### Notes to the Financial Statements

The following is a summary of long-term debt activity of the City's component units for the year ended April 30, 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	-
<b>Total Long-term Obligations, Component Units</b>	<b>\$ 126,870</b>	<b>\$ -</b>	<b>\$ 70,825</b>	<b>\$ 56,045</b>	<b>\$ 22,578</b>

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

Year Ending April 30	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
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	-	-	-
<b>Totals</b>	<b>\$ 7,000,000</b>	<b>\$ 2,459,446</b>	<b>\$ 9,459,446</b>	<b>\$ 5,333,091</b>	<b>\$ 626,876</b>	<b>\$ 5,959,967</b>

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

**City of Boyne City**

Notes to the Financial Statements

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

**Employees Covered by Benefit Terms**

At the December 31, 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	<u>17</u>
Total employees covered by MERS	<u>57</u>

**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 December 31, 2015, 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%

**City of Boyne City**

Notes to the Financial Statements

**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:

	<b>General Government</b>		
	Total Pension Liability	Increase (Decrease) Plan Net Position	Net Pension Liability
<b>Balance at December 31, 2014</b>	\$ 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	<u>1,033,676</u>	<u>(332,447)</u>	<u>1,366,123</u>
<b>Balance at December 31, 2015</b>	<u>\$ 9,463,412</u>	<u>\$ 6,092,198</u>	<u>\$ 3,371,214</u>

**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	-
<b>Total</b>	<u>\$ 939,910</u>	<u>\$ -</u>

## City of Boyne City

### Notes to the Financial Statements

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

Years Ended	
<u>April 30</u>	<u>Amount</u>
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 8.25 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.

## City of Boyne City

### Notes to the Financial Statements

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 8.25 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 (7.25 percent) or one percentage point higher (9.25 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](http://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.

## City of Boyne City

### Notes to the Financial Statements

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#### Note 8 - Other Postemployment Benefits

##### Plan Description

The City of Boyne City administers a single-employer defined benefit healthcare plan (the "Plan"). In addition to the retirement benefits described in Note 7, the Plan provides health insurance benefits to certain retirees and their beneficiaries, which are advance-funded on a discretionary basis. In accordance with City policy, certain individuals and their beneficiaries receive medical, dental, prescription, and eyeglass coverage for varying periods of timing, depending on bargaining unit and years of service. As of April 30, 2016, the date of the last plan valuation, the Plan covered 31 members (25 active plan members and 6 retirees receiving benefits).

##### Funding policy

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

##### Annual OPEB Cost and Net OPEB Obligation

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

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)	<u>39,479</u>
Less: Contributions Made	<u>24,980</u>
<b>Increase in OPEB Obligation</b>	14,499
<i>Net OPEB Obligation - Beginning</i>	<u>29,126</u>
<b>Net OPEB Obligation - Ending</b>	<u>\$ 43,625</u>

## City of Boyne City

### Notes to the Financial Statements

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.

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.

## City of Boyne City

### Notes to the Financial Statements

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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.

## City of Boyne City

### Notes to the Financial Statements

#### 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.

	<u>General Fund</u>	<u>Major Streets</u>	<u>Ambulance</u>	<u>City Facilities Construction Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
<b>Nonspendable</b>						
Prepaid Items	\$ 34,942	\$ 379	\$ 1,010	\$ -	\$ 3,912	\$ 40,243
Inventories	-	-	-	-	23,846	23,846
<b>Total Nonspendable</b>	<u>34,942</u>	<u>379</u>	<u>1,010</u>	<u>-</u>	<u>27,758</u>	<u>64,089</u>
<b>Restricted for</b>						
Major & Local Streets	-	107,424	-	-	11,498	118,922
Unspent Bond Proceeds	-	-	-	6,745,505	-	6,745,505
	-	<u>107,424</u>	-	<u>6,745,505</u>	<u>11,498</u>	<u>6,864,427</u>
<b>Assigned for</b>						
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
<b>Total Assigned</b>	<u>45,460</u>	<u>-</u>	<u>180,867</u>	<u>-</u>	<u>899,276</u>	<u>1,125,603</u>
<b>Unassigned</b>	<u>1,430,448</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,430,448</u>
<b>Total Fund Balances - Governmental Funds</b>	<u>\$ 1,510,850</u>	<u>\$ 107,803</u>	<u>\$ 181,877</u>	<u>\$ 6,745,505</u>	<u>\$ 938,532</u>	<u>\$ 9,484,567</u>

#### 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.

## City of Boyne City

### Notes to the Financial Statements

#### Note 13 - Net Investment of Capital Assets

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

	<b>Governmental Activities</b>	<b>Internal Service Fund</b>	<b>Business-type Activities</b>	
			<b>Sewer Fund</b>	<b>Water Fund</b>
Total capital assets as of April 30, 2016	\$ 12,085,760	\$ 925,587	\$ 9,663,500	\$ 2,142,242
Portion of bond issuance used as of year end	(509,565)	-	-	-
Outstanding bonds as of year end	-	-	(4,608,091)	(725,000)
Net investment in capital assets as of April 30, 2016	<u>\$ 11,576,195</u>	<u>\$ 925,587</u>	<u>\$ 5,055,409</u>	<u>\$ 1,417,242</u>

#### Note 14 – Prior Period Adjustment and Correction of an Error

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:

	<b>Governmental Activities</b>	<b>Business-type Activities</b>		<b>Component Unit</b>
		<b>Sewer Fund</b>	<b>Water Fund</b>	<b>Downtown Development Authority</b>
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	<u>\$ 12,739,333</u>	<u>\$ 7,241,868</u>	<u>\$ 2,166,781</u>	<u>\$ 1,821,601</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

**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
<b>Total Pension Liability</b>	
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)
<i><b>Net Change in Pension Liability</b></i>	<i>1,033,676</i>
<i>Total Pension Liability - Beginning</i>	<i>8,429,736</i>
<i><b>Total Pension Liability - Ending (a)</b></i>	<i>\$ 9,463,412</i>
 <b>Plan Fiduciary Net Position</b>	
Contributions - Employer	\$ 222,915
Contributions - Member	46,487
Net Investment Income	(94,930)
Benefit Payments, Including Refunds	(492,966)
Administrative Expenses	(13,953)
Transfers	-
<i><b>Net Change in Plan Fiduciary Net Position</b></i>	<i>(332,447)</i>
<i>Plan Fiduciary Net Position - Beginning</i>	<i>6,424,645</i>
<i><b>Plan Fiduciary Net Position - Ending (b)</b></i>	<i>\$ 6,092,198</i>
 <i><b>Net Pension Liability - Ending (a) - (b)</b></i>	 <i>\$ 3,371,214</i>
 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**

	<b>Information Unavailable</b>									
	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**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
						<b>Information Unavailable</b>				
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**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Liability (AAL) Entry Age (b)</b>	<b>(Overfunded) Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio Total</b>	<b>Covered Payroll (c)</b>	<b>UAL as a Percentage of Covered Payroll ((b-a)/c)</b>
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

	<b>Fiscal Year Ended April 30,</b>		
	<b>2016</b>	<b>2015</b>	<b>2014</b>
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

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Positive</u> <u>(Negative)</u>
				<u>Final to Actual</u>
<b>Revenues</b>				
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)
<b>Total Revenues</b>	<u>4,763,084</u>	<u>3,678,497</u>	<u>3,780,275</u>	<u>101,778</u>
<b>Other Financing Sources</b>				
Transfers In	--	283,000	--	(283,000)
<b>Total Revenues and Other Financing Sources</b>	<u>4,763,084</u>	<u>3,961,497</u>	<u>3,780,275</u>	<u>(181,222)</u>
<b>Expenditures</b>				
<b>Legislative Services</b>	19,895	20,395	17,556	2,839
<b>General Government</b>				
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
<b>Total General Government</b>	<u>1,223,101</u>	<u>1,286,112</u>	<u>1,046,578</u>	<u>239,534</u>
<b>Public Safety - Police Department</b>	676,868	650,438	631,918	18,520
<b>Health and Welfare - Environmental</b>	1,000	2,035	2,035	--
<b>Public Works</b>				
Rubbish Collection	38,300	38,315	38,315	--
Sidewalk Construction	800,000	18,300	9,767	8,533
<b>Total Public Works</b>	<u>838,300</u>	<u>56,615</u>	<u>48,082</u>	<u>8,533</u>
<b>Community and Economic Development</b>				
Planning	171,208	168,196	169,997	(1,801)
Housing	--	--	230,865	(230,865)
<b>Total Community and Economic Development</b>	<u>171,208</u>	<u>168,196</u>	<u>400,862</u>	<u>(232,666)</u>
<b>Recreation and Culture</b>				
Parks and Recreation	1,049,540	374,456	308,526	65,930
Museum	3,277	7,724	6,189	1,535
<b>Total Recreation and Culture</b>	<u>1,052,817</u>	<u>382,180</u>	<u>314,715</u>	<u>67,465</u>
<b>Other Functions - Contingency</b>	33,090	39,160	38,981	179
<b>Capital Outlay</b>	2,015,325	2,015,325	2,015,325	--
<b>Total Expenditures</b>	<u>6,031,604</u>	<u>4,620,456</u>	<u>4,516,052</u>	<u>104,404</u>
<b>Other Financing Uses</b>				
Transfers Out	941,062	837,353	863,944	(26,591)
<b>Total Expenditures and Other Financing Uses</b>	<u>6,972,666</u>	<u>5,457,809</u>	<u>5,379,996</u>	<u>77,813</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<u>(2,209,582)</u>	<u>(1,496,312)</u>	<u>(1,599,721)</u>	<u>(103,409)</u>
<b>Net Change in Fund Balance</b>	<u>(2,209,582)</u>	<u>(1,496,312)</u>	<u>(1,599,721)</u>	<u>(103,409)</u>
<b>Fund Balance at Beginning of Period</b>	3,110,571	3,110,571	3,110,571	--
<b>Fund Balance at End of Period</b>	<u>\$ 900,989</u>	<u>\$ 1,614,259</u>	<u>\$ 1,510,850</u>	<u>\$ (103,409)</u>

**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**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		<b>Positive (Negative)</b>
				<b>Final to Actual</b>
<b>Revenues</b>				
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
<b>Total Revenues</b>	<u>406,716</u>	<u>435,095</u>	<u>938,680</u>	<u>503,585</u>
<b>Other Financing Sources</b>				
Transfers In	502,872	332,652	279,483	(53,169)
<b>Total Revenues and Other Financing Sources</b>	<u>909,588</u>	<u>767,747</u>	<u>1,218,163</u>	<u>450,416</u>
<b>Expenditures</b>				
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)
<b>Total Expenditures</b>	<u>909,588</u>	<u>966,027</u>	<u>1,418,009</u>	<u>(451,982)</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures</b>	<u>--</u>	<u>(198,280)</u>	<u>(199,846)</u>	<u>(1,566)</u>
<b>Net Change in Fund Balance</b>	<u>--</u>	<u>(198,280)</u>	<u>(199,846)</u>	<u>(1,566)</u>
<i>Fund Balance at Beginning of Period</i>	307,649	307,649	307,649	--
<b>Fund Balance at End of Period</b>	<u>\$ 307,649</u>	<u>\$ 109,369</u>	<u>\$ 107,803</u>	<u>\$ (1,566)</u>

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance</b>
	<u>Original</u>	<u>Final</u>		<b>Positive (Negative) Final to Actual</b>
<b>Revenues</b>				
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)
<b>Total Revenues</b>	<u>886,622</u>	<u>886,622</u>	<u>987,945</u>	<u>101,323</u>
<b>Other Financing Sources</b>				
Transfers In	79,179	79,179	174,866	95,687
<b>Total Revenues and Other Financing Sources</b>	<u>965,801</u>	<u>965,801</u>	<u>1,162,811</u>	<u>197,010</u>
<b>Expenditures</b>				
Health & Welfare	910,577	910,577	889,493	21,084
Capital Outlay	146,823	146,823	146,823	--
<b>Total Expenditures</b>	<u>1,057,400</u>	<u>1,057,400</u>	<u>1,036,316</u>	<u>21,084</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures</b>	<u>(91,599)</u>	<u>(91,599)</u>	<u>126,495</u>	<u>218,094</u>
<b>Net Change in Fund Balance</b>	<b>(91,599)</b>	<b>(91,599)</b>	<b>126,495</b>	<b>218,094</b>
<i>Fund Balance at Beginning of Period</i>	55,382	55,382	55,382	--
<b>Fund Balance at End of Period</b>	<u>\$ (36,217)</u>	<u>\$ (36,217)</u>	<u>\$ 181,877</u>	<u>\$ 218,094</u>

**OTHER SUPPLEMENTARY INFORMATION**

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

	<b>Special Revenue</b>					<b>Total Nonmajor Governmental Funds</b>
	<b>Local Streets</b>	<b>Fire</b>	<b>Boyne Thunder</b>	<b>Marina</b>	<b>Airport</b>	
<b>ASSETS</b>						
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
<b>Total Assets</b>	<b>\$ 32,437</b>	<b>\$ 673,007</b>	<b>\$ 203,591</b>	<b>\$ 174,775</b>	<b>\$ 51,186</b>	<b>\$ 1,134,996</b>
<b>LIABILITIES</b>						
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
<b>Total Liabilities</b>	<b>13,775</b>	<b>696</b>	<b>160,020</b>	<b>5,353</b>	<b>9,835</b>	<b>189,679</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unearned Revenue	6,785	--	--	--	--	6,785
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>20,560</b>	<b>696</b>	<b>160,020</b>	<b>5,353</b>	<b>9,835</b>	<b>196,464</b>
<b>FUND BALANCE</b>						
Nonspendable	379	2,776	--	252	24,351	27,758
Restricted	11,498	--	--	--	--	11,498
Assigned	--	669,535	43,571	169,170	17,000	899,276
Unassigned	--	--	--	--	--	--
<b>Total Fund Balance</b>	<b>11,877</b>	<b>672,311</b>	<b>43,571</b>	<b>169,422</b>	<b>41,351</b>	<b>938,532</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<b>\$ 32,437</b>	<b>\$ 673,007</b>	<b>\$ 203,591</b>	<b>\$ 174,775</b>	<b>\$ 51,186</b>	<b>\$ 1,134,996</b>

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

	<u>Special Revenue</u>					<b>Total Nonmajor Governmental Funds</b>
	<u>Local Streets</u>	<u>Fire</u>	<u>Boyne Thunder</u>	<u>Marina</u>	<u>Airport</u>	
<b>Revenues</b>						
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
<b>Total Revenues</b>	<u>237,176</u>	<u>214,591</u>	<u>309,457</u>	<u>147,601</u>	<u>97,637</u>	<u>1,006,462</u>
<b>Expenditures</b>						
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
<b>Total Expenditures</b>	<u>602,540</u>	<u>172,626</u>	<u>265,886</u>	<u>146,784</u>	<u>86,496</u>	<u>1,274,332</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>(365,364)</u>	<u>41,965</u>	<u>43,571</u>	<u>817</u>	<u>11,141</u>	<u>(267,870)</u>
<b>Other Financing Sources (Uses)</b>						
Transfers In	341,702	63,000	--	--	4,893	409,595
Transfers Out	--	--	--	--	--	--
<b>Net Other Financing Sources (Uses)</b>	<u>341,702</u>	<u>63,000</u>	<u>--</u>	<u>--</u>	<u>4,893</u>	<u>409,595</u>
<b>Net Change in Fund Balance</b>	<b>(23,662)</b>	<b>104,965</b>	<b>43,571</b>	<b>817</b>	<b>16,034</b>	<b>141,725</b>
<i>Fund Balance at Beginning of Period</i>	35,539	567,346	--	168,605	25,317	796,807
<b>Fund Balance at End of Period</b>	<u>\$ 11,877</u>	<u>\$ 672,311</u>	<u>\$ 43,571</u>	<u>\$ 169,422</u>	<u>\$ 41,351</u>	<u>\$ 938,532</u>

**City of Boyne City  
General Fund Combining Balance Sheet  
All Funds Treated as General  
April 30, 2016**

	<u>General</u>	<u>Cemetery</u>	<u>Creative Playground</u>	<u>Rubbish</u>	<u>Farmers Market</u>	<u>Total General Funds</u>
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 1,486,165	\$ 26,328	\$ 7,068	\$ --	\$ 12,405	\$ 1,531,966
Due from Other Governmental Units	52,883	--	--	--	--	52,883
Accounts Receivable	44,403	--	--	--	--	44,403
Prepaid Items	34,690	252	--	--	--	34,942
<b>Total Assets</b>	<b>\$ 1,618,141</b>	<b>\$ 26,580</b>	<b>\$ 7,068</b>	<b>\$ --</b>	<b>\$ 12,405</b>	<b>\$ 1,664,194</b>
<b>LIABILITIES</b>						
Accounts Payable	\$ 131,985	\$ 64	\$ --	\$ --	\$ 40	\$ 132,089
Payroll Liabilities	21,018	237	--	--	--	21,255
<b>Total Liabilities</b>	<b>153,003</b>	<b>301</b>	<b>--</b>	<b>--</b>	<b>40</b>	<b>153,344</b>
<b>FUND BALANCE</b>						
Nonspendable	34,690	252	--	--	--	34,942
Assigned	--	26,027	7,068	--	12,365	45,460
Unassigned	1,430,448	--	--	--	--	1,430,448
<b>Total Fund Balance</b>	<b>1,465,138</b>	<b>26,279</b>	<b>7,068</b>	<b>--</b>	<b>12,365</b>	<b>1,510,850</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 1,618,141</b>	<b>\$ 26,580</b>	<b>\$ 7,068</b>	<b>\$ --</b>	<b>\$ 12,405</b>	<b>\$ 1,664,194</b>

**City of Boyne City**  
**General Fund Combining Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**All Funds Treated as General**  
**For the Year Ended April 30, 2016**

	General	Cemetery	Creative Playground	Rubbish	Farmers Market	Total General Funds
<b>Revenues</b>						
Property Taxes	\$ 2,697,515	\$ --	\$ --	\$ --	\$ --	\$ 2,697,515
State Sources	338,669	--	--	--	--	338,669
Federal Grants	231,627	--	--	--	2,000	233,627
Local Revenues	25,905	--	--	--	--	25,905
Charges for Services	300,247	29,723	--	--	49,021	378,991
Licenses and Permits	6,406	--	--	--	--	6,406
Fine and Forfeitures	5,755	--	--	--	--	5,755
Interest and Rentals	9,396	--	--	--	--	9,396
Other Revenues	75,428	8	8,087	--	488	84,011
<b>Total Revenues</b>	<b>3,690,948</b>	<b>29,731</b>	<b>8,087</b>	<b>--</b>	<b>51,509</b>	<b>3,780,275</b>
<b>Expenditures</b>						
Legislative	17,556	--	--	--	--	17,556
General Government	1,005,332	41,246	--	--	--	1,046,578
Public Safety	631,918	--	--	--	--	631,918
Public Works	9,767	--	--	38,315	--	48,082
Health and Welfare	2,035	--	--	--	--	2,035
Community and Economic Development	400,862	--	--	--	--	400,862
Recreation and Culture	270,535	--	5,036	--	39,144	314,715
Other Functions	38,981	--	--	--	--	38,981
Capital Outlay	2,015,325	--	--	--	--	2,015,325
<b>Total Expenditures</b>	<b>4,392,311</b>	<b>41,246</b>	<b>5,036</b>	<b>38,315</b>	<b>39,144</b>	<b>4,516,052</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(701,363)</b>	<b>(11,515)</b>	<b>3,051</b>	<b>(38,315)</b>	<b>12,365</b>	<b>(735,777)</b>
<b>Other Financing Sources (Uses)</b>						
Transfers In	--	--	--	--	--	--
Transfers Out	(902,259)	--	--	38,315	--	(863,944)
<b>Net Other Financing Sources (Uses)</b>	<b>(902,259)</b>	<b>--</b>	<b>--</b>	<b>38,315</b>	<b>--</b>	<b>(863,944)</b>
<b>Net Change in Fund Balance</b>	<b>(1,603,622)</b>	<b>(11,515)</b>	<b>3,051</b>	<b>--</b>	<b>12,365</b>	<b>(1,599,721)</b>
<i>Fund Balance at Beginning of Period</i>	3,068,760	37,794	4,017	--	--	3,110,571
<b>Fund Balance at End of Period</b>	<b>\$ 1,465,138</b>	<b>\$ 26,279</b>	<b>\$ 7,068</b>	<b>\$ --</b>	<b>\$ 12,365</b>	<b>\$ 1,510,850</b>

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

	<b>Agency</b>			
	<b>Agency Funds</b>	<b>Current Tax Collection</b>	<b>Boyne Senior Center</b>	<b>Howes Escrow</b>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 1,560	\$ 100	\$ 99	\$ 12,922
<i>Total Assets</i>	1,560	100	99	12,922
<b>LIABILITIES</b>				
Due to Other Governmental Units	1,560	100	99	12,922
<i>Total Liabilities</i>	1,560	100	99	12,922
<b>NET POSITION</b>				
Held in Trust	\$ --	\$ --	\$ --	\$ --

**City of Boyne City**  
**Combining Statement of Net Position / Balance Sheet**  
**Component Units**  
**April 30, 2016**

	<b>Governmental Activities</b>					
	<b>Downtown Development Authority</b>	<b>Adjustments</b>	<b>Statement of Net Position</b>	<b>Local Development Finance Authority</b>	<b>Adjustments</b>	<b>Statement of Net Position</b>
<b>ASSETS</b>						
<i>Current Assets</i>						
Cash & Cash Equivalents	\$ 235,372	\$ --	\$ 235,372	\$ 811,142	\$ --	\$ 811,142
<b>Total Current Assets</b>	<b>235,372</b>	<b>--</b>	<b>235,372</b>	<b>811,142</b>	<b>--</b>	<b>811,142</b>
<i>Noncurrent Assets</i>						
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
<b>Total Assets</b>	<b>235,372</b>	<b>1,626,822</b>	<b>1,862,194</b>	<b>811,142</b>	<b>1,902,565</b>	<b>2,713,707</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Pension	--	12,954 3	12,954	--	--	--
<b>LIABILITIES</b>						
<i>Current Liabilities</i>						
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	--	--	--
<b>Total Current Liabilities</b>	<b>1,611</b>	<b>6,783</b>	<b>8,394</b>	<b>16,363</b>	<b>--</b>	<b>16,363</b>
<i>Noncurrent Liabilities</i>						
Long-term Debt	--	7,074 2	7,074	--	--	--
Net Pension Liability	--	46,462 3	46,462	--	--	--
<b>Total Liabilities</b>	<b>1,611</b>	<b>60,319</b>	<b>61,930</b>	<b>16,363</b>	<b>--</b>	<b>16,363</b>
<b>NET POSITION / FUND BALANCE</b>						
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
<b>Total Net Position / Fund Balance</b>	<b>\$ 233,761</b>	<b>\$ 1,612,965</b>	<b>\$ 1,813,218</b>	<b>\$ 794,779</b>	<b>\$ 1,902,565</b>	<b>\$ 2,697,344</b>

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**

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

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

August 12, 2016

Honorable Mayor and Members of the City Commission  
City of Boyne City, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Boyne City, Michigan (the "City") for the year ended April 30, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 1, 2016. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Findings

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. As described in Note 14 to the financial statements, the City changed accounting policies related to unfunded pension obligations by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 68, Accounting and Financial Reporting for Pensions, in 2016. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in the Statement of Activities and Statement of Net Position.

We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City's financial statements were:

- Management's estimate of the current year capital asset depreciation expense is based on the estimated useful lives of the City's capital assets.
- Management's estimate of the accrued compensated absences and the related pay rates as of April 30, 2016.

- Management’s assumptions used to calculate the actuarial report and the net present value of post employment benefits, including health and pension benefits.
- Management’s assumptions used to calculate the net pension liability and related items.

We evaluated the key factors and assumptions used to develop the above estimates in determining that they are reasonable in relation to the financial statements as a whole.

The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit’s financial statements taken as a whole.

#### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor’s report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated August 12, 2016

#### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the City’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the

consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis, schedules related to the pension and other post-employment benefits, and the budgetary comparison schedules, which are required supplementary information (RSI) that supplement the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining and individual fund financial statements, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the City Commission and management of the City of Boyne City and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



Gabridge & Company, PLC  
Grand Rapids, MI

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Mayor and Members of the City Commission  
City of Boyne City, Michigan

We have audited, in accordance with the 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, the 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, as of and for the year ended April 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Boyne City, Michigan's basic financial statements, and have issued our report thereon dated August 12, 2016.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Boyne City, Michigan's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Boyne City, Michigan's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Boyne City, Michigan's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Boyne City, Michigan's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Gabridge & Company".

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

## MEMORANDUM

TO: MICHAEL CAIN CITY MANAGER *Mc*

FROM: ANDREW KOVOLSKI; PUBLIC WORKS SUPERINTENDENT *AK*

DATE: 10/6/16

RE: TREE REMOVAL BID

Bids were advertised and received for the city's annual tree trimming and removal requirements. This year there were 55 trees that were determined to be in need of removal. There were also 2 trees identified that would benefit from trimming. This program also includes the removal of the tree stumps by grinding to a minimum of 6 inches below grade, filling of the area with topsoil and applying grass seed.

Bids were received and opened on October 6, 2016. We received bids from 1 contractor; All Aspects Forestry, Boyne City in the amount of \$28,050.00 and have been the low bidder for the last 3 years. We budgeted a total of \$38,000.00 for tree removal and plantings this year, however we have already had to spend \$9,650 on emergency removals and 3 transplants to the open space. After the tree planting program cost of \$14,739.00 this leaves a balance of \$13,611.00 for tree removals. The removals will be prioritized to meet this reduced amount.

### **RECOMMENDATION:**

It is my recommendation the City Commission award the bid for Tree Trimming and Removal services for this year to All Aspects Tree Service for the not to exceed amount of \$13,611.00 and authorize the City Manager to execute the required documents. Funds for this project were allocated in the Local and Major Street Maintenance budgets.

### **OPTIONS:**

1. That this matter be postponed for further information or consideration.
2. That this matter be approved subject to some revision
3. Other options as determined by the City Commission

## BID SUBMITTED PURSUANT TO THE CITY OF BOYNE CITY TREE TRIMMING AND REMOVAL SPECIFICATIONS

City of Boyne City  
319 North Lake Street  
Boyne City, MI. 49712-2109

Mayor Neidhamer and the Boyne City City Commission:

The undersigned, as Successful Bidder, hereby declares that this bid is made in good faith without fraud or collusion with any person or persons bidding on the same Contract; that he/she has carefully read and examined the Contract Documents, including the Invitation to Bid, General Requirements, and Program Guidelines for the designated work and understands all of the same; that he/she, or his/her representative, has made such personal investigation at the site as is necessary to determine the character and difficulties attending the execution of the proposed work. Bidder proposes and agrees that if this Proposal is accepted, bidder will contract with the City, provide necessary machinery, tools, apparatus and transportation services necessary to do all the work specified or referred to in the Contract Documents in the manner and time therein prescribed, and according to the requirements of the owner as therein set forth, to furnish the insurance required of the Contractor by the Contract Documents, and that he/she will take in full payment, the unit prices set forth in the following proposal.

All bidders understand that the City reserves the right to accept or reject any and/or all bids, to waive any irregularities and/or informalities in the bids, negotiate with any bidder, or to select the bid(s), or portions thereof, most advantageous to the City.

The successful bidder agrees that this bid shall be good and may not be withdrawn for a period of ninety (90) calendar days after the scheduled closing time for receiving bids.

Upon receipt of a written Notice of Award of the Bid, the successful bidder shall execute the formal Contract Agreement within ten (10) days. In the event that the Contract is not executed within the time set forth above, the Bid Proposal shall become the property of the City as liquidated damage for the delay and additional expense to the City caused thereby.

Pursuant to your request for Tree trimming and Removal Proposals, I submit my bid, with the understanding that if my bid proposal, or section thereof, is accepted, I will execute a written contract with the City of Boyne City, which will embody the terms as outlined in the bid proposal. I will meet all of the requirements and provide all of the services for the amounts listed on the attached bid sheet for the items listed in this document.

The undersigned, by execution of this contract, certifies that he/she is the \_\_\_\_\_  
of the firm named as \_\_\_\_\_, that he/she signs the bid on

behalf of the firm and that he/she is authorized to execute the same on behalf of said firm.

Company: ALL ASPECTS FORESTRY

Address: 4275 HARDWOOD RD. BOYNE CITY MI 49712

Phone: 231-499-2310

Authorized Agent: JOE HAUGER PARTNER

Signature: 

Title: PARTNER

Date: 10-6-16

	Estimated Quantity	Unit Price	Extension
Tree Trimming	2 TREES	\$ <del>200</del> \$/100	\$ 200
Tree Removal	55	\$ 506.36	\$ 27,850
Stump Removal		\$ N/C	\$ N/C
		Total	\$ 28,050

The City of Boyne City reserves the right to reduce or increase quantities to keep project costs within budgeted amounts.

## MEMORANDUM

**TO: MICHAEL CAIN; CITY MANAGER** 

**FROM: ANDREW KOVOLSKI; PUBLIC WORKS SUPERINTENDENT** 

**DATE: 10/6/16**

**RE: TREE PLANTING BIDS**

Bids were advertised for our annual tree planting project with a bid due date of October 9, 2016. Bid specifications were also emailed directly to three local vendors; Robinsons Landscaping and Nursery, Boyne Valley Landscaping and Nursery and C Williams Landscaping and Nursery. One bid was received from Robinson's Landscape and Nursery.

This year we have allotted for 58 trees to be planted in City right of way based on the list of requests from residents maintained by the front office. Following is a breakdown of the bid:

Tree Type	Quantity	Size	Installed Price Each	Total Price
Red Sunset Maple	20	2.5 – 3 inch caliper	\$ 295.00	\$5,900.00
Green Mountain Sugar Maple	19	2.5 – 3 inch caliper	\$ 295.00	\$5,605.00
Northern Red Oak	5	2.5 – 3 inch caliper	\$ 390.00	\$1,950.00
Crimson King Maple	7	2.5 – 3 inch caliper	\$ 295.00	\$2,065.00
<b>Juneberry</b>	7	4-5 feet	\$ 275.00	\$1925.00
<b>Nannyberry</b>	3	8-10 feet	\$ 65.00	\$195.00
<b>Mountain Maple</b>	1	8-10feet	\$ 275.00	\$275.00
<b>TOTAL</b>	65			\$17,739.00

Note that the tree species in bold print are the varieties we specified for planting in areas where overhead lines are present. These were chosen from a list provided by Consumers

Energy of proper trees for these locations. A copy of their quotation is attached for your review.

Also note the total cost of this years Tree Planting project will be offset by the \$3,000.00 Tree Planting Grant received from Consumers Energy bringing the bids net cost down to \$ 14,739.00.

**RECOMENDATION:**

It is my recommendation that the City Commission approve this contract with Robinson's Landscape and Nursery of Boyne City in the amount not to exceed \$14,739.00, and authorize the City Manager to sign the necessary documents. Robinson's Landscape and Nursery has been the low bidder for this project for the last 8 years. Funds for this project are available in the Street Department budget.

**OPTIONS:**

1. That this matter be postponed for further information or consideration
2. That this matter be approved subject to some revision
3. Other options as determined by the City Commission



*CITY OF BOYNE CITY*

*MEMO*

**To:** Michael Cain, City Manager 

**From:** Barb Brooks, Executive Assistant 

**Date:** October 7, 2016

**Subject:** Parks and Recreation – Sunset Coast Birding Trail Proposal

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At both the September 1 and October 6, 2016 meeting of the Parks and Recreation Board, they discussed the proposal from the president of Petoskey Regional Audubon Society, Darrell Lawson regarding the Sunset Coast Birding Trail Development Team's interest in adding locations in Boyne City to their developing birding trail. The original request was submitted to board member Darryl Parish and asked that it be brought before the board for consideration. The locations are Riverside Park and Veterans Park.

**Board Discussion:**

The board had preliminary discussions at their September 1 meeting; however, board member Parish was not in attendance to answer questions. The board was supportive of the concept and thought Riverside Park was a great location but had concerns about the choice of Veterans Park as a secondary location. The general consensus at that time was to postpone further discussions until the October board meeting when Parish would be available to discuss the proposal in more detail.

At the October 6<sup>th</sup> meeting the board expressed their concerns about the Veterans Park location to Parish. Parish explained that it was a secondary location, it will not be on the map but on the website and that it was chosen because of the waterfowl and bald eagle sitings. He added that this would be explained on the website and "birding" people would already know this. Furthermore, Darrel Lawson is an expert in birding and is quite familiar with Boyne City and the locations were recommended by him. With this information, the general consensus of the board was that this proposal would be great for the community; it is one more reason for people to come to Boyne City and there is no cost to the City to participate.

*Parish moved, Bowman seconded, PASSED UNANIMOUSLY to recommend the City Commission approve the proposal from the Petoskey Regional Audubon Society to designate Riverside Park and Veterans Park as birding locations to be added to the Sunset Coast Birding Trail map and website and work with staff on sign placement.*

Dear Darryl Parish,

I am writing to you on behalf of The Sunset Coast Birding Trail Development Team. This trail will be based primarily in Antrim, Charlevoix, and Emmet Counties. The purpose of the trail is to attract visitors to this area by highlighting prime birding sites. By doing this, it will both demonstrate the diverse natural features of our area and provide an economic boost, notably during the shoulder seasons. Please see the attached Sunset Coast Birding Trail Introduction for more information.

Sites have been selected based on the quality of habitat, accessibility, and geographic location. They are composed of two categories.

Primary Sites: These are the prime birding sites that will be featured both on the website and on the printed map. In addition, signage in the form of an 8x12 aluminum sign will be placed at the site's parking area(s). Please see the included image for an early draft of the sign.

Secondary Sites: These sites also offer excellent birding opportunities, but are either too close to a primary site, offer less parking availability, or are too far from the central hub of primary sites to be considered a primary site themselves. They will be featured on the website, but not on the printed map. They also will not receive signage.

We are pleased to inform you that we have selected the following sites that belong to the City of Boyne City:

Primary Sites:

1. Riverside Park

Secondary Sites:

1. Veterans Memorial Park

We request your permission to include these sites on the Sunset Coast Birding Trail. Granting permission is the only thing we required for participation; however, the following items would also be of assistance:

1. Someone from your organization is welcome to accompany our volunteer when the time comes to place signage at the parking areas, to ensure that the signage is located to your organization's approval.
2. We would prefer the signage be attached to an already existing structure. Please suggest a location at your site. If a suitable structure is not available, we can provide and install a post.
3. If your organization already has in place a system for routinely checking the condition of signage, we would appreciate any notice concern damage to our signs. If that is not feasible, we will happily have our own volunteers routinely check the signs.
4. Please provide us with a short description of the site(s) to go on the website and map. Also, it would be helpful to list any other activities that are available at the site. This will allow us to highlight additional activities that may be enjoyed by visitors and also to warn them to be on the lookout for mountain bike traffic, to avoid the site during hunting season, etc.
5. Provide a logo that can be used to highlight your organization's ownership of the site on the website and on the printed map.

Please respond with your answer to our request for permission or with any questions you may have regarding the Sunset Coast Birding Trail. We look forward to working with your organization on this project.

# Sunset Coast Birding Trail

## Introduction

In 2011, the U.S. Fish & Wildlife Service (USFWS) conducted a demographic and economic study regarding birding in the United States. The study found that in 2011 there over 47 million individuals in the United States over the age of sixteen who regarded themselves as birders. Of these 47 million, over 2 million were Michigan residents. In addition, the study estimated that birders spend approximately \$41 billion on trips and equipment for the purpose of birding, generating a total economic impact of over \$107 billion!

Over the last few years, many regions in Michigan have developed birding trails with the purpose of attracting birders to their area. The Saginaw Bay Birding Trail, The Superior Birding Trail, The Sleeping Bear Birding Trail, The Beaver Island Birding Trail, The Sunrise Coast Birding Trail, and the North Huron Birding trail have all now been established. Information regarding each of these trails can be found on Michigan Audubon's website at <http://www.michiganaudubon.org/go-birding/birding-trails/>.

Antrim, Charlevoix, and Emmet Counties host a wide variety of protected areas and habitats that attract a large number of Michigan's over 400 bird species. Whether it is a pair of nesting, federally endangered Piping Plovers, a Snowy Owl visiting for the winter, or the many warblers and waterfowl that pass through the area on their way to and from their breeding grounds, the tip of the Northwest Lower Peninsula offers exciting birding opportunities. Local parks, nature preserves, and natural areas make prime birding locations easily accessible and also highlight local conservation efforts.

With this in mind, a group of individuals and conservation related organizations in these counties are developing the Sunset Coast Birding Trail. The trail will provide information about birding in this region and highlight sites that provide prime birding opportunities to encourage birders to visit the area. Primary sites will be highlighted on a website, a printed map, and will also feature signage at the site itself. There will be approximately 30 primary sites on the birding trail – roughly ten per county. Because a printed map has limited space in which to feature sites, additional sites that offer good birding opportunities will be identified that will be featured on the website only.

The trail will also point visitors to other local amenities and attractions such as hotels/campgrounds, restaurants, museums, and other tourism oriented establishments. Birders visiting the area will need a place to eat, place to stay, and may also shop and visit attractions. Given that the prime birding months span from September through May, visiting birders can provide a boost to the local economy during the slower seasons.

Successful birding trails in more than 20 states are demonstrating that trails bolster economies, bring people closer to nature and create support for conserving habitats. The Sunset Coast Birding Trail will offer a unique opportunity to showcase the diverse natural features of Antrim, Charlevoix and Emmet counties and generate an economic benefit to the local communities.



# SUNSET COAST BIRDING TRAIL

*This trail highlights the important habitats  
and birds along Michigan's Sunset Coast in  
Antrim, Charlevoix and Emmet Counties.*



***[sunsetcoastbirdingtrail.org](http://sunsetcoastbirdingtrail.org)***

*City of Boyne City**MEMO*

Date: October 7, 2016  
To: Mayor Neidhamer and the Boyne City City Commission  
From: Michael Cain, City Manager   
Subject: River mouth restroom design proposal

For some time the Commission and staff has felt our River mouth restrooms leaves a lot to be desired and is need of attention. Problems with the way the drains were installed have caused frequent backup issues and the interiors are hard to maintain; especially given the increasing amount of usage they receive with bigger and more frequent activities taking place in that area. While generally functional, these restrooms come up short when compared to Boyne City's current standards and ADA accessibility.

I asked our City Facilities architect Ray Kendra to assess the facility to see if it is worth saving or should be completely replaced. Despite its deficiencies he feels it is worth reusing. We met and toured the site together this past Wednesday and felt there were strongly viable options to reuse the bones of the existing facility while significantly improving its function and appearance, both inside and out.

I further asked Ray to provide a quotation for services that we could consider to further explore our options and develop cost estimates to do so. Ray suggested with the ongoing City Facilities project taking place nearby, we could save costs by possibly avoiding bidding and adding the work at the restrooms to the current contracts. While the restrooms cannot be funded using City Facility project resources, there are efficiencies to gain by combining the work.

It should be noted that other than budgeting for restroom roof replacement, there are no funds in this year's budget for the work. Until we have firm cost estimates, we don't know how much that would be or where it would come from. Combining this project with the timing of the City Facility project will most likely eliminate our ability to seek grant funds to help pay for the work. It's a tradeoff. Getting design work completed and exploring the possibility of doing the work as part of the City Facilities project seems to be a logical first step with built in efficiencies that we might be able to take advantage of.

The proposal from Environment Architects is attached with a not to exceed price for the work proposed of \$11,500. This is a professional services contract from a provider we previously sought proposals from on similar type work. We are not required to bid professional services contracts, although we are free to do so. We have been very pleased with the work from Environment Architects.

**RECOMMENDATION:** That the City Commission accept the proposal from Environment Architects to provide design services for the remodeling of the River mouth restroom facility for a price not to exceed \$11,500 for the proposed services.

Options:

- a) Postpone this matter for further information or consideration.
- b) Decide not to pursue this matter at this time.
- c) Deny the request.
- d) Other options as determined by the City Commission.

Michael Cain  
City Manager  
City of Boyne City

October 6, 2016

### **Scope of Work**

Provide construction documents and construction administration for existing public bathroom at the River-mouth park. I have based this proposal on us creating a "bulletin" to the City Hall project and having Hallmark Construction price and utilize trades mobilized for the City Hall project to complete the work. I believe this will give you the best pricing and save in the additional expenses we would incur to put together a complete bid package and run a separate bid process. If you would prefer to bid this as a separate project let me know and I will modify this proposal to reflect the additional costs that will be incurred. Otherwise we would propose to complete the work for the Bulletin on an hourly basis.

Our fees are based on an hourly fee not to exceed fee per phase as outlined below.

### **Work Performed**

The following services are anticipated for this project:

**Building/Site Evaluation.** Analysis of existing building conditions primarily utilizing available existing documentation as well as some field verification.

**Design Concepts.** Based on the approved program and site analysis, initial concept drawings for Floor Plan and Interior Elevations.

**Code and Agency Review.** Coordination with relevant as required Local Agencies to verify code compliance.

**Cost Estimate Development.** Working with contractor and our recent experience

**Drawing Development.** Based on approved design documents, complete the required drawings and specifications required for bidding and construction. Drawings at this phase include Floor Plans, Interior Elevations, Building Sections, Details and Schedules as required. All specifications would be integrated in the drawings. Coordination of consultant Engineers for structural, mechanical, electrical and plumbing design considerations is included in base fee.

Drawings would include at minimum:

Civil Drawings – Not provided; by owner

A1.1 Cover/Code Review Sheet

A1.2 ADA Requirements

A2.2 Enlarged Floor Plan

A5.1 Exterior Elevations

- A5.2 Wall Sections and Details
- A6.1 Interior Elevations
- M2.1 Mechanical Floor Plans
- E2.1 Electrical Plans Lighting/Power
- P2.1 Plumbing Plans

**Mechanical and Electrical Documents.** As part of the Construction document package, coordinate with design work for Mechanical, Plumbing and Electrical designs to be developed and coordinated with the complete building package.

**Permit submittals.** Assist the contractor by providing required documentation.

***We will combine site visits with work being performed at City Hall project:***

**Site Observation.** Periodic site visits to assist the owner during construction ensuring that the intent of documents is complied with during construction. Document and communicate progress of work to client. Provide additional details or clarifications as required for contractor. Review relevant shop drawing submittals for consistency with the design intent.

**Closeout.** Develop “punch list” of items required to complete/close-out project. Field verification that appropriate quality construction project is delivered.

**Project ; Rivermouth Bathroom remodel:**

**Assumptions**

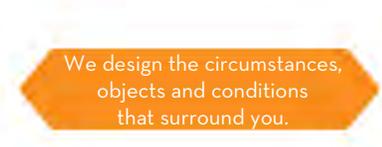
- a. Interior remodel and exterior facelift including new siding roof and windows. Including modification of a portion of existing floorplan to accommodate new barrier free bathrooms.
- b. No documents available; coordinate with owner maintenance staff to coordinate utilities and connections.
- c. Field measure existing spaces as required

**PROJECT 2; PUBLIC BATHROOM REMODEL**

To be billed hourly not to exceed; if the scope of work changes we will notify the owner immediately.

Architectural.....	\$6,500.00
MEP Engineering.....	\$3,500.00
Structural Engineering.....	\$1,500.00

**TOTAL..... \$11,500.00**



**SERVICES NOT INCLUDED:** This proposal specifically excludes the following services. Such services may be requested by the Owner or recommended by the Architect shall be negotiated independent of this proposal or provided as an additional service on an hourly basis.

- A. Printing costs.
- B. Site engineering and surveying.
- C. Landscape Plant Material Design and Specification
- D. Hazardous Material Abatement Consultation
- E. State and Local Permit costs.

Respectfully,



Ray Kendra, AIA, LEED AP

# October 2016

October 2016							November 2016						
S	M	T	W	T	F	S	S	M	T	W	T	F	S
2	3	4	5	6	7	8	6	7	1	2	3	4	5
9	10	11	12	13	14	15	13	14	8	9	10	11	12
16	17	18	19	20	21	22	20	21	15	16	17	18	19
23	24	25	26	27	28	29	27	28	22	23	24	25	26
30	31								29	30			

Monday	Tuesday	Wednesday	Thursday	Friday	Sat/Sun
					October 1
					2
3	4	5	6	7	8
			8:30am Main Street Board mtg. 6:00pm Parks & Rec		9
10	11	12	13	14	15
	7:00pm City Commission				Marina Closes
					16
17	18	19	20	21	22
12:00pm LDFA 5:00pm Planning Commission					
					23
24	25	26	27	28	29
	12:00pm City Commission		5:30pm Airport Advisory Board		
					30
31					
5:00pm Spook House 5:00pm Trick or Treat					

# November 2016

November 2016							December 2016						
S	M	T	W	T	F	S	S	M	T	W	T	F	S
		1	2	3	4	5			1	2	3		
6	7	8	9	10	11	12	4	5	6	7	8	9	10
13	14	15	16	17	18	19	11	12	13	14	15	16	17
20	21	22	23	24	25	26	18	19	20	21	22	23	24
27	28	29	30				25	26	27	28	29	30	31

Monday	Tuesday	Wednesday	Thursday	Friday	Sat/Sun
	November 1 5:00pm ZBA	2	3 8:30am Main Street Board mtg. 6:00pm Parks & Rec	4	5 9:00am City Hall Open (Absentee Ballots Only)
7	8 Presidential Election	9	10	11 11:00am Veterans Day Ceremony	12
14 12:00pm EDC/LDFA	15 7:00pm City Commission	16	17 5:00pm Historic District	18	19
21 5:00pm Planning Commission	22 12:00pm City Commission	23	24 City Offices Closed Thanksgiving 2:30pm Thanksgiving Dinner (Eagles Hall) 5:30pm Airport Advisory Board	25 City Offices Closed 5:00pm Holiday Open House 6:00pm Santa Parade	26
28	29	30			