



BOYNE CITY
CITY COMMISSION REGULAR MEETING
Boyne City Hall
319 North Lake Street
Tuesday, October 8, 2013 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 24, 2013 City Regular City Commission meeting minutes as presented
 - B. Approval of the September 24, 2013 Marina Meeting Minutes as presented
 - C. Approval to reappoint Cindy Banner to the Compensation Commission for a 5 year term expiring 10/01/2017
 - D. Approval to reappoint Pat Kujawski to the Compensation Commission for a 5 year term expiring 10/01/2016
 - E. Approval to appoint Bob Carlile to the Compensation Commission to fill the remainder of Shirley Howie's term expiring on 10/1/2014
 - F. Approval to reappoint Michele Hewitt to the Historical Commission for a term expiring June 30, 2016
 - G. Approval to reappoint Nancy Fulkerson to the Historical Commission for a term expiring June 30, 2016
 - H. Approval to reappoint Laura Sansom to the Historical Commission for a term expiring June 30, 2016
 - I. Approval of the addition of the endorsement for non-monetary defense coverage for the City of Boyne City at a cost of \$300 for the 2013 / 2014 Property and Liability Insurance Policy with the Michigan Township Participating Plan and authorize the City Manager to execute the documents
4. HEARING CITIZENS COMMENTS (on non-agenda items; 5 minute limit)
5. CORRESPONDENCE
6. CITY MANAGER'S REPORT
7. REPORTS OF OFFICERS, BOARDS, AND STANDING COMMITTEES
 - A. Draft Minutes of the September 5, 2013 Main Street Board Meeting
 - B. Draft Minutes of the September 5, 2013 Parks & Recreation Commission Meeting

- C. Draft Minutes of the September 9, 2013 Economic Development Corp Meeting
- D. Draft Minutes of the September 9, 2013 Local Development Finance Authority Meeting
- E. Draft Minutes of the September 16, 2013 Historical Commission Meeting
- F. Draft Minutes of the September 16, 2013 Planning Commission Meeting
- G. Draft Minutes of the September 19, 2013 Airport Advisory Board Meeting

8. UNFINISHED BUSINESS

9. NEW BUSINESS

- A. Lexamar Corporation Industrial Facilities Exemption Certificate request
Public Hearing and consideration to approve the recommendation from the Economic Development Corporation Board to approve a twelve year Industrial Facilities Exemption request (IFEC) from Lexamar Corporation and authorize the City Manager and City Clerk/Treasurer to sign and submit the documents necessary to execute the abatement as requested
- B. Dyer Alley Vacation Public Hearing
Public Hearing and consideration to vacate the alley located between Franklin Street and Lewis Street, west of Lewis Street and authorize the City Manager to execute the documents
- C. Audit Presentation
Presentation of FYE April 30, 2013 Financial Statement by Ken Talsma with Anderson, Tackman & Company, PLC
- D. Marina Dredging Bids
Consideration to award a dredging bid to the recommended bidder. Bids are to be opened at 2:00 p.m. on October 8 and will be reviewed for recommendation at the 7:00 p.m. meeting
- E. Dump Truck
Consideration to awards contracts for 1) for the purchase of the 2014 International Cab and Chassis to Zaremba Equipment of Gaylord in the amount of \$74,518.28 and 2) the purchase and installation of the Dump Box system, under-body blade, hydraulic and control systems to Truck & Trailer Specialties in Boyne Falls in the amount of \$42,303 for a total of \$116,821.28 and authorize the City Manager to sign the required documents
- F. Tree Trimming and Removal Bids
Consideration to award the bid for tree trimming and removal services for this year to Al & Jim's Tree Service in the amount of \$15,624.00 and authorize the City Manager to execute the required documents.
- G. Tree Planting Bids
Consideration to approve a contract with Robinson's Landscape and Nursery of Boyne City in an amount not to exceed \$10,160, and authorize the City Manager to execute the necessary documents
- H. Consumers Energy Street Lights
Consideration to approve the resolution authorizing the Street Lighting Contract with Consumers Energy Company for a one year agreement that renews annually and authorize the City Manager to Execute the documents

I. Dog Park

Consideration of recommendation of the Parks and Recreation Board to establish a Dog Park and direct staff to work with a citizens committee to work out specific details to bring back to the City Commission for further review and possible approval at a future meeting

J. Marina Dock Repair

Consideration to award a bid to Flotation Docking Systems for an amount not to exceed \$13,800 for the repairs of six finger piers and authorize the City Manager to execute the documents

K. Request of the City Manager to go into closed session with our attorney regarding Attorney/Client Privilege document as provided in MCL 15.268 (h) of the Michigan Open Meetings Act (PA 267 of 1976

10. GOOD OF THE ORDER

11. ANNOUNCEMENTS

- The City Commissioner Candidate Forum is scheduled for Monday, October 14, 2013 at 7:00 pm at the Boyne City District Library
- The next regular City Commission meeting is scheduled for Tuesday, October 22, 2013 at noon
- Trick or Treat hours will be from 5:00 p.m. to 8:00 p.m. on Thursday, October 31
- City Hall will be open on Saturday, November 2, 2013 from 9:00 am until 2:00 p.m. to issue and received absentee ballots
- The General Election will be on Tuesday, November 5, 2013 and polls will be open from 7:00 a.m. until 8:00 p.m.

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



Scan QR code or go to
www.cityofboynecity.com
click on Boards & Commissions for complete
agenda packets & minutes for each board

**SEPTEMBER 24, 2013
REGULAR MEETING**

RECORD OF THE PROCEEDINGS OF THE REGULAR BOYNE CITY COMMISSION MEETING DULY CALLED AND HELD AT BOYNE CITY HALL, 319 NORTH LAKE STREET, ON TUESDAY SEPTEMBER 24, 2013 AT 7:00 PM

CALL TO ORDER

Mayor Grunch called the meeting to order at 7:00 p.m. followed by the Pledge of Allegiance.

Present: Mayor Ron Grunch, Mayor Pro Tem Gene Towne, Commissioners Laura Sansom, Tom Neidhamer and Derek Gaylord

Staff: Cindy Grice, Michael Cain, Scott McPherson, Barb Brooks, Hugh Conklin, Dan Meads, Jeff Gaither and Andy Kovolski

Others: There were 9 citizens in attendance, including representatives from the Charlevoix County News and Petoskey News Review

**CONSENT AGENDA
MOTION**

2013-09-119

Moved by Towne
Second by Gaylord

2013-09-119A

Approval of the August 27, 2013 City Regular City Commission meeting minutes as presented

2013-09-119B

Approval of recommendation to reappoint Larry Trumble as ex-officio to the Airport Advisory Board for a three year term expiring September 24, 2015

2013-09-119C

Approval of recommendation to reappoint Bud Chipman as ex-officio to the Airport Advisory Board for a three year term expiring September 24, 2015

2013-09-119D

Approval of recommendation to reappoint James Kozlowski as ex-officio to the Airport Advisory Board for a three year term expiring September 24, 2015

2013-09-119E

Approval of recommendation to reappoint Ed Hennessy to the Airport Advisory Board for a three year term expiring September 24, 2015

2013-09-119F

Approval to award bid to supply ice control sand to R & B Excavating of Boyne City in the amount of \$12,750 and authorize the City Manager to execute the documents, also noted by Commissioner Gaylord that the City went out for bids for this

Ayes: 5

Nays: 0

Absent: 0

Motion carried

CITIZENS COMMENTS

Ron Crozier noted that new grout has been placed along with 30 new pieces of slate at the Veteran's Memorial. The star grout has been replaced to stand out further. Also, the lighting of the monument at the cemetery has been complete. The monument has been cleaned. Mayor Grunch and the City Commissioners thanked Mr. Crozier for his work and everything that he and his group have done.

None

CORRESPONDENCE

City Manager Cain reported:

- The City Attorney filed a Motion for Reconsideration looking for clarification and/or a reversal of the circuit courts ruling on the Kirtland matter.
- A new potentially free way to receive local emergency information has been announced by CCE Office of Emergency management called BE ALERT. Subscribers can get emergency notices by their choice of phone calls, emails, text and / or paging messages.
- We met with Garden Club representatives who are requesting financial assistance for future planting around the community. We anticipate incorporating their request into next year's proposed budget for consideration.
- A new traffic control order has been issued today changing the 15 minute parking spaces on the west side of East street just south of Water street to match the two hour parking in that area. This will come before the City Commission in January for formal consideration.
- The Marina's Blue Thunder pickup truck is being prepared to be positioned at the airport as a courtesy vehicle.
- Several representatives of the City including himself and Mayor Grunch will be attending the Tip of the Mitt Watershed event this week.
- We will be meeting this week with people interested in developing a Dog Park facility in the City. This matter has been under review by the Parks and Recreation Commission who support the concept.
- We are investigating the possibility of allowing CCE 911 to place a tower near our north Boyne wells to help address communication issues that have resulted since implementing radio frequency narrow banding as required by FCC.
- Last week staff was introduced to the Trail Town concept by a representative of the Land Information Access Association which serves 22 counties of Northern Michigan. This is an economic development tool with many similarities to Main Street except it is focused on trails for bikes, snowmobiles, horses, watercraft, etc.
- We are getting ready for our winter newsletter. If you have suggestions of topics, please let us know.
- We are working our way through the Affordable Care Act and a couple of insurance companies to chart the best course for the City and its employees.
- Preliminary arrangements are being made to hold our bi-annual Community Goal Setting and Joint Board & Commission meeting in January and February of 2014.
- Absentee ballots are available in the Clerk's office for the November 5th City Commission election.

CITY MANAGERS REPORT

The August, 2013 Financial Statement; draft Minutes of the August 1, 2013 Main Street Board Meeting; draft Minutes of the August 8, 2013 Parks & Recreation Commission Meeting; draft Minutes of the August 19, 2013 Planning Commission Meeting; and draft Minutes of the August 29, 2013 Airport Advisory Board Meeting were received and filed.

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

**SAW Grant Services /
Application**

Consideration to approve an agreement with C2AE in the amount of \$4,000 for assistance to prepare and submit a SAW grant application for the City of Boyne City

Water / Wastewater Superintendent Dan Meads discussed the Stormwater Asset Management, Wastewater Grant and Loan Program (SAW). Municipalities are eligible for up to two million dollars of grant funding with a 10% match on the first million and a 35% match on the second, so the City could get up to two million dollars in approved projects for an outlay of \$350,000 in local funds. The grant process will begin in October with an application filing deadline of December 2, 2013 and will be issued on a first come first serve basis. Larry Fox from C2AE has submitted a proposal for services to prepare a grant application for \$4,000. The SAW grant provides funding for both stormwater and wastewater, the development of a stormwater management plan and planning and design of projects identified in the management plans. It will also cover a wastewater user charge system review. Up to 90% of the engineers grant fee may be eligible for reimbursement if we successfully obtain the grant.

Larry Fox from C2AE added that GIS Hardware, software and training are also eligible under this program. Televising our current lines is eligible as well. City staff work done is also reimbursable.

Staff Comments: Planning Director Scott McPherson agrees with the recommendation. Our GIS needs to be updated. Andy Kovoliski agrees.

Citizens Comments: None

Board Deliberation: Commissioner Neidhamer is in full support of following thru with this recommendation and noted that he appreciates the knowledgeable staff. Mayor Pro-Tem Towne said he supports the recommendation and sees it as another way to get grant funds. Commissioner Gaylord inquired when the lines were last televised and was informed that it was never completely done. Commissioner Gaylord asked if we don't already have an asset management plan and was informed that the plan we do have is basic and we will be required to have a more detailed plan in the future. Larry Fox added that in 2002 voters approved a bond, but the state did not use all of the funds. Commissioner Gaylord inquired how we currently do not have a back up of our maps and was told they were stored on CD's, but need to be stored digitally because of the shorter life span of a CD. Commissioner Gaylord added that it makes sense to have all data stored in one place.

Commissioner Sansom said she is in favor of this recommendation. It is valuable to have it in place and can meet a lot of our needs. Is there any technologically available that we can use to remove drugs from our wastewater system. Dan Meads said yes, using innovative technology. Mayor Grunch added that he is in full support of this recommendation.

2013-09-120

Moved by Neidhamer
Second by Sansom

MOTION

To approve an agreement with C2AE in the amount of \$4,000 for assistance to prepare and submit a SAW grant application for the City of Boyne City

Ayes: 5
 Nays: 0
 Absent: 0
 Motion carried

Consideration to authorize staff to prepare and submit an application to the MEDC for the current round of DIG funding for the reconstruction of South East Street from Main to Ray and Ray Street, fine tuning as necessary to provide the most competitive and beneficial package for the community

**MEDC Downtown
 Infrastructure Grant
 Opportunity (DIG)**

City Manager Cain discussed the MEDC Downtown Infrastructure Grant (DIG) opportunity. In mid August, the MEDC announced their latest round of grants. We most recently received a DIG grant for the Park Street reconstruction project. Part 1 applications for this grant round are due on October 1. Communities that are successful will be sent letters offering them to proceed with the process on November 1. Successfully completed grant agreements are scheduled to be executed in February, 2014 with projects to be complete in December of 2014. Staff is recommending that we apply to reconstruct East Street through the Main Street intersection to Ray Street and both blocks of Ray Street at an estimated cost of \$855,800. We would try to save and reuse good quality curb and sidewalk where possible.

Staff is further researching whether it is possible and would like to tie the project we have been lining up to bury the utilities in the alley behind the 100 block of Water Street into the project. The more we match, the more points we match, but we are not prepared to ask for 50%.

Staff Comments: Public Works superintendent Andy Kovolski said we should proceed. Storm sewer underground needs work. Main Street Director Hugh Conklin said he strongly encourages this. We are eligible because we are low to moderate income. Water/ WW Superintendent Dan Meads agreed.

Citizens Comments: None

Board Deliberation: Mayor Pro-tem Towne said he all for keeping up with infrastructure. Regarding the section between Ray and Water Street, is there any impact in the future. City Manager Cain said we put stubs out in case we have to do this again. Commissioner Gaylord said he thinks we should finish that area off. We're in a position we can make this happen. City Manager Cain said even if we don't get this, we are in a better position for another round. Commissioner Sansom said she is all in favor of underground infrastructure. Commissioner Neidhamer and Mayor Grunch stated they are in favor of the recommendation.

2013-09-121
 Moved by Towne
 Second by Gaylord

MOTION

To authorize staff to prepare and submit an application to the MEDC for the current round of DIG funding for the reconstruction of South East Street from Main to Ray and Ray Street, fine tuning as

necessary to provide the most competitive and beneficial package for the community

Ayes: 5
Nays: 0
Absent: 0
Motion carried

Consideration to support a grant application to the Charlevoix County Community Foundation for funds to support the Veteran's Park Pavilion project.

**Community Foundation Grant
for Veteran's Park Pavilion**

Main Street Program Manager Hugh Conklin discussed the grant Boyne City has received for \$12,500 from the MEDC for the Veteran's Park Pavilion project. The grant is for up to \$12,500 and requires a dollar-for-dollar match. The project's purpose is to develop architectural designs and cost estimates to expand and retrofit Boyne City's Veteran's Park pavilion into a multi-activity structure, including use as a permanent winter farmer's market location. A key component of this process will be engaging the community so all interests and uses are considered. One opportunity for additional funding is thru the Charlevoix County Community Foundation. Their staff said the project meets the foundation's criteria and it would be appropriate for us to submit a grant application requesting no more than \$5,000. Application deadline is October 1. The Main Street board supported this opportunity.

Staff Comments: City Manager Cain said he agrees. Some people in the community are excited about this project and he is hearing positive comments.

Citizens Comments: None

Board Deliberation: Commissioner Gaylord said this is the grant that was submitted without approval of the Commission. He has only heard comments about getting the restrooms fixed. He inquired of Hugh Conklin where the funding would be matched from if we do not receive this grant and was informed that the Farmer's Market has been fundraising for this project. Main Street also has funds. The bathrooms would be included in this design. Commissioner Sansom said she has heard positive feedback from a lot of people. Commissioner Neidhamer agrees with Commissioner Sansom and is in support. Mayor Pro-Tem Towne said he is in favor of the most and best possible use of our parks.

2013-09-122
Moved by Towne
Second by Neidhamer

MOTION

To support a grant application to the Charlevoix County Community Foundation for funds to support the Veteran's Park Pavilion project.

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

**Marina Expansion Draft Plan
and Permit Application**

Consideration to allow Abonmarche prepare and submit, on the City's behalf, a joint DEQ / USACE permit application for renovation and expansion of the City's marina, approve the \$500 application fee and authorize the City Manager to execute the required documents

Harbormaster Barb Brooks discussed the concept plan, slightly revised from when it was last seen in 2010 for consideration to submit a part of a joint MDNRE and USACE marina expansion permit. This current proposal is based on a culmination of project documents and discussions such as the original approved plan used for the 2007 permit application and the DEQ basis for denial and taking into consideration the changes in our community and economy.

Representatives from the DEQ favored most of the ideas in the concept and felt with some minor tweaking, it was a permissible project. Once we retained Abonmarche for engineering services, they adjusted the plans to fit standard State and Federal guidelines and went back to the table with the DEQ, who while expressing they still believed the proposed project was a permissible one, we ended up in discussions about dredging due to low water levels. Dredging was not included in the original application and is beyond the scope of what was felt to be a minor change, so it was suggested that we start over with a new permit.

We now feel these plans will be ready to submit as working plans for a new joint DEQ / USACE permit application. The proposed plan is a result of starting with what was most acceptable to the community and working through the permitting process with the MDNRE. This plan could be built in phases as need and funding allowed. Any major variation or changes to this plan would change the scope of work beyond our engineering contract and will result in incurring additional engineering costs. A public hearing was held prior to the meeting this evening.

Dan Dornbos from Abonmarche discussed the process that has been ongoing for approximately 10 years. We have tried to address the DEQ's concerns. A slide presentation was given showing the phases of the proposal.

Staff Comments: None

Citizens Comments: Jim Baumann said he went to the presentation earlier this evening. There are no risks in doing what we're doing, by spending the \$500. Any implementation is up to the Commission. We will see all other projections as time goes on. He encouraged the Commission to take this step. Mike Sheehan said it is very important to understand the economics. This end of the lake is beginning to fill up again. We will also need to look at more parking and need to move rapidly.

City Manager Cain stated that two emails have been received in support of the recommendation.

Board Deliberation: Commissioner Neidhamer said to maximize any City assets we have. We have talked about it for many years.

At that point, we address the issues, pursue grants, tweak the design. He is in full support to proceed with the application process. Mayor Pro-Tem Towne said we should move forward. Commissioner Gaylord said he has nothing against boats. He voted to approve improvements. We in Boyne City are doing fairly well, unfortunately the country is not. He has heard over and over just because we apply, we don't have to build it. That doesn't make any sense. Also this evening we heard of other areas in town that need assistance and repair. Is this the time to do this? At this time, he cannot support this. It's probably good if we sit and think about it, look at where our finances are going to be used. It is not the appropriate time right now.

Mayor Grunch said we have the proposal of what it could look like. Financially it will have to pay for itself. Having a business plan in place so when the opportunity presents itself. He agrees that needs come first. Commissioner Gaylord said it is still going to take a financial plan.

Commissioner Neidhamer said he thinks we can be ready for it all; infrastructure, facilities, paved streets. It's our responsibility to be as ready as we can in every aspect on every single project. A marina is a huge economic engine. Commissioner Sansom said she likes the idea of going forward. It's necessary to make major repairs or design something better for the people in the community. We can't ignore everything else. She agrees with Commissioner Neidhamer, we should be ready. We can do it in stages and the permit's good for five years. We might as well do it right. Barb has put in a lot of work on it and she is in full support.

MOTION

2013-09-123
 Moved by Neidhamer
 Second by Sansom

To allow Abonmarche prepare and submit, on the City's behalf, a joint DEQ / USACE permit application for renovation and expansion of the City's marina, approve the \$500 application fee and authorize the City Manager to execute the required documents

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

2013-09-124
 Moved by Grunch
 Second by Gaylord

Brief Recess
MOTION

To recess for 5 minutes at 9:15 p.m.

Ayes: 5
 Nays: 0
 Absent: 0
 Motion carried

2013-09-125
 Moved by Grunch
 Second by Gaylord

**Reconvene Meeting
 MOTION**

To return to open session at 9:25 p.m.

Ayes: 5
 Nays: 0
 Absent: 0
 Motion carried

Consideration to authorize the City Manager and City Clerk to take the steps necessary to renew the City's liability insurance through the Michigan Township Participating Plan for 2013-2014 for an estimated price of \$62,351 and plan on seeking quotations for the 2014-2015 insurance year.

**Property and Liability
 Insurance Coverage Renewal**

City Manager Cain discussed the proposal from Paul Olson with the Michigan Township Participating Plan. Since 2005, when the City switched our policy from The Michigan Municipal League, we saved approximately \$247,537. We have been very happy with the services provided and they continue to provide outstanding service and coverage. They are very easy to work with.

Paul Olsen from the Michigan Township Participating Plan was available to answer any questions. The increase from the prior year was close to 4% overall.

Staff Comments: None

Citizens Comments: None

Board Deliberation: Commissioner Gaylord inquired about the fleet schedule and if there are any trends in the loss runs. All Commissioners are comfortable with moving forward with the recommendation.

MOTION

2013-09-126
 Moved by Towne
 Second by Gaylord

To authorize the City Manager and City Clerk to take the steps necessary to renew the City's liability insurance through the Michigan Township Participating Plan for 2013-2014 for an estimated price of \$62,351 and plan on seeking quotations for the 2014-2015 insurance year

Ayes: 5
 Nays: 0
 Absent: 0
 Motion carried

Consideration to authorize staff to create a letter of endorsement for the Community Foundation Grant application for WATCH Bike Share program funds.

**Loaner Bike Program Letter
 of Support**

City Manager Cain discussed the request from WATCH, Inc, who is

putting together a Bike Share Program in which they will initially provide six bikes to each in Charlevoix County (Boyne City, Charlevoix and East Jordan. These bikes will be available for anyone in the City to use at no cost. Helmets, locks and bike racks will also be provided. The City will be responsible for retaining liability insurance on the bikes, providing storage for the bikes and maintenance of the check in / check out process. If the Commissioners decide to support this program, staff could create a letter of endorsement for the grant application WATCH is working on thru the Charlevoix County Community Foundation.

Staff Comments: None

Citizens Comments: None

Board Deliberation: Commissioner Gaylord commented on the agreement for the bikes where the City accepts the liability. He stated he would like to see one of our businesses in town have this financial opportunity and he has a problem taking money from businesses no matter how noble the idea is. There is also an assumption that someone is going to take the bike and return it. This is putting the City at risk and competing with business in town. City Manager Cain said he spoke with our Liability insurance representative who had no concerns with liability. We already have bikes on loan at the marina.

Commissioner Sansom asked how many bikes we currently have and was informed 3. She added that if we endorse it, try it and don't like it, then what? Is there a time limit? City Manager Cain said if we don't like it, we'd just stop.

Commissioner Neidhamer said how cool is this? It's one more thing to do in Boyne City. We loan out ice skates. It's costing us nothing. Insurance say's it ok. There is no more risk than walking. It supports an active lifestyle and something to do in Boyne City. He endorses it 100%. Mayor Pro-Tem Towne said it sounds like a good program for the community. Mayor Grunch said he supports the recommendation.

2013-09-127

Moved by Neidhamer
Second by Sansom

MOTION

To authorize staff to create a letter of endorsement for the Community Foundation Grant application for WATCH Bike Share program funds.

Ayes: 4

Nays: 1, Commissioner Gaylord

Absent: 0

Motion carried

Consideration to purchase a Boss 8 ft Super Duty Plow and Thieman Lift gate and accessories from Truck and Trailer Specialties in the amount of \$10,079.75 for the new 2014 Ford pickup and authorize the City Manager to execute the documents.

**Pick-up plow and Lift Gate
Purchase**

WWW Superintendent Dan Meads discussed the quote received for a new 8 ft commercial duty plow to match our other plow truck and matching the existing equipment in the street department, allowing plows to be moved from one vehicle to another if needed. The lift gate will cost 60% of the price of new to repair and reuse and was not recommended by the mechanic. The quoted price to install new is \$3,376.00. The additional items are the same parts and pricing our mechanic would have used minus an installation cost.

Staff Comments: None

Citizens Comments: None

Board Deliberation: Mayor Pro-Te Towne is in support. He likes the idea of using the plows on other vehicles. Commissioner Gaylord asked if there is a place in the market for the old lift gate. Dan said we will keep it with the truck. Commissioner Sansom, Commissioner Neidhamer and Mayor Grunch are in support of the recommendation.

2013-09-128

Moved by Gaylord

Second by Sansom

MOTION

To authorize purchase a Boss 8 ft Super Duty Plow and Thieman Lift gate and accessories from Truck and Trailer Specialties in the amount of \$10,079.75 for the new 2014 Ford pickup and authorize the City Manager to execute the documents.

Ayes: 5

Nays: 0

Absent: 0

Motion carried

Variable Frequency Drive

Consideration to authorize to purchase a new Altivar frequency drive for the Wastewater Plant lift station from Shoreline Power Services in the amount of \$7,000 and authorize the City Manager to execute the documents.

WWW Superintendent Dan Meads discussed the quotes he received to both repair and replace the variable frequency drive from the main lift station at the old wastewater plant site. This drive is built into the motor control panel and is not a standalone unit. This drive is necessary to reduce wear on one of the main pumps and to eliminate water hammer in the force main to the treatment plant. The cost to repair the unit is higher than the cost to replace the drive with a newer model.

Staff Comments: None

Citizens Comments: None

Board Deliberation: All are in agreement with the recommendation.

2013-09-129
 Moved by Towne
 Second by Gaylord

MOTION

To authorize to purchase a new Altivar frequency drive for the Wastewater Plant lift station from Shoreline Power Services in the amount of \$7,000 and authorize the City Manager to execute the documents.

Ayes: 5
 Nays: 0
 Absent: 0
 Motion carried

Consideration to increase the overnight airplane parking fee from the current \$3.00 / night to \$5.00 / night and to charge a rate of \$30.00 / month for airplane parking on all tie-down services.

Airport Tie Down Fee

City Manager Cain discussed the recommendation from the Airport Board to change the tie-down fee schedule. The board unanimously passed a motion to recommend the overnight airplane parking fee increase from \$3.00 to \$5.00 per night and to charge a rate of \$30.00 per month for airplane parking on all tie down services, grass and/or ramp.

Staff Comments: None

Citizens Comments: None

Board Deliberation: All are in agreement with the recommendation.

2013-09-130
 Moved by Towne
 Second by Gaylord

MOTION

To increase the overnight airplane parking fee from the current \$3.00 / night to \$5.00 / night and to charge a rate of \$30.00 / month for airplane parking on all tie-down services.

Ayes: 5
 Nays: 0
 Absent: 0
 Motion carried

Consideration to authorize staff to submit a PlacePlans letter of interest for Sunset Park area improvements and required information to submit a competitive proposal.

City Manager Cain discussed the grant opportunity he received today from the Michigan Municipal League. It is a PlacePlans grant and it is due this coming Friday. It appears to be the second phase of a similar grant program we applied for last year for assistance in developing plans for our city facilities and we were unsuccessful in that effort. There are several possibilities for this grant, however there is recent discussion about Sunset Park. Discussion includes plans to improve that area, the adjoining west end of Water Street and the area across the river by the shoppers dock and the river

mouth bathrooms. While this is very short notice, this is something we should try to pursue and if successful, we can come up with the required \$6,000 match.

Staff Comments: Main Street Program Director Hugh Conklin said the design committee has discussed Sunset Park over the years and it would be worth moving forward with this opportunity.

Citizens Comments: Carole McGinty said when she volunteered at the Chamber, since the Chamber and Visitor center are all in the same building in a small space it would be better to have a larger area and use of Sunset Park. She thinks it is a good idea.

Board Deliberation: Commissioner Sansom said she loves the way the Chamber building looks, but its too small. Commissioner Gaylord asked if this later notice of the grant opportunity is intentional. What would this grant get us? City Manager Cain said a plan. Commissioner Gaylord said he would like to see the City Manager research having people submit designs for a plan. People just out of school. Mayor Pro-Tem Towne said he thinks Sunset Park area is best and supports the recommendation. Commissioner Neidhamer supports Sunset Park as a place of interest and added we are lucky to have the staff expertise to do this quickly. More amenities would be awesome. Mayor Grunch agrees.

2013-09-131
 Moved by Sansom
 Second by Neidhamer

MOTION

To authorize staff to submit a PlacePlans letter of interest for Sunset Park area improvements and required information to submit a competitive proposal

Ayes: 5
 Nays: 0
 Absent: 0
 Motion carried

GOOD OF THE ORDER

Commissioner Neidhamer said the discussion tonight is exactly on our goals. Keep aiming us in the right direction. Mayor Pro-Tem Towne commended on the condition of the east end of Marshall Road. Commissioner Gaylord thanked Andy and his crew for the work done on the alley on Vogel Street. All Commissioners commented on a residence on Jefferson Street where gravel keeps washing out into the driveway. Mayor Grunch commented on the fascia coming off of the North Boyne well building.

ADJOURNMENT

Moved by Mayor Grunch, seconded by Commissioner Gaylord to adjourn the regular City Commission meeting of September 24, 2013 at 11:03 p.m.

 Ron Grunch
 Mayor

 Cindy Grice
 Clerk / Treasurer

**SEPTEMBER 24, 2013
SPECIAL MARINA
MEETING**

RECORD OF THE PROCEEDINGS OF THE SPECIAL MARINA MEETING DULY CALLED AND HELD AT BOYNE CITY HALL, 319 NORTH LAKE STREET, ON TUESDAY SEPTEMBER 24, 2013 AT 5:00 PM WHERE A QUORUM OF THE CITY COMMISSION WAS PRESENT.

CALL TO ORDER

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

Absent: Commissioner Derek Gaylord

Staff: Michael Cain, Barb Brooks, Hugh Conklin and Jeff Gaither

Others: There were 13 citizens in attendance.

PUBLIC HEARING

Dan Dornbos of Abonmarche and Harbormaster Bark Brooks presented an overview of the proposed marina upgrade plans where public comments were heard.

No decisions were made.

ADJOURNMENT

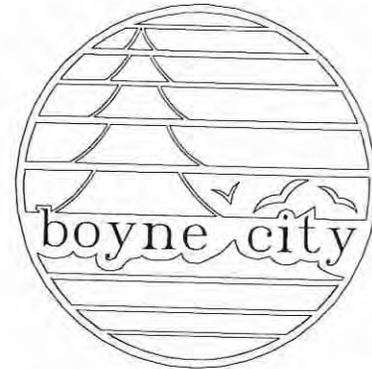
Moved by Mayor Grunch, seconded by Mayor Pro-Tem Towne to adjourn the Special Marina Meeting where a quorum of the City Commission was present of September 24, 2013 at 6:33 p.m.

Ron Grunch
Mayor

Cindy Grice
Clerk / Treasurer

CITY OF BOYNE CITY

To: Michael Cain, City Manager *Mc*
From: Cindy Grice, City Clerk/Treasurer *cg*
Date: October 2, 2013
Subject: Compensation Commission Member
 Appointments



Two members of the Compensation Commission member's terms have expired. They are Cindy Banner (term expired on 10/01/2012) and Pat Kujawski, (term expired on 10/1/2013). This board has unusual circumstances regarding their meetings because they only meet every two years (only in odd numbered years). Therefore, no regular meetings were held in order to have the board make a motion recommending members to be appointed.

With the passing of Shirley Howie, who was also a Compensation Commission board member, there is the remainder of her term to be filled. The term was to expire on October 1, 2014. I published an advertisement for the position and received no responses. However, Bob Carlile, who is also a Main Street Board member, has agreed to fill the remainder of Shirley's term. All of the existing Board Members verbally agree with this recommendation along with the recommend to reappoint Cindy Banner and Pat Kujawski.

Therefore, I would like to the City Commission to consider the recommendations as follows:

- o Reappoint Cindy Banner to a 5 year term expiring 10/01/2017
- o Reappoint Pat Kujawski to a 5 year term expiring 10/01/2016.
- o Appoint Bob Carlile to fill the remainder of Shirley Howie's term expiring on 10/1/2014

This Compensation Commission meets every other odd-numbered year and the first meeting will be scheduled for mid October, 2013. If this commission deems other meetings are necessary, they have to complete their determination within forty-five days of their first meeting.

I am recommending that the City Commission appoint the above individuals to serve on the Compensation Commission for the terms listed.

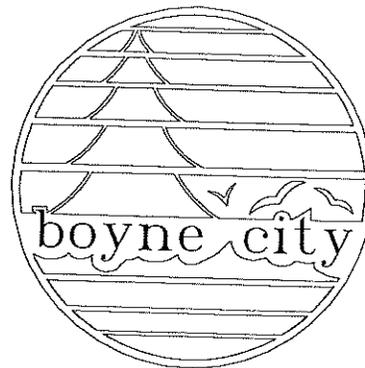
INTEROFFICE MEMORANDUM

TO: MICHAEL CAIN- CITY MANAGER *Mc*
FROM: MICHELE HEWITT-DEPUTY TREASURER *MH*
SUBJECT: BOYNE CITY HISTORICAL COMMISSION BOARD APPOINTMENT
DATE: 10/2/2013

At our September 16, 2013 Boyne City Historical Commission meeting the board voted to renew board appointments for Michele Hewitt, Nancy Fulkerson and Laura Sansom all three year terms expiring June 30, 2016.

CITY OF BOYNE CITY

To: Michael Cain, City Manager
From: Cindy Grice, City Clerk/Treasurer *CG*
Date: October 3, 2013
Subject: Non Monetary Suit Defense Coverage



Attached is the information from Paul Olson of Municipal Underwriters of Michigan regarding non monetary defense coverage that he suggested at the September 24, 2013 City Commission when the Property and Liability Insurance coverage for 2013/2014 was discussed and approved. This coverage would be \$25,000 per occurrence \$50,000 aggregate. The cost of this coverage for the year is \$300.00. Due to the reasonable cost to add this coverage, I am recommending approval to add the endorsement to our current Property and Liability policy.

RECOMMENDATION:

To approve the addition of the endorsement for non-monetary defense coverage for the City of Boyne City at a cost of \$300.00 for the 2013/2014 Property and Liability Insurance Policy with the Michigan Township Participating Plan and authorize the City Manager to execute the documents.

U.S. SPECIALTY INSURANCE COMPANY

ENDORSEMENT NO. _____

ATTACHED TO AND FORMING A PART OF POLICY NUMBER	ENDORSEMENT EFFECTIVE (Standard Time)					INSURED	AGENCY AND CODE
	MO.	DAY	YR.	12:01 A.M.	NOON		
				X			88800

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NON-MONETARY SUIT DEFENSE COSTS ENDORSEMENT

This endorsement modifies insurance provided under the following:

PUBLIC OFFICIALS LIABILITY COVERAGE FORM

As respects to any SUIT against the INSURED seeking non-monetary relief by reason of a WRONGFUL ACT, and which are otherwise covered by this policy, WE will pay on behalf of the INSURED reasonable costs and fees incurred in the defense of such SUITS subject to the following conditions:

1. OUR limit of liability for such costs and fees shall not exceed per SUIT and in the aggregate for the POLICY PERIOD.
2. Payments under this endorsement shall be in addition to OUR limit of liability as stated in the Declarations and SECTION V—LIMITS OF LIABILITY.
3. WE shall have no duty to investigate or defend any such SUITS.
WE shall have the right, at OUR option and expense, to investigate, take over the defense, or associate in the defense of any such SUIT.
4. OUR duty to pay begins only after WE are notified of a claim. Any expenses or costs incurred by YOU prior to OUR acceptance of the claim or SUIT are not covered by this policy.

For the purposes of this endorsement only, SUIT means an adjudicatory proceeding in a court of law.

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED

AUTHORIZED REPRESENTATIVE

DATE



Approved: _____

**Meeting of
SEPTEMBER 5,
2013**

MINUTES OF THE BOYNE CITY MAIN STREET BOARD REGULAR MEETING HELD ON THURSDAY, SEPTEMBER 5, 2013 AT 8:30 A.M. IN THE COMMISSION CHAMBERS AT CITY HALL, 319 NORTH LAKE STREET

Call to Order

Chair Swartz called the meeting to order at 8:31 a.m.

Roll Call

Present: Jodie Adams , Michael Cain ,Bob Carlile, Jim Jensen
Larry Lenhart, Pat O'Brien, and Rob Swartz

**Meeting
Attendance**

Absent: Robin Berry Williams (arrived at 8:40 am) and Michelle Cortright

City Staff: Main Street Manager Hugh Conklin, Assistant Planning, Zoning Administrator Annie Doyle and Recording Secretary Karen Seeley

Public: There was one person in attendance

Excused Absence

Adams moved, Cain second PASSED UNANIMOUSLY to excuse the absence of Michelle Cortright

**Approval of Minutes
MOTION**

Adams moved O'Brien second PASSED UNANIMOUSLY to approve the August 1, 2013 meeting minutes

Citizens Comments

None

Correspondence

None

**Main Street Committee
Reports**

In addition to the committee reports included in the agenda packet Main Street Manager Conklin reported on a few items:

- Stroll the Streets wrapped up its 10th season on Friday, August 30th. Overall it was another great summer. The Chamber and Main Street managers have done a general survey to the downtown merchants about the summer season. Most reported business had improved from the previous year. Discussion on the horse-carriage ride. Conklin felt the Chamber location was a better site. He felt this year was a learning experience for them.
- The Farmers Market hosted its second annual Friends Farm Meal and it was another successful event. Money raised from the evening will help pay for improvements to the winter market and to support other market initiatives. Their outdoor season continues through October and then will move indoors to the red building next to the library.
- Just a few details remain before we have the final numbers for the 2013 Boyne Thunder event.
- Four bids were received for the Art bike racks. The design committee should have a recommendation for the board at the October meeting

Manager's Report

- Main Street Manager Conklin reported on: The firm that got the bid for the Boardwalk project will begin next week.
- He attended a DDA meeting in St Ignace along with Assistant Planner Annie Doyle to discuss the Main Street program.
- Last October an application was submitted for a retail merchandising consultant to work with local businesses through Michigan Main Street. This will be a one-day presentation to the DDA retailers. We are trying to get a price to add one more day. Board suggestion to record the community presentation.
- The State of the Community luncheon will be held September 12 at noon, Sommerset Pointe.
- The board received a copy of a request for a letter of support from WATCH, Inc. (Water and Air Team Charlevoix). This is a Bike Share Pilot Program for Boyne City, Charlevoix and East Jordan. They are seeking funding from the local Community Foundation and private sources/donations to purchase at least 12 total bicycles, (4 to 5 bikes each community) helmets, locks and bike racks with brightly identifiable "Smart Commute" labels. This would be at no cost to the City; we would just provide the location and manpower. Board discussion regarding our liability? City Manager is checking with our underwriters. **Cain moved O'Brien second PASSED UNANIMOUSLY** for Main Street Manager Conklin to prepare a letter of support for the Bike Share Program for Boyne City, Charlevoix and East Jordan.

MOTION

UNFINISHED BUSINESS

"Pure Boyne" Marketing Campaign: Report from Advisory Committee

The advisory committee met with Randy Calcaterra to discuss the questions/concerns expressed by the board about his marketing initiative. He is making a lot of progress with the infrastructure and has been out videoing events and collecting data. Question of the time frame for budget? He should be back with a request in the fall. His "Live Boyne" LLC has been applied for.

NEW BUSINESS

Charlevoix County Community Foundation Veterans Park Pavilion Grant

Michigan Economic Development Corporation has approved up to a \$12,500 grant to assist with the Veterans Park Pavilion project. The grant requires a dollar-for-dollar match. This project will develop architectural designs and cost estimates to expand and retrofit Boyne City's Veterans Park pavilion into a multi-activity structure, including use as a permanent winter farmer's market location. The farmer's market committee under the leadership of Becky Harris has held fund raising events over the past two years and has accumulated funds to help with the match commitment. However, the market does not have the resources to fund the entire match and since the project involves far more than just the market's use of the pavilion, responsibility for the match should be shared. One opportunity for additional funding is from the Charlevoix County Community Foundation. The project has been discussed with Maureen Radke of the CCF staff and she said the project fits the foundation's criteria and it would be appropriate for Boyne City to submit a grant application requesting no more than \$5,000. The Foundation's application deadline is October 1st. Board discussion that this is worth the time and effort to pursue. What a great opportunity to build on the farmers market and the community as a whole.

MOTION

O'Brien moved Adams seconded PASSED UNANIMOUSLY that Main Street supports the grant application to the Charlevoix County Community Foundation requesting funds to support the Veterans Park Pavilion project.

Local Façade Grant Program

Over the past few years Boyne City has been fortunate to take advantage of façade grants through the MEDC and MSHDA. Those grants are still available but they are more competitive and their criteria and priorities do not always match ours. The emphasis of the state programs is on the core downtown area and their goal is too make a large impact on an area. We have seen the results of that with the work done that has been completed. Our Main Street / DDA district encompasses more than just the core downtown and we have identified areas on Boyne Avenue and North Lake Street as priorities. While it's possible, it is highly unlikely these areas would qualify for façade grants through the state. Developing a façade program is included in the DDA Development Plan approved in March 2010 and in recent years the Design committee has discussed creating a program to assist with local projects. The committee is now ready to recommend to the board the adoption of a local façade grant program. Its goal is to encourage private investment through the rehabilitation and improvement of facades within the Boyne City Main Street DDA District, to encourage good design that will serve as quality examples, and to preserve the architectural character that is distinctive to Boyne City. By improving the appearance of the building facades, the program serves to improve the economic viability of the downtown. This program, as proposed, provides a matching grant for facades within the Main Street / DDA District. For every dollar awarded the applicant must spend an equal amount. Individual grant amounts will be up to 50 percent of project cost. For the current year, \$10,000 is the amount recommended by the design committee to be allocated for the program. Recommendations for funding grant applications will be made by the Main Street Design Committee to the Main Street Board which will make all final grant-funding decisions. There is no set minimum or maximum number of projects per year. After review of the proposed grant program guidelines, board discussion on where the grant monies would come from. Boyne Thunder profits could be used. **Cain moved O'Brien seconded PASSED UNANIMOUSLY** that the Main Street Board approve the Boyne City Façade Grant policy as proposed and to set the allocation for the 2013-14 fiscal year at \$10,000. This could also be given in smaller amounts.

MOTION

Dilworth Hotel Michigan Economic Development Corporation Grant Application

The State Historical Preservation Office and MEDC environmental review has been submitted, which would allow Mr. Grove to start incurring expenses. There is a grant opportunity though the MEDC "Unique Downtown Development Grant" with a job creation requirement. We should support to move forward with this grant. The building is all cleaned out. Mr. Grove is trying to make this building sustainable and viable for the long term. How would the funds be used? Renovation of the building. **Adams moved Lenhart seconded PASSED UNANIMOUSLY** a motion of support for the Dilworth Hotel Michigan Economic Development Corporation Grant "Unique Downtown Development Grant. Board discussion regarding conflict of interest if the Main Street Manager continues to be involved in this project. This is a good way to foster Economic Development and Historic preservation in the DDA. The board has no issues with this nor do they see it as a conflict.

MOTION

(Carlile out at 9:28)

Food Truck -Discussion

Board discussion regarding being pro-active on this issue. Other communities allow food trucks and we should learn from them and have guidelines in place before we are approached with a request. It was suggested to have a small sub-committee to do the leg work and speak with other communities that have done this and come up with some guidelines. Main Street Manager Conklin suggested Assistant Planner Annie Doyle be apart of this committee along with Michelle Cortright and Jim Bauman and they will invite whom they feel would be a good fit.

GOOD OF THE ORDER

The first Triathlon was a great success with 191 people participating

It was a great Labor Day with major events all over town.

We continue to have ongoing communications with Devlon and they plan to bring something to the Planning Commission in the future.

The One Water Street project is moving forward

We didn't receive the Placemaking grant for Old City park.

ADJOURNMENT MOTION

Cain moved Adams seconded PASSED UNANIMOUSLY to adjourn the September 5, 2013 meeting of the Boyne City Main Street Board at 10:02 am.

Karen Seeley, Recording Secretary

Approved: _____

**MEETING OF
SEPTEMBER 5, 2013**

RECORD OF THE PROCEEDINGS OF THE **REGULAR BOYNE CITY
PARKS AND RECREATION COMMISSION MEETING HELD AT
6:00 P.M. AT RIVERSIDE PARK ON THURSDAY, SEPTEMBER 5, 2013.**

CALL TO ORDER

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

ROLL CALL

Present: Jo Bowman, Bill Kuhn, Heath Meeder, Mike Sheean, Marie Sheets, Jerry Swift and Gail Van Horn

Absent: Darryl Parish (arrived at 6:05 pm)

**MEETING
ATTENDANCE**

City Staff: Streets/Parks & Recreation Superintendent Andy Kovolski and Recording Secretary Pat Haver

Public Present: Two

**APPROVAL OF
MINUTES
MOTION**

VanHorn moved, Sheets seconded, PASSED UNANIMOUSLY, a motion to approve the August 8, 2013 meeting minutes as presented.

CITIZENS COMMENTS

None

DIRECTOR'S REPORT

Kovolski reported the following:

- Some hazardous trees have been removed from Avalanche trails; however, there are more trees that need to be removed.
- The city will be going out to bids to install irrigation in Veterans Park (between State St and the river) this next week
- The parks have been heavily used over the summer but seem to be holding up well.
- Archery targets have been ordered, and should be delivered soon. Were able to get 40% discount direct from the company.
- The sign at Avalanche has been approved in concept by this board, and the City Commission, just waiting on final verbiage from the Wood Shop.

CORRESPONDENCE

None

REPORTS OF OFFICERS, BOARDS AND STANDING COMMITTEES

Park Inspections

Riverside Park - Things are going well, it is getting some use.
Old City Park - Looking good, and is a peaceful park.
Tannery Beach - Usage has increased this past summer.
Veterans Park - Looks great considering all of the heavy use.
Peninsula Beach - Some use this summer, however, the volleyball courts don't seem to be used as often as a couple years ago.

Disc Golf

Forest Omland and Rob Wiltjer from the Boyne Valley Disc Golf Club gave an update on the use and condition of the course. (Report received and filed). Omland expressed his appreciation on behalf of the club regarding the mowing; it looks great and there have been a lot of positive comments. They have requested permission to hold a tournament on Saturday, October 19th; a park request form has been submitted. In the report, they are asking for consideration from the city to purchase 10 new Discraft Chainstar baskets. The baskets on the front 9 holes are the original baskets that were custom made. They have deteriorated in the past few years, and are in need of replacement. The club has looked into replacement basket options and has come up with a price quote. This would enhance the look of the course, and allow the club to offer sanctioned PDGA (Professional Disc Golf Association) events. The 10th basket would be used as a practice basket added behind the first tee pad. Kovolski indicated that the department would consider and add this request into the budget for 2014.

UNFINISHED BUSINESS

Tree Removal Maintenance

Face of the hill - The contractor and Andy will be meeting Tuesday or Wednesday of next week to get the work going.
Trail maintenance - City staff will continue to work on this as time allows.

Dog Park

Board members were not able to meet with the Humane Society Director Scott MacKenzie. A meeting will be scheduled for next week. Kovolski passed out an alternative map to the layout of the area. It is the same basic square footage, however, takes into consideration a different layout to move away from the residential houses in the area.

NEW BUSINESS

None

GOOD OF THE ORDER

VanHorn stated that the Garden Club has done a wonderful job this summer with all of the flowers around town and in the parks. Should this board consider sending a thank you note for all of their hard work? Kovolski indicated that the City Commission will take care of that. He also wanted to report that the Garden Club could possibly approach the city for some financial consideration in the future for assistance with the purchase of flowers.

Kuhn requested (6) skate "assist" devices for the ice rink this winter. They will be doing an ice skate and sled inventory. Also inquired about the possibility of security cameras for the face of the hill and inside the warming house. Kovolski reported security cameras for Old City Park for the gazebo and fountain, River Mouth building areas along with Avalanche have also been considered.

NEXT MEETING

The next regular meeting of the Parks and Recreation Board is scheduled for Thursday October 3, 2013 at 6 pm at City Hall.

ADJOURNMENT

****MOTION**

The September 5, 2013 meeting of the Parks and Recreation board was adjourned at 6:27 p.m. Moved by Sheets, seconded by Bowman, PASSED UNANIMOUSLY.

Pat Haver, Recording Secretary

Draft



Approved _____

**MEETING OF
September 9, 2013**

MINUTES OF THE BOYNE CITY ECONOMIC DEVELOPMENT CORPORATION MEETING DULY CALLED AND HELD ON MONDAY, SEPTEMBER 9, 2013, AT 12:00 NOON.

CALL TO ORDER

Chair Gillette called the meeting to order at 12:00 p.m.

ROLL CALL

Present: Kelly Bellant, Michael Cain, Richard Copeland, Michelle Cortright, Ralph Gillett and Marilea Grom
 Absent: Pat Anzell, Pete Friedrich and Josette Lory
 Staff: Planning and Zoning Assistant Annie Doyle and Recording Secretary Karen Seeley
 Public: Two

EXCUSED ABSENCE

Cortright moved Bellant seconded PASSED UNANIMOUSLY to excuse Pat Anzell.

MINUTE APPROVAL MOTION

Cain moved Bellant seconded PASSED UNANIMOUSLY to approve the minutes of July 8, 2013 as presented.

HEARING CITIZENS COMMENTS

None

CORRESPONDENCE

None

REPORTS OF OFFICERS, BOARDS AND STANDING COMMITTEES

None

**UNFINISHED BUSINESS
Park Business update**

Classic Instruments -Lot 1 transfer: City Manager Cain discussed with the board the recommendation that was made to the City Commission to approve the sale of lots 1 and 11 to Classic Instruments for their development purposes at the cost of \$1.00. They have already purchased lot 11 and with their expansion are ready to add lot 1 to their existing lot 11.

Great Lakes Golf site: A company, working through the NLEA is looking at the Great Lakes Golf building. They are a light manufacturing business with five employees and will add an additional five. The one problem they have is that they need three phase which is not available in the park at this time. When contacted, Consumers Energy said to add three phase would be \$16,000 to \$20,000. This could be a deal breaker. Who should be responsible for running three phase to the

park? Board discussion, there is a converter box available for \$2000. That may be a possibility.

LexaMar Site Storage: The board reviewed the letter from the MEDA regarding the outside storage at the LexaMar site. The letter extended our certification of the park until July 1, 2014, for the suggested steps to be taken by LexaMa. If the deadline is not met then the Boyne City Air Industrial Park would be decertified and would need to go through the entire certification process to re-enter the program. Charlie Siska Plant Manager and Grant Martincheck representatives for LexaMar were present and explained that some of the suggestions that were made by MEDA are not viable options at this point. They shared a rendering that would be the best and most viable option for them. They propose to add trees along the roadway line for screening. Board reminded them MEDC requires the trees be a minimum of eight feet high within three years of planting. Board discussion/suggestion to have the MEDC review the proposal and if they are ok with it, then submit it to the Planning Commission for their approval. **Grom moved Copeland seconded** a motion to recommend the MEDC accept the concept plans by LexaMar as outlined. It will then need to have Planning Commission approval. Bellant requested to abstain from the vote. **MOTION CARRIED.**

MOTION

NEW BUSINESS

LexaMar IFEC request: Charlie Siska Plant Manager and Grant Martincheck representatives of LexaMar were present to answer any questions the board may have. They explained that this is for new equipment to assemble products of new contracts they have acquired. After review of the application, the board scored the criteria section, with a total of 90 points, for twelve year abatement. **Cortright moved Grom second** to approve a recommendation to the City Commission that a 12 year IFEC be approved for LexaMar Corporation. Bellant requested to abstain from the vote. **MOTION CARRIED.**

MOTION

ADJOURNMENT

The September 9, 2013 Economic Development Corporation meeting was adjourned at 1:11 p.m.

Karen Seeley, Recording Secretary



Approved: _____

**MEETING OF
SEPTEMBER 9, 2013**

**MINUTES OF THE BOYNE CITY LOCAL DEVELOPMENT FINANCE
AUTHORITY MEETING DULY CALLED AND HELD ON MONDAY, SEPTEMBER
9, 2013**

CALL TO ORDER

Chair Gillette called the meeting to order at 1:11 p.m.

ROLL CALL

Present: Kelly Bellant, Michael Cain, Richard Copeland, Michelle Cortright,
and Ralph Gillett
Absent: Pat Anzell, Pete Friedrich and Josette Lory

MEETING ATTENDANCE

Staff: Recording Secretary Karen Seeley
Public: None

**EXCUSED ABSENCES
MOTION
APPROVAL OF
MINUTES
MOTION**

Cain moved Cortright seconded PASSED UNANIMOUSLY to excuse Pat Anzell.
Bellant moved, Cortright seconded, PASSED UNANIMOUSLY to approve the July 8, 2013
minutes as presented.

UNFINISHED BUSINESS

C2AE is working on the drainage plan. Nothing to report.
The board inquired about the project/video by Randy Calcaterra. City Manager Cain
reported that he has made a lot of progress and is working on a business plan.
Mobile Lab: City Manager Cain reported the Charlevoix County has filled our gap. They
are still working their way through the approval process with the State.

NEW BUSINESS

The Friends of the Boyne River are working towards a trail that would work its way to
Boyne Mountain.

GOOD OF THE ORDER

None

NEXT MEETING

The next meeting of the Local Development Finance Authority is scheduled for Monday,
November 11, 2013

ADJOURNMENT

The September 9, 2013 Local Development Finance Authority meeting was adjourned at 1:23
p.m.

Pete Friedrich, LDFA Secretary

Karen Seeley, Recording Secretary

BOYNE CITY HISTORICAL COMMISSION

Minutes of September 16, 2013

7:00 p.m.

Boyne City Hall

CALL TO ORDER: 7:00pm

PRESENT: Hewitt, Sansom, Fulkerson and Dole

ABSENT: Kuhn

GUEST: none

APPROVAL OF MINUTES: Minutes from the June 17, 2013 meeting, Sansom motioned, second by Dole, all ayes.

OLD BUSINESS:

- A. Committee will continue to find volunteers to help with past perfect entry. Richard Bouters has expressed an interest in helping.
- B. Winter window display, look for photos between now and next meeting. It was discussed that perhaps a photo of a train in the winter months would be nice.
- C. Boyne City bricks are available from Gary Gray, storage is still an issue. Michele will ask city staff if we can store them in the garage or other locations. It was also mentioned that maybe the red building that the library has could be used.
- D. LaFrance Anniversary, need to organize a committee. Yvonne Looze has already expressed an interest to be involved. Contact Fred Lehto to see if he would want to help.

NEW BUSINESS:

- A. Replace two vacancies on board. City Clerk will be placing an add in the paper and we will be included. Richard Bouters may want to serve on this board, he will need to be contacted to see if he has an interest. Provide this information in the newsletter that goes out with the taxes.
- B. Renewal of board appointments for Sansom, Fulkerson and Hewitt for three year terms. Motioned by Dole, second by Fulkerson, all ayes. Memo will be sent to city commission for final approval of this renewal.

Public restrooms in the museum are now locked at 5:00 pm when city hall closes and opened at 6:00am.

Donate a Boyne City brick for the free clinic fundraiser.

Discussion on reprinting of the "Settlers to Sidewalks" book, contact Bob Morgridge to get permission. Also consider reprint of the "A Pictural History of Boyne Valley Area".

CITIZENS COMMENTS-none

COMMUNICATIONS

Charles Goodemoore has a wooden Pattern Wheel he would like to donate but it would have to pick up at his home in Ionia. Need to locate someone who may be traveling to this area.

1901 plat books limited supply maybe the library could digitally scan.

Looking for Whiting Park pictures, they have an anniversary coming up and are looking for old photos.

Next Meeting: December 16, 2013

Adjourned: 7:50 P.M.

Approved: _____

**Meeting of
September 16, 2013**

Record of the proceedings of the Boyne City Planning Commission meeting held at Boyne City Hall, 319 North Lake Street, on Monday, September 16, 2013 at 5:00 pm.

Call to Order

Chair MacKenzie called the meeting to order at 5:02 p.m.

Roll Call

Present: George Ellwanger, Chris Frasz, Jim Kozlowski, Jane MacKenzie, Lori Meeder, Tom Neidhamer, Aaron Place (arrived at 5:15 pm), and Joe St. Dennis
Absent: Gretchen Crum

2013-09-16-02

Neidhamer moved, Kozlowski seconded, PASSED UNANIMOUSLY, a motion to excuse the absence of Frasz from the August meeting and Crum from the September meeting.

Meeting Attendance

City Officials/Staff: Planning Director Scott McPherson, and Recording Secretary Pat Haver
Public Present: None

Consent Agenda

2013-09-16-03

Ellwanger moved, Meeder seconded, PASSED UNANIMOUSLY, a motion to approve the consent agenda. Approval of the August 19, 2013 Planning Commission minutes as presented.

**Comments on
Non-Agenda Items**

None

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

None

Unfinished Business

None

New Business

Marvin Loding Award

Planning Director McPherson discussed the Marvin Loding Award. The City Commission wanted this commission to discuss re-instituting the award. In the past (3) separate categories were looked at: Civic Involvement, Home and Business or Industry. The board felt that it should look at the nominations as relating to planning and zoning with the possibility of looking at green technology and innovations, landscaping, signage along with the other established criteria and not a popularity contest. They agreed that it should be looked at each year, but only give out one award from all three categories. If there are nominations and they do not fall within the guidelines, the board felt that a nominee should not be given the award, just because one needs to be given out each year. They felt the best place for Civic Involvement was to be recognized at the Community picnic. The board felt that the time frame should also be changed. Look at reviewing the applications in August, and present an award, if applicable, in September.

**Review Boyne City
Master Plan Natural
Resources Section**

Planning Director Scott McPherson discussed the draft Natural Resources section for the master plan. It hasn't changed much from the old version. As a part of this chapter's revisions, additional updated maps have been included along with historical climate conditions and watershed levels. Fish and game inventories were asked about. These are usually done at the County level. If there is any

additional information any of you would like added, let Scott know.
The next section to be reviewed will be Land Uses along with Infrastructure (system) facilities.

Staff Report

- Tip of the Mitt Watershed Plan Advisory Committee is hosting a luncheon on September 25th from 11:00 am to 1:30 pm. If anyone is interested in attending, please advise Scott.
- No plans for the accessory building from the Harborage have been received yet.
- Devlon was offered a pre-application meeting, and it does not look like they will take advantage of it; so they possibly will just submit a plan directly in the future.
- The 1 Water Street groundbreaking has occurred. No permits have been issued as of yet, they hope to begin construction this fall. They are looking at the city water and sewer lines that run under the private streets and making sure easements and everything is taken care of prior to construction.
- With our status for the Re-development Ready Community, they will be looking at our ordinances, so updates for the commission to consider maybe coming.

Good of the Order

- Status of Kirtland? City is pursuing legal options.
- Street tree plantings? The time frame for plantings and removals is slated to go out to bid soon, and should be started in fall, possibly with an October time frame.

The next meeting of the Boyne City Planning Commission is scheduled for October 21, 2013 at 5:00 pm in the Auditorium.

Adjournment

****MOTION**

2013-09-16-10

Meeder moved, St. Dennis seconded, PASSED UNANIMOUSLY a motion to adjourn the September 16, 2013 meeting at 5:46 p.m.

Jane Mackenzie, Chair

Pat Haver, Recording Secretary



Approved: _____

**MEETING OF
SEPTEMBER 19, 2013**

**RECORD OF THE PROCEEDINGS OF THE REGULAR MEETING OF THE
BOYNE CITY AIRPORT ADVISORY BOARD HELD SEPTEMBER 19,
2013**

CALL TO ORDER

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

ROLL CALL

Present: Richard Bouters, Ed Hennessey, Jerry Schmidt, Oral Sutliff and Bud Chipman*

ATTENDANCE

Absent: Rod Cortright*, Jim Kozlowski*, Leon Jarema* Larry Trumble* and Roger Reynolds (arrived at 5:40 pm)
*Ex Officio Members

Staff: Airport Manager/City Manager Michael Cain

EXCUSED ABSENCES

None

**APPROVAL OF MINUTES
MOTION**

Sutliff moved Hennessy seconded PASSED UNANIMOUSLY to approve the August 29, 2013 minutes as pending corrections.

CORRESPONDENCE

None

UNFINISHED BUSINESS

Hangar Inquires/Leasing:

- **A-14** (with garage) rented as of October 1, 2013.
- **C-19** (with garage) John Ramsey in garage only. Someone is interested in renting this hangar and would like to make some improvements at their expense. The board will review any changes when they are presented after a lease is in place.
- **Leak Repair:** Hangar C17 has some water leaking from the roof. The City Maintenance Supervisor will make repairs. Also identified was a need to repair or replace the seal at the bottom of the hangar door. The Maintenance Supervisor will check into this as well.

Tie Down Fees: After discussion regarding the Tie-Down fees at the airport, **Schmidt moved, Sutliff seconded PASSED UNANIMOUSLY** to recommend to the City Commission the following changes to the Tie-Down fee schedule: 1) Increase the Overnight Airplane parking from current \$3.00/night to \$5.00/night. 2.) To charge a rate of \$30.00/ month for airplane parking on all tie-down surfaces (grass and/or ramp).

Drag Race Revenue: The board reviewed the revenue sheet (received and filed).

NEW BUSINESS

Safety Seminar: Tuesday October 15th at 6:00 pm Airport Terminal. E-mail notification of this event will go out on October 1, 2013 from the FAA.

Recreation Trail Trailhead: A proposal is in progress to establish a Recreational Trail on the old railroad right of way between Boyne City and Boyne Falls. This proposal includes having the trailhead begin at the entrance to the Airport. Reconfiguration of parking, terminal entry to restrooms and terminal security will be required. The Airport Board will review plans as they are presented.

Courtesy Vehicle: A courtesy vehicle is now available for airport use as a crew car and will be at the airport until spring.

GOOD OF THE ORDER

- AV Fuel price \$5.76 per gallon as of August 26, 2013
-

**ANNOUNCEMENTS
NEXT MEETING**

The next regular Airport Advisory Board meeting is scheduled for Thursday, October 24, 2013 at 5:30 in the Airport Terminal.

Richard Bouters has successfully completed the requirements and is now certified as an Assistant Airport Manager for the Boyne City Municipal Airport. (See attached).

ADJOURNMENT

Chair Reynolds adjourned the Airport Advisory Board meeting at 6:30p.m.

Richard L. Bouters



City of Boyne City

Agenda Item 9A
MEMO

Date: October 1, 2013
To: City Manager Michael Cain *Mc*
From: Cindy Grice, Clerk / Treasurer *cg*
Subject: Lexamar Corporation IFEC

At its regular meeting held Monday, September 9, 2013, the City's Economic Development Corporation (EDC) considered a tax abatement application from Lexamar Corporation for new machinery, and equipment. Enclosed for the City Commission's review and consideration are the application and supporting materials provided by Classic Instruments for that meeting.

Based upon their review of the criteria related to the request the EDC Board approved a motion recommending a twelve (12) year abatement, out of a maximum abatement period allowable of 12 years. Factors considered were the number of jobs proposed, the average wages, stability of the jobs, the amount of the investment in new machinery and equipment (\$15,658,434), type of industry, whether new utilities are required (they are not), building appearance and an overall catch-all category.

The project is to be reevaluated every two years to help insure that the project continues to meet the required criteria.

Notices for the upcoming Public Hearing have been sent to the other affected taxing jurisdictions to allow them to comment on this request. As of the time this memo was prepared we have no comments from other jurisdictions.

RECOMMENDATION: The Economic Development Corporation recommends that the City Commission approve the tax abatement request of the Lexamar Corporation for a period of twelve (12) years, approve the authorizing resolution and authorize the City Manager and City Clerk/Treasurer to sign and submit the documents necessary to execute the abatement as requested.

CITY OF BOYNE CITY
COUNTY OF CHARLEVOIX
Resolution 2013-10-XXX

**APPROVING APPLICATION OF LEXAMAR CORPORATION FOR
INDUSTRIAL FACILITIES EXEMPTION CERTIFICATE FOR
NEW MACHINERY AND EQUIPMENT INSTALLATION**

WHEREAS, pursuant to P.A. 198 of 1974, M.CL 207.551 et seq., after a duly noticed public hearing held on July 23, 1985, the Boyne City Commission by resolution established Boyne City Industrial Development District No. 2, as requested by LexaMar Corporation; and

WHEREAS, LexaMar Corporation has filed an application for an Industrial Facilities Exemption Certificate with respect to new machinery and equipment to be acquired and installed within the Industrial Development No. 2; and

WHEREAS, before acting on October 8, 2013, Boyne City Hall, 319 North Lake Street, Boyne City, Michigan at 7:00 p.m. at which hearing the applicant, the Assessor and representatives of the affected taxing units were given written notice and were afforded an opportunity to be heard on said application; and

WHEREAS, installation of new machinery and equipment had not begun earlier than six (6) months before August 27, 2013, the date of the acceptance of the application for the Industrial Facilities Exemption Certificate; and

WHEREAS, completion of the proposed equipment installation is calculated to and will at the time of issuance of the certificate have the reasonable likelihood to retain, create or prevent the loss of employment in the City of Boyne City; and

WHEREAS, the aggregate SEV of real and personal property exempt from ad valorem taxes within the City of Boyne City, after granting this certificate, will not exceed 5% of an amount equal to the sum of the SEV of the unit, plus the SEV of personal and real property thus exempted.

NOW, THEREFORE, BE IT RESOLVED BY the City Commission of the City of Boyne City that:

1. The Boyne City Commission finds and determines that the granting of the Industrial Facilities Exemption Certificate considered together with the aggregate amount of certificates previously granted and currently in force under Act No. 198 of the Public Acts of 1974 and Act No. 255 of the Public Acts of 1978, shall not have the effect of substantially impeding the operation of the City of Boyne City, or impairing the financial soundness of a taxing unit which levies ad valorem property taxes in the City of Boyne City.
2. The application of LexaMar Corporation for an Industrial Facilities Exemption Certificate with respect to new equipment and machinery to be acquired and installed on the following described parcel of real property situated within the Boyne City Industrial Development District No. 2, to wit:

Refer to attached legal description
Exhibit A

be and the same is hereby approved.

3. The Industrial Facilities Exemption Certificate when issued shall be and remain in force and effect for a period of 12 years after completion.

ROLL CALL

Aye:

Nay:

Abstain:

Absent:

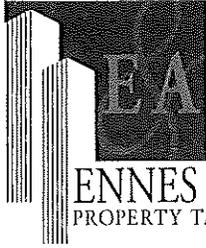
RESOLUTION DECLARED _____.

Cindy Grice, Boyne City Clerk/Treasurer

I, Cindy Grice, City Clerk/Treasurer of the City of Boyne City, County of Charlevoix and State of Michigan, hereby certify that the above is a true and complete copy of a resolution adopted by the City of Boyne City at its regular meeting held Tuesday, October 8, 2013, and that said meeting was conducted and public notice of said meeting was given pursuant to and in full compliance with the Open Meetings Act 267 of the Public Acts of Michigan of 1976, and the minutes of said meeting were kept and will be or have been made available as required by said Act.

Cindy Grice, Boyne City Clerk/Treasurer

Date



ENNES & ASSOCIATES, INC.
PROPERTY TAX CONSULTANTS & APPRAISERS

September 5, 2013

Ms. Cindy Grice
City Clerk
City of Boyne City
319 N. Lake Street
Boyne City, Michigan 49712

RE: 2013 IFEC APPLICATION
Lexamar Corporation
100 Lexamar Drive
Boyne City, Michigan

Dear City Clerk:

Enclosed is a completed application packet in triplicate for a new personal property only IFEC. The original was previously sent via fax. The application packet consists of the following documents:

1. Application Form 1012
2. Legal Description of real property on which facility is located
3. Itemized listing of Machinery & Equipment with estimated start dates
4. Affidavit of project start date
5. Affidavit of fees

The required Letter of Agreement will be forwarded separately upon completion. If you have any questions or require any additional information please contact me direct at 847-577-0961.

Sincerely,

ENNES & ASSOCIATES, Inc.

Jay T. Jerome
Manager, Tax Compliance

Enclosures

That part of the property located in the City of Boyne City, County of Charlevoix, State of Michigan, which is a part of the property described as follows:

A parcel of land on part of the SW 1/4 of the SE 1/4 of Section 36, T33N-R6W, City of Boyne City, Evageline Township, Charlevoix County, Michigan described as commencing at the S 1/4 of Corner of said Section 36, T33N-R6W; thence S89°59'20"E, 599.15' along the south line of said Section 36 to the POINT OF BEGINNING; thence N02°31'30"E, 1199.62'; thence S87°21'23"E, 736.63'; thence S02°31'30"W, 1165.75' along the east 1/8 line of said Section 36' thence N89°59'20"W, 737.34' along the South line of said Section 36 to the point of beginning and containing 20.00 acres more or less and being subject to vertical height restrictions over 1.53 acres in the northwest corner of said described parcel as shown hereon and subject to plat restrictions of the proposed Boyne City Air Industrial Park and any other easements or restrictions of record, if any, being only the part which is outlined in red on the attached drawing.

Application for Industrial Facilities Tax Exemption Certificate

Issued under authority of Public Act 198 of 1974, as amended. Filing is mandatory.

INSTRUCTIONS: File the original and two copies of this form and the required attachments (three complete sets) with the clerk of the local government unit. The State Tax Commission (STC) requires two complete sets (one original and one copy). One copy is retained by the clerk. If you have any questions regarding the completion of this form or would like to request an informational packet, call (517) 373-2408.

To be completed by Clerk of Local Government Unit	
Signature of Clerk	▶ Date received by Local Unit
STC Use Only	
▶ Application Number	▶ Date Received by STC

APPLICANT INFORMATION

All boxes must be completed.

▶ 1a. Company Name (Applicant must be the occupant/operator of the facility) LEXAMAR CORPORATION	▶ 1b. Standard Industrial Classification (SIC) Code - Sec. 2(10) (4 or 6 Digit Code) 3089	
▶ 1c. Facility Address (City, State, ZIP Code) (real and/or personal property location) 100 LEXAMAR DRIVE, BOYNE CITY, MI 49712	▶ 1d. City/Township/Village (Indicate which) BOYNE CITY	▶ 1e. County CHARLEVOIX
▶ 2. Type of Approval Requested <input checked="" type="checkbox"/> New (Sec. 2(4)) <input type="checkbox"/> Transfer (1 copy only) <input type="checkbox"/> Speculative Building (Sec. 3(8)) <input type="checkbox"/> Rehabilitation (Sec. 3(1)) <input type="checkbox"/> Research and Development (Sec. 2(9))	▶ 3a. School District where facility is located BOYNE CITY	▶ 3b. School Code 15020
▶ 4. Amount of years requested for exemption (1-12 Years) TWELVE (12)		

5. Per section 5, the application shall contain or be accompanied by a general description of the facility and a general description of the proposed use of the facility, the general nature and extent of the restoration, replacement, or construction to be undertaken, a descriptive list of the equipment that will be part of the facility. Attach additional page(s) if more room is needed.

The facility houses manufacturing operations for Lexamar Corporation a supplier to the automotive industry. The project consists of the purchase and installation of machinery and equipment necessary for existing operations and potential new business. See attached itemized listing.

6a. Cost of land and building improvements (excluding cost of land)	▶ <u>\$0.00</u>
* Attach list of improvements and associated costs. * Also attach a copy of building permit if project has already begun.	Real Property Costs
6b. Cost of machinery, equipment, furniture and fixtures	▶ <u>\$15,658,434.00</u>
* Attach itemized listing with month, day and year of beginning of installation, plus total	Personal Property Costs
6c. Total Project Costs	▶ <u>\$15,658,434.00</u>
* Round Costs to Nearest Dollar	Total of Real & Personal Costs

7. Indicate the time schedule for start and finish of construction and equipment installation. Projects must be completed within a two year period of the effective date of the certificate unless otherwise approved by the STC.

	<u>Begin Date (M/D/Y)</u>	<u>End Date (M/D/Y)</u>	
Real Property Improvements ▶	_____	_____	▶ <input type="checkbox"/> Owned <input type="checkbox"/> Leased
Personal Property Improvements ▶	<u>3/4/13</u>	<u>9/1/15</u>	▶ <input checked="" type="checkbox"/> Owned <input type="checkbox"/> Leased

▶ 8. Are State Education Taxes reduced or abated by the Michigan Economic Development Corporation (MEDC)? If yes, applicant must attach a signed MEDC Letter of Commitment to receive this exemption. Yes No

▶ 9. No. of existing jobs at this facility that will be retained as a result of this project. **325**

▶ 10. No. of new jobs at this facility expected to create within 2 years of completion. **42**

11. Rehabilitation applications only: Complete a, b and c of this section. You must attach the assessor's statement of SEV for the entire plant rehabilitation district and obsolescence statement for property. The Taxable Value (TV) data below must be as of December 31 of the year prior to the rehabilitation.

a. TV of Real Property (excluding land)

b. TV of Personal Property (excluding inventory)

c. Total TV

▶ 12a. Check the type of District the facility is located in:
 Industrial Development District Plant Rehabilitation District

▶ 12b. Date district was established by local government unit (contact local unit)
7/23/85

▶ 12c. Is this application for a speculative building (Sec. 3(8))?
 Yes No

APPLICANT CERTIFICATION - complete all boxes.

The undersigned, authorized officer of the company making this application certifies that, to the best of his/her knowledge, no information contained herein or in the attachments hereto is false in any way and that all are truly descriptive of the industrial property for which this application is being submitted.

It is further certified that the undersigned is familiar with the provisions of P.A. 198 of 1974, as amended, being Sections 207.551 to 207.572, inclusive, of the Michigan Compiled Laws; and to the best of his/her knowledge and belief, (s)he has complied or will be able to comply with all of the requirements thereof which are prerequisite to the approval of the application by the local unit of government and the issuance of an Industrial Facilities Exemption Certificate by the State Tax Commission.

13a. Preparer Name Ennes & Associates, Inc.	13b. Telephone Number (847) 577-6500	13c. Fax Number (847) 577-0524	13d. E-mail Address
14a. Name of Contact Person Jay Jerome	14b. Telephone Number (847) 577-0961	14c. Fax Number (847) 577-0524	14d. E-mail Address jjerome@ennestax.com
▶ 15a. Name of Company Officer (No Authorized Agents) <i>John M. Strick</i>			
15b. Signature of Company Officer (No Authorized Agents) <i>John M. Strick</i>		15c. Fax Number 248-729-2515	15d. Date 8/23/13
▶ 15e. Mailing Address (Street, City, State, ZIP Code) 100 Lexamar Drive, Boyne City, MI 49712		15f. Telephone Number 248-729-2504	15g. E-mail Address John.Strick@Magnum.Cad

LOCAL GOVERNMENT ACTION & CERTIFICATION - complete all boxes.

This section must be completed by the clerk of the local governing unit before submitting application to the State Tax Commission. Check items on file at the Local Unit and those included with the submittal.

▶ 16. Action taken by local government unit <input type="checkbox"/> Abatement Approved for ____ Yrs Real (1-12), ____ Yrs Pers (1-12) After Completion <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Denied (Include Resolution Denying)	16b. The State Tax Commission Requires the following documents be filed for an administratively complete application: Check or Indicate N/A If Not Applicable <input type="checkbox"/> 1. Original Application plus attachments, and one complete copy <input type="checkbox"/> 2. Resolution establishing district <input type="checkbox"/> 3. Resolution approving/denying application. <input type="checkbox"/> 4. Letter of Agreement (Signed by local unit and applicant) <input type="checkbox"/> 5. Affidavit of Fees (Signed by local unit and applicant) <input type="checkbox"/> 6. Building Permit for real improvements if project has already begun <input type="checkbox"/> 7. Equipment List with dates of beginning of installation <input type="checkbox"/> 8. Form 3222 (if applicable) <input type="checkbox"/> 9. Speculative building resolution and affidavits (if applicable)
16a. Documents Required to be on file with the Local Unit Check or Indicate N/A if Not Applicable <input type="checkbox"/> 1. Notice to the public prior to hearing establishing a district. <input type="checkbox"/> 2. Notice to taxing authorities of opportunity for a hearing. <input type="checkbox"/> 3. List of taxing authorities notified for district and application action. <input type="checkbox"/> 4. Lease Agreement showing applicants tax liability.	
16c. LUCI Code	16d. School Code
17. Name of Local Government Body	▶ 18. Date of Resolution Approving/Denying this Application

Attached hereto is an original and one copy of the application and all documents listed in 16b. I also certify that all documents listed in 16a are on file at the local unit for inspection at any time.

19a. Signature of Clerk	19b. Name of Clerk	19c. E-mail Address
19d. Clerk's Mailing Address (Street, City, State, ZIP Code)		
19e. Telephone Number	19f. Fax Number	

State Tax Commission Rule Number 57: Complete applications approved by the local unit and received by the State Tax Commission by October 31 each year will be acted upon by December 31. Applications received after October 31 may be acted upon in the following year.

Local Unit: Mail one original and one copy of the completed application and all required attachments to:

State Tax Commission
Michigan Department of Treasury
P.O. Box 30471
Lansing, MI 48909-7971

(For guaranteed receipt by the STC, it is recommended that applications are sent by certified mail.)

STC USE ONLY				
▶ LUCI Code	▶ Begin Date Real	▶ Begin Date Personal	▶ End Date Real	▶ End Date Personal

Instruction for Completing Form 1012, Industrial Facilities Tax Exemption (IFT) Application

The completed original application form 1012 and all required attachments, plus two additional copies, **MUST** be filed with the clerk of the local unit of government where the facility is or will be located. Complete applications must be received by the State Tax Commission by October 31 to ensure processing and certification for the following tax year. Applications received after the October 31 deadline will be processed as expeditiously as possible.

Please note that attachments listed on the application in number 16a are to be retained by the local unit of government, and attachments listed in number 16b are to be included with the application when forwarding to the State Tax Commission (STC).

(Before commencement of a project the local unit of government must establish a district, or the applicant must request in writing a district be established, in order to qualify for an IFT abatement. Applications and attachments must be received by the local unit of government within six months of commencement of project.)

The following information is required on separate documents attached to form 1012 by the applicant and provided to the local unit of government (city, township or village) in triplicate. (Providing an accurate school district where the facility is located is vital.)

1. Legal description of the real property on which the facility is or will be located. Also provide property identification number if available.
2. Personal Property Requirements: Complete list of new machinery, equipment, furniture and fixtures which will be used in the facility. The list should include description, beginning date of installation or expected installation by month/day/year, and costs or expected costs (see sample). Detail listing of machinery and equipment must match amount shown on question 6b of the application. Personal property applications must have attached a certified statement/affidavit as proof of the beginning date of installation (see sample).
3. Real Property Requirements: Proof of date the construction started (groundbreaking). Applicant must include one of the following if the project has already begun; building permit, footings inspection report, or certified statement/affidavit from contractor indicating exact date of commencement.
4. Complete copy of lease agreement as executed, if

applicable, verifying lessee (applicant) has direct ad valorem real and/or personal property tax liability. The applicant must have real and/or personal property tax liability to qualify for an IFT abatement on leased property. If applying for a real property tax exemption on leased property, the lease must run the full length of time the abatement is granted by the local unit of government.

The following information is required of the local unit of government: [Please note that only items 2, 4, 5, 6, & 7 below are forwarded to the State Tax Commission with the application, along with items 2 & 3 from above. The original and one complete copy are required by the STC. The remaining items are to be retained at the local unit of government for future reference. **(The local unit must verify that the school district listed on all IFT applications is correct.)**]

1. A copy of the notice to the general public and the certified notice to the property owners concerning the establishment of the district.
2. Certified copy of the resolution establishing the Industrial Development District (IDD) or Plant Rehabilitation District (PRD), which includes a legal description of the district (see sample). If the district was not established prior to the commencement of construction, the local unit shall include a certified copy or date stamped copy of the written request to establish the district.
3. Copy of the notice and the certified letters to the taxing authorities regarding the hearing to approve the application.
4. Certified copy of the resolution approving the application. The resolution must include the number of years the local unit is granting the abatement and the statement "the granting of the Industrial Facilities Exemption Certificate shall not have the effect of substantially impeding the operation of (governmental unit), or impairing the financial soundness of a taxing unit which levies ad valorem property taxes in (governmental unit – see sample).
5. Letter of Agreement (signed by the local unit of government and the applicant per P.A. 334 of 1993 (see sample).

6. Affidavit of Fees (signed by the local unit of government and the applicant), (Bulletin 3, January 16, 1998). This statement may be incorporated into the Letter of Agreement (see sample).
7. Treasury Form 3222 (if applicable) - Fiscal Statement for Tax Abatement Request.

The following information is required for rehabilitation applications in addition to the above requirements:

1. A listing of existing machinery, equipment, furniture and fixtures which will be replaced or renovated. This listing should include description, beginning date of installation or expected installation by month/day/year, and costs or expected costs.
2. A rehabilitation application must include a statement from the Assessor showing the taxable valuation of the plant rehabilitation district, separately stated for real property (EXCLUDING LAND) and personal property. Attach a statement from the assessor indicating the obsolescence of the property being rehabilitated.

The following information is required for speculative building applications in addition to the above requirements:

1. A certified copy of the resolution to establish a speculative building.
2. A statement of non-occupancy from the owner and the assessor.

Please refer to the following Web site for P.A. 198 of 1974:
<http://www.legislature.mi.gov/>.

For guaranteed receipt by the State Tax Commission, it is recommended that applications and attachments are sent by certified mail.

**INDUSTRIAL FACILITIES EXEMPTION
MACHINERY & EQUIPMENT LIST**

**LEXAMAR CORPORATION
100 LEXAMAR DRIVE
BOYNE CITY, MI 49712**

Beginning date of installation: 3/4/2013
Estimated completion date of installation: 9/1/2015

<u>Equipment Description</u>	<u>Installation Date</u>	<u>Costs</u>
SAN Expansion for VM Ware	3/4/13	\$12,758.00
RJG-EDart for Molding	3/8/13	\$100,000.00
Replace/Spare Centrifugal Coating Pump	3/27/13	\$8,000.00
Ford-CD 391 Sac Panel-Shipping Containers	4/5/13	\$381,000.00
Molding Maintenance Spare Parts	5/1/13	\$50,000.00
Paintline Washer Tube Burner Replacement	5/1/13	\$24,000.00
Corvette Annealing Racks	6/3/13	\$20,000.00
Automated Rack Foot Cleaner	7/1/13	\$10,000.00
Replace URSA Doors	7/1/13	\$13,000.00
Replacement Lap Tops and Desk Tops	7/1/13	\$22,000.00
Ford-CD 391 Sac Panel-Assembly Cell	7/1/13	\$16,000.00
Ford U502 Jan 2013 Volume Increase Study	7/1/13	\$198,000.00
P415 Error Proof Tester	7/1/13	\$26,000.00
URSA Chiller Refurbishment	7/1/13	\$32,000.00
K2xx Pillars Assembly Equip	8/1/13	\$841,000.00
Load Conveyor Q-25 Improved Air Blowoff	8/1/13	\$5,000.00
Lean Manufacturing - Assembly Dept.	8/1/13	\$10,000.00
Container Handling Systems	8/1/13	\$4,000.00
Webasto Injection Molding Machine(not budg)	8/1/13	\$823,000.00
CD31 Sac Panel Assembly Cell Add'l detection	8/1/13	\$8,000.00
U502 Welder Vibration Nest	8/1/13	\$20,000.00
U502 Volume Increase Assembly Cell	8/1/13	\$91,000.00
Qt. Captl-CD 391 Sac Panel	9/1/13	\$226,000.00
Water Flow Sensors	9/1/13	\$55,000.00
Plumb Silos (Central Material Handling)	9/1/13	\$300,000.00
Central Material Handling (Additional required)	9/1/13	\$420,000.00
Add conveyor to hold racks in Position	9/1/13	\$40,000.00
Shipping Dock Refurbishments	9/1/13	\$9,000.00
Ergo team projects, lift tables, lift assist devices	9/1/13	\$19,000.00
ADP Upgrade - HR	10/1/13	\$8,000.00
Perfode Performance Review System	10/1/13	\$7,000.00
Camry C Pillar Quote Capital (not budg)	10/1/13	\$1,213,176.00
Webasto WIP & Shipping Containers	11/1/13	\$202,000.00
K2xx Top Cap WIP Racks	12/1/13	\$71,000.00
K2xx Pillars WIP Racks	12/1/13	\$125,000.00
Ford-CD 391 Sac Panel-WIP Containers	12/1/13	\$2,000.00
High Potential - Ford S550 Hood Vent QC	12/1/13	\$235,000.00
Ford P415 Volume Increase	12/1/13	\$159,000.00

<u>Equipment Description</u>	<u>Installation Date</u>	<u>Costs</u>
Webasto WIP & Shipping Containers	3/1/14	\$204,000.00
Camry C Pillar Quote Capital (not budg)	3/1/14	\$1,053,000.00
High Potential - Ford S550 Hood Vent QC	3/1/14	\$51,000.00
RJG-EDart for Molding	3/1/14	\$100,000.00
Component Storage-Molding	3/1/14	\$50,000.00
990 Ton Refurbishment	3/1/14	\$50,000.00
Auto Scheduling at "MTA"	3/1/14	\$25,000.00
R.O. Water Membrane Replacement	3/1/14	\$10,000.00
Ultrasonic Clean Tank Refurbishment	3/1/14	\$25,000.00
Replace URSA Doors	3/1/14	\$25,000.00
HEPA Filter Replacement	3/1/14	\$20,000.00
Replace Company Truck	3/1/14	\$30,000.00
Replacement Lap Tops and Desk Tops-Engineering	3/1/14	\$5,000.00
Maintenance Capital	3/1/14	\$450,000.00
Computer Hardware/Software	3/1/14	\$60,000.00
Load Balancers for Service Layer	3/1/14	\$32,000.00
1815 Axial Mounted Robot	3/1/14	\$105,000.00
Electric Paint Agitators	6/1/14	\$70,000.00
Intrinsically Safe Bar Code Reader for Paint Mix Kitchens	6/1/14	\$18,000.00
Replace Rack Carrier Wheels & Casters-Paintline	6/1/14	\$70,000.00
Spare Parts - URSA	6/1/14	\$25,000.00
Lean Manufacturing - Assembly Dept.	6/1/14	\$10,000.00
Equipment Upgrades - Assembly Dept	6/1/14	\$25,000.00
Shipping Dock Refurbishments	6/1/14	\$40,000.00
Gage Racking System - Phase 1	6/1/14	\$50,000.00
Replace Customer QE Desktop Computer	6/1/14	\$2,000.00
Computer and Printer Upgrades - Accounting	6/1/14	\$5,000.00
Computer and Printer Upgrades - HR	6/1/14	\$3,000.00
High Potential	6/1/14	\$600,000.00
MRP Software - Fore-Thought	6/1/14	\$60,000.00
MRP Software - Empower	6/1/14	\$60,000.00
N. Molding Crane Refurbishment	6/1/14	\$37,000.00
720 Molding Machine Refurbishment	6/1/14	\$225,000.00
U502 Exterior Trim Refresh	6/1/14	\$1,070,000.00
Nissan L42N A & C Pillars	7/1/14	\$590,000.00
S. Shipping Unit Heaters	7/1/14	\$10,000.00
1700 Clamp Seal Replacement	9/1/14	\$40,000.00
SS Dipracks Refurbishment	9/1/14	\$10,000.00
Rooftop Unit Replacement	9/1/14	\$40,000.00
Ergo team projects, lift tables, lift assist devices	9/1/14	\$40,000.00
2 Silos for PC	9/1/14	\$86,000.00
2000 Control Refurbishment	9/1/14	\$125,000.00
Nissan L42N A & C Pillars	3/1/15	\$406,000.00
880 Ton Refurbishment	3/1/15	\$50,000.00
RJG-EDart for Molding	3/1/15	\$100,000.00
Paintline Equipment Refurbishments	3/1/15	\$210,000.00
HEPA Filter Replacement	3/1/15	\$20,000.00
Replace URSA Doors	3/1/15	\$30,000.00
Equipment Upgrades - Assembly Dept	3/1/15	\$25,000.00

<u>Equipment Description</u>	<u>Installation Date</u>	<u>Costs</u>
Shipping Dock Refurbishments	3/1/15	\$25,000.00
Replacement Lap Tops and Desk Tops-Engineering	3/1/15	\$5,000.00
Lab Equipment Refurbishment	3/1/15	\$25,000.00
Maintenance Capital	3/1/15	\$500,000.00
Ergo team projects, lift tables, lift assist devices	3/1/15	\$40,000.00
U502 Exterior Trim Refresh	6/1/15	\$1,337,000.00
Density Improvements - Paintline	6/1/15	\$50,000.00
Lean Manufacturing - Assembly Dept.	6/1/15	\$10,000.00
Computer and Printer Upgrades - Accounting	6/1/15	\$5,000.00
Computer and Printer Upgrades - HR	6/1/15	\$2,500.00
Computer Hardware/Software	6/1/15	\$60,000.00
High Potential	6/1/15	\$916,000.00
Molding Equipment Refurbishment	9/1/15	\$225,000.00
AP Robot Refurbishment	9/1/15	\$50,000.00
Spare Parts - URSA	9/1/15	\$5,000.00
Automated Load Belt - URSA	9/1/15	\$100,000.00
Gage Racking System - Phase 2	9/1/15	\$50,000.00
Total Costs:		<u><u>\$15,658,434</u></u>

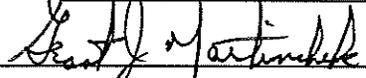
**INDUSTRIAL FACILITIES EXEMPTION APPLICATION
AFFIDAVIT OF PROJECT BEGIN DATES**

I swear and affirm by my signature below that the real property project beginning of construction date and/or personal property project installation begin date, associated with the application for Industrial Facilities Exemption Certificate under PA 198 of 1974, as amended, in the amount of \$ 15,658,434, filed with the city/township/village of BOYNE CITY, for a facility located at 100 LEXAMAR DRIVE, BOYNE CITY, MI, are as follows:

Real Property Project Begin Date: N/A

Personal Property Project Installation Date: 3/4/2013

Applicant Name: LEXAMAR CORPORATION

Signature: 

Printed Name: GRANT J MARTINECK

Title: CONTROLLER

Date: 8/26/13

**INDUSTRIAL FACILITIES EXEMPTION APPLICATION
AFFIDAVIT OF FEES**

We swear and affirm by our signatures below that no payment of any kind in excess of the fee allowed by PA 198 of 1974, as amended by PA 323 of 1996, has been made or promised in exchange for favorable consideration of an exemption certification application.

City/Township/Village of: BOYNE CITY

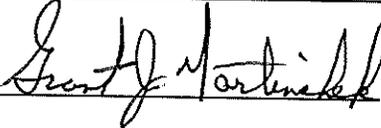
Signed: _____

Printed Name: _____

Title: _____

Date: _____

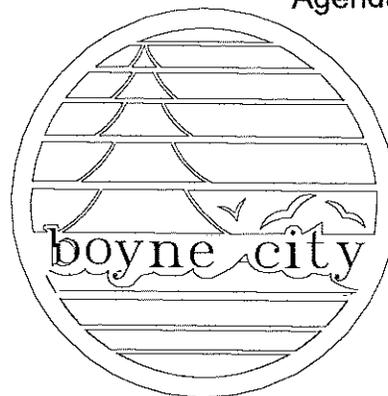
Applicant: LEXAMAR CORPORATION

Signed: 

Printed Name: GRANT J MARTINCHEK

Title: CONTROLLER

Date: 8/26/13

CITY OF BOYNE CITY**To:** Michael Cain, City Manager *Mc***From:** Scott McPherson Planning Director *SM***Date:** October 8, 2013**Subject:** Request for Alley Vacation**Background**

An application for the vacation of a public way has been submitted by Leon Dyer, residing at 530 Lewis St. (*See attached aerial map*). Mr. Dyer is requesting the alley located between Franklin St. and Division St., west of Lewis St., be vacated. The alley is 16.5 feet wide and 450 feet in length and runs between lots 28, 30, 32, 34, 35, 36, 37 (on the Lewis St. side) and 50, 51, 52, 53, 41, 40, 39, 38 (on the Alice St. and C. G. Lewis Addition side).

Currently, the City does not maintain the alley and there are no utilities in that location. The request was reviewed by the City Street and Water and Sewer Departments, and both advised of foreseeing no future need for the alley in regards to city infrastructure or utilities.

Process

Before an alley can be vacated by the City Commission a recommendation on the proposed vacation request from the Planning Commission is required. As per Chapter 54 of the Boyne City Code of Ordinances, Article II Vacating Streets or Alleys section 54-26, after receiving the report of the Planning Commission, the City Commission shall determine whether to proceed further and if so the procedure shall be as hereinafter set forth:

- (1) The city shall have published a notice of the hearing and date of said hearing on the petition for the vacating of the street, alley, or portion thereof, by publishing the notice thereof once each week for three consecutive weeks in a newspaper printed or circulated within the city;
- (2) The city shall also cause copies of said published notice to be posted in three of the most public places within the city;
- (3) The city shall also cause to be mailed, by first class mail, a copy of said notice of hearing to those persons shown by the last known city assessor's records, to be the owners of each lot or parcel of land which abuts said street, alley, or portion thereof to be vacated; and
- (4) The city shall cause to be mailed, by certified mail, a copy of said published notice to the state treasurer and to all of the public utilities providing services in the city, if said street, alley, or portion thereof sought to be vacated is connected to a county road; then, a copy of said notice shall also be mailed to the board of county road commissioners.

Action

The Planning Commission reviewed the request at their regular meeting on August 19, 2013. Due to findings that the alley is currently undeveloped, not maintained by the City, does not contain any city infrastructure or utilities and is not anticipated to be needed for future use, the Planning Commission recommended the alley be vacated. At the August 27, 2013 City Commission meeting the Commission reviewed the request and the report from the Planning Commission and determined that the application should proceed and directed staff to schedule a public hearing and distribute public notification in accordance with the required procedures.

Recommendation

Approve requested alley vacation as proposed.

Options

1. Do not approve the proposed alley vacation
2. Postpone action on the request pending further information
3. Other action as determined by the Commission



City of Boyne City
Proposed Alley Vacation



0 125 250
Feet

Alley proposed to be vacated

Earl

Alice

Lewis

Franklin

Division

Kuini

Sutliff

Contractors Dr



City of Boyne City, Michigan

BASIC FINANCIAL STATEMENTS

April 30, 2013



CITY OF BOYNE CITY, MICHIGAN

ORGANIZATION

MEMBERS OF THE CITY COMMISSION

MAYOR

RONALD GRUNCH

MAYOR PRO TEM

GENE TOWNE

COMMISSIONER

LAURA SANSOM

COMMISSIONER

DEREK GAYLORD

COMMISSIONER

TOM NEIDHAMER

APPOINTED OFFICERS

CITY MANAGER

MICHAEL CAIN

CLERK/TREASURER

CINDY GRICE

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ANDERSON, TACKMAN & COMPANY, PLC
CERTIFIED PUBLIC ACCOUNTANTS

KINROSS OFFICE

PHILLIP J. WOLF, CPA, PRINCIPAL
SUE A. BOWLBY, CPA, PRINCIPAL
KENNETH A. TALSMA, CPA, PRINCIPAL

ROBERT L. HASKE, CPA
AMBER N. MACK, CPA, EA

**MEMBER AICPA
DIVISION FOR CPA FIRMS**

MEMBER MACPA

**OFFICES IN
MICHIGAN & WISCONSIN**

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the City Council
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, as of and for the year ending April 30, 2013, 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, a component unit of the City of Boyne City, which represents 29 percent, 27 percent, and 49 percent, respectively, of the assets, net position, and revenue of the aggregate 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 *Governmental 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.

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

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 report and the report 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, Michigan, as of April 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of funding progress and budgetary comparison information on pages 4 through 12, page 45, and pages 46 through 50 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 and other auditors 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.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Boyne City, Michigan's basic financial statements. The combining major and nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is also not a required part of the basic financial statements.

The combining major and nonmajor fund financial statements, and schedule of expenditures of federal awards 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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining major and nonmajor fund financial statements and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements taken 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, 2013 on our consideration of the City of Boyne 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 the 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 of Boyne City's internal control over financial reporting and compliance.



Anderson, Tackman & Company, PLC
Certified Public Accountants
Kincheloe, Michigan

August 12, 2013

Management's Discussion and Analysis

As City Manager for the City of Boyne City, and head of the City's management team, it is my pleasure to welcome you to this review of our fiscal year ending April 30, 2013. This is the tenth of our annual financial audits that has incorporated the financial reporting changes called for in the GASB 34 standard. The goal of GASB 34 is to give the reviewer of this document a more balanced picture of the City's assets and liabilities. We hope that you will find that to be the case.

As management of the City of Boyne City, we offer readers of the City of Boyne City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended April 30, 2013. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the financial statements and notes to the financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the City's primary government exceeded its liabilities at the close of the most recent fiscal year by \$21,035,720 (net position). Of this amount, \$5,933,316 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$1,825,272.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$3,602,123 an increase of \$541,590 in comparison with the prior year. 63% of the ending fund balances, or \$2,052,058 is available for spending at the City's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$2,052,058 or 98% of the total general fund expenditures, not including transfers out.
- The City's total debt not including the component units' activities decreased by \$475,000 during the current fiscal year. No significant new debt was issued this year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise five components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements, 4) required supplementary information, and 5) other information.

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 information on all of the City's assets and liabilities, with the difference between the two 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 in this statement for some items that will result in cash flows in future fiscal periods (for example, 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 the city council, general government, public safety, public works, health and welfare, community development, recreation and culture, and marina. The business-type activities of the City include water and sewer operations.

The government-wide financial statements include not only the City (known as the *primary government*), but also three legally separate authorities – the Downtown Development Authority, the 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 in the supplementary information to these financial statements.

The government-wide financial statements can be found on pages 13-14 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 evaluating 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 eleven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Major and Local Streets, and Ambulance Funds, each of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

In April of each year the City adopts an annual appropriated budget for general and special revenue funds for the coming fiscal year, which begins May 1st. Budgetary comparison statements have been provided herein to demonstrate compliance with those budgets for the major funds.

The basic governmental fund financial statements can be found on pages 15-17 of this report.

Proprietary funds. The City maintains two different 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 enterprise 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 its motor pool. Because the service benefits the General, Major and Local Streets, Fire and Water and Sewer Fund functions, the services have been allocated between the governmental and business-type 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 information for the Water and Sewer Fund, which is considered to be a major fund of the City.

The basic proprietary fund financial statements can be found on pages 18-20 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected 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 basic fiduciary fund financial statement can be found on page 21 of this report.

Notes to the financial statements. The notes provide additional information that is essential to 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 24-44 of this report.

Other information. The required supplementary information as well as the combining statements referred to earlier in connection with nonmajor governmental funds and component units are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 45-58 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, net position exceeded liabilities by \$21,035,720 at the close of the most recent fiscal year.

By far the largest portion of the City's net position reflects its net investment in capital assets (for example land, buildings, vehicles, equipment, and infrastructure (roads, water and sewer mains, etc.)); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's net investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets cannot themselves be used to liquidate these liabilities.

City of Boyne City
Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current Assets	\$ 4,466,233	\$ 4,058,197	\$ 2,318,397	\$ 2,241,153	\$ 6,784,630	\$ 6,299,350
Noncurrent Assets	7,829,639	6,702,500	13,491,968	13,929,559	21,321,607	20,632,059
Total Assets	\$ 12,295,872	\$ 10,760,697	\$ 15,810,365	\$ 16,170,712	\$ 28,106,237	\$ 26,931,409
Current Liabilities	\$ 56,424	\$ 224,408	\$ 530,600	\$ 538,003	\$ 587,024	\$ 762,411
Noncurrent Liabilities	129,331	118,933	6,354,162	6,839,617	6,483,493	6,958,550
Total Liabilities	185,755	343,341	6,884,762	7,377,620	7,070,517	7,720,961
Net Position						
Net Investment in						
Capital Assets	7,825,004	6,702,500	6,635,833	6,636,468	14,460,837	13,338,968
Restricted	77,175	67,412	564,392	564,240	641,567	631,652
Unrestricted	4,207,938	3,647,444	1,725,378	1,592,384	5,933,316	5,239,828
Total Net Position	\$ 12,110,117	\$ 10,417,356	\$ 8,925,603	\$ 8,793,092	\$ 21,035,720	\$ 19,210,448

A portion of the City's net position (3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (28% or \$5,933,316) may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities.

The City's net position increased by \$1,825,272 during the current fiscal year. A substantial portion of this increase came from capital assets.

Following is a comparison of the City's changes in net position for the current and prior years:

**City of Boyne City
Condensed Statement of Changes in Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Program Revenues						
Charges for Services	\$ 1,311,465	\$ 1,064,984	\$ 1,416,339	\$ 1,486,954	\$ 2,727,804	\$ 2,551,938
Operating Grants and Contributions	530,258	398,057	-	-	530,258	398,057
Capital Grants and Contributions	503,440	116,250	-	223,488	503,440	339,738
General Revenues						
Property Taxes	2,803,775	2,875,010	-	-	2,803,775	2,875,010
State Shared Revenues	288,660	277,449	-	-	288,660	277,449
Investment Earnings	8,272	12,671	-	1,002	8,272	13,673
Transfers and Other Revenue	1,064,189	595,047	179,814	365,507	1,244,003	960,554
Total Revenues	6,510,059	5,339,468	1,596,153	2,076,951	8,106,212	7,416,419
Program Expenses						
Legislative	18,980	17,665	-	-	18,980	17,665
General Government	1,150,743	1,219,421	-	-	1,150,743	1,219,421
Public Safety	659,376	808,776	-	-	659,376	808,776
Public Works	1,647,620	1,785,072	-	-	1,647,620	1,785,072
Health and Welfare	784,940	715,324	-	-	784,940	715,324
Recreation and Culture	345,620	264,033	-	-	345,620	264,033
Other Expenses	210,019	171,023	-	-	210,019	171,023
Water and Sewer	-	-	1,463,642	1,426,742	1,463,642	1,426,742
Total Expenses	4,817,298	4,981,314	1,463,642	1,426,742	6,280,940	6,408,056
Changes in Net Position	1,692,761	358,154	132,511	650,209	1,825,272	1,008,363
Net Position - Beginning	10,417,356	10,059,202	8,793,092	8,142,883	19,210,448	18,202,085
Net Position - Ending	<u>\$ 12,110,117</u>	<u>\$ 10,417,356</u>	<u>\$ 8,925,603</u>	<u>\$ 8,793,092</u>	<u>\$ 21,035,720</u>	<u>\$ 19,210,448</u>

Governmental activities: Governmental activities increased the City's net position by \$1,692,761. Key elements of this increase are due to an increase in capital grants and contributions and transfers and other revenues.

Business-type activities: Business-type activities increased the City's net position by \$132,511.

Financial Analysis of the City's 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, *unrestricted fund balance* may serve as a useful measure of a City's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$3,602,123 an increase of \$541,590 in comparison with the prior year. \$2,052,058 constitutes *unassigned fund balance*, which is available for use at the City's discretion.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, of the total fund balance in the General Fund \$2,052,058 was unassigned. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures, not including transfers to other funds. Unassigned fund balance represents 98% of total General Fund expenditures.

The fund balance of the City's General Fund increased by \$137,859 during the current fiscal year.

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 amounted to \$1,725,378 with net investment in capital assets of \$6,635,833 and restricted net position of \$564,392. The Wastewater and Water Funds had an increase in net position of \$132,511. Other factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights:

The original expenditures budgeted for the fiscal year end 2013 budget was \$3,652,307. The amended expenditures were \$2,212,287. Actual expenditures were \$2,098,779, a positive variance of \$113,508 from the amended budget.

Capital Asset and Debt Administration

Capital Assets. The City's net investment in capital assets for its governmental and business-type activities as of April 30, 2013, amounted to \$21,283,563 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems improvements, machinery and equipment, park facilities and roads. The total net increase in the City's investment in capital assets for the current fiscal year was \$651,504.

Major capital asset events during the current fiscal year included the following:

- Various repairs and maintenance.
- Building and water system.
- Street construction.
- Various equipment purchases.

Additional information on the City's capital assets can be found Note 4 on pages 34-37 of this report.

**City of Boyne City
Capital Assets (Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 955,470	\$ 937,870	\$ -	\$ -	\$ 955,470	\$ 937,870
Land Improvements	268,804	298,459	-	-	268,804	298,459
Infrastructure	5,210,316	4,048,913	-	-	5,210,316	4,048,913
Buildings and Improvements	587,302	624,709	13,258,174	13,712,059	13,845,476	14,336,768
Equipment	806,622	790,299	195,750	217,500	1,002,372	1,007,799
Furniture and Fixtures	1,125	2,250	-	-	1,125	2,250
Total Net Position	\$ 7,829,639	\$ 6,702,500	\$ 13,453,924	\$ 13,929,559	\$ 21,283,563	\$ 20,632,059

Note Payable Long-Term Debt. At the end of the current fiscal year, the City had total bonded debt payable outstanding of \$6,818,091 which comprises debt backed by the full faith and credit of the City. The City has also pledged its full faith and credit to the Downtown Development and Local Development Finance Authority Component Units bonded debt, note, and loan payable debt agreements of \$142,924.

The City and Component Units total debt decreased by \$551,730 during the current fiscal year, with no new debt issued during the fiscal year.

State statute limits the amount of general obligation debt a governmental entity may issue to ten percent of the local unit's total equalized valuation. The current debt limitation for the City is \$18,070,720, which is significantly greater than the City's outstanding general obligation debt.

Additional information on the City's long-term debt can be found in Note 6 on pages 38-40 of this report.

Economic Factors and Next Year's Budget Considerations

Boyne City continues to do well in what appears to be a new national normal. For several years now growth across the country and here in Boyne City as well, appears to be slow but steady. While we have not seen a significant major upturn we continue to slowly crawl out of the deep hole we as a nation were in several years ago.

Thru the worst of those times and to today the City of Boyne City as reflected in this financial report and elsewhere, remains in excellent shape and continues to become even stronger.

Our nation and the world around us seem to have taken a step back from the edge of the financial cliff they were on. While there still remains the sense that it could again change for the worse in short order it is not the nearly weekly crisis it was at this time last year. This is a good sign for us all.

While last year's presidential election is now history and the leadership of our nation for the next three years appears settled, the environment in Washington remains as antagonistic as ever. There is continued news about financial paralysis in our nation's capital as they continue to talk about sequesters debt ceilings, deficits and the possibility of shutting down government. This seems to be their new norm as well as it seems this same discussion has been going on for years; however, it does have consequences for us.

With each continuing federal financial freeze or budget rollback there are fewer dollars coming back to Boyne City. Over much of the past decade the City has received a significant influx of Community Development Block Grant dollars that has helped pay for infrastructure throughout our community. Not only are other communities ramping up their efforts and becoming more significant competition for available federal grant dollars (often passed thru State grant programs) but there are just fewer grant dollars available for us all to pursue. The end result may be that we either have to pay more for work we want to have done and/or we don't do as many projects.

As part of this slow recovery, auto sales rebounded nicely to the point where they are nearing their previous production peaks. This is due in part to people feeling somewhat more secure about their own positions and the fact that many cars and trucks have been on the road for quite a while and are just wearing out. Replacing a vehicle becomes a requirement instead of an option.

This has been a boom to not only our State's economy, but also to facilities in our own community who produce products for the auto and related industries. The State continues to ring in unexpected surpluses and then try to figure out where those dollars should go.

While the State soars many of the institutions that rely on it for funding struggle. There are more and more school districts and communities that are heading for insolvency, many due to their own shortsighted or misguided actions, but many more because of the continued redirection of funds that once went to them that are now directed to remain in the State's coffers or to be shared with other competing institutions. The topic of the State's phase out of personal property taxes remains on the table and unsettled as we wait for the matter to go to the ballot in November. Once it is completely phased out, the loss of this one tax could cost our community some \$200,000 annually.

The sad results are more and more emergency managers taking the helm of once proud institutions and having to take drastic actions to keep them afloat. In the last year the City of Detroit has finally taken that leap that was long expected. That too may have negative implications for other governments and public institutions in Michigan as they look to float bonds. However, Governor Snyder assures us that investors will look at communities on an individual basis. If that is actually the case, we should be a very low risk if we choose to go down that financing path again.

Boyne City as both an entity and as a community continues to do very well. Most existing businesses continue to do well with many expanding and new ones coming in. People are continuing to invest heavily in Boyne City. Significant new investments have been and are being made in Lexamar, Precision Edge, Classic Instruments, The Parkside, The Grain Train, Boyne County Provisions and the Wine Emporium, the One Water Development, Glens Market and the Dilworth Hotel to name a few.

The City itself continues to invest heavily in infrastructure throughout the community, using grants wherever possible. Last year the City completed the grant assisted rebuilding of South Park Street from Water to Pine Streets and we've just completed rebuilding a segment of Douglas Street as well.

One of the reasons why the City has such a sizeable fund balance is to help address the needs and desires expressed by our community and City Commission. Continued improvements to the City's existing paved road, water, sanitary sewer, storm sewer, sidewalk and park systems and expansion of those systems as well, along with rebuilding the City Hall campus and marina will all require good planning and significant public money. We will continue to build on our good track record of obtaining grants wherever possible but the need for significant local dollars cannot be avoided if these projects are to be undertaken. The projects, and others, would much more than consume our available fund balances. As they say timing is everything and we will have to continue to be wise in when and how we use the resources the public has entrusted to us to best match the needs and resources available.

Taken together, these overall conditions, efforts and results speak well for Boyne City's long term outlook. New jobs, tax base and people only build on the high quality natural environment we enjoy and can use in our efforts to build and maintain a sustainable local community.

We hope you find this audit helpful as you assess Boyne City's condition for yourself. Another tool you may wish to review is our 'dashboard'. Boyne City in complying with the State's revenue sharing mandate in providing a "dashboard" to give interested persons yet another tool to help evaluate the condition of our community. The "dashboard" gives a quick overview of the City's condition by looking at a number of factors, including financial performance. We encourage you to visit www.boynecity.com and follow the link to our home page and our "dashboard" and related information. Please let us know what you think or how we could make it, or this information, more helpful for you.

My heartfelt thanks to the many members of the Boyne community who help make it such a special place. It's a team effort. With the City Commission, staff, businesses, residents, visitors, and countless volunteers continuing to work together for the greater good of our future conditions, financial and otherwise, will continue to remain strong.

Requests for Information

This discussion and analysis is designed to provide a general overview of the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Michael Cain, Boyne City, City Manager, by mail at Boyne City, City Hall, 319 North Lake Street, Boyne City, Michigan 49712; phone at 231.582.0377 or via email at mcain@boynecity.com.

Basic Financial Statements

City of Boyne City, Michigan

Statement of Net Position April 30, 2013

	Primary Government		Totals	Component Units
	Governmental Activities	Business-type Activities		
ASSETS:				
Cash and Equivalents - Unrestricted	\$ 3,887,752	\$ 1,140,935	\$ 5,028,687	\$ 1,020,611
Cash and Equivalents - Restricted	-	673,975	673,975	-
Accounts Receivable	448,793	406,310	855,103	270,446
Internal Loans	(86,864)	86,864	-	-
Due From Governmental Units	143,646	-	143,646	-
Inventory	42,574	6,552	49,126	10,146
Prepaid Expenses	30,332	3,761	34,093	13,433
Bond Issuance Costs	-	5,243	5,243	-
Notes Receivable	-	32,801	32,801	-
Capital Assets (Not Depreciated)	955,470	-	955,470	1,087,686
Capital Assets (Net of Accumulated Depreciation)	6,874,169	13,453,924	20,328,093	4,049,099
TOTAL ASSETS	\$ 12,295,872	\$ 15,810,365	\$ 28,106,237	\$ 6,451,421
LIABILITIES:				
Accounts Payable	\$ 46,783	\$ 11,271	\$ 58,054	\$ 36,793
Accrued Liabilities	9,064	720	9,784	96,359
Accrued Interest Payable	577	13,256	13,833	-
Customer Deposits	-	20,353	20,353	-
Unearned Revenue	-	-	-	884
Notes Payable - Due within one year	-	-	-	79,663
Notes Payable - Due in more than one year	-	-	-	147,909
Bonds Payable - Due within one year	-	485,000	485,000	-
Bonds Payable - Due in more than one year	-	6,333,091	6,333,091	-
OPEB Liability - Due in more than one year	4,635	-	4,635	-
Compensated Absences - Due within more than one year	124,696	21,071	145,767	5,795
TOTAL LIABILITIES	185,755	6,884,762	7,070,517	367,403
NET POSITION:				
Net Investment in Capital Assets	7,825,004	6,635,833	14,460,837	4,909,213
Restricted	77,175	564,392	641,567	22,249
Unrestricted	4,207,938	1,725,378	5,933,316	1,152,556
TOTAL NET POSITION	\$ 12,110,117	\$ 8,925,603	\$ 21,035,720	\$ 6,084,018

City of Boyne City, Michigan

Statement of Activities For the Year Ended April 30, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Total	
Primary Government:								
Governmental Activities:								
Legislative	\$ 18,980	\$ -	\$ -	\$ -	\$ (18,980)	\$ -	\$ (18,980)	\$ -
General Government	1,150,743	140,013	39,813	-	(970,917)	-	(970,917)	-
Public Safety	659,376	209,108	1,319	-	(448,949)	-	(448,949)	-
Public Works	1,647,620	267,388	394,841	503,440	(481,951)	-	(481,951)	-
Health and Welfare	784,940	570,179	94,285	-	(120,476)	-	(120,476)	-
Recreation and Culture	345,620	124,777	-	-	(220,843)	-	(220,843)	-
Other Expenses	210,019	-	-	-	(210,019)	-	(210,019)	-
Total Governmental Activities	4,817,298	1,311,465	530,258	503,440	(2,472,135)	-	(2,472,135)	-
Business-type activities:								
Sewer	850,272	906,662	-	-	-	56,390	56,390	-
Water	613,370	509,677	-	-	-	(103,693)	(103,693)	-
Total Business-type Activities	1,463,642	1,416,339	-	-	-	(47,303)	(47,303)	-
Total Primary Government	\$ 6,280,940	\$ 2,727,804	\$ 530,258	\$ 503,440	(2,472,135)	(47,303)	(2,519,438)	-
Component Units:								
Local Development Finance Authority	\$ 104,762	\$ -	\$ -	\$ -	-	-	-	(104,762)
Downtown Development Authority	525,514	-	37,582	148,322	-	-	-	(339,610)
Boyne City Housing Commission	686,778	252,228	406,238	-	-	-	-	(28,312)
Total Component Units	1,317,054	252,228	443,820	148,322	-	-	-	(472,684)
Total	\$ 7,597,994	\$ 2,980,032	\$ 974,078	\$ 651,762				
General Revenues and Transfers:								
Property Taxes					2,803,775	-	2,803,775	504,727
State Shared Revenue					288,660	-	288,660	-
Investment Earnings (Loss)					8,272	-	8,272	(5,599)
Transfers					489,935	(55,097)	434,838	(434,838)
Other Revenue					574,254	234,911	809,165	(148)
Total General Revenues and Transfers					4,164,896	179,814	4,344,710	64,142
Changes in Net Position					1,692,761	132,511	1,825,272	(408,542)
Net Position - Beginning					10,417,356	8,793,092	19,210,448	6,576,325
Prior Period Adjustment					-	-	-	(83,765)
Net Position - Ending					\$ 12,110,117	\$ 8,925,603	\$ 21,035,720	\$ 6,084,018

See accompanying notes to financial statements.

City of Boyne City, Michigan

**Balance Sheet
Governmental Funds
April 30, 2013**

	General	Major Street	Local Street	Ambulance	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS:						
Cash and Equivalents - Unrestricted	\$ 2,289,074	\$ 56,514	\$ -	\$ 37,667	\$ 734,526	\$ 3,117,781
Accounts Receivable	101,840	-	14,577	123,465	208,911	448,793
Inventory	-	-	-	-	4,024	4,024
Prepaid Expenses	19,390	513	513	1,368	4,787	26,571
Due from Governmental Units	42,558	101,088	-	-	-	143,646
TOTAL ASSETS	\$ 2,452,862	\$ 158,115	\$ 15,090	\$ 162,500	\$ 952,248	\$ 3,740,815
LIABILITIES:						
Accounts Payable	\$ 12,673	\$ 3,409	\$ 3,173	\$ 20,033	\$ 3,476	\$ 42,764
Accrued Liabilities	7,018	530	1,028	488	-	9,064
Due to Other Funds	-	86,864	-	-	-	86,864
TOTAL LIABILITIES	19,691	90,803	4,201	20,521	3,476	138,692
FUND BALANCES:						
Nonspendable	19,390	513	513	1,368	8,811	30,595
Restricted	-	66,799	10,376	-	-	77,175
Committed	129,331	-	-	-	-	129,331
Assigned	232,392	-	-	140,611	939,961	1,312,964
Unassigned	2,052,058	-	-	-	-	2,052,058
TOTAL FUND BALANCES	2,433,171	67,312	10,889	141,979	948,772	3,602,123
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,452,862	\$ 158,115	\$ 15,090	\$ 162,500	\$ 952,248	
Reconciliation to amounts reported for governmental activities in the statement of net position:						
Capital assets used by governmental activities						7,672,583
Compensated absences						(124,696)
OPEB Liability						(4,635)
Accrued interest expense						(577)
Internal service funds included in governmental activities						965,319
Net position of governmental activities						\$ 12,110,117

City of Boyne City, Michigan

Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds For the Year Ended April 30, 2013

	General	Major Street	Local Street	Ambulance	Nonmajor Governmental Funds	Totals Governmental Funds
REVENUES:						
Taxes	\$ 2,641,961	\$ 80,907	\$ 80,907	\$ -	\$ -	\$ 2,803,775
Federal Sources	-	503,440	-	-	-	503,440
State Revenues	329,792	266,747	128,094	-	-	724,633
Local Revenues	-	-	-	94,285	-	94,285
Charges for Services	177,641	-	114	570,179	563,531	1,311,465
Interest and Rentals	8,272	-	-	-	-	8,272
Other Revenue	410,494	388	-	25,486	41,184	477,552
TOTAL REVENUES	3,568,160	851,482	209,115	689,950	604,715	5,923,422
EXPENDITURES:						
Legislative	18,980	-	-	-	-	18,980
General Government	1,090,443	-	-	-	-	1,090,443
Public Safety	565,000	-	-	-	167,581	732,581
Public Works	66,913	1,614,848	928,047	-	194,735	2,804,543
Health and Welfare	750	-	-	755,425	-	756,175
Recreation and Culture	213,061	-	-	-	112,352	325,413
Other Expenditures	143,632	-	-	-	-	143,632
TOTAL EXPENDITURES	2,098,779	1,614,848	928,047	755,425	474,668	5,871,767
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,469,381	(763,366)	(718,932)	(65,475)	130,047	51,655
OTHER FINANCING SOURCES (USES):						
Operating Transfers In	34,801	763,266	729,821	174,370	154,000	1,856,258
Operating Transfers Out	(1,366,323)	-	-	-	-	(1,366,323)
TOTAL OTHER FINANCING SOURCES (USES)	(1,331,522)	763,266	729,821	174,370	154,000	489,935
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	137,859	(100)	10,889	108,895	284,047	541,590
FUND BALANCES, MAY 1	2,295,312	67,412	-	33,084	664,725	3,060,533
FUND BALANCES, APRIL 30	\$ 2,433,171	\$ 67,312	\$ 10,889	\$ 141,979	\$ 948,772	\$ 3,602,123

City of Boyne City, Michigan

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended April 30, 2013

Net changes in fund balances - total governmental funds \$ 541,590

The change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds reported capital outlays as expenditures. However, in the statement of activities the cost of those assets is capitalized and the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

This is the amount by which capital outlay and loss on disposals of \$1,605,129 was more than depreciation expense of (\$540,363) in the current period. 1,064,766

An internal service fund is used by management to charge the costs of certain activities, such as equipment costs, to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities. 96,702

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds:

Compensated Absences	(15,151)
OPEB Liability	4,753
Accrued Interest	<u>101</u>

Changes in net position of governmental activities \$ 1,692,761

City of Boyne City, Michigan

**Statement of Net Position
Proprietary Funds
April 30, 2013**

	Business - type Activities			Governmental
	Enterprise		Total Business- type	Internal Service- Motor Pool
	Funds			
Sewer	Water			
ASSETS:				
Current Assets				
Cash and Equivalents - Unrestricted	\$ 1,057,917	\$ 83,018	\$ 1,140,935	\$ 769,971
Due from Other Funds	86,864	-	86,864	-
Accounts Receivable	267,815	138,495	406,310	-
Prepaid Expenses	2,735	1,026	3,761	3,761
Inventory	-	6,552	6,552	38,550
Total Current Assets	1,415,331	229,091	1,644,422	812,282
Cash and Equivalents - Restricted				
Bond Reserve	521,172	100,000	621,172	-
Bond and Interest Redemption	43,220	9,583	52,803	-
Total Cash and Equivalents - Restricted	564,392	109,583	673,975	-
Noncurrent Assets				
Bond Issuance Costs	5,243	-	5,243	-
Notes Receivable	32,801	-	32,801	-
Capital Assets (Net of Accumulated Depreciation)	10,553,416	2,900,508	13,453,924	157,056
Total Noncurrent Assets	10,591,460	2,900,508	13,491,968	157,056
TOTAL ASSETS	\$ 12,571,183	\$ 3,239,182	\$ 15,810,365	\$ 969,338
LIABILITIES:				
Current Liabilities				
Accounts Payable	\$ 6,453	\$ 4,818	\$ 11,271	\$ 4,019
Accrued Liabilities	10,947	3,029	13,976	-
Customer Deposits	12,911	7,442	20,353	-
Bonds Payable	395,000	90,000	485,000	-
Total Current Liabilities	425,311	105,289	530,600	4,019
Noncurrent Liabilities				
Compensated Absences	2,754	18,317	21,071	-
Bonds Payable	5,423,091	910,000	6,333,091	-
Total Noncurrent Liabilities	5,425,845	928,317	6,354,162	-
TOTAL LIABILITIES	5,851,156	1,033,606	6,884,762	4,019
NET POSITION:				
Net Investment in Capital Assets	4,735,325	1,900,508	6,635,833	157,056
Restricted	564,392	-	564,392	-
Unrestricted	1,420,310	305,068	1,725,378	808,263
TOTAL NET POSITION	\$ 6,720,027	\$ 2,205,576	\$ 8,925,603	\$ 965,319

City of Boyne City, Michigan

Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds For the Year Ended April 30, 2013

	Business - type Activities			Governmental Activities
	Enterprise Funds		Total Business- type	Internal Service- Motor Pool
	Sewer	Water		
OPERATING REVENUES:				
Charges for Services	\$ 906,662	\$ 509,677	\$ 1,416,339	\$ 277,370
Total Operating Revenues	906,662	509,677	1,416,339	277,370
OPERATING EXPENSES:				
Personal Services	101,958	191,145	293,103	11,650
Contracted Services	48,767	46,174	94,941	69,817
Supplies	35,929	28,308	64,237	55,570
Utilities	153,238	39,554	192,792	16,605
Repair and Maintenance	57,754	23,443	81,197	578
Depreciation Expense	314,457	257,496	571,953	38,366
Total Operating Expenses	712,103	586,120	1,298,223	192,586
OPERATING INCOME (LOSS)	194,559	(76,443)	118,116	84,784
NON-OPERATING REVENUES (EXPENSES):				
Sale of Equipment	-	-	-	3,025
Other Revenue	233,156	1,755	234,911	8,893
Bond Issue Expense	(6,353)	-	(6,353)	-
Interest Expense	(131,816)	(27,250)	(159,066)	-
Total Non-operating Revenues (Expenses)	94,987	(25,495)	69,492	11,918
INCOME (LOSS) BEFORE TRANSFERS				
Operating Transfers Out	(26,467)	(28,630)	(55,097)	-
CHANGES IN NET POSITION	263,079	(130,568)	132,511	96,702
NET POSITION, MAY 1	6,456,948	2,336,144	8,793,092	868,617
NET POSITION, APRIL 30	<u>\$ 6,720,027</u>	<u>\$ 2,205,576</u>	<u>\$ 8,925,603</u>	<u>\$ 965,319</u>

City of Boyne City, Michigan

Statement of Cash Flows Proprietary Fund Types For the Year Ended April 30, 2013

	Business-type Activities			Governmental
	Enterprise Funds		Total Business-type	Activities
	Sewer	Water		Internal Service-Motor Pool
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from Customers	\$ 982,583	\$ 602,261	\$ 1,584,844	\$ 277,564
Payments to Suppliers	(313,982)	(139,713)	(453,695)	(157,498)
Payments to Employees	(103,543)	(190,726)	(294,269)	(11,960)
Internal Activity - Payments/Receipts with Other Funds	15,286	-	15,286	-
Net Cash Provided (Used) by Operating Activities	580,344	271,822	852,166	108,106
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers Out	(26,467)	(28,630)	(55,097)	-
Net Cash Provided (Used) by Noncapital Financing Activities	(26,467)	(28,630)	(55,097)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Other Revenue	233,156	1,755	234,911	8,893
Purchase of Assets	(48,159)	(48,159)	(96,318)	(100,739)
Sale of Assets	-	-	-	3,025
Bond Principal	(385,000)	(90,000)	(475,000)	-
Notes Receivable	5,732	-	5,732	-
Interest Payments	(131,816)	(27,250)	(159,066)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(326,087)	(163,654)	(489,741)	(88,821)
Net Increase (Decrease) in Cash and Equivalents	227,790	79,538	307,328	19,285
Balances - Beginning of the Year	1,394,519	113,063	1,507,582	750,686
Balances - End of the Year	\$ 1,622,309	\$ 192,601	\$ 1,814,910	\$ 769,971
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ 194,559	\$ (76,443)	\$ 118,116	\$ 84,784
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	314,457	257,496	571,953	38,366
(Increase) Decrease in Assets:				
Accounts Receivable	75,202	91,876	167,078	194
Inventory	1,352	-	1,352	(1,515)
Prepaid Expenses	(2,735)	(1,026)	(3,761)	(3,761)
Due from Other funds	15,286	-	15,286	-
Increase (Decrease) in Liabilities:				
Accounts Payable	(16,911)	(1,208)	(18,119)	(9,652)
Accrued Liabilities	(273)	(438)	(711)	(310)
Customer Deposits	719	708	1,427	-
Compensated Absences	(1,312)	857	(455)	-
Net Cash Provided (Used) by Operating Activities	\$ 580,344	\$ 271,822	\$ 852,166	\$ 108,106

City of Boyne City, Michigan

**Statement of Fiduciary Net Position
Fiduciary Funds
April 30, 2013**

	<u>Agency Funds</u>
ASSETS:	
Cash and Equivalents - Unrestricted	\$ 103,515
Prepaid Expenses	<u>99</u>
 TOTAL ASSETS	 <u>\$ 103,614</u>
 LIABILITIES:	
Deposits Payable	\$ 12,850
Due to Other Governmental Units	<u>90,764</u>
 TOTAL LIABILITIES	 <u>\$ 103,614</u>

Component Units

City of Boyne City, Michigan

Statement of Net Position Component Units April 30, 2013

	Local Development Finance Authority	Downtown Development Authority	Boyne City Housing Commission 9/30/2012	Totals
ASSETS:				
Current Assets:				
Cash and Equivalents - Unrestricted	\$ 891,351	\$ 19,259	\$ 110,001	\$ 1,020,611
Accounts Receivable	-	13,318	257,128	270,446
Prepaid Expenses	-	-	13,433	13,433
Inventory	-	-	10,146	10,146
Noncurrent Assets:				
Capital Assets (Not Depreciated)	291,419	-	796,267	1,087,686
Capital Assets (Net of Accumulated Depreciation)	1,354,523	2,007,701	686,875	4,049,099
TOTAL ASSETS	\$ 2,537,293	\$ 2,040,278	\$ 1,873,850	\$ 6,451,421
LIABILITIES:				
Current Liabilities:				
Accounts Payable	\$ 58	\$ 1,693	\$ 35,042	\$ 36,793
Accrued Liabilities	-	344	96,015	96,359
Notes Payable	62,162	5,979	11,522	79,663
Unearned Revenue	-	-	884	884
Noncurrent Liabilities:				
Notes Payable	47,961	26,822	73,126	147,909
Compensated Absences	-	-	5,795	5,795
TOTAL LIABILITIES	110,181	34,838	222,384	367,403
NET POSITION:				
Net Investment in Capital Assets	1,535,819	1,974,900	1,398,494	4,909,213
Restricted	-	-	22,249	22,249
Unrestricted	891,293	30,540	230,723	1,152,556
TOTAL NET POSITION	2,427,112	2,005,440	1,651,466	6,084,018
TOTAL LIABILITIES AND NET POSITION	\$ 2,537,293	\$ 2,040,278	\$ 1,873,850	\$ 6,451,421

City of Boyne City, Michigan

**Statement of Activities
Component Units
For the Year Ended April 30, 2013**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Local Development Finance Authority	Downtown Development Authority	Boyne City Housing Commission 9/30/2012	Total
Local Development Finance Authority:								
Economic Development	\$ 104,762	\$ -	\$ -	\$ -	\$ (104,762)	\$ -	\$ -	\$ (104,762)
Downtown Development Authority:								
Economic Development	525,514	-	37,582	148,322	-	(339,610)	-	(339,610)
Boyne City Housing Commission								
Health and Welfare	686,778	252,228	406,238	-	-	-	(28,312)	(28,312)
Total Component Units	<u>\$ 1,317,054</u>	<u>\$ 252,228</u>	<u>\$ 443,820</u>	<u>\$ 148,322</u>	<u>(104,762)</u>	<u>(339,610)</u>	<u>(28,312)</u>	<u>(472,684)</u>
General Revenues and Transfers:								
Taxes					213,015	291,712	-	504,727
Interest Income (Loss)					-	-	(5,599)	(5,599)
Transfers					(165,386)	(269,452)	-	(434,838)
Other					-	-	(148)	(148)
Total General Revenues and Transfers					<u>47,629</u>	<u>22,260</u>	<u>(5,747)</u>	<u>64,142</u>
Changes in Net Position					(57,133)	(317,350)	(34,059)	(408,542)
Net Position - Beginning					2,484,245	2,406,310	1,685,770	6,576,325
Prior Period Adjustment					-	(83,520)	(245)	(83,765)
Net Position - Ending					<u>\$ 2,427,112</u>	<u>\$ 2,005,440</u>	<u>\$ 1,651,466</u>	<u>\$ 6,084,018</u>

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of *the City of Boyne City* (the "City") and its component units. The component units discussed below are included in the City's reporting entity because of the significance of its operational or financial relationship with the City.

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 Council. The budgets and expenditures of the DDA must be approved by the City Council. The City also has the ability to significantly influence operations of the DDA. A complete financial statement of the DDA can be obtained from the City Treasurer, City of Boyne City 319 North Lake Street, Boyne City, Michigan 49712.

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 Council. The budgets and expenditures of the LDFA must be approved by the City Council. The City also has the ability to significantly influence operations of the LDFA. A complete financial statement of the LDFA can be obtained from the City Treasurer, City of Boyne City, 319 North Lake Street, Boyne City, Michigan 49712.

The Boyne City Housing 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 Council. The budgets and expenditures of the Commission must be approved by the City Council. The City also has the ability to significantly influence operations of the Commission. A complete financial statement of the Commission can be obtained from Boyne City Housing Commission, 829 South Park Street, Boyne City, Michigan 49712.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. 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. Likewise, the *primary government* is reported separately from the legally separate *component units* for which the primary government is financially accountable.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 proprietary funds are reported as separate columns in the fund financial statements.

Fund Financial Statements. The fund financial statements provide information about the City's funds, including its fiduciary funds. Separate statements for each fund category – *governmental*, *proprietary*, and *fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and proprietary funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The City reports the following major governmental funds:

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

The *Major Street Fund* accounts for the use of motor fuel taxes which are restricted by State statutes for major street and highway purposes.

The *Local Street Fund* accounts for the use of motor fuel taxes which are restricted by State statute for local street purposes.

The *Ambulance Fund* accounts for the activities of the City's ambulance department.

The City reports the following major proprietary funds:

The *Sewer Fund* accounts for the activities of the City's sewage disposal and sewer treatment system.

The *Water Fund* accounts for the activities of the City's water distribution and water treatment system.

Additionally, the City reports the following fund types:

Special Revenue Funds. These funds account for revenue sources that are legally restricted to expenditures for specific purposes not including major capital projects.

Debt Service Funds. These funds account for the resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

Capital Project Funds. These funds account for the acquisition of capital assets or construction of major capital projects not being financed by proprietary funds.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Internal Service Fund. This fund accounts for operations that provide machinery and equipment to other departments of the City on a cost-reimbursement basis.

Agency Funds. These funds account for assets held for others in an agency capacity.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide, Proprietary and Fiduciary Fund Financial Statements. The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, except for agency funds which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash is received.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if they are collected within 60 days after year-end. Property taxes, state revenue, and interest are considered to be susceptible to accrual. Grant revenues are considered to be available when all eligibility requirements imposed by the grantor have been met.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases, if any, are reported as other financing sources.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's water and sewer function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided and 2) operating grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 City's enterprise and internal service funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities, and Fund Balance

Deposits and Investments

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

State statutes authorize and the City's investment policy allows, the City to deposit in the accounts of federally insured banks, credit unions and savings and loan associations and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers acceptances, and mutual funds composed of otherwise legal investments.

The City Commissioners have designated four banks for the deposit of City funds. The investment policy adopted by the commission in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government, bank accounts and certificated of deposit. Investments are stated at fair value.

Receivables and Payables

All receivables are reported at their gross value.

The ambulance fund receivables are shown net of an allowance for uncollectible accounts. It is composed of expected Medicaid and Medicare write-offs and accounts receivable in excess of 120 days, which amounted to \$51,127.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Inventory

Inventory held by general, enterprise and internal service funds are valued at cost utilizing the first-in, first-out method of accounting. The cost value of such inventories has been treated as an expenditure at the time of purchase.

Property Taxes

The City's property taxes are levied each July 1 on the taxable valuation of property located in the City as of the preceding December 31, the lien date. Property taxes are payable without penalty and interest through August 31; as of March 1 of the succeeding year, unpaid real property taxes are sold to and collected by Charlevoix County.

Assessed values as established annually by the City, and subject to acceptance by the County, are equalized by the state at an estimated 50% of current market value. Real and personal property in the City for the 2012 levy were assessed and equalized at \$180,707,199, representing 50% of estimated current market value. The government's general operating tax rate for fiscal year 2012 was 15.51 mills.

Property taxes for the DDA and LDFA are derived by capturing the taxes assessed on the increase in taxable value of the property located within the DDA and LFDA City.

Property taxes are recognized in the fiscal year in which they are levied.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items), reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair 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 assets lives are not capitalized.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the assets constructed. No such interest expense was incurred during the current fiscal year.

Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Buildings	20-50 years
Land improvements	10-40 years
Equipment	5-20 years
Vehicles	5-10 years
Public domain infrastructure	20 years
Sewer and water infrastructure	20-50 years

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused sick and vacation time benefits, subject to certain limitations. All sick and vacation time is accumulated up to a maximum of 720 hours and upon retirement the employee will receive for sick time an amount based on the number of years of service multiplied by 1.5%. Vacation time will be paid in full. The liability for these amounts is included in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example as a result of employee resignations or retirements.

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 a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Inflows of Resources

In addition to liabilities, the statement of net position and governmental funds balance sheet 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 three types of items that qualify for reporting in this category. One is the deferred gain on refunding reported in the government-wide statement of net position. A deferred gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The governmental funds report unavailable revenues, which arises only under a modified accrual basis of accounting, from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In addition, deferred inflows of resources are reported in the government-wide and governmental fund financial statements for property taxes levied during the year that were intended to finance future period.

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, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental funds 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.

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The City has classified Inventories and Prepaid Items as being Nonspendable as these items are not expected to be converted to cash or are not expected to be converted to cash within the next year.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City. These amounts cannot be used for any other purpose unless the City removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The City has committed compensated absences.
- Assigned: This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The City has assigned \$217,924 for Other Post Employee Benefits (OPEB) and \$80,000 for vehicle replacement for the Fire Department.
- Unassigned: This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The City would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

Interfund Transfers

During the course of normal operations, the City has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as operating transfers. The classification of amounts recorded as subsidies, advances, or equity contributions is determined by City management.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the reporting period. Actual results could differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

Budgetary Information – Annual budgets are adopted on a basis consistent with U.S. generally accepted accounting principles.

Budgets and Budgetary Control – The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. The City Commission, by resolution, adopts a budget for the next fiscal year no later than the third week in April of each year.
- b. Public hearings are conducted to obtain taxpayer comments.
- c. 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.
- d. 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 Council. Such amendments are made in accordance with the procedures prescribed under Public Act 621 of 1978.
- e. The budget and approved appropriations lapse at the end of the fiscal year.
- f. 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.

Michigan Public Act 621 of 1978 (the Budgeting Act) requires that budgets be adopted for Governmental Funds. U.S. generally accepted accounting principles require that the financial statements present budgetary comparisons for the Governmental Fund Types for which budgets were legally adopted.

The budget document presents information by fund, function, department, and line items. The legal level of budgetary control adopted by the governing body is the functional level.

NOTE 3 - CASH AND EQUIVALENTS

At year end, the City’s cash and equivalents were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Primary Government</u>	<u>Fiduciary Funds</u>	<u>Component Units</u>
Cash and Equivalents - Unrestricted	\$ 3,887,752	\$ 1,140,935	\$ 5,028,687	\$ 103,515	\$ 1,020,611
Cash and Equivalents -- Restricted	-	673,975	673,975	-	-
Total	\$ 3,887,752	\$ 1,814,910	\$ 5,702,662	\$ 103,515	\$ 1,020,611

NOTE 3 - CASH AND EQUIVALENTS (Continued)

Cash is restricted in the amount of \$673,975 for the Bond Reserve Account within the Sewer and Water Funds.

The breakdown between deposits and investments is as follows:

	<u>Primary Government</u>	<u>Fiduciary Funds</u>	<u>Component Units</u>
Bank Deposits (checking and savings accounts, certificates of deposit and money market accounts)	\$ 5,702,362	\$ 103,515	\$ 1,020,441
Petty Cash and Cash on Hand	<u>300</u>	<u>-</u>	<u>170</u>
Total	<u>\$ 5,702,662</u>	<u>\$ 103,515</u>	<u>\$ 1,020,611</u>

Interest rate risk. The City does have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk. State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The City has an investment policy that would further limit its investment choices.

Custodial deposit credit risk. Custodial deposit credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. State law does not require but the City does have a policy for deposit custodial credit risk. As of year end, \$4,859,365 of the City's bank balance of \$6,859,365 was exposed to credit risk because it was uninsured and uncollateralized.

Statutory Authority:

Public Act 152, entitled "An act relative to the investment of funds of public corporations of the state; and to validate certain investments," by amending section 1 (MCL 129.91), as amended by 2009 PA 21.

Except as provided in section 5, the governing body by resolution may authorize its investment officer to invest the funds of that public corporation in one or more of the following:

- a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, or depository receipts of a financial institution, but only if the financial institution complies with subsection (2); certificates of deposit obtained through a financial institution as provided in subsection (5); or deposit accounts of a financial institution as provided in subsection (6).
- c. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and matures not more than 270 days after the date of purchase.
- d. Repurchase agreements consisting of instruments listed in subdivision (a).

NOTE 3 - CASH AND EQUIVALENTS (Continued)

- e. Bankers' acceptances of United States banks.
- f. Obligations of this state or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.
- g. Mutual funds registered under the investment company act of 1940, 15 USC 80a-1 to 80a-64, with authority to purchase only investment vehicles that are legal for direct investment by a public corporation. However, a mutual fund is not disqualified as a permissible investment solely by reason of any of the following:
 - (i) The purchase of securities on a when-issued or delayed delivery basis.
 - (ii) The ability to lend portfolio securities as long as the mutual fund receives collateral at all times equal to at least 100% of the value of the securities loaned.
 - (iii) The limited ability to borrow and pledge a like portion of the portfolio's assets for temporary or emergency purposes.
- h. Obligations described in subdivisions (a) through (g) if purchased through an interlocal agreement under the urban cooperation act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512.
- i. Investment pools organized under the surplus funds investment pool act, 1982 PA 367, MCL 129.111 to 129.118.
- j. The investment pools organized under the local government investment pool act, 1985 PA 121, MCL 129.141 to 129.150.

The City's deposits and investment policy are in accordance with statutory authority.

These deposits are in various financial institutions in varying amounts. All accounts are in the name of the City and specific funds. They are recorded in City records at cost. Interest is recorded when the deposits mature or is credited to the applicable account.

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the primary government for the current year was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental Activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 937,870	\$ 17,600	\$ -	\$ 955,470
<i>Capital assets being depreciated:</i>				
Land improvements	1,422,083	-	-	1,422,083
Infrastructure	4,952,132	1,483,168	-	6,435,300
Buildings and improvements	1,568,449	-	-	1,568,449
Equipment	3,641,024	170,849	(86,115)	3,725,758
Furniture and fixtures	137,545	-	-	137,545
Subtotal	<u>11,721,233</u>	<u>1,654,017</u>	<u>(86,115)</u>	<u>13,289,135</u>

NOTE 4 - CAPITAL ASSETS (Continued)

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<i>Less accumulated depreciation for:</i>				
Land improvements	(1,123,624)	(29,655)	-	(1,153,279)
Infrastructure	(903,219)	(321,765)	-	(1,224,984)
Buildings and improvements	(943,740)	(37,407)	-	(981,147)
Equipment	(2,850,725)	(150,411)	82,000	(2,919,136)
Furniture and fixtures	(135,295)	(1,125)	-	(136,420)
Subtotal	<u>(5,956,603)</u>	<u>(540,363)</u>	<u>82,000</u>	<u>(6,414,966)</u>
Net capital assets being depreciated	<u>5,764,630</u>	<u>1,113,654</u>	<u>(4,115)</u>	<u>6,874,169</u>
Governmental Activities Capital Assets - Net of Depreciation	<u>\$ 6,702,500</u>	<u>\$ 1,131,254</u>	<u>\$ (4,115)</u>	<u>\$ 7,829,639</u>
Governmental Activities:				
General government			\$ 34,930	
Public Safety			96,330	
Public Works			321,765	
Health and Welfare			28,765	
Recreation and Culture			20,207	
Internal Service			<u>38,366</u>	
Total Depreciation Expense - Governmental Activities			<u>\$ 540,363</u>	
	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-type Activities:				
<i>Capital assets being depreciated:</i>				
Water system plant	\$ 6,993,868	\$ 48,159	\$ -	\$ 7,042,027
Sanitary sewer disposal	13,460,492	48,159	-	13,508,651
Equipment	<u>570,138</u>	<u>-</u>	<u>-</u>	<u>570,138</u>
Subtotal	<u>21,024,498</u>	<u>96,318</u>	<u>-</u>	<u>21,120,816</u>
<i>Less accumulated depreciation for:</i>				
Water system plant	(3,884,023)	(257,496)	-	(4,141,519)
Sanitary sewer disposal	(2,858,278)	(292,707)	-	(3,150,985)
Equipment	<u>(352,638)</u>	<u>(21,750)</u>	<u>-</u>	<u>(374,388)</u>
Subtotal	<u>(7,094,939)</u>	<u>(571,953)</u>	<u>-</u>	<u>(7,666,892)</u>
Net capital assets being depreciated	<u>13,929,559</u>	<u>(475,635)</u>	<u>-</u>	<u>13,453,924</u>
Business-type Activities Capital Assets - Net of Depreciation	<u>\$ 13,929,559</u>	<u>\$ (475,635)</u>	<u>\$ -</u>	<u>\$ 13,453,924</u>

NOTE 4 - CAPITAL ASSETS (Continued)

Business-type Activities

Sewer	\$ 314,457
Water	<u>257,496</u>

Total Depreciation Expense - Business-type Activities	<u>\$ 571,953</u>
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Component Units:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Downtown Development Authority				
<i>Capital assets being depreciated:</i>				
Infrastructure	\$ 2,837,193	\$ -	\$ -	\$ 2,837,193
<i>Less accumulated depreciation</i>	<u>(702,532)</u>	<u>(126,960)</u>	<u>-</u>	<u>(829,492)</u>
Net capital assets being depreciated	<u>2,134,661</u>	<u>(126,960)</u>	<u>-</u>	<u>2,007,701</u>
Net Capital Assets	<u>\$ 2,134,661</u>	<u>\$ (126,960)</u>	<u>\$ -</u>	<u>\$ 2,007,701</u>
Local Development Finance Authority				
<i>Capital assets not being depreciated:</i>				
Land	\$ 291,419	\$ -	\$ -	\$ 291,419
<i>Capital assets being depreciated:</i>				
Infrastructure	<u>1,997,920</u>	<u>-</u>	<u>-</u>	<u>1,997,920</u>
<i>Less accumulated depreciation</i>	<u>(601,248)</u>	<u>(42,149)</u>	<u>-</u>	<u>(643,397)</u>
Net capital assets being depreciated	<u>1,396,672</u>	<u>(42,149)</u>	<u>-</u>	<u>1,354,523</u>
Net Capital Assets	<u>\$ 1,688,091</u>	<u>\$ (42,149)</u>	<u>\$ -</u>	<u>\$ 1,645,942</u>
Boyne City Housing Commission				
<i>Capital assets not being depreciated:</i>				
Land	\$ 796,267	\$ -	\$ -	\$ 796,267
<i>Capital assets being depreciated:</i>				
Buildings and Improvements	3,311,940	7,893	-	3,319,833
Furniture, Fixtures, Equipment	<u>207,483</u>	<u>1,050</u>	<u>(17,066)</u>	<u>191,467</u>
Subtotal	<u>3,519,423</u>	<u>8,943</u>	<u>(17,066)</u>	<u>3,511,300</u>
<i>Less accumulated depreciation</i>	<u>(2,727,928)</u>	<u>(113,563)</u>	<u>17,066</u>	<u>(2,824,425)</u>
Net capital assets being depreciated	<u>791,495</u>	<u>(104,620)</u>	<u>-</u>	<u>686,875</u>
Net Capital Assets	<u>\$ 1,587,762</u>	<u>\$ (104,620)</u>	<u>\$ -</u>	<u>\$ 1,483,142</u>

NOTE 4 - CAPITAL ASSETS (Continued)

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

Component Units	
Downtown Development Authority	\$ 126,960
Local Development Finance Authority	42,149
Boyne City Housing Commission	<u>113,563</u>
 Total Depreciation Expense - Component Units	 \$ <u>282,672</u>

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The City reports interfund balances between its funds. Some of the balances are considered immaterial and are aggregated into a single column or row. The total of all balances agrees with the sum of interfund balances presented in the statements of net position/balance sheet for governmental funds. Interfund transactions resulting in interfund Receivables and Payables are as follows:

DUE FROM OTHER FUNDS		DUE TO OTHER FUNDS
	Major Street	Sewer
		\$ <u>86,864</u>

All balances resulted 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.

Interfund Transfers:

TRANSFERS OUT	TRANSFERS IN					
	General	Major Street	Local Street	Ambulance	Nonmajor Governmental	Total
General	\$ 34,801	\$ 273,331	\$ 729,821	\$ 174,370	\$ 154,000	\$ 1,366,323
Sewer	-	26,467	-	-	-	26,467
Water	-	28,630	-	-	-	28,630
Component Units	-	<u>434,838</u>	-	-	-	<u>434,838</u>
Total	<u>\$ 34,801</u>	<u>\$ 763,266</u>	<u>\$ 729,821</u>	<u>\$ 174,370</u>	<u>\$ 154,000</u>	<u>\$ 1,856,258</u>

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (Continued)

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) moves receipts restricted to 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 in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 6 - LONG-TERM DEBT

The government issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. City contractual agreements and installment purchase agreements are also general obligations of the government.

Bond and contractual obligation activity can be summarized as follows:

<u>Component Units:</u>	<u>Beginning Balance</u>	<u>Increases/ Adjustments</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Component Unit - DDA					
Notes Payable					
2008 note payable for improvement projects, maturing serially in 2017 in annual amounts of \$7,300 and bearing interest at 4.25%.	\$ 38,533	\$ -	\$ 5,732	\$ 32,801	\$ 5,979
Component Unit - LDFA					
Notes Payable					
2005 general government note payable, maturing serially 2015 in annual amounts of \$64,989 and bearing interest at 0%.	170,306	-	60,183	110,123	62,162
Component Unit - Housing Commission					
Note Payable					
2008 bank loan payable, maturing serially December 2018 and bearing interest at 7.50%.	22,243	-	2,376	19,867	2,568
Component Unit - Housing Commission					
Note Payable					
2008 bank loan payable, maturing serially December 2018 and bearing interest at 5.75%.	<u>73,220</u>	<u>-</u>	<u>8,439</u>	<u>64,781</u>	<u>8,954</u>
Total Component Units	<u>304,302</u>	<u>-</u>	<u>76,730</u>	<u>227,572</u>	<u>79,663</u>

NOTE 6 - LONG-TERM DEBT (Continued)

	<u>Beginning Balance</u>	<u>Increases/ Adjustments</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Business-type Activities:</u>					
Business-type Activities – Bond Payable					
Series 2003, Water Supply and Sewage Disposal System Revenue Bonds, maturing serially in 2023 in annual amounts ranging from \$70,000 to \$110,000 and bearing interest at 2.50%.	1,090,000	-	90,000	1,000,000	90,000
Business-type Activities – Bond Payable					
Series 2004, Water Supply and Sewage Disposal System Revenue Bonds, maturing serially in 2026 in annual amounts ranging from \$340,000 to \$510,000 and bearing interest at 2.13%.	<u>6,203,091</u>	<u>-</u>	<u>385,000</u>	<u>5,818,091</u>	<u>395,000</u>
Total Business-type Activities – Bond Payable	<u>7,293,091</u>	<u>-</u>	<u>475,000</u>	<u>6,818,091</u>	<u>485,000</u>
Governmental Compensated Absences	109,545	15,151	-	124,696	-
Business-type Compensated Absences	21,526	-	455	21,071	-
Component Units Compensated Absences	<u>7,226</u>	<u>6,827</u>	<u>7,718</u>	<u>6,335</u>	<u>5,795</u>
Total Long-Term Debt	<u>\$ 7,735,690</u>	<u>\$ 21,978</u>	<u>\$ 559,903</u>	<u>\$ 7,197,765</u>	<u>\$ 570,458</u>

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

Annual debt service requirements to maturity for the above obligations are as follows:

	<u>Business-type Activities</u>		<u>Component Units</u>	
	<u>Bond Payable</u>		<u>Notes Payable</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
Fiscal:				
2013	\$ -	\$ -	\$ 11,522	\$ 4,961
2014	485,000	148,634	80,458	8,312
2015	495,000	137,991	87,881	6,772
2016	505,000	127,134	13,927	2,556
2017	515,000	116,047	14,810	1,674
2018	530,000	104,747	18,974	765
2019-2023	2,240,000	300,112	-	-
2024-2026	<u>2,048,091</u>	<u>105,968</u>	<u>-</u>	<u>-</u>
TOTALS	<u>\$ 6,818,091</u>	<u>\$ 1,040,633</u>	<u>\$ 227,572</u>	<u>\$ 25,040</u>

NOTE 6 - LONG-TERM DEBT (Continued)

Accumulated Sick and Vacation Pay

Employees of the City earn sick and vacation time at varying rates based on the following:

Under the terms of the City's personnel policies, sick leave is accumulated at the rate of one day for each month of service, with a maximum accumulation of 90 days. Employees who have accumulated more than 90 days will not be allowed additional accumulation. All regular employees are credited with 1 ½ percent per year of employment up to 90 days and are paid this 1 ½ percent per year of service upon reaching retirement.

Any employee not using sick leave during the year will be given the following personal days off:

<u>Sick Leave Days Taken</u>	<u>Personal Days Earned</u>
0-3	3
4-6	2
7-12	0

Vacation leave is earned based on the following schedule for all employees:

<u>Years of Service</u>	<u>Vacation Days</u>
1	5
2-5	10

After 5 years of service, 1 vacation day is added for each additional year employed.

Vacation time accrues and is credited to eligible employees on their anniversary date of hire based upon their years of continuous service with the City. Vacation time not used within the employee's anniversary year it is earned will be lost at the end of that year; unless under a written request for unusual circumstances.

The accumulated sick and vacation pay liability is \$145,767 at April 30, 2013.

NOTE 7 - RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which it obtains coverage from commercial insurance companies. The City has had no settled claims resulting from these risks that exceeded their commercial coverage in any of the past three fiscal years.

NOTE 8 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS

Plan Description

The City's defined benefit pension plan provides retirement, death and disability benefits to plan members and beneficiaries. The City participates in the Municipal Employees Retirement System of Michigan (MERS), an agent multiple-employer plan administered by the MERS Retirement Board. Act No. 427 of the Public Acts of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. The Municipal Employees Retirement System of Michigan issues a publicly available financial report that includes financial statements and required supplementary information for MERS. That report may be obtained by writing to the Municipal Employees Retirement System of Michigan, 447 N. Canal Road, Lansing, Michigan 48917-9755 or by calling (800) 767-6377.

Funding Policy

The City is required to contribute at an actuarially determined rate; the current rate ranges from 6.40% to 11.18% of annual covered payroll. City employees are required to contribute 4.7% of all covered wages. The contribution requirements of the City are established and may be amended by the Retirement Board of MERS. The contribution requirements of plan members are established and may be amended by the City, depending on the MERS contribution program adopted by the City.

Annual Pension Cost

For the year ended April 30, 2013, the City's annual pension cost of \$188,348 for MERS was equal to the City's required and actual contributions. The required contribution was determined using the entry age actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 8%, (b) additional projected salary increases up to 4.2% per year, depending on age, attributable to seniority/merit, and (c) an inflationary rate of 4.5%. The actuarial value of MERS assets was determined on the basis of a valuation method that assumes the fund earns the expected rate of return, and includes an adjustment to reflect fair value. The City's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2012, the date of the last actuarial valuation, was 24 years.

Three-year Trend Information			
Year Ended April 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2011	\$ 178,879	100%	0
2012	187,978	100%	0
2013	188,348	100%	0

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS

Primary Government

Plan Description. The City administers a single-employer healthcare plan (“the Retiree Health Plan”). The plan provides lifetime healthcare insurance for eligible retirees through the City’s group health insurance plan, which covers both active and retired members. Benefit provisions are established through negotiations between the City and employees. The Retiree Health Plan does not issue a publicly available financial report.

Funding Policy. Contribution requirements also are negotiated between the City and employees. The City contributes 27% of the cost of current-year premiums for eligible retired plan members. For fiscal year 2013, the City contributed \$16,777 to the plan. Total member contributions were \$18,135.

Annual OPEB Cost and Net OPEB Obligation. The City’s annual other post employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to 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 to the Retiree Health Plan:

Annual required contribution	\$ 29,481
Interest on net OPEB obligation	678
Adjustment to annual required contribution	<u>-</u>
Annual OPEB cost (expense)	30,159
Contributions made	<u>34,912</u>
Decrease in net OPEB obligation	(4,753)
Net OPEB obligation – beginning of year	<u>9,388</u>
Net OPEB obligation – end of year	<u>\$ 4,635</u>

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2013 is as follows:

Note: The City is currently working with their retiree health plan consultants on a new actuarial. For reporting purposes we will use the OPEB obligation ending as of the last actuarial.

<u>Fiscal Year End</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2013	\$ 30,159	99%	\$ 4,635

Funded Status and Funding Progress. As of December 31, 2010, the actuarial accrued liability for benefits was \$374,894, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was unavailable, and the ratio of the unfunded actuarial accrued liability to the covered payroll was unavailable.

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (Continue)

Actuarial valuation of an ongoing plan involve 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.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the 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 member to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2010, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 8.0% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 10% initially, reduced by decrements to an ultimate rate of 4.5% after ten years. Both rates included a percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis.

NOTE 10 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

Segment information for the year ended April 30, 2013, is as follows:

	<u>Sewer</u>	<u>Water</u>
Nonoperating revenue (expense)	\$ 94,987	\$ (25,495)
Operating income (loss)	194,559	(76,443)
Operating transfers out	(26,467)	(28,630)
Changes in net position	263,079	(130,568)
Operating revenues	906,662	509,677
Operating expenses	712,103	586,120
Depreciation	314,457	257,496
Total assets	12,571,183	3,239,182
Current liabilities	425,311	105,289
Noncurrent Liabilities	5,425,845	928,317
Beginning net position	6,456,948	2,336,144
Ending net position	6,720,027	2,205,576

NOTE 10 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS (Continued)

	<u>Sewer</u>	<u>Water</u>
Cash provided by:		
Operating activities	580,344	271,822
Noncapital financing activities	(26,467)	(28,630)
Capital and related financing activities	(326,087)	(163,654)
Beginning cash	1,394,519	113,063
Ending cash	1,622,309	192,601

NOTE 11 - CHANGE IN PRESENTATION

During 2013, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which provides guidance for reporting deferred outflows of resources, deferred inflows of resources and net position in a statement of financial position and related disclosures. There were no significant changes to the financial statements as a result of adopting these Statements. The City has not adopted provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Effects on the financial statements as a result of adopting this standard are limited to financial presentation.

Required Supplementary Information

City of Boyne City, Michigan

**Employee Retirement and Benefit Systems
Schedule of Funding Progress
April 30, 2013**

Pension:

Three year trend information as of December 31 follows:

	<u>2010</u>	<u>2011</u>	<u>2012</u>
Actuarial Value of Assets	\$ 7,037,213	\$ 7,191,330	\$ 7,145,534
Actuarial Accrued Liability	8,653,675	9,172,263	9,151,964
Unfunded AAL	1,616,462	1,980,933	2,006,430
Funded Ratio	81%	78%	78%
Covered Payroll	1,318,808	1,065,018	1,120,911
UAAL as a Percentage of Covered Payroll	123%	186%	179%

Health Plan:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percent of Covered Payroll ((b - a) / c)
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Primary Government

2010	\$ -	\$ 374,894	\$ 374,894	0.0%	Not Available	-
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City of Boyne City, Michigan

Required Supplementary Information Budgetary Comparison Schedule General Fund For the Year Ended April 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 2,656,026	\$ 2,651,090	\$ 2,641,961	\$ (9,129)
State Sources	244,068	280,178	329,792	49,614
Charges for Services	152,000	173,762	177,641	3,879
Interest and Rentals	13,900	11,915	8,272	(3,643)
Other Revenue	512,441	434,339	410,494	(23,845)
TOTAL REVENUES	3,578,435	3,551,284	3,568,160	16,876
EXPENDITURES:				
Legislative:				
City Commission	19,518	19,118	18,980	138
General Government:				
General Administration	559,353	537,882	529,796	8,086
Elections	2,900	2,845	2,853	(8)
Legal & Accounting	73,000	43,000	42,369	631
Planning	150,390	136,365	134,049	2,316
Assessor	100,723	62,965	58,461	4,504
Building and Grounds	1,176,646	144,533	135,634	8,899
Housing Commission	255,000	195,000	187,281	7,719
Total General Government	2,318,012	1,122,590	1,090,443	32,147
Public Safety:				
Police Department	639,004	573,609	565,000	8,609
Total Public Safety	639,004	573,609	565,000	8,609
Public Works:				
Rubbish Collection	28,000	27,231	27,231	-
Cemetery	51,017	38,054	36,023	2,031
Sidewalk Construction	108,000	3,662	3,659	3
Total Public Works	187,017	68,947	66,913	2,034
Health and Welfare:				
Environmental	1,000	750	750	-
Total Health and Welfare	1,000	750	750	-
Recreation and Culture:				
Parks and Recreation	286,521	218,359	211,308	7,051
Museum	2,492	1,754	1,753	1
Total Recreation and Culture	289,013	220,113	213,061	7,052
Other Expenditures:				
Other	198,743	169,709	143,632	26,077
Total Other Expenditures	198,743	169,709	143,632	26,077
TOTAL EXPENDITURES	3,652,307	2,174,836	2,098,779	76,057

City of Boyne City, Michigan

Required Supplementary Information Budgetary Comparison Schedule General Fund For the Year Ended April 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXCESS OF REVENUES OVER EXPENDITURES	(73,872)	1,376,448	1,469,381	92,933
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	61,526	38,000	34,801	(3,199)
Operating Transfers Out	(1,315,973)	(1,366,323)	(1,366,323)	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>\$ (1,328,319)</u>	<u>\$ 48,125</u>	137,859	<u>\$ 89,734</u>
FUND BALANCE, MAY 1			<u>2,295,312</u>	
FUND BALANCE, APRIL 30			<u>\$ 2,433,171</u>	

City of Boyne City, Michigan

Required Supplementary Information
Budgetary Comparison Schedule
Major Street Fund
For the Year Ended April 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 84,500	\$ 80,907	\$ 80,907	\$ -
Federal Sources	503,440	503,440	503,440	-
State Sources	216,500	229,785	266,747	36,962
Other Revenue	-	388	388	-
TOTAL REVENUES	804,440	814,520	851,482	36,962
EXPENDITURES:				
Public Works	1,499,208	1,645,198	1,614,848	30,350
EXCESS OF REVENUES OVER EXPENDITURES	(694,768)	(830,678)	(763,366)	67,312
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	347,447	763,266	763,266	-
TOTAL OTHER FINANCING SOURCES (USES)	347,447	763,266	763,266	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	\$ (347,321)	\$ (67,412)	(100)	\$ 67,312
FUND BALANCE, MAY 1			67,412	
FUND BALANCE, APRIL 30			\$ 67,312	

City of Boyne City, Michigan

Required Supplementary Information
Budgetary Comparison Schedule
Local Street Fund
For the Year Ended April 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 84,500	\$ 80,907	\$ 80,907	\$ -
State Sources	91,460	112,785	128,094	15,309
Charges for Services	-	115	114	(1)
TOTAL REVENUES	<u>175,960</u>	<u>193,807</u>	<u>209,115</u>	<u>15,308</u>
EXPENDITURES:				
Public Works	<u>943,460</u>	<u>941,237</u>	<u>928,047</u>	<u>13,190</u>
EXCESS OF REVENUES OVER EXPENDITURES	(767,500)	(747,430)	(718,932)	28,498
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	<u>767,500</u>	<u>747,430</u>	<u>729,821</u>	<u>(17,609)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>767,500</u>	<u>747,430</u>	<u>729,821</u>	<u>(17,609)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>\$ -</u>	<u>\$ -</u>	10,889	<u>\$ 10,889</u>
FUND BALANCE, MAY 1			<u>-</u>	
FUND BALANCE, APRIL 30			<u>\$ 10,889</u>	

City of Boyne City, Michigan

Required Supplementary Information
Budgetary Comparison Schedule
Ambulance Fund
For the Year Ended April 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Charges for Services	\$ 480,152	\$ 682,163	\$ 570,179	\$ (111,984)
Local Revenues	80,575	76,427	94,285	17,858
Other Revenue	5,000	47,661	25,486	(22,175)
TOTAL REVENUES	565,727	806,251	689,950	(116,301)
EXPENDITURES:				
Health and Welfare	628,805	815,944	755,425	60,519
EXCESS OF REVENUES OVER EXPENDITURES	(63,078)	(9,693)	(65,475)	(55,782)
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	78,500	116,880	174,370	57,490
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	\$ 15,422	\$ 107,187	108,895	\$ 1,708
FUND BALANCE, MAY 1			33,084	
FUND BALANCE, APRIL 30			\$ 141,979	

Other Information

City of Boyne City, Michigan

**Combining Balance Sheet
General Funds
April 30, 2013**

	General	Rubbish Collection	Creative Playground	Cemetery	Totals
ASSETS:					
Cash and Equivalents - Unrestricted	\$ 2,275,221	\$ -	\$ 690	\$ 13,163	\$ 2,289,074
Accounts Receivable	101,060	-	-	780	101,840
Prepaid Expenses	19,048	-	-	342	19,390
Due from Governmental Units	42,558	-	-	-	42,558
TOTAL ASSETS	\$ 2,437,887	\$ -	\$ 690	\$ 14,285	\$ 2,452,862
LIABILITIES:					
Accounts Payable	\$ 12,628	\$ -	\$ -	\$ 45	\$ 12,673
Accrued Liabilities	6,898	-	-	120	7,018
TOTAL LIABILITIES	19,526	-	-	165	19,691
FUND BALANCES:					
Nonspendable	19,048	-	-	342	19,390
Committed	129,331	-	-	-	129,331
Assigned	217,924	-	690	13,778	232,392
Unassigned	2,052,058	-	-	-	2,052,058
TOTAL FUND BALANCES	2,418,361	-	690	14,120	2,433,171
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,437,887	\$ -	\$ 690	\$ 14,285	\$ 2,452,862

City of Boyne City, Michigan

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - General Funds For the Year Ended April 30, 2013

	General	Rubbish Collection	Creative Playground	Cemetery	Totals
REVENUES:					
Taxes	\$ 2,641,961	\$ -	\$ -	\$ -	\$ 2,641,961
State Sources	329,792	-	-	-	329,792
Charges for Services	145,441	-	-	32,200	177,641
Interest and Rentals	8,272	-	-	-	8,272
Other Revenue	400,646	-	60	9,788	410,494
TOTAL REVENUES	3,526,112	-	60	41,988	3,568,160
EXPENDITURES:					
Legislative	18,980	-	-	-	18,980
General Government	1,090,443	-	-	-	1,090,443
Public Safety	565,000	-	-	-	565,000
Public Works	3,659	27,231	-	36,023	66,913
Health and Welfare	750	-	-	-	750
Recreation and Culture	213,061	-	-	-	213,061
Other Expenditures	143,632	-	-	-	143,632
TOTAL EXPENDITURES	2,035,525	27,231	-	36,023	2,098,779
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,490,587	(27,231)	60	5,965	1,469,381
OTHER FINANCING SOURCES (USES):					
Operating Transfers In	-	27,231	-	7,570	34,801
Operating Transfers Out	(1,366,323)	-	-	-	(1,366,323)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	124,264	-	60	13,535	137,859
FUND BALANCES, MAY 1	2,294,097	-	630	585	2,295,312
FUND BALANCES, APRIL 30	\$ 2,418,361	\$ -	\$ 690	\$ 14,120	\$ 2,433,171

City of Boyne City, Michigan

**Combining Balance Sheet
Nonmajor Governmental Funds
April 30, 2013**

	Special Revenue Funds				Total
	Boyne Thunder	Fire	Marina	Airport	
ASSETS:					
Cash and Equivalents - Unrestricted	\$ 50,124	\$ 409,594	\$ 235,802	\$ 39,006	\$ 734,526
Accounts Receivable	-	203,680	-	5,231	208,911
Prepaid Expenses	-	3,761	342	684	4,787
Inventory	-	-	1,074	2,950	4,024
TOTAL ASSETS	\$ 50,124	\$ 617,035	\$ 237,218	\$ 47,871	\$ 952,248
LIABILITIES:					
Accounts Payable	-	608	1,130	1,738	3,476
TOTAL LIABILITIES	-	608	1,130	1,738	3,476
FUND BALANCES:					
Nonspendable	-	3,761	1,416	3,634	8,811
Assigned	50,124	612,666	234,672	42,499	939,961
TOTAL FUND BALANCES	50,124	616,427	236,088	46,133	948,772
TOTAL LIABILITIES AND FUND BALANCES	\$ 50,124	\$ 617,035	\$ 237,218	\$ 47,871	\$ 952,248

City of Boyne City, Michigan

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds For the Year Ended April 30, 2013

	Special Revenue Funds				Total
	Boyne Thunder	Fire	Marina	Airport	
REVENUES:					
Charges for Services	\$ 124,777	\$ 203,680	\$ 123,385	\$ 111,689	\$ 563,531
Other Revenue	37,699	2,187	1,298	-	41,184
TOTAL REVENUES	162,476	205,867	124,683	111,689	604,715
EXPENDITURES:					
Public Safety	-	167,581	-	-	167,581
Public Works	-	-	89,073	105,662	194,735
Recreation and Culture	112,352	-	-	-	112,352
TOTAL EXPENDITURES	112,352	167,581	89,073	105,662	474,668
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	50,124	38,286	35,610	6,027	130,047
OTHER FINANCING SOURCES (USES):					
Operating Transfers In	-	154,000	-	-	154,000
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	50,124	192,286	35,610	6,027	284,047
FUND BALANCES, MAY 1	-	424,141	200,478	40,106	664,725
FUND BALANCES, APRIL 30	\$ 50,124	\$ 616,427	\$ 236,088	\$ 46,133	\$ 948,772

City of Boyne City, Michigan

Combining Balance Sheet Component Units April 30, 2013

	Governmental Activities						Business-type Activities		
	Local Development Finance Authority	Adjustments	Statement of Net Position	Downtown Development Authority	Adjustments	Statement of Net Position	Boyne City Housing Commission 9/30/2012	Adjustments	Statement of Net Position
ASSETS:									
Cash and Equivalents - Unrestricted	\$ 891,351	\$ -	\$ 891,351	\$ 19,259	\$ -	\$ 19,259	\$ 110,001	\$ -	\$ 110,001
Receivables	-	-	-	13,318	-	13,318	257,128	-	257,128
Prepaid Expenses	-	-	-	-	-	-	13,433	-	13,433
Inventory	-	-	-	-	-	-	10,146	-	10,146
Capital Assets (Not Depreciated)	-	291,419	291,419	-	-	-	796,267	-	796,267
Capital Assets (Net of Depreciation)	-	1,354,523	1,354,523	-	2,007,701	2,007,701	686,875	-	686,875
TOTAL ASSETS	\$ 891,351	\$ 1,645,942	\$ 2,537,293	\$ 32,577	\$ 2,007,701	\$ 2,040,278	\$ 1,873,850	\$ -	\$ 1,873,850
LIABILITIES:									
Current Liabilities:									
Accounts Payable	\$ 58	\$ -	\$ 58	\$ 1,693	\$ -	\$ 1,693	\$ 35,042	\$ -	\$ 35,042
Accrued Liabilities	-	-	-	344	-	344	96,015	-	96,015
Note Payable	-	62,162	62,162	-	5,979	5,979	11,522	-	11,522
Unearned Revenues	-	-	-	-	-	-	884	-	884
Noncurrent Liabilities:									
Note Payable	-	47,961	47,961	-	26,822	26,822	73,126	-	73,126
Compensated Absences	-	-	-	-	-	-	5,795	-	5,795
TOTAL LIABILITIES	58	110,123	110,181	2,037	32,801	34,838	222,384	-	222,384
FUND BALANCE:									
Unrestricted	891,293	(891,293)	-	30,540	(30,540)	-	-	-	-
TOTAL LIABILITIES & FUND BALANCES	\$ 891,351	(781,170)	110,181	\$ 32,577	2,261	34,838	222,384	-	222,384
NET POSITION:									
Net Investment in Capital Assets		1,535,819	1,535,819		1,974,900	1,974,900	1,398,494	-	1,398,494
Restricted		-	-		-	-	22,249	-	22,249
Unrestricted		891,293	891,293		30,540	30,540	230,723	-	230,723
TOTAL NET POSITION		\$ 2,427,112	\$ 2,427,112		\$ 2,005,440	\$ 2,005,440	\$ 1,651,466	\$ -	\$ 1,651,466

City of Boyne City, Michigan

Combining Balance Sheet Component Units April 30, 2013

	Total All Component Units		
	Component Units	Adjustments	Statement of Net Position
ASSETS:			
Cash and Equivalents - Unrestricted	\$ 1,020,611	\$ -	\$ 1,020,611
Receivables	270,446	-	270,446
Prepaid Expenses	13,433	-	13,433
Inventory	10,146	-	10,146
Capital Assets (Not Depreciated)	796,267	291,419	1,087,686
Capital Assets (Net of Depreciation)	686,875	3,362,224	4,049,099
TOTAL ASSETS	\$ 2,797,778	\$ 3,653,643	\$ 6,451,421
LIABILITIES:			
Current Liabilities:			
Accounts Payable	\$ 36,793	\$ -	\$ 36,793
Accrued Liabilities	96,359	-	96,359
Note Payable	11,522	68,141	79,663
Unearned Revenues	884	-	884
Noncurrent Liabilities:			
Note Payable	73,126	74,783	147,909
Compensated Absences	5,795	-	5,795
TOTAL LIABILITIES	224,479	142,924	367,403
FUND BALANCE:			
Unrestricted	921,833	(921,833)	-
TOTAL LIABILITIES & FUND BALANCES	1,146,312	(778,909)	367,403
NET POSITION:			
Net Investment in Capital Assets	1,398,494	3,510,719	4,909,213
Restricted	22,249	-	22,249
Unrestricted	230,723	921,833	1,152,556
TOTAL NET POSITION	\$ 1,651,466	\$ 4,432,552	\$ 6,084,018

City of Boyne City, Michigan

**Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance/Net Position
Component Units
April 30, 2013**

	Governmental Activities						Business-type Activities		
	Local Development Finance Authority	Adjustments	Statement of Activities	Downtown Development Authority	Adjustments	Statement of Activities	Boyne City Housing Commission 9/30/2012	Adjustments	Statement of Activities
OPERATING REVENUES:									
Property Taxes	\$ 213,015	\$ -	\$ 213,015	\$ 291,712	\$ -	\$ 291,712	\$ -	\$ -	\$ -
Charges for Services	-	-	-	-	-	-	252,228	-	252,228
Capital Grants and Contributions	-	-	-	148,322	-	148,322	-	-	-
Operating Grants and Contributions	-	-	-	37,582	-	37,582	406,238	-	406,238
TOTAL OPERATING REVENUES	213,015	-	213,015	477,616	-	477,616	658,466	-	658,466
OPERATING EXPENSES:									
Economic Development	57,807	-	57,807	-	-	-	-	-	-
Health and Welfare	-	-	-	-	-	-	573,215	-	573,215
Other	-	-	-	396,986	-	396,986	-	-	-
Depreciation Expense	-	42,149	42,149	-	126,960	126,960	113,563	-	113,563
Debt Service									
Principal	60,183	(60,183)	-	5,732	(5,732)	-	-	-	-
Interest	4,806	-	4,806	1,568	-	1,568	-	-	-
TOTAL OPERATING EXPENSES	122,796	(18,034)	104,762	404,286	121,228	525,514	686,778	-	686,778
NON-OPERATING REVENUES (EXPENSES):									
Investment Earnings (Expense)	-	-	-	-	-	-	(5,599)	-	(5,599)
Gain on sale of assets	-	-	-	-	-	-	500	-	500
Casualty Loss	-	-	-	-	-	-	(1,150)	-	(1,150)
Other	-	-	-	-	-	-	502	-	502
TOTAL NON-OPERATING REVENUES (EXPENSES)	-	-	-	-	-	-	(5,747)	-	(5,747)
OTHER FINANCING SOURCES (USES):									
Operating Transfers Out	(165,386)	-	(165,386)	(269,452)	-	(269,452)	-	-	-
Change in Fund Balance/Net Position	(75,167)	75,167	-	(196,122)	196,122	-	-	-	-
Changes in Net Position	-	(57,133)	(57,133)	-	(317,350)	(317,350)	(34,059)	-	(34,059)
Fund Balance/Net Position Beginning of Year	966,460	1,517,785	2,484,245	310,182	2,096,128	2,406,310	1,685,770	-	1,685,770
Prior Period Adjustment	-	-	-	(83,520)	-	(83,520)	(245)	-	(245)
Fund Balance/Net Position End of Year	\$ 891,293	\$ 1,535,819	\$ 2,427,112	\$ 30,540	\$ 1,974,900	\$ 2,005,440	\$ 1,651,466	\$ -	\$ 1,651,466

City of Boyne City, Michigan

**Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance/Net Position
Component Units
April 30, 2013**

	Total All Component Units		
	Component Units	Adjustments	Statement of Activities
OPERATING REVENUES:			
Property Taxes	\$ 504,727	\$ -	\$ 504,727
Charges for Services	252,228	-	252,228
Capital Grants and Contributions	148,322	-	148,322
Operating Grants and Contributions	443,820	-	443,820
TOTAL OPERATING REVENUES	1,349,097	-	1,349,097
OPERATING EXPENSES:			
Economic Development	57,807	-	57,807
Health and Welfare	573,215	-	573,215
Other	396,986	-	396,986
Depreciation Expense	113,563	169,109	282,672
Debt Service			
Principal	65,915	(65,915)	-
Interest	6,374	-	6,374
TOTAL OPERATING EXPENSES	1,213,860	103,194	1,317,054
NON-OPERATING REVENUES (EXPENSES):			
Investment Earnings	(5,599)	-	(5,599)
Gain on sale of assets	500	-	500
Casualty Loss	(1,150)	-	(1,150)
Other	502	-	502
TOTAL NON-OPERATING REVENUES (EXPENSES)	(5,747)	-	(5,747)
OTHER FINANCING SOURCES (USES):			
Operating Transfers Out	(434,838)	-	(434,838)
Change in Fund Balance/Net Position	(271,289)	271,289	-
Changes in Net Position	(34,059)	(374,483)	(408,542)
Fund Balance/Net Position Beginning of Year	2,962,412	3,613,913	6,576,325
Prior Period Adjustment	(83,765)	-	(83,765)
Fund Balance/Net Position End of Year	\$ 2,573,299	\$ 3,510,719	\$ 6,084,018

Reports on Compliance



ANDERSON, TACKMAN & COMPANY, PLC
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**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***

Honorable Mayor and Members
of the City Council
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, 2013, 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, 2013. Our report includes a reference to other auditors who audited the financial statements of the Boyne City Housing Commission, as described in or report on the City of Boyne City, Michigan's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

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.

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

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 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 one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2013-001.

City of Boyne City, Michigan's Response to Findings

The City of Boyne City, Michigan's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Boyne City, Michigan's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 result 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.



Anderson, Tackman & Company, PLC
Certified Public Accountants
Kincheloe, Michigan

August 12, 2013



ANDERSON, TACKMAN & COMPANY, PLC
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

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

Report on Compliance for Each Major Federal Program

We have audited the City of Boyne City, Michigan's, compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Boyne City, Michigan's major federal programs for the year ended April 30, 2013. The City of Boyne City, Michigan's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on the compliance for each of the City of Boyne City, Michigan's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Boyne City, Michigan's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Boyne City, Michigan's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Boyne City, Michigan complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended April 30, 2013.

Report on Internal Control Over Compliance

Management of the City of Boyne City, Michigan is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Boyne City, Michigan's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Boyne City, Michigan's internal control over compliance.

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Anderson, Tackman and Company, PLC
Certified Public Accountants
Kincheloe, Michigan

August 12, 2013

City of Boyne City

Schedule of Expenditures of Federal Awards Year Ended April 30, 2013

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>Pass-through programs from the Michigan Strategic Fund</i>			
Community Development Block Grant			.
Boyne City Main Street Façade Enhancement Project	14.228	MSC - 210022 - CDF	\$ 116,845
South Park Street Downtown Infrastructure Project	14.228	MSC - 211014 - DIG	503,440
Total - Michigan Strategic Fund			<u>620,285</u>
Total - U.S. Department of Housing and Urban Development			<u>620,285</u>
U.S. DEPARTMENT OF INTERIOR			
<i>Pass-through program from the Michigan State Housing Development Authority</i>			
Downtown Historic District National Register Nomination	15.904	CG11-411	<u>29,976</u>
Total - U.S. Department of Interior			<u>29,976</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 650,261</u></u>

City of Boyne City, Michigan

Notes to Schedule of Expenditures of Federal Awards For the Year Ended April 30, 2013

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Boyne City, Michigan and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B - COGNIZANT AGENCY

The City has not been assigned a cognizant agency. Therefore, the City is under the general oversight of the U.S. Department of Housing and Urban Development which provided the greatest amount of indirect federal funding to the City during 2013.

NOTE C - FEDERAL REVENUES

Federal Revenues per Financial Statement	\$ 503,440
Add: Component Unit Federal Revenues	<u>146,821</u>
Total Federal Expenditures	<u>\$ 650,261</u>

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditors' report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	Yes

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	No
Type of auditors' report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	No

Identification of Major Programs

CFDA NUMBERS

Name of Federal Program or Cluster

14.228	Community Development Block Grant
Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	No

Compliance and Other Matters

Noncompliance with State Statutes

Delinquent In Distributing Tax Revenues

Finding 2013-001

Condition/Criteria: The disbursement of current tax collections, to the respective agencies was not conducted in a timely manner. The disbursement was not performed within the time limit specified by regulation.

Effect: Current tax collections were not remitted in a timely manner to other taxing units.

Cause of Condition: Unknown.

Recommendation: To ensure timeliness of tax disbursements, disbursements should be made within 10 business days in accordance with Department of Treasury regulations.

Plan Corrective Action: The board has implemented compensating controls to reduce the risks discussed above.

- Contact Person(s) Responsible for Correction:
Cindy Grice, Treasurer

Section III – Federal Award Findings and Questioned Costs

NONE.

Section III – Federal Award Findings and Questioned Costs

NONE.



ANDERSON, TACKMAN & COMPANY, PLC
CERTIFIED PUBLIC ACCOUNTANTS

KINROSS OFFICE

PHILLIP J. WOLF, CPA, PRINCIPAL
SUE A. BOWLBY, CPA, PRINCIPAL
KENNETH A. TALSMA, CPA, PRINCIPAL

ROBERT L. HASKE, CPA
AMBER N. MACK, CPA, EA

MEMBER AICPA
DIVISION FOR CPA FIRMS

MEMBER MACPA

OFFICES IN
MICHIGAN & WISCONSIN

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

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

We have audited the financial statements of the governmental activities, 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 for the year ended April 30, 2013, and have issued our report thereon dated August 12, 2013. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and, if applicable, Government Auditing Standards and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information about our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards and OMB Circular A-133

As stated in our engagement letter dated July 15, 2013, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Our responsibility for the supplementary information accompanying the financial statements, as describe by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether supplementary information is fairly stated, in all material respects, in relation to the financial statements as whole.

In planning and performing our audit, we will consider the City of Boyne City, Michigan's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We will also consider internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether the City of Boyne City, Michigan's financial statements are free of material misstatement, we will perform tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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. Also in accordance with OMB Circular A-133, we will examine, on a test basis, evidence about the City of Boyne City, Michigan's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement applicable to each of its major federal programs for the purpose of expressing an opinion on the City of Boyne City, Michigan's compliance with those requirements. While our audit will provide a reasonable basis for our opinion, it does not provide a legal determination on the City of Boyne City, Michigan's compliance with those requirements.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our letter about planning matters on July 15, 2012.

Significant Accounting Policies

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the City of Boyne City, Michigan are described in Note 1 to the financial statements. One new accounting policies was adopted regarding the implementation of GASB Statements 63 and the application of existing policies was not changed during the year. We noted no transactions entered into by the governmental unit 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 financial statements were:

- Management's estimate of the depreciation expense is based on estimated lives. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

- Management's estimate of the accrued compensated absences is based on current hourly rates and policies regarding payment of sick and vacation banks.
- Management's estimate of the allowance for uncollectible accounts receivable is based on past experience and future expectations for collection of various account balances and has been determined to be \$51,127.
- Management's estimate of the Annual Required Contribution for OPEB Obligations and pension benefits were based on various assumptions regarding life expectancies, inflation, premium increases, and investment rates.

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 the financial statements taken as a whole.

Disagreement 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, 2013.

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 governmental unit'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 governmental unit'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

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed for 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.

Comments and Recommendations

The following is a summary of our observations with suggestions for improvements we believe should be brought to your attention. We noted no material matters involving the internal control over financial reporting and compliance, as reported in a separate letter in accordance with Government Auditing Standards of the basic financial statement audit report.

Uniform Chart of Accounts (Prior Year)

Currently there are several balance sheet and income statement accounts that are coded incorrectly per the Uniform Chart of Accounts. It is recommended that the City consult with the Uniform Chart of Accounts for appropriate account numbers for all line items.

Status: In progress.

Health Benefits

The City is still using the actuarial method completed in 2007 to project the future accrued actuarial liability for health benefit obligations. The City should consider updating this actuarial projection of health benefit costs in accordance with guidance contained in GASB Statement Number 45.

Reporting Employer Provided Health Coverage on Form W-2

The Affordable Care Act requires employers to report the cost of coverage under an employer-sponsored group health plan on an employee's Form W-2, Wage and Tax Statement. Many employers are eligible for transition relief for tax year 2013 and beyond, until the IRS issues final guidance for this reporting requirement.

The amount reported does not affect tax liability, as the value of the employer excludible contribution to health coverage continues to be excludible from an employee's income, and it is not taxable. This reporting is for informational purposes only, to show employees the value of their health care benefits so they can be informed consumers. More information about the reporting can be found at Form W-2 Reporting of Employer-Sponsored Health Coverage.

Pension Reporting

In June 2012, the Governmental Accounting Standards Board (GASB) approved a pair of related Statements that implement substantial changes to the accounting and financial reporting of pensions by state and local governments and pension plans. Statement No. 67, *Financial Reporting for Pension Plans* and Statement No. 68, *Accounting and Financial Reporting for Pensions*, establishes new accounting and financial reporting requirements. These requirements include a provision for reporting net pension liabilities on the accrual based statement of net position and measuring investments at fair value as well as additional footnote and required supplementary information disclosures.

The Board and Management should review the procedures for implementation of these new standards effective in fiscal 2014 and assess the impact on the local unit of government's financial reporting.

Trust and Agency Fund

During examination of the Trust and Agency Fund, it was noted that there were stale balances in a few accounts that need to be reconciled. It is recommended that the City review and possibly remove these balances.

Payroll

It was noted during the testing of controls over payroll that two employees were missing Michigan W-4 Forms and deduction authorization forms. We recommend that all of the necessary paperwork be filled out at the beginning and throughout employment and kept in the employee's file.

Receipts

It was noted during the testing of controls over tax receipts that a few tax collections were not remitted within the required ten day period of collection. We recommend that tax receipts be remitted in ten days as required by statute.

Conclusion

This information is intended solely for the use of the Mayor, City Council 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.

We would like to express our appreciation, as well as that of our staff for the excellent cooperation we received while performing the audit. If we can be of any further assistance, please contact us.



Anderson, Tackman & Company, PLC
Certified Public Accountants
Kincheloe, Michigan

August 12, 2013

**CITY OF BOYNE CITY****MEMO**

To: Michael Cain, City Manager *Mc*
From: Barb Brooks, Executive Assistant / Harbormaster *BB*
Date: October 1, 2013
Subject: Dredging Bids

As I had mentioned at the September 24 City Commission meeting, the dredging project was out for bids at that time. The bids are due on October 8th at 2 p.m. Because we are under time constraints due to the parameters of the permit, I would like to the City Commission to consider awarding a contract at their October 8th meeting. I will work with the engineers to go over the bid documents and have a recommendation ready for review and consideration by the 7 p.m. meeting.

If we are not comfortable with the bids or have questions that can't be addressed prior to the meeting we will not move forward with a recommendation. If a recommendation is going to be presented, I will email it all of the commissioners, post in on the website as additional information and have a hard copy at each commissioner's place setting.

If the Commission is not comfortable with this, our other options are: hold a special meeting at a later date or wait until the October 22 City Commission meeting; however, that will be too late to do any dredging this fall.

October 8, 2013

Mr. Michael Cain
City of Boyne City
319 N. Lake Street
Boyne City, MI 49712

Re: Recommendation for Contract Award
F. Grant Moore Municipal Marina – 2013 Maintenance Dredging
ACI Project No. 13-0166

Dear Mr. Cain,

On October 8, 2013, we received four (4) bids for the F. Grant Moore Municipal Marina – 2013 Maintenance Dredging Project. All four bids were complete, including the specified qualifications materials.

A summary of the attached bid tabulation is provided below.

BID SUMMARY

<u>Prepared By:</u>	<u>Amount:</u>
Engineer's Estimate	\$174,637.65
Ryba Marina Construction Co.	\$159,965.00
St. James Marina Co. & Fogg Towing	\$161,230.00
Shoreline Marina Construction	\$176,718.52
R.B. Lyons, Inc.	\$191,590.00

Low Bidder is indicated in **bold**.

After review, we have found all bidders to be qualified and their bids to be responsive. Abonmarche recommends award to **Ryba Marine Construction Co.** the low bidder, in the amount of \$159,965.00. This bid is below the Engineer's Estimate of \$174,637.65. We will begin preparation of the Notice of Award pending your final decision in selecting a contractor and pending approval from the Michigan Department of Natural Resources – Waterways Division.

Should you have any questions or comments, please feel free to contact us at our office.

Sincerely,

ABONMARCHE

Daniel A. Dombos II, P.E.
Senior Project Engineer

DAD

cc: Barb Brooks

City of Boyne City



Owner: City of Boyne City
 Project Name: F. Grant Moore Municipal Marina Dredging Project
 Project Number: 13-0166
 Date and Time: Oct. 8, 2013, 2:00 p.m. City Hall Commission Chambers

Bid Opening Results

<u>BIDDER</u>	<u>ADDENDA #1</u>	<u>INSURANCE</u>	<u>BID BOND</u>	<u>NON-COLLUSION AFFIDAVIT</u>	<u>DEBARMENT CERTIFICATION</u>	<u>BASE BID</u>
Engineer'sm Estimate	-	-	-	-	-	\$ 174,637.65
R.B. Lyons, Inc	X	X	X	X	X	\$ 191,500.00
St. James Marine & Fogg Towing	X	X	X	X	X	\$ 161,120.00
Ryba Marine Construction Co.	X	X	X	X	X	\$ 159,965.00
Shoreline Marine Construction	X	X	X	X	X	\$ 167,266.00

Owner: City of Boyne City
 Project Name: F. Grant Moore Municipal Marine Dredging Project
 Project Number: 13-0166
 Date and Time: Tuesday, October 8, 2013 @ 2:00 p.m.

Legend:

Correction
Low Bidder

Bid Tabulation

Item	Unit	Estimated Quantity	Engineer's Estimate		Ryba Marine Construction Co.		St. James Marine Co. & Fogg Towing		
			Unit Price	Total	Unit Price	Total	Unit Price	Total	
1	Mobilization	LS	1	\$ 20,000.00	\$ 20,000.00	\$ 7,998.25	\$ 7,998.25	\$ 2,500.00	\$ 2,500.00
2	Dredging and Dewatering	CYD	3,000	\$ 32.00	\$ 96,000.00	\$ 20.50	\$ 61,500.00	\$ 28.50	\$ 85,500.00
3	Disposal, Unrestricted	CYD	2,422	\$ 8.75	\$ 21,192.50	\$ 7.80	\$ 18,891.60	\$ 5.00	\$ 12,110.00
4	Disposal, CDF/Landfill	CYD	578	\$ 20.00	\$ 11,560.00	\$ 49.50	\$ 28,611.00	-	\$ 36,000.00
5	Grading and Restoration	LS	1	\$ 8,000.00	\$ 8,000.00	\$ 15,400.00	\$ 15,400.00	\$ 8,500.00	\$ 8,500.00
6	SESC Measures	LS	1	\$ 8,000.00	\$ 8,000.00	\$ 17,966.25	\$ 17,966.25	\$ 7,500.00	\$ 7,500.00
7	Close-Out Costs (6% of Bid Amount)	LS	1	\$ 9,885.15	\$ 9,885.15	\$ 9,597.90	\$ 9,597.90	\$ 9,120.00	\$ 9,120.00
Total:				\$ 174,637.65		\$ 159,965.00		\$ 161,230.00	
						% of Eng. Est.	91.60%	% of Eng. Est.	92.32%

Owner: City of Boyne City
 Project Name: F. Grant Moore Municipal Marine Dredging Project
 Project Number: 13-0166
 Date and Time: Tuesday, October 8, 2013 @ 2:00 p.m.

Legend:

Correction
Low Bidder

Bid Tabulation

Item	Unit	Estimated Quantity	Engineer's Estimate		Shoreline Marine Construction		R.B. Lyons, Inc.		
			Unit Price	Total	Unit Price	Total	Unit Price	Total	
1	Mobilization	LS	1	\$ 20,000.00	\$ 20,000.00	\$ 15,000.00	\$ 15,000.00	\$ 25,000.00	\$ 25,000.00
2	Dredging and Dewatering	CYD	3,000	\$ 32.00	\$ 96,000.00	\$ 34.00	\$ 102,000.00	\$ 35.00	\$ 105,000.00
3	Disposal, Unrestricted	CYD	2,422	\$ 8.75	\$ 21,192.50	\$ 6.00	\$ 14,532.00	\$ 5.00	\$ 12,110.00
4	Disposal, CDF/Landfill	CYD	578	\$ 20.00	\$ 11,560.00	\$ 45.00	\$ 26,010.00	\$ 60.00	\$ 34,680.00
5	Grading and Restoration	LS	1	\$ 8,000.00	\$ 8,000.00	\$ 6,110.00	\$ 6,110.00	\$ 2,000.00	\$ 2,000.00
6	SESC Measures	LS	1	\$ 8,000.00	\$ 8,000.00	\$ 3,030.56	\$ 3,030.56	\$ 2,000.00	\$ 2,000.00
7	Close-Out Costs (6% of Bid Amount)	LS	1	\$ 9,885.15	\$ 9,885.15	\$ 10,035.96	\$ 10,035.96	\$ 10,800.00	\$ 10,800.00
Total:				\$ 174,637.65		\$ 176,718.52		\$ 191,590.00	
						% of Eng. Est.	101.19%	% of Eng. Est.	109.71%

MEMORANDUM

TO: MICHAEL CAIN; CITY MANAGER

FROM: ANDREW KOVOLSKI; PUBLIC WORKS SUPERINTENDENT



DATE: 10/3/13

RE: 2000 STERLING DUMP TRUCK REPLACEMENT BIDS

As you are aware the 2000 Sterling dump truck with an underbody plow system, is due for replacement. It has been in service with the City for 13 years. During budget review with the City Commission there was a very lengthy discussion about the need to replace this vehicle. Ultimately the Commission approved its replacement and the funds allocated for it. The amount budgeted for this purchase is \$160,000.00.

We typically purchase this type of vehicle as a cab and chassis and bid out the dump box, under-body blade, hydraulic and control systems to truck equipment suppliers. Bids were advertised with a due date of October 1, 2013 for an International 7400 SFA Cab and Chassis. This is the same make and model of the other 3 Dump/Plow Trucks in the City fleet. We have had good luck with these trucks the oldest being a 2004 model year. One bid was received from Zaremba Equipment of Gaylord, MI \$74,518.28. Attached to this memorandum are the specifications used, Warranty information and their bid submittal for your review.

Bid Specifications for the dump-box, under-body blade, hydraulic and control systems were advertised in August and opened on September 1, 2011. Only one bid was received from Truck and Trailer Specialties of Boyne Falls, MI in the amount of \$42,303.00 including the option for a heavy duty front bumper. We have specified a complete stainless steel dump box system for this purchase. The cost difference of approximately \$3,500.00 over a regular steel box will be offset by the fact we will be able to use the stainless box system on multiple vehicle replacements. We also specified a Monroe HD3500 underbody plow system for this truck. The reason we were brand specific on the underbody plow is to keep all underbody plows we have the same manufacturer. Attached to this memorandum are the specifications used and their bid submittal for your review.

RECCOMENDATION:

It is my recommendation that the City Commission award contracts for 1) the purchase of the 2014 International Cab and Chassis to Zaremba Equipment of Gaylord in the amount of \$74,518.28 and 2) the purchase and installation of the Dump-box system, under-body blade, hydraulic and control systems to Truck and Trailer Specialties of Boyne Falls in

the amount of \$42,303.00 for a total of \$116,821.28 and authorize the City Manager to sign the required documents. Funds for this purchase were included in this fiscal years Motorpool 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.

Company: Zarembo Equipment Inc

Address: 1734 Dickerson
Gaylord Mi 49735

Phone: 989-705-7664

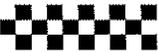
Authorized Agent: Roger E Hansen

Signature: *Roger E Hansen*

Title: Salesmanager

Date: 09/23/2013

2014 Cab and Chassis Truck as specified \$ 74,518.28



LIMITED WARRANTY FOR MODELS DURASTAR® SERIES, 7300/7400 (4X2,6X4,4X4,6X6)

*Effective with vehicles built July 12, 2011 or later.

BASIC VEHICLE

Navistar, Inc., at its option, will repair or replace any part of this vehicle which proves defective in material or workmanship, in normal use and service, with new or ReNEWed® parts, based on the Component Coverage's below. Exceptions are listed below:

BASIC VEHICLE COVERAGE	Months	Miles
Basic Vehicle Warranty (Feature Code 40010)	12	Unlimited
Basic Vehicle Warranty (DuraStar Only-Feature 40013) (See exceptions listed below)	12	Unlimited
*Note-Items not listed in warranty exceptions follow base warranty		
Warranty Exceptions		
CHASSIS COVERAGE	Months	Miles
Frame side rails	84	Unlimited
Cab/cowl structure	60	Unlimited
Cab/cowl perforation corrosion	60	Unlimited
ENGINE COVERAGE	Months	Miles
Non-Rescue Applications		
MaxxForce® 7 Engine (Includes DPF)	36	150/240
MaxxForce® 9 Engine (Includes DPF)	36	150/240
MaxxForce® 10 Engine (Includes DPF)	36	150/240
MaxxForce® DT Engine (Includes DPF)	36	150/240
MaxxForce® 7 Engine glow plugs, relay, harness/connector (07 EPA)	12	Unlimited
Rescue Application Only (Fire Truck, Ambulance, Emergency)		
MaxxForce® 7 Engine (Includes DPF)	60	100/160
MaxxForce® 9 Engine (Includes DPF)	60	100/160
MaxxForce® 7 Engine (Includes DPF)	60	100/160
MaxxForce® DT Engine (Includes DPF)	60	100/160
MaxxForce® 7 Engine glow plugs, relay, harness/connector (07 EPA)	36	Unlimited
DRIVE TRAIN	Months	Miles
Splines axles, Propshaft, Eaton clutch, TTC Transmission <i>ALL 15 100H</i>	24	Unlimited
Eaton Fuller 6206/53D6 Transmission	24	Unlimited
Meritor Axles	24	Unlimited
MISCELLANEOUS COVERAGE	Months	Miles
Batteries	12	Unlimited
Brightwork, Chassis Paint and Corrosion (other than Cab)	6	Unlimited
Hood/Cab Paint	12	Unlimited
FIRST 90 DAYS FROM DELIVERY TO USER (DTU)		
Correction of loose fasteners, squeaks, rattles and unusual noises, Towing (unless specific stated coverage above), Adjustments and Maintenance (e.g. dim headlights, adjust brakes/clutch, adjust steering system, check and fill coolant levels)		

WHAT IS NOT INCLUDED UNDER BASIC COVERAGE

COMPONENTS / ITEMS:

- Warranted by their respective manufacturers (e.g., non-Navistar brand engines, tires, Allison Transmissions, Eaton Hybrid components, lubricants, etc.)
- Bodies, equipment, and accessories installed by other than authorized Navistar Truck employees at Navistar Truck manufacturing plants.
- Front and rear axle alignment.

REPAIRS & MAINTENANCE:

- Maintenance-related items/repairs, or those as a result of normal wear and tear, including tune-ups, brake/clutch linings, windshield wiper blades, tire balancing, lubrication and other similar procedures/parts required to keep vehicle in good working condition.
- Failures that are the result of poor fuel quality, water in fuel, rust, etc.
- Vehicle misuse, negligent care, improper maintenance, improper operation, or the result of accident or collision.
- Fade, runs, mismatch or damage to paint, trim items, upholstery, chrome, polished surfaces, etc., resulting from environmental causes, improper polishes, cleaners or washing solutions, or chemical and industrial fallout.
- Failure to observe published capacity or load specifications for engine, transmission, propshaft, axles (power train) and suspension.

OTHER:

- Vehicles sold and/or operated outside the United States and Canada.
- Vehicles/components which have had unauthorized alterations or modifications.
- Vehicles on which the odometer reading has been altered.
- Loss of time or use of the vehicle, loss of profits, inconvenience, or other consequential or incidental damages or expenses.
- Replacement of defective parts with parts other than those provided by Navistar, Inc.

OBTAINING SERVICE

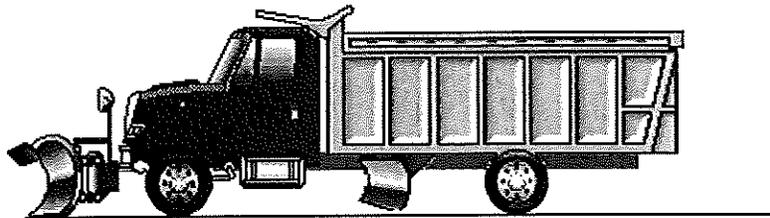
Return this vehicle to any International Truck Dealer authorized to service this model vehicle and engine.

This warranty is automatically transferred to subsequent owners at no charge. Visit your local Authorized International Truck Dealer for name and address change information.

INTERNATIONAL®

Prepared For:
CITY OF BOYNE CITY
MICHAEL CAIN
CITY HALL
BOYNE CITY, MI 49712-
(231)582 - 6597
Reference ID: N/A

Thank you for the opportunity to provide you with the following quotation on a new International truck. I am sure the following detailed specification will meet your operational requirements, and I look forward to serving your business needs.



Model Profile 2014 7400 SFA 4X2 (SA525)

APPLICATION:	Front Plow and Underbelly Scraper No Spreader
MISSION:	Requested GVWR: 35350. Calc. GVWR: 36220 Calc. Start / Grade Ability: 29.40% / 3.26% @ 55 MPH Calc. Geared Speed: 68.6 MPH
FUEL ECONOMY:	N/A
DIMENSION:	Wheelbase: 179.00, CA: 104.00, Axle to Frame: 65.00
ENGINE, DIESEL:	{MaxxForce DT} EPA 10, 285 HP @ 2200 RPM, 860 lb-ft Torque @ 1300 RPM, 2400 RPM Governed Speed
TRANSMISSION, AUTOMATIC:	{Allison 3000_RDS_P} 4th Generation Controls; Close Ratio, 5-Speed, With Overdrive; On/Off Hwy; Includes Oil Level Sensor, With PTO Provision, Less Retarder, With 80,000-lb GVW & GCW Max.
CLUTCH:	Omit Item (Clutch & Control)
AXLE, FRONT NON-DRIVING:	{Meritor MFS-16-143A} Wide Track, I-Beam Type, 16,000-lb Capacity
AXLE, REAR, SINGLE:	{Meritor RS-23-160} Single Reduction, 23,000-lb Capacity, 200 Wheel Ends, Driver Controlled Locking Differential Gear Ratio: 5.63
CAB:	Conventional
TIRE, FRONT:	(2) 11R22.5 G287 MSA (GOODYEAR) 498 rev/mile, load range H, 16 ply
TIRE, REAR:	(4) 11R22.5 G622 RSD (GOODYEAR) 497 rev/mile, load range G, 14 ply
SUSPENSION, RR, SPRING, SINGLE:	Vari-Rate; 31,000-lb Capacity, With 4500 lb Auxiliary Rubber Spring
PAINT:	Cab schematic 100GM Location 1: 2303, Red (Std) Chassis schematic N/A

<u>Code</u>	<u>Description</u>
SA52500	Base Chassis, Model 7400 SFA 4X2 with 179.00 Wheelbase, 104.00 CA, and 65.00 Axle to Frame.
1570	TOW HOOK, FRONT (2) Frame Mounted
1CAJ	FRAME RAILS Heat Treated Alloy Steel (120,000 PSI Yield); 10.866" x 3.622" x 0.433" (276.0mm x 92.0mm x 11.1mm); 456.0" (11582mm) Maximum OAL
1LLK	BUMPER, FRONT Omit Item
1WDS	FRAME EXTENSION, FRONT Integral; 20" In Front of Grille
1WEV	WHEELBASE RANGE 146" (370cm) Through and Including 195" (495cm)
2ARU	AXLE, FRONT NON-DRIVING {Meritor MFS-16-143A} Wide Track, I-Beam Type, 16,000-lb Capacity
	<u>Notes</u> : The following features should be considered when calculating Front GAWR: Front Axles; Front Suspension; Brake System; Brakes, Front Air Cam; Wheels; Tires.
3ACP	SUSPENSION, FRONT, SPRING Multileaf, Shackle Type; 16,000-lb Capacity; Less Shock Absorbers
	<u>Includes</u> : SPRING PINS Rubber Bushings, Maintenance-Free
	<u>Notes</u> : The following features should be considered when calculating Front GAWR: Front Axles; Front Suspension; Brake System; Brakes, Front Air Cam; Wheels; Tires.
4091	BRAKE SYSTEM, AIR Dual System for Straight Truck Applications
	<u>Includes</u> : BRAKE LINES Color and Size Coded Nylon : DRAIN VALVE Twist-Type : DUST SHIELDS, FRONT BRAKE : DUST SHIELDS, REAR BRAKE : GAUGE, AIR PRESSURE (2) Air 1 and Air 2 Gauges; Located in Instrument Cluster : PARKING BRAKE CONTROL Yellow Knob, Located on Instrument Panel : PARKING BRAKE VALVE For Truck : QUICK RELEASE VALVE Bendix On Rear Axle for Spring Brake Release: 1 for 4x2, 2 for 6x4 : SLACK ADJUSTERS, FRONT Automatic : SLACK ADJUSTERS, REAR Automatic : SPRING BRAKE MODULATOR VALVE R-7 for 4x2, SR-7 with relay valve for 6x4
	<u>Notes</u> : Rear Axle is Limited to 23,000-lb GAWR with Code 04091 BRAKE SYSTEM, AIR and Standard Rear Air Cam Brakes Regardless of Axle/Suspension Ordered.
4193	BRAKES, FRONT, AIR CAM 16.5" x 6", Includes 24 SqIn Long Stroke Brake Chambers
	<u>Notes</u> : The following features should be considered when calculating Front GAWR: Front Axles; Front Suspension; Brake System; Brakes, Front Air Cam; Wheels; Tires.
4732	DRAIN VALVE {Berg} Manual; With Pull Chain, for Air Tank
	<u>Includes</u> : DRAIN VALVE Mounted in Wet Tank
4AZA	AIR BRAKE ABS {Bendix AntiLock Brake System} Full Vehicle Wheel Control System (4-Channel)
4EBS	AIR DRYER {Bendix AD-9} With Heater
	<u>Includes</u> : AIR DRYER LOCATION Inside Left Rail, Back of Cab

INTERNATIONAL®**Vehicle Specifications
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<u>Code</u>	<u>Description</u>
4ETE	BRAKE CHAMBERS, FRONT AXLE {Haldex} 24 Sqn
4EVL	BRAKE CHAMBERS, REAR AXLE {Haldex GC3030LHDHO} 30/30 Spring Brake <u>Includes</u> : BRAKE CHAMBERS, SPRING (2) Rear Parking; WITH TRUCK BRAKES: All 4x2, 4x4; WITH TRACTOR BRAKES: All 4x2, 4x4; 6x4 & 6x6 with Rear Tandem Axles Less Than 46,000-lb. or GVWR Less Than 54,000-lb.
4NDB	BRAKES, REAR, AIR CAM S-Cam; 16.5" x 7.0"; Includes 30/30 Sq.In. Long Stroke Brake Chamber and Spring Actuated Parking Brake <u>Notes</u> : The following features should be considered when calculating Rear GAWR: Rear Axles; Rear Suspension; Brake System; Brakes, Rear Air Cam; Brake Shoes, Rear; Special Rating, GAWR; Wheels; Tires.
4SBC	AIR COMPRESSOR {Bendix Tu-Flo 550} 13.2 CFM Capacity
4VCJ	AIR TANK LOCATION (2) : Two Mounted Under Cab, Outside Left Rail, on Step Bracket, with 24" Ground Clearance
5AAA	STEERING COLUMN Stationary
5CAL	STEERING WHEEL 2-Spoke, 18" Diam., Black
5PTB	STEERING GEAR (2) {Sheppard M-100/M-80} Dual Power
7BEJ	EXHAUST SYSTEM Single, Horizontal, Aftertreatment Device Frame Mounted Outside Right Rail Under Cab; Includes Vertical Tail Pipe and Guard <u>Includes</u> : EXHAUST HEIGHT 10' Exhaust Height - Based on Empty Chassis with Standard Components (+ or - 1" Height) : MUFFLER/TAIL PIPE GUARD Non-Bright Finish
7WAZ	TAIL PIPE (1) Turnback Type, Non-Bright, for Single Exhaust
7WCM	EXHAUST HEIGHT 8' 10"
8000	ELECTRICAL SYSTEM 12-Volt, Standard Equipment <u>Includes</u> : BATTERY BOX Steel with Plastic Lid : DATA LINK CONNECTOR For Vehicle Programming and Diagnostics In Cab : FUSES, ELECTRICAL SAE Blade-Type : HAZARD SWITCH Push On/Push Off, Located on Top of Steering Column Cover : HEADLIGHT DIMMER SWITCH Integral with Turn Signal Lever : HEADLIGHTS (2) Sealed Beam, Round, with Chrome Plated Bezels : HORN, ELECTRIC Single : JUMP START STUD Located on Positive Terminal of Outermost Battery : PARKING LIGHT Integral with Front Turn Signal and Rear Tail Light : RUNNING LIGHT (2) Daytime, Included With Headlights : STARTER SWITCH Electric, Key Operated : STOP, TURN, TAIL & B/U LIGHTS Dual, Rear, Combination with Reflector : TURN SIGNAL SWITCH Self-Cancelling for Trucks, Manual Cancelling for Tractors, with Lane Change Feature : TURN SIGNALS, FRONT Includes Reflectors and Auxiliary Side Turn Signals, Solid State Flashers; Flush Mounted : WINDSHIELD WIPER SWITCH 2-Speed with Wash and Intermittent Feature (5 Pre-Set Delays), Integral with Turn Signal Lever : WINDSHIELD WIPERS Single Motor, Electric, Cowl Mounted : WIRING, CHASSIS Color Coded and Continuously Numbered
8518	CIGAR LIGHTER Includes Ash Cup

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<u>Code</u>	<u>Description</u>
8GXD	ALTERNATOR {Leece-Neville AVI160P2013} Brush Type; 12 Volt 160 Amp. Capacity, Pad Mount, With Remote Sense
8HAB	BODY BUILDER WIRING Back of Standard Cab at Left Frame or Under Extended or Crew Cab at Left Frame; Includes Sealed Connectors for Tail/Amber Turn/Marker/ Backup/Accessory Power/Ground and Sealed Connector for Stop/Turn
8MKL	BATTERY SYSTEM {International} Maintenance-Free, (3) 12-Volt 1950CCA Total
8RMD	RADIO AM/FM/WB/Clock/3MM Auxiliary Input, with Multiple Speakers
8TNP	AUXILIARY HARNESS 5.0' for Auxiliary Front Head Lights and Turn Signals for Front Plow Applications
8WCL	HORN, AIR Black, Single Trumpet, Air Solenoid Operated
8WML	HEADLIGHTS Long Life Halogen; for Two Light System
8WTK	STARTING MOTOR {Delco Remy 38MT Type 300} 12 Volt; less Thermal Over-Crank Protection
8WWJ	INDICATOR, LOW COOLANT LEVEL With Audible Alarm
8XAH	CIRCUIT BREAKERS Manual-Reset (Main Panel) SAE Type III With Trip Indicators, Replaces All Fuses Except For 5-Amp Fuses
9585	FENDER EXTENSIONS Rubber
9ANG	HOOD, HATCH (01) for Servicing
9HAN	INSULATION, UNDER HOOD for Sound Abatement
9HBM	GRILLE Stationary, Chrome
9HBN	INSULATION, SPLASH PANELS for Sound Abatement
9WBC	FRONT END Tilting, Fiberglass, With Three Piece Construction; for 2007 & 2010 Emissions
10060	PAINT SCHEMATIC, PT-1 Single Color, Design 100 <u>Includes</u> : PAINT SCHEMATIC ID LETTERS "GM"
10761	PAINT TYPE Base Coat/Clear Coat, 1-2 Tone
10WPK	GROUND CLEARANCE IDENTITY For 24" Ground Clearance.
11001	CLUTCH Omit Item (Clutch & Control)
12851	PTO EFFECTS, ENGINE FRONT Less PTO Unit, Includes Adapter Plate on Engine Front Mounted
12NUS	ENGINE, DIESEL {MaxxForce DT} EPA 10, 285 HP @ 2200 RPM, 860 lb-ft Torque @ 1300 RPM, 2400 RPM Governed Speed <u>Includes</u> : AIR COMPRESSOR AIR SUPPLY LINE Naturally-Aspirated (Air Brake Chassis Only) : ANTI-FREEZE Red Shell Rotella Extended Life Coolant; -40 Degrees F/ -40 Degrees C; for MaxxForce Engines : COLD STARTING EQUIPMENT Intake Manifold Electric Grid Heater with Engine ECM Control : CRUISE CONTROL Electronic; Controls Integral to Steering Wheel : ENGINE OIL DRAIN PLUG Magnetic : ENGINE SHUTDOWN Electric, Key Operated : FUEL FILTER included with Fuel/Water Separator : FUEL/WATER SEPARATOR Fuel/Water Separator and Fuel Filter in a Single Assembly; With Water-in-Fuel Sensor; Engine Mounted : GOVERNOR Electronic : OIL FILTER, ENGINE Spin-On Type : WET TYPE CYLINDER SLEEVES

INTERNATIONAL®**Vehicle Specifications
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<u>Code</u>	<u>Description</u>
12THT	FAN DRIVE {Horton Drivemaster} Direct Drive Type, Two Speed With Residual Torque Device for Disengaged Fan Speed <u>Includes</u> : FAN Nylon
12UAS	RADIATOR Aluminum, Cross Flow, Series System; 1228 SqIn Core and 648 SqIn Charge Air Cooler and 342 SqIn Low Temperature Radiator <u>Includes</u> : DEAERATION SYSTEM with Surge Tank : HOSE CLAMPS, RADIATOR HOSES Gates Shrink Band Type; Thermoplastic Coolant Hose Clamps : RADIATOR HOSES Premium, Rubber
12UXG	FEDERAL EMISSIONS for 2010; MaxxFace DT Engines
12VAL	AIR CLEANER Dual Element, with Integral Snow Valve and In-Cab Control <u>Includes</u> : GAUGE, AIR CLEANER RESTRICTION Air Cleaner Mounted
12VVY	OVER-TEMPERATURE PROTECTION (For Engine Coolant) Omit Item
12VXT	THROTTLE, HAND CONTROL Engine Speed Control; Electronic, Stationary, Variable Speed; Mounted on Steering Wheel
12VZA	ENGINE CONTROL, REMOTE MOUNTED Provision for; Includes Wiring for Body Builder Installation of PTO Controls; With Ignition Switch Control for MaxxFace post 2007 Emissions Electronic Engines
12WTH	BLOCK HEATER, ENGINE {Phillips} 120 Volt/1250 Watt; With "Y" Cord From Socket in Standard Location, For a Dealer Installed Oil Pan Heater, With Extended Life Coated Metal/Plastic/Metal Material Oil Pan, for 16 <u>Includes</u> : BLOCK HEATER SOCKET Receptacle Type; Mounted below Drivers Door <u>Notes</u> : MPM material is single sheet composite with two layers of sheet metal sandwiching plastic material. MPM material has electro-deposition prime coat with powder coating for the final finish coat.
12WZE	EMISSION COMPLIANCE Federal, Does Not Comply With California Clean Air Idle Regulations
12XAN	OBD COMPLIANCE for 2013 OBD (On Board Diagnostics)
13ALZ	TRANSMISSION, AUTOMATIC {Allison 3000_RDS_P} 4th Generation Controls; Close Ratio, 5-Speed, With Overdrive; On/Off Hwy; Includes Oil Level Sensor, With PTO Provision, Less Retarder, With 80,000-lb GVW & GCW Max. <u>Includes</u> : OIL FILTER, TRANSMISSION Mounted on Transmission : TRANSMISSION OIL PAN Magnet in Oil Pan
13WAW	OIL COOLER, AUTO TRANSMISSION {Modine} Water to Oil, for Allison or CEEMAT Transmission
13WBL	TRANSMISSION SHIFT CONTROL {Allison} Push-Button Type; for Allison 3000 & 4000 Series Transmission
13WLP	TRANSMISSION OIL Synthetic; 29 thru 42 Pints
13WUC	ALLISON SPARE INPUT/OUTPUT for Rugged Duty Series (RDS); General Purpose Trucks, Construction
13WYH	TRANSMISSION TCM LOCATION Located Inside Cab
13WYK	SHIFT CONTROL PARAMETERS Allison Load Based Shift Schedules (LBSS)
14ARB	AXLE, REAR, SINGLE {Meritor RS-23-160} Single Reduction, 23,000-lb Capacity, 200 Wheel Ends, Driver Controlled Locking Differential . Gear Ratio: 5.63

INTERNATIONAL®**Vehicle Specifications
2014 7400 SFA 4X2 (SA525)**

<u>Code</u>	<u>Description</u>
	<u>Includes</u> : REAR AXLE DRAIN PLUG (1) Magnetic, For Single Rear Axle <u>Notes</u> : The following features should be considered when calculating Rear GAWR: Rear Axles; Rear Suspension; Brake System; Brakes, Rear Air Cam; Brake Shoes, Rear; Special Rating, GAWR; Wheels; Tires. : When Specifying Axle Ratio, Check Performance Guidelines and TCAPE for Startability and Performance
14VAJ	SUSPENSION, RR, SPRING, SINGLE Vari-Rate; 31,000-lb Capacity, With 4500 lb Auxiliary Rubber Spring <u>Notes</u> : The following features should be considered when calculating Rear GAWR: Rear Axles; Rear Suspension; Brake System; Brakes, Rear Air Cam; Brake Shoes, Rear; Special Rating, GAWR; Wheels; Tires.
15SSC	FUEL TANK Temporary; Top Draw, D-Style, Non Polished Aluminum, 16" Tank Depth, 50 U.S. Gal., 189 L Capacity, with Quick Connect Outlet, Mounted Left Side Back of Cab
16030	CAB Conventional <u>Includes</u> : ARM REST (2) Molded Plastic; One Each Door : CLEARANCE/MARKER LIGHTS (5) Flush Mounted : COAT HOOK, CAB Located on Rear Wall, Centered Above Rear Window : CUP HOLDERS Two Cup Holders, Located in Lower Center of Instrument Panel : DOME LIGHT, CAB Rectangular, Door Activated and Push On-Off at Light Lens, Timed Theater Dimming, Integral to Console, Center Mounted : GLASS, ALL WINDOWS Tinted : GRAB HANDLE, CAB INTERIOR (1) "A" Pillar Mounted, Passenger Side : GRAB HANDLE, CAB INTERIOR (2) Front of "B" Pillar Mounted, One Each Side : INTERIOR SHEET METAL Upper Door (Above Window Ledge) Painted Exterior Color : STEP (4) Two Steps Per Door
16975	HEATER HOSES Silicone
16HBA	GAUGE CLUSTER English With English Electronic Speedometer <u>Includes</u> : GAUGE CLUSTER (6) Engine Oil Pressure (Electronic), Water Temperature (Electronic), Fuel (Electronic), Tachometer (Electronic), Voltmeter, Washer Fluid Level : ODOMETER DISPLAY, Miles, Trip Miles, Engine Hours, Trip Hours, Fault Code Readout : WARNING SYSTEM Low Fuel, Low Oil Pressure, High Engine Coolant Temp, and Low Battery Voltage (Visual and Audible)
16HGH	GAUGE, OIL TEMP, ALLISON TRAN
16HHT	AMMETER 150 Amp
16HKT	IP CLUSTER DISPLAY On Board Diagnostics Display of Fault Codes in Gauge Cluster
16JNV	SEAT, DRIVER {National 2000} Air Suspension, High Back With Integral Headrest, Cloth, Isolator, 1 Chamber Lumbar, 2 Position Front Cushion Adjust, -3 to +14 Degree Back Angle Adjust <u>Includes</u> : SEAT BELT 3-Point, Lap and Shoulder Belt Type
16PHX	SEAT, PASSENGER {Gra-Mag} Non Suspension, High Back, Fixed Back, Integral Headrest, Cloth <u>Includes</u> : SEAT BELT 3-Point, Lap and Shoulder Belt Type
16SDL	MIRRORS (2) {Lang Mekra} Rectangular, 7.44" x 14.84" & 7.44" sq. Convex Both Sides, 102" Inside Spacing, Breakaway Type, Heated Heads Thermostatic Controlled, Black Heads, Brackets and Arms
16WCS	HEATER {Blend-Air} with Defroster

INTERNATIONAL®**Vehicle Specifications
2014 7400 SFA 4X2 (SA525)**

<u>Code</u>	<u>Description</u>
	<u>Includes</u> : HEATER HOSES Premium : HOSE CLAMPS, HEATER HOSE Mubea Constant Tension Clamps
16WEE	CAB SOUND INSULATION Includes Dash Insulator and Engine Cover Insulator
	<u>Notes</u> : Feature included with CAB INTERIOR TRIM, Premium
16WHJ	HOSE CLAMPS, HEATER HOSE {Breeze} Belleville Washer Type
16WJS	INSTRUMENT PANEL Center Section, Flat Panel
16WJU	WINDOW, POWER (2) And Power Door Locks, Left and Right Doors, Includes Express Down Feature
16WKY	HVAC FRESH AIR FILTER
16WLE	STORAGE POCKET, DOOR Molded Plastic, Full Width; Mounted on Passenger Door
16WRX	CAB INTERIOR TRIM Deluxe
	<u>Includes</u> : "A" PILLAR COVER Molded Plastic : CAB INTERIOR TRIM PANELS Cloth Covered Molded Plastic, Full Height; All Exposed Interior Sheet Metal is Covered Except for the Following: with a Two-Man Passenger Seat or with a Full Bench Seat the Back Panel is Completely Void of Covering : CONSOLE, OVERHEAD Molded Plastic; With Dual Storage Pockets with Retainer Nets and CB Radio Pocket : DOOR TRIM PANELS Molded Plastic; Driver and Passenger Doors : FLOOR COVERING Rubber, Black : HEADLINER Soft Padded Cloth : INSTRUMENT PANEL TRIM Molded Plastic with Black Center Section : STORAGE POCKET, DOOR (1) Molded Plastic, Full-Length; Driver Door : SUN VISOR (2) Padded Vinyl with Driver Side Toll Ticket Strap, Integral to Console
16WSK	CAB REAR SUSPENSION Air Bag Type
27DPX	WHEELS, FRONT DISC; 22.5" Painted Steel, 2 Hand Hole 10-Stud (285.75MM BC) Hub Piloted Flanged Nut, Metric Mount, 8.25 DC Rims; With .472" Thick Increased Capacity Disc and Steel Hubs
	<u>Includes</u> : PAINT IDENTITY, FRONT WHEELS White
	<u>Notes</u> : Compatible Tire Sizes: 11R22.5, 12R22.5, 255/70R22.5, 255/80R22.5, 265/75R22.5, 275/70R22.5, 275/80R22.5, 295/75R22.5, 295/80R22.5
28DPM	WHEELS, REAR DUAL DISC; 22.5" Painted Steel, 2 Hand Hole, 10-Stud (285.75MM BC) Hub Piloted, Flanged Nut, Metric Mount, 8.25 DC Rims; With .472" Thick Increased Capacity Disc and With Steel Hubs
	<u>Includes</u> : PAINT IDENTITY, REAR WHEELS White
	<u>Notes</u> : Compatible Tire Sizes: 11R22.5, 12R22.5, 255/70R22.5, 255/80R22.5, 265/75R22.5, 275/70R22.5, 275/80R22.5, 295/75R22.5, 295/80R22.5
7372138102	(4) TIRE, REAR 11R22.5 G622 RSD (GOODYEAR) 497 rev/mile, load range G, 14 ply
7382130125	(2) TIRE, FRONT 11R22.5 G287 MSA (GOODYEAR) 498 rev/mile, load range H, 16 ply

Company: Truck & Trailer Specialties of Boyne Falls, Inc.

Address: P.O. Box 473, 00399 US 131, Boyne Falls, MI 49713

Phone: (231) 549-3500 (888) 603-5506

Authorized Agent: Butch Cone

Signature: *Butch Cone*

Title: President

Date: 9/17/2013

Truck Equipment as specified \$ 41,768.00

Option: Front bumper 12" structural channel flared and boxed ends. Installed grade 8 hardware, primed and painted black. ADD: \$535.00

CITY OF BOYNE CITY

319 North Lake Street
Boyne City, MI 49712

EQUIPMENT SPECIFICATIONS FOR NEW 2013-14 DUMP AND SCRAPER TRUCK

1. NON-CORROSIVE HD DUMP BODY, TO INCLUDE THE FOLLOWING:

- A. Heavy Duty dump body, 5 to 7 yard capacity, 120" long X 84" wide, 40" headboard, 30" sides, 36" gate, all are inside dimensions.

YES NO Deviations explained _____

- B. Sides/front/gate shall be made of 7 ga. 201SS.

YES NO Deviations explained _____

- C. Body shall have boxed top rail, 2" wide sideboard pockets, front and rear, one (1) formed side brace – per side.

YES NO Deviations explained _____

- D. Front/rear full depth corner pillars; front shall be 8" wide with 4" radius, rear 14" wide, both sloped to shed dirt, all manufactured of 7 ga. 201SS.

YES NO Deviations explained _____

- E. Six panel double acting tailgate; top brace shall be inverted V, plus horizontal braces shall be sloped to shed dirt; gate shall be manufacture of 7 ga. 201SS.

YES NO Deviations explained _____

- F. Tailgate Hardware shall consist of:

- 1" thick top hinge, 201SS.
- 1-1/4" diameter upper & lower tailgate pins, 201SS.
- (4) 3/8" thick chain slot brackets, 201SS.
- Lower tailgate latch socket, 201SS.
- Rear pillar cap assembly, 201SS.

- Tailgate lift loop, 201SS.
- 3/8" Hi-Test galvanized chains sufficient length to allow tailgate to lay flat.
- 3-1/2" air cylinder mounted in the rear with over center lock, cylinder shaft shall be retraced with gate is in closed position, 12 volt valve with in-cab switch.
- All linkage, including upper pins shall have grease zerks.

YES NO Deviations explained _____

- G. Cab shield shall be manufactured of 7ga. 201SS, continuously welded inside and out. Provide mesh window approximately 10" x 24".

YES NO Deviations explained _____

- H. Floor shall be manufactured of 1/4" thick, AR400 abrasive steel, 8" side to floor radius, A-1011.

YES NO Deviations explained _____

- I. 10" Western I Beam style understructure.

YES NO Deviations explained _____

NOTE: Complete body above the floor shall be manufactured of 201SS.

- J. Hoist shall be class 50 full-length sub-frame style, double acting RC750 Roller Combo Design.

- 7" bore.
- 21-5/8" stroke.
- 2-1/4" diameter chromed 100,00 PSI cylinder shaft.
- Critical rotating pivot points shall use greaseless Teflon composite bearings that never need lubricating.
- HD angle type hinge with grease-able removable pin.

YES NO Deviations explained _____

2. PAINTING AND UNDERCOATING:

- All accessories, body props, cylinder, cylinder mount etc. shall be primed and finish painted black.
- Complete underside of dump body floor and complete understructure, long sills, primed, painted black and then undercoated with 101 Rust Free Undercoating.

YES NO Deviations explained _____

3. WARRANTY ON DUMP BODY & HOIST:

- A. Dump box and hoist to have a 5-year warranty; 3 years full and the remaining 2 years to be a 50/50 parts and labor plan.

YES NO Deviations explained _____

4. ACCESSORIES ON BODY:

- Electronic Back-up alarm.
- Grease-able body safety prop.
- ½" thick HD anti-sail mud flaps installed front and rear of drive axles, total of 4 flaps, SS hardware.
- Ladder style steps installed on the driver's side rear axle using 1-1/4 square tube up rights and 2 grip struts steps, manufactured of 201SS.
- One shovel holder installed left front corner of dump body.

YES NO Deviations explained _____

5. TARP SYSTEM:

- A. Roll Rite, model 6306, shall be fully automatic, 3 spring system, aluminum wind deflector, aluminum tarp spool, aluminum tension and tarp bows, 16 ft. heavy duty mesh tarp, in-cab switch, indicator light, complete and installed.

YES NO Deviations explained _____

6. UNDERBODY SCRAPER; Monroe Model 3500 HD:

- A. HANGERBOARD: Shall be 1/2" formed plate reinforced with 1/2" X 7-1/2" flat plate to make full 1" thick with 3/4" reinforced full length of the hinge. Designed and engineered for optimum strength.

YES NO Deviations explained _____

- B. HINGE SHAFT: Shall be 2-1/2" OD X 96" long with (4) grease points and (3) hinge points. The two (2) outer hinges shall be 3-1/4 OD X 6" long with .344 wall thickness. Each outer hinge shall have (1) 1/2" wrap – around gusset, center hinge to have (2) 1/2" thick wrap – around gussets, center to have thrust bearings wear plates to prevent side-to-side shifting of moldboard.

YES NO Deviations explained _____

- C. MOLDBOARD: Shall be 1" thick X 20" high X 11' long heat-treated carbon steel.

YES NO Deviations explained _____

- D. CUTTING EDGES: Shall include one 1/2" X 6" X 60" long and one 1/2" X 6" X 72" long.

YES NO Deviations explained _____

- E. SHOCKS & HOUSING: Shall be cushioned by (2) HD cushion springs, housing two (2) 1/2" thick flange retaining plates held by (4) 5/8" bolts with locking nuts, housing to be slotted to relieve contaminants. Grease able trunnion mounts shall be 2-3/4" and have .344" wall thickness.

YES NO Deviations explained _____

- F. ACTUATING CYLINDERS: Shall be 3-1/2" bore X 10" stroke with 2" nitrated piston rods, 1/2" hoses and piping (supported with poly clamps) to be externally mounted for easy access. Prince inline valve shall be supplied and set at 400 PSI.

YES NO Deviations explained _____

- G. CIRCLE: Shall be 1" thick solid one piece with infinite plowing positions (no notches), minimum cut out for power reverse cylinder travel for maximum circle bearing surface.

YES NO Deviations explained _____

H. CENTER PIN: Shall be 5" diameter, grease-able, attached with (3) 3/4" bolts to prevent hole elongation and to include hardened center pin bushing.

YES NO Deviations explained _____

I. CLAMPS: Shall be 20.5 long X 7" deep, shaped contour of the circle with 3/8" thick UHMW wear plates.

YES NO Deviations explained _____

J. REVERSE CYLINDERS AND HARDWARE: (2) 4" Dual acting cylinders containing 1/2" hose ports and having 2" hard nitrated rods with 3" OD - 2" ID anchor pivots, 2" hardened removable pivot pins (grease able at each end). Cross-over relief valve set at 2000-PSI to protect reversing cylinders from shock impacts.

YES NO Deviations explained _____

K. GREASE LINE KIT: Remote grease kit that allows grease to be applied at centralized locations outside of the chassis frame. Grease hoses shall be SAE 107 Hytron hose rated at 3000 psi. Grease line kit will incorporate all 15 grease points on the scraper.

YES NO Deviations explained _____

L. MOUNTING BRACKETS: 3/4" thick full plate attached to the truck using 3/4" grade 8 bolts, SAE flat washer and prevailing lock nuts that are electronically plated for corrosion resistance.

YES NO Deviations explained _____

M. SERRATED STEP: 12 X 12 minimum welded to the outer end of moldboard, driver side; 45-degree angle cut, passenger side end of moldboard.

YES NO Deviations explained _____

N. PAINT: Shall be shot-blasted and powder coat painted with minimum curing time of 25 minutes; at cure temperature of no less than 400 degrees. Color shall be TGIC polyester black with the outer 12" each end painted Hi-Vis Yellow for safety.

YES NO Deviations explained _____

7. HYDRAULIC SYSTEM:

A. Front mounted, crank shaft driven, hydraulic system to operate a scraper up & down, scraper reverse and double acting dump body hoist.

YES NO Deviations explained _____

B. System shall consist of a 1300 Series Spicer driveshaft, Parker Commercial P330 3.94 C.I.R. gear pump.

YES NO Deviations explained _____

C. Parker Gresen, model AV20, 3-bank airshaft valve.

- Dump body section to include pressure reducing feature.

YES NO Deviations explained _____

D. Valves to be installed in stainless steel enclosure side of frame mounted using stainless steel angle iron. Exact location determined at installation.

YES NO Deviations explained _____

E. Scraper/scraper reverse shall be self-centering type controls, dump body control to include a lockout feature; controls shall be air proportional, configured for maximum clearance between handles by using 35/45/55 degree offsets, mounted on a custom built pedestal between the seats.

YES NO Deviations explained _____

F. Hoses, fittings and adaptors: All hose to have crimp type fittings swivels each end and have abrasive resistant sleeve covering in high wear areas. All clamps to be lined with abrasive resistant sleeve covering. Routing of pressure hoses shall be on the left side of engine as to stay away from turbo heat, using proper extension hangers and to leave room for service of engine filters.

YES NO Deviations explained _____

G. Strainer and filter: Suction strainer shall be Zinga in tank model 2030-3, return filter shall be top of tank model RF1215-S-MP-1; filter with drop tube and RE-409-10 micron element.

YES NO Deviations explained _____

H. Hydraulic System shall be filled with AW32 oil, pressures set and system tested.

YES NO Deviations explained _____

8. FUEL & HYDRAULIC COMBINATION RESERVIOR:

A. Model TP804, manufactured by Riverside Tank MFG, no exceptions, as they are UL Certified, Meet FHWA requirements, 30 ft. drop and pressure tested.

YES NO Deviations explained _____

B. Shall be combination diesel & hydraulic two separate tanks, each constructed of 7 ga. steel mounted together using an angle iron carriage, tanks are to set on neoprene cushion pads, including 1/4" retainers – total of ten; strapped in place using three spring loaded straps.

YES NO Deviations explained _____

FUEL TANK:

- Mounted on street side, 80 gallon capacity.
- 30" high X 47" long X 14" wide.
- Two evenly spaced baffles.
- Brass fuel cap.
- 1/2" supply with 1/2" – 1/4" turn ball valve, for ease of filter service & to include 1/2" return port, both top mounted.
- Threaded moisture drain plug.
- Isspro electronic fuel sending unit.

YES NO Deviations explained _____

HYDRAULIC TANK:

- Mounted on street side, 46 gallon capacity.
- 30" high X 26" long X 14" wide.
- AB screened fill cap.
- 5" Sight and temp gauge.
- 3" flange to accept 2" strainer.
- Top of tank flange to accept return filter.

- ½" low level port.
- Parker's low oil monitor, part #ROM1221.
- 1 ½" " ¼" full low ball valve installed at the reservoir outlet.

YES NO Deviations explained _____

PAINTING:

- Tanks shall be cleaned, have "Corsol" treatment and top coated with black urethane paint.

YES NO Deviations explained _____

ACCESSORIES:

- Stainless Steel serrated grate steps, drivers side end of mounting saddle, size and location to be determined at installation.
- Decals as to the contents, "Diesel Fuel" or "Hydraulic Oil".
- Low oil light and alarm, installed in the cab.
- Momentary over-ride switch installed in the cab.

YES NO Deviations explained _____

9. LIGHTING & ACCESSORIES:

- Federal 108 LED rubber shock resistant clearance lights and reflectors.
- Oval 60 series lights, configuration top to bottom installed in the rear corner post.
- LED Strobe #EOVREBZA.
- LED stop/tail/turn, #M63420R.
- Back-up lights LED #M63510 installed in rear bolster.
- Rear corner post shall have internal removal poly deflector to keep mud and snow from pulling wiring and connectors a part.
- All wiring to have heat shrink connectors and are to be terminated in a junction box.
- Betts Dri-Seal #351044 junction box with waterproof choke seal installed on left rear outside of the dump body and shall include a protective shield.

YES NO Deviations explained _____

10. FRONT STROBE & WORK LIGHTS:

A. Front Strobe:

- Star, model 255 HTCL quad flash with LED bulb diagnostic eye.
- Center of cab shield mounted, including lens guard.
- To include in-cab switch.

YES NO Deviations explained _____

B. Work Lights Nordic Model N200:

- (2) Work lights to be provided and installed.
- (1) Each side to shine on the underbody scraper.

YES NO Deviations explained _____

**11. TWO REAR SIDE OF FRAME MOUNTED TOW HOOKS
44,600 LB. RATING EACH, INSTALLED USING GRADE 8
HARDWARE:**

YES NO Deviations explained _____

Price for the above equipment: \$41,768.00

Option: Front bumper 12" structural channel flared and boxed ends. Installed grade 8 hardware, primed and painted black. **ADD: \$535.00**

Accepted by: _____

Date: _____

Bid submitted by: _____

For Truck and Trailer Specialties of Boyne Falls, Inc.

MEMORANDUM

TO: MICHAEL CAIN CITY MANAGER

FROM: ANDREW KOVOLSKI; PUBLIC WORKS SUPERINTENDENT



DATE: 10/4/13

RE: TREE REMOVAL BID

Bids were advertised and received for the city's annual tree trimming and removal requirements. This year there were 32 trees that were determined to be in need of removal. There were also 6 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 4, 2013 at 10:30 am. We received bids from 3 contractors. Following is a breakdown of these bids:

Al & Jims Tree Service, Harbor Springs:	\$15,624.00
All Aspects Forestry, Boyne City:	\$24,450.00
Chop Tree Service, Byron Center, MI:	\$23,361.00

Al & Jims Tree Service was the low bidder for this project. They have done a lot of work for the City and have always done excellent work for us.

RECOMMENDATION:

It is my recommendation the City Commission award the bid for Tree Trimming and Removal services for this year to Al & Jims Tree Service for the amount of \$15,624.00 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

MEMORANDUM

TO: MICHAEL CAIN; CITY MANAGER *Mc*

FROM: ANDREW KOVOLSKI; PUBLIC WORKS SUPERINTENDENT *AK*

DATE: 10/3/13

RE: TREE PLANTING BIDS

Bids were advertised for our annual tree planting project with a bid due date of October 1, 2013. Bid specifications were also mailed 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 48 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	16	2.5 – 3 inch caliper	\$ 235.00	\$3,760.00
Green Mountain Sugar Maple	7	2.5 – 3 inch caliper	\$ 235.00	\$1,645.00
Northern Red Oak	2	2.5 – 3 inch caliper	\$ 350.00	\$700.00
Crimson King Maple	9	2.5 – 3 inch caliper	\$ 235.00	\$2,115.00
Juneberry	2	8-10 feet	\$ 255.00	\$510.00
Nannyberry	7	6 feet	\$ 65.00	\$455.00
Mountain Maple	5	6-8 feet	\$ 195.00	\$975.00
TOTAL	48			\$10,160.00

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.

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 \$10,160.00, 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 5 years. The quality of their trees and workmanship is excellent. 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

To: Michael Cain, City Manager
From: Cindy Grice, City Clerk/Treasurer *CG*
Date: October 3, 2013
Subject: Consumers Energy Street Lighting Contract



Attached is a standard lighting contract from Consumers Energy for Street Lighting. This contract would be renewing and updating the existing agreement we have had with Consumers since 1982 for General Service Unmetered Lighting Rate GUL. Exhibit A of the attached document identifies number and type of fixtures covered. This is a one year agreement that will renew annually. It is my understanding that many other communities have also renewed their contracts as well.

RECOMMENDATION:

To approve the resolution authorizing the Street lighting Contract with Consumers Energy Company and authorize the City Manager to execute the documents



STANDARD LIGHTING CONTRACT
(COMPANY-OWNED)
PART I

Effective Date of Agreement: October 1, 2012
(Month/Day/Year)

Company: **CONSUMERS ENERGY COMPANY**
Customer: Boyne City
 City Village Township

a Michigan Corporation a Michigan Municipal Corporation
ONE ENERGY PLAZA Charlevoix
JACKSON MI 49201-2276 (County)
49712 (Zip Code)

General Service Unmetered Lighting Rate GUL, Standard High Intensity Discharge as identified in Exhibit A.
 General Unmetered Experimental Lighting Rate GU-XL as identified in Exhibit B.

Initial Term: 1 year(s) beginning with the Effective Date of Agreement stated above.

PART II, TERMS AND CONDITIONS, is attached hereto and is a part of this Agreement. CUSTOMER ACKNOWLEDGES HAVING READ SAID TERMS AND CONDITIONS.

CONSUMERS ENERGY COMPANY City of Boyne City
(Customer)

By: _____ By: _____
(Signature) (Signature)

Linda Marklin _____
(Print or Type Name) (Print or Type Name)

Title: Team Leader Title*: _____

Attest: _____
(Clerk*)

*See Resolution dated _____

**STANDARD LIGHTING CONTRACT
TERMS AND CONDITIONS
PART II**

1. The Company agrees to furnish the Customer with lighting service respecting the luminaires, lamps and other equipment constituting the installation(s) listed in Part I and also to furnish lighting service respecting any additional luminaires, lamps and other equipment to be installed hereunder as may be authorized by the Customer through execution of an Authorization for Change in Standard Lighting Contract, attached to and made a part of this Agreement as Exhibit C.
2. The Company's service lines necessary to supply the energy for said lighting equipment shall be constructed in the public streets and highways of the Customer, or on private property, as mutually agreed between the Company and the Customer. In cases where such lines are to be constructed upon private property, the Customer shall obtain and furnish to the Company adequate written easements granting permission to install and maintain such lines.
3. Neither party shall be liable to the other for damages for any act, omission or circumstance occasioned by or in consequence of any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, or by any other cause or causes beyond such party's control, including any curtailment, order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or by the making of necessary repairs upon the property or equipment of either party hereto; provided, however, that the Company's responsibility for interruptions in service, phase failure or reversal, or variations in the service characteristics shall be as provided in the Company's Electric Rate Book as filed with and approved by the Michigan Public Service Commission and such amendments thereof as may be filed with and approved by the Michigan Public Service Commission from time to time. A copy of said Electric Rate Book will be furnished to the Customer upon request.
4. The Customer shall pay the Company for the lighting service herein provided for in accordance with the Company's applicable lighting rate, and in accordance with such revisions and amendments thereof, supplements thereto, or substitutions therefor as may be filed with and approved by the Michigan Public Service Commission from time to time.
5. The Company shall render to the Customer, as soon as possible after the first day of each month, a bill for all lighting service furnished hereunder during the preceding month. Such bills shall be due and payable within twenty-one days after their issuance.
6. The Company agrees to furnish a service for lighting and the Customer agrees to take service for lighting in accordance with the terms and conditions of the Company's General Service Unmetered Lighting Rate GUL and General Unmetered Experimental Lighting Rate GU-XL in accordance with such revisions and amendments thereof, supplements thereto, or substitutions therefor as may be filed with and approved by the Michigan Public Service Commission.
7. Further, the Company will, under the terms and conditions hereof and of the Company's General Service Unmetered Lighting Rate GUL and General Unmetered Experimental Lighting Rate GU-XL and such revisions and amendments thereof, supplements thereto, or substitutions therefor as may be filed with and approved by the Michigan Public Service Commission from time to time and at such locations as may be authorized by the Customer through execution of an Authorization for Change in Standard Lighting Contract (Exhibit C), relocate any lighting equipment which is included in the initial Company-owned installation or in the additional Company-owned lighting equipment identified in Part I, provided that:
 - (a) Upon relocation of any of such lighting equipment, the Customer shall reimburse the Company for the Company's actual costs of such relocation regardless of the time period that such equipment has been installed, and
 - (b) The relocated equipment shall conform with the provisions in such application rates.
8. In addition, the Company will, upon termination of this Agreement for any reason, remove all of the aforesaid Company-owned lighting equipment which is then installed and not thereupon covered by another lighting contract. Upon removal of all of such lighting equipment, upon termination of this Agreement as aforesaid, the Customer shall reimburse the Company for the Company's actual costs of removing such equipment regardless of the time period that such equipment has been installed. The Company reserves the right to require special contractual arrangements respecting the replacement of any of the Company-owned lighting equipment or the removal thereof prior to the termination of this Agreement.

9. This Agreement shall become effective on the Effective Date of Agreement identified in Part I and shall continue in effect for an initial term as stated in Part I and from year to year thereafter until terminated by mutual consent or upon twelve months' written notice given by either party to the other. This Agreement, when effective, shall supersede all existing contracts with relation to the lighting service herein provided for.
10. This Agreement may be executed and delivered in counterparts, including by a facsimile or an electronic transmission thereof, each of which shall be deemed an original. Any document generated by the parties with respect to this Agreement, including this Agreement, may be imaged and stored electronically and introduced as evidence in any proceeding as if original business records. Neither party will object to the admissibility of such images as evidence in any proceeding on account of having been stored electronically.
11. Additional Items: None

MEMORANDUM

TO: MICHAEL CAIN; CITY MANAGER

FROM: ANDREW KOVOLSKI; PUBLIC WORKS SUPERINTENDENT



DATE: 10/4/13

RE: DOG PARK PROPOSAL

As you are aware there is an interest in establishing a Dog Park here in Boyne City. A group of citizens have approached the Parks and Recreation Commission for their input and support. This would be a fenced in area where people could take their dogs to allow them to be off leash in a controlled environment.

The Parks and Recreation Commission formed a sub committee to work with this group to look at possible locations for a dog park. Among the locations looked at were the area behind the 1910 Building on Division Street, the old Hockey Rink at Avalanche Park and also at Avalanche Park the area between the Reservoir Access Road and the steps to the lookout area. Attached you will find aerial view maps of these areas.

At this point in time the Citizens group is gaining traction and have approached us to try to get this project moving forward. At the October 3rd Parks and Recreation Commission meeting a motion of support for this project was made asking the City Commission to direct staff to work with the Citizens group looking to establish a Dog Park in Boyne City with their recommended location being the area between the Reservoir Access Road and the steps to the lookout area.

RECOMENDATION:

It is my recommendation that the City Commission take no action on this matter at this time and direct staff to work with the citizens committee to work out more specific details to bring to the City Commission for their review and possible approval at a future meeting.

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



Park

Division

Wilson

Parking

100'

150'

300'

95'

76'

130'

Access Road Location



Wilson

100

300

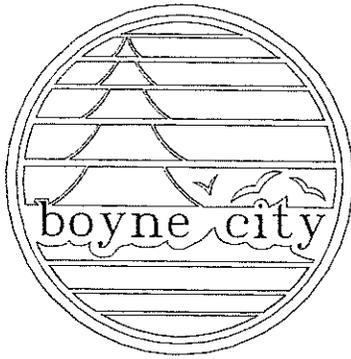
50 ft

400 ft

200 ft

A

A

*CITY OF BOYNE CITY**MEMO*

To: Michael Cain, City Manager

From: Barb Brooks, Harbormaster *BB*

Date: October 3, 2013

Subject: Marina Dock Repair

During the 2012 boating season marina staff observed that several of the finger piers were lacking some stability. Staff also noticed some pieces of steel either laying on the lake bottom or hanging loosely from the bottom of the piers.

I hired a diver to remove the loose hanging steel and assess the underside of the head pier and finger piers on the main floating dock. A report from the diver showed that six finger piers and much of the head pier was missing steel but the styrofoam was in decent condition. The steel provides support and protection to the foam and most importantly provides weight for stability of the finger piers. We tried to address this problem by installing steel collars on the pier and steel pipe for the piers to ride up and down on. While this did help reduce the amount of movement, they are still not as stable as they should be.

Instead of complete replacement of the finger piers, there is a process called "re-skinning". Re-skinning consists of pulling the pier, flipping it upside down and replacing the bottom (foam and/or steel) while using the current framework of the pier. We have had this type of work performed on a couple finger piers and the sections of the shoppers' dock in the past.

The attached proposal includes a cost for both the main head pier and the six finger piers. Re-skinning the head pier would provide protect the underside and increase stabilization; however, after speaking with the engineer from Flotation Docking Systems, we feel that it may not be necessary at this time as long as we address the finger piers (see attached email correspondence).

I solicited proposals from both Flotation Docking Systems and Bulmann Dock and Lift. Flotation Docking is the original dock manufacturer and both have done satisfactory work for the City marina in the past. Steve Bulmann decided that he was not able to bid the job at this time so the only proposal I have is from Flotation Docking Systems. I did compare the estimates to those we received back in 2008 and 2009 for similar work and it is pretty comparable. Without calculating the per foot cost of repairs, I can't give an exact comparison; however the cost five years ago was approximately \$1,900 per finger pier and the current bid comes out to an average of \$2,300 per finer pier.

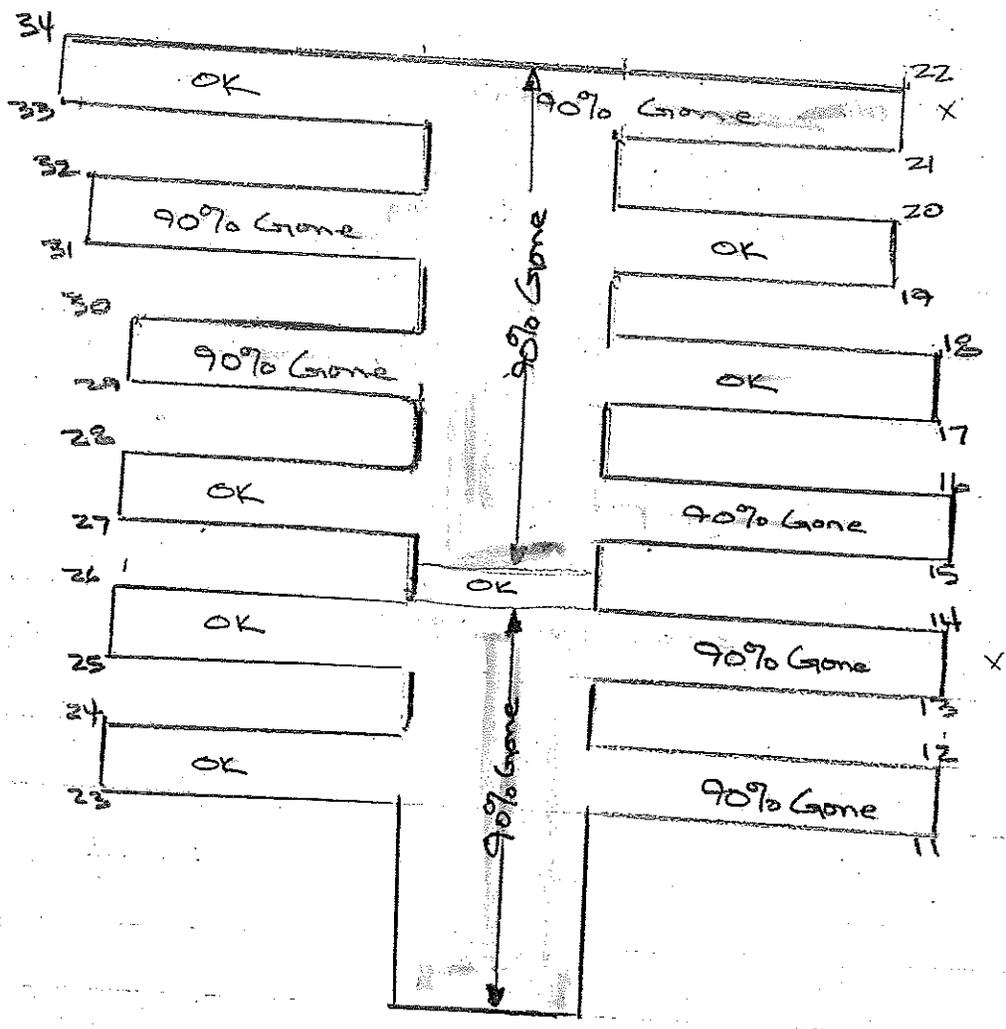
While these specific repairs were not budgeted for, there are sufficient funds in the marina's budget this fiscal year. By doing them this fall they will be ready to go in the spring at the start of the boating season. Because the piers are unstable causing them to be less than safe for use and due to the timing of when repairs could be completed, I feel it makes sense to move forward with the repairs at this time.

Recommendation: To award the bid to Flotation Docking Systems for an amount not to exceed \$13,800 for the repair of six finger piers and approve the City Manager to sign the necessary documents.

Other options:

- Repair finger piers and head pier
- Replace the entire dock
- Don't perform any repairs at this time

Results of inspection conducted by John Stevens
 on main floating dock @ FGM MARINA on
 Tuesday, July 19, 2012 @ 10:00 AM



Underside of dock is OK

Underside of dock is missing 90% of metal that supports foam. Metal is either hanging off dock or laying on the bottom



FLOTATION DOCKING SYSTEMS

October 1, 2013

2:10 PM

Barb Brooks
Boyne City – Harbor Master
bbrooks@bovncity.com

Re: Bottom Galvanized Sheet Steel Replacement on Floating Docks.

Barb,

This repair estimate encompasses replacing the bottom galvanized sheet steel on your main floating head and finger pier dock system. Below, I will address how they progressed to this stage along with detailing the procedure used to repair. Due to varying complexity of repairs, costs will be separated for head piers and finger piers.

All of your docks are constructed with an upper and lower galvanized 20 gauge sheet steel membrane which sandwiches a timber framework – all voids of which are occupied by polystyrene flotation material. The sheet steel used (by its specification) primarily serves the automotive and culvert industries – unfortunately, not all sheet steel under this specification was created equally during the era of your dockage production. Since that time, specifications as well as applied techniques have vastly improved, and we have not seen (nor do we expect to see) any reoccurrence of the same.

The subject sheet steel serves a dual purpose in its function on finger piers. As referenced above, it provides encasement (or protection) to the floatation. More importantly however (on finger piers) it serves an integral function in providing “our signature rigidity” and thus – finger pier stability.

Inasmuch as a finger (which has lost its bottom skin integrity) will continue to function without any adverse visible affects, it **does** lose its inherent stability. However, many **new** commercial floating dock structures fail to produce a level of stability that matches even our “wounded” twenty year old units. Be that as it may, we acknowledge that stable fingers are expected from our design and we therefore recommend replacement of the bottom skin.

The repair process for finger piers involves the following steps:

1. Remove flare boards (1st 10 – deck boards) of affected finger pier.
2. Remove 6 – connector bolts along with 2 – kneebrace joist.
3. Float finger pier to area where crane can pull out of water (crane needs to be located within 20’ of water’s edge. All finger piers would be pulled out and repaired at this location).
4. Roll finger pier onto its side to remove remaining sheet steel, nails, other debris and inspect polystyrene flotation material.
5. Level/Plumb finger using jacks, blocking and shims.

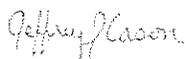
Repair cost for the six (6) identified finger piers would amount to \$13,800.00.

Repair cost for reskin of entire head pier would amount to \$29,300.00.

Should you have any questions or comments after your review, please feel free to contact me at your convenience. If you agree with the above and would like to proceed, please indicate the same with your signature below, and return copy to us along with 30% down payment.

Thank you for your time in review and I look forward to hearing from you soon.

Respectfully submitted,



Jeffrey J. Cason

Accepted by: _____ Date: _____

Cc: Joni Burger – FDS
Cody Carmichael - FDS

Barb Brooks

From: Jeffrey J. Cason [jeff@flotationdocking.com]
Sent: Wednesday, October 02, 2013 10:51 AM
To: Barb Brooks
Cc: 'Joni Burger'; 'Cody Carmichael'
Subject: RE: Dock Repair

Barb,

Although loss of bottom sheet steel on head pier does directly affect structural integrity, we have advised clients in the past that concern is less significant when considering the protection of their harbor. Your harbor offers a great deal of protection to this head and finger system and therefore the loss of bottom sheet steel should not be an urgent issue at this time. However, it is important to aggressively monitor finger pier to head pier connection points, specifically deformation of head pier's lower sidewall. Also, you should monitor harbor for polystyrene beads. The exposed foam will stay intact and not cause any issues until critters decide to make a new home. This doesn't normally cause as much of a liveload issue as it does a continual cleanup effort. That said, going ahead with just "reskinning" of finger piers at this time maybe your best option.

I calculated your current dock system to have 3,398 sf which translates into dockage replacement in the range of \$140,000 excluding utilities and disposal of existing.

Please feel free to contact me with any additional questions.

Jeffrey J Cason

Flotation Docking Systems, Inc.

PO Box 178

271 N M 129

Cedarville, MI. 49719

(906) 484-3422

jeff@flotationdocking.com

www.flotationdocking.com

From: Barb Brooks [mailto:bbrooks@boynecity.com]
Sent: Tuesday, October 01, 2013 3:00 PM
To: Jeffrey J. Cason
Subject: RE: Dock Repair

Thank you Jeff. Do you have an opinion as to whether you think we could get away with doing just the finger piers and leaving the head pier? I am trying to figure out how how and when the replacement of this dock fits in to our overall marina master plan. Can you give me a rough number as to what it would cost to replace the entire structure as it is now (not including utilities) so I have a comparison? I hate continuing to put money into this dock; however I'm afraid that replacement isn't really feasible right now.

Barb Brooks

Executive Assistant / Harbormaster

City of Boyne City

bbrooks@boynecity.com

231-582-0336 phone

231-582-6506 fax

10/2/2013

October 2013

October 2013							November 2013						
S	M	T	W	T	F	S	S	M	T	W	T	F	S
		1	2	3	4	5			5	6	7	8	9
6	7	8	9	10	11	12	10	11	12	13	14	15	16
13	14	15	16	17	18	19	17	18	19	20	21	22	23
20	21	22	23	24	25	26	24	25	26	27	28	29	30
27	28	29	30	31									

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

November 2013

November 2013						
S	M	T	W	T	F	S
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

December 2013						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

Monday	Tuesday	Wednesday	Thursday	Friday	Sat/Sun
				November 1	2
					9:00am City Hall open to process AV ballots
					3
4					9
	6:30am General Election 5:00pm ZBA		8:30am Main Street Board mtg. 6:00pm Parks & Rec		10
					16
11					17
11:00am Veterans Day Ceremony 12:00pm EDC/LDFA	7:00pm City Commission				16
					17
18					23
5:00pm Planning Commission	7:00pm Historic District			City Offices Closed 5:00pm Holiday Open House 6:00pm Santa Parade	24
					24
25					30
	12:00pm City Commission		City Offices Closed Thanksgiving 2:30pm Thanksgiving Dinner (Eagles Hall)		30