

City of Garden City, Michigan

**Financial Report
with Supplemental Information
June 30, 2017**

City of Garden City, Michigan

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Independent Auditor's Report

To the Board of Directors
City of Garden City, Michigan

Report on the Basic Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Garden City, Michigan (the "City") as of and for the year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the City of Garden City, Michigan'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 conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

To the Board of Directors
City of Garden City, Michigan

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective net position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Garden City, Michigan as of June 30, 2017 and the respective changes in its net position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplemental Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Garden City, Michigan's basic financial statements. The nonmajor governmental funds combining schedules, the Downtown Development Authority schedules, and the schedules of indebtedness are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The nonmajor governmental funds combining schedules and the Downtown Development Authority schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the nonmajor governmental funds combining schedules and the Downtown Development Authority schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

To the Board of Directors
City of Garden City, Michigan

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2017 on our consideration of the City of Garden City, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Garden City, Michigan's internal control over financial reporting and compliance.

Plante & Moran, PLLC

November 28, 2017

City of Garden City, Michigan

Management's Discussion and Analysis

Our discussion and analysis of the City of Garden City, Michigan's (the "City") financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2017. Please read it in conjunction with the City's financial statements.

Financial Highlights

As discussed in further detail in this discussion and analysis, the following represent the most significant financial highlights for the year ended June 30, 2017:

- The City's fiscal diligence and responsibility continues. This year's increase to the General Fund fund balance follows the trend of the past few years. The City monitors spending, increases productivity due to technology, and consolidates services. We will continue to follow the policies that have strengthened our net position for the last several years.
- Total net position related to the City's governmental activities decreased 35 percent, primarily due to the increasing unfunded liability associated with retiree health care.
- The City's taxable value remained substantially flat, due to the mandated caps of proposal A and the negligible increased inflation rate. Our State Equalized Value (SEV), however, increased indicative of a stronger economy and a continuingly healthy housing market.
- Four of the five bargaining groups have contracts that expire in June 2019 or 2020. The contract for the International Association of Firefighters is still being negotiated, but expired in 2014.

Using this Annual Report

This annual report consists of a series of financial statements. The statement of net position and the statement of activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year and whether the taxpayers have funded the full cost of providing government services.

The financial statements for each fund present a short-term view; they tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the City's operations in more detail than the government-wide financial statements by providing information about the City's most significant funds. The fiduciary fund statement provides financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

City of Garden City, Michigan

Management's Discussion and Analysis (Continued)

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant funds, not the City as a whole. Funds are accounting tools that the City uses to keep track of specific sources of funding and to monitor spending. Some funds are required to be separately maintained by state law. The City Council establishes other funds to control and manage money for particular purposes.

The City has three kinds of funds:

- **Governmental Funds** - Most of the City's basic services are included in governmental funds, which focus on how cash and other financial assets that can be converted to cash flow in and out and the balance left at year end that is available for future spending. The governmental fund statements provide a detailed short-term view that highlights whether there are more or fewer financial resources available in the near future to finance the City's programs. Because the focus of governmental funds is narrower, it is useful to compare this information with similar information presented for governmental activities in the government-wide financial statements. The statement of revenue, expenditures, and changes in fund balances for the governmental funds provides a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 15 individual governmental funds. Information is presented separately in the governmental funds balance sheet and statement of revenue, expenditures, and changes in fund balances for the General Fund, which is considered to be a major fund. Data for the other 14 governmental funds is combined into a single, aggregated presentation. Individual fund data for the nonmajor governmental funds is provided in the form of combining statements located in the other supplemental information section of this report.

The City adopts an annual appropriated budget for all of its governmental funds. Budgetary comparison schedules have been provided for all major governmental funds to demonstrate budgetary compliance.

- **Proprietary Funds** - Proprietary fund reporting, like government-wide statements, provides both short-term and long-term financial information. The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented in the business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its water and sewer operation, as well as an enterprise fund to account for its rubbish collection activities. These funds are considered major funds of the City. Internal service funds accumulate and allocate costs internally among various functions. The City uses an internal service fund to account for its self-insurance program. Because this program predominantly benefits governmental rather than business-type functions, it has been consolidated within the governmental activities in the government-wide financial statements.

City of Garden City, Michigan

Management's Discussion and Analysis (Continued)

- **Fiduciary Funds** - Fiduciary funds are used to account for resources held for the benefit of parties outside of the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources held in those funds are not available to finance the City's programs.

Notes to the Financial Statements

Notes to the financial statements provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements.

Required Supplemental Information

The required supplemental information is in addition to the basic financial statements and accompanying notes. This section of the report highlights the City's progress in funding its obligations to provide pension and other postemployment benefits to its employees. In addition, this section includes the budgetary comparison schedules for the General Fund.

Other Financial and Supplemental Information

The combining nonmajor governmental fund statements referred to earlier, as well as the City's schedules of indebtedness, are presented immediately following the required supplemental information section of this report.

City of Garden City, Michigan

Management's Discussion and Analysis (Continued)

The City as a Whole

The following table shows, in a condensed format, the net position as of June 30, 2017 and compared to the prior year (in millions of dollars):

	Governmental Activities		Business-type Activities		Total	
	2016	2017	2016	2017	2016	2017
Assets						
Current assets	\$ 13.5	\$ 14.2	\$ 12.6	\$ 13.0	\$ 26.1	\$ 27.2
Capital assets	<u>29.6</u>	<u>28.6</u>	<u>33.4</u>	<u>35.5</u>	<u>63.0</u>	<u>64.1</u>
Total assets	43.1	42.8	46.0	48.5	89.1	91.3
Deferred Outflows of Resources	8.0	5.0	0.9	0.6	8.9	5.6
Liabilities						
Current liabilities	3.3	3.2	1.3	1.1	4.6	4.3
Long-term liabilities	<u>60.2</u>	<u>61.5</u>	<u>9.7</u>	<u>11.9</u>	<u>69.9</u>	<u>73.4</u>
Total liabilities	63.5	64.7	11.0	13.0	74.5	77.7
Deferred Inflows of Resources	<u>0.2</u>	<u>0.1</u>	-	-	<u>0.2</u>	<u>0.1</u>
Net Position						
Net investment in capital assets	28.8	28.2	31.3	31.4	60.1	59.6
Restricted	4.6	4.8	-	-	4.6	4.8
Unrestricted	<u>(46.0)</u>	<u>(50.0)</u>	<u>4.6</u>	<u>4.7</u>	<u>(41.4)</u>	<u>(45.3)</u>
Total net position	<u>\$ (12.6)</u>	<u>\$ (17.0)</u>	<u>\$ 35.9</u>	<u>\$ 36.1</u>	<u>\$ 23.3</u>	<u>\$ 19.1</u>

The City's combined net position decreased approximately 18 percent from a year ago, decreasing from \$23.3 million to \$19.1 million. A review of the governmental activities, separate from the business-type activities, shows a decrease of 35 percent, or approximately \$4.4 million, during fiscal year 2017. The business-type activities experienced a 0.6 percent, or \$0.2 million, increase in net position during fiscal year 2017.

Governmental unrestricted net position, the portion of net position available to finance day-to-day operations and future growth, changed from a negative \$46.0 million at June 30, 2016 to a negative \$50.0 million at June 30, 2017, mostly because of other postemployment benefit liability increases.

The business-type unrestricted net position increased by \$0.1 million for the fiscal year ended June 30, 2017. This is primarily due to the relatively sound net position of the Water and Sewer Fund.

City of Garden City, Michigan

Management's Discussion and Analysis (Continued)

The following table shows the changes in net position (in millions of dollars) for the years ended June 30, 2017 and 2016:

	Governmental		Business-type		Total	
	Activities		Activities			
	2016	2017	2016	2017	2016	2017
Revenue						
Program revenue:						
Charges for services	\$ 3.5	\$ 3.4	\$ 9.7	\$ 9.8	\$ 13.2	\$ 13.2
Operating grants and contributions	4.6	4.0			4.6	4.0
Capital grants and contributions	0.1	0.2	0.3	0.1	0.4	0.3
General revenue:						
Property taxes	11.6	11.1	-	-	11.6	11.1
State-shared revenue	2.8	2.9	-	-	2.8	2.9
Unrestricted investment earnings	0.2	0.2	-	-	0.2	0.2
Franchise fees	0.5	0.5	-	-	0.5	0.5
Other	0.1	0.1	-	-	0.1	0.1
Total revenue	23.4	22.4	10.0	9.9	33.4	32.3
Program Expenses						
General government	2.5	2.7	-	-	2.5	2.7
Public safety	12.8	13.2	-	-	12.8	13.2
Public works	5.1	5.3	-	-	5.1	5.3
Community maintenance, development, and other	1.1	0.6	-	-	1.1	0.6
Culture and recreation	3.7	3.7	-	-	3.7	3.7
District court	1.3	1.2	-	-	1.3	1.2
Interest expense	0.1	0.1	-	-	0.1	0.1
Water and sewer	-	-	8.4	8.4	8.4	8.4
Rubbish disposal	-	-	1.6	1.4	1.6	1.4
Total program expenses	26.6	26.8	10.0	9.8	36.6	36.6
Transfers	(0.2)	-	0.2	-	-	-
Change in Net Position	<u>\$ (3.4)</u>	<u>\$ (4.4)</u>	<u>\$ 0.2</u>	<u>\$ 0.1</u>	<u>\$ (3.2)</u>	<u>\$ (4.3)</u>

Governmental Activities

The City's total governmental revenue and other items decreased by approximately \$1.0 million, primarily due to a Headlee rollback on property taxes levied and grant revenue.

Governmental expenses increased by approximately 1 percent, or \$0.2 million. Additional expenditures were made to increase grant-funded public safety and other personnel and much-needed capital expenditures from the General Fund.

City of Garden City, Michigan

Management's Discussion and Analysis (Continued)

Business-type Activities

The City's business-type activities consist of the Water and Sewer Fund and Rubbish Collection Fund. We provide water and sewer services directly to homes and businesses from Great Lakes Water Authority (GLWA) and the Wayne County Sewerage Department. The Water and Sewer Fund has experienced a slight net operating loss, as a result of charges for services staying the same.

Residents and businesses receive curbside rubbish collection service. Curbside recycling is also available to residents. The rubbish collection fund has experienced net operating income for the year, due to a new major contract with GFL Environmental USA and a modest fee increase.

The City's Funds

Our analysis of the City's major funds follows the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the City as a whole. The City creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as the Major and Local Streets Funds. The City's major funds for the fiscal year ended June 30, 2017 include the General Fund, in accordance with GASB requirements.

General Fund Budgetary Highlights

Over the course of the year, the City amended the budget to take into account events during the year, adding approximately \$15,000. The majority of the budget increase covered capital projects and emergency road remediation. Other appropriations were made to acknowledge grant receipts and other new revenue sources. The General Fund's fund balance, excluding funds that were blended with the General Fund as a result of implementing GASB Statement No. 54, increased by \$398,415 at June 30, 2017.

Capital Asset and Debt Administration

The City's investment in capital assets is increasing as our revenue increases. Investment in our buildings, roads, public service equipment, public safety vehicles, and communications equipment sustains the City's infrastructure. As our debt continues to decrease, investment in capital assets can increase.

Economic Factors and Next Year's Budgets and Rates

The City's budget for fiscal year 2017-2018 shows a nominal increase in taxable values. We expect this trend to continue. State-shared revenue is also showing a small increase. The City continues to receive significant grant revenue, which complements its economic strategies. We have not needed to tap into our fund balance, and instead have added to it.

Development within the City is increasing. We have seen significant expansion from one of our major employers. However, occupancy rates seem to be decreasing.

City of Garden City, Michigan

Management's Discussion and Analysis (Continued)

Some capital investment in infrastructure is planned using financing and debt strategies offset by older debt being eliminated. Major improvements to our ice arena and municipal parking lots are planned.

Water and sewer rates were able to be kept the same to end-users in the fiscal year ended June 30, 2017. The rate structure is reviewed annually to ensure the sustainability of the fund.

Contacting the City's Management

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the office of the City Clerk/Treasurer.

City of Garden City, Michigan

Statement of Net Position June 30, 2017

	Primary Government			Component Unit - DDA
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and investments (Note 2)	\$ 11,723,197	\$ 9,724,580	\$ 21,447,777	\$ 157,206
Receivables:				
Property taxes receivable	214,188	-	214,188	-
Receivables from sales to customers on account	-	3,161,462	3,161,462	-
Accrued interest receivable	34,209	25,923	60,132	418
Other receivables	573,923	-	573,923	-
Due from other governmental units	33,020	1,537	34,557	-
Special assessments receivable	264,184	-	264,184	253,509
Prepaid costs and other assets	417,833	48,450	466,283	900
Due from other governmental units	912,351	4,737	917,088	-
Capital assets (Note 4):				
Assets not subject to depreciation	2,310,689	2,698,465	5,009,154	-
Assets subject to depreciation	26,301,431	32,832,769	59,134,200	1,546,463
Total assets	42,785,025	48,497,923	91,282,948	1,958,496
Deferred Outflows of Resources				
Bond refunding loss being amortized	16,354	1,305	17,659	5,980
Deferred outflows related to pension	5,029,324	593,044	5,622,368	-
Total deferred outflows of resources	5,045,678	594,349	5,640,027	5,980
Liabilities				
Accounts payable	611,665	842,781	1,454,446	992
Due to other governmental units	1,485	-	1,485	-
Accrued and other liabilities	467,928	57,351	525,279	4,111
Noncurrent liabilities:				
Due within one year:				
Compensated absences (Note 6)	359,328	50,459	409,787	-
Current portion of long-term debt	1,837,021	127,758	1,964,779	205,225
Due in more than one year:				
Compensated absences (Note 6)	594,324	33,591	627,915	-
Net OPEB obligation (Note 10)	27,911,244	4,253,142	32,164,386	-
Net pension liability (Notes 8 and 9)	29,981,218	3,598,285	33,579,503	-
Long-term debt	2,974,382	4,017,378	6,991,760	201,121
Total liabilities	64,738,595	12,980,745	77,719,340	411,449
Deferred Inflows of Resources - Deferred inflows related to pension	110,081	13,687	123,768	-
Net Position				
Net investment in capital assets	28,187,433	31,387,403	59,574,836	1,146,097
Restricted for:				
Streets and highways	3,570,389	-	3,570,389	-
Capital projects	249,717	-	249,717	-
Police grant activities	76,130	-	76,130	-
911	285,509	-	285,509	-
Franchise PEG fees	90,606	-	90,606	-
Debt service	73,455	-	73,455	-
Community development	50,590	-	50,590	-
Library	449,012	-	449,012	-
Unrestricted	(50,050,814)	4,710,437	(45,340,377)	406,930
Total net position	\$ (17,017,973)	\$ 36,097,840	\$ 19,079,867	\$ 1,553,027

The Notes to Financial Statements are an
Integral Part of this Statement.

City of Garden City, Michigan

Functions/Programs	Program Revenue			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 2,638,256	\$ 461,574	\$ -	\$ -
21st District Court	1,195,461	674,157	46,629	-
Public safety	13,146,915	721,879	101,742	-
Public works	5,335,035	514,271	2,592,494	168,280
Community maintenance, development, and other	657,224	401,533	298,290	-
Recreation and culture	3,703,863	613,330	972,746	-
Interest on long term debt	133,765	-	-	-
Total governmental activities	<u>26,810,519</u>	<u>3,386,744</u>	<u>4,011,901</u>	<u>168,280</u>
Business-type activities:				
Water and Sewer Fund	8,411,796	8,120,698	-	108,558
Rubbish Collection Fund	<u>1,430,128</u>	<u>1,679,981</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>9,841,924</u>	<u>9,800,679</u>	<u>-</u>	<u>108,558</u>
Total primary government	<u>\$ 36,652,443</u>	<u>\$ 13,187,423</u>	<u>\$ 4,011,901</u>	<u>\$ 276,838</u>
Component units	<u>\$ 419,928</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 99,412</u>

General revenue:

- Property taxes
- State-shared revenue
- Interest and other
- Cable franchise fees
- Other miscellaneous income
- Gain on sale of fixed assets

Total general revenue

Change in Net Position

Net Position - Beginning of year

Net Position - End of year

Statement of Activities
Year Ended June 30, 2017

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit - Downtown Development Authority
Governmental Activities	Business-type Activities	Total	
\$ (2,176,682)	\$ -	\$ (2,176,682)	\$ -
(474,675)	-	(474,675)	-
(12,323,294)	-	(12,323,294)	-
(2,059,990)	-	(2,059,990)	-
42,599	-	42,599	-
(2,117,787)	-	(2,117,787)	-
(133,765)	-	(133,765)	-
(19,243,594)	-	(19,243,594)	-
-	(182,540)	(182,540)	-
-	249,853	249,853	-
-	67,313	67,313	-
(19,243,594)	67,313	(19,176,281)	-
-	-	-	(320,516)
11,090,667	-	11,090,667	438,918
2,910,799	-	2,910,799	-
246,561	74,839	321,400	603
527,651	-	527,651	-
55,223	-	55,223	80,098
7,508	-	7,508	-
14,838,409	74,839	14,913,248	519,619
(4,405,185)	142,152	(4,263,033)	199,103
(12,612,788)	35,955,688	23,342,900	1,353,924
\$ (17,017,973)	\$ 36,097,840	\$ 19,079,867	\$ 1,553,027

City of Garden City, Michigan

Governmental Funds Balance Sheet June 30, 2017

	General Fund	Nonmajor Funds	Total
Assets			
Cash and investments	\$ 5,845,946	\$ 4,735,436	\$ 10,581,382
Receivables	705,962	410,520	1,116,482
Due from other funds	23,777	13,588	37,365
Prepaid costs and other assets	391,179	1,154	392,333
Due from other governmental units	516,855	395,496	912,351
Total assets	\$ 7,483,719	\$ 5,556,194	\$ 13,039,913
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts payable	\$ 431,894	\$ 151,857	\$ 583,751
Due to other governmental units	-	1,485	1,485
Due to other funds	-	37,365	37,365
Accrued and other liabilities	418,489	11,181	429,670
Total liabilities	850,383	201,888	1,052,271
Deferred Inflows of Resources - Unavailable revenue	70,024	302,627	372,651
Fund Balances			
Nonspendable - Prepays	391,179	1,154	392,333
Restricted:			
Roads	-	3,439,182	3,439,182
Public safety	-	361,639	361,639
Debt service	-	64,470	64,470
Community development	-	27,740	27,740
Capital projects	-	123,280	123,280
PEG fees	-	90,029	90,029
Library	-	445,457	445,457
Assigned - Capital projects and street lighting	-	508,898	508,898
Unassigned	6,172,133	(10,170)	6,161,963
Total fund balances	6,563,312	5,051,679	11,614,991
Total liabilities, deferred inflows of resources, and fund balances	\$ 7,483,719	\$ 5,556,194	\$ 13,039,913

City of Garden City, Michigan

Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Position June 30, 2017

Fund Balance Reported in Governmental Funds	\$ 11,614,991
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	28,612,120
Certain pension contributions and changes in pension plan net position are reported as deferred outflows of resources in the statement of net position, but are reported as expenses in the governmental funds	5,029,324
Deferred charges on refunding	16,354
Special assessments, grant receivables, and property taxes are expected to be collected over several years and are not available to pay for current year expenditures	372,651
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(4,526,041)
Accrued interest is not due and payable in the current period and is not reported in the funds	(38,258)
Employee compensated absences are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities	(953,652)
Net other postemployment benefits obligation	(27,911,244)
Pension changes related to differences between projected and actual experience are reported as deferred inflows of resources in the statement of net position, but are reported as revenue in the governmental funds	(110,081)
Net pension liability in governmental activities is not reported in the funds	(29,981,218)
Internal service funds are included as part of governmental activities	<u>857,081</u>
Net Position of Governmental Activities	<u>\$ (17,017,973)</u>

City of Garden City, Michigan

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended June 30, 2017

	General Fund	Nonmajor Funds	Total
Revenue			
Property taxes	\$ 9,121,967	\$ 1,976,321	\$ 11,098,288
Licenses and permits	41,457	-	41,457
Federal sources	516,218	211,518	727,736
State sources	3,980,089	2,093,319	6,073,408
Charges for services	1,810,698	86,527	1,897,225
21st District Court	643,283	-	643,283
Interest and other	547,632	351,762	899,394
Cable franchise fees	594,409	-	594,409
Special assessments	-	473,725	473,725
	<hr/>	<hr/>	<hr/>
Total revenue	17,255,753	5,193,172	22,448,925
Expenditures			
Current:			
General government	2,157,133	-	2,157,133
21st District Court	976,554	-	976,554
Public safety	9,235,324	150,016	9,385,340
Public service	937,266	2,010,190	2,947,456
Community maintenance, development, and other	600,222	820,026	1,420,248
Recreation and culture	2,268,734	480,143	2,748,877
Capital outlay	-	305,982	305,982
Debt service	265,714	1,585,675	1,851,389
	<hr/>	<hr/>	<hr/>
Total expenditures	16,440,947	5,352,032	21,792,979
Excess of Revenue Over (Under) Expenditures	814,806	(158,860)	655,946
Other Financing Sources (Uses)			
Transfers in	-	1,093,666	1,093,666
Transfers out	(340,742)	(752,924)	(1,093,666)
	<hr/>	<hr/>	<hr/>
Net Change in Fund Balances	474,064	181,882	655,946
Fund Balances - Beginning of year	6,089,248	4,869,797	10,959,045
	<hr/>	<hr/>	<hr/>
Fund Balances - End of year	\$ 6,563,312	\$ 5,051,679	\$ 11,614,991

City of Garden City, Michigan

Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2017

Net Change in Fund Balances - Total Governmental Funds	\$ 655,946
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capital outlay	1,370,919
Depreciation expense	(2,253,486)
Net book value of assets disposed of	(16,613)
Special assessment, property tax, and grant revenue are recorded in the statement of activities when the assessment is set; they are not reported in the funds until collected within 60 days of year end	(29,486)
Deferred charges on refunding are an expenditure in the governmental funds, but are capitalized and amortized over the term of the bond	(5,947)
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	1,711,206
Change in accrued interest payable and other	6,418
Change in personal property tax revenue	934
Change in accumulated employee sick and vacation pay and other similar expenses reported in the statement of activities do not require the use of current resources and therefore are not reported in the fund statements until they come due for payment	20,940
Change in net other postemployment benefits liability is recorded when incurred in the statement of activities	(2,460,760)
Change in net pension liability is recorded when incurred in the statement of activities	(3,368,514)
Internal service funds are included as part of governmental activities	(36,742)
Change in Net Position of Governmental Activities	<u>\$ (4,405,185)</u>

City of Garden City, Michigan

Proprietary Funds Statement of Net Position June 30, 2017

	Enterprise Funds		Governmental
	Water and Sewer Fund	Rubbish Collection Fund	Internal Service Funds
Assets			
Current assets:			
Cash and investments	\$ 9,230,412	\$ 494,168	\$ 9,724,580
Receivables - Net:			\$ 1,141,815
Accrued interest receivable	24,606	1,317	25,923
Customer receivables	3,161,462	-	3,161,462
Due from other governmental units	1,537	-	1,537
Prepaid costs and other assets	48,450	-	48,450
Deposits	4,737	-	4,737
Total current assets	12,471,204	495,485	12,966,689
Noncurrent assets - Capital assets (Note 4):			
Assets not subject to depreciation	2,698,465	-	2,698,465
Assets subject to depreciation	32,832,769	-	32,832,769
Total assets	48,002,438	495,485	48,497,923
Deferred Outflows of Resources			
Bond refunding loss being amortized	1,305	-	1,305
Deferred outflows related to pension (Notes 8 and 9)	593,044	-	593,044
Total deferred outflows of resources	594,349	-	594,349
Liabilities			
Current liabilities:			
Accounts payable	710,024	132,757	842,781
Accrued and other liabilities	57,351	-	57,351
Compensated absences (Note 6)	50,459	-	50,459
Current portion of long-term debt	127,758	-	127,758
Total current liabilities	945,592	132,757	1,078,349
Noncurrent liabilities:			
Compensated absences (Note 6)	33,591	-	33,591
Net pension liability	3,598,285	-	3,598,285
Net other postemployment benefit obligation	4,253,142	-	4,253,142
Long-term debt	4,017,378	-	4,017,378
Total noncurrent liabilities	11,902,396	-	11,902,396
Total liabilities	12,847,988	132,757	12,980,745
Deferred Inflows of Resources - Deferred inflows related to pension	13,687	-	13,687
Net Position			
Net investment in capital assets	31,387,403	-	31,387,403
Unrestricted	4,347,709	362,728	4,710,437
Total net position	<u>\$ 35,735,112</u>	<u>\$ 362,728</u>	<u>\$ 36,097,840</u>
			<u>\$ 857,081</u>

City of Garden City, Michigan

Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Position Year Ended June 30, 2017

	Enterprise Funds		Governmental Activities
	Water and Sewer Fund	Rubbish Collection Fund	Internal Service Funds
Operating Revenue			
Water and sewer services	\$ 8,079,508	\$ -	\$ 8,079,508
Interest and other	41,190	-	41,190
Charges for services	-	1,679,981	1,679,981
Total operating revenue	8,120,698	1,679,981	9,800,679
Operating Expenses			
Cost of water	1,725,324	-	1,725,324
Cost of sewage treatment	2,459,889	-	2,459,889
Cost of rubbish disposal	-	1,430,128	1,430,128
Supplies	164,643	-	164,643
Personnel services	2,074,931	-	2,074,931
Other services and charges	900,762	-	900,762
Claims expense	-	-	-
Depreciation and amortization	991,058	-	991,058
Total operating expenses	8,316,607	1,430,128	9,746,735
Operating (Loss) Income	(195,909)	249,853	53,944
Nonoperating Revenue (Expense)			
Investment income	69,146	5,693	74,839
Interest expense	(95,189)	-	(95,189)
Total nonoperating (expense) revenue	(26,043)	5,693	(20,350)
(Loss) Income - Before contributions	(221,952)	255,546	33,594
Capital Contributions - Capital grants	108,558	-	108,558
Change in Net Position	(113,394)	255,546	142,152
Net Position - Beginning of year	35,848,506	107,182	35,955,688
Net Position - End of year	\$ 35,735,112	\$ 362,728	\$ 36,097,840

City of Garden City, Michigan

Proprietary Funds Statement of Cash Flows Year Ended June 30, 2017

	Enterprise Funds		Governmental
	Water and Sewer Fund	Rubbish Collection Fund	Activities Internal Service Fund
Cash Flows from Operating Activities			
Receipts from customers	\$ 8,211,486	\$ 1,679,981	\$ 9,891,467
Payments to suppliers	(4,925,059)	(1,569,669)	(6,494,728)
Payments to employees	(1,811,425)	-	(1,811,425)
Claims paid	-	-	-
	<u>-</u>	<u>-</u>	<u>(22,928)</u>
Net cash provided by operating activities	1,475,002	110,312	1,585,314
Cash Flows from Capital and Related Financing Activities			
Issuance of bonds	2,140,755	-	2,140,755
Receipt of capital grants	108,558	-	108,558
Purchase of capital assets	(3,073,742)	-	(3,073,742)
Principal and interest paid on capital debt	(227,976)	-	(227,976)
	<u>(1,052,405)</u>	<u>-</u>	<u>(1,052,405)</u>
Net cash used in capital and related financing activities	(1,052,405)	-	-
Cash Flows from Investing Activities - Interest received on investments	52,839	4,730	57,569
	<u>52,839</u>	<u>4,730</u>	<u>57,569</u>
Net Increase in Cash and Cash Equivalents	475,436	115,042	590,478
Cash and Cash Equivalents - Beginning of year	8,754,976	379,126	9,134,102
	<u>8,754,976</u>	<u>379,126</u>	<u>9,134,102</u>
Cash and Cash Equivalents - End of year	<u>\$ 9,230,412</u>	<u>\$ 494,168</u>	<u>\$ 9,724,580</u>
Statement of Net Position Classification of Cash and Cash Equivalents - Cash and investments	<u>\$ 9,230,412</u>	<u>\$ 494,168</u>	<u>\$ 9,724,580</u>
Reconciliation of Operating (Loss) Income to Net Cash from Operating Activities			
Operating (loss) income	\$ (195,909)	\$ 249,853	\$ 53,944
Adjustments to reconcile operating (loss) income to net cash from operating activities:			
Depreciation and amortization	991,058	-	991,058
Changes in assets and liabilities:			
Receivables	90,788	-	90,788
Prepaid and other assets	131,032	-	131,032
Accounts payable	(133,249)	(139,541)	(272,790)
Estimated claims liability	-	-	-
OPEB and pension liability	591,282	-	591,282
	<u>591,282</u>	<u>-</u>	<u>591,282</u>
Net cash provided by operating activities	<u>\$ 1,475,002</u>	<u>\$ 110,312</u>	<u>\$ 1,585,314</u>
	<u>\$ 1,475,002</u>	<u>\$ 110,312</u>	<u>\$ 1,585,314</u>

City of Garden City, Michigan

Fiduciary Funds Statement of Fiduciary Net Position June 30, 2017

	<u>Agency Funds</u>
Assets - Cash and cash equivalents	<u>\$ 1,033,245</u>
Liabilities	
Accounts payable	\$ 719,958
Due to other governmental units	<u>313,287</u>
Total liabilities	<u>\$ 1,033,245</u>

City of Garden City, Michigan

Notes to Financial Statements June 30, 2017

Note I - Summary of Significant Accounting Policies

The following is a summary of the significant accounting policies used by the City of Garden City, Michigan (the "City"):

Reporting Entity

The City of Garden City, Michigan is governed by an elected seven-member council. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Although blended component units are legally separate entities, in substance, they are part of the City's operations. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City (see discussion below for description).

Blended Component Units - The City of Garden City Building Authority is governed by a board that is appointed by the City Council. Although it is legally separate from the City, it is reported as if it were part of the primary government because its primary purpose is to finance and construct the City's public buildings.

Discretely Presented Component Units - The following component unit is reported within the component unit column in the financial statements. It is reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the City.

Downtown Development Authority - The Downtown Development Authority (DDA) was created to correct and prevent deterioration in the downtown district, encourage historical preservation, and promote economic growth within the district. The DDA's governing body, consisting of 10 individuals, is selected by the City Council. In addition, the DDA's budget is subject to approval by the City Council.

Jointly Governed Organization - The City is a member of the Nankin Transit Commission, which provides transportation services to the residents of Garden City, Westland, Canton, Wayne, and Inkster. In addition, the City is a member of the Central Wayne County Sanitation Authority, which provides waste management services to the residents of Garden City, Inkster, Dearborn Heights, Wayne, and Westland. See Note II for additional information.

The City of Garden City Hospital Finance Authority's purpose is to construct, acquire, reconstruct, remodel, improve, add to, enlarge, repair, own, and lease hospital facilities for the use of any nonprofit hospital inside or outside the boundaries of the City. The City of Garden City Hospital Finance Authority holds no assets and had no financial activity during the year.

Note I - Summary of Significant Accounting Policies (Continued)

Accounting and Reporting Principles

The City follows accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board.

Report Presentation

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. 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. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Taxes and other items not properly included among program revenue are reported instead as general revenue.

For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges between the City's water and sewer function and various other functions of the City. Eliminations of these charges would distort the direct costs and program revenue reported for the various functions concerned.

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

Basis of Accounting

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the government has spent its resources.

Note I - Summary of Significant Accounting Policies (Continued)

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension and retiree healthcare-related costs or sick and vacation pay) are not counted until they come due for payment. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due.

Revenue is not recognized until it is collected, or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the City considers amounts collected within 60 days of year end to be available for recognition. The following major revenue sources meet the availability criterion: state-shared revenue, state gas and weight tax revenue, district court fines, and interest associated with the current fiscal period. Conversely, special assessments and federal grant reimbursements will be collected after the period of availability; receivables have been recorded for these, along with a "deferred inflow."

Proprietary funds and fiduciary funds use the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Fund Accounting

The City accounts for its various activities in several different funds in order to demonstrate accountability for how we have spent certain resources - separate funds allow us to show the particular expenditures for which specific revenue was used. The various funds are aggregated into four broad fund types:

Governmental funds include all activities that provide general governmental services that are not business-type activities. This includes the General Fund, special revenue funds, debt service funds, capital project funds, and permanent funds. The City reports the following fund as a "major" governmental fund:

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide general government services, other than those specifically assigned to another fund.

Proprietary funds include enterprise funds, which provide goods or services to users in exchange for charges or fees. The City reports the following funds as "major" enterprise funds:

- The Water and Sewer Fund accounts for the activities of the water distribution system and sewage collection system.

Note I - Summary of Significant Accounting Policies (Continued)

- The Rubbish Collection Fund accounts for the activities of solid waste collection in the City.

Additionally, the City reports the following fund types:

Internal Service Fund - The Internal Service Fund is used to account for the general liability insurance and workers' compensation insurance provided to other departments of the City primarily on a cost-reimbursement basis.

General Agency Fund - The General Agency Fund accounts for assets held by the City in a trustee capacity or as an agent for individuals, employees, organizations, other governments, or other funds. The General Agency Fund mainly contains tax collections and escrow deposits. The General Agency Fund is custodial in nature (assets equal liabilities) and does not involve the measurement of results of operations.

Interfund Activity: During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Furthermore, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

Specific Balances and Transactions

Cash, Cash Equivalents, and Investments - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value. The City manages and accounts for cash and cash equivalents via an internal pool cash management technique whereby all cash and cash equivalents of the City are consolidated.

City of Garden City, Michigan

Notes to Financial Statements June 30, 2017

Note I - Summary of Significant Accounting Policies (Continued)

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances." All trade and property tax receivables are shown as net of an allowance for uncollectible amounts.

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

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

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

Capital Asset Class	Lives (Years)
Roads, bridges, and sidewalks	9-30
Water and sewer distribution systems	50-100
Drain separation project	40-50
Buildings and improvements	50
Vehicles and equipment	3-10
Meters	5-15
Office furnishings	5-10
Machinery and equipment	3-10

Note I - Summary of Significant Accounting Policies (Continued)

Long-term Obligations - In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method; bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize bond issuances as an "other financing source," as well as bond premiums and discounts. The General Fund and debt service funds are generally used to liquidate governmental long-term debt. The Water and Sewer Fund is used to liquidate proprietary fund long-term debt.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category: deferred charges on bond refunding and deferred outflows of resources related to the defined benefit pension plan. The deferred outflows of resources are reported in the government-wide financial statements and in the Water and Sewer Fund. The deferred outflows of resources related to the defined benefit plan result from four transactions: contributions to the defined benefit pension plan subsequent to the plan's year end through the City's fiscal year, changes in assumptions related to economic and demographic factors, differences between actual and expected experience, and the variance between the plan's actual investment earnings compared to the plan's assumed investment earnings.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category: deferred inflows of resources related to unavailable revenue and deferred inflows related to pensions. Unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Additionally, the government-wide statements and proprietary fund report deferred inflows related to pension representing the difference between actual and expected experience.

Note I - Summary of Significant Accounting Policies (Continued)

Net Position Flow Assumption

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

Fund Balance Flow Assumption

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

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

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

Note I - Summary of Significant Accounting Policies (Continued)

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes, but do not meet the criteria to be classified as committed. The City Council has by resolution authorized the finance director to assign fund balance. The City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Property Tax Revenue

Property taxes are assessed as of December 31. The related property taxes are levied and become a lien on each July 1 on the taxable valuation of property as of the preceding December 31. Summer taxes are considered delinquent on September 15 of the following year, at which time penalties and interest are assessed. Delinquent summer and winter taxes are turned over to the county on March 1, at which time penalties and interest are assessed by the county.

The City's 2016 tax is levied and collectible on July 1, 2016 and is recognized as revenue in the year ended June 30, 2017 when the proceeds of the levy are budgeted and available for the financing of operations.

The 2016 taxable valuation of the City totaled \$501 million, on which taxes levied consisted of 13.6410 mills for operating purposes, .8200 mills for refuse collection, .9856 mills for library operations, 3.4496 mills for public safety, and 2.9745 mills for judgment debt. This resulted in \$6.6 million for operating, \$410,000 for refuse collection, \$478,000 for library operations, \$1.7 million for public safety, and \$1.5 million for judgment debt. A portion of the operating millage is captured for the Downtown Development Authority.

Pension Costs - The City offers both pension and retiree healthcare benefits to some retirees. The City records a net pension liability for the difference between the total pension liability calculated by the actuary and the pension plan's fiduciary net position. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plan and additions to/deductions from the pension plan's fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

Note I - Summary of Significant Accounting Policies (Continued)

Other Postemployment Benefit Costs - The City offers retiree healthcare benefits to some retirees. The City receives an actuarial valuation to compute the annual required contribution (ARC) necessary to fund the obligation over the remaining amortization period. In the governmental funds, OPEB costs are recognized as contributions are made. For the government-wide statements and proprietary funds, the City reports the full accrual cost equal to the current year required contribution, adjusted for interest and "adjustment to the ARC" on the beginning of year underpaid amount, if any.

Compensated Absences (Vacation and Sick Leave) - It is the City's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service with the City. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end. All other accrued compensated absences are reported in the government-wide financial statements; generally the funds that report each employee's compensation (the General Fund and the Water and Sewer Fund, primarily) are used to liquidate obligation.

Proprietary Funds Operating Classification - Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Water and Sewer Fund and internal service funds is charges to customers for sales and services. The Water and Sewer Fund 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 revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Note 2 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The law also allows investments outside the state of Michigan when fully insured. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The City's investment policy further restricts certificates of deposit, savings accounts, deposit accounts, or depository receipts by requiring these investments to be from a bank with a corporate headquarters or branches located in the state of Michigan. The City's policy restricts repurchase agreements to being negotiated only with dealers or financial institutions with which the unit has negotiated a master repurchase agreement or with the City of Garden City, Michigan's primary bank. In addition, repurchase agreements must be signed with the bank or dealer and must contain provisions similar to those outlined in the Public Security Association's model master repurchase agreement, and collateralization shall be required on all repurchase agreements at a level of 102 percent of market value of principal and accrued interest. The City's policy states that investments in commercial paper shall be no more than 50 percent of the entire portfolio and that commercial paper held in the portfolio which subsequently receives a reduced rating lower than the top two shall be closely monitored and sold immediately if the principal invested may otherwise be jeopardized. In addition, to the extent possible, the investing officer will attempt to match investments with anticipated cash flow requirements and unless matched to a specific cash flow requirement, the City of Garden City, Michigan will not directly invest in securities maturing more than five years from the date of purchase.

The City's policy further indicates that no more than 40 percent of the City's total investment portfolio as of June 30 of the preceding year shall be placed in securities maturing in more than three years and investments will be diversified by security type and institution. With the exception of U.S. Treasury securities and the City's primary bank, no more than 50 percent of the total investment portfolio will be invested in a single security type or 25 percent with a single financial institution.

The City has designated 13 banks for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of state statutory authority as listed above. The City's deposits and investment policies are in accordance with statutory authority.

City of Garden City, Michigan

Notes to Financial Statements June 30, 2017

Note 2 - Deposits and Investments (Continued)

The City's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits - Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At year end, the City had \$9,596,418 of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the City evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Interest Rate Risk - Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The City's investment policy does not restrict investment maturities, other than commercial paper which can only be purchased with a 270-day maturity, and unless matched to a specific cash flow requirement, the City cannot directly invest in securities maturing more than five years from the date of purchase and no more than 40 percent of the City's total investment portfolio can be placed in securities maturing in more than three years. At year end, the average maturities of investments are as follows:

<u>Investment</u>	<u>Fair Value</u>	<u>Weighted Average Maturity</u>
Commercial paper	<u>\$ 11,967,450</u>	66 days

City of Garden City, Michigan

Notes to Financial Statements June 30, 2017

Note 2 - Deposits and Investments (Continued)

Credit Risk - State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The City requires commercial paper to have been rated within the top two rating categories by two nationally recognized statistical rating organizations. As of year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Fair Value	Rating	Rating Organization
Money market	\$ 257,198	N/A	N/A
Money market	76,903	N/A	N/A
Money market	179,520	N/A	N/A
Commercial paper	1,997,880	A1	S&P
Commercial paper	998,900	A1	S&P
Commercial paper	4,986,800	A2	S&P
Commercial paper	2,987,490	A2	S&P
Commercial paper	996,380	A1	S&P

Concentration of Credit Risk - The City places no limit on the amount it may invest in any one issuer. More than 52 percent of the City's investments is in commercial paper with Morgan Stanley.

Note 3 - Stewardship, Compliance, and Accountability

Construction Code Fees - The City oversees building construction, in accordance with the State's Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The City charges fees for these services. The law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. The cumulative shortfall as of June 30, 2017 is \$1,517,616:

Shortfall at July 1, 2016	\$ (1,405,379)
Current year permit revenue	487,985
Related expenses - Direct costs	<u>600,222</u>
Current year shortfall	<u>(112,237)</u>
Cumulative shortfall at June 30, 2017	<u>\$ (1,517,616)</u>

City of Garden City, Michigan

Notes to Financial Statements June 30, 2017

Note 4 - Capital Assets

Capital asset activity of the City's governmental and business-type activities was as follows:

	Balance July 1, 2016	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2017
Governmental Activities					
Capital assets not being depreciated:					
Land and land improvements	\$ 1,514,961	\$ -	\$ -	\$ -	\$ 1,514,961
Construction in progress	36,119	(3,708)	779,930	(16,613)	795,728
Subtotal	1,551,080	(3,708)	779,930	(16,613)	2,310,689
Capital assets being depreciated:					
Infrastructure	98,809,181	3,708	149,363	-	98,962,252
Buildings and improvements	8,007,331	-	179,208	-	8,186,539
Vehicles	12,070,182	-	262,418	(97,231)	12,235,369
Subtotal	118,886,694	3,708	590,989	(97,231)	119,384,160
Accumulated depreciation:					
Roads and sidewalks	76,600,507	-	1,810,044	-	78,410,551
Buildings and improvements	3,548,761	-	128,387	-	3,677,148
Vehicles and equipment	10,777,206	-	315,055	(97,231)	10,995,030
Subtotal	90,926,474	-	2,253,486	(97,231)	93,082,729
Net capital assets being depreciated	27,960,220	3,708	(1,662,497)	-	26,301,431
Net capital assets	\$ 29,511,300	\$ -	\$ (882,567)	\$ (16,613)	\$ 28,612,120
Business-type Activities					
Capital assets not being depreciated -					
Construction in progress	\$ 2,168	\$ (2,168)	\$ 2,698,465	\$ -	\$ 2,698,465
Capital assets being depreciated:					
Water and sewer distribution systems	17,906,887	2,168	125,232	-	18,034,287
Drain separation project	28,122,982	-	-	-	28,122,982
Buildings and improvements	11,664	-	-	-	11,664
Vehicles	1,187,624	-	84,718	-	1,272,342
Meters	2,907,657	-	31,332	-	2,938,989
Office furnishings	103,166	-	-	-	103,166
Machinery and equipment	1,244,152	-	124,512	-	1,368,664
Subtotal	51,484,132	2,168	365,794	-	51,852,094
Accumulated depreciation:					
Water and sewer distribution systems	4,959,389	-	182,603	-	5,141,992
Drain separation project	9,561,815	-	562,460	-	10,124,275
Buildings and improvements	117	-	233	-	350
Vehicles	975,668	-	39,976	-	1,015,644
Meters	1,581,016	-	143,977	-	1,724,993
Office furnishings	65,938	-	6,075	-	72,013
Machinery and equipment	893,807	-	46,251	-	940,058
Subtotal	18,037,750	-	981,575	-	19,019,325
Net capital assets being depreciated	33,446,382	2,168	(615,781)	-	32,832,769
Net capital assets	\$ 33,448,550	\$ -	\$ 2,082,684	\$ -	\$ 35,531,234

City of Garden City, Michigan

Notes to Financial Statements June 30, 2017

Note 4 - Capital Assets (Continued)

Component Units	Balance July 1, 2016	Additions	Disposals	Balance June 30, 2017
Capital assets being depreciated:				
Land improvements	\$ 2,538,296	\$ -	\$ -	\$ 2,538,296
Building improvements	134,591	-	-	134,591
Subtotal	2,672,887	-	-	2,672,887
Accumulated depreciation:				
Land improvements	956,426	52,740	-	1,009,166
Equipment	111,927	5,331	-	117,258
Subtotal	1,068,353	58,071	-	1,126,424
Net capital assets being depreciated	1,604,534	(58,071)	-	1,546,463
Net capital assets	\$ 1,604,534	\$ (58,071)	\$ -	\$ 1,546,463

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

Governmental activities:

General government	\$ 85,327
Public safety	271,765
Public works	1,808,398
Recreation and culture	87,996

 Total governmental activities \$ 2,253,486

Business-type activities - Water and sewer \$ 981,575

Construction Commitments - The City has active construction projects at year end. The projects include the bond issue and the project. At year end, the City's commitments with contractors are as follows:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Sewer line project (State Revolving Fund)	\$ 2,140,755	\$ 2,429,245

Note 5 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
Due to/from Other Funds		
General Fund	Nonmajor governmental funds	\$ 23,777
Nonmajor governmental funds	Nonmajor governmental funds	13,588
	Total	<u>\$ 37,365</u>

City of Garden City, Michigan

Notes to Financial Statements June 30, 2017

Note 5 - Interfund Receivables, Payables, and Transfers (Continued)

These balances result from the time lag between the dates that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Interfund transfers reported in the fund financial statements are comprised of the following:

<u>Fund Transferred From</u>	<u>Fund Transferred To</u>	<u>Amount</u>
General Fund	Other nonmajor governmental funds (2)	\$ 340,742
Other nonmajor governmental funds	Other nonmajor governmental funds (1) (2)	<u>752,924</u>
	Total	<u>\$ 1,093,666</u>

(1) Transfer of Act 51 Money to fund Local Streets Fund projects

(2) Transfer for capital projects, asset purchases, and operating expenditures

Note 6 - Long-term Debt

The City issues bonds to provide for the acquisition and construction of major capital facilities. The City has also issued a judgment bond to pay for a settlement. General obligation bonds are direct obligations and pledge the full faith and credit of the City. County contractual agreements and installment purchase agreements are also general obligations of the government. Special assessment bonds provide for capital improvements that benefit specific properties and will be repaid from amounts levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the City is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a re-assessment of the district) are received.

City of Garden City, Michigan

Notes to Financial Statements June 30, 2017

Note 6 - Long-term Debt (Continued)

Long-term debt activity can be summarized as follows:

Governmental Activities	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
2004 General Obligation Limited Tax Refunding Bonds - Amount of issue - \$1,090,000 Maturing through 2022	4.00% - 4.20%	\$2,020 - \$52,520	\$ 208,060	\$ -	\$ 2,020	\$ 206,040	\$ 2,021
2005 General Obligation Limited Tax Refunding Bonds - Amount of issue - \$2,305,000 Maturing through 2020	4.00%	\$235,000 - \$240,000	475,000	-	240,000	235,000	235,000
2011 General Obligation Tax Refunding Bonds - Amount of issue - \$11,190,000 Maturing through 2020	2.50% - 3.25%	\$900,000 - \$1,600,000	5,510,000	-	1,425,000	4,085,000	1,600,000
Installment notes - Amount of issue - \$162,485 Maturing through 2016		\$9,975 - \$44,186	44,187	-	44,187	-	-
Total bonds and notes payable			6,237,247	-	1,711,207	4,526,040	1,837,021
Self-insurance claims			184,098	101,265	-	285,363	-
Compensated absences			974,592	344,593	365,533	953,652	359,328
Total governmental activities			\$ 7,395,937	\$ 445,858	\$ 2,076,740	\$ 5,765,055	\$ 2,196,349

City of Garden City, Michigan

Notes to Financial Statements June 30, 2017

Note 6 - Long-term Debt (Continued)

Business-type Activities	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
State Revolving Fund Debt - Amount of issue - \$4,570,000, of which \$2,140,755 has been drawn Maturing through 2037	2.50%	\$185,000 - \$300,000	\$ -	\$2,140,755	\$ -	\$ 2,140,755	\$ -
2004 General Obligation Limited Tax Refunding Bonds - Amount of issue - \$4,295,000 Maturing through 2022	3.70% - 4.20%	\$7,980 - \$207,480	821,940	-	7,980	813,960	7,980
2008 General Obligation Limited Tax Bond - Amount of issue - \$1,610,000 Maturing through 2028	4.125% - 4.50%	\$75,000 - \$125,000	1,200,000	-	75,000	1,125,000	75,000
2011 General Obligation Limited Tax Refunding Bonds - Amount of issue - \$314,121 Maturing through 2019	2.50% - 3.00%	\$43,880 - \$48,357	135,224	-	46,566	88,658	44,778
BS&A Financial Software - Amount of issue - \$43,610 Maturing through 2016		\$3,000 - \$14,539	11,536	-	11,536	-	-
Unamortized bond discount			(31,676)	-	(8,439)	(23,237)	-
Total bonds payable			2,137,024	2,140,755	132,643	4,145,136	127,758
Compensated absences			76,412	53,141	45,503	84,050	50,459
Total business-type activities			\$ 2,213,436	\$2,193,896	\$ 178,146	\$ 4,229,186	\$ 178,217

Component Unit	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
2011 General Obligation Limited Tax Refunding Bonds - Amount of issue - \$1,440,681 Maturing through 2019	2.50% - 3.00%	\$192,912 - \$221,643	\$ 619,782	\$ -	\$ 213,436	\$ 406,346	\$ 205,225

Total interest related to governmental and business-type activities for the year approximated \$178,000 and \$95,000, respectively. Total interest incurred related to component units for the year approximated \$13,000.

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

Years Ending June 30	Governmental Activities			Business-type Activities			Component Unit Activities		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2018	\$ 1,837,021	\$ 137,800	\$ 1,974,821	\$ 127,758	\$ 134,263	\$ 262,021	\$ 205,225	\$ 13,832	\$ 219,057
2019	1,637,520	84,009	1,721,529	511,360	124,142	635,502	201,121	8,599	209,720
2020	951,510	34,379	985,889	493,490	106,968	600,458	-	-	-
2021	50,500	3,089	53,589	494,500	89,970	584,470	-	-	-
2022	49,489	1,039	50,528	495,513	72,812	568,325	-	-	-
2023-2027	-	-	-	1,625,000	198,282	1,823,282	-	-	-
2028-2032	-	-	-	420,755	8,153	428,908	-	-	-
Total	\$ 4,526,040	\$ 260,316	\$ 4,786,356	\$ 4,168,376	\$ 734,590	\$ 4,902,966	\$ 406,346	\$ 22,431	\$ 428,777

City of Garden City, Michigan

Notes to Financial Statements June 30, 2017

Note 7 - Risk Management

The City is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The City has purchased commercial insurance for medical benefit claims and participates in the Michigan Municipal Risk Management Authority for claims relating to general liabilities; the City is uninsured for workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal Risk Management Authority (the "Authority") risk pool program operates as a claims servicing pool for amounts up to member retention limits, and operates as a common risk-sharing management program for losses in excess of member retention amounts. Although premiums are paid annually to the Authority that the Authority uses to pay claims up to the retention limits, the ultimate liability for those claims remains with the City.

The City estimates the liability for general liability and workers' compensation claims that have been incurred through the end of the fiscal year, including claims that have been reported as well as those that have not yet been reported. Changes in the estimated liability for the past two fiscal years were as follows:

	General Liability		Workers' Compensation	
	2017	2016	2017	2016
Unpaid claims - Beginning of year	\$ (902)	\$ 40,531	\$ 185,000	\$ 207,150
Estimated claims incurred, including changes in estimates	162,629	3,527	83,968	39,397
Claim payments	(54,365)	(44,960)	(90,968)	(61,547)
Unpaid claims (overfunding) - End of year	<u>\$ 107,362</u>	<u>\$ (902)</u>	<u>\$ 178,000</u>	<u>\$ 185,000</u>

Note 8 - Agent Defined Benefit Pension Plan - City Employees

Plan Description - The City participates in an agent multiple-employer defined benefit pension plan administered by the Municipal Employees' Retirement System of Michigan (MERS) that covers employees of the City. MERS was established as a statewide public employee pension plan by the Michigan legislature under PA 135 of 1945 and is administered by a nine-member retirement board. MERS issues a publicly available financial report which includes the financial statements and required supplemental information of this defined benefit plan. This report can be obtained at www.mersofmich.com or in writing to MERS at 1134 Municipal Way, Lansing, Michigan 48917.

Note 8 - Agent Defined Benefit Pension Plan - City Employees (Continued)

Funding Policy - The obligation to contribute to and maintain the system for these employees was established by negotiation with the City's competitive bargaining unit and requires contributions of 12 percent from employees of all divisions except for IAFF Fire and IAFF after July 1, 2011 who require 5 percent and 6 percent, respectively.

Benefits Provided - The plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. PA 427 of 1984, as amended, established and amends the benefit provisions of the participants in MERS.

The MERS plan covers police employees, fire employees, and department heads.

Retirement benefits for GCSPPA and library are calculated as 2.5 percent of the employee's final three-year average salary times the employee's years of service. Normal retirement age is 60 with early retirement at 25 and out or a reduced benefit at 55 with 15 years of service. The vesting period is 10 years. Employees are eligible for nonduty disability benefits after one year of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits, but are payable immediately without an actuarial reduction. Death benefits equal 85 percent of accrued retirement allowance benefit. An employee who leaves service may withdraw his or her contributions, plus any accumulated interest.

Retirement benefits for POAM dispatchers are calculated as 2.5 percent of the employee's final four-year average salary times the employee's years of service. Normal retirement age is 60 with early retirement at 25 and out or a reduced benefit at 55 with 15 years of service. The vesting period is 10 years. Employees are eligible for nonduty disability benefits after one year of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits, but are payable immediately without an actuarial reduction. Death benefits equal 85 percent of accrued retirement allowance benefit. An employee who leaves service may withdraw his or her contributions, plus any accumulated interest.

Retirement benefits for IAFF fire, POAM police officers and detectives, and COAM command are calculated as 2.5 percent of the employee's final three-year average salary times the employee's years of service. Normal retirement age is 55 with early retirement at 25 and out. The vesting period is 10 years. Employees are eligible for nonduty disability benefits after one year of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits, but are payable immediately without an actuarial reduction. Death benefits equal 85 percent of accrued retirement allowance benefit. An employee who leaves service may withdraw his or her contributions, plus any accumulated interest.

Note 8 - Agent Defined Benefit Pension Plan - City Employees (Continued)

Retirement benefits for TPOAM are calculated as 2.57 percent of the employee's final three-year average salary times the employee's years of service. Normal retirement age is 60 with early retirement at 25 and out or a reduced benefit at 55 with 15 years of service. The vesting period is 10 years. Employees are eligible for nonduty disability benefits after one year of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits, but are payable immediately without an actuarial reduction. Death benefits equal 85 percent of accrued retirement allowance benefit. An employee who leaves service may withdraw his or her contributions, plus any accumulated interest.

Retirement benefits for IAFF after July 1, 2011 are calculated as 2 percent of the employee's final three-year average salary times the employee's years of service. Normal retirement age is 55 with early retirement at 25 and out. The vesting period is 10 years. Employees are eligible for nonduty disability benefits after one year of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits, but are payable immediately without an actuarial reduction. Death benefits equal 85 percent of accrued retirement allowance benefit. An employee who leaves service may withdraw his or her contributions, plus any accumulated interest.

Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance subsequent to the employee's retirement date limited to increases in the Consumer Price Index.

Benefit terms, within the parameters established by MERS, are generally established and amended by authority of the City Council, generally after negotiations of these terms with the affected unions. Police and fire employees benefit terms may be subject to binding arbitration in certain circumstances.

Employees Covered by Benefit Terms - At the December 31, 2016 measurement date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	170
Inactive plan members entitled to but not yet receiving benefits	5
Active plan members	<u>95</u>
Total employees covered by MERS	<u><u>270</u></u>

City of Garden City, Michigan

Notes to Financial Statements June 30, 2017

Note 8 - Agent Defined Benefit Pension Plan - City Employees (Continued)

Contributions - Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, MERS retains an independent actuary to determine the annual contribution. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS retirement board. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees.

For the year ended June 30, 2017, the average monthly contribution was \$151,134. The average monthly contribution from the employees was \$60,156.

Net Pension Liability

The net pension liability reported at June 30, 2017 was determined using a measure of the total pension liability and the pension net position as of December 31, 2016. The December 31, 2016 total pension liability was determined by an actuarial valuation performed as of that date.

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

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at December 31, 2015	\$ 84,312,292	\$ 52,366,407	\$ 31,945,885
Service cost	1,074,769	-	1,074,769
Interest	6,567,622	-	6,567,622
Differences between expected and actual experience	1,287,026	-	1,287,026
Contributions - Employer	-	1,783,229	(1,783,229)
Contributions - Employee	-	828,143	(828,143)
Net investment income	-	5,841,587	(5,841,587)
Benefit payments, including refunds	(5,508,825)	(5,508,825)	-
Administrative expenses	-	(115,385)	115,385
Miscellaneous other charges	-	256	(256)
Net changes	3,420,592	2,829,005	591,587
Balance at December 31, 2016	\$ 87,732,884	\$ 55,195,412	\$ 32,537,472

City of Garden City, Michigan

Notes to Financial Statements June 30, 2017

Note 8 - Agent Defined Benefit Pension Plan - City Employees (Continued)

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

For the year ended June 30, 2017, the City recognized pension expense of \$5,509,052. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 858,018	\$ (123,768)
Changes in assumptions	1,435,169	-
Net difference between projected and actual earnings on pension plan investments	2,168,941	-
Employer contributions to the plan subsequent to the measurement date	<u>900,475</u>	<u>-</u>
Total	<u>\$ 5,362,603</u>	<u>\$ (123,768)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows. These amounts are exclusive of the employer contributions to the plan made subsequent to the measurement date (\$900,475), which will impact the net pension liability in fiscal year 2017, rather than pension expense:

<u>Years Ending June 30</u>	<u>Amount</u>
2018	\$ 2,648,483
2019	1,337,083
2020	707,348
2021	(354,556)

Actuarial Assumptions - The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 %	
Salary increases	3.75 %	With merit increases totaling up to 11 percent, for a total of 3.75 - 14.75 percent
Investment rate of return	8.00 %	Gross of pension plan investment expense, including inflation

Note 8 - Agent Defined Benefit Pension Plan - City Employees (Continued)

Mortality rates were based on the 50 percent male, 50 percent female blend of the RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105 percent, RP-2014 Employee Mortality Tables, and RP-2014 Juveniles Mortality Tables.

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study for the period from January 1, 2009 through December 31, 2013.

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

Projected Cash Flows

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a model in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return as of December 31, 2016, the measurement date, for each major asset class are summarized in the following table:

Asset Class	Target Allocation (%)	Long-term Expected Real Rate of Return
Global equity	58 %	5.02 %
Global fixed income	20	2.18
Real assets	12	4.23
Diversifying strategies	10	6.56

City of Garden City, Michigan

Notes to Financial Statements June 30, 2017

Note 8 - Agent Defined Benefit Pension Plan - City Employees (Continued)

The preceding target allocation was amended as of January 1, 2017 to reduce the previous allocation to global equity and global fixed income and to increase the allocation of real assets and diversifying strategies. The target allocation as of January 1, 2017 will be 55.5 percent global equity, 18.5 percent global fixed income, 13.5 percent real assets, and 12.5 percent diversifying strategies.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the City, calculated using the discount rate of 8.00 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.00 percent) or 1 percentage point higher (9.00 percent) than the current rate:

	1 Percent Decrease (7.00%)	Current Discount Rate (8.00%)	1 Percent Increase (9.00%)
Net pension liability of the City	\$ 42,954,201	\$ 32,537,472	\$ 23,836,560

Pension Plan Fiduciary Net Position - Detailed information about the plan's fiduciary net position is available in the separately issued financial report. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the plan's fiduciary net position and addition to/deduction from fiduciary net position has been determined on the same basis as they are reported by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

Note 9 - Agent Defined Benefit Pension Plan - District Court

Plan Description - The court participates in the Michigan Municipal Employees Retirement System (MERS), an agent multiple-employer defined benefit pension plan that covers all employees of the court. The system provides retirement, disability, and death benefits to plan members and their beneficiaries. The Michigan Municipal Employees Retirement System issues a publicly available financial report which includes the financial statements and required supplemental information for the system. That report can be obtained by writing to the system at 1134 Municipal Way, Lansing, Michigan 48917.

Note 9 - Agent Defined Benefit Pension Plan - District Court (Continued)

Funding Policy - The obligation to contribute and maintain the system for these employees was established by negotiation with the City's competitive bargaining units and requires a 5 percent contribution from employees.

Benefits Provided - The plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. PA 427 of 1984, as amended, established and amends the benefit provisions of the participants in MERS.

The MERS plan covers judge and court employees.

Retirement benefits for employees are calculated as 2.5 percent of the employee's final three-year average salary times the employee's years of service. Normal retirement age is 60 with early retirement at 55 and out or a reduced benefit at 55 with 15 years of service. The vesting period is 10 years. Employees are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits, but are payable immediately without an actuarial reduction. Death benefits are always the larger of the benefit computed as a contingent survivor beneficiary or 85 percent of accrued retirement allowance benefit. An employee who leaves service may withdraw his or her contributions, plus any accumulated interest.

Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance subsequent to the employee's retirement date limited to increases in the Consumer Price Index.

Benefit terms, within the parameters established by MERS, are generally established and amended by authority of the City Council, generally after negotiations of these terms with the affected unions.

Employees Covered by Benefit Terms - At the December 31, 2016 measurement date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	7
Active plan members	9
	<hr/>
Total employees covered by MERS	16

City of Garden City, Michigan

Notes to Financial Statements June 30, 2017

Note 9 - Agent Defined Benefit Pension Plan - District Court (Continued)

Contributions - Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, MERS retains an independent actuary to determine the annual contribution. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS retirement board. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees.

For the year ended June 30, 2017, the court's average monthly contribution was \$8,128. The average monthly contribution from the employees was \$1,626.

Net Pension Liability

The net pension liability reported at June 30, 2017 was determined using a measure of the total pension liability and the pension net position as of December 31, 2016. The December 31, 2016 total pension liability was determined by an actuarial valuation performed as of that date.

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

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at December 31, 2015	\$ 2,599,833	\$ 1,578,945	\$ 1,020,888
Service cost	51,970	-	51,970
Interest	203,906	-	203,906
Differences between expected and actual experience	52,938	-	52,938
Contributions - Employer	-	93,403	(93,403)
Contributions - Employee	-	19,373	(19,373)
Net investment income	-	178,418	(178,418)
Benefit payments, including refunds	(153,976)	(153,976)	-
Administrative expenses	-	(3,523)	3,523
Net changes	154,838	133,695	21,143
Balance at December 31, 2016	<u>\$ 2,754,671</u>	<u>\$ 1,712,640</u>	<u>\$ 1,042,031</u>

City of Garden City, Michigan

Notes to Financial Statements June 30, 2017

Note 9 - Agent Defined Benefit Pension Plan - District Court (Continued)

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

For the year ended June 30, 2017, the City recognized pension expense of \$188,198. At June 30, 2016, the City reported deferred outflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>
Difference between expected and actual experience	\$ 79,478
Changes in assumptions	69,083
Net difference between projected and actual earnings on pension plan investments	63,501
Employer contributions to the plan subsequent to the measurement date	<u>47,703</u>
Total	<u>\$ 259,765</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows. These amounts are exclusive of the employer contributions to the plan made subsequent to the measurement date (\$47,703), which will impact the net pension liability in fiscal year 2016, rather than pension expense:

<u>Years Ending June 30</u>	<u>Amount</u>
2018	\$ 72,699
2019	72,699
2020	66,855
2021	(191)

Actuarial Assumptions - The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 %
Salary increases	3.8 % With merit increases totaling up to 11 percent, for a total of 3.75 - 14.75 percent
Investment rate of return	8.00 % Gross of pension plan investment expense, including inflation

Note 9 - Agent Defined Benefit Pension Plan - District Court (Continued)

Mortality rates were based on 50 percent male, 50 percent female blend of the RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105 percent, RP-2014 Employee Mortality Tables, and RP-2014 Juveniles Mortality Tables.

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study covering the period from January 1, 2009 through December 31, 2013.

Discount Rate - The discount rate used to measure the total pension liability was 8.0 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Projected Cash Flows

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a model in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return as of December 31, 2016, the measurement date, for each major asset class are summarized in the following table:

Asset Class	Target Allocation (%)	Long-term Expected Real Rate of Return
Global equity	58 %	5.0 %
Global fixed income	20	2.2
Real assets	12	4.2
Diversifying strategies	10	6.6

Note 9 - Agent Defined Benefit Pension Plan - District Court (Continued)

The preceding target allocation was amended as of January 1, 2017 to reduce the previous allocation to global equity and global fixed income and to increase the allocation of real assets and diversifying strategies. The target allocation as of January 1, 2017 will be 55.5 percent global equity, 18.5 percent global fixed income, 13.5 percent real assets, and 12.5 percent diversifying strategies.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the court, calculated using the discount rate of 8.00 percent, as well as what the court's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.00 percent) or 1 percentage point higher (9.00 percent) than the current rate:

	1 Percent Decrease (7.00%)	Current Discount Rate (8.00%)	1 Percent Increase (9.00%)
Net pension liability of the City	\$ 1,380,554	\$ 1,042,031	\$ 762,122

Pension Plan Fiduciary Net Position - Detailed information about the plan's fiduciary net position is available in the separately issued financial report. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the plan's fiduciary net position and addition to/deduction from fiduciary net position have been determined on the same basis as they are reported by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

Note 10 - Other Postemployment Benefits

Plan Description - The City provides retiree healthcare benefits to eligible employees and their spouses. Benefits are provided to public safety and general employees in accordance with labor contracts. Currently, the plan has 288 members (including employees in active service, terminated employees not yet receiving benefits, and retired employees and beneficiaries currently receiving benefits).

This is a single-employer defined benefit plan administered by the City. The benefits are provided under collective bargaining agreements. The plan does not issue a separate stand-alone financial statement.

City of Garden City, Michigan

Notes to Financial Statements June 30, 2017

Note 10 - Other Postemployment Benefits (Continued)

Funding Policy - The collective bargaining agreement requires no contribution by employees, but is funded solely by the City. The City has no obligation to make contributions in advance of when the insurance premiums are due for payment (in other words, this may be financed on a "pay-as-you-go" basis). The costs of administering the plan are borne by the City's General Fund.

Funding Progress - For the year ended June 30, 2017, the City has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of July 1, 2016. The valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. This valuation's contribution and actual funding are summarized as follows:

Annual required contribution (recommended)	\$ 5,718,760
Interest on the prior year's net OPEB obligation	1,004,060
Less adjustment to the annual required contribution	<u>(1,539,008)</u>
Annual OPEB cost	5,183,812
Amounts contributed - Payments of current premiums	<u>(2,550,614)</u>
Increase in net OPEB obligation	2,633,198
OPEB obligation - Beginning of year	<u>29,531,188</u>
OPEB obligation - End of year	<u><u>\$ 32,164,386</u></u>

Employer contributions and annual OPEB cost data for the current and two preceding years were as follows:

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution *	Annual OPEB Costs	Employer Contributions		Net OPEB Obligation
				Percentage of ARC Contributed	Percentage of OPEB Costs Contributed	
6/30/15	7/1/14	\$ 7,007,046	\$ 6,945,939	34.5 %	34.8 %	\$ 25,123,544
6/30/16	7/1/14	7,007,044	6,478,967	29.6	29.9	29,531,188
6/30/17	7/1/16	5,718,760	5,183,812	44.6	44.6	32,164,389

* The required contribution is expressed to the City as a percentage of payroll.

City of Garden City, Michigan

Notes to Financial Statements June 30, 2017

Note 10 - Other Postemployment Benefits (Continued)

The funding progress of the plan is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
7/1/12	-	\$ 138,397,108	\$ 138,397,108	- %	\$ 6,232,629	2,220.5 %
7/1/14	-	136,038,956	136,038,956	-	5,997,600	2,268.2
7/1/16	-	132,273,081	132,273,081	-	6,558,934	2,016.7

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of the 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 above, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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 members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2016 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 3.4 percent 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 9 percent initially, reduced by decrements to an ultimate rate of 5.0 percent after seven years. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2017 was 30 years.

City of Garden City, Michigan

Notes to Financial Statements June 30, 2017

Note 11 - Joint Ventures

The City is a member of the Nankin Transit Commission, which provides transportation services to residents of Garden City, Westland, Canton, Wayne, and Inkster. The participating communities provide annual funding for its operations. During the current year, the City contributed \$34,000 for its operations. The City has no definable equity interest in the Nankin Transit Commission at June 30, 2017. The City is unaware of any circumstances that would cause an additional significant benefit or burden to the participating governments in the near future. Complete financial statements for the Nankin Transit Commission can be obtained from the administrative offices at 37137 Marquette, Westland, Michigan 48185.

The City is also a member of the Central Wayne County Sanitation Authority (the "Sanitation Authority"). The City appoints one member to the joint venture's governing board, which approves the annual budget. The debt of the joint venture, including the postclosure costs, is being financed by operations and member millage. The postclosure liability will be funded over the next 25 years as the costs come due.

The City contributed \$559,431 for sanitation costs passed through the Sanitation Authority. The City is unaware of any circumstances that would cause an additional significant benefit or burden to the participating governments in the near future. Complete financial statements for the Sanitation Authority can be obtained from the administrative offices at 28200 S. Huron Road, Flat Rock, Michigan 48134.

Note 12 - Upcoming Accounting Pronouncements

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which addresses reporting by governments that provide postemployment benefits other than pensions (OPEB) to their employees and for governments that finance OPEB for employees of other governments. This OPEB standard will require the City to recognize on the face of the financial statements its net OPEB liability related to its participation in the OPEB plan. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the City's financial statements for the year ending June 30, 2018.

In January 2017, the Governmental Accounting Standards Board issued GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying fiduciary activities of governments and improves guidance for accounting and financial reporting related to how these activities should be reported. The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the City's financial statements for the 2019-2020 fiscal year.

Note 12 - Upcoming Accounting Pronouncements (Continued)

In June 2017, the Governmental Accounting Standards Board issued GASB Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the City's financial statements for the 2020-2021 fiscal year.

Note 13 - Contingent Liabilities

The Michigan Department of Environmental Quality (MDEQ) is currently requiring the City to upgrade its sewer system in order to meet certain mandated federal requirements on water purity. Based on the parameters communicated by MDEQ, the City's engineers have estimated the cost to the City for this upgrade to be approximately \$40 million. The County of Wayne is currently working on a regional approach for all Wayne County communities with similar requirements, which city management believes will significantly reduce the cost of the sewer system upgrade.

Required Supplemental Information

City of Garden City, Michigan

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2017

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 7,510,497	\$ 7,510,497	\$ 7,448,153	\$ (62,344)
Licenses and permits	43,000	43,000	41,457	(1,543)
Federal sources	550,307	553,807	447,807	(106,000)
State sources	3,822,620	3,822,620	3,958,870	136,250
Charges for services	759,460	760,960	781,820	20,860
21st District Court	894,500	894,500	643,283	(251,217)
Interest and other	458,021	458,021	532,908	74,887
Cable franchise fees	594,000	594,000	594,409	409
Total revenue	14,632,405	14,637,405	14,448,707	(188,698)
Expenditures				
Current:				
General government:				
Mayor and City Council	37,418	37,418	35,020	2,398
Boards and commissions	7,650	10,065	9,175	890
Clerk/Treasurer	1,033,067	1,034,507	927,081	107,426
General government services	1,019,830	1,019,830	918,562	101,268
City administration	281,392	278,992	267,295	11,697
Total general government	2,379,357	2,380,812	2,157,133	223,679
21st District Court	985,112	995,112	976,554	18,558
Public safety	18,000	18,000	722	17,278
Department of public service	1,052,821	1,052,821	937,266	115,555
Recreation and culture	2,584,329	2,587,832	2,268,734	319,098
Debt service	265,502	265,502	265,714	(212)
Total expenditures	7,285,121	7,300,079	6,606,123	693,956
Excess of Revenue Over Expenditures	7,347,284	7,337,326	7,842,584	505,258
Other Financing Uses - Transfers out	(7,501,053)	(7,507,695)	(7,421,219)	86,476
Net Change in Fund Balance	(153,769)	(170,369)	421,365	591,734
Fund Balance - Beginning of year	3,707,108	3,714,228	5,352,102	1,637,874
Fund Balance - End of year	<u>\$ 3,553,339</u>	<u>\$ 3,543,859</u>	<u>\$ 5,773,467</u>	<u>\$ 2,229,608</u>

City of Garden City, Michigan

Note to Required Supplemental Information Year Ended June 30, 2017

Budgetary Information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and all special revenue funds, with the following exceptions:

- Some operating transfers have been included in the "revenue" and "expenditures" categories, rather than as "other financing uses."
- Reimbursements from other funds have been included in revenue, rather than as a reduction of expenditures.

The budget statements are presented on the same basis of accounting used in preparing the adopted budget. All annual appropriations lapse at fiscal year end.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- On or before the first day of April, the city manager must submit a budget for the ensuing fiscal year to the City Council at a regular council meeting.
- Public hearings are conducted to obtain citizen comment.
- The budget must be adopted by ordinance on or before the 20th day of May of the fiscal year currently ending.

During the year, the budget was amended in a legally permissible manner.

For most funds, including the General Fund, the budget has been adopted on an activity basis; expenditures at this level in excess of amounts budgeted are a violation of Michigan law. The budgets for other funds are adopted at the fund level. A comparison of actual results of operations to the General Fund budget and major special revenue fund budget as adopted by the City Council is included in the required supplemental information. This comparison includes expenditure budget overruns. A comparison of the actual results of operations to the nonmajor special revenue funds' budgets as adopted by the City Council is available at the clerk's office for inspection.

A reconciliation of the budgetary comparison schedules to the fund-based statement of changes in fund balance is shown below. This reconciliation illustrates the effects of GASB Statement No. 54 on the General Fund, as funds that were previously considered to be special revenue funds are now included in the General Fund on the fund-based statements.

City of Garden City, Michigan

Note to Required Supplemental Information (Continued)

	<u>Total Revenue</u>	<u>Total Expenditures</u>	<u>Other Financing Uses</u>
General Fund:			
Amounts per operating statement	\$ 17,255,753	\$ 16,440,947	\$ (340,742)
205 - Public safety	(2,314,130)	(9,234,602)	(6,918,241)
249 - Building department	(487,985)	(600,222)	(112,236)
736 - Retiree health care	(4,931)	-	(50,000)
Amounts per budget statement	<u>\$ 14,448,707</u>	<u>\$ 6,606,123</u>	<u>\$ (7,421,219)</u>

During the year, the City incurred the following expenditure in excess of budgeted amounts:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund - Debt service	<u>\$ 265,502</u>	<u>\$ 265,714</u>	<u>\$ (212)</u>

City of Garden City, Michigan

Required Supplemental Information OPEB System Schedule Year Ended June 30, 2017

The schedule of funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
7/1/12	\$ -	\$ 138,397,108	\$ 138,397,108	- %	\$ 6,232,629	2,220.5 %
7/1/14	-	136,038,956	136,038,956	-	5,997,600	2,268.2
7/1/16	-	132,273,081	132,273,081	-	6,558,934	2,016.7

City of Garden City, Michigan

Required Supplemental Information Schedule of Changes in the City's Net Pension Liability and Related Ratios City Employees For Measurement Years Ended December 31

	2016	2015	2014
Total Pension Liability			
Service cost	\$ 1,074,769	\$ 1,064,238	\$ 1,053,039
Interest	6,567,622	6,272,941	6,094,598
Changes in benefit terms	-	-	-
Differences between expected and actual experience	1,287,026	(371,306)	-
Changes in assumptions	-	4,305,506	-
Benefit payments, including refunds	(5,508,825)	(4,925,236)	(5,057,759)
Net Change in Total Pension Liability	3,420,592	6,346,143	2,089,878
Total Pension Liability - Beginning of year	84,312,292	77,966,149	75,876,271
Total Pension Liability - End of year	\$ 87,732,884	\$ 84,312,292	\$ 77,966,149
Plan Fiduciary Net Position			
Contributions - Employer	\$ 1,783,229	\$ 1,671,678	\$ 1,575,233
Contributions - Member	828,143	704,883	824,715
Net investment income (loss)	5,841,587	(812,190)	3,435,202
Administrative expenses	(115,385)	(120,264)	(125,638)
Benefit payments, including refunds	(5,508,825)	(4,925,236)	(5,057,759)
Other	256	-	-
Net Change in Plan Fiduciary Net Position	2,829,005	(3,481,129)	651,753
Plan Fiduciary Net Position - Beginning of year	52,366,407	55,847,536	55,195,783
Plan Fiduciary Net Position - End of year	\$ 55,195,412	\$ 52,366,407	\$ 55,847,536
City's Net Pension Liability - Ending	\$ 32,537,472	\$ 31,945,885	\$ 22,118,613
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	62.91 %	62.11 %	71.63 %
Covered Employee Payroll	\$ 7,440,818	\$ 7,570,432	\$ 7,225,238
City's Net Pension Liability as a Percentage of Covered Employee Payroll	437.3 %	422.0 %	306.1 %

City of Garden City, Michigan

Required Supplemental Information Schedule of Changes in the City's Net Pension Liability and Related Ratios District Court Employees For Measurement Years Ended December 31

	2016	2015	2014
Total Pension Liability			
Service cost	\$ 51,970	\$ 51,028	\$ 59,368
Interest	203,906	187,611	178,381
Changes in benefit terms	-	-	-
Differences between expected and actual experience	52,938	61,880	-
Changes in assumptions	-	115,138	-
Benefit payments, including refunds	(153,976)	(128,763)	(114,639)
Net Change in Total Pension Liability	154,838	286,894	123,110
Total Pension Liability - Beginning of year	2,599,833	2,312,939	2,189,829
Total Pension Liability - End of year	<u>\$ 2,754,671</u>	<u>\$ 2,599,833</u>	<u>\$ 2,312,939</u>
Plan Fiduciary Net Position			
Contributions - Employer	\$ 93,403	\$ 81,930	\$ 85,762
Contributions - Member	19,373	17,950	19,017
Net investment income (loss)	178,418	(24,581)	98,201
Administrative expenses	(3,523)	(3,578)	(3,611)
Benefit payments, including refunds	(153,976)	(128,763)	(114,639)
Other	-	-	-
Net Change in Plan Fiduciary Net Position	133,695	(57,042)	84,730
Plan Fiduciary Net Position - Beginning of year	1,578,945	1,635,987	1,551,257
Plan Fiduciary Net Position - End of year	<u>\$ 1,712,640</u>	<u>\$ 1,578,945</u>	<u>\$ 1,635,987</u>
City's Net Pension Liability - Ending	<u>\$ 1,042,031</u>	<u>\$ 1,020,888</u>	<u>\$ 676,952</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	62.17 %	60.73 %	70.73 %
Covered Employee Payroll	\$ 443,646	\$ 445,544	\$ 429,582
City's Net Pension Liability as a Percentage of Covered Employee Payroll	234.9 %	229.1 %	157.6 %

Other Supplemental Information

City of Garden City, Michigan

	Special Revenue Funds						
	248 -						
	Major Roads Fund	Local Streets Fund	233 - 911	Community Development Block Grant	296 - Rehabilitation Revolving	264 - Police Drug Confiscations	235 - Franchise Peg Fees
Assets							
Cash and investments	\$ 2,158,816	\$ 969,981	\$ 212,245	\$ 5,438	\$ 40,028	\$ 75,942	\$ 75,720
Receivables	99,826	39,397	73,264	33,020	1,300	188	20,037
Due from other funds	-	-	-	13,588	-	-	-
Prepaid expenditures and other assets	-	-	-	-	-	-	577
Due from other governmental units	281,570	113,926	-	-	-	-	-
Total assets	\$ 2,540,212	\$ 1,123,304	\$ 285,509	\$ 52,046	\$ 41,328	\$ 76,130	\$ 96,334
Liabilities, Deferred Inflows of Resources, and Fund Balances							
Liabilities							
Accounts payable	\$ 32,135	\$ 60,992	\$ -	\$ 3,934	\$ -	\$ -	\$ 2,177
Due to other governmental units	-	-	-	1,485	-	-	-
Due to other funds	-	-	-	23,777	13,588	-	-
Accrued and other liabilities	-	-	-	-	-	-	3,551
Total liabilities	32,135	60,992	-	29,196	13,588	-	5,728
Deferred Inflows of Resources -							
Unavailable revenue	94,170	37,037	-	33,020	-	-	-
Fund Balances							
Nonspendable	-	-	-	-	-	-	577
Restricted:							
Roads	2,413,907	1,025,275	-	-	-	-	-
Public safety	-	-	285,509	-	-	76,130	-
Debt service	-	-	-	-	-	-	-
Housing rehabilitation	-	-	-	-	27,740	-	-
Capital projects	-	-	-	-	-	-	-
PEG fees	-	-	-	-	-	-	90,029
Library	-	-	-	-	-	-	-
Assigned:							
Capital projects	-	-	-	-	-	-	-
Street lighting	-	-	-	-	-	-	-
Unassigned	-	-	-	(10,170)	-	-	-
Total fund balances	2,413,907	1,025,275	285,509	(10,170)	27,740	76,130	90,606
Total liabilities, deferred inflows of resources, and fund balances	\$ 2,540,212	\$ 1,123,304	\$ 285,509	\$ 52,046	\$ 41,328	\$ 76,130	\$ 96,334

**Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2017**

Special Revenue Funds		Debt Service Fund		Capital Projects Funds						Total Nonmajor Governmental Funds
219 - Street Lighting Assessment	790 - Library	301 - Debt Retirement	401 - Capital Projects	824 - Sidewalk 2015	436 - District Court Building Fund	852 - Maplewood Road	853 - Maplewood II	850 - Florence Reconstruction		
\$ 37,199	\$ 460,858	\$ 64,766	\$ 40,261	\$ 113,773	\$ 469,681	\$ 98	\$ 1,363	\$ 9,267	\$ 4,735,436	
-	4,204	9,158	107	103,289	3,250	-	4	23,476	410,520	
-	-	-	-	-	-	-	-	-	13,588	
-	577	-	-	-	-	-	-	-	1,154	
-	-	-	-	-	-	-	-	-	395,496	
\$ 37,199	\$ 465,639	\$ 73,924	\$ 40,368	\$ 217,062	\$ 472,931	\$ 98	\$ 1,367	\$ 32,743	\$ 5,556,194	
\$ 36,783	\$ 9,466	\$ -	\$ 4,817	\$ 279	\$ -	\$ -	\$ 1,274	\$ -	\$ 151,857	
-	-	-	-	-	-	-	-	-	1,485	
-	7,161	469	-	-	-	-	-	-	37,365	
-	-	-	-	-	-	-	-	-	11,181	
36,783	16,627	469	4,817	279	-	-	1,274	-	201,888	
-	2,978	8,985	-	102,986	-	-	-	23,451	302,627	
-	577	-	-	-	-	-	-	-	1,154	
-	-	-	-	-	-	-	-	-	3,439,182	
-	-	-	-	-	-	-	-	-	361,639	
-	-	64,470	-	-	-	-	-	-	64,470	
-	-	-	-	-	-	-	-	-	27,740	
-	-	-	-	113,797	-	98	93	9,292	123,280	
-	-	-	-	-	-	-	-	-	90,029	
-	445,457	-	-	-	-	-	-	-	445,457	
-	-	-	35,551	-	472,931	-	-	-	508,482	
416	-	-	-	-	-	-	-	-	416	
-	-	-	-	-	-	-	-	-	(10,170)	
416	446,034	64,470	35,551	113,797	472,931	98	93	9,292	5,051,679	
\$ 37,199	\$ 465,639	\$ 73,924	\$ 40,368	\$ 217,062	\$ 472,931	\$ 98	\$ 1,367	\$ 32,743	\$ 5,556,194	

City of Garden City, Michigan

	Special Revenue Funds						
	248 -						
	Major Roads Fund	Local Streets Fund	233 - 911	Community Development Block Grant	296 - Rehabilitation Revolving	264 - Police Drug Confiscations	235 - Franchise Peg Fees
Revenue							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal sources	-	-	-	196,918	14,600	-	-
State sources	1,455,604	588,945	-	-	-	-	22,800
Charges for services	-	86,527	-	-	-	-	-
Interest and other	16,159	4,864	155,561	-	-	9,601	87,221
Special assessments	27,325	19,070	-	-	-	-	-
Total revenue	1,499,088	699,406	155,561	196,918	14,600	9,601	110,021
Expenditures							
Current:							
Public safety	-	-	140,100	-	-	9,916	-
Public service	576,633	1,433,149	-	-	-	-	-
Community maintenance, development, and other	-	-	-	182,157	12,936	-	159,052
Recreation and culture	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Total expenditures	576,633	1,433,149	140,100	182,157	12,936	9,916	159,052
Excess of Revenue Over (Under) Expenditures	922,455	(733,743)	15,461	14,761	1,664	(315)	(49,031)
Other Financing Sources (Uses)							
Transfers in	-	752,924	-	-	-	-	40,742
Transfers out	(671,061)	-	-	-	-	-	-
Total other financing (uses) sources	(671,061)	752,924	-	-	-	-	40,742
Net Change in Fund Balances	251,394	19,181	15,461	14,761	1,664	(315)	(8,289)
Fund Balances (Deficit) - Beginning of year	2,162,513	1,006,094	270,048	(24,931)	26,076	76,445	98,895
Fund Balances (Deficit) - End of year	\$ 2,413,907	\$ 1,025,275	\$ 285,509	\$ (10,170)	\$ 27,740	\$ 76,130	\$ 90,606

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and Changes in
Fund Balances (Deficit)
Nonmajor Governmental Funds
Year Ended June 30, 2017

Special Revenue Funds		Debt Service Fund		Capital Projects Funds					Total Nonmajor Governmental Funds
219 - Street Lighting Assessment	790 - Library	301 - Debt Retirement	401 - Capital Projects	824 - Sidewalk 2015	436 - District Court Building Fund	852 - Maplewood Road	853 - Maplewood II	850 - Florence Reconstruction	
\$ -	\$ 478,149	\$ 1,498,172	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,976,321
-	-	-	-	-	-	-	-	-	211,518
-	20,065	5,905	-	-	-	-	-	-	2,093,319
-	-	-	-	-	-	-	-	-	86,527
-	39,788	4,958	-	690	32,593	98	93	136	351,762
353,520	-	-	-	64,654	-	-	-	9,156	473,725
353,520	538,002	1,509,035	-	65,344	32,593	98	93	9,292	5,193,172
-	-	-	-	-	-	-	-	-	150,016
-	-	-	-	408	-	-	-	-	2,010,190
465,881	-	-	-	-	-	-	-	-	820,026
-	480,143	-	-	-	-	-	-	-	480,143
-	-	-	305,982	-	-	-	-	-	305,982
-	-	1,585,675	-	-	-	-	-	-	1,585,675
465,881	480,143	1,585,675	305,982	408	-	-	-	-	5,352,032
(112,361)	57,859	(76,640)	(305,982)	64,936	32,593	98	93	9,292	(158,860)
100,000	-	-	200,000	-	-	-	-	-	1,093,666
-	-	-	-	-	-	(30,741)	(26,000)	(25,122)	(752,924)
100,000	-	-	200,000	-	-	(30,741)	(26,000)	(25,122)	340,742
(12,361)	57,859	(76,640)	(105,982)	64,936	32,593	(30,643)	(25,907)	(15,830)	181,882
12,777	388,175	141,110	141,533	48,861	440,338	30,741	26,000	25,122	4,869,797
\$ 416	\$ 446,034	\$ 64,470	\$ 35,551	\$ 113,797	\$ 472,931	\$ 98	\$ 93	\$ 9,292	\$ 5,051,679

City of Garden City, Michigan

Other Supplemental Information Balance Sheet - Modified Accrual Basis Downtown Development Authority June 30, 2017

Assets	
Cash and investments	\$ 157,206
Receivables - Net	253,927
Prepaid costs and other assets	900
Total assets	<u>\$ 412,033</u>
Liabilities, Deferred Inflows of Resources, and Fund Balance	
Liabilities	
Accounts payable	\$ 992
Accrued and other liabilities	1,320
Total liabilities	2,312
Deferred Inflows of Resources - Unavailable revenue	253,509
Fund Balance	
Nonspendable	900
Unassigned	155,312
Total fund balance	<u>156,212</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 412,033</u>

City of Garden City, Michigan

Other Supplemental Information Statement of Revenue, Expenditures, and Changes in Fund Balance - Modified Accrual Basis Downtown Development Authority Year Ended June 30, 2017

Revenue	
Property taxes	\$ 438,918
State sources	41,151
Interest and other	70,769
	<hr/>
Total revenue	550,838
Expenditures - Current	
Community maintenance, development, and other	344,370
Debt service	227,470
	<hr/>
Total expenditures	571,840
	<hr/>
Excess of Expenditures Over Revenue	(21,002)
Fund Balance - Beginning of year	177,214
	<hr/>
Fund Balance - End of year	<u><u>\$ 156,212</u></u>

City of Garden City, Michigan

Schedules of Indebtedness Governmental Activities Obligation Bonds Year Ended June 30, 2017

Purpose: 2005 General Obligation Limited Tax Refunding Bonds
 Date of issue: August 24, 2005
 Amount of issue: \$2,305,000
 Payee: JPMorgan Chase
 Funds paid from: 101 - General Fund

Fiscal Year	Maturity Amount	Interest		Total
		Rate (Percent)	Amount	
2017/2018	<u>\$ 235,000</u>	4.000	<u>\$ 4,700</u>	<u>\$ 239,700</u>

City of Garden City, Michigan

Schedules of Indebtedness Governmental Activities Obligation Bonds (Continued) Year Ended June 30, 2017

Purpose: 2011 General Obligation Tax Refunding Bonds
 Date of issue: October 11, 2011
 Amount of issue: \$11,190,000
 Payee: Huntington National Bank, Grand Rapids, MI
 Funds paid from: 301 - Debt Retirement Fund

Fiscal Year	Maturity Amount	Interest		Total
		Rate (Percent)	Amount	
2017/2018	\$ 1,600,000	3.00	\$ 124,800	\$ 1,724,800
2018/2019	1,585,000	3.00	76,800	1,661,800
2019/2020	900,000	3.25	29,250	929,250
Total	<u>\$ 4,085,000</u>		<u>\$ 230,850</u>	<u>\$ 4,315,850</u>

City of Garden City, Michigan

Schedules of Indebtedness Business-type Activities Obligation Bonds Year Ended June 30, 2017

Purpose: 2008 General Obligation Limited Tax Bond
 Date of issue: January 28, 2008
 Amount of issue: \$1,610,000
 Payee: Bank of New York
 Funds paid from: 592 - Water and Sewer Fund

Fiscal Year	Maturity Amount	Interest Rate (Percent)	Interest Expense	Total
2017/2018	\$ 75,000	4.500	\$ 47,031	\$ 122,031
2018/2019	75,000	4.125	43,797	118,797
2019/2020	100,000	4.125	40,188	140,188
2020/2021	100,000	4.125	36,063	136,063
2021/2022	100,000	4.125	31,938	131,938
2022/2023	100,000	4.250	27,750	127,750
2023/2024	100,000	4.250	23,500	123,500
2024/2025	100,000	4.500	19,125	119,125
2025/2026	125,000	4.500	14,063	139,063
2026/2027	125,000	4.500	8,438	133,438
2027/2028	125,000	4.500	2,813	127,813
Total	<u>\$ 1,125,000</u>		<u>\$ 294,706</u>	<u>\$ 1,419,706</u>

City of Garden City, Michigan

Schedules of Indebtedness Business-type Activities Obligation Bonds (Continued) Year Ended June 30, 2017

Purpose: 2016 State Revolving Fund Loan
 Date of issue: June 24, 2016
 Amount of issue: \$2,140,755
 Payee: Bank of New York
 Funds paid from: 592 - Water and Sewer Fund

Fiscal Year	Maturity Amount	Interest Rate (Percent)	Interest Expense	Total
2017/2018	\$ -	2.500	\$ 8,450	\$ 8,450
2018/2019	185,000	2.500	52,566	237,566
2019/2020	190,000	2.500	51,206	241,206
2020/2021	195,000	2.500	46,519	241,519
2021/2022	200,000	2.500	41,706	241,706
2022/2023	205,000	2.500	36,769	241,769
2023/2024	210,000	2.500	31,708	241,708
2024/2025	215,000	2.500	26,519	241,519
2025/2026	220,000	2.500	21,206	241,206
2026/2027	225,000	2.500	15,768	240,768
2027/2028	230,000	2.500	10,205	240,205
2028/2029	65,755	2.500	4,519	70,274
Total	<u>\$ 2,140,755</u>		<u>\$ 347,141</u>	<u>\$ 2,487,896</u>

City of Garden City, Michigan

Schedules of Indebtedness Governmental and Business-type Activities Obligation Bonds Year Ended June 30, 2017

Purpose: 2004 General Obligation Limited Tax Refunding Bonds
 Date of issue: November 4, 2004
 Amount of issue: \$5,385,000
 Funds paid from: 101 - General Fund and 592 - Water and Sewer Fund

Fiscal Year	Total Maturity Amount	Maturity Allocation		Interest Rate (Percent)	Total Interest Expense	Interest Allocation		Total Principal and Interest
		General Fund	Enterprise Fund			General Fund	Enterprise Fund	
2017/2018	\$ 10,000	\$ 2,020	\$ 7,980	4.000	\$ 41,090	\$ 8,300	\$ 32,790	\$ 51,090
2018/2019	260,000	52,520	207,480	4.000	35,690	7,209	28,481	295,690
2019/2020	255,000	51,510	203,490	4.000	25,390	5,129	20,261	280,390
2020/2021	250,000	50,500	199,500	4.000	15,290	3,089	12,201	265,290
2021/2022	245,000	49,490	195,510	4.200	5,145	1,039	4,106	250,145
Total	\$ 1,020,000	\$ 206,040	\$ 813,960		\$ 122,605	\$ 24,766	\$ 97,839	\$ 1,142,605

City of Garden City, Michigan

Schedules of Indebtedness Business-type Activities and Component Unit Development Bonds Year Ended June 30, 2017

Purpose: 2011 Downtown Development Authority Refunding Bonds
 Date of Issue: October 31, 2011
 Amount of issue: \$1,755,000
 Payee: Huntington National Bank, Grand Rapids, MI
 Funds paid from: 592 - Water and Sewer Fund and 729 - Downtown Development Authority

Fiscal Year	Total Maturity Amount	Maturity Allocation		Interest Rate (Percent)	Total Interest Expense	Interest Allocation		Total
		Component Unit (DDA)	Enterprise Fund			Component Unit (DDA)	Enterprise Fund	
2017/2018	\$ 250,000	\$ 205,222	\$ 44,778	5.00	\$ 10,475	\$ 8,599	\$ 1,876	\$ 260,475
2018/2019	245,004	201,124	43,880	5.00	3,675	3,017	658	248,679
Total	\$ 495,004	\$ 406,346	\$ 88,658		\$ 14,150	\$ 11,616	\$ 2,534	\$ 509,154