



CITY OF NEW BALTIMORE
MACOMB COUNTY, MICHIGAN
ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2016

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council
City of New Baltimore, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of New Baltimore, Michigan (the "City") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

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

Other Information

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

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



Gabridge & Company, PLC
Grand Rapids, Michigan
October 21, 2016

Management's Discussion and Analysis

Management's Discussion and Analysis

As management of the City of New Baltimore (the "City" or "government"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole, which can be found in this report.

Financial Highlights

The financial statements, which follow this Management's Discussion and Analysis, provide these significant financial highlights for the 2016 fiscal year, as follows:

- The assets and deferred outflows of the City exceeded its liabilities at the close of this fiscal year by \$52,941,946 (shown as *net position*), representing an increase of \$775,820 over the previous fiscal year.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$4,915,006, an increase of \$821,126 in comparison with the prior year. Approximately 39% of this amount (\$1,928,122) is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$1,928,122, or 32 percent of the general fund's annualized expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) Government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

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

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

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus,

revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused compensated absences).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, community and economic development, and recreation and culture. The business-type activities of the City include sewer, water, and storm water operations.

The government-wide financial statements can be found on pages 16 – 17 of this report.

Component Units

The government-wide financial statements include not only the City itself (known as the primary government), but also legally separate component units, as follows, Economic Development Corporation (EDC), Downtown Development Authority (DDA), and the Local Development Finance Authority (LDFA) for which the City is financially accountable. Information for the EDC, DDA, and LDFA are reported separately from the financial information presented for the primary government.

Fund Financial Statements

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

Governmental Funds

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

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

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general, library, and windridge repair funds, which are considered major funds. Data is combined into a single aggregated presentation for the other governmental funds (nonmajor governmental funds). Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements and schedules.

The City adopts an annual appropriated budget for its general fund and all special revenue funds, as required by state law. Budgetary comparison schedules have been provided for the general fund, the library fund, and the windridge repair fund (as required supplemental information).

The basic governmental fund financial statements can be found on pages 18 - 21 of this report.

Proprietary Funds

The City maintains three separate enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its sewer, water, and storm water activity. Internal service funds are accounting devices used to accumulate and allocate costs internally among the City's various functions.

The City utilizes internal service funds to account for its equipment and department of public services. Because these services primarily benefit the City's governmental rather than business-type functions, they have been included within the governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the sewer, water, and storm water operations, which are considered to be major funds of the City. Conversely, the internal service funds are combined into single, aggregate presentations in the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on pages 22 - 25 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The fiduciary fund financial statement can be found on pages 26 - 27 of this report.

Notes to the Financial Statements

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

The notes to the financial statements can be found on pages 31 - 54 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. This is limited to this discussion and analysis, required pension and OPEB information, and budget and actual presentations. Supplemental information follows the required pension information and includes combining and individual fund statements and schedules.

Required supplementary information can be found on pages 56 - 61 of this report.

The combining statements referred to earlier in connection with nonmajor governmental and internal service funds are presented immediately following the required supplementary information on pensions.

Combining and individual fund statements and schedules can be found on pages 63 - 68 of this report.

Government-wide Financial Analysis

Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$52,941,946 at the close of the most recent fiscal year. The following chart illustrates the composition of net position at the close of each of the past two fiscal years:

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
ASSETS						
<i>Current Assets</i>						
Cash and Cash Equivalents	\$ 2,999,092	\$ 2,340,924	\$ 1,311,980	\$ 919,191	\$ 4,311,072	\$ 3,260,115
Investments	2,945,090	2,353,815	5,899,925	5,321,065	8,845,015	7,674,880
Receivables	238,555	156,246	920,949	885,778	1,159,504	1,042,024
Due from Other Governmental Units	495,722	459,920	-	-	495,722	459,920
Inventory	41,192	146,231	163,966	177,333	205,158	323,564
Prepays and Other Assets	137,341	291,958	11,544	23,460	148,885	315,418
Total Current Assets	6,856,992	5,749,094	8,308,364	7,326,827	15,165,356	13,075,921
<i>Noncurrent Assets</i>						
Restricted Assets	-	-	159,994	150,729	159,994	150,729
Special Assessments	1,228,943	-	-	-	1,228,943	-
Capital Assets not being Depreciated	4,845,390	4,911,984	1,039,105	1,039,105	5,884,495	5,951,089
Capital Assets	15,134,432	14,884,596	51,515,196	52,817,482	66,649,628	67,702,078
Total Assets	28,065,757	25,545,674	61,022,659	61,334,143	89,088,416	86,879,817
DEFERRED OUTFLOWS OF RESOURCES						
Pension	1,666,130	245,944	356,006	55,081	2,022,136	301,025
Total Deferred Outflows of Resources	1,666,130	245,944	356,006	55,081	2,022,136	301,025
LIABILITIES						
<i>Current Liabilities</i>						
Accounts Payable	273,655	122,631	96,227	172,379	369,882	295,010
Due to Other Governmental Units	43,777	-	-	-	43,777	-
Deposits and Escrow	246,115	248,298	-	-	246,115	248,298
Accrued and Other Liabilities	132,953	174,829	141,698	156,929	274,651	331,758
Unearned Revenue	1,228,943	20,215	-	-	1,228,943	20,215
Current Portion of Long-term Debt	535,000	410,000	1,545,000	1,490,000	2,080,000	1,900,000
Total Current Liabilities	2,460,443	975,973	1,782,925	1,819,308	4,243,368	2,795,281
<i>Noncurrent Liabilities</i>						
Advance from Other Funds	254,673	-	(254,673)	-	-	-
Compensated Absences	302,166	262,436	66,631	67,612	368,797	330,048
Net OPEB Obligation	2,544,106	2,204,288	708,285	604,678	3,252,391	2,808,966
Net Pension Liability	2,919,493	1,599,976	623,816	358,325	3,543,309	1,958,301
Long-term Debt	2,814,520	2,131,958	23,408,818	24,990,162	26,223,338	27,122,120
Total Liabilities	11,295,401	7,174,631	26,335,802	27,840,085	37,631,203	35,014,716
DEFERRED INFLOWS OF RESOURCES						
Pension	442,791	-	94,612	-	537,403	-
Total Deferred Inflows of Resources	442,791	-	94,612	-	537,403	-
NET POSITION						
Net Investment in Capital Assets	16,630,302	17,254,622	27,600,483	27,376,425	44,230,785	44,631,047
<i>Restricted</i>	2,281,210	1,407,244	263,509	235,130	2,544,719	1,642,374
<i>Unrestricted</i>	(917,817)	(44,879)	7,084,259	5,937,584	6,166,442	5,892,705
Total Net Position	\$ 17,993,695	\$ 18,616,987	\$ 34,948,251	\$ 33,549,139	\$ 52,941,946	\$ 52,166,126

inc lease
due to windfall
low cost gas

By far the largest portion of the City's net position (\$44,230,785, or 83.5%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (\$2,544,719, or 4.8%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$6,166,442, or 11.7%) may be used to meet the City's ongoing obligations to citizens and creditors.

The unrestricted net position of the City increased from \$5,892,705 as of June 30, 2015 to \$6,166,442 as of June 30, 2016. This is largely related to the City's settlement with a past contractor.

Special assessment receivables increased to \$1,228,943 at year-end as the result of the special assessment that was issued to pay for repairs in the Windridge development.

The City's total revenue for the fiscal year ended June 30, 2016 was \$14,442,839 while total cost of all programs and services was \$13,667,019. This results in an increase in net position of \$775,820.

The following table presents a summary of the changes in net position for the years ended June 30, 2016 and 2015:

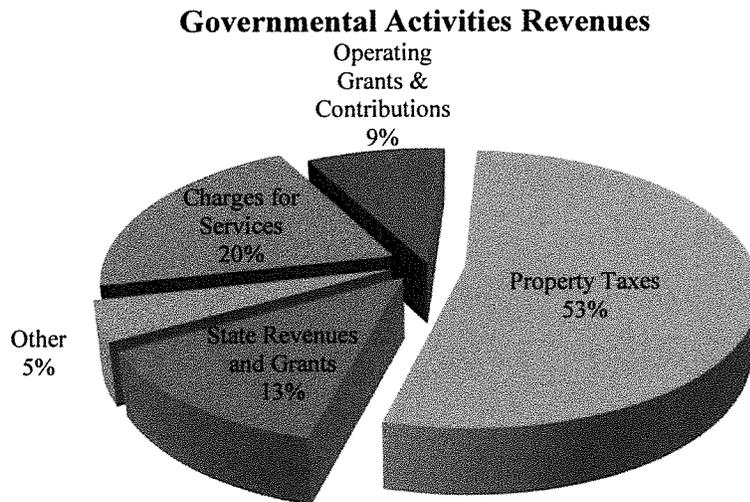
	Governmental Activities		Business-type Activities		Total Government	
	2016	2015	2016	2015	2016	2015
Revenue						
Program Revenues						
Charges for Services	\$ 1,709,027	\$ 1,679,991	\$ 4,183,617	\$ 3,854,777	\$ 5,892,644	\$ 5,534,768
Operating Grants and Contributions	743,581	744,292	-	-	743,581	744,292
Capital Grants and Contributions	6,621	39,692	186,364	91,128	192,985	130,820
Total Program Revenues	2,459,229	2,463,975	4,369,981	3,945,905	6,829,210	6,409,880
General Revenues						
Property Taxes	4,422,400	4,305,499	857,220	812,193	5,279,620	5,117,692
State-shared Revenues and Grants	1,068,416	975,649	-	-	1,068,416	975,649
Other Revenue	339,496	101,554	847,313	16,265	1,186,809	117,819
Interest Income	44,748	30,103	34,036	32,439	78,784	62,542
Total General Revenues	5,875,060	5,412,805	1,738,569	860,897	7,613,629	6,273,702
Total Revenues	8,334,289	7,876,780	6,108,550	4,806,802	14,442,839	12,683,582
Expenses						
General Government	1,372,830	1,354,300	-	-	1,372,830	1,354,300
Public Safety	3,465,476	3,437,139	-	-	3,465,476	3,437,139
Public Works	2,589,331	2,344,660	4,214,175	4,197,369	6,803,506	6,542,029
Community and Economic Development	177,650	173,335	-	-	177,650	173,335
Recreation and Culture	1,224,738	1,224,533	-	-	1,224,738	1,224,533
Interest on Long-term Debt	127,556	81,022	495,263	604,134	622,819	685,156
Total Expenses	8,957,581	8,614,989	4,709,438	4,801,503	13,667,019	13,416,492
Change in Net Position	(623,292)	(738,209)	1,399,112	5,299	775,820	(732,910)
<i>Net Position at Beginning of Period</i>	<i>18,616,987</i>	<i>19,355,196</i>	<i>33,549,139</i>	<i>33,543,840</i>	<i>52,166,126</i>	<i>52,899,036</i>
Net Position at End of Period	\$ 17,993,695	\$ 18,616,987	\$ 34,948,251	\$ 33,549,139	\$ 52,941,946	\$ 52,166,126

+1140,000
increase

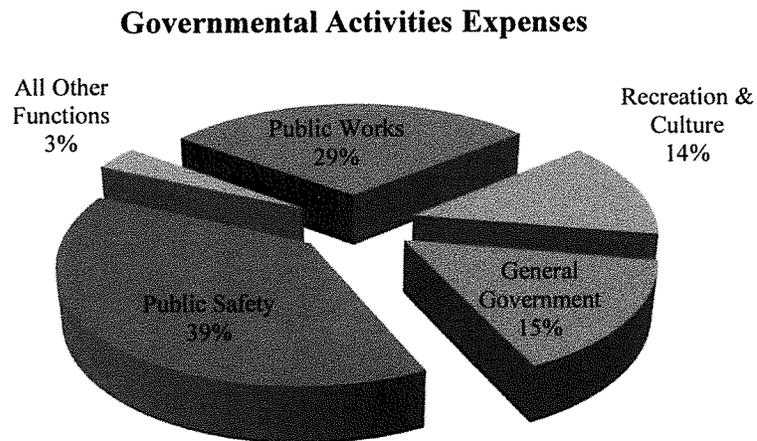
Governmental Activities. Governmental activities decreased the City's net position by \$623,292 for the year ended June 30, 2016 compared to a decrease of \$738,208 for the year ended June 30, 2015. Other revenue increased during the year as a result of non-recurring special assessments that were levied and collected during the year. All other governmental revenues showed modest increases compared to 2015. Likewise, expenses had minor increases, except for public works which increased significantly due to significant road repair and improvement projects completed during the year.

Business-type Activities. Business-type activities increased the City's net position by \$1,399,112 for the year ended June 30, 2016 compared to an increase of \$5,299 for the year ended June 30, 2015. This is due in part to the City settling with a contractor for a non-conforming project and increased operating revenues.

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



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



Financial Analysis of the Government's Funds

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

Governmental Funds

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

At June 30, 2016, the City's governmental funds reported combined fund balances of \$4,915,006, an increase of \$821,126 in comparison with the prior year. Approximately 39% of this amount (\$1,928,122) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is either *nonspendable or restricted* to indicate that it is 1) not in spendable form (\$326,807 for prepaid items and perpetual care), 2) assigned for public improvements (\$592,434), or 3) restricted for particular purposes (\$2,067,643).

General Fund

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$1,928,122, while total fund balance increased to \$1,958,220. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents approximately 32% of total general fund expenditures, while total fund balance represents approximately 33% of that same amount.

The fund balance of the City's general fund increased by \$187,596 during the current fiscal year. The City Council monitors the expenditures of the general fund closely to ensure that spending does not exceed the City's available resources.

Proprietary Funds

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

The City's enterprise operations consist of three separate and distinct activities. The sewer, water, and storm water funds provide service to most residents and businesses of the City. The sewer, water, and storm water funds increased (decreased) net position by \$1,102,881, \$410,913, and (\$114,682) respectively.

General Fund Budgetary Highlights

Original budget compared to final budget. During the year there was no need for any significant amendments to increase original estimated revenues while certain departments need to increase appropriations. The fire department increased its original budgeted expenditures by \$454,673 for the purchase of a fire truck. Additionally, parks and paving was increased by \$33,000. Finally, there was also a need to transfer budgeted appropriations between street lighting and refuse.

Final budget compared to actual results. Only one budget shortfall was noted during the year. The community projects exceeded its amended budget by \$5,719 due to higher than anticipated costs related to department of public services charges.

Capital Asset and Debt Administration

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2016, amounted to \$72,534,123 (net of accumulated depreciation). Of this amount, \$19,979,822 was for its governmental activities and \$52,554,301 was for its business-type activities. This investment in capital assets includes land, buildings, equipment and vehicles, and infrastructure.

Significant capital asset additions during the year include the following:

- Infrastructure \$792,509
- Vehicles \$474,246
- Buildings Improvements \$135,746

Additional information on the City's capital assets can be found in note 5 to the financial statements.

Long-term Debt

At the end of the current fiscal year the City had total long-term debt outstanding of \$28,303,338. Of this amount, \$3,349,520 was for governmental activities while \$24,953,818 was for business-type activities.

The City made principal payments of \$1,900,000 during the current fiscal year and issued one bond for \$1,205,000.

Additional information on the City's long-term debt can be found in note 6 to the financial statements.

Economic Factors and Next Year's Budgets and Rates

Management estimates that \$5,900,000 of revenues will be available for appropriation in the general fund in the upcoming budget. Expenditures are expected to change by small amounts compared to 2016. The City continues to review all budget line items for opportunities to reduce expenditures when possible. The budget will be monitored during the year to identify any necessary amendments. In 2017, the City plans again to use current revenues to provide essential services and to maintain the City's financial reserves at similar levels. The ongoing costs of providing essential services for the citizens of the City will again need to be monitored in order to maintain the financial condition of the City.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

City of New Baltimore
Clerk's office
36535 Green Street
New Baltimore, MI 48047

Basic Financial Statements

**City of New Baltimore
Statement of Net Position
June 30, 2016**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
<i>Current Assets</i>				
Cash & Cash Equivalents	\$ 2,999,092	\$ 1,311,980	\$ 4,311,072	\$ 394,781
Investments	2,945,090	5,899,925	8,845,015	1,693
Property Taxes Receivable	7,903	--	7,903	--
Accounts Receivable	227,675	917,282	1,144,957	--
Accrued Interest	2,977	3,667	6,644	--
Due from Other Governmental Units	495,722	--	495,722	--
Inventory	41,192	163,966	205,158	--
Prepays and Other Assets	137,341	11,544	148,885	--
Total Current Assets	6,856,992	8,308,364	15,165,356	396,474
<i>Noncurrent Assets</i>				
Restricted Cash & Equivalents	--	159,994	159,994	--
Special Assessments	1,228,943	--	1,228,943	--
Capital Assets not being Depreciated	4,845,390	1,039,105	5,884,495	--
Capital Assets being Depreciated	15,134,432	51,515,196	66,649,628	319,989
Total Assets	28,065,757	61,022,659	89,088,416	716,463
DEFERRED OUTFLOWS OF RESOURCES				
Pension	1,666,130	356,006	2,022,136	--
Total Deferred Outflows of Resources	1,666,130	356,006	2,022,136	--
LIABILITIES				
<i>Current Liabilities</i>				
Accounts Payable	273,655	96,227	369,882	--
Due to Other Governmental Units	43,777	--	43,777	--
Due to Primary Government	--	--	--	90,691
Deposits & Escrow	246,115	--	246,115	--
Accrued and Other Liabilities	132,953	141,698	274,651	--
Unearned Revenue	1,228,943	--	1,228,943	--
Current Portion of Long-term Debt	535,000	1,545,000	2,080,000	--
Total Current Liabilities	2,460,443	1,782,925	4,243,368	90,691
<i>Noncurrent Liabilities</i>				
Advances from Other Funds	254,673	(254,673)	--	--
Compensated Absences	302,166	66,631	368,797	--
Net OPEB Obligation	2,544,106	708,285	3,252,391	--
Net Pension Liability	2,919,493	623,816	3,543,309	--
Long-term Debt	2,814,520	23,408,818	26,223,338	--
Total Liabilities	11,295,401	26,335,802	37,631,203	90,691
DEFERRED INFLOWS OF RESOURCES				
Pension	442,791	94,612	537,403	--
Total Deferred Inflows of Resources	442,791	94,612	537,403	--
NET POSITION				
Net Investment in Capital Assets	16,630,302	27,600,483	44,230,785	319,989
<i>Restricted for:</i>				
Nonexpendable Perpetual Care	200,833	--	200,833	--
Drug Law Enforcement	26,777	--	26,777	--
Public Safety	54,926	--	54,926	--
Debt Service	47,470	103,515	150,985	--
Capital Projects	1,129,128	159,994	1,289,122	--
Street Improvements	608,784	--	608,784	--
Library Operations	208,749	--	208,749	--
Other	4,543	--	4,543	--
<i>Unrestricted</i>	(917,817)	7,084,259	6,166,442	305,783
Total Net Position	\$ 17,993,695	\$ 34,948,251	\$ 52,941,946	\$ 625,772

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

**City of New Baltimore
Statement of Activities
For the Year Ended June 30, 2016**

Functions/Programs	Program Revenues			Net (Expense) Revenue			Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	
Primary Government							
Governmental Activities:							
General Government	\$ 1,372,830	\$ 787,263	\$ --	\$ --	\$ (585,567)	\$ --	\$ --
Public Safety	3,465,476	245,766	--	6,621	(3,213,089)	--	--
Public Works	2,589,331	565,508	743,581	--	(1,280,242)	--	--
Community and Economic Development	177,650	--	--	--	(177,650)	--	--
Recreation and Culture	1,224,738	110,490	--	--	(1,114,248)	--	--
Interest on Long-term Debt	127,556	--	--	--	(127,556)	--	--
Total Governmental Activities	8,957,581	1,709,027	743,581	6,621	(6,498,352)	--	--
Business-type Activities:							
Sewer	2,506,156	2,661,843	--	81,400	--	237,087	--
Water	1,925,795	1,380,151	--	83,804	--	(461,840)	--
Storm Water	277,487	141,623	--	21,160	--	(114,704)	--
Total Business-type Activities	4,709,438	4,183,617	--	186,364	--	(339,457)	--
Total Primary Government	\$ 13,667,019	\$ 5,892,644	\$ 743,581	\$ 192,985	\$ (6,498,352)	\$ (339,457)	\$ (6,837,809)
Component Units							
Economic Development Corporation	\$ 24,000	--	--	--	--	--	(24,000)
Downtown Development Authority	21,522	--	--	--	--	--	(21,522)
Local Development Finance Authority	8,125	--	--	--	--	--	(8,125)
Total Component Units	\$ 53,647	\$ --	\$ --	\$ --	\$ --	\$ --	\$ (53,647)
General Purpose Revenues and Transfers:							
Revenues							
Property Taxes					4,422,400	857,220	5,279,620
Interest Income					44,748	34,036	78,784
State-shared Revenues and Grants					1,068,416	--	1,068,416
Other Revenue					339,496	40,820	380,316
Reimbursement					--	806,493	806,493
Transfers					--	--	--
Total General Revenues and Transfers					5,875,060	1,738,569	7,613,629
Change in Net Position					(623,292)	1,399,112	775,820
Net Position at Beginning of Period					18,616,987	33,549,139	52,166,126
Net Position at End of Period					\$ 17,993,695	\$ 34,948,251	\$ 52,941,946

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

**City of New Baltimore
Balance Sheet
Governmental Funds
June 30, 2016**

	<u>Special Revenue</u>					Total Governmental Funds
	General	Library	Windridge Repair	Other Governmental Funds	Total Governmental Funds	
ASSETS						
Cash & Cash Equivalents	\$ 452,111	\$ 106,973	\$ 1,249,385	\$ 806,072	\$ 2,614,541	
Investments	1,692,049	101,712	--	651,849	2,445,610	
Property Taxes Receivable	6,438	572	--	893	7,903	
Accounts Receivable	189,453	--	--	37,067	226,520	
Accrued Interest	1,618	--	--	815	2,433	
Due from Other Governmental Units	355,099	--	--	140,623	495,722	
Prepays and Other Assets	30,098	3,023	--	92,853	125,974	
Special Assessments	--	--	1,228,943	--	1,228,943	
Total Assets	\$ 2,726,866	\$ 212,280	\$ 2,478,328	\$ 1,730,172	\$ 7,147,646	
LIABILITIES						
Accounts Payable	69,793	2,475	120,257	78,468	270,993	
Due to Other Governmental Units	43,777	--	--	--	43,777	
Advances from Other Funds	254,673	--	--	--	254,673	
Deposits & Escrow	246,115	--	--	--	246,115	
Accrued and Other Liabilities	93,056	4,056	--	1,734	98,846	
Unearned Revenue	--	--	1,228,943	--	1,228,943	
Total Liabilities	\$ 707,414	\$ 6,531	\$ 1,349,200	\$ 80,202	\$ 2,143,347	
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue	61,232	572	--	27,489	89,293	
Total Liabilities and Deferred Inflows of Resources	\$ 768,646	\$ 7,103	\$ 1,349,200	\$ 107,691	\$ 2,232,640	
FUND BALANCE						
Nonspendable	30,098	3,023	--	293,686	326,807	
Restricted	--	202,154	1,129,128	736,361	2,067,643	
Assigned	--	--	--	592,434	592,434	
Unassigned	1,928,122	--	--	--	1,928,122	
Total Fund Balance	\$ 1,958,220	\$ 205,177	\$ 1,129,128	\$ 1,622,481	\$ 4,915,006	
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 2,726,866	\$ 212,280	\$ 2,478,328	\$ 1,730,172	\$ 7,147,646	

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

City of New Baltimore
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2016

Total Fund Balance - Governmental Funds	\$ 4,915,006
Net Position of internal service funds that are treated as proprietary in the fund level statements are treated as governmental in the entity-wide statements.	1,820,628
In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, the interest expenditure is reported when due.	(23,311)
Capital assets used in governmental activities are not financial resources and are not reported in the funds.	19,031,967
Compensated absences are not due in and payable in the current period, and therefore, are not reported in the funds.	(250,108)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(3,349,520)
Net pension liability is not due and payable in the current period and is not reported in the funds.	(2,919,493)
Other post-employment benefits are not due and payable in the current period and, therefore, are not reported in the funds.	(2,544,106)
Unavailable revenues are not available to pay current expenditures and, therefore, are deferred inflows of resources in the funds.	89,293
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.	1,223,339
Total Net Position-Governmental Funds	\$ <u>17,993,695</u>

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

City of New Baltimore
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2016

	Special Revenue				Total Governmental Funds
	General	Library	Windridge Repair	Other Governmental Funds	
Revenues					
Property Taxes	\$ 3,461,475	\$ 471,201	\$ --	\$ 489,724	\$ 4,422,400
Licenses and Permits	369,630	--	--	189,834	559,464
Federal Grants	12,002	--	--	--	12,002
State-shared Revenues and Grants	950,966	8,367	--	815,261	1,774,594
Charges for Services	1,009,122	4,713	--	24,032	1,037,867
Fines and Forfeitures	51,859	4,441	--	11,871	68,171
Other Revenue	147,877	33,020	111,134	35,567	327,598
Interest Income	28,816	1,768	--	10,697	41,281
Total Revenues	6,031,747	523,510	111,134	1,576,986	8,243,377
Expenditures					
General Government	1,169,204	--	--	8,599	1,177,803
Public Safety	2,755,565	--	--	236,081	2,991,646
Public Works	798,201	--	45,469	484,340	1,328,010
Community and Economic Development	177,650	--	--	--	177,650
Recreation and Culture	614,167	434,178	--	--	1,048,345
Capital Outlay	507,364	138,041	161,750	574,660	1,381,815
Debt Service - Principal	--	--	--	410,000	410,000
Debt Service - Interest	--	--	54,964	82,195	137,159
Total Expenditures	6,022,151	572,219	262,183	1,795,875	8,652,428
Excess of Revenues Over (Under) Expenditures	9,596	(48,709)	(151,049)	(218,889)	(409,051)
Other Financing Sources (Uses)					
Special Assessment Bonds Issued	--	--	1,205,000	--	1,205,000
Premium on Special Assessment Bonds	--	--	25,177	--	25,177
Transfers In	200,000	--	50,000	238,093	488,093
Transfers Out	(22,000)	--	--	(466,093)	(488,093)
Net Other Financing Sources (Uses)	178,000	(48,709)	1,280,177	(228,000)	1,230,177
Net Change in Fund Balance	187,596	(48,709)	1,129,128	(446,889)	821,126
Fund Balance at Beginning of Period	1,770,624	253,886	--	2,069,370	4,093,880
Fund Balance at End of Period	\$ 1,958,220	\$ 205,177	\$ 1,129,128	\$ 1,622,481	\$ 4,915,006

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

City of New Baltimore
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and
Changes in Fund Balance with Statement of Activities
For the Year Ended June 30, 2016

Total Net Change in Fund Balances - Governmental Funds	\$	821,126
Changes in net position of internal service funds that are treated as enterprise fund changes in net position in the fund level statements are treated as governmental fund changes in net position in the entity-wide statements.		49,182
Changes to unamortized bond premiums are not shown in the fund financial statements. The net effect of the current year increase is an increase to net position.		12,615
Governmental fund report capital outlay as expenditures; however, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense. This is the amount by which depreciation expense of \$1,378,736, and loss on disposal of \$13,709 is in excess of capital outlay expenditures of \$1,381,815.		(10,630)
Changes to accrued interest are not shown in the fund financial statements. The net effect of the current year decrease is to increase net position.		(3,012)
Change to compensated absences are not shown in the fund financial statements. The net effect of the current year decrease is to increase net position.		(32,186)
In the Statement of Activities, an expense is recorded for other post-employment benefits (OPEB) to adjust net OPEB obligation to the actuarial determined amount less any contributions to fund the obligation. This is the difference between the prior year and the current year net OPEB obligation.		(339,818)
Changes to the net pension liability and related deferred inflows and outflows are not shown in the fund financial statements. The net effect of the current year increase is to increase net position.		(342,122)
Current year long-term debt principal payments on contractual obligations, bonds payable, and capital leases are expenditures in the fund financial statements but are reductions in long-term debt in the government-wide financial statements.		410,000
Unavailable revenues are not available to pay current expenditures and, therefore, are deferred inflows of resources in the funds.		41,730
Proceeds from debt issuance are reported as revenue in the fund statements, but reported as liabilities in the statement of net position.		(1,230,177)
Changes in Net Position-Governmental Funds	\$	<u>(623,292)</u>

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

**City of New Baltimore
Statement of Net Position
Proprietary Funds
June 30, 2016**

	Business-type Activities - Enterprise Funds			Total Enterprise Funds	Governmental Activities Internal Service Funds
	Sewer	Water	Storm Water		
ASSETS					
<i>Current Assets</i>					
Cash & Cash Equivalents	\$ 566,729	\$ 580,569	\$ 164,682	\$ 1,311,980	\$ 384,551
Investments	2,832,687	3,067,238	--	5,899,925	499,480
Accounts Receivable	606,037	311,245	--	917,282	1,155
Accrued Interest	950	2,717	--	3,667	544
Inventory	--	163,966	--	163,966	41,192
Prepays and Other Assets	3,706	7,838	--	11,544	11,367
Total Current Assets	4,010,109	4,133,573	164,682	8,308,364	938,289
<i>Noncurrent Assets</i>					
Restricted Cash & Equivalents	--	159,994	--	159,994	--
Advance to Other Funds	--	254,673	--	254,673	--
Capital Assets not being Depreciated	617,429	421,676	--	1,039,105	7,916
Capital Assets being Depreciated	29,073,908	20,253,437	2,187,851	51,515,196	939,939
Total Assets	33,701,446	25,223,353	2,352,533	61,277,332	1,886,144
DEFERRED OUTFLOWS OF RESOURCES					
Pension	155,438	200,568	--	356,006	--
Total Deferred Outflows of Resources	155,438	200,568	--	356,006	--
LIABILITIES					
<i>Current Liabilities</i>					
Accounts Payable	89,433	3,146	3,648	96,227	2,662
Accrued and Other Liabilities	62,787	78,911	--	141,698	10,796
Current Portion of Long-term Debt	950,000	595,000	--	1,545,000	--
Total Current Liabilities	1,102,220	677,057	3,648	1,782,925	13,458
<i>Noncurrent Liabilities</i>					
Compensated Absences	32,984	33,647	--	66,631	52,058
Net OPEB Obligation	312,640	395,645	--	708,285	--
Net Pension Liability	272,368	351,448	--	623,816	--
Long-term Debt	12,690,000	10,718,818	--	23,408,818	--
Total Liabilities	14,410,212	12,176,615	3,648	26,590,475	65,516
DEFERRED INFLOWS OF RESOURCES					
Pension	41,309	53,303	--	94,612	--
Total Deferred Inflows of Resources	41,309	53,303	--	94,612	--
NET POSITION					
Net Investment in Capital Assets	16,051,337	9,361,295	2,187,851	27,600,483	947,855
<i>Restricted for:</i>					
Debt Service	--	103,515	--	103,515	--
Capital Projects	--	159,994	--	159,994	--
<i>Unrestricted</i>	3,354,026	3,569,199	161,034	7,084,259	872,773
Total Net Position	\$ 19,405,363	\$ 13,194,003	\$ 2,348,885	\$ 34,948,251	\$ 1,820,628

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

City of New Baltimore
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2016

	Business-type Activities - Enterprise Funds				Total Enterprise Funds	Governmental Activities Internal Service Funds
	Sewer	Water	Storm Water	Funds		
Operating Revenues						
Charges for Services	\$ 2,647,717	\$ 1,354,151	\$ 141,623	\$ 4,143,491	\$ 1,222,523	
Other Revenue	58,475	22,471	--	80,946	30,092	
Total Operating Revenues	<u>2,706,192</u>	<u>1,376,622</u>	<u>141,623</u>	<u>4,224,437</u>	<u>1,252,615</u>	
Operating Expenses						
General and Administrative	381,556	269,448	29,696	680,700	--	
Plant Operation	823,671	672,823	--	1,496,494	--	
System Network Services	167,111	148,794	149,346	465,251	--	
Depreciation	900,773	572,512	--	1,571,730	1,129,124	
Total Operating Expenses	<u>2,273,111</u>	<u>1,663,577</u>	<u>277,487</u>	<u>4,214,175</u>	<u>1,228,514</u>	
Operating Income (Loss)	<u>433,081</u>	<u>(286,955)</u>	<u>(135,864)</u>	<u>10,262</u>	<u>24,101</u>	
Non-Operating Revenues (Expenses)						
Interest Income	14,952	19,062	22	34,036	3,467	
Property Taxes	--	857,220	--	857,220	--	
Proceeds from sale of Fixed Assets	--	--	--	--	21,614	
Reimbursement	806,493	--	--	806,493	--	
Interest Expense	(233,045)	(262,218)	--	(495,263)	--	
Net Non-Operating Revenues (Expenses)	<u>588,400</u>	<u>614,064</u>	<u>22</u>	<u>1,202,486</u>	<u>25,081</u>	
Income Before Contributions	<u>1,021,481</u>	<u>327,109</u>	<u>(135,842)</u>	<u>1,212,748</u>	<u>49,182</u>	
Capital Contributions	81,400	83,804	21,160	186,364	--	
Change In Net Position	<u>1,102,881</u>	<u>410,913</u>	<u>(114,682)</u>	<u>1,399,112</u>	<u>49,182</u>	
<i>Net Position at Beginning of Period</i>	18,302,482	12,783,090	2,463,567	33,549,139	1,771,446	
Net Position at End of Period	<u>\$ 19,405,363</u>	<u>\$ 13,194,003</u>	<u>\$ 2,348,885</u>	<u>\$ 34,948,251</u>	<u>\$ 1,820,628</u>	

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

City of New Baltimore
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2016

	Business-type Activities - Enterprise Funds					Governmental Activities Internal Service Funds
	Sewer	Water	Nonmajor - Storm Water	Total Enterprise Funds		
Cash Flows from Operating Activities						
Receipts from Customers	\$ 2,648,974	\$ 1,398,669	\$ 141,623	\$ 4,189,266	\$ 1,276,641	
Payments to Suppliers	(957,738)	(461,819)	(179,896)	(1,599,453)	(244,801)	
Payments to Employees	(411,558)	(535,730)	-	(947,288)	(780,444)	
Net Cash Provided (Used) by Operating Activities	<u>1,279,678</u>	<u>401,120</u>	<u>(38,273)</u>	<u>1,642,525</u>	<u>251,396</u>	
Cash Flows from Non-capital and Related Financing Activities						
Advance to Other Funds	-	(254,673)	-	(254,673)	-	
Reimbursement	806,493	-	-	806,493	-	
Net Cash Provided (Used in) by Non-capital and Related Financing Activities	<u>806,493</u>	<u>(254,673)</u>	<u>-</u>	<u>551,820</u>	<u>-</u>	
Cash Flows from Capital and Related Financing Activities						
Collection of Capital and Lateral Charges	81,400	83,804	21,160	186,364	-	
Purchase of Capital Assets	(268,271)	-	(1,174)	(269,445)	(271,648)	
Principal and Interest Paid on Capital Debt	(1,168,045)	(853,560)	-	(2,021,605)	-	
Property Taxes Related to Debt Service	-	857,220	-	857,220	-	
Net Cash Provided (Used in) by Capital and Related Financing Activities	<u>(1,354,916)</u>	<u>87,464</u>	<u>19,986</u>	<u>(1,247,466)</u>	<u>(271,648)</u>	
Cash Flows from Investing Activities						
Interest Received on Investments	14,952	19,062	22	34,036	3,467	
Purchase (Sale) of Investments	(515,201)	(64,977)	-	(580,178)	(250,094)	
Net Cash Provided (Used in) by Investing Activities	<u>(500,249)</u>	<u>(45,915)</u>	<u>22</u>	<u>(546,142)</u>	<u>(246,627)</u>	
Net Decrease in Cash and Cash Equivalents	<u>231,006</u>	<u>187,996</u>	<u>(18,265)</u>	<u>400,737</u>	<u>(266,879)</u>	
Cash and Cash Equivalents Beginning of Period	334,405	552,567	182,947	1,069,919	651,430	
Cash and Cash Equivalents End of Period	<u>\$ 565,411</u>	<u>\$ 740,563</u>	<u>\$ 164,682</u>	<u>\$ 1,470,656</u>	<u>\$ 384,551</u>	

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

**City of New Baltimore
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2016**

	Business-type Activities - Enterprise Funds				Governmental Activities Internal Service Funds
	Sewer	Water	Nonmajor - Storm Water	Total Enterprise Funds	
\$	433,081	\$ (286,955)	\$ (135,864)	\$ 10,262	\$ 24,101
900,773	572,512	98,445	1,571,730	99,390	24,026
(57,218)	22,047	-	(35,171)	13,367	105,039
-	13,367	-	11,916	7,638	2,076
4,278	7,638	-	(76,152)	(854)	(3,788)
(68,339)	(6,959)	-	(15,231)	-	552
(6,202)	(9,029)	-	161,804	-	-
73,305	88,499	-	-	-	-
\$ 1,279,678	\$ 401,120	\$ (38,273)	\$ 1,642,525	\$ 251,396	\$ 251,396

**Reconciliation of Operating Income (Loss) to Net Cash
from Operating Activities**

Operating Income (Loss)	
Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities:	
Cash from Operating Activities:	
Depreciation and Amortization	
Changes in Assets and Liabilities:	
Receivables	
Inventories	
Prepaid and Other Assets	
Accounts Payable	
Accrued and Other Liabilities	
OPEB & Pension Liability	

Net Cash Provided (Used in) by Operating Activities

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

**City of New Baltimore
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016**

		<u>Pension and Benefit Trust</u>
		<u>Retiree Health Care</u>
ASSETS		
Cash & Cash Equivalents	\$	498,099
Investments		2,383,077
Prepays and Other Assets		17,482
<i>Total Assets</i>		<u>2,898,658</u>
LIABILITIES		
<i>Total Liabilities</i>		<u>--</u>
NET POSITION		
Held in Trust	\$	<u>2,898,658</u>

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

City of New Baltimore
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2016

	Retiree Health Care
Additions	
Investment Income	
Interest and Dividends	\$ 92,572
Net Increase (Decrease) Fair Value	(246,003)
Net Investment Income	(153,431)
Contributions	
Employer Contributions	248,504
Employee Contributions	55,231
Total Contributions	303,735
Total Additions	150,304
Deductions	
Benefit Payments	235,892
Administrative Expenses	19,002
Total Deductions	254,894
Change in Net Position	(104,590)
<i>Net Position at Beginning of Period</i>	3,003,248
<i>Net Position at End of Period</i>	\$ 2,898,658

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

City of New Baltimore
Combining Statement of Net Position
Component Units
June 30, 2016

	Economic Development Corporation	Downtown Development Authority	Local Development Finance Authority	Total Component Units
ASSETS				
<i>Current Assets</i>				
Cash & Cash Equivalents	\$ 55,098	\$ 15,944	\$ 323,739	\$ 394,781
Investments	--	1,693	--	1,693
Total Current Assets	55,098	17,637	323,739	396,474
<i>Noncurrent Assets</i>				
Capital Assets being Depreciated	--	129,353	190,636	319,989
Total Assets	55,098	146,990	514,375	716,463
LIABILITIES				
<i>Current Liabilities</i>				
Due to Primary Government	--	21,941	68,750	90,691
Total Current Liabilities	--	21,941	68,750	90,691
Total Liabilities	--	21,941	68,750	90,691
NET POSITION				
Net Investment in Capital Assets	--	129,353	190,636	319,989
<i>Unrestricted</i>	55,098	(4,304)	254,989	305,783
Total Net Position	\$ 55,098	\$ 125,049	\$ 445,625	\$ 625,772

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

City of New Baltimore
Combining Statement of Activities
Component Units
For the Year Ended June 30, 2016

	Economic Development Corporation	Downtown Development Authority	Local Development Finance Authority	Total Component Units
Expenses				
Community and Economic Development	\$ 24,000	\$ 21,522	\$ --	\$ 45,522
Depreciation Expense	--	--	4,359	4,359
Interest Expense	--	--	3,766	3,766
Total Expenses	<u>24,000</u>	<u>21,522</u>	<u>8,125</u>	<u>53,647</u>
Net Program Revenues (Expenses)	<u>(24,000)</u>	<u>(21,522)</u>	<u>(8,125)</u>	<u>(53,647)</u>
General Revenue				
Other Revenue	24,000	375	--	24,375
Interest Income	--	57	--	57
Property Taxes	--	39,518	95,162	134,680
Total General Revenues	<u>24,000</u>	<u>39,950</u>	<u>95,162</u>	<u>159,112</u>
Change in Net Position	<u>--</u>	<u>18,428</u>	<u>87,037</u>	<u>105,465</u>
<i>Net Position at Beginning of Period</i>	55,098	106,621	358,588	520,307
Net Position at End of Period	<u>\$ 55,098</u>	<u>\$ 125,049</u>	<u>\$ 445,625</u>	<u>\$ 625,772</u>

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

Notes to the Financial Statements

City of New Baltimore

Notes to the Financial Statements

Note 1 - Nature of Business and Significant Accounting Policies

The accounting policies of the City of New Baltimore, Michigan (the "City" or "government") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the City:

Reporting Entity

The City is governed by an elected six-member council. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Each 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).

Discretely Presented Component Units

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 downtown district. The DDA's governing body, which consists of 12 members, is appointed by the mayor and confirmed by the City Council.

The *Economic Development Corporation* (EDC) was created to provide means and methods for the encouragement of industrial and commercial enterprises in relocating, purchasing, constructing, or improving sites within the City. Currently, there is no governing body which has been appointed. The EDC's budget is subject to approval by the City Council.

The *Local Development Financing Authority* (LDFA) was created to prevent conditions of unemployment and promote economic growth by providing those public improvements necessary and promote and sustain industrial development within the established district. The LDFA's governing body, which consists of 11 members, is appointed by the mayor and confirmed by the City Council. In addition, the LDFA's budget is subject to approval by the City Council.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these financial statements. Governmental activities, normally supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

City of New Baltimore

Notes to the Financial 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 who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenue are reported instead as general revenue.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary funds, fiduciary funds, and component unit financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as 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.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenue to be available if it is collected within 60 days of the end of the current fiscal period. The following major revenue sources meet the availability criterion: state-shared revenue, state gas and weight tax revenue, and interest associated with the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

The City reports the following major governmental funds:

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

The ***library fund*** is used for the operation of the City Library. It accounts for all financial resources of the designated for the library.

City of New Baltimore

Notes to the Financial Statements

The *windridge repair fund* is a special revenue fund. It accounts for resources that are for the repair of the windridge retention pond, which is funded by a special assessment.

The City reports the following major proprietary funds:

The *water fund* accounts for the activities of the water treatment and distribution systems.

The *sewer fund* accounts for the activities of the sewage disposal and treatment systems.

Additionally, the City reports the following fund types:

The *special revenue funds* are used to account for the proceeds of specific revenue sources (other than permanent trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

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

The *permanent fund* is used to account for resources that are legally restricted to the extent that only earnings, and not principal may be used for purposes that support the City programs.

The *internal service funds* are used to account for shared services and equipment usage provided to the City departments and funds on a cost reimbursement basis.

The *retiree health care trust fund* accounts for the activities of the City of New Baltimore Retiree Health Care System, which accumulates resources for retiree health care payments to qualified employees.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payment-in-lieu of taxes and other 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.

Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relates to charges to customers for sales and services. Operating expenses for proprietary 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 non-operating revenue and expenses.

City of New Baltimore

Notes to the Financial Statements

Property Tax Revenue

Property taxes are levied on each July 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on September 15 of the year levied, at which time penalties and interest are assessed.

The City's 2015 tax is levied and collectible on July 1, 2015 and is recognized as revenue in the year ended June 30, 2016, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2015 taxable valuation of the City totaled \$353.8 million (a portion of which is abated and a portion of which is captured by the DDA and LDFA).

Assets, Liabilities, Deferred Inflows, Deferred Outflows and Net Position or Equity

Bank Deposits 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.

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 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 \$35,000 for infrastructure assets and \$5,000 for all other capital assets and an estimated useful life in excess of one year. Such

City of New Baltimore

Notes to the Financial Statements

assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are valued at the acquisition cost.

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

Infrastructure	10 to 50 years
Buildings and Improvements	20 to 50 years
Vehicles and Equipment	5 to 25 years
Land Improvements	20 to 50 years
Library Books	5 years

Deferred Outflows of Resources

In addition to assets, the balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Deferred Inflows of Resources

In addition to liabilities, the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues, which arises only under a modified accrual basis of accounting, from grants receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year ended.

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

City of New Baltimore

Notes to the Financial Statements

premium or discount. The general fund and debt service funds are generally used to liquidate governmental long-term debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Retiree Health Care Costs

The City offers retiree healthcare benefits to retirees. The City computes 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.

Defined Benefit Pension Plan

The City offers a defined benefit pension plan to its retirees. The City belongs to the Michigan Municipal Employees' Retirement System (MERS). The City's annual contribution is determined in accordance with the annual valuation to compute contributions related to the MERS Plan.

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 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

City of New Baltimore

Notes to the Financial Statements

unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

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

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

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

Unassigned fund balance is the residual classification for the City's general fund and includes all spendable amounts not contained in the other classifications and is therefore available to be spent as determined by the City Council.

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.

City of New Baltimore

Notes to the Financial Statements

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and all special revenue funds, except that operating transfers and debt proceeds have been included in the "revenue" and "expenditures" categories, rather than as "other financing sources (uses)." All annual appropriations lapse at fiscal year-end, except for those approved by the City Council for carry forward. The annual budget is prepared by the City's management and adopted by the City Council; subsequent amendments are approved by the City Council. During the current year, the budget was amended in a legally permissible manner. Subsequent to year end, an amendment was made affecting the June 30, 2016 year end.

The budget process is initiated in January, when the departments are given information and guidelines to assist them in formulating their budget requests. The department heads summarize the departmental appropriation requests and submit them to the mayor on or before February 1. During February and March, the Mayor reviews the appropriation requests, meets with departments, and puts together the budget. The budget is submitted to the City Council on or before the second regular meeting in April. During the next month, the City Council reviews the budget and considers any changes. After a public hearing, the final budget is adopted by resolution no later than the first regular meeting in May. If the City Council fails adopt a budget for the next fiscal year on or before the first regular meeting in June, the budget proposal as recommended to the Council by the Mayor, shall be deemed to have been finally adopted by the Council and, without further action by the Council shall constitute an appropriations of the money need for municipal purposes during the next fiscal year.

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

Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

New Accounting Standards Adopted

For June 30, 2016, the City adopted Government Accounting Standards Board ("GASB") Statement No. 72, Fair Value Measurement and Application. GASB 72 requires the funds to use valuation techniques which are appropriate under the circumstances and are either a market approach, a cost approach or income approach. GASB 72 establishes a hierarchy of inputs used to measure fair value consisting of three levels. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs, other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs, and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. GASB 72 also contains note disclosure requirements regarding the hierarchy of valuation inputs and valuation techniques that was used for the fair value measurements. There was no material impact on the funds' financial statements as a result of the implementation of GASB 72.

City of New Baltimore

Notes to the Financial Statements

Note 2 – Statutory Compliance

Excess of Expenditures Over Appropriations in Budgetary Funds

Michigan law provides that a local unit shall not incur expenditures in excess of the amount appropriated.

The City’s actual expenditures and budgeted expenditures for the budgeted funds have been shown at the department level. The approved budgets of the City for these budgeted funds were also adopted at the department level.

During the year ended June 30, 2016, the City exceeded the budget by \$5,719 for community development in the general fund, and \$53,657 for bond related expenditures to the windridge repair project.

Note 3 – Cash and Investments

The captions on the government-wide and fund statements relating to cash and investments are as follows:

	Primary Government	Component Units	Fiduciary Funds	Totals
Cash & Cash Equivalents	\$ 4,760,378	\$ 394,781	\$ 498,099	\$ 5,653,258
Restricted Cash & Equivalents	159,994	-	-	159,994
Investments	8,395,709	1,693	2,383,077	10,780,479
Total	\$ 13,316,081	\$ 396,474	\$ 2,881,176	\$ 16,593,731

Deposits and investments consisted of the following at June 30, 2016:

Cash on hand	\$ 1,050
Demand deposits (checking and savings accounts)	8,893,619
Certificates of deposits (due within one year)	5,315,985
Investments	2,383,077
Total	\$ 16,593,731

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the City’s deposits may not be returned. State law does not require and the City’s investment policy does not have specific limits in excess of state law pertaining to custodial credit risk. The City does a quarterly internal rating of the banks it has deposits in excess of the FDIC limit with utilizing outside sources to obtain the ratings. As of year-end, \$10,999,385 of the bank balance of \$12,700,291 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial Credit Risk – Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does

City of New Baltimore

Notes to the Financial Statements

not require and the City does not have a policy for investment custodial credit risk. As of June 30, 2016, none of the City's investments were exposed to risk since the securities are held in the City's name by the counterparty. All of the City's investments at year-end were held in mutual funds.

Interest Rate Risk. State law limits the allowable investments and the maturities of some of the allowable investments as identified above. The City's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. None of the City's investments held at year end had maturity dates.

Credit Risk. State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of the City's specific financial institutions, qualified mutual funds, and qualified external investment pools as identified in "statutory authority" below. The investment policy does not have specific limits in excess of state law on investment credit risk.

None of the investments held by the City were rated as of year-end.

Concentration of Credit Risk. State law limits allowable investments but does not limit concentration of credit risk. The City's investment policy does not have specific limits in excess of State law on concentration of credit risk. All investments held at year-end are reported above.

Investments

Statutes authorize the City to invest in the following:

- Bonds, securities, and other direct obligations and repurchase agreements of the United States or an agency or instrumentality of the United States.
- Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a qualified financial institution.
- Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and which matures not more than 270 days after the day of purchase.
- Banker's acceptances of United States banks.
- Obligations of the State of Michigan and its political subdivisions that, at the time of purchase are rated as investment grade by at least one standard rating service.
- Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles which are legal for direct investment by a public corporation.

City of New Baltimore

Notes to the Financial Statements

- External investment pools as authorized by Public Act 20 as amended through June 31, 1997.

Interest income on cash deposits and investments is allocated only to those funds required by the State to earn income on interest-bearing accounts. Income is allocated based on the cash balance of each fund in comparison to the cash balance of the City as a whole. All interest income remaining after the allocation has been made is credited to the general fund.

Fair Value Measurement - The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City has the following recurring fair value measurements as of June 30, 2016:

- All Investments for retiree health care, with a balance of \$2,383,077 at June 30, 2016, which are valued using quoted market prices (Level 1 inputs).

Certificates of Deposits the City held directly of \$5,315,985 are not included in the fair value measurement disclosure.

Note 4 – Interfund Transactions

Interfund transfers in and out for the year ended June 30, 2016 are as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General	Public Improvement	\$ 200,000
Local Street	Major Street	216,093
Building Inspection	General	22,000
Windridge Repair	Public Improvement	50,000

Interfund transfers are used to 1) move unrestricted revenues collected in the general fund to finance capital and other various programs accounted for in other funds in accordance with budgetary authorizations, 2) move allocated cost of general operations to applicable funds and 3) move Act 51 revenues to fund local street projects.

City of New Baltimore

Notes to the Financial Statements

Advances

The water fund advanced the general fund \$254,673, to assist with the purchase of the new fire truck, at a rate of 3% to be paid back over the following 5 years on the first of December, the repayment schedule is as follows:

Fiscal Year	Ending June 30,	Principal	Interest
2017	\$	47,969	\$ 7,640
2018		49,408	6,201
2019		50,890	4,719
2020		52,417	3,192
2021		53,989	1,620
	\$	254,673	\$ 23,372

Note 5 – Capital Assets

Capital asset activity for the year was as follows:

	June 30, 2015	Additions	Reductions	Transfers	June 30, 2016
Governmental Activities					
Capital assets not being depreciated					
Land	\$ 4,845,390	\$ -	\$ -	\$ -	\$ 4,845,390
Construction in Process	66,594	-	-	(66,594)	-
Total capital assets not being depreciated	4,911,984	-	-	(66,594)	4,911,984
Capital assets being depreciated					
Land Improvements	1,500,544	8,468	-	-	1,509,012
Buildings	3,988,971	142,198	-	-	4,131,169
Vehicles & Equipment	3,415,131	777,046	159,801	-	4,032,376
Library Books	200,176	21,448	38,878	-	182,746
Infrastructure	26,282,203	725,915	15,232	66,594	27,059,480
Total capital assets, being depreciated	35,387,025	1,675,075	213,911	66,594	36,914,783
Less accumulated depreciation					
Land Improvements	930,594	31,872	-	-	962,466
Buildings	1,181,161	91,168	-	-	1,272,329
Vehicles & Equipment	2,792,672	215,715	159,801	-	2,848,586
Library Books	124,906	44,324	38,878	-	130,352
Infrastructure	15,473,095	1,095,046	1,523	-	16,566,618
Total accumulated depreciation	20,502,428	1,478,125	200,202	-	21,780,351
Net capital assets being depreciated	14,884,597	196,950	13,709	66,594	15,134,432
Governmental Activities Capital Assets, Net	\$ 19,796,581	\$ 196,950	\$ 13,709	\$ -	\$ 19,979,822

City of New Baltimore

Notes to the Financial Statements

Business-type Activities	June 30, 2015	Additions	Reductions	June 30, 2016
Capital assets not being depreciated				
Land	\$ 1,039,105	\$ -	\$ -	\$ 1,039,105
Total capital assets not being depreciated	<u>1,039,105</u>	<u>-</u>	<u>-</u>	<u>1,039,105</u>
Capital assets being depreciated				
Land Improvements	390,000	-	-	390,000
Buildings	48,975,985	91,502	-	49,067,487
Vehicles & Equipment	1,036,992	-	-	1,036,992
Infrastructure	27,448,237	177,945	-	27,626,182
Total capital assets, being depreciated	<u>77,851,214</u>	<u>269,447</u>	<u>-</u>	<u>78,120,661</u>
Less accumulated depreciation				
Land Improvements	357,500	2,600	-	360,100
Buildings	12,118,298	964,719	-	13,083,017
Vehicles & Equipment	642,722	50,549	-	693,271
Infrastructure	11,915,215	553,862	-	12,469,077
Total accumulated depreciation	<u>25,033,735</u>	<u>1,571,730</u>	<u>-</u>	<u>26,605,465</u>
Net capital assets being depreciated	<u>52,817,479</u>	<u>(1,302,283)</u>	<u>-</u>	<u>51,515,196</u>
<i>Business-type Activities Capital Assets, Net</i>	<u>\$ 53,856,584</u>	<u>\$ (1,302,283)</u>	<u>\$ -</u>	<u>\$ 52,554,301</u>

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

Governmental Activities

General Government	\$ 40,616
Public Safety	126,374
Public Works	1,096,505
Recreation & Culture	115,240
Internal Service Funds	99,390
<i>Total Governmental Activities</i>	<u>\$ 1,478,125</u>

Business-type Activities

Storm Water	\$ 98,445
Water	572,512
Sewer	900,773
<i>Total Business-type Activities</i>	<u>\$ 1,571,730</u>

City of New Baltimore

Notes to the Financial Statements

Note 6 – Long-term Debt

The following is a summary of the debt transactions of the City for the year ended June 30, 2016:

<u>Governmental Activities</u>	<u>Balance at June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2016</u>	<u>Due Within One Year</u>
2012A Unlimited Tax Obligations (Street 3)					
Amount of Issue - \$760,000					
Installments of \$55,000-\$120,000					
Interest Rate: 2.55%					
Maturing through 2022	\$ 590,000	\$ -	\$ 55,000	\$ 535,000	\$ 55,000
2011 Unlimited Tax Obligations (Street 1 and 2)					
Amount of Issue - \$3,115,000					
Installments of \$250,000-\$395,000					
Interest Rate: 2.0-4.0%					
Maturing through 2021	1,890,000	-	355,000	1,535,000	395,000
2016 Special Assessment (Windridge)					
Amount of Issue - \$1,205,000					
Installments of \$85,000-\$125,000					
Interest Rate: 2.0%					
Maturing through 2025	-	1,205,000	-	1,205,000	85,000
Bond Premium Amortization	61,958	25,177	12,615	74,520	-
Total Bond Obligations	<u>2,541,958</u>	<u>1,230,177</u>	<u>422,615</u>	<u>3,349,520</u>	<u>535,000</u>
Compensated Absences	262,436	261,480	221,750	302,166	-
Other Post-Employment Benefits	2,204,288	339,818	-	2,544,106	-
Net Pension Liability	1,599,976	1,319,517	-	2,919,493	-
Total Governmental Activities	<u>\$ 6,608,658</u>	<u>\$ 3,150,992</u>	<u>\$ 644,365</u>	<u>\$ 9,115,285</u>	<u>\$ 535,000</u>

City of New Baltimore

Notes to the Financial Statements

Business-type Activities	Balance at June 30, 2015	Additions	Deletions	Balance at June 30, 2016	Due Within One Year
2007 Michigan Clean Water State Revolving Fund Program (Sewer) Available for Drawdown - \$19,890,000 Installments of \$920,000-\$1,150,000 Interest Rate: 1.625% Maturing through 2029	\$ 14,575,000	\$ -	\$ 935,000	\$ 13,640,000	\$ 950,000
2012B Unlimited Tax Obligations (Water) Amount of Issue - \$7,685,000 Installments of \$295,000-\$705,000 Interest Rate: 2.0-3.0% Maturing through 2030	7,595,000	-	295,000	7,300,000	340,000
2013 Unlimited Tax Obligations (Water) Amount of Issue - \$3,800,000 Installments of \$235,000-\$285,000 Interest Rate: 2.0-4.0% Maturing through 2030	3,765,000	-	260,000	3,505,000	255,000
Bond Premium Amortization - 2012B Unlimited Tax Obligations (Water)	424,126	-	28,275	395,851	-
2013 Unlimited Tax Obligations (Water)	121,036	-	8,069	112,967	-
Total Bond Obligations	26,480,162	-	1,526,344	24,953,818	1,545,000
Compensated Absences	67,612	60,651	61,632	66,631	-
Other Post-Employment Benefits	604,678	103,607	-	708,285	-
Net Pension Liability	358,325	265,491	-	623,816	-
Total Business-type Activities	27,510,777	429,749	1,587,976	26,352,550	1,545,000
Total Governmental and Business-type Activities	\$ 34,119,435	\$ 3,580,741	\$ 2,232,341	\$ 35,467,835	\$ 2,080,000

The annual requirements to amortize all debt outstanding (excluding accrued employee benefits) as of June 30, 2016 are as follows:

Year Ending June 30,	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2017	\$ 535,000	\$ 92,393	\$ 627,393	\$ 1,545,000	\$ 511,038	\$ 2,056,038
2018	590,000	77,090	667,090	1,605,000	482,288	2,087,288
2019	455,000	58,950	513,950	1,635,000	373,719	2,008,719
2020	475,000	44,410	519,410	1,675,000	419,294	2,094,294
2021	475,000	16,810	491,810	1,705,000	384,994	2,089,994
2022-2026	745,000	31,250	776,250	9,180,000	1,375,960	10,555,960
2027-2031	-	-	-	7,100,000	336,365	7,436,365
Total	\$ 3,275,000	\$ 320,903	\$ 3,595,903	\$ 24,445,000	\$ 3,883,658	\$ 28,328,658

City of New Baltimore

Notes to the Financial Statements

Note 7 – Defined Benefit Pension Plan

Plan Description

Beginning in October 2010, the City closed out the single-employer plan and transferred approximately \$8.8 million of assets to Michigan Municipal Employees' Retirement System (MERS or the "System"), an agent multiple-employer defined benefit pension plan that covers all employees of the City. The new 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 that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the System at 1134 Municipal Way, Lansing, MI 48917.

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 full-time employees at the City including AFSCME, non-union, police, patrolmen, police command, and clerical employees. Retirement benefits for employees are calculated as 2.5 percent of the employee's five-year final average compensation times the employee's years of service with a maximum of 80 percent of final average compensation. Normal retirement age is 60 with early retirement at an unreduced benefit at age 55 with 25 years of service or a reduced benefit at age 50 with 25 years of service or age 55 with 15 years of service. Deferred retirement benefits vest after 10 years of credited service (eight years for non-union employees), but are not paid until the date retirement would have occurred had the member remained an employee. Employees are eligible for non-duty disability benefits after 10 years of service (eight years for non-union employees) and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately and if duty-related without an actuarial reduction for retirement before age 60 is not applied. An employee who leaves service may withdraw his or her contributions, plus any accumulated interest.

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 employee benefit terms may be subject to binding arbitration in certain circumstances.

City of New Baltimore

Notes to the Financial Statements

Employees Covered by Benefit Terms

At the December 31, 2015 measurement date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	36
Inactive plan members entitled to but not yet receiving benefits	7
Active plan members	<u>57</u>
Total employees covered by MERS	<u>100</u>

Contributions

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

For the year ended June 30, 2016, the average active employee contribution rate was 5.0 percent of annual pay and the City's average contribution rate was 1.8 percent of annual payroll for the open division.

City of New Baltimore

Notes to the Financial Statements

Net Pension Liability

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

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

<u>Changes in Net Pension Liability</u>	<u>Increase (Decrease)</u>		<u>Net Pension Liability</u>
	<u>Total Pension Liability</u>	<u>Plan Net Position</u>	
Balance at December 31, 2014	\$ 14,273,518	\$ 12,315,218	\$ 1,958,300
Service cost	314,227	-	314,227
Interest	1,166,831	-	1,166,831
Experience differences	(671,754)	-	(671,754)
Changes in actuarial assumptions	986,867	-	986,867
Contributions - Employer	-	273,278	(273,278)
Contributions - Employee	-	151,493	(151,493)
Net investment income	-	(195,508)	195,508
Benefit payments	(549,905)	(549,905)	-
Employee Refunds	(24,550)	(15,579)	(8,971)
Administrative expenses	-	(27,072)	27,072
Net changes	<u>1,221,716</u>	<u>(363,293)</u>	<u>1,585,009</u>
Balance at December 31, 2015	<u>\$ 15,495,234</u>	<u>\$ 11,951,925</u>	<u>\$ 3,543,309</u>

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

For the year ended June 30, 2016, the City recognized pension expense of \$403,301. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Source</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 537,403
Changes in assumptions	789,494	-
Excess (deficit) investment returns	1,090,285	-
Employer contributions to the plan subsequent to the measurement date	<u>142,357</u>	<u>-</u>
Total	<u>\$ 2,022,136</u>	<u>\$ 537,403</u>

City of New Baltimore

Notes to the Financial Statements

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

Years Ending	Amount
June 30	
2017	\$ 346,145
2018	346,145
2019	346,145
2020	303,941

Actuarial Assumptions

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

Inflation	2.50%	
Salary increases	3.75%	
Investment rate of return	7.75%	Net of Investment Expense, including inflation

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

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

Discount Rate

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

Projected Cash Flows

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

The long-term expected rate of return on pension plan investments was determined using a model in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

City of New Baltimore

Notes to the Financial Statements

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return as of December 31, 2015, the measurement date, for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	57.50%	5.02%
Global fixed income	20.00%	2.18%
Real assets	12.50%	4.23%
Diversifying strategies	10.00%	6.56%

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

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

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Net pension liability of the City	\$ 5,340,530	\$ 3,543,309	\$ 2,020,163

Pension Plan Fiduciary Net Position

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

Note 8 – Other Postemployment Benefits

Plan Description

The City provides retiree healthcare benefits through the City of New Baltimore's retiree healthcare plan to eligible employees and their spouses. The benefits are provided under collective bargaining agreements. The plan does not issue a publicly available financial report.

City of New Baltimore

Notes to the Financial Statements

Funding Policy

The collective bargaining agreements require a 25 percent contribution from all employees. 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). However, as shown below, the City made contributions to advance-fund these benefits, as determined by the City Council through annual budget resolutions.

Funding Progress

The City's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC). The City has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB No. 45 for employers in plans with fewer than 100 total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. This following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and the changes in the net OPEB obligation:

Annual Required Contribution	\$	951,393
Interest on the Prior Year's Net OPEB Obligation		14,055
Less Adjustments to the Annual Required Contribution		<u>(92,858)</u>
Annual OPEB Cost		872,590
 Amount Contributed:		
Payments of Current Premiums		(180,661)
Advance Funding		<u>(248,504)</u>
Increase in Net OPEB Obligation		443,425
 OPEB Obligation - Beginning of Year		
		<u>2,808,966</u>
OPEB Obligation - End of Year		<u>\$ 3,252,391</u>

The annual OPEB costs, the percentage contributed to the Plan, and the net OPEB obligation for the current and two preceding years were as follows:

Fiscal Year Ended	Actuarial Valuation Date	Annual OPEB Costs	Percentage Contributed	Net OPEB Obligation
6/30/2014	6/30/2013	\$ 961,708	45.5%	\$ 2,157,414
6/30/2015	6/30/2014	1,115,970	41.5%	2,808,966
6/30/2016	6/30/2015	872,590	49.2%	3,252,391

City of New Baltimore

Notes to the Financial Statements

The funding progress of the plan is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio Total	Covered Payroll (c)	UAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/2013	\$ 2,901,474	\$ 14,518,339	\$ 11,616,865	20.0%	\$ 3,357,000	346%
6/30/2014	2,967,887	16,041,607	13,073,720	18.5%	2,945,432	444%
6/30/2015	2,881,086	13,735,145	10,854,059	21.0%	3,082,011	352%

Actuarial Methods and Assumptions

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

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.

The following simplifying assumptions were made:

Retirement age for active employees - Based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 60, or at the first subsequent year in which the member would qualify for benefits.

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

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

City of New Baltimore

Notes to the Financial Statements

Healthcare cost trend rate - The expected rate of increase in healthcare insurance premiums was based on projections of the Office of the Actuary at the Centers for Medicare & Medicaid Services. A rate of 3.8 percent initially, reduced to an ultimate rate of 6.5 percent after six years, was used.

Health insurance premiums - 2016 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

Inflation rate - The expected long-term inflation assumption was 2 percent.

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

Based on the historical and expected returns of the City's short-term investment portfolio, a discount rate of 4 percent was used. In addition, a simplified version of the entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a close basis. The remaining amortization period at June 30, 2016 was 24 years.

Note 9 – Risk Management

The City is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The City has purchased commercial insurance for medical claims, claims relating to general liability and property loss, and participates in the Michigan Municipal League Workers' Compensation Fund risk pool for claims relating to workers' compensation. Settled claims related to commercial insurances have historically not exceeded the City's insurance coverages.

The Michigan Municipal Workers' Compensation Fund risk pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

Note 10 - Litigation

In the normal course of its operations, the City has become a party in various legal actions, including property tax appeals. Management of the City is of the opinion that the outcome of such actions will not have a material effect on the financial position of the City. Amounts reserved for losses related to legal actions have not been included as a liability in the financial statements.

City of New Baltimore

Notes to the Financial Statements

Note 11 - Upcoming Accounting Pronouncements

In June 2015, the GASB issued two new standards addressing accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans other than Pension Plans*, addresses reporting by OPEB plans whereas GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, addresses accounting and reporting by employer governments that provide OPEB benefits to their employees. Along with the currently required statement of fiduciary net position and statement of changes in fiduciary net position, OPEB plans will now be required to include in the financial statements more extensive note disclosures and required supplemental information related to the measurement of the OPEB liabilities for which assets have been accumulated. In addition, the City will, after adoption of GASB Statement No. 75, recognize on the face of the financial statements its net OPEB liability. The City is currently evaluating the impact these standards will have on the financial statements when adopted. GASB Statement No. 74 is effective for fiscal years beginning after June 15, 2016 whereas GASB Statement No. 75 is effective one year later.

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*. This statement will require governments to disclose in their financial statements information related to tax abatement agreements. The City is currently evaluating the impact this standard will have on the financial statements when adopted during the 2016-2017 fiscal year.

Required Supplementary Information

City of New Baltimore
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
General Fund
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative) Final to Actual
Revenues				
Property Taxes	\$ 3,467,994	\$ 3,467,994	\$ 3,461,475	\$ (6,519)
Licenses and Permits	253,600	309,311	369,630	60,319
Federal Grants	5,000	12,001	12,002	1
State-shared Revenues and Grants	1,007,019	1,001,340	950,966	(50,374)
Charges for Services	1,005,038	1,046,243	1,009,122	(37,121)
Fines and Forfeitures	52,800	52,800	51,859	(941)
Other Revenue	16,860	51,422	147,877	96,455
Interest Income	21,000	21,000	28,816	7,816
Total Revenues	<u>5,829,311</u>	<u>5,962,111</u>	<u>6,031,747</u>	<u>69,636</u>
Other Financing Sources				
Transfers In	300	219,865	200,000	(19,865)
Total Revenues and Other Financing Sources	<u>5,829,611</u>	<u>6,181,976</u>	<u>6,231,747</u>	<u>49,771</u>
Expenditures				
General Government				
City Council	35,489	46,293	42,876	4,047
Mayor	185,561	187,161	178,342	8,819
Clerk	520,545	520,545	468,609	51,936
Board of Review	1,902	1,902	1,605	297
Treasurer	89,096	89,667	86,833	2,834
Assessor	135,167	135,167	127,177	7,990
Elections	39,355	30,733	22,415	8,318
Building and Grounds	69,297	86,641	81,663	4,978
Attorney	70,090	60,090	58,800	1,290
Cemetery	98,850	123,850	123,236	614
Total General Government	<u>1,245,352</u>	<u>1,282,049</u>	<u>1,191,556</u>	<u>91,123</u>
Public Safety				
Police Department	2,394,728	2,438,153	2,353,532	84,621
Crossing Guards	10,965	10,965	8,678	2,287
Fire Department	405,131	885,471	862,453	23,018
Total Public Safety	<u>2,810,824</u>	<u>3,334,589</u>	<u>3,224,663</u>	<u>109,926</u>
Public Works				
Engineering	26,000	46,000	40,077	5,923
Lighting	262,200	195,200	185,526	9,674
Refuse	521,700	571,700	561,180	10,520
Total Public Works	<u>809,900</u>	<u>812,900</u>	<u>786,783</u>	<u>26,117</u>
Community and Economic Development				
Planning	52,600	45,100	32,481	12,619
Community	116,950	139,450	145,169	(5,719)
Total Community and Economic Development	<u>169,550</u>	<u>184,550</u>	<u>177,650</u>	<u>6,900</u>
Recreation and Culture				
Parks and Recreation	292,180	284,680	244,037	40,643
Recreation Center	74,500	79,639	74,030	5,609
Parks and Paving	161,200	194,200	187,681	6,519
Summer Programs	75,390	89,115	85,090	4,025
Baseball	43,064	59,064	50,661	8,403
Total Recreation and Culture	<u>646,334</u>	<u>706,698</u>	<u>641,499</u>	<u>65,199</u>
Total Expenditures	<u>5,681,960</u>	<u>6,321,416</u>	<u>6,022,151</u>	<u>299,265</u>
Other Financing Uses				
Transfers Out	22,000	22,000	22,000	--
Total Expenditures and Other Financing Uses	<u>5,703,960</u>	<u>6,343,416</u>	<u>6,022,151</u>	<u>299,265</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses				
	<u>125,651</u>	<u>(161,440)</u>	<u>187,596</u>	<u>349,036</u>
Net Change in Fund Balance	<u>125,651</u>	<u>(161,440)</u>	<u>187,596</u>	<u>349,036</u>
Fund Balance at Beginning of Period	<u>1,770,624</u>	<u>1,770,624</u>	<u>1,770,624</u>	<u>--</u>
Fund Balance at End of Period	<u>\$ 1,896,275</u>	<u>\$ 1,609,184</u>	<u>\$ 1,958,220</u>	<u>\$ 349,036</u>

City of New Baltimore
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Library
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative) Final to Actual
Revenues				
Property Taxes	\$ 465,000	\$ 465,000	\$ 471,201	\$ 6,201
State-shared Revenues and Grants	4,000	8,367	8,367	(0)
Charges for Services	4,000	4,000	4,713	713
Fines and Forfeitures	5,000	5,000	4,441	(559)
Other Revenue	24,400	29,310	33,020	3,710
Interest Income	1,000	1,000	1,768	768
Total Revenues	<u>503,400</u>	<u>512,677</u>	<u>523,510</u>	<u>10,833</u>
Other Financing Sources				
Total Revenues and Other Financing Sources	<u>503,400</u>	<u>512,677</u>	<u>523,510</u>	<u>10,833</u>
Expenditures				
Recreation & Culture	463,600	463,600	434,178	29,422
Capital Outlay	34,600	144,832	138,041	6,791
Total Expenditures	<u>498,200</u>	<u>608,432</u>	<u>572,219</u>	<u>36,213</u>
Other Financing Uses				
Total Expenditures and Other Financing Uses	<u>498,200</u>	<u>608,432</u>	<u>572,219</u>	<u>36,213</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>5,200</u>	<u>(95,755)</u>	<u>(48,709)</u>	<u>47,046</u>
Net Change in Fund Balance	<u>5,200</u>	<u>(95,755)</u>	<u>(48,709)</u>	<u>47,046</u>
Fund Balance at Beginning of Period	253,886	253,886	253,886	--
Fund Balance at End of Period	<u>\$ 259,086</u>	<u>\$ 158,131</u>	<u>\$ 205,177</u>	<u>\$ 47,046</u>

City of New Baltimore
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Windridge Repair
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative) Final to Actual
Revenues				
Other Revenue	\$ --	\$ 111,134	\$ 111,134	\$ --
<i>Total Revenues</i>	--	111,134	111,134	--
Other Financing Sources				
Special Assessment Bonds Issued	--	1,217,428	1,230,177	12,749
Transfers In	--	130,000	50,000	(80,000)
<i>Total Revenues and Other Financing Sources</i>	--	1,458,561	1,391,311	(67,250)
Expenditures				
Public Works	--	166,311	207,219	(40,908)
Debt Service	--	42,215	54,964	(12,794)
<i>Total Expenditures</i>	--	208,526	262,183	(53,657)
Other Financing Uses				
<i>Total Expenditures and Other Financing Uses</i>	--	208,526	262,183	(53,657)
<i>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</i>	--	1,250,035	1,129,128	(120,907)
<i>Net Change in Fund Balance</i>	--	1,250,035	1,129,128	(120,907)
<i>Fund Balance at Beginning of Period</i>	--	--	--	--
<i>Fund Balance at End of Period</i>	\$ --	\$ 1,250,035	\$ 1,129,128	\$ (120,907)

**City of New Baltimore
Required Supplementary Information
Other Post-Employment Benefits
Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio Total	Covered Payroll (c)	UAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/2013	\$ 2,901,474	\$ 14,518,339	\$ 11,616,865	20%	\$ 3,357,000	346%
6/30/2014	2,987,376	16,041,607	13,054,231	19%	3,569,431	366%
6/30/2015	2,881,086	13,735,145	10,854,059	21%	3,082,011	352%

Three-year Trend Information

Fiscal Year Ending	Annual OPEB Cost	Percentage of AOC Contributed	Net OPEB Obligation
6/30/2014	\$ 961,708	46%	\$ 2,157,414
6/30/2015	1,115,970	42%	2,808,966
6/30/2016	872,591	49%	3,252,391

Amortization Method	Entry Age
Amortization Period (Closed)	24 Years
Asset Valuation Method	Market
Actuarial Assumptions:	
Investment Rate of Return	4%
Projected Salary Increases	2%
Inflation at Cost of Living Adjustments	2%

City of New Baltimore
Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios
Last Two Fiscal Years

	2015	2014
Total Pension Liability		
Service Cost	\$ 314,227	\$ 311,717
Interest	1,166,831	1,095,687
Differences Between Expected & Actual Experience	(671,754)	-
Changes in Assumptions	986,867	-
Benefit Payments, Including Refunds	(574,455)	(518,101)
Net Change in Pension Liability	<u>1,221,716</u>	<u>889,303</u>
<i>Total Pension Liability - Beginning</i>	14,273,518	13,384,215
Total Pension Liability - Ending (a)	<u>\$ 15,495,234</u>	<u>\$ 14,273,518</u>
Plan Fiduciary Net Position		
Contributions - Employer	\$ 273,278	\$ 269,423
Contributions - Member	151,493	147,037
Net Investment Income	(186,537)	748,805
Benefit Payments, Including Refunds	(574,455)	(518,100)
Administrative Expenses	(27,072)	(33,931)
Net Change in Plan Fiduciary Net Position	<u>(363,293)</u>	<u>613,234</u>
<i>Plan Fiduciary Net Position - Beginning</i>	12,315,218	11,701,984
Plan Fiduciary Net Position - Ending (b)	<u>\$ 11,951,925</u>	<u>\$ 12,315,218</u>
Net Pension Liability - Ending (a) - (b)	\$ 3,543,309	\$ 1,958,300
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	77.13%	86.28%
Covered Employee Payroll	\$ 3,082,011	\$ 2,945,432
Net Pension Liability as a Percentage of Covered Employee Payroll	114.97%	66.49%

* Built prospectively upon implementation on GASB 68

City of New Baltimore
Required Supplementary Information
Schedule of Contributions
Last 10 Fiscal Years

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially Determined Contribution	\$ 273,278	\$ 276,164	\$ 271,088	\$ 244,282	\$ 323,688	\$ 362,913	\$ 545,522	\$ 571,492	\$ 512,484	\$ 348,275
Contributions in Relation to the Actuarially Determined Contribution	273,278	276,164	271,088	244,282	323,688	362,913	545,522	571,492	512,484	348,275
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Employee Payroll	3,082,011	2,945,432	3,356,846	3,171,000	3,260,000	3,075,000	3,002,000	3,092,000	2,949,000	2,808,000
Contributions as a Percentage of Covered Employee Payroll	9%	9%	8%	8%	10%	12%	18%	18%	17%	12%

Notes

Valuation Date

Actuarially determined contribution amounts are calculated as of December 31 each year, which is 18 months prior to the beginning of the fiscal year in which the contributions are required.

Methods and assumptions used to determine contribution rates

Actuarial cost method	Entry-age Normal
Amortization method	Level percentage of pay, open
Remaining amortization period	15 Years
Asset valuation method	5 year smoothed
Inflation	2.50%
Salary increases	3.75%
Investment rate of return	7.75%
Retirement Age	Experience-based tables of rates that are specific to the type of eligibility condition
Mortality	50% Male - 50% Female blend of the 2014 Group Annuity Mortality

Other Supplementary Information

City of New Baltimore
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2016

	Special Revenue							Debt Service		Total Nonmajor Governmental Funds
	Major Street	Local Street	Public Improvement	Building Inspection	Drug Law Enforcement	Burke Estate	2012 UGO Street Bonds	2011 UGO	Cemetery	
ASSETS										
Cash & Cash Equivalents	\$ 238,392	\$ 30,483	\$ 351,904	\$ 66,977	\$ 26,861	\$ 4,543	\$ 6,501	\$ 40,969	\$ 39,442	\$ 806,072
Investments	150,000	100,000	240,513	--	--	--	--	--	161,336	651,849
Property Taxes Receivable	--	--	--	--	--	--	226	667	--	893
Accounts Receivable	446	297	22,619	14,448	--	--	--	--	--	37,067
Accrued Interest	77,959	62,664	17	--	--	--	--	--	55	815
Due from Other Governmental Units	--	--	--	--	--	--	--	--	--	140,623
Prepays and Other Assets	--	--	90,691	2,162	--	--	--	--	--	92,853
Total Assets	\$ 466,797	\$ 193,444	\$ 705,744	\$ 83,587	\$ 26,861	\$ 4,543	\$ 6,727	\$ 41,636	\$ 200,833	\$ 1,730,172
LIABILITIES										
Accounts Payable	--	--	--	26,927	84	--	--	--	--	78,468
Accrued and Other Liabilities	--	51,457	--	1,734	--	--	--	--	--	1,734
Total Liabilities	--	51,457	--	28,661	84	--	--	--	--	80,202
DEFERRED INFLOWS OF RESOURCES										
Unavailable Revenue	--	--	22,619	3,977	--	--	226	667	--	27,489
Total Liabilities and Deferred Inflows of Resources	--	51,457	22,619	32,638	84	--	226	667	--	107,691
FUND BALANCE										
Nonspendable	466,797	141,987	90,691	2,162	26,777	4,543	6,501	40,969	200,833	293,686
Restricted	--	--	592,434	48,787	--	--	--	--	--	736,361
Assigned	--	--	--	--	--	--	--	--	--	592,434
Unassigned	--	--	--	--	--	--	--	--	--	--
Total Fund Balance	\$ 466,797	\$ 141,987	\$ 683,125	\$ 50,949	\$ 26,777	\$ 4,543	\$ 6,501	\$ 40,969	\$ 200,833	\$ 1,022,481
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 466,797	\$ 193,444	\$ 705,744	\$ 83,587	\$ 26,861	\$ 4,543	\$ 6,727	\$ 41,636	\$ 200,833	\$ 1,730,172

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

	Special Revenue					Debt Service			Permanent	Total Nonmajor Governmental Funds
	Major Street	Local Street	Public Improvement	Building Inspection	Drug Law Enforcement	Burke Estate	2012 UGO Street Bonds	2011 UGO		
Revenues										
Property Taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 69,876	\$ 419,848	\$ --	\$ 489,724
Licenses and Permits	--	--	--	189,834	--	--	--	--	--	189,834
State-shared Revenues and Grants	474,047	341,214	--	--	--	--	--	--	--	815,261
Charges for Services	--	--	--	22,753	1,279	--	--	--	--	24,032
Fines and Forfeitures	--	--	--	5,250	6,621	--	--	--	--	11,871
Other Revenue	--	--	35,567	--	--	--	--	--	--	35,567
Interest Income	980	743	8,148	--	--	--	--	--	826	10,697
Total Revenues	475,027	341,957	43,715	217,837	7,900	--	69,876	419,848	826	1,576,986
Expenditures										
General Government	--	--	8,599	--	--	--	--	--	--	8,599
Public Safety	--	--	--	225,988	10,093	--	--	--	--	236,081
Public Works	192,758	289,002	2,580	--	--	--	--	--	--	484,340
Capital Outlay	--	559,290	10,280	5,090	--	--	--	--	--	574,660
Debt Service - Principal	--	--	--	--	--	--	55,000	355,000	--	410,000
Debt Service - Interest	--	--	--	--	--	--	15,295	66,900	--	82,195
Total Expenditures	192,758	848,292	21,459	231,078	10,093	--	70,295	421,900	--	1,795,875
Excess of Revenues Over (Under) Expenditures	282,269	(506,335)	22,256	(13,241)	(2,193)	--	(419)	(2,052)	826	(218,889)
Other Financing Sources (Uses)										
Transfers In	--	--	--	--	--	--	--	--	--	--
Transfers Out	(216,093)	216,093	--	22,000	--	--	--	--	--	238,093
Net Other Financing Sources (Uses)	(216,093)	216,093	(250,000)	22,000	--	--	--	--	--	(466,093)
Net Change in Fund Balance	66,176	(290,242)	(227,744)	8,759	(2,193)	--	(419)	(2,052)	826	(446,889)
Fund Balance at Beginning of Period	400,621	432,229	910,869	42,190	28,970	4,543	6,920	43,021	200,007	2,069,370
Fund Balance at End of Period	466,797	141,987	683,125	50,949	26,777	4,543	6,501	40,969	200,833	1,622,481

**City of New Baltimore
Combining Statement of Net Position
Internal Service Funds
June 30, 2016**

	<u>Internal Service</u>		
	<u>Equipment</u>	<u>Department of Public Service</u>	<u>Total Internal Service Funds</u>
ASSETS			
<i>Current Assets</i>			
Cash & Cash Equivalents	\$ 253,218	\$ 131,333	\$ 384,551
Investments	499,480	--	499,480
Accounts Receivable	--	1,155	1,155
Accrued Interest	544	--	544
Inventory	--	41,192	41,192
Prepays and Other Assets	1,568	9,799	11,367
Total Current Assets	<u>754,810</u>	<u>183,479</u>	<u>938,289</u>
<i>Noncurrent Assets</i>			
Capital Assets not being Depreciated	--	7,916	7,916
Capital Assets being Depreciated	677,290	262,649	939,939
Total Assets	<u>1,432,100</u>	<u>454,044</u>	<u>1,886,144</u>
LIABILITIES			
<i>Current Liabilities</i>			
Accounts Payable	1,554	1,108	2,662
Accrued and Other Liabilities	922	9,874	10,796
Total Current Liabilities	<u>2,476</u>	<u>10,982</u>	<u>13,458</u>
<i>Noncurrent Liabilities</i>			
Compensated Absences	7,632	44,426	52,058
Total Liabilities	<u>10,108</u>	<u>55,408</u>	<u>65,516</u>
NET POSITION			
Net Investment in Capital Assets	677,290	270,565	947,855
<i>Unrestricted</i>	744,702	128,071	872,773
Total Net Position	<u>\$ 1,421,992</u>	<u>\$ 398,636</u>	<u>\$ 1,820,628</u>

City of New Baltimore
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2016

	<u>Internal Service</u>		<u>Total Internal Service Funds</u>
	<u>Equipment</u>	<u>Department of Public Service</u>	
Operating Revenues			
Charges for Services	\$ 492,237	\$ 730,286	\$ 1,222,523
Other Revenue	--	30,092	30,092
<i>Total Operating Revenues</i>	<u>492,237</u>	<u>760,378</u>	<u>1,252,615</u>
Operating Expenses			
Services	192,935	936,189	1,129,124
Depreciation	84,983	14,407	99,390
<i>Total Operating Expenses</i>	<u>277,918</u>	<u>950,596</u>	<u>1,228,514</u>
<i>Operating Income (Loss)</i>	<u>214,319</u>	<u>(190,218)</u>	<u>24,101</u>
Non-Operating Revenues (Expenses)			
Interest Income	2,857	610	3,467
Proceeds from sale of Fixed Assets	21,614	--	21,614
<i>Net Non-Operating Revenues (Expenses)</i>	<u>24,471</u>	<u>610</u>	<u>25,081</u>
<i>Transfers</i>	<u>238,790</u>	<u>(189,608)</u>	<u>49,182</u>
Transfers In	--	--	--
Transfers Out	--	--	--
<i>Change In Net Position</i>	<u>238,790</u>	<u>(189,608)</u>	<u>49,182</u>
<i>Net Position at Beginning of Period</i>	<u>1,183,202</u>	<u>588,244</u>	<u>1,771,446</u>
<i>Net Position at End of Period</i>	<u>\$ 1,421,992</u>	<u>\$ 398,636</u>	<u>\$ 1,820,628</u>

**City of New Baltimore
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2016**

	<u>Internal Service</u>		<u>Total Internal Service Funds</u>
	<u>Equipment</u>	<u>Department of Public Service</u>	
Cash Flows from Operating Activities			
Receipts from Customers	\$ 491,693	\$ 784,948	\$ 1,276,641
Payments to Suppliers	(108,577)	(136,224)	(244,801)
Payments to Employees	(82,845)	(697,599)	(780,444)
<i>Net Cash Provided (used in) by Operating Activities</i>	<u>300,271</u>	<u>(48,875)</u>	<u>251,396</u>
Cash Flows from Capital and Related Financing Activities			
Capital Asset Transactions	(268,422)	(3,226)	(271,648)
<i>Net Cash from (used in) Capital and Related Financing Activities</i>	<u>(268,422)</u>	<u>(3,226)</u>	<u>(271,648)</u>
Cash Flows from Investing Activities			
Interest Received on Investments	2,857	610	3,467
Sale (Purchase) of Investment Securities	(300,464)	50,370	(250,094)
<i>Net Cash from (used in) Investing Activities</i>	<u>(297,607)</u>	<u>50,980</u>	<u>(246,627)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(265,758)	(1,121)	(266,879)
Cash and Cash Equivalents Beginning of Period	518,976	132,454	651,430
Cash and Cash Equivalents End of Period	<u>\$ 253,218</u>	<u>\$ 131,333</u>	<u>\$ 384,551</u>

**City of New Baltimore
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2016**

	<u>Internal Service</u>		
	<u>Equipment</u>	<u>Department of Public Service</u>	<u>Total Internal Service Funds</u>
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities			
Operating Income (Loss)	\$ 214,319	\$ (190,218)	\$ 24,101
Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities:			
Cash from Operating Activities:			
Depreciation and Amortization	84,983	14,407	99,390
Changes in Assets and Liabilities:			
Receivables	(544)	24,570	24,026
Inventories	-	105,039	105,039
Prepaid and Other Assets	735	1,341	2,076
Accounts Payable	739	(4,527)	(3,788)
Accrued and Other Liabilities	39	513	552
<i>Net Cash Provided (Used in) by Operating Activities</i>	<u>\$ 300,271</u>	<u>\$ (48,875)</u>	<u>\$ 251,396</u>

October 21, 2016

Honorable Mayor and Members of the City Council
City of New Baltimore, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of New Baltimore, Michigan for the year ended June 30, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 25, 2016. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. As discussed in Note 1 to the Financial Statements, the City adopted Governmental Accounting Standards Board Statement No. 72. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

- Management's estimate of the useful lives of depreciable capital assets is based on the length of time it is believed that those assets will provide some economic benefit in the future.
- Management's estimate of the accrued compensated absences is based on current hourly rates and policies regarding payment of sick and vacation banks.
- The assumptions used in the actuarial valuations of the pension and other post-employment benefit plans are based on historical trends and industry standards.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 21, 2016.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

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

Other Matters

We applied certain limited procedures to management's discussion and analysis, the pension and OPEB schedules, and the budgetary comparison schedules, which are required supplementary

information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

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

Communication Regarding Internal Control

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

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

Restriction on Use

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

Gabridge & Company

Gabridge & Company, PLC
Grand Rapids, MI