

# MANISTEE CITY COUNCIL

## MEETING AGENDA

TUESDAY, DECEMBER 4, 2018 – 7:00 P.M. – COUNCIL CHAMBERS

**I. Call to Order.**

- a.) PLEDGE OF ALLEGIANCE.
- b.) ROLL CALL.

**II. Public Hearings.**

**III. Citizen Comments on Agenda Related Items.**

**IV. Consent Agenda.** All agenda items marked with an asterisk (\*) are on the consent agenda and considered by the City Manager to be routine matters. Prior to approval of the Consent Agenda, any member of Council may have an item from the Consent Agenda removed and taken up during the regular portion of the meeting. Consent agenda items include:

- V. Approval of Minutes.
- VI. a.) Cash Balances.  
b.) Revenue & Expenses.
- IX. b.) Notification Regarding Next Work Session.

At this time Council could take action to approve the Consent Agenda as presented.

**\*V. Approval of Minutes.** Approval of the minutes of the November 20, 2018 regular meeting and the November 27, 2018 work session as attached.

**VI. Financial Report.**

- \*a.) CASH BALANCES.
- \*b.) REVENUE & EXPENSES.

**VII. Unfinished Business.**

**VIII. New Business.**

a.) CONSIDERATION OF THE ANNUAL AUDIT COMMITTEE REPORT.

The Council Audit Committee is established by Section 23 of the City Council Guidelines. This section spells out the duties and responsibilities of the committee. As part of its responsibilities the Audit Committee prepares a written report on how the committee discharged its duties and responsibilities.

At this time Council could take action to accept the annual report of the Council Audit Committee.

b.) PRESENTATION BY KEN TALSMA OF ANDERSON TACKMAN ON THE JUNE 30, 2018 AUDIT.

c.) CONSIDERATION OF AN AGREEMENT WITH ANDERSON TACKMAN & COMPANY, PLC FOR CITY AND DDA AUDITING SERVICES.

The City's contract with Anderson Tackman & Company, PLC for the City and DDA audits is expiring. The City issued a Request for Proposals for auditing services; six firms responded. The Council Audit Committee met on November 13 to review the bids. Anderson Tackman & Company, PLC was the low responsible bidder and is recommended by the committee. They bid a total of \$47,500 for five years of conducting the base audit, \$7,500 for five years of conducting the DDA audit, and \$2,500 per year to conduct a single audit, if needed. The City Attorney has prepared a contract for these services.

At this time Council could take action to enter into a five-year agreement, with optional three-year extension, with Anderson Tackman & Company, PLC to conduct the City and DDA audit.

d.) CONSIDERATION OF A REGIONAL FIRE AUTHORITY COMPRISED OF CITY OF MANISTEE, MANISTEE TOWNSHIP AND THE CHARTER TOWNSHIP OF FILER.

The Supervisors of Manistee and Filer Townships and their respective fire chiefs are interested in exploring the concept of a regional fire authority with the City of Manistee. It is believed that a regional fire authority could resolve some identified constraints common to all as it relates to providing fire and emergency medical services and merits discussion with the governing bodies of the City of Manistee, Manistee Township and the Charter Township of Filer.

At this time Council could take action to hold a joint meeting with the Manistee and Filer Township Boards to discuss the concept of a regional fire authority.

e.) **CONSIDERATION OF ISSUING A REQUEST FOR PROPOSALS FOR BUILDING PLAN REVIEW AND INSPECTION SERVICES.**

The City currently uses the State of Michigan to perform building plan review and inspection services. This arrangement is cost effective to the City with no direct costs; however, some operational issues exist. It is thought that engaging a private sector contractor to perform those services will still remain cost neutral to the City and resolve our operational issues.

At this time Council could take action to authorize the City Manager to issue a Request for Proposals for building plan review and inspection services.

f.) **CONSIDERATION OF COMMITTEE APPOINTMENTS.**

At this time the Mayor could take action to make various Council Committee appointments.

At this time the City Manager could take action to make appointments to the Council Personnel Committee.

**IX. Notices, Communications, Announcements.**

a.) **A REPORT FROM THE CITY CLERK.**

A regular part of each Council meeting is a report from a cooperating agency, organization or department.

At this time Ms. Heather Pefley will report on the activities of the City Clerk's Office and respond to any questions the Council may have regarding their activities.

No action is required on this item.

\*b.) **NOTIFICATION REGARDING NEXT WORK SESSION.**

A Council work session has been scheduled for Tuesday, December 11, 2018 at 7:00 p.m. A discussion will be conducted on the proposed Hollander Development/PILOT and the annual RRC process to identify and prioritize redevelopment sites; and such business as may come before Council.

No action is required on this item.

**X. Concerns and Comments.**

- a.) CITIZEN COMMENT. This is an opportunity for citizens to comment on municipal services, activities or areas of City involvement. Citizens in attendance shall be recognized by the Mayor for comments (limited to five minutes). Letters submitted to Council will not be publicly read.
- b.) OFFICIALS AND STAFF.
- c.) COUNCILMEMBERS.

**XI. Adjourn.**

TNT:cl

**COUNCIL AGENDA ATTACHMENTS:**

- 1. Council Meeting Minutes – November 20, 2018
- 2. Council Work Session Minutes – November 27, 2018
- 3. Cash Balances Report
- 4. Revenue and Expense Report
- 5. Audit Committee Report
- 6. Audit June 30, 2018
- 7. Audit Graphs
- 8. Auditor RFP and Contract
- 9. Regional Fire Authority Concept
- 10. Building Plan Review and Inspection RFP
- 11. Appointment of Council Committees

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## PROCEEDINGS OF THE MANISTEE CITY COUNCIL -NOVEMBER 20, 2018

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A regular meeting of the Manistee City Council was called to order by his honor, Mayor Roger Zielinski on Tuesday, November 20, 2018 at 7:00 p.m. in the City Hall Council Chambers, 70 Maple Street, followed by the Pledge of Allegiance.

**PRESENT:** Dale Cooper, Lynda Beaton, Roger Zielinski, Robert Goodspeed, Michael Szymanski, James Grabowski, and Erin Pontiac.

**ALSO PRESENT:** City Manager – Thad Taylor, City Attorney – George Saylor, Deputy City Clerk – Lora Laurain, DPW Director – Jeff Mikula and City Engineer – Shawn Middleton

### **CITIZEN COMMENTS ON AGENDA RELATED ITEMS.**

None.

### **CONSENT AGENDA.**

- Minutes - November 7, 2018 - Regular Meeting  
November 13, 2018 - Organizational Meeting
- Financial Reports
  - October 2018 Payroll
  - Invoices
- Notification Regarding Next Work Session – November 27, 2018  
A discussion will be conducted on dogs in city parks; and such business as may come before Council.

Councilmember Beaton requested to remove the Notification Regarding Next Work Session from the Consent Agenda and it be addressed in IX (b) Notices, Communications, Announcements.

With a roll call vote this motion passed unanimously.

**AYES:** Cooper, Beaton, Zielinski, Goodspeed, Szymanski, Grabowski, and Pontiac

**NAYS:** None

### **CONSIDERATION OF ESTABLISHING 2019 POVERTY EXEMPTION GUIDELINES AND NEW FEDERAL INCOME GUIDELINES AS APPROVED BY THE STATE TAX COMMISSION.**

The adoption of a resolution establishing poverty exemption guidelines for exemption from property tax contributions is required in order for the Board of Review to grant poverty exemptions. The homestead of persons who the Board of Review determines by reason of poverty to be unable to contribute to the public charge, is eligible for exemption in whole or in part from taxation under Public Act 390, 1994 (MCL211.7u). The State Tax Commission requires that the City of Manistee adopt this resolution every year and approve the income guidelines adopted by the State Tax Commission. The resolution states we use the Federal Income guidelines and is

substantially the same as last year's resolution.

MOTION by Szymanski, second by Pontiac to adopt a resolution establishing 2019 Poverty Exemption Guidelines.

With a roll call vote this motion passed unanimously.

AYES: Cooper, Beaton, Zielinski, Goodspeed, Szymanski, Grabowski, and Pontiac  
NAYS: None

**CONSIDERATION OF ESTABLISHING AN ALTERNATE STARTING DATE FOR THE 2019 MARCH BOARD OF REVIEW.**

The City Assessor is requesting Council consideration of a resolution establishing an alternate date for the first session of the 2019 March Board of Review. Last year we held the Board of Review on Monday and the following Thursday. The Assessor proposes to hold the first public meeting of the March 2019 Board of Review on Wednesday, March 13 and Thursday, March 14. This is allowed under Public Act 194 of 2003 under Michigan Compiled Law 211.30.

MOTION by Beaton, second by Pontiac to approve a resolution establishing an alternate 2019 March Board of Review first public meeting.

With a roll call vote this motion passed unanimously.

AYES: Cooper, Beaton, Zielinski, Goodspeed, Szymanski, Grabowski, and Pontiac  
NAYS: None

**A REPORT FROM THE HARBOR COMMISSION.**

Mr. Ty Cook reported on the activities of the Harbor Commission and responded to any questions the Council had regarding their activities.

**NOTIFICATION REGARDING NEXT WORK SESSION.**

A Council work session has been scheduled for Tuesday, November 27, 2018 at 7:00 p.m. A discussion will be conducted on dogs in city parks, recreational marihuana; and such business as may come before Council.

MOTION by Beaton, second by Pontiac to add discussion on DDA and blight at the work session scheduled for Tuesday, November 27, 2018 at 7:00 p.m.

With a roll call vote this motion passed unanimously.

AYES: Cooper, Beaton, Zielinski, Goodspeed, Szymanski, Grabowski, and Pontiac  
NAYS: None

**CITIZEN COMMENT.**

None.

**OFFICIALS AND STAFF.**

None.

**COUNCILMEMBERS.**

Szymanski wished everyone a happy Thanksgiving.

Grabowski is pleased that a house was taken down.

Zielinski wished everyone a safe and happy Thanksgiving.

**ADJOURN.**

MOTION to adjourn was made by Goodspeed, second by Beaton. Meeting adjourned at 7:29 p.m.

Lora Y Laurain  
Deputy City Clerk

DRAFT

**MANISTEE CITY COUNCIL  
WORK SESSION  
MINUTES OF November 27, 2018**

The Manistee City Council met in a work session on Tuesday, November 27, 2018 at 7:00 p.m., Council Chambers, City Hall, 70 Maple Street, Manistee, Michigan 49660.

**MEMBERS PRESENT:** Dale Cooper, Lynda Beaton, Roger Zielinski, Robert Goodspeed, Michael Szymanski, James Grabowski, and Erin Pontiac

**ALSO PRESENT:** City Manager – Thad Taylor, Finance Director – Edward Bradford, DPW Director – Jeff Mikula, Public Safety Director – Tim Kozal, City Engineer – Shawn Middleton, Deputy Clerk – Lora Laurain, Public and Media

Motion by Goodspeed, second by Beaton to amend the agenda to add a closed session under Section 8(c) of the Open Meetings Act.

With a roll call vote this motion passed unanimously.

AYES: Cooper, Beaton, Zielinski, Goodspeed, Szymanski, Grabowski and Pontiac

NAYS: None

***Public Comments.***

Maralee Cook, 373-2<sup>nd</sup> Street – presented information on the use of recreational marihuana.

***Discussion on Dogs in City Parks.*** Zielinski led the discussion on dogs in City parks. Discussed current ordinances, enforcement and possible new regulations and costs. Consideration should be given to specific areas such as Marina and Riverwalk, posting of fines as a deterrent, leash length and what other cities' ordinance language includes.

CONSENSUS: Staff to research Ludington and Frankfort dog ordinance language and send this issue to the Ordinance Committee.

***Discussion on Recreational Marihuana.*** City Manager Thad Taylor presented information on recreational marihuana and the recent election. City of Manistee voters mirrored State of Michigan voting results in passing the recent marihuana proposal. Discussion included rules for usage, commercial aspects and communities' ability to opt out of the commercialization.

CONSENSUS: Staff to prepare language for a six month moratorium on recreational marihuana in the City of Manistee to be presented as an agenda item at a future Council meeting.

**Discussion on Blight in the DDA District.** Beaton led discussion regarding blight located in the DDA District which included 347-349 River Street and how it affects the image of the City. In September the Historic District Commission issued a six month permit to the owners with the stipulation that significant progress be made.

CONSENSUS: Zielinski will present this discussion to the DDA and ask how this issue is being addressed.

**Staff.**

Mikula reported that a section of the Riverwalk from Cherry Street to Cedar Street has been damaged by weather and is closed off for repairs.

**Consideration of a closed session, union contract negotiations.**

City Manager Thad Taylor has requested a Closed Session as permitted by the Michigan Open Meetings Act, Section 8 (c) to discuss contract negotiations with the Police Officers Association of Michigan and the Command Officers Association of Michigan.

Motion by Grabowski, second by Szymanski to proceed to Closed Session under Section 8 (c) of the Michigan Open Meetings Act. Time: 7:54 pm.

With a roll call vote this motion passed unanimously.

AYES: Cooper, Beaton, Zielinski, Goodspeed, Szymanski, Grabowski and Pontiac

NAYS: None

Motion by Goodspeed, second by Szymanski to return to Regular Work Session. Time: 8:10 pm.

With a roll call vote this motion passed unanimously.

AYES: Cooper, Beaton, Zielinski, Goodspeed, Szymanski, Grabowski and Pontiac

NAYS: None

Motion to adjourn was made by Goodspeed. Meeting adjourned at 8:11 pm.

Lora Y Laurain  
City Deputy Clerk

CASH SUMMARY BY ACCOUNT FOR MANISTEE CITY  
 FROM 10/01/2018 TO 10/31/2018

FUND: 101 202 203 204 226 245 272 275 430 496 501 592 594 661 703 705  
 CASH AND INVESTMENT ACCOUNTS

Fund Account	Description	Beginning Balance 10/01/2018	Total Debits	Total Credits	Ending Balance 10/31/2018
Fund 101	GENERAL FUND				
001.000	CASH - CHECKING	2,353,441.75	463,502.38	1,997,006.79	819,937.34
001.001	CASH - RESTRICTED	27,102.00	0.00	0.00	27,102.00
001.002	CASH - ESCROW	68,747.70	0.00	296.34	68,451.36
003.000	CASH - CERTIFICATES OF DEPOSI	0.00	200,000.00	0.00	200,000.00
004.000	CASH - PETTY	709.52	97.26	3.44	803.34
017.000	CASH - MI CLASS	373,878.94	1,301,532.71	0.00	1,675,411.65
	GENERAL FUND	<u>2,823,879.91</u>	<u>1,965,132.35</u>	<u>1,997,306.57</u>	<u>2,791,705.69</u>
Fund 202	MAJOR STREET FUND				
001.000	CASH - CHECKING	355,069.23	213,776.15	454,124.42	114,720.96
017.000	CASH - MI CLASS	154,971.23	400,548.14	0.00	555,519.37
	MAJOR STREET FUND	<u>510,040.46</u>	<u>614,324.29</u>	<u>454,124.42</u>	<u>670,240.33</u>
Fund 203	LOCAL STREET FUND				
001.000	CASH - CHECKING	108,750.66	120,128.79	167,932.13	60,947.32
017.000	CASH - MI CLASS	0.00	150,031.39	100,000.00	50,031.39
	LOCAL STREET FUND	<u>108,750.66</u>	<u>270,160.18</u>	<u>267,932.13</u>	<u>110,978.71</u>
Fund 204	MUNICIPAL STREET FUND				
001.000	CASH - CHECKING	50,371.82	0.00	0.00	50,371.82
Fund 226	CITY REFUSE FUND				
001.000	CASH - CHECKING	164,053.93	242,855.80	357,756.36	49,153.37
017.000	CASH - MI CLASS	0.00	300,062.77	200,000.00	100,062.77
	CITY REFUSE FUND	<u>164,053.93</u>	<u>542,918.57</u>	<u>557,756.36</u>	<u>149,216.14</u>
Fund 245	OIL & GAS FUND				
001.000	CASH - CHECKING	104,310.72	52,255.65	0.00	156,566.37
001.020	CASH - MONEY MARKET	383,313.02	146,182.33	0.00	529,495.35
	OIL & GAS FUND	<u>487,623.74</u>	<u>198,437.98</u>	<u>0.00</u>	<u>686,061.72</u>
Fund 272	PEG COMMISSION				
001.000	CASH - CHECKING	9,164.11	950.00	0.00	10,114.11
Fund 275	GRANT MANAGEMENT FUND				
001.000	CASH - CHECKING	19,021.00	0.00	12,541.00	6,480.00
Fund 430	CAPITAL IMPROVEMENT FUND				
001.000	CASH - CHECKING	183,413.72	0.00	0.00	183,413.72
Fund 496	RENAISSANCE PARK				
001.000	CASH - CHECKING	57.27	0.00	0.00	57.27
Fund 501	BOAT LAUNCH FUND				
001.000	CASH - CHECKING	40,683.39	2,826.62	15,590.08	27,919.93
004.000	CASH - PETTY	1,000.00	32.00	1,032.00	0.00
	BOAT LAUNCH FUND	<u>41,683.39</u>	<u>2,858.62</u>	<u>16,622.08</u>	<u>27,919.93</u>
Fund 592	WATER & SEWER UTILITY				
001.000	CASH - CHECKING	273,223.89	1,857,398.89	1,372,819.85	757,802.93
001.002	CASH - ESCROW	53,900.00	1,800.00	2,100.00	53,600.00
017.000	CASH - MI CLASS	550,202.85	1,054.75	0.00	551,257.60
017.001	CASH - MI CLASS 2015 W&S RVBD	27,655.40	27,712.88	55,368.28	0.00
017.002	CLASS 2017 WATER & SEWER REVENUE	1,301,914.96	603,383.39	1,202,755.62	702,542.73
017.004	WATER AND SEWER RESTRICTED MI CLASS	433,904.52	831.78	0.00	434,736.30

CASH SUMMARY BY ACCOUNT FOR MANISTEE CITY

FROM 10/01/2018 TO 10/31/2018

FUND: 101 202 203 204 226 245 272 275 430 496 501 592 594 661 703 705

CASH AND INVESTMENT ACCOUNTS

Fund Account	Description	Beginning Balance 10/01/2018	Total Debits	Total Credits	Ending Balance 10/31/2018
	WATER & SEWER UTILITY	2,640,801.62	2,492,181.69	2,633,043.75	2,499,939.56
Fund 594	MARINA FUND				
001.000	CASH - CHECKING	104,382.07	6,424.21	48,581.71	62,224.57
001.002	CASH - ESCROW	700.00	181.06	81.06	800.00
	MARINA FUND	105,082.07	6,605.27	48,662.77	63,024.57
Fund 661	MOTOR POOL FUND				
001.000	CASH - CHECKING	128,640.34	529,988.59	618,666.30	39,962.63
017.000	CASH - MI CLASS	359,585.10	689.30	0.00	360,274.40
	MOTOR POOL FUND	488,225.44	530,677.89	618,666.30	400,237.03
Fund 703	CURRENT TAX COLLECTION				
001.000	CASH - CHECKING	41,385.06	79,107.90	57,374.06	63,118.90
Fund 705	DELINQUENT TAX COLLECTION				
001.000	CASH - CHECKING	810.01	0.00	0.00	810.01
	TOTAL - ALL FUNDS	7,674,364.21	6,703,354.74	6,664,029.44	7,713,689.51

User: ebradford

PERIOD ENDING 10/31/2018

DB: Manistee

\*NOTE: Available Balance / Pct Budget Used does not reflect amounts encumbered.

GL NUMBER	DESCRIPTION	2018-19	YTD BALANCE	ACTIVITY FOR	AVAILABLE	% BDGT USED
		AMENDED BUDGET	10/31/2018 (NORMAL (ABNORMAL))	MONTH 10/31/2018 (INCREASE (DECREASE))	BALANCE (NORMAL (ABNORMAL))	
Fund 101 - GENERAL FUND						
Revenues						
Dept 000						
101-000-402.000	TAXES - REAL/PERSONAL PROPERT	2,976,032.00	2,957,170.80	0.00	18,861.20	99.37
101-000-411.000	TAXES - DELINQ REAL PROPERTY	178,302.00	0.00	0.00	178,302.00	0.00
101-000-412.000	TAXES - DELINQ PERSONAL PROP	3,375.00	0.00	0.00	3,375.00	0.00
101-000-432.000	TAXES - PAYMENT IN LIEU OF	176,517.00	123,128.40	22,000.00	53,388.60	69.75
101-000-445.000	TAXES - PENALTIES & INTEREST	17,365.00	0.00	0.00	17,365.00	0.00
101-000-447.000	TAXES - ADMINISTRATION FEE	86,749.00	0.00	0.00	86,749.00	0.00
101-000-476.000	PERMIT - BUSINESS REGISTRATIO	27,000.00	375.00	150.00	26,625.00	1.39
101-000-477.000	PERMIT - FRANCHISE FEES	122,000.00	0.00	0.00	122,000.00	0.00
101-000-490.000	PERMIT - NON-BUSINESS	8,500.00	2,030.00	105.00	6,470.00	23.88
101-000-543.000	STATE GRANT - PUBLIC SAFETY (SSCENT)	8,600.00	1,758.61	0.00	6,841.39	20.45
101-000-543.001	STATE GRANT - UNDERAGE DRINKING	3,000.00	0.00	0.00	3,000.00	0.00
101-000-543.002	STATE GRANT - CRIMINAL JUSTIC	2,500.00	1,115.28	1,115.28	1,384.72	44.61
101-000-573.000	STATE GRANT - LOCAL COMM STAB	175,000.00	113,201.97	113,201.97	61,798.03	64.69
101-000-574.000	STATE GRANT - REVENUE SHARING	525,969.00	96,929.00	95,859.00	429,040.00	18.43
101-000-574.001	STATE GRANT - CVTRS	165,337.00	26,711.00	27,556.00	138,626.00	16.16
101-000-576.000	ELECTIONS	2,000.00	0.00	0.00	2,000.00	0.00
101-000-577.000	STATE GRANT - LIQUOR LICENSE	8,500.00	7,651.60	7,651.60	848.40	90.02
101-000-626.000	CHARGE FOR SERVICE	60,000.00	2,385.31	636.18	57,614.69	3.98
101-000-628.000	CHARGE FOR SERVICE - BOAT LAU	2,600.00	2,600.00	0.00	0.00	100.00
101-000-630.000	CHARGE FOR SERVICE - LOCAL ST	135,000.00	44,999.99	11,249.99	90,000.01	33.33
101-000-631.000	CHARGE FOR SERVICE - MAJOR ST	326,000.00	108,666.64	27,166.66	217,333.36	33.33
101-000-632.000	CHARGE FOR SERVICE - MARINA	11,853.00	5,926.50	0.00	5,926.50	50.00
101-000-634.000	CHARGE FOR SERVICE - REFUSE	141,192.00	48,135.91	15,799.58	93,056.09	34.09
101-000-635.000	CHARGE FOR SERVICE - W&S	371,843.00	123,587.34	30,986.92	248,255.66	33.24
101-000-636.000	CHARGE FOR SERVICE - TRANSPOR	300,000.00	88,824.23	24,581.61	211,175.77	29.61
101-000-637.000	UTILITY OWNERSHIP FEE	194,122.00	65,177.16	16,176.83	128,944.84	33.58
101-000-642.000	SALES	8,000.00	6,000.47	1,204.72	1,999.53	75.01
101-000-655.000	FINES & FORFEITS	25,000.00	7,426.07	2,881.96	17,573.93	29.70
101-000-665.000	INVESTMENT - INTEREST	20,000.00	6,387.66	2,578.00	13,612.34	31.94
101-000-667.000	RENTAL INCOME	6,850.00	650.00	0.00	6,200.00	9.49
101-000-667.030	RIVERFRONT LEASE INCOME	24,203.00	0.00	0.00	24,203.00	0.00
101-000-672.000	OTHER REVENUE	500.00	2,539.89	685.91	(2,039.89)	507.98
101-000-674.000	CONTRIBUTIONS / DONATIONS	2,000.00	50.00	0.00	1,950.00	2.50
101-000-676.000	REIMBURSEMENT	145,500.00	141,045.63	0.00	4,454.37	96.94
101-000-687.000	REFUNDS	17,000.00	14,923.00	70.00	2,077.00	87.78
101-000-688.000	REFUNDS - WORK/COMP PREMIUM	0.00	2,593.00	2,593.00	(2,593.00)	100.00
101-000-698.000	INSURANCE SETTLEMENT	1,000.00	3,800.81	3,335.57	(2,800.81)	380.08
Total Dept 000		6,279,409.00	4,005,791.27	407,585.78	2,273,617.73	63.79
TOTAL REVENUES		6,279,409.00	4,005,791.27	407,585.78	2,273,617.73	63.79
Expenditures						
Dept 101 - LEGISLATIVE						
101-101-702.000	WAGES - FULL TIME	27,052.00	9,017.40	2,254.35	18,034.60	33.33
101-101-709.000	COSTS - SOCIAL SECURITY	1,677.00	559.10	139.75	1,117.90	33.34
101-101-711.000	COSTS - MEDICARE	392.00	130.77	32.70	261.23	33.36
101-101-726.000	COSTS - WORKERS COMPENSATION	87.00	19.84	4.96	67.16	22.80
101-101-752.000	SUPPLIES - OPERATING	2,250.00	243.40	200.00	2,006.60	10.82
101-101-913.000	TRAVEL & TRAINING	3,400.00	2,201.08	1,055.64	1,198.92	64.74
101-101-915.000	MEMBERSHIPS & DUES	5,350.00	4,617.00	0.00	733.00	86.30

PERIOD ENDING 10/31/2018

\*NOTE: Available Balance / Pct Budget Used does not reflect amounts encumbered.

GL NUMBER	DESCRIPTION	2018-19	YTD BALANCE	ACTIVITY FOR	AVAILABLE	% BGDG USED
		AMENDED BUDGET	10/31/2018 (NORMAL (ABNORMAL))	MONTH 10/31/2018 INCREASE (DECREASE)	BALANCE NORMAL (ABNORMAL)	
Fund 101 - GENERAL FUND						
Expenditures						
Total Dept 101 - LEGISLATIVE		40,208.00	16,788.59	3,687.40	23,419.41	41.75
Dept 172 - MANAGER						
101-172-702.000	WAGES - FULL TIME	159,049.00	47,008.32	11,852.08	112,040.68	29.56
101-172-708.000	COSTS - SUTA	618.00	0.00	0.00	618.00	0.00
101-172-709.000	COSTS - SOCIAL SECURITY	10,433.00	3,396.02	758.81	7,036.98	32.55
101-172-711.000	COSTS - MEDICARE	2,439.00	794.24	177.47	1,644.76	32.56
101-172-712.000	COSTS - IN LIEU OF BC/BS	3,912.00	1,344.16	336.04	2,567.84	34.36
101-172-717.000	COSTS - MERS CONTRIBUTION	22,060.00	7,614.30	1,699.36	14,445.70	34.52
101-172-718.000	COSTS - BLUE CROSS INSURANCE	10,358.00	3,310.26	878.50	7,047.74	31.96
101-172-718.001	COSTS - HSA CONTRIBUTION	3,000.00	3,000.00	0.00	0.00	100.00
101-172-718.002	COSTS - DENTAL INSURANCE	1,292.00	432.44	107.66	859.56	33.47
101-172-718.003	COSTS - VISION / ANCILLIARY	233.00	77.52	19.38	155.48	33.27
101-172-724.000	COSTS - VEHICLE ALLOWANCE	4,800.00	1,600.00	400.00	3,200.00	33.33
101-172-725.000	COSTS - LIFE INSURANCE	449.00	172.80	43.20	276.20	38.49
101-172-726.000	COSTS - WORKERS COMPENSATION	716.00	220.67	49.07	495.33	30.82
101-172-752.000	SUPPLIES - OPERATING	2,000.00	393.13	315.72	1,606.87	19.66
101-172-791.000	SUBSCRIPTIONS & PUBLICATIONS	175.00	0.00	0.00	175.00	0.00
101-172-801.000	PROFESSIONAL & CONSULTING SER	500.00	0.00	0.00	500.00	0.00
101-172-913.000	TRAVEL & TRAINING	2,250.00	1,363.01	733.19	886.99	60.58
101-172-915.000	MEMBERSHIPS & DUES	420.00	160.00	0.00	260.00	38.10
101-172-933.000	SOFTWARE AGREE / COPIER MAINT	1,300.00	242.17	76.38	1,057.83	18.63
101-172-983.000	LEASE PURCHASE	2,000.00	661.04	165.26	1,338.96	33.05
Total Dept 172 - MANAGER		228,004.00	71,790.08	17,612.12	156,213.92	31.49
Dept 215 - CLERK						
101-215-702.000	WAGES - FULL TIME	104,359.00	32,110.45	8,027.62	72,248.55	30.77
101-215-708.000	COSTS - SUTA	618.00	0.00	0.00	618.00	0.00
101-215-709.000	COSTS - SOCIAL SECURITY	6,799.00	2,272.60	511.35	4,526.40	33.43
101-215-711.000	COSTS - MEDICARE	1,589.00	531.50	119.59	1,057.50	33.45
101-215-712.000	COSTS - IN LIEU OF BC/BS	4,800.00	1,600.00	400.00	3,200.00	33.33
101-215-717.000	COSTS - MERS CONTRIBUTION	14,474.00	4,983.21	1,113.42	9,490.79	34.43
101-215-718.000	COSTS - BLUE CROSS INSURANCE	0.00	1,106.87	0.00	(1,106.87)	100.00
101-215-718.002	COSTS - DENTAL INSURANCE	0.00	67.28	0.00	(67.28)	100.00
101-215-718.003	COSTS - VISION / ANCILLIARY	0.00	17.38	0.00	(17.38)	100.00
101-215-723.000	COSTS - RETIREE HEALTH CARE	3,000.00	1,000.00	250.00	2,000.00	33.33
101-215-725.000	COSTS - LIFE INSURANCE	294.00	113.68	28.42	180.32	38.67
101-215-726.000	COSTS - WORKERS COMPENSATION	470.00	148.77	33.24	321.23	31.65
101-215-752.000	SUPPLIES - OPERATING	3,150.00	1,130.76	570.87	2,019.24	35.90
101-215-791.000	SUBSCRIPTIONS & PUBLICATIONS	170.00	0.00	0.00	170.00	0.00
101-215-900.000	PRINTING & PUBLISHING	5,000.00	961.89	0.00	4,038.11	19.24
101-215-913.000	TRAVEL & TRAINING	4,525.00	631.83	311.83	3,893.17	13.96
101-215-915.000	MEMBERSHIPS & DUES	580.00	220.00	120.00	360.00	37.93
101-215-931.000	REPAIRS/MAINT - EQUIPMENT	500.00	0.00	0.00	500.00	0.00
101-215-933.000	SOFTWARE AGREE / COPIER MAINT	9,420.00	7,651.79	94.68	1,768.21	81.23
101-215-983.000	LEASE PURCHASE	3,000.00	745.56	0.00	2,254.44	24.85
Total Dept 215 - CLERK		162,748.00	55,293.57	11,581.02	107,454.43	33.97

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\*NOTE: Available Balance / Pct Budget Used does not reflect amounts encumbered.

GL NUMBER	DESCRIPTION	2018-19	YTD BALANCE	ACTIVITY FOR	AVAILABLE	% BDGT USED
		AMENDED BUDGET	10/31/2018 (NORMAL (ABNORMAL))	MONTH 10/31/2018 (INCREASE (DECREASE))	BALANCE (NORMAL (ABNORMAL))	
Fund 101 - GENERAL FUND						
Expenditures						
Dept 247 - BOARD OF REVIEW						
101-247-704.000	WAGES - PART-TIME	750.00	160.00	0.00	590.00	21.33
101-247-709.000	COSTS - SOCIAL SECURITY	75.00	9.92	0.00	65.08	13.23
101-247-711.000	COSTS - MEDICARE	20.00	2.32	0.00	17.68	11.60
101-247-726.000	COSTS - WORKERS COMPENSATION	5.00	0.67	0.00	4.33	13.40
101-247-900.000	PRINTING & PUBLISHING	500.00	30.63	0.00	469.37	6.13
101-247-913.000	TRAVEL & TRAINING	500.00	0.00	0.00	500.00	0.00
Total Dept 247 - BOARD OF REVIEW		1,850.00	203.54	0.00	1,646.46	11.00
Dept 253 - FINANCE / TREASURER						
101-253-702.000	WAGES - FULL TIME	202,327.00	62,254.48	15,563.62	140,072.52	30.77
101-253-708.000	COSTS - SUTA	927.00	0.00	0.00	927.00	0.00
101-253-709.000	COSTS - SOCIAL SECURITY	12,941.00	4,241.82	947.04	8,699.18	32.78
101-253-711.000	COSTS - MEDICARE	3,026.00	992.05	221.49	2,033.95	32.78
101-253-712.000	COSTS - IN LIEU OF BC/BS	4,800.00	1,600.00	400.00	3,200.00	33.33
101-253-713.000	WAGES - OVERTIME	100.00	0.00	0.00	100.00	0.00
101-253-717.000	COSTS - MERS CONTRIBUTION	28,077.00	9,662.61	2,158.68	18,414.39	34.41
101-253-718.000	COSTS - BLUE CROSS INSURANCE	26,093.00	8,345.62	2,213.74	17,747.38	31.98
101-253-718.001	COSTS - HSA CONTRIBUTION	6,000.00	6,000.00	0.00	0.00	100.00
101-253-718.002	COSTS - DENTAL INSURANCE	1,615.00	540.40	134.56	1,074.60	33.46
101-253-718.003	COSTS - VISION / ANCILLIARY	418.00	139.04	34.76	278.96	33.26
101-253-723.000	COSTS - RETIREE HEALTH CARE	0.00	661.72	0.00	(661.72)	100.00
101-253-725.000	COSTS - LIFE INSURANCE	474.00	182.96	45.74	291.04	38.60
101-253-726.000	COSTS - WORKERS COMPENSATION	912.00	288.45	64.44	623.55	31.63
101-253-752.000	SUPPLIES - OPERATING	5,000.00	1,498.00	593.29	3,502.00	29.96
101-253-791.000	SUBSCRIPTIONS & PUBLICATIONS	870.00	0.00	0.00	870.00	0.00
101-253-801.000	PROFESSIONAL & CONSULTING SER	28,750.00	10,135.52	0.00	18,614.48	35.25
101-253-900.000	PRINTING & PUBLISHING	1,000.00	0.00	0.00	1,000.00	0.00
101-253-913.000	TRAVEL & TRAINING	4,280.00	5,347.26	1,681.38	(1,067.26)	124.94
101-253-915.000	MEMBERSHIPS & DUES	940.00	320.00	50.00	620.00	34.04
101-253-931.000	REPAIRS/MAINT - EQUIPMENT	500.00	0.00	0.00	500.00	0.00
101-253-933.000	SOFTWARE AGREE / COPIER MAINT	10,670.00	1,660.18	105.98	9,009.82	15.56
101-253-985.000	CAPITAL OUTLAY	1,000.00	528.08	0.00	471.92	52.81
Total Dept 253 - FINANCE / TREASURER		340,720.00	114,398.19	24,214.72	226,321.81	33.58
Dept 257 - ASSESSOR						
101-257-723.000	COSTS - RETIREE HEALTH CARE	3,000.00	1,184.11	232.00	1,815.89	39.47
101-257-752.000	SUPPLIES - OPERATING	400.00	0.00	0.00	400.00	0.00
101-257-801.000	PROFESSIONAL & CONSULTING SER	81,348.00	26,116.00	6,529.00	55,232.00	32.10
101-257-933.000	SOFTWARE AGREE / COPIER MAINT	2,650.00	1,851.75	(100.92)	798.25	69.88
101-257-985.000	CAPITAL OUTLAY	1,000.00	0.00	0.00	1,000.00	0.00
Total Dept 257 - ASSESSOR		88,398.00	29,151.86	6,660.08	59,246.14	32.98
Dept 262 - ELECTIONS						
101-262-704.000	WAGES - PART-TIME	8,650.00	2,841.25	0.00	5,808.75	32.85
101-262-709.000	COSTS - SOCIAL SECURITY	536.00	0.00	0.00	536.00	0.00
101-262-711.000	COSTS - MEDICARE	125.00	0.00	0.00	125.00	0.00

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PERIOD ENDING 10/31/2018

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GL NUMBER	DESCRIPTION	2018-19		YTD BALANCE	ACTIVITY FOR	AVAILABLE		% BDGT USED
		AMENDED BUDGET	NORMAL	10/31/2018 (ABNORMAL)	MONTH 10/31/2018 INCREASE (DECREASE)	NORMAL	(ABNORMAL) BALANCE	
Fund 101 - GENERAL FUND								
Expenditures								
101-262-726.000	COSTS - WORKERS COMPENSATION	39.00		11.78	0.00		27.22	30.21
101-262-752.000	SUPPLIES - OPERATING	3,250.00		2,408.80	196.61		841.20	74.12
101-262-801.000	PROFESSIONAL & CONSULTING SER	2,100.00		0.00	0.00		2,100.00	0.00
101-262-900.000	PRINTING & PUBLISHING	1,700.00		0.00	0.00		1,700.00	0.00
Total Dept 262 - ELECTIONS		16,400.00		5,261.83	196.61		11,138.17	32.08
Dept 265 - CITY HALL BUILDINGS & GROUNDS								
101-265-702.000	WAGES - FULL TIME	51,306.00		16,586.45	4,196.61		34,719.55	32.33
101-265-708.000	COSTS - SUTA	309.00		0.00	0.00		309.00	0.00
101-265-709.000	COSTS - SOCIAL SECURITY	3,379.00		1,062.28	237.64		2,316.72	31.44
101-265-711.000	COSTS - MEDICARE	790.00		248.44	55.58		541.56	31.45
101-265-713.000	WAGES - OVERTIME	200.00		0.00	0.00		200.00	0.00
101-265-717.000	COSTS - MERS CONTRIBUTION	7,144.00		2,589.04	582.07		4,554.96	36.24
101-265-718.000	COSTS - BLUE CROSS INSURANCE	10,358.00		3,310.26	878.50		7,047.74	31.96
101-265-718.001	COSTS - HSA CONTRIBUTION	3,000.00		3,000.00	0.00		0.00	100.00
101-265-718.002	COSTS - DENTAL INSURANCE	646.00		216.22	53.83		429.78	33.47
101-265-718.003	COSTS - VISION / ANCILLIARY	116.00		38.76	9.69		77.24	33.41
101-265-724.000	COSTS - VEHICLE ALLOWANCE	3,000.00		0.00	0.00		3,000.00	0.00
101-265-725.000	COSTS - LIFE INSURANCE	72.00		27.72	6.93		44.28	38.50
101-265-726.000	COSTS - WORKERS COMPENSATION	2,246.00		671.69	158.30		1,574.31	29.91
101-265-752.000	SUPPLIES - OPERATING	7,000.00		2,591.79	634.63		4,408.21	37.03
101-265-801.000	PROFESSIONAL & CONSULTING SER	2,500.00		190.00	0.00		2,310.00	7.60
101-265-850.000	COMMUNICATIONS - PHONE	6,000.00		2,558.73	637.94		3,441.27	42.65
101-265-913.000	TRAVEL & TRAINING	500.00		0.00	0.00		500.00	0.00
101-265-915.000	MEMBERSHIPS & DUES	0.00		150.00	0.00		(150.00)	100.00
101-265-918.000	UTILITIES - WATER	2,400.00		1,238.49	270.21		1,161.51	51.60
101-265-920.000	UTILITIES - ELECTRIC	22,500.00		8,935.07	1,846.49		13,564.93	39.71
101-265-921.000	UTILITIES - NATURAL GAS	5,000.00		174.58	59.13		4,825.42	3.49
101-265-930.000	REPAIRS/MAINT - BUILDINGS/LAN	20,000.00		7,327.65	2,379.72		12,672.35	36.64
101-265-931.000	REPAIRS/MAINT - EQUIPMENT	1,000.00		778.00	778.00		222.00	77.80
101-265-933.000	SOFTWARE AGREE / COPIER MAINT	50.00		0.00	0.00		50.00	0.00
101-265-985.000	CAPITAL OUTLAY	1,000.00		0.00	0.00		1,000.00	0.00
Total Dept 265 - CITY HALL BUILDINGS & GROUNDS		150,516.00		51,695.17	12,785.27		98,820.83	34.35
Dept 275 - GENERAL								
101-275-752.000	SUPPLIES - OPERATING	500.00		800.00	700.00		(300.00)	160.00
101-275-801.000	PROFESSIONAL & CONSULTING SER	31,550.00		16,667.57	(955.00)		14,882.43	52.83
101-275-802.000	ATTORNEY	55,000.00		18,124.23	5,155.00		36,875.77	32.95
101-275-804.000	ATTORNEY - LABOR	15,000.00		11,248.07	534.00		3,751.93	74.99
101-275-805.000	ATTORNEY - TAX APPEALS	7,000.00		0.00	0.00		7,000.00	0.00
101-275-806.000	ATTORNEY - PROSECUTING ATTY	8,000.00		6,783.25	505.25		1,216.75	84.79
101-275-807.000	ATTORNEY - LITIGATION\PROJECTS	10,000.00		0.00	0.00		10,000.00	0.00
101-275-851.000	POSTAGE	28,000.00		8,815.60	2,196.49		19,184.40	31.48
101-275-852.000	COMMUNICATIONS - DATA\INTERNE	5,000.00		4,194.00	0.00		806.00	83.88
101-275-853.000	COMMUNICATIONS - CELL PHONES	12,000.00		3,855.27	1,172.71		8,144.73	32.13
101-275-920.001	UTILITIES - ELECTRIC STR LIGH	109,000.00		40,162.42	18,269.96		68,837.58	36.85
101-275-935.000	INSURANCE	92,000.00		83,452.66	0.00		8,547.34	90.71
101-275-940.000	RENT	1,700.00		996.79	0.00		703.21	58.63
101-275-946.000	ENGINEERING SERVICES	12,000.00		3,000.00	0.00		9,000.00	25.00

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GL NUMBER	DESCRIPTION	2018-19	YTD BALANCE	ACTIVITY FOR	AVAILABLE	% BGDG USED
		AMENDED BUDGET	10/31/2018 (NORMAL (ABNORMAL))	MONTH 10/31/2018 INCREASE (DECREASE)	BALANCE NORMAL (ABNORMAL)	
<b>Fund 101 - GENERAL FUND</b>						
<b>Expenditures</b>						
101-275-955.000	MISCELLANEOUS EXPENSE	0.00	122.70	0.00	(122.70)	100.00
101-275-959.000	BAD DEBT	500.00	0.00	0.00	500.00	0.00
101-275-960.000	BANK CHARGES	7,500.00	2,668.69	40.34	4,831.31	35.58
101-275-964.000	REFUNDS	500.00	0.00	0.00	500.00	0.00
101-275-984.000	COMPUTER HARDWARE & SOFTWARE	27,677.00	23,086.35	500.00	4,590.65	83.41
101-275-995.000	TRANSFERS OUT	75,616.00	195.95	195.95	75,420.05	0.26
<b>Total Dept 275 - GENERAL</b>		<b>498,543.00</b>	<b>224,173.55</b>	<b>28,314.70</b>	<b>274,369.45</b>	<b>44.97</b>
<b>Dept 301 - POLICE</b>						
101-301-702.000	WAGES - FULL TIME	674,421.00	194,801.60	44,647.00	479,619.40	28.88
101-301-704.000	WAGES - PART-TIME	17,225.00	5,313.25	1,325.00	11,911.75	30.85
101-301-708.000	COSTS - SUTA	4,167.00	36.37	0.00	4,130.63	0.87
101-301-709.000	COSTS - SOCIAL SECURITY	1,068.00	369.41	82.15	698.59	34.59
101-301-711.000	COSTS - MEDICARE	11,245.00	3,580.73	715.62	7,664.27	31.84
101-301-712.000	COSTS - IN LIEU OF BC/BS	16,356.00	5,532.24	1,353.30	10,823.76	33.82
101-301-713.000	WAGES - OVERTIME	32,000.00	15,984.57	4,482.08	16,015.43	49.95
101-301-713.002	WAGES - OT UNDERAGE DRINKING GRANT	3,000.00	970.22	0.00	2,029.78	32.34
101-301-715.000	WAGES - PHYSICAL FITNESS	6,500.00	0.00	0.00	6,500.00	0.00
101-301-717.000	COSTS - MERS CONTRIBUTION	147,445.00	51,241.85	12,681.81	96,203.15	34.75
101-301-718.000	COSTS - BLUE CROSS INSURANCE	97,162.00	28,853.92	7,135.43	68,308.08	29.70
101-301-718.001	COSTS - HSA CONTRIBUTION	24,000.00	24,000.00	0.00	0.00	100.00
101-301-718.002	COSTS - DENTAL INSURANCE	6,351.00	2,045.17	468.71	4,305.83	32.20
101-301-718.003	COSTS - VISION / ANCILLIARY	1,636.00	513.64	117.98	1,122.36	31.40
101-301-721.000	COSTS - UNIFORM/CLEANING ALLO	11,000.00	1,836.96	166.46	9,163.04	16.70
101-301-723.000	COSTS - RETIREE HEALTH CARE	6,000.00	2,000.00	500.00	4,000.00	33.33
101-301-725.000	COSTS - LIFE INSURANCE	1,878.00	707.43	167.02	1,170.57	37.67
101-301-726.000	COSTS - WORKERS COMPENSATION	20,334.00	6,324.63	1,257.78	14,009.37	31.10
101-301-727.000	WAGES - HOL/VAC/SICK SELLBACK	25,000.00	6,478.99	0.00	18,521.01	25.92
101-301-752.000	SUPPLIES - OPERATING	11,940.00	3,125.31	968.07	8,814.69	26.18
101-301-770.000	VEHICLE GAS / DIESEL	16,800.00	5,979.42	1,410.64	10,820.58	35.59
101-301-791.000	SUBSCRIPTIONS & PUBLICATIONS	100.00	0.00	0.00	100.00	0.00
101-301-801.000	PROFESSIONAL & CONSULTING SER	1,250.00	156.00	0.00	1,094.00	12.48
101-301-873.000	EDUCATION/TUITION REIMBURSE.	5,000.00	0.00	0.00	5,000.00	0.00
101-301-900.000	PRINTING & PUBLISHING	1,000.00	58.02	0.00	941.98	5.80
101-301-913.000	TRAVEL & TRAINING	11,500.00	1,329.90	762.71	10,170.10	11.56
101-301-915.000	MEMBERSHIPS & DUES	400.00	0.00	0.00	400.00	0.00
101-301-931.000	REPAIRS/MAINT - EQUIPMENT	4,000.00	0.00	0.00	4,000.00	0.00
101-301-932.000	REPAIRS/MAINT - VEHICLES	9,000.00	672.72	301.44	8,327.28	7.47
101-301-933.000	SOFTWARE AGREE / COPIER MAINT	5,550.00	2,350.55	27.63	3,199.45	42.35
101-301-957.000	MOTOR POOL	32,409.00	10,803.00	2,700.75	21,606.00	33.33
101-301-983.000	LEASE PURCHASE	1,420.00	353.94	0.00	1,066.06	24.93
101-301-985.000	CAPITAL OUTLAY	24,000.00	10,921.15	10,021.63	13,078.85	45.50
<b>Total Dept 301 - POLICE</b>		<b>1,231,157.00</b>	<b>386,340.99</b>	<b>91,293.21</b>	<b>844,816.01</b>	<b>31.38</b>
<b>Dept 336 - FIRE</b>						
101-336-702.000	WAGES - FULL TIME	465,163.00	119,560.78	32,455.12	345,602.22	25.70
101-336-704.000	WAGES - PART-TIME	3,000.00	0.00	0.00	3,000.00	0.00
101-336-708.000	COSTS - SUTA	2,727.00	7.97	0.00	2,719.03	0.29
101-336-709.000	COSTS - SOCIAL SECURITY	186.00	14.41	0.00	171.59	7.75

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GL NUMBER	DESCRIPTION	2018-19		YTD BALANCE	ACTIVITY FOR	AVAILABLE		% BGD USED
		AMENDED BUDGET	NORMAL	10/31/2018 (ABNORMAL)	MONTH 10/31/2018 (DECREASE)	NORMAL	BALANCE (ABNORMAL)	
Fund 101 - GENERAL FUND								
Expenditures								
101-336-711.000	COSTS - MEDICARE	6,702.00		2,063.38		470.90	4,638.62	30.79
101-336-712.000	COSTS - IN LIEU OF BC/BS	1,956.00		535.16		157.40	1,420.84	27.36
101-336-713.000	WAGES - OVERTIME	38,000.00		18,682.93		5,741.73	19,317.07	49.17
101-336-713.005	WAGES - OT FF PA 604	4,000.00		1,382.07		143.28	2,617.93	34.55
101-336-715.000	WAGES - PHYSICAL FITNESS	4,000.00		0.00		0.00	4,000.00	0.00
101-336-717.000	COSTS - MERS CONTRIBUTION	134,264.00		45,913.19		12,381.76	88,350.81	34.20
101-336-718.000	COSTS - BLUE CROSS INSURANCE	104,373.00		29,209.67		7,748.09	75,163.33	27.99
101-336-718.001	COSTS - HSA CONTRIBUTION	24,000.00		21,000.00		0.00	3,000.00	87.50
101-336-718.002	COSTS - DENTAL INSURANCE	6,782.00		1,999.37		504.60	4,782.63	29.48
101-336-718.003	COSTS - VISION / ANCILLIARY	1,785.00		514.44		130.35	1,270.56	28.82
101-336-721.000	COSTS - UNIFORM/CLEANING ALLO	7,280.00		5,277.39		243.00	2,002.61	72.49
101-336-722.000	COSTS - FOOD ALLOWANCE	6,560.00		5,193.33		0.00	1,366.67	79.17
101-336-723.000	COSTS - RETIREE HEALTH CARE	11,250.00		3,500.00		750.00	7,750.00	31.11
101-336-725.000	COSTS - LIFE INSURANCE	1,302.00		434.65		111.57	867.35	33.38
101-336-726.000	COSTS - WORKERS COMPENSATION	21,670.00		6,181.30		1,420.78	15,488.70	28.52
101-336-727.000	WAGES - HOL/VAC/SICK SELBACK	35,000.00		600.32		0.00	34,399.68	1.72
101-336-752.000	SUPPLIES - OPERATING	8,500.00		3,196.85		339.92	5,303.15	37.61
101-336-770.000	VEHICLE GAS / DIESEL	6,730.00		2,712.23		603.60	4,017.77	40.30
101-336-777.000	SUPPLIES - MEDICAL	18,400.00		5,057.60		399.07	13,342.40	27.49
101-336-780.000	FIRE PREVENTION	1,900.00		0.00		0.00	1,900.00	0.00
101-336-791.000	SUBSCRIPTIONS & PUBLICATIONS	350.00		0.00		0.00	350.00	0.00
101-336-801.000	PROFESSIONAL & CONSULTING SER	27,875.00		7,191.78		1,839.25	20,683.22	25.80
101-336-873.000	EDUCATION/TUITION REIMBURSE.	5,000.00		0.00		0.00	5,000.00	0.00
101-336-900.000	PRINTING & PUBLISHING	750.00		459.22		365.47	290.78	61.23
101-336-913.000	TRAVEL & TRAINING	7,300.00		1,237.29		440.84	6,062.71	16.95
101-336-915.000	MEMBERSHIPS & DUES	710.00		0.00		0.00	710.00	0.00
101-336-918.000	UTILITIES - WATER	1,600.00		495.42		109.68	1,104.58	30.96
101-336-920.000	UTILITIES - ELECTRIC	5,700.00		1,578.33		302.48	4,121.67	27.69
101-336-921.000	UTILITIES - NATURAL GAS	3,300.00		202.18		57.93	3,097.82	6.13
101-336-930.000	REPAIRS/MAINT - BUILDINGS/LAN	2,800.00		757.11		0.00	2,042.89	27.04
101-336-931.000	REPAIRS/MAINT - EQUIPMENT	6,836.00		2,844.25		1,144.35	3,991.75	41.61
101-336-932.000	REPAIRS/MAINT - VEHICLES	7,700.00		2,410.26		1,477.52	5,289.74	31.30
101-336-933.000	SOFTWARE AGREE / COPIER MAINT	3,700.00		1,707.48		30.00	1,992.52	46.15
101-336-942.000	HYDRANT RENTAL	21,600.00		10,800.00		5,400.00	10,800.00	50.00
101-336-957.000	MOTOR POOL	64,818.00		21,606.00		5,401.50	43,212.00	33.33
101-336-983.000	LEASE PURCHASE	480.00		117.96		0.00	362.04	24.58
101-336-985.000	CAPITAL OUTLAY	11,600.00		3,017.31		767.31	8,582.69	26.01
Total Dept 336 - FIRE		1,087,649.00		327,461.63		80,937.50	760,187.37	30.11
Dept 441 - PUBLIC WORKS								
101-441-702.000	WAGES - FULL TIME	647,439.00		200,266.71		49,962.99	447,172.29	30.93
101-441-704.000	WAGES - PART-TIME	18,000.00		6,943.88		0.00	11,056.12	38.58
101-441-708.000	COSTS - SUTA	4,939.00		314.41		0.00	4,624.59	6.37
101-441-709.000	COSTS - SOCIAL SECURITY	44,143.00		14,622.26		3,126.46	29,520.74	33.12
101-441-711.000	COSTS - MEDICARE	10,324.00		3,419.71		731.19	6,904.29	33.12
101-441-712.000	COSTS - IN LIEU OF BC/BS	4,800.00		3,600.00		1,200.00	1,200.00	75.00
101-441-713.000	WAGES - OVERTIME	29,000.00		6,910.74		1,014.12	22,089.26	23.83
101-441-713.001	WAGES - 2E STANDBY PAY	16,540.00		5,397.22		1,272.32	11,142.78	32.63
101-441-716.000	COSTS - ICMA CONTRIBUTION	2,638.00		936.57		213.10	1,701.43	35.50
101-441-717.000	COSTS - MERS CONTRIBUTION	42,688.00		14,556.88		3,449.67	28,131.12	34.10
101-441-718.000	COSTS - BLUE CROSS INSURANCE	150,066.00		38,665.87		8,664.06	111,400.13	25.77
101-441-718.001	COSTS - HSA CONTRIBUTION	37,500.00		34,500.00		0.00	3,000.00	92.00

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PERIOD ENDING 10/31/2018

DB: Manistee

\*NOTE: Available Balance / Pct Budget Used does not reflect amounts encumbered.

GL NUMBER	DESCRIPTION	2018-19	YTD BALANCE	ACTIVITY FOR	AVAILABLE	% BDGT USED
		AMENDED BUDGET	10/31/2018 (NORMAL (ABNORMAL))	MONTH 10/31/2018 (INCREASE (DECREASE))	BALANCE (NORMAL (ABNORMAL))	
<b>Fund 101 - GENERAL FUND</b>						
<b>Expenditures</b>						
101-441-718.002	COSTS - DENTAL INSURANCE	9,312.00	2,509.21	529.28	6,802.79	26.95
101-441-718.003	COSTS - VISION / ANCILLIARY	2,210.00	594.88	120.98	1,615.12	26.92
101-441-721.000	COSTS - UNIFORM/CLEANING ALLO	6,320.00	3,462.68	2,002.79	2,857.32	54.79
101-441-723.000	COSTS - RETIREE HEALTH CARE	6,000.00	2,404.22	500.00	3,595.78	40.07
101-441-725.000	COSTS - LIFE INSURANCE	1,562.00	601.56	150.39	960.44	38.51
101-441-726.000	COSTS - WORKERS COMPENSATION	41,858.00	13,577.01	2,978.69	28,280.99	32.44
101-441-727.000	WAGES - HOL/VAC/SICK SELBACK	13,000.00	0.00	0.00	13,000.00	0.00
101-441-752.000	SUPPLIES - OPERATING	18,000.00	7,050.77	2,605.98	10,949.23	39.17
101-441-770.000	VEHICLE GAS / DIESEL	49,500.00	12,417.76	2,915.78	37,082.24	25.09
101-441-791.000	SUBSCRIPTIONS & PUBLICATIONS	150.00	0.00	0.00	150.00	0.00
101-441-801.000	PROFESSIONAL & CONSULTING SER	11,500.00	0.00	0.00	11,500.00	0.00
101-441-850.000	COMMUNICATIONS - PHONE	480.00	159.96	39.99	320.04	33.33
101-441-888.000	TREE COMMISSION	500.00	0.00	0.00	500.00	0.00
101-441-900.000	PRINTING & PUBLISHING	1,000.00	157.50	157.50	842.50	15.75
101-441-913.000	TRAVEL & TRAINING	2,000.00	1,287.85	79.35	712.15	64.39
101-441-915.000	MEMBERSHIPS & DUES	300.00	0.00	0.00	300.00	0.00
101-441-918.000	UTILITIES - WATER	2,500.00	255.96	58.32	2,244.04	10.24
101-441-920.000	UTILITIES - ELECTRIC	14,500.00	3,305.94	833.60	11,194.06	22.80
101-441-921.000	UTILITIES - NATURAL GAS	18,000.00	195.58	73.47	17,804.42	1.09
101-441-930.000	REPAIRS/MAINT - BUILDINGS/LAN	10,000.00	429.00	23.88	9,571.00	4.29
101-441-931.000	REPAIRS/MAINT - EQUIPMENT	10,000.00	6,684.87	1,069.47	3,315.13	66.85
101-441-932.000	REPAIRS/MAINT - VEHICLES	55,000.00	3,153.87	929.43	51,846.13	5.73
101-441-933.000	SOFTWARE AGREE / COPIER MAINT	1,850.00	694.50	0.00	1,155.50	37.54
101-441-954.000	CHRISTMAS DECORATIONS	5,000.00	0.00	0.00	5,000.00	0.00
101-441-957.000	MOTOR POOL	75,000.00	25,000.00	6,250.00	50,000.00	33.33
101-441-985.000	CAPITAL OUTLAY	15,000.00	1,401.30	0.00	13,598.70	9.34
<b>Total Dept 441 - PUBLIC WORKS</b>		<b>1,378,619.00</b>	<b>415,478.67</b>	<b>90,952.81</b>	<b>963,140.33</b>	<b>30.14</b>
<b>Dept 701 - PLANNING &amp; ZONING</b>						
101-701-702.000	WAGES - FULL TIME	64,074.00	12,171.90	0.00	51,902.10	19.00
101-701-708.000	COSTS - SUTA	309.00	0.00	0.00	309.00	0.00
101-701-709.000	COSTS - SOCIAL SECURITY	4,084.00	1,522.44	0.00	2,561.56	37.28
101-701-711.000	COSTS - MEDICARE	955.00	356.05	0.00	598.95	37.28
101-701-717.000	COSTS - MERS CONTRIBUTION	8,887.00	3,143.02	0.00	5,743.98	35.37
101-701-718.000	COSTS - BLUE CROSS INSURANCE	10,358.00	674.76	0.00	9,683.24	6.51
101-701-718.001	COSTS - HSA CONTRIBUTION	3,000.00	3,000.00	0.00	0.00	100.00
101-701-718.002	COSTS - DENTAL INSURANCE	646.00	54.28	0.00	591.72	8.40
101-701-718.003	COSTS - VISION / ANCILLIARY	116.00	9.69	0.00	106.31	8.35
101-701-723.000	COSTS - RETIREE HEALTH CARE	0.00	750.00	250.00	(750.00)	100.00
101-701-724.000	COSTS - VEHICLE ALLOWANCE	1,800.00	300.00	0.00	1,500.00	16.67
101-701-725.000	COSTS - LIFE INSURANCE	72.00	22.41	0.00	49.59	31.13
101-701-726.000	COSTS - WORKERS COMPENSATION	617.00	202.75	0.00	414.25	32.86
101-701-727.000	WAGES - HOL/VAC/SICK SELBACK	0.00	10,103.97	0.00	(10,103.97)	100.00
101-701-752.000	SUPPLIES - OPERATING	2,700.00	652.53	7.86	2,047.47	24.17
101-701-791.000	SUBSCRIPTIONS & PUBLICATIONS	205.00	32.00	0.00	173.00	15.61
101-701-801.000	PROFESSIONAL & CONSULTING SERV	0.00	17,500.00	17,500.00	(17,500.00)	100.00
101-701-884.000	HISTORIC DISTRICT COMMISSION	1,090.00	0.00	0.00	1,090.00	0.00
101-701-887.000	PLANNING COMMISSION	3,260.00	222.00	0.00	3,038.00	6.81
101-701-889.000	ZONING BOARD OF APPEALS	840.00	96.00	0.00	744.00	11.43
101-701-913.000	TRAVEL & TRAINING	1,400.00	0.00	0.00	1,400.00	0.00
101-701-915.000	MEMBERSHIPS & DUES	60.00	0.00	0.00	60.00	0.00
101-701-931.000	REPAIRS/MAINT - EQUIPMENT	200.00	0.00	0.00	200.00	0.00

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\*NOTE: Available Balance / Pct Budget Used does not reflect amounts encumbered.

GL NUMBER	DESCRIPTION	2018-19		YTD BALANCE	ACTIVITY FOR	AVAILABLE		% BGDG USED
		AMENDED BUDGET	NORMAL	10/31/2018 (ABNORMAL)	MONTH 10/31/2018 INCREASE (DECREASE)	NORMAL	BALANCE (ABNORMAL)	
Fund 101 - GENERAL FUND								
Expenditures								
101-701-933.000	SOFTWARE AGREE / COPIER MAINT	3,280.00		2,133.27	(3.07)		1,146.73	65.04
Total Dept 701 - PLANNING & ZONING		107,953.00		52,947.07	17,754.79		55,005.93	49.05
Dept 751 - PARKS & RECREATION								
101-751-702.000	WAGES - FULL TIME	90,413.00		27,622.91	7,017.60		62,790.09	30.55
101-751-704.000	WAGES - PART-TIME	56,000.00		18,602.34	3,899.38		37,397.66	33.22
101-751-708.000	COSTS - SUTA	2,538.00		806.92	133.74		1,731.08	31.79
101-751-709.000	COSTS - SOCIAL SECURITY	9,667.00		3,641.98	659.79		6,025.02	37.67
101-751-711.000	COSTS - MEDICARE	2,261.00		851.75	154.30		1,409.25	37.67
101-751-713.000	WAGES - OVERTIME	8,500.00		5,365.45	181.76		3,134.55	63.12
101-751-713.001	WAGES - 2E STANDBY PAY	500.00		0.00	0.00		500.00	0.00
101-751-717.000	COSTS - MERS CONTRIBUTION	5,834.00		2,298.16	574.48		3,535.84	39.39
101-751-718.000	COSTS - BLUE CROSS INSURANCE	23,405.00		7,483.08	1,985.37		15,921.92	31.97
101-751-718.001	COSTS - HSA CONTRIBUTION	6,000.00		6,000.00	0.00		0.00	100.00
101-751-718.002	COSTS - DENTAL INSURANCE	1,453.00		486.42	121.11		966.58	33.48
101-751-718.003	COSTS - VISION / ANCILLIARY	325.00		108.28	27.07		216.72	33.32
101-751-721.000	COSTS - UNIFORM/CLEANING ALLO	1,161.00		399.50	202.00		761.50	34.41
101-751-723.000	COSTS - RETIREE HEALTH CARE	3,000.00		1,202.11	250.00		1,797.89	40.07
101-751-725.000	COSTS - LIFE INSURANCE	192.00		73.92	18.48		118.08	38.50
101-751-726.000	COSTS - WORKERS COMPENSATION	4,709.00		1,567.03	244.16		3,141.97	33.28
101-751-727.000	WAGES - HOL/VAC/SICK SELLBACK	1,000.00		0.00	0.00		1,000.00	0.00
101-751-752.000	SUPPLIES - OPERATING	23,000.00		7,446.39	1,441.88		15,553.61	32.38
101-751-770.000	VEHICLE GAS / DIESEL	8,400.00		4,403.60	1,032.96		3,996.40	52.42
101-751-801.000	PROFESSIONAL & CONSULTING SER	1,000.00		0.00	0.00		1,000.00	0.00
101-751-850.000	COMMUNICATIONS - PHONE	1,000.00		319.92	79.98		680.08	31.99
101-751-883.000	HARBOR COMMISSION	100.00		0.00	0.00		100.00	0.00
101-751-886.000	PARKS COMMISSION	800.00		167.74	0.00		632.26	20.97
101-751-900.000	PRINTING & PUBLISHING	1,050.00		389.30	0.00		660.70	37.08
101-751-913.000	TRAVEL & TRAINING	1,200.00		0.00	0.00		1,200.00	0.00
101-751-918.000	UTILITIES - WATER	23,000.00		8,751.09	884.31		14,248.91	38.05
101-751-920.000	UTILITIES - ELECTRIC	21,000.00		8,277.28	1,463.98		12,722.72	39.42
101-751-921.000	UTILITIES - NATURAL GAS	1,000.00		147.03	34.00		852.97	14.70
101-751-930.000	REPAIRS/MAINT - BUILDINGS/LAN	34,800.00		22,871.30	4,498.22		11,928.70	65.72
101-751-931.000	REPAIRS/MAINT - EQUIPMENT	25,000.00		4,768.90	1,600.40		20,231.10	19.08
101-751-932.000	REPAIRS/MAINT - VEHICLES	2,500.00		408.88	0.00		2,091.12	16.36
101-751-957.000	MOTOR POOL	37,636.00		12,545.32	3,136.33		25,090.68	33.33
101-751-985.000	CAPITAL OUTLAY	8,500.00		915.92	915.92		7,584.08	10.78
Total Dept 751 - PARKS & RECREATION		406,944.00		147,922.52	30,557.22		259,021.48	36.35
Dept 801 - APPROPRIATIONS								
101-801-890.000	ALTERNATIVES FOR AREA YOUTH	13,000.00		6,500.00	0.00		6,500.00	50.00
101-801-892.000	ECONOMIC DEVELOPMENT	25,000.00		0.00	0.00		25,000.00	0.00
101-801-893.500	MAPS PAINE POOL	40,000.00		20,000.00	10,000.00		20,000.00	50.00
101-801-894.000	MANISTEE RECREATION ASSOC.	27,000.00		13,500.00	0.00		13,500.00	50.00
101-801-894.500	MANISTEE SAINTS	2,000.00		2,000.00	0.00		0.00	100.00
101-801-895.000	MAN. CO. HISTORICAL MUSEUM	10,000.00		5,000.00	0.00		5,000.00	50.00
101-801-897.000	RAMSDELL REGIONAL CENTER FOR	55,000.00		27,500.00	13,750.00		27,500.00	50.00
Total Dept 801 - APPROPRIATIONS		172,000.00		74,500.00	23,750.00		97,500.00	43.31

PERIOD ENDING 10/31/2018

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GL NUMBER	DESCRIPTION	2018-19	YTD BALANCE	ACTIVITY FOR	AVAILABLE	% BDGT USED
		AMENDED BUDGET	10/31/2018 NORMAL (ABNORMAL)	MONTH 10/31/2018 INCREASE (DECREASE)	BALANCE NORMAL (ABNORMAL)	
Fund 101 - GENERAL FUND						
Expenditures						
Dept 905 - DEBT SERVICE						
101-905-991.006	2010 DDA REFUNDING - PRINCIPA	130,000.00	130,000.00	0.00	0.00	100.00
101-905-991.008	2013 CI REFUNDING - PRINCIPAL	200,000.00	200,000.00	0.00	0.00	100.00
101-905-992.106	2010 DDA REFUNDING - INTEREST	8,000.00	5,300.00	0.00	2,700.00	66.25
101-905-992.108	2013 CI REFUNDING - INTEREST	29,700.00	15,850.00	0.00	13,850.00	53.37
Total Dept 905 - DEBT SERVICE		367,700.00	351,150.00	0.00	16,550.00	95.50
TOTAL EXPENDITURES		6,279,409.00	2,324,557.26	440,297.45	3,954,851.74	37.02
Fund 101 - GENERAL FUND:						
TOTAL REVENUES		6,279,409.00	4,005,791.27	407,585.78	2,273,617.73	63.79
TOTAL EXPENDITURES		6,279,409.00	2,324,557.26	440,297.45	3,954,851.74	37.02
NET OF REVENUES & EXPENDITURES		0.00	1,681,234.01	(32,711.67)	(1,681,234.01)	100.00

PERIOD ENDING 10/31/2018

\*NOTE: Available Balance / Pct Budget Used does not reflect amounts encumbered.

GL NUMBER	DESCRIPTION	2018-19	YTD BALANCE	ACTIVITY FOR	AVAILABLE	% BDGT USED
		AMENDED BUDGET	10/31/2018 NORMAL (ABNORMAL)	MONTH 10/31/2018 INCREASE (DECREASE)	BALANCE NORMAL (ABNORMAL)	
Fund 202 - MAJOR STREET FUND						
Revenues						
Dept 000						
202-000-540.000	STATE GRANT - OTHER	187,500.00	48,449.99	48,449.99	139,050.01	25.84
202-000-546.001	STATE GRANT - ACT 51 REVENUE	576,708.00	107,839.59	48,313.99	468,868.41	18.70
202-000-548.000	SNOW REMOVAL	10,000.00	0.00	0.00	10,000.00	0.00
202-000-626.000	CHARGE FOR SERVICE	180,000.00	59,517.92	59,517.92	120,482.08	33.07
202-000-665.000	INVESTMENT - INTEREST	1,000.00	1,394.15	548.14	(394.15)	139.42
202-000-676.000	REIMBURSEMENT	113,500.00	61,577.09	50,974.68	51,922.91	54.25
202-000-699.000	TRANSFERS IN	85,000.00	0.00	0.00	85,000.00	0.00
Total Dept 000		1,153,708.00	278,778.74	207,804.72	874,929.26	24.16
TOTAL REVENUES		1,153,708.00	278,778.74	207,804.72	874,929.26	24.16
Expenditures						
Dept 000						
202-000-752.000	SUPPLIES - OPERATING	500.00	0.00	0.00	500.00	0.00
202-000-863.000	TRAFFIC SERVICES	19,500.00	423.80	127.33	19,076.20	2.17
202-000-864.000	PRESERVATION STREETS	110,000.00	39,802.88	13,437.98	70,197.12	36.18
202-000-864.001	PRESERVATION STREETS -PROJECT	432,050.00	23,225.08	0.00	408,824.92	5.38
202-000-865.000	ROUTINE MAINTENANCE BRIDGES	20,000.00	0.00	0.00	20,000.00	0.00
202-000-865.001	OPERATIONS - BRIDGE	106,000.00	35,333.32	8,833.33	70,666.68	33.33
202-000-866.000	WINTER MAINTENANCE STREETS	160,500.00	45,000.00	11,250.00	115,500.00	28.04
202-000-870.000	SIDEWALKS	12,500.00	2,246.30	0.00	10,253.70	17.97
202-000-918.000	UTILITIES - WATER	1,200.00	335.26	80.98	864.74	27.94
202-000-920.000	UTILITIES - ELECTRIC	4,500.00	729.51	194.12	3,770.49	16.21
202-000-921.000	UTILITIES - NATURAL GAS	2,000.00	148.79	37.59	1,851.21	7.44
202-000-995.000	TRANSFERS OUT	180,776.00	0.00	0.00	180,776.00	0.00
Total Dept 000		1,049,526.00	147,244.94	33,961.33	902,281.06	14.03
TOTAL EXPENDITURES		1,049,526.00	147,244.94	33,961.33	902,281.06	14.03
Fund 202 - MAJOR STREET FUND:						
TOTAL REVENUES		1,153,708.00	278,778.74	207,804.72	874,929.26	24.16
TOTAL EXPENDITURES		1,049,526.00	147,244.94	33,961.33	902,281.06	14.03
NET OF REVENUES & EXPENDITURES		104,182.00	131,533.80	173,843.39	(27,351.80)	126.25

PERIOD ENDING 10/31/2018

\*NOTE: Available Balance / Pct Budget Used does not reflect amounts encumbered.

GL NUMBER	DESCRIPTION	2018-19 AMENDED BUDGET	YTD BALANCE		ACTIVITY FOR		AVAILABLE		% BDGT USED
			NORMAL	(ABNORMAL)	MONTH 10/31/2018 INCREASE (DECREASE)	DECREASE	NORMAL	(ABNORMAL)	
Fund 203 - LOCAL STREET FUND									
Revenues									
Dept 000									
203-000-546.001	STATE GRANT - ACT 51 REVENUE	198,988.00	37,471.21		16,787.72		161,516.79		18.83
203-000-548.000	SNOW REMOVAL	500.00	0.00		0.00		500.00		0.00
203-000-665.000	INVESTMENT - INTEREST	50.00	31.39		31.39		18.61		62.78
203-000-699.000	TRANSFERS IN	524,776.00	0.00		0.00		524,776.00		0.00
Total Dept 000		724,314.00	37,502.60		16,819.11		686,811.40		5.18
TOTAL REVENUES		724,314.00	37,502.60		16,819.11		686,811.40		5.18
Expenditures									
Dept 000									
203-000-752.000	SUPPLIES - OPERATING	500.00	0.00		0.00		500.00		0.00
203-000-863.000	TRAFFIC SERVICES	6,000.00	340.42		0.00		5,659.58		5.67
203-000-864.000	PRESERVATION STREETS	90,000.00	32,198.32		8,757.73		57,801.68		35.78
203-000-864.001	PRESERVATION STREETS -PROJECTS	451,100.00	0.00		0.00		451,100.00		0.00
203-000-866.000	WINTER MAINTENANCE STREETS	92,500.00	23,333.32		5,833.33		69,166.68		25.23
203-000-870.000	SIDEWALKS	12,500.00	1,481.82		0.00		11,018.18		11.85
Total Dept 000		652,600.00	57,353.88		14,591.06		595,246.12		8.79
Dept 905 - DEBT SERVICE									
203-905-991.000	PRINCIPLE PORTION OF PAYMENTS	47,414.00	47,413.79		0.00		0.21		100.00
203-905-992.012	2010 CAPITAL IMP BOND INTEREST	33,362.00	17,125.63		0.00		16,236.37		51.33
Total Dept 905 - DEBT SERVICE		80,776.00	64,539.42		0.00		16,236.58		79.90
TOTAL EXPENDITURES		733,376.00	121,893.30		14,591.06		611,482.70		16.62
Fund 203 - LOCAL STREET FUND:									
TOTAL REVENUES		724,314.00	37,502.60		16,819.11		686,811.40		5.18
TOTAL EXPENDITURES		733,376.00	121,893.30		14,591.06		611,482.70		16.62
NET OF REVENUES & EXPENDITURES		(9,062.00)	(84,390.70)		2,228.05		75,328.70		931.26

PERIOD ENDING 10/31/2018

\*NOTE: Available Balance / Pct Budget Used does not reflect amounts encumbered.

GL NUMBER	DESCRIPTION	2018-19	YTD BALANCE	ACTIVITY FOR	AVAILABLE	% BGD USED
		AMENDED BUDGET	10/31/2018 NORMAL (ABNORMAL)	MONTH 10/31/2018 INCREASE (DECREASE)	BALANCE NORMAL (ABNORMAL)	
Fund 204 - MUNICIPAL STREET FUND						
Revenues						
Dept 000						
204-000-546.002	STATE GRANT - ROW FEE	27,000.00	0.00	0.00	27,000.00	0.00
Total Dept 000		27,000.00	0.00	0.00	27,000.00	0.00
TOTAL REVENUES		27,000.00	0.00	0.00	27,000.00	0.00
Expenditures						
Dept 000						
204-000-801.000	PROFESSIONAL & CONSULTING SER	1,500.00	0.00	0.00	1,500.00	0.00
204-000-950.000	TREES	8,000.00	5,417.35	0.00	2,582.65	67.72
204-000-995.000	TRANSFERS OUT	20,000.00	0.00	0.00	20,000.00	0.00
Total Dept 000		29,500.00	5,417.35	0.00	24,082.65	18.36
TOTAL EXPENDITURES		29,500.00	5,417.35	0.00	24,082.65	18.36
Fund 204 - MUNICIPAL STREET FUND:						
TOTAL REVENUES		27,000.00	0.00	0.00	27,000.00	0.00
TOTAL EXPENDITURES		29,500.00	5,417.35	0.00	24,082.65	18.36
NET OF REVENUES & EXPENDITURES		(2,500.00)	(5,417.35)	0.00	2,917.35	216.69

PERIOD ENDING 10/31/2018

\*NOTE: Available Balance / Pct Budget Used does not reflect amounts encumbered.

GL NUMBER	DESCRIPTION	2018-19	YTD BALANCE	ACTIVITY FOR	AVAILABLE	% BGDG USED
		AMENDED BUDGET	10/31/2018 NORMAL (ABNORMAL)	MONTH 10/31/2018 INCREASE (DECREASE)	BALANCE NORMAL (ABNORMAL)	
Fund 226 - CITY REFUSE FUND						
Revenues						
Dept 000						
226-000-402.000	TAXES - REAL/PERSONAL PROPERT	218,685.00	187,010.85	0.00	31,674.15	85.52
226-000-411.000	TAXES - DELINQ REAL PROPERTY	12,396.00	0.00	0.00	12,396.00	0.00
226-000-412.000	TAXES - DELINQ PERSONAL PROP	200.00	0.00	0.00	200.00	0.00
226-000-613.000	PENALTIES	4,000.00	2,955.73	770.11	1,044.27	73.89
226-000-626.000	CHARGE FOR SERVICE	335,145.00	111,059.73	31,423.47	224,085.27	33.14
226-000-643.000	SALES - YARD BAGS	10,000.00	4,837.50	1,750.50	5,162.50	48.38
226-000-644.000	SALES - TRASH BAGS	800.00	467.25	15.00	332.75	58.41
226-000-644.001	SALES - COMPOST	0.00	360.00	0.00	(360.00)	100.00
226-000-665.000	INVESTMENT - INTEREST	200.00	62.77	62.77	137.23	31.39
226-000-672.000	OTHER REVENUE	0.00	73.10	0.00	(73.10)	100.00
Total Dept 000		581,426.00	306,826.93	34,021.85	274,599.07	52.77
TOTAL REVENUES		581,426.00	306,826.93	34,021.85	274,599.07	52.77
Expenditures						
Dept 000						
226-000-752.000	SUPPLIES - OPERATING	2,500.00	2,285.31	474.57	214.69	91.41
226-000-755.000	SUPPLIES - YARD BAGS	12,000.00	0.00	0.00	12,000.00	0.00
226-000-803.000	ADMINISTRATION	40,699.00	19,080.75	8,906.00	21,618.25	46.88
226-000-826.000	RESIDENTIAL CONTRACT FEES	388,433.00	100,517.48	32,162.28	287,915.52	25.88
226-000-827.000	MUNICIPAL CONTRACT FEES	18,500.00	8,503.97	1,315.40	9,996.03	45.97
226-000-830.000	YARD WASTE CONTRACT FEES	3,000.00	0.00	0.00	3,000.00	0.00
226-000-830.001	YARD WASTE CITY	100,493.00	29,055.16	6,893.58	71,437.84	28.91
226-000-920.000	UTILITIES - ELECTRIC	480.00	128.35	32.77	351.65	26.74
Total Dept 000		566,105.00	159,571.02	49,784.60	406,533.98	28.19
TOTAL EXPENDITURES		566,105.00	159,571.02	49,784.60	406,533.98	28.19
Fund 226 - CITY REFUSE FUND:						
TOTAL REVENUES		581,426.00	306,826.93	34,021.85	274,599.07	52.77
TOTAL EXPENDITURES		566,105.00	159,571.02	49,784.60	406,533.98	28.19
NET OF REVENUES & EXPENDITURES		15,321.00	147,255.91	(15,762.75)	(131,934.91)	961.14

PERIOD ENDING 10/31/2018

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GL NUMBER	DESCRIPTION	2018-19	YTD BALANCE	ACTIVITY FOR	AVAILABLE	% BDGT USED
		AMENDED BUDGET	10/31/2018 NORMAL (ABNORMAL)	MONTH 10/31/2018 INCREASE (DECREASE)	BALANCE NORMAL (ABNORMAL)	
Fund 245 - OIL & GAS FUND						
Revenues						
Dept 000						
245-000-665.000	INVESTMENT - INTEREST	225,000.00	76,607.50	20,506.29	148,392.50	34.05
245-000-668.000	INVESTMENT - OIL ROYALTIES	40,000.00	23,168.48	7,133.50	16,831.52	57.92
245-000-669.000	INVESTMENT - GAINS & LOSSES	400,000.00	31,999.81	(482,664.30)	368,000.19	8.00
Total Dept 000		665,000.00	131,775.79	(455,024.51)	533,224.21	19.82
TOTAL REVENUES		665,000.00	131,775.79	(455,024.51)	533,224.21	19.82
Expenditures						
Dept 000						
245-000-801.000	PROFESSIONAL & CONSULTING SER	55,000.00	27,887.86	14,076.68	27,112.14	50.71
245-000-995.000	TRANSFERS OUT	591,042.00	300,000.00	0.00	291,042.00	50.76
Total Dept 000		646,042.00	327,887.86	14,076.68	318,154.14	50.75
TOTAL EXPENDITURES		646,042.00	327,887.86	14,076.68	318,154.14	50.75
Fund 245 - OIL & GAS FUND:						
TOTAL REVENUES		665,000.00	131,775.79	(455,024.51)	533,224.21	19.82
TOTAL EXPENDITURES		646,042.00	327,887.86	14,076.68	318,154.14	50.75
NET OF REVENUES & EXPENDITURES		18,958.00	(196,112.07)	(469,101.19)	215,070.07	1,034.46

PERIOD ENDING 10/31/2018

\*NOTE: Available Balance / Pct Budget Used does not reflect amounts encumbered.

GL NUMBER	DESCRIPTION	2018-19	YTD BALANCE	ACTIVITY FOR	AVAILABLE	% BDTG USED
		AMENDED BUDGET	10/31/2018 NORMAL (ABNORMAL)	MONTH 10/31/2018 INCREASE (DECREASE)	BALANCE NORMAL (ABNORMAL)	
Fund 272 - PEG COMMISSION						
Revenues						
Dept 000						
272-000-581.000	CONTRIBUTION FROM LOCAL UNITS	8,800.00	0.00	0.00	8,800.00	0.00
272-000-679.000	CABLE GRANT	6,600.00	950.00	950.00	5,650.00	14.39
Total Dept 000		15,400.00	950.00	950.00	14,450.00	6.17
TOTAL REVENUES		15,400.00	950.00	950.00	14,450.00	6.17
Expenditures						
Dept 000						
272-000-752.000	SUPPLIES - OPERATING	1,345.00	0.00	0.00	1,345.00	0.00
272-000-801.000	PROFESSIONAL & CONSULTING SER	10,000.00	0.00	0.00	10,000.00	0.00
272-000-880.000	MARKETING & PROMOTION	3,000.00	0.00	0.00	3,000.00	0.00
272-000-931.000	REPAIRS/MAINT - EQUIPMENT	2,655.00	0.00	0.00	2,655.00	0.00
272-000-985.000	CAPITAL OUTLAY	2,000.00	0.00	0.00	2,000.00	0.00
Total Dept 000		19,000.00	0.00	0.00	19,000.00	0.00
TOTAL EXPENDITURES		19,000.00	0.00	0.00	19,000.00	0.00
Fund 272 - PEG COMMISSION:						
TOTAL REVENUES		15,400.00	950.00	950.00	14,450.00	6.17
TOTAL EXPENDITURES		19,000.00	0.00	0.00	19,000.00	0.00
NET OF REVENUES & EXPENDITURES		(3,600.00)	950.00	950.00	(4,550.00)	26.39

PERIOD ENDING 10/31/2018

\*NOTE: Available Balance / Pct Budget Used does not reflect amounts encumbered.

GL NUMBER	DESCRIPTION	2018-19	YTD BALANCE	ACTIVITY FOR	AVAILABLE	% BDGT USED
		AMENDED BUDGET	10/31/2018	MONTH 10/31/2018	BALANCE	
Fund 275 - GRANT MANAGEMENT FUND						
Revenues						
Dept 000						
275-000-582.000	LOCAL GRANTS	50,000.00	0.00	0.00	50,000.00	0.00
275-000-585.049	2011 CYCLE 2 SAFE ROUTE2SCHOO	0.00	(10,602.41)	0.00	10,602.41	100.00
Total Dept 000		50,000.00	(10,602.41)	0.00	60,602.41	(21.20)
TOTAL REVENUES		50,000.00	(10,602.41)	0.00	60,602.41	(21.20)
Expenditures						
Dept 901 - LOCAL REVENUE SHARING GRANTS						
275-901-965.001	LRSB GRANT EXPENSE	50,000.00	0.00	0.00	50,000.00	0.00
275-901-965.077	2018 CYCLE 1 - EVIDENCE LOCKER P.D.	0.00	7,055.00	7,055.00	(7,055.00)	100.00
275-901-965.078	2018 CYCLE 1 - FEMA MATCH MON/EXT TOOLS	0.00	5,486.00	5,486.00	(5,486.00)	100.00
Total Dept 901 - LOCAL REVENUE SHARING GRANTS		50,000.00	12,541.00	12,541.00	37,459.00	25.08
TOTAL EXPENDITURES		50,000.00	12,541.00	12,541.00	37,459.00	25.08
Fund 275 - GRANT MANAGEMENT FUND:						
TOTAL REVENUES		50,000.00	(10,602.41)	0.00	60,602.41	21.20
TOTAL EXPENDITURES		50,000.00	12,541.00	12,541.00	37,459.00	25.08
NET OF REVENUES & EXPENDITURES		0.00	(23,143.41)	(12,541.00)	23,143.41	100.00

PERIOD ENDING 10/31/2018

\*NOTE: Available Balance / Pct Budget Used does not reflect amounts encumbered.

GL NUMBER	DESCRIPTION	2018-19	YTD BALANCE	ACTIVITY FOR	AVAILABLE	% BDGT USED
		AMENDED BUDGET	10/31/2018 NORMAL (ABNORMAL)	MONTH 10/31/2018 INCREASE (DECREASE)	BALANCE NORMAL (ABNORMAL)	
Fund 430 - CAPITAL IMPROVEMENT FUND						
Revenues						
Dept 000						
430-000-699.000	TRANSFERS IN	591,042.00	300,000.00	0.00	291,042.00	50.76
Total Dept 000		591,042.00	300,000.00	0.00	291,042.00	50.76
TOTAL REVENUES		591,042.00	300,000.00	0.00	291,042.00	50.76
Expenditures						
Dept 000						
430-000-986.004	RAMSDELL - HVAC NOTE	0.00	0.00	(54,475.00)	0.00	0.00
430-000-986.019	MARINA BLDG NOTE SUPPORT	65,000.00	0.00	0.00	65,000.00	0.00
430-000-986.029	LOCAL STREETS	254,000.00	0.00	0.00	254,000.00	0.00
430-000-986.035	ACCOUNTING SOFTWARE FY17,18,1	15,500.00	15,500.00	0.00	0.00	100.00
430-000-986.036	MAJOR STREETS	50,000.00	0.00	0.00	50,000.00	0.00
Total Dept 000		384,500.00	15,500.00	(54,475.00)	369,000.00	4.03
Dept 905 - DEBT SERVICE						
430-905-986.004	RAMSDELL - HVAC NOTE	80,850.00	54,475.00	54,475.00	26,375.00	67.38
430-905-991.000	PRINCIPLE PORTION OF PAYMENTS	42,328.00	42,327.59	0.00	0.41	100.00
430-905-992.012	2010 CAPITAL IMP BOND INTEREST	29,783.00	15,288.51	0.00	14,494.49	51.33
430-905-992.202	RAMSDELL THEATRE HVAC - INTERE	28,100.00	0.00	0.00	28,100.00	0.00
Total Dept 905 - DEBT SERVICE		181,061.00	112,091.10	54,475.00	68,969.90	61.91
TOTAL EXPENDITURES		565,561.00	127,591.10	0.00	437,969.90	22.56
Fund 430 - CAPITAL IMPROVEMENT FUND:						
TOTAL REVENUES		591,042.00	300,000.00	0.00	291,042.00	50.76
TOTAL EXPENDITURES		565,561.00	127,591.10	0.00	437,969.90	22.56
NET OF REVENUES & EXPENDITURES		25,481.00	172,408.90	0.00	(146,927.90)	676.62

PERIOD ENDING 10/31/2018

\*NOTE: Available Balance / Pct Budget Used does not reflect amounts encumbered.

GL NUMBER	DESCRIPTION	2018-19	YTD BALANCE	ACTIVITY FOR	AVAILABLE	% BDGT USED
		AMENDED BUDGET	10/31/2018 NORMAL (ABNORMAL)	MONTH 10/31/2018 INCREASE (DECREASE)	BALANCE NORMAL (ABNORMAL)	
Fund 496 - RENAISSANCE PARK						
Revenues						
Dept 000						
496-000-699.000	TRANSFERS IN	5,620.00	0.00	0.00	5,620.00	0.00
Total Dept 000		5,620.00	0.00	0.00	5,620.00	0.00
TOTAL REVENUES		5,620.00	0.00	0.00	5,620.00	0.00
Expenditures						
Dept 000						
496-000-991.002	RENAISSANCE PARK - PRINCIPAL	5,620.00	5,616.00	0.00	4.00	99.93
Total Dept 000		5,620.00	5,616.00	0.00	4.00	99.93
TOTAL EXPENDITURES		5,620.00	5,616.00	0.00	4.00	99.93
Fund 496 - RENAISSANCE PARK:						
TOTAL REVENUES		5,620.00	0.00	0.00	5,620.00	0.00
TOTAL EXPENDITURES		5,620.00	5,616.00	0.00	4.00	99.93
NET OF REVENUES & EXPENDITURES		0.00	(5,616.00)	0.00	5,616.00	100.00

PERIOD ENDING 10/31/2018

\*NOTE: Available Balance / Pct Budget Used does not reflect amounts encumbered.

GL NUMBER	DESCRIPTION	2018-19	YTD BALANCE	ACTIVITY FOR	AVAILABLE	% BDGT USED
		AMENDED BUDGET	10/31/2018 NORMAL (ABNORMAL)	MONTH 10/31/2018 INCREASE (DECREASE)	BALANCE NORMAL (ABNORMAL)	
Fund 501 - BOAT LAUNCH FUND						
Revenues						
Dept 000						
501-000-642.000	SALES	37,000.00	20,773.00	1,649.00	16,227.00	56.14
501-000-665.000	INVESTMENT - INTEREST	50.00	0.00	0.00	50.00	0.00
Total Dept 000		37,050.00	20,773.00	1,649.00	16,277.00	56.07
TOTAL REVENUES		37,050.00	20,773.00	1,649.00	16,277.00	56.07
Expenditures						
Dept 000						
501-000-752.000	SUPPLIES - OPERATING	2,800.00	601.36	62.39	2,198.64	21.48
501-000-801.000	PROFESSIONAL & CONSULTING SER	500.00	0.00	0.00	500.00	0.00
501-000-803.000	ADMINISTRATION	2,600.00	2,600.00	0.00	0.00	100.00
501-000-850.000	COMMUNICATIONS - PHONE	480.00	159.96	39.99	320.04	33.33
501-000-880.000	MARKETING & PROMOTION	500.00	0.00	0.00	500.00	0.00
501-000-918.000	UTILITIES - WATER	2,500.00	815.14	183.94	1,684.86	32.61
501-000-920.000	UTILITIES - ELECTRIC	3,800.00	1,498.10	287.15	2,301.90	39.42
501-000-930.000	REPAIRS/MAINT - BUILDINGS/LAN	3,000.00	382.39	0.00	2,617.61	12.75
501-000-931.000	REPAIRS/MAINT - EQUIPMENT	500.00	0.00	0.00	500.00	0.00
501-000-960.000	BANK CHARGES	700.00	371.60	34.46	328.40	53.09
Total Dept 000		17,380.00	6,428.55	607.93	10,951.45	36.99
Dept 905 - DEBT SERVICE						
501-905-991.203	PRINCIPAL - INTERNAL LOAN	13,419.00	0.00	0.00	13,419.00	0.00
501-905-992.203	INTEREST - INTERNAL LOAN	1,117.00	1,382.15	1,382.15	(265.15)	123.74
Total Dept 905 - DEBT SERVICE		14,536.00	1,382.15	1,382.15	13,153.85	9.51
TOTAL EXPENDITURES		31,916.00	7,810.70	1,990.08	24,105.30	24.47
Fund 501 - BOAT LAUNCH FUND:						
TOTAL REVENUES		37,050.00	20,773.00	1,649.00	16,277.00	56.07
TOTAL EXPENDITURES		31,916.00	7,810.70	1,990.08	24,105.30	24.47
NET OF REVENUES & EXPENDITURES		5,134.00	12,962.30	(341.08)	(7,828.30)	252.48

User: ebradford

PERIOD ENDING 10/31/2018

DB: Manistee

\*NOTE: Available Balance / Pct Budget Used does not reflect amounts encumbered.

GL NUMBER	DESCRIPTION	2018-19	YTD BALANCE	ACTIVITY FOR	AVAILABLE	% BGDG USED
		AMENDED BUDGET	10/31/2018 NORMAL (ABNORMAL)	MONTH 10/31/2018 INCREASE (DECREASE)	BALANCE NORMAL (ABNORMAL)	
<b>Fund 592 - WATER &amp; SEWER UTILITY</b>						
<b>Revenues</b>						
<b>Dept 000</b>						
592-000-540.000	STATE GRANT - OTHER	205,000.00	22,614.37	15,119.50	182,385.63	11.03
592-000-613.000	PENALTIES	44,006.00	17,256.53	4,115.06	26,749.47	39.21
592-000-614.000	WATER READY TO SERVE	221,403.00	66,393.75	18,766.52	155,009.25	29.99
592-000-615.000	SEWER READY TO SERVE	628,927.00	187,929.99	53,133.06	440,997.01	29.88
592-000-616.000	NEW SERVICE	20,000.00	0.00	0.00	20,000.00	0.00
592-000-626.000	CHARGE FOR SERVICE	500.00	(200.00)	(1,200.00)	700.00	(40.00)
592-000-648.000	SALES - WATER	1,005,139.00	288,234.91	81,864.68	716,904.09	28.68
592-000-648.001	SALES - WATER SPRINKLERS	0.00	119,036.25	24,267.40	(119,036.25)	100.00
592-000-649.000	SALES - SEWER	2,145,098.00	620,872.81	166,994.77	1,524,225.19	28.94
592-000-650.000	SALES - METERS	6,500.00	593.47	233.00	5,906.53	9.13
592-000-665.000	INVESTMENT - INTEREST	12,000.00	17,493.71	3,920.85	(5,493.71)	145.78
592-000-667.000	RENTAL INCOME	106,971.00	0.00	0.00	106,971.00	0.00
592-000-667.020	RENTAL - HYDRANT & TUNNEL	21,600.00	10,800.00	5,400.00	10,800.00	50.00
592-000-672.000	OTHER REVENUE	9,000.00	2,064.07	565.00	6,935.93	22.93
592-000-676.000	REIMBURSEMENT	8,000.00	(605.00)	0.00	8,605.00	(7.56)
592-000-680.000	CAPITAL COST RECOVERY	23,855.00	7,024.08	1,987.95	16,830.92	29.44
592-000-687.000	REFUNDS	4,000.00	0.00	0.00	4,000.00	0.00
592-000-696.001	BOND PROCEEDS USED	2,245,000.00	0.00	0.00	2,245,000.00	0.00
592-000-699.000	TRANSFERS IN	391,042.00	0.00	0.00	391,042.00	0.00
<b>Total Dept 000</b>		<b>7,098,041.00</b>	<b>1,359,508.94</b>	<b>375,167.79</b>	<b>5,738,532.06</b>	<b>19.15</b>
<b>TOTAL REVENUES</b>		<b>7,098,041.00</b>	<b>1,359,508.94</b>	<b>375,167.79</b>	<b>5,738,532.06</b>	<b>19.15</b>
<b>Expenditures</b>						
<b>Dept 275 - GENERAL</b>						
592-275-961.000	UTILITY OWNERSHIP FEE	190,000.00	65,177.16	16,176.83	124,822.84	34.30
592-275-995.000	TRANSFERS OUT	391,042.00	0.00	0.00	391,042.00	0.00
<b>Total Dept 275 - GENERAL</b>		<b>581,042.00</b>	<b>65,177.16</b>	<b>16,176.83</b>	<b>515,864.84</b>	<b>11.22</b>
<b>Dept 541 - ADMINISTRATION</b>						
592-541-702.000	WAGES - FULL TIME	122,503.00	37,693.22	9,423.31	84,809.78	30.77
592-541-708.000	COSTS - SUTA	617.00	0.00	0.00	617.00	0.00
592-541-709.000	COSTS - SOCIAL SECURITY	7,657.00	2,455.69	543.59	5,201.31	32.07
592-541-711.000	COSTS - MEDICARE	1,791.00	574.33	127.14	1,216.67	32.07
592-541-713.000	WAGES - OVERTIME	1,000.00	64.93	0.00	935.07	6.49
592-541-717.000	COSTS - MERS CONTRIBUTION	17,130.00	5,867.61	1,307.02	11,262.39	34.25
592-541-718.000	COSTS - BLUE CROSS INSURANCE	23,405.00	7,483.08	1,985.37	15,921.92	31.97
592-541-718.001	COSTS - HSA CONTRIBUTION	6,000.00	6,000.00	0.00	0.00	100.00
592-541-718.002	COSTS - DENTAL INSURANCE	1,453.00	486.42	121.11	966.58	33.48
592-541-718.003	COSTS - VISION / ANCILLIARY	325.00	108.28	27.07	216.72	33.32
592-541-725.000	COSTS - LIFE INSURANCE	168.00	64.68	16.17	103.32	38.50
592-541-726.000	COSTS - WORKERS COMPENSATION	556.00	562.98	125.65	(6.98)	101.26
592-541-752.000	SUPPLIES - OPERATING	10,980.00	1,016.72	406.05	9,963.28	9.26
592-541-801.000	PROFESSIONAL & CONSULTING SER	5,000.00	0.00	0.00	5,000.00	0.00
592-541-802.000	ATTORNEY	5,000.00	0.00	0.00	5,000.00	0.00
592-541-803.000	ADMINISTRATION	375,000.00	123,587.34	30,986.92	251,412.66	32.96
592-541-850.000	COMMUNICATIONS - PHONE	10,800.00	2,371.52	607.02	8,428.48	21.96
592-541-900.000	PRINTING & PUBLISHING	7,100.00	1,080.00	540.00	6,020.00	15.21

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PERIOD ENDING 10/31/2018

\*NOTE: Available Balance / Pct Budget Used does not reflect amounts encumbered.

GL NUMBER	DESCRIPTION	2018-19	YTD BALANCE	ACTIVITY FOR	AVAILABLE	% BDGT USED
		AMENDED BUDGET	10/31/2018 (NORMAL (ABNORMAL))	MONTH 10/31/2018 (INCREASE (DECREASE))	BALANCE (NORMAL (ABNORMAL))	
<b>Fund 592 - WATER &amp; SEWER UTILITY</b>						
<b>Expenditures</b>						
592-541-913.000	TRAVEL & TRAINING	2,000.00	0.00	0.00	2,000.00	0.00
592-541-915.000	MEMBERSHIPS & DUES	150.00	(83.00)	0.00	233.00	(55.33)
592-541-933.000	SOFTWARE AGREE / COPIER MAINT	3,950.00	413.31	78.30	3,536.69	10.46
592-541-960.000	BANK CHARGES	4,000.00	160.25	0.00	3,839.75	4.01
592-541-985.000	CAPITAL OUTLAY	7,000.00	6,000.00	0.00	1,000.00	85.71
<b>Total Dept 541 - ADMINISTRATION</b>		<b>613,585.00</b>	<b>195,907.36</b>	<b>46,294.72</b>	<b>417,677.64</b>	<b>31.93</b>
<b>Dept 542 - WATER OPERATION</b>						
592-542-702.000	WAGES - FULL TIME	139,250.00	41,249.53	9,593.77	98,000.47	29.62
592-542-708.000	COSTS - SUTA	926.00	0.00	0.00	926.00	0.00
592-542-709.000	COSTS - SOCIAL SECURITY	10,387.00	3,146.24	650.57	7,240.76	30.29
592-542-711.000	COSTS - MEDICARE	2,429.00	735.82	152.15	1,693.18	30.29
592-542-713.000	WAGES - OVERTIME	9,000.00	2,004.37	575.12	6,995.63	22.27
592-542-713.001	WAGES - 2E STANDBY PAY	17,363.00	5,407.51	1,266.46	11,955.49	31.14
592-542-717.000	COSTS - MERS CONTRIBUTION	7,436.00	2,423.07	592.61	5,012.93	32.59
592-542-718.000	COSTS - BLUE CROSS INSURANCE	46,415.00	12,518.45	3,320.61	33,896.55	26.97
592-542-718.001	COSTS - HSA CONTRIBUTION	3,000.00	9,000.00	0.00	(6,000.00)	300.00
592-542-718.002	COSTS - DENTAL INSURANCE	2,422.00	810.60	201.84	1,611.40	33.47
592-542-718.003	COSTS - VISION / ANCILLIARY	626.00	208.56	52.14	417.44	33.32
592-542-721.000	COSTS - UNIFORM/CLEANING ALLO	3,330.00	513.24	219.45	2,816.76	15.41
592-542-723.000	COSTS - RETIREE HEALTH CARE	0.00	452.11	0.00	(452.11)	100.00
592-542-725.000	COSTS - LIFE INSURANCE	288.00	110.88	27.72	177.12	38.50
592-542-726.000	COSTS - WORKERS COMPENSATION	6,227.00	1,885.24	393.90	4,341.76	30.28
592-542-727.000	WAGES - HOL/VAC/SICK SELBACK	1,500.00	0.00	0.00	1,500.00	0.00
592-542-752.000	SUPPLIES - OPERATING	5,500.00	901.71	574.06	4,598.29	16.39
592-542-753.000	SUPPLIES - CHEMICALS	25,500.00	3,155.00	0.00	22,345.00	12.37
592-542-754.000	SUPPLIES - METERS	50,000.00	468.73	0.00	49,531.27	0.94
592-542-770.000	VEHICLE GAS / DIESEL	7,200.00	1,594.50	247.72	5,605.50	22.15
592-542-801.000	PROFESSIONAL & CONSULTING SER	21,500.00	1,500.00	500.00	20,000.00	6.98
592-542-824.000	LAB TESTING	13,500.00	1,700.17	1,187.00	11,799.83	12.59
592-542-913.000	TRAVEL & TRAINING	4,000.00	0.00	0.00	4,000.00	0.00
592-542-915.000	MEMBERSHIPS & DUES	600.00	0.00	0.00	600.00	0.00
592-542-920.000	UTILITIES - ELECTRIC	72,000.00	23,321.47	4,969.32	48,678.53	32.39
592-542-930.000	REPAIRS/MAINT - BUILDINGS/LAN	5,000.00	1,195.82	306.18	3,804.18	23.92
592-542-931.000	REPAIRS/MAINT - EQUIPMENT	101,500.00	98.14	0.00	101,401.86	0.10
592-542-932.000	REPAIRS/MAINT - VEHICLES	1,500.00	125.98	33.98	1,374.02	8.40
592-542-933.000	SOFTWARE AGREE / COPIER MAINT	5,000.00	1,312.50	0.00	3,687.50	26.25
592-542-935.000	INSURANCE	6,000.00	4,582.33	0.00	1,417.67	76.37
592-542-957.000	MOTOR POOL	50,000.00	16,666.68	4,166.67	33,333.32	33.33
592-542-985.000	CAPITAL OUTLAY	9,400.00	0.00	0.00	9,400.00	0.00
<b>Total Dept 542 - WATER OPERATION</b>		<b>628,799.00</b>	<b>137,088.65</b>	<b>29,031.27</b>	<b>491,710.35</b>	<b>21.80</b>
<b>Dept 543 - SEWER - WWTP</b>						
592-543-702.000	WAGES - FULL TIME	128,454.00	39,306.83	9,888.00	89,147.17	30.60
592-543-708.000	COSTS - SUTA	926.00	0.00	0.00	926.00	0.00
592-543-709.000	COSTS - SOCIAL SECURITY	8,814.00	2,736.65	600.41	6,077.35	31.05
592-543-711.000	COSTS - MEDICARE	2,061.00	640.01	140.42	1,420.99	31.05
592-543-713.000	WAGES - OVERTIME	12,000.00	2,242.69	400.97	9,757.31	18.69
592-543-713.001	WAGES - 2E STANDBY PAY	1,200.00	745.44	166.08	454.56	62.12

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PERIOD ENDING 10/31/2018

DB: Manistee

\*NOTE: Available Balance / Pct Budget Used does not reflect amounts encumbered.

GL NUMBER	DESCRIPTION	2018-19	YTD BALANCE	ACTIVITY FOR	AVAILABLE	% BGDG USED
		AMENDED BUDGET	10/31/2018 (NORMAL (ABNORMAL))	MONTH 10/31/2018 INCREASE (DECREASE)	BALANCE NORMAL (ABNORMAL)	
<b>Fund 592 - WATER &amp; SEWER UTILITY</b>						
<b>Expenditures</b>						
592-543-717.000	COSTS - MERS CONTRIBUTION	6,072.00	2,130.80	499.25	3,941.20	35.09
592-543-718.000	COSTS - BLUE CROSS INSURANCE	27,666.00	8,843.36	2,346.66	18,822.64	31.96
592-543-718.001	COSTS - HSA CONTRIBUTION	7,500.00	7,500.00	0.00	0.00	100.00
592-543-718.002	COSTS - DENTAL INSURANCE	1,722.00	576.46	143.53	1,145.54	33.48
592-543-718.003	COSTS - VISION / ANCILLIARY	401.00	133.68	33.42	267.32	33.34
592-543-721.000	COSTS - UNIFORM/CLEANING ALLO	2,920.00	871.67	97.90	2,048.33	29.85
592-543-723.000	COSTS - RETIREE HEALTH CARE	2,500.00	1,221.35	250.00	1,278.65	48.85
592-543-725.000	COSTS - LIFE INSURANCE	288.00	110.88	27.72	177.12	38.50
592-543-726.000	COSTS - WORKERS COMPENSATION	2,876.00	875.55	194.83	2,000.45	30.44
592-543-727.000	WAGES - HOL/VAC/SICK SELLBACK	2,000.00	0.00	0.00	2,000.00	0.00
592-543-752.000	SUPPLIES - OPERATING	28,700.00	6,058.79	1,087.77	22,641.21	21.11
592-543-753.000	SUPPLIES - CHEMICALS	26,500.00	4,207.97	4,189.98	22,292.03	15.88
592-543-770.000	VEHICLE GAS / DIESEL	3,600.00	1,067.89	180.13	2,532.11	29.66
592-543-801.000	PROFESSIONAL & CONSULTING SER	12,000.00	12,501.75	4,502.50	(501.75)	104.18
592-543-824.000	LAB TESTING	5,000.00	1,058.92	0.00	3,941.08	21.18
592-543-913.000	TRAVEL & TRAINING	4,000.00	1,592.75	340.25	2,407.25	39.82
592-543-915.000	MEMBERSHIPS & DUES	400.00	355.00	215.00	45.00	88.75
592-543-920.000	UTILITIES - ELECTRIC	130,000.00	45,641.96	10,665.18	84,358.04	35.11
592-543-921.000	UTILITIES - NATURAL GAS	16,000.00	2,505.98	620.77	13,494.02	15.66
592-543-930.000	REPAIRS/MAINT - BUILDINGS/LAN	35,000.00	5,475.53	4,137.66	29,524.47	15.64
592-543-931.000	REPAIRS/MAINT - EQUIPMENT	173,500.00	129,787.38	37,009.07	43,712.62	74.81
592-543-932.000	REPAIRS/MAINT - VEHICLES	2,000.00	0.00	0.00	2,000.00	0.00
592-543-933.000	SOFTWARE AGREE / COPIER MAINT	950.00	340.00	0.00	610.00	35.79
592-543-935.000	INSURANCE	21,000.00	12,809.16	0.00	8,190.84	61.00
592-543-957.000	MOTOR POOL	50,000.00	16,666.68	4,166.67	33,333.32	33.33
<b>Total Dept 543 - SEWER - WWTP</b>		<b>716,050.00</b>	<b>308,005.13</b>	<b>81,904.17</b>	<b>408,044.87</b>	<b>43.01</b>
<b>Dept 544 - SEWER COLLECTION (STREETS)</b>						
592-544-702.000	WAGES - FULL TIME	84,822.00	25,916.99	6,524.80	58,905.01	30.55
592-544-708.000	COSTS - SUTA	617.00	0.00	0.00	617.00	0.00
592-544-709.000	COSTS - SOCIAL SECURITY	5,600.00	1,740.94	382.77	3,859.06	31.09
592-544-711.000	COSTS - MEDICARE	1,310.00	407.16	89.52	902.84	31.08
592-544-713.000	WAGES - OVERTIME	5,000.00	264.79	0.00	4,735.21	5.30
592-544-717.000	COSTS - MERS CONTRIBUTION	3,045.00	920.04	203.57	2,124.96	30.21
592-544-718.000	COSTS - BLUE CROSS INSURANCE	17,308.00	5,533.09	1,468.16	11,774.91	31.97
592-544-718.001	COSTS - HSA CONTRIBUTION	4,500.00	4,500.00	0.00	0.00	100.00
592-544-718.002	COSTS - DENTAL INSURANCE	1,076.00	360.24	89.70	715.76	33.48
592-544-718.003	COSTS - VISION / ANCILLIARY	285.00	94.92	23.73	190.08	33.31
592-544-721.000	COSTS - UNIFORM/CLEANING ALLO	1,620.00	368.20	41.34	1,251.80	22.73
592-544-725.000	COSTS - LIFE INSURANCE	192.00	73.92	18.48	118.08	38.50
592-544-726.000	COSTS - WORKERS COMPENSATION	1,823.00	549.51	121.84	1,273.49	30.14
592-544-727.000	WAGES - HOL/VAC/SICK SELLBACK	2,000.00	0.00	0.00	2,000.00	0.00
592-544-752.000	SUPPLIES - OPERATING	3,500.00	677.57	215.65	2,822.43	19.36
592-544-753.000	SUPPLIES - CHEMICALS	1,000.00	0.00	0.00	1,000.00	0.00
592-544-801.000	PROFESSIONAL & CONSULTING SER	35,000.00	0.00	0.00	35,000.00	0.00
592-544-913.000	TRAVEL & TRAINING	1,000.00	0.00	0.00	1,000.00	0.00
592-544-931.000	REPAIRS/MAINT - EQUIPMENT	35,500.00	798.56	798.56	34,701.44	2.25
592-544-932.000	REPAIRS/MAINT - VEHICLES	2,000.00	96.59	8.16	1,903.41	4.83
592-544-957.000	MOTOR POOL	50,000.00	16,666.68	4,166.67	33,333.32	33.33
592-544-985.000	CAPITAL OUTLAY	7,500.00	0.00	0.00	7,500.00	0.00

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GL NUMBER	DESCRIPTION	2018-19	YTD BALANCE	ACTIVITY FOR	AVAILABLE	% BDGT USED
		AMENDED BUDGET	10/31/2018 (NORMAL (ABNORMAL))	MONTH 10/31/2018 INCREASE (DECREASE)	BALANCE NORMAL (ABNORMAL)	
<b>Fund 592 - WATER &amp; SEWER UTILITY</b>						
<b>Expenditures</b>						
Total Dept 544 - SEWER COLLECTION (STREETS)		264,698.00	58,969.20	14,152.95	205,728.80	22.28
<b>Dept 902 - OTHER GRANTS</b>						
592-902-947.000	SAW GRANT EXPENSE	230,000.00	25,515.06	9,761.35	204,484.94	11.09
592-902-947.001	2018 WATER PILOT GRANT	331,000.00	23,697.59	14,845.50	307,302.41	7.16
<b>Total Dept 902 - OTHER GRANTS</b>		<b>561,000.00</b>	<b>49,212.65</b>	<b>24,606.85</b>	<b>511,787.35</b>	<b>8.77</b>
<b>Dept 903 - CAPITAL OUTLAY - OVER \$5,000</b>						
592-903-985.000	CAPITAL OUTLAY	2,005,000.00	0.00	0.00	2,005,000.00	0.00
592-903-987.016	2018 TWELFTH ST SEWER MAIN	0.00	107,905.98	0.00	(107,905.98)	100.00
592-903-987.017	2018 CAP BASIS OF DESIGN PROJECT 047	305,000.00	206,368.40	3,543.00	98,631.60	67.66
592-903-987.018	2018 COLLECT SYSTEM REHAB PILOT PROJ 049	365,000.00	223,553.86	151,351.20	141,446.14	61.25
592-903-987.020	2018 WATER PILOT GRANT 065	0.00	0.00	(1,970.50)	0.00	0.00
<b>Total Dept 903 - CAPITAL OUTLAY - OVER \$5,000</b>		<b>2,675,000.00</b>	<b>537,828.24</b>	<b>152,923.70</b>	<b>2,137,171.76</b>	<b>20.11</b>
<b>Dept 905 - DEBT SERVICE</b>						
592-905-960.000	BANK CHARGES	2,500.00	0.00	0.00	2,500.00	0.00
592-905-991.000	PRINCIPLE PORTION OF PAYMENTS	1,375,259.00	0.00	0.00	1,375,259.00	0.00
592-905-992.005	1998 B SRF BOND INTEREST	1,856.00	1,856.25	0.00	(0.25)	100.01
592-905-992.007	1999 B SRF BOND INTEREST	8,813.00	5,250.00	0.00	3,563.00	59.57
592-905-992.009	2006 SRF BOND INTEREST	21,649.00	10,824.69	0.00	10,824.31	50.00
592-905-992.010	2010 SRF BOND INTEREST	11,152.00	5,763.44	0.00	5,388.56	51.68
592-905-992.011	2010 DWRF BOND INTEREST	7,875.00	4,062.50	0.00	3,812.50	51.59
592-905-992.012	2010 CAPITAL IMP BOND INTERES	112,764.00	57,884.61	0.00	54,879.39	51.33
592-905-992.013	2011 SRF BOND INTEREST	23,269.00	11,634.68	0.00	11,634.32	50.00
592-905-992.014	2011 DWRF BOND INTEREST	7,814.00	3,906.94	0.00	3,907.06	50.00
592-905-992.015	2015 W/S REVENUE BOND - INT	86,750.00	43,375.00	43,375.00	43,375.00	50.00
592-905-992.016	2017 W/S REVENUE & REFUNDING - INTEREST	95,872.00	51,136.00	51,136.00	44,736.00	53.34
<b>Total Dept 905 - DEBT SERVICE</b>		<b>1,755,573.00</b>	<b>195,694.11</b>	<b>94,511.00</b>	<b>1,559,878.89</b>	<b>11.15</b>
<b>TOTAL EXPENDITURES</b>		<b>7,795,747.00</b>	<b>1,547,882.50</b>	<b>459,601.49</b>	<b>6,247,864.50</b>	<b>19.86</b>
<b>Fund 592 - WATER &amp; SEWER UTILITY:</b>						
TOTAL REVENUES		7,098,041.00	1,359,508.94	375,167.79	5,738,532.06	19.15
TOTAL EXPENDITURES		7,795,747.00	1,547,882.50	459,601.49	6,247,864.50	19.86
<b>NET OF REVENUES &amp; EXPENDITURES</b>		<b>(697,706.00)</b>	<b>(188,373.56)</b>	<b>(84,433.70)</b>	<b>(509,332.44)</b>	<b>27.00</b>

PERIOD ENDING 10/31/2018

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GL NUMBER	DESCRIPTION	2018-19	YTD BALANCE	ACTIVITY FOR	AVAILABLE	% BDGT USED
		AMENDED BUDGET	10/31/2018 NORMAL (ABNORMAL)	MONTH 10/31/2018 INCREASE (DECREASE)	BALANCE NORMAL (ABNORMAL)	
<b>Fund 594 - MARINA FUND</b>						
<b>Revenues</b>						
<b>Dept 000</b>						
594-000-642.000	SALES	2,500.00	1,360.00	0.00	1,140.00	54.40
594-000-645.000	SALES - FUEL	90,000.00	70,307.33	533.62	19,692.67	78.12
594-000-646.000	SALES - DOCKAGE	73,000.00	30,518.00	0.00	42,482.00	41.81
594-000-665.000	INVESTMENT - INTEREST	50.00	0.00	0.00	50.00	0.00
594-000-667.000	RENTAL INCOME	7,500.00	4,570.00	1,750.00	2,930.00	60.93
594-000-672.000	OTHER REVENUE	0.00	80.00	0.00	(80.00)	100.00
594-000-687.000	REFUNDS	0.00	587.54	587.54	(587.54)	100.00
594-000-699.000	TRANSFERS IN	65,000.00	0.00	0.00	65,000.00	0.00
<b>Total Dept 000</b>		<b>238,050.00</b>	<b>107,422.87</b>	<b>2,871.16</b>	<b>130,627.13</b>	<b>45.13</b>
<b>TOTAL REVENUES</b>		<b>238,050.00</b>	<b>107,422.87</b>	<b>2,871.16</b>	<b>130,627.13</b>	<b>45.13</b>
<b>Expenditures</b>						
<b>Dept 000</b>						
594-000-704.000	WAGES - PART-TIME	25,000.00	13,265.13	0.00	11,734.87	53.06
594-000-708.000	COSTS - SUTA	864.00	526.34	0.00	337.66	60.92
594-000-709.000	COSTS - SOCIAL SECURITY	1,562.00	951.44	0.00	610.56	60.91
594-000-711.000	COSTS - MEDICARE	365.00	222.52	0.00	142.48	60.96
594-000-713.000	WAGES - OVERTIME	200.00	0.00	0.00	200.00	0.00
594-000-726.000	COSTS - WORKERS COMPENSATION	859.00	476.84	0.00	382.16	55.51
594-000-752.000	SUPPLIES - OPERATING	5,500.00	1,510.02	93.50	3,989.98	27.45
594-000-760.000	SUPPLIES - GASOLINE	60,000.00	37,382.41	0.00	22,617.59	62.30
594-000-761.000	SUPPLIES - DIESEL FUEL	20,000.00	25,934.42	0.00	(5,934.42)	129.67
594-000-801.000	PROFESSIONAL & CONSULTING SER	1,000.00	0.00	0.00	1,000.00	0.00
594-000-803.000	ADMINISTRATION	11,753.00	5,926.50	0.00	5,826.50	50.43
594-000-880.000	MARKETING & PROMOTION	4,000.00	425.00	425.00	3,575.00	10.63
594-000-918.000	UTILITIES - WATER	7,200.00	8,488.32	900.54	(1,288.32)	117.89
594-000-920.000	UTILITIES - ELECTRIC	11,000.00	4,065.54	736.97	6,934.46	36.96
594-000-921.000	UTILITIES - NATURAL GAS	4,000.00	258.74	81.06	3,741.26	6.47
594-000-930.000	REPAIRS/MAINT - BUILDINGS/LAN	12,500.00	4,338.69	0.00	8,161.31	34.71
594-000-930.001	REPAIRS/MAINT - SEICHE DAMAGE	0.00	8,627.19	1,210.00	(8,627.19)	100.00
594-000-931.000	REPAIRS/MAINT - EQUIPMENT	1,500.00	2,362.50	0.00	(862.50)	157.50
594-000-935.000	INSURANCE	1,750.00	765.25	0.00	984.75	43.73
594-000-958.000	SALES TAX	6,000.00	11,301.61	5,674.21	(5,301.61)	188.36
594-000-960.000	BANK CHARGES	6,000.00	3,466.60	(51.33)	2,533.40	57.78
<b>Total Dept 000</b>		<b>181,053.00</b>	<b>130,295.06</b>	<b>9,069.95</b>	<b>50,757.94</b>	<b>71.97</b>
<b>Dept 905 - DEBT SERVICE</b>						
594-905-991.201	MARINA BLDG - PRINCIPAL	25,095.00	0.00	0.00	25,095.00	0.00
594-905-991.203	PRINCIPAL - INTERNAL LOAN	26,594.00	0.00	0.00	26,594.00	0.00
594-905-992.201	MARINA BLDG - INTEREST	7,292.00	0.00	0.00	7,292.00	0.00
594-905-992.203	INTEREST - INTERNAL LOAN	3,993.00	4,518.94	4,518.94	(525.94)	113.17
<b>Total Dept 905 - DEBT SERVICE</b>		<b>62,974.00</b>	<b>4,518.94</b>	<b>4,518.94</b>	<b>58,455.06</b>	<b>7.18</b>
<b>TOTAL EXPENDITURES</b>		<b>244,027.00</b>	<b>134,814.00</b>	<b>13,588.89</b>	<b>109,213.00</b>	<b>55.25</b>

REVENUE AND EXPENDITURE REPORT FOR MANISTEE CITY

PERIOD ENDING 10/31/2018

\*NOTE: Available Balance / Pct Budget Used does not reflect amounts encumbered.

GL NUMBER	DESCRIPTION	2018-19	YTD BALANCE	ACTIVITY FOR	AVAILABLE	% BDGT USED
		AMENDED BUDGET	10/31/2018 NORMAL (ABNORMAL)	MONTH 10/31/2018 INCREASE (DECREASE)	BALANCE NORMAL (ABNORMAL)	
Fund 594 - MARINA FUND						
Fund 594 - MARINA FUND:						
	TOTAL REVENUES	238,050.00	107,422.87	2,871.16	130,627.13	45.13
	TOTAL EXPENDITURES	244,027.00	134,814.00	13,588.89	109,213.00	55.25
	NET OF REVENUES & EXPENDITURES	(5,977.00)	(27,391.13)	(10,717.73)	21,414.13	458.28

PERIOD ENDING 10/31/2018

\*NOTE: Available Balance / Pct Budget Used does not reflect amounts encumbered.

GL NUMBER	DESCRIPTION	2018-19	YTD BALANCE	ACTIVITY FOR	AVAILABLE	% BDGT USED
		AMENDED BUDGET	10/31/2018 (NORMAL (ABNORMAL))	MONTH 10/31/2018 (INCREASE (DECREASE))	BALANCE (NORMAL (ABNORMAL))	
Fund 661 - MOTOR POOL FUND						
Revenues						
Dept 000						
661-000-665.000	INVESTMENT - INTEREST	3,000.00	2,652.32	689.30	347.68	88.41
661-000-670.003	EQUIPMENT RENTAL - FIRE	64,818.00	21,604.86	5,401.50	43,213.14	33.33
661-000-670.004	EQUIPMENT RENTAL - PARKS	37,636.00	12,546.31	3,136.33	25,089.69	33.34
661-000-670.005	EQUIPMENT RENTAL - POLICE	32,409.00	10,803.24	2,700.75	21,605.76	33.33
661-000-670.006	EQUIPMENT RENTAL - PUBLIC WOR	75,000.00	25,000.00	6,250.00	50,000.00	33.33
661-000-670.007	EQUIPMENT RENTAL - STREETSEWE	50,000.00	16,666.65	4,166.67	33,333.35	33.33
661-000-670.008	EQUIPMENT RENTAL - WATER	50,000.00	16,666.65	4,166.67	33,333.35	33.33
661-000-670.009	EQUIPMENT RENTAL - WWTP	50,000.00	16,666.65	4,166.67	33,333.35	33.33
661-000-675.000	SALE OF ASSET	5,000.00	0.00	0.00	5,000.00	0.00
661-000-696.000	BOND/NOTE PROCEEDS	0.00	660,000.00	500,000.00	(660,000.00)	100.00
Total Dept 000		367,863.00	782,606.68	530,677.89	(414,743.68)	212.74
TOTAL REVENUES		367,863.00	782,606.68	530,677.89	(414,743.68)	212.74
Expenditures						
Dept 000						
661-000-935.000	INSURANCE	35,000.00	38,765.50	0.00	(3,765.50)	110.76
661-000-981.101	DPW - PLOW TRUCKS	115,641.00	112,138.00	0.00	3,503.00	96.97
661-000-981.106	DPW - LOADER	143,622.00	215,013.30	215,013.30	(71,391.30)	149.71
661-000-981.201	PARKS - MOWERS	12,000.00	0.00	0.00	12,000.00	0.00
661-000-981.301	POLICE - PATROL CAR	48,000.00	1,401.02	0.00	46,598.98	2.92
661-000-981.402	FIRE - RESCUE AMBULANCE	29,000.00	29,000.00	0.00	0.00	100.00
661-000-981.501	WATER - PICKUP	0.00	42,861.00	0.00	(42,861.00)	100.00
661-000-981.503	WWTP - PICKUP	30,600.00	0.00	0.00	30,600.00	0.00
661-000-981.504	WS - VACTOR	67,881.00	403,653.00	403,653.00	(335,772.00)	594.65
Total Dept 000		481,744.00	842,831.82	618,666.30	(361,087.82)	174.95
TOTAL EXPENDITURES		481,744.00	842,831.82	618,666.30	(361,087.82)	174.95
Fund 661 - MOTOR POOL FUND:						
TOTAL REVENUES		367,863.00	782,606.68	530,677.89	(414,743.68)	212.74
TOTAL EXPENDITURES		481,744.00	842,831.82	618,666.30	(361,087.82)	174.95
NET OF REVENUES & EXPENDITURES		(113,881.00)	(60,225.14)	(87,988.41)	(53,655.86)	52.88
TOTAL REVENUES - ALL FUNDS						
TOTAL EXPENDITURES - ALL FUNDS						
NET OF REVENUES & EXPENDITURES		(663,650.00)	1,555,675.56	(536,576.09)	(2,219,325.56)	234.41



## Council Audit Committee

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**Memo to:** City Council

**From:** Council Audit Committee

**Re:** Annual Report on Discharging its Duties

**Date:** November 15, 2018

---

City Council,

The Council Audit Committee is established by Section 23 of the City Council Guidelines. The responsibilities of the audit committee are spelled out as:

The Audit Committee shall be responsible for the selection (through a recommendation to Council), retention and oversight of the City's independent auditors, using the Government Finance Officer's recommended practice for Audit Committees as a guideline. The committee shall consist of three Councilmembers. The Committee shall have access to the services of at least one financial expert familiar with municipal accounting and auditing practices. The Committee shall present annually a written report of how it has discharged its duties and responsibilities.

This memo will serve as the annual report for how the committee has discharged its duties. The audit committee met three times in 2018. The minutes of the meetings are attached.

On August 9, 2018 the committee met and reviewed the role of the committee. A copy of the Government Finance Officers Association's best practices was distributed and reviewed. The committee also discussed the upcoming audit and fieldwork process. The CFO advised the committee that the five-year agreement with the current auditing firm Anderson Tackman was expiring and that a Request for Proposals would be prepared and issued.

On October 17, 2018 the Committee met and reviewed the Request for Proposals that had been issued. The Committee also met with lead auditor Ken Talsma from Anderson Tackman to review the draft audit report. The City will receive an unqualified opinion. Staff will draft an annual report for the Committee to consider at their next meeting.

On November 13, 2018 the Committee met to review the RFP responses and recommend a firm. Anderson Tackman was the unanimous choice of the Committee. The CFO and City Attorney will draft a contract for consideration by Council at a future date. The recommended length is five years with an optional three-year extension. The Committee reviewed and approved the draft report to City Council.

**COUNCIL AUDIT COMMITTEE  
MINUTES OF AUGUST 9, 2018**

A meeting of the City Council Audit Committee was held on Thursday, August 9, 2018 in the Second Floor Conference Room, City Hall, 70 Maple Street, Manistee, MI 49660.

MEMBERS PRESENT: Roger Zielinski, Lynda Beaton, Erin Pontiac

MEMBERS ABSENT: None

OTHERS PRESENT: City Manager Thad Taylor, Finance Director Ed Bradford

**Call to Order** – Chair Roger Zielinski called the meeting to order at 2:00 p.m.

**Public Comments** - None

**Discussion on Audit Committee Responsibilities** – Reviewed the role of the committee. City Council revised the Council Guidelines a few years ago to follow the Government Finance Officers Association’s best practices for Audit Committees. A copy of the GFOA Best Practices for Audit Committees was distributed and reviewed.

Auditor field work is scheduled for the last week of August. Request for Proposals are conducted every five years to select an auditing firm. The Audit Committee participates in this process and makes recommendations to City Council. It was suggested that the Committee consider increasing this to seven years next time to better establish a working relationship with the selected firm.

CONSENSUS: A private meeting/conference call will be scheduled for mid-September with the Auditor following completion of their field work; with a separate meeting that same day with City Administration to discuss any questions or concerns regarding the audit process. Following those meetings a short report will be drafted and given to City Council.

**Adjourn** – Following miscellaneous discussion the meeting adjourned at the Call of the Chair at 2:30 p.m.

Cynthia J. Lokovich, CAP-OM  
Executive Secretary

## **COUNCIL AUDIT COMMITTEE MINUTES OF OCTOBER 17, 2018**

A meeting of the City Council Audit Committee was held on Wednesday, October 17, 2018 in the Second Floor Conference Room, City Hall, 70 Maple Street, Manistee, MI 49660.

MEMBERS PRESENT: Roger Zielinski, Lynda Beaton, Erin Pontiac

MEMBERS ABSENT: None

OTHERS PRESENT: Auditor Ken Talsma with Anderson Tackman, City Manager Thad Taylor, Finance Director Ed Bradford

**Call to Order** – Chair Roger Zielinski called the meeting to order at 1:30 p.m.

**Public Comments** - None

**Request for Proposals** – Finance Director Ed Bradford provided a copy of a request for proposals for City audits. Responses are due November 5. A meeting of the Audit Committee will be scheduled to review the responses, draft contract language, and make recommendation to City Council. Discussed length of contract, could consider five-seven years with a two-three year extension clause.

**Discussion with City Auditor on Audit Process** – At their meeting of August 9, 2018 the Audit Committee requested an opportunity to meet with the auditor following the completion of field work to discuss any questions or concerns regarding the audit process. Ken Talsma of the firm of Anderson Tackman was in attendance.

The draft June 30, 2018 audit was reviewed. Areas discussed:

- GASB 75 and pension actuarial reports.
- State Public Act 202, an unfunded state mandate regarding pension plans.
- City Council Guidelines and committee annual report to City Council.
- Page 2 - auditor opinions.
- Page 3 - auditing standards.
- Pages 14 & 15 - consolidated overview of all funds, assets, and debt.
- Page 16 & 17 - fund levels; general fund balance increase.
- Page 56 - employee retirement and benefit system; 3.3 unfunded liability in 2018
- Page 59 - budgetary comparison schedule; no deficits in our funds.
- Page 70 & 71 - auditor responsibilities and recommendations.

General discussion on information technology recommendations, upcoming new reporting on capital/operating leases, financial reports staff prepares for City Council, etc. Overall the auditor reports a smooth process this year. New BS&A software has improved the process.

CONSENSUS: The annual report will be drafted by staff for presentation to City Council when the final audit document is ready for Council consideration. A draft committee report and the Auditor RFP will be reviewed at the next meeting of this committee.

**Next Meeting** – A meeting was scheduled for Tuesday, November 13, 2018 at 1:30 p.m.

**Adjourn** – Following miscellaneous discussion the meeting adjourned at the Call of the Chair at 2:25 p.m.

Cynthia J. Lokovich, CAP, OM  
Executive Secretary

**COUNCIL AUDIT COMMITTEE  
MINUTES OF NOVEMBER 13, 2018**

A meeting of the City Council Audit Committee was held on Tuesday, November 13, 2018 in the Second Floor Conference Room, City Hall, 70 Maple Street, Manistee, MI 49660.

MEMBERS PRESENT: Roger Zielinski, Lynda Beaton, Erin Pontiac

MEMBERS ABSENT: None

OTHERS PRESENT: City Manager Thad Taylor, Finance Director Ed Bradford, Deputy Treasurer Angie Rabb

**Call to Order** – Chair Roger Zielinski called the meeting to order at 1:30 p.m.

**Public Comments** - None

**Request for Proposals** – Finance Director Ed Bradford provided an overview of the RFP responses received for City audit services. Mr. Bradford and Ms. Rabb provided background experience for the current auditing firm.

Following discussion, *MOTION* was made by Erin Martin Pontiac, second by Lynda Beaton, that the Audit Committee recommends the firm of Anderson Tackman & Company PLC for a five-year term, with a three-year extension option for City audit services. Voice vote/motion carried.

CONSENSUS: Staff will forward this item for full council consideration in December.

**Annual Report to Council** – A draft annual report was prepared by staff and reviewed by the Audit Committee. The annual report will have 2018 meeting minutes attached and the draft will be amended to reflect actions taken today.

Staff is working with the auditor to finalize the audit. Audit numbers are needed to meet information requirements for Rural Development.

CONSENSUS: The Annual Audit Committee Report will be presented to Council in December in conjunction with the auditor's presentation of the June 30, 2018 audit. The new audit contract will also be considered that same evening.

**Next Meeting** – No further meetings were scheduled for 2018. A meeting will be scheduled for August 2019 prior to the auditor's field work.

**Adjourn** – Motion to adjourn by Erin Martin Pontiac, second by Lynda Beaton to adjourn at 1:50 p.m.

Cynthia J. Lokovich, CAP, OM  
Executive Secretary

**City of Manistee, Michigan**

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**BASIC FINANCIAL STATEMENTS**

**June 30, 2018**

**CITY OF MANISTEE, MICHIGAN**

ORGANIZATION

**MEMBERS OF THE CITY COMMISSION**

MAYOR	JAMES SMITH
MAYOR PRO-TEM	ROGER ZIELINSKI
COUNCIL MEMBER	LYNDA BEATON
COUNCIL MEMBER	CHIP GOODSPEED
COUNCIL MEMBER	DALE COOPER
COUNCIL MEMBER	JAMES GRABOWSKI
COUNCIL MEMBER	ERIN PONTIAC

**APPOINTED OFFICERS**

CITY MANAGER	THAD TAYLOR
CHIEF FINANCIAL OFFICER	EDWARD BRADFORD
CLERK	HEATHER PEFLY

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**ANDERSON, TACKMAN & COMPANY, PLC**  
**CERTIFIED PUBLIC ACCOUNTANTS**

**KINROSS OFFICE**

SUE A. BOWLBY, CPA, PRINCIPAL  
KENNETH A. TALSMA, CPA, PRINCIPAL  
AMBER N. MACK, CPA, PRINCIPAL

PHILLIP J. WOLF, CPA  
LESLIE BOHN, CPA

**MEMBER AICPA**  
**DIVISION FOR CPA FIRMS**

**MEMBER MACPA**

**OFFICES IN**  
**MICHIGAN & WISCONSIN**

**INDEPENDENT AUDITOR'S REPORT**

To the City Council  
City of Manistee  
Manistee, MI 49660

***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 Manistee, Michigan, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Manistee Housing Commission, which represents 86 percent, 76 percent, and 76 percent, respectively, of the assets, net position, and revenues of the discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Manistee Housing Commission, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

To the City Council  
City of Manistee

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

### ***Opinions***

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Manistee, Michigan, as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of employee retirement and benefit systems and budgetary comparison information on pages 4 through 13, pages 57 through 59, and pages 60 through 63 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

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

The combining major and nonmajor fund and component unit 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 major and nonmajor fund and component unit financial statements are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

To the City Council  
City of Manistee

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2018 on our consideration of the City of Manistee, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Manistee, Michigan's internal control over financial reporting and compliance.



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

November 15, 2018

## **Management's Discussion and Analysis**

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As management of the City of Manistee, Michigan (the "City"), 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, 2018. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the financial statements and notes to the financial statements.

### **Financial Highlights**

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the fiscal year 2018 by \$35,749,532 (*net position*). Of this, \$4,274,383 (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$38,208 (including restatement of beginning of net position, see Note 12) or .1%.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$12,772,829, an increase of \$787,345 or 6.6% from the prior year.
- At the end of the current fiscal year, the total General Fund fund balance was \$1,324,601, an increase of \$231,482. Unassigned fund balance was \$1,242,716 or 18.9% of total General Fund expenditures and transfers out.
- The City's total long-term debt (including vested employee benefits and excluding leases) decreased by \$452,804.

### **Overview of the Financial Statements**

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

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

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

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (for example, earned but unused vacation leave).

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

The government-wide financial statements include not only the City (known as the *primary government*), but also three legally separate authorities – the Downtown Development Authority, the Friends of the Ramsdell and the Manistee Housing Commission – for which the City is financially accountable. Financial information for these *component units* is reported in the other information to these financial statements.

The government-wide financial statements can be found on pages 14-15 of this report.

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

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

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

The City maintains 11 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Major and Local Streets, and Oil and Gas Funds, each of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

By May 15th of each year the City adopts an annual appropriated budget for general and special revenue funds for the coming fiscal year, which begins July 1st. Budgetary comparison statements have been provided herein to demonstrate compliance with those budgets for the major funds.

The basic governmental fund financial statements can be found on pages 16-18 of this report.

**Proprietary funds.** The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer and marina and boat ramp operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for its motor pool. Because the service benefits the General, Major and Local Streets, and Water and Sewer Fund functions, the services have been allocated between the governmental and business-type activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the Water and Sewer Fund, which is considered to be major fund of the City. Data from the other proprietary funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor proprietary funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 19-21 of this report.

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

The basic fiduciary fund financial statement can be found on page 22 of this report.

**Notes to 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 23-56 of this report.

**Required supplementary information.** Required supplementary information related to the City's employee retirement and benefit systems and budgetary comparison information related to the City's major governmental funds can be found on pages 57-63 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information including the combining statements referred to earlier in connection with nonmajor governmental and proprietary funds which are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 64-71 of this report.

**Component Units.** Individual component unit financial statements can be found on pages 72-73.

Government-wide Financial Statements

A condensed version of the Statement of Net Position at June 30, 2018 follows:

City of Manistee  
Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
<b>Assets</b>						
Current Assets	\$ 13,702,318	\$ 13,108,754	\$ 3,398,659	\$ 1,862,630	\$ 17,100,977	\$ 14,971,384
Capital Assets	21,734,077	22,452,971	19,128,218	19,697,665	40,862,295	42,150,636
<b>Total Assets</b>	<b>35,436,395</b>	<b>35,561,725</b>	<b>22,526,877</b>	<b>21,560,295</b>	<b>57,963,272</b>	<b>57,122,020</b>
<b>Deferred Outflows of Resources</b>	<b>351,728</b>	<b>1,064,822</b>	<b>76,057</b>	<b>67,968</b>	<b>427,785</b>	<b>1,132,790</b>
<b>Liabilities</b>						
Current Liabilities	1,335,905	1,616,726	1,537,441	1,337,169	2,873,346	2,953,895
Noncurrent Liabilities	9,950,985	10,503,072	9,295,640	9,086,519	19,246,625	19,589,591
<b>Total Liabilities</b>	<b>11,286,890</b>	<b>12,119,798</b>	<b>10,833,081</b>	<b>10,423,688</b>	<b>22,119,971</b>	<b>22,543,486</b>
<b>Deferred Inflows of Resources</b>	<b>473,797</b>	<b>-</b>	<b>47,757</b>	<b>-</b>	<b>521,554</b>	<b>-</b>
<b>Net Position</b>						
Net Investment in Capital Assets	14,669,202	15,815,339	8,458,405	9,304,324	23,127,607	25,119,663
Restricted	8,347,542	8,276,049	-	-	8,347,542	8,276,049
Unrestricted	1,010,692	415,361	3,263,691	1,900,251	4,274,383	2,315,612
<b>Total Net Position</b>	<b>\$ 24,027,436</b>	<b>\$ 24,506,749</b>	<b>\$ 11,722,096</b>	<b>\$ 11,204,575</b>	<b>\$ 35,749,532</b>	<b>\$ 35,711,324</b>

The largest portion of the City’s net position \$23,127,607 (64.3%) reflects its net investment in capital assets (for example land, buildings, vehicles, equipment, and infrastructure); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City’s net investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets cannot themselves be used to liquidate these liabilities.

A portion of the City’s net position of \$8,347,542 (23.2%) represents resources that are subject to external restrictions on how they may be used both for the City as a whole, as well as for its separate governmental and business-type activities. The balance in restricted net position reflects the charter-protected Oil and Gas fund, the City’s Bond Debt reserve, as well as other external restrictions. The remaining balance of unrestricted net position of \$4,274,383 (12.5%) may be used to meet the City’s ongoing obligations to citizens and creditors.

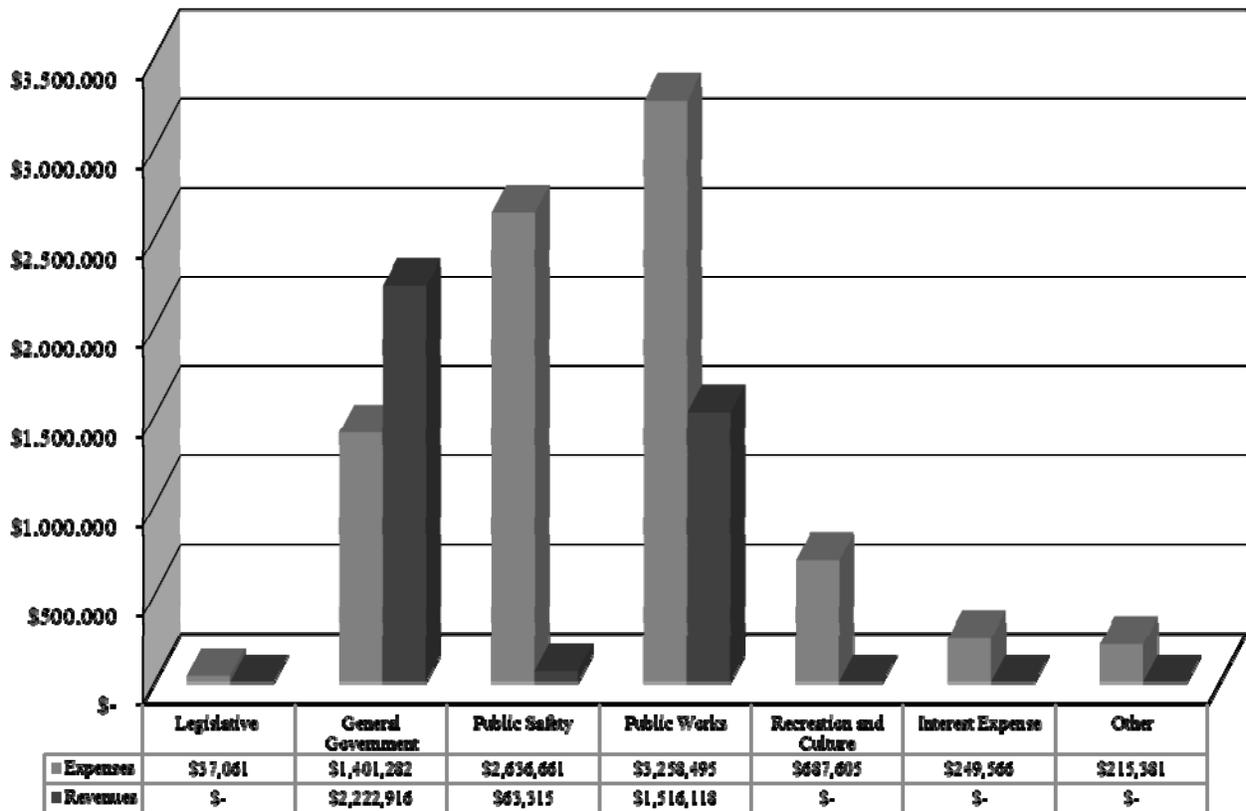
A condensed version of the Statement of Activities follows:

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

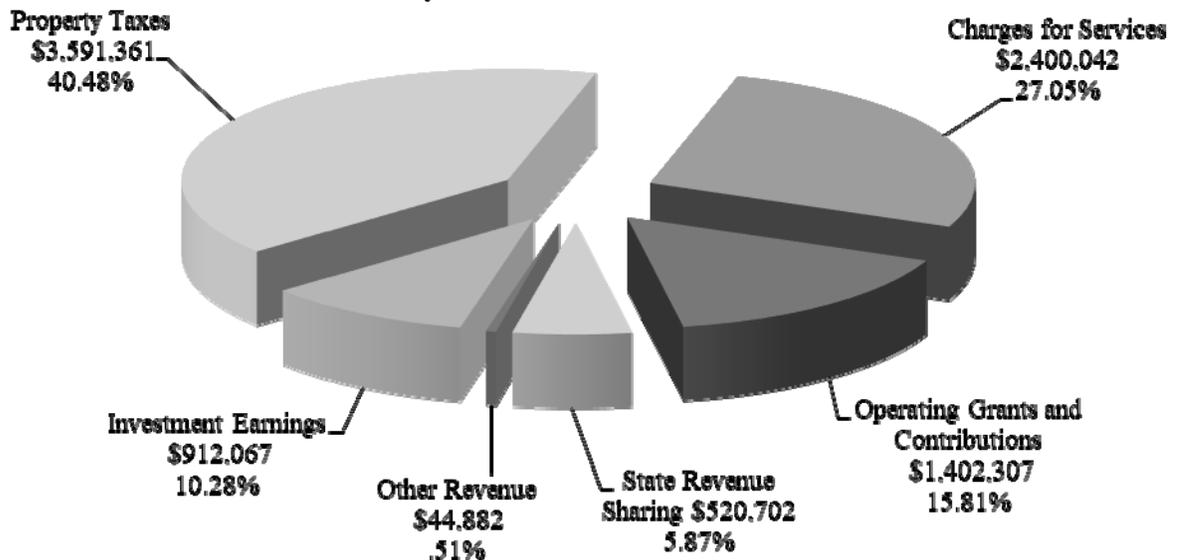
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
<b>Revenues</b>						
<b>Program Revenues</b>						
Charges for Services	\$ 2,400,042	\$ 1,802,704	\$ 4,799,542	\$ 4,001,512	\$ 7,199,584	\$ 5,804,216
Operating Grants and Contributions	1,402,307	1,059,619	440,815	923,816	1,843,122	1,983,435
<b>General Revenues</b>						
Property Taxes	3,591,361	3,618,919	-	-	3,591,361	3,618,919
State Revenue Sharing	520,702	666,141	-	-	520,702	666,141
Other Revenue	44,882	265,738	-	-	44,882	265,738
Appropriation to Non Profit	-	-	-	(834,500)	-	(834,500)
Investment Earnings	912,067	953,978	25,454	144,109	937,521	1,098,087
<b>Total Revenues</b>	<b>8,871,361</b>	<b>8,367,099</b>	<b>5,265,811</b>	<b>4,234,937</b>	<b>14,137,172</b>	<b>12,602,036</b>
<b>Expenses</b>						
Legislative	37,061	37,043	-	-	37,061	37,043
General Government	1,401,282	1,060,233	-	-	1,401,282	1,060,233
Public Safety	2,636,661	1,823,879	-	-	2,636,661	1,823,879
Public Works	3,258,495	2,558,919	-	-	3,258,495	2,558,919
Recreation and Culture	687,605	573,228	-	-	687,605	573,228
Interest Expense	249,566	579,660	-	-	249,566	579,660
Other	215,381	289,095	-	-	215,381	289,095
Boat Ramp	-	-	61,562	36,166	61,562	36,166
Marina	-	-	242,491	220,258	242,491	220,258
Water and Sewer	-	-	4,234,058	4,220,418	4,234,058	4,220,418
<b>Total Expenses</b>	<b>8,486,051</b>	<b>6,922,057</b>	<b>4,538,111</b>	<b>4,476,842</b>	<b>13,024,162</b>	<b>11,398,899</b>
Changes in Net Position before Transfers	385,310	1,445,042	727,700	(241,905)	1,113,010	1,203,137
Transfers	210,179	228,565	(210,179)	(228,565)	-	-
<b>Changes in Net Position</b>	<b>595,489</b>	<b>1,673,607</b>	<b>517,521</b>	<b>(470,470)</b>	<b>1,113,010</b>	<b>1,203,137</b>
Net Position - Beginning, as Restated (see Note 12)	23,431,947	22,833,142	11,204,575	11,675,045	34,636,522	34,508,187
<b>Net Position - Ending</b>	<b>\$ 24,027,436</b>	<b>\$ 24,506,749</b>	<b>\$ 11,722,096</b>	<b>\$ 11,204,575</b>	<b>\$ 35,749,532</b>	<b>\$ 35,711,324</b>

**Governmental activities.** Governmental activities decreased the City’s ending net position by \$266,201.

**Expenses and Program Revenues – Governmental Activities**

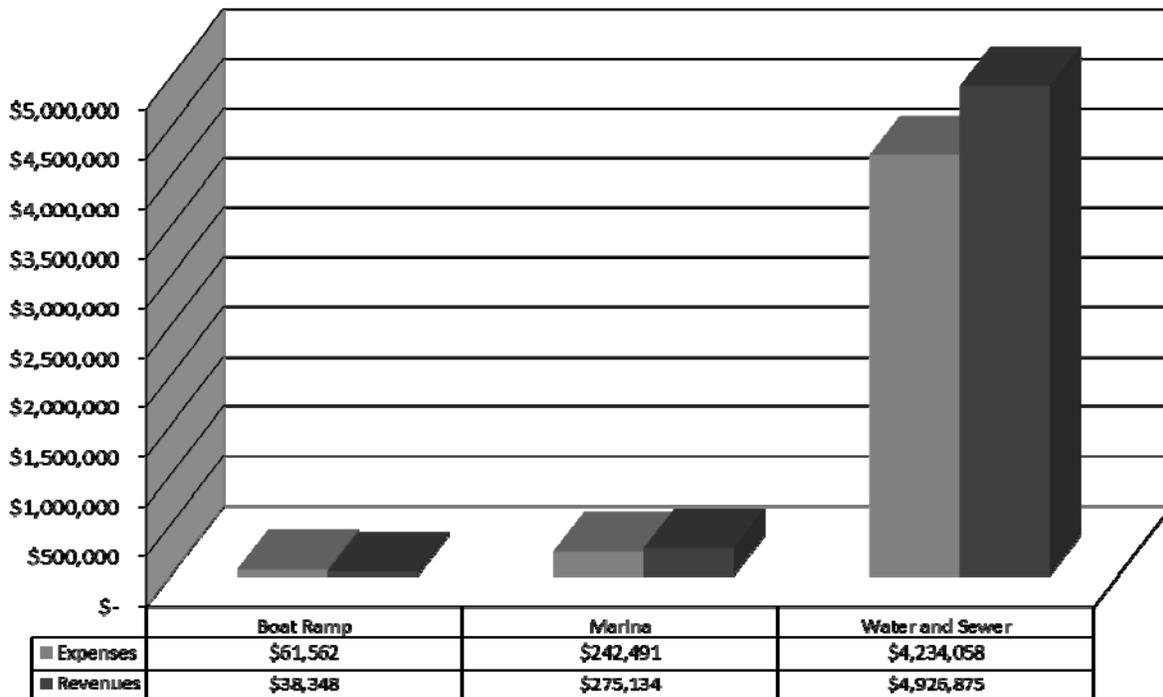


**Revenues by Source – Governmental Activities**



**Business-type activities.** Business-type activities increased the ending City’s net position by \$517,521.

**Expenses and Program Revenues – Business-type Activities**



**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 spending at the end of the fiscal year.

The General Fund is the main operating fund of the City. At the end of the current fiscal year, the total fund balance of the General Fund was \$1,324,601 of which \$1,242,716 was unassigned. As a measure of the General Fund’s liquidity, it may be useful to compare unassigned fund balance to total fund expenditures, including transfers out.

The Oil and Gas Fund has a total fund balance of \$10,529,035, which increased by \$391,635 during the year. This increase is primarily due stronger market returns. The City Charter prevents the principal of this fund to be spent without a vote of the people.

**Proprietary funds.** The City’s proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the Water and Sewer and Boat Ramp and Marina Funds at the end of the year amounted to \$3,263,691 and net investment in capital assets, net of related debt amounted to \$8,458,405. The Water and Sewer Funds had an increase of \$443,092, while the Boat Ramp and Marina have a combined increase of \$74,429.

**General Fund Budgetary Highlights**

During the year, General Fund budget variance of expenditures was underspent by \$135,925 when comparing final budget to actual. This was primarily due to less actual expenditures than anticipated for general government, public safety, and public works. General Fund revenues were more than anticipated by \$285,923. Further detail on budgetary highlights is found in the required supplementary information section of the audit report.

**Capital Asset and Debt Administration**

**Capital Assets**

The City’s net investment in capital assets as of June 30, 2018, amounted to \$40,862,295. This investment in capital assets includes land, land improvements, infrastructure, buildings and improvements, furniture and equipment, vehicles, and construction in progress. The total net decrease in the City’s investment in capital assets after depreciation for the current fiscal year was \$1,288,341. The following table summarizes the capital assets of the City as of year end:

**City of Manistee  
Capital Assets  
(net of depreciation, where applicable)**

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 4,723,930	\$ 4,723,930	\$ 51,974	\$ 51,974	\$ 4,775,904	\$ 4,775,904
Construction in Progress	68,802	68,802	602,445	40,410	671,247	109,212
Land Improvements	2,800,185	3,024,288	233,752	256,481	3,033,937	3,280,769
Infrastructure	7,637,934	7,523,378	16,884,014	17,874,440	24,521,948	25,397,818
Buildings and Improvements	4,427,619	4,714,036	939,977	995,577	5,367,596	5,709,613
Vehicles	438,461	638,159	-	-	438,461	638,159
Furniture and Equipment	1,637,146	1,760,378	416,056	478,783	2,053,202	2,239,161
<b>Total Capital Assets, Net</b>	<b>\$ 21,734,077</b>	<b>\$ 22,452,971</b>	<b>\$ 19,128,218</b>	<b>\$ 19,697,665</b>	<b>\$ 40,862,295</b>	<b>\$ 42,150,636</b>

Additional information on the City’s capital assets can be found in Note 4 to the financial statements section of this report.

**Long-Term Debt**

At the end of the current fiscal year, the City had total long-term debt of \$17,481,549. Of this amount, \$6,215,000 comprises debt backed by the full faith and credit of the government. The remainder of the City’s debt represents loans and bonds secured solely by specified revenue sources (i.e., revenue bonds). The City also has capital leases that amounted to \$8,475 at the end of the fiscal year. The City’s total long-term debt (excluding vested employee benefits, net pension and OPEB obligations) decreased by \$474,136.

The following table summarizes the City’s outstanding debt as of the end of the year:

**City of Manistee  
Outstanding Long-Term Debt**

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Bonds Payable	\$ 5,895,000	\$ 6,478,080	\$ 10,191,674	\$ 9,851,674	\$ 16,086,674	\$ 16,329,754
Notes Payable	1,161,400	1,376,623	225,000	249,308	1,386,400	1,625,931
Capital Leases	8,475	171,850	-	-	8,475	171,850
<b>Total Long-Term Debt</b>	<b>\$ 7,064,875</b>	<b>\$ 8,026,553</b>	<b>\$ 10,416,674</b>	<b>\$ 10,100,982</b>	<b>\$ 17,481,549</b>	<b>\$ 18,127,535</b>

**Economic Factors and Next Year’s Budgets and Rates**

The City of Manistee continues to weather the ongoing sluggish national and state economic recovery through sound budgeting, strategic planning and increased operational efficiencies. Although state-shared revenue has decreased by nearly 50% from its peak, it appears to have now stabilized. Property values have also stabilized and are expected to slowly rise over the next few years. In addition, the phase-in of the personal property tax returns will impact future budgets.

In spite of ongoing revenue challenges, Manistee continues to provide a wide range of services. The last several years have seen aggressive City efforts to control costs through headcount reductions and health care reforms. Strategic restructuring of various departments has occurred to optimize efficiency and better utilize human resources. Room for future headcount reduction and/or increased efficiencies is rather limited without addressing service level expenditures. The City’s pension and retiree healthcare (OPEB) obligations are quite manageable compared to many communities across the State because of modest benefits and caps on health costs. However, recent MERS investment results and revised actuarial assumptions will result in higher pension costs moving forward; although pension reforms for new hires are being implemented. OPEB costs are well contained.

A comprehensive water and sewer rate study was implemented July 1, 2015. The new rate structure has raised revenue to address system maintenance needs. Utility agreements with neighboring townships will also be beneficial moving forward.

**Component Units**

Complete financial statements and management's discussion and analysis may be obtained from the Manistee Downtown Development Authority and the Manistee Housing Commission.

**Request 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 Manistee  
Attn: Finance Director  
70 Maple Street  
Manistee, Michigan 49660 or;

via email at [ebradford@manisteemi.gov](mailto:ebradford@manisteemi.gov) or;

by visiting our website [www.manisteemi.gov](http://www.manisteemi.gov)

## **Basic Financial Statements**

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**Statement of Net Position  
June 30, 2018**

	Primary Government		Totals	Component Units
	Governmental Activities	Business-type Activities		
<b>ASSETS:</b>				
Cash and Equivalents - Unrestricted	\$ 1,531,829	\$ 1,016,659	\$ 2,548,488	\$ 654,510
Cash and Equivalents - Restricted	-	-	-	46,477
Investments - Restricted	11,250,813	1,862,735	13,113,548	-
Accounts Receivable	216,737	743,271	960,008	99,469
Notes Receivable	-	-	-	117,531
Due From Governmental Units	364,911	-	364,911	-
Internal Loans	253,139	(253,139)	-	-
Other Assets	-	-	-	31,246
Prepaid Items and Inventory	84,889	29,133	114,022	-
Capital Assets (Not Depreciated)	4,792,732	654,419	5,447,151	360,272
Capital Assets (Net of Accumulated Depreciation)	16,941,345	18,473,799	35,415,144	2,793,868
<b>TOTAL ASSETS</b>	<b>35,436,395</b>	<b>22,526,877</b>	<b>57,963,272</b>	<b>4,103,373</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>				
Pension Items	351,728	76,057	427,785	24,086
<b>LIABILITIES:</b>				
Accounts Payable	310,374	185,483	495,857	36,947
Accrued Liabilities	109,958	20,906	130,864	29,990
Due to Other Governmental Units	45,352	-	45,352	29,223
Accrued Interest Payable	68,526	38,257	106,783	-
Customer Deposits	-	52,700	52,700	48,257
Unearned Revenue	69	-	69	15,764
Net Pension Liability - Due in more than one year	3,287,006	66,590	3,353,596	29,179
Bonds Payable - Due within one year	580,000	1,215,000	1,795,000	-
Bonds Payable - Due in more than one year	5,315,000	8,976,674	14,291,674	-
Note Payable - Due within one year	218,183	25,095	243,278	-
Note Payable - Due in more than one year	943,217	199,905	1,143,122	500,000
Capital Leases - Due within one year	3,443	-	3,443	41,971
Capital Leases - Due in more than one year	5,032	-	5,032	1,076,178
OPEB Liability - Due in more than one year	118,141	-	118,141	-
Vested Employee Benefits- Due within one year	-	-	-	23,999
Vested Employee Benefits - Due in more than one year	282,589	52,471	335,060	10,589
<b>TOTAL LIABILITIES</b>	<b>11,286,890</b>	<b>10,833,081</b>	<b>22,119,971</b>	<b>1,842,097</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Pension & OPEB Items	473,797	47,757	521,554	-
<b>NET POSITION:</b>				
Net Investment in Capital Assets	14,669,202	8,458,405	23,127,607	1,535,991
Restricted	8,347,542	-	8,347,542	-
Unrestricted	1,010,692	3,263,691	4,274,383	749,371
<b>TOTAL NET POSITION</b>	<b>\$ 24,027,436</b>	<b>\$ 11,722,096</b>	<b>\$ 35,749,532</b>	<b>\$ 2,285,362</b>

**Statement of Activities  
For the Year Ended June 30, 2018**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Total	
<b>Primary Government:</b>								
<b>Governmental Activities:</b>								
Legislative	\$ 37,061	\$ -	\$ -	\$ -	(37,061)	\$ -	(37,061)	\$ -
General Government	1,401,282	1,769,469	453,447	-	821,634	-	821,634	-
Public Safety	2,636,661	-	63,315	-	(2,573,346)	-	(2,573,346)	-
Public Works	3,258,495	630,573	885,545	-	(1,742,377)	-	(1,742,377)	-
Recreation and Culture	687,605	-	-	-	(687,605)	-	(687,605)	-
Interest Expense	249,566	-	-	-	(249,566)	-	(249,566)	-
Other	215,381	-	-	-	(215,381)	-	(215,381)	-
Total Governmental Activities	8,486,051	2,400,042	1,402,307	-	(4,683,702)	-	(4,683,702)	-
<b>Business-type Activities:</b>								
Boat Ramp	61,562	38,348	-	-	-	(23,214)	(23,214)	-
Marina	242,491	275,134	-	-	-	32,643	32,643	-
Water and Sewer	4,234,058	4,486,060	440,815	-	-	692,817	692,817	-
Total Business-type Activities	4,538,111	4,799,542	440,815	-	-	702,246	702,246	-
Total Primary Government	\$ 13,024,162	\$ 7,199,584	\$ 1,843,122	\$ -	(4,683,702)	702,246	(3,981,456)	-
<b>Component Units:</b>								
<b>Public Works:</b>								
Manistee Housing Commission	\$ 1,580,447	\$ 500,518	\$ 572,951	\$ 53,779	-	-	-	(453,199)
<b>Recreation and Culture:</b>								
Friends of the Ramsdell	317,630	109,025	169,511	-	-	-	-	(39,094)
<b>Economic Development:</b>								
Downtown Development Authority	352,532	72,324	-	-	-	-	-	(280,208)
Total Component Units	\$ 2,250,609	\$ 681,867	\$ 742,462	\$ 53,779	-	-	-	(772,501)
<b>Total</b>								
<b>General Revenues and Transfers:</b>								
Property Taxes - Real					3,591,361	-	3,591,361	323,068
State Revenue Sharing					520,702	-	520,702	-
Investment Earnings/(Expense)					912,067	25,454	937,521	(71,444)
Rental Income					-	-	-	49,961
Other Revenue					44,882	-	44,882	124,639
Transfers					210,179	(210,179)	-	-
Total General Revenues and Transfers					5,279,191	(184,725)	5,094,466	426,224
Changes in Net Position					595,489	517,521	1,113,010	(346,277)
Net Position - Beginning, as restated (see Note 12)					23,431,947	11,204,575	34,636,522	2,631,639
Net Position - Ending					\$ 24,027,436	\$ 11,722,096	\$ 35,749,532	\$ 2,285,362

**Balance Sheet  
Governmental Funds  
June 30, 2018**

	General	Major Street	Local Street	Permanent Fund Oil and Gas	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>						
Cash and Equivalents - Unrestricted	\$ 763,629	\$ 189,850	\$ 248,811	\$ 88,276	\$ 143,537	\$ 1,434,103
Investments - Restricted	571,529	154,125	-	10,167,537	-	10,893,191
Accounts Receivable	116,453	-	-	20,083	74,576	211,112
Due from Other Funds	10,024	28,833	150,000	-	6,362	195,219
Long-term Advance from Other Funds	-	-	-	253,139	-	253,139
Due from Governmental Units	118,548	212,274	34,089	-	-	364,911
Prepaid Items	81,885	-	-	-	241	82,126
<b>TOTAL ASSETS</b>	<u>\$ 1,662,068</u>	<u>\$ 585,082</u>	<u>\$ 432,900</u>	<u>\$ 10,529,035</u>	<u>\$ 224,716</u>	<u>\$ 13,433,801</u>
<b>LIABILITIES:</b>						
Accounts Payable	\$ 158,878	\$ 17,542	\$ 87,530	\$ -	\$ 46,424	\$ 310,374
Unearned Revenue	-	-	-	-	69	69
Accrued Payroll and Related Liabilities	109,958	-	-	-	-	109,958
Due to Other Governmental Units	45,352	-	-	-	-	45,352
Due to Other Funds	23,279	150,000	21,940	-	-	195,219
<b>TOTAL LIABILITIES</b>	<u>337,467</u>	<u>167,542</u>	<u>109,470</u>	<u>-</u>	<u>46,493</u>	<u>660,972</u>
<b>FUND BALANCES:</b>						
Nonspendable	81,885	-	-	-	241	82,126
Restricted	-	417,540	323,430	7,513,883	92,689	8,347,542
Committed	-	-	-	-	13,978	13,978
Assigned	-	-	-	3,015,152	71,315	3,086,467
Unassigned	1,242,716	-	-	-	-	1,242,716
<b>TOTAL FUND BALANCES</b>	<u>1,324,601</u>	<u>417,540</u>	<u>323,430</u>	<u>10,529,035</u>	<u>178,223</u>	<u>12,772,829</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 1,662,068</u>	<u>\$ 585,082</u>	<u>\$ 432,900</u>	<u>\$ 10,529,035</u>	<u>\$ 224,716</u>	
<b>Reconciliation to amounts reported for governmental activities in the statement of net position:</b>						
Capital assets used by governmental activities						20,129,964
Vested employee benefits liability						(282,589)
Net pension liability and pension items						(3,409,075)
OPEB liability						(118,141)
Long-term notes and bonds payable for governmental activities						(6,716,042)
Accrued interest payable						(65,472)
Internal service funds included in governmental activities						1,715,962
<b>Net position of governmental activities</b>						<u>\$ 24,027,436</u>

**Statement of Revenues, Expenditures, and  
Changes in Fund Balance - Governmental Funds  
For the Year Ended June 30, 2018**

	General	Major Street	Local Street	Permanent Fund Oil and Gas	Nonmajor Governmental Funds	Totals Governmental Funds
<b>REVENUES:</b>						
Taxes	\$ 3,389,122	\$ -	\$ -	\$ -	\$ 202,239	\$ 3,591,361
Licenses and Permits	125,656	-	-	-	-	125,656
Federal Sources	4,143	-	-	-	13,738	17,881
State Sources	965,349	598,129	256,712	-	74,938	1,895,128
Local Sources	-	-	-	-	10,000	10,000
Charges for Services	1,643,813	280,854	-	-	349,719	2,274,386
Interest and Rents	72,525	2,475	-	837,015	52	912,067
Other Revenue	191,145	-	7,036	-	9,701	207,882
<b>TOTAL REVENUES</b>	<b>6,391,753</b>	<b>881,458</b>	<b>263,748</b>	<b>837,015</b>	<b>660,387</b>	<b>9,034,361</b>
<b>EXPENDITURES:</b>						
Legislative	37,061	-	-	-	-	37,061
General Government	1,386,094	-	-	54,452	11,034	1,451,580
Public Safety	2,274,667	-	-	-	48,807	2,323,474
Public Works	1,336,280	649,400	622,044	-	546,631	3,154,355
Recreation and Cultural	375,480	-	-	-	-	375,480
Other Expenditures	175,260	-	-	-	-	175,260
Capital Outlay	-	-	-	-	40,121	40,121
Debt Service	785,298	-	-	-	114,566	899,864
<b>TOTAL EXPENDITURES</b>	<b>6,370,140</b>	<b>649,400</b>	<b>622,044</b>	<b>54,452</b>	<b>761,159</b>	<b>8,457,195</b>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	21,613	232,058	(358,296)	782,563	(100,772)	577,166
<b>OTHER FINANCING SOURCES (USES):</b>						
Operating Transfers In	429,272	10,000	468,202	-	396,544	1,304,018
Operating Transfers Out	(219,403)	(131,414)	(81,414)	(390,928)	(270,680)	(1,093,839)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>209,869</b>	<b>(121,414)</b>	<b>386,788</b>	<b>(390,928)</b>	<b>125,864</b>	<b>210,179</b>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	231,482	110,644	28,492	391,635	25,092	787,345
FUND BALANCES, JULY 1	1,093,119	306,896	294,938	10,137,400	153,131	11,985,484
FUND BALANCES, JUNE 30	<u>\$ 1,324,601</u>	<u>\$ 417,540</u>	<u>\$ 323,430</u>	<u>\$ 10,529,035</u>	<u>\$ 178,223</u>	<u>\$ 12,772,829</u>

**Reconciliation of the Statement of Revenues, Expenditures,  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
For the Year Ended June 30, 2018**

Net changes in fund balances - total governmental funds	\$ 787,345
The change in net position reported for governmental activities in the statement of activities is different because:	
Governmental funds reported capital outlays as expenditures. However, in the statement of activities the cost of those assets is capitalized and the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation and loss on disposals exceeded capital outlay in the current period.	(343,283)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Principal payments	642,417
An internal service fund is used by management to charge the costs of certain activities, such as equipment costs, to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.	(59,500)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds:	
Vested employee benefits	(28,086)
OPEB liability	(1,058)
Change in net pension liability and pension items	(410,227)
Accrued interest payable	<u>7,881</u>
Changes in net position of governmental activities	<u>\$ 595,489</u>

**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2018**

	Water and Sewer	Nonmajor Enterprise Funds	Total	Governmental Activities Internal Service Fund
<b>ASSETS:</b>				
Cash and Equivalents - Unrestricted	\$ 961,993	\$ 54,666	\$ 1,016,659	\$ 97,726
Investments - Restricted	1,862,735	-	1,862,735	357,622
Accounts Receivable	642,447	100,824	743,271	5,625
Prepaid Items	14,281	184	14,465	2,763
Inventory	-	14,668	14,668	-
Capital Assets (Not Depreciated)	607,445	46,974	654,419	-
Capital Assets (Net of Accumulated Depreciation)	17,318,131	1,155,668	18,473,799	1,604,113
<b>TOTAL ASSETS</b>	<b>21,407,032</b>	<b>1,372,984</b>	<b>22,780,016</b>	<b>2,067,849</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>				
Pension Items	76,057	-	76,057	-
<b>LIABILITIES:</b>				
Accounts Payable	174,750	10,733	185,483	-
Customer Deposits	52,700	-	52,700	-
Accrued Payroll and Related Liabilities	18,825	2,081	20,906	-
Accrued Interest Payable	35,826	2,431	38,257	3,054
Long-term Advance to Other Funds	-	253,139	253,139	-
Vested Employee Benefits - Due in more than one year	52,471	-	52,471	-
Net Pension Liability	66,590	-	66,590	-
Note Payable - Due within one year	-	25,095	25,095	131,717
Note Payable - Due in more than one year	-	199,905	199,905	217,116
Bonds Payable - Due within one year	1,215,000	-	1,215,000	-
Bonds Payable - Due in more than one year	8,976,674	-	8,976,674	-
<b>TOTAL LIABILITIES</b>	<b>10,592,836</b>	<b>493,384</b>	<b>11,086,220</b>	<b>351,887</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Pension Items	47,757	-	47,757	-
<b>NET POSITION:</b>				
Net Investment in Capital Assets	7,733,902	724,503	8,458,405	1,255,280
Unrestricted	3,108,594	155,097	3,263,691	460,682
<b>TOTAL NET POSITION</b>	<b>\$ 10,842,496</b>	<b>\$ 879,600</b>	<b>\$ 11,722,096</b>	<b>\$ 1,715,962</b>

**Statement of Revenues, Expenses, and  
Changes in Net Position - Proprietary Funds  
For the Year Ended June 30, 2018**

	Water and Sewer	Nonmajor Enterprise Funds	Total	Governmental Activities Internal Service Fund
<b>OPERATING REVENUES:</b>				
Charges for Services	\$ 4,404,151	\$ 213,401	\$ 4,617,552	\$ 315,411
Other Revenue	81,909	100,081	181,990	25,217
Total Operating Revenues	4,486,060	313,482	4,799,542	340,628
<b>OPERATING EXPENSES:</b>				
Personal Services	753,039	24,484	777,523	-
Contracted Services	667,042	-	667,042	-
Insurance	18,918	1,683	20,601	33,195
Administration	367,519	13,744	381,263	-
Equipment Rental	111,396	-	111,396	-
Supplies	146,087	93,008	239,095	-
Utilities	430,394	26,740	457,134	-
Repair and Maintenance	181,138	32,665	213,803	-
Depreciation	1,260,784	80,312	1,341,096	274,704
Miscellaneous	70,160	18,819	88,979	8,605
Total Operating Expenses	4,006,477	291,455	4,297,932	316,504
<b>OPERATING INCOME (LOSS)</b>	479,583	22,027	501,610	24,124
<b>NON-OPERATING REVENUES (EXPENSES):</b>				
Interest Income	25,454	-	25,454	5,312
State Grants	440,815	-	440,815	-
Gain (Loss) on Disposal	-	-	-	(77,506)
Interest Expense	(227,581)	(12,598)	(240,179)	(11,430)
Total Non-Operating Revenues (Expenses)	238,688	(12,598)	226,090	(83,624)
Income (Loss) Before Transfers	718,271	9,429	727,700	(59,500)
Operating Transfers In	390,928	65,000	455,928	-
Operating Transfers Out	(666,107)	-	(666,107)	-
<b>CHANGES IN NET POSITION</b>	443,092	74,429	517,521	(59,500)
NET POSITION, JULY 1	10,399,404	805,171	11,204,575	1,775,462
<b>NET POSITION, JUNE 30</b>	\$ 10,842,496	\$ 879,600	\$ 11,722,096	\$ 1,715,962

**Statement of Cash Flows  
Proprietary Fund Types  
For the Year Ended June 30, 2018**

	Water and Sewer	Nonmajor Enterprise Funds	Total	Governmental Activities Internal Service Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from Customers	\$ 4,488,074	\$ 214,699	\$ 4,702,773	\$ 335,003
Payments to Suppliers	(1,854,085)	(185,822)	(2,039,907)	(122,481)
Payments to Employees	(753,117)	(25,083)	(778,200)	-
Internal Activity - Payments/Receipts with Other Funds	-	(39,220)	(39,220)	-
Net Cash Provided (Used) by Operating Activities	<u>1,880,872</u>	<u>(35,426)</u>	<u>1,845,446</u>	<u>212,522</u>
<b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Operating Transfers In	390,928	65,000	455,928	-
Operating Transfers Out	(666,107)	-	(666,107)	-
Net Cash Provided (Used) by Noncapital and Related Financing Activities	<u>(275,179)</u>	<u>65,000</u>	<u>(210,179)</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
(Purchase)/Transfer of Capital Assets	(771,649)	-	(771,649)	100,997
State Grants	440,815	-	440,815	-
Bond Proceeds	3,475,000	-	3,475,000	-
Interest Payments	(227,581)	(12,852)	(240,433)	(11,430)
Principal Payments	(3,135,000)	(24,308)	(3,159,308)	(319,261)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(218,415)</u>	<u>(37,160)</u>	<u>(255,575)</u>	<u>(229,694)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Net (increase)/decrease in investments	(1,136,204)	-	(1,136,204)	(5,312)
Interest Income	25,454	-	25,454	5,312
Net Cash Provided (Used) by Investing Activities	<u>(1,110,750)</u>	<u>-</u>	<u>(1,110,750)</u>	<u>-</u>
Net Increase (Decrease) in Cash and Equivalents	276,528	(7,586)	268,942	(17,172)
Balances - Beginning of the Year	685,465	62,252	747,717	114,898
Balances - End of the Year	<u>\$ 961,993</u>	<u>\$ 54,666</u>	<u>\$ 1,016,659</u>	<u>\$ 97,726</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>				
Operating Income (Loss)	\$ 479,583	\$ 22,027	\$ 501,610	\$ 24,124
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	1,260,784	80,312	1,341,096	274,704
Gain(Loss) on Disposal	-	-	-	(77,506)
Change in Assets and Liabilities:				
(Increase) Decrease in Assets:				
Accounts Receivable	7,714	(98,783)	(91,069)	(5,625)
Prepaid Items and Inventory	2,228	(2,822)	(594)	(45)
Increase (Decrease) in Liabilities:				
Accounts Payable	139,110	3,667	142,777	(877)
Accrued Payroll & Related Liabilities	(1,800)	(599)	(2,399)	-
Accrued Interest Payable	(2,769)	(8)	(2,777)	(2,253)
Due to/ Advance to Other Funds	-	(39,220)	(39,220)	-
Customer Deposits	(5,700)	-	(5,700)	-
Vested Employee Benefits	1,722	-	1,722	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,880,872</u>	<u>\$ (35,426)</u>	<u>\$ 1,845,446</u>	<u>\$ 212,522</u>

**Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2018**

	Delinquent Tax	Payroll Clearing	Current Tax Collection	Totals
<b>ASSETS:</b>				
Cash and Equivalents - Unrestricted	\$ 810	\$ 100,357	\$ -	\$ 101,167
<b>TOTAL ASSETS</b>	<u>\$ 810</u>	<u>\$ 100,357</u>	<u>\$ -</u>	<u>\$ 101,167</u>
<b>LIABILITIES:</b>				
Due to Others	\$ -	\$ 6,002	\$ -	\$ 6,002
Accrued Liabilities	810	94,355	-	95,165
<b>TOTAL LIABILITIES</b>	<u>\$ 810</u>	<u>\$ 100,357</u>	<u>\$ -</u>	<u>\$ 101,167</u>

## **Notes to Financial Statements**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the City of Manistee 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 of Manistee.

**A. Reporting Entity**

The City of Manistee (the “City”) is governed by a City Council elected by the community at large. The legislative body appoints a City Manager to administer the affairs of the City. The City provides the following services as authorized by its charter: public safety (police and fire), highways and streets, parks and recreation, public improvements, planning and zoning and general administrative services. The City has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14 and Statement No. 61, regarding the definition of the reporting entity.

***Discretely Presented Component Units***

Friends of the Ramsdell

In accordance with GASB Statement No. 61, the financial statements of the Friends of the Ramsdell are included as a discretely presented component unit in the financial statements of the City. A complete financial statement of the Friends of the Ramsdell is included within these financial Statements.

The Friends of the Ramsdell financial statements are prepared in accordance with the accounting standards established by the Financial Accounting Standards Board and accordingly, a reporting model different from that of the City is used. The Friends of Ramsdell financial statements included within reflect both models.

Manistee City Housing Commission

The Mayor, with approval of the City Council, appoints the members of the governing board of the Commission. The Commission’s fiscal year end is December 31, 2017. A complete financial statement of the Housing Commission can be obtained from the Executive Director, City of Manistee Housing Commission, Century Terrace, Manistee, Michigan 49660.

Downtown Development Authority (“DDA”)

The Mayor, with approval of the City Council, appoints the members of the governing board of the DDA. The City also has the ability to significantly influence the operations of the DDA. A complete financial statement of the DDA can be obtained from the City Finance Director, City of Manistee, 70 Maple Street, Manistee, Michigan 49660-0358.

***Blended Component Units***

Brownfield Redevelopment Authority

The Mayor, with approval of the City Council, appoints the members of the governing board of the Brownfield Redevelopment Authority. The Brownfield Redevelopment Authority is reported as a blended component unit as a part of the City of Manistee’s financial statements.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**B. Government-Wide Fund Financial Statements**

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

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed.

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

The City reports the following major governmental funds:

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

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

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

The *Oil and Gas Fund* accounts for the use of money derived from oil and gas royalties which have been endowed in a permanent fund by action of the electors of the City of Manistee. The income from the endowment was previously pledged in prior bond financing arrangements as part of the revenue stream to the Water and Sewer Utility. This pledge is still in effect; however, the City has adjusted water and sewer rates to allow the water and sewer utility to be self-sufficient without this revenue stream and funds calculated pursuant to an endowment spending rule are being used for capital improvements, including streets.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The City reports the following major proprietary funds:

The *Water and Sewer Fund* is the City's major proprietary fund. It accounts for the activities of the City's water distribution, sewage disposal and treatment system. In addition, a combining statement listed the water and sewer operations separately in order to satisfy USDA Rural Development requirements.

Additionally, the City reports the following fund types:

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

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

*Enterprise Funds.* These funds account for the operations of the Boat Ramp and Marina funds.

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

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

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

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

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

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

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise and internal service funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance*****Cash and Equivalents***

The City's cash and equivalents include cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Pooled investment income for all funds is allocated to each fund based on average cash balance. Deposits are recorded at cost.

***Interfund Receivables and Payables***

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

***Property Taxes***

The City's property taxes are levied each July 1 on the taxable valuation of property located in the City as of the preceding December 31, the lien date. Property taxes are payable without penalty and interest through August 20th; as of March 1 of the succeeding year, unpaid real property taxes are sold to and collected by Manistee County.

Assessed values are established annually by the City, and subject to acceptance by the County, are equalized by the state at an estimated 50% of current market value. Real and personal property in the City for the 2017 levy were assessed and equalized at \$186,736,897 (not including properties subject to Industrial Facilities Tax Exemption), representing 50% of estimated current market value.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The government’s general operating tax rate for fiscal year 2018 was 17.7612 mills, with an additional 1.1500 mills levied for the City Refuse Fund.

Property taxes for the DDA are derived from a tax increment financing agreement between the DDA and other related taxing districts. Under this agreement, the DDA receives those property taxes levied on the increment of current taxable valuations (determined as of the preceding December 31, the lien date) over base year assessed valuations on certain property located in the City, which are within the DDA district. Property taxes are recognized in the fiscal year in which they are levied.

***Inventories and Prepaids Items***

Inventories are valued at cost on the first in, first out basis for proprietary fund types. 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 governmental-wide and fund financial statements.

***Capital Assets***

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

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

Buildings	40 to 60 years
Building Improvements	15 to 30 years
Water and Sewer Lines	50 to 75 years
Roads	10 to 30 years
Other Infrastructure	10 to 30 years
Vehicles	3 to 5 years
Office Equipment	5 to 7 years
Computer Equipment	3 to 7 years

***Pensions***

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Pension Plan and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by MERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)*****Vested Employee Benefits (Vacation, Personal, and Sick Leave)***

Vacation and sick days for the City's salaried and some hourly employees are determined by the City's personnel policies, and the remaining City's hourly employees are determined by the union agreement between the City and the employees' union. The liability for these amounts will be included in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

**Housing Commission**

It is the Commission's policy to permit employees to accumulate a limited amount of earned but unused sick leave and vacation days. The liability for these compensated absences is recorded as short-term and long-term liabilities based on historical trends. In accordance with the provision of GASB Statement No. 16, no liability is recorded for non-vesting accumulating rights to received sick pay benefits.

***Deferred Outflows of Resources***

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has pension items that qualify for reporting in this category.

***Deferred Inflows of Resources***

In addition to liabilities, the statement of net position and governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has pension items that qualify for reporting in this category.

***Long-Term Obligations***

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are recorded as deferred inflows and outflows and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as period expenses.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)*****Fund Balance Classification***

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

- **Nonspendable**: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The City has classified Prepaid Items as being Nonspendable as these items are not expected to be converted to cash within the next year. The City has \$82,126 in Nonspendable fund balance.
- **Restricted**: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The City has \$8,347,542 in restricted fund balance.
- **Committed**: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City. These amounts cannot be used for any other purpose unless the City removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The City has committed \$13,978 for capital project funds.
- **Assigned**: This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The City has assigned funds in the amount of \$3,086,467.
- **Unassigned**: This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

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

***Use of Estimates***

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

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

***Budgetary Procedures***

Budgetary procedures are established pursuant to PA 621 of 1978, as amended, (MCL 141.421) which requires the City Council to approve a budget for the General Fund and all Special Revenue Funds. The Manager prepares a budget in accordance with the Act which is adopted by the Board at a public hearing each May. All budgets lapse at fiscal year end.

**NOTE 3 - CASH AND INVESTMENTS**

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Primary Government</u>	<u>Fiduciary Funds</u>	<u>Component Units</u>
Cash and Equivalents - Unrestricted	\$ 1,531,829	\$ 1,016,659	\$ 2,548,488	\$ 101,167	\$ 654,510
Cash and Equivalents – Restricted	-	-	-	-	46,477
Investments – Restricted	<u>11,250,813</u>	<u>1,862,735</u>	<u>13,113,548</u>	-	-
Total	<u>\$ 12,782,642</u>	<u>\$ 2,879,394</u>	<u>\$ 15,662,036</u>	<u>\$ 101,167</u>	<u>\$ 700,987</u>

Investments of the Water and Sewer Fund are restricted by bond debt reserve requirements and for future construction in the amount of \$1,862,735. Investments in the Oil and Gas Fund are restricted by the related trust agreement for \$10,167,537. Other investments for debt resources are restricted in the amount of \$1,083,276.

The breakdown between cash and investments is as follows:

	<u>Primary Government</u>	<u>Fiduciary Funds</u>	<u>Component Units</u>
Bank Deposits (checking and savings accounts, certificates of deposit and money market accounts)	\$ 2,546,494	\$ 101,167	\$ 700,187
Petty Cash and Cash on Hand	1,994	-	800
Investments	<u>13,113,548</u>	-	-
Total	<u>\$ 15,662,036</u>	<u>\$ 101,167</u>	<u>\$ 700,987</u>

**NOTE 3 - CASH AND INVESTMENTS (Continued)**

Investments

	<u>Fair Value</u>	<u>Maturities in Years</u>				<u>Ratings</u>	<u>Contribution</u>
		<u>Less Than 1</u>	<u>1 – 5</u>	<u>6 – 10</u>	<u>More Than 10</u>		
Investments:							
US Treasury Securities	\$ 833,890	\$ 225,049	285,810	\$ 323,031	\$ -	AAA	6%
Equity Securities	6,495,596	-	-	-	-	N/A	48%
ETF's	298,200	-	-	-	-	N/A	2%
Fixed Income	1,993,025	297,225	1,044,646	416,186	234,968	AA+	15%
Money Market	3,406,335	-	-	-	-	N/A	28%
Other Assets	<u>86,502</u>	-	-	-	-	N/A	<u>1%</u>
Total Investments	<u>\$ 13,113,548</u>						<u>100%</u>

The City categorizes its fair value measurements of investments 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 fair value measurements as of year end:

- The Charles Schwab oil and gas fund is valued using quoted market prices (Level 1 inputs).
- The Michigan Class investments are valued using a pricing model utilizing observable fair value measures of fund/pool investments and other observable inputs in determining the fair value of the securities making up the investments fund/pool (Level 2 inputs).
- The city does not have any investments that report fair value based on significant unobservable inputs (Level 3 inputs).

*Interest rate risk.* State law limits the allowable investments and 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 of fair value losses arising from decreasing interest rates.

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

*Custodial deposit credit risk.* Custodial deposit credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. State law does not require and the City does not have a policy for deposit custodial credit risk. As of year end, \$1,911,223 of the City's bank balance of \$2,211,223 was exposed to credit risk because it was uninsured and uncollateralized.

*Concentration of credit risk.* State law limits allowable investments but does not limit concentration of credit risk as identified above. The city's investment policy also does not have specific limits in concentration of credit risk. None of the investments held by the City exceeds five percent of the City's total investments.

**NOTE 3 - CASH AND INVESTMENTS (Continued)**

*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. Investments that are measured at fair value using the net asset value per share (or equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the measurements required judgement and considers factors specific to each asset or liability.

The City has the following fair value measurements as of June 30, 2018:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Various Investments	\$ 13,551,860	\$ 10,167,538	\$ 3,384,322	\$ -

Statutory Authority:

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

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

- a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, or depository receipts of a financial institution, but only if the financial institution complies with subsection (2); certificates of deposit obtained through a financial institution as provided in subsection (5); or deposit accounts of a financial institution as provided in subsection (6).
- c. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and matures not more than 270 days after the date of purchase.
- d. Repurchase agreements consisting of instruments listed in subdivision (a).
- e. Bankers’ acceptances of United States banks.
- f. Obligations of this state or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.
- g. Mutual funds registered under the investment company act of 1940, 15 USC 80a-1 to 80a-64, with authority to purchase only investment vehicles that are legal for direct investment by a public corporation. However, a mutual fund is not disqualified as a permissible investment solely by reason of any of the following:
  - (i) The purchase of securities on a when-issued or delayed delivery basis.
  - (ii) The ability to lend portfolio securities as long as the mutual fund receives collateral at all times equal to at least 100% of the value of the securities loaned.
  - (iii) The limited ability to borrow and pledge a like portion of the portfolio’s assets for temporary or emergency purposes.

**NOTE 3 - CASH AND INVESTMENTS (Continued)**

- h. Obligations described in subdivisions (a) through (g) if purchased through an interlocal agreement under the urban cooperation act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512.
- i. Investment pools organized under the surplus funds investment pool act, 1982 PA 367, MCL 129.111 to 129.118.
- j. The investment pools organized under the local government investment pool act, 1985 PA 121, MCL 129.141 to 129.150.

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

The Oil and Gas funds are invested pursuant to Section 7 MCL 129.97.

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

**NOTE 4 - CAPITAL ASSETS**

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Adjustments/ Decreases</u>	<u>Ending Balances</u>
<b>Governmental Activities:</b>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 4,723,930	\$ -	\$ -	\$ 4,723,930
Construction in Progress	<u>68,802</u>	<u>-</u>	<u>-</u>	<u>68,802</u>
Subtotal	<u>4,792,732</u>	<u>-</u>	<u>-</u>	<u>4,792,732</u>
<i>Capital assets being depreciated:</i>				
Land Improvements	5,405,552	-	-	5,405,552
Infrastructure	11,520,001	648,430	-	12,168,431
Buildings and Improvements	8,925,602	-	-	8,925,602
Vehicles	2,415,424	164,209	(453,939)	2,125,694
Furniture and Equipment	<u>3,635,363</u>	<u>86,564</u>	<u>-</u>	<u>3,721,927</u>
Subtotal	<u>31,901,942</u>	<u>899,203</u>	<u>(453,939)</u>	<u>32,347,206</u>
<i>Less accumulated depreciation for:</i>				
Land Improvements	(2,381,264)	(224,103)	-	(2,605,367)
Infrastructure	(3,996,623)	(533,874)	-	(4,530,497)
Buildings and Improvements	(4,211,566)	(286,417)	-	(4,497,983)
Vehicles	(1,777,265)	(123,400)	213,432	(1,687,233)
Furniture and Equipment	<u>(1,874,985)</u>	<u>(209,796)</u>	<u>-</u>	<u>(2,084,781)</u>
Subtotal	<u>(14,241,703)</u>	<u>(1,377,590)</u>	<u>213,432</u>	<u>(15,405,861)</u>
Net Capital Assets Being Depreciated	<u>17,660,239</u>	<u>(478,387)</u>	<u>(240,507)</u>	<u>16,941,345</u>
Capital Assets – Net	<u>\$ 22,452,971</u>	<u>\$ (478,387)</u>	<u>\$ (240,507)</u>	<u>\$ 21,734,077</u>

**NOTE 4 - CAPITAL ASSETS (Continued)**

Depreciation expense was charged to functions/programs of the governmental activities as follows:

<b>Governmental Activities</b>		
General Government		\$ 108,521
Public Safety		54,385
Public Works		639,627
Recreation and Culture		300,353
Internal Service		<u>274,704</u>
<b>Total Depreciation Expense - Governmental Activities</b>		<b><u>\$ 1,377,590</u></b>

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Business-type Activities:</b>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 51,974	\$ -	\$ -	\$ 51,974
Construction in Progress	<u>40,410</u>	<u>562,035</u>	<u>-</u>	<u>602,445</u>
Subtotal	<u>92,384</u>	<u>562,035</u>	<u>-</u>	<u>654,419</u>
<i>Capital assets being depreciated:</i>				
Land Improvements	424,960	-	-	424,960
Building and Improvements	1,456,890	-	-	1,456,890
Infrastructure	37,945,759	197,252	-	38,143,011
Equipment	<u>1,322,538</u>	<u>12,362</u>	<u>-</u>	<u>1,334,900</u>
Subtotal	<u>41,150,147</u>	<u>209,614</u>	<u>-</u>	<u>41,359,761</u>
<i>Less accumulated depreciation for:</i>				
Land Improvements	(168,479)	(22,729)	-	(191,208)
Building and Improvements	(461,313)	(55,600)	-	(516,913)
Infrastructure	(20,071,319)	(1,187,678)	-	(21,258,997)
Equipment	<u>(843,755)</u>	<u>(75,089)</u>	<u>-</u>	<u>(918,844)</u>
Subtotal	<u>(21,544,866)</u>	<u>(1,341,096)</u>	<u>-</u>	<u>(22,885,962)</u>
Net Capital Assets Being Depreciated	<u>19,605,281</u>	<u>(1,131,482)</u>	<u>-</u>	<u>18,473,799</u>
Capital Assets – Net	<u>\$ 19,697,665</u>	<u>\$ (569,447)</u>	<u>\$ -</u>	<u>\$ 19,128,218</u>

Depreciation expense was charged to functions/programs of the business-type activities as follows:

<b>Business-type Activities</b>		
Water and Sewer		\$ 1,260,784
Boat Ramp		23,850
Marina		<u>56,462</u>
<b>Total Depreciation Expense - Business-type Activities</b>		<b><u>\$ 1,341,096</u></b>

NOTE 4 - CAPITAL ASSETS (Continued)

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Manistee Housing Commission:</b>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 360,272	\$ -	\$ -	\$ 360,272
<i>Capital assets being depreciated:</i>				
Buildings	10,479,008	35,672	-	10,514,680
Furniture and Equipment – Dwell	253,132	10,060	(1,988)	261,204
Furniture and Equipment – Admin.	<u>553,587</u>	<u>38,051</u>	<u>(267,352)</u>	<u>324,286</u>
Subtotal	<u>11,285,727</u>	<u>83,783</u>	<u>(269,340)</u>	<u>11,100,170</u>
<i>Less accumulated depreciation:</i>				
Buildings	(7,545,025)	(280,521)	-	(7,825,546)
Furniture and Equipment – Dwell	(223,549)	(7,320)	1,472	(229,397)
Furniture and Equipment – Admin.	<u>(493,471)</u>	<u>(24,226)</u>	<u>266,338</u>	<u>(251,359)</u>
Subtotal	<u>(8,262,045)</u>	<u>(312,067)</u>	<u>267,810</u>	<u>(8,306,302)</u>
Net Capital Assets Being Depreciated	<u>3,023,682</u>	<u>(228,284)</u>	<u>(1,530)</u>	<u>2,793,868</u>
Capital Assets - Net	<u>\$ 3,383,954</u>	<u>\$ (228,284)</u>	<u>\$ (1,530)</u>	<u>\$ 3,154,140</u>

Depreciation expense for the year ended December 31, 2017 was \$312,067.

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

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

		DUE FROM OTHER FUNDS				
DO TO OTHER FUNDS		General	Major Street	Local Street	Nonmajor Governmental	Total
	General	\$ 3,762	\$ 13,155	\$ -	\$ 6,362	\$ 23,279
Major Street	-	-	150,000	-	150,000	
Local Street	<u>6,262</u>	<u>15,678</u>	<u>-</u>	<u>-</u>	<u>21,940</u>	
Total	<u>\$ 10,024</u>	<u>\$ 28,833</u>	<u>\$ 150,000</u>	<u>\$ 6,362</u>	<u>\$ 195,219</u>	

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

All balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

LONG-TERM ADVANCES TO OTHER FUNDS	<b>LONG-TERM ADVANCES FROM OTHER FUNDS</b>	
		<u>Oil and Gas</u>
	Nonmajor Enterprise	<u>\$ 253,139</u>

		<b>TRANSFERS (OUT)</b>						
		General	Major Street	Local Street	Oil and Gas	Nonmajor Governmental	Water and Sewer	Total
TRANSFERS IN	General	\$ -	\$ -	\$ 81,414	\$ -	\$ 72,679	\$ 275,179	\$ 429,272
	Major Street	-	-	-	-	10,000	-	10,000
	Local Street	213,787	131,414	-	-	123,001	-	468,202
	Nonmajor Governmental	5,616	-	-	-	-	390,928	396,544
	Water and Sewer	-	-	-	390,928	-	-	390,928
	Nonmajor Enterprise	-	-	-	-	65,000	-	65,000
	<b>Total</b>	<u>\$ 219,403</u>	<u>\$ 131,414</u>	<u>\$ 81,414</u>	<u>\$ 390,928</u>	<u>\$ 270,680</u>	<u>\$ 666,107</u>	<u>\$ 1,759,946</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) moves receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**NOTE 6 - LONG-TERM DEBT**

**Primary Government**

The City issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. City contractual agreements and installment purchase agreements are also general obligations of the City. Revenue bonds involve a pledge of specified income derived from the acquired or constructed assets to pay debt service.

Bond and contractual obligation activity can be summarized as follows:

	Interest Rate	Principal Matures	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b><u>Governmental Activities</u></b>							
<b>Bonds:</b>							
2010 DDA Limited Tax General Obligation Bond	2.00 to 4.00%	2020	\$ 390,000	\$ -	\$ 125,000	\$ 265,000	\$ 130,000
2010 Tax General Obligation	2.00 to 4.65%	2031	4,480,000	-	245,000	4,235,000	250,000
2013 General Obligation Refunding Bond	2.00 to 2.50%	2024	1,580,000	-	185,000	1,395,000	200,000
Michigan Economic Development Corporation Loan	0.0%	2022	28,080	-	5,616	22,464	5,616
<b>Notes Payable:</b>							
Braun Ambulance	2.70%	2022	158,524	-	24,660	133,864	25,335
Plow Truck	1.33%	2018	30,600	-	30,600	-	-
Plow Trucks	1.79%	2020	219,418	-	71,611	147,807	73,051
Small Loader	1.50%	2020	100,000	-	32,838	67,162	33,331
Ramsdell Theatre - HVAC	3.64%	2027	<u>868,081</u>	<u>-</u>	<u>77,978</u>	<u>790,103</u>	<u>80,850</u>
Subtotal			7,854,703	-	798,303	7,056,400	798,183
Vested Employee Benefits - net			<u>254,503</u>	<u>28,086</u>	<u>-</u>	<u>282,589</u>	<u>-</u>
<b>Total Governmental Activities</b>			<u>8,109,206</u>	<u>28,086</u>	<u>798,303</u>	<u>7,338,989</u>	<u>798,183</u>
<b><u>Business-type Activities</u></b>							
<b>Bonds:</b>							
1998 General Obligation Bonds	2.25%	2019	325,000	-	160,000	165,000	165,000
1999 General Obligation Bonds	2.50%	2021	555,000	-	135,000	420,000	135,000
2005 Water & Sewer Refunding Bonds	3.25% to 4.25%	2028	2,570,000	-	2,570,000	-	-
2006 SRF Water & Sewer Bonds	1.63%	2027	1,472,270	-	140,000	1,332,270	145,000
2010 SRF Water & Sewer Bonds	2.50%	2031	491,075	-	30,000	461,075	30,000
2010 DWRP Water & Sewer Bonds	2.50%	2031	345,000	-	20,000	325,000	20,000
2011 DWRP Water & Sewer Bonds	2.50%	2031	332,555	-	20,000	312,555	20,000
2011 SRF Water & Sewer Bonds	2.50%	2031	990,774	-	60,000	930,774	60,000
2015 Water & Sewer Revenue Bonds	3.00% to 3.25%	2036	2,770,000	-	-	2,770,000	-
2017 Water & Sewer Refunding Bonds	2.32 to 4.00%	2038	-	3,475,000	-	3,475,000	640,000
<b>Note Payable:</b>							
Marina Debt	3.24%	2026	<u>249,308</u>	<u>-</u>	<u>24,308</u>	<u>225,000</u>	<u>25,095</u>
Subtotal			10,100,982	3,475,000	3,159,308	10,416,674	1,240,095
Vested Employee Benefits - net			<u>50,750</u>	<u>1,721</u>	<u>-</u>	<u>52,471</u>	<u>-</u>
<b>Total Business-type Activities</b>			<u>10,151,732</u>	<u>3,476,721</u>	<u>3,159,308</u>	<u>10,469,145</u>	<u>1,240,095</u>
<b>Total Long-Term Debt – Primary Government</b>			<b><u>\$18,260,938</u></b>	<b><u>\$ 3,504,807</u></b>	<b><u>\$ 3,957,611</u></b>	<b><u>\$17,808,134</u></b>	<b><u>\$ 2,038,278</u></b>

**NOTE 6 - LONG-TERM DEBT (Continued)**

During 2018, the City of Manistee advance refunded the 2005 Water & Sewer Refunding Bonds. As a result, the City of Manistee refunded bonds totaling \$2,570,000 for 11 years at a gross savings of \$58,402 and an economic gain of \$51,030.

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

	Governmental Activities		Business-type Activities	
	Bonds/Installment Notes Payable		Bonds/Installment Notes Payable	
	Principal	Interest	Principal	Interest
Fiscal:				
2019	\$ 798,183	\$ 249,065	\$ 1,240,095	\$ 272,342
2020	829,065	224,391	1,280,908	245,854
2021	614,265	200,974	616,747	225,271
2022	643,203	180,748	490,167	212,561
2023	671,733	158,952	503,508	200,889
2024-2028	2,299,951	493,315	2,579,174	813,601
2029-2033	1,200,000	84,675	2,296,075	445,755
2034-2038	-	-	1,410,000	101,025
<b>TOTALS</b>	<b>\$ 7,056,400</b>	<b>\$ 1,592,120</b>	<b>\$ 10,416,674</b>	<b>\$ 2,517,298</b>

**Vested Employee Benefits**

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

**SICK LEAVE**

Under the terms of the various union’s collective bargaining units and nonunion groups, sick leave is accumulated at the rate of one day for each month of service, with a maximum accumulation. Employees who have accumulated more than the maximum days will not be allowed additional accumulation. Upon retirement or death, employees will be paid out 100% of days accumulated up to the maximum days.

As a result of separation for any other reason, the employees will lose all accumulated sick leave. Total sick leave was \$143,037.

**VACATIONS**

All full time IAFF employees, as of the January 1 determination date of each year, shall be granted a vacation with pay in accordance with the flowing schedule:

<u>Service as Determination Date</u>	<u>Hours of Pay</u>	<u>Time Off</u>
0-2 Years	56	1 week
3-7 Years	112	2 weeks
8-14 Years	168	3 weeks
15-22 Years	224	4 weeks
23 Years or More	280	5 weeks

NOTE 6 - LONG-TERM DEBT (Continued)

VACATIONS (Continued)

January 1 shall be the date of determination for purposes for establishing vacation. All POAM full time employees as of the January 1 determination date of each year shall be granted a vacation with pay in accordance with the following schedule:

<u>Seniority Required</u>	<u>Time Off</u>
0-2 Years	40 Hours
3-7 Years	80 Hours
8-14 Years	120 Hours
15-22 Years	160 Hours
23 Years or More	200 Hours

Total vacation leave was \$192,023.

**Component Unit – Housing Commission**

MSHDA Mortgages – In 2007, the Commission, through MSHDA, a government agency, borrowed \$326,000 maturing December 2047 and in 2008 borrowed \$174,000 maturing December 2048. These are three forgivable mortgages that are non-interest bearing and secured by property and buildings. If the properties mortgaged are continuously used in the Domestic Violence program, the mortgages are forgivable over the 40-year term; 25% for each 10 years that the houses stay in the program. The Commission is required by the loan agreement to deposit money each year in a reserve account to cover maintenance and repairs for the homes over the term of the loans. The amount deposited in the reserve account as of December 31, 2017 was \$63,599.

Note obligation activity can be summarized as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Housing Commission</b>					
Mortgage 1 MSHDA	\$ 166,000	\$ -	\$ -	\$ 166,000	\$ -
Mortgage 2 MSHDA	160,000	-	-	160,000	-
Mortgage 3 MSHDA	<u>174,000</u>	<u>-</u>	<u>-</u>	<u>174,000</u>	<u>-</u>
 Total Notes Payable	 500,000	 -	 -	 500,000	 -
 Compensated Absences	 <u>27,829</u>	 <u>13,929</u>	 <u>7,170</u>	 <u>34,588</u>	 <u>23,999</u>
 <b>Total Component Unit</b>					
<b>Long-Term Debt</b>	<b><u>\$ 527,829</u></b>	<b><u>\$ 13,929</u></b>	<b><u>\$ 7,170</u></b>	<b><u>\$ 534,588</u></b>	<b><u>\$ 23,999</u></b>

Since the MSHDA mortgage payables are forgivable over 40 years there are no future debt service requirements as of December 31, 2017.

**NOTE 7 - LEASES**

Capital Lease – Housing Commission – In November 2009, the Commission entered into an equipment lease-purchase agreement to acquire equipment under an energy performance contract to update the heating and efficiency of several properties. The total amount of the contract is \$1,287,635, which began in January 2010 and was all committed as of December 31, 2010. Principal payments commenced March 2010. Interest from inception to March 2010 in the amount of \$19,981 was added to principal. The agreement ends in July 2030. The balance as of December 31, 2017 is \$1,101,128.

Capital Lease – Housing Commission – In March 2016, the Commission entered into an equipment lease-purchase agreement to acquire equipment. The total amount of the contract is \$25,036, with interest rate of 5.95%. Principal payments commenced April 2016. The agreement ends in March 2021. The balance as of December 31, 2017 is \$17,021.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
EPC Capital Lease	\$ 1,132,373	\$ -	\$ 31,245	\$ 1,101,128	\$ 37,079
Equipment Lease Purchase	<u>21,630</u>	<u>-</u>	<u>4,609</u>	<u>17,021</u>	<u>4,892</u>
Total Capital Leases	<u>\$ 1,154,003</u>	<u>\$ -</u>	<u>\$ 35,854</u>	<u>\$ 1,118,149</u>	<u>\$ 41,971</u>

Payments under the agreement are as follows:

	<u>Principal</u>	<u>Interest</u>
2018	\$ 41,971	\$ 70,281
2019	48,623	67,427
2020	55,850	64,131
2021	59,280	60,443
2022	66,003	56,494
2023-2027	478,337	202,802
2028-2030	<u>368,085</u>	<u>32,709</u>
Total	<u>\$ 1,118,149</u>	<u>\$ 554,287</u>

**NOTE 8 - RISK MANAGEMENT**

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

**NOTE 9 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS**

**PRIMARY GOVERNMENT**

Description of Plan and Plan Assets

The City is in an agent multiple-employer defined benefit pension plan with the Municipal Employees’ Retirement System (MERS). The system provides the following provisions: normal retirement, deferred retirement and service retirement to plan members and their beneficiaries. The service requirement is computed using credited service at the time of termination of membership multiplies by the sum of 1.5% to 2.8% (depending on division) times the final compensation (FAC). The most recent period of which actuarial data was available was for year ended December 31, 2017.

General Information about the Pension Plan

*Plan Description.* The employer’s defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The employer participates in the Municipal Employees Retirement System (MERS) of Michigan. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at [www.mersofmich.com](http://www.mersofmich.com).

<b>01 – Non-Union: Open Division</b>	
	<b><u>2017 Valuation</u></b>
<b>Benefit Multiplier:</b>	2.00% Multiplier (no max)
<b>Normal Retirement Age:</b>	60
<b>Vesting:</b>	8 Years
<b>Early Retirement (Unreduced):</b>	55/30
<b>Early Retirement (Reduced):</b>	50/25
	55/15
<b>Final Average Compensation:</b>	5 years
<b>Employee Contributions</b>	4%
<b>Act 88:</b>	Yes (Adopted 1/1/2005)
<b>02 – POAM: Closed to new hires, linked to Division 21</b>	
	<b><u>2017 Valuation</u></b>
<b>Benefit Multiplier:</b>	2.80% Multiplier (80% max)
<b>Normal Retirement Age:</b>	60
<b>Vesting:</b>	10 Years
<b>Early Retirement (Unreduced):</b>	55/25
	50/15
<b>Early Retirement (Reduced):</b>	-
<b>Final Average Compensation:</b>	3 years
<b>Employee Contributions</b>	4%
<b>Act 88:</b>	Yes (Adopted 1/1/2005)

NOTE 9 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

<b>05 – IAFF: Open Division</b>	
	<u><b>2017 Valuation</b></u>
<b>Benefit Multiplier:</b>	2.80% Multiplier (80% max)
<b>Normal Retirement Age:</b>	60
<b>Vesting:</b>	10 Years
<b>Early Retirement (Unreduced):</b>	50/25
<b>Early Retirement (Reduced):</b>	50/15
<b>Final Average Compensation:</b>	3 years
<b>Employee Contributions</b>	4%
<b>D-2:</b>	D-2 (25%)
<b>Act 88:</b>	Yes (Adopted 1/1/2005)
<b>10 – USWA: Close to new hires, linked to Division 11</b>	
	<u><b>2017 Valuation</b></u>
<b>Benefit Multiplier:</b>	2.00% Multiplier (no max)
<b>Normal Retirement Age:</b>	60
<b>Vesting:</b>	8 Years
<b>Early Retirement (Unreduced):</b>	55/30
<b>Early Retirement (Reduced):</b>	50/25
	55/15
<b>Final Average Compensation:</b>	5 years
<b>Employee Contributions</b>	4%
<b>Act 88:</b>	Yes (Adopted 1/1/2005)
<b>11 – USWA hired after 7/1/2011: Open Division, linked to Division 10</b>	
	<u><b>2017 Valuation</b></u>
<b>Benefit Multiplier:</b>	1.50% Multiplier (no max)
<b>Normal Retirement Age:</b>	60
<b>Vesting:</b>	8 Years
<b>Early Retirement (Unreduced):</b>	55/30
<b>Early Retirement (Reduced):</b>	50/25
	55/15
<b>Final Average Compensation:</b>	5 years
<b>Employee Contributions</b>	4%
<b>Act 88:</b>	Yes (Adopted 1/1/2005)
<b>12 – USWA hired after 7/1/2011: Open Division, linked to Division 10</b>	
	<u><b>2017 Valuation</b></u>
<b>Benefit Multiplier:</b>	1.50% Multiplier (no max)
<b>Normal Retirement Age:</b>	60
<b>Vesting:</b>	8 Years
<b>Early Retirement (Unreduced):</b>	55/30
<b>Early Retirement (Reduced):</b>	50/25
	55/15
<b>Final Average Compensation:</b>	5 years
<b>Employee Contributions</b>	4%
<b>Act 88:</b>	Yes (Adopted 1/1/2005)

NOTE 9 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

<b>20 – COAM: Closed to new hires, linked to Division 22</b>	
	<u><b>2017 Valuation</b></u>
<b>Benefit Multiplier:</b>	2.80% Multiplier (80% max)
<b>Normal Retirement Age:</b>	60
<b>Vesting:</b>	10 Years
<b>Early Retirement (Unreduced):</b>	50/25 55/15
<b>Early Retirement (Reduced):</b>	-
<b>Final Average Compensation:</b>	3 years
<b>Employee Contributions</b>	4%
<b>Act 88:</b>	Yes (Adopted 1/1/2005)
<b>21 – POAM after 07/01/2015: Open Division, linked to Division 02</b>	
	<u><b>2017 Valuation</b></u>
<b>Benefit Multiplier:</b>	2.50% Multiplier (80% max)
<b>Normal Retirement Age:</b>	60
<b>Vesting:</b>	10 Years
<b>Early Retirement (Unreduced):</b>	50/25 55/15
<b>Early Retirement (Reduced):</b>	-
<b>Final Average Compensation:</b>	3 years
<b>Employee Contributions</b>	4%
<b>Act 88:</b>	Yes (Adopted 1/1/2005)
<b>22 – COAM after 07/01/2015: Open Division, linked to Division 20</b>	
	<u><b>2017 Valuation</b></u>
<b>Benefit Multiplier:</b>	2.50% Multiplier (80% max)
<b>Normal Retirement Age:</b>	60
<b>Vesting:</b>	10 Years
<b>Early Retirement (Unreduced):</b>	50/25 55/15
<b>Early Retirement (Reduced):</b>	-
<b>Final Average Compensation:</b>	3 years
<b>Employee Contributions</b>	4%
<b>Act 88:</b>	Yes (Adopted 1/1/2005)

Employees Covered by Benefit Terms

At December 31, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	52
Inactive employees entitled to but not yet receiving benefits	6
Active employees	<u>55</u>
	113

**NOTE 9 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)**

Funding Policy

The obligation to contribute to and maintain the system for these employees was established by negotiation with the City’s competitive bargaining unit and personnel policy, which require employees to contribute to the plan. The City is required to contribute at an actuarially determined rate.

The contribution rate as a percentage of payroll or monthly level dollar amount at June 30, 2018 is as follows:

Non-Union	11.25%
POAM	\$ 7,880
IAFF	25.36%
USWA	\$ 1,756
USWA hired after 7/1/12	3.52%
COAM	\$ 2,453
POAM after 7/1/15	14.35%

Net Pension Liability

The City’s net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

*Actuarial Assumptions.* The total pension liability in the December 31, 2017 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%

Although no specific price inflation assumptions are needed for the valuation, the 2.5% long-term wage inflation assumption would be consistent with a price inflation of 3% - 4%.

Mortality rates used were based on the RE – 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 covering the period from January 1, 2009, through December 31, 2013.

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

**NOTE 9 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)**

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	57.5%	5.02%
Global Fixed Income	20.0%	2.18%
Real Assets	12.5%	4.23%
Diversifying Strategies	10.0%	6.56%

*Discount Rate.* The discount rate used to measure the total pension liability is 8.0% for 2017. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to pay 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.

**Changes in the Net Pension Liability:**

	<b>Increases (Decreases)</b>		
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability</b>
<b>Balances at December 31, 2016</b>	<b>\$ 18,967,414</b>	<b>\$ 15,007,763</b>	<b>\$ 3,959,651</b>
Service cost	303,716	-	303,716
Interest on total pension liability	1,483,502	-	1,483,502
Changes in benefits	-	-	-
Difference between expected and actual experience	10,443	-	10,443
Changes in assumptions	-	-	-
Employer contributions	-	367,062	(367,062)
Employee contributions	-	148,063	(148,063)
Net investment income	-	1,959,571	(1,959,571)
Benefit payments, including employee refunds	(1,150,988)	(1,150,988)	-
Administrative expense	-	(31,062)	31,062
Other changes	39,918	-	39,918
<b>Net changes</b>	<b>686,591</b>	<b>1,292,646</b>	<b>(606,055)</b>
<b>Balances as of December 31, 2017</b>	<b>\$ 19,654,005</b>	<b>\$ 16,300,409</b>	<b>\$ 3,353,596</b>

*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%, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

**NOTE 9 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)**

	<b>1% Decrease (7.00%)</b>	<b>Current Discount Rate (8.00%)</b>	<b>1% Increase (9.00%)</b>
City's net pension liability	\$5,397,990	\$3,353,596	\$1,611,738

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued MERS financial report.

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

For the year ended December 31, 2017, the City recognized pension expense of \$826,400. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 25,925	\$ -
Changes in assumptions	195,082	-
Net difference between projected and actual earnings on pension plan investments	-	308,442
Contributions subsequent to the measurement date	206,778	-
<b>Total</b>	<b>\$ 427,785</b>	<b>\$ 308,442</b>

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

<u>Year Ended June 30:</u>	
2019	\$ 290,209
2020	30,621
2021	(251,141)
2022	(157,124)
<b>Total</b>	<b>\$ (87,435)</b>

**NOTE 9 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)**

Annual Pension Cost

During the year ended June 30, 2018, the City's contributions totaling \$367,062 were made in accordance with contribution requirement determined by an actuarial valuation of the plan as of December 31, 2017. The employer contribution rate has been determined based on the entry age normal funding method. Under the entry age normal cost funding method, the total employer contribution is comprised of the normal cost plus the level annual percentage of payroll payment required to normal cost is, for each employee, the level percentage of payroll contribution (from entry age to retirement) required to accumulate sufficient assets at the member's retirement to pay for his projected benefit. Significant actuarial assumptions used include a long-term investment yield rate of 8 percent and annual salary increases of 4.5 percent based on an age-related scale to reflect merit, longevity, and promotional salary increases. The unfunded actuarial liability is amortized as a level percent of payroll on a closed basis. The remaining amortization period is 23 years.

The City of Manistee offers eligible employees who retire from the City a \$250 per month stipend from normal retirement age until age 65. This cash benefit is intended to aid the retiree in buying health insurance on the open market or exchange, but there is no requirement that it be used for that and the stipend is reported as taxable income to the employee. Employees hired after July 1, 2012 in the four City-union groups are not eligible for this benefit. Non-union employees hired after July 1, 2018 are not eligible for this benefit. There are currently six (6) retirees receiving the benefit and thirty-four (34) active employees potentially eligible for the benefit.

The estimated total amount of payments over time to be made under this arrangement is \$831,000. The probability adjusted net present value of these payment is \$540,903. The total payments made in the fiscal year ended June 30, 2018 is \$28,500 which is paid on a pay as you go basis, with no prefunding due to the strictly limited nature of the benefit.

***COMPONENT UNIT – MANISTEE HOUSING COMMISSION***

Description of Plan and Plan Assets

The Commission is in an agent multiple-employer defined benefit pension plan with the Municipal Employees' Retirement System (MERS). The system provides the following provisions: normal retirement, deferred retirement and service retirement to plan members and their beneficiaries. The service requirement is computed using credited service at the time of termination of membership multiplies by the sum of 1.5% to 2.8% (depending on division) times the final compensation (FAC). The most recent period of which actuarial data was available was for year ended December 31, 2016.

General Information about the Pension Plan

*Plan Description.* The employer's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The employer participates in the Municipal Employees Retirement System (MERS) of Michigan. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine-member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at [www.mersofmich.com](http://www.mersofmich.com).

NOTE 9 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

	<u>2016 Valuation</u>
<b>Benefit Multiplier:</b>	1.50%
<b>Normal Retirement Age:</b>	60
<b>Vesting:</b>	10 Years
<b>Early Retirement (Unreduced):</b>	-
<b>Early Retirement (Reduced):</b>	50/25 55/15
<b>Final Average Compensation:</b>	5 years
<b>Employee Contributions</b>	6%
<b>Act 88:</b>	Yes (Adopted 4/1/2005)

Employees Covered by Benefit Terms

At the December 31, 2016 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	4
Inactive employees entitled to but not yet receiving benefits	2
Active employees	<u>8</u>
	14

Funding Policy

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 cost of benefits earned by employees 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.

Employer contributions range from \$0 to \$0 based on annual payroll for open divisions. The plan is closed to new employees. The Commission has an annual employer contribution amount of \$0. Employees contribute 6% of their payroll. The amount of employee contributions was \$16,491 as of December 31, 2016.

Net Pension Liability

The employer's net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

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

Inflation	2.50 percent
Salary increases	3.75 percent
Investment rate of return	7.75 percent

**NOTE 9 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)**

Although no specific price inflation assumptions are needed for the valuation, the 4.5% long-term wage inflation assumption would be consistent with a price inflation of 3% - 4%.

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

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	57.5%	5.02%
Global Fixed Income	20.0%	2.18%
Real Assets	12.5%	4.23%
Diversifying Strategies	10.0%	6.56%

*Discount Rate.* The discount rate used to measure the total pension liability is 8.25% for 2016. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees assumptions, the pension plan’s fiduciary net position was projected to be available to pay 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.

**Changes in the Net Pension Liability:**

	<b>Increases (Decreases)</b>		
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability</b>
<b>Balances at December 31, 2015</b>	\$ 469,746	\$ 462,168	\$ 7,578
Service cost	21,924	-	21,924
Interest on total pension liability	39,506	-	39,506
Changes in benefits	-	-	-
Difference between expected and actual experience	1,117	-	1,117
Changes in assumptions	-	-	-
Employer contributions	-	-	-
Employee contributions	-	16,491	(16,491)
Net investment income	-	52,480	(52,480)
Benefit payments, including employee refunds	(27,746)	(27,746)	-
Administrative expense	-	(1,035)	1,035
Other changes	26,990	-	26,990
<b>Net changes</b>	<b>61,791</b>	<b>40,190</b>	<b>21,601</b>
<b>Balances as of December 31, 2016</b>	<b>\$ 531,537</b>	<b>\$ 502,358</b>	<b>\$ 29,179</b>

*Sensitivity of the net pension liability to changes in the discount rate.* The following presents the net pension liability of the Commission, calculated using the discount rate of 8.0%, as well as what the Commission’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.0%) or 1-percentage-point higher (9.0%) than the current rate:

	<b>1% Decrease (7.0%)</b>	<b>Current Discount Rate (8.0%)</b>	<b>1% Increase (9.0%)</b>
Net Pension Liability	\$90,526	29,179	(\$22,483)

*Pension plan fiduciary net position.* Detailed information about the pension plan’s fiduciary net position is available in the separately issued MERS financial report.

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

For the year ended December 31, 2016, the Commission recognized pension expense of \$44,779. At December 31, 2016, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**NOTE 9 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 894	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	18,314	-
Contributions subsequent to the measurement date	<u>4,878</u>	<u>-</u>
Total	<u>\$ 24,086</u>	<u>\$ -</u>

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

<u>Year Ended December 31:</u>	<u>Deferred Outflows of Resources</u>
2017	\$ 12,859
2018	7,981
2019	6,286
2020	<u>(3,040)</u>
Total	<u>\$ 24,086</u>

**NOTE 10 - OTHER POST EMPLOYMENT BENEFITS**

***PRIMARY GOVERNMENT***

In addition to the pension benefits described in Note 9, the City provides a post retirement health insurance premium contribution of up to 50% of the premium, or a maximum of \$250 per month, from normal retirement until age 65 or eligibility for Medicare.

Plan Description

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

**NOTE 10 - OTHER POST EMPLOYMENT BENEFITS (Continued)**

Employees Covered by Benefit Terms

As of July 1, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	7
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>-</u>
Total participants covered by OPEB Plan	<u><u>7</u></u>

Funding Policy

There are no required contributions by plan participants. The required contribution is based on pay-as-you-go financing requirements. The City paid \$32,000 in benefits for participants for the year ended June 30, 2018. The benefit is funded by assets of the City’s General Fund and Water and Sewer Fund depending on what department the employee was employed.

Total OPEB Liability and Net OPEB Liability

The City’s total OPEB liability of \$118,141 was measured as of July 1, 2017, and was determined by an actuarial valuation as of that date.

As of January 1, 2017, there were no assets in the City’s OPEB trust.

Actuarial assumptions and other inputs.

The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Discount Rate	3.58%
Amortization Period	30 years
Healthcare Cost Trend Rates:	
Current Year Trend	(8.60%)
Second Year Trend	9.50%
Decrement	.50%
Ultimate Trend	5.00%
Year Ultimate Trend is Reached	2025
Salary Increases	3.50%
Actuarial Cost Method	Entry Age Normal

Mortality rates were based on the RP-2000 Combined Healthy Participant Table Projected 10 Years using Projection Scale AA.

**NOTE 10 - OTHER POST EMPLOYMENT BENEFITS (Continued)**

Actuarial Gain

OPEB Liability Beginning of Year – GASB 45	\$	330,195
Changes for the Year:		
Service Cost		18,919
Interest		14,139
Changes of Benefit Terms		-
Assumption Changes and Differences Between Actual and expected experience		-
Change in Actuarial Cost Method		-
Benefit Payments		<u>(32,000)</u>
OPEB Liability End of Year – GASB 45	\$	331,253
OPEB Liability End of Year – GASB 75		<u>118,141</u>
Total Actuarial Gain	\$	<u>213,112</u>

	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
<b>Balances at July 1, 2017</b>	<u>\$ 330,195</u>	<u>\$ -</u>	<u>\$ 330,195</u>
Service cost	18,919	-	18,919
Intrest	14,139	-	14,139
Difference between expected and actual experience and assumptions	(213,112)	-	(213,112)
Contributions - Employer	-	-	-
Net investment income	-	-	-
Benefit payments	(32,000)	-	(32,000)
Administrative expense	-	-	-
Other changes	-	-	-
<b>Net changes</b>	<u>(212,054)</u>	<u>-</u>	<u>(212,054)</u>
<b>Balances as June 30, 2018</b>	<u>\$ 118,141</u>	<u>\$ -</u>	<u>\$ 118,141</u>

Sensitivity of the total OPEB liability to changes in the discount rate.

The July 1, 2017 was prepared using a discount rate of 3.58%. If the discount rate were 1% higher than what was used it this valuation, the Total OPEB Liability would decrease to \$115,519 or by 2.22%. If the discount rate were 1% lower than was used in this valuation, the Total OPEB Liability would increase to \$120,883 or by 2.32%.

**NOTE 10 - OTHER POST EMPLOYMENT BENEFITS (Continued)**

	<b>Discount Rate</b>		
	<b><u>1% Decrease</u></b>	<b><u>Baseline 8.00%</u></b>	<b><u>1% Increase</u></b>
Net OPEB Liability	\$120,883	\$118,141	\$115,519

Sensitivity of the Total OPEB liability to changes in the healthcare cost trend rates.

The July 1, 2017 was prepared using an initial trend rate of 8.60%. If the trend rate were 1% higher than what was used in this valuation, the Total OPEB Liability would increase to \$119,839 or by 1.44%. If the trend rate were 1% lower than was used in this valuation, the Total OPEB Liability would decrease to \$116,477 or by 1.41%.

	<b>Healthcare Cost Trend Rates</b>		
	<b><u>1% Decrease</u></b>	<b><u>Baseline 8.00%</u></b>	<b><u>1% Increase</u></b>
Total OPEB Liability	\$116,477	\$118,141	\$119,839

**OPEB Expense**

For the year ended June 30, 2018, the City recognized an OPEB expense as follows:

	<u>June 30, 2018</u>
Service Cost	\$ -
Interest on Net PEB Liability (Asset)	3,647
Deferred (Inflows)/Outflows from Expected and Actual Experience	<u>(213,112)</u>
Net OPEB Expense	<u>\$ (209,465)</u>

**Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At June 30, 2018, the City reported deferred outflows / inflows of resources related to OPEB from the following sources:

Increase (decrease) in July 1, 2017 OPEB liability Due to actuarial experience different from Expected and actuarial assumption changes	\$ -
Less Amortization:	<u>(213,119)</u>
Total June 30, 2018	<u>\$ (213,119)</u>

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

<u>Year Ended June 30:</u>	
2018	\$ (213,112)
2019	-
2020	-
2021	-
2022	-
Thereafter	-
Total	<u>\$ (213,112)</u>

***COMPONENT UNIT – MANISTEE HOUSING COMMISSION***

The Commission does not participate in a post employment benefits plan. Under the current union contract, the Commission is required to contribute \$100 for each retiree and \$100 for each spouse monthly to help subsidize the premiums for supplemental health insurance.

For the year ended December 31, 2017, the Commission had one covered retiree and contributed \$300.

**NOTE 11 - CAPITAL LEASES:**

The City has executed various leases for office equipment related to administration of its governmental activities. Lease terms require monthly payment of \$323 as follow:

Total lease payments:

2019	\$	3,871
2020		2,297
2021		1,984
2022		<u>1,156</u>
Total minimum lease payments		9,308
Less amount resending interest		<u>(833)</u>
Present value of minimum lease payments	\$	<u>8,475</u>

**NOTE 12 - RESTATEMENT:**

	<u>Governmental Activities</u>	<u>Component Unit Housing Commission</u>
Beginning net position as previously stated at June 30, 2017	\$ 24,506,749	\$ 2,147,633
Restatement of Net Position - to recognize the debt of the Ramsdell Theater	(868,081)	-
Restatement of Net Position – for implementation of GASB 75 – OPEB benefits	(206,721)	-
Restatement of Net Position – to record additional asset changes	<u>-</u>	<u>(1,010)</u>
Beginning net position as restated at June 30, 2017	<u>\$ 23,431,947</u>	<u>\$ 2,146,623</u>

## **Required Supplementary Information**

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**Employee Retirement and Benefit Systems**  
**Schedule of Changes in Pension Liability**  
**For the Year Ended June 30, 2018**

	2015	2016	2017	2018
<b>Total pension liability</b>				
Service cost	\$ 290,722	\$ 293,554	\$ 305,785	\$ 303,716
Interest	1,309,986	1,319,718	1,433,368	1,483,502
Changes in benefits	-	(2,973)	-	-
Difference between expected and actual experience	-	50,037	11,166	10,443
Change in assumptions	-	780,329	-	-
Benefit payments, including refund of member contributions	(939,727)	(1,028,824)	(1,094,230)	(1,150,988)
Other changes	-	35,381	-	39,918
<b>Net change in total pension liability</b>	660,981	1,447,222	656,089	686,591
<b>Total pension liability - beginning</b>	16,203,122	16,864,103	18,311,325	18,967,414
<b>Total pension liability - ending</b>	<u>\$ 16,864,103</u>	<u>\$ 18,311,325</u>	<u>\$ 18,967,414</u>	<u>\$ 19,654,005</u>
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ 196,069	\$ 216,916	\$ 284,796	\$ 367,062
Contributions - employee	603,192	132,242	144,382	148,063
Net investment income	913,523	(219,279)	1,584,820	1,959,571
Benefit payments, including refund of member contributions	(939,727)	(1,028,824)	(1,094,230)	(1,150,988)
Administrative expense	(33,619)	(32,521)	(31,310)	(31,062)
<b>Net change in plan fiduciary net position</b>	739,438	(931,466)	888,458	1,292,646
<b>Plan fiduciary net position - beginning</b>	14,311,333	15,050,771	14,119,305	15,007,763
<b>Plan fiduciary net position - ending</b>	<u>\$ 15,050,771</u>	<u>\$ 14,119,305</u>	<u>\$ 15,007,763</u>	<u>\$ 16,300,409</u>
<b>City's net pension liability - ending</b>	<u>\$ 1,813,332</u>	<u>\$ 4,192,020</u>	<u>\$ 3,959,651</u>	<u>\$ 3,353,596</u>
<b>Plan fiduciary net position as a   percentage of the total pension liability</b>	89%	77%	79%	83%
<b>Covered - employee payroll</b>	\$ 2,760,014	\$ 2,781,946	\$ 2,836,757	\$ 2,934,617
<b>City's net pension liability as a   percentage of covered-employee payroll</b>	66%	151%	140%	114%

**Employee Retirement and Benefit Systems  
Schedule of Employer Contributions  
For the Year Ended June 30, 2018**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Actuarially determined contribution	\$ 196,069	\$ 243,437	\$ 284,796	\$ 355,152
Contributions in relation to the actuarially determined contribution	<u>196,069</u>	<u>243,437</u>	<u>284,796</u>	<u>355,152</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered - employee payroll	\$ 2,760,014	\$ 2,781,946	\$ 2,836,757	\$ 2,934,617
Contributions as a percentage of covered-employee payroll	7%	9%	10%	12%

**Notes to Schedule:**

Actuarially determined contribution rates are calculated as of December 31st, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	22 years
Asset valuation method	5-years smoothed market
Inflation	2.50%
Salary increases	3.75%
Investment rate of return	7.75%
Retirement age	In the 2017, actuarial valuation, expected retirement ages of general employees were adjusted to more closely reflect actual experience
Mortality	Assumptions were based on the RP2014 Group Annuity Mortality Table - Blended 50% Male / 50% Female

**Employee Retirement and Benefit Systems**  
**Schedule of Changes in the City's Total OPEB Liability and Related Ratios**  
**Last 10 years (as applicable)**  
**For the Year Ended June 30, 2018**

	2017	2018
<b>OPEB Liability Beginning of Year</b>	\$ 330,195	\$ 118,141
<b>Changes for the Year:</b>		
Service Cost	18,919	-
Interest	14,139	3,647
Change in Benefit Terms	-	-
Assumption Changes and Differences Between Actual and Expected Experience	(213,112)	654
Change in Actuarial Cost Method	-	-
Benefit Payments	(32,000)	(32,548)
<b>OPEB Liability End of Year</b>	<b>\$ 118,141</b>	<b>\$ 89,894</b>
<b>Covered Payroll</b>	NA	N/A
<b>Total OPEB Liability as a percentage of covered payroll</b>	NA	N/A

**Required Supplementary Information  
Budgetary Comparison Schedule  
General Fund  
For the Year Ended June 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 3,423,708	\$ 3,423,708	\$ 3,389,122	\$ (34,586)
Licenses and Permits	127,500	127,500	125,656	(1,844)
Federal Sources	-	-	4,143	4,143
State Sources	771,900	784,300	965,349	181,049
Charges for Services	1,532,370	1,532,370	1,643,813	111,443
Interest and Rents	35,763	35,763	72,525	36,762
Other Revenue	202,189	202,189	191,145	(11,044)
<b>TOTAL REVENUES</b>	<b>6,093,430</b>	<b>6,105,830</b>	<b>6,391,753</b>	<b>285,923</b>
<b>EXPENDITURES:</b>				
Legislative:				
City Council	41,183	41,183	37,061	4,122
General Government:				
Manager	221,992	221,992	216,066	5,926
Clerk	193,920	207,020	189,061	17,959
Board of Review	2,100	2,100	1,518	582
Finance/Treasurer	284,541	297,691	297,580	111
Building and Grounds	152,839	191,839	180,502	11,337
Assessor	85,865	86,465	83,541	2,924
Elections	10,164	10,164	28,346	(18,182)
General	392,800	392,800	389,480	3,320
<b>Total General Government</b>	<b>1,344,221</b>	<b>1,410,071</b>	<b>1,386,094</b>	<b>23,977</b>
Public Safety:				
Police Department	1,158,381	1,172,781	1,165,374	7,407
Fire Department	1,044,939	1,047,926	1,004,562	43,364
Planning & Zoning	105,897	105,897	104,731	1,166
<b>Total Public Safety</b>	<b>2,309,217</b>	<b>2,326,604</b>	<b>2,274,667</b>	<b>51,937</b>
Public Works:				
Public Works	1,376,200	1,376,200	1,336,280	39,920
<b>Total Public Works</b>	<b>1,376,200</b>	<b>1,376,200</b>	<b>1,336,280</b>	<b>39,920</b>
Recreation and Culture:				
Parks and Recreation	390,450	390,450	375,480	14,970
<b>Total Recreation and Culture</b>	<b>390,450</b>	<b>390,450</b>	<b>375,480</b>	<b>14,970</b>
Debt Service	785,298	785,298	785,298	-
Other Expenditures:				
Appropriations	176,259	176,259	175,260	999
<b>Total Other Expenditures</b>	<b>176,259</b>	<b>176,259</b>	<b>175,260</b>	<b>999</b>
<b>TOTAL EXPENDITURES</b>	<b>6,422,828</b>	<b>6,506,065</b>	<b>6,370,140</b>	<b>135,925</b>

**Required Supplementary Information  
Budgetary Comparison Schedule  
General Fund  
For the Year Ended June 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(329,398)	(400,235)	21,613	421,848
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	429,272	429,272	429,272	-
Operating Transfers Out	<u>(80,616)</u>	<u>(218,616)</u>	<u>(219,403)</u>	<u>(787)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>\$ 19,258</u>	<u>\$ (189,579)</u>	231,482	<u>\$ 421,061</u>
FUND BALANCE, JULY 1			<u>1,093,119</u>	
FUND BALANCE, JUNE 30			<u>\$ 1,324,601</u>	

**Required Supplementary Information  
Budgetary Comparison Schedule  
Major Street Fund  
For the Year Ended June 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
State Sources	\$ 538,577	\$ 538,577	\$ 598,129	\$ 59,552
Charges for Services	289,500	289,500	280,854	(8,646)
Interest	500	500	2,475	1,975
TOTAL REVENUES	<u>828,577</u>	<u>828,577</u>	<u>881,458</u>	<u>52,881</u>
EXPENDITURES:				
Public Works	<u>617,514</u>	<u>684,000</u>	<u>649,400</u>	<u>34,600</u>
TOTAL EXPENDITURES	<u>617,514</u>	<u>684,000</u>	<u>649,400</u>	<u>34,600</u>
EXCESS (DEFICINECY) OF REVENUES OVER EXPENDITURES	211,063	144,577	232,058	87,481
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	10,000	10,000	10,000	-
Operating Transfers Out	<u>-</u>	<u>(131,414)</u>	<u>(131,414)</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>\$ 221,063</u>	<u>\$ 23,163</u>	110,644	<u>\$ 87,481</u>
FUND BALANCE, JULY 1			<u>306,896</u>	
FUND BALANCE, JUNE 30			<u>\$ 417,540</u>	

**Required Supplementary Information  
Budgetary Comparison Schedule  
Local Street Fund  
For the Year Ended June 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
State Sources	\$ 187,278	\$ 187,278	\$ 256,712	\$ 69,434
Other Revenue	200	200	7,036	6,836
 TOTAL REVENUES	<u>187,478</u>	<u>187,478</u>	<u>263,748</u>	<u>76,270</u>
 EXPENDITURES:				
Public Works	<u>545,700</u>	<u>683,700</u>	<u>622,044</u>	<u>61,656</u>
 EXCESS (DEFICINECY) OF REVENUES OVER EXPENDITURES	(358,222)	(496,222)	(358,296)	137,926
 OTHER FINANCING SOURCES (USES):				
Operating Transfers In	329,414	329,414	468,202	138,788
Operating Transfers out	<u>(81,414)</u>	<u>(81,414)</u>	<u>(81,414)</u>	<u>-</u>
 EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>\$ (110,222)</u>	<u>\$ (248,222)</u>	28,492	<u>\$ 276,714</u>
 FUND BALANCE, JULY 1			<u>294,938</u>	
 FUND BALANCE, JUNE 30			<u>\$ 323,430</u>	

## **Other Information**

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	Special Revenue Funds				Capital Project Funds			Totals
	City Refuse	Peg Commission	Brownfield Redevelopment Authority	Street Improvement	Grant Management Fund	Capital Improvement	Renaissance Park	
<b>ASSETS:</b>								
Cash and Equivalents - Unrestricted	\$ 27,615	\$ 6,929	\$ 28,624	\$ 55,789	\$ 10,602	\$ 11,005	\$ 2,973	\$ 143,537
Accounts Receivable	53,251	2,235	-	69	19,021	-	-	74,576
Due From Other Funds	-	-	-	6,362	-	-	-	6,362
Prepaid Items	-	-	241	-	-	-	-	241
<b>TOTAL ASSETS</b>	<b>\$ 80,866</b>	<b>\$ 9,164</b>	<b>\$ 28,865</b>	<b>\$ 62,220</b>	<b>\$ 29,623</b>	<b>\$ 11,005</b>	<b>\$ 2,973</b>	<b>\$ 224,716</b>
<b>LIABILITIES:</b>								
Accounts Payable	\$ 36,326	\$ -	\$ 10,098	\$ -	\$ -	\$ -	\$ -	\$ 46,424
Unearned Revenue	-	-	-	69	-	-	-	69
<b>TOTAL LIABILITIES</b>	<b>36,326</b>	<b>-</b>	<b>10,098</b>	<b>69</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>46,493</b>
<b>FUND BALANCES:</b>								
Nonspendable	-	-	241	-	-	-	-	241
Restricted	44,540	-	18,526	-	29,623	-	-	92,689
Committed	-	-	-	-	-	11,005	2,973	13,978
Assigned	-	9,164	-	62,151	-	-	-	71,315
<b>TOTAL FUND BALANCES</b>	<b>44,540</b>	<b>9,164</b>	<b>18,767</b>	<b>62,151</b>	<b>29,623</b>	<b>11,005</b>	<b>2,973</b>	<b>178,223</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 80,866</b>	<b>\$ 9,164</b>	<b>\$ 28,865</b>	<b>\$ 62,220</b>	<b>\$ 29,623</b>	<b>\$ 11,005</b>	<b>\$ 2,973</b>	<b>\$ 224,716</b>

**Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balance - Nonmajor Governmental Funds  
For the Year Ended June 30, 2018**

	Special Revenue Funds				Capital Project Funds			Totals
	City Refuse	Peg Commission	Brownfield Redevelopment Authority	Street Improvement	Grant Management Fund	Capital Improvement	Renaissance Park	
<b>REVENUES:</b>								
Taxes	\$ 201,090	\$ -	\$ -	\$ 1,149	\$ -	\$ -	\$ -	\$ 202,239
Federal Sources	-	-	-	-	13,738	-	-	13,738
State Sources	1,986	-	-	27,518	45,434	-	-	74,938
Charges for Services	349,719	-	-	-	-	-	-	349,719
Local Sources	-	8,800	-	1,200	-	-	-	10,000
Other Revenues	41	5,222	4,438	-	-	-	-	9,701
Interest and Rents	-	-	-	52	-	-	-	52
<b>TOTAL REVENUES</b>	<b>552,836</b>	<b>14,022</b>	<b>4,438</b>	<b>29,919</b>	<b>59,172</b>	<b>-</b>	<b>-</b>	<b>660,387</b>
<b>EXPENDITURES:</b>								
General Government	-	11,034	-	-	-	-	-	11,034
Public Safety	-	-	953	-	47,854	-	-	48,807
Public Works	534,849	-	-	11,782	-	-	-	546,631
Debt Service	-	-	-	-	-	108,950	5,616	114,566
Capital Outlay	-	-	-	-	-	40,121	-	40,121
<b>TOTAL EXPENDITURES</b>	<b>534,849</b>	<b>11,034</b>	<b>953</b>	<b>11,782</b>	<b>47,854</b>	<b>149,071</b>	<b>5,616</b>	<b>761,159</b>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	17,987	2,988	3,485	18,137	11,318	(149,071)	(5,616)	(100,772)
<b>OTHER FINANCING SOURCES (USES):</b>								
Operating Transfers In	-	-	-	-	-	390,928	5,616	396,544
Operating Transfers Out	-	-	-	(20,000)	-	(250,680)	-	(270,680)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(20,000)</b>	<b>-</b>	<b>140,248</b>	<b>5,616</b>	<b>125,864</b>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	17,987	2,988	3,485	(1,863)	11,318	(8,823)	-	25,092
FUND BALANCES, JULY 1	26,553	6,176	15,282	64,014	18,305	19,828	2,973	153,131
FUND BALANCES, JUNE 30	\$ 44,540	\$ 9,164	\$ 18,767	\$ 62,151	\$ 29,623	\$ 11,005	\$ 2,973	\$ 178,223

**Combining Statement of Net Position  
Major Enterprise Funds  
June 30, 2018**

	Sewer	Water	Totals
<b>ASSETS:</b>			
Cash and Investments - Unrestricted	\$ 704,818	\$ 257,175	\$ 961,993
Investments	1,753,848	108,887	1,862,735
Accounts Receivable	470,698	171,749	642,447
Prepaid Items	8,569	5,712	14,281
Capital Assets (Not Depreciated)	604,945	2,500	607,445
Capital Assets (Net of Accumulated Depreciation)	15,465,091	1,853,040	17,318,131
 TOTAL ASSETS	 \$ 19,007,969	 \$ 2,399,063	 \$ 21,407,032
 <b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Pension Items	45,634	30,423	76,057
 <b>LIABILITIES:</b>			
Accounts Payable	\$ 164,874	\$ 9,876	\$ 174,750
Customer Deposits	38,611	14,089	52,700
Accrued Payroll and Related Liabilities	11,295	7,530	18,825
Accrued Interest Payable	34,519	1,307	35,826
Vested Employee Benefits - Due in more than one year	31,483	20,988	52,471
Net Pension Liability	39,954	26,636	66,590
Bonds Payable - Due within one year	1,175,000	40,000	1,215,000
Bonds Payable - Due in more than one year	8,379,119	597,555	8,976,674
 TOTAL LIABILITIES	 9,874,855	 717,981	 10,592,836
 <b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Pension Items	28,654	19,103	47,757
 <b>NET POSITION:</b>			
Net Investment in Capital Assets	6,515,917	1,217,985	7,733,902
Unrestricted	2,634,177	474,417	3,108,594
 TOTAL NET POSITION	 9,150,094	 1,692,402	 10,842,496
 TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	 \$ 19,053,603	 \$ 2,429,486	 \$ 21,483,089

**Combining Statement of Revenues, Expenses, and  
Changes in Net Position - Major Enterprise Funds  
For the Year Ended June 30, 2018**

	<u>Sewer</u>	<u>Water</u>	<u>Totals</u>
<b>OPERATING REVENUES:</b>			
Charges for Services	\$ 2,955,467	\$ 1,448,684	\$ 4,404,151
Other Revenue	-	81,909	81,909
<b>TOTAL OPERATING REVENUES</b>	<u>2,955,467</u>	<u>1,530,593</u>	<u>4,486,060</u>
<b>OPERATING EXPENSES:</b>			
Personal Services	421,013	332,026	753,039
Contracted Services	648,378	18,664	667,042
Insurance	14,670	4,248	18,918
Administration	183,760	183,759	367,519
Equipment Rental	74,264	37,132	111,396
Supplies	83,916	62,171	146,087
Utilities	363,789	66,605	430,394
Repair and Maintenance	122,725	58,413	181,138
Depreciation	1,125,880	134,904	1,260,784
Miscellaneous	44,626	25,534	70,160
<b>Total Operating Expenses</b>	<u>3,083,021</u>	<u>923,456</u>	<u>4,006,477</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(127,554)</u>	<u>607,137</u>	<u>479,583</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>			
Interest Income	22,909	2,545	25,454
State Grants	440,815	-	440,815
Interest Expense	(211,169)	(16,412)	(227,581)
<b>Total Non-Operating Revenues (Expenses)</b>	<u>252,555</u>	<u>(13,867)</u>	<u>238,688</u>
<b>Income (Loss) Before Transfers</b>	125,001	593,270	718,271
Operating Transfers In	390,928	-	390,928
Operating Transfers Out	(666,107)	-	(666,107)
<b>CHANGES IN NET POSITION</b>	<u>(150,178)</u>	<u>593,270</u>	<u>443,092</u>
<b>NET POSITION, JULY 1</b>	<u>9,300,272</u>	<u>1,099,132</u>	<u>10,399,404</u>
<b>NET POSITION, JUNE 30</b>	<u><u>\$ 9,150,094</u></u>	<u><u>\$ 1,692,402</u></u>	<u><u>\$ 10,842,496</u></u>

**Combining Statement of Cash Flows  
Major Enterprise Funds  
For the Year Ended June 30, 2018**

	Sewer	Water	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from Customers	\$ 2,955,366	\$ 1,532,708	\$ 4,488,074
Payments to Suppliers	(1,387,642)	(466,443)	(1,854,085)
Payments to Employees	(421,059)	(332,058)	(753,117)
Net Cash Provided (Used) by Operating Activities	<u>1,146,665</u>	<u>734,207</u>	<u>1,880,872</u>
<b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Operating Transfers In	390,928	-	390,928
Operating Transfers Out	(666,107)	-	(666,107)
Net Cash Provided (Used) by Noncapital and Related Financing Activities	<u>(275,179)</u>	<u>-</u>	<u>(275,179)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
(Purchase)/Transfer of Capital Assets	(763,339)	(8,310)	(771,649)
State Grants	440,815	-	440,815
Bond Proceeds	3,475,000	-	3,475,000
Principal Paid on Capital Debt	(3,055,000)	(80,000)	(3,135,000)
Interest Paid on Capital Debt	(211,169)	(16,412)	(227,581)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(113,693)</u>	<u>(104,722)</u>	<u>(218,415)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Net (increase)/decrease in investments	(576,273)	(559,931)	(1,136,204)
Interest Income	22,909	2,545	25,454
Net Cash Provided (Used) by Investing Activities	<u>(553,364)</u>	<u>(557,386)</u>	<u>(1,110,750)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	204,429	72,099	276,528
Balances - Beginning of the Year	500,389	185,076	685,465
Balances - End of the Year	<u>\$ 704,818</u>	<u>\$ 257,175</u>	<u>\$ 961,993</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating Income (Loss)	\$ (127,554)	\$ 607,137	\$ 479,583
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	1,125,880	134,904	1,260,784
Change in Assets and Liabilities:			
(Increase) Decrease in Assets:			
Accounts Receivable	3,920	3,794	7,714
Prepaid Items	1,336	892	2,228
Increase (Decrease) in Liabilities:			
Accounts Payable	147,054	(7,944)	139,110
Security Deposits	(4,021)	(1,679)	(5,700)
Accrued Payroll and Related Liabilities	(1,079)	(721)	(1,800)
Accrued Interest Payable	96	(2,865)	(2,769)
Vested Employee Benefits	1,033	689	1,722
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,146,665</u>	<u>\$ 734,207</u>	<u>\$ 1,880,872</u>

**Combining Statement of Net Position  
Nonmajor Enterprise Funds  
June 30, 2018**

	Boat Ramp	Marina	Totals
<b>ASSETS:</b>			
Cash and Equivalents - Unrestricted	\$ 28,413	\$ 26,253	\$ 54,666
Accounts Receivable	-	100,824	100,824
Prepaid Items	-	184	184
Inventory	-	14,668	14,668
Capital Assets (Not Depreciated)	-	46,974	46,974
Capital Assets (Net of Accumulated Depreciation)	237,107	918,561	1,155,668
<b>TOTAL ASSETS</b>	<b>\$ 265,520</b>	<b>\$ 1,107,464</b>	<b>\$ 1,372,984</b>
<b>LIABILITIES:</b>			
Accounts Payable	\$ 546	\$ 10,187	\$ 10,733
Accrued Payroll and Related Liabilities	-	2,081	2,081
Accrued Interest Payable	-	2,431	2,431
Long-term Advance to Other Funds	55,323	197,816	253,139
Notes Payable - Due within one year	-	25,095	25,095
Notes Payable - Due in more than one year	-	199,905	199,905
<b>TOTAL LIABILITIES</b>	<b>55,869</b>	<b>437,515</b>	<b>493,384</b>
<b>NET POSITION:</b>			
Net Investment in Capital Assets	181,784	542,719	724,503
Unrestricted	27,867	127,230	155,097
<b>TOTAL NET POSITION</b>	<b>209,651</b>	<b>669,949</b>	<b>879,600</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 265,520</b>	<b>\$ 1,107,464</b>	<b>\$ 1,372,984</b>

**Combining Statement of Revenues, Expenses, and  
Changes in Net Position - Nonmajor Enterprise Funds  
For the Year Ended June 30, 2018**

	Boat Ramp	Marina	Totals
<b>OPERATING REVENUES:</b>			
Charges for Services	\$ 38,348	\$ 175,053	\$ 213,401
Other Revenue	-	100,081	100,081
<b>TOTAL OPERATING REVENUES</b>	<b>38,348</b>	<b>275,134</b>	<b>313,482</b>
<b>OPERATING EXPENSES:</b>			
Personal Services	-	24,484	24,484
Administration	2,660	11,084	13,744
Insurance	-	1,683	1,683
Supplies	832	92,176	93,008
Utilities	5,885	20,855	26,740
Repair and Maintenance	25,942	6,723	32,665
Depreciation	23,850	56,462	80,312
Miscellaneous	2,393	16,426	18,819
<b>Total Operating Expenses</b>	<b>61,562</b>	<b>229,893</b>	<b>291,455</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(23,214)</b>	<b>45,241</b>	<b>22,027</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>			
Interest Expense	-	(12,598)	(12,598)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>-</b>	<b>(12,598)</b>	<b>(12,598)</b>
Income (Loss) Before Transfers	(23,214)	32,643	9,429
Operating Transfers In	-	65,000	65,000
<b>CHANGES IN NET POSITION</b>	<b>(23,214)</b>	<b>97,643</b>	<b>74,429</b>
NET POSITION, JULY 1	232,865	572,306	805,171
<b>NET POSITION, JUNE 30</b>	<b>\$ 209,651</b>	<b>\$ 669,949</b>	<b>\$ 879,600</b>

**Combining Statement of Cash Flows  
Nonmajor Enterprise Funds  
For the Year Ended June 30, 2018**

	Boat Ramp	Marina	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from Customers	\$ 38,348	\$ 176,351	\$ 214,699
Payments to Suppliers	(37,683)	(148,139)	(185,822)
Payments to Employees	-	(25,083)	(25,083)
Internal Activity - Payments/Receipts with Other Funds	(13,153)	(26,067)	(39,220)
Net Cash Provided (Used) by Operating Activities	(12,488)	(22,938)	(35,426)
<b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Operating Transfers In	-	65,000	65,000
Net Cash Provided (Used) by Noncapital and Related Financing Activities	-	65,000	65,000
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Principal Paid on Capital Debt	-	(24,308)	(24,308)
Interest Paid on Capital Debt	-	(12,852)	(12,852)
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(37,160)	(37,160)
Net Increase (Decrease) in Cash and Cash Equivalents	(12,488)	4,902	(7,586)
Balances - Beginning of the Year	40,901	21,351	62,252
Balances - End of the Year	\$ 28,413	\$ 26,253	\$ 54,666
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating Income (Loss)	\$ (23,214)	\$ 45,241	\$ 22,027
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	23,850	56,462	80,312
Change in Assets and Liabilities:			
(Increase) Decrease in Assets:			
Accounts Receivable	-	(98,783)	(98,783)
Inventory	-	(2,875)	(2,875)
Prepaid Items	-	53	53
Increase (Decrease) in Liabilities:			
Accounts Payable	29	3,638	3,667
Accrued Payroll and Related Liabilities	-	(599)	(599)
Accrued Interest Payable	-	(8)	(8)
Due to/ Advance to Other Funds	(13,153)	(26,067)	(39,220)
Net Cash Provided (Used) by Operating Activities	\$ (12,488)	\$ (22,938)	\$ (35,426)

**Combining Balance Sheet**  
**Component Units**  
**June 30, 2018**

	Downtown Development Authority	Friends of the Ramsdell	Manistee Housing Commission	Totals
<b>ASSETS:</b>				
Cash and Equivalents - Unrestricted	\$ 270,049	\$ 75,317	\$ 309,144	\$ 654,510
Cash and Equivalents - Restricted	-	-	46,477	46,477
Accounts Receivable - net	88,165	-	11,304	99,469
Notes Receivable	117,531	-	-	117,531
Prepaid Items	-	13,918	17,328	31,246
Capital Assets (Not Depreciated)	-	-	360,272	360,272
Capital Assets (Net of Accumulated Depreciation)	-	-	2,793,868	2,793,868
<b>TOTAL ASSETS</b>	<b>\$ 475,745</b>	<b>\$ 89,235</b>	<b>\$ 3,538,393</b>	<b>\$ 4,103,373</b>
<b>Deferred Outflow of Resources</b>				
Investment & Employer Contributions	\$ -	\$ -	\$ 24,086	\$ 24,086
<b>LIABILITIES:</b>				
Accounts Payable	\$ 3,791	\$ 6,589	\$ 26,567	36,947
Accrued Liabilities	1,188	1,163	27,639	29,990
Due to Other Governmental Units	-	-	29,223	29,223
Security Deposits	-	1,780	46,477	48,257
Unearned Revenue	11,211	-	4,553	15,764
Capital Leases - Due within one year	-	-	41,971	41,971
Capital Leases - Due in more than one year	-	-	1,076,178	1,076,178
Note Payable - Due in more than one year	-	-	500,000	500,000
Net Pension Liability	-	-	29,179	29,179
Compensated Absences - Due within one year	-	-	23,999	23,999
Compensated Absences - Due in more than one year	-	-	10,589	10,589
<b>TOTAL LIABILITIES</b>	<b>16,190</b>	<b>9,532</b>	<b>1,816,375</b>	<b>1,842,097</b>
<b>NET POSITION:</b>				
Net Investment in Capital Assets	-	-	1,535,991	1,535,991
Unrestricted	459,555	79,703	210,113	749,371
<b>TOTAL NET POSITION</b>	<b>459,555</b>	<b>79,703</b>	<b>1,746,104</b>	<b>2,285,362</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 475,745</b>	<b>\$ 89,235</b>	<b>\$ 3,562,479</b>	<b>\$ 4,127,459</b>

**Combining Statement of Revenues, Expenditures  
and Changes in Net Position  
Component Units  
For the Year Ended June 30, 2018**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Downtown Development Authority	Friends of the Ramsdell	Manistee Housing Commission	Total
<b>Public Works:</b>								
Manistee Housing Commission	\$ 1,580,447	\$ 500,518	\$ 572,951	\$ 53,779	\$ -	\$ -	\$ (453,199)	\$ (453,199)
<b>Recreation and Culture:</b>								
Friends of the Ramsdell	317,630	109,025	169,511	-	-	(39,094)	-	(39,094)
<b>Economic Development:</b>								
Downtown Development Authority	352,532	72,324	-	-	(280,208)	-	-	(280,208)
<b>Total Component Units</b>	<u>\$ 2,250,609</u>	<u>\$ 681,867</u>	<u>\$ 742,462</u>	<u>\$ 53,779</u>	<u>(280,208)</u>	<u>(39,094)</u>	<u>(453,199)</u>	<u>(772,501)</u>
<b>General Revenues:</b>								
Property Taxes					323,068	-	-	323,068
Interest Expense					-	-	(72,730)	(72,730)
Interest Income					515	-	771	1,286
Rental Income					-	49,961	-	49,961
Other Revenue					-	-	124,639	124,639
<b>Total General Revenues</b>					<u>323,583</u>	<u>49,961</u>	<u>52,680</u>	<u>426,224</u>
Changes in Net Position					<u>43,375</u>	<u>10,867</u>	<u>(400,519)</u>	<u>(346,277)</u>
Net Position - Beginning					<u>416,180</u>	<u>68,836</u>	<u>2,147,633</u>	<u>2,632,649</u>
Prior Period Adjustment					<u>-</u>	<u>-</u>	<u>(1,010)</u>	<u>(1,010)</u>
Restated Net Position - Beginning					<u>416,180</u>	<u>68,836</u>	<u>2,146,623</u>	<u>2,631,639</u>
<b>Net Position - Ending</b>					<u>\$ 459,555</u>	<u>\$ 79,703</u>	<u>\$ 1,746,104</u>	<u>\$ 2,285,362</u>

# **Report on Compliance**

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**ANDERSON, TACKMAN & COMPANY, PLC**  
**CERTIFIED PUBLIC ACCOUNTANTS**

**KINROSS OFFICE**

SUE A. BOWLBY, CPA, PRINCIPAL  
KENNETH A. TALSMA, CPA, PRINCIPAL  
AMBER N. MACK, CPA, PRINCIPAL

PHILLIP J. WOLF, CPA  
LESLIE BOHN, CPA

**MEMBER AICPA**  
**DIVISION FOR CPA FIRMS**

**MEMBER MACPA**

**OFFICES IN**  
**MICHIGAN & WISCONSIN**

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

To the City Council  
City of Manistee  
Manistee, MI 49660

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Manistee, Michigan as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Manistee, Michigan's basic financial statements and have issued our report thereon dated November 15, 2018. Our report includes a reference to other auditors who audited the financial statements of the Manistee Housing Commission, as described in our report on the City of Manistee, Michigan's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting**

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

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

To the City Council  
City of Manistee

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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



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

November 15, 2018



**ANDERSON, TACKMAN & COMPANY, PLC**  
**CERTIFIED PUBLIC ACCOUNTANTS**

**KINROSS OFFICE**

SUE A. BOWLBY, CPA, PRINCIPAL  
KENNETH A. TALSMA, CPA, PRINCIPAL  
AMBER N. MACK, CPA, PRINCIPAL

PHILLIP J. WOLF, CPA  
LESLIE BOHN, CPA

**MEMBER AICPA**  
**DIVISION FOR CPA FIRMS**

**MEMBER MACPA**

**OFFICES IN**  
**MICHIGAN & WISCONSIN**

**COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE**

To the City Council  
City of Manistee  
Manistee, MI 49660

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Manistee, Michigan for the year ended June 30, 2018, and have issued our report thereon dated November 15, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and, if applicable, Government Auditing Standards, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information about our audit.

**Our Responsibility under U.S. Generally Accepted Auditing Standards and *Government Auditing Standards***

As stated in our engagement letter dated August 10, 2018, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of the City of Manistee, Michigan. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the City of Manistee, Michigan's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

Generally accepted accounting principles provide for certain required supplementary information (RSI) to supplement the basic financial statements. Our responsibility with respect to the management's discussion and analysis and budgetary comparison schedules, which supplement(s) the basic financial statements, is to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI will not be audited and, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance, we will not express an opinion or provide any assurance on the RSI.

We have been engaged to report on combining fund financial statements, which accompany the financial statements but are not RSI. Our responsibility for this supplementary information, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### **Planned Scope and Timing of the Audit**

We performed the audit according to the planned scope and timing previously communicated to you in our letter about planning matters on August 10, 2018.

### **Significant Accounting Policies**

#### ***Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the City of Manistee, Michigan are described in Note 1 to the financial statements. One new accounting policy was adopted regarding GASB Statement No. 75 and the application of existing policies was not changed during the year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

- Management's estimate of the depreciation expense is based on estimated lives. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the accrued vested employee benefits is based on current hourly rates and policies regarding payment of sick and vacation banks.
- Management's estimate of the allowance for uncollectible accounts receivable is based on past experience and future expectations for collection of various account balances and has been determined to be \$0.
- Management's estimate of the Annual Required Contribution for OPEB Obligations and pension benefits were based on various assumptions regarding life expectancies, inflation, premium increases, and investment rates.

The financial statement disclosures are neutral, consistent and clear.

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

We encountered no significant difficulties in dealing with management in performing and completing our audit. We did experience delays in obtaining the OPEB – GASB 75 compliant actuarial report, however.

### ***Corrected and Uncorrected Misstatements***

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

### ***Disagreement with Management***

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

### ***Management Representations***

We have requested certain representations from management that are included in the management representation letter dated November 15, 2018.

### ***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.

### ***Comments and Recommendations***

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

### **BS&A Financial Reporting**

During the fiscal year, management implemented a new enhanced accounting software which significantly improved the City's ability to report and monitor financial information. The software allows for various governmental financial reports including GASB 34 – government-wide summary reporting, combining fund financial statements and various other activity reports. The City should fully implement these financial reports to comply with generally accepted accounting principles regarding governmental financial reporting and budget monitoring.

## **Information Technology**

The Board may want to perform vulnerability or intrusion scans or test to assure that unauthorized or illegal access to the City's software or data has not occurred to prevent or detect theft or private information. Additionally, this procedure detects "ghost" programs operating for other than the City's purposes due to the internet.

## **Upcoming Standards**

The following pronouncements of the Governmental Accounting Standards Board (GASB) have been released recently and may be applicable to the City in the near future. We encourage management to review the following information and determine which standard(s) may be applicable to the City. For the complete text of these and other GASB standards, visit [www.gasb.org](http://www.gasb.org). If you have questions regarding the applicability, timing, or implementation, please contact us.

### **GASB 83 – Certain Asset Retirement Obligations**

*Effective 06/15/19 (your FY 2019)*

This statement addresses accounting and financial reporting for certain asset retirement obligations—legally enforceable liabilities associated with the retirement of a tangible capital assets.

### **GASB 84 – Fiduciary Activities**

*Effective 12/15/2019 (your FY 2019)*

This standard establishes new criteria for determine how to report fiduciary activities in governmental financial statements. The focus is on whether the government is controlling the assets, and who the beneficiaries are. Under this revised standard, certain activities previously reported in agency funds may be reclassified in future periods. Due to the number of specific factors to consider, management should assess the degree to which this standard may impact the City.

### **GASB 86 – Certain Debt Extinguishment Issues**

*Effective 06/15/2018 (your FY 2018)*

This standard provides guidance for reporting the in-substance defeasance of outstanding debt obligations using existing resources. Qualifying transactions will remove both the assets placed into trust and the related debt obligation from the government's statement of net position.

### **GASB 87 – Single Approach for Reporting Leases**

The Governmental Accounting Standards Board (GASB) issued guidance that establishes a single approach to accounting for and reporting leases by state and local governments. The single approach is based on the principle that leases are financing of the right to use an underlying asset.

GASB Statement No. 87, *Leases*, provides guidance for lease contracts for nonfinancial assets – including vehicles heavy equipment, and buildings – but excludes nonexchange transactions, including donates assets, and leases of intangible assets.

Under the new Statement, a lessee government is required to recognize (1) a lease liability and (2) an intangible asset representing the lessee's right to use the leased asset. A lessor government is required to recognize (1) a lease receivable and (2) a deferred inflow of resources. A lessor will continue to report the leased asset in its financial statements.

A lease also will report the following in its financial statements:

- Amortization expense for using the lease asset (similar to depreciation) over the shorter of the term of the lease or the useful life of the underlying asset.
- Interest expense on the lease liability.
- Note disclosures about the lease, including a general description of the leasing arrangement, the amount of the lease assets recognized, and a schedule of future lease payment to be made.

Limited exceptions to the single-approach guidance are provided for:

- Short-term leases, defined as lasting a maximum of 12 months at inception, including any options to extend.
- Financial purchases.
- Certain regulated leases, such as between municipal airports and air carriers.

The full text of Statement 87 is available on the GASB website, [www.gasb.org](http://www.gasb.org).

### **Other Matters**

We applied certain limited procedures to the management's discussion and analysis and budgetary comparison schedules, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquires of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and our 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 fund financial statements, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquires 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.

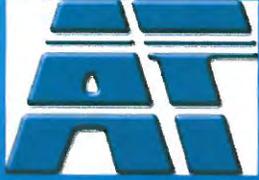
### **Conclusion**

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

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

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

November 15, 2018



Anderson, Tackman & Company, PLC  
16978 S. Riley Avenue  
Kincheloe, Michigan 49788

# **City of Manistee, Michigan**

## **Basic Financial Statements**

### **Graphic Presentation**

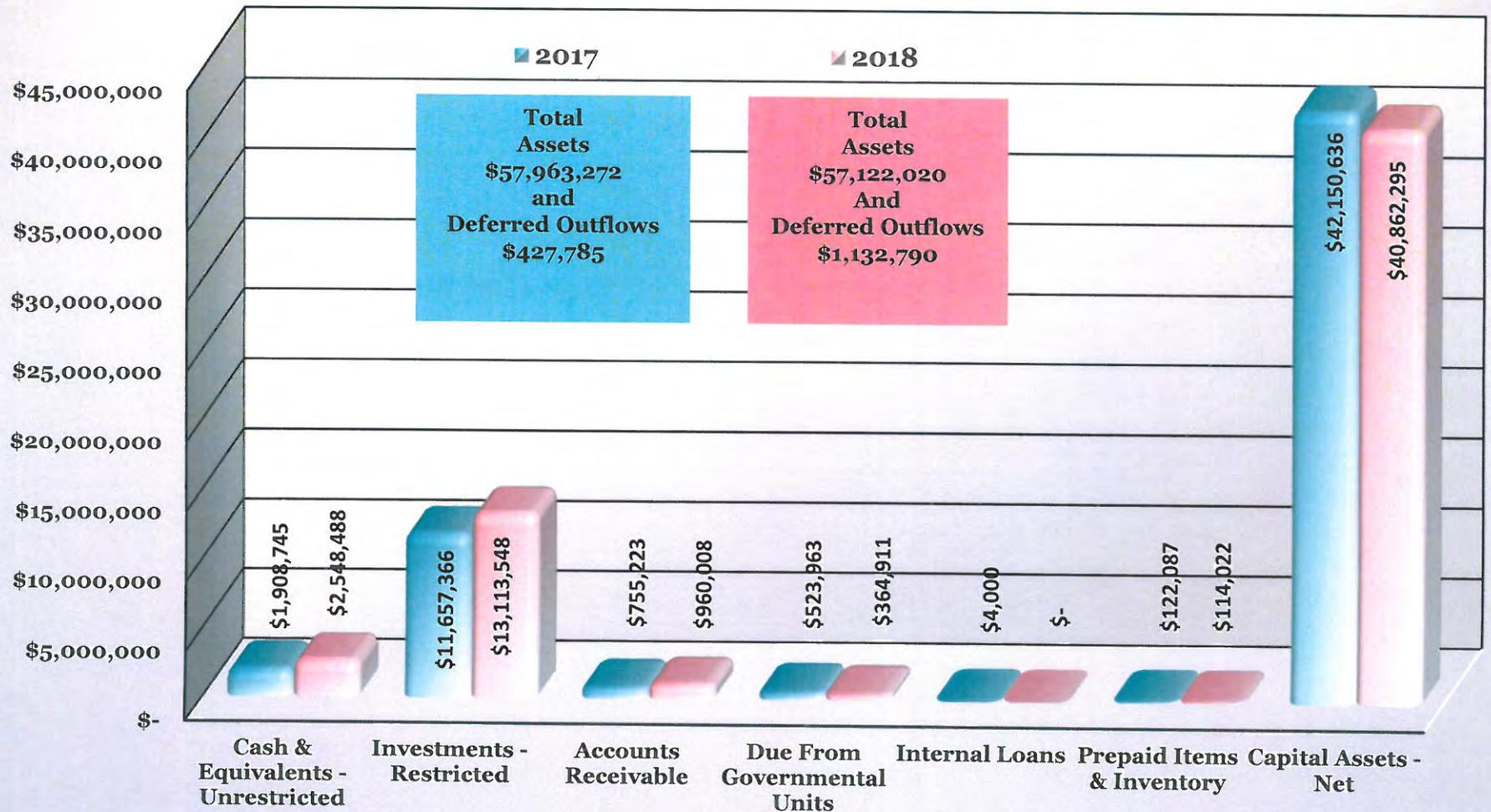
**For the Year Ended June 30, 2018**

# City of Manistee, Michigan

## Statement of Net Position - Assets

### Two Year Analysis

#### June 30, 2018

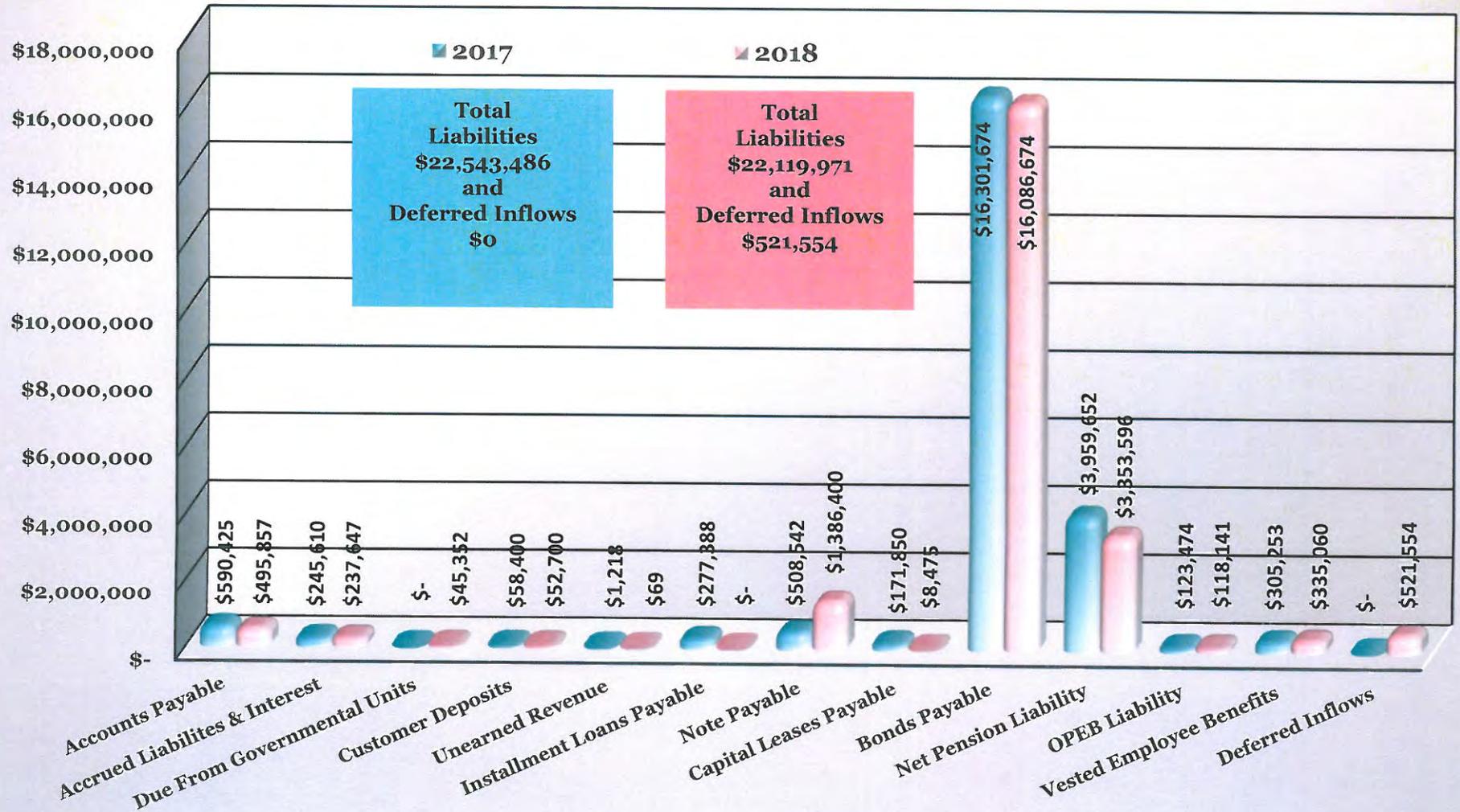


# City of Manistee, Michigan

## Statement of Net Position - Liabilities

### Two Year Analysis

#### June 30, 2018

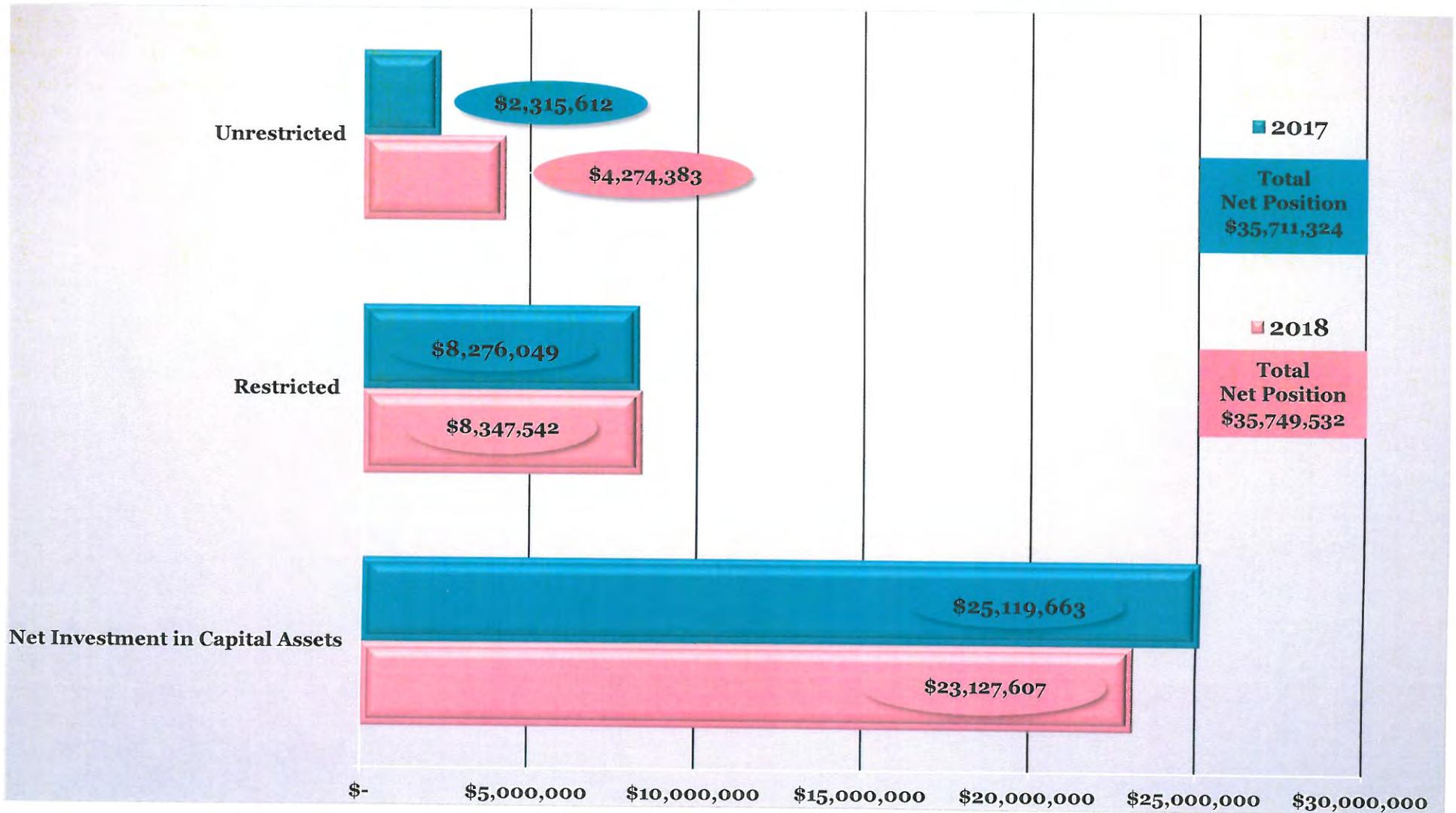


# City of Manistee, Michigan

## Statement of Net Position – Net Position

### Two Year Analysis

June 30, 2018

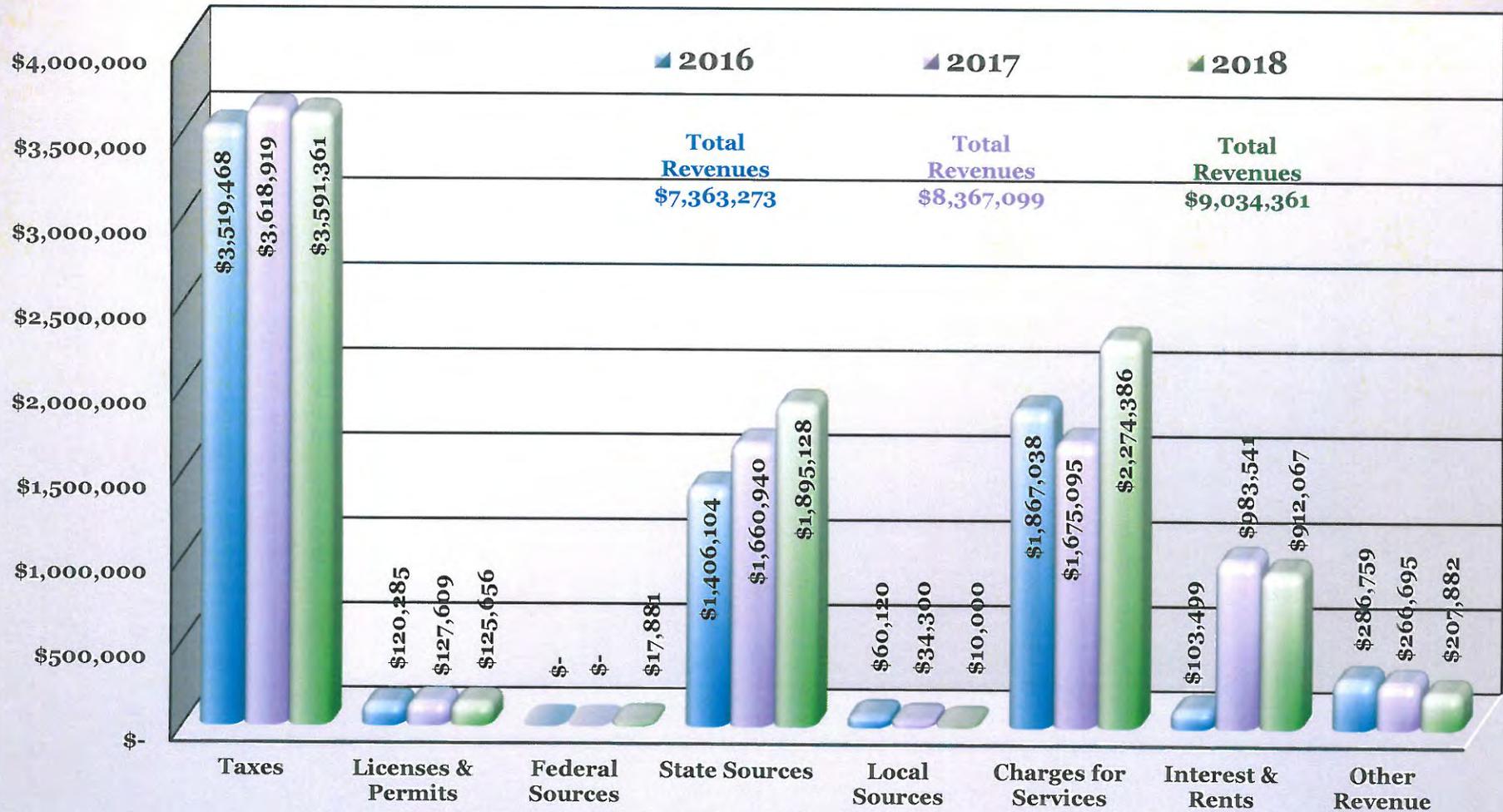


# City of Manistee, Michigan

## Revenues – All Governmental Funds

### Three Year Analysis

June 30, 2018

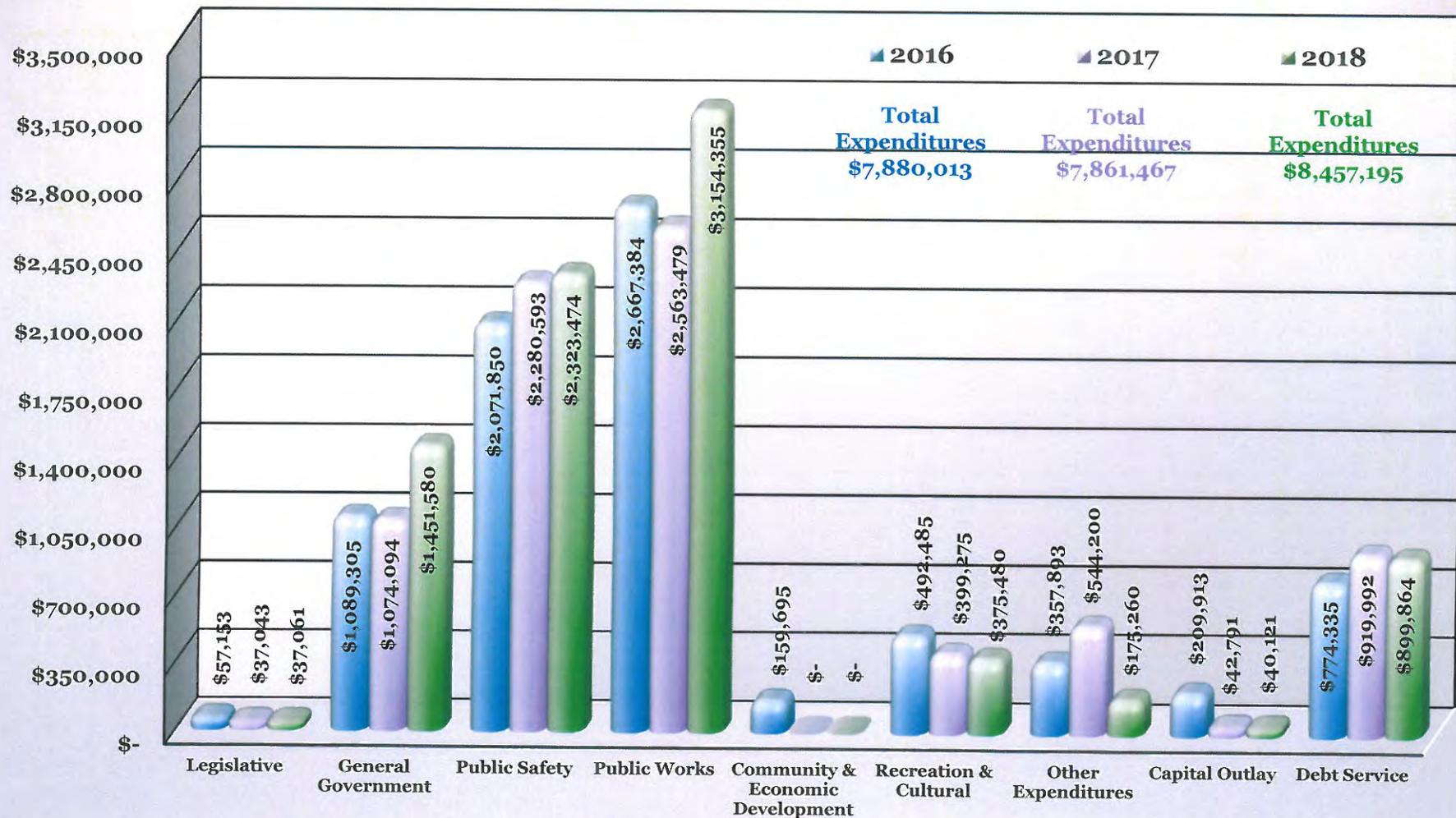


# City of Manistee, Michigan

## Expenditures – All Governmental Funds

### Three Year Analysis

June 30, 2018

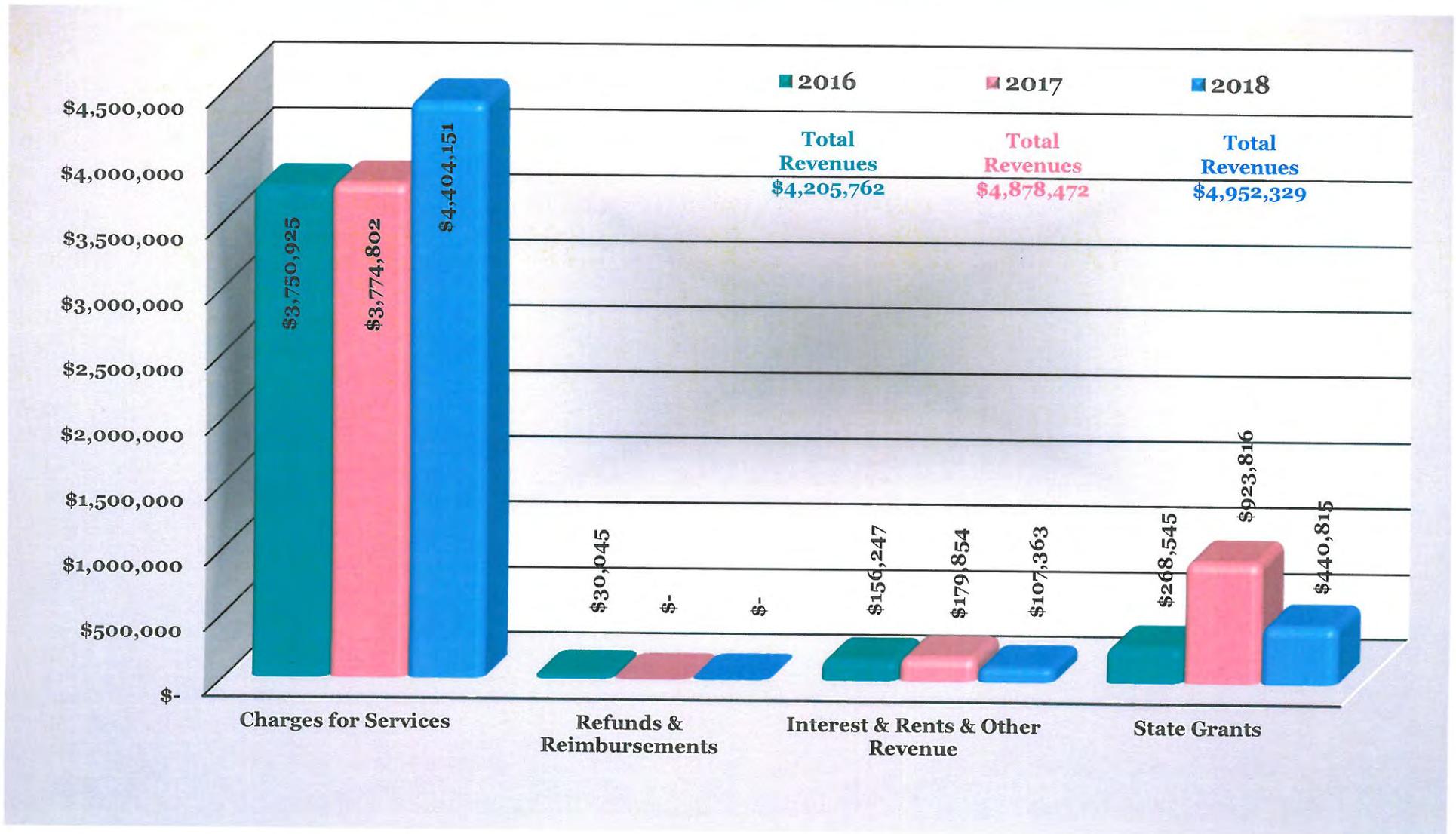


# City of Manistee, Michigan

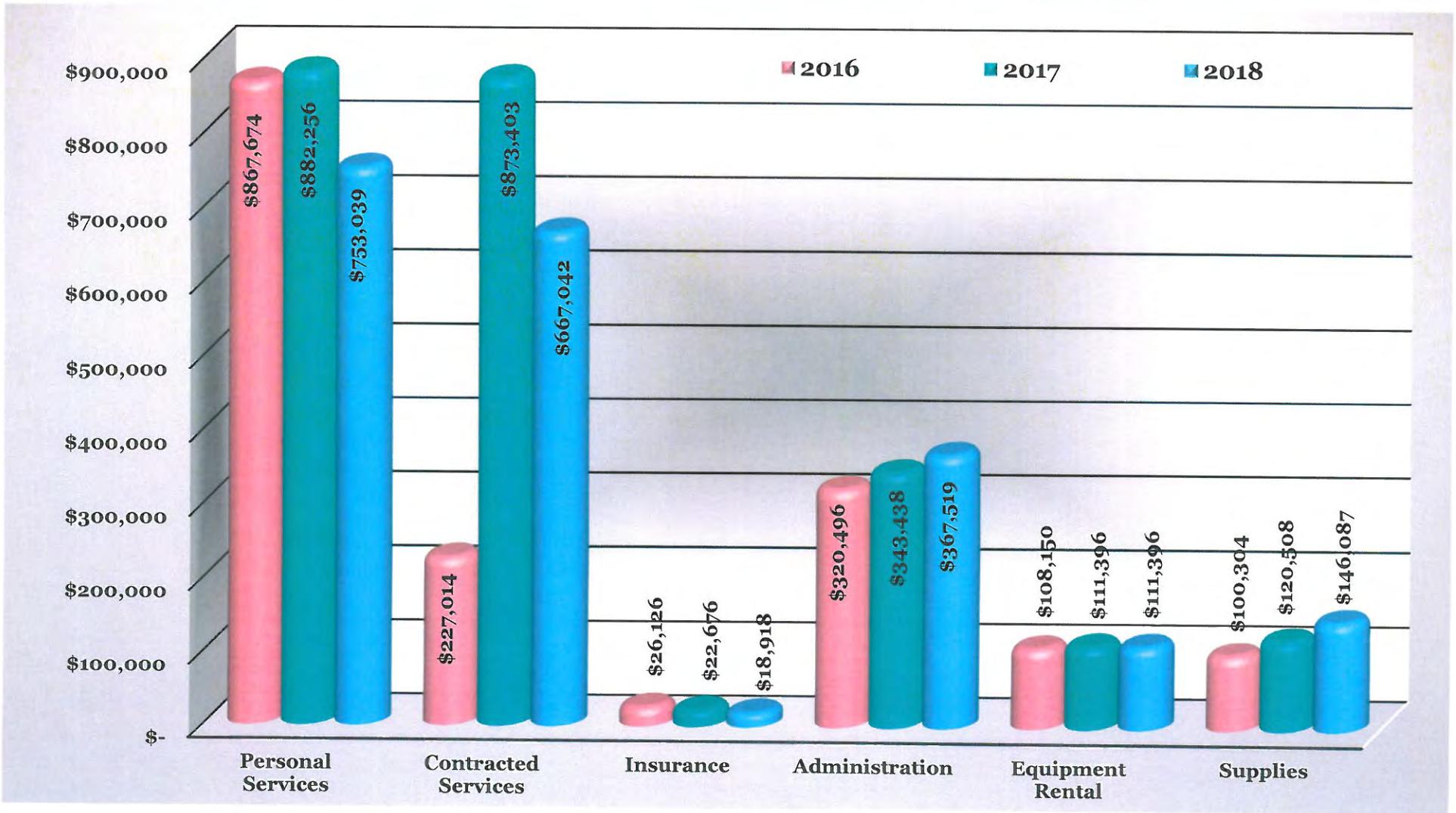
## Revenues – Water & Sewer Funds

### Three Year Analysis

June 30, 2018



City of Manistee, Michigan  
 Expenses – Water & Sewer Fund  
 Three Year Analysis  
 June 30, 2018

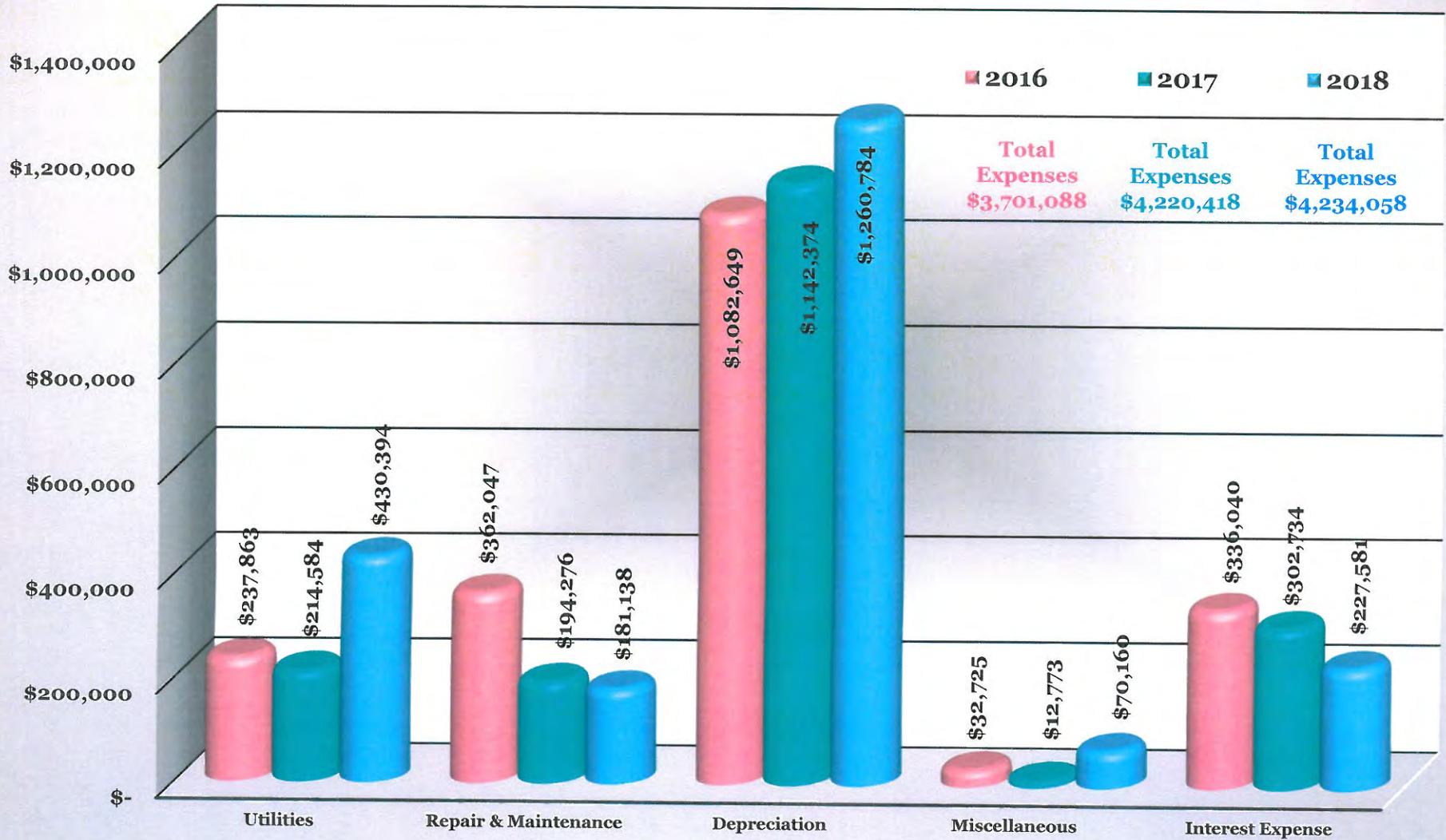


# City of Manistee, Michigan

## Expenses – Water & Sewer Fund

### Three Year Analysis - Continued

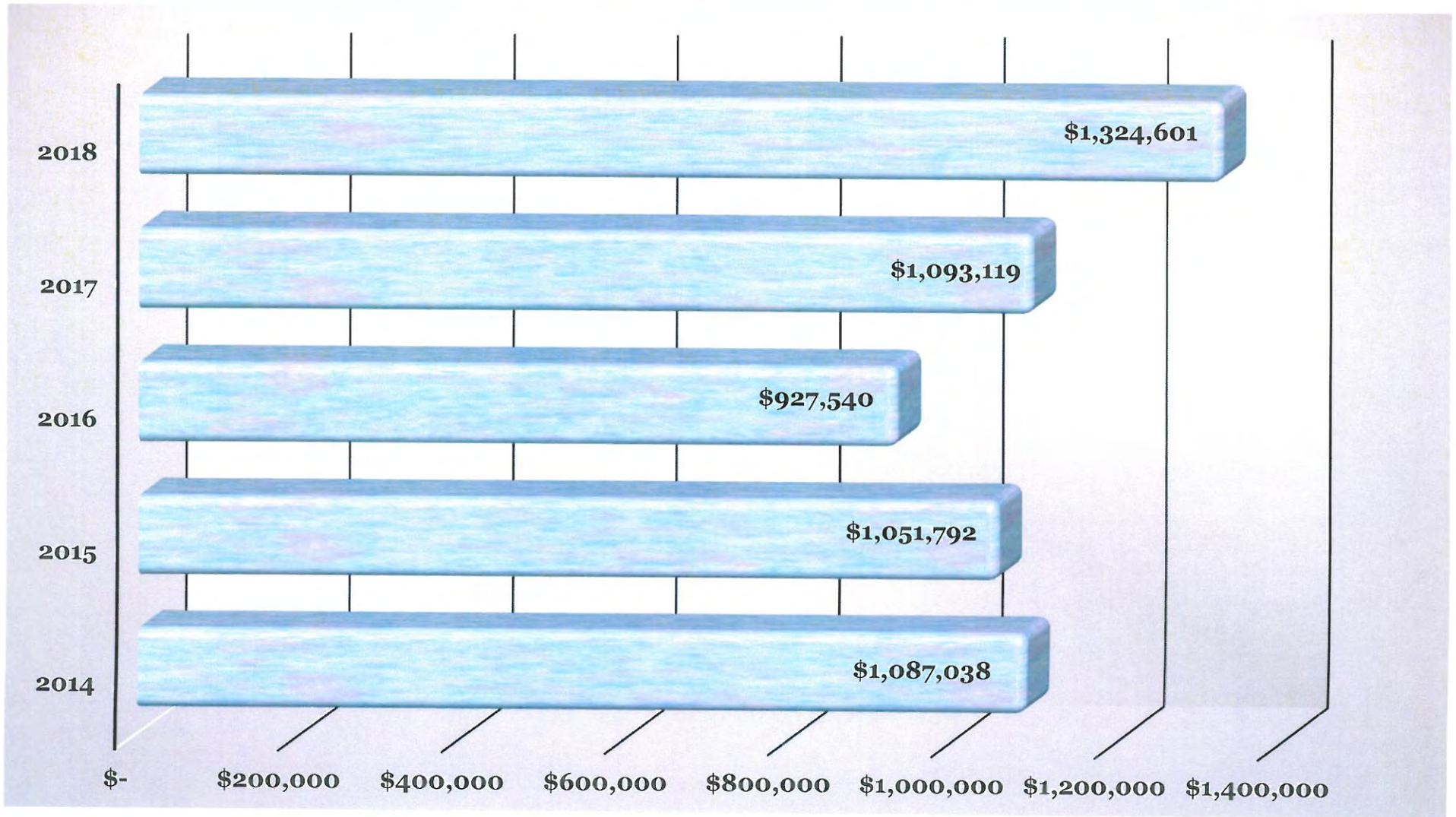
June 30, 2018



# City of Manistee, Michigan

## Five Year Fund Balance – General Fund

June 30, 2018



THANK YOU.....

● Any Questions?

**COUNCIL AUDIT COMMITTEE  
MINUTES OF NOVEMBER 13, 2018**

A meeting of the City Council Audit Committee was held on Tuesday, November 13, 2018 in the Second Floor Conference Room, City Hall, 70 Maple Street, Manistee, MI 49660.

MEMBERS PRESENT: Roger Zielinski, Lynda Beaton, Erin Pontiac

MEMBERS ABSENT: None

OTHERS PRESENT: City Manager Thad Taylor, Finance Director Ed Bradford, Deputy Treasurer Angie Rabb

**Call to Order** – Chair Roger Zielinski called the meeting to order at 1:30 p.m.

**Public Comments** - None

**Request for Proposals** – Finance Director Ed Bradford provided an overview of the RFP responses received for City audit services. Mr. Bradford and Ms. Rabb provided background experience for the current auditing firm.

Following discussion, *MOTION* was made by Erin Martin Pontiac, second by Lynda Beaton, that the Audit Committee recommends the firm of Anderson Tackman & Company PLC for a five-year term, with a three-year extension option for City audit services. Voice vote/motion carried.

CONSENSUS: Staff will forward this item for full council consideration in December.

**Annual Report to Council** – A draft annual report was prepared by staff and reviewed by the Audit Committee. The annual report will have 2018 meeting minutes attached and the draft will be amended to reflect actions taken today.

Staff is working with the auditor to finalize the audit. Audit numbers are needed to meet information requirements for Rural Development.

CONSENSUS: The Annual Audit Committee Report will be presented to Council in December in conjunction with the auditor's presentation of the June 30, 2018 audit. The new audit contract will also be considered that same evening.

**Next Meeting** – No further meetings were scheduled for 2018. A meeting will be scheduled for August 2019 prior to the auditor's field work.

**Adjourn** – Motion to adjourn by Erin Martin Pontiac, second by Lynda Beaton to adjourn at 1:50 p.m.

Cynthia J. Lokovich, CAP, OM  
Executive Secretary

	<i>Anderson, Tackman &amp; Company, PLC</i>	<i>Baird Cotter &amp; Bishop</i>	<i>Dennis Gartland &amp; Niergarth</i>	<i>Gabridge &amp; Co., PC</i>	<i>Rehman Robson</i>	<i>Stevens Kirinovic &amp; Tucker</i>
<b>Audit</b>						
2019	\$ 8,500	\$ 22,900	\$ 23,000	\$ 12,790	\$ 20,000	\$ 20,000
2020	\$ 9,000	\$ 23,590	\$ 24,000	\$ 13,100	\$ 21,000	\$ 21,000
2021	\$ 9,500	\$ 24,300	\$ 25,000	\$ 13,400	\$ 22,000	\$ 22,000
2022	\$ 10,000	\$ 25,020	\$ 26,000	\$ 13,700	\$ 23,000	\$ 23,000
2023	\$ 10,500	\$ 25,970	\$ 27,000	\$ 14,000	\$ 24,000	\$ 24,000
5 Year Cost	\$ 47,500	\$ 121,780	\$ 125,000	\$ 66,990	\$ 110,000	\$ 110,000
5 Year Difference	\$ - 0.0%	\$ 74,280 156.4%	\$ 77,500 163.2%	\$ 19,490 41.0%	\$ 62,500 131.6%	\$ 62,500 131.6%
<b>Single Audit</b>						
2019	\$ 2,500	\$ 3,000	\$ 2,500	\$ 3,000	\$ 3,500	\$ 2,500
2020	\$ 2,500	\$ 3,000	\$ 2,500	\$ 3,000	\$ 3,600	\$ 2,500
2021	\$ 2,500	\$ 3,000	\$ 2,500	\$ 3,000	\$ 3,700	\$ 2,500
2022	\$ 2,500	\$ 3,500	\$ 2,500	\$ 3,000	\$ 3,800	\$ 2,500
2023	\$ 2,500	\$ 3,500	\$ 2,500	\$ 3,000	\$ 4,000	\$ 2,500
5 Year Cost	\$ 12,500	\$ 16,000	\$ 12,500	\$ 15,000	\$ 18,600	\$ 12,500
5 Year Difference	\$ - 0.0%	\$ 3,500 28.0%	\$ - 0.0%	\$ 2,500 20.0%	\$ 6,100 48.8%	\$ - 0.0%
<b>Total 5 Year Cost</b>	<b>\$ 60,000</b>	<b>\$ 137,780</b>	<b>\$ 137,500</b>	<b>\$ 81,990</b>	<b>\$ 128,600</b>	<b>\$ 122,500</b>
(assumes single audit every year)	\$ - 0.0%	\$ 77,780 129.6%	\$ 77,500 129.2%	\$ 21,990 36.7%	\$ 68,600 114.3%	\$ 62,500 104.2%
<b>DDA</b>						
2019	\$ 1,500	\$ 2,000	\$ 3,000	\$ 3,000	\$ 4,500	\$ 5,000
2020	\$ 1,500	\$ 2,060	\$ 3,000	\$ 3,000	\$ 4,750	\$ 5,200
2021	\$ 1,500	\$ 2,120	\$ 3,000	\$ 3,000	\$ 5,000	\$ 5,400
2022	\$ 1,500	\$ 2,190	\$ 3,000	\$ 3,000	\$ 5,250	\$ 5,600
2023	\$ 1,500	\$ 2,260	\$ 3,000	\$ 3,000	\$ 5,500	\$ 5,800
5 Year Cost	\$ 7,500	\$ 10,630	\$ 15,000	\$ 15,000	\$ 25,000	\$ 27,000
5 Year Difference	\$ - 0.0%	\$ 3,130 6.6%	\$ 7,500 15.8%	\$ 7,500 15.8%	\$ 17,500 36.8%	\$ 19,500 41.1%

## Professional Auditing Services Agreement

THIS AGREEMENT entered into this \_\_\_ day of \_\_\_\_\_, 201\_\_ between the City of Manistee, Michigan, a Michigan municipal corporation [“City” or “Client”] of 70 Maple Street, Manistee, Michigan, and Anderson, Tackman & Company, PLC [“AT&C” or “CPA”] 16978 S. Riley Avenue, Kincheloe, Michigan;

**Whereas**, the City of Manistee requires auditing services for its municipal activities, including subunits of the City; and

**Whereas**, the City sought proposals from qualified Certified Public Accounting Firms through a Request for Proposal [“RFP”]; and

**Whereas**, AT&C is a certified public accounting firm with experience and professional capacity to provide the services desired by the City for auditing services and submitted a Response [“Response”] to the City’s RFP; and

**Whereas**, the City desires to engage the professional services of AT&C and AT&C desires to provide such professional auditing services under certain terms and conditions;

**Now, therefore**, the Parties for good and valuable consideration the receipt of which is hereby acknowledged, do contract for Professional Services to be performed by AT&C on behalf of the City, as follows:

**1. Scope of Services:**

- A. The City solicited proposals for the desired professional services through a Request for Proposal [“RFP”] for professional auditing services for fiscal years 2019 to 2023. Such RFP is attached hereto and incorporated herein by reference as Exhibit A.
- B. AT&C responded to such RFP in a proposal dated October 26, 2018 to City. Such response is attached hereto and incorporated herein by reference as Exhibit B.

The RFP and the Proposal shall constitute the scope of work, unless such scope is changed by written acknowledgement agreed to by both Parties.

**2. Compensation for Professional Services:**

Compensation for the professional services described in the RFP and Response are contained therein and are:

<b>Fiscal Year</b>	<b>City Audit &amp; Reports</b>	<b>Single Audit (If Needed)</b>	<b>DDA Audit &amp; Reports</b>
2019	\$8,500	\$2,500	\$1,500
2020	\$9,000	\$2,500	\$1,500
2021	\$9,500	\$2,500	\$1,500
2022	\$10,000	\$2,500	\$1,500
2023	\$10,500	\$2,500	\$1,500

3. **Other Terms and Conditions:**

- A. General: AT&C shall perform all auditing services and present reports in conformity with all Michigan and National standards for accounting for Michigan units of government.
- B. CPA Status: AT&C is an independent contractor for professional services and neither it nor its employees, contractors or subcontractors shall be deemed employees of the City. AT&C shall provide for its employees appropriate and statutorily required Workers Compensation Insurance Coverage and provide to the City proof of the same upon request.
- C. Ownership of Work Product: Those copies of the Work Product [Reports and Schedules] provided to the City by AT&C, including electronic media copies, shall be the property of the City.
- D. Review by Counsel: AT&C acknowledges that this document has been prepared on behalf of the City by Mika Meyers, PLC, Attorneys at Law, 414 Water Street, Manistee, Michigan 49660 and that it has had the opportunity before executing this agreement to review the same with counsel of its choosing.
- E. Applicable Law & Venue: This agreement shall be interpreted in accordance with the Laws of the State of Michigan. In the event a dispute or claim arises out of or concerning this agreement, the Parties will meet and attempt to adjust or resolve such dispute or claim. In the event such claims or disputes cannot be resolved between the Parties, they agree that proper venue to litigate such disputes or claims is in a Court of competent jurisdiction in Manistee County, Michigan.

- F. Entire Agreement: The Parties acknowledge that this agreement incorporates their entire understanding concerning the subject matter of such agreement and that there are no other terms or conditions that have not been incorporated herein. Further, the Parties agree that any modifications in this agreement, including but not limited to the Scope of Work and Compensation for Professional Services, must be in writing and acknowledged and signed by each of the Parties.
  
- G. Effectiveness of Agreement: The Parties acknowledge and agree that this agreement shall be effective and binding upon full execution by the appropriate representatives of each Party. Each Party represents to the other that the persons signing for each respective Party has full authority to do so. And, the City represents to AT&C that the City signatories hereto have been empowered to execute this agreement at a duly constituted meeting of the Manistee City Council upon appropriate motion and vote.
  
- H. Affidavit of Compliance. AT&C represents and warrants that the Affidavit of Compliance attached as Exhibit "C", and incorporated herein by reference, is true and accurate and that it shall continue to comply with the requirements of the Iran Economic Sanctions Act through the term of this Agreement.
  
- I. Option to Renew. The parties, by their mutual Agreement at to the terms and conditions, may extend this Agreement for an additional three (3) years.

The Parties acknowledge that this Agreement may be signed in separate counterparts which shall be read and considered as one document..

**IN WITNESS WHEREOF**, the Parties execute his Agreement on the dates denoted next to their respective signatures.

**City of Manistee**

\_\_\_\_\_ Date: \_\_\_\_\_  
 Roger Zielinski, Mayor

\_\_\_\_\_ Date: \_\_\_\_\_  
 Heather Pefley, City Clerk

**Anderson, Tackman & Company, PLC**

\_\_\_\_\_  
Kenneth A. Talsma, CPA, Principal

Date: \_\_\_\_\_



**County of Manistee, State of Michigan**

**Request for Proposal  
For Auditing Services**

**For the Fiscal Years  
2019 to 2023**

## **INTRODUCTION**

### **General Information**

The City of Manistee is requesting proposals from qualified firms of Certified Public Accountants to audit its financial statement for the fiscal years ending June 30, 2019 thru June 30, 2023. This engagement will also include auditing the City of Manistee Downtown Development Authority as a separate audit for the same fiscal years, and Federal single audit(s) as needed.

There is no expressed or implied obligation for the City of Manistee to reimburse responding firms for any expenses incurred in preparing proposals in response to this request.

During the evaluation process, the City reserves the right to retain all proposals submitted and to use any ideas in the proposals regardless of whether the proposal is selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposal, unless clearly and specifically noted by the firm selected and agreed to by the City.

### **Term of Engagement**

A five-year contract is contemplated, subject to annual review by the Chief Financial Officer, the satisfactory negotiation of terms (including a price acceptable to both the City of Manistee and the selected firm) and the concurrence of the City Council.

In the event of a merger of the audit firm with another firm of certified public accountants or the change of partners to the audit firm, this contract will be transferable to the successor firm with the approval of the City.

This agreement shall not be assigned or transferred without the written approval of the City of Manistee.

## **DESCRIPTION OF THE GOVERNMENT**

### **Principal Contact**

The auditor's principal contacts with the City of Manistee will be:

Edward Bradford (231) 398-2804  
Chief Financial Officer [ebradford@manisteemi.gov](mailto:ebradford@manisteemi.gov)  
70 Maple Street [www.manisteemi.gov](http://www.manisteemi.gov)  
Manistee, MI 49660

Angela Rabb (231) 398-2804  
Deputy Finance Director\Treasurer [arabb@manisteemi.gov](mailto:arabb@manisteemi.gov)

### **Background Information**

The City of Manistee is located between Lake Michigan and Manistee Lake in Manistee County. Located at the confluence of the Big and Little Manistee Rivers, the City boasts one of the best deep water ports on Lake Michigan. Freighters can often be seen navigating the river channel between Lake Michigan and Manistee Lake.

Known as the Victorian Port City, the community of 6,300 is rich in history and culture. It enjoys a diverse economy with a mixture of tourism, retail and manufacturing all contributing. The downtown is spectacular, with River Street supporting many businesses and boutiques. The Riverwalk flanking the south side of the Manistee River attracts many visitors each year, as do its wide, clean beaches. Manistee is also world renown for its excellent sports fishing.

The City has approximately 56 full-time equivalent employees and several on a seasonal basis. It maintains a full-time Police and Fire | EMS Department and operates a water & sewer utility, municipal marina, boat launch and Ramsdell Theatre. The City also provides essential municipal services such as street maintenance, parks, planning & zoning and general administration.

To help familiarize you with the City's funds and finances, City financial information can be found at:

[www.manisteemi.gov/finances](http://www.manisteemi.gov/finances)

The City of Manistee Administrative Services department provides the budgetary, accounting, auditing, information system, purchasing, payroll, utility billing, collections and accounts payable functions. The departments have a staff of 5 full time employees. It utilizes BS&A Financial Management software as its primary accounting software.

## **SCOPE OF WORK TO BE PERFORMED**

### **General**

To meet the requirements of this request for proposal, the audits shall be performed in accordance with generally accepted auditing standards (GAAS) as set forth by the American Institute of Certified Public Accountants (AICPA), the standards applicable to financial audits contained in Government Auditing Standards as issued by the U.S. Government Accountability Office (GAO), the provisions of the U.S. Office of Management and Budget (OMB) Circular A-133, and all other applicable State of Michigan or federal standards. The City of Manistee desires the auditor to express an opinion on the fair presentation of its financial statements in conformity with generally accepted accounting principles (GAAP).

These audits will need to address the requirements of and be in compliance with all of the following:

- Applicable State of Michigan requirements
- Applicable Federal Requirements
- Applicable requirements under GAAP
- Any other applicable requirements

The auditors shall also be responsible for preparing the supplementary information required by the Government Accounting Standards Board (GASB) as mandated by GAAS. Additionally, the auditor will be responsible for preparing other supplementary schedules as required or requested by the Chief Financial Officer, including breaking out the City's combined water & sewer utility in the audit into separate water, sewer and totals. The firm will be responsible for completing and filing the City's F-65.

They shall also prepare, in coordination with the City, a presentation to City Council of the completed audit results

The auditors shall provide to the City all audit adjustments including appropriate backup documents and will meet with staff to discuss these final adjustments.

The auditor will be available to answer reasonable questions that may arise on financial and compliance matters without additional cost to the City during the course of the year.

### **Component Units**

The City has four component units, the Downtown Development Authority (discrete), the Friends of the Ramsdell (discrete), the City of Manistee Brownfield Redevelopment Authority (blended) and the Manistee Housing Commission (discrete).

The City maintains the books and records for the Friends of the Ramsdell and City of Manistee Brownfield Redevelopment Authority. The DDA maintains its own books. The audit schedule and fieldwork for the DDA will be the same as for the City. The Manistee Housing Commission maintains its own books and hires their own independent auditor.

### **City Audit Committee**

Auditors will be required to meet with the City's audit committee prior to, during and after the audit, as needed.

### **Irregularities and Illegal Acts**

Auditors shall be required to make an immediate, written report of all irregularities and if illegal acts or indications of illegal acts of which they become aware to the Chief Financial Officer and City Manager.

### **Reports to be Issued**

Following the completion of the audit of the fiscal year's financial statements, the auditor shall issue a report on the fair presentation of the general-purpose financial statements in conformity with generally accepted accounting principles. The auditor shall prepare the following report at the completion of the audit:

1. **Compiled and Audited Financial Statements (CAFS):** Compiled and Audited Financial statements for the City including all funds, account groups and applicable component units. The auditor will prepare all financial statements, schedules, supplementary information and notes to the financial statements.
2. **Management Discussion and Analysis:** The auditor will work with the City on an acceptable format and will update all charts, graphs, tables and figures. The City will provide the narrative\explanatory information.
3. A stand-alone, plain language, explanatory summary of the results of the City audit (separate from the MD&A) as a tool to aid the Council and public in understanding the audit results.
4. State of Michigan auditing procedures report.
5. A report on the financial statements, internal control and compliance in accordance with the audit guide and standards for compliance with the Single Audit Act, as may be required.
6. Any supplemental reports, schedules or other required by the State of Michigan, Federal Government, GASB or GAAP, including the F-65.

7. A management report containing comments and recommendations regarding a municipality's system of internal controls: its methods of safeguarding its assets, ensuring the accuracy of its financial information, promoting efficiency and adhering to municipal policies. This letter should contain comments and recommendations for controlling any internal weaknesses discovered and shall be reviewed by the CFO before finalizing.
8. Other mandatory or required reports.

### **Working Paper Retention and Access to Working Papers**

Records and documents pertaining to the City of Manistee audit will become the property of the City. All working papers and reports must be retained, at the auditor's expense, for a minimum of 5 calendar years after completion of the audit, unless the firm is notified in writing by the City of Manistee of the need to extend the retention period. The auditor will be required to make any and all working papers available, upon requested, to the City of Manistee.

In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

## **AUDIT SCHEDULE AND REPORT REQUIREMENTS**

### **Audit Calendar**

The auditors must be able to substantially adhere to the following timeline for the audit; with the understanding that the earlier the audit can be completed, the better:

Pre-Audit Meeting with City by mid-June  
Preliminary and field work completed by no later than the end of August  
Draft reports completed by no later than the end of the first week of October  
Final reports by no later than the end of October  
Presentation of Audit by no later than the first Tuesday in November

If the proposing firm sees any problem with meeting this schedule, it should be noted in the proposal with an alternate schedule.

All filing deadlines for the CAFS and other reports shall be adhered to.

### **Report and Other Requirements**

The independent auditor shall type, reproduce and assemble the following reports and submit as noted:

1. Ten (10) copies of the CAFS;
2. Submission of CAFS with the State of Michigan as required;
3. Ten (10) copies of the Single Audit Report (included with CAFS), if needed;
4. Management Letter (included in CAFS)
5. Other required reports
6. High quality Adobe PDF file of the CAFS and all other reports, letters and findings.

## **ASSISTANCE TO BE PROVIDED TO THE AUDITOR**

### **Finance Department and Clerical Assistance**

The Finance Department staff and responsible management personnel will be available during the audit to assist the firm by providing information, documentation and explanations. The preparation of confirmations will be the responsibility of the Auditor.

## **PROPOSAL REQUIREMENTS**

### **Deadlines to Submit Proposal**

Completed proposals must be received by 2:00 PM, Monday November 5, 2018. Council action to award bids is expected in December.

### **Submittal Requirements**

The proposal (4 copies) shall be labeled clearly with: **Request for Auditing Proposals** and addressed to:

City of Manistee  
Attn: Edward Bradford  
70 Maple Street  
Manistee, MI 49660

The full proposal shall also be emailed in PDF format to [ebradford@manisteemi.gov](mailto:ebradford@manisteemi.gov) by the deadline.

### **Firm Information**

The proposal should provide the name and type of firm (sole prop, LLC, corporation, etc.), size of firm in terms of total staff, number of clients, number of governmental audit clients and annual revenue, the size of the firm's governmental audit staff and the location of the office

from which the work on this engagement is to be performed. Provide proof that the firm is licensed to conduct business in Michigan.

**Staff Experience**

The proposal should provide the number of professional staff to be employed in this engagement. Identify the principal supervisory and management staff including engagement partners, managers, other supervisors and staff, who would be assigned to the audit. Provide information on the length and type government auditing experience of each person, relevant education, degrees, certifications and status of current continuing education requirements.

**References**

Provide the most significant engagements from the responding office performed in the past three years that are similar to the engagement described in this request for proposal. Indicate the scope of work provided and the name and telephone number of the principal client contact.

**Independence**

The firm should provide an affirmative statement that it is independent of the City of Manistee as defined by GAAS and Government Accounting Standards.

**Conflict of Interest**

List and describe the firm’s professional relationships with the City or any of its agencies for the past five years (if any) and include a statement explaining why such relationship does not constitute a conflict of interest relative to performing the proposed audit and/or compilation engagement. Further, the selected firm shall give the City written notice of any professional relationships entered into during the period of this agreement or subsequent renewal that would constitute a conflict of interest.

**External Quality Control Review\Peer Review**

The firm shall submit a copy of its most recent external quality control peer review report.

**Identification of Anticipated Potential Audit Problems**

The proposal should identify and describe any anticipated audit problems, the firm’s approach to resolving these problems and any special assistance that will be requested from the City.

**Price for Services**

Attachment A must be completed and signed. Attachment A’s price(s) should specify all pricing information relative to performing the audit engagement as described in this request for proposal. The price(s) shall be all inclusive and shall include all direct and indirect costs including all out-of-pocket expenses and travel.

**Manner of Payment**

The audit firm shall bill the City monthly for work completed up to 90% of the contract amount. The final 10% of the payment will be made after the engagement is completed and all reports

have been issued, filed with the State and the presentation made to Council. It is the firm's responsibility to bill for these payments. The firm shall bill the DDA separately.

**Other**

Please include any other information that you think would be helpful in allowing the City of Manistee to make an informed decision in the selection process. Focus on the evaluation criteria.

**EVALUATION CRITERIA**

**Mandatory Elements**

1. The audit firm is independent and licensed to practice in the States of Michigan.
2. The audit firm's professional personnel are adequately trained and have received adequate continuing professional education within the preceding three years.
3. The firm has no conflicts of interest with regard to any other work performed by the firm for the City of Manistee.
4. The firm has an acceptable external quality control review and a record of quality audit work.
5. The firm demonstrates an understanding of the specific needs of the City of Manistee as it relates to the audit engagement.
6. The firm adheres to the instructions in this request for proposal on preparing and submitting the proposal.

**Technical Qualifications**

1. The firm exhibit expertise based on past experience and performance on comparable government engagements.
2. The quality of the firm's professional personnel to be assigned to the engagement.

**References**

The City may contact the firm's references.

**Price Consideration**

Cost will be an important, but not primary, factor in the selection of an audit firm.

**Final Selection**

The City of Manistee will select a firm based upon its review of the proposals submitted. The City may request clarification of any items in the proposal.

**Right to Reject Proposals**

Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposal unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the City of Manistee and the firm selected.

The City of Manistee reserves the right without prejudices to reject any or all proposals.



**ATTACHMENT A**

**REQUEST FOR PROPOSAL  
AUDITING SERVICES**

**Firm Submitting Proposal:** \_\_\_\_\_

**Proposed Fee:**

<b>Fiscal Year</b>	<b>Audit &amp; Reports</b>	<b>Single Audit (if needed)</b>	<b>DDA</b>
<b>2019</b>			
<b>2020</b>			
<b>2021</b>			
<b>2022</b>			
<b>2023</b>			

\_\_\_\_\_  
Signature of Authorized Representative

\_\_\_\_\_  
Date

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Title

**PROPOSAL TO PERFORM THE  
JUNE 30, 2019, 2020, 2021, 2022 and 2023**

**FINANCIAL AUDIT, SINGLE AUDIT, AND OTHER  
MANAGEMENT ADVISORY SERVICES FOR**

**City of Manistee  
Manistee, Michigan**

By

**ANDERSON, TACKMAN & COMPANY, PLC**

16978 S. Riley Avenue

Kincheloe, Michigan 49788

(906) 495-5952

Fax: (906) 495-7312

E-Mail: [antack@antack.com](mailto:antack@antack.com)

Contact Person

Kenneth A. Talsma, CPA

October 26, 2018

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**ANDERSON, TACKMAN & COMPANY, PLC**  
CERTIFIED PUBLIC ACCOUNTANTS

**KINROSS OFFICE**

SUE A. BOWLBY, CPA, PRINCIPAL  
KENNETH A. TALSMA, CPA, PRINCIPAL  
AMBER N. MACK, CPA, PRINCIPAL

PHILLIP J. WOLF, CPA  
LESLIE BOHN, CPA

**MEMBER AICPA**  
**DIVISION FOR CPA FIRMS**  
**MEMBER MACPA**  
**OFFICES IN**  
**MICHIGAN & WISCONSIN**

October 26, 2018

City of Manistee  
70 Maple Street  
Manistee, MI 9660

Dear Commissioners:

We appreciate this opportunity to present our qualifications to serve the City of Manistee, as its independent accountants. Our firm currently audits over 150 Michigan and Wisconsin municipalities and related entities, eighty-five of which are the responsibility of our Kinross, Michigan office. We are proud of our expanding practice in the governmental industry, and our record of active and timely service is your guarantee of our commitment to the City of Manistee.

Our proposal package annexed, addresses our understanding of services to be provided, our qualifications, approach to auditing, proposed fee and additional information requested. The proposal is for a five year engagement at the Council's request and is a firm and irrevocable offer for 90 days.

Our annual bid includes the financial audit for funds of the City as well as a separate fee for the Single Audit.

The information contained in this proposal is intended for the sole use of the City of Manistee, Michigan evaluating our qualifications to perform the proposed engagement and should not be used for any other purpose or be publicly disclosed or distributed to third parties without the written permission of Anderson, Tackman, and Company, CPA's, PLC.

We are confident that, as you evaluate this proposal, Anderson, Tackman & Company, PLC will have demonstrated to you that we have a commitment to the governmental industry, which when combined with our competitive fee structure will provide you with the cost effective, comprehensive, quality service you are seeking. We welcome the opportunity to service your City in its professional needs and would be pleased to meet with you at your convenience.

We welcome any questions regarding our proposal and will respond as directed at your convenience.

Very truly yours,  
ANDERSON, TACKMAN & COMPANY, PLC

Kenneth A. Talsma, CPA  
Principal

## UNDERSTANDING OF SERVICES TO BE PROVIDED

We propose to perform an audit of all includable funds, and the Downtown Development Authority (a component unit), of the City of Manistee, sufficient in scope to enable us to render our opinion on the basic financial statements for the fiscal years ended June 30, 2019, 2020, 2021, 2022 & 2023. Our audit would be in accordance with U.S. generally accepted auditing standards and procedures as set forth in the Codification of Statements on Auditing Standards, Statements Published by the National Council on Governmental Accounting and the Governmental Accounting, Auditing and Financial Reporting Statements, the Industry Audit Guide for Audits of State and Local Governmental Units, Uniform Guidance Single Audit Requirements for Financial and Compliance Audits of Governmental Units, Circular A-102, Grants and Cooperative Agreements with State and Local Governments, OMB Circular A-87, Principles for determining Costs applicable to grants, Government Auditing Standards and other requirements, as appropriate.

Our engagement would include preparation of the GASB 34 format Financial Report, and the Single Audit financial and compliance reports, as required. Although the primary purpose of our audit would be to express our opinion on the basic financial statements of the City, we would also prepare a report to management relative to areas within the accounting system where improvements would be appropriate and advantageous.

At the conclusion of our engagement, we would present the financial and compliance reports, as listed in the "Request for Proposal", to management and the members of the City Commission at your request, summarize our audit findings and conclusions, and review our Report to Management letter with management and the Commission. One unbound copy, one electronic (Word/Excel Format) copy, and twenty copies of the financial and compliance reports, as well as the Single Audit Report, if required, would be supplied to the City at the conclusion of the engagement. One report would be electronically filed to the Michigan Department of Treasury and appropriate awarding agencies.

The following Management Advisory Services would be provided at additional cost as required:

1. Other services as identified and requested

The primary purpose of our audit is to express an opinion on the financial statements. If conditions are discovered that lead to belief that material errors, defalcations or other irregularities exist we will advise management.

During the course of the engagement if circumstances are encountered that require extended services, the auditor will promptly advise appropriate City personnel. A description of services will be provided but no additional services will be provided without authorization.

Our 2019 engagement fieldwork would begin prior to year end and conclude by August 31, 2019. The subsequent year's engagement fieldwork would begin on a similar schedule of timing based on City approval. Draft reports would be furnished by September 15<sup>th</sup>, final reports by September 30<sup>th</sup> of each year, assuming the City is ready for the audit by August each year.

## INDEPENDENCE

Anderson, Tackman & Company, PLC is independent in relation to City of Manistee, Michigan as defined by the U.S General Accounting Office's Government Auditing Standards.

If we enter into any professional relationships during any period of our engagement as auditors that may affect our independence, we will contact you in writing. This correspondence would indicate our relationship and its effect on your audit.

## LICENSURE

Sue A. Bowlby, CPA, Kenneth A. Talsma, CPA, Amber N. Mack, CPA, Phillip J. Wolf, CPA, Leslie Bohn, CPA, and Anderson, Tackman & Company, PLC, are properly licensed as certified public accountants in the State of Michigan and are registered with the Michigan State Board of Public Accountancy.

## FIRM PROFILE

Anderson, Tackman & Company, PLC is a mid-western regional certified public accounting firm with four offices in Michigan and one office in Wisconsin. We are currently members of the AICPA Division for CPA firms, Governmental Audit Quality Center and Employee Benefits Quality Center. There are presently thirteen principals in the firm and upwards of sixty-five supervisory and professional staff personnel.

Our firm provides services to a diversified group of clients in five basic areas: audit, tax, management consulting (including computer systems analysis), monthly accounting, and financial planning. Our clients include varied types of commercial enterprises, individuals, governmental units, financial institutions, and non-profit organizations.

Anderson, Tackman & Company, PLC, as evidenced by our client list, is very active in the area of providing services to governmental units. Our involvement includes the normal audit function as well as providing systems and computer consulting as needed by our clients. Recent governmental consulting engagements have included systems design, evaluation and implementation of internal computer hardware and software systems, feasibility studies, and user charge rate studies.

The engagement would be performed by our Kinross, Michigan office. The following is a list of personnel and their respective specialties at our offices.

<u>Personnel</u>	<u>Title</u>	<u>Specialty</u>
Sue Bowlby, CPA	Principal	Tax/Commercial Accounting Principal
Kenneth Talsma, CPA	Principal	Governmental Audit Principal
Amber Mack, CPA, EA	Principal	Tax/Commercial Accounting/Audit
Douglas Welton	Senior Auditor	Governmental/Nonprofit Audit
Leslie Bohn, CPA	Staff	Tax/Commercial Accounting/Audit
Cindy Sturgeon	Staff	Tax/Commercial Accounting/Audit
Sheri Ross	Staff	Clerical
Sherry Nault	Staff	Clerical
Lori Mills	Staff	Clerical

## **OUR SERVICE TEAM QUALIFICATIONS**

At Anderson, Tackman & Company, PLC, we believe the key to establishing and maintaining a professional relationship with our clients is to provide superior services through a team effort. The team of professionals we have assembled to serve the City of Manistee includes specialists in areas such as governmental auditing and accounting, taxation, and grant expertise. We are very selective in our staff assignments and are proud of their ability to work effectively.

### **Anderson, Tackman and Company, PLC**

#### **ENGAGEMENT TEAM**

Kenneth A. Talsma, CPA  
Principal

Douglas Walton  
Senior Auditor

Leslie Bohn, CPA  
Staff

Anderson, Tackman and Company, PLC is independent in relation to the City of Manistee as defined by the U.S. General Accounting Office's *Government Auditing Standards*. All staff as listed are properly licensed as certified public accountants in the State of Michigan and are registered with the Michigan State Board of Accountancy. All personnel meet the current Yellow Book guidelines for continuing professional education in order to participate in a governmental audit.

## PROFESSIONAL STAFF PROFILES



**Kenneth A. Talsma, CPA**  
Principal/Governmental Division

**EXPERIENCE** Twenty-four years of public accounting  
Experience with Anderson, Tackman &  
Company, PLC, and Gillette, Halvorsen, & Leonhardt.

### PARTIAL LISTING OF GOVERNMENTAL CLIENTS SERVED

City of Big Rapids  
City of Boyne City  
City of Cheboygan  
City of East Jordan  
City of Frankfort  
City of Gladwin  
City of Grayling  
City of Harbor Springs  
City of Mackinac Island  
City of Manistee  
City of Rogers City  
City of Sault Ste. Marie  
City of St. Ignace  
Betsie Lake Utilities Authority

### SPECIAL AREAS OF EXPERTISE

Financial auditing & reporting  
Compliance auditing & reporting  
Single audit  
Debt capacity studies  
Internal control reviews  
Defalcation consultation  
Personnel assistance  
Feasibility study

### PROFESSIONAL ACTIVITIES

American Institute of Certified Public Accountants  
Michigan Association of Certified Public Accountants

### EDUCATION

Lake Superior State University  
Bachelor of Science Accounting

## PROFESSIONAL STAFF PROFILES



**Amber Mack, CPA, EA**  
Principal/ Tax/Commercial Accounting/Audit

**EXPERIENCE**      Nine years of public accounting experience with Anderson, Tackman & Company, PLC.

**PARTIAL LISTING OF INDUSTRIES SERVED**

Governmental units  
Corporations  
Non-profit

**SPECIAL AREAS OF EXPERTISE**

Financial auditing & reporting  
Nonprofit auditing & reporting  
Payroll tax reporting  
Unrelated business income evaluations  
Income tax preparation

**PROFESSIONAL ACTIVITIES**

American Institute of Certified Public Accountants  
Michigan Association of Certified Public Accountants

**EDUCATION**

Lake Superior State University  
Bachelor of Science Accounting

## CPE OF STAFF ASSIGNED

### KENNETH A. TALSMA, CPA

Implementation of GASB 34  
Governmental Accounting and Auditing Update – Winter, Spring, Summer & Fall  
Computer Training Seminar – Go Systems  
Ethics in the Audit process  
Quality Assurance Conference  
Nonprofit Conference  
Spring Governmental Accounting and Auditing Conference – 2009, 2010, 2011, 2018  
Applying A-133 to Nonprofit and Governmental Organizations  
Solving Complex Single Audit Issues for Governmental and Nonprofit Organizations  
Implementing the New Risk Assessment Standards  
MACPA- Ethics  
AICPA National Government and Not-for-Profit Program

### AMBER N. MACK, CPA, EA

School District Update and Governmental A&A Update  
Governmental & Nonprofit Update  
Auditing Defined Contribution Plans  
Applying Uniform Guidance in Your Single Audits  
Financial Institutions Conference  
Not-for-Profit Certificate II  
MACPA- Ethics

## QUALITY ASSURANCE

### ANDERSON, TACKMAN & COMPANY, PLC

Anderson, Tackman & Company, PLC is a member of the AICPA Division for CPA Firms and has elected to participate in the American Institute of Certified Public Accountants peer review quality control program, a lengthy process that was completed successfully in 2016 and included several city and other governmental audits. Anderson, Tackman & Company, PLC is also a member of the AICPA Government Audit Quality Center. The clients of Anderson, Tackman & Company, PLC, therefore, receive the services of a quality-oriented organization combined with a personal, non-institutional approach, geared to their specific needs.

All professional staff attend quarterly in-house education courses related to governmental audits. In addition, participating staff attend the MACPA Governmental Audit conference in Lansing each year to stay informed on regulations. Anderson, Tackman & Company, PLC assures quality in the field through work paper review, inspection and conformance to audit programs during the engagement.

Worker's compensation insurance and Commercial Liability Insurance will be maintained during this contract period. All working papers will be retained for five years unless notified in writing by the City.

### SIMILAR ENGAGEMENTS WITH GOVERNMENTAL UNITS

Anderson, Tackman & Company's Kinross office similar engagements are as follows:

Client Name	<b>City of Frankfort</b>
Service	Financial & Compliance Audit and Various Special Projects Special Projects <ul style="list-style-type: none"><li>- Year end closing assistance - modified accrual</li><li>- Accounting staff recruiting and training</li><li>- Assistance with accounting of fixed assets</li><li>- Assistance with compliance audits</li><li>- Other specific sensitive issues</li><li>- Assistance with Deficit Elimination Plan</li><li>- Assistance with Public Act 621 Budget Compliance</li><li>- Assistance with accounting policies and procedures</li></ul>
Date	Fiscal 1994 to present
Partner	Kenneth A. Talsma
Hours	300
Contact Name	Kim Kidder
Phone Number	(231) 352-7117

Client Name	<b>City of Sault Ste. Marie</b>
Service	Annual Financial Audit and Compliance Audit
Date	Fiscal 2009 to present
Partner	Kenneth A. Talsma
Hours	500
Contact Name	Kristin Collins, Finance Director
Phone Number	(906) 635-5726

## SIMILAR ENGAGEMENTS WITH GOVERNMENTAL UNITS (Continued)

Client Name **City of East Jordan**  
Service Financial and Compliance Audit and various special projects  
Date Fiscal 2011  
Partner Kenneth A. Talsma  
Hours 200  
Contact Name Heather Jackson  
Phone Number (231) 536-3381

Client Name **City of Harbor Springs**  
Service Annual Financial and Compliance Audit  
Date Fiscal 2011  
Partner Kenneth A. Talsma  
Hours 310  
Contact Name Nick Whitaker, Clerk/Treasurer  
Phone Number (231) 526-2504

Client Name **Osceola County**  
Service Annual Financial Audit  
Date Fiscal 1999 to present  
Partner Kenneth A. Talsma  
Hours 400  
Contact Name Susan Vander Pol  
Phone Number (231) 832-6196

## AUDIT APPROACH

Our audit approach involves the use of risk analysis and other auditing techniques to maximize our efficiency and to minimize your projected cost. Our work program will be divided into four phases. Briefly, they are as follows:

**PHASE 1:    **ORIENTATION, REVIEW, AND PLANNING** - to be performed prior to year end**

Our principal objectives would be to:

Familiarize ourselves with the City's accounting policies and operating procedures, budgeting, policy manuals, and computer information systems.

Meet with management to discuss our audit plan and the scope of the audit.

Determine the amount of reliance, based on questionnaires and narratives, we can place on your internal controls and develop an audit program designed for your system.

Plan and coordinate the audit procedures that will be performed by us and those that can be performed by the City's staff.

Principal	4 hours
Supervisory	7 hours
Staff	<u>20 hours</u>
	<u>31 hours</u>

**PHASE 2:    **DETAIL TESTING OF THE SYSTEMS & RELATED COMPLIANCE ISSUES****

This phase of the audit would involve:

A confirmation of our understanding of the City's system of internal control over its assets and liabilities as well as the operational system through testing of transactions and other analytical procedures in conformance with laws and regulations. This would encompass random and haphazard samples between 10 and 60 transactions. This testing would include general A-133 requirements.

A review of procedural findings and their effect on the audit procedures would then be conducted.

Principal	4 hours
Supervisory	7 hours
Staff	<u>30 hours</u>
	<u>41 hours</u>

## AUDIT APPROACH (Continued)

### **PHASE 3: YEAR-END PROCEDURES**

Our year end procedures include:

Performing the year-end audit fieldwork, including supporting various assets and liability account balances and analyzing appropriate revenue and expenditure accounts. Proposed audit adjustments would be determined during this phase and we would review with the appropriate personnel the validity of those proposed adjustments.

**Electronic Data Processing** would be used in working trial balance preparation and analytical review. Analytical review would involve examination of budget variances, prior and current period performance, and ratio analysis.

Principal	8 hours
Supervisory	13 hours
Staff	<u>40 hours</u>
	<u>61 hours</u>

### **PHASE 4: AUDIT FINALIZATION**

This phase would involve:

The preparation of our reports on the audited financial statements and the related compliance reports utilizing governmental and word processing software.

Preparing our letter of comments and recommendations incorporating our interim and year end observations and suggestions for improvements.

The delivery and presentation of all required reports to the City Commission.

Principal	9 hours
Supervisory	13 hours
Staff	10 hours
Clerical	<u>15 hours</u>
	<u>47 hours</u>

## **AUDIT APPROACH (Continued)**

Phase 1 and 2 would be substantially completed at the preliminary field work stage. We would anticipate selecting sample sizes of 10-60 items using random number generation software. We also anticipate using Excel, Microsoft Word. We anticipate using this software to aid us in planning the extent of detail testing and final analytical review based upon final adjusted trial balances by fund. We would anticipate updating our permanent files which contain narratives and flowcharts of the City's systems. We subscribe to and use Practitioners Publishing Company audit manuals and programs which we customize to our individual clients needs. These manuals, in conjunction with other technical publications such as the GAO "Yellow Book" and state audit bulletins, assist us in determining which laws and regulations that will be subject to audit test work. We are also very familiar with "BS&A", "Civic Systems", "Fund Balance", "Accucomp", "S.D.S.", "Resource", "Manatron", "Munis" and other municipal software packages.

We feel by careful planning, our familiarization with governmental audits and the utilization of a proper audit work schedule we will minimize the disruption to your operations. This would be an important goal throughout all of the phases above.

During the course of the fieldwork, we would perform our audits of the Federal Programs. The audit would be in accordance with the auditing requirements as outlined in our Understanding of Services to be Performed. Accordingly, we will select the necessary procedures to test compliance and to disclose noncompliance with specified laws, regulations, and contracts.

## **PROPOSED STAFF HOURS**

A total of 180 audit hours will be required to complete the basic audit engagement as detailed in the audit approach segment.

## **AUTHORIZED NEGOTIATOR**

Kenneth A. Talsma, CPA, Principal is the authorized negotiator for the purposes of this proposal and is authorized to submit this proposal and bind Anderson, Tackman & Company, PLC, 16978 S. Riley Avenue, Kincheloe, Michigan 49788 – Phone 906-495-5952.

## **FIELDWORK AND TIMETABLE**

To assure completion of the engagement in a timely manner, we propose the following timetable:

- Detailed audit plan and a list of schedules to be prepared by client will be provided before June 15, 2019
- Client prepared year end trial balances available a week before year-end fieldwork begins
- Fieldwork would be scheduled for July or August and be completed before August 31<sup>st</sup>
- Draft report to be completed by September 30<sup>th</sup>
- Exit Conference and SAS61 compliance meeting to take place within 15 days of last day of fieldwork
- Board presentation to the City of Manistee Commission/Audit Committee by first meeting in October
- Final reports to be issued before October 31, 2019

Note: The date of issue of the final report is dependent on the receipt of third party reports, confirmations, and attorney's responses. Draft reports are issued within thirty days of the completion of fieldwork for the primary governmental unit.

## PRICE AND COST ANALYSIS

As requested, we are providing the following Price and Cost Analysis for your information:

	Standard Rate	Total Hours	Fee
Manpower Costs:			
Principal	\$ 165	25	\$ 4,125
Supervisor	85	40	3,400
Other Staff	55	100	5,500
Clerical	35	15	525
		180	\$ 13,550
	Governmental Discount		(3,550)
		2019	10,000
		2020	10,500
		2021	11,000
		2022	11,500
		2023	12,000
	Total Financial Audit & DDA for five years		\$ 55,000
	Single Audit:	2019	2,500
		2020	2,500
		2021	2,500
		2022	2,500
		2023	2,500
	Total Single Audit for five years		\$ 12,500

Out of pocket costs related to the audit will be the responsibility of Anderson, Tackman and Tackman, PLC.

Our annual bid includes the financial audit for funds of the City as well as a separate fee for the Single Audit.

Any additional services requested will be billed at standard rates plus actual out of pocket costs, as approved by the City Commission. Routine phone consultation will be furnished at no additional cost.

If significant assistance or email is needed, we will seek approval of the City Council prior to rendering additional services.

## **SAMPLE "PBC" LIST**

We have included a sample "Prepared by Client" list for a sample City engagement to give you an idea of the type of information we will need to complete the engagement. A specific "PBC" list for the City of Manistee will be developed if we are awarded the audit contract.

**SAMPLE CITY**

ITEMS TO BE PROVIDED BY CLIENT

For the Year Ended June 30, 2019

In connection with the audit of your basic financial statements as of and for the year ended June 30, 2019, please provide Anderson, Tackman & Company, PLC with the following items:

1. At the earliest possible date after your year-end, please send your ending trial balances for all funds, as well as final amended budgets for all funds, to our office. (It is preferable, but not necessary, that the budgets be broken down into individual line items). If you feel that shipment of these items to our office is not feasible, please call us and we will make suitable arrangements.
2. Schedule of Accounts Receivable by fund at June 30, 2019 showing date billed, description, amount, and billing number (if applicable). Also, we will need all receipts from July 1, 2018 to June 30, 2019 available for our review.
3. Schedule of Accounts Payable for each fund at June 30, 2019, showing date, description, amount, account distribution, and vendor. We will need invoices, warrants, or other support documents for amounts over \$8,000. Please have check registers/disbursements journals from July 1, 2018 to August 31, 2019.
4. Schedule of Accrued Payroll by fund at June 30, 2019, listing employee name, amount, and subsequent payment check number. Also, we will need the payroll register for the first payroll in July 2019.
5. Detail inventory listing showing description, number of items, price, and total extended cost. We will also need to review a few invoices to verify unit prices.
6. Detail listing of fixed assets for all proprietary and governmental fixed assets at June 30, 2019. Depreciation schedules by fund. Also, we will need a schedule of all fixed asset acquisitions and deletions during fiscal 2018/2019, including invoice/receipt copies, date of acquisition/disposal, sales price, original purchase price, and related accumulated depreciation.
7. Copies of any new debt issues including related documentation, notes, amortization schedules, etc. Copies of all new lease agreements, notes payable, land contracts, and any refunded bond issues. Also, we will need a schedule of all changes in long-term debt, including supporting documentation

8. Detail of sick and vacation pay accrued at June 30, 2019, showing employee, sick hours accrued, vacation hours accrued, pay rate, and extended dollar amounts. Also, we will need copies of your policies for vacation and sick leave.
9. Schedule reconciling salaries and wages expense per the general ledger to the total quarterly 941 forms.
10. Copy of deferred compensation plan reports for fiscal 2019.
11. Copies of all state and federal grants and/or contracts. Also, we will need a schedule of all federal monies received and related expenditures showing dollar amounts, accounts posted, payers, payees, and dates of receipts/disbursements for Single Audit purposes.
12. Schedule of "due from governmental units" account balances for all funds at June 30, 2019.
13. Please have available for us to examine, all canceled checks, bank statements, and deposit slips from July 1, 2018 through June 30, 2019. Also, we will need copies of all bank reconciliations and a schedule of all general ledger cash accounts.
14. Detail of special assessments receivable at June 30, 2019. Also, we may need to look at related tax receipts.
15. Copy of City tax settlement sheets for 2018/2019 tax levies.
16. Schedule of reconciling interfund transactions (due to/due from; transfers in/transfers out).
17. Listing of all City employees and their pay rates as of June 30, 2019.
18. Listing of all insurance policies (including life insurance), policy number, carrier, premiums paid, and type and amount of coverage in effect for fiscal 2018/2019. Please provide a listing of all bonded employees and the amount of bonding for each.
19. List of attorneys contracted during fiscal year and details of any unresolved litigation at year end.
20. Copy of personnel policy, conflict of interest policy, non-discrimination (civil rights) policy, harassment policy, purchase order policy, billing policy, property tax collection policy, competitive bid policy, drug-free workplace policy, and salary resolutions for fiscal year.
21. Copy of pension plan for the Michigan Municipal Employees Retirement System for June 30, 2019.
22. Copy of Michigan Municipal Risk Management Authority Statement of Changes in Member Retention Fund for the year ended June 30, 2019.
23. Copies of any amended/new union contracts.
24. Copies of any new/amended City policies/procedures.

25. Listing of any fraud, illegal acts, or criminal proceedings committed by City personnel during 2018/2019, or suspected frauds or actions during 2018/2019. This should also include any noncompliance with laws, regulations, or contracts.
26. Listing of any contingencies including litigation, commitments to purchase, tax liabilities, IRS actions, State of Michigan actions, sales of City assets, guarantees, long-term leases, and letters of credit.
27. Listing and description of events after June 30, 2019 that could have an effect on the financial statements of the City including bond issuance, loans, penalties, and loss of funding. If there are believed to be none of the above events, please prepare a brief memorandum to that effect.
28. Listing of related party transactions between management and the City that may constitute a conflict of interest such as leases, purchases, sales of property, etc. If there are believed to be none of the above transactions, please prepare a brief memorandum to that effect.
29. Listing showing the allocation of direct revenues, (e.g. charges for services and grants).
30. A determination of major funds.
31. Original and amended budgets for major funds.
32. Upon completion of the basic financial statements management will need to complete the MD&A section (a template will be provided).

## AUDIT CLIENT LISTING

To assist you in evaluating our qualifications, we have listed below a partial listing of clients for which we have provided audit services during the past three years. Should you desire to discuss any of the services performed or the qualifications of our firm, we would be pleased to have you contact any of our clients directly.

### ANDERSON, TACKMAN & COMPANY, PLC

<u>CLIENT</u>	<u>CONTACT PERSON</u>	<u>TELEPHONE NUMBER</u>
STATE OF MICHIGAN:		
* Sault Ste. Marie Bridge Authority	Peter Petainen	(906) 635-5255
* Mackinac Island State Park Commission	Nancy Stempki	(906) 847-3328
COUNTY AUDITS:		
* Alcona County	Cheryl Franks	(989) 724-9420
* Antrim County	Sherry Comben	(231) 533-8596
* Benzie County	Michelle Thompson	(231) 882-0011
* Chippewa County	James German	(906) 635-6308
* Crawford County	Joe Wakeley	(989) 344-3231
Delta County	Tom Sabor	(906) 789-5100
Dickinson County	Nicole Frost	(906) 774-2573
* Gladwin County	Laura Brandon-Maveal	(989) 426-7351
* Hillsdale County	Stephenie Kyser	(516) 437-4700
Iron County	Sue Cusch	(906) 875-3362
Marquette County	Sue Vercoe	(906) 228-1570
Menominee County	Brian Bousley	(906) 863-7779
* Osceola County	Lori Leudeman	(231) 832-6196
* Sanilac County	Trudy Nichols	(810) 648-2155
Schoolcraft County	Dan McKinney	(906) 341-3618
COUNTY ROAD COMMISSIONS:		
* Alcona County	Jesse Campbell	(989) 736-6687
* Antrim County	Dale Farrier	(989) 736-6687
Alger County	Jim Gariepy	(906) 387-2042
* Benzie County	Kathy Jordan	(231) 325-3051
* Chippewa County	Brian Decker	(906) 635-5295
* Emmet County	Brian Gatowski	(231) 347-8142
Iron County	Darlene Anderson	(906) 875-6762
* Isabella County	Jalene Sandel	(989) 773-7131
* Luce County	Gary Moulton	(906) 293-8161
* Mackinac County	Vicki Hough	(906) 643-7333
* Mason County	Mary Samuels	(231) 757-2882
* Montmorency County	Todd Behring	(989) 785-3334
* Otsego County	Becky Jerry	(989) 732-5202

## AUDIT CLIENT LISTING (Continued)

<u>CLIENT</u>	<u>CONTACT PERSON</u>	<u>TELEPHONE NUMBER</u>
<b>CITY AUDITS:</b>		
* City of East Jordan	Heather Jackson	(231) 536-3381
* City of Frankfort	Kim Kidder	(231) 352-7116
City of Gladstone	Darla Falcon	(906) 428-2311
* City of Gladwin	Dave Haag	(989) 426-9231
* City of Grayling	Lisa Johnson	(989) 348-2131
* City of Harbor Springs	Nick Whitaker	(231) 526-2104
City of Ishpeming	John Korhonen	(906) 485-1091
* City of Mackinac Island	Rick Linn	(906) 847-6002
* City of Manistee	Ed Bradford	(231) 723-2558
City of Manistique	Sheila Aldrich	(906) 341-2290
City of Marquette	Gary Simpson	(906) 228-0415
City of Munising	Doug Bavin	(906) 387-2095
City of Negaunee	Paul Waters	(906) 475-7400
* City of Sault Ste. Marie	Kristin Collins	(906) 632-5726
* City of St. Ignace	Andrea Insley	(906) 643-8545
<b>TOWNSHIP AUDITS:</b>		
AuTrain	Mary Rogers	(906) 892-8265
Bark River	Kenneth Viau	(906) 466-2281
* Bois Blanc	Joan Shroka	(231) 634-7275
* Brevort	Daniel J. Litzner	(906) 643-9914
Champion	Berl LaPin	(906) 339-2920
* Chippewa	Tami L. Beseau	(906) 274-5319
Chocolay	Mary Sanders	(906) 249-1448
* Clark	Susie Rutledge	(906) 484-2672
Duncan	Jane Wyatt	(906) 524-6966
Garden		(906) 644-2447
* Hudson	Al Garavaglia	(906) 595-7202
Humboldt	Barb Maki	(906) 339-2927
Inwood		
Ishpeming	Susan Jandron	(906) 485-5411
* Lakefield Township		
Michigamme	John Olson	(906) 323-6608
McMillan	Joe Villemure	(906) 293-8798
Munising	Selina Balko	(906) 387-4404
Onota	Nancy Bennett	(906) 343-6535
Pentland	David Carlson	(906) 293-9936
* Pickford	Jim Hill	(906) 647-3361
* Pickford Township Sewer Authority	Steve Andrzejak	(906) 647-3361
* Portage Township	Pat McGlonklin	(906) 586-9522
Republic	Gary Johnson	(906) 376-8827
Richmond	Teresa Luetzow	(906) 475-4180
* Rudyard Township	Bruce Berkompas	(906) 478-5401
Skandia	Marilyn Keto	(906) 942-7404
Spur	Linda Legacy	(906) 323-6156
Thompson		
Tilden	Jason Brown	(906) 485-1029
Village of Chatham	Paul Whitmarsh	(906) 439-5608

\*Clients of our Kinross office



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## Division for CPA Firms

American Institute of Certified Public Accountants

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### Certificate of Membership

# Anderson, Tackman & Company

is admitted to the Division  
for CPA firms and is entitled to  
all rights and privileges  
of membership.

Admission date: September 18, 1992

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*Jake L. Mettenelle*  
Chairman of the Board

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# WEINLANDER FITZHUGH

CERTIFIED PUBLIC ACCOUNTANTS  
& CONSULTANTS

## System Review Report

December 8, 2016

To the Members of Anderson, Tackman & Company, PLC  
and the Peer Review Committee of the  
Michigan Association of Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of Anderson, Tackman & Company, PLC (the firm) in effect for the year ended June 30, 2016. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary).

As required by the standards, engagements selected for review included engagements performed under the Government Auditing Standards and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of Anderson, Tackman & Company, PLC in effect for the year ended June 30, 2016, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of pass, pass with deficiency(ies) or fail. Anderson, Tackman & Company, PLC has received a peer review rating of pass.

*Weinlander Fitzhugh*

1600 Center Avenue | PO Box 775 | Bay City, MI 48707-0775

1.800.624.2400 | 989.893.5577 | Fax: 989.895.5842 | [www.wf-cpas.com](http://www.wf-cpas.com)

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MCGGLADREY ALLIANCE

 McGladrey

**PROPOSER GUARANTEES**

- A. The proposer certifies it can and will provide and make available to the City of Manistee, at a minimum, all services set forth in the Understanding of Services to be Provided and the City of Manistee Request for Proposals.

*Kenneth A. Talsma*

\_\_\_\_\_  
Signature of Authorized Proposer Representative

KENNETH A. TALSMA, CPA

Name (typed)

PRINCIPAL - GOVERNMENTAL SERVICES

Title

ANDERSON, TACKMAN & COMPANY, PLC

Firm

October 26, 2018

Date

## PROPOSER WARRANTIES

- A. Proposer warrants that it is willing and able to obtain and maintain an errors and omissions insurance policy providing a \$2,000,000 of coverage for the willful or negligent acts, or omissions of any officers, employees or agents thereof.
- B. Proposer warrants that it will not delegate or subcontract its responsibilities under an agreement without the express prior written permission of the Commission.
- C. Proposer warrants that all information provided by it in connection with this proposal is true and accurate to the best of its knowledge.
- D. Proposer warrants that the financial statements and audit opinion will be acceptable to appropriate State or Federal agencies and if there are any problems, they will be corrected.

*Kenneth A. Talsma*

\_\_\_\_\_  
Signature of Proposer

KENNETH A. TALSMA, CPA

Name (typed)

PRINCIPAL - GOVERNMENTAL SERVICES

Title

ANDERSON, TACKMAN & COMPANY, PLC

Firm

October 26, 2018

Date





# CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

1/15/2018

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

**IMPORTANT:** If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

<b>PRODUCER</b> Professional Concepts Insurance Agency, Inc. 1127 South Old US Highway 23  Brighton MI 48114-9861		<b>CONTACT NAME:</b> certs@pciaonline.com <b>PHONE (A/C, No, Ext):</b> (800) 969-4041 <b>FAX (A/C, No):</b> (800) 969-4081 <b>E-MAIL ADDRESS:</b> certs@pciaonline.com	
<b>INSURED</b> Anderson, Tackman & Company 102 West Washington Suite 109 Marquette MI 49855		<b>INSURER(S) AFFORDING COVERAGE</b> INSURER A: Great Divide Insurance Company INSURER B: INSURER C: INSURER D: INSURER E: INSURER F:	

**COVERAGES**

CERTIFICATE NUMBER: 17-18

REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
	<b>COMMERCIAL GENERAL LIABILITY</b> <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR  GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:						EACH OCCURRENCE \$ DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COMP/OP AGG \$
	<b>AUTOMOBILE LIABILITY</b> <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> NON-OWNED AUTOS						COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
	<b>UMBRELLA LIAB</b> <input type="checkbox"/> OCCUR <b>EXCESS LIAB</b> <input type="checkbox"/> CLAIMS-MADE DED    RETENTION \$						EACH OCCURRENCE \$ AGGREGATE \$
	<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b> ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N	N/A				<input type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$
<b>A</b>	<b>Professional Liability</b>			MIB201641-03	12/1/2017	12/1/2018	Per Claim \$3,000,000 Aggregate \$3,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

**CERTIFICATE HOLDER****CANCELLATION**

Informational Purposes Only

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

Mike Cosgrove/SHANNO

*Michael Cosgrove*

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**ATTACHMENT A**

**REQUEST FOR PROPOSAL  
AUDITING SERVICES**

**Firm Submitting Proposal:** \_\_\_\_\_

**Proposed Fee:**

Fiscal Year	Audit & Reports	Single Audit (if needed)	DDA
2019	8,500	2,500	1,500
2020	9,000	2,500	1,500
2021	9,500	2,500	1,500
2022	10,000	2,500	1,500
2023	10,500	2,500	1,500

Kenneth A. Talsma 10/26/18  
Signature of Authorized Representative Date

Kenneth A. Talsma, CPA  
Print Name

Principal  
Title

MEMO TO: Mayor Roger Zielinski  
Members of City Council

FROM: Thad N. Taylor, City Manager

DATE: November 14, 2018

SUBJECT: Fire Authority



**City Manager's Office**  
**231-398-2801**

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Public Safety Director Tim Kozal and I have had several meetings with the Manistee Township and Filer Township supervisors and their fire chiefs. The discussions have been centered on next steps to build on our existing relationships, constraints of providing fire and emergency medical services to our communities, and how we can address those constraints.

At our most recent meeting a point of discussion was the possibility of forming a regional fire authority comprised of the City of Manistee, Manistee Township, and Filer Township. The thought was a regional fire authority might be an answer to some issues common to all three entities.

It was decided that the next step was to bring the idea to the governing bodies at their first meeting in December. The intent is to gauge the interest in the idea of a regional fire authority. If there is agreement on the part of all three governing bodies the next step could be a joint meeting to discuss the concept, identify benefits and constraints, and try to reach consensus on a path forward.

Public Safety Director Kozal and I both feel a regional fire authority could be beneficial to the City, Manistee Township, and Filer Township; and recommend Council move forward and explore the concept.

TNT:cl

MEMO TO: Mayor Roger Zielinski  
Members of City Council

FROM: Thad N. Taylor, City Manager 

DATE: November 14, 2018

SUBJECT: RFP for Building Inspection Services



**City Manager's Office**  
**231-398-2801**

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On or about April 1, 2015 the City changed the way in which it handled the building plan review and building inspection programs. Prior to April 2015 the City had an employee that was responsible for those programs. When he retired on March 31, 2015 the City elected to have the State of Michigan provide and manage those programs rather than hire a new employee to do the work.

There is no cost to the City to have the State of Michigan provide the plan review and inspection services. The program is self-supporting as the associated fees for the services cover the costs of providing the services. However, there are operational issues that exist and are detrimental to the City.

First, we have received complaints about the timeliness of the State performing the services. As we do not have any oversight of the program we can't easily correct the problem. The second and last issue is obtaining copies of final permits from the State. The only way to get a copy is to file a Freedom of Information Act request for a permit.

Given the cost and time associated with a FOIA request, few, if any, are made. Consequently we have few, if any, final permits on file. The information on the final permits is necessary to insure the accuracy of our assessing file.

These issues are not unique to our city. Communities across the state are changing from having the State do the plan review and inspection services to using a private sector contractor for the work. I know of two such communities, the City of Alpena and Manistee Township. Both have made the transition and are very pleased with the service from their private sector contractor.

I am requesting Council authorization to issue a request for proposals for building plan review services and building inspection services in an effort to identify a private sector contractor to provide those services.

The City shouldn't incur any new expense for using the services of a private sector contractor. It is my understanding that the contractor normally accepts the associated fees as payment in full. It is also possible that the City and contractor could share in the permit fees, perhaps something along the line of 10% to the City and 90% to the contractor.

TNT:cl



**REQUEST FOR PROPOSALS**

**PROFESSIONAL BUILDING PLAN REVIEW SERVICES  
AND  
PROFESSIONAL BUILDING INSPECTION SERVICES**

**DECEMBER 5, 2018**

## **I. PROCEDURES**

### **A. DEADLINE FOR RECEIPT OF PROPOSALS**

The deadline for receipt is Monday, January 7, 2019 5:00 PM EST

### **B. SUBMISSION AND RECEIPT OF PROPOSALS**

For a submission to receive consideration, it must be received prior to the deadline. No late submissions will be accepted. An authorized officer of the service provider shall sign all proposal forms. Proposals must be clearly labeled “**PROFESSIONAL BUILDING PLAN REVIEW AND INSPECTION SERVICES PROPOSAL**”. Both electronic and paper copies shall be submitted. One complete copy of the proposal, including all attachments must be submitted in PDF format and submitted to [hpefley@manistee.mi.gov](mailto:hpefley@manistee.mi.gov). Sealed paper copies (3) shall be submitted and mailed or delivered to the City of Manistee, Attn: Heather Pefley, City Clerk, 70 Maple Street, Manistee, MI 49660. Proposals are considered received when in the possession of the City Clerk’s office.

### **C. TIMELINE:**

The timeline for the City of Manistee RFP is as follows:

12/05/18	RFP Issued
01/07/19	Responses Due
01/07/19 – 01/11/19	Review Responses
01/14/19 – 01/22/19	Agreement Negotiated
02/05/19	City Council Considers Agreement

### **D. OFFICIAL DOCUMENTS**

The City of Manistee, Michigan officially distributes proposal documents via its website. Copies of all official documents will also be available at the City of Manistee City Hall, 70 Maple Street, Manistee, MI 49660 at the City Clerk’s office. The City of Manistee cannot guarantee the accuracy and is not responsible for any errors contained in any information received from alternate sources.

### **E. INTERPRETATION OF PROPOSAL AND/OR CONTRACT DOCUMENTS**

Any interpretation to a proposer regarding the RFP or any part thereof is valid only if given by the City Manager. Any information given by departmental contacts is unofficial. Interpretations may or may not be given orally and may be written depending on the nature of the inquiry. Interpretations that could affect other proposers will be in writing and issued by the City Manager. All inquiries shall be made within reasonable time prior to the stated deadline in order that a written response in the form of an addendum, if required, can be processed before proposals are opened. Inquiries received that are not made in a timely fashion may or may not be

considered. Any inquiries related to bid or product specifications should be sent to the City Manager, City of Manistee, 70 Maple Street, Manistee, MI 49660; or by email to [ttaylor@manisteemi.gov](mailto:ttaylor@manisteemi.gov); or phone at 231 398-2801.

#### **F. CHANGES AND ADDENDA TO PROPOSAL DOCUMENTS**

Each change or addendum issued in relation to this proposal will be posted on the City website and will also be on file in the City Clerk's Office. It shall be the proposer's responsibility to make inquiry as to the changes or addenda issued. All such changes or addenda shall become part of the contract and all proposers shall be bound by such changes or addenda.

#### **G. ALTERNATES**

Proposers are cautioned that any alternate proposal, unless requested by the City, or any changes, insertions, or omissions to the terms and conditions, specifications, or any other requirements or this proposal, may be considered non-responsive, and at the opinion of the City, may result in rejection of the proposal.

#### **H. AWARD**

Proposals will be reviewed by an internal committee where firms will be evaluated and ranked. Proposing firms may be asked to participate in an interview to further discuss qualifications and to answer questions from the committee. The contract will be awarded to the responsible, responsive firm whose proposal, conforming to this solicitation, will be most advantageous to the City, price and other factors considered.

**The City reserves the right to accept or reject any or all proposals, in part or whole and to waive informalities and minor irregularities in bids received.**

#### **I. WITHDRAWAL**

Proposals may only be withdrawn by written notice prior to the date and time set for the submission of proposals. No proposal may be withdrawn after the deadline for submission.

#### **J. DEFAULT**

No bid or proposal shall be accepted from any party (contractor) who is in default on the payment of taxes, licenses or other monies due the City.

#### **K. NON-COLLUSION CLAUSE**

By signing and submitting this proposal, proposer states that his proposal is genuine and not collusive or sham; such proposer has not colluded, conspired, connived, or agreed, directly or indirectly, with any proposer or person, to put in a sham bid, or that such other person will refrain from proposing and has not in any manner, directly or indirectly, colluded, conspired, connived, or agreed, with any person, to fix the price of affiant or any other proposer, or to fix any overhead, profit or cost element of said proposal price.

## **L. NON-DISCRIMINATION CLAUSE**

By signing and submitting this proposal for consideration of an award by the City of Manistee, the contractor and any subcontractor covenants not to discriminate against an employee or applicant for employment with respect to hire, tenure, terms, conditions, or privileges of employment or a matter directly or indirectly related to employment, because of race, color, religion, national origin, age, sex, height, weight, marital status or a disability that is unrelated to the individual's ability to perform the duties of a particular job or position. Breach of this covenant may be regarded as a material breach of the contract.

## **II. PROPOSAL DETAILS**

### **A. DESCRIPTION**

The City of Manistee is seeking proposals for Professional Building Department Services, Permit Issuance, Plan Review and Inspection Services. The City of Manistee is soliciting proposals from qualified consultants to perform Professional Building Plan Review Services and Building Inspection Services for new commercial/industrial building, additions, and remodels; new residential construction additions and remodels; and other retro-fits of any and all buildings. The consultant will serve as the Building Official for the City of Manistee. Inspection services will encompass:

- Building Plan Review/Inspections
- Mechanical (HVAC, Fire Suppression) Plan Review/Inspections
- Plumbing Plan Review/Inspections
- Electrical Plan Review/Inspections
- Permit Issuance, all disciplines

### **B. BACKGROUND:**

The State of Michigan currently provides Professional Building Plan Review and Professional Building Inspection Services. The City of Manistee is interested in contracting with a firm capable of providing those services.

### **C. SCOPE OF WORK**

#### **Building Plan Review Services (All Disciplines)**

1. Provide plan review of any and all types of structures including, but not limited to, single family dwellings, multiple family dwelling units, commercial and industrial building for compliance with all local ordinance, Michigan Building codes, Michigan Mechanical Codes, Michigan Plumbing Codes, Michigan Electrical Codes, American with Disabilities Act and Michigan Barrier Free Codes and the Michigan Energy Codes and referenced standards.

2. Generally, residential initial plan check turn-around time shall be no more than 5 working days. Large commercial/industrial plan check turn-around time shall be no more than 10 working days.
3. Plan reviews shall include electronic comment reports describing code violations in full with reference to plan sheet and detail identification and specific codes and code sections relating to each comment as applicable.

### **Building Inspection Services (All Disciplines)**

1. Provide Building Inspection Services for any and all types of structures including single family dwellings, multiple family dwelling units, commercial and industrial buildings, and other structures for compliance with local building codes.
2. Provide inspections for inspection requests scheduled for the inspection consultant for designated inspection days.
3. Inspections shall occur between the hours of 8:00 a.m. and 5:00 p.m. Monday – Friday, unless otherwise agreed upon by the contractor and the customer.
4. Inspectors shall respond to phone messages and be available to answer customer questions each working day. Inquiries may be handled from the office of the consultant.
5. Building inspections shall normally occur on Monday and Fridays of each week. If the proposer prefers an alternate schedule, the City of Manistee will consider it if it provides a service level the City of Manistee finds acceptable.
6. Whenever possible and appropriate, the contractor shall coordinate inspections between disciplines to occur on a common site on the same day.
7. Consultant's inspectors shall be provided by the consultant with all the necessary code books, tools, equipment, and transportation required to perform plan review and inspection duties. All inspectors shall maintain a cell phone number which shall be available to the public to access the inspector.

### **E. SELECTION CRITERIA:**

The requested information is intended to provide information that will assist the City of Manistee in the selection of the most qualified, competent, experienced, responsive and economical service provider, who will best serve the needs of the City.

During the evaluation process, where it may serve the its best interest, the City of Manistee reserves the right to request additional information or clarifications from proposing firms, to reject any or all proposals or unauthorized modifications, to allow corrections of errors or omissions, or to waive irregularities.

A selection committee will evaluate the proposals based upon the factors listed above. After a review of the written proposals, selected firms may also be asked to make an in-person presentation or field follow-up questions. The City of Manistee will choose the proposal(s) that best fits its needs.

The City is not obligated to award the contract based on cost alone.

The selected firm will be required to enter into a written agreement with the City of Manistee that will detail the specifics of the relationship and include scope of work, compensation, insurance requirements and other matters.

This agreement is anticipated to be for five years. If an agreement cannot be reached, the City of Manistee reserves the right to render the proposal invalid and may award the contract to another qualified vendor in its sole discretion.

### ***III. SUBMITTAL REQUIREMENTS:***

Proposals should demonstrate the qualifications, experience, service level, costs for services, competence, and capacity of the firm. Proposals must address all the points outlined:

#### **1. FIRM OVERVIEW:**

- a) History of firm, including organization type, age, size, number and location of offices, number of employees (fulltime & part-time) and their level of experience, number of clients and any specialty areas.

#### **2. QUALIFICATIONS:**

- a) Biographies/resumes of firm leadership and key personnel.
- b) Specialized equipment/vehicles available to service the City.
- c) What is your normal availability and response time for non-emergency service work.
- d) Describe your procedure for taking emergency service requests and what your response time is.
- e) Please provide examples of similar maintenance experience, whether governmental or commercial, and describe services provided.
- f) Describe what additional “value added services” your firm can provide.
- g) List the key differentiators for your firm. What factors distinguish your firm from your competitors?

- h) Experience with Construction Code Commission meetings.

**3. REFERENCES:**

- a) List five similar clients you currently provide ongoing Professional Building Plan Review and Inspection services for:
- Name of company
  - Length of time a customer
  - Services provided
  - Contact name and title
  - Phone number

**4. PROPOSAL COST SHEETS AND RATES:**

The proposal shall include the proposed costs (fees and/or rates) to provide the services offered. Include any cost and price information that would be contained in a potential agreement with the City. Please be as detailed as possible regarding costs. How will the City be charged for the services? What are those charges?

Rates should be a percentage of the permit fees collected. The City will pay the selected firm to get authority from the State Construction Code Commission to enforce codes.

City Council will set the permit and plan review fees through the annual City budget process. City will negotiate with the successful applicant to set the fees in accordance with P.A. 230 and applicable state laws.

**5. CONFLICT OF INTEREST:**

- a) Disclose any conflicts or perceived conflicts of interest.
- b) Identify what procedures your firm utilizes to identify and resolve conflicts of interest.

**6. COPIES OF THE FOLLOWING ITEMS:**

- a) Errors and omissions coverage (if none, indicate).
- b) Liability coverage.
- c) Any and all relevant state registration certificates.

## COUNCIL COMMITTEES

The following committees have traditionally been filled on an annual basis with appointment by the Mayor.

### ALTERNATIVES FOR AREA YOUTH

Erin Martin Pontiac

### OIL & GAS INVESTMENT BOARD

Roger Zielinski, Chair

Erin Martin Pontiac (term exp. 12/19)

Edward Bradford (term exp. 12/19)

### AUDIT COMMITTEE

Lynda Beaton, Chair

Erin Martin Pontiac

Mick Szymanski

### ORDINANCE COMMITTEE

Lynda Beaton, Chair

Robert Goodspeed

Dale Cooper

### LOCAL REVENUE SHARING BOARD

Roger Zielinski

### PERSONNEL COMMITTEE

Appointed by Manager/Charter 5-6

*Roger Zielinski*

*Robert Goodspeed*

*Jim Grabowski*

### MRA BOARD

Mick Szymanski

### SANDS PARK CONTROL BOARD

Erin Martin Pontiac

Jeff Mikula

Ron Stoneman – school appt.

Jim Thompson – school appt.

### 911 BOARD AUTHORITY

Robert Goodspeed

### UTILITIES COMMITTEE

Dale Cooper, Chair

Jim Grabowski

Mick Szymanski