



City Hall ♦ 333 West Ellsworth Street ♦ Midland, Michigan 48640 ♦ 989.837.3300 * 989-835-2717 FAX ♦ www.cityofmidlandmi.gov

REGULAR MEETING OF THE MIDLAND CITY COUNCIL

January 25, 2021

7:00 PM

Following Senate Bill 1108, as well as the Michigan Department of Health and Human Services (MDHHS) Epidemic Order under MCL 333.2253 requiring social distancing and allowing meetings of public bodies to be held electronically, this meeting will be conducted via videoconference. The City of Midland will utilize Zoom to conduct this videoconference meeting.

AGENDA

To join via videoconference, go to:

<https://zoom.us/join> ~ Webinar ID: 897 1434 7806 ~ Password: 882943

To join via telephone, dial:

1 (312) 626-6799 ~ Webinar ID: 897 1434 7806 ~ Password: 882943

CALL TO ORDER

PLEDGE OF ALLEGIANCE TO THE FLAG

ROLL CALL - Steve Arnosky
Diane Brown Wilhelm
Maureen Donker
Pamela Hall
Marty A. Wazbinski

CONFLICT OF INTEREST DISCLOSURE STATEMENT

CONSIDERATION OF ADOPTING CONSENT AGENDA ITEMS:

All resolutions marked with an asterisk are considered to be routine and will be enacted by one motion. There will be no separate consideration of these items unless a Council member or citizen so requests during the discussion stage of the "Motion to adopt the Consent Agenda as indicated." If there is even a single request the item will be removed from the consent agenda without further motion and considered in its listed sequence in regular fashion.

APPROVAL OF MINUTES:

1. * Approve minutes of the January 9 special City Council meeting. KAYE

2. * Approve minutes of the January 11 regular City Council meeting. ARMSTRONG

PROCLAMATIONS, AWARDS, RECOGNITIONS, PRESENTATIONS:

3. Indigo Golf (FKA Billy Casper Golf) review of the 2020 Currie Golf Course season. KEENAN

PUBLIC HEARINGS:

4. Amend the FY2020-21 Stores Revolving Fund budget to hire an engineering consultant for the replacement of the fueling system at the Municipal Service Center. MURPHY

PUBLIC COMMENTS, IF ANY, BEFORE CITY COUNCIL. This is an opportunity for people to address the City Council on issues that are relevant to Council business but are not on the agenda.

RESOLUTIONS:

5. Comprehensive Annual Financial Report and Single Audit Report for the year ended June 30, 2020. KEENAN
6. * 2020 Local Government Retirement System Annual Report. KEENAN
7. * Deficit Elimination Plan for the Homeland Security Fund, enhanced submission. KEENAN
8. Buttles Street Road Design. KAYE
9. 2020 Storm & Sanitary Study – Phase 2 Review and Recommendations Addendum Report. KAYE
10. * Adoption of City of Midland Code of Conduct for City Council and of the City's boards and commissions. BRANSON
11. * Approving the annual application to the State of Michigan for Dial-A-Ride funding and naming the City Manager as the Transportation Coordinator for the City of Midland. MURPHY

Considering purchases and contracts:

12. * Change order to East Club House restoration contract with GLB Construction to add West Clubhouse Crawl Space muck out project. KEENAN
13. * Washington Woods Connector Building Air Handler Replacement. MURSCHEL

NEW BUSINESS:

TO CONTACT THE CITY WITH QUESTIONS OR FOR ADDITIONAL INFORMATION

Citizen Comment Line:	837-3400
City of Midland website address:	www.cityofmidlandmi.gov
City of Midland email address:	cityhall@midland-mi.org

Government Information Center: located near the reference desk at the Grace A. Dow Memorial Library

To provide written comment to City Council regarding items on this agenda, please e-mail: CityHall@midland-mi.org. These communications will be shared with members of the public body. Comments are accepted until 4 p.m. on the day of the meeting. Comment can also be made during the public comment portion of the agenda.

For the hearing impaired, please call 711 to access the FCC's phone relaying service and provide the call-in information above.

File Attachments for Item:

1. * Approve minutes of the January 9 special City Council meeting. KAYE

January 9, 2021

A special meeting of the City Council was held on Saturday, January 9, 2021, at 9:02 a.m. in the Council Chambers in City Hall. Mayor Donker presided.

Councilmen present: Steve Arnosky, Diane Brown Wilhelm, Maureen Donker, Marty Wazbinski, Pamela Hall (arrived at 9:04)

Councilmen absent: none

CITY COUNCIL PLANNING SESSION

Department heads provided updates and information on City operations over the course of the morning. Discussions were held on the following areas: Barstow Airport; City Modern Master Plan Process; and FEMA Hazard Mitigation (Acquisition) Grants.

Tony Stamas and Nicole Wilson presented on the operations of the Midland Business Alliance.

City Attorney Jim Branson presented a proposed Code of Conduct policy for City Council and all City Boards and Commissions.

City Manager Brad Kaye presented on the recommendations of the Storm and Sanitary Sewer Study. Mayor Donker led a discussion on Council's anticipated direction moving forward with the recommendations.

City Manager presented an overview of activities and initiatives in various City departments, including staffing and succession challenges.

Assistant City Manager Dave Keenan outlined the anticipated financial performance of the organization for the remainder of the year and expected financial position of the City for the FY 2021 – 2022.

Mayor Donker led Council in a conversation in reviewing the FY 2020-2021 goals and to further discuss FY 2021-2022 with budget directives and general directives presented to staff.

The directives presented to staff for the FY 2021-2022 budget:

- Public services will be maintained at the highest level financially feasible under current economic and budget conditions.
- \$100,000 of additional funding (approximately .05 mills) will be budgeted to the Stormwater Fund to be used for flood response programs and activities.
- \$500,000 of additional funding (approximately .25 mills) will be budgeted to the Wastewater Fund to be used for flood response programs and activities.
- Continue to pay amounts in excess of the actuarial determined minimum contributions to the City's three defined benefits retirement programs to help expedite the payoff of current unfunded liabilities.
- Maintain the current level of the General Fund unreserved fund balance of \$6MM. Any additional General Fund savings derived through the budget process should be added to the General Fund Budget Stabilization Reserve.
- The anticipated maximum millage rate for the FY 2021-2022 is 15.1385 mills, which represents no increase over the previous fiscal year.
- Monitor this and keep Council apprised should staffing changes be determined necessary.
- Emphasize the timely maintenance of City facilities now before they begin to significantly deteriorate.

UNAPPROVED

Being no further business the meeting adjourned at 4:45 p.m.

C. Bradley Kaye, Acting Deputy City Clerk

File Attachments for Item:

2. * Approve minutes of the January 11 regular City Council meeting. ARMSTRONG

January 11, 2021

A regular electronic meeting of the City Council was held on Monday, January 11, 2020, at 7:00 p.m. online via <https://zoom.us/join>, with Webinar ID: 817 7680 3642 ~ Password: 607235. Mayor Donker presided. The Pledge of Allegiance to the Flag was recited in unison.

Councilmen present: Steve Arnosky (remote – Midland, MI), Diane Brown Wilhelm (remote – Midland, MI), Maureen Donker (remote – Midland, MI), Pamela Hall (remote – Midland, MI), Marty Wazbinski (remote – Midland, MI)

Councilmen absent: None

MINUTES

Approval of the minutes of the December 21, regular meeting was offered by Councilman Arnosky and seconded by Councilman Brown Wilhelm. (Motion ADOPTED by a Roll Call Voice Vote.)

GENERAL FUND BUDGET AMENDMENT – ENGINEERING DEPOSIT PROJECTS

Assistant City Manager David Keenan presented information on the proposed amendment to the General Fund Budget to recognize additional activity in Engineering Deposit Projects. The public hearing of necessity opened at 7:09 p.m., recognizing no public comments, the hearing closed at 7:10 p.m. The following resolution was then offered by Councilman Wazbinski and seconded by Councilman Arnosky:

WHEREAS, in accord with Sections 5.11, 11.4, and 11.6 of the Charter of the City of Midland, and after having given proper legal notice, and having conducted a public hearing on Monday, January 11, 2021, on the proposal to amend the 2020-21 General Fund budget by increasing revenues and expenditures by \$305,000 for additional Engineering Deposit Project activity; now therefore

RESOLVED, the 2020-21 General Fund budget be amended to increasing revenues and expenditures by \$305,000 for additional Engineering Deposit Project activity. (Motion ADOPTED by a Roll Call Voice Vote.)

PARKS AND RECREATION MASTER PLAN 2021-2025

Director of Public Services Karen Murphy presented information on the 2021-25 Parks and Recreation Master Plan. A public hearing opened at 7:34 p.m. John Muste, 4900 Oakridge Dr. commented on the proposed Master Plan. The hearing closed at 7:46 p.m. The resolution was then offered by Councilman Brown Wilhelm and seconded by Councilman Wazbinski:

WHEREAS, the City of Midland's Parks and Recreation Commission has worked with staff to update the current five-year Parks and Recreation Master Plan which describes the physical features, existing recreation facilities, and the desired actions to be taken to improve and maintain recreation facilities during the period between 2021 and 2025; and

WHEREAS, the City followed all guidelines set forth by the Michigan Department of Natural Resources for development of the plan, including appropriate steps for public input; and

WHEREAS, the Parks and Recreation Commission unanimously recommended that City Council adopt the plan at their meeting of December 1, 2020; and

WHEREAS, City Council held a final public hearing to receive public input on the plan at their January 11, 2021 meeting; now therefore

RESOLVED, that City Council formally adopts the Parks and Recreation Master Plan for 2021-2025 as presented. (Motion ADOPTED by a Roll Call Voice Vote.)

INDUSTRIAL FACILITIES EXEMPTION CERTIFICATE – CORTEVA AGRISCIENCE

City Assessor, Kayla Ripley presented information on a request for an Industrial Facilities Exemption Certificate, from Corteva Agriscience. A public hearing opened at 7:58 p.m. John Furnier, Dow Chemical; Tony Stamas, Midland Business Alliance commented on the request.

UNAPPROVED

The public hearing closed at 8:01 p.m. The following resolution was offered by Councilman Brown Wilhelm and seconded by Councilman Hall:

WHEREAS, The Dow Chemical Company Plant Rehabilitation District No. 1, established by resolution of the Midland City Council on September 25, 1978; and
WHEREAS, Corteva Agriscience made an application dated December 8, 2020, which was received by the City Clerk on December 15, 2020, for an Industrial Facilities Exemption Certificate relating to approval of a new facility within said District; and
WHEREAS, the application for the certificate is for the approval of a new facility with the total project cost of \$48,000,000 which is for new real property with the same being located within the Dow Chemical Company Plant Rehabilitation District No. 1 to construct a new facility to include a new building to house fermentation equipment and the refurbishment of an existing administration building, warehouse and process structure at 3400 S Saginaw Rd Unit 95, Midland, Michigan, 48640. The project is expected to retain 40 full time existing jobs in its completion; and
WHEREAS, the City Council, by written notice, afforded the applicant, the City Assessor, and representatives of each affected taxing unit an opportunity for a hearing on January 11, 2021, as required by Public Act 198 of Public Acts of the State of Michigan of 1974, as amended, and has given due consideration to all information presented; and
WHEREAS, the application complies with the requirements set forth in Section 9 of said statute, as amended, in that the proposed facility is located within an industrial development district and/or plant rehabilitation district that was duly established within the City of Midland with the City of Midland being eligible under said statute to establish such a district and with the district having been established upon a request before the commencement of the restoration, replacement or construction of the facility described herein; that the commencement of this project did not occur earlier than six months before the filing of the application for the industrial facilities exemption certificate, that the application relates to a construction, restoration or replacement program that when completed constitutes a new or replacement facility within the meaning of said statute and is situated within a previously established industrial development district and/or plant rehabilitation district that was established in the City of Midland, which was itself eligible under the statute to establish the district; that completion of the facility is calculated to, and will at the time of the issuance of the certificate, have the reasonable likelihood to create employment, retain employment, prevent a loss of employment, or produce energy in the community; and
WHEREAS, the aggregate SET of real and personal property exempt from ad valorem taxes within the City of Midland, after granting this certificate, will not exceed 5% of an amount equal to the sum of the SEV of the unit, plus the SEV of personal and real property thus exempted; now therefore
RESOLVED, that the City Council of the City of Midland finds and determines that the granting of the industrial facilities exemption certificate requested by Corteva Agriscience considered together with the aggregate amount of industrial facilities exemption certificates previously granted and currently in force under PA 198 of 1974, as amended and PA 225 of 1978, as amended shall not have the effect of substantially impeding the operation of the City of Midland or impairing the financial soundness of any other taxing unit which levies an ad valorem property tax in the City of Midland; and
RESOLVED FURTHER, that said application for an Industrial Facilities Exemption certificate from Corteva Agriscience for a new facility approval within the Dow Chemical Company Plant Rehabilitation District No. 1, be and the same is hereby approved for a period of 12 years with an ending date of December 31, 2033; and
RESOLVED FURTHER, that the Mayor and City Clerk are authorized to execute the Public Act 198 Agreement submitted between the City and Corteva Agriscience pursuant to P.A. 334 of Public Acts of the State of Michigan of 1993. (Motion ADOPTED by a Roll Call Voice Vote.)

UNAPPROVED

CENTER CITY LOFTS

Director of Planning & Community Development, Grant Murschel presented regarding proposed PUD No. 17, the proposed three story, 55 unit multiple family residential development and related PILOT Ordinance. A public hearing opened at 8:23 p.m. Anna Collins, Shelterhouse commented on the proposed proposals. The public hearing closed at 8:35 p.m.

PUD NO. 17

The following resolution was offered by Councilman Arnosky and seconded by Councilman Brown Wilhelm:

WHEREAS, Spire Development has submitted a request for a Planned Unit Development for a three story, 55-unit multiple family residential development to be known as Center City Lofts located at 2710 & 2712 Jefferson Avenue; and

WHEREAS, the City Planning Commission has conducted a public hearing in accord with Section 28.02(A) of the Zoning Ordinance of the City of Midland on said conditional use; and

WHEREAS, the Planning Commission has submitted its recommendation to approve the request, in accord with Section 24.06 of the Zoning Ordinance of the City of Midland; and

WHEREAS, a public hearing was held by the City Council on January 11, 2021 at 7:00 p.m. virtually due to social distancing guidelines as a result of the coronavirus pandemic; now therefore

RESOLVED, that the City Council finds the request for the planned unit development to be in accord with Section 24.06 of the Zoning Ordinance, and hereby approves Planned Unit Development No. 17, in accord with documents provided and submitted at the meeting of January 11, 2021 contingent to the following:

1. A final stormwater management plan and permit amendment to the satisfaction of the City Engineering Department.
2. A final soil erosion and sedimentation control permit to the satisfaction of the City Building Department.
3. A revised landscaping plan to the satisfaction of the City Planning Department.
4. A PUD Agreement to the satisfaction of the City Attorney and City Planning Department. (Motion ADOPTED by a Roll Call Voice Vote.)

PILOT ORDINANCE FOR CENTER CITY LOFTS

The following ordinance was offered by Councilman Wazbinski and seconded by Councilman Hall:

ORDINANCE NO. 1843

An ordinance to amend the Code of Ordinances of the City of Midland, Michigan, by adding section 2-260.21 and 2-264.19 and by amending Section 2-262, Article XIII Of chapter 2 thereof. The City of Midland Ordains:

Section 1. Sections 2-260.21, 2-262, and 2-264.19 of Article XIII of Chapter 2 are hereby amended to read as follows:

Sec. 2-260.21. CENTER CITY LOFTS.

The City acknowledges that Center city lofts, center city lofts limited dividend housing association limited partnership has offered, subject to receipt of financing from the authority, to erect or operate and maintain a housing development identified as center city lofts located on the following described property:

2710 & 2712 Jefferson Avenue, Midland, Michigan 48640;

and further described as:

2710 Jefferson Avenue:

BEGINNING 165 FEET SOUTH OF NORTHWEST CORNER OF SOUTHWEST 1/4 OF NORTHWEST 1/4 SECTION 15, THENCE EAST 300 FEET, SOUTH 60 FEET, EAST 228.35 FEET, SOUTH 46.48 FEET, SOUTH 38 DEGREES 31 MINUTES 24 SECONDS

UNAPPROVED

EAST 74.93 FEET, THENCE WEST 575.29 FEET, NORTH 165 FEET TO POINT OF BEGINNING. CONTAINING 1.719 ACRES.

AND

2712 JEFFERSON AVENUE:

BEGINNING 165 FEET SOUTH & 300 FEET EAST OF NORTHWEST CORNER OF SOUTHWEST 1/4 OF SECTION 15, THENCE EAST 228.0 FEET, SOUTH 60 FEET, WEST 228.35 FEET, NORTH 60 FEET TO POINT OF BEGINNING. CONTAINING 0.314 ACRES.

In the city to serve low income persons, and that center city lofts Limited Dividend Housing Association Limited Partnership has offered to pay the city on account of said housing development an annual service charge for public services in lieu of all taxes.

Sec. 2-262. Class of housing developments.

It is hereby determined that the class of housing developments to which the tax exemption shall apply, and for which a service charge shall be paid in lieu of such taxes, shall be that portion of a development which is for elderly persons or low-income persons and which is financed or assisted pursuant to the act. It is further determined that Grove Street Commons I, Grove Street Commons II, The Village At Joseph's Run, Granite Club Acres #1, Chippewassee Court Phase I, Chippewassee Court Phase II, Adams Acres Phase I, 606/608 Hemlock Street, 5004 Tucker Street, 1111 Franklin Street, 4301 Hancock Drive, 310 E. Pine Street, 1414 Lincoln Street, 1417 Mill Street, 2520 Charles Street and 528 Cottonwood Street, Bracken Woods II Apartments, Center City Lofts, and the elderly portions of Charter Square and Green Hill are of this class.

SEC. 2-264.19. ESTABLISHMENT OF ANNUAL SERVICE CHARGE FOR CENTER CITY LOFTS.

- (A) *Annual service charge.* The housing development identified as center city lofts and the property on which it is constructed shall be exempt from all property taxes from and after the enactment of the ordinance for which this section derives and for the year subsequent to timely notification of exemption by the Michigan State Housing Development Authority. The city, acknowledging that the sponsor and the authority have established the economic feasibility of the housing development in reliance upon the enactment and continuing effect of the ordinance from which this section derives and the qualification of the housing development for exemption from all property taxes and a payment in lieu of taxes as established in the ordinance from which this section derives, and in consideration of the sponsor's offer, subject to receipt of an allocation of low-income housing tax credits under Section 42 of the Internal Revenue Code of 1986, as amended, to erect, operate, and maintain the housing development, agrees to accept payment of an annual service charge for public services in lieu of all property taxes. The annual service charge shall be equal to nine percent (9%) of the annual shelter rents less utilities. This pilot exemption shall last for 20 years or until the associated mortgage is paid off, whichever occurs sooner.
- (b) *Limitation on the payment of annual service charge.* Notwithstanding subsection (a), the service charge to be paid each year in lieu of taxes for the part of the housing development which is tax exempt and which is occupied by other than low-income persons shall be equal to the full amount of taxes which would be paid on that portion of the housing development if the housing development were not exempt. However, it is agreed that all 55 units of the new facility will serve low-income persons.

Section 2. This Ordinance shall take effect upon publication. (Ordinance ADOPTED by a Roll Call Voice Vote.)

PUBLIC COMMENT

No public comments were made.

BUTTLES STREET ROAD DESIGN

City Manager Brad Kaye provided an introduction to the topic and provided a brief overview of the compiled Buttles Street Road Diet Information Packet. Terri Trotter, 2305 Lockwood Drive, Jan Lanter, 5811 Stillwater Lane, Stacy Daniels, 3901 Orchard Drive, Megan Yezak, 5006 Foxpoint Circle, Bob Plishka, 1010 Holyrood Street, Paul Ries, 4205 Berkshire Court, Ron

UNAPPROVED

Parmelee, 5415 Walbridge Lane, Eric Anders, 1408 Lee Street, , Emily Schafer, 4025 Sudbury Court, Christian Allemang, 109 West Allen Street, and Rich Siemer, 5617 Grouse Court made comments regarding the road design. The following resolution was offered by Councilman Arnosky and seconded by Councilman Wazbinski:

WHEREAS, the Michigan Department of Transportation has been reviewing the design of Buttles Street since 2015; and

WHEREAS, the City of Midland is an active partner in the review process that will ultimately culminate in the reconstruction of Buttles Street; and

WHEREAS, the extent of reports and public comments received during the review process has been extensive, resulting in a volume of material relative to the matter before City Council; and WHEREAS City Staff have compiled all official documents of which they are aware into a single document packet; and

WHEREAS, that document packet has been provided to the City of Midland Council and made available on the City website; now therefore

RESOLVED, that City Council hereby receives and files the Buttles Street Road Diet Information Packet compiling all official reports related to the Buttles Street road diet. (Motion ADOPTED by a Roll Call Voice Vote.)

CITY COUNCIL BUDGET OBJECTIVES FOR FY 2021-2022

City Manager Brad Kaye presented the City Council Budget Objectives for FY 2021-22. The following resolution was then offered by Councilman Hall and seconded by Councilman Arnosky:

WHEREAS, on January 9, 2021 the City Council conducted a planning retreat for the purpose of discussing current and future financial concerns; and

WHEREAS, at the conclusion of that session Council expressed their expectations regarding the basic approach to be taken in developing the Fiscal Year 2021-2022 budget; and

WHEREAS, during their regular meeting of January 11th the City Council reviewed and affirmed those expectations embodied in a report of January 11, 2021 titled: *City Council Budget Objectives for FY 21-22*; now therefore

RESOLVED, that the report *City Council Budget Objectives for FY 21-22* is hereby received. (Motion ADOPTED by a Roll Call Voice Vote.)

MIDLAND COUNTY CENTRAL DISPATCH AUTHORITY ADMINISTRATIVE POLICY BOARD APPOINTMENTS

The following resolution was then offered by Councilman Arnosky and seconded by Councilman Brown Wilhelm:

RESOLVED, that Josh McMillan is hereby appointed to the Midland County Central Dispatch Authority Administrative Board as one of the City's representatives with a term ending January 31, 2025; and,

RESOLVED FURTHER, that David A. Keenan is hereby re-appointed to the Midland County Central Dispatch Authority Administrative Board as the second City representative to complete a term ending January 31, 2023, and that during the period of February 1, 2019 through January 11, 2021 Mr. Keenan functioned as a board member for the Authority with the approval of City Council. (Motion ADOPTED by a Roll Call Voice Vote.)

DIAL-A-RIDE HOLIDAY SERVICE

Director of Public Services Karen Murphy presented information on the proposed changes to the Dial-A-Ride service schedule. The following resolution was then offered by Councilman Hall and seconded by Councilman Wazbinski:

WHEREAS, Dial-A-Ride (DART) staff host quarterly DART Agency Forum meetings to communicate with local service agencies on DART services and concerns; and

UNAPPROVED

WHEREAS, agency forum members have indicated that limited public transportation around certain holidays creates a hardship for their clients and have requested the City reconsider the holiday closure policy; and

WHEREAS, DART staff evaluated the holidays in question over the next five years and created the following proposal to offer expanded holiday service:

- For floating holidays that fall on a weekend: DART will be closed on the actual holiday and remain open on the City-observed holiday
- For holidays where service agencies are open: DART will remain open for Martin Luther King Day, Good Friday and the day after Thanksgiving for regular service hours and will remain open on Christmas Eve until 6:00 pm; and

WHEREAS, the cost to provide the expanded holiday services will be covered at least 50% by federal and state operating grants, reducing the City's cost to \$12,000 annually for the additional service; now therefore

RESOLVED, that City Council supports implementing the expanded holiday service proposal for DART starting with Good Friday 2021. (Motion ADOPTED by a Roll Call Voice Vote.)

ACCEPT GIFT FROM MARY C. CURRIE FOUNDATION

The following resolution was then offered by Councilman Arnosky and seconded by Councilman Brown Wilhelm:

WHEREAS, on August 27, 2020, the City received a check for \$25,000 from the Mary C. Currie Foundation to help pay for cleanup, restoration, and replacement costs caused by the May 2020 dam failures; and

WHEREAS, on December 28, 2020, the City received a second check for \$10,000 from the Mary C. Currie Foundation for the same purpose; now, therefore

RESOLVED, that the City Council of the City of Midland graciously accepts these generous gifts totaling \$35,000 to help defray the costs of cleanup, restoration, and replacement associated with the May 2020 flood. (Motion ADOPTED by a Roll Call Voice Vote.)

GENERAL FUND RESERVE FOR CONTINGENCIES BUDGET TRANSFER

The following resolution was then offered by Councilman Arnosky and seconded by Councilman Brown Wilhelm:

WHEREAS, on September 28, 2020, City Council approved entering into an agreement with CSRS Disaster Recovery Management, LLC (CSRS), a consulting firm specializing in disaster recovery and working with the Federal Emergency Management Agency (FEMA); and

WHEREAS, while fees paid to CSRS will largely be reimbursed by FEMA, the reimbursement will be delayed and it is necessary to pay for services rendered during the interim; and

WHEREAS, City Council approved a budget amendment that placed \$200,000 in the General Fund Reserve for Contingencies expense account to be used for unidentified costs related to the COVID-19 pandemic or the dam failure disaster; and

WHEREAS, budget transfers from a reserve for contingencies account in excess of \$25,000 require City Council approval; now, therefore

RESOLVED, that the request to transfer \$200,000 from the General Fund Reserve For Contingencies expense account to a General Fund professional services expense account to pay for services rendered by CSRS is hereby approved. (Motion ADOPTED by a Roll Call Voice Vote.)

DEFICIT ELIMINATION PLAN FOR HOMELAND SECURITY FUND

The following resolution was then offered by Councilman Arnosky and seconded by Councilman Brown Wilhelm:

WHEREAS, the Michigan Department of Treasury (Treasury) requires that local units of government that end their fiscal year-end reporting a fund deficit must submit a deficit elimination plan to resolve the deficit situation; and

UNAPPROVED

WHEREAS, the City of Midland reported a year-end fund deficit of \$7,692 in its Homeland Security Grand Fund as of June 30, 2020, requiring the City to submit a deficit elimination plan to Treasury to resolve the \$7,692 deficit; and

WHEREAS, said deficit balance is due to prepaying a service contract that extends into the fiscal year ending June 30, 2021 and the term of said agreement will lapse in June of 2021, thus eliminating the deficit; and

WHEREAS, avoiding prepaying service contracts in future years will eliminate future deficits; now, therefore

RESOLVED, the plan to let the existing prepaid service contract lapse to eliminate the current year deficit, and avoid future prepaid service contracts at year-end to eliminate future deficits within the Homeland Security Grant Fund is hereby approved; and

RESOLVED FURTHER, that staff is directed to submit this deficit elimination plan to the Michigan Department of Treasury in accordance with their requirements. (Motion ADOPTED by a Roll Call Voice Vote.)

MDOT CONTRACT NO. 20-5474

The following resolution was then offered by Councilman Arnosky and seconded by Councilman Brown Wilhelm:

WHEREAS, the City of Midland desires to reconstruct S. Saginaw Rd. from Dartmouth Dr. to Patrick Rd.; and

WHEREAS, the City of Midland is a member of the Midland Area Transportation Study (MATS), through which funding is available from the Michigan Department of Transportation (MDOT) to cost share street reconstruction; and

WHEREAS, Contract No. 20-5474, prepared by MDOT and to be reviewed by the City Attorney, specifies a cost sharing agreement to be used for the project; and

WHEREAS, funding available for construction through MDOT is the lesser of \$344,000 or 81.85 percent; and

WHEREAS, the City of Midland is responsible for the balance of the construction project cost, based on current estimate to be \$424,070; and

WHEREAS, the funding for the City share is available in the Major Street Fund; now therefore

RESOLVED, that City Council authorizes the Mayor and City Clerk to sign and execute the MDOT project cost share agreement, Contract No. 20-5474, once approved by the City Attorney. (Motion ADOPTED by a Roll Call Voice Vote.)

SET PUBLIC HEARING FOR STORES REVOLVING FUND BUDGET AMENDMENT

The following resolution was then offered by Councilman Arnosky and seconded by Councilman Brown Wilhelm:

WHEREAS, the fueling system at the Municipal Service Center is scheduled for replacement in FY2021/22 as the underground storage tanks are nearing the end of their 30-year warranty; and

WHEREAS, funds have been saved from fuel surcharges in the Stores Revolving Fund budget for this purpose and a request to utilize these funds will be included in the Stores Revolving Fund's FY2021/22 Capital Outlay budget; and

WHEREAS, staff believe it prudent to hire an engineering consulting firm to assist with project design, regulatory compliance and project oversight; and

WHEREAS, in order to start the project in July to ensure completion by the fall it is necessary to start the design process with the engineering firm in February and obtain initial permits for the project but funds for this are not included in the current fiscal year budget; and

WHEREAS, the FY2020/21 Stores Revolving Fund's budget needs to be amended by \$30,000 to allow for the hiring of a consultant and obtaining permits for the project with the funds coming from the existing fund balance; now

RESOLVED, that in accord with Section 11.6 of the Charter of the City of Midland, a public hearing shall be conducted at 7:00 p.m., Monday, January 25, 2021, in the Council Chambers of City Hall, or virtually due to social distancing guidelines as a result of the coronavirus pandemic,

UNAPPROVED

on the proposal to amend the FY2020-21 Stores Revolving Fund's Capital Outlay budget by increasing expenditures by \$30,000 to hire an engineering consultant to begin design work and obtain initial permits for the fuel system replacement project. (Motion ADOPTED by a Roll Call Voice Vote.)

Being no further business the meeting adjourned at 9:47 p.m.

Erica Armstrong, City Clerk

File Attachments for Item:

3. Indigo Golf (FKA Billy Casper Golf) review of the 2020 Currie Golf Course season. KEENAN

SUMMARY REPORT TO MANAGER
For City Council Meeting of January 25, 2021

SUBJECT: Indigo Golf Partners review of the 2020 Currie Golf Course season

INITIATED BY: David A. Keenan, Assistant City Manager

RESOLUTION

SUMMARY: No resolution

ITEMS ATTACHED:

1. Letter of transmittal
2. Indigo Golf Partners report

CITY COUNCIL ACTION:

No action by Council required

David A. Keenan
Assistant City Manager



*City Hall ♦ 333 West Ellsworth Street ♦ Midland, Michigan 48640 ♦ 989.837.3300 * 989.837.2717 Fax ♦ www.cityofmidlandmi.gov*

January 20, 2021

C. Bradley Kaye, ICMA-CM AICP CFM
City Manager
City of Midland
Midland, Michigan

Dear Mr. Kaye:

Representatives from Indigo Golf Partners will be in attendance to update City Council on the results of the 2020 golf season at the Currie Golf Course. They will use a series of slides to aide in their presentation. A written report from Billy Casper Golf is provided for the agenda package.

Sincerely,

David A. Keenan
Assistant City Manager



Dear Members of City Council,

The Team at Currie/Indigo Golf is looking forward to sharing industry, financial and operational highlights from 2020 during Monday night's Council meeting. Below is an outline of what will be covered.

Re-branding from Billy Casper Golf to Indigo Golf Partners

Billy Casper Golf's licensing agreement with the family of golfing legend Billy Casper ended in 2020. The organization chose to use this as an opportunity to modernize and reinvigorate its brand, officially rebranding as "Indigo Golf Partners" in the late summer of 2020. Under the motto that "Golf is for Everyone," Indigo remains committed to building exceptional experiences for its clients, guests and staff members – while keeping its focus on the long-term health & growth of the game.

Another notable event was the acquisition of Indigo Golf Partners by Troon Golf at the beginning of 2021. Troon Golf is a highly respected operator of over 400 golf courses, country clubs and resorts in over 40 states and 30 countries worldwide. As a division of Troon Golf, Indigo Golf Partners will bring its considerable experience in public golf course management (particularly in the municipal environment), along with an established geographical presence in the Midwest and Mid-Atlantic regions.

Through both changes, the corporate structure and the regional support teams that you are accustomed to will remain consistent. The net result for Currie's operations will be very positive as it gains access to additional resources, while building upon the strategies and relationships that have shaped the positive partnership between the City of Midland and Currie/Indigo since 2014.

Industry Perspective

Golf, like most industries, experienced a roller coaster ride in 2020 due to the impact of the COVID-19 pandemic. From mid-March through April, golf course owners and operators were forced to navigate unprecedented health and safety concerns, government guidelines and restrictions, and rapidly changing consumer expectations. As it became clear that golf had an opportunity to promote its inherent socially distant, outdoor nature, industry advocates such as the PGA, USGA, and National Golf Foundation worked together to publish a uniform list of operating guidelines (shaped by course owners and operators like Indigo Golf). These "Back2Golf" guidelines served to model a consistent approach to the challenges of the pandemic, while building confidence that golf courses could not only operate safely during the pandemic, but had the potential to serve as a cornerstone for those looking to recreate and exercise safely outdoors.

Over time, the impact to the industry has clearly shifted from existential threat to that of opportunity. Over half (56%) of U.S. golf courses were closed in early April. By June, almost 100% of courses were open, and were welcoming golfers in record numbers. June through November showed remarkable year over year growth in rounds played, with momentum continuing to grow through the latter months of the year. Overall, golf rounds played will be up 13-14% for the year, despite being down 16% through April. While these numbers were somewhat aided by a warm, dry weather pattern across much of the

country, there is little doubt that golf has been one of the most in-demand activities as consumers navigate life during the COVID-19 pandemic.

A wild spring continues – Re-opening and flood impact/recovery

Currie was closed for 31 days as a result of government restrictions, from March 24th through April 23rd. During this time, the team focused its energies on refining and implementing safety and sanitation protocols, while all hands were on deck to get the golf course ready to accept play upon re-opening. As Currie re-opened and began to settle into new normal operating procedures, golfers came out in record numbers, similar to the industry trends outlined above.

May 19th put an abrupt halt to this momentum, as Currie was engulfed by flood waters from the Tittabawassee River caused by dam failures on the River, north of the City. All areas of the property – including the clubhouse and maintenance buildings – were impacted by flood water, and Currie remained closed for nearly 4 weeks until the facility was again safe to welcome guests back to the facility.

In addition to the loss of business, there was significant damage to infrastructure, including all buildings, turfgrass, bunkers, irrigation and other areas of the course. Once staff was able to get on property, it became clear that the silt/mud left behind posed an immediate threat to turf, with most areas covered with a layer up to an inch thick. With warm weather in the forecast, immediate action was needed to prevent catastrophic turf loss. A strategic plan and heroic effort by the team enabled the removal of acres of silt from Currie's putting greens and other fine turf areas. This response likely saved hundreds of thousands of dollars, while providing the opportunity for the courses to re-open for play in 2020. Within four weeks, some holes were able to open, starting with the East 9. Ultimately 15 of the 18 holes on the West Course were able to re-open for play by July.

The full recovery for Currie is ongoing, as the facility continues to operate at a limited level heading into 2021. Ongoing communication, strategy and resource allocation are needed to bring Currie to its pre-flood standard, notably with equipment, clubhouses, bunkers, and irrigation infrastructure. Indigo Golf Partners is working with City administration to prioritize needs and facilitate an efficient and economical recovery that will put Currie in the best position to succeed in 2021 and beyond.

Financial Performance

The combination of COVID-related closures and the impact of the flood predictably led to a decrease in overall rounds, revenues and overall earnings performance at Currie in 2020. Below is the summary of financial performance, with trailing 3-year history for perspective:

Year	2017	2018	2019	2020
Total Rounds	37,347	38,039	40,533	27,876
Total Revenue	\$923,541	\$1,060,011	\$1,130,000	\$767,867
EBITDA	(\$170,654)	(\$83,845)	(\$69,081)	(\$239,642)

While these results are obviously disappointing, there are many positives to take away from 2020. First, Currie was on pace to post its strongest fiscal year (July 2019-June 2020) prior to the flood – even factoring in the prolonged April closure due to COVID-19 restrictions. This speaks to the overall direction and positive momentum that Currie has built in recent years.

Secondly, the efforts of the team to remove the post-flood silt layer from fine turf areas afforded Currie the chance to re-open after just four weeks of closure. This quick response likely averted catastrophic turf loss that could have taken most of the course out commission through the entire summer. The re-opening of the East Course, the Front 9 of the West and 6 of the holes on the back

West 9 allowed for leagues, members and daily players to enjoy Currie as it worked through its long-term recovery.

Lastly, the golf course and driving range experienced incredible demand once re-opening took hold, following the golf industry trends mentioned above. Despite bunkers being out of commission, turf in various stages of recovery and reduced rates in place, Currie was able to collect over \$150k in July revenues, \$170k in August revenues, and \$142k in September revenues. These results foretell the potential for Currie to achieve revenue growth as it fully recovers from the impact of the flood.

2021 Outlook and Opportunities

The focus in 2021 will be to continue to gain momentum in the key areas impacting revenue at Currie. These include:

- Recovery of playing conditions, including the re-opening of holes 15-17 on the West Course
- Re-investment in maintenance equipment, as this need has the greatest impact on the ability to deliver a consistent product
- Prioritizing and implementing all other recovery needs in coordination with City administration. We are in this together.
- Increasing rounds played and average rate per round as conditions improve
- Outing and league recovery in line with course re-opening
- Creative food and beverage delivery, following ongoing pandemic restrictions
- Continued expense management and informed capital planning
- Embracing the renewed interest in golf, by expanding opportunities for juniors, families, beginners, and anyone interested in the game.
- Golf is for Everyone, and Currie is the ideal place to learn the game and enjoy it for a lifetime!

Summary

On behalf of everyone at Indigo Golf Partners we thank you for the continued partnership and trust in our organization to operate a golf facility that is successful, and one that Midland's citizens can be proud of. There is much work to be done in 2021, and much to be excited about at Currie as we look to the future.

We are confident that 2021 will be a year of incredible progress for the facility. The team looks forward to presenting in more detail on Monday. Thank you for the opportunity!

Sincerely,



Nick Bednar, PGA
Vice President of Operations
Indigo Golf Partners



File Attachments for Item:

4. Amend the FY2020-21 Stores Revolving Fund budget to hire an engineering consultant for the replacement of the fueling system at the Municipal Service Center. MURPHY

SUMMARY REPORT TO MANAGER
for City Council Meeting of January 25, 2021

SUBJECT: Amend the FY2020-21 Stores Revolving Fund budget to hire an engineering consultant for the fuel system replacement project at the Municipal Service Center

INITIATED BY: Department of Public Services

RESOLUTION SUMMARY: This resolution amends the FY2020-21 Stores Revolving Fund budget to increase expenditures by \$30,000 to hire an engineering consultant for the fuel system replacement project at the Municipal Service Center.

ITEMS ATTACHED:

1. Letter of Transmittal
2. Resolution

COUNCIL ACTION:

1. Public hearing required
2. 3/5 vote required to approve resolution

Karen Murphy
City of Midland Department of Public Services



City Hall ♦ 333 West Ellsworth Street ♦ Midland, Michigan 48640-5132 ♦ 989.837.3300 ♦ 989.835.2717 Fax ♦ www.cityofmidlandmi.gov

January 20, 2021

C. Bradley Kaye, ICMA-CM AICP CFM
City Manager
City of Midland
Midland, Michigan

Dear Mr. Kaye:

The fueling system at the Municipal Service Center is scheduled for replacement in FY2021-22. The project will involve replacing two 20,000 gallon underground storage tanks (UST's) originally installed in 1992, one above ground tank, two fuel pumps and a fuel management software that tracks the amount of fuel dispensed by employee and vehicle. Funds have been accumulating from a surcharge on fuel for years toward the replacement of the fueling system with \$642,000 included in the proposed FY2021-22 Stores Revolving Fund's Capital Outlay budget for the project.

With a project of this nature, many state regulations must be followed including soil testing for potential contamination, removal and proper closure of old UST's, leak testing of the new system, and inspection and licensing of the new tanks. To ensure that the City follows all the correct steps to be compliant with state requirements, I recommend the City hire an engineering consultant to design the system, obtain the required permits from the state and assist with project management.

In order to complete the project by late fall, I have been advised to begin the design and permitting work now so once the remaining project budget is available in July, the project is ready to begin. Staff have talked with several engineering consultants and have selected one whom they feel is best suited for this project. In order to move forward with hiring the contractor, the Stores Revolving Fund budget must be amended to move funding into this fiscal year.

While moving forward with this project in July is dependent upon City Council's approval of the FY2021-22 Stores Revolving Fund's Capital Outlay budget request, these funds have been appropriately raised and earmarked specifically for the replacement of the UST's before the tanks exceed the 30-year warranty period. This project is a necessity for the City to continue to offer a secure, private fueling station for City vehicles and equipment.

A public hearing is scheduled for Monday, January 25 to consider amending the FY2020-21 Stores Revolving Fund budget to increase expenses by \$30,000 to hire an engineering consultant as well as cover costs for the initial permitting fees necessary for the project. The attached resolution amends the budget accordingly.

Respectfully submitted,

Karen Murphy
Department of Public Services



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BY COUNCILMAN

WHEREAS, the fueling system at the Municipal Service Center is scheduled for replacement in FY2021-22 as the underground storage tanks are nearing the end of their 30-year warranty; and

WHEREAS, funds have been saved from fuel surcharges in the Stores Revolving Fund budget for this purpose and a request to utilize these funds will be included in the Stores Revolving Fund's FY2021-22 Capital Outlay budget; and

WHEREAS, staff believe it prudent to hire an engineering consulting firm to assist with project design, regulatory compliance and project oversight; and

WHEREAS, in order to start the project in July to ensure completion by the fall it is necessary to start the design process with the engineering firm now and obtain initial permits for the project but funds for this are not included in the current fiscal year budget; and

WHEREAS, the FY2020-21 Stores Revolving Fund's budget needs to be amended by \$30,000 in expenditures to allow for the hiring of a consultant and obtaining permits for the project with the funds coming from the existing fund balance; and

WHEREAS, in accord with Sections 5.11, 11.4 and 11.6 of the Charter of the City of Midland, and after having given proper legal notice, and having conducted a public hearing on Monday, January 25, 2021, on the proposal to amend the FY2020-21 Stores Revolving Fund budget for this purpose; now therefore

RESOLVED, that the FY2020-21 Stores Revolving Fund budget is hereby amended to increase expenditures by \$30,000 for an engineering consultant and preliminary permitting needed for the replacement of the Municipal Service Center's fueling station.

YEAS:

NAYS:

ABSENT:

I, Erica Armstrong, City Clerk, City of Midland, Counties of Bay and Midland, State of Michigan, do hereby certify that the foregoing is a true and correct copy of a resolution adopted by a yeas vote of all the Councilmen present at a regular meeting of the City Council held Monday, January 25, 2021.

Erica Armstrong, City Clerk

File Attachments for Item:

5. Comprehensive Annual Financial Report and Single Audit Report for the year ended June 30, 2020.
KEENAN

SUMMARY REPORT TO MANAGER
For City Council Meeting of January 25, 2021

SUBJECT: Receiving and filing the Comprehensive Annual Financial Report and Single Audit Report for the year ended June 30, 2020.

INITIATED BY: David A. Keenan, Assistant City Manager

RESOLUTION

SUMMARY: This resolution shall receive and file for public examination the Comprehensive Annual Financial Report and the Single Audit Report for the City of Midland for the year ended June 30, 2020.

ITEMS ATTACHED:

1. Letter of Transmittal
2. Resolution
3. Comprehensive Annual Financial Report
4. Auditor communication letter to City Council
5. Single Audit Report

COUNCIL ACTION:

1. 3/5 vote required to approve resolution

David A. Keenan
City of Midland Finance Department



City Hall ♦ 333 West Ellsworth Street ♦ Midland, Michigan 48640-5132 ♦ 989.837.3300 ♦ 989.835.2717 Fax ♦ www.cityofmidlandmi.gov

January 20, 2021

C. Bradley Kaye, ICMA-CM AICP CFM
City Manager
City of Midland
Midland, Michigan

Dear Mr. Kaye:

The City is required by its Charter and the State of Michigan to have an annual financial Audit, performed by independent auditors. In addition, because the City receives federal financial assistance, it is required to have a compliance audit, also known as a single audit. The City's financial and compliance audits for the year ended June 30, 2020 were performed by Yeo & Yeo PC, CPAs. David Youngstrom, Principal, from Yeo & Yeo PC, CPAs will be in attendance at the January 25, 2021, Council meeting to present the City's annual audits.

A copy of the *Comprehensive Annual Financial Report* and *Single Audit Report* are provided. The auditors will use a series of graphs for their presentation.

Sincerely,

David A. Keenan
Assistant City Manager



City Hall ♦ 333 West Ellsworth Street ♦ Midland, Michigan 48640-5132 ♦ 989.837.3300 ♦ 989.835.2717 Fax ♦ www.cityofmidlandmi.gov

BY COUNCILMAN

RESOLVED, that the Comprehensive Annual Financial Report and the Single Audit Report of the City of Midland for the year ended June 30, 2020 are hereby received and ordered filed for public examination.

YEAS:

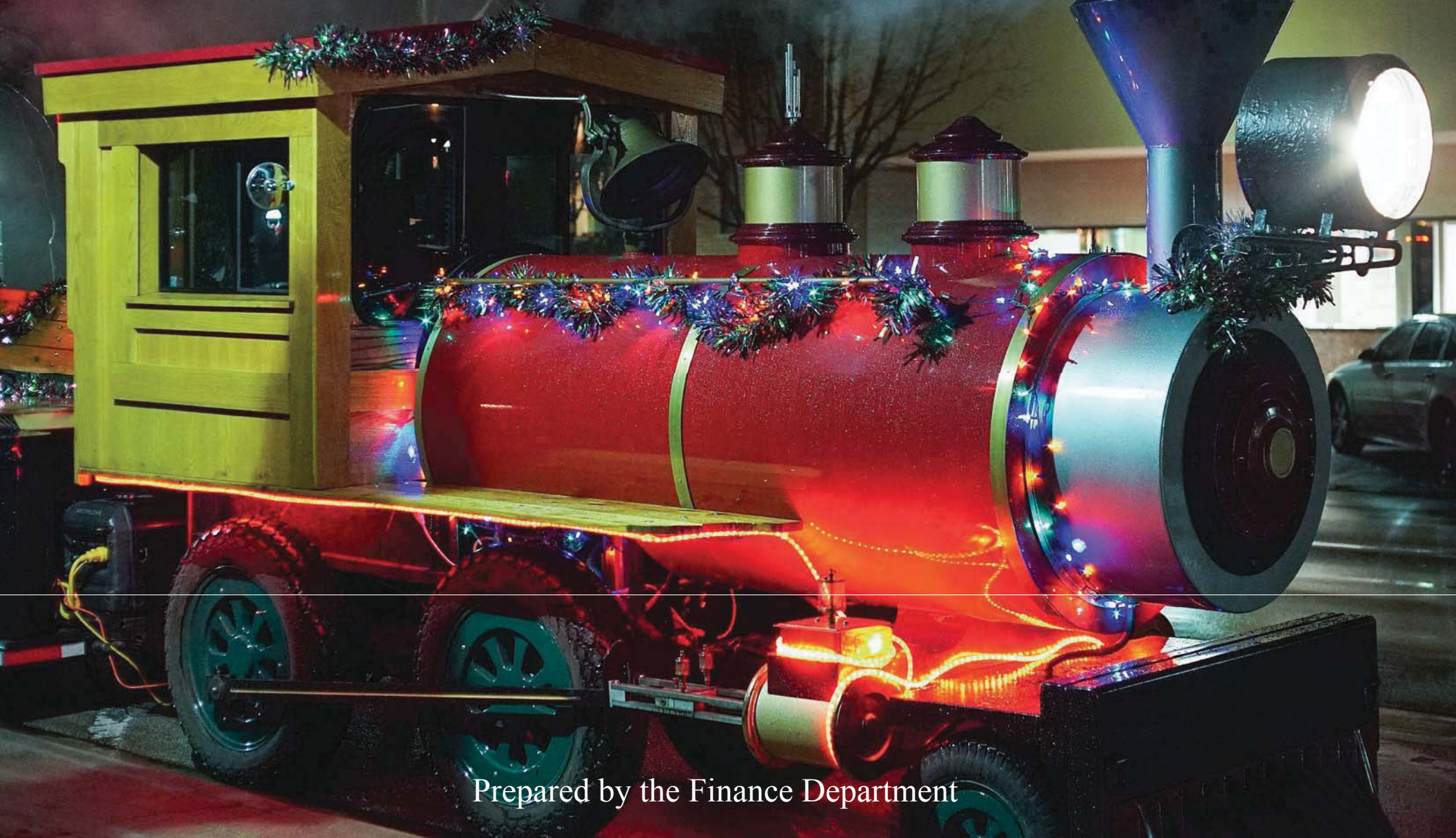
NAYS:

ABSENT:

I, Erica Armstrong, City Clerk, City of Midland, Counties of Bay and Midland, State of Michigan, do hereby certify that the foregoing is a true and correct copy of a resolution adopted by a yea vote of all the Councilmen present at a regular meeting of the City Council held Monday, January 25, 2021.

Erica Armstrong, City Clerk

City of Midland, Michigan
Comprehensive Annual Financial Report
Fiscal Year Ended
June 30, 2020



Prepared by the Finance Department

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December 23, 2020

Honorable Mayor, City Council Members, and
Citizens of the City of Midland:

The Comprehensive Annual Financial Report (CAFR) of the City of Midland, Michigan (the “City”) as of and for the year ended June 30, 2020 is hereby submitted. As required by City Charter and state laws, the basic financial statements as identified in the table of contents were audited by Yeo & Yeo, Certified Public Accountants. Their unmodified opinion is located at the front of the financial section of this report. An unmodified opinion is the best opinion that an organization can receive on its financial statements. It indicates that the auditor’s examination has disclosed no conditions that cause them to believe that the financial statements are not fairly presented in all material respects.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with City management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that fairly presents the financial position and results of operations of the governmental activities, business-type activities, and various funds and component units of the City of Midland. All disclosures necessary to enable the reader to gain an understanding of the City activities have been included.

Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a management’s discussion and analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Midland’s MD&A can be found immediately following the report of the independent auditor.

In addition, during the year an audit was performed in accordance with the requirements of the *Single Audit Act Amendments of 1996 (P.L. 104-156)*. The auditor’s reports related to the single audit are issued under separate cover.

PROFILE OF THE CITY

The City of Midland was incorporated in 1887 and is located near the center of the eastern portion of Michigan’s Lower Peninsula, approximately 120 miles northwest of Detroit. It encompasses approximately 36 square miles of land area and is home to a population of 41,701.

The City Charter calls for a council-manager form of government. The governing body consists of five council members, who are elected on a non-partisan basis, one from each of the City’s five wards who in turn choose one of their five to serve as mayor. The City Manager is appointed independently by the City Council and is responsible for carrying out the policies and ordinances of the City Council, for

overseeing the day-to-day operations of the City, and for appointing heads of the various departments and all other City employees. An organization chart is included to better illustrate the City's governmental structure.

The City provides a full range of services including police and fire protection, community planning and zoning, building inspections, code enforcement, library, sanitation, water and wastewater treatment, construction and maintenance of highways, streets and infrastructure, recreation programs, parks, public transportation, and senior housing facilities.

The City reports three blended component units as special revenue funds within the governmental type funds: the Downtown Development Authority Fund, the Center City Authority Fund, and the Smart Zone Fund.

ECONOMIC CONDITION AND OUTLOOK

The City faced two disasters during the 4th quarter of the current fiscal year. By March of 2020, the Coronavirus (COVID-19) was spreading at an alarming rate throughout many parts of Michigan, as well as across the entire US and beyond. This caused the Governor of the State of Michigan to issue a series of Executive Orders to encourage people to stay at home in an effort to slow the spread of the virus. For several weeks many businesses were closed, or were allowed to remain open with limited service delivery and capacity. This crippled the State's economy; many businesses closed, and unemployment soared.

Midland's unemployment rate at June 30, 2020, was 9.1% compared to only 3.2% the year before. Michigan's unemployment rate at the same point was 15%, compared to

only 4.4% the year prior. The national unemployment rate was 11.2% compared to only 3.8% the year before.

As of the issuance of this report, COVID-19 is still significantly and negatively impacting the State's economy. Reduced sales and use tax collections, and reduced gas and weight tax collections would have had a much bigger impact to the State's budget were it not for the CARES Federal stimulus package that helped replace some of the missing revenue in the State's budget. How long these Federal dollars will remain available is unknown. Locally, many small businesses are struggling to stay open. COVID-19 vaccines just became available; however, economic recovery is expected to be many months away.

In May, the City sustained massive flooding caused by the failure of dams located at Sanford Lake and Wixom Lake, north of the City on the Tittabawassee River. The river levels reached record heights, causing neighborhoods throughout the City to flood. Many families lost their homes. Many others were able to salvage their homes but sustained significant damage and loss of belongings. The area was declared a major disaster by the President, providing some financial relief from the Federal Emergency Management Agency (FEMA). The City's property losses will be in the millions, a portion of which will be reimbursed by FEMA. In addition to the costs associated with recovering from the flood event, the City's residential tax roll will most certainly be negatively impacted by the property damage caused by the flood. Prior to fiscal year-end, the City adjusted its current year budget to anticipate the negative effects of these two disasters, and is prepared to continue with that position throughout the 2020-21 fiscal year.

On the more positive side, the City still maintains credit ratings of AA with Standard and Poor's, and Aa2 with Moody's. It

continues to aggressively invest in its road system, as well as other infrastructure networks through the forwarding-looking Capital Improvement Plan.

Delta College will soon be opening its doors in a 30,000 square foot office and classroom facility located in Midland's Downtown. In November of 2020, Costco Wholesale Corporation opened its new 166,000 square foot warehouse store, tire center, and fuel station within the City limits.

Many new developments, both in residential subdivisions and commercial buildings are expected to begin during the upcoming year.

While many 2020 summer events, such as the Great Lakes PGA Tournament and several major downtown events were cancelled due to COVID-19, they are planned to return in the summer of 2021 to try to make a post COVID-19 comeback, all of which will help stimulate activity and spending in the Midland Community.

LONG-TERM FINANCIAL PLANNING

The City has always assumed a conservative position when projecting revenues that will fund its service delivery over a three to five year span. Given the economic implications of COVID-19 and the dam failures as previously discussed, that approach will be necessary now more than ever. The impacts of these two events are anticipated to be large enough to offset much of the positive investment that is going on within the community. In the near term, no increases from state revenue sources or property tax sources are anticipated. Maintaining financially strong funds has been a priority for the past several years to not only reduce risk for the General Fund, but to also

create reserves that may be accessed as circumstances dictate. As needed, these reserves will be made available to provide financial stability so that the City will not need to abandon the initiatives it is currently working on, or has planned for the 2020-21 and 2021-22 fiscal years.

The City complies with Public Act 20 and Public Act 367 of the State of Michigan in its cash management activities. After a slight comeback last year, the volatility of the market has once again suppressed returns and earnings on cash and cash equivalents. The consolidated investment rate of return for the year was 1.05%.

RELEVANT FINANCIAL POLICIES

Through long-term financial and resource planning, the City continues to look for creative and more affordable ways of service delivery to help minimize millage rate increases. Since 2008 the City has eliminated 46 full-time positions, mostly through attrition and without reducing uniformed public safety positions. Also, employee groups have participated in cost reductions through pay freezes and benefit reductions, including defined benefit pension reductions, in order to try to make the cost of providing services more affordable. The opportunity to further reduce staff-size is minimal absent any substantive reduction or change to service delivery.

The City annually updates its long-range capital plan which helps serve as a planning tool for the City's infrastructure. All capital projects relating to infrastructure, as well as certain other capital needs, such as building improvements or parking lot improvements, are prioritized, scheduled and funded in accordance with the capital plan. This has enabled the City to coordinate the timing of construction for street, sewer, water,

storm water, and sidewalk projects which reduces disruption to the City's traffic flow, as well as maximizes investment by eliminating separate but redundant projects occurring at different times.

BUDGET CONTROLS

The annual budget serves as the foundation for the City's financial planning and control. By the second Monday of April of each year, the City Manager presents a proposed budget to the City Council for review. The Council holds public hearings and the final budget is adopted no later than the fourth Monday in May. The Council approves appropriations on the functional basis, which is the legal level of control. Department heads may transfer funds within their function at their discretion up to \$6,000 before requiring City Manager approval. The City Manager can approve all budget transfers except those between different functions, and any transfer from a reserve for contingency account in excess of \$25,000, which require City Council approval.

All appropriations lapse at year-end except for those specifically approved to be carried forward as part of the year-end encumbrance process.

City Council adopts budgets for all funds as required by Michigan statute. In addition, Council also adopts budgets for all Enterprise and Internal Service Funds, although not required by the State of Michigan.

CERTIFICATE OF ACHIEVEMENT

For the 31st consecutive year, the Government Finance Officers Association (GFOA) has awarded a Certificate of Achievement

for Excellence in Financial Reporting to the City for its June 30, 2019 comprehensive annual financial report. In order to be awarded this certificate, a government must publish an easily readable and efficiently organized comprehensive annual financial report, which satisfies both Generally Accepted Accounting Principles and applicable legal requirements.

We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

The preparation of this report was made possible by the dedicated service of the entire Finance Department. Each member of the Department has our sincere appreciation for their contributions made in the preparation of this report.

Respectfully submitted,



C. Bradley Kaye, AICP
City Manager



David A. Keenan, CPA
Assistant City Manager



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of Midland
Michigan

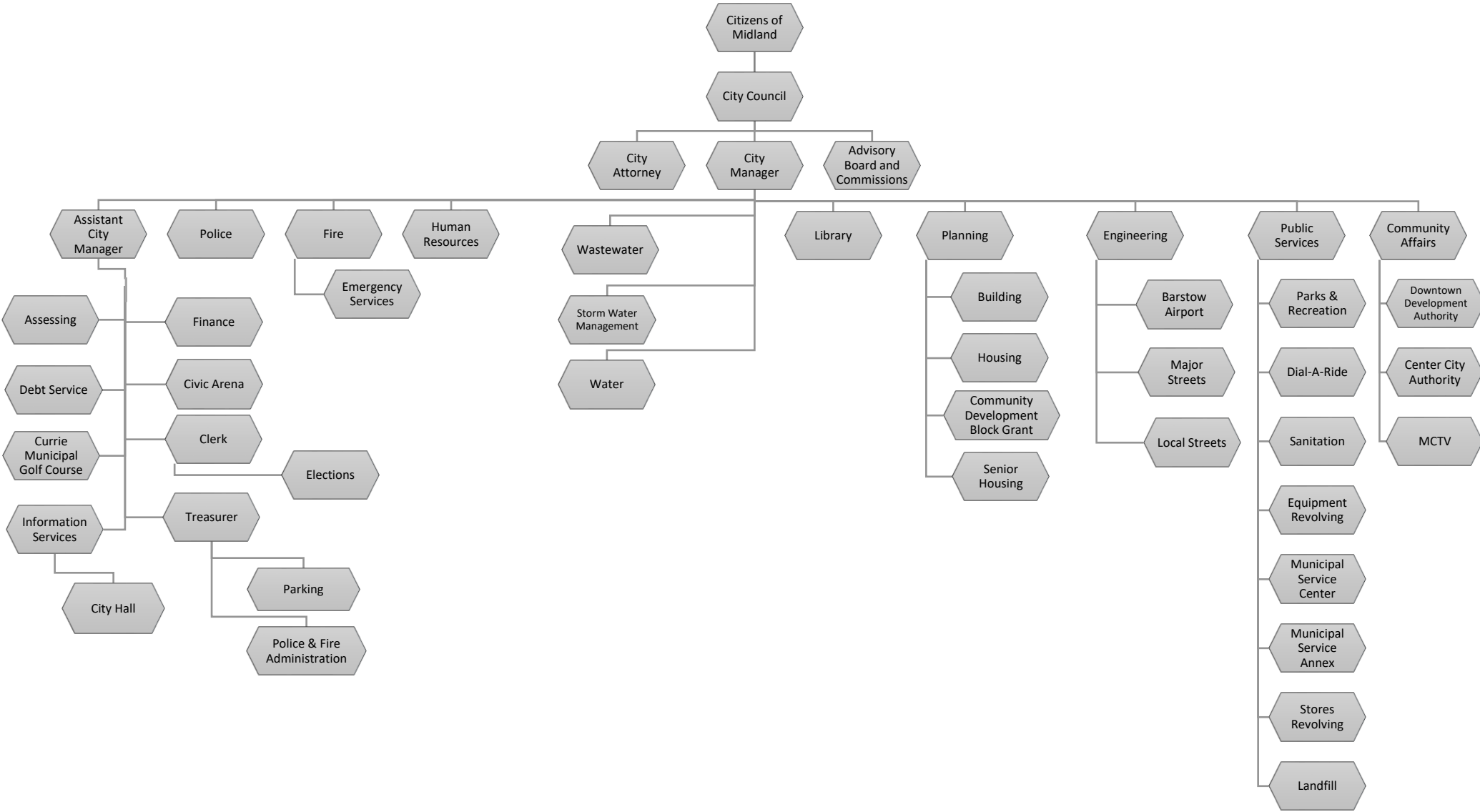
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morrell

Executive Director/CEO

City of Midland, Michigan Organization Chart



City of Midland, Michigan
List of Principal Officials
June 30, 2020

City Council

Ward I
 Ward II - Mayor
 Ward III
 Ward IV
 Ward V - Mayor Pro Tem

Pamela Hall
 Maureen Donker
 Steve Arnosky
 Diane Brown Wilhelm
 Marty Wazbinski

Administrative Staff

City Manager
 Assistant City Manager
 City Attorney
 Director of Human Resources and Labor Relations
 Director of Planning and Community Development
 City Assessor
 City Clerk / Director of Community Affairs
 City Controller
 City Engineer
 City Treasurer
 Chief Building Inspector
 Fire Chief
 Information Services Manager
 Library Director
 Police Chief
 Public Services Director
 Director of Water Services
 Director of Wastewater Services

C. Bradley Kaye
 David A. Keenan
 James O. Branson, III
 Carol A. Stone
 Grant R. Murschel
 Kayla M. Ripley
 Selina M. Tisdale
 Deeann L. Bragg Smerdon
 Joshua N. Fredrickson
 Dana C. Strayer
 Stephen K. Taglauer
 Chris A. Coughlin
 Tadd H. Underhill
 Miriam M. Andrus
 Nicole L. Ford
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 Peter C. Schwarz
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Independent Auditors' Report

Management and City Council
City of Midland, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Midland, Michigan as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise of 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Midland, Michigan as of June 30, 2020 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, Municipal Employee Retirement System Schedules, Police and Fire Retirement System Schedules, Other Post Employment Benefit Schedules, and budgetary comparison information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Midland, Michigan's basic financial statements. The Introductory Section, Other Supplementary Information, as identified in the table of contents, and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information, as identified in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The other supplementary 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 other supplementary information, as identified in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2020 on our consideration of City of Midland, 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 solely 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 effectiveness of City of Midland, Michigan's 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 City of Midland, Michigan's internal control over financial reporting and compliance.

Yeo & Yeo, P.C.

December 23, 2020
Midland, Michigan

City of Midland, Michigan Management's Discussion and Analysis June 30, 2020

As management of the City of Midland (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, 2020. We encourage readers to consider the information presented here in conjunction and additional information that we have furnished on our letter of transmittal, which can be found in the introductory section of this report.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$215 million (*net position*).
- The City's total revenues of \$96.8 million were in excess of total expenses of \$86.0 million resulting in an increase of net position of \$10.8 million.
- The City's governmental activities incurred expenses of \$56.5 million. These expenses, plus \$2.1 in transfers to business-type activities were covered by program revenues of \$25.2 million, and general revenues (*i.e., property taxes and state shared revenue*) of \$41.8 million resulting in an increase in net position of \$8.3 million.
- Governmental activities revenue increased by \$.5 million, due to increased property tax collection from a slight increase in property values, and outside contributions given to the City to fund numerous improvements to the City's parks.
- Governmental activities expenses increased by only \$.1 million as there was no notable change to the City's service delivery, and any anticipated increases due to inflation or projects were largely offset by closures and delays due to COVID-19 responses as discussed elsewhere in this report.
- The City's business-type activities incurred \$29.5 million in expense. These expenses were paid by program revenues,

primarily in the form of user charges, of \$28.3 million, transfers in from governmental activities of \$2.5 million, and other revenues of \$1.5 million. This resulted in an increase in net position of \$2.4 million, compared to a prior year increase of \$.9 million. Current year revenue was \$.3 million less than prior year, largely due to reduced utilization caused by COVID-19 responses as discussed elsewhere in the report. Current year expenses were \$1.2 million less than prior year for similar reasons.

- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$54.4 million, \$4.7 million more than the close of the prior fiscal year. The increase is largely due to \$12 million in unspent capital purchases and projects that were delayed during the year, and operational savings due to closures related to the COVID-19 pandemic response.
- Unassigned fund balance of \$7.6 million is available for spending at the City's discretion.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private sector companies. The *statement of net position* includes all of the City's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. The *statement of activities* reports how the City's net position has changed and it includes all of the current year's revenue and expenses, regardless of when cash is received or

City of Midland, Michigan Management's Discussion and Analysis June 30, 2020

paid. This change in net position is an indicator of whether the City's financial health is improving or deteriorating. In order to assess the overall health of the City, you need to consider additional non-financial factors such as changes in the City's property tax base and the condition of the City's roads and other infrastructure.

The City's government-wide statements are divided into two activities:

Governmental Activities – Most of the City's basic services are included here, such as police, fire, public works, sanitation, parks and recreation, community development, library, transportation, and general administration. Property taxes, state shared revenue, charges for services, and grants finance most of these activities.

Business-type Activities – The City charges fees to customers to recover all or a significant portion of certain services it provides. These business-type activities include water distribution, wastewater collection, landfill, golf course, civic arena, senior citizen housing, and parking.

FUND FINANCIAL STATEMENTS

The fund financial statements begin on page 3-4 and provide more detailed information about the City's most significant funds, not the City as a whole. 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 of Midland has three types of funds:

Governmental Funds – Many of the City's basic services are included in governmental funds which focus on how cash and other financial assets that can be readily converted into cash, flow in and out. The funds also show the balances left at year-end that are available for spending.

The governmental fund statements focus on a short-term view, rather than the long-term focus of the government-wide statements. A reconciliation between the governmental funds and the governmental activities of the government-wide statements is provided on page 3-6 to help facilitate a comparison between the two.

The City maintains 16 individual governmental funds. Separate information is presented for the General and Major Street Funds, both considered to be "major" funds. Data from the other 14 governmental funds, considered to be "nonmajor" 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.

The City adopts an annual budget for each of its governmental funds, except for the Cemetery fund. Budgetary comparison statements have been provided herein to demonstrate compliance with those budgets.

Proprietary Funds – Proprietary funds are used to report services where the City charges a fee to the customer to recover most or all of the cost of the service rendered. Proprietary funds provide both long- and short-term financial information. There are two types of proprietary funds:

- Enterprise funds and business-type activities are the same, but the fund statements provide more detail and additional information. Examples include the Water Fund and Wastewater Fund.
- Internal service funds are used to report activities for services provided to other City departments. Examples include the Equipment Revolving Fund and the Information Services Fund.

The proprietary fund financial statements provide separate information for the Water, Wastewater, and Sanitary Landfill funds, which are considered to be major funds of the City. The remaining enterprise funds and the internal service funds are each combined into a single aggregated presentation in the proprietary fund financial statements.

City of Midland, Michigan

Management's Discussion and Analysis

June 30, 2020

Individual fund data for the remaining enterprise funds and the internal service funds is provided in the form of combining statements elsewhere in this report.

Fiduciary Funds - Fiduciary funds are used to account for the 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.

Government-wide Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the City, net position was \$215 million, at the close of the fiscal year.

City of Midland Net Position (in millions of dollars)						
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets						
Current	\$ 69.2	\$ 64.8	\$ 36.6	\$ 48.3	\$ 105.8	\$ 113.1
Noncurrent						
Restricted and other	-	-	3.8	3.7	3.8	3.7
Capital, net	115.0	114.4	138.3	126.3	253.3	240.7
Total assets	184.2	179.2	178.7	178.3	362.9	357.5
Deferred Outflows	13.3	11.3	3.7	4.3	17.0	15.6
Liabilities						
Current	5.9	4.2	3.6	1.6	9.5	5.8
Noncurrent	111.9	113.6	42.9	47.3	154.8	160.9
Total liabilities	117.8	117.8	46.5	48.9	164.3	166.7
Deferred Inflows	0.5	1.9	0.1	0.3	0.6	2.2
Net Position						
Net investment in capital assets	114.3	114.4	116.1	116.3	230.4	230.7
Restricted	22.1	16.3	-	-	22.1	16.3
Unrestricted	(57.2)	(59.9)	19.7	17.1	(37.5)	(42.8)
Total net position	\$ 79.2	\$ 70.8	\$ 135.8	\$ 133.4	\$ 215.0	\$ 204.2

The preceding table shows the comparison of assets, deferred outflows, liabilities, deferred inflows, and net position (in millions of dollars) in a condensed format as of June 30, 2020, to the prior year.

A substantial portion of the City's net position, \$230.4 million, reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens, consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, \$22.1 million, represents resources that are subject to external restrictions on how they may be used. The remaining unrestricted \$37.5 million deficit balance was a \$43 million deficit last year. The decrease in the deficit was intended and is a planned result at year-end as the City's funds continue to recover financially from the implementation of GASB 68 and GASB 75.

The City's net position increased by \$10.8 million during the current fiscal year, as a result of current year activities.

Total governmental revenue is reported at \$67 million, an increase of \$.5 million from the prior year, due to increased property tax collection from a slight increase in property values, and outside contributions given to the City to fund numerous improvements to the City's parks.

Governmental activities expenses increased by \$.1 million as there was no notable change to the City's service delivery, and any anticipated increases due to inflation or projects were largely offset by closures and delays due to COVID-19 responses as discussed elsewhere in this report.

City of Midland, Michigan
Management's Discussion and Analysis
June 30, 2020

City of Midland Change in Net Position
(in millions of dollars)

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
Program revenues:						
Charges for services	\$ 3.5	\$ 3.8	\$ 28.3	\$ 28.3	\$ 31.8	\$ 32.1
Operating grants and contributions	18.8	17.4	-	-	18.8	17.4
Capital grants and contributions	2.9	4.0	0.7	1.0	3.6	5.0
General revenues:						
Property taxes	36.3	35.8	-	-	36.3	35.8
Intergovernmental	4.0	3.8	-	-	4.0	3.8
Other revenue	1.5	1.7	0.8	0.8	2.3	2.5
Total revenue	<u>67.0</u>	<u>66.5</u>	<u>29.8</u>	<u>30.1</u>	<u>96.8</u>	<u>96.6</u>
Program Expenses						
General government	6.6	4.3	-	-	6.6	4.3
Public safety	20.2	23.1	-	-	20.2	23.1
Public works	11.4	11.3	-	-	11.4	11.3
Sanitation	4.3	3.7	-	-	4.3	3.7
Community development	0.9	0.9	-	-	0.9	0.9
Parks and recreation	5.7	5.8	-	-	5.7	5.8
Library / community television	4.6	4.6	-	-	4.6	4.6
Airport	0.4	0.4	-	-	0.4	0.4
Transportation	2.2	2.1	-	-	2.2	2.1
Other	0.2	0.2	-	-	0.2	0.2
Water	-	-	9.4	11.0	9.4	11.0
Wastewater	-	-	7.1	7.2	7.1	7.2
Landfill	-	-	5.9	5.7	5.9	5.7
Civic Arena	-	-	1.2	1.2	1.2	1.2
Senior housing	-	-	4.4	4.0	4.4	4.0
Golf course	-	-	1.3	1.4	1.3	1.4
Parking system	-	-	0.2	0.2	0.2	0.2
Total expenses	<u>56.5</u>	<u>56.4</u>	<u>29.5</u>	<u>30.7</u>	<u>86.0</u>	<u>87.1</u>
Change in net position before transfers	10.5	10.1	0.3	(0.6)	10.8	9.5
Transfers	(2.1)	(1.5)	2.1	1.5	-	-
Change in net position	<u>8.4</u>	<u>8.6</u>	<u>2.4</u>	<u>0.9</u>	<u>10.8</u>	<u>9.5</u>
Net position - beginning	70.8	64.3	133.4	130.4	204.2	194.7
Prior Period Adjustments	-	(2.1)	-	2.1	-	-
Net position - ending	<u>\$ 79.2</u>	<u>\$ 70.8</u>	<u>\$ 135.8</u>	<u>\$ 133.4</u>	<u>\$ 215.0</u>	<u>\$ 204.2</u>

Business-type revenue was \$.3 million less than prior year, largely due to reduced utilization caused by COVID-19 responses as discussed elsewhere in the report.

Business-type expenses decreased by \$1.2 million from last year, mainly due to operational savings from building closures, and the delay in capital spending, both due to responses to the COVID-19 pandemic as discussed elsewhere.

The City of Midland's 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 the City's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$54.4 million, an increase of \$4.7 million in comparison with the prior year. Of this amount, \$7.6 million, represent unassigned fund balance, which is available for spending at the City's discretion. The remainder of the fund balance is either non-spendable, restricted, committed, or assigned to indicate that it is 1) not in spendable form, 2) legally required to be maintained intact, 3) restricted for particular purposes, 4) committed for particular purposes, or 5) assigned for particular purposes.

The General Fund is the primary operating fund of the City. At the end of the current year the unassigned fund balance of the General Fund, \$8.1 million, was a decrease of \$3.7 million from the prior year balance. It is important to note that the 2019-20 General Fund budget was amended twice during the fourth quarter to take a less optimistic position due to the expected impacts of the COVID-19 pandemic, and to make funding available to pay for flood expenses relating to the May 2020 dam failures. Assigned fund balance increased by \$1.9 million, mainly due to the resources that were appropriated by the aforementioned budget amendments for flood response that will be encumbered into the 2020-21 fiscal year. The total General Fund fund balance decreased by \$716,053. As a measure of the General Fund's liquidity, it may be useful to compare both the unassigned fund balance

City of Midland, Michigan Management's Discussion and Analysis June 30, 2020

and the total fund balance to total general fund expenditures and transfers out. Unassigned fund balance represents 17.1% of that total while total fund balance represents 46.9% of the same amount.

General Fund revenue was \$47.1 million for the current year, an increase of \$.6 million as compared to the prior year, or about a 1.3% increase, mainly due to increased property tax revenue from a small taxable value increase, additional contributions for parks projects, and a full year reimbursement from new School Resource Officer program.

General Fund expenditures were \$47.8 million when including outgoing transfers, an increase of \$4.7 million, or 11%, when compared to the prior year. Several things attributed to this increase. Normal operating costs were reduced due to building closures and responses to the COVID-19 pandemic; however, approximately \$2.5 million in flood response costs were incurred by year-end. In addition, \$2.4 million of additional funded was paid towards defined-benefit unfunded liabilities.

The Major Street Fund ending fund balance increased by \$3.0 million, which is about \$8.1 million better than budgeted, with \$7.3 million of that amount being from unspent capital projects. Last year's spring and summer weather was very uncooperative so many of those projects spilled over into the current year. This coupled with the impacts of the COVID-19 pandemic delayed some of the current year projects until after June 30, 2020. Approximately \$6.6 million of the unspent project budget will be encumbered into next year for project completion.

The unrestricted net position of the Water Fund was \$12.1 million at year-end, reflecting an increase of \$3 million from the prior year. The City-wide adjustment for GASB 68 and GASB 75 was a net reduction to expense of \$4.6 million compared to prior year. Of this improvement, \$1.3 million benefited the Water Fund. The Wastewater's unrestricted net position was a \$2.4 million deficit, unchanged from prior year.

General Fund Budgetary Highlights

The General Fund adopted budget included using \$4.7 million of available fund balance over the City Council's target balance of \$6 million to prevent reductions in service delivery or an increase to the millage rate. Council also maintained a budget stabilization reserve of \$4.5 million at year-end. Council amended the General Fund budget in May of 2020 and again in June 2020 to reflect a utilization of \$7.0 million of fund balance, mainly reflecting the negative impacts of the COVID-19 pandemic and the flooding caused by the dam failures.

At year-end, actual income from all sources was \$.6 million over budget, mostly due to additional personal property tax reimbursement. Actual expenditures and transfers out at year-end were \$5.7 million less than budget. All categories were under budget with capital outlay being the most under by \$2.3 million. Approximately \$4.1 million of the total expenditure savings will be encumbered into 2020-21.

NOTES TO THE FINANCIAL STATEMENTS

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

CAPITAL ASSET AND DEBT ADMINISTRATION

At June 30, 2020, the City of Midland had \$230.4 million invested in a broad range of capital assets including land, buildings, police and fire equipment, water and sewer lines, roads, sidewalks, and other infrastructure, net of debt. Last year this total was \$230.7 million. Additional information about the City's capital assets is presented in Note 1 and Note 7 of the Notes to Financial Statements.

At June 30, 2020, the City of Midland's total bonded indebtedness was \$12.9 million, all backed by the full faith and credit of the government. Additional information about the City's indebtedness is presented in Note 1 and Note 11 of the Notes to Financial Statements.

City of Midland, Michigan
Management's Discussion and Analysis
June 30, 2020

The City maintains an AA rating with Standard and Poor's and an Aa2 rating with Moody's for the issuance of general obligation debt. These ratings place Midland's debt in the range of investment grade bonds of high quality and upper medium quality, respectively.

CURRENT ECONOMIC EVENTS

The following priorities were considered when preparing the City's budget for the 2020-21 fiscal year.

- Public services shall be maintained at the highest level possible.
- The millage rate shall be kept at 15.14 mills, the same rate it has been since 2017-18.
- Maintain the General Fund's unreserved fund balance at \$6 million.
- Maintain the General Fund's reserve for budget stabilization at \$5.8 million.
- Provide an additional \$500,000 over the anticipated actuarial required amounts for defined-benefit retirement plans.
- Provide \$100,000 of additional funding over 2019-20 funding level for Stormwater Fund activities.
- Provide \$500,000 of funding to the Wastewater Fund to support flood mitigation activities currently underway.
- Taxable value for the City's residential and commercial properties will increase by 2.37% and 3.4%, respectively. Industrial taxable value will decrease by 3.9%.
- All required debt obligations, including funding beyond 100% of the annual required contributions for each of the City's three defined benefit plans will be included in the budget.

- Labor costs will be budgeted in accordance with the number of authorized positions and the collectively bargained labor and benefit rates. Full employment will be assumed.
- Capital expenditures will be budgeted in accordance with the engineering priorities plan, the City's capital and master plans, and departmental 5-year plans.
- Two-years of projections for the fiscal years 2021-22 and 2022-23 will be included in the budget.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning the information provided in this report, or requests for additional financial information, should be addressed to the Finance Department at the Midland City Hall, 333 W. Ellsworth Street, Midland, MI 48640. Finance Department staff can be reached at 989-837-3322 or at cityhall@midland-mi.org. Additional information can be obtained at the City's website, www.cityofmidlandmi.gov.

City of Midland, Michigan
Statement of Net Position
June 30, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 67,827,728	\$ 23,898,428	\$ 91,726,156
Investments	-	316,705	316,705
Receivables			
Taxes	1,393,811	-	1,393,811
Trust deeds	950,434	-	950,434
Customers	475	3,780,858	3,781,333
Special assessments	198,310	7,466	205,776
Accounts and contracts	1,272,608	61,704	1,334,312
Accrued interest	23,047	8,013	31,060
Contributions	200,000	-	200,000
Due from other units of government	2,821,669	-	2,821,669
Internal balances	(7,651,418)	7,651,418	-
Inventories	826,482	813,562	1,640,044
Prepaid items	1,364,174	48,804	1,412,978
Restricted assets			
Cash and cash equivalents	-	3,848,433	3,848,433
Assets held for resale	225,000	-	225,000
Investment in joint venture	461,769	13,988,878	14,450,647
Capital assets not being depreciated	9,791,604	4,677,278	14,468,882
Capital assets, net of accumulated depreciation	104,521,147	119,594,707	224,115,854
Total assets	184,226,840	178,696,254	362,923,094
Deferred outflows of resources			
Deferred amount on debt refunding	270,334	192,553	462,887
Deferred amount relating to net pension liability - MERS	8,033,251	2,810,596	10,843,847
Deferred amount relating to net pension liability - police and fire	2,033,676	-	2,033,676
Deferred amount relating to net OPEB liability	2,951,720	706,378	3,658,098
Total deferred outflows of resources	13,288,981	3,709,527	16,998,508

See Accompanying Notes to the Financial Statements

City of Midland, Michigan
Statement of Net Position
June 30, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Liabilities			
Accounts payable	\$ 1,799,979	\$ 777,132	\$ 2,577,111
Accrued and other liabilities	262,580	29,194	291,774
Due to other units of government	1,605	-	1,605
Guarantee and other deposits	309,752	310,784	620,536
Unearned revenue	192,847	85,278	278,125
Accrued interest	11,325	36,270	47,595
Noncurrent liabilities			
Debt due within one year	3,297,848	2,380,186	5,678,034
Due in more than one year			
Debt due in more than one year	5,119,111	11,499,604	16,618,715
Net pension liability - MERS	45,693,294	22,874,073	68,567,367
Net pension liability - police and fire	25,536,186	-	25,536,186
Net OPEB liability	35,632,086	8,527,148	44,159,234
Total liabilities	117,856,613	46,519,669	164,376,282
Deferred inflows of resources			
Deferred amount relating to net pension liability - police and fire	86,854	-	86,854
Deferred amount relating to net OPEB liability	406,981	97,393	504,374
Total deferred inflows of resources	493,835	97,393	591,228
Net position			
Net investment in capital assets	114,312,751	116,074,784	230,387,535
Restricted (expendable) for			
Central Park Miracle Field project	456,637	-	456,637
Major street	12,103,031	-	12,103,031
Local street	5,104,159	-	5,104,159
Smart zone	281,267	-	281,267
Center city authority	50,923	-	50,923
Downtown development authority	385,631	-	385,631
Community development block grant	834,880	-	834,880
Homeland security grant	14,825	-	14,825
Midland housing	404,298	-	404,298
Special activities	72,128	-	72,128
Debt service	228,829	-	228,829
Cemetery permanent fund			
Expendable	17,767	-	17,767
Nonexpendable	2,116,018	-	2,116,018
Unrestricted (deficit)	(57,217,771)	19,713,935	(37,503,836)
Total net position	\$ 79,165,373	\$ 135,788,719	\$ 214,954,092

See Accompanying Notes to the Financial Statements

City of Midland, Michigan
Statement of Activities
For the Year Ended June 30, 2020

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs							
Governmental activities							
General government	\$ 6,622,455	\$ -	\$ 8,387,721	\$ -	\$ 1,765,266	\$ -	\$ 1,765,266
Public safety	20,207,006	723,811	463,619	88,620	(18,930,956)	-	(18,930,956)
Public works	11,390,170	921,921	7,557,892	1,051,507	(1,858,850)	-	(1,858,850)
Sanitation	4,340,445	49,394	-	-	(4,291,051)	-	(4,291,051)
Community and economic development	870,413	22,658	169,684	112,000	(566,071)	-	(566,071)
Parks and recreation	5,726,419	331,987	13,087	627,357	(4,753,988)	-	(4,753,988)
Library and community television	4,593,125	1,097,947	422,874	718,060	(2,354,244)	-	(2,354,244)
Airport	382,272	221,981	-	207,787	47,496	-	47,496
Transportation	2,179,389	109,899	1,678,249	76,235	(315,006)	-	(315,006)
Interest and fiscal charges on long-term debt	178,540	-	104,853	-	(73,687)	-	(73,687)
Total governmental activities	56,490,234	3,479,598	18,797,979	2,881,566	(31,331,091)	-	(31,331,091)
Business-type activities							
Water	9,440,547	11,985,245	-	540,375	-	3,085,073	3,085,073
Wastewater	7,094,435	6,551,054	-	9,375	-	(534,006)	(534,006)
Sanitary landfill	5,875,420	4,255,155	-	-	-	(1,620,265)	(1,620,265)
Civic arena	1,224,677	925,622	-	-	-	(299,055)	(299,055)
Senior housing	4,425,959	3,772,955	10,246	34,639	-	(608,119)	(608,119)
Currie municipal golf course	1,291,241	783,740	-	80,000	-	(427,501)	(427,501)
Parking	194,671	92,424	-	-	-	(102,247)	(102,247)
Total business-type activities	29,546,950	28,366,195	10,246	664,389	-	(506,120)	(506,120)
Total primary government	\$ 86,037,184	\$ 31,845,793	\$ 18,808,225	\$ 3,545,955	(31,331,091)	(506,120)	(31,837,211)
General revenues							
Property taxes, levied for general purposes					26,275,045	-	26,275,045
Property taxes, levied for library					2,079,333	-	2,079,333
Property taxes, levied for downtown development authority					952,032	-	952,032
Property taxes, levied for debt service					531,588	-	531,588
Property taxes, levied for pension savings					2,530,579	-	2,530,579
Other tax related revenue - county road millage					3,940,056	-	3,940,056
State shared revenue, unrestricted					3,960,995	-	3,960,995
Unrestricted investment earnings					564,902	279,952	844,854
Gain on sale of capital assets					-	60,518	60,518
Miscellaneous					912,230	496,004	1,408,234
Transfers					(2,079,633)	2,079,633	-
Total general revenues and transfers					39,667,127	2,916,107	42,583,234
Change in net position					8,336,036	2,409,987	10,746,023
Net position - beginning of year					70,829,337	133,378,732	204,208,069
Net position - end of year					\$ 79,165,373	\$ 135,788,719	\$ 214,954,092

See Accompanying Notes to the Financial Statements

City of Midland, Michigan
Governmental Funds
Balance Sheet
June 30, 2020

	General Fund	Major Street Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 21,494,438	\$ 13,864,773	\$ 16,663,945	\$ 52,023,156
Receivables - net of allowances				
Taxes	381,114	978,539	34,158	1,393,811
Trust deeds	20,016	-	930,418	950,434
Customers	-	-	475	475
Accounts and contracts	517,532	22,754	448,593	988,879
Accrued interest	8,873	4,289	5,527	18,689
Contributions	200,000	-	-	200,000
Due from other units of government	1,230,466	780,893	810,310	2,821,669
Due from other funds	-	-	68,267	68,267
Inventories	48,498	-	185,154	233,652
Prepaid items	29,396	-	30,418	59,814
Assets held for resale	-	225,000	-	225,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 23,930,333</u>	<u>\$ 15,876,248</u>	<u>\$ 19,177,265</u>	<u>\$ 58,983,846</u>
Liabilities				
Accounts payable	\$ 488,741	\$ 292,306	\$ 795,613	\$ 1,576,660
Due to other funds	-	-	68,267	68,267
Due to other units of government	1,605	-	-	1,605
Deposits	274,244	-	34,008	308,252
Unearned revenue	246	-	192,601	192,847
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>764,836</u>	<u>292,306</u>	<u>1,090,489</u>	<u>2,147,631</u>
Deferred inflows of resources				
Grants and contributions	200,000	-	534,294	734,294
Trust deeds	-	-	930,418	930,418
State shared revenue	557,865	97,239	-	655,104
Other	-	-	131,707	131,707
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total deferred inflows of resources	<u>757,865</u>	<u>97,239</u>	<u>1,596,419</u>	<u>2,451,523</u>

See Accompanying Notes to the Financial Statements

City of Midland, Michigan
Governmental Funds
Balance Sheet
June 30, 2020

	General Fund	Major Street Fund	Nonmajor Governmental Funds	Total Governmental Funds
Fund balances				
Non-spendable				
Inventories	\$ 48,498	\$ -	\$ 185,154	\$ 233,652
Prepaid items	29,396	-	30,418	59,814
Trust deeds	20,016	-	-	20,016
Restricted for				
Central Park Miracle Field project	256,637	-	-	256,637
Major street	-	15,486,703	-	15,486,703
Local street	-	-	8,030,895	8,030,895
Smart zone	-	-	281,267	281,267
Center city authority	-	-	50,923	50,923
Grace A. Dow Memorial Library	-	-	1,329,789	1,329,789
Downtown development authority	-	-	780,360	780,360
Community development block grant	-	-	19,059	19,059
Midland housing	-	-	87,437	87,437
Special activities	-	-	67,569	67,569
Debt service	-	-	240,154	240,154
Cemetery operations				
Expendable	-	-	17,767	17,767
Nonexpendable	-	-	2,116,018	2,116,018
Committed				
Future year expenditures	4,306,125	-	123,313	4,429,438
Budget stabilization	5,776,443	-	-	5,776,443
Assigned	3,821,008	-	3,659,986	7,480,994
Unassigned (deficit)	8,149,509	-	(529,752)	7,619,757
 Total fund balances	 <u>22,407,632</u>	 <u>15,486,703</u>	 <u>16,490,357</u>	 <u>54,384,692</u>
 Total liabilities, deferred inflows of resources and fund balances	 <u>\$ 23,930,333</u>	 <u>\$ 15,876,248</u>	 <u>\$ 19,177,265</u>	 <u>\$ 58,983,846</u>

See Accompanying Notes to the Financial Statements

City of Midland, Michigan
Governmental Funds
Reconciliation of Fund Balances of Governmental Funds
to Net Position of Governmental Activities
June 30, 2020

Total fund balances for governmental funds	\$ 54,384,692
Total net position for governmental activities in the statement of net position is different because:	
Capital assets net of accumulated depreciation used in governmental activities are not financial resources and therefore are not reported in the funds.	94,877,694
Capital assets not being depreciated used in governmental activities are not financial resources and therefore are not reported in the funds.	9,736,604
Investment in joint ventures are not financial resources and therefore are not reported in the governmental funds.	461,769
Certain receivables are not available to pay for current period expenditures and therefore are deferred in the funds.	2,451,523
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(11,325)
Deferred outflows (inflows) of resources.	
Deferred outflows of resources resulting from debt refunding	270,334
Deferred outflows of resources resulting from net pension liability - MERS	7,371,884
Deferred outflows of resources resulting from net pension liability - police and fire	2,033,676
Deferred outflows of resources resulting from net OPEB liability	2,773,937
Deferred inflows of resources resulting from net pension liability - police and fire	(86,854)
Deferred inflows of resources resulting from net OPEB liability	(382,469)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and therefore are not reported as fund liabilities.	
Net pension liability - MERS	(40,310,756)
Net pension liability - police and fire	(25,536,186)
Net OPEB liability	(33,485,947)
Bonds payable	(4,530,000)
Compensated absences	(3,626,005)
Internal service funds are included as part of governmental activities.	<u>12,772,802</u>
Net position of governmental activities	<u><u>\$ 79,165,373</u></u>

See Accompanying Notes to the Financial Statements

City of Midland, Michigan
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2020

	General Fund	Major Street Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 28,728,078	\$ 3,940,056	\$ 3,640,499	\$ 36,308,633
Licenses and permits	481,489	114,114	126,196	721,799
Federal grants	12,859	2,204	938,178	953,241
State revenue sharing	3,960,995	-	-	3,960,995
Other state grants	8,635,131	6,121,019	2,547,373	17,303,523
Local contributions	518,589	890,158	901,664	2,310,411
Charges for services	2,918,553	44,199	1,207,846	4,170,598
Use and admission charges	243,061	-	-	243,061
Interest income	327,284	101,272	136,346	564,902
Rental income	92,176	-	-	92,176
Other revenue	1,114,435	34,977	208,421	1,357,833
	<u>47,032,650</u>	<u>11,247,999</u>	<u>9,706,523</u>	<u>67,987,172</u>
Expenditures				
Current				
General government	8,664,735	-	-	8,664,735
Public safety	20,078,324	-	253,827	20,332,151
Public works	2,704,835	1,706,495	1,895,951	6,307,281
Sanitation	4,552,962	-	-	4,552,962
Community and economic development	-	-	873,744	873,744
Parks and recreation	5,605,523	-	-	5,605,523
Library and community television	-	-	4,450,872	4,450,872
Airport	316,785	-	-	316,785
Transportation	-	-	2,095,448	2,095,448
Capital outlay	754,227	4,062,896	1,642,010	6,459,133
Debt service				
Principal retirement	-	-	1,470,000	1,470,000
Interest and fiscal charges	-	-	92,103	92,103
	<u>42,677,391</u>	<u>5,769,391</u>	<u>12,773,955</u>	<u>61,220,737</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,355,259</u>	<u>5,478,608</u>	<u>(3,067,432)</u>	<u>6,766,435</u>

See Accompanying Notes to the Financial Statements

City of Midland, Michigan
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2020

	General Fund	Major Street Fund	Nonmajor Governmental Funds	Total Governmental Funds
Other financing sources (uses)				
Proceeds from sale of capital assets	\$ 717	\$ -	\$ -	\$ 717
Transfers in	23,448	-	7,164,890	7,188,338
Transfers out	<u>(5,095,477)</u>	<u>(2,518,974)</u>	<u>(1,630,182)</u>	<u>(9,244,633)</u>
Total other financing sources (uses)	<u>(5,071,312)</u>	<u>(2,518,974)</u>	<u>5,534,708</u>	<u>(2,055,578)</u>
Net change in fund balance	(716,053)	2,959,634	2,467,276	4,710,857
Fund balance - beginning of year	<u>23,123,685</u>	<u>12,527,069</u>	<u>14,023,081</u>	<u>49,673,835</u>
Fund balance - end of year	<u>\$ 22,407,632</u>	<u>\$ 15,486,703</u>	<u>\$ 16,490,357</u>	<u>\$ 54,384,692</u>

See Accompanying Notes to the Financial Statements

City of Midland, Michigan
Governmental Funds
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, 2020

Net change in fund balances - Total governmental funds	\$ 4,710,857
Total change in net position reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation expense	(6,686,500)
Capital outlay	6,052,440
Donations of capital assets	469,795
Loss on disposal of capital assets	(1,817)
Investment in joint ventures are not financial resources and therefore are not shown in the fund financial statements.	(82,673)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the fund financial statements	
State shared revenue	(101,807)
Grants	683,468
Trust deeds	(20,553)
Other	(16,500)
Expenses are recorded when incurred in the statement of activities.	
Accrued interest	3,675
Compensated absences	(174,715)
The statement of net position reports the net pension and OPEB liabilities and deferred outflows of resources and deferred inflows related to the net pension and OPEB liability and pension and OPEB expense. However, the amount recorded on the governmental funds equals actual pension contributions.	
Net change in net pension liability - MERS	(1,399,533)
Net change in net pension liability - police and fire	(1,908,351)
Net change in net OPEB liability	510,691
Net change in the deferred inflows of resources related to the net pension liability - police and fire	638,652
Net change in the deferred inflows of resources related to the net OPEB liability	726,481
Net change in the deferred outflows of resources related to the net pension liability - MERS	1,509,622
Net change in the deferred outflows of resources related to the net pension liability - police and fire	449,646
Net change in the deferred outflows of resources related to the net OPEB liability	182,632
Bond proceeds are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.	
Repayments of long-term debt	1,470,000
Amortization of premiums, discounts and similar items	(90,112)
Internal service funds are included as governmental activities.	1,410,638
Change in net position of governmental activities	\$ 8,336,036

See Accompanying Notes to the Financial Statements

City of Midland, Michigan
Proprietary Funds
Statement of Net Position
June 30, 2020

	Water Fund	Wastewater Fund	Sanitary Landfill Fund	Nonmajor Enterprise Funds	Total	Internal Service Funds
Assets						
Current assets						
Cash and cash equivalents	\$ 8,014,713	\$ 2,673,879	\$ 8,574,458	\$ 4,635,378	\$ 23,898,428	\$ 15,804,572
Investments	-	-	-	316,705	316,705	-
Receivables - net of allowances						
Customers	1,943,538	1,116,048	686,394	34,878	3,780,858	-
Special assessments, current	3,802	3,664	-	-	7,466	52,012
Accounts and contracts	7,998	25,735	7,103	20,868	61,704	283,729
Accrued interest	2,529	1,262	2,741	1,481	8,013	4,358
Inventories	759,851	-	-	53,711	813,562	592,830
Prepaid items	-	-	-	48,804	48,804	1,304,360
Restricted assets						
Cash and cash equivalents	-	1,342,775	-	-	1,342,775	-
Total current assets	<u>10,732,431</u>	<u>5,163,363</u>	<u>9,270,696</u>	<u>5,111,825</u>	<u>30,278,315</u>	<u>18,041,861</u>
Noncurrent assets						
Restricted assets						
Cash and cash equivalents	93,135	-	2,412,523	-	2,505,658	-
Special assessments receivable	-	-	-	-	-	146,298
Capital assets not being depreciated	340,256	1,610,913	1,349,767	1,376,342	4,677,278	55,000
Capital assets, net of accumulated depreciation	45,249,447	38,554,885	12,826,629	22,963,746	119,594,707	9,643,453
Investment in joint venture	13,988,878	-	-	-	13,988,878	-
Total noncurrent assets	<u>59,671,716</u>	<u>40,165,798</u>	<u>16,588,919</u>	<u>24,340,088</u>	<u>140,766,521</u>	<u>9,844,751</u>
Total assets	<u>70,404,147</u>	<u>45,329,161</u>	<u>25,859,615</u>	<u>29,451,913</u>	<u>171,044,836</u>	<u>27,886,612</u>
Deferred outflows of resources						
Deferred amount of debt refunding	-	-	-	192,553	192,553	-
Deferred amount relating to net pension liability - MERS	1,182,877	725,397	550,998	351,324	2,810,596	661,367
Deferred amount relating to net OPEB liability	303,988	187,660	117,425	97,305	706,378	177,783
Total deferred outflows of resources	<u>1,486,865</u>	<u>913,057</u>	<u>668,423</u>	<u>641,182</u>	<u>3,709,527</u>	<u>839,150</u>

See Accompanying Notes to the Financial Statements

City of Midland, Michigan
Proprietary Funds
Statement of Net Position
June 30, 2020

	Water Fund	Wastewater Fund	Sanitary Landfill Fund	Nonmajor Enterprise Funds	Total	Internal Service Funds
Liabilities						
Current liabilities						
Accounts payable	\$ 354,536	\$ 79,206	\$ 138,371	\$ 205,019	\$ 777,132	\$ 223,319
Accrued and other liabilities	-	-	-	29,194	29,194	-
Deposits	1,820	-	-	215,829	217,649	1,500
Unearned revenue	27,951	2,437	-	54,890	85,278	-
Accrued interest	-	2,775	22,906	10,589	36,270	-
Estimated healthcare claims	-	-	-	-	-	262,580
Total current liabilities	<u>384,307</u>	<u>84,418</u>	<u>161,277</u>	<u>515,521</u>	<u>1,145,523</u>	<u>487,399</u>
Noncurrent liabilities						
Current portion of noncurrent liabilities	183,370	1,442,919	414,670	339,227	2,380,186	131,518
Guarantee deposits	93,135	-	-	-	93,135	-
Long-term debt net of current portion	164,415	424,327	3,429,773	2,815,089	6,833,604	129,436
Net pension liability - MERS	9,626,858	5,903,650	4,484,306	2,859,259	22,874,073	5,382,538
Net OPEB liability	3,669,632	2,265,369	1,417,511	1,174,636	8,527,148	2,146,139
Accrued landfill closure and postclosure care costs	-	-	4,666,000	-	4,666,000	-
Total noncurrent liabilities	<u>13,737,410</u>	<u>10,036,265</u>	<u>14,412,260</u>	<u>7,188,211</u>	<u>45,374,146</u>	<u>7,789,631</u>
Total liabilities	<u>14,121,717</u>	<u>10,120,683</u>	<u>14,573,537</u>	<u>7,703,732</u>	<u>46,519,669</u>	<u>8,277,030</u>
Deferred inflows of resources						
Deferred amount relating to net OPEB liability	<u>41,913</u>	<u>25,874</u>	<u>16,190</u>	<u>13,416</u>	<u>97,393</u>	<u>24,512</u>
Net position						
Net investment in capital assets	45,589,703	38,521,735	10,511,396	21,451,950	116,074,784	9,698,453
Unrestricted (deficit)	<u>12,137,679</u>	<u>(2,426,074)</u>	<u>1,426,915</u>	<u>923,997</u>	<u>12,062,517</u>	<u>10,725,767</u>
Total net position	<u>\$ 57,727,382</u>	<u>\$ 36,095,661</u>	<u>\$ 11,938,311</u>	<u>\$ 22,375,947</u>	128,137,301	<u>\$ 20,424,220</u>
Some amounts reported for business-type activities in the statement of net position are different because certain internal service funds assets and liabilities are reported with business-type activities					<u>7,651,418</u>	
Net position of business-type activities					<u>\$ 135,788,719</u>	

See Accompanying Notes to the Financial Statements

City of Midland, Michigan
Proprietary Funds
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2020

	Water Fund	Wastewater Fund	Sanitary Landfill Fund	Nonmajor Enterprise Funds	Total	Internal Service Funds
Operating revenue						
Customer fees	\$ 11,474,909	\$ 6,397,654	\$ -	\$ -	\$ 17,872,563	\$ -
Use and admission charges	-	-	4,253,323	1,783,513	6,036,836	-
Billings to other funds	-	-	-	-	-	12,282,466
Rental income	391,398	-	-	2,711,391	3,102,789	5,781,864
Fines and forfeits	103,210	88,272	1,832	-	193,314	-
Sale of meals	-	-	-	773,921	773,921	-
Other revenue	128,367	168,427	28,281	438,763	763,838	1,705,235
Total operating revenue	12,097,884	6,654,353	4,283,436	5,707,588	28,743,261	19,769,565
Operating expenses						
Operations	2,862,151	1,817,662	4,367,468	5,712,834	14,760,115	16,559,557
Administration	1,236,135	1,208,541	-	-	2,444,676	-
Maintenance	3,647,189	2,155,694	-	148,838	5,951,721	-
Other expenses	829	147,586	21,004	17,933	187,352	-
Depreciation and amortization	1,846,325	1,820,279	1,463,318	1,130,924	6,260,846	1,689,076
Total operating expenses	9,592,629	7,149,762	5,851,790	7,010,529	29,604,710	18,248,633
Operating income (loss)	2,505,255	(495,409)	(1,568,354)	(1,302,941)	(861,449)	1,520,932
Nonoperating revenue (expenses)						
Interest income	59,136	35,327	137,445	48,044	279,952	112,409
Contractual revenues	118,938	-	-	-	118,938	-
Gain on disposition of assets	8,843	16,043	35,632	-	60,518	143,410
Interest expense	-	(53,102)	(93,406)	(149,928)	(296,436)	-
Total nonoperating revenues (expenses)	186,917	(1,732)	79,671	(101,884)	162,972	255,819
Income (loss) before contributions and transfers	2,692,172	(497,141)	(1,488,683)	(1,404,825)	(698,477)	1,776,751

See Accompanying Notes to the Financial Statements

City of Midland, Michigan
Proprietary Funds
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2020

	Water Fund	Wastewater Fund	Sanitary Landfill Fund	Nonmajor Enterprise Funds	Total	Internal Service Funds
Capital contributions	\$ 540,375	\$ 9,375	\$ -	\$ 124,885	\$ 674,635	\$ 11,421
Transfers in	-	1,338,725	-	740,908	2,079,633	-
Transfers out	-	-	-	-	-	(23,338)
Change in net position	3,232,547	850,959	(1,488,683)	(539,032)	2,055,791	1,764,834
Net position - beginning of year	<u>54,494,835</u>	<u>35,244,702</u>	<u>13,426,994</u>	<u>22,914,979</u>	<u>126,081,510</u>	<u>18,659,386</u>
Net position - end of year	<u>\$ 57,727,382</u>	<u>\$ 36,095,661</u>	<u>\$ 11,938,311</u>	<u>\$ 22,375,947</u>	\$ 128,137,301	<u>\$ 20,424,220</u>
Some amounts reported for business-type activities in the statement of activities are different because the net revenue (expense) of certain internal service funds is reported with business-type activities					<u>354,196</u>	
Change in net position of business-type activities					<u>\$ 2,409,987</u>	

See Accompanying Notes to the Financial Statements

City of Midland, Michigan
Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2020

	Water Fund	Wastewater Fund	Sanitary Landfill Fund	Nonmajor Enterprise Funds	Total	Internal Service Funds
Cash flows from operating activities						
Receipts from customers	\$ 11,898,601	\$ 6,611,961	\$ 4,145,126	\$ 5,709,374	\$ 28,365,062	\$ 7,295,440
Receipts from other funds	-	-	-	-	-	12,286,311
Payments to suppliers	(5,447,053)	(2,250,838)	(954,674)	(3,261,217)	(11,913,782)	(13,854,360)
Payments to employees	(3,552,302)	(2,826,471)	(2,780,596)	(2,393,551)	(11,552,920)	(2,715,385)
Net cash provided by operating activities	<u>2,899,246</u>	<u>1,534,652</u>	<u>409,856</u>	<u>54,606</u>	<u>4,898,360</u>	<u>3,012,006</u>
Cash flows from noncapital financing activities						
Transfer from other funds	-	1,338,725	-	740,908	2,079,633	-
Transfers to other funds	-	-	-	-	-	(23,338)
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>1,338,725</u>	<u>-</u>	<u>740,908</u>	<u>2,079,633</u>	<u>(23,338)</u>
Cash flows from capital and related financing activities						
Capital contributions	-	-	-	124,885	124,885	11,421
Purchases/construction of capital assets	(1,498,275)	(1,359,260)	(608,511)	(189,795)	(3,655,841)	(1,770,379)
Principal and interest paid on long-term debt	-	(1,373,102)	(378,406)	(423,247)	(2,174,755)	-
Proceeds from sale of capital assets	8,843	16,043	56,715	-	81,601	144,989
Net cash used by capital and related financing activities	<u>(1,489,432)</u>	<u>(2,716,319)</u>	<u>(930,202)</u>	<u>(488,157)</u>	<u>(5,624,110)</u>	<u>(1,613,969)</u>
Cash flows from investing activities						
Interest received	<u>59,136</u>	<u>35,327</u>	<u>137,445</u>	<u>108,184</u>	<u>340,092</u>	<u>112,409</u>
Net change in cash and cash equivalents	1,468,950	192,385	(382,901)	415,541	1,693,975	1,487,108
Cash and cash equivalents - beginning of year	<u>6,638,898</u>	<u>3,824,269</u>	<u>11,369,882</u>	<u>4,219,837</u>	<u>26,052,886</u>	<u>14,317,464</u>
Cash and cash equivalents - end of year	<u>\$ 8,107,848</u>	<u>\$ 4,016,654</u>	<u>\$ 10,986,981</u>	<u>\$ 4,635,378</u>	<u>\$ 27,746,861</u>	<u>\$ 15,804,572</u>

See Accompanying Notes to the Financial Statements

City of Midland, Michigan
Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2020

	Water Fund	Wastewater Fund	Sanitary Landfill Fund	Nonmajor Enterprise Funds	Total	Internal Service Funds
Cash and equivalents reported on Statement of Net Position as follows						
Cash and cash equivalents	\$ 8,014,713	\$ 2,673,879	\$ 8,574,458	\$ 4,635,378	\$ 23,898,428	\$ 15,804,572
Cash and cash equivalents - restricted current	-	1,342,775	-	-	1,342,775	-
Cash and cash equivalents - restricted noncurrent	93,135	-	2,412,523	-	2,505,658	-
Net cash and equivalents	<u>\$ 8,107,848</u>	<u>\$ 4,016,654</u>	<u>\$ 10,986,981</u>	<u>\$ 4,635,378</u>	<u>\$ 27,746,861</u>	<u>\$ 15,804,572</u>
Noncash investing activities - changes in fair value of investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (60,140)</u>	<u>\$ (60,140)</u>	<u>\$ -</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities						
Operating income (loss)	\$ 2,624,193	\$ (495,409)	\$ (1,568,354)	\$ (1,302,941)	\$ (742,511)	\$ 1,520,932
Adjustments to reconcile operating income to net cash from operating activities						
Depreciation and amortization expense	1,846,325	1,820,279	1,463,318	1,130,924	6,260,846	1,689,076
Noncash portion related to net pension liability - MERS	(651,956)	173,161	530,402	134,271	185,878	193,043
Noncash portion related to net OPEB liability	(378,231)	(42,544)	33,665	(15,381)	(402,491)	(4,007)
Loss on investment in joint venture	2,376	-	-	-	2,376	-
Changes in assets and liabilities						
Receivables (net)	(318,221)	(42,392)	(138,310)	1,786	(497,137)	(187,814)
Inventories	(26,341)	-	-	4,555	(21,786)	148,645
Prepaid items	-	-	-	(15,901)	(15,901)	(351,321)
Deferred outflows relating to net pension liability - MERS	365,702	137,943	44,687	59,216	607,548	120,469
Deferred outflows relating to net OPEB liability	4,550	(11,745)	(11,945)	(6,599)	(25,739)	(13,894)
Accounts payable	(537,444)	34,598	17,052	62,331	(423,463)	2,652
Accrued and other liabilities	46,141	9,312	(11,709)	(12,253)	31,491	(60,151)
Deposits	-	-	-	54,039	54,039	-
Accrued landfill closure costs	-	-	80,000	-	80,000	-
Unearned revenue	12,278	858	-	(11,807)	1,329	-
Deferred inflows relating to net pension liability - MERS	-	-	-	(7,793)	(7,793)	-
Deferred inflows relating to net OPEB liability	(90,126)	(49,409)	(28,950)	(19,841)	(188,326)	(45,624)
Net cash provided by operating activities	<u>\$ 2,899,246</u>	<u>\$ 1,534,652</u>	<u>\$ 409,856</u>	<u>\$ 54,606</u>	<u>\$ 4,898,360</u>	<u>\$ 3,012,006</u>

See Accompanying Notes to the Financial Statements

City of Midland, Michigan
Fiduciary Funds
Statement of Net Position
June 30, 2020

	Police and Fire Retirement Trust Fund	Agency Funds
Assets		
Cash and cash equivalents	\$ 2,127,584	\$ 1,274,004
Investments		
Common stock	31,091,324	-
Preferred stock	765,981	-
Bonds	20,170,984	-
International funds	10,029,025	-
Alternative investments	3,491,207	-
Receivables - net of allowances		
Accounts and contracts	-	238,431
Accrued interest and other	82,497	85
Prepays	-	73,153
	<u>67,758,602</u>	<u>\$ 1,585,673</u>
Liabilities		
Accrued and other liabilities	-	\$ 773,929
Due to foundations	-	300,535
Due to other units of government	-	511,209
	<u>-</u>	<u>\$ 1,585,673</u>
Net position		
Net position restricted for pensions	<u>\$ 67,758,602</u>	

See Accompanying Notes to the Financial Statements

City of Midland, Michigan
Fiduciary Funds
Statement of Changes in Net Position
For the Year Ended June 30, 2020

	<u>Police and Fire Retirement Trust Fund</u>
Additions	
Contributions	
Employer	\$ 3,447,568
Plan members	<u>652,966</u>
Total contributions	<u>4,100,534</u>
Investment earnings	
Net gain on fair value of investments	927,947
Interest	380,064
Dividends	<u>1,190,888</u>
Total investment earnings	2,498,899
Less investment expense	<u>(444,063)</u>
Net investment earnings	2,054,836
Other expense	<u>(687,934)</u>
Total additions	<u>5,467,436</u>
Deductions	
Benefits paid	<u>5,516,387</u>
Change in net position	(48,951)
Net position restricted for pensions - beginning of year	<u>67,807,553</u>
Net positions restricted for pensions - end of year	<u><u>\$ 67,758,602</u></u>

See Accompanying Notes to the Financial Statements

City of Midland, Michigan

Notes to the Financial Statements

June 30, 2020

Note 1 - Summary of Significant Accounting Policies

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

Reporting Entity

The City of Midland is a municipal corporation governed by an elected five-member City Council (the "Council"), which biannually selects one of its members to serve as mayor. The City operates under a council-manager form of government. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the government's operations and data from these units are therefore combined with data from the primary government.

Blended Component Unit

Midland Downtown Development Authority – The Midland Downtown Development Authority (MDDA) was established in 1987 for the purpose of maintaining and renovating the downtown Midland area. The MDDA is administered by a 12-person board, which is appointed by the City Council. Funding for the MDDA is provided by a two-mill levy on property within the district and by tax increment financing. All projects initiated by the MDDA are considered public improvements to the City's infrastructure, parks, or parking facilities. Since the MDDA is used exclusively as a financing source for City facilities, it has been blended into the financial statements of the City as a Special Revenue Fund. The MDDA has a June 30 year end.

Center City Authority – The Center City Authority (CCA) was established in May 2008 for the purpose of capturing incremental tax revenues generated in the district to reinvest them in the district thus enhancing the area's business climate. The CCA is administered by a seven-member board, which is appointed by the City Council. Funding for the CCA mainly comes from tax increment financing from properties located within the CCA district. All projects initiated by the CCA will be considered public improvements by the City facilities, it has been blended into the financial statements as a Special Revenue Fund. The CCA has a June 30 year end.

Joint Ventures

Saginaw-Midland Municipal Water Supply Corporation – The Saginaw-Midland Municipal Water Supply Corporation (SMMWSC), located approximately 13.5 miles east of the City of Midland, is an Authority incorporated by the Cities of Midland and Saginaw, Michigan, under Act 233, Public Acts of Michigan, 1955, as amended. The SMMWSC is administered by a six-member board of trustees, each community appointing three members, and is empowered to prepare, adopt, and submit to the legislative bodies of each municipality an annual budget covering estimated revenues, proposed expenditures, and the necessary funds required from each municipality for the next fiscal year.

Funding for the acquisition of property and for the development and improvement of the water supply system is provided by sale of SMMWSC negotiable bonds secured by the full faith and credit of each municipality in a ratio based upon predetermined capacity reserves; 20/43rds for the City of Midland and 23/43rds for the City of Saginaw. Funding for operations is provided by sale of water to the two communities on a consumption basis. The City's equity in the SMMWSC is accounted for in the Water Fund, which is included in the business-type activities column of the statement of net position.

City of Midland, Michigan
Notes to the Financial Statements
June 30, 2020

A summary of SMMWSC's financial information for the year ended June 30, 2020 follows:

Total assets and deferred outflows of resources	\$ 36,926,444
Total liabilities and deferred inflows of resources	6,850,356
Equity - City of Midland	13,988,878
Equity - City of Saginaw	16,087,210
Total revenues	4,516,821
Total expenses	4,521,929
Net loss	(5,108)

At June 30, 2020, total outstanding bonded debt of the SMMWSC was \$3,865,000. The City was obligated for \$1,797,674 of this total.

Midland City/County Joint Building Authority – The City's ownership interest in the Midland City/County Joint Building Authority is accounted for in the governmental activities column of the statement of net position. The Authority was created as a financing vehicle for the Midland Law Enforcement Center. The Law Enforcement Center is leased from the Joint Building Authority (JBA) by the City of Midland Police Department and the Midland County Sheriff Department. The JBA is governed by a three-person board with the City and County each appointing one member and with the third member being mutually appointed. Additional information concerning the Joint Building Authority and its lease with the City is detailed later in the notes.

Complete financial statements, which are audited for the Saginaw-Midland Municipal Water Supply Corporation and the Midland City/County Joint Building Authority, are available from the City Clerk's office.

Total net position per the JBA June 30, 2020 financial statements was \$712,606. The City's equity of 64.80 percent of this total, resulted in \$461,769 at June 30, 2020 which is recorded in the government-wide statements.

The City is unaware of any circumstances that would cause an additional benefit or burden to the participating parties in the near future for any of the above organizations.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. *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 certain 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 segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

City of Midland, Michigan
Notes to the Financial Statements
June 30, 2020

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements, excluding agency funds which have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Sales and motor fuel taxes collected and held by the State at fiscal year end on behalf of the City are also recognized as revenue of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City 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 revenues from charges for services, gas and weight taxes and property taxes levied for expenditures relating to construction activities, repairs, and maintenance of all major streets and trunklines.

The City reports the following major proprietary funds:

The Water Fund accounts for the operation and maintenance of the City's water supply system and capital additions.

The Wastewater Fund accounts for the operation and maintenance of the City's sewage disposal system, capital additions and retirement of bonds.

The Sanitary Landfill Fund accounts for the operation and maintenance of the City's trash and garbage disposal system. The fund also accounts for the operations of the gas to energy program.

The City reports the following nonmajor governmental funds:

Special Revenue Funds

The Local Street Fund accounts for the maintenance and construction of streets designated by the Michigan Department of Transportation as local streets.

The Smart Zone Fund through a partnership with Midland Business Alliance accounts for funds collected from the Tax Increment Financing District to align and strategically fund community economic development functions building on

City of Midland, Michigan
Notes to the Financial Statements
June 30, 2020

Midland's base of innovation in the chemical and advanced materials sectors.

The Center City Authority Fund accounts for the economic growth in the City Center as it becomes a destination for endless possibilities to eat, shop, and explore.

The Stormwater Management Fund accounts for storm sewer maintenance, open drain cleaning, and county drain assessments related to storm water management within the City.

The Grace A. Dow Memorial Library Fund accounts for property taxes, library services revenue and a General Fund subsidy to be used for providing library services to the citizens of Midland.

The Community Development Block Grant Fund accounts for grant revenues from the Department of Housing and Urban Development to be used for residential and other capital improvements.

The Homeland Security grant fund accounts for the City's fiduciary activities to administer Homeland Security grant funding for various local community subrecipients.

The Dial-A-Ride Transportation Fund accounts for the City's Dial-A-Ride transportation system.

The Downtown Development Authority Fund accounts for property taxes levied by and authority established for the purpose of maintaining and renovating the downtown Midland area.

The Midland Community Television Fund accounts for franchise fees generated by an agreement with local cable companies to support two public access channels operated by the City.

Special Activities Fund accounts for various types of activities that are specifically funded by outside parties, not appropriate to be accounted for in any other Special Revenue Fund, and for which the City is the benefactor of those activities.

The Midland Housing Fund is used to account for a housing rehabilitation program, which was established by a local foundation.

Debt Service Fund

The Debt Service Fund accounts for the servicing of general long-term debt not being financed by proprietary or nonexpendable trust funds.

Permanent Fund

The Cemetery Fund is used to account for the Midland Cemetery perpetual care principal and interest earnings.

The City reports the following nonmajor proprietary funds:

The Civic Arena Fund accounts for the operations and maintenance of the City's ice arena facility, capital additions, and retirement of debt.

The Washington Woods Fund accounts for the operation and maintenance of one of the City's senior housing rental properties.

The Riverside Place Fund accounts for the operation and maintenance of one of the City's senior housing rental properties.

The Currie Municipal Golf Course Fund accounts for the operation and maintenance of the City's golf course.

The Parking Fund accounts for the operations of the City's metered and leased parking spaces and downtown parking structure.

City of Midland, Michigan
Notes to the Financial Statements
June 30, 2020

Additionally, the City reports the following internal service funds:

The Information Services Fund accounts for the operations of the City's Information Services Department.

The Store Revolving Fund accounts for the revenue and expenses associated with inventory items consumed by various departments and not specific to any one department.

The Equipment Revolving Fund accounts for rental charges of City-owned equipment to other City departments.

The Municipal Service Center Fund accounts for the operations of the City's Service Center building.

The Property and Liability Insurance Fund accounts for insurance expenses resulting from property and liability claims.

The Health Insurance Fund accounts for revenues and expenses of the City's self-insurance program for health insurance along with the contributions toward postemployment healthcare benefits.

The Special Assessment Revolving Fund accounts for the funding of the City's special assessment projects.

The Municipal Service Annex Fund accounts for the operations of the City's Municipal Service Annex building.

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Because these funds represent trust responsibilities of the City, these assets are restricted in purpose and do not represent discretionary assets of the City. The City's only fiduciary fund in the current year is the Police and Fire Retirement Fund. The City's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position.

The agency funds account for assets held by the City in a trustee capacity. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results in operations. The City administers the following agency funds:

The Payroll Fund is used to account for all benefits charged and all deductions withheld during payroll processing until payments are remitted.

The Midland Downtown Business Association Fund accounts for special assessments charged to property owners within the Authority district for promotion of this area. The City acts as an agent for the financial management of this authority.

The DDA Façade Improvements Fund accounts for loans to businesses in the Downtown Development Authority business district. The funding for these loans was provided by a grant from the Rollin M. Gerstacker Foundation.

The Tax Collection Fund is used to account for taxes collected on behalf of other governmental units.

The Center City Façade Improvements Fund accounts for loans to commercial property owners and business owners in the Center City corridor for qualifying façade improvements. The funding for these loans was provided by a grant from the Midland Area Community Foundation.

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 where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the City's water and wastewater 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.

City of Midland, Michigan
Notes to the Financial Statements
June 30, 2020

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. 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 proprietary funds and the 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. The portion intended to recover the cost of infrastructure is recognized as nonoperating revenue. Operating expenses for the proprietary funds and the internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

Deposits and investments – Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value based on quoted market price. Certificate of deposits are stated at cost which approximates fair value.

Receivables and payables – In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangement outstanding at the end of the fiscal year is referred to as "advances to/from other

funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

Property tax receivables are shown as net of allowance for uncollectible amounts totaling \$65,500. The property tax receivable allowance at June 30, 2020 equals 100 percent of outstanding property taxes over two years old, 50 percent of outstanding property taxes two years old, and 10 percent of outstanding property taxes one year old.

Properties are assessed annually as of December 31, and property taxes are billed and become a lien on July 1 of the following year. These taxes are due on September 15 with a final collection date of February 28 before they are added to the county tax roll. The City also bills and collects an amount each December, primarily for schools, County, and college. Also included in the December billing is a tax administration fee, which is revenue to the City. The December billing is due February 14 with a final collection date of February 28. Penalties and interest are assessed on payments received after the due date.

The 2019 taxable valuation of the City totaled \$2,107,701,550 on which ad valorem taxes consisted of 12.642 mills for the City's operating purposes, 1.0000 mills for Library services, 1.2399 for pension savings, and 0.2566 mills for debt levies. This resulted in \$25,217,798 for operating expenses, \$1,994,763 for the Library, \$2,473,307 for pension savings, and \$540,836 for debt service, exclusive of any Michigan Tax Tribunal or Board of Review adjustments.

Inventories and prepaid items – Inventories are valued at cost, on an average cost method. 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 the government-wide and fund financial statements.

City of Midland, Michigan
Notes to the Financial Statements
June 30, 2020

Restricted assets – Certain resources are set aside for debt service on the City's Enterprise Fund general obligation bonds and are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. Additionally, certain resources are set aside for closure and postclosure costs for the enterprise landfill operation and are classified as restricted assets because their use is limited by applicable State regulations.

Assets held for resale – include properties acquired with the express intent of resale. Properties are recorded at cost in the governmental funds. At year end, the City's Major Street fund held property with the intent of selling or exchanging it for road right-of-way property for future street expansion projects.

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

The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Projects with total costs of less than \$10,000 are considered repairs and are reported as expenses in the year incurred. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings	50 years
Building improvements	20 years
Land improvements	50 years
Roads and sidewalks	20 to 30 years
Water and sewer distribution systems	50 years
Vehicles	3 to 10 years
Equipment	10 years
Library circulation materials	5 years
Computer equipment	4 years

Deferred outflows of resources – A deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period. The City reported deferred outflows of resources as a result of pension and OPEB earnings. This amount is the result of a difference between what the plan expected to earn from plan investments and what is actually earned. This amount will be amortized over the next four years and included in pension and OPEB expense. Changes in assumptions and experience differences relating to the net pension liability and net OPEB liability are deferred and amortized over the expected remaining service lives of the employees and retirees in the plan. The City also reported deferred outflows of resources for pension contributions made after the measurement date. This amount will reduce the net pension liability in the following year. Deferred amounts on bond refundings are included in government-wide financial statements. The amounts represent the difference between reacquisition price and the net carrying amount of the prior debt.

Compensated absences – It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation pay is fully vested when earned, and sick pay is conditionally vested upon completion of 10 years of service. Upon retirement, employees are paid accumulated vacation and one-half of unused sick days at their hourly rate as of their retirement date.

City of Midland, Michigan
Notes to the Financial Statements
June 30, 2020

All sick and vacation pay is accrued when incurred in the government-wide, and proprietary fund financial statements. A liability for the entire amount, current and long term is accrued 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 and retirements.

Long-term obligations – In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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.

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees Retirement System (MERS) of Michigan and the Police and Fire Retirement System and additions to/deductions from MERS and the Police and Fire Retirement System's fiduciary net position have been determined on the same basis as they are reported to the systems. 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.

Other Postemployment Benefits (OPEB) – For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City of Midland's Retiree Healthcare Plan ("the Plan") and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Deferred inflows of resources – A deferred inflow of resources is an acquisition of net position by the government that is applicable to a future reporting period. For governmental funds this includes unavailable revenue in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period. The City reports deferred inflows of resources as a result of pension and OPEB earnings. This amount is the result of a difference between what the plan expected to earn from the plan investments and what the plan actually earned. This amount will be amortized over the next four years and included in pension and OPEB expense. Changes in assumptions and experience differences relating to the net pension liability and net OPEB liability are deferred and amortized over the expected remaining service lives of the employees and retirees in the plan.

Fund equity – In the fund financial statements, governmental funds report fund balance in the following categories:

Non-spendable – assets that are not available in a spendable form.

Restricted – amounts that are legally imposed or otherwise required by external parties to be used for a specific purpose.

City of Midland, Michigan
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Committed – amounts constrained on use imposed by the City's highest level of decision-making, its City Council. A fund balance commitment may be established, modified, or rescinded by a resolution of the City Council.

The governmental funds have committed fund balance as of June 30, 2020 for the following purposes:

General future expenditures	\$ 4,306,125
General budget stabilization	5,776,443
Stormwater management	76,142
Midland community television	<u>47,171</u>
 Total	 <u><u>\$ 10,205,881</u></u>

Each year as part of the annual budget process, City Council establishes a budget stabilization reserve within the General Fund to be used, if needed, to balance future year budgets. Funding within the reserve can only be used with City Council's permission. The City Council reviews and establishes the general budget stabilization amount each year.

Assigned – amounts intended to be used for specific purposes, as determined by City Council. The City Council annually approves a resolution granting the City's Assistant City Manager the authority to assign funds. In governmental funds other than the General Fund, the assigned fund balance represents the amount that is not restricted or committed which indicates that these resources are, at a minimum, intended to be used for the purpose of that fund.

The governmental funds have an assigned fund balance as of June 30, 2020 for the following purposes:

Cash flow management	\$ 3,821,008
Stormwater management	1,918,811
Midland community television	<u>1,741,175</u>
 Total	 <u><u>\$ 7,480,994</u></u>

Unassigned – all other resources for General Fund; the remaining fund balances after non-spendable, restrictions, commitments and assignments.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City's policy is to consider restricted funds spent first.

When an expenditure is incurred for purposes for which committed, assigned, or unassigned amounts could be used, the City's policy is to consider the funds to be spent in the following order: (1) committed, (2) assigned, (3) unassigned.

Encumbrances

The following encumbrances are reported as of June 30, 2020:

Cash flow management	\$ 3,821,008
Major street	6,633,048
Local street	1,052,916
Smart zone	5,000
Center city authority	15,828
Stormwater management	420,600
Grace A. Dow Memorial Library	623,765
Midland community television	29,220
Downtown development authority	<u>8,297</u>
	<u><u>\$ 12,609,682</u></u>

City of Midland, Michigan
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Use of Estimates

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

Adoption of New Accounting Standards

Statement No. 90, *Majority Equity Interests* improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain components.

Statement No. 92, *Omnibus 2020* enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following: (1) The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reports (2) Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan. (3) The applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits. (4) The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements. (5) Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition. (6)

Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers. (7) Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature. (8) Terminology used to refer to derivative instruments.

Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic and provides postponement of effective dates for certain GASB Statements. This statement was effective upon issuance in May of 2020.

Upcoming Adoption of New Accounting Standards

Statement No. 84, *Fiduciary Activities* improves the guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The focus of the criteria includes the following: (1) is the government controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. The four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally will report fiduciary activities that are not held in a trust or similar arrangement that meets specific criteria. The requirements of this Statement are effective for the fiscal year ending June 30, 2021.

Statement No. 87, *Leases* increases the usefulness of the financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. A lessee will be required to recognize a lease liability and an intangible right-to-use a lease asset, and a lessor will be required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about leasing activities. The requirements of this Statement are effective for the fiscal year ending

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June 30, 2022.

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. It requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reporting in a business-type activity or enterprise fund. Interest cost incurred before the end of a construction period should be recognized as an expenditure for financial statements prepared using the current financial resources measurement. The requirements of this Statement are effective for the fiscal year ending June 30, 2022.

Statement No. 91, *Conduit Debt Obligations* provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This statement is effective for the year ending June 30, 2023.

Statement No. 93, *Replacement of Interbank Offered Rates* establishes accounting and financial reporting requirements related to the replacement of IBORs in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this Statement apply to the financial statements of all state and local governments. This statement is effective for the year ending June 30, 2022.

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. This statement is effective for the year ending June 30, 2023.

The City is evaluating the impact that the above GASBs will have on its financial reporting.

City of Midland, Michigan
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Note 2 - Stewardship, Compliance, and Accountability

State Construction Code Act

The City oversees building construction, in accordance with the State's Construction Code Act, including inspection on building construction renovation to ensure compliance with the building codes. The City charges fees for these services. Beginning January 1, 2000, the law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A summary of the current year activity and the cumulative shortfall generated since January 1, 2000 follows:

Shortfall at July 1, 2019	\$ (1,142,676)
Current year building permit revenue	395,442
Related expenses:	
Direct costs	\$ 610,471
Estimated indirect costs	<u>36,628</u>
Total construction code expenses	<u>647,099</u>
Cumulative shortfall at June 30, 2020	<u><u>\$ (1,394,333)</u></u>

Excess of Expenditures Over Appropriations

The City did not have any significant expenditure budget variances.

Note 3 - Deposits and Investments

Michigan Compiled Laws, Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associates that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; United States government of federal agency obligations; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations

of the State of Michigan or its political subdivisions, which are rates as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The City Council has designated nine financial institutions for the deposit of local unit funds. The investment policy adopted by the City in accordance with Public Act 20 of 1943 (as amended) authorizes investments in U.S. Treasuries, U.S. agencies and instrumentalities, certificates of deposit, commercial paper (meeting certain rating and maturity requirements), repurchase agreements, investment pools, bankers' acceptances of U.S. banks, and mutual funds. Repurchase agreements must be signed with the bank or dealer and must contain provisions comparable to those outlined in the Public Security Association's model Master Repurchase Agreement. The City Treasurer may invest in investment pools organized under the Surplus Funds Investment Pool Act of 1982 and under the Urban Cooperation Act of 1967.

For Mutual Funds, the City Treasurer may invest in funds registered under the Investment Company Act of 1940. This authorization is limited to securities whose intention is to maintain a net asset value of \$1.00 per share and investment vehicles that are legal for direct investment by a public corporation.

The above-mentioned City investment policy applies to all financial assets of the City except for its Post-Retirement Health Care and the Police and Fire Retirement System Fund, which are organized and administered separately. Investments are made pursuant to provisions of the Public Employee Retirement System Investment Act of 1965. Michigan Public Act 314 of 1965 and Michigan Public Act 149 of 1999, as amended, authorize investments in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate (if the trust fund's assets exceed \$250 million), debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles.

City of Midland, Michigan
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June 30, 2020

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

	Cash and Cash Equivalents	Investments	Restricted Cash and Cash Equivalents	Total
Governmental activities	\$ 67,827,728	\$ -	\$ -	\$ 67,827,728
Business-type activities	<u>23,898,428</u>	<u>316,705</u>	<u>3,848,433</u>	<u>28,063,566</u>
Total primary government	91,726,156	316,705	3,848,433	95,891,294
Fiduciary funds	<u>3,401,588</u>	<u>65,548,521</u>	<u>-</u>	<u>68,950,109</u>
Total	<u>\$ 95,127,744</u>	<u>\$ 65,865,226</u>	<u>\$ 3,848,433</u>	<u>\$ 164,841,403</u>

The break down between deposits and investments is as follows:

	Primary Government	Fiduciary Funds	Total
Bank deposits (checking and savings accounts, money markets and certificates of deposit)	\$ 95,563,297	\$ 3,401,588	\$ 98,964,885
Investments in securities, mutual funds and similar vehicles	316,705	65,548,521	65,865,226
Petty cash and cash on hand	<u>11,292</u>	<u>-</u>	<u>11,292</u>
Total	<u>\$ 95,891,294</u>	<u>\$ 68,950,109</u>	<u>\$ 164,841,403</u>

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

Concentration of Credit Risk – The City has no policy that would limit the amount that may be issued in any one issuer. The City has one investment in individual issuers that exceeded five percent of total

investments. The Ironwood Institutional Multi-Strategy Fund LLC alternative investment was 5.21% of total investments, respectively.

Custodial Credit Risk of Bank Deposits – Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At year end, the City had \$78,443,974 of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. The City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the City evaluates each financial institution with which it deposits its funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Interest Rate Risk – Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The City's investment policy does not restrict investment maturities, other than commercial paper which can only be purchased with a 270-day maturity.

At year end, the average maturities of investments are as follows:

Investment	Fair Value	Weighted Average Maturity (Years)
Commercial paper	\$ 11,643,808	0.20
Corporate bonds	11,381,243	6.94
FHLM	670,939	23.50
FNMA	1,015,701	22.76
Municipal obligation	2,085,351	2.66
U.S. Treasury notes	3,262,233	10.30

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Credit Risk – State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The City's investment policy does not further limit its investment choices. As of yearend, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Fair Value	Rating	Organization
Commercial paper	\$ 11,643,808	A1	S & P
Corporate bonds	292,638	A	S & P
Corporate bonds	2,019,765	A-	S & P
Corporate bonds	412,665	AA+	S & P
Corporate bonds	469,811	AAA	S & P
Corporate bonds	1,963,368	BBB	S & P
Corporate bonds	1,837,645	BBB-	S & P
Corporate bonds	1,274,821	BBB+	S & P
Corporate bonds	2,433,044	N/A	N/A
Corporate bonds	179,776	B-	S & P
Corporate bonds	140,935	BB+	S & P
Corporate bonds	233,918	BB-	S & P
Corporate bonds	122,856	AA-	N/A
FHLM	670,939	AA+	S & P
FNMA	1,015,701	AA+	S & P
Money market funds	384,342	N/A	N/A
Municipal obligation	2,085,351	N/A	N/A
Mutual funds	3,946,627	N/A	N/A
Pooled funds	4,770,266	N/A	N/A

Endowments

The City has established endowment funds at the Midland Area Community Foundation (the "Foundation"). The Foundation has variance power over the funds transferred by the City to the endowment fund and could use those funds for other purposes. Assets held at the Foundation where the Foundation has variance power are not included in these financial statements and had a market value of \$1,946,274 at June 30, 2020.

Alternative Investments

The City is invested in one alternative investment as of June 30, 2020. The City has approved an investment asset allocation by class that establishes minimum, maximum, and target allocations. Alternative investments are not to exceed 15% of the asset allocation per the strategy. The alternative investment held by the City is privately offered and invests in various third-party private investment funds. The Ironwood Institutional Multi-Strategy Fund had a fair value of \$3,491,207 at June 30, 2020. The fair value of this fund is determined by the net asset value per share.

The Ironwood Institutional Multi-Strategy Fund is a fund of hedge funds. The fund holds units that are not redeemable. The Fund's Board, in its sole and absolute discretion, may authorize the Fund to make a tender offer to repurchase members' units at the net asset value per unit on a repurchase date. Ironwood expects that it will recommend to the Board that the Fund make an offer to repurchase units from members as of June 30 and December 31 of each year. While there can be no guarantee that it will continue this practice, to date the Fund has offered to repurchase up to 10-20% of its units at each of its June 30 and December 31 repurchase offers. Responses to a repurchase notice must be received by the Fund at least 95 calendar days prior to the repurchase date. Units held less than one year are subject to a fee of 5% of the value of the units repurchased by the Fund, payable to the Fund.

The Ironwood Institutional Multi-Strategy Fund may suspend or postpone a tender offer in limited circumstances and only by a vote of a majority of the Board, including a majority of the Independent Directors. These circumstances may include the following: (i) a period during which an emergency exists as a result of which it is not reasonably practicable for the Fund to dispose of securities it owns or to determine the value of the Fund's net assets; (ii) for any other periods that the SEC permits by order; or (iii) other unusual circumstances as the Board determines, in compliance with applicable laws, it is in the best interest of the Fund, the Feeder Fund, the Members or the members of the Feeder Fund to suspend or postpone such tender offer.

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There are no intentions to sell the funds as of June 30, 2020 and there were no unfunded commitments.

Note 4 - Fair Value

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; and Level 3 inputs are significant unobservable inputs.

The City has the following recurring fair value measurements as of June 30, 2020:

	Balance at Year End	Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Unobservable Inputs (Level 3)
Common stock	\$ 31,408,029	\$ 31,408,029	\$ -
Preferred stock	765,981	765,981	-
Bonds	20,170,984	20,170,984	-
International funds	10,029,025	10,029,025	-
Alternative investments	<u>3,491,207</u>	<u>-</u>	<u>3,491,207</u>
Total	<u>\$ 65,865,226</u>	<u>\$ 62,374,019</u>	<u>\$ 3,491,207</u>

Fair values for Level 1 investments are determined by reference to quoted market prices and other relevant information generated by market transactions.

The fair value of Level 3 investments is determined by the net asset value per share.

Changes in the level 3 assets at fair value on a recurring basis:

Beginning balance, July 1	\$ 3,545,162
Unrealized loss	<u>(53,955)</u>
Ending balance, June 30	<u>\$ 3,491,207</u>

Note 5 - Receivables

The special assessment receivables that are not expected to be collected within one year are as follows:

	Due After One Year
Special assessments	<u>\$ 146,298</u>

The receivables are included in the Special Assessment Revolving Fund.

Contributions receivable are all scheduled to be collected in fiscal year 2021-2022. Discounts on contributions receivable were not considered material. The receivables are accounted for in the General Fund.

City of Midland, Michigan
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Note 6 - Unearned Revenue

Governmental activities and business-type activities report unearned revenue in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the balance in unearned revenue is comprised of the following:

Grants and contributions	\$ 187,997
Utility overpayments	30,388
Other revenue	<u>59,740</u>
Total	<u><u>\$ 278,125</u></u>

Note 7 - Capital Assets

Capital assets activity of the City for the year ended June 30, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 6,351,905	\$ -	\$ -	\$ 6,351,905
Construction in progress	<u>3,664,113</u>	<u>2,948,606</u>	<u>3,173,020</u>	<u>3,439,699</u>
Total capital assets not being depreciated	<u>10,016,018</u>	<u>2,948,606</u>	<u>3,173,020</u>	<u>9,791,604</u>
Capital assets being depreciated				
Major and local streets	111,623,237	5,336,548	-	116,959,785
Sidewalks	6,293,111	59,250	-	6,352,361
Buildings	31,462,912	236,706	-	31,699,618
Land improvements	31,415,107	931,631	-	32,346,738
Library circulation materials	4,571,808	-	-	4,571,808
Equipment	10,540,502	337,191	23,523	10,854,170
Vehicles	<u>19,222,719</u>	<u>1,615,703</u>	<u>640,759</u>	<u>20,197,663</u>
Total capital assets being depreciated	<u>215,129,396</u>	<u>8,517,029</u>	<u>664,282</u>	<u>222,982,143</u>
Less accumulated depreciation for				
Major and local streets	54,555,990	4,430,288	-	58,986,278
Sidewalks	4,302,593	198,024	-	4,500,617
Buildings	17,062,057	820,335	-	17,882,392
Land improvements	11,214,464	856,536	-	12,071,000
Library circulation materials	4,571,808	-	-	4,571,808
Equipment	7,970,481	433,453	20,123	8,383,811
Vehicles	<u>11,068,909</u>	<u>1,636,940</u>	<u>640,759</u>	<u>12,065,090</u>
Total accumulated depreciation	<u>110,746,302</u>	<u>8,375,576</u>	<u>660,882</u>	<u>118,460,996</u>
Net capital assets being depreciated	<u>104,383,094</u>	<u>141,453</u>	<u>3,400</u>	<u>104,521,147</u>
Governmental activities capital assets, net	<u>\$ 114,399,112</u>	<u>\$ 3,090,059</u>	<u>\$ 3,176,420</u>	<u>\$ 114,312,751</u>

City of Midland, Michigan
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	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets not being depreciated				
Land	\$ 2,777,794	\$ -	\$ -	\$ 2,777,794
Construction in progress	<u>1,464,648</u>	<u>1,435,823</u>	<u>1,000,987</u>	<u>1,899,484</u>
Total capital assets not being depreciated	<u>4,242,442</u>	<u>1,435,823</u>	<u>1,000,987</u>	<u>4,677,278</u>
Capital assets being depreciated				
Water and sewer lines	108,881,012	2,488,185	-	111,369,197
Building and building improvements	96,903,904	245,734	-	97,149,638
Land improvements	10,665,835	65,214	-	10,731,049
Landfill improvements	13,693,436	217,207	-	13,910,643
Equipment	17,603,441	754,419	45,933	18,311,927
Vehicles	<u>2,117,010</u>	<u>-</u>	<u>115,000</u>	<u>2,002,010</u>
Total capital assets being depreciated	<u>249,864,638</u>	<u>3,770,759</u>	<u>160,933</u>	<u>253,474,464</u>
Less accumulated depreciation for				
Water and sewer lines	47,602,504	2,030,772	-	49,633,276
Building and building improvements	52,497,341	2,270,353	-	54,767,694
Land improvements	3,320,657	221,611	-	3,542,268
Landfill improvements	10,376,460	310,954	-	10,687,414
Equipment	12,338,512	1,317,803	45,933	13,610,382
Vehicles	<u>1,623,282</u>	<u>109,353</u>	<u>93,912</u>	<u>1,638,723</u>
Total accumulated depreciation	<u>127,758,756</u>	<u>6,260,846</u>	<u>139,845</u>	<u>133,879,757</u>
Net capital assets being depreciated	<u>122,105,882</u>	<u>(2,490,087)</u>	<u>21,088</u>	<u>119,594,707</u>
Business-type capital assets, net	<u>\$ 126,348,324</u>	<u>\$ (1,054,264)</u>	<u>\$ 1,022,075</u>	<u>\$ 124,271,985</u>

Depreciation expense was charged to programs as follows:

Governmental activities:

General government	\$ 176,204
Public safety	579,006
Public works	5,984,587
Sanitation	285,497
Parks and recreation	740,343
Library	313,056
Airport	78,928
Transportation	208,101
Other functions	<u>9,854</u>

Total governmental activities \$ 8,375,576

Business-type activities:

Civic Arena	\$ 239,677
Landfill	1,463,318
Senior Housing	682,171
Golf course	172,196
Parking system	36,880
Wastewater	1,820,279
Water	<u>1,846,325</u>

Total business-type activities \$ 6,260,846

City of Midland, Michigan
Notes to the Financial Statements
June 30, 2020

Note 8 - Construction Commitments

The City had active construction projects as of June 30, 2020. The projects included sidewalk, streets, storm, senior housing, wastewater, and water system projects.

At year end, the City's commitments with contractors were as follows:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
General construction projects	\$ 389,282	\$ 356,976
Street projects	2,714,026	4,382,269
Storm projects	47,400	20,900
Civic arena projects	26,488	14,513
Wastewater projects	88,397	238,738
Water projects	<u>286,497</u>	<u>987,754</u>
Total	<u>\$ 3,552,090</u>	<u>\$ 6,001,150</u>

Note 9 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Nonmajor governmental funds	Nonmajor governmental funds	<u>\$ 68,267</u>

The balance owing from the Midland Housing Fund to the Community Development Block Grant (CDBG) Fund represents remaining balances on mortgages subsidized by the CDBG fund.

City of Midland, Michigan
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The detail for interfund transfers is as follows:

	Transfers Out									Total
	General Fund	Major Street Fund	Local Street Fund	Stormwater Management Fund	Community Development Block Grant Fund	Special Activities Fund	Downtown Development Authority Fund	Debt Service Fund	Special Assessment Revolving Fund	
Transfers In										
General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 110	\$ -	\$ -	\$ 23,338	\$ 23,448
Local Street Fund	-	2,420,000	-	-	-	-	-	-	-	2,420,000
Center City Authority Fund	7,500	-	-	-	-	-	-	-	-	7,500
Stormwater Management Fund	1,420,000	98,974	138,056	-	-	-	-	-	-	1,657,030
Grace A. Dow Memorial Library Fund	1,014,737	-	-	-	-	-	-	-	-	1,014,737
Dial-a-Ride Transportation Fund	277,254	-	-	-	-	-	-	-	-	277,254
Downtown Development Authority Fund	10,000	-	-	-	-	-	-	-	-	10,000
Special Activities	-	-	-	-	-	-	27,383	-	-	27,383
Debt Service Fund	1,750,986	-	-	-	-	-	-	-	-	1,750,986
Civic Arena Fund	350,000	-	-	-	-	-	-	-	-	350,000
Washington Woods Fund	-	-	-	-	80,908	-	-	-	-	80,908
Currie Golf Course Fund	250,000	-	-	-	-	-	-	-	-	250,000
Parking Fund	15,000	-	-	-	-	-	45,000	-	-	60,000
Wastewater Fund	-	-	-	512,000	-	-	-	826,725	-	1,338,725
Total	<u>\$ 5,095,477</u>	<u>\$ 2,518,974</u>	<u>\$ 138,056</u>	<u>\$ 512,000</u>	<u>\$ 80,908</u>	<u>\$ 110</u>	<u>\$ 72,383</u>	<u>\$ 826,725</u>	<u>\$ 23,338</u>	<u>\$ 9,267,971</u>

The transfers from the General Fund to the Stormwater Management, Library, Dial-A-Ride Transportation, Downtown Development Authority, Civic Arena, Currie Municipal Golf Course and Parking Funds represent the use of unrestricted resources to finance these programs, in accordance with the budgetary operations. The transfer from the General Fund to the Debt Service Fund is to provide funding for the debt service payments for the 2008 Judgement bonds. The transfers from the Major Street Fund to the Local Street Fund represent the sharing of gas and weight tax in accordance with Act 51, as well as sharing the 1-mill County Road Millage and 1-mill special County Road Millage that is accounted for in the City's Major Street Fund. Both the Major Street Fund and the Local Street Fund transfer funding to the Stormwater Management Fund to offset roadside drainage costs that are accounted for in that fund. The transfers from Community Development Block Grant Fund to Washington Woods Fund are for grant funding as approved by HUD. The transfers from the Special Activities Fund to the General Fund are accordance with budgetary authorization. The transfer from the Downtown Development Authority to the Parking Fund is an annual contribution made by the DDA to help fund parking enforcement and related activities within the downtown district. The transfer from DDA to DDA Façade Improvements was made in accord with budget amendments approved by Council for funding the Facade Improvement Program. The transfer from the Debt Service Fund to the Wastewater Fund is necessary to transfer an additional millage for debt retirement to the Wastewater Fund, which is the fund that accounts for the related debt. The transfers from the Special Assessment Revolving Fund to the General Fund is for Special Assessments related to construction projects in the General Fund.

City of Midland, Michigan
Notes to the Financial Statements
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Note 10 - Leases

Operating Leases

The City leases its police facility under a non-cancelable operating lease. Total costs for the lease were \$297,376 for the year ended June 30, 2020. According to the terms of its lease with the Midland City/County Joint Building Authority, the City's obligation for operating leases amounts to 64.8 percent of total operating expenses of the police facility.

The future minimum lease payments for these leases, including estimates of obligations under the policy facility lease, are as follows:

<u>Year ending June 30,</u>	
2021	\$ 306,034
2022	315,215
2023	324,671
2024	334,411
2025	344,443
2026-2030	<u>1,883,553</u>
Total	<u>\$ 3,508,327</u>

Capital Leases

The City has two capital leases for equipment. The future minimum lease payments are as follows:

<u>Year ending June 30,</u>	
2021	\$ 30,698
2022	<u>10,969</u>
Total minimum lease payments	41,667
Less amount representing interest	<u>976</u>
Present value of minimum lease payments	<u>\$ 40,691</u>

The following is a summary of property held under capital leases:

Asset	
Equipment	\$ 136,074
Less accumulated depreciation	<u>49,893</u>
Total	<u>\$ 86,181</u>

City of Midland, Michigan
Notes to the Financial Statements
June 30, 2020

Note 11 - Long-Term Debt

Long-term obligation activity is summarized as follows:

	Amount of Issue	Maturity Date	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities									
Bonds and notes payable									
General obligation bonds									
2016 Judgment Refunding Bonds	\$ 7,725,000	May 2022	1.50%	\$1,490,000 - \$1,530,000	\$ 6,000,000	\$ -	\$ 1,470,000	\$ 4,530,000	\$ 1,490,000
Compensated absences					3,703,700	1,905,727	1,722,468	3,886,959	1,807,848
Total governmental activities					<u>\$ 9,703,700</u>	<u>\$ 1,905,727</u>	<u>\$ 3,192,468</u>	<u>\$ 8,416,959</u>	<u>\$ 3,297,848</u>
Business-type activities									
Bonds and notes payable									
General obligation bonds									
2001 Sewer Construction - State Revolving Fund	\$ 5,130,000	May 2022	2.50%	\$300,000 - \$304,063	\$ 899,063	\$ -	\$ 295,000	\$ 604,063	\$ 300,000
2017 Civic Arena Refunding Bonds	9,480,000	May 2021	2.09%	\$280,000 - \$335,000	3,305,000	-	265,000	3,040,000	280,000
2015 Sewer Refunding Bonds	5,965,000	May 2021	1.69%	\$1,040,000	2,065,000	-	1,025,000	1,040,000	1,040,000
2010 Renewable Energy	6,000,000	October 2030	2.50%	\$295,000 - \$375,000	3,950,000	-	285,000	3,665,000	295,000
Total bonds payable					10,219,063	-	1,870,000	8,349,063	1,915,000
Capital leases					68,266	-	27,575	40,691	29,806
Compensated absences					786,128	524,372	486,464	824,036	435,380
Landfill closure and postclosure					4,586,000	80,000	-	4,666,000	-
Total business-type activities					<u>\$ 15,659,457</u>	<u>\$ 604,372</u>	<u>\$ 2,384,039</u>	<u>\$ 13,879,790</u>	<u>\$ 2,380,186</u>

City of Midland, Michigan
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Compensated absences, the net pension liability, and net other post employment benefit obligations are normally liquidated by the fund in which the individual employees are budgeted. For governmental activities, the following funds have been used for liquidation: General Fund, Grace A. Dow Memorial Library Fund, Midland Community Television Fund, Dial-A-Ride Transportation Fund, and the Downtown Development Authority Fund. Also included in the governmental activities are the following internal service funds: Information Services Fund, Equipment Revolving Fund, and the Municipal Service Center Fund.

On May 19, 2008, the City Council authorized the issuance of \$17,890,000 limited tax general obligation judgment bonds for the purpose of paying a part of a tax refund to The Midland Cogeneration Venture (MCV), as ordered by the Michigan Tax Tribunal's Consent Judgment, dated April 18, 2008. The sale of the bonds occurred on June 17, 2008, with the City taking possession of the proceeds on July 10, 2008, and issuing the refund to MCV on July 17, 2008. Future funding for this bond's debt service will come from the General Fund. These bonds were partially refunded on June 14, 2016.

The 2001 Sewer Construction Bonds were approved by the voters in a general election held on February 22, 2000. The City Council has approved a resolution to levy a millage to pay approximately 60 percent of the principal and interest cost of these bonds. The 40 percent balance of the obligation is to be repaid by fees from the users of the municipal sanitary sewage collection and treatment system. The proceeds were being used for construction of sewer facilities recorded in the Wastewater Fund. On September 12, 2005, General Obligation Unlimited Tax Bonds were issued to refund \$9,025,000 of the outstanding bond.

On December 3, 2001, the City Council authorized issuance of general obligation limited tax bonds, series 2001, in the principal sum not to exceed \$5,130,000. The purpose of this issuance was to fund the construction of a storm water retention basin at the wastewater treatment plant. User fees will fund 40 percent of the principal and

interest on these bonds and the remaining 60 percent will be funded by a millage that the City has levied. The full faith and credit and the limited taxing power of the City are pledged for payment of the principal and interest thereon.

On September 12, 2005, the City issued \$9,480,000 of General Obligation Unlimited Tax Refund Bonds. The bonds were issued pursuant to resolutions adopted by the City Council on July 11, 2005 and August 22, 2005, and provide for an average interest rate of 3.95 percent. The proceeds of these bonds were used to advance refund \$9,025,000 of outstanding 2001 General Obligation Unlimited Bonds with an average interest rate of 5.07 percent. These bonds were refunded again on February 3, 2015.

On June 13, 2012, the City issued \$4,550,000 of General Obligation Unlimited Tax Refund Bonds. The bonds provide for an interest rate of .70 to 3.55 percent. The proceeds of these bonds were used to advance refund \$4,325,000 of outstanding 2004 General Obligation Unlimited Bonds with an interest rate of 3.75 to 4.75 percent. The bonds were refunded again on October 5, 2017.

On February 3, 2015, the City issued \$5,965,000 of General Obligation Unlimited Tax Refund Bonds. The bonds were issued pursuant to resolutions adopted by the City Council on November 24, 2014, and provide for an average interest rate of 1.69 percent. The proceeds of these bonds were used to advance refund \$5,910,000 of outstanding 2005 General Obligation Unlimited Bonds with an average interest rate of 3.90 percent.

On June 14, 2016, the City issued \$7,725,000 of General Obligation Unlimited Tax Refund Bonds. The bonds were issued pursuant to resolutions adopted by the City Council on May 23, 2016 and provide for an interest rate of 1.50 percent. The proceeds of these bonds were used to advance refund \$7,145,000 of outstanding 2008 General Obligation Unlimited Bonds with an average interest rate of 4.30 percent.

City of Midland, Michigan
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On October 5, 2017, the City issued \$3,795,000 of General Obligation Unlimited Tax Refund Bonds. The bonds were issued pursuant to resolutions adopted by the City Council on August 28, 2017 and provide for an interest rate of 2.09 percent. The proceeds of these bonds were used to advance refund \$3,740,000 of outstanding 2015 General Obligation Unlimited Tax Refund Bonds with an average interest rate of 1.80 to 3.55 percent.

The City has pledged its full faith and credit on the bonded indebtedness of the Saginaw-Midland Municipal Water Supply Corporation, a jointly owned raw water system described in Note 1 – Summary of Significant Accounting Policies.

By statute, the City's general obligation debt is restricted to 10 percent of the equalized value of all property in the City. Certain obligations, such as water revenue refunding bonds, are not subject to this limitation. At June 30, 2020, the City's general obligation debt statutory and legal debt limit amounted to \$223,140,000 and the indebtedness subject to the limitation aggregated \$16,219,063.

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

Fiscal Year Ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2021	\$ 1,490,000	\$ 67,950	\$ 1,915,000	\$ 184,152
2022	1,510,000	45,600	884,063	145,786
2023	1,530,000	22,950	595,000	124,707
2024	-	-	610,000	110,939
2025	-	-	625,000	96,773
2026-2030	-	-	3,345,000	259,764
2031	-	-	375,000	4,688
	<u>\$ 4,530,000</u>	<u>\$ 136,500</u>	<u>\$ 8,349,063</u>	<u>\$ 926,809</u>

Deferred Amount of Debt Refunding

The City issued bonds to advance refund and retire previously issued term refund bonds. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt. This amount is reported in the accompanying statement of net position as a deferred outflow of resources and is being charged to activities through the fiscal year.

Deferred amount on refunding activity is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental activities				
2016 Judgment				
Refunding Bonds	\$ 360,446	\$ -	\$ 90,112	\$ 270,334
Business-type activities				
2017 Civic Arena				
Refunding Bonds	\$ 211,808	\$ -	\$ 19,255	\$ 192,553

Defeased Debt

In the current and prior years, the City defeased bonds issued by creating separate irrevocable trust funds. New debt was issued and the net proceeds of the refunding was placed in special escrow accounts and invested in securities of the U.S. Government and its agencies. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the refunded bonds are considered to be defeased. Accordingly, the trust account assets and liability for the defeased bonds are not included in the City's financial statements. At June 30, 2020, \$4,455,000 of bonds outstanding are considered defeased.

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June 30, 2020

Note 12 - Landfill Closure and Postclosure Care Cost

State and federal laws and regulations require the City to place a final cover on its sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and post closure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and post closure care costs as operating expense in each period based on landfill capacity used as of each year end. The \$4,666,000 reported as landfill closure and post closure care liability at June 30, 2020 represents the cumulative amount reported to date based on the use of 100 percent of the capacity of Area A (32 acres closed in 1993) and cells 1 through 13 (40.2 acres closed in 2005), cell 14 (12.6 acres), 98 percent of the estimated capacity of cell 15, and 58 percent of the estimated capacity of cell 16.

The City will recognize the remaining estimated cost of closure and post closure care of \$1,555,119 as the remaining capacity of cells 15 and 16 are filled.

These amounts are based on what it would cost to perform all closure and postclosure care in current dollars. The City expects to reach 100 percent capacity in cell 15 during the fiscal year ending June 2021 and in cell 16 during the fiscal year ending June 30, 2023. The actual cost may be higher due to inflation, changes in technology, or changes in regulations.

The City is required by state and federal laws and regulations to make contributions to a Trust to finance closure and postclosure care. The City is in compliance with these requirements, and at June 30, 2020, cash and cash equivalents in the amount of \$2,412,523 were held for these purposes, and reported as restricted assets on the statement of net position. The City expects that future inflation costs will be paid from interest earnings on these contributions. However, if interest earnings are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws or

regulations, for example), these costs may need to be covered by charges to future landfill users or from future tax revenue.

The City has also entered into an agreement to provide a letter of credit in favor of the State of Michigan to fulfill certain bonding requirements imposed upon the City, by Michigan law.

Note 13 - Restricted Cash

Cash and cash equivalents are restricted within the Water and Wastewater Funds for future debt service obligations in the amounts of \$93,135 and \$1,342,775, respectively. Within each of these funds, an offsetting liability "payable from restricted assets" designates the separation of these assets from unreserved assets. In addition, the Landfill Fund has \$2,412,523 of restricted assets that are for closure and postclosure costs.

Note 14 - Employee Retirement and Benefit Systems

Police and Fire Pension System

Plan Description – The Police and Fire Pension System is a single-employer defined benefit pension plan that is administered by the City of Midland Police and Fire Employees Retirement System. This plan covers all police and fire employees of the City. The system provides retirement, disability, and death benefits to plan members and their beneficiaries. The plan does not issue a separate financial report. At December 31, 2019, the date of the most recent actuarial valuation, membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	147
Inactive employees entitled to but not yet receiving benefits	3
Active employees	89
	<hr/>
	239
	<hr/> <hr/>

City of Midland, Michigan
Notes to the Financial Statements
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Funding policy – The obligation to contribute to and maintain the system for these employees was established by negotiation with the City's collective bargaining units and requires a contribution from the employees of 8 percent of gross wages from all employees. The City's funding policy provides for biweekly employee contributions and monthly employer contributions at actuarially determined rates. Administrative costs of the plan are financed through investment earnings. The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Contributions – Plan member contributions are recognized in the period in which the contributions are due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Please refer to Note 1 for further significant accounting policies

Accounting policy – 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 System has been determined on the same basis as they are reported by the City. 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.

Net pension liability – The City's net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation dated December 31, 2019 using the following actuarial assumptions applied to all periods included in the measurement:

Inflation	2.5%	
Salary increases	3.5% to 7.4%	including inflation
Investment rate of return	7.0%	net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 Fully Generational Mortality Tables, with a base year of 2006 and future mortality improvements assume each year using scale MP-2015. The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for a 5-year period ending December 31, 2015, issued August 4, 2016.

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

City of Midland, Michigan
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Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-term Projected Rate of Return
U.S. large cap equity	35.0%	5.95%
U.S. small cap	7.5%	5.50%
U.S. mid cap	7.5%	6.30%
International/EM equity	15.0%	5.70%
Cored fixed income	35.0%	1.70%

A single discount rate of 7.00 percent was used to measure the total pension liability. This single discount rate was based on an expected rate of return on pension plan investments of 7.00 percent and municipal bond rate of 2.45 percent. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate.

Changes in net pension liability:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Opening balances	\$ 91,435,388	\$ 67,807,553	\$ 23,627,835
Changes for the year			
Service cost	1,834,600	-	1,834,600
Interest	6,247,534	-	6,247,534
Difference between expected and actual experience	(18,340)	-	(18,340)
Employer contributions	-	3,447,568	(3,447,568)
Employee contributions	-	652,966	(652,966)
Net investment income	-	2,054,836	(2,054,836)
Benefit payments, including refunds of employee contributions	(6,204,394)	(6,204,394)	-
Other	-	73	(73)
Net changes	1,859,400	(48,951)	1,908,351
Closing balances	\$ 93,294,788	\$ 67,758,602	\$ 25,536,186

The City's annual money-weighted rate of return, net of investment expenses is 3.75%. The plan's net position as a percent of total pension liability is 72.63%

City of Midland, Michigan
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Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 7.00 percent, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is one percentage point lower or one percentage point higher:

	1% Decrease 6.00%	Current Single Discount Rate Assumption 7.00%	1% Increase 8.00%
Total pension liability	\$ 104,746,064	\$ 93,294,788	\$ 83,817,867
Plan fiduciary net position	<u>67,758,602</u>	<u>67,758,602</u>	<u>67,758,602</u>
Net pension liability	<u>\$ 36,987,462</u>	<u>\$ 25,536,186</u>	<u>\$ 16,059,265</u>

Pension expense and deferred outflows and inflows of resources related to pensions – For the year ended June 30, 2020, the City recognized pension expense of \$4,081,233. The City reported deferred outflows and deferred inflows related to pensions from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources	Total to Amortize
Difference between expected and actual experience	\$ (86,854)	\$ 339,649	\$ 252,795
Assumption changes	-	431,800	431,800
Net difference between projected and actual earning on plan investments	<u>-</u>	<u>1,262,227</u>	<u>1,262,227</u>
Total	<u>\$ (86,854)</u>	<u>\$ 2,033,676</u>	<u>\$ 1,946,822</u>

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

Year Ending June 30,	
2021	\$ 296,779
2022	450,408
2023	678,971
2024	<u>520,664</u>
Total	<u>\$ 1,946,822</u>

Municipal Employee's Retirement System of Michigan – Defined Benefit Retirement Plan

Plan description – The City participates in the Michigan Municipal Employees' Retirement System (MERS), an agent multiple-employer defined benefit pension plan that covers substantially all employees of the City other than police and fire employees and employees hired on or after July 1, 2005. The system provides retirement, disability and death benefits to plan members and their beneficiaries. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to MERS at 1134 Municipal Way, Lansing, Michigan 48917 or on the web at <http://www.mersofmich.com>.

Benefits provided – Benefits provided include plans with multiplier of 2.50%. Vesting period is 10 years. Normal retirement age is 60 with early retirement at 55 with range of 15 to 20 years of service. Final average compensation is calculated based on 3 to 5 years. Member contributions range from 0% to 5%.

City of Midland, Michigan
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Employees covered by benefit terms – At the December 31, 2019 valuation date, the following employees were covered by benefit terms:

Inactive employees or beneficiaries currently receiving benefits	349
Inactive employees entitled to but not yet receiving benefits	26
Active employees	<u>147</u>
	<u><u>522</u></u>

Contributions – The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by 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 15.53% to 60.87% based on annual payroll for open divisions.

Net pension liability – The employer's net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of that date.

Actuarial assumptions – The total pension liability in the December 31, 2019 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement include: 1) Inflation 2.5%; 2) Salary increases of 3.00% in the long-term; 3) Investment rate of return of 7.35%, net of investment expense, including inflation.

Although no specific price inflation assumptions are needed for the valuation, the 3.00% long-term wage inflation assumption would be consistent with a price inflation of 2.50%.

Mortality rates used were based on the 2014 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 prepared as of December 31, 2019.

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 or arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Target Gross Rate of Return	Long-Term Expected Gross Rate of Return	Inflation Assumption	Long-Term Expected Real Rate of Return
Global equity	60%	8.65%	5.19%	8.65%	3.70%
Global fixed income	20%	3.76%	0.75%	3.76%	0.30%
Diversifying strategies	<u>20%</u>	<u>9.06%</u>	<u>1.81%</u>	<u>9.06%</u>	<u>1.25%</u>
Total	<u>100%</u>		<u>7.75%</u>		<u>5.25%</u>

Discount rate – The discount rate used to measure the total pension liability is 7.60%. 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 plans 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

City of Midland, Michigan
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pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Change in the net pension liability:

Total Pension Liability

Service cost	\$ 866,813
Interest on the total pension liability	11,063,799
Experience differences	1,297,407
Changes in actuarial assumptions	5,260,046
Benefit changes	(3,187)
Benefit payments and refunds	<u>(11,276,988)</u>
Net change in total pension liability	7,207,890
Total pension liability - beginning	<u>143,502,575</u>
Total pension liability - ending (a)	<u>\$ 150,710,465</u>

Plan Fiduciary Net Position

Employer contributions	\$ 6,500,000
Employee contributions	180,091
Pension plan net investment income	10,201,993
Benefit payments and refunds	(11,276,988)
Pension plan administrative expense	<u>(175,657)</u>
Net change in plan fiduciary net position	5,429,439
Plan fiduciary net position - beginning	<u>76,713,659</u>
Plan fiduciary net position - ending (b)	<u>\$ 82,143,098</u>
Net pension liability (a-b)	<u>\$ 68,567,367</u>

Plan fiduciary net position as a percentage of total pension liability	54.50%
Covered employee payroll	\$ 9,059,349
Net pension liability as a percentage of covered employee payroll	756.87%

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 7.60%, as well as what the employer's net pension liability would be using a discount rate that is 1% point lower (6.60%) or 1% higher (8.60%) than the current rate.

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
Total pension liability	\$ 165,757,189	\$ 150,710,465	\$ 137,867,608
Fiduciary net position	<u>82,143,098</u>	<u>82,143,098</u>	<u>82,143,098</u>
Net pension liability	<u>\$ 83,614,091</u>	<u>\$ 68,567,367</u>	<u>\$ 55,724,510</u>

Pension expense and deferred outflows and inflows of resources related to pensions – For the year ended June 30, 2020, the City recognized pension expense of \$9,031,140. The City reported deferred outflows and deferred inflows related to pensions from the following sources:

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Total to Amortize</u>
Differences in experience	\$ -	\$ 1,164,400	\$ 1,164,400
Differences in assumptions	-	3,506,697	3,506,697
Net difference between projected and actual earning on plan investments	-	331,560	331,560
Contributions subsequent to the measurement date*	<u>-</u>	<u>5,841,190</u>	<u>-</u>
Total	<u>\$ -</u>	<u>\$ 10,843,847</u>	<u>\$ 5,002,657</u>

*The amount reported as deferred outflows and inflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability, in the following year.

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

Year Ending June 30,

2021	\$ 2,285,874
2022	2,476,164
2023	1,091,779
2024	<u>(851,160)</u>
Total	\$ <u>5,002,657</u>

The aggregate change in the net pension liability for all defined benefit pension plans is as follows:

	Police and Fire	MERS	Total
Total Pension Liability			
Service cost	\$ 1,834,600	\$ 866,813	\$ 2,701,413
Interest on the total pension liability	6,247,534	11,063,799	17,311,333
Experience differences	(18,340)	1,297,407	1,279,067
Changes in actuarial assumptions	-	5,260,046	5,260,046
Benefit changes	-	(3,187)	(3,187)
Benefit payments and refunds	<u>(6,204,394)</u>	<u>(11,276,988)</u>	<u>(17,481,382)</u>
Net change in total pension liability	1,859,400	7,207,890	9,067,290
Total pension liability - beginning	<u>91,435,388</u>	<u>143,502,575</u>	<u>234,937,963</u>
Total pension liability - ending (a)	\$ <u>93,294,788</u>	\$ <u>150,710,465</u>	\$ <u>244,005,253</u>
Plan Fiduciary Net Position			
Employer contributions	\$ 3,447,568	\$ 6,500,000	\$ 9,947,568
Employee contributions	652,966	180,091	833,057
Pension plan net investment income (loss)	2,054,836	10,201,993	12,256,829
Benefit payments and refunds	<u>(6,204,394)</u>	<u>(11,276,988)</u>	<u>(17,481,382)</u>
Pension plan administrative expense	<u>73</u>	<u>(175,657)</u>	<u>(175,584)</u>
Net change in plan fiduciary net position	(48,951)	5,429,439	5,380,488
Plan fiduciary net position - beginning	<u>67,807,553</u>	<u>76,713,659</u>	<u>144,521,212</u>
Plan fiduciary net position - ending (b)	\$ <u>67,758,602</u>	\$ <u>82,143,098</u>	\$ <u>149,901,700</u>
Net pension liability (a-b)	\$ <u>25,536,186</u>	\$ <u>68,567,367</u>	\$ <u>94,103,553</u>
Plan fiduciary net position as a percentage of total pension liability	72.63%	54.50%	61.43%
Covered payroll	\$ 8,162,075	\$ 9,059,349	\$ 17,221,424
Net pension liability as a percentage of covered employee payroll	312.86%	756.87%	546.43%

The aggregate deferred outflows or resources and inflows of resources for all defined benefit pension plans are as follows:

	Police and Fire	MERS	Total
Deferred inflows of resources	<u>\$ (86,854)</u>	<u>\$ -</u>	<u>\$ (86,854)</u>
Deferred outflows or resources	<u>\$ 2,033,676</u>	<u>\$ 10,843,847</u>	<u>\$ 12,877,523</u>

City of Midland, Michigan
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Municipal Employee's Retirement System of Michigan – Defined Contribution Retirement Plan

The City participates in the Municipal Employee's Retirement System of Michigan (MERS) defined contribution plan for all employees hired on or after July 1, 2005, with the exception of police and fire employees. In the defined contribution plan, benefits depend solely on the amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment. As established by City Council resolution, the City contributes 12 percent of the employee's gross earnings in the plan. The employee is fully vested after five years of service or at age 65.

The City's total payroll during the current year was \$25,966,581. The current year contribution was calculated based on covered payroll of \$4,989,472, resulting in an employer contribution of \$606,732. Employee contributions were \$249,475.

Municipal Employee's Retirement System of Michigan – Hybrid Defined Contribution and Defined Benefit Pension Plan

The City participates in the Michigan Municipal Employee's Retirement System (MERS) hybrid plan for all employees hired after January 1, 2017, with the exception of police and fire employees.

Beginning January 1, 2017, the first two employee groups to participate in the plan were the Confidential/Unclassified and the United Steelworkers employees. Existing employees from those groups participating in the Defined Contribution pension plan had the option of joining the Hybrid plan effective January 1, 2017.

On January 1, 2018 Midland Municipal Employees Association and Midland Municipal Supervisory Employees Association employees began participation in the hybrid plan. Existing employees from those groups participating in the Defined Contribution pension plan effective January 1, 2018.

The Hybrid plan consists of a modest defined benefit component and a defined contribution component. Under the defined benefit component,

the multiplier is 1% and there is a 6 year vesting requirement. For existing employees who transferred into the hybrid plan, their prior years of eligible service were transferred from the defined contribution plan to the hybrid plan for vesting purposes.

The total cost of the hybrid plan is capped at 12% of eligible wages. The defined benefit contribution is actuarially determined and first applied against the 12% cap. The remainder of the 12% cap, after the defined benefit component is deducted, is contributed to the defined contribution component for each employee. Participants are immediately vested at 100% of the City's defined contribution component. Member contributions range from 2% to 5%.

Employees who did not elect to transfer to the Hybrid pension plan will continue to participate in the Defined Contribution pension plan.

The City's total payroll during the current year was \$25,966,581. The current year contribution was calculated based on 88 participants and covered payroll of \$4,593,100, resulting in an employer defined benefit contribution of \$252,620, defined contribution of \$298,551 and employee contributions of \$229,656.

Note 15 - Postemployment Benefits

The City provides postemployment healthcare coverage under a traditional insured plan to retired employees and their qualified spouses and other dependents, as mandated by collective bargaining agreements. The trust assets are invested in a mutual vehicle qualified for the purpose and managed by the Municipal Employees Retirement System of Michigan (MERS). Each agreement contains variations of the following general guidelines. Most employees fall into one of the following general groups:

The first group of employees will be enrolled in the comprehensive medical plan available at the time of retirement. The City will pay 100 percent of the premium for retiree, spouse, and family.

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The second group of employees will be eligible for continued medical coverage when they retire from the City, providing they pay 50 percent of the premium. The City will pay the other 50 percent.

The third group, employees hired on or after July 1, 2005, excluding police and fire employees, will not be eligible to be included in the City's group health insurance plan. For those employees, the City will contribute 2 percent of the employee's wages into a healthcare savings program.

The City funds the retiree health insurance on a "pay as you go" basis. The net cost to the City for providing postemployment health care coverage for the three most recent fiscal years is as follows:

Year	Number of Retirees	Amount
2018	542	\$ 5,713,961
2019	584	5,750,825
2020	591	5,528,375

MERS acts as a fiduciary, investing and managing funds for the future payment of postemployment healthcare coverage for the City.

The covered wages for the retiree health post employment for the fiscal year were \$7,841,147.

Health Care Savings Program

The City participates in the Municipal Employee's Retirement System of Michigan (MERS) healthcare savings program for all employees hired on or after July 1, 2005, with the exception of police and fire employees. In the healthcare savings program, benefits depend solely on the amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment. As established by City Council resolution, the City contributes 2 percent of the employee's gross earnings in the program. The employee is fully vested after three years of service.

The City's total payroll during the current year was \$25,966,581. The current year contribution was calculated based on covered payroll of \$9,464,982, resulting in an employer contribution of \$189,302.

Police employees hired on or after July 1, 2011 are not eligible to participate in the City retiree health insurance plan. Employees hired after these dates participate in a Health Care Savings Program. Contributions in the program consist of 2% of the employee's wages by the City and employees for a total of 4%. The 2% employee contribution is mandatory. A vesting period of 3 years will apply for all employer contributions to the Health Care Savings Program.

The current year contribution was calculated based on a covered payroll of \$1,814,167, resulting in an employer contribution of \$36,283 and employee contributions of \$36,283.

Fire employees hired on or after November 14, 2011 are not eligible to participate in the City retiree health insurance plan. In lieu of participation in the City retiree health insurance plan, employees shall participate in a Health Savings Account (HSA) to accumulate funds for post-employment health care costs. The City shall contribute 2% of compensation to the HSA. An employee contribution to the HSA will not be available effective July 1, 2013.

The current year contribution was calculated based on a covered payroll of \$1,464,931 resulting in an employer contribution of \$29,298 and employee contributions of \$0.

Other Post Employment Benefits

Plan administration - The City of Midland's Retiree Healthcare Plan (the "Plan") is a single-employer defined benefit healthcare plan administered by the City. The City provides postemployment healthcare coverage under a traditional insured plan to retired employees and their qualified spouses and other dependents, as mandated by collective bargaining agreements. The trust assets are invested in a mutual vehicle qualified for the purpose and managed by the Municipal Employees Retirement System of Michigan (MERS). Each agreement

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contains variations of the following general guidelines.

Plan membership – At June 30, 2020, the plan membership consisted of the following:

Inactive plan members or beneficiaries	
currently receiving benefit payments	417
Inactive plan members entitle to but not	
yet receiving benefit payments	1
Active plan members	<u>130</u>
	<u>548</u>

The OPEB plan is closed to new members.

Benefits provided – The Plan provides 100% of health insurance benefits to eligible retirees and their dependents. The benefit is provided upon general administrative employees attaining 55 years of age, with 20 years of service to the City, and public safety employees are eligible with 25 years of service regardless of age. The City Council has the authority to establish and amend the benefit terms, subject to terms of collective bargaining agreements and employment contracts, as applicable.

Contributions – The contribution requirements of Plan members and the City are established and may be amended by the City Council. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the City. For the year ended June 30, 2020, the City contributed \$6,385,558 to the plan which was \$1,230,263 more than the Actuarially Determined Contribution (ADC). Plan members are not required to contribute to the plan.

Investment policy – The Plans policy in regard to the allocation of invested assets is established and may be amended by the Employees Retirement System Board by a majority vote of its members. It is the policy of the Retirement System Board to pursue an investment

strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The Plans investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best-estimate of arithmetic real rates of return for each major class included in the target asset allocation as of June 30, 2020 are summarized below along with the Boards adopted asset allocation policy:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Target Gross Rate of Return</u>	<u>Long-Term Expected Gross Rate of Return</u>	<u>Inflation Assumption</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equity	60%	8.65%	5.19%	8.65%	3.70%
Global fixed income	20%	3.76%	0.75%	3.76%	0.30%
Diversifying strategies	20%	9.06%	1.81%	9.06%	1.25%
Total	<u>100%</u>		<u>7.75%</u>		<u>5.25%</u>

Rate of return – For the year ended June 30, 2020, the annual money-weighted rate of return on investments, net of investment expense, was 2.43%. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

Net OPEB liability – The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018.

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Actuarial assumptions – The total OPEB liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement: 1) Actuarial cost method: entry-age normal; 2) Amortization method: level-dollar; 3) Remaining amortization period: 20 years, closed; 4) Asset valuation method: market value of assets; 5) Inflation 2.50%; 6) Salary increase for general of 3.5% to 14.5% including inflation and 3.5% to 7.4% including inflation; 7) investment rate of return 7.5% net of OPEB plan investment expense including inflation; 8) Retirement age for general and Act 345 based on experience-based table of rates that are specific to that type of eligibility condition; 9) Mortality for general is a 50% male – 50% female blend of the following tables: (a) RP-2014 Healthy Annuity Mortality Tables, with rates multiplied by 105% (b) RP-2014 Employee Mortality Tables (c) RP-2014 Juvenile Mortality Tables and Act 345 based on the RP-2014 Fully Generational Mortality Tables, with base year of 2006 and future mortality improvements assumed each year using scale MP-2015; 10) Health care trend rates 9.0% trend, gradually decreasing to 3.5% in year 10; 11) Excise tax no load was applied in connection with “Cadillac” tax; 12) Aging factors based on the 2013 SOA Study “Health Care Cost – From Birth to Death”.

The actuarial assumptions used in the June 30, 2018 valuation were based on a pension experience study performed by the actuary for the period January 1, 2011 through December 31, 2015 the actuary recommended changes to various valuation assumptions. These recommendations included the use of the RP-2014 Healthy Annuity Fully Generational Mortality Tables, with a base year of 2006, and future mortality improvements assumed each year using scale MP-2015. Certain actuarial assumptions were based upon the results of an experience study for MERS. A five-year experience study for the period January 1, 2009 to December 31, 2013 presented the results of this study. The tables used to model the impact of aging on claims utilization were developed by the Society of Actuaries in 2013. The other OPEB specific assumptions (health care trend, plan elections, etc.) are reviewed during each OPEB valuation and updated as needed.

Discount rate – A Single Discount Rate of 7.50% was used to measure the total OPEB liability. This Single Discount Rate was based on the expected rate of return on OPEB plan investments of 7.50%. The projection of cash flows used to determine this Single Discount Rate assumed that plan member contributions will be made at the current contribution rate (0% of payroll) and that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on this assumption, the OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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Changes in Net OPEB Liability

Total OPEB Liability

Service cost	\$ 475,167
Interest on the total OPEB liability	6,997,294
Experience differences	(882,479)
Benefit payments and refunds	<u>(5,735,667)</u>
Net change in total OPEB liability	854,315
Total OPEB liability - beginning	<u>95,927,497</u>
Total OPEB liability - ending (a)	<u><u>\$ 96,781,812</u></u>

Plan Fiduciary Net Position

Employer contributions	\$ 6,385,558
Net investment income	1,128,873
Benefit payments and refunds	(5,735,667)
Administrative expense	<u>(7,260)</u>
Net change in plan fiduciary net position	1,771,504
Plan fiduciary net position - beginning	<u>50,851,074</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 52,622,578</u></u>
Net OPEB liability (a-b)	<u><u>\$ 44,159,234</u></u>

Plan fiduciary net position as a percentage of total OPEB liability	54.37%
Covered employee payroll	\$ 7,841,147
Net OPEB liability as a percentage of covered employee payroll	563.17%

Sensitivity of the net OPEB liability to changes in the discount rate – The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1% lower (6.50%) or 1% higher (8.50%) than the current discount rate.

	1% Decrease 6.5%	Discount Rate 7.5%	1% Increase 8.5%
Net OPEB liability	\$ 54,167,272	\$ 44,159,234	\$ 35,679,980

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates – The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rates:

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
Net OPEB liability	\$ 34,086,071	\$ 44,159,234	\$ 55,965,703

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OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB – For the year ended June 30, 2020, the employer recognized OPEB expense of \$4,147,364. The employer reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources	Total to Amortize
Difference between expected and actual experience	\$ (504,374)	\$ -	\$ (504,374)
Assumption changes	-	56,977	56,977
Net difference between projected and actual earning on plan investments	<u>-</u>	<u>3,601,121</u>	<u>3,601,121</u>
Total	<u>\$ (504,374)</u>	<u>\$ 3,658,098</u>	<u>\$ 3,153,724</u>

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

Year ending June 30,	
2021	\$ 594,451
2022	1,002,333
2023	1,015,128
2024	<u>541,812</u>
Total	<u>\$ 3,153,724</u>

Note 16 - Claims, Litigation, and Other Contingencies

In the normal course of its activities, the City becomes a party in various legal actions. Although some actions have been brought for large amounts, the City has not generally experienced significant losses or cost. City management is of the opinion that the outcome of such actions will not have a material effect on the financial position of the City.

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

Note 17 - Enterprise Fund Contractual Revenue

The City supplies large quantities of water to Dow Chemical Company, Corteva, and DuPont under contractual arrangements with each company. By agreement with each company, they pay for the variable cost of industrial grade water. In addition, the companies agree to pay a percentage of certain fixed costs, including the principal and interest costs on debt incurred by the City related to plant expansions necessary to meeting the companies' special requirements. These fixed cost payments are due in monthly installments until the bonds of the Saginaw-Midland Municipal Water Supply Corporation are paid in full.

The payment percentage is based upon the cost of the facilities required to meet the companies' exact capacity requirements relative to the total cost of the City's initial capacity requirements.

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The percentage of the bond principal and interest payments reimbursed by each company follows:

	Percentage	
	Dow Chemical Company	Dow Corning Corporation
2009 Saginaw-Midland - Water Refunding Bonds	34.00%	4.20%
2012 Saginaw-Midland - Water Refunding Bonds	34.00%	4.20%
2013 Saginaw-Midland - Water Revenue Bonds	34.00%	4.20%

Total payments received under these agreements during the fiscal year were \$72,790, consisting of principal and interest of \$70,330 and \$2,461 respectively. These payments have been recorded as nonoperating revenue in the City's Enterprise Funds. Under the terms of these agreements, no equity accrues to either company.

Under the terms of the agreement with Dow Chemical Company, the Water Fund shall retain in a Dow Chemical Emergency Repair and Maintenance Fund, \$25,000 to fund Dow's share of non-budgeted repair, replacement, or improvements.

Note 18 - Urban Cooperation Act Agreement

Effective December 30, 1992, the City entered into a 30-year interlocal public agency agreement with the Township of Midland, as authorized by the provisions of Public Act 7 of the Public Acts of the State of Michigan of 1967 (Ex Sess) [MSA 5.4088(1) et seq; MCLA 124.501 et seq].

The agreement provides for (1) the orderly and uncontested annexation to the City of certain property then located in the Township; (2) future sharing, through the year 2022, of revenues derived from the City's levy of property taxes on certain property to be annexed under the agreement; (3) beginning in September 1993, and continuing through the year 2012, the sharing of revenues derived from the City's levy of property taxes on certain commercial and industrial property already located within the City; and (4) extension, at City cost, of water and

sewer services by the City to the Township boundary.

The City's obligation under provision 3 above shall cease if and when total cumulative payments there under reach \$15,000,000. The amount of revenue sharing due to the Township by the City under this agreement during the year ended June 30, 2020 was \$124,501. The total cumulative payments from the City through June 30, 2020 were \$4,594,304.

Note 19 - Risk Management

The City is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. The City has purchased commercial insurance for liability and property claims, airport liability, and pension fiduciary liability claims; it participates in the Michigan Municipal Workers' Compensation Pool for employee injury claims.

The Michigan Municipal League risk pool programs operate as common risk-sharing/management programs for local units of government in Michigan. Member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

Beginning July 1, 2007, the City started a self-insurance program for health insurance, which is accounted for in the Health Insurance Fund (Internal Service Fund). An independent administrator (BCBS) processes the daily claims. The City has a \$40,000 stop-loss, per contract. There were no reductions to insurance coverage from the prior year. The cost for health care is charged out to other City funds through its payroll system based upon illustrative rates generated by BCBS. These charges, together with employee withholdings, are the source of revenue to the Health Insurance Fund. Settled claims for the past three years, including the current year, as well as the prior two years relating to the commercial health insurance, have not exceeded the amount of insurance coverage.

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The City estimates the liability for healthcare claims that have been incurred through the end of the fiscal year, including claims that have been reported as well as those that have not yet been reported.

The estimated liability is recorded in accrued and other liabilities in the Statement of Net Position. The estimated liability for the past two fiscal years is as follows:

	2020	2019
Unpaid claims - beginning of year	\$ 331,275	\$ 324,879
Incurred claims, including claims incurred but not reported	7,231,207	7,991,422
Claims paid	<u>(7,299,902)</u>	<u>(7,985,026)</u>
Unpaid claims - end of year	<u>\$ 262,580</u>	<u>\$ 331,275</u>

Note 20 - Tax Abatements

The City enters into property tax abatement agreements with local businesses under several programs as authorized under Public Act 328 of 1998 (PA 328) and Public Act 198 of 1974, as amended (PA 198).

PA 328 (Personal Property Tax Relief in Distressed Communities) allows eligible distressed communities to abate taxes on new investments made by eligible commercial businesses that reduce unemployment, promote economic growth, and increase capital investment. Neighborhood Enterprise Zone designation would qualify a community as eligible for the PA 328 exemption. Eligible projects include manufacturing, mining, research and development, wholesale trade, and office operations. Retail businesses and casinos are not eligible. Abatements reduce property taxes by the full millage rate. The law does not specify a maximum or a minimum number of years to be abated.

PA198 (Industrial Property Tax Abatement) allows abatements to encourage Michigan manufacturers to build new plans, expand existing

plans, renovate aging plants, or add new machinery and equipment. High technology operations are also eligible for the abatement. Once approved the firm pays an Industrial Facilities Tax (IFT), instead of property taxes, which reflects the abatement savings. The exemption covers only the specific project that is the subject of the application. Any buildings and equipment that existed prior to the construction of a new facility are not exempt. Likewise, any structures or equipment added after completion of the project are fully taxable. The IFT on new plant and non-industrial personal property is computed at half the local property mileage rate, resulting in a reduction of property taxes of approximately 50%. For an obsolete plant or machinery that is being replaced or restored, the IFT is frozen at the assessed value of the plant prior to improvement, resulting in a 100% exemption from property tax on the value of the improvements. A speculative building would be eligible for a reduction in property taxes of approximately 50%. Commercial personal property will receive an automatic reduction of 12 mills for local school on their property tax bill.

As of June 30, 2020, the City of Midland provides tax abatements through five major categories, which are explained below.

Industrial Facilities Tax Exemptions. The City approves Industrial Facility Tax (IFT) Exemptions to encourage job growth and capital investment within the community. IFTs are authorized under Public Act 198 of 1974, as amended. Approved IFT projects will pay approximately half of the property tax burden when compared to non-IFT investments. In exchange for this tax benefit, investors will create projects that either maintain jobs or increase jobs in the community, while making a capital investment to the tax base. IFT exemptions must also receive approval from the State of Michigan, and be located on an established Industrial Development District. IFT exemption holders can maintain this benefit for up to 12 years, providing that they pay their taxes on time, maintain the level of employment promised, make the required amount of capital investment in a timely manner, and meet the City's annual reporting requirement. The current ITFs within the City total approximately \$59 million in taxable value, and \$446,824 in abated City property taxes

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June 30, 2020

Brownfield Redevelopment Districts. Brownfield Redevelopment Districts are authorized under Public Act 381 of 1996 to encourage development in areas that are economically disadvantaged by conditions of blight or contamination. Conceptually, a developer performs redevelopment and environmental cleanup activities to a qualified site. The increase in taxable value caused by this developer investment is then captured through tax increment financing and the related property taxes are used to repay the developer for all qualified costs. ---The City makes no other commitments other than the repayment of eligible costs. Brownfield Redevelopment projects require approval by not only the local brownfield authority, but also the State of Michigan. For the year ended June 30, 2020, approximately \$29.8 million in taxable value was abated at the beginning of the year, but with the distribution of the summer tax levy, one of the Brownfields was paid off. Accordingly, at year end the abated taxable value was \$8.5 million. The City property tax abated for the year was \$270,485.

Payment In Lieu Of Taxes. Payment In Lieu Of Taxes, or PILOTs are offered to encourage the development of housing for citizens of low and moderate income. They must satisfy several local and State requirements. They are authorized by The Michigan State Housing Development Authority Act of 1966, as amended. Locally they are authorized by Section 202.60 of the City of Midland Code of Ordinances. If approved, a PILOT exemption recipient will be exempted from all property taxes. Instead the recipient will pay an annual fee based upon a fixed percentage of eligible rents for that year. Should any of these PILOTs fail to fulfill the agreed upon requirements, they will be placed back on the roll at full value, and the PILOT exemption will be forfeited. The value of the abated taxes represents the amount of taxes these PILOTs would have paid, less the PILOT fee actually paid. The City currently has 18 PILOT developments valued at approximately \$12 million in taxable value, abating \$151,443 in City property taxes.

New Personal Property Exemption. Michigan Public Act 328 of 1998, as amended, affords a 100% property tax exemption for specific businesses located within eligible distressed communities. The City may determine the number of years granted for the exemption, and may offer this abatement on new personal property within a certain geographical area in order to stimulate economic development that would not otherwise be sited in the City of Midland. Approval is required by the City Council and the State Treasurer. The City may recapture the taxes if the recipient defaults on any of the terms of the agreement. Approximately \$29.1 million in taxable value and \$441,136 in property taxes have been abated under this program.

Renaissance Zones. Renaissance Zones are provided for by the Michigan Renaissance Zone Act, or Act 376 of 1996. The City has entered into agreements with the applicants and the Michigan Economic Development Corporation to incentivize investment and job creation in Michigan. Projects that are designated as Renaissance Zones are exempt from all property taxes, except for debt millage. Abatements are for up to 15 years, and are phased out at 25% per year, during the final years of the abatement period. Renaissance Zones can be revoked by the State if the recipient fails to satisfy the terms of the developer agreement. As of June 30, 2020, the City has two Renaissance Zones that abate approximately \$85 million in taxable value and \$1,266,868 in City property taxes.

Note 21 - Extraordinary Events

COVID-19 Pandemic

In March 2020, the Governor of the State of Michigan issued several executive orders in the interest of encouraging people to stay at home to try to slow down the spread of the Coronavirus (COVID-19). As a result, many City buildings were closed and activities cancelled through the 4th quarter of the City's fiscal year. In anticipation of the negative financial consequences on the City's operations, the budgets of several revenue and expense accounts were adjusted in a budget amendment that was posted in May 2020. Revenue projections for impacted recreational activities were reduced as many buildings were closed or

City of Midland, Michigan
Notes to the Financial Statements
June 30, 2020

activities were cancelled. This impacted the Civic Arena, Currie Municipal Golf Course, Plymouth Pool, and many other recreation activities. The Grace A Dow Memorial Library was also closed. Other revenue accounts, such as state shared revenue, gas and weight taxes, and building and planning fees were adjusted downward in anticipation of a reduced level of activity. As operations were closed, many expenses were able to be reduced as well which helped lessen the impact. The Federal and State Governments stepped up and offered financial support in various forms which allowed the City to furlough a large number of staff, especially at the Library, without negative impact on future unemployment costs. This provided significant cost savings at the Library, as well as in other departments.

The Federal CARES act was passed and infused significant financial assistance to the State of Michigan. This enabled the State to improve its own situation and offer programs to help the local units within the State. Due to the timing of these programs, any assistance the City will receive will fall in the 2020-21 fiscal year. Subsequent to yearend the City was awarded in excess of \$4 million in funding through various CARES programs, some of the funding will be received during the 2020-21 fiscal year, and some in subsequent fiscal years. The number of COVID-19 cases within the State continues to increase, and while there are a few vaccines being introduced to the market soon, it is unknown how long restrictions will continue to be placed on the residents and businesses of Michigan, or how soon the State's economy will recover from this devastating event. The net financial impact of COVID-19 was not severe as of June 30, 2020; however, the 2020-21 fiscal year continues to feel the impact. Should the State's economy encounter a sluggish recovery, the 2021-22 fiscal year could be impacted as well.

Dam Failures Flooding

On Sunday, May 17, 2020, rain started falling in Midland County and in several counties to the north that drain into the Tittabawassee River (the River). Early predictions had the River cresting at 26 feet late Tuesday night; however, as uncertainties regarding the network of dams along the river began to unfold, the River forecast was updated

to 32.4 feet on Wednesday. Ultimately there were major dam failures at Sanford Lake and Wixom Lake which sent an unprecedented volume of water through the City of Midland. The River crested at 35.05 feet, which is the highest river elevation in Midland's history by several feet.

This additional elevation in the River level caused catastrophic flooding in many parts of the City. Numerous homes and businesses were destroyed or significantly damaged. The City experienced flooding in three buildings for the first time. Riverside Place Apartments, Currie West Clubhouse, and the Currie equipment storage facility all had around 18 inches of water throughout the ground levels. The Currie East Clubhouse and the Grace A Dow Memorial Library also flooded, as well as a handful of other city structures.

In anticipation of the extreme demand on City resources, City Council approved a budget amendment to the 2019-20 fiscal year on June 22, 2020, recognizing previously unbudgeted Library and General Fund revenue, eligible flood insurance coverage, and \$400,000 of fund balance in the Property and Liability Insurance Fund to provide over \$3 million of available spending for flood related expenses. Actual expenditures by year end were just under \$800,000, so the remaining budgets will be encumbered into 2020-21. Damage estimates are near \$7 million for all City losses. The City has \$1 million of flood insurance coverage.

On July 9, 2020, the dam failure flooding event was declared a major disaster by the President. With this declaration comes the opportunity to qualify for significant financial support from the Federal Emergency Management Agency (FEMA). After insurance is applied, the City could receive up to 75% funding for those expenses deemed eligible by FEMA. City Staff is currently engaged with FEMA in an effort to maximize FEMA's financial support in the restoration of lost property, and potential mitigation efforts to reduce the impacts of any future flood events.

No adjustments to the financial statements were made as a result of these matters.

City of Midland, Michigan
Notes to the Financial Statements
June 30, 2020

Note 22 - Subsequent Event

Subsequent to year end, the City received contributions or letters indicating intent to contribute totaling \$3,054,000 from four local foundations and organizations to be used for various City projects.

City of Midland, Michigan
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2020

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Taxes				
Property taxes	\$ 27,609,332	\$ 27,659,910	\$ 27,599,598	\$ (60,312)
Other taxes	37,000	27,000	28,764	1,764
Penalties and interest	115,000	115,000	119,046	4,046
Administration fee	950,000	980,686	980,670	(16)
Licenses and permits	513,540	431,839	481,489	49,650
Federal grants	35,363	83,030	12,859	(70,171)
State revenue sharing	3,848,000	3,682,078	3,960,995	278,917
State grants	4,537,000	7,688,399	8,635,131	946,732
Local contributions	100,000	726,677	518,589	(208,088)
Charges for services	2,972,412	2,944,493	2,918,553	(25,940)
Use and admission charges	354,000	349,722	243,061	(106,661)
Interest income	450,000	425,000	327,284	(97,716)
Rental income	91,576	92,176	92,176	-
Other revenue	886,802	1,085,363	1,114,435	29,072
Total revenues	42,500,025	46,291,373	47,032,650	741,277

City of Midland, Michigan
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Expenditures				
General government	\$ 7,387,027	\$ 9,069,421	\$ 8,664,735	\$ (404,686)
Public safety	20,163,643	20,545,818	20,078,324	(467,494)
Public works	2,529,622	2,891,280	2,704,835	(186,445)
Sanitation	3,920,356	4,903,584	4,552,962	(350,622)
Parks and recreation	6,455,280	5,960,556	5,605,523	(355,033)
Airport	334,289	326,826	316,785	(10,041)
Reserve for contingencies	400,000	280,000	-	(280,000)
Capital outlay	796,085	3,097,398	754,227	(2,343,171)
Total expenditures	41,986,302	47,074,883	42,677,391	(4,397,492)
Excess (deficiency) of revenues over (under) expenditures	513,723	(783,510)	4,355,259	5,138,769
Other financing sources (uses)				
Proceeds from sale of capital assets	-	717	717	-
Transfer in	85,843	99,997	23,448	(76,549)
Transfers out	(5,331,018)	(6,358,322)	(5,095,477)	1,262,845
Total other financing sources (uses)	(5,245,175)	(6,257,608)	(5,071,312)	1,186,296
Net change in fund balance	(4,731,452)	(7,041,118)	(716,053)	6,325,065
Fund balance - beginning of year	23,123,685	23,123,685	23,123,685	-
Fund balance - end of year	\$ 18,392,233	\$ 16,082,567	\$ 22,407,632	\$ 6,325,065

City of Midland, Michigan
Required Supplementary Information
Budgetary Comparison Schedule
Major Street Fund
For the Year Ended June 30, 2020

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Taxes	\$ 4,166,116	\$ 3,866,116	\$ 3,940,056	\$ 73,940
Licenses and permits	80,000	80,000	114,114	34,114
Federal grants	-	2,204	2,204	-
Other state grants	4,780,450	5,521,153	6,121,019	599,866
Local contributions	50,000	1,067,850	890,158	(177,692)
Charges for services	178,842	178,842	44,199	(134,643)
Interest income	112,000	110,000	101,272	(8,728)
Other revenue	12,000	29,500	34,977	5,477
Total revenues	9,379,408	10,855,665	11,247,999	392,334
Expenditures				
Public works				
Engineering	240,278	228,513	263,801	35,288
Right of way inspections	20,300	20,858	11,788	(9,070)
Roadway maintenance	193,219	178,335	156,477	(21,858)
Guardrail maintenance	8,489	12,200	7,054	(5,146)
Sweeping and flushing	188,539	182,507	145,015	(37,492)
Shoulder maintenance	6,017	12,667	11,194	(1,473)
Roadside drainage	135,943	115,427	93,838	(21,589)
Curb and gutter maintenance	71,328	80,339	65,896	(14,443)
Roadside cleanup	32,648	24,547	25,018	471
Capital outlay	3,690,000	11,320,378	4,062,896	(7,257,482)
Grass and weeds	9,503	7,383	4,420	(2,963)
Snow and ice control	594,199	596,875	403,017	(193,858)
Stormwater activities credit	(150,379)	(129,784)	(98,973)	30,811
Trunk line maintenance	212,754	211,409	119,581	(91,828)
Other charges	2,500	13,580	12,347	(1,233)
Reserve for contingencies	20,000	20,000	-	(20,000)
Traffic services	511,637	536,092	486,022	(50,070)
Total public works	5,786,975	13,431,326	5,769,391	(7,661,935)
Excess (deficiency) of revenues over (under) expenditures	3,592,433	(2,575,661)	5,478,608	8,054,269

City of Midland, Michigan
Required Supplementary Information
Budgetary Comparison Schedule
Major Street Fund
For the Year Ended June 30, 2020

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Other financing uses				
Transfers out	\$ (2,570,379)	\$ (2,549,784)	\$ (2,518,974)	\$ 30,810
Net change in fund balance	1,022,054	(5,125,445)	2,959,634	8,085,079
Fund balance - beginning of year	12,527,069	12,527,069	12,527,069	-
Fund balance - end of year	<u>\$ 13,549,123</u>	<u>\$ 7,401,624</u>	<u>\$ 15,486,703</u>	<u>\$ 8,085,079</u>

City of Midland, Michigan
Required Supplementary Information
Municipal Employees Retirement System of Michigan
Schedule of Employer Contributions

Fiscal Year Ended June 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2015	\$ 5,134,284	\$ 5,141,787	\$ (7,503)	\$ 8,470,701	60.70%
2016	5,609,484	5,877,039	(267,555)	8,532,203	68.88%
2017	6,263,424	6,455,072	(191,648)	8,172,949	78.98%
2018	6,731,568	7,077,095	(345,527)	8,721,987	81.14%
2019	5,529,408	6,500,000	(970,592)	8,881,777	73.18%
2020	4,708,896	8,918,798	(4,209,902)	9,146,581	97.51%

Note: GASB Statement No. 68 was implemented for the fiscal year ended June 30, 2015 and does not require retroactive implementation. Data will be added as information is available until 10 years of such data is available.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Individual entry-age
Amortization method	Level percent of payroll
Remaining amortization period	15 for closed divisions and 20 for open divisions
Asset valuation method	5-year smoothed value of assets
Inflation	2.50%
Salary increases	3.00%
Investment rate of return	7.35%
Retirement age	60
Mortality	2014 Group annuity mortality table of 50% male and 50% female blend

City of Midland, Michigan
Required Supplementary Information
Municipal Employees Retirement System of Michigan
Schedule of Changes in the City's Net Pension Liability and Related Ratios

Fiscal year ended June 30,	2020	2019	2018	2017	2016	2015
Total Pension Liability						
Service cost	\$ 866,813	\$ 881,551	\$ 786,413	\$ 1,045,540	\$ 1,111,759	\$ 1,243,931
Interest on the total pension liability	11,063,799	10,934,490	11,054,578	10,994,431	10,620,508	10,390,626
Experience differences	1,297,407	898,384	1,068,561	1,190,327	(1,004,050)	-
Changes in actuarial assumptions	5,260,046	-	-	-	7,206,009	-
Benefit changes	(3,187)	(7,043)	(2,503,869)	(4,063,218)	-	-
Other changes	-	-	-	1,887	1	-
Benefit payments and refunds	(11,276,988)	(10,890,306)	(10,134,941)	(9,414,060)	(8,903,860)	(8,660,169)
Net change in total pension liability	7,207,890	1,817,076	270,742	(245,093)	9,030,367	2,974,388
Total pension liability - beginning	143,502,575	141,685,499	141,414,757	141,659,850	132,629,483	129,655,095
Total pension liability - ending (a)	<u>\$ 150,710,465</u>	<u>\$ 143,502,575</u>	<u>\$ 141,685,499</u>	<u>\$ 141,414,757</u>	<u>\$ 141,659,850</u>	<u>\$ 132,629,483</u>
Plan Fiduciary Net Position						
Employer contributions	\$ 6,500,000	\$ 7,596,133	\$ 6,045,280	\$ 6,200,113	\$ 5,382,318	\$ 4,968,968
Employee contributions	180,091	165,525	125,821	114,789	122,197	120,825
Pension plan net investment income (loss)	10,201,993	(3,190,805)	10,025,476	8,120,002	(1,123,214)	4,743,891
Benefit payments and refunds	(11,276,988)	(10,890,306)	(10,134,941)	(9,414,060)	(8,903,860)	(8,660,169)
Net transfers	-	-	-	(90,421)	-	-
Pension plan administrative expense	(175,657)	(159,823)	(158,984)	(160,386)	(166,307)	(173,596)
Net change in plan fiduciary net position	5,429,439	(6,479,276)	5,902,652	4,770,037	(4,688,866)	999,919
Plan fiduciary net position - beginning	76,713,659	83,192,935	77,290,283	72,520,246	77,209,112	76,209,193
Plan fiduciary net position - ending (b)	<u>\$ 82,143,098</u>	<u>\$ 76,713,659</u>	<u>\$ 83,192,935</u>	<u>\$ 77,290,283</u>	<u>\$ 72,520,246</u>	<u>\$ 77,209,112</u>
Net pension liability (a-b)	<u>\$ 68,567,367</u>	<u>\$ 66,788,916</u>	<u>\$ 58,492,564</u>	<u>\$ 64,124,474</u>	<u>\$ 69,139,604</u>	<u>\$ 55,420,371</u>
Plan fiduciary net position as a percentage of total pension liability	54.50%	53.46%	58.72%	54.66%	51.19%	58.21%
Covered payroll	\$ 9,059,349	\$ 8,713,000	\$ 7,684,171	\$ 6,861,725	\$ 7,759,320	\$ 8,685,943
Net pension liability as a percentage of covered employee payroll	756.87%	766.54%	761.21%	934.52%	891.05%	638.05%

Note: GASB Statement No. 68 was implemented for the fiscal year ended June 30, 2015 and does not require retroactive implementation. Data will be added as information is available until 10 years of such data is available.

City of Midland, Michigan
Required Supplementary Information
Police and Fire Retirement System

Schedule of Changes in the City's Net Pension Liability and Related Ratios

Fiscal year ended June 30,	2020	2019	2018	2017	2016	2015
Total pension liability						
Service cost	\$ 1,834,600	\$ 1,832,656	\$ 1,784,178	\$ 1,858,502	\$ 1,818,607	\$ 1,792,921
Interest on the total pension liability	6,247,534	5,877,567	5,883,755	5,546,214	5,401,449	5,239,339
Benefit changes	-	3,541,578	(2,859,418)	-	-	-
Difference between expected and actual experience of the total pension liability	(18,340)	(122,894)	500,365	793,929	465,691	782,304
Assumption changes	-	-	-	2,284,416	-	-
Benefit payments and refunds	(6,204,394)	(5,484,865)	(5,358,186)	(5,889,565)	(5,385,686)	(5,637,423)
Net change in total pension liability	1,859,400	5,644,042	(49,306)	4,593,496	2,300,061	2,177,141
Total pension liability - beginning of year	91,435,388	85,791,346	85,840,652	81,247,156	78,947,095	76,769,954
Total pension liability - end of year (a)	<u>\$ 93,294,788</u>	<u>\$ 91,435,388</u>	<u>\$ 85,791,346</u>	<u>\$ 85,840,652</u>	<u>\$ 81,247,156</u>	<u>\$ 78,947,095</u>
Plan fiduciary net position						
Employer contributions	\$ 3,447,568	\$ 2,703,865	\$ 2,784,282	\$ 2,575,684	\$ 2,557,242	\$ 2,466,484
Employee contributions	652,966	625,930	607,126	578,989	596,652	562,157
Pension plan net investment income (loss)	2,054,836	3,660,538	5,855,101	7,690,217	(1,252,024)	2,613,608
Benefit payments and refunds	(6,204,394)	(5,484,865)	(5,358,186)	(5,889,565)	(5,385,686)	(5,637,423)
Other	73	-	16,565	15,348	-	-
Net change in plan fiduciary net position	(48,951)	1,505,468	3,904,888	4,970,673	(3,483,816)	4,826
Plan fiduciary net position - beginning of year	67,807,553	66,302,085	62,397,197	57,426,524	60,910,340	60,905,514
Plan fiduciary net position - end of year (b)	<u>\$ 67,758,602</u>	<u>\$ 67,807,553</u>	<u>\$ 66,302,085</u>	<u>\$ 62,397,197</u>	<u>\$ 57,426,524</u>	<u>\$ 60,910,340</u>
Net pension liability - ending (a) - (b)	<u>\$ 25,536,186</u>	<u>\$ 23,627,835</u>	<u>\$ 19,489,261</u>	<u>\$ 23,443,455</u>	<u>\$ 23,820,632</u>	<u>\$ 18,036,755</u>
Plan fiduciary net position as a percentage of total pension liability	72.63%	74.16%	77.28%	72.69%	70.68%	77.15%
Covered payroll	\$ 8,162,075	\$ 7,824,124	\$ 7,589,063	\$ 7,237,356	\$ 7,458,145	\$ 7,027,322
Net pension liability as a percentage of covered employee payroll	312.86%	301.99%	256.81%	323.92%	319.39%	256.67%

Note: GASB Statement No. 68 was implemented for the fiscal year ended June 30, 2015 and does not require retroactive implementation. Data will be added as information is available until 10 years of such data is available.

City of Midland, Michigan
Required Supplementary Information
Police and Fire Retirement System
Schedule of Contributions

Fiscal Year Ended June 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2014	\$ 2,572,418	\$ 2,572,418	\$ -	\$ 6,904,434	37.26%
2015	2,466,484	2,466,484	-	7,027,322	35.10%
2016	2,557,242	2,557,242	-	7,458,145	34.29%
2017	2,575,684	2,575,684	-	7,237,356	35.59%
2018	2,784,282	2,784,282	-	7,589,063	36.69%
2019	2,703,865	2,703,865	-	7,824,124	34.56%
2020	3,143,313	3,447,567	(304,254)	8,162,075	42.24%

Note: Information from 2010 - 2013 is not available. Additional years will be presented on this schedule on a prospective basis.

The information presented above was determined as part of the actuarial valuations at the date indicated above. Additional information as of December 31, 2018, the latest actuarial valuation, follows:

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age actuarial cost method
Amortization method	Level percent of payroll
Amortization period (perpetual)	20 years, closed
Asset valuation method	4-year smoothed market
Inflation	2.50%
Salary increases	3.5% to 7.4%
Investment rate of return	7.0% (net of administrative expenses)
Retirement age	Experience-based table of rates that are specific to type of eligibility condition Last updated for the 2016 valuation pursuant to an experience study of the period 2011-2015.
Mortality	RP-2014 Fully Generational Mortality Tables, with a base year of 2006 and future mortality improvements assumed each year using scale MP-2015

City of Midland, Michigan
Required Supplementary Information
Police and Fire Retirement System
Schedule of Investment Returns

Fiscal Year Ended June 30,	Annual Return % *
2014	16.19%
2015	4.38%
2016	-2.09%
2017	13.68%
2018	9.55%
2019	5.60%
2020	3.75%

* Annual money-weighted rate of return, net of investment expenses

Note: Information from 2010 - 2013 is not available. Additional years will be presented on this schedule on a prospective basis.

City of Midland, Michigan
Required Supplementary Information
Other Post Employment Benefits
Schedule of Changes in Net OPEB Liability and Related Ratios

Fiscal year ended June 30,	2020	2019	2018	2017
Total OPEB Liability				
Service cost	\$ 475,167	\$ 460,810	\$ 516,347	\$ 510,303
Interest	6,997,294	6,877,502	6,789,422	6,663,524
Differences between expected and actual experience	(882,479)	(2,791,338)	(188,802)	207,499
Changes in assumptions	-	2,986,377	-	-
Benefit payments	<u>(5,735,667)</u>	<u>(6,150,959)</u>	<u>(5,678,627)</u>	<u>(5,732,786)</u>
Net change in total OPEB liability	854,315	1,382,392	1,438,340	1,648,540
Total OPEB liability - beginning	<u>95,927,497</u>	<u>94,545,105</u>	<u>93,106,765</u>	<u>91,458,225</u>
Total OPEB liability - ending (a)	<u><u>\$ 96,781,812</u></u>	<u><u>\$ 95,927,497</u></u>	<u><u>\$ 94,545,105</u></u>	<u><u>\$ 93,106,765</u></u>
Plan Fiduciary Net Position				
Employer contributions	\$ 6,385,558	\$ 6,485,186	\$ 5,783,315	\$ 5,276,990
Net investment income	1,128,873	1,335,491	3,396,947	5,097,143
Benefit payments and refunds	(5,735,667)	(6,150,959)	(5,678,627)	(5,732,786)
Administrative expense	(7,260)	(24,880)	-	-
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>740,340</u>
Net change in plan fiduciary net position	1,771,504	1,644,838	3,501,635	5,381,687
Plan fiduciary net position - beginning	<u>50,851,074</u>	<u>49,206,236</u>	<u>45,704,601</u>	<u>40,322,914</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 52,622,578</u></u>	<u><u>\$ 50,851,074</u></u>	<u><u>\$ 49,206,236</u></u>	<u><u>\$ 45,704,601</u></u>
Net OPEB liability (a-b)	<u><u>\$ 44,159,234</u></u>	<u><u>\$ 45,076,423</u></u>	<u><u>\$ 45,338,869</u></u>	<u><u>\$ 47,402,164</u></u>
Plan fiduciary net position as a percentage of total OPEB liability	54.37%	53.01%	52.05%	49.09%
Covered payroll	\$ 7,841,147	\$ 8,648,994	\$ 9,383,944	\$ 10,473,580
Net OPEB liability as a percentage of covered employee payroll	563.17%	521.18%	483.15%	452.59%

Note: GASB Statement No. 74 was implemented for the fiscal year ended June 30, 2017 and does not require retroactive implementation.
Data will be added as information is available until 10 years of such data is available.

City of Midland, Michigan
Required Supplementary Information
Other Post Employment Benefits
Schedule of Employer Contributions

Fiscal Year Ended June 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2011	\$ 6,629,537	\$ 6,629,537	\$ -	Not available	Not available
2012	5,747,843	5,747,843	-	14,457,139	39.76%
2013	5,800,533	5,800,533	-	13,502,768	42.96%
2014	5,103,471	5,103,471	-	12,317,631	41.43%
2015	5,097,424	5,097,424	-	11,949,634	42.66%
2016	5,069,409	5,069,409	-	12,059,463	42.04%
2017	5,055,234	5,276,990	(221,756)	10,473,580	50.38%
2018	5,541,680	5,783,315	(241,635)	9,383,944	61.63%
2019	5,526,592	6,485,186	(958,594)	8,648,994	74.98%
2020	5,155,295	6,385,558	(1,230,263)	7,841,147	81.44%

Notes to Schedule of Contributions

Valuation date: June 30, 2018

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level-dollar
Remaining amortization period	20 years, closed
Asset valuation method	Market value of assets
Inflation	2.50%
Salary increases	General: 3.5% to 14.5%, including inflation Act 345: 3.5% to 7.4%, including inflation
Investment rate of return	7.5%, net of OPEB plan investment expense
Retirement age	General: Experience-based table of rates that are specific to that type of eligibility condition. Act 345: Experience-based table of rates that are specific to that type of eligibility condition.
Mortality	General: A 50% Male - 50% Female blend of the following tables: (1) The RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105% (2) The RP-2014 Employee Mortality Tables (3) The RP-2014 Juvenile Mortality Tables Act 345: The RP-2014 Fully Generational Mortality Tables, with base year of 2006, and future mortality improvements assumed each year using scale MP-2015
Health care trend rates	Initial trend of 8.25% gradually decreasing to and ultimate trend of 3.5% in year 10
Excise tax	No load was applied in connection with the "Cadillac" tax
Aging factors	Based on the 2013 SOA Study "Health Care Costs - From Birth to Death"

City of Midland, Michigan
Required Supplementary Information
Other Post Employment Benefits
Schedule of Investment Returns

Fiscal Year Ended June 30,	Annual Return % *
2017	14.61%
2018	7.78%
2019	3.06%
2020	2.43%

* Annual money-weighted rate of return, net of investment expenses

GASB Statement No. 74 was implemented for the fiscal year ended June 30, 2017 and does not require retroactive implementation. Data will be added as information is available until 10 years of such data is available.

City of Midland, Michigan
Note to the Required Supplementary Information
Year Ended June 30, 2020

NOTE – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information – Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund, Special Revenue Funds, and Debt Service Fund. All annual appropriations lapse at the end of the fiscal year, except as noted.

On or before the second Monday in April, the City Manager presents the proposed budget to the City Council for review. The City holds public hearings and a final budget must be prepared and adopted no later than the fourth Monday in May. During the current year, the budget was amended in a legally permissible manner.

The City Council approves the annual budget, which is prepared at the functional level.

Encumbrance accounting is employed in governmental funds. Encumbrances (purchase orders, contracts, and other commitments for the expenditure of monies) outstanding at year end are reported as committed fund balance since they do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

The City did not adopt a budget for the Cemetery Permanent Fund. Accordingly, no budget comparison schedule is provided.

City of Midland, Michigan
Other Supplementary Information
Nonmajor Governmental Funds
Fund Descriptions
Year Ended June 30, 2020

Special Revenue Funds

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Local Street Fund – This fund accounts for the maintenance and construction of streets designated by the Michigan Department of Transportation as local streets.

Smart Zone Fund – This fund through a partnership with Midland Tomorrow accounts for funds collected from the Tax Increment Financing District to align and strategically fund community economic development functions building on Midland's base of innovation in the chemical and advanced materials sectors.

Center City Authority Fund - This fund accounts for the economic growth in the City Center as it becomes a destination for endless possibilities to eat, shop, and explore.

Stormwater Management Fund – This fund accounts for storm sewer maintenance, open drain cleaning, and county drain assessments related to storm water management within the City.

Grace A. Dow Memorial Library Fund – This fund accounts for property taxes, library services revenue and a General Fund subsidy to be used for providing library services to the citizens of Midland.

Community Development Block Grant Fund – This fund accounts for grant revenues from the Department of Housing and Urban Development to be used for residential and other capital improvements.

Homeland Security Grant Fund – This fund accounts for the City's fiduciary activities to administer Homeland Security grant funding for various local community subrecipients.

Dial-A-Ride Transportation Fund – This fund accounts for the City's Dial-A-Ride transportation system.

Downtown Development Authority Fund – This fund accounts for property taxes levied by and authority established for the purpose of maintaining and renovating the downtown Midland area.

City of Midland, Michigan
Other Supplementary Information
Nonmajor Governmental Funds
Fund Descriptions
Year Ended June 30, 2020

Midland Community Television Fund – This fund accounts for franchise fees generated by an agreement with a local cable company to support two public access channels operated by the City.

Special Activities Fund – This fund accounts for various types of activities that are specifically funded by outside parties, not appropriate to be accounted for in any other Special Revenue Fund, and for which the City is the benefactor of those activities.

Midland Housing Fund – This fund is used to account for a housing rehabilitation program, which was established by a local foundation.

Debt Service Fund

The Debt Service Fund accounts for the servicing of general long-term debt not being financed by proprietary or nonexpendable trust funds.

Permanent Fund

The Cemetery Fund is used to account for the Midland Cemetery perpetual care principal and interest earnings.

City of Midland, Michigan
Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

	Special Revenue Funds												Debt Service Fund	Permanent Fund	
	Local Street Fund	Smart Zone Fund	Center City Authority Fund	Stormwater Management Fund	Grace A. Dow Memorial Library Fund	Community Development Block Grant Fund	Homeland Security Grant Fund	Dial-A-Ride Transportation Fund	Downtown Development Authority Fund	Midland Community Television Fund	Special Activities Fund	Midland Housing Fund	Debt Service Fund	Cemetery Fund	Total Nonmajor Governmental Funds
Assets															
Cash and cash equivalents	\$ 7,931,545	\$ 281,267	\$ 50,908	\$ 1,983,627	\$ 1,398,861	\$ -	\$ -	\$ -	\$ 685,139	\$ 1,628,317	\$ 95,650	\$ 245,377	\$ 232,985	\$ 2,130,269	\$ 16,663,945
Receivables - net of allowances															
Taxes	-	-	-	-	26,925	-	-	-	296	-	-	-	6,937	-	34,158
Trust deeds	-	-	-	-	-	930,418	-	-	-	-	-	-	-	-	930,418
Customers	-	-	-	-	-	-	-	-	-	-	475	-	-	-	475
Accounts and contracts	-	-	-	16,332	6,326	-	-	972	112,558	159,844	-	149,733	-	2,828	448,593
Accrued interest and other	2,426	-	15	783	573	-	-	-	196	518	14	82	232	688	5,527
Due from other units of government	180,490	-	-	-	-	-	76,096	553,724	-	-	-	-	-	-	810,310
Due from other funds	-	-	-	-	-	68,267	-	-	-	-	-	-	-	-	68,267
Inventories	-	-	-	-	-	-	-	-	-	-	-	185,154	-	-	185,154
Prepaid items	-	-	-	-	18,167	-	7,692	-	-	-	4,559	-	-	-	30,418
Total assets	<u>\$ 8,114,461</u>	<u>\$ 281,267</u>	<u>\$ 50,923</u>	<u>\$ 2,000,742</u>	<u>\$ 1,450,852</u>	<u>\$ 998,685</u>	<u>\$ 83,788</u>	<u>\$ 554,696</u>	<u>\$ 798,189</u>	<u>\$ 1,788,679</u>	<u>\$ 100,698</u>	<u>\$ 580,346</u>	<u>\$ 240,154</u>	<u>\$ 2,133,785</u>	<u>\$ 19,177,265</u>
Liabilities															
Accounts payable	\$ 83,566	\$ -	\$ -	\$ 531	\$ 100,066	\$ 33,329	\$ 83,787	\$ 365,741	\$ 17,829	\$ 333	\$ 2,650	\$ 107,781	\$ -	\$ -	\$ 795,613
Due to other funds	-	-	-	-	-	-	-	-	-	-	-	68,267	-	-	68,267
Deposits	-	-	-	5,258	2,830	-	-	-	-	-	25,920	-	-	-	34,008
Unearned revenue	-	-	-	-	-	15,879	-	176,722	-	-	-	-	-	-	192,601
Total liabilities	<u>83,566</u>	<u>-</u>	<u>-</u>	<u>5,789</u>	<u>102,896</u>	<u>49,208</u>	<u>83,787</u>	<u>542,463</u>	<u>17,829</u>	<u>333</u>	<u>28,570</u>	<u>176,048</u>	<u>-</u>	<u>-</u>	<u>1,090,489</u>
Deferred inflows of resources															
Grants	-	-	-	-	-	-	7,133	527,161	-	-	-	-	-	-	534,294
Trust deeds	-	-	-	-	-	930,418	-	-	-	-	-	-	-	-	930,418
Other	-	-	-	-	-	-	-	-	-	-	-	131,707	-	-	131,707
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>930,418</u>	<u>7,133</u>	<u>527,161</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>131,707</u>	<u>-</u>	<u>-</u>	<u>1,596,419</u>
Fund balances															
Non-spendable															
Inventories	-	-	-	-	-	-	-	-	-	-	-	185,154	-	-	185,154
Prepaid items	-	-	-	-	18,167	-	7,692	-	-	-	4,559	-	-	-	30,418
Restricted for															
Local street	8,030,895	-	-	-	-	-	-	-	-	-	-	-	-	-	8,030,895
Smart zone	-	281,267	-	-	-	-	-	-	-	-	-	-	-	-	281,267
Center city authority	-	-	50,923	-	-	-	-	-	-	-	-	-	-	-	50,923
Grace A. Dow Memorial Library	-	-	-	-	1,329,789	-	-	-	-	-	-	-	-	-	1,329,789
Downtown development authority	-	-	-	-	-	-	-	-	780,360	-	-	-	-	-	780,360
Community development block grant	-	-	-	-	-	19,059	-	-	-	-	-	-	-	-	19,059
Midland housing	-	-	-	-	-	-	-	-	-	-	-	87,437	-	-	87,437
Special activities	-	-	-	-	-	-	-	-	-	-	67,569	-	-	-	67,569
Debt service	-	-	-	-	-	-	-	-	-	-	-	-	240,154	-	240,154
Cemetery operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Expendable	-	-	-	-	-	-	-	-	-	-	-	-	-	17,767	17,767
Nonexpendable	-	-	-	-	-	-	-	-	-	-	-	-	-	2,116,018	2,116,018
Committed															
Future year expenditures	-	-	-	76,142	-	-	-	-	-	47,171	-	-	-	-	123,313
Assigned	-	-	-	1,918,811	-	-	-	-	-	1,741,175	-	-	-	-	3,659,986
Unassigned (deficit)	-	-	-	-	-	-	(14,824)	(514,928)	-	-	-	-	-	-	(529,752)
Total fund balances	<u>8,030,895</u>	<u>281,267</u>	<u>50,923</u>	<u>1,994,953</u>	<u>1,347,956</u>	<u>19,059</u>	<u>(7,132)</u>	<u>(514,928)</u>	<u>780,360</u>	<u>1,788,346</u>	<u>72,128</u>	<u>272,591</u>	<u>240,154</u>	<u>2,133,785</u>	<u>16,490,357</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 8,114,461</u>	<u>\$ 281,267</u>	<u>\$ 50,923</u>	<u>\$ 2,000,742</u>	<u>\$ 1,450,852</u>	<u>\$ 998,685</u>	<u>\$ 83,788</u>	<u>\$ 554,696</u>	<u>\$ 798,189</u>	<u>\$ 1,788,679</u>	<u>\$ 100,698</u>	<u>\$ 580,346</u>	<u>\$ 240,154</u>	<u>\$ 2,133,785</u>	<u>\$ 19,177,265</u>

City of Midland, Michigan
Other Supplemental Information
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended June 30, 2020

	Special Revenue Funds												Debt Service Fund	Permanent Fund	
	Local Street Fund	Smart Zone Fund	Center City Authority Fund	Stormwater Management Fund	Grace A. Dow Memorial Library Fund	Community Development Block Grant Fund	Homeland Security Grant Fund	Dial-A-Ride Transportation Fund	Downtown Development Authority Fund	Midland Community Television Fund	Special Activities Fund	Midland Housing Fund	Debt Service Fund	Cemetery Fund	Total Nonmajor Governmental Funds
Revenues															
Taxes	\$ -	\$ 77,546	\$ -	\$ -	\$ 2,079,333	\$ -	\$ -	\$ -	\$ 952,032	\$ -	\$ -	\$ -	\$ 531,588	\$ -	\$ 3,640,499
Licenses and permits	104,838	-	-	21,358	-	-	-	-	-	-	-	-	-	-	126,196
Federal grants	-	-	-	-	-	167,408	246,887	523,883	-	-	-	-	-	-	938,178
State grants	1,293,192	-	-	-	385,128	-	-	745,719	10,829	-	7,652	-	104,853	-	2,547,373
Local contributions	-	-	100,000	-	747,941	-	-	-	28,500	7,865	-	-	-	17,358	901,664
Charges for services	-	-	-	-	438,080	-	-	109,899	-	659,867	-	-	-	-	1,207,846
Interest income	59,717	-	671	18,272	13,176	-	-	-	2,950	12,785	509	2,600	7,899	17,767	136,346
Other revenue	6,604	-	-	60	104,849	12,814	-	-	2,135	-	65,459	16,500	-	-	208,421
Total revenues	1,464,351	77,546	100,671	39,690	3,768,507	180,222	246,887	1,379,501	996,446	680,517	73,620	19,100	644,340	35,125	9,706,523
Expenditures															
Current															
Public safety	-	-	-	-	-	-	246,560	-	-	-	7,267	-	-	-	253,827
Public works	1,308,848	-	-	587,103	-	-	-	-	-	-	-	-	-	-	1,895,951
Community and economic development	-	-	103,953	-	-	149,255	-	-	527,958	-	92,578	-	-	-	873,744
Library and community television	-	-	-	-	3,945,076	-	-	-	-	505,796	-	-	-	-	4,450,872
Transportation	-	-	-	-	-	-	-	2,095,448	-	-	-	-	-	-	2,095,448
Capital outlay	1,426,266	-	-	44,862	94,647	-	-	76,235	-	-	-	-	-	-	1,642,010
Debt service															
Principal retirement	-	-	-	-	-	-	-	-	-	-	-	-	1,470,000	-	1,470,000
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-	-	92,103	-	92,103
Total expenditures	2,735,114	-	103,953	631,965	4,039,723	149,255	246,560	2,171,683	527,958	505,796	99,845	-	1,562,103	-	12,773,955
Excess (deficiency) of revenues over (under) expenditures	(1,270,763)	77,546	(3,282)	(592,275)	(271,216)	30,967	327	(792,182)	468,488	174,721	(26,225)	19,100	(917,763)	35,125	(3,067,432)
Other financing sources (uses)															
Transfers in	2,420,000	-	7,500	1,657,030	1,014,737	-	-	277,254	10,000	-	27,383	-	1,750,986	-	7,164,890
Transfers out	(138,056)	-	-	(512,000)	-	(80,908)	-	-	(72,383)	-	(110)	-	(826,725)	-	(1,630,182)
Total other financing sources and uses	2,281,944	-	7,500	1,145,030	1,014,737	(80,908)	-	277,254	(62,383)	-	27,273	-	924,261	-	5,534,708
Net change in fund balance	1,011,181	77,546	4,218	552,755	743,521	(49,941)	327	(514,928)	406,105	174,721	1,048	19,100	6,498	35,125	2,467,276
Fund balance - beginning of year	7,019,714	203,721	46,705	1,442,198	604,435	69,000	(7,459)	-	374,255	1,613,625	71,080	253,491	233,656	2,098,660	14,023,081
Fund balance - end of year	\$ 8,030,895	\$ 281,267	\$ 50,923	\$ 1,994,953	\$ 1,347,956	\$ 19,059	\$ (7,132)	\$ (514,928)	\$ 780,360	\$ 1,788,346	\$ 72,128	\$ 272,591	\$ 240,154	\$ 2,133,785	\$ 16,490,357

City of Midland, Michigan
Other Supplementary Information
Budgetary Comparison Schedule
Local Street Fund
For the Year Ended June 30, 2020

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Licenses and permits	\$ 70,000	\$ 70,000	\$ 104,838	\$ 34,838
Other state grants	1,216,400	1,226,200	1,293,192	66,992
Local contributions	50,000	50,000	-	(50,000)
Interest income	65,000	65,000	59,717	(5,283)
Other revenue	7,000	7,000	6,604	(396)
Total revenues	1,408,400	1,418,200	1,464,351	46,151
Expenditures				
Public works				
Engineering	183,531	187,231	226,383	39,152
Right of way inspections	16,540	17,847	10,828	(7,019)
Roadway maintenance	315,468	312,407	237,743	(74,664)
Guardrail maintenance	4,130	4,554	1,146	(3,408)
Sweeping and flushing	327,731	327,900	256,616	(71,284)
Shoulder maintenance	3,480	4,116	4,624	508
Roadside drainage	148,310	161,391	136,847	(24,544)
Curb and gutter maintenance	188,634	186,515	144,945	(41,570)
Roadside cleanup	29,279	29,280	24,487	(4,793)
Dust control	11,082	10,866	368	(10,498)
Grass and weeds	15,481	15,482	1,209	(14,273)
Snow and ice control	466,789	420,147	220,815	(199,332)
Stormwater activities credit	(148,310)	(161,391)	(138,056)	23,335
Traffic services	169,132	205,563	166,378	(39,185)
Reserve for contingencies	20,000	10,000	-	(10,000)
Other charges	-	-	14,515	14,515
Total public works	1,751,277	1,731,908	1,308,848	(423,060)
Capital outlay	2,240,000	3,156,340	1,426,266	(1,730,074)
Total expenditures	3,991,277	4,888,248	2,735,114	(2,153,134)
Deficiency of revenues under expenditures	(2,582,877)	(3,470,048)	(1,270,763)	2,199,285
Other financing sources (uses)				
Transfers in	2,420,000	2,420,000	2,420,000	-
Transfers out	(148,310)	(161,391)	(138,056)	23,335
Total other financing sources and uses	2,271,690	2,258,609	2,281,944	23,335
Net change in fund balance	(311,187)	(1,211,439)	1,011,181	2,222,620
Fund balance - beginning of year	7,019,714	7,019,714	7,019,714	-
Fund balance - end of year	\$ 6,708,527	\$ 5,808,275	\$ 8,030,895	\$ 2,222,620

City of Midland, Michigan
Other Supplementary Information
Budgetary Comparison Schedule
Smart Zone Fund
For the Year Ended June 30, 2020

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Taxes	\$ 30,000	\$ 77,546	\$ 77,546	\$ -
Local contributions	15,000	15,000	-	(15,000)
Total revenues	45,000	92,546	77,546	(15,000)
Expenditures				
Public works				
Administration	50,000	50,000	-	(50,000)
Other	25,000	25,000	-	(25,000)
Total public works	75,000	75,000	-	(75,000)
Capital outlay	5,000	5,000	-	(5,000)
Total expenditures	80,000	80,000	-	(80,000)
Net change in fund balance	(35,000)	12,546	77,546	65,000
Fund balance - beginning of year	203,721	203,721	203,721	-
Fund balance - end of year	<u>\$ 168,721</u>	<u>\$ 216,267</u>	<u>\$ 281,267</u>	<u>\$ 65,000</u>

City of Midland, Michigan
Other Supplementary Information
Budgetary Comparison Schedule
Center City Authority Fund
For the Year Ended June 30, 2020

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Local contributions	\$ -	\$ 100,000	\$ 100,000	\$ -
Interest income	700	700	671	(29)
Total revenues	700	100,700	100,671	(29)
Expenditures				
Community and economic development				
Other	1,700	125,210	103,953	(21,257)
Deficiency of revenues under expenditures	(1,000)	(24,510)	(3,282)	21,228
Other financing sources				
Transfers in	-	7,500	7,500	-
Net change in fund balance	(1,000)	(17,010)	4,218	21,228
Fund balance - beginning of year	46,705	46,705	46,705	-
Fund balance - end of year	<u>\$ 45,705</u>	<u>\$ 29,695</u>	<u>\$ 50,923</u>	<u>\$ 21,228</u>

City of Midland, Michigan
Other Supplementary Information
Budgetary Comparison Schedule
Stormwater Management Fund
For the Year Ended June 30, 2020

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Licenses and permits	\$ 24,900	\$ 23,400	\$ 21,358	\$ (2,042)
Interest income	17,480	17,480	18,272	792
Other revenue	-	60	60	-
Total revenues	42,380	40,940	39,690	(1,250)
Expenditures				
Public works				
Administration	17,356	20,588	20,588	-
Open drain maintenance	73,053	113,951	59,787	(54,164)
Storm sewer maintenance	257,476	388,783	189,543	(199,240)
Inspection expenses	24,745	31,368	41,523	10,155
Storm sewer repair	68,856	84,867	35,660	(49,207)
Purchased services	310,689	303,175	239,979	(63,196)
Other charges	-	-	23	23
Reserve for contingencies	25,000	25,000	-	(25,000)
Total public works	777,175	967,732	587,103	(380,629)
Capital outlay	848,000	594,000	44,862	(549,138)
Total expenditures	1,625,175	1,561,732	631,965	(929,767)
Deficiency of revenues under expenditures	(1,582,795)	(1,520,792)	(592,275)	928,517
Other financing sources (uses)				
Transfers in	1,218,689	1,711,175	1,657,030	(54,145)
Transfers out	-	(512,000)	(512,000)	-
Total other financing sources and uses	1,218,689	1,199,175	1,145,030	(54,145)
Net change in fund balance	(364,106)	(321,617)	552,755	874,372
Fund balance - beginning of year	1,442,198	1,442,198	1,442,198	-
Fund balance - end of year	\$ 1,078,092	\$ 1,120,581	\$ 1,994,953	\$ 874,372

City of Midland, Michigan
Other Supplementary Information
Budgetary Comparison Schedule
Grace A. Dow Memorial Library Fund
For the Year Ended June 30, 2020

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Taxes	\$ 2,079,712	\$ 2,084,061	\$ 2,079,333	\$ (4,728)
State grants	377,787	381,646	385,128	3,482
Local contributions	210,000	759,000	747,941	(11,059)
Charges for services	480,179	437,357	438,080	723
Interest income	23,800	14,000	13,176	(824)
Other revenue	2,600	346,800	104,849	(241,951)
Total revenues	3,174,078	4,022,864	3,768,507	(254,357)
Expenditures				
Library and community television				
Personal services	3,127,900	3,092,211	2,837,021	(255,190)
Supplies	482,135	519,876	478,204	(41,672)
Other charges	768,976	1,188,279	629,851	(558,428)
Capital outlay	641,000	596,762	94,647	(502,115)
Total expenditures	5,020,011	5,397,128	4,039,723	(1,357,405)
Deficiency of revenues under expenditures	(1,845,933)	(1,374,264)	(271,216)	1,103,048
Other financing sources				
Transfers in	1,405,933	1,393,201	1,014,737	(378,464)
Net change in fund balance	(440,000)	18,937	743,521	724,584
Fund balance - beginning of year	604,435	604,435	604,435	-
Fund balance - end of year	\$ 164,435	\$ 623,372	\$ 1,347,956	\$ 724,584

City of Midland, Michigan
Other Supplementary Information
Budgetary Comparison Schedule
Community Development Block Grant Fund
For the Year Ended June 30, 2020

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Federal grants	\$ 299,771	\$ 485,376	\$ 167,408	\$ (317,968)
Other revenue	20,000	20,000	12,814	(7,186)
Total revenues	319,771	505,376	180,222	(325,154)
Expenditures				
Community and economic development				
Administration	43,000	50,500	44,070	(6,430)
Residential home rehabs	81,000	82,000	28,969	(53,031)
Public facilities improvements	42,803	100,000	73,220	(26,780)
Public services project	7,497	7,497	2,996	(4,501)
Affordable housing	87,668	27,025	-	(27,025)
Removal of architectural barriers	5,000	5,000	-	(5,000)
Reserve for contingencies	10,000	10,000	-	(10,000)
Total expenditures	276,968	282,022	149,255	(132,767)
Excess of revenues over expenditures	42,803	223,354	30,967	(192,387)
Other financing uses				
Transfers out	(42,803)	(221,718)	(80,908)	140,810
Net change in fund balance	-	1,636	(49,941)	(51,577)
Fund balance - beginning of year	69,000	69,000	69,000	-
Fund balance - end of year	\$ 69,000	\$ 70,636	\$ 19,059	\$ (51,577)

City of Midland, Michigan
Other Supplementary Information
Budgetary Comparison Schedule
Homeland Security Grant Fund
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues				
Federal grants	\$ 505,618	\$ 963,525	\$ 246,887	\$ (716,638)
Expenditures				
Public safety				
Other services and charges	505,618	956,066	246,560	(709,506)
Net change in fund balance	-	7,459	327	(7,132)
Fund balance - beginning of year	(7,459)	(7,459)	(7,459)	-
Fund balance (deficit) - end of year	<u>\$ (7,459)</u>	<u>\$ -</u>	<u>\$ (7,132)</u>	<u>\$ (7,132)</u>

City of Midland, Michigan
Other Supplementary Information
Budgetary Comparison Schedule
Dial-A-Ride Transportation Fund
For the Year Ended June 30, 2020

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Federal grants	\$ 742,174	\$ 899,414	\$ 523,883	\$ (375,531)
Other state grants	853,085	831,086	745,719	(85,367)
Charges for services	130,744	102,744	109,899	7,155
Total revenues	1,726,003	1,833,244	1,379,501	(453,743)
Expenditures				
Transportation				
Operations	1,660,392	1,740,157	1,589,095	(151,062)
Administration	200,522	200,472	180,136	(20,336)
Dispatching	410,975	398,015	326,217	(71,798)
Reserve for contingencies	10,000	10,000	-	(10,000)
Total transportation	2,281,889	2,348,644	2,095,448	(253,196)
Capital outlay	73,213	76,235	76,235	-
Total expenditures	2,355,102	2,424,879	2,171,683	(253,196)
Deficiency of revenues under expenditures	(629,099)	(591,635)	(792,182)	(200,547)
Other financing sources				
Transfers in	629,099	591,635	277,254	(314,381)
Net change in fund balance	-	-	(514,928)	(514,928)
Fund balance - beginning of year	-	-	-	-
Fund balance (deficit) - end of year	\$ -	\$ -	\$ (514,928)	\$ (514,928)

City of Midland, Michigan
Other Supplementary Information
Budgetary Comparison Schedule
Downtown Development Authority Fund
For the Year Ended June 30, 2020

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Taxes	\$ 686,286	\$ 931,068	\$ 952,032	\$ 20,964
Other state grants	-	10,829	10,829	-
Local contributions	16,500	28,500	28,500	-
Interest income	4,350	2,500	2,950	450
Other revenue	5,000	3,000	2,135	(865)
Total revenues	<u>712,136</u>	<u>975,897</u>	<u>996,446</u>	<u>20,549</u>
Expenditures				
Community and economic development				
Personal services	257,589	263,861	217,082	(46,779)
Supplies	2,000	1,500	1,001	(499)
Other charges	<u>382,233</u>	<u>386,363</u>	<u>309,875</u>	<u>(76,488)</u>
Total expenditures	<u>641,822</u>	<u>651,724</u>	<u>527,958</u>	<u>(123,766)</u>
Excess of revenues over expenditures	<u>70,314</u>	<u>324,173</u>	<u>468,488</u>	<u>144,315</u>
Other financing sources (uses)				
Transfers in	10,000	10,000	10,000	-
Transfers out	<u>(45,000)</u>	<u>(72,383)</u>	<u>(72,383)</u>	<u>-</u>
Total other financing sources and uses	<u>(35,000)</u>	<u>(62,383)</u>	<u>(62,383)</u>	<u>-</u>
Net change in fund balance	35,314	261,790	406,105	144,315
Fund balance - beginning of year	<u>374,255</u>	<u>374,255</u>	<u>374,255</u>	<u>-</u>
Fund balance - end of year	<u>\$ 409,569</u>	<u>\$ 636,045</u>	<u>\$ 780,360</u>	<u>\$ 144,315</u>

City of Midland, Michigan
Other Supplementary Information
Budgetary Comparison Schedule
Midland Community Television Fund
For the Year Ended June 30, 2020

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Local contributions	\$ 1,000	\$ 7,866	\$ 7,865	\$ (1)
Charges for services	709,000	681,500	659,867	(21,633)
Interest income	18,900	14,840	12,785	(2,055)
Total revenues	728,900	704,206	680,517	(23,689)
Expenditures				
Library and community television				
Personal services	469,703	461,524	354,859	(106,665)
Supplies	40,600	40,050	8,401	(31,649)
Other charges	232,429	146,322	142,536	(3,786)
Reserve for contingencies	15,000	-	-	-
Total library and community television	757,732	647,896	505,796	(142,100)
Capital outlay	28,000	-	-	-
Total expenditures	785,732	647,896	505,796	(142,100)
Net change in fund balance	(56,832)	56,310	174,721	118,411
Fund balance - beginning of year	1,613,625	1,613,625	1,613,625	-
Fund balance - end of year	\$ 1,556,793	\$ 1,669,935	\$ 1,788,346	\$ 118,411

City of Midland, Michigan
Other Supplementary Information
Budgetary Comparison Schedule
Special Activities Fund
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Other state grants	\$ 9,000	\$ 9,000	\$ 7,652	\$ (1,348)
Local contributions	32,150	40,150	-	(40,150)
Interest income	600	600	509	(91)
Other revenue	43,000	100,500	65,459	(35,041)
Total revenues	84,750	150,250	73,620	(76,630)
Expenditures				
General government				
Supplies	40,000	38,000	-	(38,000)
Other charges	43,000	141,053	99,845	(41,208)
Total expenditures	83,000	179,053	99,845	(79,208)
Excess (deficiency) of revenues over (under) expenditures	1,750	(28,803)	(26,225)	2,578
Other financing uses				
Transfers in	-	27,383	27,383	-
Transfers out	(10,000)	(2,110)	(110)	2,000
Total other financing sources and uses	(10,000)	25,273	27,273	2,000
Net change in fund balance	(8,250)	(3,530)	1,048	4,578
Fund balance - beginning of year	71,080	71,080	71,080	-
Fund balance - end of year	\$ 62,830	\$ 67,550	\$ 72,128	\$ 4,578

City of Midland, Michigan
Other Supplementary Information
Budgetary Comparison Schedule
Midland Housing Fund
For the Year Ended June 30, 2020

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Interest income	\$ 4,900	\$ 3,200	\$ 2,600	\$ (600)
Other revenue	-	16,500	16,500	-
Total revenues	4,900	19,700	19,100	(600)
Expenditures				
Community and economic development				
Costs of assets sold	200,000	215,000	-	(215,000)
Warranty maintenance	6,500	6,500	-	(6,500)
Total expenditures	206,500	221,500	-	(221,500)
Excess (deficiency) of revenues over (under) expenditures	(201,600)	(201,800)	19,100	220,900
Other financing sources				
Proceeds from sale of capital assets	200,000	215,000	-	(215,000)
Net change in fund balance	(1,600)	13,200	19,100	5,900
Fund balance - beginning of year	253,491	253,491	253,491	-
Fund balance - end of year	\$ 251,891	\$ 266,691	\$ 272,591	\$ 5,900

City of Midland, Michigan
Other Supplementary Information
Budgetary Comparison Schedule
Debt Service Fund
For the Year Ended June 30, 2020

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Taxes	\$ 533,654	\$ 533,201	\$ 531,588	\$ (1,613)
Other state grants	102,682	104,853	104,853	-
Interest income	8,000	8,000	7,899	(101)
Total revenues	<u>644,336</u>	<u>646,054</u>	<u>644,340</u>	<u>(1,714)</u>
Expenditures				
Debt service				
Principal retirement	1,470,000	1,470,000	1,470,000	-
Interest and fiscal charges	90,500	90,500	92,103	1,603
Total expenditures	<u>1,560,500</u>	<u>1,560,500</u>	<u>1,562,103</u>	<u>1,603</u>
Deficiency of revenues under expenditures	<u>(916,164)</u>	<u>(914,446)</u>	<u>(917,763)</u>	<u>(3,317)</u>
Other financing sources (uses)				
Transfers in	1,750,986	1,750,986	1,750,986	-
Transfers out	(826,725)	(826,725)	(826,725)	-
Total other financing sources and uses	<u>924,261</u>	<u>924,261</u>	<u>924,261</u>	<u>-</u>
Net change in fund balance	8,097	9,815	6,498	(3,317)
Fund balance - beginning of year	<u>233,656</u>	<u>233,656</u>	<u>233,656</u>	<u>-</u>
Fund balance - end of year	<u>\$ 241,753</u>	<u>\$ 243,471</u>	<u>\$ 240,154</u>	<u>\$ (3,317)</u>

City of Midland, Michigan
Other Supplementary Information
Nonmajor Proprietary Funds
Fund Descriptions
Year Ended June 30, 2020

Enterprise Funds

Enterprise Funds are used to account for operations financed and operated in a manner similar to private business or where the governing body has decided that the determination of revenues earned, costs incurred, and/or net income is necessary for management accountability.

Civic Arena Fund – This fund accounts for the operations and maintenance of the City's ice arena facility, capital additions, and retirement of debt.

Washington Woods Fund – This fund accounts for the operation and maintenance of one of the City's senior housing rental properties.

Riverside Place Fund – This fund accounts for the operation and maintenance of one of the City's senior housing rental properties.

Currie Municipal Golf Course Fund – This fund accounts for the operation and maintenance of the City's golf course.

Parking Fund – This fund accounts for the operations of the City's metered and leased parking spaces and downtown parking structure.

City of Midland, Michigan
Other Supplementary Information
Nonmajor Proprietary Funds
Combining Statement of Net Position
June 30, 2020

	Enterprise Funds					
	Civic Arena Fund	Washington Woods Fund	Riverside Place Fund	Currie Municipal Golf Course Fund	Parking Fund	Total Nonmajor Proprietary Funds
Assets						
Current assets						
Cash and cash equivalents	\$ 1,375,175	\$ 1,309,720	\$ 1,603,863	\$ 302,450	\$ 44,170	\$ 4,635,378
Investments	-	-	-	316,705	-	316,705
Receivables - net of allowances						
Customers	13,435	7,165	1,520	12,758	-	34,878
Accounts and contracts	-	-	-	-	20,868	20,868
Accrued interest	482	405	583	-	11	1,481
Inventories	32,893	-	-	20,818	-	53,711
Prepaid items	-	30,360	3,261	15,183	-	48,804
Total current assets	<u>1,421,985</u>	<u>1,347,650</u>	<u>1,609,227</u>	<u>667,914</u>	<u>65,049</u>	<u>5,111,825</u>
Noncurrent assets						
Capital assets, net of accumulated depreciation	6,099,412	5,898,733	5,890,703	4,236,932	837,966	22,963,746
Capital assets not being depreciated	-	13,765	538,000	288,354	536,223	1,376,342
Total noncurrent assets	<u>6,099,412</u>	<u>5,912,498</u>	<u>6,428,703</u>	<u>4,525,286</u>	<u>1,374,189</u>	<u>24,340,088</u>
Total assets	<u>7,521,397</u>	<u>7,260,148</u>	<u>8,037,930</u>	<u>5,193,200</u>	<u>1,439,238</u>	<u>29,451,913</u>
Deferred outflows of resources						
Deferred amount on debt refunding	192,553	-	-	-	-	192,553
Deferred amount relating to net pension liability - MERS	75,825	125,533	145,753	-	4,213	351,324
Deferred amount relating to net OPEB liability	21,949	34,386	39,873	-	1,097	97,305
Total deferred outflows of resources	<u>290,327</u>	<u>159,919</u>	<u>185,626</u>	<u>-</u>	<u>5,310</u>	<u>641,182</u>

City of Midland, Michigan
Other Supplementary Information
Nonmajor Proprietary Funds
Combining Statement of Net Position
June 30, 2020

	Enterprise Funds					
	Civic Arena Fund	Washington Woods Fund	Riverside Place Fund	Currie Municipal Golf Course Fund	Parking Fund	Total Nonmajor Proprietary Funds
Liabilities						
Current liabilities						
Accounts payable	\$ 48,184	\$ 26,150	\$ 11,798	\$ 116,896	\$ 1,991	\$ 205,019
Accrued and other liabilities	-	-	-	29,194	-	29,194
Deposits	3,433	56,725	43,135	112,536	-	215,829
Unearned revenue	-	-	-	54,890	-	54,890
Accrued interest	10,589	-	-	-	-	10,589
Total current liabilities	62,206	82,875	54,933	313,516	1,991	515,521
Noncurrent liabilities						
Current portion of noncurrent liabilities	289,689	12,592	7,140	29,806	-	339,227
Long-term debt net of current portion	2,774,225	22,612	7,367	10,885	-	2,815,089
Net pension liability	617,106	1,021,654	1,186,215	-	34,284	2,859,259
Net OPEB liability	264,955	415,097	481,336	-	13,248	1,174,636
Total noncurrent liabilities	3,945,975	1,471,955	1,682,058	40,691	47,532	7,188,211
Total liabilities	4,008,181	1,554,830	1,736,991	354,207	49,523	7,703,732
Deferred Inflows of Resources						
Deferred amount relating to net OPEB liability	3,026	4,741	5,498	-	151	13,416
Net position						
Net investment in capital assets	3,251,965	5,912,498	6,428,703	4,484,595	1,374,189	21,451,950
Unrestricted (deficit)	548,552	(52,002)	52,364	354,398	20,685	923,997
Total net position	\$ 3,800,517	\$ 5,860,496	\$ 6,481,067	\$ 4,838,993	\$ 1,394,874	\$ 22,375,947

City of Midland, Michigan
Other Supplementary Information
Nonmajor Proprietary Funds
Combining Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2020

	Enterprise Funds					
	Civic Arena Fund	Washington Woods Fund	Riverside Place Fund	Currie Municipal Golf Course Fund	Parking Fund	Total Nonmajor Proprietary Funds
Operating revenue						
Use and admission charges	\$ 925,622	\$ -	\$ -	\$ 765,467	\$ 92,424	\$ 1,783,513
Rental income	-	1,436,438	1,274,953	-	-	2,711,391
Sale of meals	-	247,053	526,868	-	-	773,921
Other revenue	13,618	166,494	230,772	18,273	9,606	438,763
Total operating revenue	939,240	1,849,985	2,032,593	783,740	102,030	5,707,588
Operating expenses						
Operations	851,178	1,631,808	2,132,585	1,056,656	40,607	5,712,834
Maintenance	34,345	-	-	-	114,493	148,838
Other expenses	15,288	-	-	-	2,645	17,933
Depreciation	239,677	398,361	283,810	172,196	36,880	1,130,924
Total operating expenses	1,140,488	2,030,169	2,416,395	1,228,852	194,625	7,010,529
Operating loss	(201,248)	(180,184)	(383,802)	(445,112)	(92,595)	(1,302,941)
Nonoperating revenue (expense)						
Interest income (expense)	11,814	9,567	15,386	11,285	(8)	48,044
Interest expense	(87,906)	-	-	(62,022)	-	(149,928)
Total nonoperating revenues	(76,092)	9,567	15,386	(50,737)	(8)	(101,884)
Loss before contributions and transfers	(277,340)	(170,617)	(368,416)	(495,849)	(92,603)	(1,404,825)

City of Midland, Michigan
Other Supplementary Information
Nonmajor Proprietary Funds
Combining Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2020

	Enterprise Funds					
	Civic Arena Fund	Washington Woods Fund	Riverside Place Fund	Currie Municipal Golf Course Fund	Parking Fund	Total Nonmajor Proprietary Funds
Capital contributions	\$ -	6,466	38,419	\$ 80,000	\$ -	\$ 124,885
Transfers in	<u>350,000</u>	<u>80,908</u>	<u>-</u>	<u>250,000</u>	<u>60,000</u>	<u>740,908</u>
Change in net position	72,660	(83,243)	(329,997)	(165,849)	(32,603)	(539,032)
Net position - beginning of year	<u>3,727,857</u>	<u>5,943,739</u>	<u>6,811,064</u>	<u>5,004,842</u>	<u>1,427,477</u>	<u>22,914,979</u>
Net position - end of year	<u>\$ 3,800,517</u>	<u>\$ 5,860,496</u>	<u>\$ 6,481,067</u>	<u>\$ 4,838,993</u>	<u>\$ 1,394,874</u>	<u>\$ 22,375,947</u>

City of Midland, Michigan
Other Supplementary Information
Nonmajor Proprietary Funds
Combining Statement of Cash Flows
For the Year Ended June 30, 2020

	Enterprise Funds					Total Nonmajor Proprietary Funds
	Civic Arena Fund	Washington Woods Fund	Riverside Place Fund	Currie Municipal Golf Course Fund	Parking Fund	
Cash flows from operating activities						
Receipts from customers	\$ 941,281	\$ 1,857,789	\$ 2,035,393	\$ 775,064	\$ 99,847	\$ 5,709,374
Payments to suppliers	(435,847)	(801,695)	(1,438,485)	(457,043)	(128,147)	(3,261,217)
Payments to employees	(364,245)	(747,622)	(744,160)	(504,671)	(32,853)	(2,393,551)
Net cash provided (used) by operating activities	141,189	308,472	(147,252)	(186,650)	(61,153)	54,606
Cash flows from noncapital financing activities						
Transfers from other funds	350,000	80,908	-	250,000	60,000	740,908
Cash flows from capital and related financing activities						
Capital contributions	-	6,466	38,419	80,000	-	124,885
Purchases/construction of capital assets	(63,639)	(87,365)	(21,150)	(17,641)	-	(189,795)
Principal and interest paid on long-term debt	(333,650)	-	-	(89,597)	-	(423,247)
Net cash provided (used) by capital and related financing activities	(397,289)	(80,899)	17,269	(27,238)	-	(488,157)
Cash flows from investing activities						
Interest received	11,814	9,567	15,386	71,425	(8)	108,184
Net change in cash and cash equivalents	105,714	318,048	(114,597)	107,537	(1,161)	415,541
Cash and cash equivalents - beginning of year	1,269,461	991,672	1,718,460	194,913	45,331	4,219,837
Cash and cash equivalents - end of year	\$ 1,375,175	\$ 1,309,720	\$ 1,603,863	\$ 302,450	\$ 44,170	\$ 4,635,378
Noncash investing activities - changes in fair value of investments	\$ -	\$ -	\$ -	\$ (60,140)	\$ -	\$ (60,140)

City of Midland, Michigan
Other Supplementary Information
Nonmajor Proprietary Funds
Combining Statement of Cash Flows
For the Year Ended June 30, 2020

	Enterprise Funds					Total Nonmajor Proprietary Funds
	Civic Arena Fund	Washington Woods Fund	Riverside Place Fund	Currie Municipal Golf Course Fund	Parking Fund	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities						
Operating loss	\$ (201,248)	\$ (180,184)	\$ (383,802)	\$ (445,112)	\$ (92,595)	\$ (1,302,941)
Adjustments to reconcile operating loss to net cash from operating activities						
Depreciation expense	239,677	398,361	283,810	172,196	36,880	1,130,924
Noncash portion related to net pension liability - MERS	56,079	79,930	4,051	-	(5,789)	134,271
Noncash portion related to net OPEB liability	26,050	(8,621)	(32,535)	-	(275)	(15,381)
Changes in assets and liabilities						
Receivables (net)	2,041	7,804	2,800	(8,676)	(2,183)	1,786
Inventories	(7,625)	-	-	12,180	-	4,555
Prepaid items	595	(30,360)	(3,261)	17,125	-	(15,901)
Deferred outflows relating to net pension liability - MERS	8,698	16,345	32,349	-	1,824	59,216
Deferred outflows relating to net OPEB liability	(3,739)	(2,089)	(705)	-	(66)	(6,599)
Accounts payable	17,717	17,270	(24,281)	50,284	1,341	62,331
Accrued and other liabilities	6,511	4,038	(23,348)	546	-	(12,253)
Deposits	3,433	15,058	8,934	26,614	-	54,039
Unearned revenue	-	-	-	(11,807)	-	(11,807)
Deferred inflows relating to net pension liability - MERS	(7,793)	-	-	-	-	(7,793)
Deferred inflows relating to net OPEB liability	793	(9,080)	(11,264)	-	(290)	(19,841)
Net cash provided (used) by operating activities	<u>\$ 141,189</u>	<u>\$ 308,472</u>	<u>\$ (147,252)</u>	<u>\$ (186,650)</u>	<u>\$ (61,153)</u>	<u>\$ 54,606</u>

City of Midland, Michigan
Other Supplementary Information
Fiduciary Funds
Fund Descriptions
Year Ended June 30, 2020

Trust Fund

Trust Funds are used to account for assets held by the City in a trustee capacity.

Police and Fire Pension Fund – This fund accounts for the accumulation of resources for, and the payment of, pension benefits.

Agency Funds

Agency Funds are used to account for assets held by the City as an agent for individuals, organizations, or other governments.

Payroll Fund – This fund is used to account for all benefits charged and all deductions withheld during payroll processing until payments are remitted.

Midland Downtown Business Association Fund – The City acts as an agent for the financial management of this Association. This fund accounts for special assessments charged against property owners within the Shopping Area Redevelopment Authority district for promotion of the area.

DDA Façade Improvement Fund – This fund accounts for loans to businesses in the Downtown Development Authority business district. The funding for these loans was provided by a grant from the Rollin M. Gerstacker Foundation.

Tax Collection Fund – This fund is used to account for taxes collected on behalf of other governmental units.

Center City Façade Improvements Fund – This fund accounts for loans to commercial property owners and business owners in the Center City corridor for qualifying façade improvements. The funding for these loans was provided by a grant from the Midland Area Community Foundation.

City of Midland, Michigan
Other Supplementary Information
Fiduciary Funds - Pension and Other Employee Benefit Trust Funds
Statement of Fiduciary Net Position
June 30, 2020

	<u>Police and Fire Pension</u>
Assets	
Cash and cash equivalents	\$ 2,127,584
Investments	
Common stock	31,091,324
Preferred stock	765,981
Bonds	20,170,984
International funds	10,029,025
Alternative investments	3,491,207
Receivables	
Accrued interest and other	<u>82,497</u>
 Total assets	 <u>67,758,602</u>
 Net position	
Net position restricted for pensions	 <u><u>\$ 67,758,602</u></u>

City of Midland, Michigan
Other Supplementary Information
Fiduciary Funds - Pension and Other Employee Benefit Trust Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2020

	<u>Police and Fire Pension</u>
Additions	
Contributions	
Employer	\$ 3,447,568
Plan members	<u>652,966</u>
Total contributions	<u>4,100,534</u>
Investment earnings	
Net gain on fair value of assets	927,947
Interest	380,064
Dividends	<u>1,190,888</u>
Total investment earnings	2,498,899
Less investment expense	<u>(444,063)</u>
Net investment earnings	2,054,836
Other expense	<u>(687,934)</u>
Total additions	5,467,436
Deductions	
Benefits paid, including refunds of member contributions	<u>5,516,387</u>
Change in net position	(48,951)
Net positions restricted for pensions - beginning of year	<u>67,807,553</u>
Net positions restricted for pensions - end of year	<u>\$ 67,758,602</u>

City of Midland, Michigan
Other Supplementary Information
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Year Ended June 30, 2020

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Payroll Fund				
Assets				
Cash and cash equivalents	\$ 535,679	\$ 47,268,534	\$ 47,106,372	\$ 697,841
Accounts and contracts	-	6,999	4,064	2,935
Prepays	<u>103,700</u>	<u>73,153</u>	<u>103,700</u>	<u>73,153</u>
Total assets	<u>\$ 639,379</u>	<u>\$ 47,348,686</u>	<u>\$ 47,214,136</u>	<u>\$ 773,929</u>
Liabilities				
Accrued payroll liabilities	<u>\$ 639,379</u>	<u>\$ 49,576,135</u>	<u>\$ 49,441,585</u>	<u>\$ 773,929</u>
Midland Downtown Business Association Fund				
Assets				
Cash and cash equivalents	\$ 34,352	\$ 49,710	\$ 59,922	\$ 24,140
Accrued interest and other	<u>81</u>	<u>63</u>	<u>135</u>	<u>9</u>
Total assets	<u>\$ 34,433</u>	<u>\$ 49,773</u>	<u>\$ 60,057</u>	<u>\$ 24,149</u>
Liabilities				
Accounts payable	\$ -	\$ 43,422	\$ 43,422	\$ -
Due to other units of government	<u>34,433</u>	<u>24,149</u>	<u>34,433</u>	<u>24,149</u>
Total liabilities	<u>\$ 34,433</u>	<u>\$ 67,571</u>	<u>\$ 77,855</u>	<u>\$ 24,149</u>
DDA Facade Improvement Fund				
Assets				
Cash and cash equivalents	\$ 49,842	\$ 3,027	\$ 11,508	\$ 41,361
Receivables				
Accounts and contracts	15,714	16,508	2,582	29,640
Accrued interest and other	<u>109</u>	<u>67</u>	<u>163</u>	<u>13</u>
Total assets	<u>\$ 65,665</u>	<u>\$ 19,602</u>	<u>\$ 14,253</u>	<u>\$ 71,014</u>
Liabilities				
Accounts payable	\$ -	\$ 11,508	\$ 11,508	\$ -
Due to foundations	<u>65,665</u>	<u>71,015</u>	<u>65,666</u>	<u>71,014</u>
Total liabilities	<u>\$ 65,665</u>	<u>\$ 82,523</u>	<u>\$ 77,174</u>	<u>\$ 71,014</u>

City of Midland, Michigan
Other Supplementary Information
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Year Ended June 30, 2020

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Tax Collection Fund				
Assets				
Cash and cash equivalents	\$ 418,957	\$ 98,195,313	\$ 98,298,026	\$ 316,244
Receivables				
Accounts and contracts	-	100,359,655	100,188,839	170,816
Total assets	<u>\$ 418,957</u>	<u>\$ 198,554,968</u>	<u>\$ 198,486,865</u>	<u>\$ 487,060</u>
Liabilities				
Due to other units of government	<u>\$ 418,957</u>	<u>\$ 166,562,260</u>	<u>\$ 166,494,157</u>	<u>\$ 487,060</u>
Center City Façade Improvements Fund				
Assets				
Cash and cash equivalents	\$ 112,827	\$ 111,927	\$ 30,336	\$ 194,418
Receivables				
Accounts and contracts	25,000	20,800	10,760	35,040
Accrued interest and other	48	210	195	63
Total assets	<u>\$ 137,875</u>	<u>\$ 132,937</u>	<u>\$ 41,291</u>	<u>\$ 229,521</u>
Liabilities				
Accounts payable	\$ -	\$ 30,337	\$ 30,337	\$ -
Due to foundations	137,875	229,520	137,874	229,521
Total liabilities	<u>\$ 137,875</u>	<u>\$ 259,857</u>	<u>\$ 168,211</u>	<u>\$ 229,521</u>
Total All Agency Funds				
Assets				
Cash and cash equivalents	\$ 1,151,657	\$ 145,628,511	\$ 145,506,164	\$ 1,274,004
Accounts and contracts	40,714	100,403,962	100,206,245	238,431
Accrued interest and other	238	340	493	85
Prepays	103,700	73,153	103,700	73,153
Total assets	<u>\$ 1,296,309</u>	<u>\$ 246,105,966</u>	<u>\$ 245,816,602</u>	<u>\$ 1,585,673</u>
Liabilities				
Accounts payable	\$ -	\$ 85,267	\$ 85,267	\$ -
Accrued payroll liabilities	639,379	49,576,135	49,441,585	773,929
Due to foundations	203,540	300,535	203,540	300,535
Due to other units of government	453,390	166,586,409	166,528,590	511,209
Total liabilities	<u>\$ 1,296,309</u>	<u>\$ 216,548,346</u>	<u>\$ 216,258,982</u>	<u>\$ 1,585,673</u>

City of Midland, Michigan
Other Supplementary Information
Internal Service Funds
Fund Descriptions
Year Ended June 30, 2020

Internal Service Funds

Internal Service Funds are used to account for operations that provide services to other departments or agencies of the City, or to other governments, on a cost reimbursement basis.

Information Services Fund – This fund accounts for the operations of the City's Information Services Department.

Store Revolving Fund – This fund accounts for the revenue and expenses associated with inventory items consumed by various departments and note specific to any one department.

Equipment Revolving Fund – This fund accounts for the rental charges of City-owned equipment to other City departments.

Municipal Service Center Fund – This fund accounts for the operations of the City's Municipal Service Center building.

Property and Liability Insurance Fund – This fund accounts for insurance expenses resulting from property and liability claims.

Health Insurance Fund – This fund accounts for revenues and expenses of the City's self-insurance program for health insurance along with the contributions toward postemployment healthcare benefits.

Special Assessment Revolving Fund – This fund accounts for the funding of the City's special assessment projects.

Municipal Service Annex Fund – This fund accounts for the operations of the City's Municipal Service Annex building.

City of Midland, Michigan
Other Supplementary Information
Internal Service Funds
Combining Statement of Net Position
June 30, 2020

	Information Services Fund	Store Revolving Fund	Equipment Revolving Fund	Municipal Service Center Fund	Property and Liability Insurance Fund	Health Insurance Fund	Special Assessment Revolving Fund	Municipal Service Annex Fund	Total
Assets									
Current assets									
Cash and cash equivalents	\$ 1,913,719	\$ 285,096	\$ 4,439,631	\$ 1,198,911	\$ 1,014,229	\$ 4,626,150	\$ 2,141,924	\$ 184,912	\$ 15,804,572
Receivables - net of allowances									
Special assessments, current	-	-	-	-	-	-	52,012	-	52,012
Accounts and contracts	980	-	26,663	-	256,086	-	-	-	283,729
Accrued interest	616	88	1,231	376	-	1,286	702	59	4,358
Inventories	-	346,112	246,718	-	-	-	-	-	592,830
Prepaid items	-	-	1,861	-	1,548	1,300,951	-	-	1,304,360
Total current assets	<u>1,915,315</u>	<u>631,296</u>	<u>4,716,104</u>	<u>1,199,287</u>	<u>1,271,863</u>	<u>5,928,387</u>	<u>2,194,638</u>	<u>184,971</u>	<u>18,041,861</u>
Noncurrent assets									
Special assessments receivable	-	-	-	-	-	-	146,298	-	146,298
Capital assets not being depreciated	-	-	-	55,000	-	-	-	-	55,000
Capital assets, net of accumulated depreciation	<u>74,554</u>	<u>-</u>	<u>7,840,230</u>	<u>1,473,498</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>255,171</u>	<u>9,643,453</u>
Total noncurrent assets	<u>74,554</u>	<u>-</u>	<u>7,840,230</u>	<u>1,528,498</u>	<u>-</u>	<u>-</u>	<u>146,298</u>	<u>255,171</u>	<u>9,844,751</u>
Total assets	<u>1,989,869</u>	<u>631,296</u>	<u>12,556,334</u>	<u>2,727,785</u>	<u>1,271,863</u>	<u>5,928,387</u>	<u>2,340,936</u>	<u>440,142</u>	<u>27,886,612</u>
Deferred outflows of resources									
Deferred amount relating to net pension liability - MERS	182,824	-	476,015	2,528	-	-	-	-	661,367
Deferred amount relating to net OPEB liability	<u>47,189</u>	<u>-</u>	<u>129,497</u>	<u>1,097</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>177,783</u>
Total deferred outflows of resources	<u>230,013</u>	<u>-</u>	<u>605,512</u>	<u>3,625</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>839,150</u>
Liabilities									
Current liabilities									
Accounts payable	18,056	15,987	13,211	165,907	-	9,562	-	596	223,319
Deposits	-	-	-	-	-	1,500	-	-	1,500
Estimated healthcare claims	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>262,580</u>	<u>-</u>	<u>-</u>	<u>262,580</u>
Total current liabilities	<u>18,056</u>	<u>15,987</u>	<u>13,211</u>	<u>165,907</u>	<u>-</u>	<u>273,642</u>	<u>-</u>	<u>596</u>	<u>487,399</u>

City of Midland, Michigan
Other Supplementary Information
Internal Service Funds
Combining Statement of Net Position
June 30, 2020

	Information Services Fund	Store Revolving Fund	Equipment Revolving Fund	Municipal Service Center Fund	Property and Liability Insurance Fund	Health Insurance Fund	Special Assessment Revolving Fund	Municipal Service Annex Fund	Total
Noncurrent liabilities									
Current portion of noncurrent liabilities	\$ 68,521	\$ -	\$ 62,997	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 131,518
Long-term debt net of current portion	55,930	-	73,506	-	-	-	-	-	129,436
Net pension liability	1,487,912	-	3,874,056	20,570	-	-	-	-	5,382,538
Net OPEB liability	569,654	-	1,563,237	13,248	-	-	-	-	2,146,139
Total noncurrent liabilities	2,182,017	-	5,573,796	33,818	-	-	-	-	7,789,631
Total liabilities	2,200,073	15,987	5,587,007	199,725	-	273,642	-	596	8,277,030
Deferred inflows of resources									
Deferred amount relating to net OPEB liability	6,506	-	17,855	151	-	-	-	-	24,512
Net position									
Net investment in capital assets	74,554	-	7,840,230	1,528,498	-	-	-	255,171	9,698,453
Unrestricted (deficit)	(61,251)	615,309	(283,246)	1,003,036	1,271,863	5,654,745	2,340,936	184,375	10,725,767
Total net position	\$ 13,303	\$ 615,309	\$ 7,556,984	\$ 2,531,534	\$ 1,271,863	\$ 5,654,745	\$ 2,340,936	\$ 439,546	\$ 20,424,220

City of Midland, Michigan
Other Supplementary Information
Internal Service Funds
Combining Statement of Revenues, Expenses, and Change in Net Position
For the Year Ended June 30, 2020

	Information Services Fund	Store Revolving Fund	Equipment Revolving Fund	Municipal Service Center Fund	Property and Liability Insurance Fund	Health Insurance Fund	Special Assessment Revolving Fund	Municipal Service Annex Fund	Total
Operating revenue									
Billings to other funds	\$ 1,014,788	\$ -	\$ -	\$ -	\$ 540,859	\$ 10,726,819	\$ -	\$ -	\$ 12,282,466
Rental income	-	-	5,329,700	420,255	-	-	-	31,909	5,781,864
Other revenue	-	621,930	444,928	564	316,495	321,318	-	-	1,705,235
Total operating revenue	1,014,788	621,930	5,774,628	420,819	857,354	11,048,137	-	31,909	19,769,565
Operating expenses									
Operations	1,004,331	572,136	3,601,554	215,905	903,199	10,244,906	-	17,526	16,559,557
Depreciation	31,332	-	1,532,570	118,216	-	-	-	6,958	1,689,076
Total operating expenses	1,035,663	572,136	5,134,124	334,121	903,199	10,244,906	-	24,484	18,248,633
Operating income (loss)	(20,875)	49,794	640,504	86,698	(45,845)	803,231	-	7,425	1,520,932
Nonoperating revenue									
Interest income	16,005	1,452	30,528	9,213	-	30,386	23,338	1,487	112,409
Gain on disposition of assets	4,770	-	138,640	-	-	-	-	-	143,410
Total nonoperating revenues	20,775	1,452	169,168	9,213	-	30,386	23,338	1,487	255,819
Income (loss) before contributions and transfers	(100)	51,246	809,672	95,911	(45,845)	833,617	23,338	8,912	1,776,751
Capital contributions	-	-	11,421	-	-	-	-	-	11,421
Transfers out	-	-	-	-	-	-	(23,338)	-	(23,338)
Change in net position	(100)	51,246	821,093	95,911	(45,845)	833,617	-	8,912	1,764,834
Net position - beginning of year	13,403	564,063	6,735,891	2,435,623	1,317,708	4,821,128	2,340,936	430,634	18,659,386
Net position - end of year	\$ 13,303	\$ 615,309	\$ 7,556,984	\$ 2,531,534	\$ 1,271,863	\$ 5,654,745	\$ 2,340,936	\$ 439,546	\$ 20,424,220

City of Midland, Michigan
Other Supplementary Information
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended June 30, 2020

	Information Services Fund	Store Revolving Fund	Equipment Revolving Fund	Municipal Service Center Fund	Property and Liability Insurance Fund	Health Insurance Fund	Special Assessment Revolving Fund	Municipal Service Annex Fund	Total
Cash flows from operating activities									
Receipts from customers	\$ -	\$ 622,103	\$ 5,774,892	\$ 423,106	\$ 61,853	\$ 329,055	\$ 52,197	\$ 32,234	\$ 7,295,440
Receipts from other funds	1,018,633	-	-	-	540,859	10,726,819	-	-	12,286,311
Payments to suppliers	(471,754)	(458,162)	(1,112,928)	(230,990)	(895,252)	(10,669,695)	-	(15,579)	(13,854,360)
Payments to employees	(587,881)	-	(2,124,392)	(1,653)	-	-	-	(1,459)	(2,715,385)
Net cash provided (used) by operating activities	(41,002)	163,941	2,537,572	190,463	(292,540)	386,179	52,197	15,196	3,012,006
Cash flows from noncapital financing activities									
Transfers to other funds	-	-	-	-	-	-	(23,338)	-	(23,338)
Cash flows from capital and related financing activities									
Capital contributions	-	-	11,421	-	-	-	-	-	11,421
Purchases/construction of capital assets	(24,012)	-	(1,565,945)	(180,422)	-	-	-	-	(1,770,379)
Proceeds from sale of capital assets	4,770	-	140,219	-	-	-	-	-	144,989
Net cash used by capital and related financing activities	(19,242)	-	(1,414,305)	(180,422)	-	-	-	-	(1,613,969)
Cash flows from investing activities									
Interest received	16,005	1,452	30,528	9,213	-	30,386	23,338	1,487	112,409
Net change in cash and cash equivalents	(44,239)	165,393	1,153,795	19,254	(292,540)	416,565	52,197	16,683	1,487,108
Cash and cash equivalents - beginning of year	1,957,958	119,703	3,285,836	1,179,657	1,306,769	4,209,585	2,089,727	168,229	14,317,464
Cash and cash equivalents - end of year	<u>\$ 1,913,719</u>	<u>\$ 285,096</u>	<u>\$ 4,439,631</u>	<u>\$ 1,198,911</u>	<u>\$ 1,014,229</u>	<u>\$ 4,626,150</u>	<u>\$ 2,141,924</u>	<u>\$ 184,912</u>	<u>\$ 15,804,572</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities									
Operating income (loss)	\$ (20,875)	\$ 49,794	\$ 640,504	\$ 86,698	\$ (45,845)	\$ 803,231	\$ -	\$ 7,425	\$ 1,520,932
Adjustments to reconcile operating income (loss) to net cash from operating activities									
Depreciation and amortization expense	31,332	-	1,532,570	118,216	-	-	-	6,958	1,689,076
Noncash portion related to net pension liability - MERS	(34,875)	-	240,742	(12,824)	-	-	-	-	193,043
Noncash portion related to net OPEB liability	(52,401)	-	48,669	(275)	-	-	-	-	(4,007)
Changes in assets and liabilities									
Receivables (net)	3,845	173	264	2,287	(254,642)	7,737	52,197	325	(187,814)
Inventories	-	124,503	24,142	-	-	-	-	-	148,645
Prepaid items	-	-	(1,861)	-	8,132	(357,592)	-	-	(351,321)
Deferred outflows relating to net pension liability - MERS	46,595	-	71,371	2,503	-	-	-	-	120,469
Deferred outflows relating to net OPEB liability	225	-	(14,053)	(66)	-	-	-	-	(13,894)
Accounts payable	18,056	(10,529)	(890)	(5,786)	(185)	1,498	-	488	2,652
Accrued and other liabilities	(19,119)	-	27,663	-	-	(68,695)	-	-	(60,151)
Deferred inflows relating to net OPEB liability	(13,785)	-	(31,549)	(290)	-	-	-	-	(45,624)
Net cash provided (used) by operating activities	<u>\$ (41,002)</u>	<u>\$ 163,941</u>	<u>\$ 2,537,572</u>	<u>\$ 190,463</u>	<u>\$ (292,540)</u>	<u>\$ 386,179</u>	<u>\$ 52,197</u>	<u>\$ 15,196</u>	<u>\$ 3,012,006</u>

Statistical Section

This is part of the Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplemental information says about the City's overall financial health.

The statistical section is organized into the following main categories:

- Financial trends
- Revenue capacity
- Debt capacity
- Demographic and economic information
- Operating information

Sources – Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

City of Midland, Michigan
Net Position by Component
Last Ten Fiscal Years

	As of June 30,											
	2011	2012		2013	2014		2015	2016	2017	2018	2019	2020
Governmental activities:												
Net investment in capital assets	\$ 87,613,288	\$ 88,511,573		\$ 86,664,194	\$ 89,585,040		\$ 93,387,248	\$ 102,825,938	\$ 105,476,160	\$ 111,872,266	\$ 114,399,112	\$ 114,312,751
Restricted	8,459,716	8,206,252	(1)	14,341,343	12,864,614		12,887,661	16,548,177	23,962,098	14,682,508	17,751,883	22,070,393
Unrestricted (deficit)	<u>(3,785,796)</u>	<u>1,210,553</u>		<u>2,790,283</u>	<u>(39,825,932)</u>	(2)	<u>(39,810,693)</u>	<u>(43,957,581)</u>	<u>(41,138,285)</u>	<u>(62,334,206)</u>	<u>(61,395,374)</u>	<u>(57,217,771)</u>
Total net position	<u>92,287,208</u>	<u>97,928,378</u>		<u>103,795,820</u>	<u>62,623,722</u>		<u>66,464,216</u>	<u>75,416,534</u>	<u>88,299,973</u>	<u>64,220,568</u>	<u>70,755,621</u>	<u>79,165,373</u>
Business-type activities:												
Net investment in capital assets	100,609,436	100,402,758		100,885,163	101,563,419		103,416,149	106,991,242	110,277,347	112,740,412	116,272,803	116,074,784
Restricted	25,000	3,263,589	(1)	3,397,088	3,455,307		-	2,300,000	1,000,000	-	-	-
Unrestricted	<u>31,156,750</u>	<u>29,981,732</u>		<u>31,710,327</u>	<u>17,167,995</u>	(2)	<u>22,608,670</u>	<u>24,026,275</u>	<u>26,221,464</u>	<u>17,698,297</u>	<u>16,908,631</u>	<u>19,713,935</u>
Total net position	<u>131,791,186</u>	<u>133,648,079</u>		<u>135,992,578</u>	<u>122,186,721</u>		<u>126,024,819</u>	<u>133,317,517</u>	<u>137,498,811</u>	<u>130,438,709</u>	<u>133,181,434</u>	<u>135,788,719</u>
Primary government in total:												
Net investment in capital assets	188,222,724	188,914,331		187,549,357	191,148,459		196,803,397	209,817,180	215,753,507	224,612,678	230,671,915	230,387,535
Restricted	8,484,716	11,469,841	(1)	17,738,431	16,319,921		12,887,661	18,848,177	24,962,098	14,682,508	17,751,883	22,070,393
Unrestricted (deficit)	<u>27,370,954</u>	<u>31,192,285</u>		<u>34,500,610</u>	<u>(22,657,937)</u>	(2)	<u>(17,202,023)</u>	<u>(19,931,306)</u>	<u>(14,916,821)</u>	<u>(44,635,909)</u>	<u>(44,486,743)</u>	<u>(37,503,836)</u>
Total net position	<u>\$ 224,078,394</u>	<u>\$ 231,576,457</u>		<u>\$ 239,788,398</u>	<u>\$ 184,810,443</u>		<u>\$ 192,489,035</u>	<u>\$ 208,734,051</u>	<u>\$ 225,798,784</u>	<u>\$ 194,659,277</u>	<u>\$ 203,937,055</u>	<u>\$ 214,954,092</u>

Source: City's Comprehensive Annual Financial Report

(1) 2012 was restated to incorporate 2013 prior period adjustment for a change in accounting principle, due to the implementation of GASB Standards 63 and 65.

(2) 2014 was restated to incorporate a prior-period adjustment for a change in accounting principle, due to the implementation of GASB Standard 68

City of Midland, Michigan
Changes in Governmental Net Position
Last Ten Years
(Accrual basis of accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
General government	\$ 3,738,504	\$ 5,130,440	\$ 4,952,386	\$ 4,371,200	\$ 4,203,419	\$ 5,898,120	\$ 5,018,299	\$ 3,945,301	\$ 4,339,267	\$ 6,622,455
Public safety	15,305,454	14,954,815	15,679,391	15,596,565	16,623,855	19,183,327	19,216,981	15,615,959	23,093,632	20,207,006
Public works	8,258,151	8,853,319	9,416,912	9,188,965	8,409,654	10,776,785	10,248,793	10,551,422	11,272,708	11,390,170
Sanitation	2,475,323	2,492,955	2,398,083	3,017,452	3,245,915	3,261,473	3,559,725	3,723,037	3,604,803	4,340,445
Community and economic development	578,321	1,116,838	567,424	991,057	1,083,657	1,169,189	721,798	786,020	917,207	870,413
Parks and recreation	4,466,591	5,029,397	5,126,073	4,715,868	5,196,202	6,634,939	6,070,849	5,593,907	5,789,376	5,726,419
Library and community television	4,414,619	4,374,397	4,471,374	4,860,097	4,887,711	5,196,160	4,981,722	4,622,205	4,596,572	4,593,125
Airport	378,055	257,459	418,304	421,280	361,345	369,144	338,803	395,820	379,854	382,272
Transportation	1,738,124	1,772,164	1,901,342	1,836,649	1,961,687	2,144,140	2,194,919	2,167,574	2,149,192	2,179,389
Interest on long-term debt	668,251	633,430	589,971	586,291	506,836	441,174	287,828	247,880	198,906	178,540
Total governmental activities	42,021,393	44,615,214	45,521,260	45,585,424	46,480,281	55,074,451	52,639,717	47,649,125	56,341,517	56,490,234
Program revenues										
Charges for services										
Public safety	56,364	74,391	102,133	118,052	86,745	92,027	78,332	81,089	413,043	723,811
Public works	1,196,193	968,728	1,049,135	1,041,080	996,278	1,129,663	1,102,087	1,376,864	1,280,292	921,921
Sanitation	35,935	34,295	34,756	33,345	38,274	38,893	41,009	51,978	51,940	49,394
Community and economic development	3,725	4,875	5,100	233,717	4,475	32,345	18,772	22,310	22,578	22,658
Parks and recreation	347,276	390,375	421,685	410,641	412,815	441,471	455,477	445,940	445,146	331,987
Library and community television	1,337,765	1,368,016	1,359,160	1,365,146	1,395,346	1,390,818	1,289,034	1,207,060	1,200,240	1,097,947
Airport	248,531	322,813	258,776	269,631	210,738	197,867	197,618	214,555	218,370	221,981
Transportation	129,788	123,280	118,839	144,588	108,435	114,230	120,657	127,408	129,443	109,899
Total charges for services	3,355,577	3,286,773	3,349,584	3,616,200	3,253,106	3,437,314	3,302,986	3,527,204	3,761,052	3,479,598
Operating grants and contributions	\$ 4,841,547	\$ 5,679,405	\$ 5,397,059	\$ 6,907,656	\$ 5,993,971	\$ 7,786,912	\$ 15,742,014	\$ 16,194,139	\$ 17,397,570	\$ 18,797,979
Capital grants and contributions	727,076	1,986,926	4,309,370	2,304,230	1,630,546	10,411,312	8,140,836	3,379,941	4,037,589	2,881,566
Total program revenue	8,924,200	10,953,104	13,056,013	12,828,086	10,877,623	21,635,538	27,185,836	23,101,284	25,196,211	25,159,143
Net (expense) revenue	(33,097,193)	(33,662,110)	(32,465,247)	(32,757,338)	(35,602,658)	(33,438,913)	(25,453,881)	(24,547,841)	(31,145,306)	(31,331,091)

City of Midland, Michigan
Changes in Governmental Net Position
Last Ten Years
(Accrual basis of accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General revenues:										
Property taxes	\$ 31,549,496	\$ 33,846,512	\$ 33,949,025	\$ 35,309,085	\$ 35,240,503	\$ 35,222,815	\$ 31,324,060	\$ 31,403,680	\$ 31,617,781	\$ 32,368,577
Other tax related revenue	2,117,699	2,108,016	2,012,014	2,289,586	2,197,581	4,411,948	4,311,906	3,792,616	4,204,469	3,940,056
Intergovernmental	2,918,791	3,187,163	3,262,543	3,343,960	3,399,564	3,396,505	3,579,913	3,670,447	3,838,969	3,960,995
Unrestricted investment earnings	72,980	59,313	44,690	48,014	42,812	87,527	146,017	345,483	905,355	564,902
Gain on sale of capital assets	12,416	303,677	-	271,934	258,664	407,713	-	-	-	-
Miscellaneous revenues	765,507	755,552	862,213	728,404	717,628	751,393	673,962	945,272	776,895	912,230
Transfers	<u>(1,038,466)</u>	<u>(841,992)</u>	<u>(1,797,796)</u>	<u>(1,783,790)</u>	<u>(2,413,600)</u>	<u>(1,886,637)</u>	<u>(1,698,538)</u>	<u>(1,478,177)</u>	<u>(1,549,748)</u>	<u>(2,079,633)</u>
Total general revenues and transfers	<u>36,398,423</u>	<u>39,418,241</u>	<u>38,332,689</u>	<u>40,207,193</u>	<u>39,443,152</u>	<u>42,391,264</u>	<u>38,337,320</u>	<u>38,679,321</u>	<u>39,793,721</u>	<u>39,667,127</u>
 Change in governmental net position	 <u>\$ 3,301,230</u>	 <u>\$ 5,756,131</u>	 <u>\$ 5,867,442</u>	 <u>\$ 7,449,855</u>	 <u>\$ 3,840,494</u>	 <u>\$ 8,952,351</u>	 <u>\$ 12,883,439</u>	 <u>\$ 14,131,480</u>	 <u>\$ 8,648,415</u>	 <u>\$ 8,336,036</u>

Source: City's Comprehensive Annual Financial Report

City of Midland, Michigan
Changes in Business-type Net Position
Last Ten Fiscal Years
(Accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Operating revenue										
Water customer fees	\$ 9,383,395	\$ 10,141,703	\$ 10,223,565	\$ 10,259,149	\$ 10,590,971	\$ 10,492,849	\$ 10,762,236	\$ 11,147,668	\$ 10,927,441	\$ 11,474,909
Wastewater customer fees	5,488,692	5,470,243	5,659,485	5,741,780	5,825,591	5,965,747	6,199,304	6,348,383	6,411,536	6,397,654
Landfill use and admission charges	3,867,944	3,289,167	3,322,110	2,903,936	2,924,072	3,680,791	4,227,394	3,139,840	4,222,927	4,253,323
Civic Arena use and admission charges	1,061,241	962,949	1,000,933	1,089,540	1,099,398	1,175,430	1,082,087	1,107,240	1,083,109	925,622
Other use and admission charges	990,554	1,074,941	845,084	915,279	894,559	963,241	952,867	1,010,151	1,073,342	857,891
Rentals	2,912,059	2,906,171	2,902,606	2,937,966	3,064,928	3,054,138	2,947,509	2,950,242	3,170,852	3,102,789
Fines and forfeits	166,900	169,804	169,476	176,468	188,185	177,295	192,065	180,619	185,448	193,314
Other revenue	2,073,180	1,103,365	1,133,074	1,156,174	2,407,044	1,683,832	1,644,587	1,484,367	1,413,381	1,537,759
Total operating revenue	<u>25,943,965</u>	<u>25,118,343</u>	<u>25,256,333</u>	<u>25,180,292</u>	<u>26,994,748</u>	<u>27,193,323</u>	<u>28,008,049</u>	<u>27,368,510</u>	<u>28,488,036</u>	<u>28,743,261</u>
Operating expenses										
Water	3,800,821	3,945,792	4,117,868	3,987,108	4,035,899	3,965,772	3,319,710	3,482,423	4,164,196	2,862,151
Wastewater	1,363,214	1,309,094	1,265,702	1,269,146	1,310,491	1,332,227	1,455,021	1,260,607	2,085,982	1,817,662
Landfill	2,514,219	2,577,617	2,735,828	2,777,228	2,850,976	2,771,233	2,801,933	3,313,808	4,208,874	4,367,468
Civic Arena	958,301	812,943	811,745	831,961	836,794	872,428	824,965	854,251	800,525	851,178
Other operating	4,342,252	4,640,670	4,530,073	4,578,775	4,609,079	5,052,771	4,562,245	4,693,451	4,585,978	4,861,656
Administration	2,308,525	2,351,223	2,322,441	2,421,548	2,452,806	2,643,855	2,264,873	2,414,227	2,404,122	2,444,676
Maintenance	4,712,824	4,436,506	4,910,689	5,517,411	5,365,141	5,017,184	5,586,719	6,172,175	6,242,836	5,951,721
Other expenses	74,613	67,688	92,809	74,727	462,608	678,706	100,823	49,246	83,776	187,352
Depreciation	<u>3,967,213</u>	<u>4,356,092</u>	<u>4,655,137</u>	<u>4,619,802</u>	<u>4,678,458</u>	<u>4,890,750</u>	<u>4,953,097</u>	<u>5,128,071</u>	<u>6,047,545</u>	<u>6,260,846</u>
Total operating expenses	<u>24,041,982</u>	<u>24,497,625</u>	<u>25,442,292</u>	<u>26,077,706</u>	<u>26,602,252</u>	<u>27,224,926</u>	<u>25,869,386</u>	<u>27,368,259</u>	<u>30,623,834</u>	<u>29,604,710</u>
Operating income (loss)	<u>1,901,983</u>	<u>620,718</u>	<u>(185,959)</u>	<u>(897,414)</u>	<u>392,496</u>	<u>(31,603)</u>	<u>2,138,663</u>	<u>251</u>	<u>(2,135,798)</u>	<u>(861,449)</u>

City of Midland, Michigan
Changes in Business-type Net Position
Last Ten Fiscal Years
(Accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Nonoperating revenue (expenses)										
Federal grant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,708	\$ -	\$ -	\$ -	\$ -
State grant	-	-	-	-	-	3,118	-	160,217	-	-
Interest income (losses)	212,289	94,324	44,213	211,615	37,561	73,919	188,124	186,398	436,760	279,952
Contractual revenues	504,154	453,978	683,454	796,982	430,590	461,288	280,471	348,595	172,821	118,938
Gain(loss) on disposition of assets	(16,356)	(978)	62,766	(36,337)	(24,827)	(7,522)	23,750	61,715	(4,536)	60,518
Other revenue	-	7,335	304,625	122	-	10,106	-	570	-	-
Interest expense	(683,148)	(618,300)	(531,576)	(500,999)	(443,740)	(294,006)	(257,346)	(267,929)	(409,235)	(296,436)
Total non-operating revenues (expenses)	16,939	(63,641)	563,482	471,383	(416)	265,611	234,999	489,566	195,810	162,972
Income (loss) - before contributions and transfers	1,918,922	557,077	377,523	(426,031)	392,080	234,008	2,373,662	489,817	(1,939,988)	(698,477)
Capital contributions	813,196	858,000	386,559	1,459,632	526,929	5,662,030	425,874	652,035	987,884	674,635
Operating transfers in	1,160,466	1,440,432	1,949,796	1,949,647	2,523,600	1,993,609	1,806,730	1,538,177	1,549,748	2,079,633
Operating transfers out	(122,000)	(598,440)	(152,000)	(165,857)	(110,000)	(106,972)	(108,192)	(60,000)	-	-
Change in net position	3,770,584	2,257,069	2,561,878	2,817,391	3,332,609	7,782,675	4,498,074	2,620,029	597,644	2,055,791
Some amounts reported for business-type activities in the statement of activities are different because of net revenue (expense) of certain internal services is reported with business-type activities.	179,846	(324,263)	(217,379)	(88,776)	505,489	(489,977)	(316,780)	(488,852)	302,733	354,196
Change in net position of business-type activities	\$ 3,950,430	\$ 1,932,806	\$ 2,344,499	\$ 2,728,615	\$ 3,838,098	\$ 7,292,698	\$ 4,181,294	\$ 2,131,177	\$ 900,377	\$ 2,409,987
Total primary government changes in net position	\$ 7,251,660	\$ 7,688,937	\$ 8,211,941	\$ 10,178,470	\$ 7,678,592	\$ 16,245,049	\$ 17,064,733	\$ 16,262,657	\$ 9,548,792	\$ 10,746,023

Source: City's Comprehensive Annual Financial Report

City of Midland, Michigan
Fund Balances - Governmental Funds
Last Ten Fiscal Years
(Modified accrual basis of accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund:										
Non-spendable	\$ 136,717	\$ 133,810	\$ 112,293	\$ 131,276	\$ 112,689	\$ 109,727	\$ 69,925	\$ 77,971	\$ 105,121	\$ 97,910
Reserved/restricted	-	-	-	-	-	-	-	-	-	256,637
Committed	1,202,239	3,316,281	3,475,477	4,070,246	4,715,292	5,132,253	8,581,454	9,021,076	9,271,024	10,082,568
Assigned	570,175	441,498	724,234	1,587,549	2,521,867	1,811,616	1,975,527	2,686,787	1,968,215	3,821,008
Unreserved/unassigned	<u>5,381,543</u>	<u>4,847,648</u>	<u>4,673,073</u>	<u>5,381,936</u>	<u>5,569,212</u>	<u>5,548,543</u>	<u>5,639,310</u>	<u>7,926,345</u>	<u>11,779,325</u>	<u>8,149,509</u>
Total general fund	7,290,674	8,739,237	8,985,077	11,171,007	12,919,060	12,602,139	16,266,216	19,712,179	23,123,685	22,407,632
All other governmental funds:										
Non-spendable	544,266	260,964	262,318	263,948	377,847	233,492	3,592	14,748	268,579	215,572
Reserved/restricted	1,991,078	8,321,213	14,079,025	11,403,386	11,126,587	15,048,316	17,969,914	20,619,285	23,232,207	28,507,941
Committed	4,980,494	787,232	745,674	1,805,573	913,441	453,891	1,566,371	-	421,938	123,313
Assigned	2,280,930	2,474,649	1,505,368	1,529,650	2,185,102	2,209,352	2,207,475	2,612,252	2,634,885	3,659,986
Unreserved/unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>(295,629)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,459)</u>	<u>(529,752)</u>
Total all governmental funds	<u>\$ 17,087,442</u>	<u>\$ 20,583,295</u>	<u>\$ 25,577,462</u>	<u>\$ 25,877,935</u>	<u>\$ 27,522,037</u>	<u>\$ 30,547,190</u>	<u>\$ 38,013,568</u>	<u>\$ 42,958,464</u>	<u>\$ 49,673,835</u>	<u>\$ 54,384,692</u>

Notes:

- a. GASB #54 was adopted in fiscal year 2011 which changed fund balance classification to depict the relative strength of spending constraints. Previous years' fund balances were not restated to reflect the implementation.
- b. The City adopted GASB 63 and 65 during fiscal year 2012-13. Beginning fund balances were restated to reflect the implementation. Information from prior years has not been restated on this schedule.

Source: City's Comprehensive Annual Financial Report

City of Midland, Michigan
Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years
(Modified accrual basis of accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenue										
Taxes	\$ 32,601,169	\$ 34,821,993	\$ 33,949,025	\$ 35,309,085	\$ 35,240,503	\$ 35,222,815	\$ 31,324,060	\$ 31,403,680	\$ 31,617,781	\$ 32,368,577
Other tax related revenue	1,066,026	1,132,535	2,012,014	2,289,586	2,197,581	4,411,948	4,311,906	3,792,616	4,204,469	3,940,056
Licenses and permits	826,957	697,201	687,480	705,846	615,087	780,344	760,582	826,676	885,657	721,799
Federal grants	639,710	768,916	583,218	512,378	1,790,873	1,506,675	812,980	762,963	1,068,834	953,241
Intergovernmental - other	7,172,217	9,285,967	8,980,832	8,082,919	8,440,204	9,796,443	17,491,895	19,085,743	20,717,651	21,264,518
Charges for services	3,903,492	3,895,197	3,738,361	3,781,899	3,934,671	3,959,152	3,918,037	4,115,727	4,164,577	4,170,598
Use and admission charges	256,399	266,000	282,393	304,482	289,388	320,406	340,977	359,536	359,670	243,061
Interest income	72,980	59,313	44,671	50,441	44,947	87,527	146,017	345,483	905,355	564,902
Contributions and other revenues	2,041,456	2,043,569	4,787,548	3,666,261	2,361,388	2,250,039	5,340,085	5,479,693	4,081,296	3,760,420
Total revenue	<u>48,580,406</u>	<u>52,970,691</u>	<u>55,065,542</u>	<u>54,702,897</u>	<u>54,914,642</u>	<u>58,335,349</u>	<u>64,446,539</u>	<u>66,172,117</u>	<u>68,005,290</u>	<u>67,987,172</u>
Expenditures										
Current:										
General government	6,361,299	6,965,868	6,712,848	6,129,936	6,456,864	6,974,805	6,921,098	6,387,388	6,659,851	8,664,735
Public safety	15,779,974	15,182,480	15,724,988	15,942,908	15,826,112	16,553,084	17,176,276	17,984,990	18,404,650	20,332,151
Public works	5,850,900	5,361,940	5,858,277	5,860,312	5,744,942	6,017,698	5,552,957	5,851,922	6,242,788	6,307,281
Sanitation	2,491,420	2,542,662	2,450,295	3,116,963	3,214,241	3,058,597	3,538,019	3,985,581	3,817,907	4,552,962
Community and economic development	579,551	1,116,817	566,585	987,265	1,072,069	1,146,158	714,613	799,143	933,156	873,744
Parks and recreation	4,262,675	4,773,512	4,888,990	4,625,415	4,832,184	5,313,123	5,669,618	5,717,471	5,703,912	5,605,523
Library and community television	4,161,210	4,132,462	4,079,055	4,465,518	4,185,644	4,257,415	4,497,794	4,599,276	4,595,037	4,450,872
Airport	326,472	429,792	362,084	357,187	313,461	288,406	272,336	311,268	311,360	316,785
Transportation	1,629,824	1,715,709	1,819,483	1,776,592	1,822,045	1,869,850	1,990,729	2,095,573	2,082,808	2,095,448
Capital outlay	3,287,839	4,596,798	4,125,670	7,701,939	6,765,986	6,695,692	7,324,069	10,555,931	9,479,512	6,459,133
Debt service										
Principal retirement	965,000	1,000,000	1,040,000	1,085,000	1,130,000	1,175,000	1,365,000	1,400,000	1,450,000	1,470,000
Interest and fiscal charges	652,854	618,243	582,106	546,394	501,793	455,878	200,244	166,825	112,420	92,103
Bond issuance costs	-	-	-	-	-	62,413	-	-	-	-
Total expenditures	<u>46,349,018</u>	<u>48,436,283</u>	<u>48,210,381</u>	<u>52,595,429</u>	<u>51,865,341</u>	<u>53,868,119</u>	<u>55,222,753</u>	<u>59,855,368</u>	<u>59,793,401</u>	<u>61,220,737</u>
Excess of revenue over (under) expenditures	<u>2,231,388</u>	<u>4,534,408</u>	<u>6,855,161</u>	<u>2,107,468</u>	<u>3,049,301</u>	<u>4,467,230</u>	<u>9,223,786</u>	<u>6,316,749</u>	<u>8,211,889</u>	<u>6,766,435</u>

City of Midland, Michigan
Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years
(Modified accrual basis of accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Proceeds from sale of capital assets	\$ 12,416	\$ 303,677	\$ -	\$ 292,266	\$ 275,233	\$ 418,550	\$ 24,076	\$ 17,961	\$ 13,916	\$ 717
Issuance of debt	-	-	-	-	-	7,725,000	-	-	-	-
Bond discount	-	-	-	-	-	(7,662,587)	-	-	-	-
Operating transfers in	5,475,599	5,365,648	5,775,177	5,447,117	5,950,157	6,821,336	8,009,720	7,484,854	7,516,277	7,188,338
Operating transfers out	(6,441,040)	(6,707,880)	(7,636,171)	(7,546,379)	(7,630,589)	(8,744,376)	(9,791,204)	(8,874,668)	(9,026,711)	(9,244,633)
Total other financing sources (uses)	(953,025)	(1,038,555)	(1,860,994)	(1,806,996)	(1,405,199)	(1,442,077)	(1,757,408)	(1,371,853)	(1,496,518)	(2,055,578)
Net change in fund balances	1,278,363	3,495,853	4,994,167	300,472	1,644,102	3,025,153	7,466,378	4,944,896	6,715,371	4,710,857
Fund balances - beginning of year	15,809,079	17,087,442	20,583,295	25,577,463	25,877,935	27,522,037	30,547,190	38,013,568	42,958,464	49,673,835
Fund Balances - end of year	<u>\$ 17,087,442</u>	<u>\$ 20,583,295</u>	<u>\$ 25,577,462</u>	<u>\$ 25,877,935</u>	<u>\$ 27,522,037</u>	<u>\$ 30,547,190</u>	<u>\$ 38,013,568</u>	<u>\$ 42,958,464</u>	<u>\$ 49,673,835</u>	<u>\$ 54,384,692</u>
Debt service as a percentage of noncapital expenditures	3.85%	3.70%	3.70%	3.62%	3.73%	3.39%	3.24%	3.11%	3.11%	2.83%

Notes:

- a. GASB #54 was adopted in fiscal year 2011 which changed fund balance classification to depict the relative strength of spending constraints. Previous years' fund balances were not restated to reflect the implementation.
- b. The City adopted GASB 63 and 65 during fiscal year 2012-13. Beginning fund balances were restated to reflect the implementation. Information from prior years has not been restated on this schedule.

Source: City's Comprehensive Annual Financial Report

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

City of Midland, Michigan
Taxable Value and Assessed Value of Taxable Property
Last Ten Fiscal Years

Taxable Value by Property Type:

Real property:

Tax Year	Residential	Commercial	Industrial	Personal Property	IFT	Total Taxable	Tax Rate (mills)	Total Assessed Value	Taxable Value as a % of Assessed
2010	\$ 951,562,970	\$ 316,006,033	\$ 611,162,938	\$ 424,376,400	\$ 215,828,097	\$ 2,518,936,438	13.94	\$ 2,563,694,950	98.25%
2011	952,144,178	327,111,317	638,919,909	444,685,633	210,469,800	2,573,330,837	14.79	2,619,321,633	98.24%
2012	958,884,435	330,886,336	257,136,486	654,870,458	201,655,272	2,403,432,987	14.79	2,441,872,370	98.43%
2013	959,609,754	333,110,965	274,004,530	758,978,000	193,860,700	2,519,563,949	15.08	2,558,592,000	98.47%
2014	969,556,079	349,087,802	279,241,087	734,932,000	182,995,100	2,515,812,068	15.04	2,561,941,100	98.20%
2015	979,134,599	373,540,395	277,562,138	728,568,800	181,073,100	2,539,879,032	15.00	2,588,238,100	98.13%
2016	986,448,372	394,200,841	241,364,884	486,355,000	116,558,800	2,224,927,897	15.00	2,278,525,829	97.65%
2017	993,851,626	402,148,186	240,503,879	437,558,340	98,127,863	2,172,189,894	15.14	2,250,258,916	96.53%
2018	1,000,018,559	414,494,926	237,728,629	425,873,600	76,644,966	2,154,760,680	15.14	2,231,400,003	96.57%
2019	1,016,603,433	418,871,347	240,475,477	426,946,700	61,060,164	2,163,957,121	15.14	2,256,689,966	95.89%

Note: Under Michigan law, the revenue base is taxable value

Taxes levied in a particular "tax year" become revenue of the subsequent fiscal year

Source: City Assessing Department

City of Midland, Michigan
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

Millage Rates - Direct City Taxes				Overlapping Taxes														
Tax Year	General Operating	Debt	Total Direct Taxes*	Midland County	Bay County	Delta College	State Education		Bay/Arenac Intermediate School District	Midland Intermediate School District	School: Homestead Midland	School: Non-homestead Midland	School: Commercial Property Midland	School: Homestead Bullock Creek	School: Non-homestead Bullock Creek	School: Commercial Property Bullock		
	(1)							(3)									(2)	
2010	13.6700	0.2700	13.9400	8.8355	10.7138	2.0427	6.0000	(3)	4.9233	2.6756	2.7091	18.5000	8.7091	(2)	7.0000	25.0000	13.0000	(2)
2011	14.5000	0.2900	14.7900	8.8355	10.8138	2.0427	6.0000	(3)	4.9233	2.6756	2.0909	18.5000	8.0909	(2)	7.0000	25.0000	13.0000	(2)
2012	14.5000	0.2900	14.7900	8.8355	11.4638	2.0427	6.0000	(3)	4.9233	2.6756	1.9499	18.0000	7.9499	(2)	7.0000	25.0000	13.0000	(2)
2013	14.8000	0.2800	15.0800	9.1355	11.4638	2.0427	6.0000	(3)	4.9233	2.6756	1.7914	18.0000	6.7914	(2)	7.0000	25.0000	13.0000	(2)
2014	14.7600	0.2800	15.0400	8.8880	11.4638	2.0427	6.0000	(3)	4.9233	2.6756	1.7400	18.0000	8.7400	(2)	7.0000	25.0000	13.0000	(2)
2015	14.7400	0.2600	15.0000	9.9605	11.4638	2.0427	6.0000	(3)	4.9233	2.6756	4.7266	20.9500	10.7266	(2)	7.0000	25.0000	13.0000	(2)
2016	14.7409	0.2591	15.0000	9.9855	11.6138	2.0427	6.0000	(3)	4.9233	2.6756	4.5614	20.8800	10.5614	(2)	7.0000	25.0000	13.0000	(2)
2017	14.8781	0.2604	15.1385	10.2355	11.2138	2.0427	6.0000	(3)	4.9233	2.6756	4.4300	20.7200	10.4300	(2)	7.0000	25.0000	13.0000	(2)
2018	14.8779	0.2606	15.1385	10.4355	11.2138	2.0427	6.0000	(3)	4.9233	2.6756	4.4014	20.7200	10.4014	(2)	7.0000	25.0000	13.0000	(2)
2019	14.8819	0.2566	15.1385	10.4155	11.3138	2.0427	6.0000	(3)	4.9233	2.6756	4.7590	20.9500	10.7590	(2)	7.0000	25.0000	13.0000	(2)

* includes voter approved debt millage

Note: Tax rates are applied upon each \$1,000 of taxable value

- (1) City Charter authorizes 18 mills, but the State of Michigan Constitution (Headlee Amendment) restricts the maximum millage that may be levied by the City without a vote of our residents to 17.87 mills for General Operating.
- (2) Public Act 37 of 2007 amended MCL 380.1211 to exempt Commercial Personal Property from up to 12 mills of local school district operating millage.
- (3) Public Act 38 of 2007 amended MCL 211.903, to exempt all property classified as Industrial Personal Property from payment of the State Education Tax (SET).
Public Act 37 of 2007 amended MCL 380.1211 to exempt Industrial Personal Property from up to 18 mills of school operating millage.

Source: City Assessing Department

City of Midland, Michigan
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

Overlapping Taxes				Total Tax Rate																		
	School:	School:	School:			Non-	Non-		Non-	Non-	Non-	Non-			Non-	Non-	Non-	Non-				
Tax	Homestead	Non-	Commercial		Homestead	Non-	homestead	homestead	Homestead	homestead	homestead	homestead		Homestead	homestead	Commercial	Industrial	Commercial	Industrial			
Year	Bay City	Bay City	Bay City		Midland	Midland	Midland	Midland	Creek	Creek	Bullock	Bullock		Bay City	Bay City	Bay City	Bay City	Bay City	Bay City			
2010	2.8000	20.8000	8.8000	(2)	36.2029	51.9938	42.2029	(2)	30.2029	(3)	40.4938	58.4938	46.4938	(2)	34.4938	(3)	40.4198	58.4198	46.4198	(2)	34.4198	(3)
2011	2.9900	20.9900	8.9900	(2)	36.4347	52.8438	42.4347	(2)	30.4347	(3)	41.3438	59.3438	47.3438	(2)	35.3438	(3)	41.5598	59.5598	47.5598	(2)	35.5598	(3)
2012	2.9900	20.9900	8.9900	(2)	36.2937	52.3438	42.2937	(2)	30.2937	(3)	41.3438	59.3438	47.3438	(2)	35.3438	(3)	42.2098	60.2098	48.2098	(2)	36.2098	(3)
2013	2.9900	20.9900	8.9900	(2)	36.7252	52.9338	41.7252	(2)	30.7252	(3)	41.9338	59.9338	47.9338	(2)	35.9338	(3)	42.4998	60.4998	48.4998	(2)	36.4998	(3)
2014	2.9900	20.9900	8.9900	(2)	36.3863	52.6463	43.3863	(2)	30.3863	(3)	41.6463	59.6463	47.6463	(2)	35.6463	(3)	42.4598	60.4598	48.4598	(2)	36.4598	(3)
2015	2.9900	20.9900	8.9900	(2)	40.4054	56.6288	46.4054	(2)	34.4054	(3)	42.6788	60.6788	48.6788	(2)	36.6788	(3)	42.4198	60.4198	48.4198	(2)	36.4198	(3)
2016	2.9900	20.9900	8.9900	(2)	40.2652	56.5838	46.2652	(2)	34.2652	(3)	42.7038	60.7038	48.7038	(2)	36.7038	(3)	42.5698	60.5698	48.5698	(2)	36.5698	(3)
2017	2.9900	20.9900	8.9900	(2)	40.5223	56.8123	46.5223	(2)	34.5223	(3)	43.0923	61.0923	49.0923	(2)	37.0923	(3)	42.3083	60.3083	48.3083	(2)	36.3083	(3)
2018	2.9900	20.9900	8.9900	(2)	40.6937	57.0123	46.6937	(2)	34.6937	(3)	43.2923	61.2923	49.2923	(2)	37.2923	(3)	42.3083	60.3083	48.3083	(2)	36.3083	(3)
2019	2.9900	20.9900	8.9900	(2)	41.0313	57.2223	47.0313	(2)	35.0313	(3)	43.2723	61.2723	49.2723	(2)	37.2723	(3)	42.4083	60.4083	48.4083	(2)	36.4083	(3)

* includes voter approved debt millage

Note: Tax rates are applied upon each \$1,000 of taxable value

- (1) City Charter authorizes 18 mills, but the State of Michigan Constitution (Headlee Amendment) restricts the maximum millage that may be levied by the City without a vote of our residents to 17.87 mills for General Operating.
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Public Act 37 of 2007 amended MCL 380.1211 to exempt Industrial Personal Property from up to 18 mills of school operating millage.

Source: City Assessing Department

City of Midland, Michigan
Principal Property Tax Payers

Taxpayer		2020 Taxable Value	Percentage of total	2011 Taxable Value	Percentage of total	2011 rank
1	Dow Chemical Company/Dow Silicones	\$ 205,644,149	9.69%	\$ 488,853,744	20.69%	2
2	Midland Cogeneration Venture	197,411,100	9.31%	421,784,400	17.85%	1
3	Consumers Energy Company	34,566,091	1.63%	21,306,778	0.90%	4
4	DuPont/DDP Specialty Electronic Materials	34,068,237	1.61%	-	- %	-
5	Corteva/Dow Agrosiences	27,336,444	1.29%	-	- %	-
6	Midland Downtown Partners LLC	19,892,497	0.94%	-	- %	-
7	SK Saran Americas LLC	12,205,227	0.58%	-	- %	-
8	Macallister Rental	12,016,767	0.57%	-	- %	-
9	Trinseo	11,665,913	0.55%	-	- %	-
10	Midland Country Club	10,047,205	0.47%	9,688,600	0.41%	8
Total		<u>\$ 564,853,630</u>	<u>26.63%</u>	<u>\$ 941,633,522</u>	<u>39.85%</u>	

The individual values are for real and personal property owned by the designated taxpayer, but not including industrial facilities taxable amounts.

Source: City's Assessing Department

City of Midland, Michigan
Property Tax Levies and Collections

Fiscal Year Ended June 30	Taxes Levied for Fiscal Year (Original Levy)	Adjustments *	Total Adjusted Levy	Collected within the Fiscal Year of the Levy	Percentage of Original Levy Collected	Collections in Subsequent Years	Total Collections to Date	Percentage of Total Collections to Adjusted Tax Levy
2011	\$ 32,973,831	\$ (498)	\$ 32,973,333	\$ 30,314,659	91.94%	\$ 2,658,664	\$ 32,973,323	100.00%
2012	35,569,456	(2,844,831)	32,724,625	32,715,296	91.98%	(8,732)	32,706,564	99.94%
2013	32,972,444	(89,110)	32,883,334	32,761,640	99.36%	114,530	32,876,170	99.98%
2014	33,821,073	(67,171)	33,753,902	33,743,484	99.77%	1,878	33,745,362	99.97%
2015	33,813,675	(24,802)	33,788,873	33,737,447	99.77%	45,274	33,782,721	99.98%
2016	34,264,769	(229,172)	34,035,597	34,027,775	99.31%	1,878	34,029,653	99.98%
2017	30,664,023	(403,604)	30,260,419	30,252,846	98.66%	1,489	30,254,335	99.98%
2018	30,363,382	(35,822)	30,327,560	30,302,342	99.80%	11,026	30,313,368	99.95%
2019	30,630,015	(136,435)	30,493,580	30,478,555	99.51%	5,026	30,483,581	99.97%
2020	30,966,748	(46,160)	30,920,588	30,906,665	99.81%	-	30,906,665	99.95%

* Adjustments represent changes to the levy that occur subsequent to the fiscal year; any adjustments made during the fiscal year are reflected in the original levy column.

Source: City Treasurer's Office

Debt Capacity

These schedules contain information to help the reader assess the affordability of the City's current levels of outstanding debt, and the City's ability to issue additional debt in the future.

City of Midland, Michigan
Ratios of Outstanding Debt

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities										
General obligation bonds	\$ 20,771,216	\$ 19,559,396	\$ 18,408,507	\$ 17,092,657	\$ 15,721,807	\$ 14,980,000	\$ 13,350,000	\$ 11,680,000	\$ 6,000,000	\$ 4,530,000
Capital leases	409,524	209,187	-	-	-	-	-	-	-	-
Total governmental activities	<u>21,180,740</u>	<u>19,768,583</u>	<u>18,408,507</u>	<u>17,092,657</u>	<u>15,721,807</u>	<u>14,980,000</u>	<u>13,350,000</u>	<u>11,680,000</u>	<u>6,000,000</u>	<u>4,530,000</u>
Business-type activities										
General obligation bonds	16,344,992	15,245,399	14,779,063	13,474,063	12,184,064	10,754,064	9,264,064	7,814,063	10,219,063	8,349,063
Capital leases	-	-	-	-	-	-	120,703	94,927	68,266	40,691
Total business-type activities	<u>16,344,992</u>	<u>15,245,399</u>	<u>14,779,063</u>	<u>13,474,063</u>	<u>12,184,064</u>	<u>10,754,064</u>	<u>9,384,767</u>	<u>7,908,990</u>	<u>10,287,329</u>	<u>8,389,754</u>
Total debt of the government	<u>\$ 37,525,732</u>	<u>\$ 35,013,982</u>	<u>\$ 33,187,570</u>	<u>\$ 30,566,720</u>	<u>\$ 27,905,871</u>	<u>\$ 25,734,064</u>	<u>\$ 22,734,767</u>	<u>\$ 19,588,990</u>	<u>\$ 16,287,329</u>	<u>\$ 12,919,754</u>
Total population (1)	41,863	41,863	42,020	42,202	42,181	42,200	42,096	41,950	41,800	41,701
Total debt per capita	\$ 896	\$ 836	\$ 790	\$ 724	\$ 662	\$ 610	\$ 540	\$ 467	\$ 390	\$ 310
Total per capita personal income (2)	\$ 30,803	\$ 30,574	\$ 32,185	\$ 31,540	\$ 31,627	\$ 30,715	\$ 31,343	\$ 32,039	\$ 34,147	\$ 36,060
Total debt per capita personal income	\$ 1,243	\$ 1,145	\$ 1,031	\$ 969	\$ 882	\$ 838	\$ 725	\$ 611	\$ 477	\$ 358
Total taxable value	\$ 2,303,108,341	\$ 2,362,861,037	\$ 2,201,777,715	\$ 2,325,703,249	\$ 2,332,816,968	\$ 2,358,805,932	\$ 2,108,369,097	\$ 2,078,340,133	\$ 2,082,641,028	\$ 2,107,701,550
Ratio of total debt to taxable value	1.63%	1.48%	1.51%	1.31%	1.20%	1.09%	1.08%	0.94%	0.78%	0.61%

(1) Estimates provided by City Planning Department

(2) US Bureau of Census

Source: City Annual Financial Statements: Population Data reported from demographics data

City of Midland, Michigan
Ratios of General Bonded Debt Outstanding

Fiscal Year	General Bonded Debt	Taxable Value	Debt as a Percentage of Taxable Value	Population	Business Type Debt	Net General Bonded and Business Type Debt	Debt Per Capita	Per Capita Personal Income	% of Personal Income
2011	\$ 20,771,216	\$ 2,303,108,341	0.902%	41,863 (1)	\$ 16,344,992	\$ 33,883,116	809.38	\$ 30,803 (2)	2.63%
2012	19,559,396	2,362,861,037	0.828%	41,863 (1)	15,245,399	31,490,293	752.22	30,574 (2)	2.46%
2013	18,408,507	2,201,777,715	0.836%	42,020 (1)	14,779,063	29,815,482	709.55	32,185 (2)	2.20%
2014	17,092,657	2,325,703,249	0.735%	42,202 (1)	13,474,063	27,111,413	642.42	31,540 (2)	2.04%
2015	15,721,807	2,332,816,968	0.674%	42,181 (1)	12,184,064	24,391,315	578.25	31,627 (2)	1.83%
2016	14,980,000	2,358,805,932	0.635%	42,200 (1)	10,754,064	22,148,810	524.85	30,715 (2)	1.71%
2017	13,350,000	2,108,369,097	0.633%	42,096 (2)	9,264,064	19,012,116	451.64	31,343 (2)	1.44%
2018	11,680,000	2,078,340,133	0.562%	41,950 (2)	7,814,063	15,879,843	378.54	32,039 (2)	1.18%
2019	6,000,000	2,082,641,028	0.288%	41,800 (2)	10,219,063	12,482,134	298.62	34,147 (2)	0.87%
2020	4,530,000	2,107,701,550	0.215%	41,701 (2)	8,349,063	9,030,630	216.56	36,060 (2)	0.60%

(1) Estimates provided by City Planning Department

(2) U.S. Bureau of the Census

Source: City's financial records

City of Midland, Michigan
Direct and Overlapping Debt

Governmental Unit	Debt Outstanding	Estimated % Applicable	Estimated Share of Overlapping Debt*
Direct debt - City of Midland	\$ 4,530,000	100.00%	\$ 4,530,000
Overlapping debt*			
Bay City School District	48,270,000	0.26%	125,502
Bullock Creek School District	15,190,000	2.96%	449,624
Midland School District	77,430,000	80.33%	62,199,519
Bay County	3,366,821	0.17%	5,724
Midland County	29,627,113	58.17%	17,234,091
Bay-Arenac Intermediate School District	<u>1,590,000</u>	0.14%	<u>2,226</u>
Total overlapping debt	<u>175,473,934</u>		<u>80,016,686</u>
Total	<u>\$ 180,003,934</u>		<u>\$ 84,546,686</u>

* Overlapping debt is calculated as the issuer's proportionate share of the debt of other local governmental units that overlap it (the issuer is located either wholly or partly within the geographic limits of the other units) or underlie it (the other units are located within the geographic limits of the issuer). The debt is generally apportioned based upon relative assessed property values.

--- Source <http://emma.msrb.org/educationcenter/Glossary.aspx>

City of Midland, Michigan
Legal Debt Margin

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt limit	\$ 256,369,495	\$ 261,932,163	\$ 244,187,237	\$ 255,859,200	\$ 256,194,110	\$ 258,823,810	\$ 227,852,583	\$ 225,025,892	\$ 223,140,000	\$ 225,668,997
Total net debt applicable to limit	<u>37,116,208</u>	<u>34,804,795</u>	<u>33,187,570</u>	<u>30,566,720</u>	<u>27,905,871</u>	<u>25,734,064</u>	<u>22,614,064</u>	<u>19,494,063</u>	<u>16,219,063</u>	<u>12,879,063</u>
Legal debt margin	<u>\$ 219,253,287</u>	<u>\$ 227,127,368</u>	<u>\$ 210,999,667</u>	<u>\$ 225,292,480</u>	<u>\$ 228,288,239</u>	<u>\$ 233,089,746</u>	<u>\$ 205,238,519</u>	<u>\$ 205,531,829</u>	<u>\$ 206,920,937</u>	<u>\$ 212,789,934</u>
Total net debt applicable to the limit as a percentage of debt limit	14.48%	13.29%	13.59%	11.95%	10.89%	9.94%	9.92%	8.66%	7.27%	5.71%

Legal Debt Margin Calculation for Fiscal Year 2019

Debt limit:	
2019 state equalized valuation	\$ 2,256,689,966
Debt limit (10% of state equalized valuation) (1)	x <u>10.00%</u>
Total debt limit	<u>225,668,997</u>
Debt applicable to debt limit:	
Total bonded debt	12,879,063
Less: deductions allowed by law:	<u>-</u>
Total amount of debt applicable to debt limit	<u>12,879,063</u>
Legal debt margin	<u>\$ 212,789,934</u>

Limitations on borrowing

(1) Act 279, Public Acts of Michigan, 1909, as amended, and provisions of the City Charter state that net bonded indebtedness of the City shall not exceed 10 percent of the City's Assessed valuation.

Bonds which are not required to be included in this computation of net indebtedness, according to said Act 279, are:

- A. Special Assessment Bonds
- B. Mortgage Bonds
- C. Motor Vehicle Highway Fund Bonds
- D. Revenue Bonds
- E. Bonds issued, or contracts or assessment obligation, incurred to comply with an order of the Water Resources Commission or a court of competent jurisdiction
- F. Other obligations incurred for water supply, sewage, drainage or refuse disposal projects necessary to protect the public health by abating pollution.

City of Midland, Michigan
Pledged-Revenue Coverage

Water Revenue Bonds								
Fiscal Year	Gross Revenues	Operating	Net Revenues	Debt service			Total	Coverage
		Expenses		Principal	Interest			
2011	\$ 11,499,995	\$ 8,180,881	\$ 3,319,114	\$ -	\$ -		\$ -	\$ -
2012	11,535,436	9,457,224	2,078,212	-	-		-	-
2013	11,723,866	9,915,667	1,808,199	-	-		-	-
2014	12,037,632	10,344,900	1,692,732	-	-		-	-
2015	11,824,433	10,386,152	1,438,281	-	-		-	-
2016	11,986,070	10,045,632	1,940,438	-	-		-	-
2017	12,018,253	9,774,005	2,244,248	-	-		-	-
2018	12,718,643	10,287,038	2,431,605	-	-		-	-

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

City of Midland, Michigan
Demographic and Economic Statistics

Fiscal year	Population		Personal Income (in thousands)		Per Capita Personal Income (2)	Median Age (2)	Unemployment rate (4)
2002	41,810	(1)	(3)		26,818	36.2	4.1
2003	41,935	(1)	(3)		26,818	36.2	4.8
2004	42,092	(1)	(3)		26,818	36.2	4.8
2005	42,175	(1)	(3)		26,818	36.2	4.4
2006	42,175	(1)	(3)		26,818	36.2	4.2
2007	41,551	(1)	(3)		26,818	36.2	4.5
2008	41,054	(1)	(3)		26,818	36.2	5.1
2009	40,917	(1)	(3)		26,818	36.2	8.5
2010	40,807	(1)	25,723	(2)	29,946	36.5	7.5
2011	41,863	(1)	26,776	(2)	30,803	36.8	6.6
2012	41,863	(1)	26,446	(2)	30,574	36.5	5.7
2013	42,020	(1)	27,811	(2)	32,185	37.6	6.1
2014	42,202	(1)	27,575	(2)	31,540	37.4	5.0
2015	42,181	(1)	28,316	(2)	31,627	37.3	4.2
2016	42,200	(1)	29,749	(2)	30,715	37.4	3.4
2017	42,096	(2)	30,531	(2)	31,343	38.9	3.3
2018	41,950	(2)	29,732	(2)	32,039	38.6	3.4
2019	41,800	(2)	31,695	(2)	34,147	38.7	3.2
2020	41,701	(2)	(3)	(2)	36,060	39.0	9.1

(1) Estimates provided by City Planning Department

(2) U.S. Bureau of the Census

(3) Information not available

City of Midland, Michigan
Principal Employers

Taxpayer		2020 Employees (2)(3)	Percentage of Total	2011 Employees	Percentage of Total	2011 Rank
1	MidMichigan Health	4,406	20.92%	3,200	13.89%	2
2	Dow Inc.	4,000	19.00%	(1)	(1)	(1)
3	DuPont	1,200	5.70%	(1)	(1)	(1)
4	Midland Public School District	898	4.26%	1,100	4.77%	4
5	Corteva Agriscience	800	3.80%	(1)	(1)	(1)
6	Chemical Bank	550	2.61%	460	2.00%	5
7	City of Midland	492	2.34%	460	2.00%	6
8	Greater Midland	410	1.95%	(1)	(1)	(1)
9	Three Rivers Corporation	410	1.95%	(1)	(1)	(1)
10	County of Midland	350	1.66%	330	1.43%	8

(1) Information not available

(2) Source: Midland Business Alliance, 2019

(3) Full-time equivalents

City of Midland, Michigan
Full-time Government Employees
Last Ten Fiscal Years

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General government										
City Manager	3	4	2	2	2	2	2	2	2	2
City Clerk	4	4	4	4	4	4	4	4	4	4
City Treasurer	4	4	4	4	4	4	4	4	4	4
Assessing	4	4	4	4	4	4	4	4	4	4
City Attorney	3	3	3	3	3	3	2	2	2	2
Finance	8	8	8	8	8	8	9	8	8	7
Human Resources/Risk Management	4	4	4	4	4	4	4	4	4	4
Purchasing	1	1	1	1	1	1	-	-	-	-
Public safety:										
Police	50	50	50	50	50	50	50	50	50	52
Fire	46	46	46	46	46	46	46	46	46	46
Building inspection	6	6	6	6	6	6	6	6	6	6
Planning	4	4	4	4	4	4	4	4	4	4
Public works:										
Engineering	12	12	12	12	12	12	12	12	12	12
Public Works	33	31	30	30	29	27	29	29	29	29
Sanitation	5	5	5	5	7	7	5	5	5	5
Parks and recreation	25	26	26	26	24	26	25	25	25	26
Grace A. Dow Library	19	19	18	18	18	18	18	18	18	18
Downtown Development Authority	-	-	-	1	1	1	1	1	1	1
Dial-A-Ride	6	5	5	5	5	6	6	6	6	6
Civic Arena	2	2	2	2	2	2	2	2	2	2
Landfill	9	9	9	10	10	10	10	11	11	11
Senior Housing										
Washington Woods	6	6	6	6	6	6	6	6	5	5
Riverside Place	6	6	6	6	6	6	5	5	5	5
Currie Municipal Golf Course	7	7	7	7	-	-	-	-	-	-
Wastewater	20	20	20	20	20	20	20	20	20	20
Water	34	34	33	33	33	32	32	32	32	32
Midland Community Television	3	3	3	3	3	3	3	3	3	3
Equipment Revolving	15	15	15	13	13	13	13	13	13	13
Municipal Service Center	1	1	1	1	-	-	-	-	-	-
Information Services - Operations	6	6	5	5	5	5	5	5	5	4
Geographic Information Systems	1	1	-	-	-	-	-	-	-	-
Total	<u>347</u>	<u>346</u>	<u>339</u>	<u>339</u>	<u>330</u>	<u>330</u>	<u>327</u>	<u>327</u>	<u>326</u>	<u>327</u>

Source: City of Midland Annual Budget

Operating Information

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

City of Midland, Michigan
Operating Indicators
Last Ten Fiscal Years

Function/ Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General government										
Building permits issued	3,789	3,594	3,020	2,727	2,504	3,055	3,151	3,540	3,547	4,205
Building inspections conducted (1)	5,959	3,377	3,502	3,404	4,174	3,303	2,616	3,229	4,300	4,407
Public safety										
Police										
Physical arrests	1,425	1,182	1,018	1,524	1,240	1,236	1,127	924	726	554
Traffic violations	4,009	4,294	4,549	3,989	3,988	3,905	3,805	2,516	3,402	2,337
Investigations/complaints	13,833	13,840	13,683	13,915	13,436	14,294	14,087	12,968	12,229	11,344
Fire										
Fire runs	82	97	118	70	80	86	64	87	77	76
Rescue/medical	2,999	3,018	3,127	3,141	3,147	3,192	3,474	3,354	3,466	3,469
Hazardous	458	339	317	391	333	292	421	386	279	390
All other calls	1,165	1,299	1,359	1,361	1,376	1,320	1,441	1,478	1,415	1,397
Public works										
Street maintenance (millions of dollars)	\$ 1.93	\$ 1.56	\$ 1.65	\$ 2.20	\$ 1.94	\$ 1.91	\$ 2.21	\$ 2.42	\$ 2.56	\$ 2.06
Sidewalk maintenance (thousands of dollars)	\$ 218.50	\$ 121.47	\$ 117.48	\$ 148.40	\$ 143.06	\$ 268.88	\$ 169.70	\$ 117.91	\$ 137.68	\$ 113.98
Refuse collected (compacted cubic yards)	49,482	46,343	42,420	54,157	57,006	48,589	57,528	56,303	49,230	53,815
Brush and heavy item (cubic yards)	52,073	54,039	43,591	58,300	54,527	56,722	52,475	61,081	52,177	45,623
Fall leaf collection (cubic yards)(2)	15,421	17,616	16,956	16,050	16,728	15,598	18,650	15,025	21,600	22,950
Parks and recreation										
Softball teams supported	260	236	201	204	195	196	202	190	189	140
Picnic reservations (sheltered and open area)	621	626	543	550	546	613	684	605	615	411
Library										
Volumes in collection	257,203	256,631	253,104	249,169	248,849	242,440	238,196	241,313	211,072	199,789
Circulation (books borrowed)	846,487	814,529	789,851	745,669	721,496	710,047	669,424	591,957	658,694	504,844
Airport (take-offs and landings)	9,424	9,578	8,061	7,851	7,465	7,850	10,571	10,685	7,114	6,987
Landfill										
Vehicle traffic	31,947	28,817	28,201	28,863	29,349	32,294	34,987	36,732	34,534	43,653
Tons per day	699	556	615	526	489	742	917	477	503	543
Senior housing apartment complexes										
Washington Woods										
Occupancy	96.0%	94.0%	98.0%	96.0%	95.9%	91.0%	83.0%	83.0%	91.0%	97.0%
Percent turnover	24%	29%	28%	28%	22%	11%	22%	19%	17%	15%
Average age of residents	81	80	80	79	78	78	78	79	79	79
Riverside Place										
Occupancy	100%	100%	100%	100%	99%	99%	98%	98%	98%	82%
Percent turnover	25%	24%	26%	26%	33%	33%	23%	15%	16%	13%
Average age of residents	87	87	86	85	86	86	85	86	85	85

City of Midland, Michigan
Operating Indicators
Last Ten Fiscal Years

Function/ Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Public transportation (passengers served)	126,846	129,674	113,893	107,181	103,306	103,610	112,274	110,848	109,350	88,006
Sewer										
Average daily sewage treatment (MGD)	7.23	6.14	7.41	6.72	6.27	7.98	8.19	7.65	8.35	9.77
Annual sewage treatment (MG)	2,640.53	2,419.16	2,703.48	2,450.27	2,287.28	2,921.85	2,990.56	2,790.31	3,047.14	3,568.42
Water										
Finished water pumped (MG)										
Domestic	3,445.52	3,479.23	3,348.42	3,261.59	3,100.10	3,246.75	3,286.57	3,352.63	3,175.00	3,263.52
Industrial	3,695.13	4,172.44	3,790.94	3,752.69	3,894.11	4,057.97	4,161.28	4,193.66	4,118.03	4,353.35
Total	7,140.65	7,651.67	7,139.36	7,014.28	6,994.21	7,304.72	7,447.85	7,546.29	7,293.03	7,616.87

NA - Information not available

MG - Million gallons

MGD - Million gallons/day

(1) 2011 and prior accounted for by individual inspection; 2012 and later accounted for by project

(2) 2015 in prior years, the quantity of leaves collected were multiplied by a compaction rate of 4. This computation has been revised and prior years have been restated.

Sources: City records, city departments, department annual reports, and city website - www.midland-mi.org

City of Midland, Michigan
Capital Asset Statistics
Last Ten Fiscal Years

Function/ Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Public safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	13	14	15	15	15	15	14	14	14	14
Detective vehicles	4	4	4	4	5	5	5	5	5	5
SWAT van	1	1	1	1	1	1	1	1	1	1
Administrative and warrant officer vehicle	2	3	3	3	3	3	3	3	3	3
Fire										
Stations	3	3	3	3	3	3	3	3	3	3
Fire response vehicles	6	6	6	6	6	6	6	6	6	6
Emergency response vehicles	1	1	1	1	1	1	1	1	1	1
Public works										
Major streets (miles)	82	82	82	82	82	86	86	87	87	85
Local streets (miles)	151	151	152	152	153	150	150	149	143	148
State highways (miles)	16	16	16	16	16	16	16	16	16	16
Sidewalks (miles)	355	356	357	357	357	358	359	359	359	359
Traffic signals (city owned)	74	74	76	76	77	77	71	72	73	71
Refuse collection trucks	13	15	14	14	14	13	16	15	15	15
Parks and recreation										
Acreage	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700
Regional park and recreation areas	8	8	8	8	8	8	8	8	8	8
Community parks	7	7	7	7	7	7	7	7	7	7
Block and district parks	55	55	55	55	55	55	55	55	55	55
Golf courses										
9-hole municipal par-3	1	1	1	1	1	1	1	1	1	1
18-hole municipal	2	2	2	2	2	2	2	2	2	2
Golf course clubhouse	2	2	2	2	2	2	2	2	2	2
Ice arena (a)	1	1	1	1	1	1	1	1	1	1
Swimming pool	1	1	1	1	1	1	1	1	1	1
Skateboard park	1	1	1	1	1	1	1	1	1	1
Spray ground facilities (b)	2	2	2	2	2	2	2	2	2	2
Library branches	1	1	1	1	1	1	1	1	1	1
Airport										
Runways	2	2	2	2	2	2	2	2	2	2
Terminal building	1	1	1	1	1	1	1	1	1	1
City-owned hangars (leased)	14	14	14	14	14	14	15	15	15	15

City of Midland, Michigan
Capital Asset Statistics
Last Ten Fiscal Years

Function/ Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Public transportation-Dial-A-Ride buses	14	14	14	14	14	14	14	14	14	14
Landfill										
Current airspace (compacted cubic yards) (c)(f)(g)	2,205,036	2,041,275	1,859,132	1,736,958	1,613,185	1,424,672	1,231,816	1,062,155	967,697	790,870
Total future airspace (compacted cubic yards) (d)	8,180,525	8,016,764	7,834,621	7,712,447	7,588,674	7,400,161	7,207,305	7,037,644	6,943,186	6,766,359
Senior housing apartment complexes										
Washington Woods (units)	214	214	214	214	214	214	214	214	214	214
Riverside Place (units)	150	150	150	150	150	150	150	150	150	150
Sewer										
Sanitary sewers (miles)	197	197	197	197	197	199	199	199	200	200
Storm sewers (miles)	174	174	175	175	175	176	176	176	175	175
Treatment capacity (million gallons/day)	18	18	18	18	18	18	18	18	18	18
Water (e)										
Water mains (miles)	384	385	398	400	402	405	399	402	405	407
Fire hydrants	3,240	3,254	3,273	3,309	3,336	3,402	3,412	3,445	3,448	3,561
Storage capacity (million gallons)	13.75	13.75	13.75	13.75	13.75	13.75	13.75	13.75	13.75	13.75
Treatment plant capacity (million gallons/day)										
Potable water	28.8	28.8	28.8	28.8	28.8	28.8	28.8	28.8	28.8	28.8
Industrial grade water	19.2	19.2	19.2	19.2	19.2	19.2	19.2	19.2	19.2	19.2
Total	48.0	48.0	48.0	48.0	48.0	48.0	48.0	48.0	48.0	48.0

NA - Information not available

(a) A new 3-sheet arena on Fast Ice Drive opened in September 2005 replacing the old 2-sheet arena on East Collins. In 2014 one sheet of ice arena was converted to turf.

(b) 2015 Thrune Park renovation included the addition of a Splash Pad

(c) Current airspace = remaining airspace in currently constructed cells.

(d) Total future airspace = remaining airspace in currently constructed cells as well as cells to be constructed in the future.

(e) Raw water is pumped from Lake Huron by the Saginaw-Midland Municipal Water Supply Corporation, a facility owned jointly by the two cities.

The raw water is then pumped to the two communities for treatment at their individual treatment plants.

(f) FY07/08 Cell 16 added, roughly 1.8 million yards of additional airspace

(g) 2010 airspace remaining value is higher than 2009 for two reasons:

1. 2010 had an actual survey completed, while 2009 was a calculated estimate.
2. A minor modification to Cell 16 design increased the available airspace by 56,947 compacted cubic yards.

Sources: City records, city departments, department annual reports, and city website - www.midland-mi.org

December 23, 2020

Management and the City Council
City of Midland, Michigan

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of City of Midland (the Organization) as of and for the year ended June 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated June 1, 2020. Professional standards also require that we communicate to you the following information related to our audit.

We discussed these matters with various personnel in the Organization during the audit including management. We would also be pleased to meet with you to discuss these matters at your convenience.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Organization are described in the footnotes of the financial statements. The Organization has adopted the following Governmental Accounting Standards Board Statements effective July 1, 2019:

- Statement No. 90, *Majority Equity Interests* improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain components.
- Statement No. 92, *Omnibus 2020* enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following: (1) The effective date of Statement No. 87, Leases, and Implementation Guide No. 2019-3, Leases, for interim financial reports (2) Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan. (3) The applicability of Statements No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, to reporting assets accumulated for postemployment benefits. (4) The applicability of certain requirements of Statement No. 84, Fiduciary Activities, to postemployment benefit arrangements. (5) Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition. (6) Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers. (7) Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature. (8) Terminology used to refer to derivative instruments.
- Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic and provides postponement of effective dates for certain GASB Statements.

noted no transactions entered into by the Organization during the year for which there is lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statement 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 Organization's financial statements were:

Estimate	Management's basis
Incurred but not reported health benefits	Historical claims and information provided by third party provider.
Other post employment benefits and the related deferred outflows and inflows of resources	Information provided by actuarial valuation report.
Landfill closure and postclosure costs	Based on landfill capacity to date and estimated costs set forth by the State and Federal governments.
Compensated absences	Based on accumulated vacation and sick days and salary and wage rates in effect.
Useful lives of capital assets	Based on length of time management believes those assets will provide some economic benefit in the future.
Net pension liability and the related deferred outflows and inflows of resources	Information provided by actuarial valuation report

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

The financial statement disclosures are neutral, consistent and clear.

Accounting Standards

The Governmental Accounting Standards Board has released additional Statements. Details regarding these Statements are described in Note 1 of the financial statements.

Difficulties Encountered in Performing the Audit

The completion of our audit was delayed due to audit information being provided much later than requested from management.

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. There were no known misstatements detected as a result of audit procedures that were more than trivial.

There were no known uncorrected misstatements that were more than trivial.

Agreements 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 as of the date of the audit report.

Management's Consultations with Other 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 Organization'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 Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Reports

Other information that is required to be reported to you is included in the: Independent Auditors' 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*; Independent Auditors' Report on Compliance For Each Major Federal Program; Independent Auditors' Report on Internal Control Over Compliance; Independent Auditors' Report on Schedule of Expenditures of Federal Awards Required by the Uniform Grant Guidance; and the Schedule of Findings and Questioned Costs. Please read all information included in those reports to ensure you are aware of relevant information.

Report on Required Supplementary Information

We applied certain limited procedures to management's discussion and analysis and the remaining required supplementary information (RSI) as described in the table of contents of the financial statements that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Report on Other Supplementary Information

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

The Organization's audited financial statements are included in their comprehensive annual financial report. Our responsibility for the other information contained in the comprehensive annual financial report does not extend beyond the financial information identified in our audit report. We do not have an obligation to perform any procedures to corroborate the other information contained in the introductory section and statistical section. However, we read the other information and considered whether such information, or the manner of its presentation, was materially inconsistent with information, or the manner of its presentation, appearing in the financial statements. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, was materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

Restriction on Use

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

Yeo & Yeo, P.C.

Midland, Michigan

City of Midland, Michigan
Single Audit Report
June 30, 2020



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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*

Independent Auditors' Report

Management and City Council
City of Midland, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Midland, Michigan as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise City of Midland, Michigan's basic financial statements, and have issued our report thereon dated December 23, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Midland, 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Midland, Michigan's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Midland, Michigan's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Yeo & Yeo, P.C.

Midland, Michigan
December 23, 2020

Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditors' Report

Management and City Council
City of Midland, Michigan

Report on Compliance for Each Major Federal Program

We have audited City of Midland, Michigan's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of City of Midland, Michigan's major federal programs for the year ended June 30, 2020. City of Midland, Michigan's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of City of Midland, Michigan's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Midland, Michigan's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on the Federal Transit Cluster

In our opinion, the City of Midland, Michigan complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2020.

Report on Internal Control Over Compliance

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

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance and Transportation Fund (Dial-A-Ride)

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Midland, Michigan as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise City of Midland, Michigan's basic financial statements. We issued our report thereon dated December 23, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards required by the Uniform Guidance and Transportation Fund (Dial-A-Ride) Schedules 1, 1A, 2, 2A, 2B, 3A, 3B, 4E, 4R, 4N, 5, and 6 required by the Michigan Department of Transportation are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditure of federal awards and Transportation Fund (Dial-A-Ride) Schedules 1, 1A, 2, 2A, 2B, 3A, 3B, 4E, 4R, 4N, 5, and 6 are fairly stated in all material respects in relation to the basic financial statements as a whole. The Transportation Fund (Dial-A-Ride) unaudited Schedule 4N has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion of provide any assurance on it.

Yeo & Yeo, P.C.

Midland, Michigan
December 23, 2020

City of Midland, Michigan
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

	CFDA Number	Federal or Pass-Through Grant Number	Award Amount	Federal Expenditures	Current Year Cash Transferred to Subrecipients
U.S. Department of Housing and Urban Development					
Community Development Block Grant Entitlement Cluster					
Community Development Block Grants/Entitlement Grants	14.218	B-15-MC-26-0037	\$ 233,381	\$ 26,938	\$ 26,938
Community Development Block Grants/Entitlement Grants		B-16-MC-26-0037	242,289	63,056	63,056
Community Development Block Grants/Entitlement Grants		B-17-MC-26-0037	233,830	36,914	36,914
Community Development Block Grants/Entitlement Grants		B-18-MC-26-0037	261,584	40,500	40,500
Total Community Development Block Grant Entitlement Cluster			<u>971,084</u>	<u>167,408</u>	<u>167,408</u>
U.S. Department of Justice					
Passed through the Office of Justice Programs					
Bulletproof Vest Partnership Program	16.607	2018BUBX	4,745	1,155	-
Bulletproof Vest Partnership Program		2019BUBX	5,486	4,715	-
			<u>10,231</u>	<u>5,870</u>	<u>-</u>
U.S. Department of Transportation					
Passed through the Michigan Department of Transportation					
Airport Improvement Program	20.106	B-26-0066-2017	195,190	44,682	-
Airport Improvement Program		B-26-0066-2118	234,900	152,169	-
			<u>430,090</u>	<u>196,851</u>	<u>-</u>
Highway Planning and Construction	20.205	2017-5052	276,384	695	-
Highway Planning and Construction		18-5318	27,863	27,863	-
			<u>304,247</u>	<u>28,558</u>	<u>-</u>
Passed through the Michigan Department of Transportation via the Midland Area Transportation Study					
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research					
Planning Assistance	20.505	2019-0026	38,775	8,669	-
Planning Assistance		2020-0026	39,981	20,976	-
Planning Assistance		2020-0026	74,293	2,204	-
Total Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research			<u>153,049</u>	<u>31,849</u>	<u>-</u>
Federal Transit Cluster					
Federal Transit Formula Grants	20.507	MI-2018-012-01	782,465	384,150	-
Federal Transit Formula Grants		MI-2019-018-00	1,028,206	68,911	-
Total Federal Transit Formula Grants			<u>1,810,671</u>	<u>453,061</u>	<u>-</u>
Buses and Bus Facilities Formula Program	20.526	MI-2016-007-00	21,200	21,144	-
Buses and Bus Facilities Formula Program		MI-2019-018-00	17,606	11,089	-
			<u>38,806</u>	<u>32,233</u>	<u>-</u>
Total Federal Transit Cluster			<u>1,849,477</u>	<u>485,294</u>	<u>-</u>
Transit Services Programs Cluster					
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	MI-2019-037	64,427	60,988	-
Total U.S. Department of Transportation			<u>2,801,290</u>	<u>803,540</u>	<u>-</u>
U.S. Department of Homeland Security					
Passed through the Michigan State Policy Emergency Management and Homeland Security Division					
Homeland Security Grant Program	97.067	EMW-2018-SS-00042	963,525	252,462	181,129
Total expenditures of federal awards			<u>\$ 4,746,130</u>	<u>\$ 1,229,280</u>	<u>\$ 348,537</u>

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

City of Midland, Michigan
Notes to the Schedule of Expenditures of Federal Awards
June 30, 2020

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of City of Midland, Michigan under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of City of Midland, Michigan, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Midland, Michigan.

Note 2 - Summary of Significant Accounting Policies

Expenditures

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance where certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rate

City of Midland has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3 - Reconciliation to the Financial Statements

Federal revenue per the financial statements	\$ 953,241
Prior year deferred revenue - unavailable	(32,374)
Deferred revenue - unavailable	83,005
City-wide revenue for projects	<u>225,408</u>
Total expenditures of federal awards	<u>\$ 1,229,280</u>

City of Midland, Michigan
Schedule of Findings and Questioned Costs
June 30, 2020

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued on whether the financial statements were prepared in accordance with Generally Accepted Accounting Principles: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(s) identified that are not considered to be material weaknesses? _____ yes X none reported

Noncompliance material to financial statements noted?

_____ yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(s) identified that are not considered to be material weakness(es)? _____ yes X none reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with §200.516(a)?

_____ yes X no

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

20.507 & 20.526

Federal Transit Cluster

Dollar threshold used to distinguish between type A and type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

 X yes _____ no

City of Midland, Michigan
Schedule of Findings and Questioned Costs
June 30, 2020

SECTION II – *Government Auditing Standards* Findings

There were no *Government Auditing Standards* findings for the year ended June 30, 2020.

SECTION III – Federal Award Findings

There were no findings or questioned costs for Federal Awards for the year ended June 30, 2020.

City of Midland, Michigan
Summary Schedule of Prior Audit Findings
June 30, 2020

SECTION IV – Prior Audit Findings

Government Auditing Standards Findings

There were no *Government Auditing Standards* findings for the year ended June 30, 2019.

Federal Award Findings

There were no findings or questioned costs for Federal Awards for the year ended June 30, 2019.

Supplementary Information

Transportation Fund (Dial-A-Ride)

City of Midland, Michigan
Schedule 1
Transportation Fund (Dial-A-Ride)
Schedule of Local Revenues
For The Year Ended June 30, 2020

	July 1, 2019 to September 30, 2019	October 1, 2019 to June 30, 2020	Totals
Customer fares	\$ 28,263	\$ 69,778	\$ 98,041
Other local contracts/reimbursements	1,922	4,652	6,574
Total	<u>\$ 30,185</u>	<u>\$ 74,430</u>	<u>\$ 104,615</u>
Revenue reconciliation to financial statements below			
Local revenues from above	\$ 30,185	\$ 74,430	\$ 104,615
Prior year deferred local received during fiscal year			<u>5,284</u>
Total financials statements local revenue			<u>\$ 109,899</u>

City of Midland, Michigan
Schedule 1A
Transportation Fund (Dial-A-Ride)
Schedule of Local Revenues
Based on September 30, 2019 Year End

	October 1, 2018 to June 30, 2019	July 1, 2019 to September 30, 2019	Totals
Customer fares	\$ 94,529	\$ 28,263	\$ 122,792
Other local contracts/reimbursements	1,321	1,922	3,243
Sale of equipment	7,145	-	7,145
Sale of bus shelter	317	-	317
	<hr/>	<hr/>	<hr/>
Total	<u>\$ 103,312</u>	<u>\$ 30,185</u>	<u>\$ 133,497</u>

City of Midland, Michigan
Schedule 2
Transportation Fund (Dial-A-Ride)
Expenditures of Federal and State Awards
For The Year Ended June 30, 2020

Grantor/Program Title	Federal CFDA Number	Grant No./ Authorization Number	Award Amount	Current Year's Expenditures			Prior Years' Expenditures	Excess Eligible Expenditures	Award Amount Remaining
				Total	Federal	State			
U.S. Department of Transportation									
Direct Assistance									
Federal Transit Operating Grant -- Section 5307	20.507	MI-2018-012-01	\$ 692,465	\$ 310,150	\$ 310,150	\$ -	\$ 137,834	\$ -	\$ 244,481
Federal Transit Operating Grant-- Section 5307	20.507	MI-2019-018-00	1,028,206	45,446	45,446	-	-	-	982,760
CARES Federal Transit Operating Grant--Section 5307	20.507	MI-2020-033-00	2,703,786	388,070	388,070	-	-	-	2,315,716
Other Capital- Preventive Maintenance -- Section 5307	20.507	MI-2018-012-01	112,500	92,500	74,000	18,500	20,000	-	-
Other Capital- Preventive Maintenance -- Section 5307	20.507	MI-2019-018-00	125,000	23,651	18,921	4,730	-	-	101,349
Other Capital- De Minimis Cost Allocation -- Section 5307	20.507	MI-2019-018-00	84,382	4,544	4,544	-	-	-	79,838
CARES Other Capital- De Minimis Cost Allocation -- Section 5307	20.507	MI-2020-033-00	270,378	38,807	38,807	-	-	-	231,571
Passed through Michigan Department of Transportation									
Federal Transit Capital Grants									
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	MI-2019-037	80,534	76,235	60,988	15,247	-	-	4,299
Capital Grant--Section 5339 (80/20)	20.526	MI-2016-007-00	26,500	26,430	21,144	5,286	-	-	70
Capital Grant--Section 5339 (80/20)	20.526	MI-2018-012-01	98,348	-	-	-	69,815	-	28,533
Capital Grant--Section 5339 (80/20)	20.526	MI-2019-018-00	22,007	13,861	11,089	2,772	-	-	8,146
Passed through Michigan Department of Transportation via the Midland Area Transportation Study									
Planning Assistance - Section 5303	20.505	2019-0026	38,775	8,669	8,669	-	23,828	-	6,278
Planning Assistance - Section 5303	20.505	2020-0026	39,981	20,976	20,976	-	-	-	19,005
Total U.S. Department of Transportation			5,322,862	1,049,339	1,002,804	46,535	251,477	-	4,022,046
Michigan Department of Transportation									
Operating Assistance - Act 51 - FY 2019	N/A		808,401	162,937	-	162,937	587,292	-	58,172
Adjust PY reported for award adjustments			-	1,613	-	1,613	-	-	(1,613)
Operating Assistance - Act 51 - FY 2019	N/A		787,083	526,192	-	526,192	-	-	260,891
Total Michigan Department of Transportation			1,595,484	690,742	-	690,742	587,292	-	317,450
Total			\$ 6,918,346	\$ 1,740,081	\$ 1,002,804	\$ 737,277	\$ 838,769	\$ -	\$ 4,339,496

City of Midland, Michigan
Schedule 2A
Transportation Fund (Dial-A-Ride)
Federal and State Awards Operating Revenue Only
For Year Ended June 30, 2020

	July 1, 2019 to September 30, 2019	October 1, 2019 to June 30, 2020	Totals
Michigan Department of Transportation			
Local Bus Operating (Act 51)	\$ 162,937	\$ 526,192	\$ 689,129
Section 5307 Capital used for Preventive Maintenance match	4,800	18,430	23,230
Other Capital used for Major Purchases Less than \$5,000	5,286	2,772	8,058
Adjust prior year reported for award adjustments	1,613	-	1,613
Total Michigan Department of Transportation	174,636	547,394	722,030
Federal Transit Administration			
Section 5307	162,223	581,443	743,666
Section 5307 Capital used for Preventive Maintenance	19,200	73,721	92,921
Capital Contract Reimbursement for Administrative Assistance	2,272	41,079	43,351
Other Capital used for Major Purchases Less than \$5,000	21,144	11,089	32,233
Passed through Michigan Department of Transportation via the Midland Area Transportation Study Planning Assistance - Section 5303	8,669	20,976	29,645
Total	\$ 388,144	\$ 1,275,702	\$ 1,663,846

Revenue reconciliation to financial statements below

State grants

State revenues from above	\$ 174,636	\$ 547,394	\$ 722,030
Section 5310 and 5339 capital assistance match	-	15,247	15,247
Subtotal - state grants	\$ 174,636	\$ 562,641	737,277
Not received within 60 days of year-end - deferred			(13,793)
Prior year grants received during fiscal year			22,235
Total financials statements state revenue			\$ 745,719

Federal grants

Federal revenues from above	\$ 213,508	\$ 728,308	\$ 941,816
Section 5310 and 5339 capital assistance	-	60,988	60,988
Subtotal - federal grants	\$ 213,508	\$ 789,296	1,002,804
Not received within 60 days of year-end - deferred			(502,748)
Prior year deferred recognized in current year			23,827
Total financials statements federal revenue			\$ 523,883

City of Midland, Michigan
Schedule 2B
Transportation Fund (Dial-A-Ride)
Federal and State Awards Operating Revenue Only
Operating Revenue Only
Based on a September 30, 2019 Year End

	October 1, 2018 to June 30, 2019	July 1, 2019 to September 30, 2019	Totals
Michigan Department of Transportation			
Local Bus Operating (Act 51)	\$ 587,292	\$ 162,937	\$ 750,229
Section 5307 Capital used for Preventive Maintenance	10,000	4,800	14,800
Other Capital used for Major Purchases Less than \$5,000	-	5,286	5,286
Adjust prior year reported for award adjustments	-	1,613	1,613
	<u>597,292</u>	<u>174,636</u>	<u>771,928</u>
U.S. Department of Transportation			
Operating Assistance - Section 5307	417,750	162,223	579,973
Section 5307 Capital used for Preventive Maintenance	40,000	19,200	59,200
Capital Contract Reimbursement for Administrative Assistance	-	2,272	2,272
Other Capital used for Major Purchases Less than \$5,000	-	21,144	21,144
Planning Assistance - Section 5303	<u>23,828</u>	<u>8,669</u>	<u>32,497</u>
	<u>481,578</u>	<u>213,508</u>	<u>695,086</u>
Total	<u>\$ 1,078,870</u>	<u>\$ 388,144</u>	<u>\$ 1,467,014</u>

City of Midland, Michigan
Schedule 3A
Transportation Fund (Dial-A-Ride)
Operating Expenses Split Between a June 30 and September 30 Year End
For the Year Ended June 30, 2020

	July 1, 2019 to September 30, 2019	October 1, 2019 to June 30, 2020	Totals
Labor	\$ 210,909	\$ 782,555	\$ 993,464
Fringe benefits	107,227	420,020	527,247
Services	92,746	278,257	371,003
Materials and supplies	62,559	85,713	148,272
Utilities	218	4,231	4,449
Insurance	3,990	11,972	15,962
Miscellaneous	7,375	7,153	14,528
Operating leases	5,127	15,396	20,523
	<hr/>	<hr/>	<hr/>
Total financial statement expenses	490,151	1,605,297	2,095,448
	<hr/>	<hr/>	<hr/>
Depreciation expense	-	163,633	163,633
	<hr/>	<hr/>	<hr/>
Total OAR expenses	<u>\$ 490,151</u>	<u>\$ 1,768,930</u>	<u>\$ 2,259,081</u>

City of Midland, Michigan
Schedule 3B
Transportation Fund (Dial-A-Ride)
Operating Expenses Split Between a June 30 and September 30 Year End
For the Year Ended June 30, 2020

Based on a September 30, 2019 Year End

	October 1, 2018 to June 30, 2019	July 1, 2019 to September 30, 2019	Totals
Labor	\$ 806,646	210,911	\$ 1,017,557
Fringe benefits	391,504	107,226	498,730
Services	284,934	92,747	377,681
Materials and supplies	101,681	62,558	164,239
Utilities	451	217	668
Insurance	12,725	3,991	16,716
Miscellaneous	6,969	7,374	14,343
Operating leases	14,978	5,127	20,105
	<hr/>	<hr/>	<hr/>
Total financial statement expenses	1,619,888	490,151	2,110,039
Depreciation	163,633	-	163,633
	<hr/>	<hr/>	<hr/>
Total expenses	<u>\$ 1,783,521</u>	<u>\$ 490,151</u>	<u>\$ 2,273,672</u>

No costs for the purchase of transportation vehicles funded by federal and state grants, nor any depreciation related thereto are included as eligible expenses on these schedules. Further, capital grants were only used for capital purchases. No operating expenses were paid with capital grants.

Certain costs for rent, vehicle storage rent, and administration included in these schedules, as well as the City's financial statements, are allocated in accordance with plans on file with the Office of Passenger Transportation (OPT). All other costs are charged directly.

The Transportation Fund is a Special Revenue Fund on the financial statements, so no depreciation is reported at the fund-based level. Depreciation is calculated and maintained for the government-wide statements in accordance with GASB 34. Depreciation expense included as eligible only includes assets purchased with local funds where the useful life of the asset has been approved by OPT.

City of Midland, Michigan
Schedule 3B
Transportation Fund (Dial-A-Ride)
Operating Expenses Split Between a June 30 and September 30 Year End
For the Year Ended June 30, 2020

Pension and OPEB Obligations
Based on a September 30, 2019 Year End

	October 1, 2018 to June 30, 2019	July 1, 2019 to September 30, 2019	Totals
Annual required contribution for OPEB	\$ 69,612	\$ 19,144	\$ 88,756
Amounts contributed:			
Payments of current premiums	69,612	19,144	88,756
Increase (decrease) in net OPEB obligation	-	-	-
OPEB obligation - beginning of year	-	-	-
OPEB obligation - end of year	\$ -	\$ -	\$ -
	October 1, 2018 to June 30, 2019	July 1, 2019 to September 30, 2019	Totals
Annual required contribution for pension	\$ 123,380	\$ 36,418	\$ 159,798
Amounts contributed:			
Payments of current premiums	123,380	36,418	159,798
Increase (decrease) in net pension obligation	-	-	-
Pension obligation - beginning of year	-	-	-
Pension obligation - end of year	\$ -	\$ -	\$ -

The Transportation Fund is a Special Revenue Fund in the financial statements of the City, so no GASB 68 activity is reported at the fund-based level. GASB 68 activity is calculated and maintained for the government-wide statements in accordance with GASB 34. All of the calculated activity that was attributable to Dial-A-Ride was recorded in a fund that is only used for Government-Wide financial statement preparation. No GASB 68 activity was reported in the Dial-A-Ride expenses and all pension expenses reported are for current year expenses only in accordance with the annual required contributions (ARC).

The Transportation Fund is a Special Revenue Fund in the financial statements of the City, so no GASB 75 activity is reported at the fund-based level. GASB 75 activity is calculated and maintained for the government-wide statements in accordance with GASB 34. All of the calculated activity that was attributable to Dial-A-Ride was recorded in a fund that is only used for Government-Wide financial statement preparation. No GASB 75 activity was reported in the Dial-A-Ride expenses and all OPEB expenses reported are for current year expenses only in accordance with the annual required contributions (ARC).

City of Midland, Michigan
Schedule 4E
Transportation Fund (Dial-A-Ride)
Nonurban Regular Service Expense Report
For the Year Ended September 30, 2019

Code	Description	Operations	Maintenance	General & Administration	Total
501:	Labor				
50101	Operators' salaries and wages	\$ 786,701	\$ -	\$ -	\$ 786,701
50102	Other salaries and wages	-	-	87,491	87,491
50103	Dispatchers' salaries and wages	143,365	-	-	143,365
502:	Fringe Benefits				
50200	Fringe benefits - other	204,380	-	44,631	249,011
50210	Fringe benefits - DC pension	20,835	-	8	20,843
50220	Fringe benefits - DB pension	103,442	-	31,963	135,405
50240	Fringe benefits - DC OPEB	4,712	-	3	4,715
50250	Fringe benefits - DB OPEB	71,378	-	17,378	88,756
503:	Services				
50302	Advertising fees	-	-	3,772	3,772
50305	Audit fees	-	-	5,300	5,300
50399	Other	-	180,990	187,619	368,609
504:	Material and Supplies				
50401	Fuel and lubricants	123,437	-	-	123,437
50404	Major supplies (<\$5,000)	26,430	-	-	26,430
50499	Other materials and supplies	14,372	-	-	14,372
505:	Utilities				
50500	Utilities - telephone	668	-	-	668
506:	Insurance				
50603	Liability insurance	16,716	-	-	16,716
509:	Miscellaneous Expenses				
50902	Travel, meetings and training	8,859	-	-	8,859
50903	Association dues & subscriptions	-	-	-	40
50999	Other misc expenses	5,444	-	-	5,444
512:	Operating Leases and Rentals				
51200	Operating leases and rentals	20,105	-	-	20,105
513:	Depreciation				
51300	Depreciation	163,633	-	-	163,633
550:	Ineligible Expenses				
55007	Ineligible Depreciation	163,260	-	-	163,260
55008	Other ineligible expenses (refund/reimbursement, ineligible council)	1,956	-	-	1,956
55009	Ineligible Percent of Association Dues	-	-	40	40
55010	Other Ineligible Expenses Associated with Auxiliary and Nontransportation Revenue (sale of non-capital asset - bus shelter)	317	-	-	317
55011	Ineligible Preventive Maintenance	-	74,000	-	74,000
570:	Ineligible Expenses				
57099	Other ineligible Federal/State/Local (Section 5303 expenses)	-	-	35,739	35,739
576:	Ineligible Expenses				
57603	Deminimis (project administration))	-	-	2,272	2,272
57604	Other ineligible operating expense paid by capital contract (Capital purchases <\$5,000)	26,430	-	-	26,430
Total expenses		1,714,477	180,990	378,165	2,273,672
Total ineligible expenses		191,963	74,000	38,051	304,014
Total eligible expenses		<u>\$ 1,522,514</u>	<u>\$ 106,990</u>	<u>\$ 340,114</u>	<u>\$ 1,969,658</u>

City of Midland, Michigan
Schedule 4R
Transportation Fund (Dial-A-Ride)
Nonurban Regular Service Revenue Report
Based on a September 30, 2019 Year End

Code	Description	Amount
401:	Farebox revenue	
40100	Customer fares	\$ 122,792
407:	NonTrans Revenue	
40760	Gains from sale of capital assets (Sale of bus)	7,145
40799	Other non-transportation revenue (Sale of bus shelter)	317
409:	Local Revenue	
40910	Local operating assistance	369,146
40999	Other local contracts/reimbursements (Local portion of Section 5303)	3,243
411:	State Formula and Contracts	
41101	State operating assistance (with revised %)	751,843
41111	Preventive maintenance (20% State share)	14,800
41114	Other capital contract reimbursement for operating expenses (Major purchase <\$5,000)	5,286
413:	Federal Contracts	
41302	Federal Section 5307 operating (operating funds only)	579,973
41311	Preventive maintenance (80% Federal share)	59,200
41313	administration))	2,272
41314	Other capital contract reimbursement for operating expenses (Major purchase <\$5,000)	21,144
41399	Other Federal transit contracts and reimbursements (Federal portion of Section 5303)	32,497
Total revenues		<u>\$ 1,969,658</u>

Any eligible expenses associated with the Federal and State Capital Contract Reimbursement for Operating Expenses for assets less than \$5,000 have been properly subtracted from total expenses as ineligible under PTMS code 57604 Other Ineligible Operating Expense Paid by Capital Contract.

Any eligible expenses associated with Gains from Sales of Capital Assets do not need to be subtracted out as ineligible as they were minimal in nature and not charged to Dial-A-Ride as an expense.

City of Midland, Michigan
Schedule 4N
Nonurban Regular Service Nonfinancial Report (Unaudited)
For the Year Ended September 30, 2019

Public Service

Code	Description	Weekday	Saturday	Sunday	Total
610	Vehicle hours	29,657	1,914	1,003	32,574
611	Vehicle miles	387,509	27,055	12,959	427,523
615	Passengers - regular	30,077	1,887	760	32,724
616	Passengers - elderly	7,586	696	444	8,726
617	Passengers - persons with disabilities	52,955	2,239	801	55,995
618	Passengers - elderly persons with disabilities	10,447	1,075	542	12,064
622	Total demand response passengers	101,065	5,897	2,547	109,509
625	Days operated	251	52	52	355

Vehicle Information

Code	Description				Quantity
655	Total demand response vehicles				14
656	Demand response vehicles with lifts				14
658	Total transit vehicles				14

Miscellaneous Information

Code	Description				Quantity
660	Diesel/gasoline gallons consumed				61,660
661	Total Transit Agency Employees (Full-Time Equivalents)				30

The methodology used for compiling this data has been reviewed and the recording method has been found to be adequate and reliable.

City of Midland, Michigan
Schedule 5
Transportation Fund (Dial-A-Ride)
Operating Assistance Calculation
Based on a September 30, 2019 Year End

	<u>Nonurban</u>
Total expenses	<u><u>\$ 2,273,672</u></u>
Less ineligible expenses	
Depreciation	\$ 163,260
Ineligible Council expense	1,956
Ineligible Association Dues	40
Ineligible Sale of Non-capital asset - bus shelter	317
Ineligible Preventive Maintenance paid by capital contract	74,000
Section 5303 expenses	35,739
Capital Contract Reimbursement for Expenses	2,272
Operating expense paid by capital contract	<u>26,430</u>
Total ineligible expenses per R & E manual	<u><u>\$ 304,014</u></u>
Total state eligible expenses	<u><u>\$ 1,969,658</u></u>
x reimbursement percentage	<u>38.1712%</u>
State operating assistance	<u><u>\$ 751,842</u></u>
Federal Section 5307 operating assistance	<u><u>\$ 639,173</u></u>
Other Federal transit contracts and reimbursements	<u><u>\$ 55,913</u></u>

City of Midland, Michigan
Schedule 6
Transportation Fund (Dial-A-Ride)
Comments and Recommendations
Year Ended June 30, 2020

There are no comments and recommendations for the year ended June 30, 2020.

File Attachments for Item:

6. * 2020 Local Government Retirement System Annual Report. KEENAN

SUMMARY REPORT TO MANAGER
For City Council Meeting of January 25, 2021

SUBJECT: 2020 Local Governmental Retirement System Annual Report in compliance with PA 202 of 2017.

INITIATED BY: David A. Keenan, Assistant City Manager

RESOLUTION

SUMMARY: This resolution approves 2020 Local Government Retirement System Annual Report for the City of Midland and directs staff to submit the report to the Michigan Department of Treasury as required by PA 202 of 2017.

ITEMS ATTACHED:

1. Letter of Transmittal
2. Resolution
3. Form 5572 – Annual report for Pensions
4. Form 5572 – Annual Report for OPEB (Retiree Health Care)

CITY COUNCIL ACTION:

1. 3/5 affirmative vote required to approve resolution

David A. Keenan
Assistant City Manager



City Hall ♦ 333 West Ellsworth Street ♦ Midland, Michigan 48640 ♦ 989.837.3300 * 989.837.2717 Fax ♦ www.cityofmidlandmi.gov

January 20, 2021

C. Bradley Kaye, ICMA-CM AICP CFM
City Manager
City of Midland
Midland, Michigan

Dear Mr. Kaye:

In accordance with PA 202 of 2017, local units of government who provide defined-benefit retirement plans are required to report annually to the Michigan Department of Treasury (Treasury). The focus of this report is to provide information to illustrate the funded level of each plan in accordance with both Government Accounting Standards and Michigan Department of Treasury Uniform Assumptions. For pension plans, if the funded ratio is less than 60% AND the combined annual required contributions of all pension plans are greater than 10% of the local unit's total governmental fund revenue, the plan is considered to be underfunded. For retiree health care plans, if the funded ratio is less than 40% AND the annual required contribution is greater than 12% of the local unit's total governmental fund revenue, the plan is considered to be underfunded.

Because there are basically three sets of actuarial determined data that the City uses during the year, it is important to understand the difference between each. Please consider the following explanation as you review the rest of this report.

1. **Funding Valuation Data:** This is the traditional report created by an actuary that illustrates the amount of contributions required to be made into a plan for a given year so that the plan will have assets available to pay for benefits when they become due. This is the document that includes the annual required contributions that the City is legally required to make, is more of a cash-flow based report, and is what is used to build the annual City Budget.
2. **Financial Reporting Data:** This is an additional report that is required under Government Account Standards Board Statements 67 and 68 that basically takes the funding valuation information (from #1 above) and rolls it forward to fiscal year end and converts it from a cash-flow basis to an accrual basis, attempting to report the financial status and activity of a plan based upon benefits earned, benefits paid, benefits still owed, and an added market consideration for assumed rates of return. This reflects the data that is included in the City's annual audited financial statements. This is also reflected on lines 4 through 9 in the PA 202 Annual Report.

January 20, 2021

C. Bradley Kaye, ICMA-CM AICP CFM

Page 2

3. **Michigan Department of Treasury Uniform Assumption Data:** This is a third set of actuarially determined data that essentially takes the funding valuation data under #1 and reruns it using a standard set of assumptions as determined by the Michigan Department of Treasury. This is reported under lines 19 through 28 of the PA 202 Annual Report. This is the information Treasury uses to make its assessment.

The PA 202 Annual Report for each of the City's three defined-benefit retirement systems is provided. The following summarizes the highlights for each.

PENSION REPORTING

- City of Midland Police and Fire Pension is not considered underfunded by the standard formula because it is more than 60% funded. The Financial Information funded ratio as of 6/30/20 was 72.6% compared to 74.2% last year. While the 2019-20 fiscal year started out strong, the investment market pulled way back in January through June, returning a *negative* 3.34% for those months, and leaving the return at 3.48% by year-end. The State's Uniform Assumption funded ratio is similar at 72.3%. While it is based upon the 12/31/19 actuary report, which excluded the losses for January through June of 2020, the impact of smoothing defers much of the gains for the 12/31/19 period to future years, leaving the funding percentages for the two different periods, very similar. The standard assumptions that the System uses for its Funding Valuation (#1 above) are similar to the State's Standard Uniform Assumptions so a minimal difference between the two should be expected. Given its current status, the State will require no further action for this System other than annual reporting.
- Municipal Employees' Retirement System of Michigan is considered underfunded by the standard formula because it is less than 60% funded. The Financial Information funded ratio was 54.5% and is based upon 12/31/19 data. The State's Uniform Assumption funded ratio, also based upon 12/31/19 data, is 50.4%. The difference between the two funded ratios is due to the standard assumptions used in both calculations, with the State's being more conservative which leads to a much higher pension liability. As a reminder, the City submitted a corrective action plan to Treasury to outline a path to becoming adequately funded by formula, which will be around year 2028. Until such time the funding ratio reaches 60%, we will need to remain diligent in our efforts to improve the financial health of the System.

OPEB (RETIREE HEALTH INSURANCE) REPORTING

The City has one defined-benefit health retirement system and it is not considered underfunded because its funded ratio is over 40%. The Financial Information funded ratio of 54.4% is slightly higher than last year's 53%. The Uniform Assumption funded ratio is 46.4%, still above the 40% threshold, but much less than the Financial Information funded ratio mainly due to the use of more conservative assumptions under the Uniform Assumption calculation. No further action is required, other than annual reporting.

January 20, 2021

C. Bradley Kaye, ICMA-CM AICP CFM

Page 3

It is required that the governing body of each local unit approve the annual report before it is submitted to Treasury. The resolution provided for City Council's consideration approves the attached 2020 Local Government Retirement System Annual Report and directs Staff to submit it to the Michigan Department of Treasury as compliance with the annual reporting requirements under PA 202 of 2017.

Sincerely,

David A. Keenan, CPA
Assistant City Manager



*City Hall ♦ 333 West Ellsworth Street ♦ Midland, Michigan 48640 ♦ 989.837.3300 * 989.837.2717 Fax ♦ www.cityofmidlandmi.gov*

BY COUNCILMAN

WHEREAS, pursuant to PA 202 of 2017, a local unit of government that sponsors a defined-benefit retirement system is required to submit an annual report that includes information for each of its defined-benefit retirement systems; and

WHEREAS, the City of Midland sponsors three defined-benefit retirement plans, each covered by Public Act 202 of 2017; and

WHEREAS, each local unit required to submit an annual report shall first have the governing budget approve said report; now therefore

RESOLVED, the City Council of the City of Midland hereby approves the 2020 Local Government Retirement System Annual Report and directs Staff to submit it to the Michigan Department of Treasury as compliance with the annual reporting requirements under PA 202 of 2017.

YEAS:

NAYS:

ABSENT:

I, Erica Armstrong, City Clerk, City of Midland, Counties of Bay and Midland, State of Michigan, do hereby certify that the foregoing is a true and correct copy of a resolution adopted by a yeas vote of all the Councilmen present at a regular meeting of the City Council held Monday, January 25, 2021.

Erica Armstrong, City Clerk

Enter Local Government Name	City of Midland	Instructions: For a list of detailed instructions on how to complete and submit this form, visit michigan.gov/LocalRetirementReporting .
Enter Six-Digit Municode	562020	
Unit Type	City	
Fiscal Year End Month	June	
Fiscal Year (four-digit year only, e.g. 2019)	2020	
Contact Name (Chief Administrative Officer)	David A. Keenan	Questions: For questions, please email LocalRetirementReporting@michigan.gov . Return this original Excel file. Do not submit a scanned image or PDF.
Title if not CAO	Assistant City Manager	
CAO (or designee) Email Address	dkeenana@midland-mi.org	
Contact Telephone Number	989-837-3329	
Pension System Name (not division) 1	System	If your pension system is separated by divisions, you would only enter one system. For example, one could have different divisions of the same system for union and non-union employees. However, these would be only one system and should be reported as such on this form.
Pension System Name (not division) 2	Municipal Employees' Retirement System of Michigan	
Pension System Name (not division) 3		
Pension System Name (not division) 4		
Pension System Name (not division) 5		

Line	Descriptive Information	Source of Data	System 1	System 2
1	Is this unit a primary government (County, Township, City, Village)?	Calculated	YES	YES
2	Provide the name of your retirement pension system	Calculated from above	City of Midland Police and Fire Fighter Retirement	Municipal Employees' Retirement System of
3 Financial Information				
4	Enter retirement pension system's assets (system fiduciary net position ending)	Most Recent Audit Report	67,758,602	82,143,098
5	Enter retirement pension system's liabilities (total pension liability ending)	Most Recent Audit Report	93,294,788	150,710,465
6	Funded ratio	Calculated	72.6%	54.5%
7	Actuarially Determined Contribution (ADC)	Most Recent Audit Report	3,143,313	4,708,896
8	Governmental Fund Revenues	Most Recent Audit Report	67,987,172	67,987,172
9	All systems combined ADC/Governmental fund revenues	Calculated	11.5%	11.5%
10 Membership				
11	Indicate number of active members	Actuarial Funding Valuation used in Most Recent Audit Report	89	147
12	Indicate number of inactive members	Actuarial Funding Valuation used in Most Recent Audit Report	3	26
13	Indicate number of retirees and beneficiaries	Actuarial Funding Valuation used in Most Recent Audit Report	147	349
14 Investment Performance				
15	Enter actual rate of return - prior 1-year period	Actuarial Funding Valuation used in Most Recent Audit Report or System Investment Provider	3.48%	14.02%
16	Enter actual rate of return - prior 5-year period	Actuarial Funding Valuation used in Most Recent Audit Report or System Investment Provider	6.10%	6.39%
17	Enter actual rate of return - prior 10-year period	Actuarial Funding Valuation used in Most Recent Audit Report or System Investment Provider	8.17%	7.97%
18 Actuarial Assumptions				
19	Actuarial assumed rate of investment return	Actuarial Funding Valuation used in Most Recent Audit Report	7.00%	7.35%
20	Amortization method utilized for funding the system's unfunded actuarial accrued liability, if any	Actuarial Funding Valuation used in Most Recent Audit Report	Level Percent	Level Percent
21	Amortization period utilized for funding the system's unfunded actuarial accrued liability, if any	Actuarial Funding Valuation used in Most Recent Audit Report	20	19
22	Is each division within the system closed to new employees?	Actuarial Funding Valuation used in Most Recent Audit Report	No	No
23 Uniform Assumptions				
24	Enter retirement pension system's actuarial value of assets using uniform assumptions	Actuarial Funding Valuation used in Most Recent Audit Report	66,764,186	82,743,645
25	Enter retirement pension system's actuarial accrued liabilities using uniform assumptions	Actuarial Funding Valuation used in Most Recent Audit Report	92,296,740	164,277,724
26	Funded ratio using uniform assumptions	Calculated	72.3%	50.4%
27	Actuarially Determined Contribution (ADC) using uniform assumptions	Actuarial Funding Valuation used in Most Recent Audit Report	3,538,739	6,964,128
28	All systems combined ADC/Governmental fund revenues	Calculated	15.4%	15.4%
29 Pension Trigger Summary				
30	Does this system trigger "underfunded status" as defined by PA 202 of 2017?	Primary government triggers: Less than 60% funded <u>AND</u> greater than 10% ADC/Governmental fund revenues. Non-Primary government triggers: Less than 60% funded	NO	YES

Reporting Local Government Retirement and Benefits Act (PA 202 of 2017) Health Care (OPEB) Report

Enter Local Government Name	City of Midland	Instructions: For a list of detailed instructions on how to complete and submit this form, visit michigan.gov/LocalRetirementReporting .
Enter Six-Digit Municode	562020	
Unit Type	City	
Fiscal Year End Month	June	
Fiscal Year (four-digit year only, e.g. 2019)	2020	
Contact Name (Chief Administrative Officer)	David A. Keenan	Questions: For questions, please email LocalRetirementReporting@michigan.gov . Return this original Excel file. Do not submit a scanned image or PDF.
Title if not CAO	Assistant City Manager	
CAO (or designee) Email Address	dkeenana@midland-mi.org	
Contact Telephone Number	989-837-3329	
OPEB System Name (not division) 1	City of Midland Retiree Health Care Plan	If your OPEB system is separated by divisions, you would only enter one system. For example, one could have different divisions of the same system for union and non-union employees. However, these would be only one system and should be reported as such on this form.
OPEB System Name (not division) 2		
OPEB System Name (not division) 3		
OPEB System Name (not division) 4		
OPEB System Name (not division) 5		

Line	Descriptive Information	Source of Data	System 1
1	Is this unit a primary government (County, Township, City, Village)?	Calculated	YES
2	Provide the name of your retirement health care system	Calculated from above	City of Midland Retiree Health Care
3	Financial Information		
4	Enter retirement health care system's assets (system fiduciary net position ending)	Most Recent Audit Report	52,622,578
5	Enter retirement health care system's liabilities (total OPEB liability)	Most Recent Audit Report	96,781,812
6	Funded ratio	Calculated	54.4%
7	Actuarially determined contribution (ADC)	Most Recent Audit Report	5,155,295
7a	Do the financial statements include an ADC calculated in compliance with Numbered Letter 2018-3?	Most Recent Audit Report	YES
8	Governmental Fund Revenues	Most Recent Audit Report	67,987,172
9	All systems combined ADC/Governmental fund revenues	Calculated	7.6%
10	Membership		
11	Indicate number of active members	Actuarial Funding Valuation used in Most Recent Audit Report	130
12	Indicate number of inactive members	Actuarial Funding Valuation used in Most Recent Audit Report	1
13	Indicate number of retirees and beneficiaries	Actuarial Funding Valuation used in Most Recent Audit Report	417
14	Provide the amount of premiums paid on behalf of the retirants	Most Recent Audit Report or Accounting Records	6,385,558
15	Investment Performance		
16	Enter actual rate of return - prior 1-year period	Actuarial Funding Valuation used in Most Recent Audit Report or System Investment Provider	2.36%
17	Enter actual rate of return - prior 5-year period	Actuarial Funding Valuation used in Most Recent Audit Report or System Investment Provider	5.31%
18	Enter actual rate of return - prior 10-year period	Actuarial Funding Valuation used in Most Recent Audit Report or System Investment Provider	7.60%
19	Actuarial Assumptions		
20	Assumed Rate of Investment Return	Actuarial Funding Valuation used in Most Recent Audit Report	7.50%
21	Enter discount rate	Actuarial Funding Valuation used in Most Recent Audit Report	7.50%
22	Amortization method utilized for funding the system's unfunded actuarial accrued liability, if any	Actuarial Funding Valuation used in Most Recent Audit Report	Level Dollar
23	Amortization period utilized for funding the system's unfunded actuarial accrued liability, if any	Actuarial Funding Valuation used in Most Recent Audit Report	20
24	Is each division within the system closed to new employees?	Actuarial Funding Valuation used in Most Recent Audit Report	Yes
25	Health care inflation assumption for the next year	Actuarial Funding Valuation used in Most Recent Audit Report	8.25%
26	Health care inflation assumption - Long-Term Trend Rate	Actuarial Funding Valuation used in Most Recent Audit Report	3.50%
27	Uniform Assumptions		
28	Enter retirement health care system's actuarial value of assets using uniform assumptions	Actuarial Funding Valuation used in Most Recent Audit Report	49,206,236
29	Enter retirement health care system's actuarial accrued liabilities using uniform assumptions	Actuarial Funding Valuation used in Most Recent Audit Report	106,066,653
30	Funded ratio using uniform assumptions	Calculated	46.4%
31	Actuarially Determined Contribution (ADC) using uniform assumptions	Actuarial Funding Valuation used in Most Recent Audit Report	6,349,691
32	All systems combined ADC/Governmental fund revenues	Calculated	9.3%
33	Summary Report		
34	Did the local government pay the retiree insurance premiums for the year?	Accounting Records	YES
35	Did the local government pay the normal cost for employees hired after June 30, 2018?	Accounting Records	YES
36	Does this system trigger "underfunded status" as defined by PA 202 of 2017?	Primary government triggers: Less than 40% funded AND greater than 12% ARC/Governmental fund revenues. Non-Primary government triggers: Less than 40% funded	NO

File Attachments for Item:

7. * Deficit Elimination Plan for the Homeland Security Fund, enhanced submission. KEENAN

SUMMARY REPORT TO MANAGER
For City Council Meeting of January 25, 2021

SUBJECT: Deficit Elimination Plan for the Homeland Security Fund, enhanced submission

INITIATED BY: David A. Keenan, Assistant City Manager

RESOLUTION

SUMMARY: This resolution would approve the deficit elimination plan with enhanced documentation for the Homeland Security Grant Fund for the unassigned fund deficit as of June 30, 2020, and direct staff to submit said plan to the Michigan Department of Treasury.

ITEMS ATTACHED:

1. Letter of transmittal
2. Resolution
3. Budget Performance Report
4. Deficit Elimination Worksheet
5. Agenda packet from January 11, 2021 City Council meeting

CITY COUNCIL ACTION:

1. 3/5 affirmative vote required to approve resolution

David A. Keenan
Assistant City Manager



City Hall ♦ 333 West Ellsworth Street ♦ Midland, Michigan 48640-5132 ♦ 989.837.3300 ♦ 989.835.2717 Fax ♦ www.cityofmidlandmi.gov

January 20, 2021

C. Bradley Kaye, ICMA-CM AICP CFM
City Manager
City of Midland
Midland, Michigan

Dear Mr. Kaye:

On January 11, 2021, City Council approved a deficit elimination plan as required by the Michigan Department of Treasury (Treasury) for a \$14,824 unassigned fund deficit that existed as of June 30, 2020 in the Homeland Security Grant Fund. The agenda item for the January 11, 2021 meeting is included with this information packet. The deficit was caused by a delayed reimbursement of federal grant funds, and a prepaid expense at year-end.

Treasury rejected the plan as it did not include a projected budget approved by Council for the 2020-21 year that would eliminate the deficit. Therefore, I am resubmitting the deficit elimination plan with additional information in the form of a spreadsheet that shows how the receipt of the federal funds, and the amortization of the prepaid asset in accordance with Generally Accepted Accounting Principles will eliminate the deficit by year-end. Note that this is the same plan previously presented, but it illustrates how this will happen, rather than just explaining how it will happen.

The worksheet is representative of the amended 2020-21 budget for the Homeland Security Grant Fund that was established by a May 2020 resolution adopting the budget, and authorizing the Assistant City Manager to encumber budget items forward from the 2019-20 fiscal year, as appropriate.

The accompany resolution will once again approve this deficit elimination plan, but also approve the supporting schedule that illustrates how the deficit will be eliminated during the 2020-21 fiscal year under General Accepted Accounting Principles, in accordance with the City's current amended budget for the Homeland Security Grant Fund. This should complete the requirements of Treasury.

Sincerely,

David A. Keenan
Assistant City Manager



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BY COUNCILMAN

WHEREAS, the Michigan Department of Treasury (Treasury) requires that local units of government that end their fiscal year-end reporting a fund deficit must submit a deficit elimination plan to resolve the deficit situation; and

WHEREAS, the City of Midland reported a year-end unassigned fund deficit of \$14,824 in its Homeland Security Grand Fund as of June 30, 2020, requiring the City to submit a deficit elimination plan to Treasury to resolve the deficit; and

WHEREAS, receipt of the delayed reimbursement in October 2020 causes that portion of the unassigned deficit that existed at June 30, 2020 to be eliminated, and

WHEREAS, amortization of the prepaid expenses during the 2020-21 fiscal year, in accordance with Generally Accepted Accounting Principles will eliminate the remaining portion of the unassigned deficit that existed at June 30, 2020; and

WHEREAS, the Deficit Elimination Worksheet that is part of this plan illustrates how the deficit will be eliminated by June 30, 2021, in accordance with the City's amended 2020-21 Homeland Security Grand Fund budget; now, therefore

RESOLVED, the Deficit Elimination Plan as presented, including the Deficit Elimination Worksheet, is approved by City Council, staff is directed to resubmit this plan to Treasury to meet the their deficit elimination plan requirements.

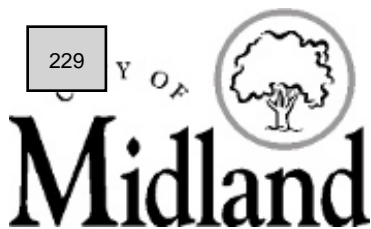
YEAS:

NAYS:

ABSENT:

I, Erica Armstrong, City Clerk, City of Midland, Counties of Bay and Midland, State of Michigan, do hereby certify that the foregoing is a true and correct copy of a resolution adopted by a yeas vote of all the Councilmen present at a regular meeting of the City Council held Monday, January 25, 2021

Erica Armstrong, City Clerk



Budget Performance Report

Date Range 07/01/20 - 06/30/21

Include Rollup Account and Rollup to Element

Account	Account Description	Adopted Budget	Budget Amendments	Amended Budget	Current Month Transactions	YTD Encumbrances	YTD Transactions	Budget - YTD Transactions	% Used/ Rec'd
Fund 275 - Homeland Security Grant Program									
REVENUE									
Department 8000 - General Revenue									
43	Intergovernmental Revenues								
43.004	Intergovernmental Revenues Federal Grants	873,812.00	710,737.00	1,584,549.00	.00	.00	286,209.91	1,298,339.09	18
	43 - Intergovernmental Revenues Totals	\$873,812.00	\$710,737.00	\$1,584,549.00	\$0.00	\$0.00	\$286,209.91	\$1,298,339.09	18%
	Department 8000 - General Revenue Totals	\$873,812.00	\$710,737.00	\$1,584,549.00	\$0.00	\$0.00	\$286,209.91	\$1,298,339.09	18%
	REVENUE TOTALS	\$873,812.00	\$710,737.00	\$1,584,549.00	\$0.00	\$0.00	\$286,209.91	\$1,298,339.09	18%
EXPENSE									
Department 6090 - Other Expenses									
80	Professional Services								
80.001	Professional Services Professional Services	51,382.00	48,176.00	99,558.00	.00	.00	.00	99,558.00	0
80.005	Professional Services Project Management	107,000.00	35,666.00	142,666.00	.00	.00	35,666.67	106,999.33	25
	80 - Professional Services Totals	\$158,382.00	\$83,842.00	\$242,224.00	\$0.00	\$0.00	\$35,666.67	\$206,557.33	15%
81	Purchased Services								
81.016	Purchased Services Grants to Agencies	715,430.00	619,762.00	1,335,192.00	.00	.00	106,308.74	1,228,883.26	8
	81 - Purchased Services Totals	\$715,430.00	\$619,762.00	\$1,335,192.00	\$0.00	\$0.00	\$106,308.74	\$1,228,883.26	8%
99	Transfers								
99.001	Transfers Transfers-Govt to Govt	.00	.00	.00	.00	.00	127,217.24	(127,217.24)	+++
	99 - Transfers Totals	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$127,217.24	(\$127,217.24)	+++
	Department 6090 - Other Expenses Totals	\$873,812.00	\$703,604.00	\$1,577,416.00	\$0.00	\$0.00	\$269,192.65	\$1,308,223.35	17%
	EXPENSE TOTALS	\$873,812.00	\$703,604.00	\$1,577,416.00	\$0.00	\$0.00	\$269,192.65	\$1,308,223.35	17%
Fund 275 - Homeland Security Grant Program Totals									
	REVENUE TOTALS	873,812.00	710,737.00	1,584,549.00	.00	.00	286,209.91	1,298,339.09	18%
	EXPENSE TOTALS	873,812.00	703,604.00	1,577,416.00	.00	.00	269,192.65	1,308,223.35	17%
	Fund 275 - Homeland Security Grant Program Totals	\$0.00	\$7,133.00	\$7,133.00	\$0.00	\$0.00	\$17,017.26	(\$9,884.26)	
Grand Totals									
	REVENUE TOTALS	873,812.00	710,737.00	1,584,549.00	.00	.00	286,209.91	1,298,339.09	18%
	EXPENSE TOTALS	873,812.00	703,604.00	1,577,416.00	.00	.00	269,192.65	1,308,223.35	17%
	Grand Totals	\$0.00	\$7,133.00	\$7,133.00	\$0.00	\$0.00	\$17,017.26	(\$9,884.26)	

City of Midland

Homeland Security Grant Fund

DEFICIT ELIMINATION PLAN

Illustration of deficit elimination during 2020-21 Fiscal Year

	July 2020	August 2020	September 2020	October 2020	November 2020	December 2020	January 2021	February 22021	March 2021	April 2021	May 2021	June 2021	Totals @ 6/30/2021
Federal Grants Revenue	131,451	131,451	131,451	131,451	131,451	131,451	131,451	131,451	131,451	131,451	131,451	131,455	1,577,416
Receipt of Deferred @ 6/30/2020	-	-	-	7,132	-	-	-	-	-	-	-	-	7,132
TOTAL REVENUE	131,451	131,451	131,451	138,583	131,451	131,451	131,451	131,451	131,451	131,451	131,451	131,455	1,584,548
Expenditures	130,810	130,810	130,810	130,810	130,810	130,810	130,810	130,810	130,810	130,810	130,810	130,814	1,569,724
Amortize prepay @6/30/2020	641	641	641	641	641	641	641	641	641	641	641	641	7,692
TOTAL EXPENDITURES	131,451	131,451	131,451	131,451	131,451	131,451	131,451	131,451	131,451	131,451	131,451	131,455	1,577,416
Revenue over (under) expenditures	-	-	-	7,132	-	-	-	-	-	-	-	-	7,132
Net Fund Deficit - beginning													(7,132)
Net Fund Deficit - ending													-
Unassigned Fund Deficit - beginning	(14,824)												
Deferred Revenue	(7,132)	(7,132)	(7,132)	(7,132)	-	-	-	-	-	-	-	-	(7,132)
Receipt of grant funds	-	-	-	7,132	-	-	-	-	-	-	-	-	7,132
	(7,132)	(7,132)	(7,132)	-	-	-	-	-	-	-	-	-	-
Prepaid expense	7,692	7,051	6,410	5,769	5,128	4,487	3,846	3,205	2,564	1,923	1,282	641	7,692
Amortize Prepaid	(641)	(641)	(641)	(641)	(641)	(641)	(641)	(641)	(641)	(641)	(641)	(641)	(7,692)
	7,051	6,410	5,769	5,128	4,487	3,846	3,205	2,564	1,923	1,282	641	-	-
Unassigned Fund Deficit - ending	(14,183)	(13,542)	(12,901)	(5,128)	(4,487)	(3,846)	(3,205)	(2,564)	(1,923)	(1,282)	(641)	-	-

SUMMARY REPORT TO MANAGER
For City Council Meeting of January 11, 2021

SUBJECT: Deficit Elimination Plan for the Homeland Security Fund

INITIATED BY: David A. Keenan, Assistant City Manager

RESOLUTION

SUMMARY: This resolution would approve the deficit elimination plan for the Homeland Security Fund for the \$7,691 unassigned fund deficit as of June 30, 2020, and direct staff to submit said plan to the Michigan Department of Treasury.

ITEMS ATTACHED:

1. Letter of transmittal
2. Resolution

CITY COUNCIL ACTION:

1. 3/5 affirmative vote required to approve resolution

David A. Keenan
Assistant City Manager



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January 6, 2021

C. Bradley Kaye, ICMA-CM AICP CFM
City Manager
City of Midland
Midland, Michigan

Dear Mr. Kaye:

The City is fiduciary for the Homeland Security Grant program that covers Region 3, consisting of Midland County and 13 other counties. All revenues and expenditures related to Region 3 activity flow through the City's Homeland Security Grant Fund.

Two things occurred at year-end to cause the Homeland Security Grant Fund to have an unassigned fund deficit. There was a delay in the reimbursement of \$7,132 from the federal government which caused this revenue to be considered unavailable and thus deferred. Also, in May the City prepaid for a service contract that extended into the next fiscal year, causing there to be a \$7,692 prepaid expense as of June 30, 2020. Under governmental accounting standards, when this happens, an amount equal to the prepaid balance is classified as non-spendable fund balance, causing a reduction to the unassigned fund balance. When assets typically equal liabilities, there is no fund balance so these items cause a fund deficit. As such, the Homeland Security Grant Fund reported a \$14,824 fund deficit as of June 30, 2020.

The Michigan Department of Treasury (Treasury) requires that any local unit of government that is reporting a fund deficit must submit a deficit elimination plan to correct the deficit situation. As part of Treasury's definition of a deficit, it excuses portions that are caused simply by slow paying funding sources. As such, the deficit balance in question is reduced from \$14,824 to \$7,692.

The solution to eliminating this deficit is rather simple. Do nothing different this year and allow the prepaid service period to lapse. The deficit will then be gone. As of year-end, the City will avoid prepaid service contracts which will eliminate the deficit at year-end. The accompanying resolution would approve this deficit elimination plan and direct staff to submit it to the Michigan Department of Treasury.

Sincerely,

David A. Keenan
Assistant City Manager



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BY COUNCILMAN

WHEREAS, the Michigan Department of Treasury (Treasury) requires that local units of government that end their fiscal year-end reporting a fund deficit must submit a deficit elimination plan to resolve the deficit situation; and

WHEREAS, the City of Midland reported a year-end fund deficit of \$7,692 in its Homeland Security Grand Fund as of June 30, 2020, requiring the City to submit a deficit elimination plan to Treasury to resolve the \$7,692 deficit; and

WHEREAS, said deficit balance is due to prepaying a service contract that extends into the fiscal year ending June 30, 2021 and the term of said agreement will lapse in June of 2021, thus eliminating the deficit; and

WHEREAS, avoiding prepaying service contracts in future years will eliminate future deficits; now, therefore

RESOLVED, the plan to let the existing prepaid service contract lapse to eliminate the current year deficit, and avoid future prepaid service contracts at year-end to eliminate future deficits within the Homeland Security Grant Fund is hereby approved; and

RESOLVED FURTHER, that staff is directed to submit this deficit elimination plan to the Michigan Department of Treasury in accordance with their requirements.

YEAS:

NAYS:

ABSENT:

I, Erica Armstrong, City Clerk, City of Midland, Counties of Bay and Midland, State of Michigan, do hereby certify that the foregoing is a true and correct copy of a resolution adopted by a yeas vote of all the Councilmen present at a regular meeting of the City Council held Monday, January 11, 2021

Erica Armstrong, City Clerk

File Attachments for Item:

8. Buttles Street Road Design. KAYE

SUMMARY REPORT TO CITY COUNCIL
for City Council Meeting of January 25, 2021

SUBJECT: Buttles Street Road Design

INITIATED BY: City of Midland Engineering Department

RESOLUTION

SUMMARY: This resolution supports the conversion of the three-lane section of US-10 BR (Buttles Street) from Jerome Street to State Street into two lanes for vehicular traffic.

ITEMS ATTACHED:

1. Letter of Transmittal
2. Resolution
3. Public Comment Letters Received between 1/11/21 and 1/21/21

CITY COUNCIL ACTION:

1. 3/5 vote required to approve resolution.

C. Bradley Kaye, ICMA-CM AICP CFM
City Manager



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January 20, 2021

Mayor Donker and Members of City Council
City of Midland
Midland, Michigan

Dear Council Members:

On December 18, 2017, City Council adopted the following resolution:

WHEREAS, the Michigan Department of Transportation (MDOT) has commissioned DLZ, Michigan to perform a corridor study of US-10 Business Route within the city of Midland; and

WHEREAS, MDOT and DLZ, Michigan presented the corridor study information at the March 27, 2017 regular meeting of City Council; and

WHEREAS, MDOT held a public open house on September 13, 2017 for the purpose of presenting alternatives and gathering feedback; and

WHEREAS, MDOT performed two separate assessment time periods with reducing the number of travel lanes; and

WHEREAS, the analysis from the assessment time periods support the corridor study model of minimal impact to level of service and delay; and

WHEREAS, the assessment information and public input have been presented; and

WHEREAS, in order to proceed with a lane reduction, the City of Midland is to provide MDOT a resolution of support for the lane reduction; now therefore

RESOLVED, that City Council hereby supports the concept of converting the three-lane vehicular traffic section of BR-10 (Buttles Street) into two lanes of vehicular traffic in the section from Jerome Street to State Street.

Not included in the resolution but discussed and understood by all at the December 18, 2017 meeting was MDOT's intent to complete a trial lane closure. That closure, which was proposed to last up to 3 years in length due to ongoing reconstruction of the M-20 bridge over the Tittabawassee River, was intended to assess real life road conditions and test the analysis contained in the reports presented to MDOT and City Council. Follow up and reports back to City Council were anticipated upon completion of the trial.

The trial lane closure commenced on May 14, 2018. At the request of City Council, it terminated early on December 20, 2019. Post-trial data collection and the unusual circumstances of 2020 delayed MDOT's report back to City Council until November of 2020.

On November 23, 2020, MDOT provided traffic data collected during and subsequent to the trial lane closure. MDOT concluded that the data indicated no adverse or beneficial impact on safety, volume or speed. MDOT further clarified that the road will be reconstructed due to its physical condition, but the question of how it will be rebuilt has yet to be decided. MDOT staff indicated that MDOT would follow Council's preference on a two or a three lane profile for the design start and rebuild.

Subsequent to the November 2020 meeting, City Council directed and subsequently held on January 11, 2021, a final opportunity for public comment on this matter. In preparation for that meeting, City Council was presented with a compilation of all public records on the matter, as well as new public comments submitted. The combination totaled more than 600 pages in length.

Since the January 11, 2021 meeting, additional written public comments have been received. All comments received as of 12:00 p.m. January 21, 2021 are attached hereto. Any additional comments received between that time and 4 pm on January 25, 2021 will be compiled and provided to City Council prior to the Council meeting that evening. Per Council direction, verbal public comments are now closed and further verbal public comments will therefore not be taken on this matter during discussion of this agenda item.

At this time, all data has been collected and all verbal public comment has been received. At the Council meeting, staff intend to present only a high-level overview of the current status and the decision required of City Council, as no additional data or new information is available. Council will also recall that six criteria were established for this review, as follows:

- Traffic
- Safety
- Economic Development
- Non-Motorized Mobility
- Connectivity
- Context Sensitive Design

Council should note that this report and resolution address Buttles Street only. As discussed at the last City Council meeting, a further discussion on Indian Street is anticipated in the near future once direction for Buttles Street has been set.

In considering the draft resolution attached hereto, Council will note that it includes a request that MDOT conduct public workshops during their design process for the road corridor. Further, the resolution directs City staff to work together with MDOT on the corridor design. These two provisions in the resolution are specifically intended to provide for consideration of public comments already received and any additional comments that might follow, and to address, to the extent feasible, those concerns heard during Council's own review process. This would include the need for intersection safety enhancements, turning lanes at strategic points in the corridor, pedestrian enhancements, and overall corridor integration into the surrounding area.

The attached resolution, if adopted, would recommend that MDOT proceed with a Buttles Street corridor design based on a two-lane profile. The resolution requires a 3/5 vote for adoption.

Sincerely,

A handwritten signature in black ink, reading "C. Bradley Kaye". The signature is written in a cursive, flowing style.

C. Bradley Kaye, ICMA-CM AICP CFM
City Manager



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BY COUNCILMAN

WHEREAS, the Michigan Department of Transportation (MDOT) has been reviewing the design of Buttles Street since 2015; and

WHEREAS, the City of Midland is an active partner in the review process that will ultimately culminate in the reconstruction of Buttles Street; and

WHEREAS, on December 18, 2017 City Council supported the concept of converting the three-lane vehicular traffic section of BR-10 (Buttles Street) into two lanes of vehicular traffic in the section from Jerome Street to State Street; and

WHEREAS, MDOT proposed and subsequently conducted a lane reduction trial on Buttles Street, between May 14, 2018 and December 20, 2019, to assess the impacts of a lane reduction on traffic volume, speed and safety; and

WHEREAS, MDOT presented the results of the trial lane disclosure to City Council on November 23, 2020, concluding that the data collected indicated no adverse or beneficial impact on safety; and

WHEREAS, MDOT now requires a final position from City Council on the preferred alternative for the pending reconstruction of Buttles Street; now therefore

RESOLVED, that City Council hereby supports converting the three-lane vehicular traffic section of BR-10 (Buttles Street) into two lanes of vehicular traffic in the section from Jerome Street to State Street; and further

RESOLVED, that City staff be directed to work with MDOT staff to address and incorporate design concerns expressed by local officials and the public, including but not limited to vehicular turning radii, intersection safety and design, turning flares/lanes, pedestrian connectivity and context sensitive design; and further

RESOLVED, that MDOT be requested to conduct public workshops as part of their design process and provide regular design updates to Midland City Council prior to final design approval.

YEAS:

NAYS:

ABSENT:

I, Erica Armstrong, City Clerk, City of Midland, Counties of Bay and Midland, State of Michigan, do hereby certify that the foregoing is a true and correct copy of a resolution adopted by a yea vote of all the Councilmen present at a regular meeting of the City Council held Monday, January 25, 2021

Erica Armstrong, City Clerk

WRITTEN PUBLIC COMMENTS RECEIVED JANUARY 11-JANUARY21, 2021

From: MargeeSmith [mailto:smithmo@gmail.com]
Sent: Thursday, January 21, 2021 11:50 AM
To: Kaye, Brad
Subject: I support the two lane redesign for Buttles/Indian

Dear Mr. Kaye,

I am writing you today to voice my strong support for the proposed redesign of the one way pairs of Buttles and Indian Avenues in downtown Midland from three lanes to two.

The current configuration of Buttles and Indian as three-lane, one-way corridors creates a high-speed barrier between downtown and the residential neighborhoods to the north. In addition, the current configuration results in traffic speeds routinely in excess of posted limits, creating a safety risk for both motorized and non-motorized forms of transit.

The Michigan Department of Transportation has conducted two studies to gauge traffic behavior when the roadway is reduced to two lanes, and their studies have concluded this redesign can be done safely and effectively.

It is my belief that slowed traffic in this corridor will offer the potential to create more of a "neighborhood street" feel for the area, thereby increasing connectivity between the residential community north of these one-ways, and the downtown. The resulting slower speeds and enhanced neighborhood environment are proven stimulants for economic development and revitalization efforts in their immediate vicinity. The proposed reduction from three to two lanes of traffic on Buttles (and/or Indian) Avenues is expected to, in combination with other efforts already underway, help stimulate increased economic activity and development in downtown Midland. This will make downtown a premier destination within the city while also creating new business opportunities and valuable tax revenue for the city.

It is because of these reasons and more that I urge the City of Midland City Council to vote **yes** on the redesign of this corridor from three lanes to two.

Sincerely,

Margaret Smith
901 W Park Dr
Midland MI

From: Lou Glazer [mailto:lou@michiganfuture.org]

Sent: Thursday, January 21, 2021 10:57 AM

To: Hall, Pam; Donker, Maureen; Arnosky, Steve; Brown Wilhelm, Diane; Wazbinski, Marty; Kaye, Brad

Cc: Kristen McDonald; Tony Stamas

Subject: [senderbase] road diet proposal

I thought you might be interested in a letter to the editor I wrote to the Midland Daily News on your road diet proposal. It is attached. For those of you interested more broadly in the importance of placemaking to economic development here is a link to a recent post I wrote for our website:

<https://michiganfuture.org/2021/01/placemaking-is-essential-to-winning-in-the-21st-century/>

Feel free to contact me if you have any questions or want to discuss further.

--

Lou Glazer

President

Michigan Future, Inc.

734-747-8120

Blog Home » Placemaking is essential to winning in the 21st Century



Placemaking is essential to winning in the 21st Century

• January 19, 2021



This post is about what good-paying jobs focused economic development should look like. About what it takes to grow, retain and attract high-wage jobs. It draws lessons Michigan can learn about winning in the 21st Century from our posts on [Austin](#), [Denver](#) and [Northern Virginia](#).

Clearly economic development is just one component of state and regional economic policy and programming. It, almost certainly, is less important to economic well being than the quality of the human capital development system from birth through college. Having said that the design of economic development programming matters. So let's look at, as Virginia puts it, what "a new model of economic development for the 21st century" should look like.

Winning in the 21st Century Lesson 1: The primary goal of economic policy should be [rising income for all](#) Michiganders. In Michigan's strong pre-pandemic economy 43 percent of households—most with a working adult—could not pay for basic necessities. When more than four in ten Michigan families are not succeeding, our state is not succeeding.

Winning in the 21st Century Lesson 2: First and foremost Michigan needs to learn that [place attracts talent](#) and that talent=economic growth. So that [placemaking](#)—creating a place where people want to live and work—is key to economic well being.

In *Triumph of the City* Harvard's Edward Glaeser writes: "The bottom-up nature of urban innovation suggests that the best economic development strategy may be to attract smart people and get out of their way."

Attracting smart people and getting out of their way isn't the way Michigan and its regions do economic development today. The focus, almost exclusively, is on attracting business investment through some combination of being a low-cost place, providing investment-specific incentives, and business assistance programming.

And yet [the evidence](#) is on Glaeser's side. The fact is that the single best predictor of regional and state prosperity is the proportion of adults with a four-year degree or more. Concentrated talent is what attracts high-wage employers. Talent is also entrepreneurial, so where it is concentrated are the places with the most high-wage business start-ups. The new economic reality is that the path to prosperity for states and regions is human-capital driven. That the asset that matters most to employers—particularly high-wage employers—is talent.

Winning in the 21st Century Lesson 3: The core of being an economic development competitive state and region is a region's human capital based assets, not what is included in the offer for a specific business investment opportunity.

Northern Virginia's [winning Amazon HQ2 proposal](#) offered cash incentives up to \$800 million. Far less than the reported \$2 billion offered by metro Grand Rapids and a reported \$4 billion offered by metro Detroit, including Windsor.

What they did offer Amazon, which matters far more to high-wage employers, is a region with talent concentration; being welcoming to all, and a quality of place that is an attractive place for talent to live and work. Working on creating these characteristics, on an ongoing basis, is what matters most to growing, retaining and attracting good-paying jobs.

Winning in the 21st Century Lesson 4: Winning in the 21st century is public-investment led. Creating places where people want to live and work is driven by quality basic services, infrastructure and amenities.

Randy Thelen the new President and CEO of [the Right Place](#), metro Grand Rapids' economic development agency, understands the essential role placemaking plays in winning in the 21st Century. Thelen comes to the

Right Place from the [Downtown Denver Partnership](#). In a [MiBiz interview](#) he describes Denver's success this way:

During previous recessions, Thelen said Denver “doubled down, invested in itself,” which allowed it to “accelerate out of recession and bypass that competition.” He’s leaving a “hyper growth market” in the Mile High City that’s attracted investments particularly from large tech firms such as Google, Twitter and Facebook.

“Virtually any tech company you can imagine has put up a sizable outpost in Denver,” Thelen said. “It’s a healthy reminder that the product of a region matters, and talent and placemaking drives business decisions.

Thelen’s “doubled down, invested in itself” is as true in Austin and Northern Virginia as it is in Denver. Yes, those public investments must be paid for which inevitably means higher taxes. But those taxes pay for services and amenities that are both important to improving the quality of life of current residents and are a vital to future economic growth, particularly growth of high-wage jobs.

Winning in the 21st Century Lesson 5: Welcoming to all is a core characteristic of high-prosperity regions. That is because talent is both diverse and mobile. If a place is not welcoming, it cannot retain and attract talent. People will not live and work in a community that isn’t welcoming. That means providing everyone with basic civil rights and treats everyone the same no matter where they are born, their sexual orientation, race, religion or ethnic background.

For Michigan and its regions to be competitive with leading-edge communities like Austin, Denver and Northern Virginia Michigan needs to completely redesign its economic development strategy and practice. What we think of as state and regional economic development now is the icing on the cake, not the foundation of building a high-wage economy. If Michigan is going to be competitive in retaining, attracting and creating high-paid 21st Century jobs it is going to require making public investments in creating places where talent wants to live and work. The economic policy priority for a high-prosperity Michigan is to prepare, retain and attract talent.

What Michigan needs, first and foremost, is a human capital centered economic strategy not a business creation, retention, attraction centered economic strategy. The economic development foundation now is high-quality education systems that prepares the next generation for the economy they are going to work in and communities where mobile talent wants to live and work. The latter being what economic development programming should be focused on.

We know how to create welcoming communities. We know how to pay for and provide high-quality basic services, infrastructure and amenities. We know how to create high-density, high-amenity, transit-rich neighborhoods. What is missing is an understanding that as then New York City Mayor Michael Bloomberg [put it](#) “talent attracts capital far more effectively and consistently than capital attracts talent”. That the path to prosperity for communities is human-capital driven.

It is also clear that the desirable mix of infrastructure, basic services and amenities differ from region to region. What makes small towns and rural communities attractive places to live and work are different than what makes big metros and their big cities attractive places to live and work. So Michigan’s diverse regions need the resources and flexibility to develop and implement their own strategies to retain and attract talent. It’s an essential ingredient to their future economic success.

From: William Collins <williamc.collinsjd@gmail.com>
Sent: Thursday, January 21, 2021 9:36 AM
To: Donker, Maureen <donker@reeceendeavor.org>
Subject: Indian/Buttles Corridor Design

EXTERNAL

Mayor Donker:

In advance of the City Council meeting on January 25, 2021, I wanted to voice my support for the Indian/Buttles redesign involving two one-way lanes in each direction. A great deal of progress has been made in Midland's downtown, and I believe the street re-design will be a valuable enhancement to that progress. I know this has been a controversial issue in the community, but I hope that after reviewing all the data collected over the past three years and the most recent MDOT report, the Council will act to approve the road re-design.

Bill Collins
1003 Knollwood Court
Midland

From: Michael Goad <MGoad@dcecu.org>
Sent: Wednesday, January 20, 2021 7:37 PM
To: Donker, Maureen
Subject: I support the two lane redesign for Buttles/Indian

Mayor Donker ,

Thank you for your service on the Midland City Council and thank you for considering the project to redesign Buttles and Indian Avenues in downtown Midland from three lanes to two. I am writing to voice my support for this initiative. The lane reduction has minimal impact on traffic, but it truly makes our downtown more accessible and walkable. It may not sound like much, but crossing any road with three lanes of busy traffic (vs. two) can be intimidating. In addition, I believe that the lane reduction will naturally govern speed and safety more.

As we continue to see important investments by businesses and individuals in making Downtown Midland an even more inviting and vibrant community, tempering the speed and width of these key auto corridors will be a definite benefit.

Thanks again for your consideration and service as you consider this important matter.

Sincerely,

Michael G. Goad, President/CEO
Dow Chemical Employees' Credit Union

From: Christy Plishka <cgplishka@icloud.com>
Sent: Wednesday, January 20, 2021 9:11 PM
To: Donker, Maureen
Subject: : I support the two lane redesign for Buttles/Indian

Dear Mayor Donker,

I am writing you today to voice my strong support for the proposed redesign of the one way pairs of Buttles and Indian Avenues in downtown Midland from three lanes to two.

The current configuration of Buttles and Indian as three-lane, one-way corridors creates a high-speed barrier between downtown and the residential neighborhoods to the north. In addition, the current configuration results in traffic speeds routinely in excess of posted limits, creating a safety risk for both motorized and non-motorized forms of transit.

The Michigan Department of Transportation has conducted two studies to gauge traffic behavior when the roadway is reduced to two lanes, and their studies have concluded this redesign can be done safely and effectively.

It is my belief that slowed traffic in this corridor will offer the potential to create more of a “neighborhood street” feel for the area, thereby increasing connectivity between the residential community north of these one-ways, and the downtown. The resulting slower speeds and enhanced neighborhood environment are proven stimulants for economic development and revitalization efforts in their immediate vicinity. The proposed reduction from three to two lanes of traffic on Buttles (and/or Indian) Avenues is expected to, in combination with other efforts already underway, help stimulate increased economic activity and development in downtown Midland. This will make downtown a premier destination within the city while also creating new business opportunities and valuable tax revenue for the city.

It is because of these reasons and more that I urge the City of Midland City Council to vote **yes** on the redesign of this corridor from three lanes to two.

Sincerely,
Christy Plishka
1010 Holyrood Street

From: Jenifer Acosta <jen@jeniferacosta.com>

Sent: Wednesday, January 20, 2021 6:53 PM

To: Donker, Maureen

Subject: Support of lane closure

Mayor Donker,

It is a privilege to continue my support of the proposed lane closure for Midland. As a developer, investor, and urbanist, making places with slower more narrow streets, bike lanes, and pedestrian crossings attract residents to the area as well as investment. We are worth slowing down for. I don't want to walk my children across a fast moving 3-4 lane crosswalk to take them from downtown over to Grove Park or the coffee shop. I don't want to develop quality housing on a busy boulevard. The more lanes we offer, the more drivers want to jockey lanes and get competitive. Two lanes would keep traffic moving and our citizens safe.

Thank you,

jenifer acosta

jen@jeniferacosta.com

jenifer@modernrealty.us

www.jeniferacosta.com

From: Dave Dittenber <dave@drimichigan.com>

Date: January 20, 2021 at 9:47:52 PM EST

To: "Brown Wilhelm, Diane" <dbrown@midland-mi.org>, "Wazbinski, Marty" <mwazbinski@midland-mi.org>, "Arnosky, Steve" <sarnosky@midland-mi.org>, "Hall, Pam" <phall@midland-mi.org>, "Donker, Maureen" <mdonker@midland-mi.org>

Subject: Buttles Traffic Calming

Dear Honorable City of Midland Council Members:

I write to you today in support of reducing Buttles from 3 lanes to 2 lanes from Jerome to State Streets in Downtown.

Since I moved to Midland almost 2 years ago, I have seen significant growth and economic development and feel this momentum will continue if the traffic calming project is approved. I also believe these measures will increase safety levels for the significant number of employees and customers traveling downtown on a daily basis.

I believe the idea of traffic calming will continue to increase business and encourage more development in housing, retail, and restaurants in the future. It will also continue to catalyze growth in areas as Midtown while helping to connect those newly revitalized neighborhoods to Downtown.

There have been significant developments in these areas totaling over 20MM and these are prime examples of economic development providing a more robust property tax base for our great city which is essential for future success and growth.

In closing, I urge you to approve the traffic calming proposal of reducing Buttles from 3 lanes to 2 lanes from Jerome St. to State Street in Downtown, and make it part of our city plans for the future.

Best Regards,

Dave Dittenber

President
DLR Development
Downtown Restaurant Investments

From: Wallace Mayton [mailto:maytonwh3@icloud.com]
Sent: Wednesday, January 20, 2021 5:45 PM
To: Arnosky, Steve
Cc: Kaye, Brad
Subject: [text] In Support of a Two-Lane Redesign for Buttles/Indian

Mr. Steve Arnosky
City Council
City of Midland
Midland, Michigan

Dear Steve:

Thank you for your strong representation of the interests of our community in your service on the City Council. I congratulate you on the renewal of your elected term from Ward 3. You are an effective spokesperson for our neighborhood as well as the city at-large. You are consistent in identifying and clarifying possible impacts of change.

In regard to the decision on a possible redesign of the Buttles and Indian corridors, I share my preference for a reduction to two lanes. Historically, the initiation of one-way corridors was a traffic response to a high employment population using access to the Dow facility through the downtown area. The reduction of the plant employment population and a location change of the primary gate entrance create our opportunity to return the corridors to an appropriate design for community life. The downtown area and the midtown area are potentially viable neighborhoods for housing and for commercial/office growth. The safety offered by the proposed redesign reflects our commitment as a community to a beneficial quality of life. The foundation of neighboring is to enhance the quality of life by connecting persons and services. Two lanes seems the appropriate traffic design to fulfill our neighboring initiative.

As neighbors we have witnessed change, some intentional and others forced by circumstance. We learn to adapt. I trust you as leader to consider the neighboring benefits and to support approval of this particular design decision. The redesign favors positive growth and development. I anticipate other significant issues awaiting your counsel and direction. I am grateful for your dedication.

Respectfully,
Wallace H. Mayton, III

Wallace H. Mayton, III
1903 Dilloway Drive
Midland, Michigan. 484640
Sent from my iPad

From: Carolyn Mayne [mailto:carolynmayne@gmail.com]
Sent: Wednesday, January 20, 2021 4:21 PM
To: Kaye, Brad
Subject: Downtown Midland Traffic



Dear Brad,

I am writing you today to voice my strong support for the proposed redesign of the one way pairs of Buttles and Indian Avenues in downtown Midland from three lanes to two.

The current configuration of Buttles and Indian as three-lane, one-way corridors creates a high-speed barrier between downtown and the residential neighborhoods to the north. In addition, the current configuration results in traffic speeds routinely in excess of posted limits, creating a safety risk for both motorized and non-motorized forms of transit. **While, safety is my primary concern, revitalizing and energizing Downtown and City Center Midland are critical to promoting Midland as one of the Midwest's most sought after small cities!**

It is my belief that slowed traffic in this corridor will offer more of a "neighborhood street" flavor for the area, thereby increasing connectivity between the residential community north of these one-ways, and the downtown. The resulting slower speeds and enhanced streetscape environment are proven stimulants for economic development efforts in their immediate vicinity. The proposed reduction from three to two lanes of traffic on Buttles (and/or Indian) Avenues is expected to, in combination with other efforts already underway, help stimulate increased economic activity and development in downtown Midland. Additionally, re-routing large semi- truck traffic will foster a more trendy, appealing, even luxurious atmosphere for patrons from all over the Great Lakes Bay Region. I trust you agree that our downtown has the potential to be a premier destination within Midland.

For the aforementioned reasons and more, I urge the City of Midland City Council to vote **yes** on the redesign of this corridor from three lanes to two. Thank You and please reach out if I may be of assistance in this process!

Warmest Regards,

Carolyn Mayne, M.A., Realtor
 Century 21 Signature Realty

From: Lange, Brendy (B) [mailto:BLange2@dow.com]
Sent: Tuesday, January 19, 2021 9:08 PM
To: Kaye, Brad
Subject: I support the two lane redesign for Buttles/Indian

Dear Mr. Kaye,

I am writing you today to voice my strong support for the proposed redesign of the one way pairs of Buttles and Indian Avenues in downtown Midland from three lanes to two.

The current configuration of Buttles and Indian as three-lane, one-way corridors creates a high-speed barrier between downtown and the residential neighborhoods to the north. In addition, the current configuration results in traffic speeds routinely in excess of posted limits, creating a safety risk for both motorized and non-motorized forms of transit.

The Michigan Department of Transportation has conducted two studies to gauge traffic behavior when the roadway is reduced to two lanes, and their studies have concluded this redesign can be done safely and effectively.

It is my belief that slowed traffic in this corridor will offer the potential to create more of a "neighborhood street" feel for the area, thereby increasing connectivity between the residential community north of these one-ways, and the downtown. The resulting slower speeds and enhanced neighborhood environment are proven stimulants for economic development and revitalization efforts in their immediate vicinity. The proposed reduction from three to two lanes of traffic on Buttles (and/or Indian) Avenues is expected to, in combination with other efforts already underway, help stimulate increased economic activity and development in downtown Midland. This will make downtown a premier destination within the city while also creating new business opportunities and valuable tax revenue for the city.

It is because of these reasons and more that I urge the City of Midland City Council to vote **yes** on the redesign of this corridor from three lanes to two.

Sincerely,

Brendy Lange

Brendy Lange
Vice President
Industrial Solutions

From: Kristin Stehouwer <kstehouwer@gmail.com>
Sent: Tuesday, January 19, 2021 4:03:36 PM
To: Donker, Maureen
Cc: Kaye, Brad
Subject: I support the two-lane redesign for Buttles/Indian

Dear Mayor Donker,

First of all, thank you for your service as the council member for my ward and as our mayor for Midland.

I have given careful consideration and am writing to voice my strong support for the proposed redesign of the one-way pairs of Buttles and Indian Avenues in downtown Midland from three lanes to two.

The current configuration of Buttles and Indian as three-lane, one-way corridors creates a high-speed barrier between downtown and the residential neighborhoods to the north. In addition, the current configuration results in traffic speeds routinely in excess of posted limits, creating a safety risk for both motorized and non-motorized forms of transit.

The Michigan Department of Transportation has conducted two studies to gauge traffic behavior when the roadway is reduced to two lanes, and their studies have concluded this redesign can be done safely and effectively.

I believe that slowed traffic in this corridor will offer the potential to create more of a "neighborhood street" feel for the area, thereby increasing connectivity between the residential community north of these one-ways, and the downtown. The resulting slower speeds and enhanced neighborhood environment are proven stimulants for economic development and revitalization efforts in their immediate vicinity. The proposed reduction from three to two lanes of traffic on Buttles (and/or Indian) Avenues is expected to, in combination with other efforts already underway, help stimulate increased economic activity and development in downtown Midland. This will make downtown a premier destination within the city while also creating new business opportunities and valuable tax revenue for the city.

It is because of these reasons and more that I urge the City of Midland City Council to vote **yes** on the redesign of this corridor from three lanes to two.

Sincerely,
Kristin Stehouwer
2412 Manor Drive
Midland, MI 48640

From: Sarah Brooks [mailto:snwurtzel@gmail.com]
Sent: Tuesday, January 19, 2021 3:32 PM
To: Kaye, Brad
Subject: I support the two lane redesign for Buttles/Indian

Dear Mr. Kaye,

I write to you to voice my strong support for the proposed redesign of the one way pairs of Buttles and Indian Avenues in downtown Midland from three lanes to two.

The current configuration of Buttles and Indian as three-lane, one-way corridors creates a high-speed barrier between downtown and the residential neighborhoods to the north. In addition, the current configuration results in traffic speeds routinely in excess of posted limits, creating a safety risk for both motorized and non-motorized forms of transit.

The Michigan Department of Transportation has conducted two studies to gauge traffic behavior when the roadway is reduced to two lanes, and their studies have concluded this redesign can be done safely and effectively.

It is my belief that slowed traffic in this corridor will offer the potential to create more of a "neighborhood street" feel for the area, thereby increasing connectivity between the residential community north of these one-ways, and the downtown. The resulting slower speeds and enhanced neighborhood environment are proven stimulants for economic development and revitalization efforts in their immediate vicinity. The proposed reduction from three to two lanes of traffic on Buttles (and/or Indian) Avenues is expected to, in combination with other efforts already underway, help stimulate increased economic activity and development in downtown Midland. This will make downtown a premier destination within the city while also creating new business opportunities and valuable tax revenue for the city.

While I worked downtown and traveled the area daily, there were no backups or slowdowns when the road was reduced to 3 lanes. When on foot, crossing the thoroughfare felt safer when having to manage two lanes instead of three.

It is because of these reasons and more that I urge the City of Midland City Council to vote **yes** on the redesign of this corridor from three lanes to two.

Sincerely,

Sarah Brooks

From: 1977porter@gmail.com

Date: January 19, 2021 at 10:19:43 AM EST

To: "Arnosky, Steve" <sarnosky@midland-mi.org>

Subject: I support the two lane redesign for Buttles/Indian

Dear Mr. Arnosky,

As a follow up to my email to you back in August 2019:

I am writing you today to voice my strong support for the proposed redesign of the one way pairs of Buttles and Indian Avenues in downtown Midland from three lanes to two.

The current configuration of Buttles and Indian as three-lane, one-way corridors creates a high-speed barrier between downtown and the residential neighborhoods to the north. In addition, the current configuration results in traffic speeds routinely in excess of posted limits, creating a safety risk for both motorized and non-motorized forms of transit.

The Michigan Department of Transportation has conducted two studies to gauge traffic behavior when the roadway is reduced to two lanes, and their studies have concluded this redesign can be done safely and effectively.

It is my belief that slowed traffic in this corridor will offer the potential to create more of a "neighborhood street" feel for the area, thereby increasing connectivity between the residential community north of these one-ways, and the downtown. The resulting slower speeds and enhanced neighborhood environment are proven stimulants for economic development and revitalization efforts in their immediate vicinity. The proposed reduction from three to two lanes of traffic on Buttles (and/or Indian) Avenues is expected to, in combination with other efforts already underway, help stimulate increased economic activity and development in downtown Midland. This will make downtown a premier destination within the city while also creating new business opportunities and valuable tax revenue for the city.

It is because of these reasons and more that I urge the City of Midland City Council to vote **yes** on the redesign of this corridor from three lanes to two.

Sincerely,

Shelley Hobbs
6014 Sturgeon Creek Pkwy
Midland, MI 48640

From: rothclean@aol.com [mailto:rothclean@aol.com]

Sent: Tuesday, January 19, 2021 2:37 PM

To: Donker, Maureen

Cc: Kaye, Brad; rothclean@aol.com

Subject: Thoughts regarding the road diet

Dear Mayor Donker,

I love Midland. I always have. Growing up in Midland my focus tended to be taking direct advantage of all the amenities this community had to offer. It wasn't until I went to college that I realized that not everyone grew up in a community enjoying all of the things Midland offered (even the people that grew up in community's much larger than Midland). I hadn't yet learned how to assess the value of the uniqueness of offerings a community had and how those offerings impacted the daily "quality of life" of its citizens. 26 years ago when my wife and I were getting married and were about to start a family, we concluded that Midland, more than any other community, was where we wanted to call home and raise a family. Why? The quality of life that Midland offered every citizen was better than that of any other community we researched. We also realized that if we were to get directly involved (through time, talent, and treasure) in helping Midland be all that it could be, our family would benefit just as the rest of the people in our community would benefit. That included our neighbors, friends, fellow members of our Church, all the families we met through Scouts and athletics. It was a win, win, win all the way around. We have attempted to be consistent, year after year, supporting a wide variety of efforts to make Midland a better community and we're so very grateful for all of the different ways Midland has consistently improved the quality of life it offers its citizens year after year.

The City and its Council is about to embark on a decision that will have a direct impact on the quality of life Midland will offer its community. The impact, positive or negative, will affect the community for several decades. If the city can divert the unwanted traffic, that is preventing the heart of our community... the downtown and surrounding areas, from having an opportunity to make a huge positive impact on the quality of life for ALL of us who live, work, play, volunteer, build relationships, or raise a family here.... then there is great hope, and more importantly support, for Midland to continue to improve. **The best beginning to diverting the unwanted traffic, which prevents positive change, is to reduce Buttles to two lanes.** We have incredible engineers working for the state and city, along with expert city planners and a manager, who can figure out solutions to improve Midlands quality of life. They all want what's best for the community. As I've studied this issue from a community members perspective including twice weekly walking a circular route from the Broadmoor neighborhood down Ashman to E. Ellsworth, down to State, up to

Main street, through the Historic home district, and across Eastman back to the Broadmoor Neighborhood, I've come to realize that the traffic on Buttles and Indian needs to change. We can actually clearly hear the deceleration of the semi-trucks using Buttles and Indian from our home at all hours of the day and night. Without changing the make-up of the current traffic Midland will never have a downtown area that can support investors considering long term investment and contributing to improving the quality of life for Midland to move forward. Without offering investors an area that they are willing to pursue then our downtown, the very heart of our community, will die a slow and painful demise.

The City Manager, City Planner, Engineers working for both the City and State were hired, and are paid, to do what's best for the community they serve. The City Council was elected to represent all citizens of our great community. While I appreciate your willingness to be open to comments and feelings on this issue, the benefits from such openness quickly degraded right from the start, with citizens intolerance of anyone who thinks differently, preventing useful discussion and advancement of solutions. The masses don't belong at the decision table (including me). The people above (Manager, Planner, Council, Engineers) are the ones who should decide, with the advancement of quality of life for Midland citizens in their heart, whether Buttles should be reduced to two lanes. Each of you has been true to your elected position conducting research on the road diet. I would encourage each member of the City Council to vote their heart and vote for what they think is best for the long term improvement of the quality of life we all can enjoy here in Midland. Thanks Mayor Donker. You continue to make a difference that benefits us all.

Paul White
905 Balfour St.
Midland, MI 48640

From: ljruss@charter.net

Date: January 13, 2021 at 8:21:54 PM EST

To: "Arnosky, Steve" <sarnosky@midland-mi.org>

Subject: this and that

1. Thanks for the low income housing on Jefferson. The city needs it.
2. Changing Buttles and Indian (interesting name that) to two lanes is silliness. The idea that one extra lane makes a barrier is laughable. Have some of these people ever been near a real city. And that would make it easier to walk to MCFA -- really! I've lived in Midland long enough to suspect that there is some sort of business/financial element hidden behind this idea. If it is done, 10 to 20 years down the road we'll be asked to widen it. Remember that silly barrier of a middle lane on Eastman that came and went.
3. I am a bit worried as the next week approaches. The newly elected sheriff made himself known as a Cop for Trump. Will the city be protected if armed domestic terrorists appear here? Michigan is one of the states known for these groups. It would be nice if he would make some public statement in support of a peaceful transition. Can't say I know anything about the chief of police. Has the City Council considered this issue at all.
4. Once again so proud that you represent my district.

From: Bo Miller <bomiller56@gmail.com>

Sent: Monday, January 18, 2021 9:10 PM

To: Brown Wilhelm, Diane; Wazbinski, Marty; Arnosky, Steve; Hall, Pam; Donker, Maureen

Subject: Buttles Traffic Calming

Dear City of Midland Council Members, I write to you today in support of reducing Buttles from 3 lanes to 2 lanes from Jerome to State streets. The existing three lanes provided needed level of service when there was significant traffic volume through this area such as when Dow Chemical entrance gates were at the end of Main Street and Fisher Sand and Gravel had significant operations on Jefferson. Neither is the case any longer.

Two lanes can provide the needed level of service for vehicular traffic and provide for improved safety for the 250+ employees that work in the businesses in this corridor.

It will also improve the safety of the current residents and those that occupy the apartments at Pathfinders Commons and condominiums at Ellsworth Place, by improving the situational awareness of drivers traveling through the area.

The proposed traffic calming will provide an improved environment for economic development for downtown and the adjacent Mid Town neighborhood and complement recent investments such as 1st State Bank, Fairfield Inn and Suites, Ellsworth Place, Pathfinders Commons and Delta College.

These investments total over \$20 MM and have brought not only near term construction jobs but longer term employment and residential opportunities to downtown.

Recently we have seen an increase of investment activity in the neighborhood to the north of downtown—the Midtown neighborhood.

Residents and business owners are organizing and collaborating with each other to improve the neighborhood through investments in their residences and businesses.

They are to be applauded and supported for this, and improving safe access between Midtown and Downtown would be a significant and tangible support the City could provide by calming the Buttles corridor traffic.

All of these investments also generate significantly greater property tax income for the City than vacant lots currently do.

One could easily imagine a reconfiguration of the Buttles corridor that allows for a continuation of the existing 2 lanes that feed it currently from M20 to the southwest and Eastman Ave from the northwest, reducing the outer lanes by one half providing for two lanes in the center of the existing space, building a slightly mounded buffer area between road way and sidewalks on each side, and a rounded curve at the southeast corner of Jerome and Buttles to accommodate transport trucks turning right on to Buttles from M20.

This is not an either/or decision....this is a “both and opportunity”:

We can have the needed level of vehicular road service and safety.

We can have the needed level of vehicular road service and a more inviting downtown and surrounding neighborhoods.

We can have the needed level of vehicular road service and increased economic development, employment and residential living.

We can have the needed level of vehicular road service and greater tax income to the city.

We can do better for our community and I encourage you to support the calming the traffic in this corridor by to reducing Buttles from 3 to 2 traffic lanes.

Sincerely,

Bo Miller
5900 Woodview Pass
Midland MI

From: Julia M Kepler <juliamkepler23@gmail.com>
Sent: Tuesday, January 19, 2021 9:35 AM
To: Wazbinski, Marty; Donker, Maureen; Arnosky, Steve; Kaye, Brad
Subject: Indian and Buttles

Dear council members,

I am writing you today to voice my strong support for the proposed redesign of the one way pairs of Buttles and Indian Avenues in downtown Midland from three lanes to two.

The current configuration of Buttles and Indian as three-lane, one-way corridors creates a high-speed barrier between downtown and the residential neighborhoods to the north. In addition, the current configuration results in traffic speeds routinely in excess of posted limits, creating a safety risk for both motorized and non-motorized forms of transit. I currently have 3 teenage drivers and during our driving time since we spend a considerable amount of time downtown we have them practice driving these roads in particular. Individually all three of them separate from each other have commented how hard it is to drive the speed limit through that corridor because it feels it should be faster. To have that observation from 14-15 year old drivers is a testament that these roads need a reduction in lanes to slow traffic for safety so it feels like it should be driven within the posted speed limit.

The Michigan Department of Transportation has conducted two studies to gauge traffic behavior when the roadway is reduced to two lanes, and their studies have concluded this redesign can be done safely and effectively.

It is my belief that slowed traffic in this corridor will offer the potential to create more of a "neighborhood street" feel for the area, thereby increasing connectivity between the residential community north of these one-ways, and the downtown. The resulting slower speeds and enhanced neighborhood environment are proven stimulants for economic development and revitalization efforts in their immediate vicinity. The proposed reduction from three to two lanes of traffic on Buttles (and/or Indian) Avenues is expected to, in combination with other efforts already underway, help stimulate increased economic activity and development in downtown Midland. This will make downtown a premier destination within the city while also creating new business opportunities and valuable tax revenue for the city.

It is because of these reasons and more that I urge the City of Midland City Council to vote **yes** on the redesign of this corridor from three lanes to two.

Sincerely and Be Awesome,

Julia Kepler

From: Diane.Postler-Slattery@midmichigan.org <Diane.Postler-Slattery@midmichigan.org>

Sent: Friday, January 15, 2021 9:10 AM

To: Donker, Maureen

Subject: Just giving some positive feedback on the road diet.

I know you have been inundated with complaints and negatives and hopefully you are hearing from people that the road diet can be very good for the City of Midland. Not being born and raised here and not having a ton of history, I can certainly understand why change is hard, but I just wanted you to know I think that moving forward with the road diet could be very positive for us.

Just wanted you to know.

Diane Postler-Slattery, Ph.D., FACHE

President & CEO

MidMichigan Health

4000 Wellness Drive

Midland, Michigan 48670

www.midmichigan.org

From: J. Donald Sheets <jdsheets2@gmail.com>

Sent: Friday, January 15, 2021 2:53 PM

To: Donker, Maureen

Subject: Roads

Hi Maureen. We hope that you and family are weathering all of this OK. We send our best wishes!

I tried to call you directly, but to be sure I am sending this email from Angela and I regarding the "road diet" decision.

We are walkers in retirement and spent extra effort this summer and fall walking downtown and in those neighborhoods. We wanted to have a point of view based on really being there.

While we respect the views that others have on the matter, it is truly obvious that the corridor, reopened, is a speeding and traffic hazard to people trying to live, work and transit to the downtown and river/natural areas. We are spending so much money on downtown streetscapes, the river and our exceptional natural trails, yet we have crafted a traffic gauntlet to discourage people getting there on foot or bike. It's like a Tetris game for pedestrians and bike riders (who, are here to stay).

We don't buy the argument that people are materially hampered by operating vehicles a bit slower in fewer lanes--for the benefit of safety, quality of life in our central neighborhoods and our downtown ambiance and culture. The lost time people are so worked up about is a small price. Small, indeed.

Our nation needs to begin to understand that paved roadways everywhere with higher-than-needed speeds has been an error and has ruined neighborhoods everywhere, including in Midland, in this case.

We support the permanent adjustment to fewer lanes (with new turnouts as needed) and lower (and enforced) speed limits. We commend you and the council for your work on this and we appreciate that there are voices on the other side of this matter. We think the benefits far outweigh the (many times imagined or exaggerated) costs.

Midland will be better for it!

Maureen, thank you for your leadership and service.

Warm regards,

Don and Angela Sheets
1115 W Sugnet Rd

From: Karl Ieuter <karl@ieuter.com>
Sent: Friday, January 15, 2021 11:08 AM
To: Donker, Maureen <donker@reeceendeavor.org>
Subject: Traffic Calming

Just a quick note that we still support it. Have a great day! Karl

Karl Ieuter, CPCU, CIC, ARM
Ieuter Insurance Group
414 Townsend | Midland, MI 48640

From: Paul Barbeau [mailto:pbarbeau73@gmail.com]

Sent: Friday, January 15, 2021 5:20 PM

To: Hall, Pam; Donker, Maureen; Arnosky, Steve; Brown Wilhelm, Diane; Wazbinski, Marty

Cc: Murschel, Grant; Kaye, Brad

Subject: support for Buttles re-design

Midland City Council Members –

I am writing to ask you to support the conversion of the downtown portion of Buttles Street to a two-lane street. An improved, traffic calming design of the downtown portion of the Indian and Buttles Streets can accomplish multiple objectives to improve the City of Midland:

- **Restore the fabric of the street grid in downtown and the midtown neighborhood to the north.** Indian and Buttles were not always 6 lanes of high speed traffic. In Midland's past, Indian and Buttles were city streets where downtown commercial activity transitioned into the residential neighborhood. The streets (and Jerome Street to the west) were part of a neighborhood – with people walking to downtown, walking to church, socializing with neighbors, biking, and playing in yards. In short, these streets were designed for all users – not just a means to efficiently move cars. At some point, these streets were converted to one way thoroughfares (with similar changes to Jerome Street). That decision was the major contributor to a steady decline along those streets and in adjacent neighborhoods – property values declined, properties moved from owner occupied to rentals, properties fell into disrepair.

This result should not come as a surprise. If you design a place or street for a safe mix of people and cars, you will see a safe mix of people and cars. If you design a place exclusively for cars, you will just get cars. I contend that a safe mix of people and cars is better for the civic and economic health of our city. Some say, "Indian and Buttles is a state highway and not a place where people would ever walk, bike, or want to live." I believe that view is a complete disregard for what existed in the past, what could be again, and best practices in downtown urban planning with dozens of successful examples of similar efforts ([link here to Congress for New Urbanism's database of successful Highways to Boulevards projects](#) and here to [South Bend, IN Smart Streets effort](#) – led by former mayor Pete Buttigieg, the incoming United States Secretary of Transportation).

Restoring this corridor and adjacent blocks will not happen overnight, but it will never happen unless we change the character of the streets.

- **Start creating better connections between Midland's best quality of life and visitor assets.** Within a close radius, Midland offers professional baseball, downtown shopping and dining, Delta College, the Midland Community Center, riverfront recreational space, two high quality hotels, Santa House, Dow Gardens, Whiting Forest, Northwood University, the Midland Center for the Arts, and the Grace A. Dow Memorial Library. That is an incredibly valuable collection of community assets, but we must better connect those assets and integrate them into our neighborhoods to maximize their value. We should take every opportunity to create safe, pleasant, walkable and bikeable routes between all of these assets and their adjacent neighborhoods. Redesign of the Indian and Buttles corridor is a critical part of this strategy.
- **Safely and efficiently accommodate vehicles.** Any design changes to Indian and Buttles must provide safe and efficient movement for vehicles. The trial period and MDOT's summary report

of the trial shared with City Council demonstrate that Buttles can achieve this objective with fewer lanes.

The opportunity to redesign this corridor is aligned with the City Master Plan, the Downtown Development Authority strategic plan, the Non-Motorized Transportation plan, each of which was developed with public input. To let this opportunity pass without making improvements diminishes the meaning of these strategic plans and the public's input into these plans.

I understand that proposed changes to streets spark community reaction, usually opposed to change. But, as leaders, I encourage you respectfully listen to concerns, but move forward with this opportunity for significant improvement. I recall community members voicing opposition and predicting terrible outcomes from other recent changes including the traffic circle near Saginaw and Patrick Roads, the removal of traffic signals along Main Street, and the parking changes downtown. In each case, those improvements delivered significant benefits and have become generally accepted by the community. I would expect the Indian and Buttles redesign to follow a similar pattern.

I am an accredited member of the Congress for New Urbanism (CNU). At a CNU conference, a national expert on complete street design shared two competing views of how streets contribute to the health of the city, summarized by the two quotes below:

- "The City's lifeblood is the highway. The mobility it provides is vital for economic health and the convenience of the motoring public. If anything, the highway should be expanded to fight congestion. Removing it is simply anti-progress."
- "Walkability and access to the waterfront, parks, trails, and other places in the downtown is key to the economic and social health of the City. The highway was contributed to the woes of the City and needs to be replaced with something that contributes to the urban context."

With the Indian and Buttles corridor, we have tried the first approach with negative outcomes. I encourage you all to take this opportunity to move toward the second view and ask MDOT to redesign the corridor as part of their upcoming project.

Thank you for your consideration.

Paul Barbeau
2101 Norwood Drive
Midland MI

From: John Elsen [mailto:jelsen4812@charter.net]

Sent: Wednesday, January 13, 2021 7:34 PM

To: Arnosky, Steve; Hall, Pam; Donker, Maureen; Wazbinski, Marty; Brown Wilhelm, Diane; Kaye, Brad

Subject: Indian / Buttles road reconstruction

It is concerning that we, the people of Midland, are faced with a potentially dangerous situation of a road diet. Enclosed is a word document to that effect. It is the responsibility of the city government to protect and serve all the people of Midland. I suggest the people of Midland vote on this matter and not leave it in the hands of special interests. It is only a minority part of the population that likes this plan. As the saying goes; "People over Profits".

The government really should be looking to prevent losses to the city and its residents by actually working on the problem of inadequate sewers and storm water control. I wonder why anyone would plan for a 25 year flood event. This means I should have to suffer major damage and least twice in a normal lifespan. I am all for paying more taxes to get the work started. Why didn't we have a starting plan ready to vote for to ask for some more money to get this started before the last election? We could have voted on the road diet at the same time.

Sometimes I think government has an elitist view point. Does government really think they must do things because they think they know better.

John

City should listen to Citizens

The last city council meeting was interesting. Sometimes I wonder if city management and government are actually in tune with their own priorities of the safety, security and welfare of its citizens. Even talking about the road diet again makes one wonder if they live in a fantasy world.

If someone was in charge of planning a road, the priority would be to promote good traffic flow and minimize accidents. In the case of the road diet, they are actually planning to create a choke point with the likelihood creating more accidents and possible injuries. All of this to presumably pander to our planning director (Grant M's) dream world and some investor's pocket books.

So who really likes this road diet? Well, it is persons and organizations that have some sort of vested interest in this area. They all plan to profit from this in one way or another. There is nothing wrong with development, but it is again a simple matter of weighing the risks verses the rewards. If the road diet results in one additional death, injury or accident it would violate the cities own mandate for safety.

I understand the dream of having a lively downtown area like many cities in Europe. I have lived in 5 cities overseas and worked in over 30 countries. I can tell you that trying to drive in the downtown areas was not easy. In Aberdeen, Scotland they have tried to minimize the traffic

downtown for 35+ years by building a bypass around the city. The problem was the cost and the city couldn't afford it. If we do this, what could the future costs be if road congestion becomes a problem? This is why planning and pragmatism is important, not just a dream.

At the road diet meetings there was support for the road diet, but many more objections. If the city government was really working for the people in Midland, they should know what the citizenry wants and not their own personal desires. We, the citizens should vote on this one.

John Elsen

From: "dmbhayes@chartermi.net" <dmbhayes@chartermi.net>
Date: January 11, 2021 at 2:26:20 PM EST
To: "Wazbinski, Marty" <mwazbinski@midland-mi.org>
Subject: Buttles/Indian corridor

Council Member Wazbinski,

We remain very supportive of a redesign of the Buttles/Indian corridor in the interest of good traffic flow, safety of all who utilize the area as well as revitalization of the area. Two free flowing lanes with a series of left and right hand turn out lanes would dramatically increase the safety of vehicles and pedestrians. We are certainly not traffic engineers but would encourage the Midland City Council to authorize staff to seek designs from qualified firms for development of designs that are supported by the data from the recently completed study. Those designs could then inform sound input from the City of Midland to the Michigan Department of Transportation as they consider a replacement of the existing road surfaces.

We have a strong interest due to our going on 50 years of residency in our fair city and because we now reside in the neighborhood impacted by the corridor itself.

Thank you for considering our input and for your service to our community.

Mike and Debbie Hayes
201 East Ellsworth Street
Midland, Michigan 48640

From: Ted Oberhellman <ted.oberhellman@gmail.com>

Date: January 8, 2021 at 11:57:35 AM EST

To: mdonker@midland-mi.org, sarnosky@midland-mi.org, dbrown@midland-mi.org,
mwazbinski@midland-mi.org, phall@midland-mi.org

Subject: Buttles and Indian Corridor Road Design

Members of Midland City Council,

I am neutral with regards to the Buttles and Indian one ways being 2 or 3 lanes. Regardless of the road design, I would like to see the existing traffic lights along the stretch from Jerome St./M-20 to State St. replaced with smart traffic lights. This would go a long way towards making the outlying neighborhood more connected to downtown as well as improve safety for pedestrians crossing Indian and Buttles in the downtown area.

Thank you for your consideration of my suggestion.

Ted Oberhellman - Sent from my iPhone

From: Paul Hayhurst [<mailto:paulhayhurst@att.net>]
Sent: Monday, January 11, 2021 4:00 PM
To: City of Midland <cityhall@midland-mi.org>
Subject: [senderbase] road diet

The continuing drama called the “road diet”

I oppose the road diet for several reasons.

1. Public Sentiment

Many citizens oppose the road diet (hereinafter RD). The number of citizens opposed to the RD appears to far outweigh those who favor it. This should be sufficient reason for the city to abandon the RD. However, the city, ignoring public sentiment, doggedly continues to pursue this bad idea.

2. Other traffic improvements

The city has made other changes in roads that have improved traffic flow, e.g. (1) the traffic circle on US 10 Business which has reduced the number and severity of accidents, and (2) adding lanes to by the mall on Eastman, which has dramatically improved traffic flow and reduced delays. It seems illogical that the city would then pursue the road diet, which has increased accidents and resulted in longer delays and degraded traffic flow.

3. Balance of advantages and disadvantages

I had a conversation with a proponent of the RD. He said that a person told him that they were afraid to cross a 3-lane road to walk downtown. (Maybe they would also be afraid to cross a 2-lane road?) One purpose of the RD is to improve the downtown by increasing the number of people who go there. Lets think about the positive and negative impacts as measured by number of people directly affected by the RD.

- People advantaged:

if the RD is implemented, how many more people will walk downtown during business hours? 1,000 per hour? Ridiculous. 100 per hour seems very unlikely. 10 per hour is plausible, perhaps even 20-25.

- People disadvantaged

From the vehicle speed charts on the website, you can see that the average number of cars per hour from 9 a.m. to 8 p.m. is roughly from 600-700 per hour. Many cars will have one or more passengers.

Say half the cars have 1 passenger, and 650 cars pass through the RD per hour. This means that 975 people are negatively (slower speed, increased braking and traffic flow that is less smooth, more accident risk) impacted by the road diet PER HOUR.

Now, balance the advantage of 25 more people per hour being willing to walk downtown against the hardships faced by said 975 people per hour. One is forced to conclude that this balance comes out strongly *against* the RD.

4. Negative impacts

The city website tries to downplay the disadvantages of the RD by drawing false or tenuous conclusions compared to reality.

a. the website says: “Traffic delay studies identify the number of vehicles that are left waiting at a signalized intersection through more than one light cycle. During MDOT’s delay studies in November 2020, May 2019, September 2018, and November 2017, no traffic delays in the road diet trial area were found.” That’s fine, but it does not mean that people have not suffered through more than one light cycle; rather, the MDOT did not observe this (it’s not clear where they were observing). Furthermore, I can attest to the fact that I personally have had to wait more than one light cycle in the RD.

b. the website states: “In 2019 when the road diet trial was in place, the corridor saw 34 traffic crashes. From January 1 to October 3, 2020, the corridor saw 22 traffic crashes as a three-lane roadway.” 34 is clearly more than 22. While the website admits that at least 2 more accidents resulted from the RD, it tries to say that the RD is not the cause of the overall increase in accidents. However, it must be concluded that the road diet causes an increase in accidents, as the RD is the only “variable” that changed between the 2 periods mentioned.

c. the website says: “... in November 2020, traffic analysts at MDOT detailed a traffic volume and speed data comparison to the corridor with the roadway as a two-lane road (2019) and a three-lane road (2020). The data compiled found that speeds were 1-2 mph slower under two-lane conditions ...” While this may be true *on the average*, it is clear that the RD at times results in much slower speeds. See the chart on the website for 5/1/19, showing that the observed speed was under 30 mph. I have driven through the RD several times when the traffic was moving at far less than 30 mph.

d. psychological/intangible impact of the RD

I did not see this addressed by the city. However, it is clear that the RD is irritating to drivers. Witness public sentiment that is largely against the RD. It should be considered that the slower speeds and interrupted traffic flow through the RD result in increased driver irritation that likely leads to increases in risk taking and road rage.

e. Midland is home to many chemical engineers. Any of them can tell you that trying to force the same amount of material through a smaller pipe will result in: (a) reduced flow rate, and (b) a higher number of collisions between molecules. By analogy the RD results in the same phenomena, namely, reduced traffic speed, and a higher number of vehicle collisions. To an impartial observer, these are bad results that should be eliminated, not zealously promoted.

5. other non-persuasive arguments

A proponent of the RD told me that other cities our size have worse traffic, and that, accordingly, according to the government, Midland should be willing to have worse traffic conditions. That argument is simply non-persuasive and even illogical.

6. people don’t like change

Said proponent also said that the opposition to the RD is simply because people don’t like change. I disagree. People I’ve talked to like the changes to Eastman and they like the traffic circle. What people do not like is *change that makes things worse*. The RD will make things worse for drivers.

I submit that the city should follow the will of the people and NOT implement the RD.

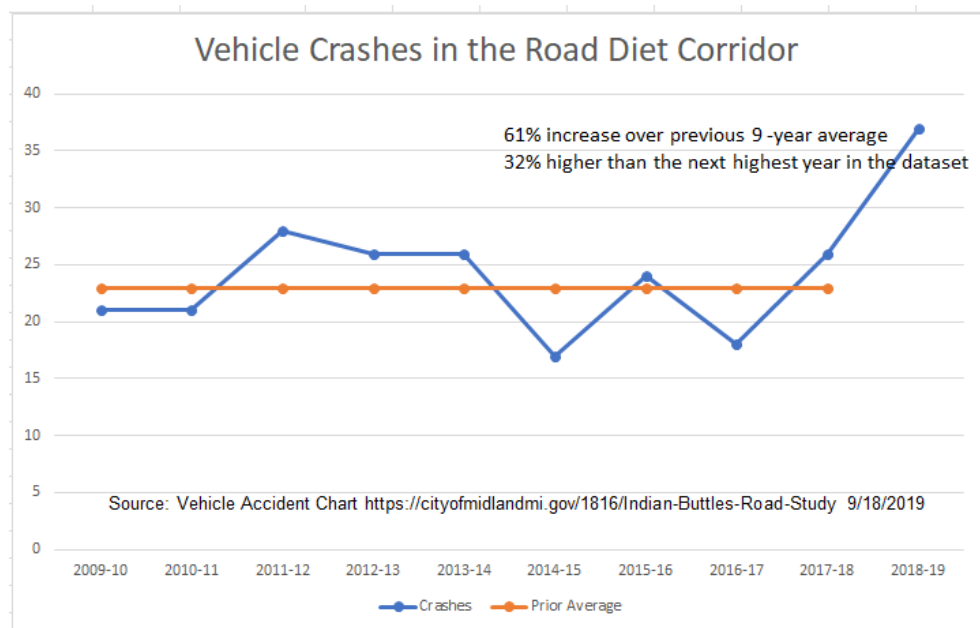
From: Megan Yezak [<mailto:megan.yezak@att.net>]
 Sent: Monday, January 11, 2021 3:48 PM
 To: City of Midland <cityhall@midland-mi.org>
 Subject: Fwd: Input regarding Indian and Buttles Street

Please see attached document with my feedback.

Sent from my iPhone

I oppose the project to reconfigure Indian and Buttles streets and to restrict the flow of traffic on that portion of Business 10 and am asking my City Council person to vote against the project for the following reasons:

1. **Safety** - Statements made on the City's website regarding vehicle safety data are not correct, in particular: "The road diet trial had **no significant impact on traffic safety** (crashes), vehicle speed, and mobility for motorists (delays/transit times through the corridor) because **data during the trial was very similar to that collected both before and after the trial was implemented.**" If one plots the number of accidents by year, as shown in the chart below, you see that the number of accidents during the trial period was 61 percent higher than the prior 9 year average, and 32 percent higher than the next highest year in the data set, demonstrating that there was in fact a significant increase in accidents and that the increase was not within the prior normal year-to-year variation. I had many occasions to travel that route at all different times of day and evening during the trial period, and each time, I either personally witnessed a near collision or had to take evasive action myself to avoid being involved in a collision. These near collisions were caused by both the congestion of merging down from three lanes to two and the inability to make right or left turns at intersections without impeding traffic traveling between the intersections.



2. **Performance** –Two major routes converge onto this section of road in order to connect to US-10: Business 10 and M-20. Both of those routes have five lanes: two in each direction PLUS a dedicated lane for left turns. Therefore, the downtown section of Business 10 needs to be able to handle the same flow of traffic that is coming from those other two routes. Yet the report shows that several intersections in the five-lane portion of Business 10 received a failing grade, meaning they were unable to efficiently handle the current traffic, let alone future projected traffic. Whereas intersections in the six-lane portions of Business 10 received passing grades. This suggests that six lanes are needed to handle the flow of traffic both today and into the future, and that reducing the number of lanes would cause bottlenecks. This was also our experience as we actually traveled that section while the bollards were in place. I personally experienced more congestion and more stops at lights during the trial period, and my employee who traveled that route every weekday to and from work during the trial period experienced more congestion and longer commute times when headed west to Bullock Creek versus east to the hospital.
3. **Preservation of Funds and Resources for Needed Construction** – Our construction dollars should be reserved for fixing the portions of the road that the report demonstrates are actually failing to meet current needs: the portions between Saginaw and Airport Roads. The report shows the downtown section of BR 10 is meeting current needs and therefore is not in need of reconstruction at this time.
4. **Lack of Representation** – This decision about a state roadway should not be in the hands of the City Council. Nor should the wishes of a handful of downtown residents and powerful real estate developers outweigh the needs of the primary users of this road. This is a state trunk line, and its primary users are Michigan voters and taxpayers who are not represented by the City Council and have not been fully heard or represented in the process thus far:
 - a. **Midland County residents who live West of the river** use this as their primary route to get in and out of town, to work, to school, to shop and dine and go to the doctor's office and otherwise spend their money in our community. We have emergency medicine physicians and anesthesiologists who live in Midland Township who need this route to get to the hospital every day to save lives! Yet when the Township gathered their feedback and tried to feed it into this process, the City didn't welcome that feedback.
 - b. **Commercial trucking and the residents and businesses who rely on those goods and supplies** – This is a major route for goods and supplies to come up from I-75 and over from the ports in Bay City and Saginaw to be distributed to downtown Midland, to Mt. Pleasant, and to other communities to the west of us. It is also a route to get agricultural and other products from those communities to the east and south. I have not seen a plan for where and how that traffic will be efficiently re-routed, but that should be a higher priority, before this project is considered.
 - c. **Other residents of the Great Lakes Bay Region** -- We have positioned ourselves as a "Great Lakes Bay Region" with collaboration among the residents and businesses of Bay City, Saginaw, Midland and Mt. Pleasant. This is a major route to connect those four communities, and this project would inhibit efficient exchange of people, goods and services between those communities.

5. **Improperly Defined Objectives** – The objectives defined by the City to “combat motordom,” gentrify the downtown, turn BR-10 into a pedestrian- and bicycle-friendly area, etc. were neither suggested by nor endorsed by the majority of users. Most of us do not consider the median strip of Business 10 to be an appropriate place to put expensive shops and condominiums. Therefore, we don’t feel we should have to sacrifice safety and efficiency to rescue the real estate developers who foolishly placed them there by reducing traffic to make that property more valuable. We also don’t have an expectation of being able to ride our bikes on Business 10 or use it as a pedestrian zone, when there are hundreds of easily accessible recreational and green spaces abundant throughout our city and safe places to cross these roads at key intersections. We did not choose to live in Midland because we wanted an “urban” lifestyle -- we chose it for its suburban lifestyle, and are happy to preserve that lifestyle rather than turn our town into something it is not. Our objectives are to use Business 10 for safe, efficient flow of goods and traffic from one city to another, and from end of our own town to the other, while preserving our funds for other projects that need our attention more.

Thank you for casting your “no” vote to cancel this project and continue 6 lanes of traffic on Indian and Buttles Streets.

From: Daniel Buzzell [<mailto:daniel@midlandace.com>]
Sent: Monday, January 11, 2021 3:52 PM
To: City of Midland <cityhall@midland-mi.org>
Subject: [faked-from] Traffic Calming/Road Diet Feedback

Hello City Council,

First of all, thank you for your service to our community. Serving in a position like yours is not easy, and I truly appreciate the work that all of you do.

I wanted to make sure you knew that we saw no negative impact from the traffic study at Ace Hardware. We saw continued sales growth and transaction growth during the study. We saw no impact on our ability to receive goods including multiple semi-truck loads each week. The deliveries we run from the store were also not impacted at all by the study.

We also did not see an impact on tardiness of employees. The ones who generally showed up on time before continued to show up on time, and the one who did not, unfortunately continued at their typical rates. I know that personally, my commute did not change at all.

I realize none of that is a ringing endorsement, but I wanted to offer it as a counterpoint to some vocal negativity I had seen online in the past. We didn't experience any of the problems the road diet was supposed to cause.

So at the end of the day, whatever decisions you make about the road diet will be ok with me. We will still be here, and best of all doughnuts will still be fresh.

Thanks,

Daniel Buzzell

Ace Hardware & Sports

419 E. Main Street
Midland MI 48640

From: Kevin LaDuke [<mailto:kjladuke@gmail.com>]

Sent: Monday, January 11, 2021 3:57 PM

To: City of Midland <cityhall@midland-mi.org>

Subject: [senderbase] Indian & Buttles Corridor Improvement Project (Road Diet) Input

Midland City Council,

I'm conducting this email to express my support for the Indian & Buttles Corridor Improvement Project (Road Diet).

I'm a resident of 303 Auburn St, Midland MI, 48640 (Ward 2). This puts me approximately less than 0.2 miles from the stretch of road proposed to be reduced. I not only support this initiative, **I emphatically support this initiative.**

I have **no concerns with traffic and safety** due to the reduction of the thoroughfare. I believe City Staff has completed due diligence, worked with industry professionals, and have made a decision to put the Road Diet in front of Council in hopes of continuing to fulfill Midland's mission statement of working toward **a community where everyone thrives.**

I believe this decision would be a decision that provides benefits for current and future residents. It's one that could consequently change the composition of Downtown & Midtown Midland for years to come.

Upon deciding to stay in Midland after college graduation, I made a decision that was mocked and begrudged by many others. Midland is not thought of as a town that fosters an environment that cultivates an active and engaged population of young professionals. By approving the reduction of lanes on Indian and Buttles, the City of Midland would be making a decision that appeals to a younger generation by focusing on non-motorized transportation, a value proposition for young professionals deciding where to settle.

Not only would implementing the proposed lane reductions have an impact on future residents of Midland, it would have a profound impact on the current residents of the City's (unofficial) Midtown neighborhood. The Midtown neighborhood has recently undergone massive business expansion and currently possesses a large contingent of the City's affordable housing, making it an attractive option for young professionals and families. By effectively connecting Midtown to Downtown and making non-motorized transportation a priority, the City would be providing the Midtown neighborhood easier access to Downtown Midland, an area that possesses a majority of the area's free events and most popular attractions such as The Tridge and Rail Trail.

An implementation of the lane vacations would solidify Midland's identity as a City willing to invest in non-motorized transportation. It would solidify Midland as a City that cares about the health and wellness of its community. **It would solidify Midland as a forward thinking City that understands what it takes to cultivate community and build a sense of place and belonging.**

The vacation of the unnecessary lanes on Indian and Buttrick Streets that connect US10 and M20 (both of which only have two lanes on each side) would overwhelmingly improve non-motorized safety, encourage economic development, improve neighborhood connectivity, and develop a corridor that adheres to modern design.

I hope Midland City Council will be able to take a look at the forward-thinking proposal and make an educated vote based on the objectives laid before them. Much of this proposed initiative has been wrapped in political discourse but the value is obvious. The value is proven. Failure to approve the vacation of the extra lanes would be in stark contrast to our City's nickname, **Midland: A City of MODERN Explorers**.

Thank you.

Kevin LaDuke
303 Auburn St.
Midland, MI 48640

File Attachments for Item:

9. 2020 Storm & Sanitary Study – Phase 2 Review and Recommendations Addendum Report. KAYE

SUMMARY REPORT TO CITY COUNCIL
for City Council Meeting of January 25, 2021

SUBJECT: 2020 Storm & Sanitary Study – Phase 2 Review and
Recommendations Addendum Report

INITIATED BY: City of Midland Wastewater Department

RESOLUTION

SUMMARY: This resolution adopts City Council directives for storm and sanitary
sewer response activities towards remediation of ongoing flood risks
in the city.

ITEMS ATTACHED:

1. Letter of Transmittal
2. Resolution

CITY COUNCIL ACTION:

1. 3/5 vote required to approve resolution.

C. Bradley Kaye, ICMA-CM AICP CFM
City Manager



City Hall • 333 West Ellsworth Street • Midland, Michigan 48640-5132 • 989.837.3300 • 989.835.2717 Fax • www.cityofmidlandmi.gov

January 20, 2021

Mayor Donker and Members of City Council
City of Midland
Midland, Michigan

Dear Council Members:

On December 21, 2020, City Council was presented with a lengthy report and presentation covering the City's flood response activities that have been ongoing since the flood experienced in June of 2017. Given the volume of information presented by City staff and a trio of consulting companies, the report was received and filed at that time with the understanding that further discussion would ensue.

The next opportunity to discuss the report recommendations took place at the City Council retreat held on January 9, 2021. Following discussion, staff is of the opinion that general agreement was reached by Council on the following points:

- The City will wait to make decisions on large-scale storm sewer infrastructure improvements until greater clarity is provided on possible upstream dam and river improvements so as to avoid inefficient expenditures on projects that may not be warranted or may be ineffective
- The City will focus on maintaining and improving the performance of the open ditch storm water system by:
 - Working with the County Drain Commissioner through Chapter 8 petitions that will proportionally assess all benefitting property owners
 - Work with the County Drain Commissioner on small maintenance projects, acknowledging the funding and staffing limitations of the Drain Commissioner's office
 - Petitioning the State to allow City maintenance of public properties within the Sturgeon Creek watershed
 - Exploring mandatory maintenance requirements for property owners within the Sturgeon Creek watershed for further Council and public discussion
- Inflow and infiltration removal in Priority Area 1 and Whitewood will be prioritized to maximize potential benefit to the sanitary sewer system
- Footing drain disconnect programs in the Mooreland and Whitewood districts will be explored as pilot projects, with City staff to report back on program specifics
- Initial work shall be geared towards reaching a minimum 25 year/24 hour storm event level of service city-wide
- Funding options are to be explored and further reported on to City Council

Also recommended by City staff and our hired consultants was that City Council accept Concept 5 as the template for moving forward with sanitary sewer infrastructure improvements. As time did not allow for the specifics of this concept to be discussed on January 9th, further discussions on the three concepts presented and City Council direction on which concept to follow moving forward, is required. Staff discussion to help move such a discussion forward is provided below:

Sanitary Sewer System Improvements – Concepts Discussion

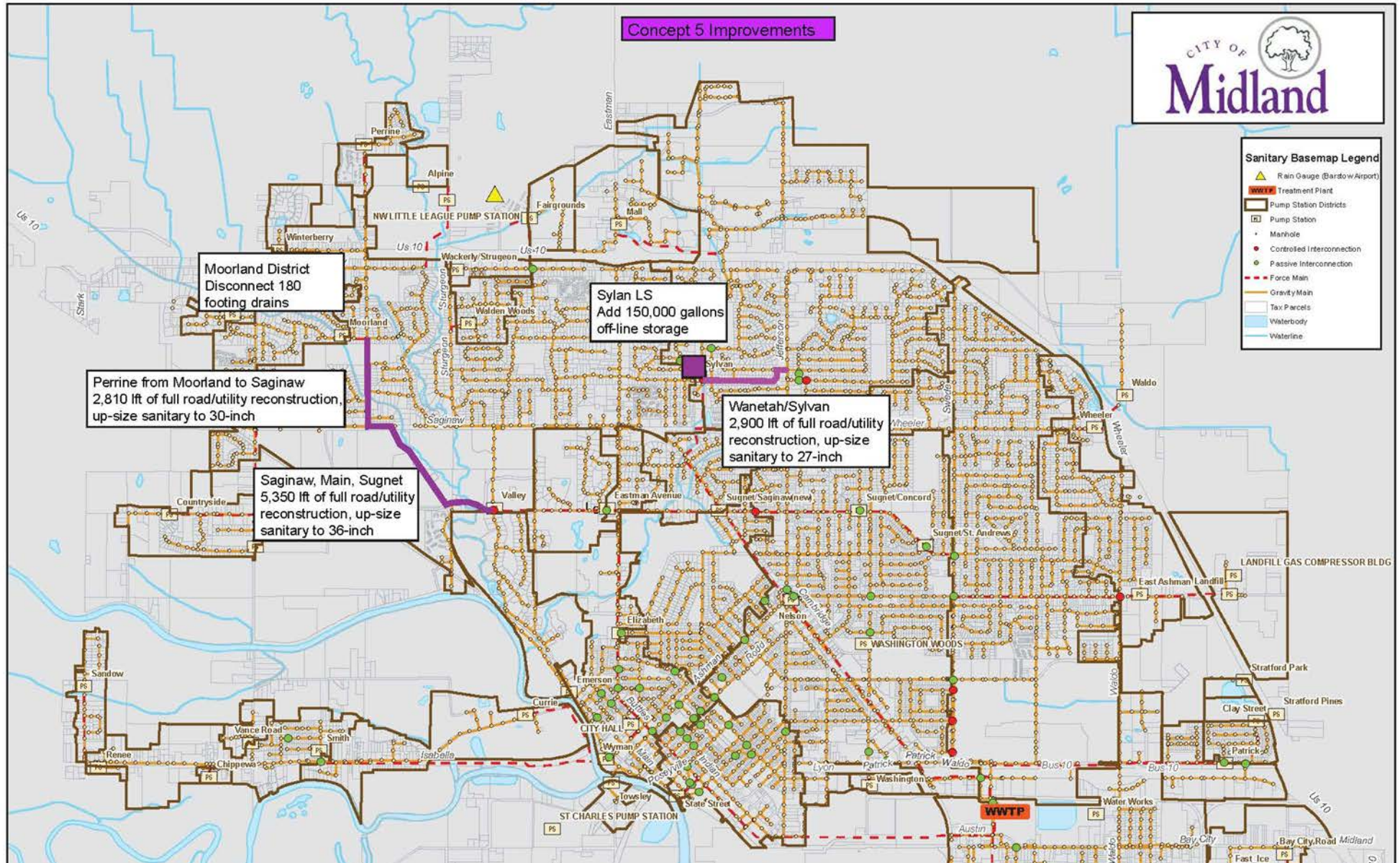
A total of 8 combinations of concepts were explored by City staff and our consultant teams. The list was ultimately narrowed down to what are considered the three most desirable options. These are identified as Concepts 0, 1B, and 5. While the concept numbering bears no specific relevance, the concepts can be described as follows:

- Concept 0: Maximum Upgrades
- Concept 1B: Suitable Upgrades
- Concept 5: Footing Drain Disconnect (FDD) hybrid

The presented table containing each of the concepts is repeated below:

Project Type	Location	Concept 1B	Concept 0	Concept 5
<i>Pump Station Upgrade</i>	Valley	12,000 gpm	16,000 gpm	x
	Moorland	1,200 gpm	1,650 gpm	x
<i>Offline Storage</i>	Sylvan PS	150,000 gallons	400,000 gallons	150,000 gallons
	Moorland PS	x	x	x
	SW of Perrine & Moorland	x	x	x
	St. Mary's Park	x	x	x
<i>Pipe Upsizing</i>	2,900 LF: Wanetah then Sylvan Lane to diversion MH (SLV-69-D6)	27-inch	27-inch	27-inch
	~ 200 LF: Diversion MH to Sylvan PS	27-inch	27-inch	27-inch
	2,810 LF: Perrine from Moorland south to Saginaw	30-inch	30-inch	30-inch
	2,200 LF: Perrine from Wackerly to Moorland	x	24-inch	x
	2,900 LF: Jefferson from Wackerly to Wanetah	x	18-inch	x
	5,350 LF: Saginaw from Perrine east to Main; Main from Saginaw south to Sugnet; Sugnet east to Valley Drive	36-inch	36-inch	36-inch
<i>FDD in Moorland</i>	Moorland district footing drain disconnect program	x	x	180 homes
<i>Storm Sewer Upgrades</i>	Up-size Storm Sewer STC-9	x	x	48-inch
<i>Whitewood Piping</i>	Repair damaged piping at Whitewood Dr and Waldo	Yes	Yes	Yes
	<i>Estimated Total Capital Cost</i>	\$ 29,125,000.00	\$ 40,078,000.00	\$ 25,847,000.00
	<i>Estimated Total 20-year Present Worth</i>	\$ 29,433,000.00	\$ 41,703,000.00	\$ 26,134,000.00

As mentioned above, Concept 5 is recommended by City staff and our consultants. It is recommended due to the following benefits:



- Overall capital and legacy costs.
- It eliminates the need for pump station capacity improvements at Moorland and Valley. (Concept 1b, 0) The increasing of capacity at the pump stations require capacity improvements at the WWTP to treat the additional flow. This is likely to meet resistance from EGLE on part 41 permit issues. (Note that the WWTP costs are not included in the estimated costs above) The removal of the excess flow (I&I) necessitating the capacity improvements in concepts 1b and 0 is accomplished in concept 5 through the use of the FDD program and sewer and manhole lining /rehabilitation. (I&I removal)
- Reduction of I&I removes the clear water from the system reducing the peak flows from the impacted sewer and producing downstream benefits. These benefits include reduction in the transportation and treatment cost of the excess water including the associated legacy costs of these processes.

It is important to note that, for concept 5 to be effective, it must be accompanied with the footing drain disconnect program, sewer lining and manhole rehabilitation initiatives in the Priority 1 areas. This includes both the areas identified as Priority 1 and Whitewood, as both are Priority 1 areas as defined by the 2017 Storm and Sanitary Sewer Study. As set out above, staff understand that these improvements were generally agreed to by Council on January 9th.

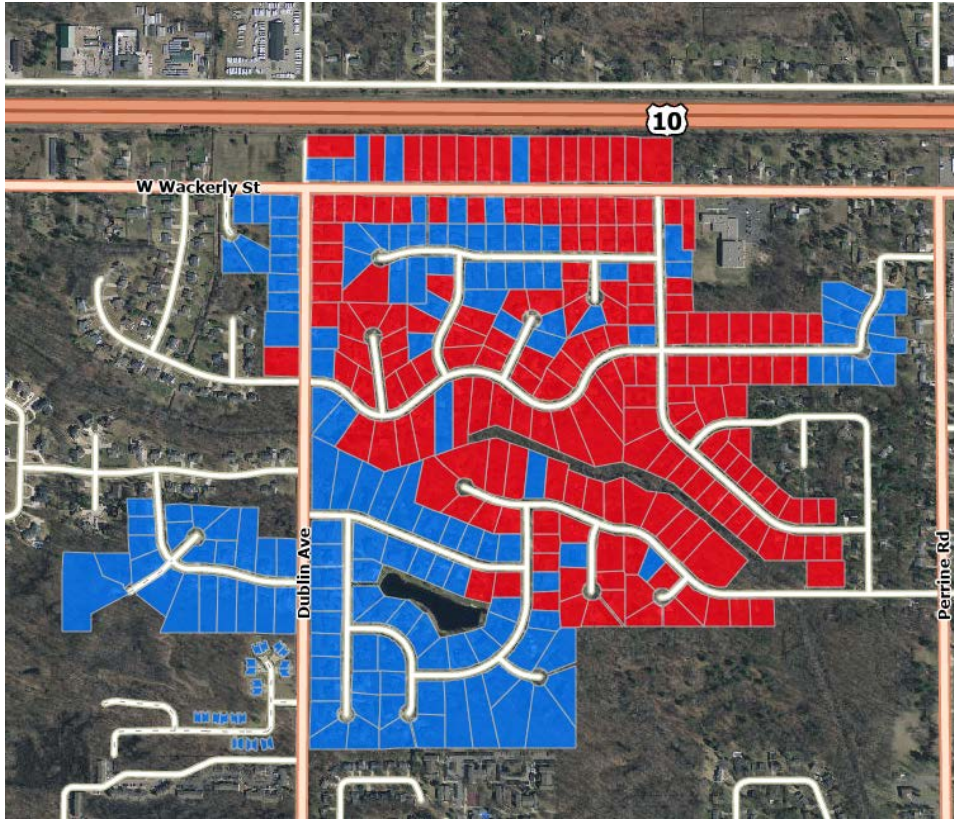
For clarity, recommended lining, manhole rehabilitation and footing drain disconnect program would encompass the following scale of work:

Repair and Refurbishment for Priority 1 Areas			
Sewer Lining			
<i>Location</i>	<i>Feet</i>	<i>\$/Foot</i>	<i>Total</i>
Priority 1	32,476	90	\$ 2,922,840
Whitewood	1,704	90	\$ 153,360
Manhole Coating			
<i>Location</i>	<i>Each</i>	<i>\$/unit</i>	<i>Total</i>
Priority 1	69	1000	\$ 69,000
Whitewood	12	1000	\$ 12,000
Manhole Replacement			
<i>Location</i>	<i>Each</i>	<i>\$/unit</i>	<i>Total</i>
Priority 1	11	3000	\$ 33,000
Whitewood	1	3000	\$ 3,000
Sub-Total Priority 1			\$ 3,024,840
Sub-Total Whitewood			\$ 168,360
Total			\$ 3,193,200

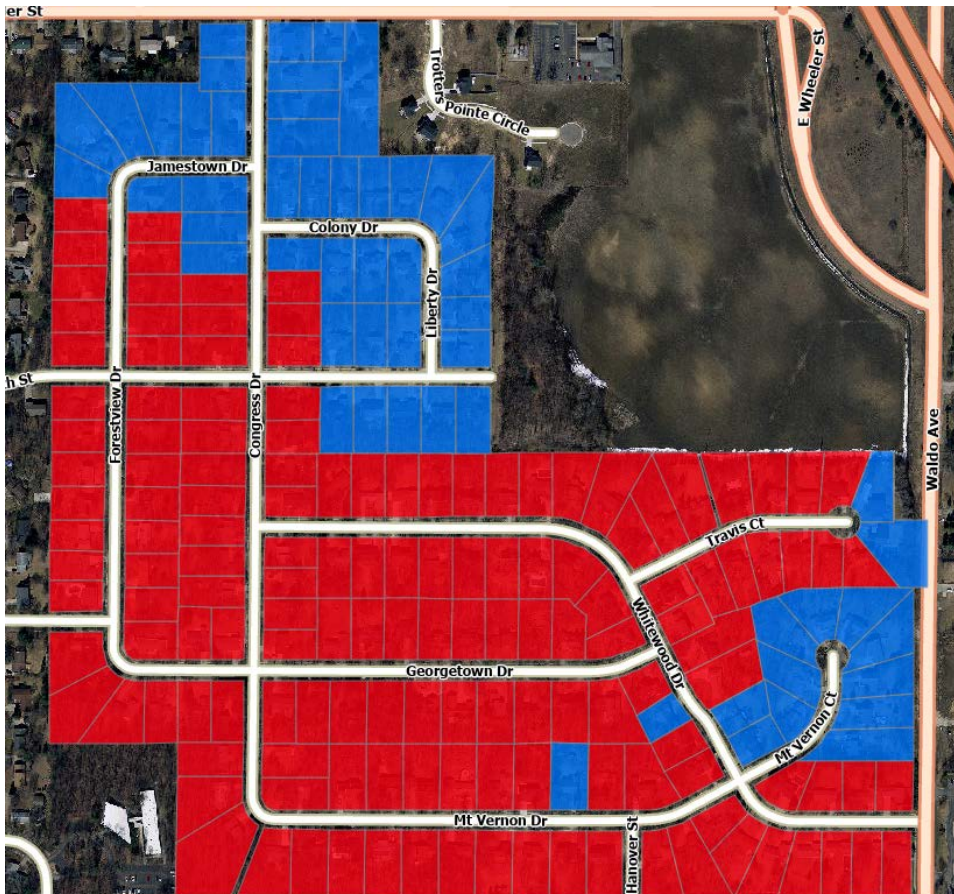
Footing Drain Disconnect Program	
Moorland District (180 homes)**	\$ 1,800,000.00
Whitewood District (150 homes)	\$ 1,500,000.00
Total	\$ 3,300,000.00

Required for Concept 5 **FDD Hybrid

Total cost for recommended improvements for Priority 1 and Whitewood Areas (Concept 5, FDD program, lining & manhole rehabilitation): \$30,540,200



Priority Area 1 – Footing Drain Disconnect Program (Likely footing drains shown in red – 180 homes)



Whitewood Area – Footing Drain Disconnect Program (Likely footing drains shown in red – 147 homes)

Council concurrence with moving forward to implement Concept 5, including the offline storage improvements, pipe upsizing, storm sewer upgrades and Whitewood piping improvements is requested. The attached resolution would provide that direction as well as adopt the general agreements on other response activities as discussed at the City Council retreat on January 9, 2021.

City staff members, including Bruce Royce, General Supervisor of the Wastewater Treatment Plant, will be present to answer any questions or provide additional detail that may be required by City Council to render a decision on this matter.

Sincerely,

A handwritten signature in black ink that reads "C. Bradley Kaye". The signature is written in a cursive, flowing style.

C. Bradley Kaye, ICMA-CM AICP CFM
City Manager



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BY COUNCILMAN

WHEREAS, on January 9, 2021 the City Council conducted a planning retreat for the purpose of discussing the recommendations of the 2020 Storm & Sanitary Study – Phase 2 Review and Recommendations; and

WHEREAS, at the conclusion of that session Council expressed their expectations regarding certain components of the report and specific flood response activities to be undertaken; and

WHEREAS, during their regular meeting of January 25th the City Council reviewed and affirmed those expectations embodied in a report of January 25, 2021 titled: 2020 Storm & Sanitary Study – Phase 2 Review and Recommendations Addendum Report; and

WHEREAS, City Council discussed and provided additional direction on the sanitary sewer system improvements included in a variety of concept approaches, now therefore

RESOLVED, that the report 2020 Storm & Sanitary Study – Phase 2 Review and Recommendations Addendum Report is hereby received; and further

RESOLVED, that City Council adopts the directives outlined in the Addendum Report and further adopts Concept 5 as outlined in the original and addendum reports for implementation by City staff.

YEAS:

NAYS:

ABSENT:

I, Erica Armstrong, City Clerk, City of Midland, Counties of Bay and Midland, State of Michigan, do hereby certify that the foregoing is a true and correct copy of a resolution adopted by a yeas vote of all the Councilmen present at a regular meeting of the City Council held Monday, January 25, 2021.

Erica Armstrong, City Clerk

File Attachments for Item:

10. * Adoption of City of Midland Code of Conduct for City Council and of the City's boards and commissions. BRANSON

SUMMARY REPORT TO MANAGER
for City Council Meeting of January 25, 2021

SUBJECT: Proposed City of Midland Code of Conduct

INITIATED BY: City Attorney

RESOLUTION SUMMARY: This resolution will adopt Code of Conduct for members of City Council and the City's boards and commissions.

ITEMS ATTACHED:

1. Letter of Transmittal
2. Proposed Code of Conduct
3. Resolution

COUNCIL ACTION:

1. 3/5 vote required to approve.

James O. Branson III
City Attorney



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January 20, 2021

C. Bradley Kaye, ICMA-CM AICP CFM
City Manager
City of Midland
Midland, Michigan

Dear Mr. Kaye:

The citizens of Midland are entitled to have fair, ethical and accountable local government that has earned the public's full confidence for integrity. The effective functioning of democratic government requires that public officials, both elected and appointed, comply with both the letter and spirit of the laws and policies affecting the operations of government. Further, this requires that public officials be independent, impartial and fair in their judgment and actions, that the public office be used for the public good, not for personal gain and that public deliberations and processes be conducted openly, unless legally confidential, in an atmosphere of respect and civility.

The attached proposed City of Midland Code of Conduct for members of City Council and the City's boards and commissions is designed to ensure public confidence in the integrity of local government in its effective, open, and fair operation. In addition, it is to apply the idea that what any one member does has an impact on the effectiveness and actions of the whole in both positive and negative ways.

If adopted, each member of City Council will be required to sign the "Member Statement of Acknowledgment". Further, the staff liaison for each board and commission will disseminate the Code of Conduct to their board or commission prior to their next scheduled meeting. Further, the Code of Conduct will be placed on the agenda or, if no formal agenda exists, they will be read on the record and discussed, if necessary, at the beginning of the next meeting. Following said meeting, each board and commission member will be required to sign the "Member Statement of Acknowledgment".

The attached resolution authorizes the adoption of the Code of Conduct for members of City Council and the City's boards and commissions.

Please do not hesitate to contact my office should you have any questions.

Sincerely,

James O. Branson III
City Attorney

JOB/lak

Attachments

CITY OF MIDLAND CODE OF CONDUCT

The citizens of Midland are entitled to have fair, ethical and accountable local government that has earned the public's full confidence for integrity. The effective functioning of democratic government requires that public officials, both elected and appointed, comply with both the letter and spirit of the laws and policies affecting the operations of government; public officials be independent, impartial and fair in their judgment and actions; public office be used for the public good, not for personal gain; and public deliberations and processes be conducted openly, unless legally confidential, in an atmosphere of respect and civility.

This Code of Conduct is for members of the Midland City Council and of the City's boards and commissions ("Members") to ensure public confidence in the integrity of local government in its effective, open, and fair operation. In addition, it is to apply the idea that what any one member does has an impact on the effectiveness and actions of the whole in both positive and negative ways. To this end the following standards are established:

1. Act in the Public Interest

Recognizing that stewardship of the public interest must be their primary concern, Members will work for the common good of the people of Midland and not for any private or personal interest and they will ensure fair and equal treatment to all persons, claims and transactions coming before the City Council, boards and commissions.

2. Comply with the Law

Members shall comply with the laws of the nation, the State of Michigan and the City of Midland in the performance of their public duties. These laws include, but are not limited to: The United States and Michigan Constitutions; the Midland City Charter and Code of Ordinances; laws pertaining to conflicts of interest, election campaigns, financial disclosures, employer responsibilities, and open processes of government; and all City policies and procedures including the Ethics Ordinance and the City of Midland's social media policy.

3. Conduct of Members

The professional and personal conduct of Members must be above reproach and avoid even the appearance of impropriety. Members shall refrain from rudeness, disrespectful comments, insults, name-calling, abusive conduct, personal charges or verbal attacks upon the character or motives of other Members of City Council, boards and commissions, City staff or members of the public.

4. Confidential Information

Members shall respect the confidentiality of information concerning the property, personnel or affairs of the City. They shall neither disclose nor divulge to an unauthorized person confidential information acquired in the course of their duties in advance of the time prescribed for its

authorized release to the public without proper legal authorization, nor use such information to advance their personal, financial or other private interests.

5. Use of Public Resources

Public resources, including City staff time, equipment, supplies, and facilities, not available to the general public shall only be used for the benefit of the public and not for a Member's personal or private use.

6. Respect for Process

Members shall perform their duties in accordance with the processes and rules of order as established by the City Council, boards and commissions governing the deliberation of public policy issues, meaningful involvement of the public, and implementation of policy decisions of the City Council by City staff. In addition, it shall also be recognized that all inquiries or requests from Members to City staff shall go through the City Manager or City Attorney in order to keep the proper flow of information.

7. Conduct of Public Meetings

Members shall prepare themselves for public issues, listen courteously and attentively to all public discussions before the body, and focus on the business at hand. They shall refrain from interrupting other speakers, making personal comments not germane to the business of the body, or otherwise interfering with the orderly conduct of meetings. Everyone should feel safe in expressing their opinions, views, and concerns. Clapping, shouting, and booing during meetings are discouraged; except, when invited by the Mayor or Chairperson.

8. Conflict of Interest

In order to ensure their independence and their impartiality on behalf of the common good, Members shall not use their official position to influence governmental decisions in which they have a material or financial interest, or where they have an organizational responsibility or personal relationship, which may give the appearance of a conflict of interest. Members shall disclose conflicts with investments, interest in real property, sources of income, and gifts without being required to disclose the value of said conflicts; and they shall abstain from participating in deliberations and decision-making where conflicts may exist.

9. Representation of Private Interests

In keeping with their role as stewards of the public interest, a Member shall not appear on behalf of the private interests of third parties, including their spouses and family members within the third degree of consanguinity to the Member or their spouse, before the City Council or any board or commission or proceeding of the City.

10. Policy Role of Members

Members shall respect and adhere to the Council-Manager structure as adopted by the Charter of the Midland City government. In this structure, the City Council determines the policies of the City with the advice, information and analysis provided by the public, boards and commissions and City staff. Members shall not interfere with the administrative functions of the City or the professional duties of City staff; nor shall they impair the ability of staff to implement City Council policy decisions.

11. Independence of Boards and Commissions

Because of the value of the independent advice of boards and commissions to the public decision-making process, Members of City Council shall limit their participation in the proceedings of such subordinate public bodies to the communication of requested information and providing factual information relevant to the discussion at hand and shall not otherwise attempt to unduly influence the deliberations or outcomes of the proceedings.

12. Positive Work Place Environment

Members shall support the maintenance of a positive and constructive work place environment for City staff, citizens and businesses dealing with the City. Members shall recognize their special role in dealing with City staff and shall in no way be disrespectful to City staff or create the perception of inappropriate direction to staff nor, except for the purpose of inquiry, give specific orders to subordinates of the City Manager or City Attorney.

Because Members' actions and comments contribute to the environment in which all City staff must work in order to create and promote a positive work environment, under no circumstances shall a Member, either in public or private, intimidate, humiliate, or otherwise abuse City staff.

13. Communication

Members shall publicly share all substantive information that is relevant to a matter under consideration by the Members, which they may have received from sources outside of the public decision-making process.

14. Compliance and Enforcement

This Code of Conduct is intended to be self-enforcing. It therefore becomes most effective when Members are thoroughly familiar with it and embrace its provisions. The Code of Conduct expresses standards for ethical conduct expected of Members of the City Council, boards and commissions. Members themselves have the primary responsibility to ensure that ethical standards are understood and met, and that the public can continue to have full confidence in the integrity of government. The chairpersons of boards and commissions and the Mayor, as well as the Ethics Authority as found in the City of Midland's Ethics Ordinance have the responsibility to intervene or investigate when actions of Members appear to be in violation of the Code of Conduct, are witnessed, or are brought to their attention. The City Council, by

majority vote, may also impose sanctions on Members whose conduct does not comply with the City's ethical standards. Sanctions may include:

- Official verbal reprimand in an open meeting;
- Formal public letter of censure by the Mayor, Chairperson, or majority of the City Council;
- Loss of commission member appointment(s);
- Referral to the City Ethics Authority; and/or
- Other courses of action as they are made available by state statute and legal means and agreed upon by a majority of City Council.

15. Advocacy

Members shall represent the official policies or positions of the City to the best of their ability when designated as delegates for this purpose. When presenting their individual opinions and positions, Members shall neither state nor imply that they represent the opinions or positions of the City.

16. Coordination with Charter and Code of Ordinances

This Code of Conduct is intended to be consistent with Chapter 32 of City of Midland Code of Ordinances, the Midland City Charter and the Personnel Policy and other adopted rules of procedure and conduct. In the event of a conflict, the City will strive to adhere to the rule or standard that is more ethically stringent. This Code of Conduct shall be reviewed annually or at such other times as City Council may direct.

MEMBER STATEMENT OF ACKNOWLEDGMENT

As a member of the Midland City Council/City of Midland Board/Commission, I agree to uphold the City of Midland Code of Conduct adopted by the Midland City Council and to conduct myself by the following the model of excellence. I will:

- Recognize the worth of individual Members and appreciate their individual talents, perspectives, and contributions;
- Help create an atmosphere of respect and civility where individual Members, City staff, and the public are free to express their ideas and work to their full potential;
- Respect the dignity and privacy of individuals and organizations;
- Respect and maintain the nature of confidential and privileged information and opinions acquired as a result of my position;
- Conduct my public affairs with honesty, integrity, fairness and respect for others;
- Avoid and discourage conduct that is divisive or harmful to the best interests of the City of Midland; and
- Keep the common good as my highest purpose and focus on achieving constructive solutions for the public benefit.

I affirm that I have read and fully understand the City of Midland Code of Conduct.

Signature

Date

Printed Name

Title/Ward/Board/Commission



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BY COUNCILMAN

WHEREAS, the citizens of Midland are entitled to have fair, ethical and accountable local government that has earned the public's full confidence for integrity; and

WHEREAS the effective functioning of democratic government requires that public officials, both elected and appointed, comply with both the letter and spirit of the laws and policies affecting the operations of government; and

WHEREAS, this further requires that public officials be independent, impartial and fair in their judgment and actions, that the public office be used for the public good, not for personal gain and that public deliberations and processes be conducted openly, unless legally confidential, in an atmosphere of respect and civility; and

WHEREAS, the proposed Code of Conduct is hereby presented to City Council to ensure public confidence in the integrity of local government in its effective, open, and fair operation and, in addition, it is to apply the idea that what any one member does has an impact on the effectiveness and actions of the whole in both positive and negative ways; now therefore

RESOLVED, that the Code of Conduct is hereby adopted, the “Member Statement of Acknowledgment” shall be signed by each member, and the Code of Conduct shall be applicable to all members of the City Council and members of the City’s boards and commissions.

YEAS:

NAYS:

ABSENT:

I, Erica Armstrong, City Clerk, City of Midland, Counties of Bay and Midland, State of Michigan, do hereby certify that the foregoing is a true and correct copy of a resolution adopted by a yeaya vote of all of the Councilmen present at a regular meeting of the City Council held on Monday, January 25, 2021.

Erica Armstrong, City Clerk

File Attachments for Item:

11. * Approving the annual application to the State of Michigan for Dial-A-Ride funding and naming the City Manager as the Transportation Coordinator for the City of Midland. MURPHY

SUMMARY REPORT TO MANAGER
for City Council Meeting January 25, 2021

SUBJECT: Annual application to the State of Michigan for Dial-A-Ride funding

INITIATED BY: Department of Public Services

RESOLUTION SUMMARY: This resolution names the City Manager as the Transportation Coordinator and further states the City's intentions to provide public transportation services and to apply for an estimated \$928,266 in state operating assistance and capital preventive maintenance funds and \$870,000 in federal operating assistance and capital preventive maintenance funds.

ITEMS ATTACHED:

1. Letter of Transmittal
2. Resolution

COUNCIL ACTION:

1. 3/5 vote required to approve resolution

Karen Murphy
City of Midland Department of Public Services



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January 20, 2021

C. Bradley Kaye, ICMA-CM AICP CFM
City Manager
City of Midland
Midland, Michigan

Dear Mr. Kaye:

The Dial-A-Ride division of the Department of Public Services is in the process of preparing an application for State of Michigan financial assistance for the State's fiscal year 2022. This application is required under Act 51 of the Public Acts of 1951. The application also includes a request for federal assistance under Section 5307 as required by the Federal Transit Act. The state requires that each transit agency submit, along with their application, a resolution of intent to participate in the Comprehensive Transportation Fund for the year. The resolution must indicate that the local transportation budget is balanced and specify the sources of estimated revenue that support the proposed budget. The resolution must also name an official representative from the agency to act as the Transportation Coordinator for passenger transportation matters.

Staff has submitted an estimated budget to the State of Michigan for Dial-A-Ride operations for the State's FY2022 that includes State of Michigan eligible expenses of \$2,406,462. Under the State's program, eligible expenses do not include capital outlay items or reserve for contingency amounts. For the State of Michigan's FY2022, Dial-A-Ride is requesting an estimated \$928,266 in state operating assistance and capital preventive maintenance funds, and an estimated \$870,000 in federal operating assistance and capital preventive maintenance funds for general public transit services based on the proposed eligible expenses. The operating and preventive maintenance funds will be used to support the daily operating expenses for the Dial-A-Ride bus system, with the remaining difference to be covered by fare box and rider fees totaling \$125,743, federal Section 5303 planning funds of \$25,904 and a contribution from the general fund of approximately \$456,549.

In addition to the annual financial assistance application, the City Manager is appointed as the Transportation Coordinator for the City of Midland and given authority to enter into and execute all contracts with the Michigan Department of Transportation related to passenger transportation needs for the State's FY2022. This expedites the state funding process for passenger related transportation services.

Sincerely,

Karen Murphy
Department of Public Services



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BY COUNCILMAN

WHEREAS, pursuant to Act 51 of the Public Acts of 1951, as amended (Act 51), the City of Midland provides a local transportation program for the state fiscal year 2022 and, therefore, it is necessary to apply for state financial assistance under the provisions of Act 51; and

WHEREAS, it is necessary for the City of Midland to name an official representative for all public transportation matters, who is authorized to provide such information as deemed necessary by the State Transportation Commission or department for its administration of Act 51; and

WHEREAS, it is necessary to certify that no changes in eligibility documentation have occurred during the past state fiscal year; and

WHEREAS, the performance indicators for Dial-A-Ride have been reviewed and approved by the City of Midland staff; and

WHEREAS, staff has submitted to the State of Michigan a proposed balanced budget of approximately \$2,406,462 for Dial-A-Ride operations in FY2022 with the intent to apply for an estimated \$928,266 in state operating assistance and capital preventive maintenance funds, and an estimated \$870,000 in federal 49 USC 5307 operating assistance and capital preventive maintenance funds, with the remaining revenues coming from an estimated \$125,743 from fare box fees, an estimated \$25,904 in federal 5303 planning funds and an estimated \$456,549 in local general fund support to balance the budget for the State's FY2022; now therefore

RESOLVED, that the City Manager is hereby named as Transportation Coordinator for all public transportation matters, who is authorized to provide such information as deemed necessary by the State Transportation Commission or department for its administration of Act 51 for FY2022; and

RESOLVED FURTHER, that the City of Midland hereby makes its intentions known to provide public transportation services and to apply for state and federal financial assistance in accordance with Act 51 and the City Clerk is hereby directed to provide a certified copy of the resolution for submittal to the Michigan Department of Transportation as part of the annual budget application packet.

YEAS:

NAYS:

ABSENT:

I, Erica Armstrong, City Clerk, City of Midland, Counties of Bay and Midland, State of Michigan, do hereby certify that the foregoing is a true and correct copy of a resolution adopted by a yea vote of all the Councilmen present at a regular meeting of the City Council held Monday, January 25, 2021.

Erica Armstrong, City Clerk

File Attachments for Item:

12. * Change order to East Club House restoration contract with GLB Construction to add West Clubhouse Crawl Space muck out project. KEENAN

SUMMARY REPORT TO MANAGER
For City Council Meeting of January 25, 2021

SUBJECT: Change order to add the West Clubhouse crawlspace remediation, cleaning and repair to the existing contract with Great Lakes Bay Construction for East Clubhouse restoration.

INITIATED BY: David A. Keenan, Assistant City Manager

RESOLUTION

SUMMARY: This resolution approves a \$31,222 change order to add the West Clubhouse crawlspace remediation, cleaning, and repair to the existing contract with Great Lakes Bay Construction for East Clubhouse restoration.

ITEMS ATTACHED:

1. Letter of transmittal
2. Resolution

CITY COUNCIL ACTION:

1. 3/5 affirmative vote required to approve resolution

David A. Keenan
Assistant City Manager



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January 20, 2021

C. Bradley Kaye, ICMA-CM AICP CFM
City Manager
City of Midland
Midland, Michigan

Dear Mr. Kaye:

The West Clubhouse at Currie Golf Course flooded throughout the building as a result of the dam failures in May of 2020. Midland Engineering, Ltd. (MEL) performed an on-site inspection of the building and submitted a damage assessment to the City. Their observation was that there was significant repair work needed to the building and that the crawl space needed immediate attention to get the wooden floor joists dry, generally clean, and repair the entire crawlspace.

In order to expedite this, and at the suggestion of MEL staff separated the crawlspace from the rest of the reconstruction work and requested quotes from companies specializing in basement and crawlspace restoration. The engineer's estimate for this work was \$54,000. We received one response for \$89,000. Based upon this single response we tabled any decisions and looked for an alternative path.

In December, Great Lakes Bay Construction was awarded contracts for the restoration of both the East Clubhouse and the Equipment Storage Barn at Currie. Because they were on-site already, we provided them with a copy of the original request for the crawlspace work and asked them to submit a quote. They have submitted a written quote for \$31,222. Staff has reviewed their response and it complies with the request. We now have two quotes for this work.

Working with CSRS, our disaster consultant, we determined that by utilizing the FEMA-compliant procurement efforts already done on this project and awarding the additional work to Great Lakes Bay Construction as a change order to an existing project, that was also awarded in accordance with FEMA requirements, we are in a better position to gain FEMA acceptance for the change order, and it will allow us to proceed, which we direly need to do.

January 20, 2021

C. Bradley Kaye, ICMA-CM AICP CFM

Page 2

The accompanying resolution for Council's consideration would approve a change order for West Clubhouse crawlspace remediation, cleaning, and repair in the amount of \$31,222 to the existing agreement with Great Lakes Bay Construction for East Clubhouse restoration.

Sincerely,

David A. Keenan
Assistant City Manager



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BY COUNCILMAN

WHEREAS, the West Clubhouse at the Currie Golf Course flooded throughout the building as a result of the dam failures of May 2020, causing there to be an immediate need for additional remediation, cleaning, and repair to the crawlspace; and

WHEREAS, City Staff requested quotes to complete the necessary work to the crawl space and received only one response, and this response was significantly higher than the engineering estimate for the work; and

WHEREAS, Great Lakes Bay Construction was awarded separate contracts to restore the East Clubhouse and Equipment Storage Barn, and is currently on-site performing these tasks; and

WHEREAS, Great Lakes Bay Construction submitted a quote to perform the necessary work to the West Clubhouse crawlspace at an amount of \$31,222; and

WHEREAS, staff desires to award this West Clubhouse crawlspace work to Great Lakes Bay Construction by issuing a change order for the work to the existing contract for East Clubhouse restoration work; now, therefore

RESOLVED, that a change order for West Clubhouse crawlspace remediation, cleaning, and repair in the amount of \$31,222 to the existing agreement with Great Lakes Bay Construction for East Clubhouse restoration is hereby approved.

YEAS:

NAYS:

ABSENT:

I, Erica Armstrong, City Clerk, City of Midland, Counties of Bay and Midland, State of Michigan, do hereby certify that the foregoing is a true and correct copy of a resolution adopted by a yeas vote of all the Councilmen present at a regular meeting of the City Council held Monday, January 25, 2021

Erica Armstrong, City Clerk

File Attachments for Item:

13. * Washington Woods Connector Building Air Handler Replacement. MURSCHEL

SUMMARY REPORT TO MANAGER
for City Council Meeting of January 25, 2021

SUBJECT: Washington Woods Connector Building Air Handler Replacement

INITIATED BY: Washington Woods

RESOLUTION

SUMMARY: This resolution a purchase order to Remer Plumbing, Heating & Air Conditioning, Inc. for \$137,000.00 for the purchase and installation of new air handlers in the connector building at Washington Woods Senior Living Community. This project is funded via a Community Development Block Grant.

ITEMS ATTACHED:

1. Letter of Transmittal
2. Bid Tabulation for Bid No. 4130
3. Resolution

COUNCIL ACTION:

1. 3/5 vote required to approve resolution

Grant Murschel
Director of Planning & Community Development

GRM/laj



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January 20, 2021

C. Bradley Kaye, ICMA-CM AICP CFM
City Manager
City of Midland
Midland, Michigan

Dear Mr. Kaye:

Historically, Washington Woods Senior Living Community has applied for and been awarded Community Development Block Grant funds through the annual application process. In May of 2020, City Council approved Washington Wood's request for energy efficiency projects in the amount of \$225,646.00 that contained an air handler replacement component. These dollars must be spent during the current fiscal year.

The three connector building air handlers, located in the basement, are 37 years old. This system is in need of constant repair and the control system is outdated and inefficient. These deficiencies result in it being difficult to maintain accurate temperatures within the connector building. The three air handlers will be replaced with one central air handler in the same location. The new air handler will be able to maintain consistent temperatures and will be more energy efficient than the current handlers.

On January 12, 2021, sealed proposals were publicly opened and read for Bid No. 4130. Four companies submitted proposals for this project. Remer Plumbing, Heating & Air Conditioning Inc. of Saginaw, MI was the lowest bid. Following review by staff, it has been determined that this company is able to meet all the required bid specifications within the approved budget limits.

Enclosed for City Council is a resolution to accept the bid submitted by Remer Plumbing, Heating and Air Conditioning of Saginaw, MI for the air handler unit replacement at Washington Woods and approve a contract in the amount of \$137,000.00 to Remer Plumbing, Heating and Air Conditioning Inc. The resolution also authorizes the City Manager to approve change orders in an amount not to exceed \$6,850.00.

Sincerely,

Grant Murschel
Director of Planning & Community Development

Christina Evans
Accounting Manager

GM/laj



Tabulation for:

Bid 4130 - Washington Woods Senior Housing East Building Basement Aire Handling Unit Repalcement
January 12, 2021

Bidder		Total Bid	Alternate
Remer Plumbing, Heating & Airconditioning, Inc.	Saginaw, MI	137,000.00	N/A
William E, Walter, Inc.	Flint, MI	140,500.00	(1,811.00)
Smillie Plumbing & Heating, Inc.	Freeland, MI	157,000.00	(2,500.00)
Rolls Mechanical	Fenton, MI	197,750.00	(37,000.00)
Windemuller Electric	Midland, MI	*Not full bid	



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BY COUNCILMAN

WHEREAS, Washington Woods Senior Living Community is in need of replacing the connector building air handlers; and

WHEREAS, Washington Woods has been approved to use up to \$225,646.00 of Community Development Block Grant (CDBG) funding for energy efficiency upgrades/air handler replacement during fiscal year 2020-2021; and

WHEREAS, sufficient funds are included in the approved 2020-2021 Washington Woods budget; now therefore

RESOLVED, that the low sealed bid proposal meeting City specifications submitted by Remer Plumbing, Heating & Air Conditioning of Saginaw, MI for the connector building air handler unit replacement in their response to Bid No. 4130 is hereby accepted; and

RESOLVED FURTHER, that the Accounting Manager is authorized to issue a purchase order in the amount of \$137,000.00 to Remer Plumbing, Heating & Air Conditioning, Inc. of Saginaw, MI in accord with this resolution and City of Midland specifications; and

RESOLVED FURTHER, that the City Manager is authorized to approve change orders modifying or altering this contract in an aggregate amount not to exceed \$6,850.00.

RESOLVED FURTHER, that the City Manager is authorized to execute any associated documents in accordance with the proposal and City of Midland specifications once prepared by and/or approved by the City Attorney.

YEAS:

NAYS:

ABSENT:

I, Erica Armstrong, City Clerk, City of Midland, Counties of Bay and Midland, State of Michigan, do hereby certify that the foregoing is a true and correct copy of a resolution adopted by a yeas vote of all the Councilmen present at a regular meeting of the City Council held Monday, January 25, 2020.

Erica Armstrong, City Clerk