

**CITY OF ESCANABA, MICHIGAN**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**Fiscal Year Ended June 30, 2015**

Prepared by:  
Office of the Controller

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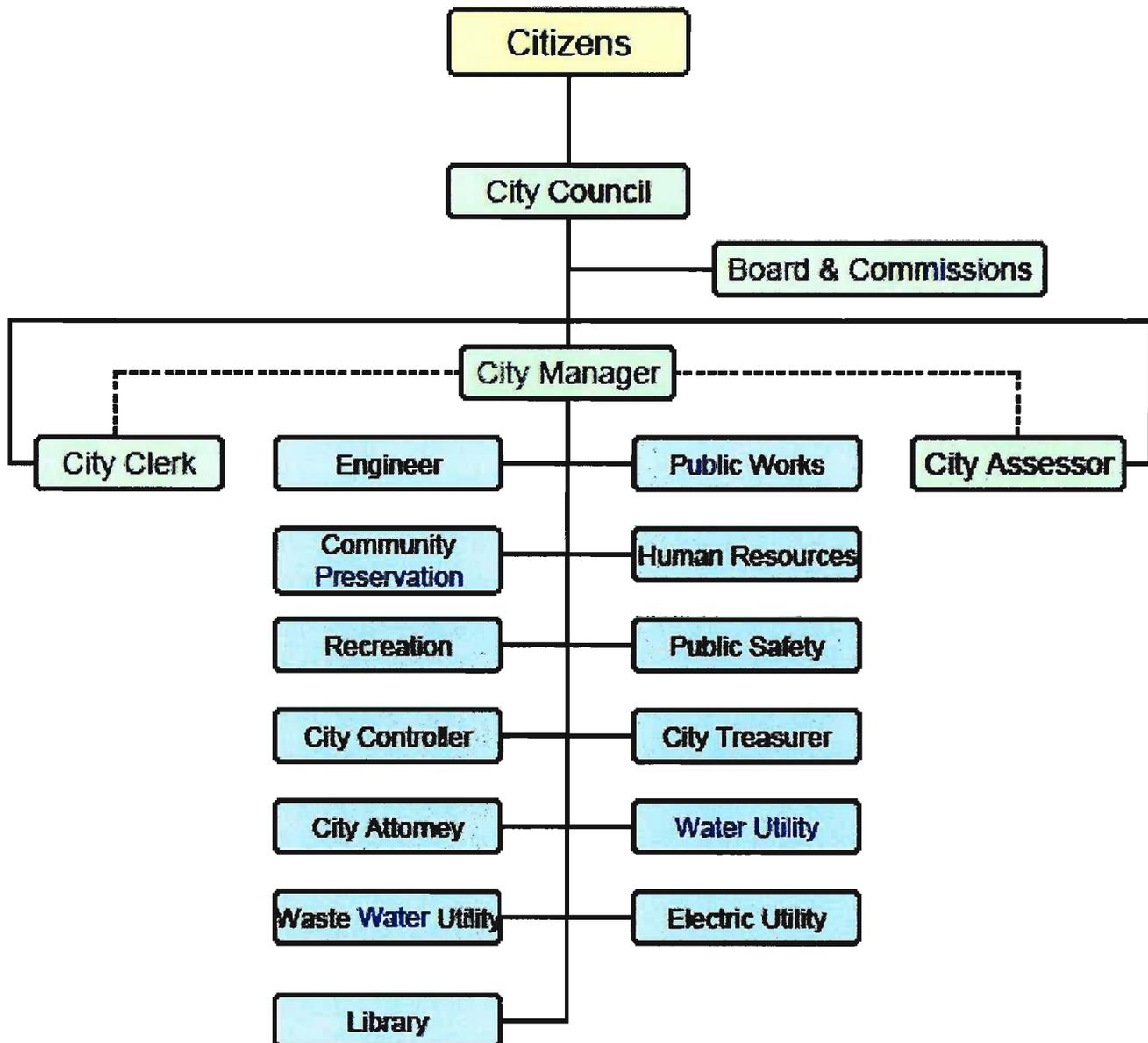
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## **INTRODUCTORY SECTION**

# City of Escanaba Organization Chart



**CITY COUNCIL**  
( ) Expiration of Term

Mayor  
Marc D. Tall (2017)

Members of the City Council  
Ronald J. Beauchamp - Mayor Pro Tem (2019)  
Michael Sattem (2019)  
Patricia A. Baribeau (2017)  
Ralph B. Blasier (2017)

**ADMINISTRATION**

City Manager  
James V. O'Toole

Clerk  
Robert S. Richards, CMC

Public Safety Director  
Ken Vanderlinden

Assessor  
Daina Norden

Engineer/Superintendent  
of Public Works  
William S. Farrell

City Treasurer/Human  
Resources Director  
Robert J. Valentine

Controller  
Melissa Becotte

Community Preservation  
James V. O'Toole

Recreation Director  
Kimberly Peterson

Superintendent of  
Electric Department  
Michael Furmanski

Library Director  
Carolyn Stacey

Superintendent of Water  
and Waste Water  
Departments  
Jeff Lampi

Attorney  
Ralph B. K. Peterson

December 17, 2015

Honorable Mayor, Members of the City Council and City Manager  
City of Escanaba, Michigan

The Comprehensive Annual Financial Report (CAFR) of the City of Escanaba, for the fiscal year ended June 30, 2015, is submitted herewith. This report was prepared by the City Controller's office. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

This document includes reporting treatment as required under the Governmental Accounting Standards Board Statement No. 34 (GASB 34) model. While GASB has no direct authority over the City's financial reporting practices, in order for the auditors to provide the City with an unqualified opinion, we are required to comply with the provisions of GASB 34.

GASB 34 impacts the reporting of the City's operations, but does not change the way in which the City's accounting system functions. Simply put, we account for operations as we always have, using the various funds that have been established over the years. When reporting on our operations, however, we are required to make adjustments which result in financial statements which are considerably different than in the past. Schedules detailing this adjustment from historical reporting to GASB 34 reporting can be found on pages 18 and 20.

Some highlights of the adjustments required under GASB 34 include:

**Reporting information on a "government-wide" basis rather than on a "funds type" basis, as in the past.** Unlike private sector accounting, where financial reporting covers all operations of an entity, governmental accounting has traditionally focused on individual funds. This treatment was based on the fact that there were usually legal requirements which dictated the permissible uses of the various revenue sources; fund accounting allowed for this segregation. Moving to a "government-wide" reporting format is designed to create an overall financial picture, which was often difficult to do under the "funds type" approach.

**Changing the manner by which the financial information is aggregated and**



**reported.** While GASB 34 still has certain “funds type” reporting requirements, the reporting process now requires a determination of which funds are defined as *major* individual funds. Once this determination is made, reporting requirements differ between major and non-major funds. This change is designed to provide greater focus on the most critical governmental operations.

**Changing the determination of operating results for governmental funds from a focus on *spendable resources* (cash in and cash out) to *total resources*.** Theoretically, this means that all activities reported in the government-wide financial statements will be reported in a manner similar to private sector accounting. The impact of this change is manifested in a number of areas, including infrastructure reporting and depreciation, debt service reporting and changes in accrual treatments.

The objectives of GASB 34 are varied; proponents believe that the treatment will help assess the City’s *overall* financial condition, identify whether the current year’s revenues were sufficient to pay for current year’s services and illustrate the extent to which the City invested in capital assets. While no single reporting model will adequately respond to all of the varied objectives that financial reporting hopes to address, it would appear that the new reporting model represents an improvement in some areas and a failure in others.

The single greatest deficiency in historical governmental accounting was its failure to recognize the difference between operating expenses and capital expenditures. Clearly, an entity which is putting a significant amount of its resources into infrastructure should be better positioned for the future than an entity which is spending 100% of its resources on operations. Governmental accounting failed to make this differentiation, while the new model takes a step in this direction. Similarly, by recognizing depreciation on those assets, it illustrates that there are costs in running a city beyond the cash that is being expended.

Additionally, by instituting a full accrual position for expenses, the new model accounts for future obligations which could impact financial health for a number of years. Finally, the model provides information on the total costs to run the City, something that was difficult to create under the former reporting model.

On the negative side, the infrastructure reporting is, by definition, incomplete. The City’s information was developed based on records from 1980 forward. Because many of the City’s assets have been in place for a significantly longer period, they are ignored by this process. As time goes on, the infrastructure reporting will become more meaningful.

Additionally, the reporting format’s emphasis on government-wide analysis suffers from the very diverse nature of City operations. For instance, if the City had one extremely “profitable” function, but all other functions were having difficulties, the new reporting model could net out to show that we were in good condition financially. This means little, however, if one of the struggling operations has no avenues available to it to reverse the negative trend.

With the submission of this Comprehensive Annual Financial Report, the City has met the requirements as set forth in GASB 34. While the “government-wide” reporting requirements of GASB 34 provides an important tool in analyzing City operations, analysis of this information as it relates to individual funds is very difficult. For this reason, we have also provided additional information which GASB 34 does not require, including detailed “funds type” reporting of all of the City’s governmental funds. This means that readers can use either or both of the reporting models - traditional and GASB 34 - to obtain the information they require and to best determine the financial results of the City’s operations.

The notes which are provided in the financial section are considered essential to fair presentation and adequate disclosure for this financial report. The notes include Note 1 – “Summary of Significant Accounting Policies” for the City, beginning on page 26, and other necessary disclosure of important matters relating to the financial position of the City. The notes are treated as an integral part of the financial statements and should be read in conjunction with them.

#### Acknowledgments

The preparation of this report could not be accomplished without the efficient and dedicated services of the entire staff of the Controller's Office. I would like to express my appreciation to the members of the staff who assisted and contributed to its preparation: Mike Dewar and Debbie Jussila.

Respectfully submitted,



Melissa Becotte  
City Controller

## **FINANCIAL SECTION**



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

OFFICES IN MICHIGAN AND WISCONSIN

Kristine P. Berhow, CPA, Principal  
Alan M. Stotz, CPA, Principal  
Raymond B. LaMarche, CPA, Principal

Brandy M. Olson, CPA  
Gary E. Maynard, CPA, PFS  
Kathleen A. Ciantar, CPA

## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor, Members of the  
City Council and City Manager  
City of Escanaba, Michigan

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Escanaba, Michigan, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Escanaba, Michigan, as of June 30, 2015, 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, budgetary comparison information and pension plan disclosures, as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational,

economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

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

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are 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 20, 2015, on our consideration of the City of Escanaba, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Escanaba, Michigan's internal control over financial reporting and compliance.



Certified Public Accountants

December 20, 2015

## Management Discussion and Analysis

The City of Escanaba’s Comprehensive Annual Financial Report (CAFR) consists of a variety of information, some of which is required and some of which is provided as supplementary information. All of the information is included in an effort to assist a reader in understanding the City’s financial position. This section, Management Discussion and Analysis (MD&A), is a required component of the CAFR.

CAFR reporting requirements include two distinct types of governmental financial reporting – “funds-type” financial statements and “government-wide” financial statements. “Funds-type” financial statements mirror the traditional reporting methodology, while “government-wide” financial statements represent financial reporting of all City activities utilizing a common reporting format. While the differences into the two reporting models are numerous, the purpose of the “government-wide” financial statements is to consolidate the City’s numerous funds into one total entity and to use accounting treatment similar to that used in the private sector. As such, it treats capital expenditures as investments, rather than expenses, and depreciates those investments over their anticipated lives. More information regarding the reporting differences between the two approaches can be found in Notes 1(b) through 1(g) in the Notes to Financial Statements.

The introduction of “government-wide” reporting is required under Governmental Accounting Standards Board Statement No. 34 (GASB 34). All of the contents of this document through page 75 are required under GASB 34; information following that point is considered supplementary information.

There are significant changes to the governmental reporting model this year under the new requirement of Governmental Accounting Standards Board Statement No. 68 (GASB 68). The statement requires government employers who contribute to employee pension plans to show the present value of projected pension payments to be made from the plan for active and retired members (total pension liability) less the current value of cash and investments being held by the fiduciary (fiduciary net position). Any pension liability that is not covered by assets of the plan (net pension liability) must be reported on the Statement of Net Position. While this does not result in a cash transaction, it is included in the non-current liabilities section of the schedule and is a reduction to the total net position.

The reporting methodology of the City’s CAFR is based upon the concept of a pyramid; the top of the pyramid is represented on pages 15 and 16 – the Statement of Net Position and the Statement of Activities. These schedules combine all City operations and adjust their reporting format into a common methodology. The base of the pyramid is the individual fund information, which can be found from page 63 (Required Supplemental Information) on. Because an understanding of the reporting hierarchy will assist the reader in understanding the financial results of the City’s operations, the following information will review the individual government statements in an order which provides a transition from “funds-type” reporting to “government-wide” reporting.

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**Mission Statement:**



## **Governmental Funds Balance Sheet**

This document, found on page 17, summarizes the assets and liabilities for all funds which are accounted for under the traditional governmental form of accounting, as of June 30, 2015. Under this format, no recognition is made for infrastructure assets and no distinction is made between operating expenditures and capital expenditures. Each fund carries a fund balance, which represents a total of available spendable resources for future activities. Detailed information in this statement can be traced to the individual funds found later in the CAFR, as those funds are also presented under the traditional governmental accounting format. This statement becomes the basis for transitioning to “government-wide” financial statement presentation.

## **Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets**

This document, which can be found on page 18, illustrates the process of converting the Governmental Funds Balance Sheet to the corresponding amounts used in the “government-wide” Statement of Net Position (page 15). Essentially, the process recognizes the capital assets, the corresponding depreciation and the long-term borrowing which have been created by governmental funds over the years. To put it in another way, rather than treating capital expenditures as another operating expense, it treats these expenditures as an asset which will be utilized into future years.

It can be noted that the total net position calculated on this schedule – just under \$22.7 million - is the same figure which is used on the previously referenced Statement of Net Position.

## **Governmental Funds Revenues, Expenditures and Changes in Fund Balances**

This document, found on page 19, summarizes the financial activities for all funds which are accounted for under the traditional governmental form of accounting, for the year ended June 30, 2015. As discussed previously, uses of available resources are treated as expenditures, regardless of the character of the expenditure. Detailed information in this statement can be traced to the individual funds found later in the CAFR, as those funds are also presented under the traditional governmental accounting format.

During the year, the City saw a decrease of approximately \$433,000 in the combined fund balances of these funds. The decrease was primarily attributable to one transaction. The City made the decision to recognize two loans in a combined amount of \$607,300 from the UDAG/DIAL Fund as bad debts. Absent this transaction, the combined fund balance would have shown an increase, as most of the governmental funds saw an increase in their individual fund balance. The only other governmental funds showing decreases in fund balance were the Major Streets Fund (down \$127,092, due to a transfer to the Local Streets Fund); Drug Law Enforcement Fund (down \$64,130 due to rental of office space and associated costs); Library Fund (down \$9,952) and the Parking Maintenance Fund (down \$335).

## **Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities**

This document, which can be found on page 20, illustrates the process of converting the traditional statement of revenues, expenditures and increases / (decreases) in fund balance (page 19) to the corresponding amounts used

in the “government-wide” Statement of Activities (page 16). Essentially, the process eliminates expenditures which create capital assets and reduce long-term debt and recognizes depreciation expense and various transactions on a modified accrual basis. With this conversion, the City’s traditional fund basis accounting system is transformed into financial statements which would mirror private sector accounting treatment. It can be noted that once this conversion process is completed, we see a decrease in net assets of nearly \$2.6 million, resulting primarily from the negative results reported on page 19, the GASB 68 pension expense and the fact that depreciation expense exceeded capital outlay by over \$267,000.

The remaining documents which are required under GASB 34 (pages 21-23) represent our enterprise and internal service funds. Because these funds have always been accounted for in a manner which mirrors private sector accounting, there is no need to “convert” this information, as was required with the governmental funds, prior to their inclusion in the “government-wide” financial statements reflected on pages 15 and 16. Detailed information in these remaining statements can be traced to the individual funds found later in the CAFR.

**Statement of Net Position**

As discussed previously, this document (page 15) summarizes the financial position of all City operations, modified as required into a private sector format, as of June 30, 2015. Below is a summarized comparison of this year’s statement to last year’s:

Assets	<u>Y/E 6/30/2015</u>	<u>Y/E 6/30/2014</u>	<u>Yr. to Yr. Change</u>
Current Assets			
Cash/Investments	\$30,110,257	\$30,446,861	(\$336,604)
Receivables	6,319,219	7,482,969	(1,163,750)
Other Assets	1,254,631	1,540,621	(285,990)
Noncurrent Assets			
Restricted Assets	381,263	369,243	12,020
Capital Assets	96,254,409	114,673,357	(18,418,948)
Accumulated Depreciation	<u>(47,997,384)</u>	<u>(63,080,431)</u>	<u>15,083,047</u>
TOTAL ASSETS	<u>\$86,322,395</u>	<u>\$91,432,620</u>	<u>(\$5,110,225)</u>
Deferred Outflows-Pension	<u>\$ 5,435,328</u>	<u>\$ 0</u>	<u>\$5,435,328</u>
Liabilities			
Current Liabilities	\$7,021,250	\$ 6,856,395	\$ 164,855
Noncurrent Liabilities	<u>31,723,376</u>	<u>6,853,926</u>	<u>24,869,450</u>
TOTAL LIABILITIES	<u>\$38,744,626</u>	<u>\$13,710,321</u>	<u>\$25,034,305</u>
Deferred Inflows – Pension	<u>\$ 216,828</u>	<u>\$ 0</u>	<u>\$ 216,828</u>
NET POSITION	<u>\$52,796,269</u>	<u>\$77,722,299</u>	<u>(\$24,926,030)</u>

As noted previously, governmental activities ended the fiscal year with a decrease in net position; business-type

activities also saw a decrease in net position, including prior period adjustments and contributed capital. From page 22, the net position increase in the Water Utility fund was offset by net position decreases in the Electric Utility, Wastewater Utility and Marina funds. The decrease in the Electric Utility fund net position was due primarily to the write off of the power plant and all assets of the plant, in the amount of \$2,914,256. The City experienced an explosion at the plant substation in February, 2015 that rendered the plant inoperable. We continue to work with our insurance company to recover our losses as a result of the event. Electric operations ended the year with an operating loss of \$1,169,492, which was primarily due to costs associated with the City of Escanaba SSR, Presque Isle SSR and White Pine SSR's.

Cash and investments decreased by nearly \$337,000, due, in part, to reduced market value of investments.

Current liabilities increased by 2.4% or roughly \$165,000.

It should be noted that this statement includes the Escanaba Housing Commission (Harbor Towers) as a component unit; this is required under accounting convention. Other than the ability to appoint board members, however, the City exercises no control over the day to day operations of this entity, nor does it have any financial commitment.

### **Statement of Activities**

As discussed previously, this document (page 16) summarizes the revenues and expenses for all City operations, modified as required into a private sector format, for the year ended June 30, 2015. As discussed in the Statement of Net Position, the results in this document show a decrease in net City position of over \$24.9 million, including prior period adjustments, reporting of unfunded pension liability and contributed capital. The majority of the decrease in net position is a result of implementation of the GASB 68 reporting of unfunded pension liability.

This document segments revenues into various categories and further distinguishes between direct revenues (attributable to specific functions) and general revenues, such as taxes and State shared revenues. The result, reflected in the Total column, represents the net cost of the various activities.

Total governmental activities' expenses, modified under the private sector reporting format, were \$12.86 million for the year, an increase of nearly \$1 million from the prior year. Total expenses for business-type activities were \$22.45 million, an increase of nearly \$580,000, primarily reflecting higher costs in the electric utility and wastewater utility.

Total *net* governmental activities expense, which represents the cost of activities after deducting revenues directly attributable to those activities, was roughly \$10 million. A significant portion of these expenses are offset, however, by the general revenues listed at the bottom of the schedule. These revenues, which include taxes, interest earnings and gains and losses on investments, showed a decrease of slightly under \$1 million over the prior year.

While the schedules on page 15 and 16 are instructive for comparative purposes, readers need to examine the individual funds in order to isolate individual fund performance.

**Bonded Debt**

During the fiscal year, the City made payments of \$500,000 on the City's bonded debt; as no new debt was incurred, we saw our outstanding bonded debt decrease from \$6.88 million to \$6.38 million. There are no plans for new bonding issues in the 2015/16 fiscal year. A complete schedule of City debt, including non-bonded long-term debt, can be found in Note 9 – Long-Term Debt.

In February, 2014, Standard & Poor's affirmed their original rating of AA- on the City's 2010 Capital Improvement Bond issuance (Water Utility Fund).

**Subsequent Events**

The City continues to deal with Michigan Tax Tribunal cases which could result in the City losing significant tax revenue. While the amount of the potential loss is significant, administration believes that future growth in taxable valuations, combined with adjustments to operations moving forward, can decrease the impact on the City. Administration has been very active in speaking with the State representatives about the negative impacts the Michigan Tax Tribunal decisions are having on the local government level and we hope that the State will make changes to eliminate the loopholes soon. In general, the City will still need to confront the issue of flat or declining revenues in some sectors, while our costs continue to increase. The City continues to review all aspects of its operations on an ongoing basis, but to date, all funds continue to operate above the levels required by State law.

Additionally, the City continues its efforts to sell the electric generating plant; because the City can purchase power at rates that are substantially less than the plant can produce the power, the City has been attempting to sell the plant for several years. It is hoped that the sale of the plant will occur before the end of the 2015-2016 fiscal year.

**Additional Information**

The City's CAFR is designed to provide both an overall and detailed analysis of the City's operations. Any questions regarding this information or requests for additional information can be directed to my attention at City Controller, 410 Ludington Street, P.O. Box 948, Escanaba, MI 49829 or by calling (906) 789-7300.

Respectfully submitted,



Melissa Becotte  
City Controller

**CITY OF ESCANABA, MICHIGAN**

**STATEMENT OF NET POSITION**

June 30, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Escanaba Housing Commission
<b>ASSETS:</b>				
Current assets:				
Cash and equivalents	\$ 202,983	\$ 588,410	\$ 791,393	\$ 131,043
Investments, at market	13,522,917	14,854,379	28,377,296	467,907
Sequestered cash and equivalents	941,568	-	941,568	-
Receivables:				
Accounts	457,033	2,292,492	2,749,525	47,032
Mortgages, land contracts and other notes	1,295,582	-	1,295,582	-
Special assessments	1,104	-	1,104	-
Accrued interest	177,516	196,252	373,768	-
Miscellaneous	333	-	333	-
Due from other funds	-	-	-	-
Due from other governments:				
State of Michigan	494,113	-	494,113	-
Local units	-	-	-	-
Advances to other funds	279,794	1,125,000	1,404,794	-
Real estate held for resale	8,200	-	8,200	-
Inventory	137,012	465,517	602,529	-
Prepaid items	483,910	159,992	643,902	35,665
<b>Total current assets</b>	<b>18,002,065</b>	<b>19,682,042</b>	<b>37,684,107</b>	<b>681,647</b>
Noncurrent assets:				
Restricted assets:				
Investments, at market	-	381,263	381,263	-
Capital assets	45,202,495	51,051,914	96,254,409	8,348,643
Accumulated depreciation	(22,649,615)	(25,347,769)	(47,997,384)	(6,363,885)
<b>Net noncurrent assets</b>	<b>22,552,880</b>	<b>26,085,408</b>	<b>48,638,288</b>	<b>1,984,758</b>
<b>TOTAL ASSETS</b>	<b>\$ 40,554,945</b>	<b>\$ 45,767,450</b>	<b>\$ 86,322,395</b>	<b>\$ 2,666,405</b>
<b>DEFERRED OUTFLOWS - PENSION</b>	<b>\$ 5,152,344</b>	<b>\$ 282,984</b>	<b>\$ 5,435,328</b>	<b>\$ -</b>
<b>LIABILITIES:</b>				
Current liabilities:				
Accounts payable	\$ 392,242	\$ 1,219,323	\$ 1,611,565	\$ 51,541
Accrued liabilities	-	-	-	103,106
Accrued interest	-	46,815	46,815	-
Claims payable	195,344	-	195,344	-
Accrued salaries and fringes	242,998	241,603	484,601	-
Customer deposits	-	240,461	240,461	-
Due to other funds	-	-	-	-
Due to other governments	155,910	-	155,910	-
Advances from other funds	1,125,000	279,794	1,404,794	-
Unearned revenue	630,269	1,619,741	2,250,010	-
Compensated absences, current portion	161,750	-	161,750	27,864
Bonds payable, current portion	-	470,000	470,000	-
<b>Total current liabilities</b>	<b>2,903,513</b>	<b>4,117,737</b>	<b>7,021,250</b>	<b>182,511</b>
Noncurrent liabilities:				
Compensated absences	475,601	-	475,601	4,004
Bonds payable	-	5,910,000	5,910,000	-
Net pension liability	19,425,258	5,912,517	25,337,775	-
<b>Total noncurrent liabilities</b>	<b>19,900,859</b>	<b>11,822,517</b>	<b>31,723,376</b>	<b>4,004</b>
<b>TOTAL LIABILITIES</b>	<b>\$ 22,804,372</b>	<b>\$ 15,940,254</b>	<b>\$ 38,744,626</b>	<b>\$ 186,515</b>
<b>DEFERRED INFLOWS - PENSION</b>	<b>\$ 216,828</b>	<b>\$ -</b>	<b>\$ 216,828</b>	<b>\$ -</b>
<b>NET POSITION:</b>				
Net investment in capital assets	\$ 21,224,165	\$ 19,044,351	\$ 40,268,516	\$ 1,984,758
Restricted for:				
Capital projects	1,155,099	-	1,155,099	-
Debt service	-	381,263	381,263	-
Other purposes	7,222,716	-	7,222,716	-
Unrestricted	(6,915,891)	10,684,566	3,768,675	495,132
<b>TOTAL NET POSITION</b>	<b>\$ 22,686,089</b>	<b>\$ 30,110,180</b>	<b>\$ 52,796,269</b>	<b>\$ 2,479,890</b>

See accompanying notes to financial statements.

**CITY OF ESCANABA, MICHIGAN**

**STATEMENT OF ACTIVITIES**

For the year ended June 30, 2015

Functions/Programs:	Net (Expense) Revenue and Changes in Net Position							
	Expenses	Program Revenues			Primary Government			Component Unit
		Fees, fines & charges for services	Operating grants and contributions	Capital grants and contributions	Governmental activities	Business-type activities	Total	Escanaba Housing Commission
Primary Government:								
Governmental activities:								
General government	\$ 890,082	\$ 179,299	\$ 3,765	\$ -	\$ (707,018)	\$ -	\$ (707,018)	\$ -
Public safety	6,961,283	803,395	104,977	14,319	(6,038,592)	-	(8,038,592)	-
Highways, streets and public works	2,219,466	37,021	1,031,847	85,023	(1,065,575)	-	(1,065,575)	-
Sanitation	624,738	210,772	-	-	(413,966)	-	(413,966)	-
Community services	155,899	814	-	-	(155,085)	-	(155,085)	-
Recreation	580,778	56,759	17,634	55,448	(450,937)	-	(450,937)	-
Cultural	520,495	17,704	123,545	100	(379,146)	-	(379,146)	-
Urban redevelopment and housing	611,187	27,806	-	-	(583,381)	-	(583,381)	-
Economic development	259,406	-	-	74,287	(185,119)	-	(185,119)	-
Capital projects	-	-	-	-	-	-	-	-
Other functions	2,718	-	-	-	(2,718)	-	(2,718)	-
Interest on long-term debt	37,974	-	-	-	(37,974)	-	(37,974)	-
Total governmental activities	12,864,026	1,333,570	1,281,768	229,177	(10,019,511)	-	(10,019,511)	-
Business-type activities:								
Electric utility	18,757,827	17,588,335	-	-	-	(1,169,492)	(1,169,492)	-
Water utility	2,009,181	2,009,469	-	-	-	288	288	-
Waste water utility	1,438,048	1,305,859	-	-	-	(132,189)	(132,189)	-
Marina activity	249,973	216,879	-	-	-	(33,094)	(33,094)	-
Total business-type activities	22,455,029	21,120,542	-	-	-	(1,334,487)	(1,334,487)	-
Total primary government	\$ 35,319,055	\$ 22,454,112	\$ 1,281,768	\$ 229,177	(10,019,511)	(1,334,487)	(11,353,998)	-
Component Unit:								
Escanaba Housing Commission	\$ 1,061,674	\$ 519,437	\$ 220,049	\$ 382,343	-	-	-	60,155
General revenues:								
Property taxes					5,320,982	-	5,320,982	-
State revenue sharing					1,309,892	-	1,309,892	-
Unrestricted grants and contributions					15,151	-	15,151	-
Unrestricted gain (loss) on sale of assets					-	1	1	-
Unrestricted investment earnings (losses)					52,978	372,214	425,192	9,628
State grant					-	123,064	123,064	-
Interest subsidy					-	64,534	64,534	-
Loss on asset impairment					-	(2,914,256)	(2,914,256)	-
Miscellaneous					325,796	(176,441)	149,355	111,086
Transfers					413,391	(459,624)	(46,233)	-
Total general revenues and transfers					7,438,190	(2,990,508)	4,447,682	120,714
Change in net position					(2,581,321)	(4,324,995)	(6,906,316)	180,869
Net position, beginning of year, as previously stated					37,737,552	39,984,747	77,722,299	2,299,021
Prior period adjustment					(12,470,142)	(5,600,353)	(18,070,495)	-
Net position, beginning of year, as restated					25,267,410	34,384,394	59,651,804	2,479,890
Add: Contributed capital					-	50,781	50,781	-
Net position, end of year					\$ 22,686,089	\$ 30,110,180	\$ 52,796,269	\$ 2,479,890

See accompanying notes to financial statements.

**CITY OF ESCANABA, MICHIGAN**

**GOVERNMENTAL FUNDS  
BALANCE SHEET**

June 30, 2015

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>			
Cash and equivalents	\$ 14,491	\$ 188,492	\$ 202,983
Investments, at market	3,613,880	8,133,977	11,747,857
Sequestered cash and equivalents	-	941,568	941,568
Receivables:			
Accounts, net of bad debt allowance	407,108	30,884	437,992
Mortgages, land contracts and other notes	(221)	1,295,803	1,295,582
Special assessments	700	404	1,104
Accrued interest	55,477	101,413	156,890
Due from other funds:			
Sanitary Landfill Fund	4,615	-	4,615
Delta County Central Dispatch Authority Fund	5,776	-	5,776
Due from other governments:			
State of Michigan	9,992	257,133	267,125
Delta County	-	-	-
Advances to other funds:			
Marina Fund	-	279,794	279,794
Motor Vehicle Equipment Fund	203,715	-	203,715
Real estate held for investment	-	8,200	8,200
Inventory	137,012	-	137,012
Prepaid items	159,614	-	159,614
<b>TOTAL ASSETS</b>	<b>\$ 4,612,159</b>	<b>\$ 11,237,668</b>	<b>\$ 15,849,827</b>
<b>LIABILITIES:</b>			
Accounts payable	\$ 261,006	\$ 108,884	\$ 369,890
Accrued salaries and fringes	218,911	-	218,911
Due to other governments:			
State of Michigan	155,790	120	155,910
Due to other funds:			
General Fund	-	10,391	10,391
Unearned revenue	99,995	645,746	745,741
<b>TOTAL LIABILITIES</b>	<b>735,702</b>	<b>765,141</b>	<b>1,500,843</b>
<b>FUND BALANCES:</b>			
<b>Nonspendable:</b>			
Principal	-	1,094,634	1,094,634
Inventory	137,012	-	137,012
Prepaid items	159,614	-	159,614
<b>Restricted:</b>			
Capital improvements	-	60,465	60,465
Economic development	-	2,299,211	2,299,211
Revolving loans	-	1,647,567	1,647,567
UPSET expenses/building	-	185,025	185,025
Future DDA projects as listed in the TIF plan	-	267,636	267,636
Brownfield	-	4,050	4,050
Local Streets	-	972,025	972,025
Major Streets	-	1,847,202	1,847,202
<b>Assigned:</b>			
Economic development	-	105,260	105,260
Sanitary landfill	-	27,668	27,668
Parking lots	-	721	721
Capital improvements	-	1,608,693	1,608,693
Housing rehab	-	228,498	228,498
Library operations	-	105,660	105,660
Drug law enforcement	-	18,212	18,212
Unassigned	3,579,831	-	3,579,831
<b>TOTAL FUND BALANCES</b>	<b>3,876,457</b>	<b>10,472,527</b>	<b>14,348,984</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 4,612,159</b>	<b>\$ 11,237,668</b>	<b>\$ 15,849,827</b>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION**

June 30, 2015

Total fund balances for governmental funds \$ 14,348,984

Total net position reported for governmental activities in the Statement of Net Position is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:

Land	\$ 518,691	
Land improvements	6,070,594	
Buildings & improvements	3,428,375	
Parking lots	439,709	
Vehicles & equipment	1,853,033	
Infrastructure	18,971,372	
Less:		
Accumulated depreciation	<u>(14,157,755)</u>	17,124,019

Internal service funds are used by the City to charge various costs to individual funds or departments of the City which are not accounted for as enterprise activities. The assets and liabilities of the internal service fund are included in the governmental activities in the Statement of Net Position 5,995,769

This amount reflects the state revenue sharing receivable that is subject to full accrual recognition but not for modified accrual. 226,988

Deferred outflows of resources related to pensions 5,152,344

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities, both current and long-term, are reported in the Statement of Net Position.

Net pension liability	\$(19,425,258)	
Compensated absences & FICA	<u>(637,351)</u>	(20,062,609)

Unearned revenue reported as a liability on the balance sheet of the fund financial statements has been recognized as a revenue in the Statement of Activities and has been removed from the Statement of Net Position. 117,422

Deferred inflows of resources related to pensions (216,828)

Total net position of governmental activities \$ 22,686,089

See accompanying notes to financial statements.

**CITY OF ESCANABA, MICHIGAN**

**GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE**

For the Year Ended June 30, 2015

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES:			
Taxes	\$ 4,925,854	\$ 348,253	\$ 5,274,107
Licenses and permits	2,128	-	2,128
Local sources	10,000	122,914	132,914
State grants	1,340,519	1,238,026	2,578,545
Federal sources	55,353	-	55,353
Charges for services	258,415	921,682	1,180,097
Fines and forfeitures	44,817	26,654	71,471
Miscellaneous	178,764	285,539	464,303
<b>TOTAL REVENUES</b>	<u>6,815,850</u>	<u>2,943,068</u>	<u>9,758,918</u>
EXPENDITURES:			
General government	1,052,854	-	1,052,854
Public safety	4,246,944	769,580	5,016,524
Highways, streets and public works	512,416	1,271,161	1,783,577
Sanitation	622,625	-	622,625
Community services	16,148	139,161	155,309
Recreation	639,841	-	639,841
Cultural	180	524,392	524,572
Urban redevelopment and housing	-	611,187	611,187
Economic development	-	247,572	247,572
Other functions	2,718	-	2,718
Debt service	-	41,226	41,226
<b>TOTAL EXPENDITURES</b>	<u>7,093,726</u>	<u>3,604,279</u>	<u>10,698,005</u>
<b>EXCESS REVENUES (EXPENDITURES)</b>	<u>(277,876)</u>	<u>(661,211)</u>	<u>(939,087)</u>
OTHER FINANCING SOURCES (USES):			
Gain (loss) on sale of investments	4,834	8,443	13,277
Operating transfers in	811,795	691,740	1,503,535
Operating transfers out	(540,973)	(469,500)	(1,010,473)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>275,656</u>	<u>230,683</u>	<u>506,339</u>
<b>EXCESS REVENUES AND OTHER FINANCING SOURCES (EXPENDITURES AND OTHER FINANCING USES)</b>	<u>(2,220)</u>	<u>(430,528)</u>	<u>(432,748)</u>
Fund balance, beginning of year	<u>3,878,677</u>	<u>10,903,055</u>	<u>14,781,732</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 3,876,457</u>	<u>\$ 10,472,527</u>	<u>\$ 14,348,984</u>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES**

For the year ended June 30, 2015

Net changes in fund balances - total governmental funds \$ (432,748)

The 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 capitalized and the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (\$623,046) is exceeded by depreciation expense (\$890,654) and the removal of fixed assets (\$-). (267,608)

Internal service funds are used by the City to charge various costs to individual funds or departments of the City which are not accounted for as an enterprise activity. This is the net revenue (expense) of the internal service fund that is reported with the governmental activities. 28,444

Repayment of debt principal is an expenditure in the governmental funds but reduces the debt liability in the Statement of Net Position.

Principal repayments:  
DDA 40,000

Change in the pension expense for adjustments related to GASB #68 (2,019,601)

This amount reflects the unearned revenue reported in the fund financial statements that is recognized as revenue in the Statement of Activities. 46,875

This amount reflects the state revenue sharing revenue that is subject to full accrual recognition but not for modified accrual. 10,547

Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis of accounting, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than when it accrues. This adjustment combines the following net changes:

Compensated absences & FICA 12,770

Changes in net position of governmental activities \$ (2,581,321)

See accompanying notes to financial statements.

**CITY OF ESCANABA, MICHIGAN**

**PROPRIETARY FUNDS  
STATEMENT OF NET POSITION**

June 30, 2015

	Electric Utility Fund	Water Utility Fund	Waste Water Utility Fund	Non-major Enterprise Fund	Total Enterprise Funds	Internal Service Funds
<b>ASSETS:</b>						
Current assets:						
Cash and equivalents	\$ 502,338	\$ -	\$ -	\$ 86,072	\$ 588,410	\$ -
Investments, at market	11,498,704	662,119	2,653,670	39,886	14,854,379	1,775,060
Receivables:						
Accounts	1,794,793	297,249	190,985	9,465	2,292,492	19,041
Accrued interest	151,552	8,422	35,746	532	196,252	20,626
Miscellaneous	-	-	-	-	-	333
Inventory	328,036	118,619	7,978	10,884	465,517	-
Prepaid items	159,837	-	31	124	159,992	324,296
<b>Total current assets</b>	<b>14,435,260</b>	<b>1,086,409</b>	<b>2,888,410</b>	<b>146,963</b>	<b>18,557,042</b>	<b>2,139,356</b>
Advance to Escanaba Building Authority Fund	1,125,000	-	-	-	1,125,000	-
Restricted assets:						
Investments, at market	-	147,842	233,421	-	381,263	-
Property, plant and equipment	15,590,976	20,294,250	12,351,650	2,815,038	51,051,914	13,920,721
Less accumulated depreciation	(9,712,291)	(7,559,057)	(6,737,215)	(1,339,206)	(25,347,769)	(8,491,860)
Net property, plant and equipment	5,878,685	12,735,193	5,614,435	1,475,832	25,704,145	5,428,861
<b>TOTAL ASSETS</b>	<b>\$ 21,438,945</b>	<b>\$ 13,969,444</b>	<b>\$ 8,736,266</b>	<b>\$ 1,622,795</b>	<b>\$ 45,767,450</b>	<b>\$ 7,568,217</b>
<b>DEFERRED OUTFLOWS - PENSION</b>	<b>\$ 129,136</b>	<b>\$ 86,371</b>	<b>\$ 66,690</b>	<b>\$ 787</b>	<b>\$ 282,984</b>	<b>\$ -</b>
<b>LIABILITIES:</b>						
Current liabilities:						
Accounts payable	1,141,975	26,410	45,344	5,594	1,219,323	22,352
Customer deposits	240,461	-	-	-	240,461	-
Claims payable	-	-	-	-	-	195,344
Accrued salaries, wages and fringes	97,082	68,369	76,152	-	241,603	24,087
Accrued interest payable	-	45,493	1,322	-	46,815	-
Payable from restricted assets:						
Current portion of revenue bonds	-	-	55,000	-	55,000	-
Unearned revenue	1,616,951	1,300	-	1,490	1,619,741	1,950
Bonds payable:						
Current portion of revenue bonds	-	415,000	-	-	415,000	-
<b>Total current liabilities</b>	<b>3,096,469</b>	<b>556,572</b>	<b>177,818</b>	<b>7,084</b>	<b>3,837,943</b>	<b>243,733</b>
Long-term liabilities:						
Advance from other funds:						
Land Development Fund	-	-	-	279,794	279,794	-
General Fund	-	-	-	-	-	203,715
Electric Fund	-	-	-	-	-	1,125,000
Bonds payable	-	5,730,000	180,000	-	5,910,000	-
Net pension liability	2,698,084	1,804,599	1,393,385	16,449	5,912,517	-
<b>Total long-term liabilities</b>	<b>2,698,084</b>	<b>7,534,599</b>	<b>1,573,385</b>	<b>296,243</b>	<b>12,102,311</b>	<b>1,328,715</b>
<b>TOTAL LIABILITIES</b>	<b>5,794,553</b>	<b>8,091,171</b>	<b>1,751,203</b>	<b>303,327</b>	<b>15,940,254</b>	<b>1,572,448</b>
<b>NET POSITION:</b>						
Net investment in capital assets	5,878,685	6,590,193	5,379,435	1,196,038	19,044,351	4,100,146
Restricted:						
Debt service	-	147,842	233,421	-	381,263	-
Unrestricted	9,894,843	(773,391)	1,438,897	124,217	10,684,566	1,895,623
<b>Total net position</b>	<b>15,773,528</b>	<b>5,964,644</b>	<b>7,051,753</b>	<b>1,320,255</b>	<b>30,110,180</b>	<b>5,995,769</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 21,568,081</b>	<b>\$ 14,055,815</b>	<b>\$ 8,802,956</b>	<b>\$ 1,623,582</b>	<b>\$ 46,050,434</b>	<b>\$ 7,568,217</b>

See accompanying notes to financial statements.

**CITY OF ESCANABA, MICHIGAN**

**PROPRIETARY FUNDS  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

For the Year Ended June 30, 2015

	Electric Utility Fund	Water Utility Fund	Waste Water Utility Fund	Non-major Enterprise Fund	Total Enterprise Funds	Internal Service Funds
<b>OPERATING REVENUES:</b>						
Charges for services	\$ 17,588,335	\$ 2,009,469	\$ 1,305,859	\$ 213,296	\$ 21,116,959	\$ (812)
Equipment rental	-	-	-	-	-	942,298
Provision for self-insurance	-	-	-	-	-	232,185
Miscellaneous	-	-	-	3,583	3,583	364,443
<b>TOTAL OPERATING REVENUES</b>	<b>17,588,335</b>	<b>2,009,469</b>	<b>1,305,859</b>	<b>216,879</b>	<b>21,120,542</b>	<b>1,538,114</b>
<b>OPERATING EXPENSES:</b>						
General government	-	-	-	-	-	1,035,553
Enterprises	-	-	-	176,967	176,967	-
Capital projects	-	-	-	-	-	15,689
Production	15,447,521	410,010	380,939	-	16,238,470	-
Transmission and distribution	442,268	191,251	143,797	-	777,316	-
Station	-	-	31,687	-	31,687	-
Customer service	14,873	82,546	24,654	-	122,073	-
Administrative and general	1,382,945	522,856	450,316	-	2,356,117	-
Provision for depreciation	906,732	377,079	219,946	58,650	1,562,407	381,710
Overhead to utilities	563,488	190,370	181,113	-	934,971	-
<b>TOTAL OPERATING EXPENSES</b>	<b>18,757,827</b>	<b>1,774,112</b>	<b>1,432,452</b>	<b>235,617</b>	<b>22,200,008</b>	<b>1,432,952</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(1,169,492)</b>	<b>235,357</b>	<b>(126,593)</b>	<b>(18,738)</b>	<b>(1,079,466)</b>	<b>105,162</b>
<b>NON-OPERATING REVENUE (EXPENSES):</b>						
Gain (loss) on sale of investments	13,072	711	3,028	38	16,849	1,767
Rent received	-	15,600	-	-	15,600	-
State grant	-	123,064	-	-	123,064	-
Interest subsidy	-	64,534	-	-	64,534	-
Gain (loss) on sale of property and equipment	1	-	-	-	1	-
Loss on inventory	(192,041)	-	-	-	(192,041)	-
Loss on asset impairment	(2,914,256)	-	-	-	(2,914,256)	-
Interest earnings	292,865	11,813	50,128	559	355,365	37,934
Interest expense	-	(235,069)	(5,596)	(14,356)	(255,021)	(36,748)
Operating transfers in	-	-	-	4,000	4,000	-
Operating transfers out	(463,624)	-	-	-	(463,624)	(79,671)
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>(3,263,983)</b>	<b>(19,347)</b>	<b>47,560</b>	<b>(9,759)</b>	<b>(3,245,529)</b>	<b>(76,718)</b>
<b>CHANGE IN NET POSITION</b>	<b>(4,433,475)</b>	<b>216,010</b>	<b>(79,033)</b>	<b>(28,497)</b>	<b>(4,324,995)</b>	<b>28,444</b>
Net position, beginning of year, as previously stated	22,711,854	7,457,956	8,450,604	1,364,333	39,984,747	5,967,325
Prior period adjustment	(2,555,632)	(1,709,322)	(1,319,818)	(15,581)	(5,600,353)	-
Net position, beginning of year, as restated	20,156,222	5,748,634	7,130,786	1,348,752	34,384,394	5,967,325
Contributed capital	50,781	-	-	-	50,781	-
<b>NET POSITION, END OF YEAR</b>	<b>\$ 15,773,528</b>	<b>\$ 5,964,644</b>	<b>\$ 7,051,753</b>	<b>\$ 1,320,255</b>	<b>\$ 30,110,180</b>	<b>\$ 5,995,769</b>

See accompanying notes to financial statements.

**CITY OF ESCANABA, MICHIGAN**

**PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS**

For the Year Ended June 30, 2015

	Electric Utility Fund	Water Utility Fund	Waste Water Utility Fund	Non-major Enterprise Fund	Total Enterprise Funds	Internal Service Funds
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>						
Cash received from customers	\$ 18,904,366	\$ 1,995,999	\$ 1,284,259	\$ 223,401	\$ 22,408,025	\$ 201,761
Cash received from other funds for services	-	6,420	11,617	-	18,037	1,336,739
Cash payments to suppliers for goods & services	(14,333,405)	(609,873)	(529,612)	(107,641)	(15,580,531)	(810,840)
Cash payments to employees for services	(3,632,105)	(745,355)	(668,337)	(67,502)	(5,113,299)	(219,928)
Cash payments to other funds for services	(6,215)	(22,486)	(43,190)	(4,959)	(76,850)	-
Cash payments of benefits	-	-	-	-	-	(221,271)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>932,641</b>	<b>624,705</b>	<b>54,737</b>	<b>43,299</b>	<b>1,655,382</b>	<b>286,461</b>
<b>CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES:</b>						
Net interfund loan transactions	-	-	-	(18,313)	(18,313)	-
Operating transfers in	-	-	-	4,000	4,000	-
Operating transfers out	(463,624)	-	-	-	(463,624)	(79,671)
<b>NET CASH FLOWS PROVIDED (USED) BY NON CAPITAL FINANCING ACTIVITIES</b>	<b>(463,624)</b>	<b>-</b>	<b>-</b>	<b>(14,313)</b>	<b>(477,937)</b>	<b>(79,671)</b>
<b>CASH FLOW FROM CAPITAL FINANCING ACTIVITIES:</b>						
State grant	-	123,064	-	-	123,064	-
Advances from other funds	-	-	-	-	-	-
Advances to other funds	125,000	-	-	-	125,000	-
Acquisition and construction of capital assets	(1,444,454)	(66,407)	(90,217)	-	(1,601,078)	(138,223)
Proceeds from the sale of capital assets	1	-	-	-	1	-
Principal paid on revenue bond maturities	-	(405,000)	(55,000)	-	(460,000)	(139,290)
Interest paid	-	(172,096)	(5,906)	(14,356)	(192,358)	(36,746)
<b>NET CASH USED BY CAPITAL FINANCING ACTIVITIES</b>	<b>(1,319,453)</b>	<b>(520,439)</b>	<b>(151,123)</b>	<b>(14,356)</b>	<b>(2,005,371)</b>	<b>(314,261)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Gain (loss) on sale of investments	13,072	711	3,028	39	16,850	35,659
Interest received	259,201	9,570	42,525	806	312,102	-
Rent received	-	15,600	-	-	15,600	-
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>272,273</b>	<b>25,881</b>	<b>45,553</b>	<b>845</b>	<b>344,552</b>	<b>35,659</b>
<b>NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS</b>	<b>(578,163)</b>	<b>130,147</b>	<b>(50,833)</b>	<b>15,475</b>	<b>(483,374)</b>	<b>(71,812)</b>
Cash and equivalents, beginning of year	12,579,205	679,814	2,937,924	110,483	16,307,426	1,846,872
<b>CASH AND EQUIVALENTS, END OF YEAR</b>	<b>\$ 12,001,042</b>	<b>\$ 809,961</b>	<b>\$ 2,887,091</b>	<b>\$ 125,958</b>	<b>\$ 15,824,052</b>	<b>\$ 1,775,060</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>						
Operating income (loss)	\$ (1,169,492)	\$ 235,357	\$ (126,593)	\$ (18,738)	\$ (1,079,466)	\$ 105,162
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation	906,732	377,079	219,946	58,650	1,562,407	381,710
Loss on coal inventory	(192,041)	-	-	-	(192,041)	-
Prior period adjustment	(2,555,632)	(1,709,322)	(1,319,818)	(15,581)	(5,600,353)	-
Changes in assets and liabilities:						
(Increase) decrease in accounts receivable	1,195,335	(7,050)	(9,983)	6,145	1,184,447	(197,979)
(Increase) decrease in inventories	274,716	(2,355)	(2,491)	762	270,632	-
(Increase) decrease in prepaid expenses	247,076	-	(31)	(124)	246,921	-
(Increase) decrease in deferred outflows	(129,136)	(86,371)	(66,690)	(787)	(282,984)	-
Increase (decrease) in accounts payable	(467,675)	6,035	(37,425)	(3,854)	(502,919)	(9,662)
Increase (decrease) in accruals	17,294	6,733	4,437	-	28,464	7,230
Increase (decrease) in unearned revenue	104,124	-	-	377	104,501	-
Increase (decrease) in customer deposits	3,256	-	-	-	3,256	-
Increase (decrease) in net pension liability	2,698,084	1,804,599	1,393,385	16,449	5,912,517	-
<b>Total adjustments</b>	<b>2,102,133</b>	<b>389,348</b>	<b>181,330</b>	<b>62,037</b>	<b>2,734,848</b>	<b>181,299</b>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ 932,641</b>	<b>\$ 624,705</b>	<b>\$ 54,737</b>	<b>\$ 43,299</b>	<b>\$ 1,655,382</b>	<b>\$ 286,461</b>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2015

	Pension Trust Fund	Private- Purpose Trusts	Agency Funds
<b>ASSETS:</b>			
Cash and equivalents	\$ 1,308	\$ 367,624	\$ 13,694
Investments, at market	26,314,683	-	-
Receivables	-	4,573	-
Due from other funds:			
General Fund	-	46,233	-
<b>TOTAL ASSETS</b>	<b><u>\$ 26,315,991</u></b>	<b><u>\$ 418,430</u></b>	<b><u>\$ 13,694</u></b>
<b>LIABILITIES:</b>			
Accounts payable	\$ -	\$ 158,155	\$ -
Due to other governments	-	-	13,694
<b>TOTAL LIABILITIES</b>	<b><u>\$ -</u></b>	<b><u>\$ 158,155</u></b>	<b><u>\$ 13,694</u></b>
<b>NET POSITION:</b>			
Restricted for:			
Bezold Trust Fund	\$ -	\$ 260,275	
Employee's retirement system	26,315,991	-	
<b>TOTAL NET POSITION</b>	<b><u>\$ 26,315,991</u></b>	<b><u>\$ 260,275</u></b>	

See accompanying notes to financial statements.

**CITY OF ESCANABA, MICHIGAN**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**

For the Year Ended June 30, 2015

	<u>Pension Trust Fund</u>	<u>Private- Purpose Trusts</u>
<b>OPERATING REVENUES:</b>		
Interest and dividends	\$ 961,933	\$ 6,422
Gain (loss) on sale of investments	164,540	-
Contributions:		
City of Escanaba	1,033,739	-
Employees	124,797	-
<b>TOTAL OPERATING REVENUES</b>	<u>2,285,009</u>	<u>6,422</u>
<b>OPERATING EXPENSES:</b>		
Administrative and general	6,835	-
Benefits and refunds of member contributions	1,538,201	-
Cultural	-	169,117
<b>TOTAL OPERATING EXPENSES</b>	<u>1,545,036</u>	<u>169,117</u>
<b>OPERATING INCOME (LOSS)</b>	<u>739,973</u>	<u>(162,695)</u>
<b>OTHER FINANCING SOURCES (USES):</b>		
Gain (loss) on sales of investments	-	390
Operating transfers in:		
General Fund	-	46,233
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>46,623</u>
<b>NET INCOME (LOSS)</b>	739,973	(116,072)
Net position, beginning of year	<u>25,576,018</u>	<u>376,347</u>
<b>NET POSITION, END OF YEAR</b>	<u>\$ 26,315,991</u>	<u>\$ 260,275</u>

See accompanying notes to financial statements.

**CITY OF ESCANABA, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

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

The accounting policies of the City of Escanaba 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 policies.

**A. Reporting Entity** - The City's financial statements include the accounts of all City operations. The primary criterion applied to an activity or entity to determine if that entity should be included in the financial statements is the degree of oversight responsibility over such entities by the City's elected officials. This responsibility includes financial interdependency, selection of governing authority, selection of management, ability to significantly influence operations, and accountability for fiscal matters. Additional criteria that are considered even if there is no significant oversight responsibility are an entity's scope of public service and special financing relationships between a particular agency and the reporting entity. Based on these criteria and authoritative guidelines, the financial statements of the City of Escanaba include as blended funds the Escanaba Public Safety Pension Fund, the Downtown Development Authority and the Escanaba Building Authority, which are separately administered organizations controlled by the City. Additionally, the Escanaba Housing Commission is included as a discretely presented component unit. The Housing Commission is a separately administered organization, but is presented as a discrete component unit in that the City has the ability to significantly influence its operations.

For financial reporting purposes, in conformance with GASB Statements 14 and 39, the City of Escanaba (the primary government) includes all funds, account groups, agencies, boards, commissions, and authorities that are controlled by or dependent on the City's legislative branch, the City Council. Control by or dependence is determined on the basis of budget adoption, taxing authority, outstanding debt secured by revenues or general obligations of the City, obligation of the City to finance any deficits that may occur, or receipt of significant subsidies from the City. In addition, State of Michigan, Department of Treasury pronouncements were considered in the determination process. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

**Component Units** - In conformity with accounting principles generally accepted in the United States of America, the financial statements of the component units have been included in the financial reporting entity as blended component units.

**Blended Component Units** - The City has three component units in which the financial data has been blended with the primary government financial statement.

**Escanaba Public Safety Pension** - For financial reporting purposes, the Escanaba Public Safety Pension is reported as if it were part of the City's operations because its board is appointed by the City Council and its purpose is to provide pension benefits to the City's Public Safety employees. This fund has a separate component unit audit which is available and on file with the City of Escanaba Treasurer.

**Downtown Development Authority** - For financial reporting purposes, the Downtown Development Authority is reported as if it were part of the City's operations because the City Council maintains budgetary control and its purpose is to promote and provide financial support to the downtown merchants.

**Escanaba Building Authority** - For financial reporting purposes, the Escanaba Building Authority is reported as if it were part of the City's operations because its board is appointed by the City Council and its purpose is to account for the financing of the Public Works Complex and the financing and maintenance of the City Hall/Library Complex.

**Discretely Presented Component Unit** - The City has one discretely presented component unit for which the financial data has been included in this financial statement. The component unit is reported in a separate column to emphasize that it is legally separate from the City.

**CITY OF ESCANABA, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

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

**Escanaba Housing Commission** - For financial reporting purposes the Escanaba Housing Commission is discretely reported in these financial statements because the Housing Commission board is appointed, and may be removed, by the City Council. The data included in this report is for the Housing Commission's fiscal year ended September 30, 2014. A separate audit report is issued for the Housing Commission and a complete copy of this report can be obtained at:

Escanaba Housing Commission  
110 South 5th Street  
Escanaba, MI 49829

**Joint Venture** - The City of Escanaba is a participant with Delta County, the City of Gladstone, and local townships in a joint venture to provide for a landfill, the Delta Solid Waste Management Authority. The authority is governed by a seven person Board of Directors, composed of three representatives of the participating townships, three representatives of the participating cities, and one member of the Delta County Board of Commissioners. Complete financial statements for the Delta Solid Waste Landfill can be obtained directly from Delta Solid Waste Management Authority. See Note 14 for additional information.

Delta Solid Waste Management Authority  
100 Delta Avenue  
Gladstone, Michigan 49837

**B. Basis of Presentation** - The City has adopted the Governmental Accounting Standards Board (GASB) Statement No. 34, as described below.

**Government-Wide Financial Statements** - The Statement of Net Position and the Statement of Activities display information about the City as a whole. They include all funds of the City except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

**Fund Financial Statements** - The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Funds are organized into three major categories: governmental, proprietary and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. The General Fund is always considered a major fund and the remaining funds of the City are considered major if they meet the following criteria:

- a. Total assets, liabilities, revenues, or expenditure/expenses of the individual governmental or enterprise fund are at least ten percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditure/expenses of the individual governmental or enterprise fund are at least five percent of the corresponding total for all governmental and enterprise funds combined.

The City reports the following fund as a major governmental fund in accordance with the previously listed criteria:

General Fund

**CITY OF ESCANABA, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

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

The City reports the following funds as major enterprise funds in accordance with the previously listed criteria:

Electric Utility Fund  
Water Utility Fund  
Waste Water Utility Fund

The funds of the City are described below:

**GOVERNMENTAL FUNDS**

**General Fund** - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

**Special Revenue Funds** - Special Revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. Special revenue funds used by the City are as follows:

**Major Street Fund** - This fund accounts for revenues and expenditures in connection with the street system designated as major streets by the State of Michigan. This fund is required under state law.

**Local Street Fund** - This fund accounts for revenues and expenditures in connection with the street system designated as local streets by the State of Michigan. This fund is required under state law.

**Parking Maintenance Fund** - This fund accounts for revenues and expenditures related to the maintenance of parking lots.

**Downtown Development Authority Fund** - This fund accounts for revenues and expenditures in connection with developing and maintaining the Downtown Development Authority District.

**Brownfield Fund** - This fund accounts for the revenues and expenditures in connection with developing and maintaining qualifying properties in the Brownfield zone. The major source of revenue is taxes assessed on the growth and development of properties within the plan.

**Drug Law Enforcement Fund** - This fund accounts for the revenues and expenditures in connection with forfeitures received both locally and from UPSET.

**Delta County Central Dispatch Authority** - This fund accounts for the revenues and expenditures relating to the emergency dispatching services provided by the City.

**Library Fund** - This fund accounts for revenues and expenditures directly attributable to library operations.

**Housing Rehab Fund** - This fund accounts for revenues and expenditures attributable to the City's program of rehabilitating substandard rental and owner occupied housing. Major financing sources include the U. S. Department of Housing and Urban Development, the Michigan State Housing Development Authority and the reuse of UDAG/DIAL funds.

**Grants Fund** - This fund accounts for revenues from various sources, including City matching shares, received under one-time grants. Expenditures are restricted to accomplishing the goals as defined in the individual grant offers.

**CITY OF ESCANABA, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

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

**Urban Development Action Grant Fund (UDAG/DIAL)** - This fund has been established to account for funds granted to the City by the U.S. Department of Housing and Urban Development to make a loan to the Dial Corporation to be used for Delta Plaza improvements and related expenditures and other loans for economic development. Collections of interest and principal on these loans must be used for economic development activities.

**Farmers Home Grant Fund** - This fund was established to account for funds granted to the City by the Rural Development Administration, United States Department of Agriculture. The grant produced \$200,000 to be used by Calouette Industrial Properties for the renovation of buildings on the former Harnischfeger site. The grant called for a \$50,000 loan and a \$150,000 grant.

**E.D.A. Revolving Loan Fund -**

**M.S.C. Revolving Loan Fund II** - These funds were established to account for funds granted to the City to make loans to concerns which show the capacity for the creation of jobs. The E.D.A. Revolving Loan Fund was established through the U.S. Department of Commerce, under its Economic Development Administration's Title IX Adjustment Implementation Program. The M.S.C. Revolving Loan Fund II was established through the State of Michigan's Department of Commerce Michigan Small Cities Program. Under each grant, loan repayments, including interest, are used to make further loans to concerns meeting specific criteria.

**Land Development Fund** - This fund accounts for revenues and expenditures in connection with the development and sale of City owned land. It was established to provide on-going financing for water, sewer, storm sewer and street development on City owned properties.

**Sanitary Landfill Fund** - This fund was established by City ordinance and records receipts of garbage pickup fees by the City utility billing department. Fees are used to offset landfill tipping expenses in the General Fund.

**Permanent Fund** - The Gas Retirement Fund is the City's only permanent fund. This fund accounts for funds received from the sale of the City's gas utility in June, 1965, to Michigan Consolidated Gas Company. By a vote of the citizens on November 2, 1965, the City is prohibited from expending any principal resulting from the sale. Additionally, the interest earned from the investment of the principal must be spent on "capital improvements" only.

**PROPRIETARY FUNDS**

**Enterprise Funds** - Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or after November 30, 1989, unless those pronouncements conflict or contradict GASB pronouncements. Enterprise Funds used by the City are as follows:

**Electric Utility Fund** - This fund is used to record the operations of an electrical system.

**Water Utility Fund** - This fund is used to record the operations of a water system.

**Waste Water Utility Fund** - This fund is used to record the operations of a waste water system.

**Marina Fund** - This fund is used to record the operations of a marina.

**CITY OF ESCANABA, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

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

**Internal Service Funds** - Internal Service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, on a cost-reimbursement basis. In the government-wide financial statements, Internal Service Fund activity is included with the governmental activities. Internal Service Funds used by the City are as follows:

**Escanaba Building Authority Fund** - This fund is used to account for the financing of both the Public Works Complex and the City Hall/Library Complex. Such costs are billed to user departments in the form of rent.

**Motor Vehicle Equipment Fund** - This fund accounts for the cost of acquiring, maintaining and providing vehicle and equipment usage to various City departments. Such costs are billed to user departments in the form of rent.

**Office Equipment Fund** - This fund accounts for the cost of acquiring, maintaining and providing various office equipment usage to various City departments. Such costs are billed to user departments in the form of rent.

**Risk Retention Fund** - This fund is used to account for the City's partially self-insured general liability and property coverage.

**Health Insurance Fund** - This fund is used to account for the City's health, dental and life insurance programs, which were partially self-insured. During the 2012 fiscal year the City reverted back to purchased insurance for these programs.

**Worker's Compensation Fund** - This fund is used to account for the City's workers' compensation self-insurance program.

**Unemployment Compensation Fund** - This fund is used to account for the City's unemployment compensation self-insurance program.

**FIDUCIARY FUNDS**

**Trust and Agency Funds** - Trust and Agency Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. Agency Funds are custodial in nature and do not involve measurement of results of operations.

Trust and Agency Funds of the City are as follows:

**Private Purpose Trust Funds:**

**Catherine Bonifas Trust Fund** - This fund accounts for monies received from a bequest under the Last Will and Testament of Catherine Bonifas.

**Bezold Trust Fund** - This fund accounts for monies received from a bequest from the estate of Margaret Bezold.

**Pension Trust Fund:**

**Public Safety Retirement Fund** - This fund is used to record the operations of the public safety employees' retirement system.

**CITY OF ESCANABA, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

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

**Agency Funds:**

**Tax Collection Fund** - This fund is used to account for the collections and payment of amounts received by the City in an agency capacity for governmental units assessing a property tax on property within the City limits.

**C. Measurement Focus and Basis of Accounting** - Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded, regardless of the measurement focus applied.

**Measurement Focus** - On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-type activities are presented using the "economic resources" focus, which is described in paragraph (b) below:

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental funds, which include private purpose trust funds, utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable resources at the end of the period.
- b. The proprietary funds, which include pension trust funds, utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus is the determination of operating income, changes in net position, financial position and cash flows. All assets and liabilities, whether current or non-current, associated with their activities are reported. Proprietary fund equity is classified as net position.
- c. Agency Funds are not involved in the measurement of results of operations; therefore measurement focus is not applicable to them.

**D. Basis of Accounting** - In the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-type activities are presented using the accrual basis of accounting. Also, the proprietary fund financial statements are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented using the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when they become measurable and available. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after the year-end. Expenditures, including capital outlay, are recorded when the related liability is incurred, except for principal and interest on general long-term debt and accrued compensated absences, which are reported when due.

**E. Assets, Liabilities and Net Position/Fund Balances:**

1. **Cash and Equivalents** - The City's cash and cash equivalents as reported in the Statement of Cash Flows and the Statement of Net Position are considered to be cash on hand, demand deposits and short-term investments with maturities of three months or less.

**CITY OF ESCANABA, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

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

2. Receivables - All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Receivables are written off on a policy based on how recently payments have been received.
3. Due to and Due From Other Funds - Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which the transactions are executed.
4. Inventory - Inventories are valued at the lower of cost or market, using the weighted average method. Inventories are recorded as an expenditure/expense at the time the individual items are consumed.
5. Fixed Assets - The accounting and reporting treatment applied to property, plant and equipment depends on whether the assets are used in governmental fund operations or proprietary fund operations and on whether the assets are reported in the government-wide financial statements or the fund financial statements.

**Government-wide Statements** - In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost or estimated historical cost if actual cost was unavailable. Donated fixed assets are recorded at their estimated fair market value as of the date of donation.

Prior to July 1, 2002, the governmental funds infrastructure assets, the major and local street systems, were not capitalized. These assets have been valued at their estimated historical cost.

Depreciation of all exhaustible fixed assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the estimated useful life of the asset using the straight-line method of depreciation. The range of estimated useful lives, by fund, is as follows:

Electric Utility Fund:	
Operating plant	3 - 34 years
Distribution system and equipment	4 - 40 years
Water Utility Fund:	
Water plant and distribution system	2 - 75 years
Equipment	2 - 20 years
Waste Water Utility Fund:	
Structures	10 - 50 years
Mains	30 - 75 years
Furniture and equipment	5 - 20 years
Marina Fund:	
Boat launch/parking	20 - 50 years
Furniture, fixtures and equipment	4 - 15 years
Marina docks, piers and walls	10 - 75 years
Harbor Master building	15 - 50 years
Internal Service Funds (Governmental):	
Escanaba Building Authority	3 - 45 years
Motor Vehicles and Equipment	3 - 25 years
Office Equipment	3 - 10 years
Other Assets (Governmental):	
Land improvements	30 - 50 years
Buildings	20 - 50 years

**CITY OF ESCANABA, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

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

Infrastructure	20 - 50 years
Equipment	5 - 30 years

**Fund Financial Statements** - In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same as in the government-wide financial statements.

6. Long-term Debt - The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide financial statements or the fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of bonds and notes payable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and the payment of principal and interest is reported as expenditures. The accounting for long-term debt for the proprietary funds is the same in the fund financial statements as it is in the governmental-wide financial statements.

7. Compensated Absences - The City's policies regarding vacation and sick time allow employees to accumulate earned but unused vacation and sick time. The liability for these compensated absences is recorded as long-term debt in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while proprietary funds report the liability as it is incurred.
8. Unearned Revenues - In the government-wide financial statements and the proprietary fund financial statements, unearned revenue is recognized when cash, receivables or other assets are received prior to being earned. In the fund financial statements, unearned revenue is recognized when the revenue is not earned or unavailable.
9. Equity Classification

Government-wide Financial Statements - Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - This component consists of capital assets net of accumulated depreciation and reduced by the outstanding balance of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. Restricted net position - This component consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

Fund Financial Statements - The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The

**CITY OF ESCANABA, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

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

classifications used in the governmental fund financial statements are as follows:

- **Nonspendable**: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The City has classified prepaid expenses and inventories as being Nonspendable as these items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- **Restricted**: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed**: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council. These amounts cannot be used for any other purpose unless the Council removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- **Assigned**: This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The City Council has retained the authority to formally assign fund equity. The City has various assigned fund balances that are specifically identified on the face of the financial statements.
- **Unassigned**: This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

For purposes of fund balance classification, expenditures are to be spent from restricted fund balances first (when appropriate), followed in order by committed fund balance, assigned fund balance and lastly, unassigned fund balance.

**F. Revenues**

**Government-wide Financial Statements** - In the government-wide Statement of Activities, revenues are segregated by activity (governmental or business type) and are classified as either program revenue or general revenue. Program revenues include charges to customers or applicants for goods or services, operating grants and contributions and capital grants and contributions. General revenues include all revenues that do not meet the criteria of program revenues and include revenues such as property taxes, state revenue sharing payments and interest earnings.

**Fund Financial Statements** - In the governmental fund statements, revenues are reported by source, such as federal, state and taxes. Revenues consist of general-purpose revenues and restricted revenues. General-purpose revenues are available to fund any activity reported in that fund, while restricted revenues are available only for a specific purpose or activity and the restrictions are typically required by law or a grantor agency.

When both general-purpose and restricted revenues are available for use, it is the City's policy to use restricted resources first.

**CITY OF ESCANABA, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

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

**G. Expenses/Expenditures**

Government-wide Financial Statements - In the government-wide Statement of Activities, expenses are segregated by activity (governmental or business type) and are classified by function.

Fund Financial Statements - In the governmental fund financial statements, expenditures are classified by character; current, debt service and capital outlay.

In the proprietary fund financial statements, expenses are classified by operating and non-operating and are further classified by function, such as salaries, supplies and contracted services.

**H. Operating Revenues and Expenses** - Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing or investing activities.

**I. Other Financing Sources (Uses)** - The transfers of cash between the various City funds are budgeted but reported separately from revenues and expenditures as operating transfers, unless they represent temporary advances that are to be repaid, in which case they are carried as assets and liabilities of the advancing or borrowing funds, respectively.

**J. Interfund Activity** - As a general rule, the interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are: 1) activities between funds reported as governmental activities and funds reported as business-type activities, and 2) activities between funds that are reported in different functional categories in either the governmental or business-type activities column. Elimination of these activities would distort the direct cost and program revenues for the functions concerned.

Interfund receivables and payables have been eliminated from the Statement of Net Position except for the residual amounts due between governmental and business-type activities.

**K. Budget and Budgetary Accounting** - The development and adoption of the City's budget is based upon requirements as set forth in both the City Charter and Act 2, Public Acts of 1968 of the State of Michigan, the "Uniform Budgeting and Accounting Act." The following is a summary of the significant legal requirements and the City's policies.

**Budgetary Basis of Accounting** - Act 2, Public Acts of 1968 of the State of Michigan requires a formal budget for all funds except Internal Service, Enterprise or Public Improvements/Building and Site Funds, which require an "informational summary" in lieu of a formal budget. The City Charter requires submission of the budget to the City Council no later than two months prior to the beginning of the next fiscal year. The City Charter further defines the information required to be presented in the budget and the requirement for a public hearing prior to adoption. The City Charter and state law also require that an appropriations ordinance be adopted, based on the approved budgets, no later than one month prior to the ensuing fiscal year. All budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

**Appropriations Ordinance** - As prescribed by state law, the City's annual appropriations ordinance includes the legal expenditure limitations for all Governmental Fund Types. This includes the General Fund and all Special Revenue Funds. Proprietary Funds do not require inclusion in the appropriations ordinance.

The appropriations ordinance prescribes the legal expenditure limits for all funds required to be included in the ordinance. The level of control for each fund is based upon the level to which the appropriation ordinance details it. Most budgets are adopted on a fund basis, but the General Fund is adopted on the activity level of various functions or programs within the General Fund. Administrative control of expenditures is maintained through the utilization of the detailed line item budgets

**CITY OF ESCANABA, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

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

upon which the appropriations ordinance is formulated.

**Budget Amendment** - The City Charter states that at any meeting after the passage of the appropriations ordinance, with at least one week's printed notice in a city newspaper, the Council may amend the appropriations ordinance. Budget amendments may be required due to several factors; receipt of outside grants during the year, expenditures for unanticipated developments and projects continuing over two fiscal years. Unexpended appropriations lapse at year end with the exception of the Capital Projects Funds. The budgeted amounts listed in this report are as originally adopted on May 19, 2014, and as amended by the Council on June 18, 2015.

**Budgetary Calendar**

1. The City holds public hearings on the budget from January through April. These publicized meetings are designed to encourage public input into City programs and are held at these times to allow integration of suggestions into the budgetary process.
2. Budgets are developed and reviewed with the City Council at budget work sessions open to the public. Department heads are given the opportunity to support their requests during these sessions.
3. The City holds two public hearings in May on the budgets, publicized and open to the public. At the second meeting, budgets are adopted and the appropriations ordinance is drafted based on the adopted budget.
4. The appropriations ordinance is formally adopted prior to June 1.
5. The City Manager is authorized to transfer budgeted amounts between line items within most funds. For the General Fund, this is limited to the activity level of various functions or programs. However, any revisions that alter the total expenditures of most funds or the activity level expenditures of the General Fund must be approved by the City Council.

**L. Investments** - In compliance with Governmental Accounting Standards Board Statement No. 31 (GASB 31), all investments are stated at market value as of June 30, 2015.

The primary purpose of GASB 31 is to alert financial statement users of any possible problems with investment portfolios, based on differences between cost and market. By requiring that financial statements reflect investments at market, it effectively requires that any differences between cost and market values - unrealized gains and losses - are treated as recognized gains and losses. The treatment of recognizing unrealized gains and losses is recorded on the City's books as "Gain (loss) on sale of investments" in each of the City's funds that this applies to.

The creation of unrealized gains and losses is a condition resulting from the change in interest rates which occurs continuously in the world's financial markets. Generally, as interest rates fall, the market value of investments rise and as interest rates rise, the market values of investments fall. While techniques can be used to minimize this impact and to predict future interest rate direction, the reality is that these changes are a simple fact of investing. GASB 31 was an attempt to recognize that as these changes occur in financial markets, it can impact an entity's future funds availability.

Numerous governmental entities have suffered major financial impacts resulting from these shifts in market conditions. Theoretically, by recording investments at market, financial statement readers are alerted to potential problems of this nature.

The problem with GASB 31 is that it requires the recognition of revenue that hasn't been, and may never be, received. Not only does this impact the financial statements in a manner which cannot be reasonably budgeted for, it can lead to even greater distortions in future years. The basic structure of the City's portfolio is a "laddering" approach; as funds become

**CITY OF ESCANABA, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

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

available for investing, they are generally invested for a duration longer than the investments which are currently owned, depending on the rates that the market is providing. As a result, the City has investments maturing on a regular basis. Having to sell investments at a loss in order to raise cash will seldom, if ever, occur.

Because the City believes that the imposition of GASB 31 on the City's financial statements has an inappropriate effect, the schedule below details, for each fund impacted the audited results, the impact of GASB 31, and the financial results without the imposition of GASB 31.

Fund	Audited Results	GASB 31 Impact	Actual Results
General Fund	\$ 302	\$ (4,834)	\$ (4,532)
Electric Utility Fund	(4,433,475)	(13,072)	(4,446,547)
Major Street Fund	(127,092)	(1,842)	(128,934)
Local Street Fund	186,406	(819)	185,587
Parking Maintenance Fund	(335)	(1)	(336)
Marina Fund	(28,497)	(38)	(28,535)
Downtown Development Authority	69,823	(282)	69,541
Brownfield Fund	1	(6)	(5)
Drug Law Enforcement Fund	(64,130)	(20)	(64,150)
Delta County Central Dispatch	-	(7)	(7)
Library Fund	(9,952)	(154)	(10,106)
Housing Rehab Fund	19,264	(221)	19,043
UDAG/DIAL Fund	48,833	(1,721)	47,112
E.D.A. Revolving Loan Fund	(587,315)	(583)	(587,898)
Farmers Home Grant Fund	734	(49)	685
M.S.C. Revolving Loan Fund	4,655	(108)	4,547
Water Utility Fund	216,010	(711)	215,299
Escanaba Building Authority	3,032	(305)	2,727
Land Development Fund	20,021	(1,337)	18,684
Waste Water Utility Fund	(79,033)	(3,028)	(82,061)
Motor Vehicle Fund	(71,667)	(474)	(72,141)
Office Equipment Fund	40,814	(232)	40,582
Risk Retention Fund	82,071	(67)	82,004
Catherine Bonifas Trust Fund	(116,183)	(119)	(116,302)
Bezold Trust Fund	111	(271)	(160)
Worker's Compensation Fund	45,730	(377)	45,353
Gas Retirement Fund	4,073	(1,201)	2,872
Unemployment Compensation Fund	5,257	(312)	4,945
Sanitary Landfill Fund	2,325	(92)	2,233

**M. Post-retirement Benefits** - Post-retirement benefits consist primarily of pension benefits as explained in Note 8.

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

**CITY OF ESCANABA, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

**NOTE 2 - BUDGET NONCOMPLIANCE**

The City has not complied with certain provisions of the Michigan Uniform Budgeting and Accounting Act. Items of noncompliance are as follows.

The following functions in the General Fund were overspent:

Tourism Promotion	\$	507
Transfer to the Bonifas Trust Fund		3,243

The following funds were overspent:

Major Street Fund	\$	8,159
E.D.A. Revolving Loan Fund		607,300

**NOTE 3 - CASH, DEPOSITS AND INVESTMENTS**

Cash balances of most City funds are pooled for investment purposes. Interest earnings and any net short-term gains on sales of investments purchased with pooled funds are allocated monthly to each of the funds based on their daily equity balance. The carrying amount of pooled cash and investments on June 30, 2015 and 2014 was \$29,123,174 and \$29,838,149, respectively.

The City also has several funds which do not participate in the investment pool. The majority of non-pooled cash and investments are owned by the Public Safety Pension Fund. The carrying amount of non-pooled cash and investments as of June 30, 2015 and 2014 was \$28,065,655 and \$26,934,062, respectively.

The investment of City funds is governed by state statutes. In general, state statutes provide that the City is authorized to invest their pooled funds in bonds, direct obligations and repurchase agreements of the United States Government or an agency of the same; deposits in insured financial institutions having their primary office in Michigan; commercial paper rated prime; bankers acceptances issued by United States banks; and mutual funds that invest in any of the preceding investments.

The major restriction placed on non-pooled investments is based on state statutes governing the Public Safety Pension Fund. These statutes define the types of investments (including equity investments, which are not legal for the pooled funds) that the fund can make and further define the permitted ratios of investments. In addition, the Public Safety Pension Fund governing board currently has a sixty-five (65) percent ceiling on equities as a proportion of total investments.

Investment requirements imposed by local bonding ordinances are an additional restriction placed on non-pooled deposits and investments. These ordinances require funds which serve as bond reserves to be separately invested in obligations of the United States Government or its agencies or instrumentalities.

Attorney General's Opinion No. 6168 states that public funds may not be deposited in financial institutions located in states other than Michigan.

**Deposits** - At June 30, 2015, the carrying amount of the City's deposits was \$16,603,212 and the bank balance was \$16,710,615. Of the bank balance, \$935,026 was covered by federal depository insurance and \$15,775,589 was uninsured and uncollateralized. Cash and equivalents on the statement of net assets also include \$4,125 of cash on hand.

**Cash Equivalents** - Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and mature in such a short period of time that their values are effectively immune from changes in interest rates. Examples of cash equivalents include treasury bills, commercial paper, money market funds, and cash management pools.

**CITY OF ESCANABA, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2015

**NOTE 3 - CASH, DEPOSITS AND INVESTMENTS – (continued)**

A reconciliation of cash and investments to bank deposits and total investments is as follows:

Government-wide Statement of Net Position	
Presentation:	
Cash and equivalents	\$ 791,393
Investments, at market	28,377,296
Sequestered cash and equivalents	941,568
Restricted cash and investments	<u>381,263</u>
Subtotal	<u>30,491,520</u>
Statement of Fiduciary Net Position	
Presentation:	
Cash and equivalents	382,626
Investments, at market	<u>26,314,683</u>
Subtotal	<u>26,697,309</u>
<b>TOTAL</b>	<b><u>\$ 57,188,829</u></b>

The City's investments are stated at fair value, which is determined using the current stock and bond indexes, as appropriate. For investments that do not have established market values, estimated fair value is used.

The following schedule lists the investments and maturities of the City as of June 30, 2015:

	<u>Investment Maturities (In Years)</u>				
	<u>Market</u>	<u>Less than One</u>	<u>One to Five</u>	<u>Six to Ten</u>	<u>Over Ten</u>
Investments:					
Operating Funds:					
U. S. Treasury Obligations	\$ 5,939,395	\$ 1,024,093	\$ -	\$ 4,915,302	\$ -
U.S. Agencies	5,947,076	-	990,332	4,956,744	-
CD's listed as investments	<u>2,380,338</u>	<u>2,380,338</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$14,266,809</u>	<u>\$ 3,404,431</u>	<u>\$ 990,332</u>	<u>\$ 9,872,046</u>	<u>\$ -</u>

**CITY OF ESCANABA, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

**NOTE 3 - CASH, DEPOSITS AND INVESTMENTS – (continued)**

In addition to the above holdings, the City (which includes funds held by the Public Safety Officer Pension Trust Fund (PSO)), had the following holdings, which are also recorded at market value:

	<u>Market Value</u>
Investments:	
Pension Funds:	
Mutual Funds:	
Vanguard Small Cap Index Fund	\$ 3,195,870
Eaton Vance Fund of Boston	2,529,619
Vanguard 500 Index Fund	5,751,105
Vanguard Total Bond Market Index Fund	3,703,089
Vanguard REIT Fund	1,252,216
Vanguard Short Term Bond Index	3,254,396
JP Morgan Mid Cap Value Fund	5,186,932
Dimensional International Value Fund	<u>1,441,456</u>
	<u>\$ 26,314,683</u>

**Interest Rate Risk** - The City's investment policy follows state law with the exception that while state law has no maximum maturity on investments, the City requires that investments not exceed twelve years. None of the City's investments exceeded this threshold. The PSO's investments are in mutual fund investment pools which are not subject to interest rate risk disclosure.

**Credit Risk** - The City's and the PSO's investment policies follows state law. Of the U.S. Treasury investments listed on the previous page, \$1,980,547 was rated AAA by Moody's rating service. The balance of \$3,958,848 was not separately rated. Of the U.S. Agency investments, all \$5,947,076 was rated AAA by Moody's rating service. The money market funds held by the City and the mutual funds held by the PSO were not separately rated.

**Custodial Credit Risk** - The City's investment policy states that brokerages offering securities to the City are required to maintain all securities in a separate account and to not aggregate the City's securities with those of other account holders. The PSO's investments are in mutual fund investment pools, which are evidenced by shares in the pool, not by securities that exist in physical or book-entry form.

**Concentration of Credit Risk** - The City's investment policy states that no more than fifty percent of its surplus funds may be invested in certificates of deposit. As of June 30, 2015, the City had 7.8% of its surplus funds invested in certificates of deposit. Additionally, the City is only allowed to invest up to ten percent of its pooled funds in commercial paper and repurchase agreements. As of June 30, 2015, the City had no funds invested in either commercial paper or repurchase agreements.

The PSO's investment policy prohibits any one security exceeding five percent of an overall fund. No investment exceeded this threshold during the fiscal year. Additionally, no one industry can represent more than twenty percent of an individual fund. No industry represented more than twenty percent of an individual fund during the fiscal year.

**CITY OF ESCANABA, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

**NOTE 4 - UTILITY RECEIVABLES**

The City's net receivables for utility services (Electric, Water, and Waste Water) are summarized as follows:

Billed Receivables	\$ 988,305
Unbilled Receivables	<u>1,148,541</u>
Total Receivables	2,136,846
Less: Allowance for doubtful accounts	<u>(29,200)</u>
Net Receivables	<u>\$ 2,107,646</u>

The City's Sanitary Landfill Special Revenue Fund also shows \$17,111 of billed receivables and \$13,773 of unbilled receivables which are categorized under accounts receivable in the financial statements.

**NOTE 5 - MORTGAGES, LAND CONTRACTS AND OTHER NOTES RECEIVABLE**

Long-term receivables due the City at June 30, 2015 and 2014 consist of the following:

<u>Debtor</u>	Original Amount of Loan	Inter- est Rate	Monthly Payment	Collateral	Balance June 30,	
					2015	2014
<b><u>UDAG/DIAL Grant Fund:</u></b>						
DeGrand Enterprises	\$ 10,000	0.0%	357(a)	Real Estate	\$ 5,746	\$ 6,786
Rick and Judy Jensen	10,000	0.0%	357(a)	Real Estate	604	604
Craig Woerpel	10,000	0.0%	357(a)	Real Estate	4,853	5,831
Matt Heath	13,500	5.0%	255	Real Estate	-	3,733
Crispigna's	40,000	3.25%	1,168	Real Estate	2,452	8,129
Crispigna's	18,000	4.25%	334	Real Estate	13,962	17,277
Mike & Kathy Decker	19,992	0.0%	714	Real Estate	2,134	4,991
Fashion Lane/Martenson	4,026	0.0%	288	Real Estate	1,765	2,881
Kenneth Schwalbach	10,000	0.0%	357(a)	Real Estate	573	5,054
Ludington Lofts	525,000	3.25%	(c)	Real Estate	525,000	525,000
Wickerts/Cashen	52,000	3.25%	462	Real Estate	33,075	33,968
Jim & Beverly Peacock	50,000	5.25%	499	Real Estate	2,302	8,012
Viau's	9,241	0.0%	330(a)	Real Estate	840	2,801
Lisa Ann's	10,000	0.0%	357(a)	Real Estate	<u>3,214</u>	<u>4,643</u>
FUND TOTALS					<u>596,520</u>	<u>629,710</u>
<b><u>EDA Revolving Loan Fund:</u></b>						
Michigan Meats	335,000	3.50%(b)	2,030	Promissory Note	237,565	238,429
Donalway/Waeghe	400,000	3.25%	7,232	All Assets	<u>369,755</u>	<u>369,755</u>
FUND TOTALS					<u>607,320</u>	<u>608,184</u>

**CITY OF ESCANABA, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

**NOTE 5 - MORTGAGES, LAND CONTRACTS AND OTHER NOTES RECEIVABLE – (continued)**

<u>Debtor</u>	<u>Original Amount of Loan</u>	<u>Inter- est Rate</u>	<u>Monthly Payment</u>	<u>Collateral</u>	<u>Balance June 30,</u>	
					<u>2015</u>	<u>2014</u>
<b><u>M.S.C. Revolving Loan Fund II:</u></b>						
E & S Eisenberger	108,800	3.25%	1,005	All Assets	40,403	45,024
P&B Associate	123,000	4.5%	910	Promissory Note	<u>51,560</u>	<u>65,737</u>
FUND TOTALS					<u>91,963</u>	<u>110,761</u>
TOTALS					<u>\$ 1,295,803</u>	<u>\$ 1,348,655</u>

(a) Quarterly payment.

(b) Interest rate shall be 1.75% below New York Composite Prime Rate. Simple interest and interest rate shall be adjusted every three (3) years to reflect any changes to the New York Composite Prime Rate.

(c) Quarterly interest only payments for seven years. After seven years a fifteen year amortization schedule will be computed using the prime interest rate.

**NOTE 6 - PROPERTY TAXES**

The City's annual property tax on real and personal property is levied, by action of the City Council, no later than June 1 annually, and becomes an enforceable lien on July 10, payable by September 15, and is based on the taxable valuation of property on the preceding December 31. The City bills and collects its own property taxes and also acts as collection agent for all overlapping governments in the City, which includes the local school district, intermediate school district, community college, the transit agency and the county. Collections of property taxes for overlapping governments are accounted for in the Tax Collection Agency Fund. City property tax revenues are recognized during the year in which they are collected. An allowance for delinquent taxes is provided for receivables not expected to be collected during the year.

In 1982, Delta County established a real property tax revolving fund. Each March 1, all unpaid real property taxes become delinquent and are sold to the County. At March 1, 2014 and 2015, total delinquent real property taxes sold to the County totaled \$249,292 and \$203,319, respectively.

**CITY OF ESCANABA, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

**NOTE 7 - CAPITAL ASSETS**

A summary of changes in governmental activities capital assets is as follows:

	Balance 6/30/14	Additions	Retirements and other deductions	Balance 6/30/15
Land, not being depreciated	\$ 1,144,422	\$ -	\$ -	\$ 1,144,422
Land improvements	6,008,494	62,099	-	6,070,593
Building and improvements	9,596,434	274,995	-	9,871,429
Parking lots	439,709	-	-	439,709
Vehicles and equipment	8,545,575	160,583	1,188	8,704,970
Infrastructure	18,704,431	266,941	-	18,971,372
<b>Total capital assets subject to depreciation</b>	<b>43,294,643</b>	<b>764,618</b>	<b>1,188</b>	<b>44,058,073</b>
<b>Total capital assets</b>	<b>44,439,065</b>	<b>764,618</b>	<b>1,188</b>	<b>45,202,495</b>
Less accumulated depreciation:				
Land improvements	2,142,770	166,584	-	2,309,354
Building and improvements	4,498,249	228,692	-	4,726,941
Parking lots	202,225	14,693	-	216,918
Equipment	6,877,025	287,067	1,188	7,162,904
Infrastructure	7,654,820	578,678	-	8,233,498
<b>Total accumulated depreciation</b>	<b>21,375,089</b>	<b>1,275,714</b>	<b>1,188</b>	<b>22,649,615</b>
<b>NET GOVERNMENTAL ACTIVITIES CAPITAL ASSETS</b>	<b>\$ 23,063,976</b>	<b>\$ (511,096)</b>	<b>\$ -</b>	<b>\$ 22,552,880</b>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 191,066
Public Safety	120,960
Highways, streets and public works	685,202
Recreation	192,995
Cultural	71,049
Community service	335
Economic development	14,107
<b>Total governmental activities depreciation expense</b>	<b>\$ 1,275,714</b>

**CITY OF ESCANABA, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

**NOTE 7 - CAPITAL ASSETS – (continued)**

A summary of business-type activities property, plant and equipment at June 30, 2015, is as follows:

	Balance 6/30/14	Additions	Retirements and other Deductions	Balance 6/30/15
Capital assets not subject to depreciation:				
Land	\$ 56,953	\$ -	\$ -	\$ 56,953
Construction in progress	775,381	785,273	12,669	1,547,985
<b>Total capital assets not subject to depreciation</b>	<b>832,334</b>	<b>785,273</b>	<b>12,669</b>	<b>1,604,938</b>
Capital assets subject to depreciation:				
Land improvements	1,812,979	-	-	1,812,979
Building and improvements	31,360,117	88,725	8,571,593	22,877,249
Electric generating equipment	12,220,104	-	12,220,104	-
Transmission and distribution systems	22,672,581	784,280	43,244	23,413,617
Other machinery and equipment	1,336,177	7,229	275	1,343,131
<b>Total capital assets subject to depreciation</b>	<b>69,401,958</b>	<b>880,234</b>	<b>20,835,216</b>	<b>49,446,976</b>
<b>Total capital assets</b>	<b>70,234,292</b>	<b>1,665,507</b>	<b>20,847,885</b>	<b>51,051,914</b>
Less accumulated depreciation:				
Land improvements	988,286	36,312	-	1,024,598
Building and improvements	16,734,102	759,674	7,736,025	9,757,751
Electric generating equipment	9,865,350	276,066	10,141,416	-
Transmission and distribution systems	12,922,377	436,443	43,244	13,315,576
Other machinery and equipment	1,195,227	53,912	(705)	1,249,844
<b>Total accumulated depreciation</b>	<b>41,705,342</b>	<b>1,562,407</b>	<b>17,919,980</b>	<b>25,347,769</b>
<b>NET BUSINESS TYPE ACTIVITIES CAPITAL ASSETS</b>	<b>\$ 28,528,950</b>	<b>\$ 103,100</b>	<b>\$ 2,927,905</b>	<b>\$ 25,704,145</b>

Depreciation expense was charged as follows:

Electric	\$ 906,732
Water	377,079
Waste Water	219,946
Marina	58,650
<b>Total business-type activities depreciation expense</b>	<b>\$ 1,562,407</b>

**CITY OF ESCANABA, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

**NOTE 8 - PENSION PLANS**

**Public Safety Pension Plan**

**A. Plan Description** - The Escanaba Public Safety Pension Fund is a single employer public employee retirement system established and administered by the City to provide pension benefits exclusively for all of its public safety officers. The Pension Fund is accounted for as a separate Pension Trust Fund. At June 30, 2014, the date of the most recent actuarial valuation, membership in the Pension Fund consisted of 30 current employees and 53 retirees and beneficiaries currently receiving benefits and one terminated plan member entitled to but not yet receiving benefits.

The Public Safety Pension Fund provides retirement benefits as well as death and disability benefits. Employees who retire at any age with 25 or more years of service or age 60 regardless of service are entitled to an annual retirement benefit, payable for life, in an amount equal to 3.0% (2.5% for members hired on or after July 1, 2011) of their three-year average final compensation (AFC) multiplied by their first 25 years of service, for a maximum benefit of 75% of final average compensation. A deferred retirement is earned by an employee who terminates before retirement age and has 10 or more years of service. The plan provides for a minimum retiree pension amount of \$500 per month. This minimum is also applicable to surviving spouses. The annual retirement benefit payable to a qualifying retiree is increased by 1.0% (1.5% for those retirees and beneficiaries retiring after July 1, 2002) per year, compounded annually.

Covered employees are required to contribute 5.0% of their compensation to the plan if the City's contribution rate is below 6.83%. If the City's contribution rate rises above 6.83%, then members are required to contribute 6.0% to the plan. If an employee leaves covered employment or dies before 10 years of credited service, accumulated employee contributions plus related investment earnings are refunded to the employee or designated beneficiary. City contributions are actuarially determined and based on the individual entry-age method.

As of June 30, 2014 the defined benefit plan is closed. Employees who are hired as of July 1, 2014 or later are now being covered with a defined contribution retirement plan.

The defined contribution plan requires the City to contribute ten percent of the employee's qualified wages. The employee is required to contribute six percent of their wages and can elect to defer up to an additional four percent of their wages. For the current fiscal year the City contributed \$3,238 to the plan and the employees contributed \$2,975.

**B. Employees Covered by Benefit Terms** – As of June 30, 2015, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	53
Inactive employees entitled to but not yet receiving benefits	1
Active employees	<u>30</u>
Total	84

**C. Funding Policy** – The obligation to contribute to and maintain the system for these employees was established by negotiation with the City's competitive bargaining units and City personnel policies. The contribution amount as of June 30, 2015 was \$1,033,739.

**D. Net Pension Liability** – The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

**CITY OF ESCANABA, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

**NOTE 8 - PENSION PLANS – (continued)**

**E. Actuarial Assumptions** – The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	4.0% wage inflation; 3.5% price inflation
Salary increases	4.0% to 8.0%, including inflation
Investment rate of return	7.5 %

Mortality rates used were based on the RP-2000 Mortality table (combined healthy), projected to 2017 using projection scale BB, set back 0 years for men and 0 years for women. Mortality rates were adjusted to include margin for five years of future life improvement.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These real rates of return 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. For each major asset class that is included in the pension plans target asset allocation as of June 30, 2015, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Cash	0.00%	-0.10%
Domestic Equity - Large Cap	31.71%	5.47%
Domestic Equity - Small Cap	22.00%	6.28%
International Equity	5.48%	6.29%
Emerging Markets	0.00%	8.38%
Domestic Corporate Fixed Income	17.63%	1.05%
Domestic Government Fixed Income	8.81%	0.43%
Treasury Inflation Protected Securities	0.00%	0.87%
High Yield Bonds	9.61%	2.71%
Real Estate	4.76%	4.10%
Private Equity	0.00%	8.35%
Hedge Funds	0.00%	3.48%
Other Alternatives	0.00%	3.83%
Total	<u>100.00%</u>	
Total Real Rate of Return		4.14%

**F. Single Discount Rate** – A single discount rate of 5.82% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 6.75%. The projection of cash flows use to determine this single discount rate assumed that the plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on

**CITY OF ESCANABA, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

**NOTE 8 - PENSION PLANS -- (continued)**

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

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 5.82%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is one percent lower or one percent higher:

	<b>1% Decrease</b>	<b>Current</b>	<b>1% Decrease</b>
	<b>4.82%</b>	<b>Discount Rate</b>	<b>6.82%</b>
	<hr/>	<hr/>	<hr/>
City's change in net pension liability at 6/30/15	\$ 5,744,159	\$ -	\$ (4,653,002)

**G. Changes in the Net Pension Liability:**

	2015
	<hr/>
<b>Total Pension Liability</b>	
Service cost	\$ 727,549
Interest on the total pension liability	2,270,399
Difference between expected and actual experience	(321,158)
Assumption changes	5,861,409
Benefit payments	<u>(1,538,201)</u>
Net change in total pension liability	6,999,998
<b>Total Pension Liability - Beginning</b>	<u>31,851,295</u>
<b>Total Pension Liability - Ending (a)</b>	<u><u>\$ 38,851,293</u></u>
 <b>Plan Fiduciary Net Position</b>	
Employer contributions	\$ 1,033,739
Employee contributions	124,797
Pension plan net investment income	1,126,473
Benefit payments	(1,538,201)
Pension plan administrative expense	<u>(6,835)</u>
<b>Net change in plan fiduciary net position</b>	739,973
<b>Plan Fiduciary Net Position - Beginning</b>	<u>25,576,018</u>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u><u>\$ 26,315,991</u></u>
 <b>Net Pension Liability - Ending (a) - (b)</b>	<u><u>\$ 12,535,302</u></u>

**CITY OF ESCANABA, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

**NOTE 8 - PENSION PLANS – (continued)**

**J. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources** – For the year ended June 30 2015, the City recognized pension expense of \$2,988,359. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Difference between expected and actual experience	\$ -	\$ 216,828
Change in assumptions	3,957,303	-
Net difference between projected and actual earnings on pension plan investments	<u>564,930</u>	<u>-</u>
<b>TOTAL</b>	<b><u>\$ 4,522,233</u></b>	<b><u>\$ 216,828</u></b>

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

Year Ended <u>June 30</u>	
2016	\$ 1,941,009
2017	1,941,009
2018	282,155
2019	141,233

**K. Annual Pension Cost** – During the year ended June 30, 2015, the City's contributions totaling \$1,033,739 were made in accordance with contribution requirements. The employer contribution rate has been determined based on the entry age normal funding method. The employer normal cost is, for each employee, the level percentage of payroll contribution (from entry age to retirement) required to accumulate sufficient assets at the members' retirement to pay for their projected benefit. Significant actuarial assumptions used include a long-term investment yield rate of 7.5 percent and annual salary increases ranging from 4.0% to 8.0% based on an age-related scale to reflect merit, longevity, and promotional salary increases. The unfunded actuarial liability is amortized as a level dollar amount on a closed basis. The remaining amortization period is 20 years.

The Escanaba Public Safety Pension Fund has a separate component unit audit which is available at the City Treasurer's office in the Escanaba City Hall located at 410 Ludington Street.

**CITY OF ESCANABA, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

**NOTE 8 - PENSION PLANS – (continued)**

**Michigan Municipal Employees Retirement System**

**A. Plan Description** - The City of Escanaba contributes to the Michigan Municipal Employees Retirement System (MERS), an agent multiple-employer defined benefit public retirement system that acts as a common investment and administrative agent for municipalities in the State of Michigan. The plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The plan was established by the Michigan Legislature under Public Act 135 of 1945 and is administered by a nine member retirement board. MERS issues a publicly available financial report that includes financial statements and required supplementary information and is available on the MERS website at [www.mersofmich.com](http://www.mersofmich.com).

All full-time and part-time City employees, except for Public Safety employees, who are covered exclusively under the Public Safety Pension Plan, are eligible to participate in either the defined benefit or defined contribution plan in MERS. In the defined benefit plan, benefits vest after 10 years of service. All members, with the exception of the part-time division, may retire with full benefits at or after age 55 with 25 years of credited service. Employees with 15 years of credited service may retire at or after age 55 with reduced benefits. Employees with 25 years or more of credited service may retire at or after age 50 with reduced benefits. The annual retirement benefits of part-time division employees are equal to 2.0% of their average annual compensation for their last three years of employment multiplied by their years of credited service. The Non-Union, Teamster's, Dispatcher's, Water/Waste Water and Electrician's divisions have a benefit which calls for annual retirement benefits equal to 2.25% of average annual compensation for the last three years of employment multiplied by years of credited service, with a maximum benefit of 80% of final average compensation. Benefits for all divisions, except part-time, include a provision for automatic non-compounded increases for all pensioners and their beneficiaries. The annual increase equals the smaller of 1% or the increase in the consumer price index.

All defined benefit divisions are now closed to new hires. New hires are now being covered with a defined contribution retirement plan.

The defined contribution plan requires the City to contribute four percent of the employee's qualified wages, with an additional matching contribution of up to three percent based on the employee's contribution. The employee vests in the City portion of the contributions after one year of service. For this fiscal year the City contributed \$117,089 to the plan and the employees contributed \$49,553.

**B. Employees Covered by Benefit Terms** – At the December 31, 2014 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	108
Inactive employees entitled to but not yet receiving benefits	13
Active employees	<u>54</u>
Total	175

**C. Funding Policy** – The obligation to contribute to and maintain the system for these employees was established by negotiation with the City's competitive bargaining units and City personnel policies. None of the employees are required to contribute. The City is required to contribute an actuarially determined dollar amount. The contribution amounts as of June 30, 2015 are as follows:

Teamsters	\$ 399,072
Electricians	193,632
Non Union	461,148
Dispatchers	32,316
Part-time	4,464
Water/Waste Water	<u>168,312</u>
Total	\$1,258,944

**CITY OF ESCANABA, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

**NOTE 8 - PENSION PLANS – (continued)**

**D. Net Pension Liability** – The net pension liability was measured as of December 31, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

**E. Actuarial Assumptions** – The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 to 4.0 percent
Salary increases	4.5 percent, average, including inflation
Investment rate of return	8.0 percent

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

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

The actuarial assumptions used in the valuation were based on the results of the most recent actuarial experience study in 2008. (The MERS Retirement Board is currently conducting an actuarial experience study covering the period from January 1, 2009 through December 31, 2013).

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global Equity	57.50%	5.02%
Global Fixed Income	20.00%	2.18%
Real Assets	12.50%	4.23%
Diversifying Strategies	10.00%	6.56%

**F. Discount Rate** – The discount rate used to measure the total pension liability is 8.25% for 2014 and will be 8.0% in 2015 and thereafter. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF ESCANABA, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

**NOTE 8 - PENSION PLANS – (continued)**

**G. Changes in the Net Pension Liability:**

	Increases (Decreases)		
	<u>Total Pension Plan Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
<b>Balances at December 31, 2013</b>	\$ 31,710,858	\$ 19,350,544	\$ 12,360,314
Service cost	256,475	-	256,475
Interest on total pension liability	2,543,881	-	2,543,881
Changes in benefits	-	-	-
Difference between expected and actual experience	-	-	-
Changes in assumptions	-	-	-
Employer contributions	-	1,194,312	(1,194,312)
Employee contributions	-	-	-
Net investment income	-	1,208,114	(1,208,114)
Benefit payments, including employee refunds	(2,008,357)	(2,008,357)	-
Administrative expenses	-	(44,231)	44,231
Other changes	(1)	-	(1)
<b>Net changes</b>	<u>791,998</u>	<u>349,838</u>	<u>442,160</u>
<b>Balances as of December 31, 2014</b>	<u>\$ 32,502,856</u>	<u>\$ 19,700,382</u>	<u>\$ 12,802,474</u>

**H. Sensitivity of the Net Pension Liability to Changes in the Discount Rate** – The following chart presents the net pension liability of the City, calculated using the discount rate of 8.25%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.25%) or one percentage point higher (9.25%) than the current rate:

	<u>1% Decrease 7.25%</u>	<u>Current Discount Rate 8.25%</u>	<u>1% Increase 9.25%</u>
City's change in net pension liability at 12/31/14	\$ 3,331,427	\$ -	\$ (2,851,322)

**I. Pension Plan Fiduciary Net Position** – Detailed information about the pension plan's fiduciary net position is available in the separately issued MERS financial report.

**CITY OF ESCANABA, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

**NOTE 8 - PENSION PLANS – (continued)**

**J. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources** – For the year ended June 30 2015, the City recognized pension expense of \$1,354,150. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Difference between expected and actual experience	\$ -	\$ -
Change in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	282,321	-
Contributions subsequent to the measurement date *	<u>630,774</u>	<u>-</u>
<b>TOTAL</b>	<b><u>\$ 913,095</u></b>	<b><u>\$ -</u></b>

\* The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the Net Pension Liability for the year ended June 30, 2016.

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

Year Ended June 30:

2016	\$ 70,580
2017	70,580
2018	70,580
2019	70,581

**K. Annual Pension Cost** – During the year ended June 30, 2015, the City's contributions totaling \$1,248,924 were made in accordance with contribution requirements determined by an actuarial valuation of the plan as of December 31, 2013. The employer contribution rate has been determined based on the entry age normal funding method. The employer normal cost is, for each employee, the level percentage of payroll contribution (from entry age to retirement) required to accumulate sufficient assets at the members' retirement to pay for their projected benefit. Significant actuarial assumptions used include a long-term investment yield rate of eight percent and annual salary increases of 4.5% based on an age-related scale to reflect merit, longevity, and promotional salary increases. The unfunded actuarial liability is amortized as a level percentage of payroll on a closed basis. The remaining amortization period is 24 years.

**CITY OF ESCANABA, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

**NOTE 9 – LONG-TERM DEBT**

The following is a summary of changes in long-term debt for the year ended June 30, 2015:

	<u>Balance 6/30/2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 6/30/2015</u>	<u>Amounts Due Within One Year</u>
<b>Governmental Activities:</b>					
DDA bonds, 6.13% due in annual installments of \$40,000 through December 2014	\$ 40,000	\$ -	\$ 40,000	\$ -	\$ -
FICA on accrued compensated absences.	46,200	-	908	45,292	11,495
Long-term portion of accrued compensated absences.	<u>603,921</u>	<u>-</u>	<u>11,862</u>	<u>592,059</u>	<u>150,255</u>
Total governmental long-term debt.	<u>\$ 690,121</u>	<u>\$ -</u>	<u>\$ 52,770</u>	<u>\$ 637,351</u>	<u>\$ 161,750</u>

**CITY OF ESCANABA, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

**NOTE 9 – LONG-TERM DEBT – (continued)**

	<u>Balance</u> <u>6/30/2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>6/30/2015</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
<b>Business-type Activities:</b>					
1998 Wast Water Utility revenue bonds, 2.25%, due in semi-annual installments of \$40,000 to \$65,000 through October 1, 2018.	\$ 290,000	\$ -	\$ 55,000	\$ 235,000	\$ 55,000
2002 Water Utility revenue bonds, due in semi-annual installments of \$110,000 to \$170,000 through October 1, 2023.	1,540,000	-	135,000	1,405,000	140,000
2009 Water Utility revenue bonds, 2.125% due in semi-annual installments of \$120,000 to \$180,000 through October 1, 2027.	2,195,000	-	135,000	2,060,000	140,000
2010 Water Utility Capital Improvement bonds, 3.30% due in semi-annual installments of \$125,000 to \$210,000 through May 31, 2031.	<u>2,815,000</u>	<u>-</u>	<u>135,000</u>	<u>2,680,000</u>	<u>135,000</u>
Total business-type long-term debt	<u>\$ 6,840,000</u>	<u>\$ -</u>	<u>\$ 460,000</u>	<u>\$ 6,380,000</u>	<u>\$ 470,000</u>

**CITY OF ESCANABA, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

**NOTE 9 – LONG-TERM DEBT – (continued)**

Debt service requirements on long-term debt, excluding compensated absences and fringes, at June 30, 2015 are as follows:

**Business-type Activities:**

2016	\$ 470,000	\$ 162,953	\$ 632,953
2017	485,000	152,522	637,522
2018	495,000	141,376	636,376
2019	505,000	129,677	634,677
2020	455,000	118,096	573,096
2021-2025	2,280,000	411,612	2,691,612
2026-2030	1,480,000	155,382	1,635,382
2031-2035	210,000	7,508	217,508
Total	<u>\$ 6,380,000</u>	<u>\$ 1,279,126</u>	<u>\$ 7,659,126</u>

**NOTE 10 - ELECTRIC UTILITY FUND AGREEMENTS**

The City reached an agreement with ProEnergy Services, LLC on April 13, 2011 to operate the City's electric generating plant. The agreement runs for four years with termination clauses for convenience, with ninety days written notice, and for the sale of the facility, upon thirty days written notice. Under this agreement the City is responsible for the operating costs of the plant as well as a management fee. During the current fiscal year the agreement was allowed to expire due to the plant being disabled as a result of the system failure that occurred on February 2, 2015, as further described in Note 21.

**NOTE 11 - INTERFUND RECEIVABLES AND PAYABLES**

Interfund receivables and payables occurred during the year for operational purposes. Interfund receivables and payables at June 30, 2015 are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
<b>Major Funds:</b>		<b>Major Funds:</b>	
General Fund	\$ 5,776	General Fund	\$ 46,233
General Fund	4,615	<b>Non-Major Funds:</b>	
<b>Non-Major Funds:</b>		Delta County Central	
Catherine Bonifas Trust	46,233	Dispatch Authority	5,776
		Sanitary Landfill Fund	4,615
<b>TOTAL</b>	<u>\$ 56,624</u>		<u>\$ 56,624</u>

**CITY OF ESCANABA, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2015

**NOTE 12 - ADVANCES TO OTHER FUNDS**

Land Development Fund - The advances to other funds consist of a loan to the Marina Fund for \$350,000 made during the fiscal year ended June 30, 2001. This advance was used to finance certain capital improvements to the City's marina. The loan is to be paid back over a 25 year period with interest at 5 percent. The balance as of June 30, 2015 is \$229,200.

In the fiscal year ending June 30, 2012, an additional loan of \$65,000 was made to the Marina Fund. This advance was used to fund the City's portion of expenses related to the L-Dock project. The loan is to be repaid over a 14 year period with the interest at 4%. The balance as of June 30, 2015 is \$50,594.

General Fund - The advance to other funds consists of a loan to the Motor Vehicle Fund for \$452,825 made during the June 30, 2008 fiscal year. The advance was used to purchase refuse and recycling carts for the new automated refuse collection system. The loan was originally to be paid back over an 11 year period with interest at 5.5 percent. Effective July 1, 2013, the term of the loan was extended to a 21 year period and the rate reduced to 3.00%. The balance as of June 30, 2015 is \$203,715.

Electric Fund - The advance to other funds consists of a loan to the Escanaba Building Authority Fund for \$1,250,000 made during the June 30, 2014 fiscal year. The advance was used to liquidate the '93 and '94 Building Authority Bonds that were originally used for the public works facility and the city hall and library building. The advance is to be paid back over a ten year period with an interest rate of 2.5%. The balance as of June 30, 2015 is \$1,125,000.

**NOTE 13 - FUND BALANCE CLASSIFICATIONS**

Nonspendable Fund balance as reported on the Governmental Funds balance sheet are as follows:

- A. **Inventory** - The General Fund has \$137,012, reserved for inventory, as they do not represent expendable available financial resources.
- B. **Prepaid Expenditures** - The General Fund has \$159,614 reserved for prepaid expenditures, as they do not represent expendable available financial resources.
- C. **Gas Retirement Principal** - By a voter referendum on November 2, 1965, the City is prohibited from expending any of the original principal, \$1,094,634, resulting from the sale of the City's gas utility in June, 1965.

Restricted fund balance as reported on the Governmental Funds balance sheet are as follows:

- A. **Gas Retirement Capital Improvements** - The interest earned from the investment of the Gas Retirement Fund principal can be spent only for capital improvements. At June 30, 2015 the amount available for expenditure was \$60,465.
- B. **Major Streets** - \$1,847,202 is restricted in the Major Street Fund as these resources may only be spent on major streets.
- C. **Local Streets** - \$972,025 is restricted in the Local Street Fund as these resources may only be spent on local streets.
- D. **Economic Development** - \$2,299,211 has been restricted in the UDAG/DIAL Grant Fund due to legal restrictions that these resources may only be spent on economic development projects.
- E. **Revolving Loans** - The E.D.A. Revolving Loan, M.S.C. Revolving Loan Fund II, and Urban Development Action Grant Funds have \$1,647,567 restricted as these resources may only be used for revolving loan activity.

**CITY OF ESCANABA, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

**NOTE 13 – FUND BALANCE CLASSIFICATIONS – (continued)**

- F. **UPSET Expenses** - The Drug Law Enforcement Fund has \$185,025 restricted for expenses authorized by UPSET and for a new building. These funds can only be used for UPSET activities and cannot be used for City activities.
- G. **Future DDA Projects** - The Downtown Development Authority Fund has \$267,636 restricted for future projects as listed in the TIF Development Plan.
- H. **Brownfield** - The Brownfield Fund has \$4,050 restricted as these resources may only be used for Brownfield activity.

Assigned fund balance as reported on the Governmental Funds balance sheet have been set aside by the City for the following purposes:

<u>Fund</u>	<u>Purpose</u>	<u>Total</u>
Grants, Farmers Home Grant	Economic development	\$ 105,260
Sanitary Landfill	Sanitary landfill	27,668
Parking Maintenance	Parking lots	721
Land Development	Capital improvements	1,608,693
Housing Rehab	Housing rehab	228,498
Library	Library operations	105,660
Drug Law Enforcement	Drug law enforcement	18,212

Net position restrictions as reported on the Proprietary Fund statement of net position are as follows:

- A. **Restriction for Debt Service** - In accordance with revenue bond indentures in the Water Utility Fund and the Waste Water Utility Fund, \$147,842 and \$223,421 respectively, of net position are reserved for this specific purpose.

Net asset restrictions as reported on the Statement of Fiduciary Net Position are as follows.

- A. **Reserve for Bonifas Trust Fund** - Under terms of a Circuit Court decree dated March 3, 1955, the City of Escanaba was authorized to act as trustee in the administration of a bequest under the Last Will and Testament of Catherine Bonifas. The Will requested the bequest be used or applied one-third for a state office building, one-third for a city and county building, and one-third for a recreation building.

**CITY OF ESCANABA, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

**NOTE 13 - FUND BALANCE CLASSIFICATIONS - (continued)**

The fund balance at June 30, 2015, from receipt of the original donation, is computed below:

Original donation	\$ 311,789	
Interest earned	147,353	
General Fund land contribution	20,565	
General Fund transfer	46,233	
MMRMA Rap Grant	1,962	
Community Action Agency Grant	20,307	
Earnings retained	<u>326,604</u>	\$ 874,813
Deduct:		
Delta County Building Authority payment authorized by Circuit Court decree	50,000	
Contribution to the State of Michigan	145,784	
Transfer to the City General Fund authorized by Circuit Court decree	279,395	
Capital improvements made to the William Bonifas Fine Arts Center authorized by Circuit Court decree	6,500	
Capital improvements made to the Catherine Bonifas Civic Center authorized by Circuit Court decree	<u>393,134</u>	<u>874,813</u>
Reserved Fund Balance		<u>\$ -</u>

**B. Reserve for Children's Materials** - The Bezold Trust Fund has \$260,275 for the purpose of children's materials in accordance with a donor's instructions.

**C. Reserve for Employees Retirement System** - The Public Safety Pension Fund has \$26,315,991 reserved for that retirement system.

Net position restricted by enabling legislation amounted to \$7,283,181 as of year-end.

**NOTE 14 - JOINT VENTURE - DELTA SOLID WASTE LANDFILL**

The Delta Solid Waste Management Authority was incorporated in 1984, pursuant to Act 233, Public Acts of Michigan, 1955, by the County of Delta and the local units of government within the County, including the City of Escanaba. It was established in order to provide for a new landfill, as the former county-wide site, owned by the City of Gladstone, was approaching saturation.

The Authority is governed by a seven person Board of Directors, composed of three representatives of the participating townships, three representatives of the participating cities, and one member of the Delta County Board of Commissioners. The three members of the Authority board from the villages and townships are selected by and from a body composed of one representative from each township or village; the three board members from the cities are selected by and from a body

**CITY OF ESCANABA, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2015

**NOTE 14 - JOINT VENTURE - DELTA SOLID WASTE LANDFILL - (continued)**

composed of two representatives from each city; and the member of the Delta County Board of Commissioners is chosen by said Board of Commissioners after review of recommendation by the townships, villages and city representatives. The Authority as described herein has no taxing power. Operation and maintenance costs are paid out of tipping fees assessed against those who dump garbage at the landfill. Parties that use the landfill include the municipal sanitation systems of the cities of Escanaba and Gladstone and private garbage haulers serving the other local units. The landfill began operation in December, 1985. Audited financial information of the Delta Solid Waste Management Authority as of and for the year ended December 31, 2014 is as follows:

Total assets	<u>\$ 10,870,368</u>
Total current liabilities	\$ 385,776
Total long-term liabilities	9,543,741
Total net position	<u>940,852</u>
Total liabilities and equity	<u>\$ 10,870,369</u>
Operating revenues	\$ 1,747,324
Operating expenses	<u>(1,654,758)</u>
Net operating income	92,566
Net non-operating revenues (expenses)	<u>(364,768)</u>
Decrease in net position	<u>\$ (272,202)</u>

**NOTE 15 - UNREALIZED GAINS & LOSSES ON INVESTMENTS**

Under the requirements of Governmental Accounting Standards Board Statement 31, the City records its investments at market value. As a result of market fluctuations an unrealized gain of \$32,283 has been recorded during the current fiscal year.

**NOTE 16 - POWER PLANT SALE & IMPAIRMENT**

During the 2010 fiscal year the City received the authority, by a vote of the citizens, to enter into an agreement to sell the electrical power plant. Negotiations have been ongoing and as of the date of this report they have not been finalized. However, an agreement in principal has been reached for the power plant sale in the amount of \$500,000. This sale includes all power plant inventories, land, building and the majority of equipment at the plant site. Because the plant was no longer operational and was no longer generating revenue the book value of the power plant and all assets related to the sale of the plant were written down to the fair market value of \$500,000. This resulted in an impairment loss of \$2,914,256 that was recognized as a non-operating expense in the current year's Electric Fund's Statement of Revenues, Expenses and Changes in Net Position. It is expected that the sale will be finalized in the 2015-2016 fiscal year.

**NOTE 17 - CONTINGENT LIABILITIES**

The City has received significant financial assistance from state and federal agencies in the form of various grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreement and are subject to audit by the grantor agency. Any disallowed claims resulting from such audits could become a liability of the applicable fund of the City. As of the date of this report management was unaware of any disallowed claims.

**CITY OF ESCANABA, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

**NOTE 18 - OPERATING TRANSFERS IN AND OUT**

During the year various transfers occurred between funds for operating activity purposes. Transfers between all funds are summarized as follows:

	Transfers In	Transfers Out
<b>Major Governmental Funds:</b>		
General Fund	\$ 811,795	\$ 540,973
<b>Major Proprietary Funds:</b>		
Electric Fund	-	463,624
<b>Non-Major Governmental Funds</b>		
Major Street Funds	-	180,000
Local Street Fund	297,000	-
Parking Maintenance Fund	14,315	-
Library Fund	371,000	-
Grants Fund	9,425	-
DDA Fund	-	9,000
Land Development Fund	-	60,000
Sanitary Landfill Fund	-	203,500
Gas Retirement Fund	-	17,000
<b>Non-Major Proprietary Funds:</b>		
Marina Fund	4,000	-
Office Equipment Fund	-	4,200
Health Insurance Fund	-	75,471
Catherine Bonifas Trust Fund	46,233	
	<hr/>	<hr/>
Total	<u>\$ 1,553,768</u>	<u>\$ 1,553,768</u>

**NOTE 19 - RISK MANAGEMENT**

The City maintains self insurance programs for worker's compensation and unemployment compensation that are reported as Internal Service Funds. All fund types are charged premiums at rates determined using established insurance rates and other factors which, in management's opinion, warrant consideration. For the fiscal year ended June 30, 1986, the assets of the Worker's Compensation Fund and earnings thereon were considered sufficient to cover expected future claims and, thus, all charges to individual funds were discontinued. During the 2014 fiscal year the charges to individual funds were reinstated. Prior to 2013, the City maintained a self insurance program for health and dental benefits. However, during the 2012 fiscal year the City reverted back to purchased insurance for health and dental benefits and this fund was closed in the 2015 fiscal year.

**CITY OF ESCANABA, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

**NOTE 19 - RISK MANAGEMENT - (continued)**

A summary of the claims activity is as follows:

	Balance 6/30/14	Current Year Claims	Claim Payments	Balance 6/30/15
Workers' Compensation	\$ 212,500	\$ 20,094	\$ 41,594	\$ 191,000
Unemployment Compensation	4,344	-	-	4,344
Total	<u>\$ 216,844</u>	<u>\$ 20,094</u>	<u>\$ 41,594</u>	<u>\$ 195,344</u>

The City of Escanaba participates as a member in the Michigan Municipal Risk Management Authority. The Authority is a municipal self-insurance entity operating pursuant to the State of Michigan Public Act 138 of 1982. The purpose of the Authority is to administer a risk management fund, which provides members with loss protection for general and auto liability, motor vehicle physical damage, and property.

The Authority has entered into reinsurance agreements providing for loss coverage in excess of the amounts to be retained by the Authority and individual members. An individual member's maximum retention on general liability is \$100,000. The retention limits for property coverage are subject to a \$1,000 deductible. Auto liability is \$15,000 per vehicle, \$30,000 per occurrence and is subject to a \$1,000 deductible per vehicle. Some members have individual retention levels different than the ones previously stated.

In the event a reinsurance company does not meet its obligation to the Authority, responsibility for payment of any unreimbursed claims will be that of the Authority Reinsurance Fund.

The Authority has retained certain levels of risk rather than obtaining coverage through reinsurance agreements. The Authority established the Authority Reinsurance fund in order to participate in the reinsurance agreements. Individual members are provided the same level of coverage previously afforded through a combination of the reinsurance agreements and the Reinsurance Fund.

In addition, the Authority purchases insurance for certain risks not covered by the reinsurance agreements.

The reinsurance agreements discussed above include provisions for minimum annual premiums. As of June 30, 2015, the Authority had met the minimum requirements.

At June 30, 2015, the City had no outstanding claims which exceeded the plan's limits and there has been no significant reduction in insurance coverage over the past three years.

**NOTE 20 – PRIOR PERIOD ADJUSTMENT**

As a result of the adoption of GASB No. 68, the City was required to report the net pension liability of its' defined benefit retirement programs. A prior period adjustment was made to recognize the past impact of this liability. The prior period adjustment to the governmental fund activity is \$12,470,142 and is recognized in the Statement of Activities. The prior period adjustment for the business type funds is \$2,555,632 for the Electric Fund; \$1,709,322 for the Water Fund; \$1,319,818 for the Waste Water Fund; and \$15,581 for the Marina Fund. Those adjustments are recorded in the respective funds' Statement of Revenues, Expenses, and Changes in Net Position.

**CITY OF ESCANABA, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2015

**NOTE 21 – POWER PLANT DAMAGE INSURANCE PROCEEDS**

On February 2, 2015, a City substation suffered a system failure resulting in substantial damage to the substation, the power plant and the combustion turbine. As of the date of this audit report the insurance proceeds have not been received and no substantive financial negotiations have occurred. While it is likely that the City will receive insurance proceeds as a result of the system failure damage no known or estimable amount is available at present. Accordingly, no insurance proceeds receivable has been recorded as of June 30, 2015.

**REQUIRED SUPPLEMENTAL INFORMATION**

**CITY OF ESCANABA, MICHIGAN**

**GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Year Ended June 30, 2015

	Budget		Actual	Variance with final budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
<b>Taxes:</b>				
Current property taxes	\$ 4,971,200	\$ 4,971,200	\$ 4,858,898	\$ (112,302)
Collection on prior levies	13,000	13,000	13,810	810
Payments in lieu of taxes:				-
Harbor Tower	7,500	7,500	8,224	724
West Highland	11,600	11,600	11,301	(299)
Chippewa Indians	925	925	3,750	2,825
Meadow Brook	2,100	2,100	2,052	(48)
Willow Grove	2,600	2,600	2,645	45
Bridgewood	300	300	6,060	5,760
Penalties and interest	20,000	20,000	19,114	(886)
<b>Total taxes</b>	<b>5,029,225</b>	<b>5,029,225</b>	<b>4,925,854</b>	<b>(103,371)</b>
<b>Licenses and permits:</b>				
Business licenses and permits	2,000	2,000	2,082	82
Zoning appeals fees	5,000	5,000	46	(4,954)
<b>Total licenses and permits</b>	<b>7,000</b>	<b>7,000</b>	<b>2,128</b>	<b>(4,872)</b>
<b>Local sources:</b>				
Chippewa Tribe gaming revenue	10,000	10,000	10,000	-
<b>State grants:</b>				
Anti-drug abuse	16,000	16,000	12,858	(3,142)
Dispatcher training funds	10,000	10,000	5,776	(4,224)
Arbor Day grant	-	-	300	300
Meth lab reimbursement	-	-	62	62
State shared revenues	1,325,500	1,325,500	1,299,813	(25,687)
Supplemental Bad Driver	-	-	10,488	10,488
Criminal justice	5,500	5,500	5,565	65
Click it or Ticket	-	-	5,657	5,657
<b>Total state grants</b>	<b>1,357,000</b>	<b>1,357,000</b>	<b>1,340,519</b>	<b>(16,481)</b>
<b>Federal sources:</b>				
Anti-drug abuse	40,000	40,000	44,087	4,087
OHSP Spotlight grant	-	-	11,266	11,266
<b>Total federal sources</b>	<b>40,000</b>	<b>40,000</b>	<b>55,353</b>	<b>15,353</b>
<b>Charges for services:</b>				
Preliminary breath tests	-	-	290	290
Land use fees	-	-	6,117	6,117
Platting fees	500	500	-	(500)
Engineering Department	-	-	6	6
Computer printouts	-	-	1,643	1,643
Cost recovery ordinances	1,000	1,000	450	(550)
Duplicating and photostat fees	2,000	2,000	3,038	1,038
Tax collection fees	161,600	161,600	154,734	(6,866)
Township fire protection	62,500	62,500	53,368	(9,132)
Street Department for overhead	6,000	6,000	10,237	4,237
Recreation program	7,500	7,500	6,402	(1,098)
Boat launches	12,500	12,500	10,326	(2,174)
Delta Solid Waste	9,000	9,000	6,522	(2,478)
Property owners share of sidewalk construction	-	-	1,185	1,185
Inspection fees	3,500	3,500	4,097	597
<b>Total charges for services</b>	<b>266,100</b>	<b>266,100</b>	<b>258,415</b>	<b>(7,685)</b>

**CITY OF ESCANABA, MICHIGAN**

**GENERAL FUND  
STATEMENT OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Year Ended June 30, 2015

	Budget		Actual	Variance with final budget
	Original	Final		Favorable (Unfavorable)
Fines and forfeitures				
Penalties and interest	-	-	115	115
Nonmoving violations and district court	10,000	10,000	9,465	(535)
Penal fines, county allocation	35,000	35,000	35,237	237
<b>Total fines and forfeitures</b>	<b>45,000</b>	<b>45,000</b>	<b>44,817</b>	<b>(183)</b>
Miscellaneous:				
Vending machine sales	750	750	513	(237)
Wage reimbursement	-	-	8,750	8,750
Interest earnings	93,000	93,000	84,049	(8,951)
Rents	48,600	48,600	34,157	(14,443)
Jackie Sorenson aerobics fees	-	-	7,574	7,574
Sale of property	-	-	194	194
Purchase discounts	2,000	2,000	2,604	604
MMRMA Rap Grant	4,000	4,000	12,616	8,616
Other	1,000	1,000	1,673	673
Contributions	10,000	10,000	23,688	13,688
Elementary basketball	-	-	2,946	2,946
<b>Total miscellaneous</b>	<b>159,350</b>	<b>159,350</b>	<b>178,764</b>	<b>19,414</b>
<b>TOTAL REVENUES</b>	<b>6,913,675</b>	<b>6,913,675</b>	<b>6,815,850</b>	<b>(97,825)</b>
EXPENDITURES:				
General government:				
City Council:				
Salaries and wages	14,800	14,800	14,325	475
Fringe benefits	1,220	1,220	1,198	22
Professional services	4,200	4,200	4,233	(33)
Office supplies	500	500	363	137
Operating supplies	250	250	59	191
Communications	150	150	114	36
Transportation	1,500	1,500	367	1,133
Printing and publishing	-	-	121	(121)
Insurance and bonds	150	150	131	19
Memberships and dues	6,074	6,074	5,974	100
Meetings	1,100	1,100	898	202
Equipment rental	200	200	48	152
New equipment	-	-	168	(168)
<b>Total City Council</b>	<b>30,144</b>	<b>30,144</b>	<b>27,999</b>	<b>2,145</b>
City manager:				
Salaries and wages	121,257	125,257	120,563	4,694
Fringe benefits	62,421	63,921	60,859	3,062
Professional services	-	-	162	(162)
Office supplies	1,400	2,200	1,687	513
Communications	1,450	1,450	1,430	20
Transportation	1,000	1,000	1,639	(639)
Printing and publishing	1,000	1,000	764	236
Insurance and bonds	-	-	55	(55)
Memberships and dues	250	250	-	250
Meetings	300	300	-	300
Equipment repair	350	350	99	251
Equipment rental	3,476	3,476	3,528	(52)
Books, magazines and periodicals	500	500	211	289
New equipment	-	300	300	-
<b>Total City Manager</b>	<b>193,404</b>	<b>200,004</b>	<b>191,297</b>	<b>8,707</b>
Less amount applicable to utilities	(135,383)	(135,383)	(133,908)	(1,475)
<b>Net city manager</b>	<b>58,021</b>	<b>64,621</b>	<b>57,389</b>	<b>7,232</b>
City elections:				
Salaries and wages	4,802	4,802	725	4,077
Fringe benefits	1,572	1,572	359	1,213
Professional services	5,300	5,300	7,974	(2,674)

**CITY OF ESCANABA, MICHIGAN**

**GENERAL FUND  
STATEMENT OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Year Ended June 30, 2015

	Budget		Actual	Variance with final budget Favorable (Unfavorable)
	Original	Final		
Office supplies	4,200	4,200	4,454	(254)
Transportation	300	300	224	76
Printing and publishing	300	300	164	136
Meetings	200	200	494	(294)
Equipment repair	600	600	308	292
Equipment rental	150	150	69	81
Telephone	360	360	356	4
<b>Total city elections</b>	<b>17,784</b>	<b>17,784</b>	<b>15,127</b>	<b>2,657</b>
<b>City controller:</b>				
Salaries and wages	166,126	191,326	188,303	3,023
Fringe benefits	95,438	98,938	95,710	3,228
Office supplies	6,050	6,050	4,577	1,473
Communications	650	650	601	49
Transportation	-	500	401	99
Insurance and bonds	100	100	70	30
Memberships and dues	200	200	190	10
Meetings	-	300	300	-
Equipment repair	5,500	5,500	5,335	165
Equipment rental	2,796	2,796	2,796	-
New equipment	-	1,000	989	11
	276,860	307,360	299,272	8,088
Less amount applicable to utilities	(166,116)	(166,116)	(179,564)	13,448
<b>Net city controller</b>	<b>110,744</b>	<b>141,244</b>	<b>119,708</b>	<b>21,536</b>
<b>City assessor:</b>				
Salaries and wages	112,082	112,082	108,689	3,393
Fringe benefits	75,887	75,887	74,344	1,543
Professional services	-	34,000	28,610	5,390
Office supplies	6,650	6,650	5,594	1,056
Communications	650	650	366	284
Transportation	100	100	420	(320)
Printing and publishing	420	420	416	4
Memberships and dues	280	280	280	-
Meetings	500	500	325	175
Equipment repair	2,250	2,250	2,026	224
Equipment rental	2,206	2,206	2,269	(63)
<b>Total city assessor</b>	<b>201,025</b>	<b>235,025</b>	<b>223,339</b>	<b>11,686</b>
<b>City attorney:</b>				
Professional services	51,000	52,000	51,975	25
Office supplies	500	500	318	182
Transportation	-	-	151	(151)
Books, magazines and periodicals	4,000	4,000	3,344	656
	55,500	56,500	55,788	712
Less amount applicable to utilities	(27,750)	(27,750)	(27,894)	144
<b>Net city attorney</b>	<b>27,750</b>	<b>28,750</b>	<b>27,894</b>	<b>856</b>
<b>Human resources:</b>				
Salaries and wages	60,047	60,047	55,164	4,883
Fringe benefits	42,392	42,392	39,806	2,586
Professional services	4,000	12,000	12,100	(100)
Office supplies	700	700	856	(156)
Communications	150	150	145	5
Transportation	300	300	23	277
Printing and publishing	1,000	4,000	3,859	141
Memberships and dues	200	200	-	200

**CITY OF ESCANABA, MICHIGAN**

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CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Year Ended June 30, 2015

	Budget		Actual	Variance with final budget
	Original	Final		Favorable (Unfavorable)
Meetings	200	200	190	10
Equipment repair	-	-	198	(198)
Equipment rental	24	24	24	-
Books, magazines and periodicals	200	200	-	200
New equipment	500	500	-	500
	109,713	120,713	112,365	8,348
Less amount applicable to utilities	(38,400)	(38,400)	(39,327)	927
Net human resources	71,313	82,313	73,038	9,275
Board of review:				
Professional services	1,800	1,800	1,320	480
Office supplies	200	200	30	170
Tuition assistance	50	50	50	-
Transportation	-	-	110	(110)
Printing and publishing	400	400	234	166
Total board of review	2,450	2,450	1,744	706
Treasurer:				
Salaries and wages	124,067	131,567	125,585	5,982
Fringe benefits	86,328	88,828	87,004	1,824
Professional services	100	100	63	37
Office supplies	2,550	2,550	2,687	(137)
Communications	350	350	426	(76)
Transportation	200	200	-	200
Printing and publishing	8,000	8,750	8,729	21
Insurance and bonds	50	50	35	15
Memberships and dues	50	50	50	-
Meetings	200	200	10	190
Equipment repair	8,500	8,500	8,583	(83)
Equipment rental	5,016	5,016	5,018	(2)
Books, magazines and periodicals	475	475	448	27
New equipment	500	500	-	500
Total treasurer	236,386	247,136	238,638	8,498
Less amount applicable to utilities	(212,747)	(212,747)	(214,774)	2,027
Net treasurer	23,639	34,389	23,864	10,525
City clerk:				
Salaries and wages	75,646	79,646	78,127	1,519
Fringe benefits	41,087	41,862	41,373	489
Professional services	1,050	1,050	650	400
Office supplies	3,100	3,100	1,800	1,300
Communications	1,300	1,300	814	486
Transportation	800	800	499	301
Printing and publishing	5,000	5,000	4,623	377
Memberships and dues	330	330	330	-
Meetings	300	300	300	-
Equipment repair	700	700	598	102
Equipment rental	108	108	108	-
Books, magazines and periodicals	500	500	206	294
New equipment	-	300	307	(7)
Total city clerk	129,921	134,996	129,735	5,261
Billing department:				
Salaries and wages	143,883	154,633	148,522	6,111
Fringe benefits	105,438	116,513	115,289	1,224
Clothing	350	350	-	350
Professional services	100	1,250	1,113	137
Office supplies	30,100	30,100	31,233	(1,133)
Communications	650	650	821	(171)
Transportation	100	100	-	100
Printing and publishing	500	500	-	500
Insurance and bonds	-	-	-	-

CITY OF ESCANABA, MICHIGAN

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STATEMENT OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Year Ended June 30, 2015

	Budget		Actual	Variance with final budget Favorable (Unfavorable)
	Original	Final		
Meetings	100	100	-	100
Equipment repair	6,200	6,200	5,839	361
Equipment rental	8,676	9,201	9,406	(205)
New equipment	100	100	-	100
	<u>296,197</u>	<u>319,697</u>	<u>312,223</u>	<u>7,474</u>
Less amount applicable to utilities	(266,577)	(266,577)	(281,003)	14,426
Net billing department	<u>29,620</u>	<u>53,120</u>	<u>31,220</u>	<u>21,900</u>
Independent auditing:				
Professional services	17,000	17,000	17,000	-
Less amount applicable to utilities	(8,500)	(8,500)	(8,500)	-
Net independent auditing	<u>8,500</u>	<u>8,500</u>	<u>8,500</u>	<u>-</u>
Public Works - City Hall/Library:				
Building rental	81,252	81,252	81,252	-
Building lease	156,250	156,250	155,208	1,042
	<u>237,502</u>	<u>237,502</u>	<u>236,460</u>	<u>1,042</u>
Less amount applicable to utilities	(50,000)	(50,000)	(50,000)	-
Total Public Works - City Hall/Library	<u>187,502</u>	<u>187,502</u>	<u>186,460</u>	<u>1,042</u>
Civic center:				
Salaries and wages	12,206	13,631	18,308	(4,677)
Fringe benefits	8,654	13,529	13,744	(215)
Professional services	-	-	12	(12)
Office supplies	900	900	465	435
Building supplies	3,500	3,500	3,042	458
Communications	750	750	700	50
Printing and publishing	100	100	-	100
Insurance and bonds	2,000	2,000	1,630	370
Public utilities	22,000	22,000	18,144	3,856
Building maintenance	3,379	6,079	4,751	1,328
Equipment repair	900	900	816	84
Equipment rental	500	500	52	448
New equipment	175	175	-	175
Building improvements	7,000	7,000	5,328	1,672
Total civic center	<u>62,064</u>	<u>71,064</u>	<u>66,992</u>	<u>4,072</u>
Tourism promotion:				
Salaries and wages	-	-	709	(709)
Fringe benefits	-	-	119	(119)
Public relations	5,000	5,000	74	4,926
Insurance and bonds	100	100	70	30
Waterfront Art show	1,050	1,050	1,375	(325)
Equipment rental	-	-	434	(434)
Sno-fest	-	-	490	(490)
Cabela's tournament	-	-	239	(239)
Bass fishing tournament	-	-	1,218	(1,218)
Esky 150 celebration	-	-	1,202	(1,202)
Saturday Rock in the Park	-	12,500	13,567	(1,067)
Off road races	-	-	(340)	340
Total tourism promotion	<u>6,150</u>	<u>18,650</u>	<u>19,157</u>	<u>(507)</u>
Boat launches:				
Salaries and wages	1,524	1,524	645	879
Fringe benefits	234	234	185	49
Professional services	5,000	5,000	3,690	1,310
Operating supplies	600	600	632	(32)
Printing and publishing	250	250	-	250

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CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Year Ended June 30, 2015

	Budget		Actual	Variance with final budget Favorable (Unfavorable)
	Original	Final		
Insurance and bonds	50	50	20	30
Public utilities	4,000	4,000	3,481	519
Equipment rental	2,000	2,000	2,593	(593)
Repairs to structures	1,500	1,500	1,100	400
Repairs to equipment	500	500	551	(51)
Capital outlay	500	500	-	500
<b>Total boat launches</b>	<b>16,158</b>	<b>16,158</b>	<b>12,897</b>	<b>3,261</b>
Promotional:				
Community promotion	5,253	5,753	4,934	819
Celebration flags	1,566	3,566	2,291	1,275
Fourth of July	20,567	21,567	20,566	1,001
<b>Total promotional</b>	<b>27,386</b>	<b>30,886</b>	<b>27,791</b>	<b>3,095</b>
<b>Total general government</b>	<b>1,010,171</b>	<b>1,157,596</b>	<b>1,052,854</b>	<b>104,742</b>
Public safety:				
Public Safety Department:				
Salaries and wages	2,060,168	2,076,168	2,086,634	(10,466)
Fringe benefits	1,577,869	1,577,869	1,542,798	35,071
Clothing	8,800	8,800	11,010	(2,210)
Uniform maintenance	1,000	1,000	1,504	(504)
Professional services	1,050	1,050	1,258	(208)
Office supplies	20,250	20,250	16,052	4,198
Building supplies	2,300	2,300	3,358	(1,058)
Communications	7,350	7,350	5,904	1,446
Public relations	600	600	2,354	(1,754)
Transportation	4,000	4,000	2,449	1,551
Printing and publishing	1,100	1,100	642	458
Insurance and bonds	10,000	10,000	9,960	40
Public utilities	31,000	31,000	30,009	991
Building maintenance	8,000	8,000	8,287	(287)
Memberships and dues	410	410	630	(220)
Meetings	4,000	4,000	4,139	(139)
Equipment repair	18,665	18,665	20,020	(1,355)
Equipment rental	189,304	189,304	175,650	13,654
Books, magazines and periodicals	750	750	634	116
New equipment	18,750	18,750	10,573	8,177
Building improvements	4,400	82,400	96,988	(14,588)
Firearms range	-	-	59	(59)
<b>Total public safety department</b>	<b>3,969,766</b>	<b>4,063,766</b>	<b>4,030,912</b>	<b>32,854</b>
Community preservation:				
Salaries and wages	41,643	41,643	39,843	1,800
Fringe benefits	12,196	12,196	11,391	805
Professional services	-	-	100	(100)
Office supplies	5,200	5,200	3,960	1,240
Communications	350	350	301	49
Transportation	250	250	12	238
Printing and publishing	500	500	-	500
Memberships and dues	300	300	15	285
Meetings	500	500	-	500
Equipment repair	200	200	2,526	(2,326)
Equipment rental	2,508	2,508	-	2,508
Books, magazines and periodicals	400	400	-	400
New equipment	-	-	210	(210)
<b>Total community preservation</b>	<b>64,047</b>	<b>64,047</b>	<b>58,358</b>	<b>5,689</b>
Anti-drug abuse grant:				
Salaries and wages	66,750	66,750	67,996	(1,246)
Fringe benefits	54,546	54,546	54,756	(210)

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For the Year Ended June 30, 2015

	Budget		Actual	Variance with final budget
	Original	Final		Favorable (Unfavorable)
Office supplies	-	-	95	(95)
Transportation	300	300	249	51
Telephone	-	-	6	(6)
Professional services	31,850	31,850	23,547	8,303
<b>Total anti-drug abuse grant</b>	<b>153,446</b>	<b>153,446</b>	<b>146,649</b>	<b>6,797</b>
Public safety training				
Office supplies	1,000	1,000	-	1,000
Transportation	1,000	1,000	2,414	(1,414)
Meetings	3,300	3,300	2,835	465
<b>Total public safety training</b>	<b>5,300</b>	<b>5,300</b>	<b>5,249</b>	<b>51</b>
Dispatchers:				
Transportation	1,500	1,500	2,118	(618)
Education and training	8,500	8,500	3,658	4,842
<b>Total dispatchers</b>	<b>10,000</b>	<b>10,000</b>	<b>5,776</b>	<b>4,224</b>
<b>Total public safety</b>	<b>4,202,559</b>	<b>4,296,559</b>	<b>4,246,944</b>	<b>49,615</b>
Highways, streets and public works:				
City engineer:				
Salaries and wages	145,961	145,961	134,046	11,915
Fringe benefits	129,179	129,179	112,973	16,206
Professional services	1,000	1,000	-	1,000
Office supplies	1,250	1,250	1,771	(521)
Communications	1,750	1,750	1,240	510
Transportation	500	500	60	440
Insurance and bonds	100	100	35	65
Memberships and dues	80	80	80	-
Meetings	2,500	2,500	70	2,430
Equipment repair	2,200	2,200	1,666	534
Equipment rental	2,500	2,500	2,673	(173)
Books, magazines and periodicals	-	-	201	(201)
New equipment	-	-	5,222	(5,222)
<b>Total city engineer</b>	<b>287,020</b>	<b>287,020</b>	<b>260,037</b>	<b>26,983</b>
Care of trees and shrubs:				
Salaries and wages	40,532	40,532	24,051	16,481
Fringe benefits	23,424	23,424	11,848	11,576
Professional services	2,500	2,500	2,755	(255)
Office supplies	3,000	3,000	-	3,000
Printing and publishing	100	100	-	100
Meetings	300	300	-	300
Equipment repair	2,000	2,000	1,120	880
Equipment rental	13,000	13,000	8,222	4,778
New equipment	800	800	475	325
Esky 150 tree project	-	-	2,341	(2,341)
<b>Total care of trees and shrubs</b>	<b>85,656</b>	<b>85,656</b>	<b>50,812</b>	<b>34,844</b>
Planning commission:				
Professional services	12,600	12,600	6,300	6,300
Office supplies	250	250	184	66
Transportation	300	300	-	300
Printing and publishing	1,200	1,200	1,344	(144)
Meetings	500	500	-	500
Books, magazines and periodicals	300	300	313	(13)
<b>Total planning commission</b>	<b>15,150</b>	<b>15,150</b>	<b>8,141</b>	<b>7,009</b>
<b>Street lighting</b>	<b>164,000</b>	<b>164,000</b>	<b>159,794</b>	<b>4,206</b>

**CITY OF ESCANABA, MICHIGAN**

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CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Year Ended June 30, 2015

	Budget		Actual	Variance with final budget Favorable (Unfavorable)
	Original	Final		
Sidewalks:				
Professional services	5,000	5,000	4,586	414
Insurance and bonds	2,000	2,000	1,717	283
Total sidewalks	7,000	7,000	6,303	697
Alleys	6,222	6,222	2,863	3,359
Crossing guards	25,000	25,000	24,466	534
Total highways, streets and public works	590,048	590,048	512,416	77,632
Sanitation:				
Sanitary landfill:				
Professional services	206,500	206,500	204,563	1,937
Landfill road cleanup:				
Salaries and wages	1,531	1,531	980	551
Fringe benefits	884	884	164	720
Office supplies	-	-	7	(7)
Equipment rental	600	600	654	(54)
Total landfill road cleanup	3,015	3,015	1,805	1,210
Composting activities:				
Salaries and wages	20,690	20,690	14,135	6,555
Fringe benefits	11,956	11,956	6,760	5,196
Printing and publishing	550	550	790	(240)
Equipment rental	25,000	25,000	19,802	5,198
Total composting activities	58,196	58,196	41,487	16,709
Snow plowing:				
Salaries and wages	6,548	6,548	2,487	4,061
Fringe benefits	3,784	3,784	1,088	2,696
Equipment rental	8,000	8,000	3,886	4,114
Total snow plowing	18,332	18,332	7,461	10,871
Solid waste collection:				
Salaries and wages	84,621	84,621	76,476	8,145
Fringe benefits	64,182	64,182	62,196	1,986
Office supplies	250	250	21	229
Education and training	-	-	20	(20)
Insurance and bonds	200	200	175	25
Equipment repair	1,000	1,000	402	598
Equipment rental	132,000	132,000	133,189	(1,189)
Travel	-	-	76	(76)
Total solid waste collection	282,253	282,253	272,555	9,698
Recycling:				
Salaries and wages	29,269	29,269	27,263	2,006
Fringe benefits	16,716	16,716	14,957	1,759
Office supplies	50	50	14	36
Education and training	300	300	-	300
Equipment rental	54,000	54,000	52,520	1,480
Total recycling	100,335	100,335	94,754	5,581
Total sanitation	668,631	668,631	622,625	46,006

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STATEMENT OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Year Ended June 30, 2015

	Budget		Actual	Variance with final budget Favorable (Unfavorable)
	Original	Final		
Community services:				
Professional services	7,000	7,000	7,000	-
Building rental	9,148	9,148	9,148	-
<b>Total community services</b>	<b>16,148</b>	<b>16,148</b>	<b>16,148</b>	<b>-</b>
Recreation:				
Band:				
Clothing	120	120	-	120
Uniform maintenance	200	200	24	176
Professional services	38,500	38,500	36,320	2,180
Office supplies	225	225	15	210
Transportation	500	500	480	20
Printing and publishing	125	125	-	125
Public utilities	350	350	298	52
Building maintenance	300	300	-	300
Memberships and dues	350	350	336	14
Equipment repair	500	500	18	482
Equipment rental	200	200	-	200
<b>Total band</b>	<b>41,370</b>	<b>41,370</b>	<b>37,491</b>	<b>3,879</b>
Parks:				
Salaries and wages	72,341	72,341	61,367	10,974
Fringe benefits	51,794	51,794	48,824	2,970
Office supplies	3,000	3,000	1,685	1,315
Building supplies	2,000	2,000	1,530	470
Insurance and bonds	500	500	352	148
Public utilities	11,750	11,750	9,774	1,976
Building maintenance	8,000	8,000	7,329	671
Equipment repair	2,000	2,000	731	1,269
Equipment rental	43,000	43,000	45,386	(2,386)
New equipment	350	350	-	350
Building Improvements	-	-	71	(71)
Telephone	600	600	100	500
Repairs	-	-	314	(314)
<b>Total parks</b>	<b>195,335</b>	<b>195,335</b>	<b>177,463</b>	<b>17,872</b>
Recreation department - administration:				
Salaries and wages	89,415	89,415	103,300	(13,885)
Fringe benefits	66,182	66,182	64,460	1,722
Office supplies	3,000	3,000	1,916	1,084
Communications	1,500	1,500	1,249	251
Transportation	100	100	-	100
Printing and publishing	100	100	422	(322)
Equipment repair	200	200	35	165
Equipment rental	3,400	3,400	2,400	1,000
New equipment	1,000	1,000	1,593	(593)
Building improvements	-	9,000	-	9,000
<b>Total recreation department - administration</b>	<b>164,897</b>	<b>173,897</b>	<b>175,375</b>	<b>(1,478)</b>
Summer sports:				
Salaries and wages	47,694	47,694	32,211	15,483
Fringe benefits	57,449	57,449	51,624	5,825
Clothing	400	400	495	(95)
Professional services	200	200	-	200
Office supplies	5,500	5,500	1,737	3,763
Building supplies	100	100	13	87
Printing and publishing	100	100	-	100
Education and training	100	100	-	100
Insurance and bonds	250	250	170	80
Public utilities	9,000	9,000	8,248	752
Building maintenance	2,000	2,000	2,645	(645)
Equipment repair	500	500	317	183

**CITY OF ESCANABA, MICHIGAN**

**GENERAL FUND  
STATEMENT OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Year Ended June 30, 2015

	Budget		Actual	Variance with final budget
	Original	Final		Favorable (Unfavorable)
Equipment rental	18,000	18,000	17,915	85
New equipment	175	175	12,630	(12,455)
Building improvements	-	-	9,722	(9,722)
<b>Total summer sports</b>	<b>141,468</b>	<b>141,468</b>	<b>137,727</b>	<b>3,741</b>
Wading pool:				
Salaries and wages	6,698	6,698	3,136	3,562
Fringe benefits	589	589	734	(145)
Fees and per diems	75	75	66	9
Professional services	200	200	173	27
Office supplies	1,600	1,600	1,419	181
Communications	100	100	6	94
Insurance and bonds	100	100	68	32
Public utilities	1,400	1,400	545	855
Building maintenance	1,200	1,200	871	329
Equipment repair	100	100	-	100
Equipment rental	500	500	-	500
<b>Total wading pool</b>	<b>12,562</b>	<b>12,562</b>	<b>7,018</b>	<b>5,544</b>
Winter sports:				
Salaries and wages	25,132	25,132	22,965	2,167
Fringe benefits	14,303	14,303	14,670	(367)
Clothing	100	100	-	100
Professional services	750	750	-	750
Office supplies	600	600	37	563
Building supplies	250	250	20	230
Communications	200	200	45	155
Printing and publishing	200	200	-	200
Insurance and bonds	150	150	100	50
Public utilities	6,000	6,000	4,374	1,626
Building maintenance	4,000	4,000	614	3,386
Meetings	100	100	-	100
Equipment repair	200	200	69	131
Equipment rental	12,000	12,000	9,827	2,173
<b>Total winter sports</b>	<b>63,985</b>	<b>63,985</b>	<b>52,721</b>	<b>11,264</b>
Beach:				
Salaries and wages	17,007	17,007	14,975	2,032
Fringe benefits	1,497	1,497	1,318	179
Clothing	200	200	71	129
Uniform maintenance	50	50	-	50
Professional services	100	100	-	100
Office supplies	200	200	72	128
Building supplies	200	200	216	(16)
Communications	400	400	318	82
Insurance and bonds	250	250	202	48
Public utilities	900	900	561	339
Building maintenance	700	700	2,766	(2,066)
Meetings	200	200	-	200
Equipment repair	200	200	13	187
Equipment rental	300	300	-	300
New equipment	400	400	-	400
Building improvements	900	900	-	900
<b>Total beach</b>	<b>23,504</b>	<b>23,504</b>	<b>20,512</b>	<b>2,992</b>
Civic center activities:				
Salaries and wages	25,677	25,677	18,533	7,144
Fringe benefits	5,890	5,890	4,428	1,462
Office supplies	400	400	242	158
Operating supplies	200	200	-	200

**CITY OF ESCANABA, MICHIGAN**

**GENERAL FUND  
STATEMENT OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Year Ended June 30, 2015

	Budget		Actual	Variance with final budget Favorable (Unfavorable)
	Original	Final		
Jackie Sorenson aerobics	9,000	9,000	5,372	3,628
Elementary basketball	-	-	2,946	(2,946)
Printing and publishing	300	300	-	300
Meetings	100	100	-	100
Equipment repair	500	500	13	487
<b>Total civic center activities</b>	<b>42,067</b>	<b>42,067</b>	<b>31,534</b>	<b>10,533</b>
<b>Total recreation</b>	<b>685,188</b>	<b>694,188</b>	<b>639,841</b>	<b>54,347</b>
Cultural:				
Historical Society building:				
Insurance and bonds	250	250	180	70
Other functions:				
Insurance and bonds	3,000	3,000	2,718	282
<b>TOTAL EXPENDITURES</b>	<b>7,175,995</b>	<b>7,426,420</b>	<b>7,093,726</b>	<b>332,694</b>
<b>EXCESS REVENUES (EXPENDITURES)</b>	<b>(262,320)</b>	<b>(512,745)</b>	<b>(277,876)</b>	<b>234,869</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Gain (loss) on sale of investments	-	-	4,834	4,834
Operating transfers in:				
Electric Fund	463,624	463,624	463,624	-
Land Development Fund	60,000	60,000	60,000	-
Office Equipment Fund	4,200	4,200	4,200	-
DDA Fund	-	5,000	5,000	-
Sanitary Landfill Fund	203,500	203,500	203,500	-
Health Insurance Fund	21,467	21,467	75,471	54,004
Operating Transfers out:				
Catherine Bonifas Trust Fund	-	(42,990)	(46,233)	(3,243)
Library Fund	(371,000)	(371,000)	(371,000)	-
Grants Fund	-	(14,771)	(9,425)	5,346
Local Street Fund	(100,000)	(100,000)	(100,000)	-
Parking Maintenance Fund	(18,000)	(16,500)	(14,315)	2,185
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>263,791</b>	<b>212,530</b>	<b>275,656</b>	<b>63,126</b>
<b>EXCESS REVENUES AND OTHER FINANCING SOURCES (EXPENDITURES AND OTHER FINANCING USES)</b>	<b>1,471</b>	<b>(300,215)</b>	<b>(2,220)</b>	<b>297,995</b>
Fund balance, beginning of year	3,878,677	3,878,677	3,878,677	-
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 3,880,148</b>	<b>\$ 3,578,462</b>	<b>\$ 3,876,457</b>	<b>\$ 297,995</b>

CITY OF ESCANABA, MICHIGAN

**SCHEDULE OF FUNDING PROGRESS FOR  
THE PUBLIC EMPLOYEES RETIREMENT SYSTEMS**

June 30, 2015

**PUBLIC SAFETY OFFICER PENSION PLAN**

<b>Total pension liability</b>	
Service cost	\$ 727,549
Interest	2,270,399
Changes of benefit terms	-
Difference between expected and actual experience	(321,158)
Changes of assumptions	5,861,409
Benefit payments, including refund fo member contributions	<u>(1,538,201)</u>
<b>Net change in total pension liability</b>	6,999,998
<b>Total pension liability - beginning</b>	<u>31,851,295</u>
<b>Total pension liability - ending</b>	<u>\$ 38,851,293</u>
<b>Plan fiduciary net position</b>	
Contributions - employer	\$ 1,033,739
Contributions - employee	124,797
Net investment income	1,126,473
Benefit payments, including refunds of member contributions	(1,538,201)
Administrative expenses	<u>(6,835)</u>
<b>Net change in plan fiduciary net position</b>	739,973
<b>Plan fiduciary net position - beginning</b>	<u>25,576,018</u>
<b>Plan fiduciary net position - ending</b>	<u>\$ 26,315,991</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	68%
<b>Covered employee payroll</b>	\$ 2,055,865
<b>City's net pension liability as a percentage of covered employee payroll</b>	610%
<b>Annual money-weighted rate of return, net of investment expense</b>	4%
<b>Actuarially determined contribution</b>	\$ 1,033,739
<b>Contributions in relation to the actuarially determined contribution</b>	<u>1,033,739</u>
<b>Contribution deficiency (excess)</b>	<u>\$ -</u>
<b>Contributions as a percentage of covered employee payroll</b>	50%
<b>Valuation Date</b>	June 30, 2014
The roll forward of the total pension liability from June 30, 2014 to June 30, 2015 reflects expected service cost and interest reduced by actual benefit payments and administrative expenses.	

CITY OF ESCANABA, MICHIGAN

SCHEDULE OF FUNDING PROGRESS FOR  
THE PUBLIC EMPLOYEES RETIREMENT SYSTEMS

June 30, 2015

<b>Actuarial Cost Method</b>	Entry age normal
<b>Amortization Method</b>	Level dollar, closed
<b>Remaining Amortization Period</b>	20 years
<b>Asset Valuation Method</b>	5 year smoothed market; 20% corridor
<b>Inflation</b>	4.0% wage inflation; 3.5% price inflation
<b>Salary Increases</b>	4.0% to 8.0%, including inflation
<b>Investment Rate of Return</b>	7.50%
<b>Retirement Age</b>	Experience based table of rates that are specific to the type of eligibility condition. Last updated for the 2003 valuation.
<b>Mortality</b>	The RP-2000 Mortality table (combined healthy), projected to 2017 using projection scale BB, set back 0 years for men and 0 years for women. Mortality rates were adjusted to include margin for five years of future life improvement.

CITY OF ESCANABA, MICHIGAN

SCHEDULE OF FUNDING PROGRESS FOR  
THE PUBLIC EMPLOYEES RETIREMENT SYSTEMS

June 30, 2015

CITY GENERAL PENSION PLAN

<b>Total pension liability</b>	
Service cost	\$ 256,475
Interest	2,543,881
Difference between expected and actual experience	-
Benefit payments, including refund fo member contributions	(2,008,357)
Other	<u>(1)</u>
<b>Net change in total pension liability</b>	791,998
<b>Total pension liability - beginning</b>	<u>31,710,858</u>
<b>Total pension liability - ending</b>	<u>\$ 32,502,856</u>
<b>Plan fiduciary net position</b>	
Contributions - employer	\$ 1,194,312
Contributions - employee	-
Net investment income	1,208,114
Benefit payments, including refunds of member contributions	(2,008,357)
Administrative expenses	<u>(44,231)</u>
<b>Net change in plan fiduciary net position</b>	349,838
<b>Plan fiduciary net position - beginning</b>	<u>19,350,544</u>
<b>Plan fiduciary net position - ending</b>	<u>\$ 19,700,382</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	61%
<b>Covered employee payroll</b>	\$ 2,580,370
<b>City's net pension liability as a percentage of covered employee payroll</b>	496%
<b>Annual money-weighted rate of return, net of investment expense</b>	6%
<b>Actuarially determined contribution</b>	\$ 1,248,924
<b>Contributions in relation to the actuarially determined contribution</b>	<u>1,248,924</u>
<b>Contribution deficiency (excess)</b>	<u>\$ -</u>
<b>Contributions as a percentage of covered employee payroll</b>	48%
<b>Actuarial Cost Method</b>	Entry age normal
<b>Amortization Method</b>	Level dollar, closed
<b>Remaining Amortization Period</b>	11-24 years
<b>Asset Valuation Method</b>	10 years smoothed market
<b>Inflation</b>	4.50%
<b>Salary Increases</b>	4.5% average, including inflation
<b>investment Rate of Return</b>	8.00%
<b>Retirement Age</b>	In the 2014 actuarial valuation, expected retirement ages of general employees were adjusted to more closely reflect actual experience.
<b>Mortality</b>	Assumptions were based on the 1994 Group Annuity Mortality Table - blended 50% male and 50% female.

**OTHER SUPPLEMENTAL INFORMATION**

**CITY OF ESCANABA, MICHIGAN**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**

June 30, 2015

	<u>Special Revenue Funds</u>	<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<b>ASSETS:</b>			
Cash and equivalents	\$ 188,492	\$ -	\$ 188,492
Investments, at market	6,992,996	1,140,981	8,133,977
Sequestered cash and equivalents	941,568	-	941,568
Receivables:			
Accounts, net of bad debt allowance	30,884	-	30,884
Mortgages, land contracts and other notes	1,295,803	-	1,295,803
Special assessments	404	-	404
Accrued interest	87,295	14,118	101,413
Due from other governments:			
State of Michigan	257,133	-	257,133
Delta County	-	-	-
Advances to other funds:			
Marina Fund	279,794	-	279,794
Real estate held for investment	8,200	-	8,200
	<u>\$ 10,082,569</u>	<u>\$ 1,155,099</u>	<u>\$ 11,237,668</u>
<b>TOTAL ASSETS</b>			
<b>LIABILITIES:</b>			
Accounts payable	\$ 108,884	\$ -	108,884
Due to other governments:			
State of Michigan	120	-	120
Due to other funds:			
General Fund	10,391	-	10,391
Unearned revenue	645,746	-	645,746
	<u>765,141</u>	<u>-</u>	<u>765,141</u>
<b>TOTAL LIABILITIES</b>			
<b>FUND BALANCES:</b>			
Nonspendable:			
Principal	-	1,094,634	1,094,634
Restricted:			
Capital improvements	-	60,465	60,465
Economic development	2,299,211	-	2,299,211
Revolving loans	1,647,567	-	1,647,567
UPSET expenses/building	185,025	-	185,025
Future DDA projects as listed in the TIF plan	267,636	-	267,636
Brownfield	4,050	-	4,050
Local Streets	972,025	-	972,025
Major Streets	1,847,202	-	1,847,202
Assigned:			
Economic development	105,260	-	105,260
Sanitary landfill	27,668	-	27,668
Parking lots	721	-	721
Capital improvements	1,608,693	-	1,608,693
Housing rehab	228,498	-	228,498
Library operations	105,660	-	105,660
Drug law enforcement	18,212	-	18,212
	<u>9,317,428</u>	<u>1,155,099</u>	<u>10,472,527</u>
<b>TOTAL FUND BALANCES</b>			
<b>TOTAL LIABILITIES AND FUND BALANCES</b>			
	<u>\$ 10,082,569</u>	<u>\$ 1,155,099</u>	<u>\$ 11,237,668</u>

See accompanying notes to financial statements.

**CITY OF ESCANABA, MICHIGAN**

**NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**

For the Year Ended June 30, 2015

	Special Revenue Funds	Permanent Fund	Total Nonmajor Governmental Funds
REVENUES:			
Taxes	\$ 348,253	\$ -	\$ 348,253
Local sources	122,914	-	122,914
State grants	1,238,026	-	1,238,026
Federal sources	-	-	-
Charges for services	921,682	-	921,682
Fines and forfeitures	26,654	-	26,654
Interest and dividends	-	19,872	19,872
Miscellaneous	265,667	-	265,667
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	2,923,196	19,872	2,943,068
EXPENDITURES:			
Public safety	769,580	-	769,580
Highways, streets and public works	1,271,161	-	1,271,161
Community services	139,161	-	139,161
Recreation	-	-	-
Cultural	524,392	-	524,392
Urban redevelopment and housing	611,187	-	611,187
Economic development	247,572	-	247,572
Debt service	41,226	-	41,226
	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	3,604,279	-	3,604,279
EXCESS REVENUES (EXPENDITURES)	<hr/>	<hr/>	<hr/>
	(681,083)	19,872	(661,211)
OTHER FINANCING SOURCES (USES):			
Gain (loss) on sale of investments	7,242	1,201	8,443
Operating transfers in	691,740	-	691,740
Operating transfers out	(452,500)	(17,000)	(469,500)
	<hr/>	<hr/>	<hr/>
TOTAL OTHER FINANCING SOURCES (USES)	246,482	(15,799)	230,683
EXCESS REVENUES AND OTHER FINANCING SOURCES (EXPENDITURES AND OTHER FINANCING USES)	<hr/>	<hr/>	<hr/>
	(434,601)	4,073	(430,528)
Fund balance, beginning of year	<hr/>	<hr/>	<hr/>
	9,752,029	1,151,026	10,903,055
FUND BALANCE, END OF YEAR	<hr/>	<hr/>	<hr/>
	\$ 9,317,428	\$ 1,155,099	\$ 10,472,527

See accompanying notes to financial statements.

**GENERAL FUND**

**CITY OF ESCANABA, MICHIGAN**

**GENERAL FUND  
COMPARATIVE BALANCE SHEET**

June 30, 2015 and 2014

	<u>June 30</u>	
	<u>2015</u>	<u>2014</u>
<b>ASSETS:</b>		
Cash and equivalents	\$ 14,491	\$ 13,714
Investments, at market	3,613,880	3,545,608
Receivables:		
Accounts, net of bad debt allowance	407,108	304,960
Contracts for rental property	(221)	2,856
Special assessments	700	1,855
Accrued interest	55,477	45,191
Due from other funds:		
Sanitary Landfill Fund	4,615	5,665
Delta County Central Dispatch Authority Fund	5,776	16,604
Due from other governments:		
State of Michigan	9,992	19,800
Advances to other funds:		
Motor Vehicle Equipment Fund	203,715	218,005
Inventory	137,012	127,789
Prepaid items	159,614	135,305
<b>TOTAL ASSETS</b>	<b><u>\$ 4,612,159</u></b>	<b><u>\$ 4,437,352</u></b>
<b>LIABILITIES:</b>		
Accounts payable	\$ 261,006	\$ 174,552
Accrued salaries, wages and fringes	218,911	223,454
Due to other governments	155,790	96,977
Unearned revenue	99,995	63,692
<b>TOTAL LIABILITIES</b>	<b><u>735,702</u></b>	<b><u>558,675</u></b>
<b>FUND BALANCES:</b>		
Nonspendable:		
Inventory	137,012	127,789
Prepaid items	159,614	135,305
Unassigned	3,579,831	3,615,583
<b>TOTAL FUND BALANCES</b>	<b><u>3,876,457</u></b>	<b><u>3,878,677</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 4,612,159</u></b>	<b><u>\$ 4,437,352</u></b>

See accompanying notes to financial statements.

**CITY OF ESCANABA, MICHIGAN**

**GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Year Ended June 30, 2015  
With Comparative Totals for the Year Ended June 30, 2014

	Budget	Actual	Variance Favorable (Unfavorable)	2014
<b>REVENUES:</b>				
Taxes	\$ 5,029,225	\$ 4,925,854	\$ (103,371)	\$ 4,916,025
Licenses and permits	7,000	2,128	(4,872)	2,000
Local sources	10,000	10,000	-	10,000
State grants	1,357,000	1,340,519	(16,481)	1,347,918
Federal sources	40,000	55,353	15,353	44,877
Charges for services	266,100	258,415	(7,685)	264,378
Fines and forfeitures	45,000	44,817	(183)	43,539
Miscellaneous	159,350	178,764	19,414	187,496
<b>TOTAL REVENUES</b>	<b>6,913,675</b>	<b>6,815,850</b>	<b>(97,825)</b>	<b>6,816,233</b>
<b>EXPENDITURES:</b>				
General government	1,157,596	1,052,854	104,742	2,091,499
Public safety	4,296,559	4,246,944	49,615	4,096,243
Highways, streets and public works	590,048	512,416	77,632	515,239
Sanitation	668,631	622,625	46,006	634,694
Community services	16,148	16,148	-	21,148
Recreation	694,188	639,841	54,347	559,103
Cultural	250	180	70	254
Other functions	3,000	2,718	282	3,417
<b>TOTAL EXPENDITURES</b>	<b>7,426,420</b>	<b>7,093,726</b>	<b>332,694</b>	<b>7,921,597</b>
<b>EXCESS REVENUES (EXPENDITURES)</b>	<b>(512,745)</b>	<b>(277,876)</b>	<b>234,869</b>	<b>(1,105,364)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Gain (loss) on sale of investments	-	4,834	4,834	1,116
Operating transfers in	757,791	811,795	54,004	912,180
Operating transfers out	(545,261)	(540,973)	4,288	(614,291)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>212,530</b>	<b>275,656</b>	<b>63,126</b>	<b>299,005</b>
<b>EXCESS REVENUES AND OTHER FINANCING SOURCES (EXPENDITURES AND OTHER FINANCING USES)</b>	<b>(300,215)</b>	<b>(2,220)</b>	<b>297,995</b>	<b>(806,359)</b>
Fund balance, beginning of year	3,878,677	3,878,677	-	4,685,036
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 3,578,462</b>	<b>\$ 3,876,457</b>	<b>\$ 297,995</b>	<b>\$ 3,878,677</b>

See accompanying notes to financial statements.

**SPECIAL REVENUE FUNDS**

**CITY OF ESCANABA, MICHIGAN**

**NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET**

June 30, 2015  
With Comparative Totals for the Year Ended June 30, 2014

	Major Street Fund	Local Street Fund	Parking Maintenance Fund	Downtown Development Authority Fund	Brownfield Fund
<b>ASSETS:</b>					
Cash and equivalents	\$ -	\$ -	\$ -	\$ 3,467	\$ -
Investments, at market	1,682,554	900,833	712	262,383	3,983
Sequestered cash and equivalents	-	-	-	-	-
Receivables:					
Accounts, net of bad debt allowance	-	-	-	-	-
Mortgages, land contracts and other notes	-	-	-	-	-
Special assessments	-	404	-	-	-
Accrued interest	21,357	10,024	9	3,261	67
Due from other governments:					
State of Michigan	150,618	63,836	-	800	-
Delta County	-	-	-	-	-
Advances to other funds:					
Marina Fund	-	-	-	-	-
Real estate held for resale	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 1,854,529</b>	<b>\$ 975,097</b>	<b>\$ 721</b>	<b>\$ 269,911</b>	<b>\$ 4,050</b>
<b>LIABILITIES:</b>					
Accounts payable	\$ 7,327	\$ 2,548	\$ -	\$ 2,193	\$ -
Due to other governments:					
State of Michigan	-	120	-	-	-
Due to other funds:					
General Fund	-	-	-	-	-
Unearned revenue	-	404	-	82	-
<b>TOTAL LIABILITIES</b>	<b>7,327</b>	<b>3,072</b>	<b>-</b>	<b>2,275</b>	<b>-</b>
<b>FUND BALANCES:</b>					
Restricted:					
Economic development	-	-	-	-	-
Revolving loans	-	-	-	-	-
UPSET expenses/building	-	-	-	-	-
Future DDA projects as listed in the TIF plan	-	-	-	267,636	-
Brownfield	-	-	-	-	4,050
Local Streets	-	972,025	-	-	-
Major Streets	1,847,202	-	-	-	-
Assigned:					
Economic development	-	-	-	-	-
Sanitary Landfill	-	-	-	-	-
Parking lots	-	-	721	-	-
Capital improvements	-	-	-	-	-
Housing rehab	-	-	-	-	-
Library operations	-	-	-	-	-
Drug law enforcement	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>1,847,202</b>	<b>972,025</b>	<b>721</b>	<b>267,636</b>	<b>4,050</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,854,529</b>	<b>\$ 975,097</b>	<b>\$ 721</b>	<b>\$ 269,911</b>	<b>\$ 4,050</b>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN

**NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET**

June 30, 2015  
With Comparative Totals for the Year Ended June 30, 2014

Drug Law Enforcement Fund	Delta County Central Dispatch Authority Fund	Library Fund	Housing Rehab Fund	Grants Fund	UDAG/DIAL Grant Fund	E.D.A. Revolving Loan Fund	Farmers Home Grant Fund
\$ 185,025	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
17,974	20,548	103,900	225,885	132,436	1,682,739	569,171	45,695
-	-	-	-	-	-	941,568	-
-	-	-	-	-	-	-	-
-	-	-	-	-	596,520	607,320	-
238	95	2,047	2,613	1,400	20,203	6,932	584
-	-	7,778	-	34,101	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 203,237</u>	<u>\$ 20,643</u>	<u>\$ 113,725</u>	<u>\$ 228,498</u>	<u>\$ 167,937</u>	<u>\$ 2,299,462</u>	<u>\$ 2,124,991</u>	<u>\$ 46,279</u>
\$ -	\$ 426	\$ 5,565	\$ -	\$ 87,957	\$ 251	\$ 2,617	\$ -
-	-	-	-	-	-	-	-
-	5,776	-	-	-	-	-	-
-	14,441	2,500	-	20,999	-	607,320	-
-	20,643	8,065	-	108,956	251	609,937	-
-	-	-	-	-	2,299,211	-	-
-	-	-	-	-	-	1,515,054	-
185,025	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	58,981	-	-	46,279
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	228,498	-	-	-	-
-	-	105,660	-	-	-	-	-
18,212	-	-	-	-	-	-	-
<u>203,237</u>	<u>-</u>	<u>105,660</u>	<u>228,498</u>	<u>58,981</u>	<u>2,299,211</u>	<u>1,515,054</u>	<u>46,279</u>
<u>\$ 203,237</u>	<u>\$ 20,643</u>	<u>\$ 113,725</u>	<u>\$ 228,498</u>	<u>\$ 167,937</u>	<u>\$ 2,299,462</u>	<u>\$ 2,124,991</u>	<u>\$ 46,279</u>

See accompanying notes to financial statements.

**CITY OF ESCANABA, MICHIGAN**

**NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET**

June 30, 2015  
With Comparative Totals for the Year Ended June 30, 2014

M.S.C. Revolving Loan Fund II	Land Development Fund	Sanitary Landfill Fund	Totals	
			2015	2014
\$ -	\$ -	\$ -	\$ 188,492	\$ 250,641
39,103	1,304,995	85	6,992,996	6,775,200
-	-	-	941,568	936,619
-	-	30,884	30,884	30,205
91,963	-	-	1,295,803	1,348,655
-	-	-	404	3,032
1,447	15,704	1,314	87,295	70,964
-	-	-	257,133	197,217
-	-	-	-	16,746
-	279,794	-	279,794	298,107
-	8,200	-	8,200	8,200
<u>\$ 132,513</u>	<u>\$ 1,608,693</u>	<u>\$ 32,283</u>	<u>\$ 10,082,569</u>	<u>\$ 9,935,586</u>
\$ -	\$ -	\$ -	\$ 108,884	\$ 35,572
-	-	-	120	120
-	-	4,615	10,391	22,269
-	-	-	645,746	125,596
-	-	4,615	765,141	183,557
-	-	-	2,299,211	2,250,378
132,513	-	-	1,647,567	2,230,227
-	-	-	185,025	247,176
-	-	-	267,636	197,813
-	-	-	4,050	4,049
-	-	-	972,025	785,619
-	-	-	1,847,202	1,974,294
-	-	-	105,260	102,365
-	-	27,668	27,668	25,343
-	-	-	721	1,056
-	1,608,693	-	1,608,693	1,588,672
-	-	-	228,498	209,234
-	-	-	105,660	115,612
-	-	-	18,212	20,191
<u>132,513</u>	<u>1,608,693</u>	<u>27,668</u>	<u>9,317,428</u>	<u>9,752,029</u>
<u>\$ 132,513</u>	<u>\$ 1,608,693</u>	<u>\$ 32,283</u>	<u>\$ 10,082,569</u>	<u>\$ 9,935,586</u>

See accompanying notes to financial statements.

**CITY OF ESCANABA, MICHIGAN**

**NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**

For the Year Ended June 30, 2015  
With Comparative Totals for the Year Ended June 30, 2014

	Major Street Fund	Local Street Fund	Parking Maintenance Fund	Downtown Development Authority Fund	Brownfield Fund
<b>REVENUES:</b>					
Taxes	\$ -	\$ -	\$ -	\$ 293,822	\$ 54,431
Local sources	-	-	-	-	-
State grants	765,890	350,680	-	-	-
Federal sources	-	-	-	-	-
Charges for services	-	-	22,620	-	-
Fines and forfeitures	-	-	-	-	-
Miscellaneous	30,423	16,455	13	18,876	105
<b>TOTAL REVENUES</b>	<b>796,313</b>	<b>367,135</b>	<b>22,633</b>	<b>312,698</b>	<b>54,536</b>
<b>EXPENDITURES:</b>					
Public Safety	-	-	-	-	-
Highways, streets and public works	745,247	478,548	37,284	-	-
Community services	-	-	-	-	-
Recreation	-	-	-	-	-
Cultural	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-
Economic development	-	-	-	192,931	54,541
Debt service	-	-	-	41,226	-
<b>TOTAL EXPENDITURES</b>	<b>745,247</b>	<b>478,548</b>	<b>37,284</b>	<b>234,157</b>	<b>54,541</b>
<b>EXCESS REVENUES (EXPENDITURES)</b>	<b>51,066</b>	<b>(111,413)</b>	<b>(14,651)</b>	<b>78,541</b>	<b>(5)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Gain (loss) on sale of investments	1,842	819	1	282	6
Operating transfers in	-	297,000	14,315	-	-
Operating transfers out	(180,000)	-	-	(9,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(178,158)</b>	<b>297,819</b>	<b>14,316</b>	<b>(8,718)</b>	<b>6</b>
<b>EXCESS REVENUES AND OTHER FINANCING SOURCES (EXPENDITURES AND OTHER USES)</b>	<b>(127,092)</b>	<b>186,406</b>	<b>(335)</b>	<b>69,823</b>	<b>1</b>
Fund balances, beginning of year	1,974,294	785,619	1,056	197,813	4,049
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 1,847,202</b>	<b>\$ 972,025</b>	<b>\$ 721</b>	<b>\$ 267,636</b>	<b>\$ 4,050</b>

See accompanying notes to financial statements.

**CITY OF ESCANABA, MICHIGAN**

**NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**

For the Year Ended June 30, 2015  
With Comparative Totals for the Year Ended June 30, 2014

Drug Law Enforcement Fund	Delta County Central Dispatch Authority Fund	Library Fund	Housing Rehab Fund	Grants Fund	UDAG/DIAL Grant Fund	E.D.A. Revolving Loan Fund	Farmers Home Grant Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	98,194	-	24,720	-	-	-
-	-	16,325	-	105,131	-	-	-
-	-	-	-	-	-	-	-
-	694,812	-	-	-	-	-	-
9,550	-	17,104	-	-	-	-	-
930	131	11,663	19,896	2,046	48,546	21,002	785
<u>10,480</u>	<u>694,943</u>	<u>143,286</u>	<u>19,896</u>	<u>131,897</u>	<u>48,546</u>	<u>21,002</u>	<u>785</u>
74,630	694,950	-	-	-	-	-	-
-	-	-	-	139,161	-	-	-
-	-	-	-	-	-	-	-
-	-	524,392	-	-	-	-	-
-	-	-	853	-	1,434	608,900	-
-	-	-	-	-	-	-	100
-	-	-	-	-	-	-	-
<u>74,630</u>	<u>694,950</u>	<u>524,392</u>	<u>853</u>	<u>139,161</u>	<u>1,434</u>	<u>608,900</u>	<u>100</u>
<u>(64,150)</u>	<u>(7)</u>	<u>(381,106)</u>	<u>19,043</u>	<u>(7,264)</u>	<u>47,112</u>	<u>(587,898)</u>	<u>685</u>
20	7	154	221	-	1,721	583	49
-	-	371,000	-	9,425	-	-	-
-	-	-	-	-	-	-	-
<u>20</u>	<u>7</u>	<u>371,154</u>	<u>221</u>	<u>9,425</u>	<u>1,721</u>	<u>583</u>	<u>49</u>
(64,130)	-	(9,952)	19,264	2,161	48,833	(587,315)	734
<u>267,367</u>	<u>-</u>	<u>115,612</u>	<u>209,234</u>	<u>56,820</u>	<u>2,250,378</u>	<u>2,102,369</u>	<u>45,545</u>
<u>\$ 203,237</u>	<u>\$ -</u>	<u>\$ 105,660</u>	<u>\$ 228,498</u>	<u>\$ 58,981</u>	<u>\$ 2,299,211</u>	<u>\$ 1,515,054</u>	<u>\$ 46,279</u>

See accompanying notes to financial statements.

**CITY OF ESCANABA, MICHIGAN**

**NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**

For the Year Ended June 30, 2015  
With Comparative Totals for the Year Ended June 30, 2014

M.S.C. Revolving Loan Fund II	Land Development Fund	Sanitary Landfill Fund	Totals	
			2015	2014
\$ -	\$ -	\$ -	\$ 348,253	\$ 318,901
-	-	-	122,914	249,408
-	-	-	1,238,026	1,243,044
-	-	-	-	-
-	-	204,250	921,682	901,224
-	-	-	26,654	20,046
<u>4,547</u>	<u>88,666</u>	<u>1,583</u>	<u>265,667</u>	<u>461,313</u>
<u>4,547</u>	<u>88,666</u>	<u>205,833</u>	<u>2,923,196</u>	<u>3,193,936</u>
-	-	-	769,580	693,979
-	9,982	100	1,271,161	1,171,606
-	-	-	139,161	298,469
-	-	-	-	-
-	-	-	524,392	520,783
-	-	-	611,187	1,036,753
-	-	-	247,572	305,946
-	-	-	41,226	43,678
<u>-</u>	<u>9,982</u>	<u>100</u>	<u>3,604,279</u>	<u>4,071,214</u>
<u>4,547</u>	<u>78,684</u>	<u>205,733</u>	<u>(681,083)</u>	<u>(877,278)</u>
108	1,337	92	7,242	1,735
-	-	-	691,740	669,468
<u>-</u>	<u>(60,000)</u>	<u>(203,500)</u>	<u>(452,500)</u>	<u>(272,205)</u>
<u>108</u>	<u>(58,663)</u>	<u>(203,408)</u>	<u>246,482</u>	<u>398,998</u>
4,655	20,021	2,325	(434,601)	(478,280)
<u>127,858</u>	<u>1,588,672</u>	<u>25,343</u>	<u>9,752,029</u>	<u>10,230,309</u>
<u>\$ 132,513</u>	<u>\$ 1,608,693</u>	<u>\$ 27,668</u>	<u>\$ 9,317,428</u>	<u>\$ 9,752,029</u>

See accompanying notes to financial statements.

**CITY OF ESCANABA, MICHIGAN**

**MAJOR STREET FUND  
COMPARATIVE BALANCE SHEET**

June 30, 2015 and 2014

	<u>June 30</u>	
	<u>2015</u>	<u>2014</u>
<b>ASSETS:</b>		
Investments, at market	\$ 1,682,554	\$ 1,857,866
Receivables:		
Accrued interest	21,357	17,054
Due from other governments:		
State of Michigan	<u>150,618</u>	<u>113,513</u>
 TOTAL ASSETS	 <u><u>\$ 1,854,529</u></u>	 <u><u>\$ 1,988,433</u></u>
 <b>LIABILITIES:</b>		
Accounts payable	<u>\$ 7,327</u>	<u>\$ 14,139</u>
 <b>FUND BALANCES:</b>		
Restricted:		
Major Streets	<u>1,847,202</u>	<u>1,974,294</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u><u>\$ 1,854,529</u></u>	 <u><u>\$ 1,988,433</u></u>

See accompanying notes to financial statements.

**CITY OF ESCANABA, MICHIGAN**

**MAJOR STREET FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Year Ended June 30, 2015

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES:			
State grants:			
Gas and weight tax	\$ 695,000	\$ 705,457	\$ 10,457
Winter maintenance	22,675	22,679	4
PA 48 annual maintenance fee	44,500	37,754	(6,746)
Miscellaneous:			
Interest earnings	<u>30,000</u>	<u>30,423</u>	423
 TOTAL REVENUES	 <u>792,175</u>	 <u>796,313</u>	 <u>4,138</u>
EXPENDITURES:			
Highways, streets and public works:			
Preservation streets:			
Patching and crack filling	58,618	72,295	(13,677)
Storm sewers	38,285	46,491	(8,206)
Grass and weed cutting	10,482	5,903	4,579
Sweeping and flushing	39,059	53,453	(14,394)
Street paving	<u>150,000</u>	<u>149,405</u>	595
Total preservation streets	<u>296,444</u>	<u>327,547</u>	<u>(31,103)</u>
Traffic services - maintenance			
Pavement markings and signs	<u>65,876</u>	<u>68,926</u>	<u>(3,050)</u>
Winter maintenance:			
Snow removal	150,951	119,636	31,315
Snow plowing	69,023	69,428	(405)
Ice control	<u>67,738</u>	<u>88,263</u>	<u>(20,525)</u>
Total winter maintenance	<u>287,712</u>	<u>277,327</u>	<u>10,385</u>
Administration, engineering and record keeping	<u>87,056</u>	<u>71,447</u>	<u>15,609</u>
 TOTAL EXPENDITURES	 <u>737,088</u>	 <u>745,247</u>	 <u>(8,159)</u>
 EXCESS REVENUES (EXPENDITURES)	 <u>55,087</u>	 <u>51,066</u>	 <u>(4,021)</u>
OTHER FINANCING SOURCES (USES):			
Gain (loss) on sale of investments	-	1,842	1,842
Operating transfers out:			
Local Street Fund	<u>(180,000)</u>	<u>(180,000)</u>	-
 TOTAL OTHER FINANCING SOURCES (USES)	 <u>(180,000)</u>	 <u>(178,158)</u>	 <u>1,842</u>
 EXCESS REVENUES AND OTHER FINANCING SOURCES	 <u>(124,913)</u>	 <u>(127,092)</u>	 <u>(2,179)</u>
 Fund balance, beginning of year	 <u>1,974,294</u>	 <u>1,974,294</u>	 <u>-</u>
 FUND BALANCE, END OF YEAR	 <u>\$ 1,849,381</u>	 <u>\$ 1,847,202</u>	 <u>\$ (2,179)</u>

See accompanying notes to financial statements.

**CITY OF ESCANABA, MICHIGAN**

**LOCAL STREET FUND  
COMPARATIVE BALANCE SHEET**

June 30, 2015 and 2014

	June 30	
	<u>2015</u>	<u>2014</u>
<b>ASSETS:</b>		
Investments, at market	\$ 900,833	\$ 738,412
Receivables:		
Special assessments	404	3,032
Accrued interest	10,024	7,674
Due from other governments:		
State of Michigan	<u>63,836</u>	<u>42,835</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 975,097</u></b>	<b><u>\$ 791,953</u></b>
<b>LIABILITIES:</b>		
Accounts payable	\$ 2,548	\$ 3,182
Due to other governments:		
State of Michigan	120	120
Unearned revenue	<u>404</u>	<u>3,032</u>
<b>TOTAL LIABILITIES</b>	<b><u>3,072</u></b>	<b><u>6,334</u></b>
<b>FUND BALANCES:</b>		
Restricted:		
Local Streets	<u>972,025</u>	<u>785,619</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 975,097</u></b>	<b><u>\$ 791,953</u></b>

See accompanying notes to financial statements.

**CITY OF ESCANABA, MICHIGAN**

**LOCAL STREET FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Year Ended June 30, 2015

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES:			
State grants:			
Gas and weight tax	\$ 264,000	\$ 265,657	\$ 1,657
Winter maintenance	85,000	85,023	23
Miscellaneous:			
Interest earnings	11,500	13,773	2,273
Special assessments	-	2,682	2,682
TOTAL REVENUES	<u>360,500</u>	<u>367,135</u>	<u>6,635</u>
EXPENDITURES:			
Highways, streets and public works:			
Construction - roads and streets:			
New construction	-	69,295	(69,295)
Preservation streets:			
Patching and crack filling	60,815	52,828	7,987
Storm sewers	32,325	27,452	4,873
Sweeping and flushing	38,738	44,070	(5,332)
Blading	13,304	22,185	(8,881)
Dust control	3,413	158	3,255
Street paving	300,000	44,897	255,103
Total preservation streets	<u>448,595</u>	<u>191,590</u>	<u>257,005</u>
Traffic services - maintenance	<u>27,765</u>	<u>28,727</u>	<u>(962)</u>
Winter maintenance:			
Snow removal	20,782	16,824	3,958
Snow plowing	64,346	62,069	2,277
Ice control	37,782	48,413	(10,631)
Total winter maintenance	<u>122,910</u>	<u>127,306</u>	<u>(4,396)</u>
Administration, engineering and record keeping	<u>79,380</u>	<u>61,630</u>	<u>17,750</u>
TOTAL EXPENDITURES	<u>678,650</u>	<u>478,548</u>	<u>200,102</u>
EXCESS REVENUES (EXPENDITURES)	<u>(318,150)</u>	<u>(111,413)</u>	<u>206,737</u>
OTHER FINANCING SOURCES (USES):			
Gain (loss) on sale of investments	-	819	819
Operating transfers in:			
Gas Retirement Fund	17,000	17,000	-
Major Street Fund	180,000	180,000	-
General Fund	100,000	100,000	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>297,000</u>	<u>297,819</u>	<u>819</u>
EXCESS REVENUES AND OTHER FINANCING SOURCES	<u>(21,150)</u>	<u>186,406</u>	<u>207,556</u>
Fund balance, beginning of year	<u>785,619</u>	<u>785,619</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 764,469</u>	<u>\$ 972,025</u>	<u>\$ 207,556</u>

See accompanying notes to financial statements.

**CITY OF ESCANABA, MICHIGAN**

**PARKING MAINTENANCE FUND  
COMPARATIVE BALANCE SHEET**

June 30, 2015 and 2014

	<u>June 30</u>	
	<u>2015</u>	<u>2014</u>
<b>ASSETS:</b>		
Investments, at market	\$ 712	\$ 1,056
Receivables:		
Accrued interest	<u>9</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 721</u></u>	<u><u>\$ 1,056</u></u>
<b>FUND BALANCES:</b>		
Assigned:		
Parking lots	<u><u>\$ 721</u></u>	<u><u>\$ 1,056</u></u>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN

**PARKING MAINTENANCE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Year Ended June 30, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:			
Charges for services	\$ 23,000	\$ 22,620	\$ (380)
Miscellaneous:			
Interest earnings	<u>-</u>	<u>13</u>	<u>13</u>
TOTAL REVENUES	<u>23,000</u>	<u>22,633</u>	<u>(367)</u>
EXPENDITURES:			
Highways, streets and public works:			
DDA lot maintenance	23,000	22,969	31
Non-DDA lot maintenance	<u>16,500</u>	<u>14,315</u>	<u>2,185</u>
TOTAL EXPENDITURES	<u>39,500</u>	<u>37,284</u>	<u>2,216</u>
EXCESS REVENUES (EXPENDITURES)	<u>(16,500)</u>	<u>(14,651)</u>	<u>1,849</u>
OTHER FINANCING SOURCES (USES):			
Gain (loss) on sale of investments	-	1	1
Operating transfers in:			
General Fund	<u>16,500</u>	<u>14,315</u>	<u>(2,185)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>16,500</u>	<u>14,316</u>	<u>(2,184)</u>
EXCESS REVENUES AND OTHER FINANCING SOURCES	<u>-</u>	<u>(335)</u>	<u>(335)</u>
Fund balance, beginning of year	<u>1,056</u>	<u>1,056</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,056</u>	<u>\$ 721</u>	<u>\$ (335)</u>

See accompanying notes to financial statements.

**CITY OF ESCANABA, MICHIGAN**

**DOWNTOWN DEVELOPMENT AUTHORITY  
COMPARATIVE BALANCE SHEET**

June 30, 2015 and 2014

	<u>June 30</u>	
	<u>2015</u>	<u>2014</u>
<b>ASSETS:</b>		
Cash and equivalents	\$ 3,467	\$ 3,465
Investments, at market	262,383	197,393
Receivables		
Accrued interest	3,261	2,171
Due from other governments:		
Delta County	800	-
<b>TOTAL ASSETS</b>	<b><u>\$ 269,911</u></b>	<b><u>\$ 203,029</u></b>
<b>LIABILITIES:</b>		
Accounts payable	\$ 2,193	\$ 4,408
Unearned revenue	82	808
	<u>2,275</u>	<u>5,216</u>
<b>FUND BALANCES:</b>		
Restricted:		
Future DDA projects as listed in the TIF plan	<u>267,636</u>	<u>197,813</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 269,911</u></b>	<b><u>\$ 203,029</u></b>

See accompanying notes to financial statements.

**CITY OF ESCANABA, MICHIGAN**

**DOWNTOWN DEVELOPMENT AUTHORITY  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Year Ended June 30, 2015

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES:			
Taxes	\$ 258,000	\$ 293,822	\$ 35,822
Miscellaneous:			
Contribution from private sources	-	2,830	2,830
Interest earnings	4,200	4,750	550
Repayment of mortgage	-	7,500	7,500
Other	1,500	3,796	2,296
	<u>263,700</u>	<u>312,698</u>	<u>48,998</u>
TOTAL REVENUES			
EXPENDITURES:			
Economic development:			
Salaries and wages	80,000	79,582	418
Fringe benefits	8,700	6,618	2,082
Supplies	3,200	1,747	1,453
Professional services	55,250	23,146	32,104
Rental rehabilitation	3,000	500	2,500
Communication	2,600	2,676	(76)
Transportation	500	23	477
Public relations	25,500	18,141	7,359
Printing and publishing	600	327	273
Insurance and bonds	1,100	690	410
Public utilities	3,000	3,646	(646)
Maintenance of parking lots	23,000	22,620	380
Capital outlay	81,000	5,547	75,453
Capital outlay - equipment	2,000	-	2,000
Building maintenance	16,000	6,973	9,027
Maintenance of sidewalks	1,500	6,154	(4,654)
Street garland	-	8,671	(8,671)
Center court decorations	-	370	(370)
Equipment maintenance	3,000	2,773	227
Equipment rental	2,800	2,312	488
Books, magazines and periodicals	500	225	275
Memberships and dues	500	190	310
Education and training	500	-	500
	<u>314,250</u>	<u>192,931</u>	<u>121,319</u>
Total economic development			
Debt service:			
Principal retirement	40,000	40,000	-
Interest charges	1,226	1,226	-
	<u>41,226</u>	<u>41,226</u>	<u>-</u>
Total debt service			
TOTAL EXPENDITURES	<u>355,476</u>	<u>234,157</u>	<u>121,319</u>
EXCESS REVENUES (EXPENDITURES)	<u>(91,776)</u>	<u>78,541</u>	<u>170,317</u>
OTHER FINANCING SOURCES (USES):			
Gain (loss) on sale of investments	-	282	282
Operating transfers out:			
Marina Fund	(4,000)	(4,000)	-
General Fund	(5,000)	(5,000)	-
	<u>(9,000)</u>	<u>(8,718)</u>	<u>282</u>
TOTAL OTHER FINANCING SOURCES (USES)			
EXCESS REVENUES AND OTHER FINANCING SOURCES	<u>(100,776)</u>	<u>69,823</u>	<u>170,599</u>
Fund balance, beginning of year	<u>197,813</u>	<u>197,813</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 97,037</u>	<u>\$ 267,636</u>	<u>\$ 170,599</u>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN

**BROWNFIELD FUND  
COMPARATIVE BALANCE SHEET**

June 30, 2015 and 2014

	<u>June 30</u>	
	<u>2015</u>	<u>2014</u>
ASSETS:		
Investments, at market	\$ 3,983	\$ 3,994
Receivables		
Accrued interest	<u>67</u>	<u>55</u>
 TOTAL ASSETS	 <u>\$ 4,050</u>	 <u>\$ 4,049</u>
 FUND BALANCES:		
Restricted:		
Brownfield	<u>\$ 4,050</u>	<u>\$ 4,049</u>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN

**BROWNFIELD FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Year Ended June 30, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:			
Taxes	\$ 54,500	\$ 54,431	\$ (69)
Miscellaneous:			
Interest earnings	<u>100</u>	<u>105</u>	<u>5</u>
TOTAL REVENUES	<u>54,600</u>	<u>54,536</u>	<u>(64)</u>
EXPENDITURES:			
Economic development:			
Salaries and wages	-	75	(75)
Fringe benefits	-	34	(34)
Professional services	2,000	-	2,000
TIF reimbursement	54,500	54,431	69
Office supplies	<u>-</u>	<u>1</u>	<u>(1)</u>
TOTAL EXPENDITURES	<u>56,500</u>	<u>54,541</u>	<u>1,959</u>
EXCESS REVENUES (EXPENDITURES)	(1,900)	(5)	1,895
OTHER FINANCING SOURCES (USES):			
Gain (loss) on sale of investments	<u>-</u>	<u>6</u>	<u>6</u>
EXCESS REVENUES AND OTHER FINANCING SOURCES	(1,900)	1	1,901
Fund balance, beginning of year	<u>4,049</u>	<u>4,049</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 2,149</u>	<u>\$ 4,050</u>	<u>\$ 1,901</u>

See accompanying notes to financial statements.

**CITY OF ESCANABA, MICHIGAN**

**DRUG LAW ENFORCEMENT FUND  
COMPARATIVE BALANCE SHEET**

June 30, 2015 and 2014

	<u>June 30</u>	
	<u>2015</u>	<u>2014</u>
<b>ASSETS:</b>		
Cash and equivalents:		
UPSET adjudicated funds	\$ 38,330	\$ 38,319
UPSET federal forfeiture	15,655	7,704
Non-adjudicated account	1,506	1,151
UPSET building fund	129,534	200,002
Investments, at market	17,974	19,572
Receivables:		
Accrued interest	<u>238</u>	<u>194</u>
 TOTAL ASSETS	 <u><u>\$ 203,237</u></u>	 <u><u>\$ 266,942</u></u>
 <b>LIABILITIES:</b>		
Accounts payable	<u>\$ -</u>	<u>\$ (425)</u>
 <b>FUND BALANCES:</b>		
Restricted:		
UPSET expenses/building	185,025	247,176
Assigned:		
Drug law enforcement	<u>18,212</u>	<u>20,191</u>
 TOTAL FUND BALANCES	 <u><u>203,237</u></u>	 <u><u>267,367</u></u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u><u>\$ 203,237</u></u>	 <u><u>\$ 266,942</u></u>

See accompanying notes to financial statements.

**CITY OF ESCANABA, MICHIGAN**

**DRUG LAW ENFORCEMENT FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Year Ended June 30, 2015

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES:			
Fines and forfeitures:			
Forfeiture revenue	\$ 8,000	\$ 9,550	\$ 1,550
Miscellaneous:			
Interest earnings	250	707	457
Drug collection reimbursement	-	223	223
	<u>8,250</u>	<u>10,480</u>	<u>2,230</u>
TOTAL REVENUES			
EXPENDITURES:			
Public safety:			
Transfers to UPSET	10,000	-	10,000
Office expenses	-	2,740	(2,740)
Public utilities	-	5,312	(5,312)
Supplies	-	1,427	(1,427)
Professional services	-	1,938	(1,938)
Capital outlay - building	73,350	49,312	24,038
Capital outlay - equipment	-	2,947	(2,947)
Equipment maintenance	-	779	(779)
Education and training	-	425	(425)
Rent	-	9,750	(9,750)
	<u>83,350</u>	<u>74,630</u>	<u>8,720</u>
TOTAL EXPENDITURES			
EXCESS REVENUES (EXPENDITURES)	(75,100)	(64,150)	10,950
OTHER FINANCING SOURCES (USES):			
Gain (loss) on sale of investments	-	20	20
	<u>(75,100)</u>	<u>(64,130)</u>	<u>10,970</u>
EXCESS REVENUES AND OTHER FINANCING SOURCES			
Fund balance, beginning of year	267,367	267,367	-
	<u>267,367</u>	<u>267,367</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 192,267</u>	<u>\$ 203,237</u>	<u>\$ 10,970</u>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN

**DELTA COUNTY CENTRAL DISPATCH AUTHORITY  
COMPARATIVE BALANCE SHEET**

June 30, 2015 and 2014

	<u>June 30</u>	
	<u>2015</u>	<u>2014</u>
<b>ASSETS:</b>		
Investments, at market	\$ 20,548	\$ -
Receivables		
Accrued interest	95	41
Due from other governments:		
Delta County	-	16,746
<b>TOTAL ASSETS</b>	<u>\$ 20,643</u>	<u>\$ 16,787</u>
<b>LIABILITIES:</b>		
Accounts payable	\$ 426	\$ 183
Due to other funds:		
General Fund	5,776	16,604
Unearned revenue	14,441	-
<b>TOTAL LIABILITIES</b>	<u>20,643</u>	<u>16,787</u>
<b>FUND BALANCES:</b>		
Assigned:		
Dispatch operations	-	-
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 20,643</u>	<u>\$ 16,787</u>

See accompanying notes to financial statements.

**CITY OF ESCANABA, MICHIGAN**

**DELTA COUNTY CENTRAL DISPATCH AUTHORITY  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Year Ended June 30, 2015

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES:			
Charges for services:			
Service fees	\$ 716,816	\$ 694,812	\$ (22,004)
Miscellaneous:			
Interest earnings	-	131	131
	<u>716,816</u>	<u>694,943</u>	<u>(21,873)</u>
TOTAL REVENUES			
EXPENDITURES:			
Public safety:			
Salaries and wages	486,562	491,137	(4,575)
Fringe benefits	84,442	73,531	10,911
Overhead on salaries and wages	122,612	118,363	4,249
Travel expenses	1,700	500	1,200
Professional services	1,500	3,578	(2,078)
Supplies	400	164	236
Clothing supplies	1,200	-	1,200
Equipment rental	2,800	-	2,800
Communication	3,800	3,260	540
Printing and publishing	400	-	400
Capital outlay	3,600	2,749	851
Uniform maintenance	-	20	(20)
Equipment maintenance	2,400	292	2,108
Books, magazines and periodicals	-	196	(196)
Memberships and dues	200	140	60
Education and training	2,800	350	2,450
Office expense	400	84	316
Office supplies	2,000	586	1,414
	<u>716,816</u>	<u>694,950</u>	<u>21,866</u>
TOTAL EXPENDITURES			
EXCESS REVENUES (EXPENDITURES)	<u>-</u>	<u>(7)</u>	<u>(7)</u>
OTHER FINANCING SOURCES (USES):			
Gain (loss) on sale of investments	-	7	7
	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS REVENUES AND OTHER FINANCING SOURCES			
Fund balance, beginning of year	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements.

**CITY OF ESCANABA, MICHIGAN**

**LIBRARY FUND  
COMPARATIVE BALANCE SHEET**

June 30, 2015 and 2014

	<u>June 30</u>	
	<u>2015</u>	<u>2014</u>
<b>ASSETS:</b>		
Investments, at market	\$ 103,900	\$ 120,572
Receivables		
Accrued interest	2,047	1,730
Due from other governments:		
State of Michigan	<u>7,778</u>	<u>7,681</u>
 TOTAL ASSETS	 <u><u>\$ 113,725</u></u>	 <u><u>\$ 129,983</u></u>
 <b>LIABILITIES:</b>		
Accounts payable	\$ 5,565	\$ 11,356
Unearned revenue	<u>2,500</u>	<u>3,015</u>
 TOTAL LIABILITIES	 <u>8,065</u>	 <u>14,371</u>
 <b>FUND BALANCES:</b>		
Assigned:		
Library operations	<u>105,660</u>	<u>115,612</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u><u>\$ 113,725</u></u>	 <u><u>\$ 129,983</u></u>

See accompanying notes to financial statements.

**CITY OF ESCANABA, MICHIGAN**

**LIBRARY FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Year Ended June 30, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES:</b>			
Local sources:			
Penal fines	\$ 100,000	\$ 98,194	\$ (1,806)
State grants:			
State aid	15,866	16,325	459
Fines and forfeitures:			
Book fines	23,000	17,104	(5,896)
Miscellaneous:			
Contributions from private sources	-	8,378	8,378
Interest earnings	1,500	2,536	1,036
National Endowment Arts Grant	-	100	100
Other	-	649	649
	<u>140,366</u>	<u>143,286</u>	<u>2,920</u>
<b>TOTAL REVENUES</b>			
<b>EXPENDITURES:</b>			
Cultural:			
Salaries and wages	270,103	264,714	5,389
Fringe benefits	138,204	133,429	4,775
Supplies	7,100	4,468	2,632
Professional services	29,597	28,784	813
Communication	3,720	2,701	1,019
Transportation	500	109	391
Insurance and bonds	225	175	50
Office rental	51,996	51,996	-
Capital outlay - equipment	1,000	4,434	(3,434)
Equipment maintenance	1,344	1,469	(125)
Equipment rental	1,000	817	183
Books, magazines and periodicals	26,000	31,098	(5,098)
Memberships and dues	225	198	27
Education and training	260	-	260
	<u>531,274</u>	<u>524,392</u>	<u>6,882</u>
<b>TOTAL EXPENDITURES</b>			
<b>EXCESS REVENUES (EXPENDITURES)</b>	<u>(390,908)</u>	<u>(381,106)</u>	<u>9,802</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Gain (loss) on sale of investments	-	154	154
Operating transfers in:			
General Fund	371,000	371,000	-
	<u>371,000</u>	<u>371,154</u>	<u>154</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>			
<b>EXCESS REVENUES AND OTHER FINANCING SOURCES</b>	<u>(19,908)</u>	<u>(9,952)</u>	<u>9,956</u>
Fund balance, beginning of year	115,612	115,612	-
	<u>115,612</u>	<u>115,612</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>			
	<u>\$ 95,704</u>	<u>\$ 105,660</u>	<u>\$ 9,956</u>

See accompanying notes to financial statements.

**CITY OF ESCANABA, MICHIGAN**

**HOUSING REHAB FUND  
COMPARATIVE BALANCE SHEET**

June 30, 2015 and 2014

	<u>June 30</u>	
	<u>2015</u>	<u>2014</u>
ASSETS:		
Investments, at market	\$ 225,885	\$ 207,275
Receivables		
Accrued interest	<u>2,613</u>	<u>1,959</u>
 TOTAL ASSETS	 <u>\$ 228,498</u>	 <u>\$ 209,234</u>
 FUND BALANCES:		
Assigned:		
Housing rehab	<u>\$ 228,498</u>	<u>\$ 209,234</u>

See accompanying notes to financial statements.

**CITY OF ESCANABA, MICHIGAN**

**HOUSING REHAB FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Year Ended June 30, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:			
Miscellaneous:			
Loan principal repayments	\$ -	\$ 16,210	\$ 16,210
Interest earnings	3,500	3,686	186
TOTAL REVENUES	<u>3,500</u>	<u>19,896</u>	<u>16,396</u>
EXPENDITURES:			
Urban redevelopment and housing:			
Administration	<u>1,000</u>	<u>853</u>	<u>147</u>
EXCESS REVENUES (EXPENDITURES)	2,500	19,043	16,543
OTHER FINANCING SOURCES (USES):			
Gain (loss) on sale of investments	<u>-</u>	<u>221</u>	<u>221</u>
EXCESS REVENUES AND OTHER FINANCING SOURCES	2,500	19,264	16,764
Fund balance, beginning of year	<u>209,234</u>	<u>209,234</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 211,734</u>	<u>\$ 228,498</u>	<u>\$ 16,764</u>

See accompanying notes to financial statements.

**CITY OF ESCANABA, MICHIGAN**

**GRANTS FUND  
COMPARATIVE BALANCE SHEET**

June 30, 2015 and 2014

	<u>June 30</u>	
	<u>2015</u>	<u>2014</u>
<b>ASSETS:</b>		
Investments, at market	\$ 132,436	\$ 141,568
Receivables		
Accrued interest	1,400	805
Due from other governments:		
State of Michigan	<u>34,101</u>	<u>33,188</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 167,937</u></b>	<b><u>\$ 175,561</u></b>
<b>LIABILITIES:</b>		
Accounts payable	\$ 87,957	\$ -
Unearned revenue	<u>20,999</u>	<u>118,741</u>
<b>TOTAL LIABILITIES</b>	<b><u>108,956</u></b>	<b><u>118,741</u></b>
<b>FUND BALANCES:</b>		
Assigned:		
Economic development	<u>58,981</u>	<u>56,820</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 167,937</u></b>	<b><u>\$ 175,561</u></b>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN

**GRANTS FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Year Ended June 30, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:			
Local sources	\$ 24,504	\$ 24,720	\$ 216
State grants	136,000	105,131	(30,869)
Miscellaneous:			
Interest earnings	<u>-</u>	<u>2,046</u>	<u>2,046</u>
TOTAL REVENUES	<u>160,504</u>	<u>131,897</u>	<u>(28,607)</u>
EXPENDITURES:			
Community services:			
Ludington Park bandshell project	56,000	41,124	14,876
Civic Center locker room	21,000	19,466	1,534
Whitetail Industrial Park project	75,000	74,288	712
Hannahville ATV grant	<u>4,284</u>	<u>4,283</u>	<u>1</u>
TOTAL EXPENDITURES	<u>156,284</u>	<u>139,161</u>	<u>17,123</u>
EXCESS REVENUES (EXPENDITURES)	<u>4,220</u>	<u>(7,264)</u>	<u>(11,484)</u>
OTHER FINANCING SOURCES (USES):			
Operating transfers in:			
General Fund	<u>14,771</u>	<u>9,425</u>	<u>(5,346)</u>
EXCESS REVENUES AND OTHER FINANCING SOURCES	18,991	2,161	(16,830)
Fund balance, beginning of year	<u>56,820</u>	<u>56,820</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 75,811</u>	<u>\$ 58,981</u>	<u>\$ (16,830)</u>

See accompanying notes to financial statements.

**CITY OF ESCANABA, MICHIGAN**

**UDAG/DIAL GRANT FUND  
COMPARATIVE BALANCE SHEET**

June 30, 2015 and 2014

	<u>June 30</u>	
	<u>2015</u>	<u>2014</u>
<b>ASSETS:</b>		
Investments, at market	\$ 1,682,739	\$ 1,606,754
Receivables		
Mortgages, land contracts and other notes	596,520	629,710
Accrued interest	20,203	15,475
<b>TOTAL ASSETS</b>	<b><u>\$ 2,299,462</u></b>	<b><u>\$ 2,251,939</u></b>
<b>LIABILITIES:</b>		
Accounts payable	\$ 251	\$ 1,561
<b>FUND BALANCES:</b>		
Restricted:		
Economic development	2,299,211	2,250,378
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 2,299,462</u></b>	<b><u>\$ 2,251,939</u></b>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN

**UDAG/DIAL GRANT FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Year Ended June 30, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:			
Miscellaneous:			
Interest earnings	<u>\$ 48,000</u>	<u>\$ 48,546</u>	<u>\$ 546</u>
EXPENDITURES:			
Urban redevelopment and housing:			
Administration	<u>1,500</u>	<u>1,434</u>	<u>66</u>
EXCESS REVENUES (EXPENDITURES)	<u>46,500</u>	<u>47,112</u>	<u>612</u>
OTHER FINANCING SOURCES (USES):			
Gain (loss) on sale of investments	<u>-</u>	<u>1,721</u>	<u>1,721</u>
EXCESS REVENUES AND OTHER FINANCING SOURCES	<u>46,500</u>	<u>48,833</u>	<u>2,333</u>
Fund balance, beginning of year	<u>2,250,378</u>	<u>2,250,378</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 2,296,878</u>	<u>\$ 2,299,211</u>	<u>\$ 2,333</u>

See accompanying notes to financial statements.

**CITY OF ESCANABA, MICHIGAN**

**E.D.A REVOLVING LOAN FUND  
COMPARATIVE BALANCE SHEET**

June 30, 2015 and 2014

	<u>June 30</u>	
	<u>2015</u>	<u>2014</u>
<b>ASSETS:</b>		
Investments, at market	\$ 569,171	\$ 553,249
Sequestered cash and equivalents	941,568	936,619
Receivables		
Mortgages, land contracts and other notes	607,320	608,184
Accrued interest	6,932	5,485
<b>TOTAL ASSETS</b>	<b><u><u>\$ 2,124,991</u></u></b>	<b><u><u>\$ 2,103,537</u></u></b>
<b>LIABILITIES:</b>		
Accounts payable	\$ 2,617	\$ 1,168
Unearned revenue	607,320	-
<b>TOTAL LIABILITIES</b>	<b><u><u>609,937</u></u></b>	<b><u><u>1,168</u></u></b>
<b>FUND BALANCES:</b>		
Restricted:		
Revolving loans	<u>1,515,054</u>	<u>2,102,369</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u><u>\$ 2,124,991</u></u></b>	<b><u><u>\$ 2,103,537</u></u></b>

See accompanying notes to financial statements.

**CITY OF ESCANABA, MICHIGAN**

**E.D.A. REVOLVING LOAN FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Year Ended June 30, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:			
Miscellaneous:			
Interest earnings	<u>\$ 21,950</u>	<u>\$ 21,002</u>	<u>\$ (948)</u>
EXPENDITURES:			
Urban redevelopment and housing:			
Administration	1,600	1,580	20
Bad debt	<u>-</u>	<u>607,320</u>	<u>(607,320)</u>
TOTAL EXPENDITURES	<u>1,600</u>	<u>608,900</u>	<u>(607,300)</u>
EXCESS REVENUES (EXPENDITURES)	20,350	(587,898)	(608,248)
OTHER FINANCING SOURCES (USES):			
Gain (loss) on sale of investments	<u>-</u>	<u>583</u>	<u>583</u>
EXCESS REVENUES AND OTHER FINANCING SOURCES	20,350	(587,315)	(607,665)
Fund balance, beginning of year	<u>2,102,369</u>	<u>2,102,369</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 2,122,719</u>	<u>\$ 1,515,054</u>	<u>\$ (607,665)</u>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN

**FARMERS HOME GRANT FUND  
COMPARATIVE BALANCE SHEET**

June 30, 2015 and 2014

	<u>June 30</u>	
	<u>2015</u>	<u>2014</u>
<b>ASSETS:</b>		
Investments, at market	\$ 45,695	\$ 45,011
Receivables		
Accrued interest	<u>584</u>	<u>534</u>
<b>TOTAL ASSETS</b>	<u>\$ 46,279</u>	<u>\$ 45,545</u>
<b>FUND BALANCES:</b>		
Assigned:		
Economic Development	<u>46,279</u>	<u>45,545</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 46,279</u>	<u>\$ 45,545</u>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN

**FARMERS HOME GRANT FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Year Ended June 30, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:			
Miscellaneous:			
Interest earnings	\$ 750	\$ 785	\$ 35
EXPENDITURES:			
Economic development:			
Administration	<u>200</u>	<u>100</u>	<u>100</u>
EXCESS REVENUES (EXPENDITURES)	550	685	135
OTHER FINANCING SOURCES (USES):			
Gain (loss) on sale of investments	<u>-</u>	<u>49</u>	<u>49</u>
EXCESS REVENUES AND OTHER FINANCING SOURCES	550	734	184
Fund balance, beginning of year	<u>45,545</u>	<u>45,545</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 46,095</u>	<u>\$ 46,279</u>	<u>\$ 184</u>

See accompanying notes to financial statements.

**CITY OF ESCANABA, MICHIGAN**

**M.S.C. REVOLVING LOAN FUND II  
COMPARATIVE BALANCE SHEET**

June 30, 2015 and 2014

	<u>June 30</u>	
	<u>2015</u>	<u>2014</u>
<b>ASSETS:</b>		
Investments, at market	\$ 39,103	\$ 12,568
Receivables		
Mortgages, land contracts and other notes	91,963	110,761
Accrued interest	<u>1,447</u>	<u>4,529</u>
 <b>TOTAL ASSETS</b>	 <b><u>\$ 132,513</u></b>	 <b><u>\$ 127,858</u></b>
 <b>FUND BALANCES:</b>		
Restricted:		
Revolving loans	<u>132,513</u>	<u>127,858</u>
 <b>TOTAL LIABILITIES AND FUND BALANCES</b>	 <b><u>\$ 132,513</u></b>	 <b><u>\$ 127,858</u></b>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN

**M.S.C. REVOLVING LOAN FUND II  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Year Ended June 30, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:			
Miscellaneous:			
Interest earnings	\$ 4,500	\$ 4,547	\$ 47
EXPENDITURES:			
Urban redevelopment and housing:			
Professional services	<u>1,500</u>	<u>-</u>	<u>1,500</u>
EXCESS REVENUES (EXPENDITURES)	3,000	4,547	1,547
OTHER FINANCING SOURCES (USES):			
Gain (loss) on sale of investments	<u>-</u>	<u>108</u>	<u>108</u>
EXCESS REVENUES AND OTHER FINANCING SOURCES	3,000	4,655	1,655
Fund balance, beginning of year	<u>127,858</u>	<u>127,858</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 130,858</u>	<u>\$ 132,513</u>	<u>\$ 1,655</u>

See accompanying notes to financial statements.

**CITY OF ESCANABA, MICHIGAN**

**LAND DEVELOPMENT FUND  
COMPARATIVE BALANCE SHEET**

June 30, 2015 and 2014

	<u>June 30</u>	
	<u>2015</u>	<u>2014</u>
<b>ASSETS:</b>		
Investments, at market	\$ 1,304,995	\$ 1,269,918
Receivables		
Accrued interest	15,704	12,447
Advances to other funds:		
Marina Fund	279,794	298,107
Real estate held for resale	<u>8,200</u>	<u>8,200</u>
 TOTAL ASSETS	 <u>\$ 1,608,693</u>	 <u>\$ 1,588,672</u>
 <b>LIABILITIES:</b>		
Accounts payable	<u>\$ -</u>	<u>\$ -</u>
 <b>FUND BALANCES:</b>		
Assigned:		
Capital improvements	<u>1,608,693</u>	<u>1,588,672</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 1,608,693</u>	 <u>\$ 1,588,672</u>

See accompanying notes to financial statements.

**CITY OF ESCANABA, MICHIGAN**

**LAND DEVELOPMENT FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Year Ended June 30, 2015

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES:			
Miscellaneous:			
Interest earnings	\$ 37,500	\$ 36,389	\$ (1,111)
Sale of property	-	46,000	46,000
Sale of sand/topsoil	5,000	6,277	1,277
	<u>42,500</u>	<u>88,666</u>	<u>46,166</u>
TOTAL REVENUES			
EXPENDITURES:			
Highways, streets and public works:			
Salaries and wages	-	337	(337)
Fringe benefits	-	192	(192)
Professional services	1,500	1,125	375
Capital outlay	-	234	(234)
Equipment rental	-	142	(142)
Property taxes	7,000	6,005	995
Property improvements	15,000	1,947	13,053
	<u>23,500</u>	<u>9,982</u>	<u>13,518</u>
TOTAL EXPENDITURES			
EXCESS REVENUES (EXPENDITURES)	<u>19,000</u>	<u>78,684</u>	<u>59,684</u>
OTHER FINANCING SOURCES (USES):			
Gain (loss) on sale of investments	-	1,337	1,337
Operating transfers out:			
General Fund	<u>(60,000)</u>	<u>(60,000)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(60,000)</u>	<u>(58,663)</u>	<u>1,337</u>
EXCESS REVENUES AND OTHER FINANCING SOURCES	(41,000)	20,021	61,021
Fund balance, beginning of year	<u>1,588,672</u>	<u>1,588,672</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,547,672</u>	<u>\$ 1,608,693</u>	<u>\$ 61,021</u>

See accompanying notes to financial statements.

**CITY OF ESCANABA, MICHIGAN**

**SANITARY LANDFILL FUND  
COMPARATIVE BALANCE SHEET**

June 30, 2015 and 2014

	<u>June 30</u>	
	<u>2015</u>	<u>2014</u>
<b>ASSETS:</b>		
Investments, at market	\$ 85	\$ (8)
Receivables		
Accounts, net of bad debt allowance	30,884	30,205
Accrued interest	<u>1,314</u>	<u>811</u>
 <b>TOTAL ASSETS</b>	 <b><u>\$ 32,283</u></b>	 <b><u>\$ 31,008</u></b>
 <b>LIABILITIES:</b>		
Due to other funds:		
General Fund	<u>\$ 4,615</u>	<u>\$ 5,665</u>
 <b>FUND BALANCES:</b>		
Assigned:		
Sanitary Landfill	<u>27,668</u>	<u>25,343</u>
 <b>TOTAL LIABILITIES AND FUND BALANCES</b>	 <b><u>\$ 32,283</u></b>	 <b><u>\$ 31,008</u></b>

See accompanying notes to financial statements.

**CITY OF ESCANABA, MICHIGAN**

**SANITARY LANDFILL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Year Ended June 30, 2015

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES:			
Charges for services:			
Metered sales	\$ 203,700	\$ 204,250	\$ 550
Miscellaneous:			
Interest earnings	<u>200</u>	<u>1,583</u>	<u>1,383</u>
TOTAL REVENUES	<u>203,900</u>	<u>205,833</u>	<u>1,933</u>
EXPENDITURES:			
Highways, streets and public works:			
Professional services	150	100	50
Uncollectible accounts	<u>100</u>	<u>-</u>	<u>100</u>
TOTAL EXPENDITURES	<u>250</u>	<u>100</u>	<u>150</u>
EXCESS REVENUES	<u>203,650</u>	<u>205,733</u>	<u>2,083</u>
OTHER FINANCING SOURCES (USES):			
Gain (loss) on sale of investments	-	92	92
Operating transfers out:			
General Fund	<u>(203,500)</u>	<u>(203,500)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(203,500)</u>	<u>(203,408)</u>	<u>92</u>
EXCESS REVENUES AND OTHER FINANCING SOURCES	150	2,325	2,175
Fund balance, beginning of year	<u>25,343</u>	<u>25,343</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 25,493</u>	<u>\$ 27,668</u>	<u>\$ 2,175</u>

See accompanying notes to financial statements.

## **ENTERPRISE FUNDS**

**CITY OF ESCANABA, MICHIGAN**

**ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS**

For the Year Ended June 30, 2015  
With Comparative Totals for the Year Ended June 30, 2014

	Electric Utility Fund	Water Utility Fund	Waste Water Utility Fund	Marina Fund	Totals	
					2015	2014
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>						
Cash received from customers	\$ 18,904,366	\$ 1,995,999	\$ 1,284,259	\$ 223,401	\$ 22,408,025	\$ 22,126,577
Cash received from other funds for services	-	6,420	11,617	-	18,037	23,990
Cash payments to suppliers for goods & services	(14,333,405)	(609,873)	(529,612)	(107,641)	(15,580,531)	(15,297,066)
Cash payments to employees for services	(3,632,105)	(745,355)	(668,337)	(67,502)	(5,113,299)	(4,150,022)
Cash payments to other funds for services	(6,215)	(22,486)	(43,190)	(4,959)	(76,850)	(66,485)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>932,641</b>	<b>624,705</b>	<b>54,737</b>	<b>43,299</b>	<b>1,655,382</b>	<b>2,636,994</b>
<b>CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES:</b>						
Net interfund loan transactions	-	-	-	(18,313)	(18,313)	(17,147)
Operating transfers in	-	-	-	4,000	4,000	89,242
Operating transfers out	(463,624)	-	-	-	(463,624)	(463,624)
<b>NET CASH FLOWS PROVIDED (USED) BY NON CAPITAL FINANCING ACTIVITIES</b>	<b>(463,624)</b>	<b>-</b>	<b>-</b>	<b>(14,313)</b>	<b>(477,937)</b>	<b>(391,529)</b>
<b>CASH FLOW FROM CAPITAL FINANCING ACTIVITIES:</b>						
Advances to other funds	125,000	-	-	-	125,000	(1,250,000)
Acquisition and construction of capital assets	(1,444,454)	(66,407)	(90,217)	-	(1,601,078)	(416,502)
Proceeds from the sale of capital assets	1	-	-	-	1	600
Principal paid on revenue bond maturities	-	(405,000)	(55,000)	-	(460,000)	(540,000)
Interest paid	-	(172,096)	(5,906)	(14,356)	(192,358)	(206,813)
State grant	-	123,064	-	-	123,064	-
<b>NET CASH USED BY CAPITAL FINANCING ACTIVITIES</b>	<b>(1,319,453)</b>	<b>(520,439)</b>	<b>(151,123)</b>	<b>(14,356)</b>	<b>(2,005,371)</b>	<b>(2,412,715)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Gain (loss) on sale of investments	13,072	711	3,028	39	16,850	3,242
Interest received	259,201	9,570	42,525	806	312,102	283,105
Rent received	-	15,600	-	-	15,600	15,600
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>272,273</b>	<b>25,881</b>	<b>45,553</b>	<b>845</b>	<b>344,552</b>	<b>301,947</b>
<b>NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS</b>	<b>(578,163)</b>	<b>130,147</b>	<b>(50,833)</b>	<b>15,475</b>	<b>(483,374)</b>	<b>134,697</b>
Cash and equivalents, beginning of year	12,579,205	679,814	2,937,924	110,483	16,307,426	16,172,729
<b>CASH AND EQUIVALENTS, END OF YEAR</b>	<b>\$ 12,001,042</b>	<b>\$ 809,961</b>	<b>\$ 2,887,091</b>	<b>\$ 125,958</b>	<b>\$ 15,824,052</b>	<b>\$ 16,307,426</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>						
Operating income (loss)	\$ (1,169,492)	\$ 235,357	\$ (126,593)	\$ (18,738)	\$ (1,079,466)	\$ 336,205
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation	906,732	377,079	219,946	58,650	1,562,407	1,548,407
Loss on coal inventory	(192,041)	-	-	-	(192,041)	(498,953)
Prior period adjustment	(2,555,632)	(1,709,322)	(1,319,818)	(15,581)	(5,600,353)	(42,849)
Changes in assets and liabilities:						
(Increase) decrease in accounts receivable	1,195,335	(7,050)	(9,983)	6,145	1,184,447	109,928
(Increase) decrease in inventories	274,716	(2,355)	(2,491)	762	270,632	865,656
(Increase) decrease in prepaid expenses	247,076	-	(31)	(124)	246,921	(3,914)
(Increase) decrease in deferred outflows	(129,136)	(86,371)	(66,690)	(787)	(282,984)	-
Increase (decrease) in accounts payable	(467,675)	6,035	(37,425)	(3,854)	(502,919)	213,176
Increase (decrease) in accruals	17,294	6,733	4,437	-	28,464	10,414
Increase (decrease) in unearned revenue	104,124	-	-	377	104,501	86,216
Increase (decrease) in customer deposits	3,256	-	-	-	3,256	12,708
Increase (decrease) in due to other funds	-	-	-	-	-	-
Increase (decrease) in net pension liability	2,698,084	1,804,599	1,393,385	16,449	5,912,517	-
<b>Total adjustments</b>	<b>2,102,133</b>	<b>389,348</b>	<b>181,330</b>	<b>62,037</b>	<b>2,734,848</b>	<b>2,300,789</b>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ 932,641</b>	<b>\$ 624,705</b>	<b>\$ 54,737</b>	<b>\$ 43,299</b>	<b>\$ 1,655,382</b>	<b>\$ 2,636,994</b>

See accompanying notes to financial statements.

**CITY OF ESCANABA, MICHIGAN**  
**ELECTRIC UTILITY FUND**  
**COMPARATIVE STATEMENT OF NET POSITION**

June 30, 2015 and 2014

	June 30	
	2015	2014
<b>ASSETS:</b>		
Current assets:		
Cash and equivalents	\$ 502,338	\$ 131,314
Investments, at market	11,498,704	12,447,891
Receivables		
Accounts, net bad debt allowance	1,794,793	2,990,128
Accrued interest	151,552	117,888
Inventories, net of obsolescence allowance	328,036	602,752
Prepaid items	159,837	406,913
	14,435,260	16,696,886
Advance to Escanaba Building Authority Fund	1,125,000	1,250,000
Property, plant and equipment	15,590,976	34,930,957
Less: accumulated depreciation	(9,712,291)	(26,726,519)
Net property, plant and equipment	5,878,685	8,204,438
<b>TOTAL ASSETS</b>	<b>\$ 21,438,945</b>	<b>\$ 26,151,324</b>
<b>DEFERRED OUTFLOWS - PENSION</b>	<b>\$ 129,136</b>	<b>\$ -</b>
<b>LIABILITIES:</b>		
Current liabilities:		
Accounts payable	\$ 1,141,975	\$ 1,609,650
Customer deposits	240,461	237,205
Accrued salaries, wages and fringes	97,082	79,788
Unearned revenue	1,616,951	1,512,827
Total current liabilities	3,096,469	3,439,470
Long-term liabilities:		
Net pension liability	2,698,084	-
<b>TOTAL LIABILITIES</b>	<b>5,794,553</b>	<b>3,439,470</b>
<b>NET POSITION:</b>		
Net investment in capital assets	5,878,685	8,204,438
Unrestricted	9,894,843	14,507,416
<b>TOTAL NET POSITION</b>	<b>15,773,528</b>	<b>22,711,854</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 21,568,081</b>	<b>\$ 26,151,324</b>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN

**ELECTRIC UTILITY FUND  
COMPARATIVE STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION**

For the Years Ended June 30, 2015 and 2014

	<u>June 30</u>	
	<u>2015</u>	<u>2014</u>
<b>OPERATING REVENUES:</b>		
Charges for services:		
Residential sales	\$ 3,703,388	\$ 3,813,895
Hot water sales	27,480	28,255
Electric heat sales	27,524	32,803
Commercial sales	3,279,500	3,350,915
Industrial sales	4,877,112	4,960,199
Municipal rate sales	491,803	495,265
Street lighting	161,572	161,665
Interchange revenue	1,166,823	1,519,184
Connection charges	20,915	20,790
Energy optimization surcharge	167,686	190,225
Renewable energy surcharge	1,506	1,892
MISO SSR	3,545,379	3,710,280
Dusk to dawn lighting	48,318	48,715
Miscellaneous	69,329	63,957
<b>TOTAL OPERATING REVENUES</b>	<u>17,588,335</u>	<u>18,398,040</u>
<b>OPERATING EXPENSES:</b>		
Production	15,447,521	15,212,635
Transmission and distribution	442,268	403,480
Customer service	14,873	15,778
Administrative and general	1,382,945	1,256,958
Provision for depreciation	906,732	885,610
Overhead to utilities	563,488	532,208
<b>TOTAL OPERATING EXPENSES</b>	<u>18,757,827</u>	<u>18,306,669</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(1,169,492)</u>	<u>91,371</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>		
Gain (loss) on sale of investments	13,072	2,675
Gain (loss) on sale of property	1	600
Loss on inventory	(192,041)	(498,953)
Loss on asset impairment	(2,914,256)	-
Interest earnings	292,865	282,195
Operating transfers in:		
Health Insurance Fund	-	37,267
Operating transfers out:		
General Fund	(463,624)	(463,624)
<b>TOTAL NON-OPERATING REVENUE (EXPENSES)</b>	<u>(3,263,983)</u>	<u>(639,840)</u>
<b>CHANGE IN NET POSITION</b>	<u>(4,433,475)</u>	<u>(548,469)</u>
Net position, beginning of year, as previously reported	22,711,854	23,243,376
Prior period adjustment	(2,555,632)	-
Net position, beginning of year, as restated	<u>20,156,222</u>	<u>23,243,376</u>
Contributed capital	50,781	16,947
<b>NET POSITION, END OF YEAR</b>	<u>\$ 15,773,528</u>	<u>\$ 22,711,854</u>

See accompanying notes to financial statements.

**CITY OF ESCANABA, MICHIGAN**

**ELECTRIC UTILITY FUND  
STATEMENT OF CASH FLOWS**

For the Year Ended June 30, 2015  
With Comparative Totals for June 30, 2014

	<u>2015</u>	<u>2014</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from customers	\$ 18,904,366	\$ 18,605,349
Cash payments to suppliers for goods and services	(14,333,405)	(14,073,846)
Cash payments to employees for services	(3,632,105)	(2,903,178)
Cash payments to other funds for services	(6,215)	(6,535)
	<u>932,641</u>	<u>1,621,790</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>		
Operating transfers in	-	37,267
Operating transfers out	(463,624)	(463,624)
	<u>(463,624)</u>	<u>(426,357)</u>
<b>NET CASH USED BY NON-CAPITAL FINANCING ACTIVITIES</b>		
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:</b>		
Advances to other funds	-	(1,250,000)
Payments received on advances from other funds	125,000	-
Acquisition and construction of capital assets	(1,444,454)	(278,541)
Proceeds from the sale of capital assets	1	600
	<u>(1,319,453)</u>	<u>(1,527,941)</u>
<b>NET CASH FLOWS PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Gain (loss) on sale of investments	13,072	2,675
Interest received	259,201	235,830
	<u>272,273</u>	<u>238,505</u>
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>		
<b>NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS</b>	<u>(578,163)</u>	<u>(94,003)</u>
Cash and equivalents, beginning of year	<u>12,579,205</u>	<u>12,673,208</u>
<b>CASH AND EQUIVALENTS, END OF YEAR</b>	<u><u>\$ 12,001,042</u></u>	<u><u>\$ 12,579,205</u></u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Operating income (loss)	<u>(1,169,492)</u>	<u>91,371</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	906,732	885,610
Loss on inventory	(192,041)	(498,953)
Prior period adjustment	(2,555,632)	-
Changes in assets and liabilities:		
(Increase) decrease in receivables	1,195,335	109,498
(Increase) decrease in inventories	274,716	863,909
(Increase) decrease in prepaids	247,076	(49,296)
(Increase) decrease in deferred outflows	(129,136)	-
Increase (decrease) in accounts payable	(467,675)	121,630
Increase (decrease) in accruals	17,294	210
Increase (decrease) in customer deposits	3,256	12,708
Increase (decrease) in unearned revenue	104,124	85,103
Increase (decrease) in net pension liability	2,698,084	-
Total adjustments	<u>2,102,133</u>	<u>1,530,419</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u><u>\$ 932,641</u></u>	<u><u>\$ 1,621,790</u></u>

See accompanying notes to financial statements.

**CITY OF ESCANABA, MICHIGAN**

**ELECTRIC UTILITY FUND  
COMPARATIVE SCHEDULE OF OPERATING EXPENSES**

For the Years Ended June 30, 2015 and 2014

	June 30		Increase (Decrease)
	2015	2014	
<b>OPERATING EXPENSES:</b>			
Production:			
Building maintenance	\$ 469	\$ 4,273	\$ (3,804)
Equipment maintenance	339	2,035	(1,696)
Equipment rental	43	-	43
Power purchased	9,892,842	10,083,183	(190,341)
Prior year UPPCO expense	-	286,608	(286,608)
Plant payroll - Escanaba operator	1,659,370	1,469,647	189,723
Plant payroll - Proenergy	178,391	155,453	22,938
Production expense	60,440	74,805	(14,365)
Plant fringe benefits	479,301	571,558	(92,257)
Steam generation fuel	1,030,856	1,305,313	(274,457)
Plant office expenses	20,971	18,518	2,453
Management fees	345,227	350,000	(4,773)
Plant travel, meals & lodging	50,427	50,920	(493)
Plant insurance	181,415	200,215	(18,800)
Plant operations & maintenance	459,427	348,242	111,185
Plant capital outlay	7,232	1,774	5,458
Dispatching fees	58,567	58,481	86
City's share of Escanaba SSR	479,840	30,425	449,415
City's share of Presque Isle SSR	322,494	54,489	268,005
City's share of White Pine SSR	97,781	19,498	78,283
Demand charges	51,241	25,265	25,976
Miscellaneous	70,848	101,933	(31,085)
<b>Total production</b>	<b>\$ 15,447,521</b>	<b>\$ 15,212,635</b>	<b>\$ 234,886</b>
Transmission and distribution:			
Supplies	\$ 373	\$ 495	\$ (122)
Building maintenance	16	52	(36)
Equipment maintenance	1,501	1,154	347
Pole painting	372	5,915	(5,543)
Operation of lines	124,226	111,592	12,634
Services on customer premises	14,311	11,412	2,899
Maintenance of equipment:			
Station equipment	38,530	10,880	27,650
Overhead system	77,652	98,298	(20,646)
Line transformers and devices	(474)	11,792	(12,266)
Services	36,265	26,573	9,692
Meters	36,367	44,669	(8,302)
Street lighting system	52,753	46,465	6,288
Underground system	53,035	30,420	22,615
Miscellaneous	7,341	3,763	3,578
<b>Total transmission and distribution</b>	<b>\$ 442,268</b>	<b>\$ 403,480</b>	<b>\$ 38,788</b>
Customer service:			
Salaries and wages	\$ 13,893	\$ 14,823	\$ (930)
Equipment rental	980	955	25
<b>Total customer service</b>	<b>\$ 14,873</b>	<b>\$ 15,778</b>	<b>\$ (905)</b>
Administrative and general:			
Salaries and wages	\$ 571,170	\$ 516,921	\$ 54,249
Fringe benefits	183,786	174,986	8,800
Bank service charges	41,493	36,586	4,907
Supplies	1,805	1,843	(38)
Clothing supplies	2,976	3,000	(24)
Building supplies	1,844	2,917	(1,073)
Inventory management	19,412	14,361	5,051
Professional services	182,218	60,000	122,218
Transportation	627	318	309
Printing and publishing	2,012	503	1,509
Insurance and bonds	9,522	12,550	(3,028)
Public utilities	23,329	28,108	(4,779)
Capital outlay	31,999	93,736	(61,737)
Building maintenance	30,750	30,578	172
Equipment maintenance	6,693	7,119	(426)
Equipment rental	5,192	5,580	(388)
Books, magazines and periodicals	122	283	(161)
Memberships and dues	28,103	27,284	819
Education and training	33,086	26,508	6,578
Provision for uncollectable accounts	(330)	-	(330)
Promotions	39,450	23,552	15,898
Energy conservation program	167,686	190,225	(22,539)
<b>Total administrative and general</b>	<b>\$ 1,382,945</b>	<b>\$ 1,256,958</b>	<b>\$ 125,987</b>

See accompanying notes to financial statements.

**CITY OF ESCANABA, MICHIGAN**

**ELECTRIC UTILITY FUND  
SCHEDULE OF CHANGES IN PROPERTY PLANT AND EQUIPMENT**

For the Year Ended June 30, 2015

	<u>Balance 06/30/14</u>	<u>Transfers and Additions</u>	<u>Dispositions and Transfers</u>	<u>Balance 6/30/15</u>
Operating plant:				
Structure and improvements	\$ 9,071,593	\$ -	\$ 8,571,593	\$ 500,000
Boiler plant equipment	1,467,166	-	1,467,166	-
Turbo generator units	1,315,044	-	1,315,044	-
Accessory work equipment	511,583	-	511,583	-
Miscellaneous power plant equipment	631,938	-	631,938	-
Office equipment	275	-	275	-
Peaking generator	4,956,354	-	4,956,354	-
Pollution equipment	3,338,019	-	3,338,019	-
	<u>21,291,972</u>	<u>-</u>	<u>20,791,972</u>	<u>500,000</u>
Transmission system:				
Structures and improvements	6,045	-	-	6,045
Station equipment	801,630	121,017	-	922,647
Poles and fixtures	6,424	-	-	6,424
	<u>814,099</u>	<u>121,017</u>	<u>-</u>	<u>935,116</u>
Distribution system:				
Land and land rights	49,480	-	-	49,480
Structures and improvements	47,323	-	-	47,323
Station equipment	354,564	-	-	354,564
Poles, towers and fixtures	1,877,352	331,221	11,500	2,197,073
Overhead conductors	1,277,812	7,997	-	1,285,809
Underground conduits	724,343	11,123	-	735,466
Underground conductors	914,234	26,160	-	940,394
Line transformers	2,207,435	60,527	8,950	2,259,012
New services	713,219	4,144	-	717,363
Meters	531,287	13,923	10,115	535,095
Installation on customer premises	77,720	-	-	77,720
Street lighting	855,117	10,196	-	865,313
Office equipment	92,328	4,584	8,547	88,365
Transportation equipment	595,795	105,029	-	700,824
Laboratory equipment	123,802	-	4,132	119,670
Electric building	1,459,053	-	-	1,459,053
Miscellaneous tools	102,379	26,709	-	129,088
Miscellaneous equipment	46,262	-	-	46,262
	<u>12,049,505</u>	<u>601,613</u>	<u>43,244</u>	<u>12,607,874</u>
Construction in progress	<u>775,381</u>	<u>785,273</u>	<u>12,668</u>	<u>1,547,986</u>
<b>TOTALS</b>	<u><u>\$ 34,930,957</u></u>	<u><u>\$ 1,507,903</u></u>	<u><u>\$ 20,847,884</u></u>	<u><u>\$ 15,590,976</u></u>

See accompanying notes to financial statements.

**CITY OF ESCANABA, MICHIGAN**  
**WATER UTILITY FUND**  
**COMPARATIVE STATEMENT OF NET POSITION**

June 30, 2015 and 2014

	June 30	
	2015	2014
<b>ASSETS:</b>		
Current assets:		
Investments, at market	\$ 662,119	\$ 534,147
Receivables		
Accounts, net bad debt allowance	297,249	290,199
Accrued interest	8,422	6,179
Chemical inventory	16,267	20,076
Inventories, net of obsolescence allowance	102,352	96,188
Total current assets	1,086,409	946,789
Restricted assets:		
Operation and maintenance account:		
Equity in pooled cash and investments	147,842	145,667
Property, plant and equipment	20,294,250	20,227,843
Less: accumulated depreciation	(7,559,057)	(7,181,978)
Net property, plant and equipment	12,735,193	13,045,865
<b>TOTAL ASSETS</b>	<b>\$ 13,969,444</b>	<b>\$ 14,138,321</b>
<b>DEFERRED OUTFLOWS - PENSION</b>	<b>\$ 86,371</b>	<b>\$ -</b>
<b>LIABILITIES:</b>		
Current liabilities:		
Accounts payable	\$ 26,410	\$ 20,375
Accrued salaries, wages and fringes	68,369	61,636
Accrued interest payable	45,493	47,054
Unearned revenue	1,300	1,300
Bonds payable:		
Current portion of revenue bonds	415,000	405,000
Total current liabilities	556,572	535,365
Long-term liabilities:		
Revenue bonds payable	5,730,000	6,145,000
Net pension liability	1,804,599	-
Total long-term liabilities	7,534,599	6,145,000
<b>TOTAL LIABILITIES</b>	<b>8,091,171</b>	<b>6,680,365</b>
<b>NET POSITION:</b>		
Net investment in capital assets	6,590,193	6,495,865
Restricted:		
Revenue bond indentures	147,842	145,667
Unrestricted	(773,391)	816,424
<b>TOTAL NET POSITION</b>	<b>5,964,644</b>	<b>7,457,956</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 14,055,815</b>	<b>\$ 14,138,321</b>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN

**WATER UTILITY FUND  
COMPARATIVE STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION**

For the Years Ended June 30, 2015 and 2014

	June 30	
	2015	2014
<b>OPERATING REVENUES:</b>		
Charges for services:		
Metered sales	\$ 1,922,269	\$ 1,933,663
Flat rate sales	34,217	33,508
Hydrant rental	9,062	8,255
Interdepartmental sales	6,420	7,056
Reconnection fees	12,993	10,138
Miscellaneous	24,508	27,815
<b>TOTAL OPERATING REVENUES</b>	<b>2,009,469</b>	<b>2,020,435</b>
<b>OPERATING EXPENSES:</b>		
Production	410,010	389,380
Transmission and distribution	191,251	140,850
Customer service	82,546	193,795
Administrative and general	522,856	468,136
Provision for depreciation	377,079	376,587
Overhead to utilities	190,370	179,254
<b>TOTAL OPERATING EXPENSES</b>	<b>1,774,112</b>	<b>1,748,002</b>
<b>OPERATING INCOME (LOSS)</b>	<b>235,357</b>	<b>272,433</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>		
Gain (loss) on sale of investments	711	47
Rent received	15,600	15,600
State grant	123,064	-
Interest subsidy	64,534	65,658
Interest earnings	11,813	11,526
Interest expense	(235,069)	(247,095)
Operating transfers in:		
Health Insurance Fund	-	25,563
<b>TOTAL NON-OPERATING REVENUE (EXPENSES)</b>	<b>(19,347)</b>	<b>(128,701)</b>
<b>CHANGE IN NET POSITION</b>	<b>216,010</b>	<b>143,732</b>
Net position, beginning of year, as previously reported	7,457,956	7,357,073
Prior period adjustment	(1,709,322)	(42,849)
Net position, beginning of year, as restated	5,748,634	7,314,224
<b>NET POSITION, END OF YEAR</b>	<b>\$ 5,964,644</b>	<b>\$ 7,457,956</b>

See accompanying notes to financial statements.

**CITY OF ESCANABA, MICHIGAN**

**WATER UTILITY FUND  
STATEMENT OF CASH FLOWS**

For the Year Ended June 30, 2015  
With Comparative Totals for June 30, 2014

	<u>2015</u>	<u>2014</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from customers	\$ 1,995,999	\$ 2,018,941
Cash received from other funds for services	6,420	7,056
Cash payments to suppliers for goods and services	(609,873)	(753,267)
Cash payments to employees for services	(745,355)	(597,344)
Cash payments to other funds for services	<u>(22,486)</u>	<u>(15,962)</u>
 <b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	 <u>624,705</u>	 <u>659,424</u>
 <b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>		
Operating transfers in	<u>-</u>	<u>25,563</u>
 <b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:</b>		
State grant	123,064	-
Acquisition and construction of capital assets	(66,407)	(64,252)
Principal paid on revenue bond maturities	(405,000)	(400,000)
Interest paid on revenue bonds	<u>(172,096)</u>	<u>(183,648)</u>
 <b>NET CASH FLOWS PROVIDED (USED) BY NON-CAPITAL     FINANCING ACTIVITIES</b>	 <u>(520,439)</u>	 <u>(647,900)</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Gain (loss) on sale of investments	711	47
Interest earned	9,570	8,093
Rent received	<u>15,600</u>	<u>15,600</u>
 <b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	 <u>25,881</u>	 <u>23,740</u>
 <b>NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS</b>	 130,147	 60,827
 Cash and equivalents, beginning of year	<u>679,814</u>	<u>618,987</u>
 <b>CASH AND EQUIVALENTS, END OF YEAR</b>	 <u><u>\$ 809,961</u></u>	 <u><u>\$ 679,814</u></u>
 <b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Operating income (loss)	<u>235,357</u>	<u>272,433</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	377,079	376,587
Prior period adjustment	(1,709,322)	(42,849)
Changes in assets and liabilities:		
(Increase) decrease in receivables	(7,050)	5,562
(Increase) decrease in inventories	(2,355)	(8,688)
(Increase) decrease in prepaids	-	45,382
(Increase) decrease in deferred outflows	(86,371)	-
Increase (decrease) in accounts payable	6,035	3,914
Increase (decrease) in accruals	6,733	7,083
Increase (decrease) in net pension liability	<u>1,804,599</u>	<u>-</u>
 <b>Total adjustments</b>	 <u>389,348</u>	 <u>386,991</u>
 <b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	 <u><u>\$ 624,705</u></u>	 <u><u>\$ 659,424</u></u>

See accompanying notes to financial statements.

**CITY OF ESCANABA, MICHIGAN**

**WATER UTILITY FUND  
COMPARATIVE SCHEDULE OF OPERATING EXPENSES**

For the Years Ended June 30, 2015 and 2014

	June 30		Increase (Decrease)
	2015	2014	
<b>OPERATING EXPENSES:</b>			
Production:			
Salaries and wages	\$ 186,510	\$ 169,848	\$ 16,662
Supplies - miscellaneous	16	388	(372)
Plant chemicals	192,615	168,495	24,120
Laboratory chemicals and supplies	18,335	22,886	(4,551)
Diesel fuel	1,519	2,066	(547)
Repairs to structures - labor	1,111	89	1,022
Repairs to structures - supplies	308	10,064	(9,756)
Repairs to equipment - portable	8,144	15,464	(7,320)
Equipment rental - structures and improvements	1,336	16	1,320
Equipment rental - maintenance of equipment	116	64	52
<b>Total production</b>	<b>\$ 410,010</b>	<b>\$ 389,380</b>	<b>\$ 20,630</b>
Transmission and distribution:			
Labor	\$ 105,264	\$ 72,592	\$ 32,672
Winter main breaks	9,643	19,138	(9,495)
Winter service line breaks	26,536	22,242	4,294
Supplies	34,144	18,753	15,391
Equipment rental	15,664	8,125	7,539
<b>Total transmission and distribution</b>	<b>\$ 191,251</b>	<b>\$ 140,850</b>	<b>\$ 50,401</b>
Customer service:			
Labor	\$ 26,497	\$ 24,700	\$ 1,797
Supplies	1,810	1,787	23
Thawing water services	48,869	159,599	(110,730)
Equipment rental	5,370	7,709	(2,339)
<b>Total customer service</b>	<b>\$ 82,546</b>	<b>\$ 193,795</b>	<b>\$ (111,249)</b>
Administrative and general:			
Salaries and wages	\$ 89,052	\$ 85,907	\$ 3,145
Telephone	1,847	1,783	64
Overhead on salaries and wages	163,301	128,465	34,836
Life and hospital insurance	95,644	80,066	15,578
Supplies - miscellaneous	1,198	826	372
Office supplies	971	922	49
Building supplies	1,480	1,027	453
Professional services	1,910	6,575	(4,665)
Special services	5,989	5,903	86
Miss Dig	19,527	21,126	(1,599)
Travel expense, auto allowance	922	873	49
Printing and publishing	3,447	3,463	(16)
Insurance and bonds	6,163	8,557	(2,394)
Utilities - electric	90,119	79,882	10,237
Utilities - gas	22,898	23,774	(876)
Utilities - waste water	8,404	13,643	(5,239)
Repairs to structures	905	326	579
Repairs to equipment	1,121	936	185
Rental of equipment	-	48	(48)
Memberships and dues	630	620	10
Education and training	6,458	3,081	3,377
Books, magazines and periodicals	-	213	(213)
Capital outlay	870	120	750
<b>Total administrative and general</b>	<b>\$ 522,856</b>	<b>\$ 468,136</b>	<b>\$ 54,720</b>

See accompanying notes to financial statements.

**CITY OF ESCANABA, MICHIGAN**

**WATER UTILITY FUND  
SCHEDULE OF BOND PRINCIPAL AND INTEREST MATURITIES**

June 30, 2015

**Capital Improvement Bonds Series 2010**

		Principal	Interest	Total Payment	Subsidy of Interest	Net Payment
November 1, 2015		-	\$ 75,110.00	\$ 75,110.00	\$ (33,799.50)	\$ 41,310.50
May 1, 2016	3.50%	135,000.00	75,110.00	210,110.00	(33,799.50)	176,310.50
November 1, 2016		-	72,747.50	72,747.50	(32,736.38)	40,011.12
May 1, 2017	4.00%	140,000.00	72,747.50	212,747.50	(32,736.38)	180,011.12
November 1, 2017		-	69,947.50	69,947.50	(31,476.38)	38,471.12
May 1, 2018	4.50%	140,000.00	69,947.50	209,947.50	(31,476.38)	178,471.12
November 1, 2018		-	66,797.50	66,797.50	(30,058.88)	36,738.62
May 1, 2019	4.90%	145,000.00	66,797.50	211,797.50	(30,058.88)	181,738.62
November 1, 2019		-	63,245.00	63,245.00	(28,460.25)	34,784.75
May 1, 2020	5.20%	150,000.00	63,245.00	213,245.00	(28,460.25)	184,784.75
November 1, 2020		-	59,345.00	59,345.00	(26,705.25)	32,639.75
May 1, 2021	5.40%	155,000.00	59,345.00	214,345.00	(26,705.25)	187,639.75
November 1, 2021		-	55,160.00	55,160.00	(24,822.00)	30,338.00
May 1, 2022	5.60%	155,000.00	55,160.00	210,160.00	(24,822.00)	185,338.00
November 1, 2022		-	50,820.00	50,820.00	(22,869.00)	27,951.00
May 1, 2023	5.70%	160,000.00	50,820.00	210,820.00	(22,869.00)	187,951.00
November 1, 2023		-	46,260.00	46,260.00	(20,817.00)	25,443.00
May 1, 2024	5.80%	165,000.00	46,260.00	211,260.00	(20,817.00)	190,443.00
November 1, 2024		-	41,475.00	41,475.00	(18,663.75)	22,811.25
May 1, 2025	5.90%	170,000.00	41,475.00	211,475.00	(18,663.75)	192,811.25
November 1, 2025		-	36,460.00	36,460.00	(16,407.00)	20,053.00
May 1, 2026	6.00%	180,000.00	36,460.00	216,460.00	(16,407.00)	200,053.00
November 1, 2026		-	31,060.00	31,060.00	(13,977.00)	17,083.00
May 1, 2027	6.10%	185,000.00	31,060.00	216,060.00	(13,977.00)	202,083.00
November 1, 2027		-	25,417.50	25,417.50	(11,437.88)	13,979.62
May 1, 2028	6.20%	190,000.00	25,417.50	215,417.50	(11,437.88)	203,979.62
November 1, 2028		-	19,527.50	19,527.50	(8,787.38)	10,740.12
May 1, 2029	6.30%	195,000.00	19,527.50	214,527.50	(8,787.38)	205,740.12
November 1, 2029		-	13,385.00	13,385.00	(6,023.25)	7,361.75
May 1, 2030	6.40%	205,000.00	13,385.00	218,385.00	(6,023.25)	212,361.75
November 1, 2030		-	6,825.00	6,825.00	(3,071.25)	3,753.75
May 1, 2031	6.50%	210,000.00	6,825.00	216,825.00	(3,071.25)	213,753.75
TOTALS		<u>\$2,680,000.00</u>	<u>\$1,467,165.00</u>	<u>\$4,147,165.00</u>	<u>\$(660,224.30)</u>	<u>\$3,486,940.70</u>

See accompanying notes to financial statements.

**CITY OF ESCANABA, MICHIGAN**

**WATER UTILITY FUND  
SCHEDULE OF BOND PRINCIPAL AND INTEREST MATURITIES**

June 30, 2015

**City of Escanaba Drinking Water Program  
Project #7204-01 - Issued March 29, 2007**

		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
October 1, 2015	2.125%	\$ 140,000	\$ 21,887	\$ 161,887
April 1, 2016	2.125%	-	20,400	20,400
October 1, 2016	2.125%	140,000	20,400	160,400
April 1, 2017	2.125%	-	18,912	18,912
October 1, 2017	2.125%	145,000	18,912	163,912
April 1, 2018	2.125%	-	17,372	17,372
October 1, 2018	2.125%	150,000	17,372	167,372
April 1, 2019	2.125%	-	15,778	15,778
October 1, 2019	2.125%	150,000	15,778	165,778
April 1, 2020	2.125%	-	14,184	14,184
October 1, 2020	2.125%	155,000	14,184	169,184
April 1, 2021	2.125%	-	12,537	12,537
October 1, 2021	2.125%	160,000	12,538	172,538
April 1, 2022	2.125%	-	10,838	10,838
October 1, 2022	2.125%	160,000	10,838	170,838
April 1, 2023	2.125%	-	9,138	9,138
October 1, 2023	2.125%	165,000	9,138	174,138
April 1, 2024	2.125%	-	7,384	7,384
October 1, 2024	2.125%	170,000	7,384	177,384
April 1, 2025	2.125%	-	5,578	5,578
October 1, 2025	2.125%	170,000	5,578	175,578
April 1, 2026	2.125%	-	3,772	3,772
October 1, 2026	2.125%	175,000	3,772	178,772
April 1, 2027	2.125%	-	1,913	1,913
October 1, 2027	2.125%	180,000	1,913	181,913
		<u>\$ 2,060,000</u>	<u>\$ 297,500</u>	<u>\$ 2,357,500</u>

TOTALS

See accompanying notes to financial statements.

**CITY OF ESCANABA, MICHIGAN**

**WATER UTILITY FUND  
SCHEDULE OF BOND PRINCIPAL AND INTEREST MATURITIES**

June 30, 2015

**City of Escanaba Drinking Water Program  
Project #7009-01 - Issued June 27, 2002**

		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
October 1, 2015	2.50%	\$ 140,000	\$ 17,563	\$ 157,563
April 1, 2016	2.50%	-	15,812	15,812
October 1, 2016	2.50%	145,000	15,812	160,812
April 1, 2017	2.50%	-	14,000	14,000
October 1, 2017	2.50%	150,000	14,000	164,000
April 1, 2018	2.50%	-	12,125	12,125
October 1, 2018	2.50%	150,000	12,125	162,125
April 1, 2019	2.50%	-	10,250	10,250
October 1, 2019	2.50%	155,000	10,250	165,250
April 1, 2020	2.50%	-	8,313	8,313
October 1, 2020	2.50%	160,000	8,313	168,313
April 1, 2021	2.50%	-	6,312	6,312
October 1, 2021	2.50%	165,000	6,312	171,312
April 1, 2022	2.50%	-	4,250	4,250
October 1, 2022	2.50%	170,000	4,250	174,250
April 1, 2023	2.50%	-	2,125	2,125
October 1, 2023	2.50%	170,000	2,125	172,125
		<u>\$ 1,405,000</u>	<u>\$ 163,937</u>	<u>\$ 1,568,937</u>

TOTALS

See accompanying notes to financial statements.

**CITY OF ESCANABA, MICHIGAN**

**WATER UTILITY FUND  
SCHEDULE OF CHANGES IN PROPERTY PLANT AND EQUIPMENT**

For the Year Ended June 30, 2015

	<u>Balance 06/30/14</u>	<u>Transfers and Additions</u>	<u>Dispositions and Transfers</u>	<u>Balance 6/30/15</u>
Land	\$ 5,600	\$ -	\$ -	\$ 5,600
Filter plant	9,254,496	3,450	-	9,257,946
Water towers	743,603	-	-	743,603
Lake intake	2,861,964	-	-	2,861,964
Fountain	4,410	-	-	4,410
Wells	76,068	-	-	76,068
Electric pumping equipment	188,426	-	-	188,426
Purification system	77,805	-	-	77,805
Transmission mains	768,414	-	-	768,414
Distribution mains	5,385,707	-	-	5,385,707
Meters	493,502	61,650	-	555,152
Hydrants	84,762	-	-	84,762
Office furniture and equipment	73,233	-	-	73,233
Laboratory equipment	46,389	1,307	-	47,696
Miscellaneous equipment	16,799	-	-	16,799
Tools and work equipment	146,665	-	-	146,665
<b>TOTALS</b>	<u><u>\$ 20,227,843</u></u>	<u><u>\$ 66,407</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 20,294,250</u></u>

See accompanying notes to financial statements.

**CITY OF ESCANABA, MICHIGAN**

**WASTE WATER UTILITY FUND  
COMPARATIVE STATEMENT OF NET POSITION**

June 30, 2015 and 2014

	June 30	
	2015	2014
<b>ASSETS:</b>		
Current assets:		
Investments, at market	\$ 2,653,670	\$ 2,714,348
Receivables		
Accounts, net bad debt allowance	190,985	181,002
Accrued interest	35,746	28,143
Inventories, net of obsolescence allowance	7,978	5,487
Prepaid items	31	-
Total current assets	2,888,410	2,928,980
Restricted assets:		
Operation and maintenance account:		
Equity in pooled cash and investments	119,371	109,526
Replacement account:		
Equity in pooled cash and investments	50,000	50,000
Bond reserve account:		
Equity in pooled cash and investments	64,050	64,050
Total restricted assets	233,421	223,576
Property, plant and equipment	12,351,650	12,260,454
Less: accumulated depreciation	(6,737,215)	(6,516,290)
Net property, plant and equipment	5,614,435	5,744,164
<b>TOTAL ASSETS</b>	<b>\$ 8,736,266</b>	<b>\$ 8,896,720</b>
<b>DEFERRED OUTFLOWS - PENSION</b>	<b>\$ 66,690</b>	<b>\$ -</b>
<b>LIABILITIES:</b>		
Current liabilities:		
Accounts payable	\$ 45,344	\$ 82,769
Accrued salaries, wages and fringes	76,152	71,715
Accrued interest payable	1,322	1,632
Payable from restricted assets:		
Current portion of revenue bonds	55,000	55,000
Total current liabilities	177,818	211,116
Long-term liabilities:		
Revenue bonds payable	180,000	235,000
Net pension liability	1,393,385	-
Total long-term liabilities	1,573,385	235,000
<b>TOTAL LIABILITIES</b>	<b>1,751,203</b>	<b>446,116</b>
<b>NET POSITION:</b>		
Net investment in capital assets	5,379,435	5,454,164
Restricted:		
Revenue bond indentures	233,421	223,576
Unrestricted	1,438,897	2,772,864
<b>TOTAL NET POSITION</b>	<b>7,051,753</b>	<b>8,450,604</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 8,802,956</b>	<b>\$ 8,896,720</b>

See accompanying notes to financial statements.

**CITY OF ESCANABA, MICHIGAN**

**WASTE WATER UTILITY FUND  
COMPARATIVE STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION**

For the Years Ended June 30, 2015 and 2014

	June 30	
	2015	2014
<b>OPERATING REVENUES:</b>		
Charges for services:		
Metered sales	\$ 1,282,471	\$ 1,286,569
Interdepartmental sales	11,617	16,934
Reconnection fees	2,665	2,578
Miscellaneous	9,106	8,562
<b>TOTAL OPERATING REVENUES</b>	<b>1,305,859</b>	<b>1,314,643</b>
<b>OPERATING EXPENSES:</b>		
Production	380,939	376,238
Transmission and distribution	143,797	96,488
Station	31,687	18,677
Customer service	24,654	21,621
Administrative and general	450,316	413,130
Provision for depreciation	219,946	217,518
Overhead to utilities	181,113	170,633
<b>TOTAL OPERATING EXPENSES</b>	<b>1,432,452</b>	<b>1,314,305</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(126,593)</b>	<b>338</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>		
Gain (loss) on sale of investments	3,028	504
Interest earnings	50,128	51,124
Interest expense	(5,596)	(7,260)
Operating transfers in:		
Health Insurance Fund	-	22,235
<b>TOTAL NON-OPERATING REVENUE (EXPENSES)</b>	<b>47,560</b>	<b>66,603</b>
<b>CHANGE IN NET POSITION</b>	<b>(79,033)</b>	<b>66,941</b>
Net position, beginning of year, as previously reported	8,450,604	8,383,663
Prior period adjustment	(1,319,818)	-
Net position, beginning of year, as restated	7,130,786	8,383,663
<b>NET POSITION, END OF YEAR</b>	<b>\$ 7,051,753</b>	<b>\$ 8,450,604</b>

See accompanying notes to financial statements.

**CITY OF ESCANABA, MICHIGAN**

**WASTE WATER UTILITY FUND  
STATEMENT OF CASH FLOWS**

For the Year Ended June 30, 2015  
With Comparative Totals for June 30, 2014

	<u>2015</u>	<u>2014</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from customers	\$ 1,284,259	\$ 1,299,809
Cash received from other funds for services	11,617	16,934
Cash payments to suppliers for goods and services	(529,612)	(388,600)
Cash payments to employees for services	(668,337)	(582,388)
Cash payments to other funds for services	<u>(43,190)</u>	<u>(39,370)</u>
 <b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	 <u>54,737</u>	 <u>306,385</u>
 <b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>		
Operating transfers in	<u>-</u>	<u>22,235</u>
 <b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:</b>		
Acquisition and construction of capital assets	(90,216)	(52,882)
Principal paid on revenue bond maturities	(55,000)	(140,000)
Interest paid on revenue bonds	<u>(5,906)</u>	<u>(7,993)</u>
 <b>NET CASH FLOWS PROVIDED (USED) BY NON-CAPITAL     FINANCING ACTIVITIES</b>	 <u>(151,122)</u>	 <u>(200,875)</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Gain (loss) on sale of investments	3,028	504
Interest earned	<u>42,525</u>	<u>38,234</u>
 <b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	 <u>45,553</u>	 <u>38,738</u>
 <b>NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS</b>	 <u>(50,832)</u>	 <u>166,483</u>
 Cash and equivalents, beginning of year	<u>2,937,924</u>	<u>2,771,441</u>
 <b>CASH AND EQUIVALENTS, END OF YEAR</b>	 <u><u>\$ 2,887,092</u></u>	 <u><u>\$ 2,937,924</u></u>
 <b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Operating income (loss)	<u>(126,593)</u>	<u>338</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	219,946	217,518
Prior period adjustment	(1,319,818)	-
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(9,983)	2,100
(Increase) decrease in inventories	(2,491)	2,938
(Increase) decrease in prepaids	(31)	-
(Increase) decrease in deferred outflows	(66,690)	-
Increase (decrease) in accounts payable	(37,425)	80,370
Increase (decrease) in accruals	4,437	3,121
Increase (decrease) in net pension liability	<u>1,393,385</u>	<u>-</u>
 <b>Total adjustments</b>	 <u>181,330</u>	 <u>306,047</u>
 <b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	 <u><u>\$ 54,737</u></u>	 <u><u>\$ 306,385</u></u>

See accompanying notes to financial statements.

**CITY OF ESCANABA, MICHIGAN**

**WASTE WATER UTILITY FUND  
COMPARATIVE SCHEDULE OF OPERATING EXPENSES**

For the Years Ended June 30, 2015 and 2014

	June 30		Increase (Decrease)
	2015	2014	
<b>OPERATING EXPENSES:</b>			
Production:			
Salaries and wages	\$ 171,577	\$ 169,801	\$ 1,776
Supplies - miscellaneous	283	197	86
Plant chemicals	34,966	41,452	(6,486)
Laboratory chemicals and supplies	6,401	6,818	(417)
NPDES and permit testing	9,606	10,697	(1,091)
Sludge hauling	21,950	27,949	(5,999)
Sludge fee	2,640	-	2,640
Digester cleaning	54,000	36,750	17,250
Diesel fuel	1,116	-	1,116
Repairs to structures - labor	4,107	3,861	246
Repairs to structures - supplies	1,939	1,661	278
Repairs to equipment - outside vendors	1,658	1,758	(100)
Repairs to equipment - labor	56,138	50,103	6,035
Repairs to equipment- supplies	13,874	22,474	(8,600)
Rental of equipment	684	2,717	(2,033)
<b>Total production</b>	<b>\$ 380,939</b>	<b>\$ 376,238</b>	<b>\$ 4,701</b>
Transmission and distribution:			
Salaries and wages	\$ 34,581	\$ 28,772	\$ 5,809
Storm sewer lline thawing	844	12,960	(12,116)
Supplies - miscellaneous	3,300	357	2,943
Professional services	1,100	-	1,100
Repairs to structures - supplies	55,543	15,938	39,605
Repairs to equipment	664	883	(219)
Rental of equipment	39,184	33,216	5,968
Repairs to structures - inspection	8,581	4,362	4,219
<b>Total transmission and distribution</b>	<b>\$ 143,797</b>	<b>\$ 96,488</b>	<b>\$ 47,309</b>
Station:			
Salaries and wages	\$ 10,355	\$ 9,359	\$ 996
Repairs to structures - labor	107	128	(21)
Repairs to structures - supplies	96	-	96
Repairs to equipment - labor	5,813	5,431	382
Repairs to equipment - supplies	12,932	847	12,085
Rental of equipment	2,384	2,912	(528)
<b>Total station</b>	<b>\$ 31,687</b>	<b>\$ 18,677</b>	<b>\$ 13,010</b>
Customer service:			
Rental of equipment	\$ 938	\$ 525	\$ 413
Labor - service to customers	23,716	21,096	2,620
<b>Total customer service</b>	<b>\$ 24,654</b>	<b>\$ 21,621</b>	<b>\$ 3,033</b>
Administrative and general:			
Salaries and wages	\$ 80,905	\$ 73,783	\$ 7,122
Printing and publishing	369	358	11
Telephone	1,294	1,289	5
Overhead on salaries and wages	177,404	153,176	24,228
Life and hospital insurance	73,594	69,999	3,595
Supplies - miscellaneous	124	308	(184)
Office supplies	570	450	120
Building supplies	1,067	836	231
Professional services	9,120	4,352	4,768
Special services	467	470	(3)
Miss Dig	440	446	(6)
Travel expense, auto allowance	834	954	(120)
Insurance and bonds	5,840	8,194	(2,354)
Utilities - electric	82,472	79,444	3,028
Utilities - gas	9,752	11,327	(1,575)
Repairs to equipment	2,301	4,387	(2,086)
Memberships and dues	335	325	10
Education and training	3,428	3,032	396
<b>Total administrative and general</b>	<b>\$ 450,316</b>	<b>\$ 413,130</b>	<b>\$ 37,186</b>

See accompanying notes to financial statements.

**CITY OF ESCANABA, MICHIGAN**

**WASTE WATER UTILITY FUND  
SCHEDULE OF BOND PRINCIPAL AND INTEREST MATURITIES**

June 30, 2015

**City of Escanaba Sewage Disposal System Revenue Bond  
Project #5149-01 Issued September 29, 1998**

		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
October 1, 2015	2.25%	\$ 55,000	\$ 2,644	\$ 57,644
April 1, 2016	2.25%	-	2,025	2,025
October 1, 2016	2.25%	60,000	2,025	62,025
April 1, 2017	2.25%	-	1,350	1,350
October 1, 2017	2.25%	60,000	1,350	61,350
April 1, 2018	2.25%	-	675	675
October 1, 2018	2.25%	60,000	675	60,675
		<u>\$ 235,000</u>	<u>\$ 10,744</u>	<u>\$ 245,744</u>

TOTALS

See accompanying notes to financial statements.

**CITY OF ESCANABA, MICHIGAN**

**WASTE WATER UTILITY FUND  
SCHEDULE OF CHANGES IN PROPERTY PLANT AND EQUIPMENT**

For the Year Ended June 30, 2015

	<u>Balance 06/30/14</u>	<u>Transfers and Additions</u>	<u>Dispositions and Transfers</u>	<u>Balance 6/30/15</u>
Land	\$ 1,873	\$ -	\$ -	\$ 1,873
Structures and improvements	6,841,556	85,275	-	6,926,831
Tools and equipment	53,732	5,418	-	59,150
Mains	5,332,828	-	-	5,332,828
Office furniture and equipment	<u>30,465</u>	<u>503</u>	<u>-</u>	<u>30,968</u>
<b>TOTALS</b>	<u>\$ 12,260,454</u>	<u>\$ 91,196</u>	<u>\$ -</u>	<u>\$ 12,351,650</u>

See accompanying notes to financial statements.

**CITY OF ESCANABA, MICHIGAN**

**MARINA FUND  
COMPARATIVE STATEMENT OF NET POSITION**

June 30, 2015 and 2014

	June 30	
	2015	2014
<b>ASSETS:</b>		
Current assets:		
Cash	\$ 86,072	\$ 10,881
Investments, at market	39,886	99,602
Receivables		
Accounts, net bad debt allowance	9,465	15,610
Accrued interest	532	779
Inventories, net of obsolescence allowance	10,884	11,646
Prepaid items	124	-
	146,963	138,518
Property, plant and equipment	2,815,038	2,815,038
Less: accumulated depreciation	(1,339,206)	(1,280,555)
Net property, plant and equipment	1,475,832	1,534,483
<b>TOTAL ASSETS</b>	<b>\$ 1,622,795</b>	<b>\$ 1,673,001</b>
<b>DEFERRED OUTFLOWS - PENSION</b>	<b>\$ 787</b>	<b>\$ -</b>
<b>LIABILITIES:</b>		
Current liabilities:		
Accounts payable	\$ 5,594	\$ 9,448
Unearned revenue	1,490	1,113
Total current liabilities	7,084	10,561
Long-term liabilities:		
Advance from Land Development Fund	279,794	298,107
Net pension liability	16,449	-
Total long-term liabilities	296,243	298,107
<b>TOTAL LIABILITIES</b>	<b>303,327</b>	<b>308,668</b>
<b>NET POSITION:</b>		
Net investment in capital assets	1,196,038	1,236,376
Unrestricted	124,217	127,957
<b>TOTAL NET POSITION</b>	<b>1,320,255</b>	<b>1,364,333</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 1,623,582</b>	<b>\$ 1,673,001</b>

See accompanying notes to financial statements.

**CITY OF ESCANABA, MICHIGAN**

**MARINA FUND  
COMPARATIVE STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION**

For the Years Ended June 30, 2015 and 2014

	June 30	
	2015	2014
<b>OPERATING REVENUES:</b>		
Charges for services:		
Dock fees	\$ 151,837	\$ 151,544
Fuel and concession revenue	61,459	56,948
Miscellaneous:		
Contributions from private sources	2,523	-
Other	1,060	105
<b>TOTAL OPERATING REVENUES</b>	<b>216,879</b>	<b>208,597</b>
<b>OPERATING EXPENSES:</b>		
Enterprises:		
Summer services:		
Salaries and wages	52,383	52,559
Fringe benefits	15,200	14,553
Fuel	62,594	51,034
Clothing	207	151
Professional services	750	702
Office supplies	2,502	2,313
Building supplies	1,058	636
Communications	1,312	1,289
Printing and publishing	-	134
Insurance and bonds	4,537	5,336
Public utilities	9,950	10,150
Building maintenance	3,331	3,917
Marina Fest	2,523	-
Equipment repair	3,691	2,084
Equipment rental	4,959	4,618
Weed harvesting	10,428	16,845
New equipment	1,542	1,521
Provision for depreciation	58,650	68,692
<b>TOTAL OPERATING EXPENSES</b>	<b>235,617</b>	<b>236,534</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(18,738)</b>	<b>(27,937)</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>		
Gain (loss) on sale of investments	38	16
Interest earnings	559	1,168
Gain (loss) on sale of equipment	-	-
Interest expense	(14,356)	(15,172)
Operating transfers in:		
Downtown Development Authority	4,000	4,000
Health Insurance Fund	-	177
<b>TOTAL NON-OPERATING REVENUE (EXPENSES)</b>	<b>(9,759)</b>	<b>(9,811)</b>
<b>CHANGE IN NET POSITION</b>	<b>(28,497)</b>	<b>(37,748)</b>
Net position, beginning of year, as previously reported	1,364,333	1,402,081
Prior period adjustment	(15,581)	-
Net position, beginning of year, as restated	1,348,752	1,402,081
<b>NET POSITION, END OF YEAR</b>	<b>\$ 1,320,255</b>	<b>\$ 1,364,333</b>

See accompanying notes to financial statements.

**CITY OF ESCANABA, MICHIGAN**

**MARINA FUND  
STATEMENT OF CASH FLOWS**

For the Year Ended June 30, 2015  
With Comparative Totals for June 30, 2014

	<u>2015</u>	<u>2014</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from customers	\$ 223,401	\$ 202,478
Cash payments to suppliers for goods and services	(107,641)	(81,353)
Cash payments to employees for services	(67,502)	(67,112)
Cash payments to other funds for services	<u>(4,959)</u>	<u>(4,618)</u>
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 <u>43,299</u>	 <u>49,395</u>
 <b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>		
Repayment of interfund loans	(18,313)	(17,147)
Operating transfers in	<u>4,000</u>	<u>4,177</u>
 NET CASH FLOWS PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES	 <u>(14,313)</u>	 <u>(12,970)</u>
 <b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:</b>		
Interest paid	(14,356)	(15,172)
Acquisition of capital assets	<u>-</u>	<u>(20,827)</u>
 NET CASH USED BY CAPITAL FINANCING ACTIVITIES	 <u>(14,356)</u>	 <u>(35,999)</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Gain (loss) on sale of investments	39	16
Interest earned	<u>806</u>	<u>948</u>
 NET CASH PROVIDED BY INVESTING ACTIVITIES	 <u>845</u>	 <u>964</u>
 NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	 15,475	 1,390
 Cash and equivalents, beginning of year	 <u>110,483</u>	 <u>109,093</u>
 CASH AND EQUIVALENTS, END OF YEAR	 <u>\$ 125,958</u>	 <u>\$ 110,483</u>
 <b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Operating income (loss)	<u>(18,738)</u>	<u>(27,937)</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	58,650	68,692
Prior period adjustment	(15,581)	-
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	6,145	(7,232)
(Increase) decrease in inventories	762	7,497
(Increase) decrease in prepaids	(124)	-
(Increase) decrease in deferred outflows	(787)	-
Increase (decrease) in accounts payable	(3,854)	7,262
Increase (decrease) in net pension liability	16,449	-
Increase (decrease) in unearned revenue	<u>377</u>	<u>1,113</u>
 Total adjustments	 <u>62,037</u>	 <u>77,332</u>
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 <u>\$ 43,299</u>	 <u>\$ 49,395</u>

See accompanying notes to financial statements.

**CITY OF ESCANABA, MICHIGAN**

**MARINA FUND  
SCHEDULE OF CHANGES IN PROPERTY PLANT AND EQUIPMENT**

For the Year Ended June 30, 2015

	<u>Balance 06/30/14</u>	<u>Transfers and Additions</u>	<u>Dispositions and Transfers</u>	<u>Balance 6/30/15</u>
Boat launch/parking lots:				
Boat launch/parking lot	\$ 63,955	\$ -	\$ -	\$ 63,955
Skid pier	5,972	-	-	5,972
Solar lighting	12,757	-	-	12,757
Furniture, fixtures and equipment	8,053	-	-	8,053
Marina docks, piers and walls				
12 floating piers, revetment wall and fuel system	328,314	-	-	328,314
Barage docks	13,075	-	-	13,075
Two 550' piers and revetment wall	770,982	-	-	770,982
Mooring buoys	7,816	-	-	7,816
Transitional anchoring system	42,369	-	-	42,369
Various upgrades	30,453	-	-	30,453
Revetment wall	346,067	-	-	346,067
L dock design	28,507	-	-	28,507
Dock extension	2,465	-	-	2,465
Electrical upgrade	3,140	-	-	3,140
L dock improvements	139,056	-	-	139,056
35" docks float replacements	18,051	-	-	18,051
Harbor Master building:				
Harbor Master building	579,152	-	-	579,152
Parking lot and landscaping	408,958	-	-	408,958
Furnace	3,120	-	-	3,120
Water heater	2,776	-	-	2,776
<b>TOTALS</b>	<u><u>\$ 2,815,038</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,815,038</u></u>

See accompanying notes to financial statements.

**INTERNAL SERVICE FUNDS**

CITY OF ESCANABA, MICHIGAN

**INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF NET POSITION**

June 30, 2015 and 2014

	<u>Escanaba Building Authority Fund</u>	<u>Motor Vehicle Equipment Fund</u>	<u>Office Equipment Fund</u>	<u>Risk Retention Fund</u>	<u>Health Insurance Fund</u>
<b>ASSETS:</b>					
Current assets:					
Investments, at market	\$ 340,899	\$ 495,265	\$ 259,173	\$ 29,825	\$ -
Receivables:					
Accounts, net of bad debt allowance	-	-	19,041	-	-
Accrued interest	3,483	5,495	2,752	726	-
Miscellaneous	-	-	-	-	-
Prepaid items	-	-	339	273,012	-
Total current assets	<u>344,382</u>	<u>500,760</u>	<u>281,305</u>	<u>303,563</u>	<u>-</u>
Property, plant and equipment	7,372,181	6,071,016	477,524	-	-
Less: accumulated depreciation	<u>(3,135,251)</u>	<u>(4,962,454)</u>	<u>(394,155)</u>	<u>-</u>	<u>-</u>
Net property, plant and equipment	<u>4,236,930</u>	<u>1,108,562</u>	<u>83,369</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u><b>\$ 4,581,312</b></u>	<u><b>\$ 1,609,322</b></u>	<u><b>\$ 364,674</b></u>	<u><b>\$ 303,563</b></u>	<u><b>\$ -</b></u>
<b>LIABILITIES:</b>					
Current liabilities					
Accounts payable	\$ 3,258	\$ 10,722	\$ 555	\$ -	\$ -
Claims payable	-	-	-	-	-
Accrued salaries, wages and fringes	-	24,087	-	-	-
Unearned revenue	-	1,950	-	-	-
Total current liabilities	<u>3,258</u>	<u>36,759</u>	<u>555</u>	<u>-</u>	<u>-</u>
Long-term liabilities:					
Advances from other funds:					
General Fund	-	203,715	-	-	-
Electric Fund	<u>1,125,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total long-term liabilities	<u>1,125,000</u>	<u>203,715</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u><b>1,128,258</b></u>	<u><b>240,474</b></u>	<u><b>555</b></u>	<u><b>-</b></u>	<u><b>-</b></u>
<b>NET POSITION:</b>					
Net investment in capital assets	3,111,930	904,847	83,369	-	-
Unrestricted	<u>341,124</u>	<u>464,001</u>	<u>280,750</u>	<u>303,563</u>	<u>-</u>
<b>TOTAL NET POSITION</b>	<u><b>3,453,054</b></u>	<u><b>1,368,848</b></u>	<u><b>364,119</b></u>	<u><b>303,563</b></u>	<u><b>-</b></u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u><b>\$ 4,581,312</b></u>	<u><b>\$ 1,609,322</b></u>	<u><b>\$ 364,674</b></u>	<u><b>\$ 303,563</b></u>	<u><b>\$ -</b></u>

See accompanying notes to financial statements.

Workers Compensation Fund	Unemployment Compensation Fund	Totals	
		2015	2014
\$ 347,841	\$ 302,057	\$ 1,775,060	\$ 1,846,872
-	-	19,041	19,427
4,513	3,657	20,626	16,583
333	-	333	-
50,945	-	324,296	126,265
<u>403,632</u>	<u>305,714</u>	<u>2,139,356</u>	<u>2,009,147</u>
-	-	13,920,721	13,780,336
-	-	(8,491,860)	(8,107,988)
-	-	<u>5,428,861</u>	<u>5,672,348</u>
<u>\$ 403,632</u>	<u>\$ 305,714</u>	<u>\$ 7,568,217</u>	<u>\$ 7,681,495</u>
\$ 7,817	\$ -	\$ 22,352	\$ 10,514
191,000	4,344	195,344	216,844
-	-	24,087	16,857
-	-	1,950	1,950
<u>198,817</u>	<u>4,344</u>	<u>243,733</u>	<u>246,165</u>
-	-	203,715	218,005
-	-	1,125,000	1,250,000
-	-	1,328,715	1,468,005
<u>198,817</u>	<u>4,344</u>	<u>1,572,448</u>	<u>1,714,170</u>
-	-	4,100,146	4,204,343
204,815	301,370	1,895,623	1,762,982
<u>204,815</u>	<u>301,370</u>	<u>5,995,769</u>	<u>5,967,325</u>
<u>\$ 403,632</u>	<u>\$ 305,714</u>	<u>\$ 7,568,217</u>	<u>\$ 7,681,495</u>

See accompanying notes to financial statements.

**CITY OF ESCANABA, MICHIGAN**

**INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

For the Year Ended June 30, 2015  
With Comparative Totals for the Year Ended June 30, 2014

	Escanaba Building Authority Fund	Motor Vehicle Equipment Fund	Office Equipment Fund	Risk Retention Fund	Health Insurance Fund
<b>OPERATING REVENUES:</b>					
Return of premiums	\$ -	\$ -	\$ -	\$ -	\$ (812)
Equipment rental	-	926,494	15,804	-	-
Provision for self insurance	-	-	-	105,985	-
Miscellaneous	288,456	-	75,987	-	-
<b>TOTAL OPERATING REVENUES</b>	<b>288,456</b>	<b>926,494</b>	<b>91,791</b>	<b>105,985</b>	<b>(812)</b>
<b>OPERATING EXPENSES:</b>					
General government	98,267	793,901	21,983	32,930	1,150
Capital projects	15,689	-	-	-	-
Provision for depreciation	146,544	206,151	29,015	-	-
<b>TOTAL OPERATING EXPENSES</b>	<b>260,500</b>	<b>1,000,052</b>	<b>50,998</b>	<b>32,930</b>	<b>1,150</b>
<b>OPERATING INCOME (LOSS)</b>	<b>27,956</b>	<b>(73,558)</b>	<b>40,793</b>	<b>73,055</b>	<b>(1,962)</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>					
Gain (loss) on sale of investments	305	474	232	67	-
Gain (loss) on sale of equipment	-	-	-	-	-
Gain (loss) on sale of property	-	-	-	-	-
Interest earnings	4,979	7,957	3,989	8,949	640
Interest expense	(30,208)	(6,540)	-	-	-
Operating transfers in	-	-	-	-	-
Operating transfers out	-	-	(4,200)	-	(75,471)
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>(24,924)</b>	<b>1,891</b>	<b>21</b>	<b>9,016</b>	<b>(74,831)</b>
<b>CHANGE IN NET POSITION</b>	<b>3,032</b>	<b>(71,667)</b>	<b>40,814</b>	<b>82,071</b>	<b>(76,793)</b>
Net position, beginning of year	3,450,022	1,440,515	323,305	221,492	76,793
<b>NET POSITION, END OF YEAR</b>	<b>\$ 3,453,054</b>	<b>\$ 1,368,848</b>	<b>\$ 364,119</b>	<b>\$ 303,563</b>	<b>\$ -</b>

See accompanying notes to financial statements.

Workers Compensation Fund	Unemployment Compensation Fund	Totals	
		2015	2014
\$ -	\$ -	\$ (812)	\$ 54,359
-	-	942,298	973,342
126,200	-	232,185	243,177
-	-	364,443	1,430,798
<u>126,200</u>	<u>-</u>	<u>1,538,114</u>	<u>2,701,676</u>
87,122	200	1,035,553	1,159,544
-	-	15,689	17,608
-	-	381,710	467,120
<u>87,122</u>	<u>200</u>	<u>1,432,952</u>	<u>1,644,272</u>
<u>39,078</u>	<u>(200)</u>	<u>105,162</u>	<u>1,057,404</u>
377	312	1,767	487
-	-	-	2,564
-	-	-	-
6,275	5,145	37,934	34,908
-	-	(36,748)	(120,472)
-	-	-	10,302
-	-	(79,671)	(329,200)
<u>6,652</u>	<u>5,457</u>	<u>(76,718)</u>	<u>(401,411)</u>
45,730	5,257	28,444	655,993
<u>159,085</u>	<u>296,113</u>	<u>5,967,325</u>	<u>5,311,332</u>
<u>\$ 204,815</u>	<u>\$ 301,370</u>	<u>\$ 5,995,769</u>	<u>\$ 5,967,325</u>

See accompanying notes to financial statements.

**CITY OF ESCANABA, MICHIGAN**

**INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS**

For the Year Ended June 30, 2015  
With Comparative Totals for the Year Ended June 30, 2014

	Escanaba Building Authority Fund	Motor Vehicle Equipment Fund	Office Equipment Fund	Risk Retention Fund	Health Insurance Fund
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>					
Cash received for insurance costs	\$ -	\$ -	\$ -	\$ -	\$ -
Cash received for outside charges	-	-	75,561	-	-
Cash received from other funds for services	288,456	926,494	15,804	105,985	-
Cash payments to suppliers for goods & services	(80,473)	(592,670)	(21,708)	-	(1,150)
Cash payments to employees for services	(30,443)	(189,485)	-	-	-
Cash payments of benefits	-	-	-	(179,677)	-
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>177,540</u>	<u>144,339</u>	<u>69,657</u>	<u>(73,692)</u>	<u>(1,150)</u>
<b>CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES:</b>					
Operating transfers in	-	-	-	-	-
Operating transfers out	-	-	(4,200)	-	(75,471)
<b>NET CASH FLOWS PROVIDED (USED) BY NON CAPITAL FINANCING ACTIVITIES</b>	<u>-</u>	<u>-</u>	<u>(4,200)</u>	<u>-</u>	<u>(75,471)</u>
<b>CASH FLOW FROM CAPITAL FINANCING ACTIVITIES:</b>					
Advances from other funds	-	-	-	-	-
Principal payments on bonds/advances	(125,000)	(14,290)	-	-	-
Interest expense	(30,208)	(6,540)	-	-	-
Acquisition and construction of capital assets	-	(129,651)	(8,572)	-	-
Proceeds from the sale of equipment	-	-	-	-	-
<b>NET CASH USED BY CAPITAL FINANCING ACTIVITIES</b>	<u>(155,208)</u>	<u>(150,481)</u>	<u>(8,572)</u>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Interest and gain on investments	4,697	6,898	3,114	9,326	1,339
<b>NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS</b>	27,029	756	59,999	(64,366)	(75,282)
Cash and equivalents, beginning of year	313,870	494,509	199,174	94,191	75,282
<b>CASH AND EQUIVALENTS, END OF YEAR</b>	<u>\$ 340,899</u>	<u>\$ 495,265</u>	<u>\$ 259,173</u>	<u>\$ 29,825</u>	<u>\$ -</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>					
Operating income (loss)	\$ 27,956	\$ (73,558)	\$ 40,793	\$ 73,055	\$ (1,962)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	146,544	206,151	29,015	-	-
Changes in assets and liabilities:					
(Increase) decrease in receivables, prepaids, due from other funds and deposits	-	-	(766)	(146,747)	812
Increase (decrease) in accounts and claims payable and due to other funds	3,040	4,516	615	-	-
Increase (decrease) in unearned revenue	-	-	-	-	-
Increase (decrease) in accruals	-	7,230	-	-	-
<b>Total adjustments</b>	<u>149,584</u>	<u>217,897</u>	<u>28,864</u>	<u>(146,747)</u>	<u>812</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ 177,540</u>	<u>\$ 144,339</u>	<u>\$ 69,657</u>	<u>\$ (73,692)</u>	<u>\$ (1,150)</u>

See accompanying notes to financial statements.

Workers Compensation Fund	Unemployment Compensation Fund	Totals	
		2015	2014
\$ 126,200	\$ -	\$ 126,200	\$ 189,489
-	-	75,561	73,954
-	-	1,336,739	2,458,380
(114,639)	(200)	(810,840)	(717,732)
-	-	(219,928)	(206,875)
(41,594)	-	(221,271)	(181,479)
<u>(30,033)</u>	<u>(200)</u>	<u>286,461</u>	<u>1,615,737</u>
-	-	-	10,302
-	-	(79,671)	(329,200)
-	-	(79,671)	(318,898)
-	-	-	1,250,000
-	-	(139,290)	(2,428,179)
-	-	(36,748)	(154,673)
-	-	(138,223)	(95,980)
-	-	-	11,065
-	-	(314,261)	(1,417,767)
<u>5,608</u>	<u>4,677</u>	<u>35,659</u>	<u>30,624</u>
(24,425)	4,477	(71,812)	(90,304)
<u>372,266</u>	<u>297,580</u>	<u>1,846,872</u>	<u>1,937,176</u>
<u>\$ 347,841</u>	<u>\$ 302,057</u>	<u>\$ 1,775,060</u>	<u>\$ 1,846,872</u>
<u>\$ 39,078</u>	<u>\$ (200)</u>	<u>\$ 105,162</u>	<u>\$ 1,057,404</u>
-	-	381,710	467,120
(51,278)	-	(197,979)	73,970
(17,833)	-	(9,662)	13,900
-	-	-	1,950
-	-	7,230	1,393
<u>(69,111)</u>	<u>-</u>	<u>181,299</u>	<u>558,333</u>
<u>\$ (30,033)</u>	<u>\$ (200)</u>	<u>\$ 286,461</u>	<u>\$ 1,615,737</u>

See accompanying notes to financial statements.

**CITY OF ESCANABA, MICHIGAN**

**ESCANABA BUILDING AUTHORITY  
COMPARATIVE STATEMENT OF NET POSITION**

June 30, 2015 and 2014

	<u>June 30</u>	
	<u>2015</u>	<u>2014</u>
<b>ASSETS:</b>		
Current assets:		
Investments, at market	\$ 340,899	\$ 313,870
Receivables		
Accrued interest	3,483	2,895
Prepaid items	<u>-</u>	<u>-</u>
Total current assets	<u>344,382</u>	<u>316,765</u>
Property, plant and equipment	7,372,181	7,372,181
Less: accumulated depreciation	<u>(3,135,251)</u>	<u>(2,988,706)</u>
Net property, plant and equipment	<u>4,236,930</u>	<u>4,383,475</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 4,581,312</u></b>	<b><u>\$ 4,700,240</u></b>
<b>LIABILITIES:</b>		
Current liabilities:		
Accounts payable	\$ 3,258	\$ 218
Long-term liabilities:		
Advance from Electric Fund	<u>1,125,000</u>	<u>1,250,000</u>
<b>TOTAL LIABILITIES</b>	<b><u>1,128,258</u></b>	<b><u>1,250,218</u></b>
<b>NET POSITION:</b>		
Net investment in capital assets	3,111,930	3,133,475
Unrestricted	<u>341,124</u>	<u>316,547</u>
<b>TOTAL NET POSITION</b>	<b><u>3,453,054</u></b>	<b><u>3,450,022</u></b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b><u>\$ 4,581,312</u></b>	<b><u>\$ 4,700,240</u></b>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN

**ESCANABA BUILDING AUTHORITY  
COMPARATIVE STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION**

For the Years Ended June 30, 2015 and 2014

	June 30	
	<u>2015</u>	<u>2014</u>
OPERATING REVENUES:		
Miscellaneous	\$ 288,456	\$ 1,356,849
OPERATING EXPENSES:		
General government:		
Salaries and wages	23,107	24,928
Fringe benefits	-	53
Overhead on salaries and wages	7,336	7,228
Professional services	2,873	663
Public utilities	49,865	51,590
Insurance and bonds	3,235	4,249
Supplies	663	169
Building supplies	5,663	6,073
Equipment rental	88	81
Printing and publishing	105	-
Equipment maintenance	2,713	3,209
Telephone	2,185	1,946
Christmas tree	434	859
Capital projects:		
Construction	15,689	17,608
Provision for depreciation	146,544	146,544
TOTAL OPERATING EXPENSES	<u>260,500</u>	<u>265,200</u>
OPERATING INCOME (LOSS)	<u>27,956</u>	<u>1,091,649</u>
NON-OPERATING REVENUES (EXPENSES):		
Gain (loss) on sale of investments	305	79
Interest earnings	4,979	5,378
Interest expense	(30,208)	(113,536)
Operating transfers in:		
Health Insurance Fund	-	1,794
TOTAL NON-OPERATING REVENUE (EXPENSES)	<u>(24,924)</u>	<u>(106,285)</u>
CHANGE IN NET POSITION	3,032	985,364
Net position, beginning of year	<u>3,450,022</u>	<u>2,464,658</u>
NET POSITION, END OF YEAR	<u>\$ 3,453,054</u>	<u>\$ 3,450,022</u>

See accompanying notes to financial statements.

**CITY OF ESCANABA, MICHIGAN**

**MOTOR VEHICLE EQUIPMENT FUND  
COMPARATIVE STATEMENT OF NET POSITION**

June 30, 2015 and 2014

	<u>June 30</u>	
	<u>2015</u>	<u>2014</u>
<b>ASSETS:</b>		
Current assets:		
Investments, at market	\$ 495,265	\$ 494,509
Receivables		
Accrued interest	<u>5,495</u>	<u>3,962</u>
Total current assets	<u>500,760</u>	<u>498,471</u>
Property, plant and equipment	6,071,016	5,938,015
Less: accumulated depreciation	<u>(4,962,454)</u>	<u>(4,752,953)</u>
Net property, plant and equipment	<u>1,108,562</u>	<u>1,185,062</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 1,609,322</u></b>	<b><u>\$ 1,683,533</u></b>
<b>LIABILITIES:</b>		
Current liabilities:		
Accounts payable	\$ 10,722	\$ 6,206
Accrued salaries, wages and fringes	24,087	16,857
Unearned revenue	<u>1,950</u>	<u>1,950</u>
Total current liabilities	<u>36,759</u>	<u>25,013</u>
Long-term liabilities:		
Advance from General Fund	<u>203,715</u>	<u>218,005</u>
<b>TOTAL LIABILITIES</b>	<b><u>240,474</u></b>	<b><u>243,018</u></b>
<b>NET POSITION:</b>		
Net investment in capital assets	904,847	967,057
Unrestricted	<u>464,001</u>	<u>473,458</u>
<b>TOTAL NET POSITION</b>	<b><u>1,368,848</u></b>	<b><u>1,440,515</u></b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b><u>\$ 1,609,322</u></b>	<b><u>\$ 1,683,533</u></b>

See accompanying notes to financial statements.

**CITY OF ESCANABA, MICHIGAN**

**MOTOR VEHICLE EQUIPMENT FUND  
COMPARATIVE STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION**

For the Years Ended June 30, 2015 and 2014

	June 30	
	<u>2015</u>	<u>2014</u>
OPERATING REVENUES:		
Equipment rental	\$ 926,494	\$ 952,724
Miscellaneous	-	-
 TOTAL OPERATING REVENUES	 <u>926,494</u>	 <u>952,724</u>
OPERATING EXPENSES:		
General government:		
Salaries and wages	80,912	68,925
Fringe benefits	115,803	107,134
Supplies	19,375	18,281
Building supplies	3,958	4,184
Professional services	1,450	1,450
Communication	2,039	2,036
Transportation	-	-
Printing and publishing	205	-
Insurance and bonds	13,033	20,802
Public utilities	29,526	32,104
Capital outlay - building	(37)	8,236
Capital outlay - equipment	690	2,332
Uniform maintenance	188	265
Building maintenance	13,625	15,186
Equipment maintenance	507,094	507,463
Equipment rental	5,532	3,764
Office expense	508	493
Education and training	-	200
Provision for depreciation	206,151	268,369
 TOTAL OPERATING EXPENSES	 <u>1,000,052</u>	 <u>1,061,224</u>
 OPERATING INCOME (LOSS)	 <u>(73,558)</u>	 <u>(108,500)</u>
NON-OPERATING REVENUES (EXPENSES):		
Gain (loss) on sale of investments	474	81
Gain (loss) on sale of equipment	-	2,564
Interest earnings	7,957	7,139
Interest expense	(6,540)	(6,936)
Operating transfers in:		
Health Insurance Fund	-	8,508
 TOTAL NON-OPERATING REVENUE (EXPENSES)	 <u>1,891</u>	 <u>11,356</u>
 CHANGE IN NET POSITION	 (71,667)	 (97,144)
Net position, beginning of year	<u>1,440,515</u>	<u>1,537,659</u>
 NET POSITION, END OF YEAR	 <u>\$ 1,368,848</u>	 <u>\$ 1,440,515</u>

See accompanying notes to financial statements.

**CITY OF ESCANABA, MICHIGAN**

**MOTOR VEHICLE EQUIPMENT FUND  
SCHEDULE OF CHANGES IN EQUIPMENT**

For the Year Ended June 30, 2015

Unit Number	Description	Balance 6/30/14	Additions	Retirements	Balance 6/30/15
3	1987 White laser level	\$ 5,695	\$ -	\$ -	\$ 5,695
4	Homelite power blower	940	-	-	940
5	Hydraulic hammer	1,918	-	-	1,918
6	2011 Ford Super Duty F-350	27,458	-	-	27,458
7	Eager Beaver model 200 chipper	11,440	-	-	11,440
8	2000 trackless 51" snowblower	5,540	-	-	5,540
9	Hydrosander pressure washer	2,425	-	-	2,425
10	Tennant model 480 sweeper	11,703	-	-	11,703
11	2009 Ford 1/2 ton pickup	17,005	-	-	17,005
13	Dew-Eze 72" all terrain mower	28,815	-	-	28,815
14	2003 Chevrolet 3/4 ton pickup	16,982	-	-	16,982
18	2015 Chevrolet one ton pickup w/plow	-	34,777	-	34,777
19	1991 Ford one ton welder pickup	14,290	-	-	14,290
21	1987 Chevrolet 4x4 pickup	11,375	-	-	11,375
22	2015 Chevrolet 3/4 ton pickup	-	26,814	-	26,814
24	2005 GMC 4x2 pickup	14,495	-	-	14,495
25	2000 Ford F-150 pickup	15,812	-	-	15,812
26	2000 Chevrolet extended cab pickup	15,515	-	-	15,515
28	2003 MT5 trackless with duals	63,177	-	-	63,177
30	1991 trackless municipal tractor	47,060	-	-	47,060
36	2008 Ford F-150 pickup	18,700	-	-	18,700
37	2003 Chevrolet 3/4 ton 4x4 pickup	19,539	-	-	19,539
40	1992 Sauber model 4500 pole trailer	9,050	-	-	9,050
41	1979 International bulldozer	42,780	-	-	42,780
42	2008 Freightliner garbage truck	169,558	-	-	169,558
43	2008 Freightliner garbage truck	169,558	-	-	169,558
44	2011 Graco model 3400 paint striper	3,272	-	-	3,272
45	1993 John Deere 7100 backhoe	73,628	-	-	73,628
46	2010 International garbage truck	180,150	-	-	180,150
47	1989 Ford F-350 pickup	11,935	-	-	11,935
48	2006 Komatsu front end loader	101,612	-	-	101,612
49	1984 Clark forklift	26,747	-	-	26,747
50	1986 Ford 755a tractor/backhoe	55,168	-	-	55,168
51	2008 Yamaha golf cart	5,000	-	-	5,000
52	2008 Yamaha golf cart	5,000	-	-	5,000
53	74" flail mower	10,650	-	-	10,650
55	2006 Chevrolet 2500 HD pickup	21,774	-	-	21,774
57	2000 Ford LT 7500 garbage truck	129,282	-	-	129,282
58	2003 168" rotary mower	8,150	-	-	8,150
59	1990 Ford C8000 garbage truck	53,401	-	-	53,401
64	1990 Wyco vibrator	1,753	-	-	1,753
65	Concrete saw	782	-	-	782
66	1984 18" sod cutter	1,889	-	-	1,889
67	1983 Econoline C185 concrete saw	3,800	-	-	3,800
68	1984 Wacker rammer	1,862	-	-	1,862
69	2000 14" Stihl cutoff saw	810	-	-	810
72	2007 Caterpillar 140 H grader	157,386	-	-	157,386
73	Model HM35DI compost screener	57,300	-	-	57,300
74	1987 Dresser model A-500E grader	66,276	-	-	66,276
76	1997 Sreco jet rodder	20,650	-	-	20,650
77	1978 Cleaver Brooks steamer	11,150	-	-	11,150
78	1990 Ford C8000 vacuum truck	102,579	-	-	102,579
79	1991 Ford LNT 9000 tractor	22,660	-	-	22,660
81	2001 Komatsu front end loader	117,286	-	-	117,286
82	2003 power angling broom	4,360	-	-	4,360
84	1996 International dump truck	53,842	-	-	53,842
85	1992 Ford 8000 dump truck	43,667	-	-	43,667

See accompanying notes to financial statements.

**CITY OF ESCANABA, MICHIGAN**

**MOTOR VEHICLE EQUIPMENT FUND  
SCHEDULE OF CHANGES IN EQUIPMENT**

For the Year Ended June 30, 2015

Unit Number	Description	Balance 6/30/14	Additions	Retirements	Balance 6/30/15
86	CPS end-dump trailer	\$ 25,935	\$ -	\$ -	\$ 25,935
87	Case front end loader	124,051	-	-	124,051
88	2001 Vac-all street sweeper	152,609	-	-	152,609
89	2012 International dump/plow w/wing	138,199	-	-	138,199
90	1965 Galion compactor	8,250	-	-	8,250
91	2007 Sterling dump truck	85,538	-	-	85,538
92	2001 Sterling dump truck	82,697	-	-	82,697
93	2002 Sterling dump truck	71,700	-	-	71,700
95	2000 Ford dump truck w/plow	69,693	-	-	69,693
98	1985 Galion -500E grader	66,897	-	-	66,897
101	1987 John Deere model 755 tractor	12,045	-	-	12,045
104	2008 Vactor sewer cleaner	207,067	-	-	207,067
105	John Deere F925 front mount mower	12,988	-	-	12,988
106	1978 Griffith well point pump	24,068	-	-	24,068
107	1974 Kentucky trailer	3,000	-	-	3,000
109	1997 Ford F-250 4x4 pickup w/Boss plow	22,530	-	-	22,530
110	2006 Ford F-250 pickup	20,792	-	-	20,792
111	195 Ford sludge hauling tanker	72,220	-	-	72,220
112	1999 Chevrolet Suburban	27,575	-	-	27,575
113	2004 Freightliner MZ-60 sludge truck	103,134	-	-	103,134
114	Kifco water irrigation reel	10,190	-	-	10,190
115	1978 Griffith well points	3,769	-	-	3,769
116	2006 Chevrolet 2500 HD pickup	23,504	-	-	23,504
117	Trailer mounted leaf collector	24,763	-	-	24,763
120	1996 Ford one ton pickup	19,649	-	-	19,649
121	1999 Ford F-350 pickup	26,028	-	-	26,028
123	2010 Chevrolet one ton van	26,500	-	-	26,500
124	1982 Ingersoll-Rand air compressor	12,290	-	-	12,290
125	1989 Lincoln arc welder	2,360	-	-	2,360
126	2006 Ford F-450 pickup	37,214	-	-	37,214
127	1987 Ingersoll-Rand air compressor	11,062	-	-	11,062
128	1999 Ford F-150 pickup	14,588	-	-	14,588
129	1999 Chevrolet 4x4 pickup	26,678	-	-	26,678
129A	8' Monroe salter insert	4,746	-	-	4,746
131	1992 Jacobsen 720 lawn sweeper	4,895	-	-	4,895
132	1993 Ford E-350 pickup	24,388	-	-	24,388
133	1989 Griffin dewatering pump	10,500	-	-	10,500
134	1982 double diaphragm pump	4,235	-	-	4,235
136	Detachable two stage snowblower	88,299	-	-	88,299
137	Trailer	300	-	-	300
137A	1997 Sicard model 2200M snowblower	61,740	-	-	61,740
138	Gravely 48" mower	6,300	-	-	6,300
140	Wacker hydrostatic vibratory roller	21,147	-	-	21,147
141	Cutquick concrete saw	680	-	-	680
142	Plate type vibratory compactor	6,225	-	-	6,225
143	Wacker model BPU3545A compactor	6,648	-	-	6,648
144	2009 1/2 yard concrete mixer	4,080	-	-	4,080
149	1990 Lely material spreader	3,167	-	-	3,167
150	Paving forms	1,136	-	-	1,136
152	Scaffolding system	1,080	-	-	1,080
155	Henderson 6 yard salter/spreader	13,141	-	-	13,141
158	Plate type vibratory compactor	1,792	-	-	1,792
159	8 cubic foot mortar mixer	2,287	-	-	2,287
160	1984 stone mortar mixer	1,340	-	-	1,340
161	Lamborghini 4" trash pump	7,280	-	-	7,280

See accompanying notes to financial statements.

**CITY OF ESCANABA, MICHIGAN**

**MOTOR VEHICLE EQUIPMENT FUND  
SCHEDULE OF CHANGES IN EQUIPMENT**

For the Year Ended June 30, 2015

Unit Number	Description	Balance 6/30/14	Additions	Retirements	Balance 6/30/15
162	1999 Lowboy semi trailer	\$ 21,458	\$ -	\$ -	\$ 21,458
164	2000 John Deere 200LC excavator	139,375	-	-	139,375
166	Tandem 6' x 14' trailer	1,525	-	-	1,525
170	Excavation shoring system	24,678	-	-	24,678
170A	1956 Hi-way pole trailer	1,076	-	-	1,076
174	1998 Dodge minivan	17,002	-	-	17,002
176	Weed harvester	29,153	-	-	29,153
177	John Deere F925 front mount mower	12,111	-	-	12,111
178	20 hp Cub Cadet mower	4,177	-	-	4,177
179	2001 Ford F-250 pickup	26,041	-	-	26,041
180	2003 Chevrolet 3/4 ton pickup w/plow	21,954	-	-	21,954
181	2005 Ford Taurus	15,378	-	-	15,378
182	2012 Chevrolet Impala four door	15,000	-	-	15,000
185	Patching trailer	966	-	-	966
191	2005 Chevrolet Tahoe	31,416	-	-	31,416
193	2006 Chevrolet Impala	21,992	-	-	21,992
194	2007 Chevrolet Impala	22,984	-	-	22,984
196	2008 Chevrolet Impala	22,849	-	-	22,849
203	1986 Chevrolet 3/4 ton 4x4 grass truck	17,523	-	-	17,523
204	1992 Pierce pumper truck	179,674	-	-	179,674
205	1983 GMC fire truck	233,833	-	-	233,833
231	2010 Chevrolet Impala	24,626	-	-	24,626
232	2011 Chevrolet Impala	24,397	-	-	24,397
233	2011 Chevrolet Impala	24,397	-	-	24,397
234	2012 Chevrolet Impala	24,174	-	-	24,174
235	2013 Chevrolet Impala	25,475	-	-	25,475
236	2013 Chevrolet Tahoe	36,068	-	-	36,068
237	2012 Chevrolet Impala four door	15,000	-	-	15,000
238	2012 Chevrolet Impala four door	15,000	-	-	15,000
239	2012 Chevrolet Impala four door	15,000	-	-	15,000
240	2012 Chevrolet Impala four door	15,000	-	-	15,000
241	2014 Chevrolet Impala four door	-	26,666	-	26,666
242	2015 Chevrolet Impala four door	-	24,120	-	24,120
243	2015 Chevrolet Impala four door	-	24,120	-	24,120
345	Snow body insert	7,190	-	-	7,190
346	Snow body insert	7,415	-	-	7,415
347	Snow body insert	7,415	-	-	7,415
348	Snow body insert	7,415	-	-	7,415
349	Snow body insert	7,415	-	-	7,415
528	Garbage carts	310,495	-	-	310,495
529	Recycling carts	256,858	-	-	256,858
530	Automated tippers	6,240	-	-	6,240
555	Underground pipe TV inspection system	52,629	-	-	52,629
	Communications system	131,621	-	-	131,621
	<b>TOTAL RENTAL UNITS</b>	<b>\$ 5,813,635</b>	<b>136,497</b>	<b>-</b>	<b>5,950,132</b>

See accompanying notes to financial statements.

**CITY OF ESCANABA, MICHIGAN**

**MOTOR VEHICLE EQUIPMENT FUND  
SCHEDULE OF CHANGES IN EQUIPMENT**

For the Year Ended June 30, 2015

Unit Number	Description	Balance 6/30/14	Additions	Retirements	Balance 6/30/15
<b>NON-RENTAL UNITS</b>					
	Miller welder w/auto feed	\$ 2,720	\$ -	\$ -	\$ 2,720
	Sun auto analyzer	7,020	-	-	7,020
	Sioux steamer/washer	6,438	-	-	6,438
	Gas tanks	37,829	-	-	37,829
	Stigers 16' tandem trailer	1,365	-	-	1,365
	Air compressor	2,009	-	-	2,009
	Millermatic 250 welder	1,425	-	-	1,425
	Floor jack	2,060	-	-	2,060
	Tire changer	2,999	-	-	2,999
	Bluestar 6000 welder	2,057	-	-	2,057
	Fleet software	1,495	-	-	1,495
	Snap-on automotive lift	3,905	-	-	3,905
	Konica/Minolta digital copier	4,355	-	-	4,355
	Heavy duty truck analyzer	2,998	-	-	2,998
	Fuel station upgrades	18,301	-	-	18,301
	Plasma cutter	1,631	-	-	1,631
	2010 Genysis scanner	1,925	-	-	1,925
	PW building improvements - door project	7,513	-	-	7,513
	PW building improvements - waste oil heat	12,839	-	-	12,839
	Assets in process	3,496	-	3,496	-
	<b>TOTAL NON-RENTAL UNITS</b>	<b>124,380</b>	<b>-</b>	<b>3,496</b>	<b>120,884</b>
	<b>GRAND TOTAL</b>	<b>\$ 5,938,015</b>	<b>\$ 136,497</b>	<b>\$ 3,496</b>	<b>\$ 6,071,016</b>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN

**OFFICE EQUIPMENT FUND  
COMPARATIVE STATEMENT OF NET POSITION**

June 30, 2015 and 2014

	<u>June 30</u>	
	<u>2015</u>	<u>2014</u>
<b>ASSETS:</b>		
Current assets:		
Investments, at market	\$ 259,173	\$ 199,174
Receivables		
Accounts, net of bad debt allowance	19,041	18,615
Accrued interest	2,752	1,645
Prepaid items	339	-
Total current assets	<u>281,305</u>	<u>219,434</u>
Property, plant and equipment	477,524	470,140
Less: accumulated depreciation	<u>(394,155)</u>	<u>(366,329)</u>
Net property, plant and equipment	<u>83,369</u>	<u>103,811</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 364,674</u></u>	<u><u>\$ 323,245</u></u>
<b>LIABILITIES:</b>		
Current liabilities:		
Accounts payable	<u>\$ 555</u>	<u>\$ (60)</u>
<b>NET POSITION:</b>		
Net investment in capital assets	83,369	103,811
Unrestricted	<u>280,750</u>	<u>219,494</u>
<b>TOTAL NET POSITION</b>	<u>364,119</u>	<u>323,305</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u><u>\$ 364,674</u></u>	<u><u>\$ 323,245</u></u>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN

**OFFICE EQUIPMENT FUND  
COMPARATIVE STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION**

For the Years Ended June 30, 2015 and 2014

	June 30	
	2015	2014
OPERATING REVENUES:		
Equipment rental	\$ 15,804	\$ 20,618
Miscellaneous	75,987	73,949
<b>TOTAL OPERATING REVENUES</b>	<b>91,791</b>	<b>94,567</b>
OPERATING EXPENSES:		
General government:		
Capital outlay - equipment	458	-
Equipment maintenance	21,525	21,351
Provision for depreciation	29,015	52,207
<b>TOTAL OPERATING EXPENSES</b>	<b>50,998</b>	<b>73,558</b>
<b>OPERATING INCOME (LOSS)</b>	<b>40,793</b>	<b>21,009</b>
NON-OPERATING REVENUES (EXPENSES):		
Gain (loss) on sale of investments	232	23
Interest earnings	3,989	2,976
Operating transfers out:		
General Fund	(4,200)	(4,200)
<b>TOTAL NON-OPERATING REVENUE (EXPENSES)</b>	<b>21</b>	<b>(1,201)</b>
<b>CHANGE IN NET POSITION</b>	<b>40,814</b>	<b>19,808</b>
Net position, beginning of year	323,305	303,497
<b>NET POSITION, END OF YEAR</b>	<b>\$ 364,119</b>	<b>\$ 323,305</b>

See accompanying notes to financial statements.

**CITY OF ESCANABA, MICHIGAN**

**OFFICE EQUIPMENT FUND  
SCHEDULE OF CHANGES IN EQUIPMENT**

For the Year Ended June 30, 2015

	<u>Balance 6/30/14</u>	<u>Additions</u>	<u>Retirements &amp; Transfers</u>	<u>Balance 6/30/15</u>
Network system	\$ 218,032	\$ 8,572	\$ -	\$ 226,604
Controller	30,370	-	-	30,370
Engineer	9,016	-	-	9,016
Clerk	25,631	-	-	25,631
Personnel	1,590	-	-	1,590
City Manager	1,288	-	689	599
Building and Housing Inspection	599	-	-	599
Treasurer/Utility	124,124	-	-	124,124
Bay Computer - Shared Equipment	30,291	-	-	30,291
Assessor	10,888	-	-	10,888
Recreation	9,029	-	499	8,530
Public Safety	5,685	-	-	5,685
Library	3,597	-	-	3,597
TOTALS	<u>\$ 470,140</u>	<u>\$ 8,572</u>	<u>\$ 1,188</u>	<u>\$ 477,524</u>

See accompanying notes to financial statements.

**CITY OF ESCANABA, MICHIGAN**

**RISK RETENTION FUND  
COMPARATIVE STATEMENT OF NET POSITION**

June 30, 2015 and 2014

	<u>June 30</u>	
	<u>2015</u>	<u>2014</u>
<b>ASSETS:</b>		
Current assets:		
Investments, at market	\$ 29,825	\$ 94,191
Receivables		
Accrued interest	726	1,036
Prepaid items	<u>273,012</u>	<u>126,265</u>
 <b>TOTAL ASSETS</b>	 <u><u>\$ 303,563</u></u>	 <u><u>\$ 221,492</u></u>
 <b>LIABILITIES:</b>		
Current liabilities:		
Accounts payable	<u>\$ -</u>	<u>\$ -</u>
 <b>NET POSITION:</b>		
Unrestricted	<u>303,563</u>	<u>221,492</u>
 <b>TOTAL LIABILITIES AND NET POSITION</b>	 <u><u>\$ 303,563</u></u>	 <u><u>\$ 221,492</u></u>

See accompanying notes to financial statements.

**CITY OF ESCANABA, MICHIGAN**

**RISK RETENTION FUND  
COMPARATIVE STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION**

For the Years Ended June 30, 2015 and 2014

	<u>June 30</u>	
	<u>2015</u>	<u>2014</u>
OPERATING REVENUES:		
Provision for self insurance	<u>\$ 105,985</u>	<u>\$ 126,239</u>
OPERATING EXPENSES:		
General government:		
Insurance premiums	30,334	108,372
Administrative costs	400	400
Claims paid	<u>2,196</u>	<u>4,636</u>
TOTAL OPERATING EXPENSES	<u>32,930</u>	<u>113,408</u>
OPERATING INCOME (LOSS)	<u>73,055</u>	<u>12,831</u>
NON-OPERATING REVENUES (EXPENSES):		
Gain (loss) on sale of investments	67	19
Interest earnings	<u>8,949</u>	<u>5,898</u>
TOTAL NON-OPERATING REVENUE (EXPENSES)	<u>9,016</u>	<u>5,917</u>
CHANGE IN NET POSITION	82,071	18,748
Net position, beginning of year	<u>221,492</u>	<u>202,744</u>
NET POSITION, END OF YEAR	<u><u>\$ 303,563</u></u>	<u><u>\$ 221,492</u></u>

See accompanying notes to financial statements.

**CITY OF ESCANABA, MICHIGAN**

**HEALTH INSURANCE FUND  
COMPARATIVE STATEMENT OF NET POSITION**

June 30, 2015 and 2014

	<u>June 30</u>	
	<u>2015</u>	<u>2014</u>
ASSETS:		
Current assets:		
Investments, at market	\$ -	\$ 75,282
Receivables		
Accounts, net of bad debt allowance	-	812
Accrued interest	-	699
Prepaid items	-	-
	<u>                    </u>	<u>                    </u>
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 76,793</u>
NET POSITION:		
Unrestricted	<u>\$ -</u>	<u>\$ 76,793</u>

See accompanying notes to financial statements.

**CITY OF ESCANABA, MICHIGAN**

**HEALTH INSURANCE FUND  
COMPARATIVE STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION**

For the Years Ended June 30, 2015 and 2014

	June 30	
	<u>2015</u>	<u>2014</u>
OPERATING REVENUES:		
Return of premiums	\$ (812)	\$ 54,359
OPERATING EXPENSES:		
General government:		
Professional services	<u>1,150</u>	<u>1,150</u>
OPERATING INCOME (LOSS)	<u>(1,962)</u>	<u>53,209</u>
NON-OPERATING REVENUES (EXPENSES):		
Gain (loss) on sale of investments	-	107
Interest earnings	640	2,010
Operating transfers out:		
Electric Fund	-	(37,267)
Marina Fund	-	(177)
Land Development Fund	-	(11)
Water Utility Fund	-	(25,563)
Library Fund	-	(13,893)
Waste Water Fund	-	(22,235)
Grants Fund	-	(135)
Major Street Fund	-	(10,126)
Local Street Fund	-	(7,836)
Motor Vehicle Equipment Fund	-	(8,508)
DDA Fund	-	(246)
Parking Maintenance Fund	-	(481)
General Fund	(75,471)	(176,151)
Escanaba Building Authority Fund	-	(1,794)
Central Dispatch Fund	-	(20,577)
TOTAL NON-OPERATING REVENUE (EXPENSES)	<u>(74,831)</u>	<u>(322,883)</u>
CHANGE IN NET POSITION	(76,793)	(269,674)
Net position, beginning of year	<u>76,793</u>	<u>346,467</u>
NET POSITION, END OF YEAR	<u>\$ -</u>	<u>\$ 76,793</u>

See accompanying notes to financial statements.

**CITY OF ESCANABA, MICHIGAN**

**WORKERS COMPENSATION FUND  
COMPARATIVE STATEMENT OF NET POSITION**

June 30, 2015 and 2014

	<u>June 30</u>	
	<u>2015</u>	<u>2014</u>
<b>ASSETS:</b>		
Current assets:		
Investments, at market	\$ 347,841	\$ 372,266
Receivables:		
Accrued interest	4,513	3,469
Miscellaneous	333	-
Prepaid items	<u>50,945</u>	<u>-</u>
 TOTAL ASSETS	 <u>\$ 403,632</u>	 <u>\$ 375,735</u>
 <b>LIABILITIES:</b>		
Current liabilities:		
Accounts payable	\$ 7,817	\$ 4,150
Claims payable	<u>191,000</u>	<u>212,500</u>
 TOTAL LIABILITIES	 <u>198,817</u>	 <u>216,650</u>
 <b>NET POSITION:</b>		
Unrestricted	<u>204,815</u>	<u>159,085</u>
 TOTAL LIABILITIES AND NET POSITION	 <u>\$ 403,632</u>	 <u>\$ 375,735</u>

See accompanying notes to financial statements.

**CITY OF ESCANABA, MICHIGAN**

**WORKERS COMPENSATION FUND  
COMPARATIVE STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION**

For the Years Ended June 30, 2015 and 2014

	<u>June 30</u>	
	<u>2015</u>	<u>2014</u>
OPERATING REVENUES:		
Provision for self-insurance	<u>\$ 126,200</u>	<u>\$ 116,938</u>
OPERATING EXPENSES:		
General government:		
Benefits	20,094	61,694
Professional services	21,609	25,808
Insurance & bonds	43,787	38,816
Miscellaneous	<u>1,632</u>	<u>1,471</u>
TOTAL OPERATING EXPENSES	<u>87,122</u>	<u>127,789</u>
OPERATING INCOME (LOSS)	<u>39,078</u>	<u>(10,851)</u>
NON-OPERATING REVENUES (EXPENSES):		
Gain (loss) on sale of investments	377	111
Interest earnings	<u>6,275</u>	<u>6,157</u>
TOTAL NON-OPERATING REVENUE (EXPENSES)	<u>6,652</u>	<u>6,268</u>
CHANGE IN NET POSITION	45,730	(4,583)
Net position, beginning of year	<u>159,085</u>	<u>163,668</u>
NET POSITION, END OF YEAR	<u>\$ 204,815</u>	<u>\$ 159,085</u>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN

**UNEMPLOYMENT COMPENSATION FUND  
COMPARATIVE STATEMENT OF NET POSITION**

June 30, 2015 and 2014

	<u>June 30</u>	
	<u>2015</u>	<u>2014</u>
<b>ASSETS:</b>		
Current assets:		
Investments, at market	\$ 302,057	\$ 297,580
Receivables		
Accrued interest	<u>3,657</u>	<u>2,877</u>
 TOTAL ASSETS	 <u>\$ 305,714</u>	 <u>\$ 300,457</u>
 <b>LIABILITIES:</b>		
Current liabilities:		
Claims payable	<u>\$ 4,344</u>	<u>\$ 4,344</u>
 <b>NET POSITION:</b>		
Unrestricted	<u>301,370</u>	<u>296,113</u>
 TOTAL LIABILITIES AND NET POSITION	 <u>\$ 305,714</u>	 <u>\$ 300,457</u>

See accompanying notes to financial statements.

**CITY OF ESCANABA, MICHIGAN**

**UNEMPLOYMENT COMPENSATION FUND  
COMPARATIVE STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION**

For the Years Ended June 30, 2015 and 2014

	<u>June 30</u>	
	<u>2015</u>	<u>2014</u>
OPERATING REVENUES	<u>\$ -</u>	<u>\$ -</u>
OPERATING EXPENSES:		
General government:		
Professional services	200	200
Unemployment compensation	<u>-</u>	<u>1,743</u>
TOTAL OPERATING EXPENSES	<u>200</u>	<u>1,943</u>
OPERATING INCOME (LOSS)	<u>(200)</u>	<u>(1,943)</u>
NON-OPERATING REVENUES (EXPENSES):		
Gain (loss) on sale of investments	312	67
Interest earnings	<u>5,145</u>	<u>5,350</u>
TOTAL NON-OPERATING REVENUE (EXPENSES)	<u>5,457</u>	<u>5,417</u>
CHANGE IN NET POSITION	5,257	3,474
Net position, beginning of year	<u>296,113</u>	<u>292,639</u>
NET POSITION, END OF YEAR	<u>\$ 301,370</u>	<u>\$ 296,113</u>

See accompanying notes to financial statements.

**PERMANENT FUND**

**CITY OF ESCANABA, MICHIGAN**

**GAS RETIREMENT FUND  
COMPARATIVE BALANCE SHEET**

June 30, 2015 and 2014

	<u>June 30</u>	
	<u>2015</u>	<u>2014</u>
<b>ASSETS:</b>		
Investments, at market	\$ 1,140,981	\$ 1,140,024
Receivables:		
Accrued interest	<u>14,118</u>	<u>11,002</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 1,155,099</u></u>	<u><u>\$ 1,151,026</u></u>
<b>FUND BALANCES:</b>		
Nonspendable:		
Principal	\$ 1,094,634	\$ 1,094,634
Restricted:		
Capital improvements	<u>60,465</u>	<u>56,392</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><u>\$ 1,155,099</u></u>	<u><u>\$ 1,151,026</u></u>

See accompanying notes to financial statements.

**CITY OF ESCANABA, MICHIGAN**

**GAS RETIREMENT FUND  
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE**

For the Years Ended June 30, 2015 and 2014

	<u>June 30</u>	
	<u>2015</u>	<u>2014</u>
REVENUES:		
Interest and dividends	<u>\$ 19,872</u>	<u>\$ 20,393</u>
OTHER FINANCING SOURCES (USES):		
Gain (loss) on sale of investments	1,201	258
Operating transfers out:		
Local Street Fund	<u>(17,000)</u>	<u>(1,872)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(15,799)</u>	<u>(1,614)</u>
EXCESS REVENUES AND OTHER FINANCING SOURCES (EXPENDITURES AND OTHER FINANCING USES)	4,073	18,779
Fund balance, beginning of year	<u>1,151,026</u>	<u>1,132,247</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 1,155,099</u></u>	<u><u>\$ 1,151,026</u></u>

See accompanying notes to financial statements.

**FIDUCIARY FUNDS**

**CITY OF ESCANABA, MICHIGAN**

**PRIVATE PURPOSE TRUST FUNDS  
COMBINING STATEMENT OF FIDUCIARY NET POSITION**

June 30, 2015 and 2014

	Catherine Bonifas Trust Fund	Bezold Trust Fund	Totals	
			2015	2014
<b>ASSETS:</b>				
Investments, at market	\$ 110,008	\$ 257,616	\$ 367,624	\$ 372,837
Receivables:				
Accrued interest	1,387	3,186	4,573	3,654
Due from other funds:				
General Fund	46,233	-	46,233	-
<b>TOTAL ASSETS</b>	<b><u>\$ 157,628</u></b>	<b><u>\$ 260,802</u></b>	<b><u>\$ 418,430</u></b>	<b><u>\$ 376,491</u></b>
<b>LIABILITIES:</b>				
Accounts payable	\$ 157,628	\$ 527	\$ 158,155	\$ 144
<b>NET POSITION:</b>				
Restricted for:				
Bonifas Trust Fund	-	-	-	116,183
Bezold Trust Fund	-	260,275	260,275	260,164
<b>TOTAL NET POSITION</b>	<b><u>-</u></b>	<b><u>260,275</u></b>	<b><u>260,275</u></b>	<b><u>376,347</u></b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b><u>\$ 157,628</u></b>	<b><u>\$ 260,802</u></b>	<b><u>\$ 418,430</u></b>	<b><u>\$ 376,491</u></b>

See accompanying notes to financial statements.

**CITY OF ESCANABA, MICHIGAN**

**PRIVATE PURPOSE TRUST FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGE IN FIDUCIARY NET POSITION**

For the Years Ended June 30, 2015 and 2014

	Catherine Bonifas Trust Fund	Bezold Trust Fund	Totals	
			2015	2014
REVENUES:				
Miscellaneous:				
Interest earnings	<u>\$ 1,953</u>	<u>\$ 4,469</u>	<u>\$ 6,422</u>	<u>\$ 6,772</u>
EXPENDITURES:				
Cultural:				
Professional services	-	-	-	-
Books, magazines & periodicals	-	4,629	4,629	5,659
Capital Outlay	<u>164,488</u>	<u>-</u>	<u>164,488</u>	<u>-</u>
TOTAL EXPENDITURES	<u>164,488</u>	<u>4,629</u>	<u>169,117</u>	<u>5,659</u>
EXCESS REVENUES (EXPENDITURES)	<u>(162,535)</u>	<u>(160)</u>	<u>(162,695)</u>	<u>1,113</u>
OTHER FINANCING SOURCES (USES):				
Gain (loss) on sale of investments	119	271	390	82
Operating transfer in:				
General Fund	<u>46,233</u>	<u>-</u>	<u>46,233</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES):	<u>46,352</u>	<u>271</u>	<u>46,623</u>	<u>82</u>
EXCESS REVENUES AND OTHER FINANCING SOURCES (EXPENDITURES AND OTHER FINANCING USES)	(116,183)	111	(116,072)	1,195
Net position, beginning of year	<u>116,183</u>	<u>260,164</u>	<u>376,347</u>	<u>375,152</u>
NET POSITION, END OF YEAR	<u>\$ -</u>	<u>\$ 260,275</u>	<u>\$ 260,275</u>	<u>\$ 376,347</u>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN

**CATHERINE BONIFAS TRUST FUND  
COMPARATIVE STATEMENT OF FIDUCIARY NET POSITION**

June 30, 2015 and 2014

	<u>June 30</u>	
	<u>2015</u>	<u>2014</u>
<b>ASSETS:</b>		
Investments, at market	\$ 110,008	\$ 115,065
Receivables:		
Accrued interest	1,387	1,118
Due from other funds:		
General Fund	<u>46,233</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 157,628</u></u>	<u><u>\$ 116,183</u></u>
<b>LIABILITIES:</b>		
Accounts payable	<u>\$ 157,628</u>	<u>\$ -</u>
<b>NET POSITION:</b>		
Restricted for:		
Bonifas Trust Fund	<u>-</u>	<u>116,183</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u><u>\$ 157,628</u></u>	<u><u>\$ 116,183</u></u>

See accompanying notes to financial statements.

**CITY OF ESCANABA, MICHIGAN**

**CATHERINE BONIFAS TRUST FUND  
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FIDUCIARY NET POSITION**

For the Years Ended June 30, 2015 and 2014

	<u>June 30</u>	
	<u>2015</u>	<u>2014</u>
REVENUES:		
Miscellaneous		
Interest earnings	<u>\$ 1,953</u>	<u>\$ 2,070</u>
EXPENDITURES:		
Capital outlay	<u>164,488</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):		
Gain (loss) on sale of investments	119	24
Operating transfers in:		
General Fund	<u>46,233</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES):	<u>46,352</u>	<u>24</u>
EXCESS REVENUES AND OTHER FINANCING SOURCES (EXPENDITURES AND OTHER FINANCING USES)	(116,183)	2,094
Net position, beginning of year	<u>116,183</u>	<u>114,089</u>
NET POSITION, END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ 116,183</u></u>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN

**BEZOLD TRUST FUND  
COMPARATIVE STATEMENT OF FIDUCIARY NET POSITION**

June 30, 2015 and 2014

	<u>June 30</u>	
	<u>2015</u>	<u>2014</u>
<b>ASSETS:</b>		
Investments, at market	\$ 257,616	\$ 257,772
Receivables:		
Accrued interest	<u>3,186</u>	<u>2,536</u>
 <b>TOTAL ASSETS</b>	 <u><u>\$ 260,802</u></u>	 <u><u>\$ 260,308</u></u>
 <b>LIABILITIES:</b>		
Accounts payable	<u>\$ 527</u>	<u>\$ 144</u>
 <b>NET POSITION:</b>		
Restricted for:		
Bezold Trust Fund	<u>260,275</u>	<u>260,164</u>
 <b>TOTAL LIABILITIES AND NET POSITION</b>	 <u><u>\$ 260,802</u></u>	 <u><u>\$ 260,308</u></u>

See accompanying notes to financial statements.

**CITY OF ESCANABA, MICHIGAN**

**BEZOLD TRUST FUND  
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FIDUCIARY NET POSITION**

For the Years Ended June 30, 2015 and 2014

	<u>June 30</u>	
	<u>2015</u>	<u>2014</u>
REVENUES:		
Miscellaneous		
Interest earnings	<u>\$ 4,469</u>	<u>\$ 4,702</u>
EXPENDITURES:		
Cultural		
Professional services	-	-
Books, magazines & periodicals	<u>4,629</u>	<u>5,659</u>
TOTAL EXPENDITURES	<u>4,629</u>	<u>5,659</u>
EXCESS REVENUES (EXPENDITURES)	(160)	(957)
OTHER FINANCING SOURCES (USES):		
Gain (loss) on sale of investments	<u>271</u>	<u>58</u>
EXCESS REVENUES AND OTHER FINANCING SOURCES (EXPENDITURES AND OTHER FINANCING USES)	111	(899)
Net position, beginning of year	<u>260,164</u>	<u>261,063</u>
NET POSITION, END OF YEAR	<u><u>\$ 260,275</u></u>	<u><u>\$ 260,164</u></u>

See accompanying notes to financial statements.

**CITY OF ESCANABA, MICHIGAN**

**PUBLIC SAFETY RETIREMENT FUND  
COMPARATIVE STATEMENT OF FIDUCIARY NET POSITION**

June 30, 2015 and 2014

	<u>June 30</u>	
	<u>2015</u>	<u>2014</u>
<b>ASSETS:</b>		
Cash and equivalents	\$ 1,308	\$ (34,659)
Investments, at market	<u>26,314,683</u>	<u>25,611,432</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 26,315,991</u></u>	<u><u>\$ 25,576,773</u></u>
<b>LIABILITIES:</b>		
Accounts payable	<u>\$ -</u>	<u>\$ 755</u>
<b>NET POSITION:</b>		
Restricted for:		
Employees' retirement system	<u>26,315,991</u>	<u>25,576,018</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u><u>\$ 26,315,991</u></u>	<u><u>\$ 25,576,773</u></u>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN

**PUBLIC SAFETY RETIREMENT FUND  
COMPARATIVE STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FIDUCIARY NET POSITION**

For the Years Ended June 30, 2015 and 2014

	June 30	
	2015	2014
OPERATING REVENUES:		
Interest and dividends	\$ 961,933	\$ 731,687
Gain (loss) on sale of investments	164,540	3,015,572
Contributions:		
City of Escanaba	1,033,739	1,058,517
Employees	124,797	123,571
<b>TOTAL OPERATING REVENUES</b>	<b>2,285,009</b>	<b>4,929,347</b>
OPERATING EXPENSES:		
Administrative and general:		
Miscellaneous	6,835	12,702
Benefits paid and refunds of member contributions	1,538,201	1,500,644
<b>TOTAL OPERATING EXPENSES</b>	<b>1,545,036</b>	<b>1,513,346</b>
<b>NET INCOME</b>	<b>739,973</b>	<b>3,416,001</b>
Net position, beginning of year	25,576,018	22,160,017
<b>NET POSITION, END OF YEAR</b>	<b>\$ 26,315,991</b>	<b>\$ 25,576,018</b>

See accompanying notes to financial statements.

**CITY OF ESCANABA, MICHIGAN**

**TAX COLLECTION FUND  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**

For the Year Ended June 30, 2015

	<u>Balance 6/30/14</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/15</u>
<b>ASSETS:</b>				
Cash and equivalents	\$ 6,497	\$ 30,010,144	\$ 30,002,947	\$ 13,694
Receivables:				
Special assessments	-	11,683	11,683	-
Taxes	-	15,735,047	15,735,047	-
<b>TOTAL ASSETS</b>	<u>\$ 6,497</u>	<u>\$ 45,756,874</u>	<u>\$ 45,749,677</u>	<u>\$ 13,694</u>
<b>LIABILITIES:</b>				
Due to other governments	<u>\$ 6,497</u>	<u>\$ 29,731,037</u>	<u>\$ 29,738,234</u>	<u>\$ 13,694</u>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN

**TAX COLLECTION FUND  
SCHEDULE OF COLLECTIONS FOR AND REMITTANCES TO OTHER GOVERNMENTAL UNITS**

For the Year ended June 30, 2015

	<u>Intermediate School District</u>	<u>County of Delta</u>	<u>Escanaba Area Public Schools</u>	<u>Bay de Noc Community College</u>	<u>Community Action Agency</u>	<u>Downtown Development Authority</u>
Balance, July 1, 2014	\$ 353	\$ 1,717	\$ 2,054	\$ 437	\$ 114	\$ -
Collections:						
Interest earnings on investments	362	1,626	1,971	487	87	136
Taxes levied for units	713,408	3,156,178	3,989,451	956,720	172,995	272,243
Delinquent tax collections	2,583	10,922	14,524	3,588	735	-
Trailer tax collections	-	8,280	-	-	-	-
Industrial facilities tax collections	1,660	8,837	11,201	2,302	412	-
Total collections	<u>718,013</u>	<u>3,185,843</u>	<u>4,017,147</u>	<u>963,097</u>	<u>174,229</u>	<u>272,379</u>
Remittances:						
Delinquent taxes returned to County Treasurer	37,389	130,034	320,306	49,034	10,929	19,603
Delinquent personal property taxes	1,676	6,210	8,393	2,323	505	-
Remittances to governmental units	678,672	3,047,829	3,687,035	911,320	162,744	252,640
Total remittances	<u>717,737</u>	<u>3,184,073</u>	<u>4,015,734</u>	<u>962,677</u>	<u>174,178</u>	<u>272,243</u>
Balance, June 30, 2015	<u>\$ 629</u>	<u>\$ 3,487</u>	<u>\$ 3,467</u>	<u>\$ 857</u>	<u>\$ 165</u>	<u>\$ 136</u>

See accompanying notes to financial statements.

City of Escanaba	Delta County Sheriff's Department	911	OPRA	DATA	Brownfield	IFT's	Total
\$ 1,459	\$ 171	\$ 78	\$ -	\$ 114	\$ -	\$ -	\$ 6,497
2,609	131	43	-	87	29	-	7,568
5,061,567	259,506	86,484	48,522	172,996	54,431	37,805	14,982,306
16,484	1,103	390	-	735	-	-	51,064
1,656	-	-	-	-	-	-	9,936
11,980	618	206	-	412	-	-	37,628
<u>5,094,296</u>	<u>261,358</u>	<u>87,123</u>	<u>48,522</u>	<u>174,230</u>	<u>54,460</u>	<u>37,805</u>	<u>15,088,502</u>
203,319	16,394	5,463	6,901	10,929	-	-	810,301
11,289	757	252	(1,386)	505	-	-	30,524
<u>4,876,717</u>	<u>244,131</u>	<u>81,402</u>	<u>43,007</u>	<u>162,747</u>	<u>54,431</u>	<u>37,805</u>	<u>14,240,480</u>
<u>5,091,325</u>	<u>261,282</u>	<u>87,117</u>	<u>48,522</u>	<u>174,181</u>	<u>54,431</u>	<u>37,805</u>	<u>15,081,305</u>
<u>\$ 4,430</u>	<u>\$ 247</u>	<u>\$ 84</u>	<u>\$ -</u>	<u>\$ 163</u>	<u>\$ 29</u>	<u>\$ -</u>	<u>\$ 13,694</u>

See accompanying notes to financial statements.

**GOVERNMENTAL FUNDS FIXED ASSET LISTING**

CITY OF ESCANABA, MICHIGAN

**GOVERNMENTAL FUNDS FIXED ASSET LISTING  
SCHEDULE OF CHANGES IN FIXED ASSETS**

For the Year Ended June 30, 2015

	Balance 6/30/14	Additions	Retirements and other Deductions	Balance 6/30/15
<b>LAND AND IMPROVEMENTS:</b>				
Land	\$ 518,691	\$ -	\$ -	\$ 518,691
Farmer's Market	6,844	-	-	6,844
Advertising signs	76,045	-	-	76,045
Bike paths	612,865	-	-	612,865
North Shore boat launch	1,891,786	-	-	1,891,786
Marina/harbor	1,071,520	-	-	1,071,520
Ness Field improvements	84,885	-	-	84,885
Parks and playgrounds	792,355	62,099	-	854,454
Waterfront development	1,472,195	-	-	1,472,195
<b>BUILDINGS:</b>				
Beach house	275,191	-	-	275,191
Historical building	111,526	-	-	111,526
Band shell	183,228	-	-	183,228
DDA Center Court	217,585	-	-	217,585
Catherine Bonifas Civic Center	1,092,121	189,282	-	1,281,403
Public safety building	1,007,364	85,713	-	1,093,077
Webster Park shelter house	94,594	-	-	94,594
Royce Park shelter	124,730	-	-	124,730
	47,041	-	-	47,041
<b>PARKING LOTS:</b>				
1st Avenue North between 12th and 13th Streets	17,446	-	-	17,446
West side of North 10th, 100 block	1,702	-	-	1,702
Behind Daily Press	13,623	-	-	13,623
West of PSE Credit Union	33,408	-	-	33,408
East of PSE Credit Union	21,564	-	-	21,564
West end of Ludington	200,593	-	-	200,593
Lakestate parking lot	48,981	-	-	48,981
1st Avenue South at 8th Street	20,807	-	-	20,807
1000 block 1st Avenue South	41,753	-	-	41,753
100 block North 14th Street	39,832	-	-	39,832
<b>EQUIPMENT:</b>				
Library	83,467	-	-	83,467
Public safety department	888,869	11,738	-	900,607
Streets and sewer	82,639	-	-	82,639
Parks and recreation	334,635	4,283	-	338,918
Band	15,558	-	-	15,558
Downtown development	65,300	2,989	-	68,289
City hall	363,555	-	-	363,555
<b>OTHER:</b>				
Infrastructure	18,704,431	266,941	-	18,971,372
<b>TOTAL GOVERNMENTAL FUNDS FIXED ASSETS</b>	<b>\$ 30,658,729</b>	<b>\$ 623,045</b>	<b>\$ -</b>	<b>\$ 31,281,774</b>

See accompanying notes to financial statements.

**SINGLE AUDIT**



**ANDERSON, TACKMAN & COMPANY, PLC**

CERTIFIED PUBLIC ACCOUNTANTS

OFFICES IN MICHIGAN AND WISCONSIN

Kristine P. Berhow, CPA, Principal  
Alan M. Stotz, CPA, Principal  
Raymond B. LaMarche, CPA, Principal

Brandy M. Olson, CPA  
Gary E. Maynard, CPA, PFS  
Kathleen A. Ciantar, CPA

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Escanaba, Michigan (the City), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 20, 2015.

**Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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 the City'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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as finding 2015-001.

**City of Escanaba's Response to Findings**

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

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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.

Handwritten signature in black ink that reads "Anderson, Jackson & Company P.C." in a cursive style.

Certified Public Accountants

December 20, 2015



**ANDERSON, TACKMAN & COMPANY, PLC**

CERTIFIED PUBLIC ACCOUNTANTS

OFFICES IN MICHIGAN AND WISCONSIN

Kristine P. Berhow, CPA, Principal  
Alan M. Stotz, CPA, Principal  
Raymond B. LaMarche, CPA, Principal

Brandy M. Olson, CPA  
Gary E. Maynard, CPA, PFS  
Kathleen A. Ciantar, CPA

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

**Report on Compliance for Each Major Federal Program**

We have audited City of Escanaba, Michigan's (the City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City's major federal programs for the year ended June 30, 2015. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

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

**Opinion on Each Major Federal Program**

In our opinion, the City of Escanaba, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

**Report on Internal Control Over Compliance**

Management of the City 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 City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a

type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Anderson, Jackson & Company P.C." in a cursive script.

Certified Public Accountants

December 20, 2015

**CITY OF ESCANABA, MICHIGAN**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For the Year Ended June 30, 2015

<u>Federal Grantor/Program Title</u>	<u>Pass Through Grantors or Program Number</u>	<u>CFDA</u>	<u>Current Year Grant Awarded</u>	<u>Current Year Federal Expenditures</u>
<b>MAJOR PROGRAM:</b>				
<u>DEPARTMENT OF COMMERCE</u>				
Economic Development Administration:				
Economic Adjustment Assistance	-	11.307	\$ 1,592,347	\$ 1,592,347
<b>NON-MAJOR PROGRAMS:</b>				
<u>DEPARTMENT OF JUSTICE</u>				
Passed through the Michigan State Police:				
U.P.S.E.T.	-	16.579	44,087	44,087
<u>DEPARTMENT OF TRANSPORTATION</u>				
Passed through the Michigan State Police				
Strategic Traffic Enforcement Program	PT-15-36	20.600	<u>11,266</u>	<u>11,266</u>
			<u>\$ 1,647,700</u>	<u>\$ 1,647,700</u>

See accompanying notes to the schedule of expenditures of federal awards.

CITY OF ESCANABA, MICHIGAN

**NOTES TO THE SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS**

June 30, 2015

**NOTE A – OVERSIGHT AGENCY**

The Department of Commerce is the current year's oversight agency for the single audit as determined by the agency providing the largest share of the City's federal financial assistance.

**NOTE B – BASIS OF ACCOUNTING**

The Schedule of Expenditures of Federal Awards has been prepared on the accrual basis of accounting.

**NOTE C – PASS-THROUGH GRANTOR'S PROGRAM NUMBER**

The Pass-Through Grantor's Number represents the City's provider identification number.

**NOTE D – FEDERAL REVENUE RECONCILIATION**

Because the Economic Adjustment Assistance Program's federal award is calculated using primarily asset balances rather than expenditures, the total revenue as reported in the financial statements does not match the Schedule of Expenditures of Federal Awards. A reconciliation is as follows:

Total revenue as reported on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 55,353
Add: Economic Adjustment Assistance	<u>1,592,347</u>
Total Federal Revenue as reported on the Schedule of Expenditures of Federal Awards	<u>\$ 1,647,700</u>

**NOTE E – ECONOMIC DEVELOPMENT ADMINISTRATION**

Below is the calculation used to determine the Economic Adjustment Assistance used in the Schedule of Federal Awards:

Balance of RLF loans outstanding at year-end	\$ 607,320
Cash and investment balance at year-end	1,510,228
Administrative expenses paid during the fiscal year	1,580
Unpaid loan principal written off during the fiscal year	<u>-</u>
	2,119,128
Multiplied by the federal share of the RLF	<u>*.7514163315</u>
Total Economic Adjustment Assistance	<u>\$ 1,592,347</u>

CITY OF ESCANABA, MICHIGAN

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

June 30, 2015

**SECTION I - SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unmodified opinion on the financial statements of the City of Escanaba.
2. Reportable instances of noncompliance disclosed during the audit of the financial statements are reported in the *Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards* and are detailed in Section II of this schedule.
3. No instances of noncompliance material to the financial statements of the City of Escanaba were disclosed during the audit.
4. There were no material weaknesses disclosed during the audit of the major federal award programs to be reported in the *Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133*.
5. The auditor's report on compliance for the major federal award programs for the City of Escanaba expresses an unmodified opinion.
6. There were no audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
7. The program tested as a major program was as follows:  

Department of Commerce:  
Economic Adjustment Administration:  
Economic Adjustment Assistance  
CFDA #11.307
8. The threshold for distinguishing type A and B programs was \$300,000.
9. The City of Escanaba was determined to be a low-risk auditee.

**CITY OF ESCANABA, MICHIGAN**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

June 30, 2015

**SECTION II - FINANCIAL STATEMENT FINDINGS**

**FINDING 2015-001 – BUDGET NONCOMPLIANCE**

Criteria – Public Act 621 of 1978, Section 18 (1), as amended, requires that a city shall not incur expenditures in excess of the amount appropriated.

Condition – During the City was over expended in the following functions of the General Fund:

Tourism Promotion	\$ 507
Transfer to the Bonifas Trust Fund	3,243

The following funds were over expended:

Major Street Fund	\$ 8,159
E.D.A. Revolving Loan Fund	607,300

Context – Isolated.

Effect – The City is not in compliance with the State Law.

Cause – Failure to amend the budget for above mentioned budgets during the year to match the spending level.

Recommendation – The City should continue to monitor the budget as to comply completely with the Michigan Uniform Budgeting and Accounting Act.

Management's Response – The City has in place a number of controls in an effort to prevent any over expenditures; in general, this system is effective. However, because the final budget amendment is based upon financial statements which do not include the last several months of the fiscal year, small over expenditures can happen. The E.D.A. Revolving Loan Fund over expenditure related to a post year-end adjustment for two loans that were in default and not included in the final amended budget.

**CITY OF ESCANABA, MICHIGAN**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

June 30, 2015

**SECTION III – COMPLIANCE FINDINGS**

NONE

**CITY OF ESCANABA, MICHIGAN**

**RESOLUTION OF PRIOR YEARS FINDINGS  
AND QUESTIONED COSTS**

June 30, 2015

NONE

**CITY OF ESCANABA, MICHIGAN**

**TABLE 1 (Unaudited)  
GENERAL GOVERNMENT EXPENDITURES AND OTHER FINANCING USES BY FUNCTION \***

Last Ten Fiscal Years

<u>Fiscal Year Ended June 30</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Highways and Streets</u>	<u>Sanitation</u>	<u>Health and Welfare</u>	<u>Culture and Recreation</u>	<u>Transfers to Other Funds</u>	<u>Total</u>
2006	1,048,811	3,825,060	1,593,613	800,008	9,148	1,147,526	14,186	8,438,352
2007	1,012,236	3,557,000	2,133,734	731,388	9,148	1,209,893	15,206	8,668,605
2008	1,074,690	3,562,962	3,104,279	683,088	9,148	1,215,395	20,750	9,670,312
2009	1,086,701	3,655,292	1,950,433	600,108	9,148	1,185,074	26,720	8,513,476
2010	1,094,446	3,659,689	1,734,109	583,607	9,148	1,187,276	7,058	8,275,333
2011	1,106,889	3,951,435	2,774,640	619,460	9,148	1,258,450	10,763	9,730,785
2012	1,098,514	3,962,280	1,236,793	612,293	9,148	1,214,264	10,590	8,143,882
2013	1,059,838	3,847,092	1,591,461	615,342	9,148	1,111,093	16,024	8,249,998
2014	1,052,395	4,096,243	1,575,740	634,694	9,148	1,165,320	999,291	9,532,831
2015	983,679	4,246,944	1,736,211	622,625	9,148	1,247,935	249,973	9,096,515

\*Includes General, Major Street, Local Street, Library and Bezold Funds.

**CITY OF ESCANABA, MICHIGAN**

**TABLE 2 (Unaudited)  
GENERAL REVENUES AND OTHER FINANCING SOURCES BY SOURCE\***

Last Ten Fiscal Years

<u>Fiscal Year Ended June 30</u>	<u>Taxes</u>	<u>Licenses and Permits</u>	<u>Inter-govern- mental Revenue</u>	<u>Charges for Services</u>	<u>Fines and Forfeitures</u>	<u>Contributions From Other Sources</u>	<u>Miscellaneous</u>	<u>Total</u>
2006	3,945,204	1,612	3,021,994	503,420	50,959	830,983	207,075	8,561,247
2007	4,151,376	1,550	3,164,788	273,621	54,191	876,764	392,306	8,914,596
2008	4,329,778	1,725	3,697,812	334,261	56,900	758,103	414,037	9,592,616
2009	4,422,967	1,880	2,873,270	408,977	59,649	763,224	303,733	8,833,700
2010	4,621,372	1,575	2,558,168	408,251	58,217	730,462	228,516	8,606,561
2011	4,585,724	1,700	3,867,076	290,108	74,723	937,857	189,279	9,946,467
2012	4,626,830	2,015	2,536,908	328,972	84,807	713,324	219,470	8,512,326
2013	4,963,794	2,440	2,678,432	338,571	64,216	747,824	110,294	8,905,571
2014	4,916,025	2,000	2,602,247	322,777	61,190	945,907	200,203	9,050,349
2015	4,925,854	2,128	2,636,961	306,287	61,921	1,008,795	204,344	9,146,290

\*Includes General, Major Street, Local Street, Library and Bezdold Funds.

**CITY OF ESCANABA, MICHIGAN**

**TABLE 3 (Unaudited)  
REAL AND PERSONAL PROPERTY TAX LEVIES AND COLLECTIONS\***

Last Ten Fiscal Years

<u>Fiscal Year Ended June 30</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percent of Total Tax Collections to Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Percent of Delinquent Taxes to Tax Levy</u>
2006*	3,883,469	3,869,400	99.64%	12,099	3,881,499	99.95%	33,434	0.86%
2007*	4,071,825	4,057,090	99.64%	9,400	4,066,490	99.87%	38,705	0.95%
2008*	4,247,875	4,231,386	99.61%	15,775	4,247,161	99.98%	39,754	0.94%
2009*	4,362,889	4,346,313	99.62%	15,430	4,361,743	99.97%	47,807	1.10%
2010*	4,550,552	4,533,189	99.62%	20,420	4,553,609	100.07%	44,833	0.99%
2011*	4,522,309	4,511,057	99.75%	21,139	4,532,196	100.22%	42,605	0.94%
2012*	4,570,812	4,559,274	99.75%	17,673	4,576,947	100.13%	40,335	0.88%
2013*	4,980,692	4,941,127	99.21%	21,445	4,962,572	99.64%	31,989	0.64%
2014*	5,114,286	5,104,223	99.80%	6,734	5,110,957	99.93%	38,984	0.76%
2015*	5,050,197	5,040,254	99.80%	13,810	5,054,064	100.08%	36,463	0.72%

\* Beginning in the fiscal year ended June 30, 1982, Delta County formulated a tax revolving fund, whereby they purchase the uncollected balance of the current real property tax levy, which becomes delinquent on March 1. The County will retain the delinquent collections and interest as they are collected.

CITY OF ESCANABA, MICHIGAN

**TABLE 4 (Unaudited)  
TAXABLE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY\***

Last Ten Fiscal Years

Fiscal Year Ended June 30	Real Property		Personal Property		Total		Percent of Total Taxable Value to total Estimated Value
	Taxable* Value	Estimated Actual Value	Taxable* Value	Estimated Actual Value	Taxable* Value	Estimated Actual Value	
2007	230,278,798	556,243,644	17,843,715	35,687,430	248,122,513	591,931,074	41.92%
2008	238,549,149	566,335,400	17,777,660	35,555,320	256,326,809	601,890,720	42.59%
2009	245,683,057	581,031,632	17,651,055	35,302,110	263,334,112	616,333,742	42.73%
2010	258,045,957	588,298,682	18,101,135	36,202,270	276,147,092	624,500,952	44.22%
2011	255,710,029	584,018,968	19,592,385	39,184,770	275,302,414	623,203,738	44.18%
2012	258,750,415	597,010,640	19,496,317	39,006,764	278,246,732	636,017,404	43.75%
2013	264,110,940	583,940,674	35,850,002	71,700,004	299,960,942	655,640,678	45.75%
2014	271,762,152	603,101,344	35,398,614	70,821,646	307,160,766	673,922,990	45.58%
2015	275,047,774	601,888,487	30,487,899	60,975,798	305,535,673	662,864,285	46.09%
2016	276,294,908	603,830,926	28,766,250	57,532,500	305,061,158	661,363,426	46.13%

Source: City of Escanaba Assessor's Department

\*Taxable values are as of December 31, prior to the beginning of the fiscal year.

CITY OF ESCANABA, MICHIGAN

**TABLE 5 (Unaudited)  
PROPERTY TAX RATES - ALL OVERLAPPING GOVERNMENTS (PER \$1,000 OF ASSESSED VALUE)**

Last Ten Fiscal Years

<u>Fiscal Year Ended June 30</u>	<u>City of Escanaba</u>	<u>Delta County</u>	<u>Escanaba Area Public Schools</u>	<u>Delta- Schoolcraft Intermediate School District</u>	<u>Bay de Noc Community College</u>	<u>State ED</u>	<u>Total*</u>
2006	17.00	7.1104^^	3.08	2.3994	3.5501	6.00	39.1399
2007	17.00	7.5897**	2.91	2.3851	3.5337	6.00	39.4185
2008	17.00	7.5897**	2.89	2.3851	3.5225	6.00	39.3873
2009	17.00	7.5897**	2.83	2.3851	3.5149	6.00	39.3197
2010	17.00	7.5897**	2.76	2.3851	3.5109	6.00	39.2457
2011	17.00	7.4317**	4.75	2.3851	3.5111	6.00	41.0779
2012	17.00	7.4823**	4.75	2.3851	3.3076	6.00	40.9250
2013	17.00	7.6317**	4.75	2.3851	3.3076	6.00	41.0744
2014	17.00	7.4317**	4.75	2.3851	3.3076	6.00	40.8744
2015	17.00	7.4317**	4.75	2.3851	3.3076	6.00	40.8744

Source: City of Escanaba Assessor's Department

\*These amounts reflect the tax rate for owner occupied residential property. Other property types would see tax rates of up to 18 mills higher.

^Delta County's tax rate includes extra millage for the Sheriff's Patrol and Community Action Agency. For fiscal year ended 6/30/15 these amounts were .9000 and .6000, respectively.

^^Beginning in the fiscal year ended 6/30/06, extra voted millage for the Delta County Central Dispatch Authority was included in Delta County's tax rate. The amount for the fiscal year ended 6/30/15 was .3000.

\*\*Beginning in the fiscal year ended 6/30/07, extra voted millage for the Delta Area Transit Authority was included in Delta County's tax rate. The amount for fiscal year ended 6/30/15 was .6000.

**CITY OF ESCANABA, MICHIGAN**

**TABLE 6 (Unaudited)  
COMPUTATION OF LEGAL DEBT MARGIN**

June 30, 2015

2015 Taxable Valuation (as of December 31, 2014)		<u>\$ 330,681,713</u>
Debt limit - 10 percent of assessed value		\$ 33,068,171
Amount of outstanding debt	\$ 6,380,000	
Less:		
Revenue bonds	(3,700,000)	
Non-bonded debt	-	
Self supporting bonds	-	<u>(2,680,000)</u>
<b>LEGAL DEBT MARGIN</b>		<u><b>\$ 30,388,171</b></u>

**CITY OF ESCANABA, MICHIGAN**

**TABLE 7 (Unaudited)  
COMPUTATION OF DIRECT AND OVERLAPPING DEBT**

June 30, 2015

<u>Jurisdiction</u>	<u>Net Bonded Debt Outstanding</u>	<u>Percentage Applicable to the City of Escanaba</u>	<u>Amount Applicable to the City of Escanaba</u>
City of Escanaba	\$ 2,680,000	100.00%	\$ 2,680,000
Escanaba Area Public Schools	28,410,000	48.83%	13,872,603
Bay de Noc Community College	8,520,000	25.54%	2,176,008
Delta County	<u>915,000</u>	<u>25.54%</u>	<u>233,691</u>
<b>TOTALS</b>	<b><u>\$ 40,525,000</u></b>		<b><u>\$ 18,962,302</u></b>

Source: Municipal Advisory Council of Michigan

CITY OF ESCANABA, MICHIGAN

**TABLE 8 (Unaudited)  
WATER UTILITY BONDS  
ANALYSIS OF INCOME AVAILABLE FOR DEBT RETIREMENT**

Last Ten Fiscal Years

Fiscal Year Ended June 30	Net Income	Depreciation	Interest on Bonds	Income Available for Bond and Interest Redemption	Debt Service Requirements			Coverage
					Principal	Interest	Total	
2006	(25,033)	245,179	63,937	284,083	110,000	63,937	173,937	1.63
2007	45,849	244,339	61,095	351,283	115,000	61,095	176,095	1.99
2008	(13,463)	327,196	93,880	407,613	115,000	93,880	208,880	1.95
2009	(110,199)	330,373	115,299	335,473	240,000	115,299	355,299	0.94
2010	19,087	327,973	110,474	457,534	240,000	110,474	350,474	1.31
2011	67,630	321,120	199,847	588,597	250,000	199,847	449,847	1.31
2012	232,929	373,323	278,487	884,739	380,000	278,487	658,487	1.34
2013	419,582	372,061	256,912	1,048,555	390,000	256,912	646,912	1.62
2014	143,732	376,587	247,095	767,414	400,000	247,095	647,095	1.19
2015	216,010	377,079	235,069	828,158	405,000	235,069	640,069	1.29

CITY OF ESCANABA, MICHIGAN

**TABLE 9 (Unaudited)  
WASTE WATER UTILITY BONDS  
ANALYSIS OF INCOME AVAILABLE FOR DEBT RETIREMENT**

Last Ten Fiscal Years

Fiscal Year Ended June 30	Net Income	Depreciation	Interest on Bonds	Income Available for Bond and Interest Redemption	Debt Service Requirements			Coverage
					Principal	Interest	Total	
2006	(5,676)	202,662	28,641	225,627	115,000	28,641	143,641	1.57
2007	98,382	202,562	26,228	327,172	115,000	26,228	141,228	2.32
2008	(43,025)	208,153	23,656	188,784	125,000	23,656	148,656	1.27
2009	(100,808)	209,593	21,031	129,816	125,000	21,031	146,031	0.89
2010	107,587	208,977	18,407	334,971	125,000	18,407	143,407	2.34
2011	27,435	213,103	15,707	256,245	130,000	15,707	145,707	1.76
2012	180,412	215,700	12,981	409,093	130,000	12,981	142,981	2.86
2013	175,732	216,036	10,163	401,931	135,000	10,163	145,163	2.77
2014	66,941	217,518	7,260	291,719	140,000	7,260	147,260	1.98
2015	(79,033)	219,946	5,596	146,509	55,000	5,596	60,596	2.42

**CITY OF ESCANABA, MICHIGAN**

**TABLE 10 (Unaudited)  
ELECTRIC UTILITY  
COMPARATIVE STATISTICAL INFORMATION**

For the Years Ended June 30, 2015 and 2014

	Year Ended June 30		Year Ended June 30	
	2015	2014	2015	2014
	<u>Number of MWH</u>		<u>Per MWH</u>	
<b>Retail Sales:</b>				
Residential sales	34,195	35,803	\$ 108.3020	\$ 106.5244
Hot water sales	272	281	101.0300	100.5499
Electric heat	302	363	91.1392	90.3651
Commercial sales	36,751	37,803	89.2357	88.6415
Municipal	5,396	5,472	91.1421	90.5089
Large power	59,896	62,161	81.4263	79.7960
Street lighting	1,478	1,480	109.3178	109.2333
Dusk to dawn	480	510	100.6628	95.5187
	<u>138,770</u>	<u>143,873</u>	<u>\$ 90.9180</u>	<u>\$ 89.6048</u>
<b>Power purchases:</b>				
Power purchases	145,153	150,329	\$ (62.9787)	\$ (56.5197)
Transmission costs			(8.4177)	(7.9320)
Transaction costs			(2.8257)	(2.3372)
Unaccounted for power	(6,383)	(6,456)	(3.4140)	(2.9970)
	<u>138,770</u>	<u>143,873</u>	<u>(77.6361)</u>	<u>(69.7859)</u>
<b>Gross retail margin</b>			\$ 13.2819	\$ 19.8189
<b>NET CONTRIBUTION FROM GENERATION OPERATIONS</b>			(4.0270)	(4.1843)
<b>Operating Expenses:</b>				
Administration/general			(9.7456)	(8.0928)
Distribution			(3.2942)	(2.9141)
Provision for depreciation			(2.4517)	(2.2179)
General Fund admin and collection			(4.0606)	(3.6992)
			<u>(10.2972)</u>	<u>(1.2894)</u>
<b>Operating income</b>			\$ (10.2972)	\$ (1.2894)
Miscellaneous income			2.1911	2.4695
Interest earnings			1.8831	1.6981
Loss on coal inventory			(0.2140)	(3.4680)
Contributions to other funds			(3.3408)	(3.2224)
			<u>(9.7778)</u>	<u>(3.8122)</u>
<b>NET INCOME</b>			<u>\$ (9.7778)</u>	<u>\$ (3.8122)</u>
	<u>Year Ended June 30</u>			
	2015	2014		
<b>TOTAL NUMBER OF SERVICES:</b>				
Residential	5,923	5,911		
Hot water	129	131		
Heating	24	24		
Commercial	1,031	1,031		
Industrial	39	40		
Municipal	101	100		
<b>AVERAGE KILOWATTS PER SERVICE:</b>				
Residential	5,773	6,057		
Hot water	2,112	2,146		
Heating	12,567	15,139		
Commercial	35,646	36,667		
Industrial	1,535,789	1,554,022		
Municipal	53,424	54,724		
<b>AVERAGE REVENUE PER SERVICE:</b>				
Residential	\$ 625	\$ 645		
Hot water	\$ 213	\$ 216		
Heating	\$ 1,147	\$ 1,367		
Commercial	\$ 3,181	\$ 3,250		
Industrial	\$ 125,054	\$ 124,005		
Municipal	\$ 4,869	\$ 4,953		

**CITY OF ESCANABA, MICHIGAN**

**TABLE 11 (Unaudited)  
DEMOGRAPHIC STATISTICS**

Last Ten Fiscal Years

<u>Fiscal Year Ended June 30</u>	<u>Population</u>	<u>K-12 Enrollment</u>	<u>Unemployment Rate</u>
2006	12,426 (estimate)	2,963	7.1%
2007	12,282 (estimate)	2,882	7.5%
2008	12,240 (estimate)	2,778	8.4%
2009	12,121 (estimate)	2,712	12.0%
2010	12,616	2,628	12.0%
2011	12,615 (estimate)	2,587	10.1%
2012	12,577 (estimate)	2,522	9.2%
2013	12,552 (estimate)	2,511	9.9%
2014	12,562 (estimate)	2,488	8.3%
2015	12,413 (estimate)	2,419	6.6%

Sources: Population - Bureau of Census and U.S. Department of Commerce.

K-12 School Enrollment - Escanaba Area Public Schools (Note: enrollments include students from outside the City of Escanaba).

Unemployment Rate - Michigan Employment Security Agency (Note: includes total Delta County area; figures on a calendar year basis, except for 2015, which is through October, 2015).

CITY OF ESCANABA, MICHIGAN

**TABLE 12 (Unaudited)  
PRINCIPAL TAXPAYERS**

Fiscal Year Ended June 30, 2016

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Taxable Valuation</u>	<u>Percentage of Total Valuation</u>
EMP, Inc.	Manufacturing	\$ 14,312,098	4.69%
Dagenais Real Estate	Commercial Real Estate	5,323,727	1.75%
Wal-Mart	Retail Sales	4,853,589	1.59%
UP Enterprises, LLC	Commercial Real Estate	4,425,766	1.45%
DLP Marquette General Hospital, LLC	Medical Facility	4,395,408	1.44%
Escanaba Delta Mall	Shopping Center	2,762,675	0.91%
Elmer's County Market	Food Sales	2,542,767	0.83%
Menard's Inc.	Retail Sales	2,536,590	0.83%
Northland Centers, Inc.	Commercial Real Estate	2,257,703	0.74%
Shopko Properties	Retail Sales	1,797,174	0.59%

Source: City of Escanaba Assessor's Department.

**Note: This table does not include I.F.T. certificates.**

Valuation as of 12/31/14 becomes the "2015 Taxable Valuation." This value is used to compute the City property taxes for July, 2015, which finance City operations through the fiscal year ended June 30, 2016.

**CITY OF ESCANABA, MICHIGAN**

**TABLE 13 (Unaudited)  
MISCELLANEOUS STATISTICS**

June 30, 2015

Date of incorporation	1883
Form of government - since 1922	Council-Manager
Area	12.81 square miles
Miles of streets	83.01 miles
Miles of paved roads	79.04 miles
<b>PUBLIC SAFETY - JOINT POLICE/FIRE PROTECTION</b>	
Number of stations	1
Number of public safety officers	30
<b>ELECTRIC DEPARTMENT</b>	
Capacity	0 megawatts
Peak use during the fiscal year	28.0 megawatts
<b>WATER DEPARTMENT</b>	
Number of accounts	5,700
Average daily consumption	2,400,000 gallons/day
Pumping capacity	6,500,000 gallons/day
Storage capacity	2,000,000 gallons
Design capacity	8,000,000 gallons/day
Miles of water mains	77.12 miles
<b>WASTEWATER DEPARTMENT</b>	
Average daily treatment	1,960,000 gallons/day
Design capacity	2,200,000 gallons/day
Treatment	Activated sludge process
Miles of sanitary sewer	77.80 miles
Miles of storm sewers	48.91 miles
<b>CULTURE AND RECREATION</b>	
Public library:	
Volumes	89,877
2013-14 circulation	113,157
Number of registered users	9,347
Parks and recreation areas	504.5 acres
Recreation buildings	1
Outdoor skating rinks - natural ice	2
Softball/baseball fields	8
Soccer fields	4
Outdoor band shell	1
Basketball courts - indoor and outdoor	5
Tennis courts	9
Marina	165 berths
Public boat launches	2

CITY OF ESCANABA, MICHIGAN

**TABLE 14 (Unaudited)  
RATIO OF NET DEBT TO TAXABLE VALUE AND NET DEBT PER CAPITA**

Last Ten Fiscal Years

<u>As of June 30</u>	<u>Population</u>	<u>Taxable Value</u>	<u>Gross Debt</u>	<u>Less Debt Payable from Enterprise Funds</u>	<u>Net Debt</u>	<u>Net Debt to Taxable Value</u>	<u>Net Debt Per Capita</u>
2006	12,426 (est)	235,232,393	7,967,003	3,845,000	4,122,003	1.75%	331.72
2007	12,282 (est)	248,122,513	8,209,277	4,313,025	3,896,252	1.57%	317.23
2008	12,240 (est)	256,326,809	9,787,471	6,104,969	3,682,502	1.44%	300.86
2009	12,121 (est)	263,334,112	9,418,752	5,960,000	3,458,752	1.31%	285.35
2010	12,616	276,147,092	8,830,002	5,595,000	3,235,002	1.17%	256.42
2011	12,615 (est)	275,302,414	11,416,252	8,415,000	3,001,252	1.09%	237.91
2012	12,577 (est)	278,246,732	10,667,502	7,905,000	2,762,502	0.99%	219.65
2013	12,552 (est)	299,960,942	9,898,752	7,380,000	2,518,752	0.84%	200.66
2014	12,562 (est)	307,160,766	6,880,000	6,840,000	40,000	0.01%	3.18
2015	12,413 (est)	305,061,158	6,045,000	6,045,000	-	0.00%	-

Sources: Population - Bureau of Census, U.S. Department of Commerce. Where actual or estimate is not available, previous available population was utilized.

Taxable Value - From Table 4.

Gross Debt - Does not include non-bonded debt secured by equipment.



**ANDERSON, TACKMAN & COMPANY, PLC**

CERTIFIED PUBLIC ACCOUNTANTS

OFFICES IN MICHIGAN AND WISCONSIN

Kristine P. Berhow, CPA, Principal  
Alan M. Stotz, CPA, Principal  
Raymond B. LaMarche, CPA, Principal

Brandy M. Olson, CPA  
Gary E. Maynard, CPA, PFS  
Kathleen A. Ciantar, CPA

**REPORT TO MANAGEMENT**

To the Honorable Mayor, Members of the City Council,  
and the City Manager  
City of Escanaba, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Escanaba (the City) for the year ended June 30, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 9, 2015. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. With the exception of GASB Statement No. 68, no new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ended June 30, 2015. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

Management's estimate of the useful lives of fixed assets and the market value of investments is based on past experience with similar fixed assets and market valuations for investments. We evaluated the key factors and assumptions used to develop the estimates described above in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

*Difficulties Encountered in Performing the Audit*

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

*Corrected and Uncorrected Misstatements*

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

*Disagreements with Management*

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

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated December 20, 2015.

### *Management Consultations with Other Independent Accountants*

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

### *Other Audit Findings or Issues*

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

### Other Matters

We applied certain limited procedures to the Management's Discussion and Analysis, the General Fund budgetary schedule and the Schedule of Funding Progress for the Public Employees Retirement Systems, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the other supplemental information, as identified in the table of contents to the audit report, 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.

We were not engaged to report on the introductory section or the statistical and supplemental information section, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

### Restriction on Use

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



Certified Public Accountants

December 20, 2015

**CITY OF ESCANABA**

**COMMENTS AND RECOMMENDATIONS**

**June 30, 2015**

**BUDGET NONCOMPLIANCE**

During the year the City has not complied with certain provisions of the Michigan Uniform Budgeting and Accounting Act. The items of noncompliance are as follows:

The following functions of the General Fund were overspent:

Tourism Promotion	\$ 507
Transfer to the Bonifas Trust Fund	3,243

The following funds were overspent:

Major Street Fund	\$ 8,159
E.D.A. Revolving Loan Fund	607,300

We recommend that the City continue to monitor the budget to comply completely with the Michigan Uniform Budgeting and Accounting Act.

**ACCOUNTS RECEIVABLE AND ALLOWANCE FOR UNCOLLECTIBLES**

During our audit we noted that several receivables in the General Fund that are quite delinquent. We also noted that during the fiscal year the City's management has continued to make a concerted effort to address these receivables. We recommend that the City continue these efforts and to determine if any of these receivables need to be written off.

In addition, we recommend that the City establish a methodology to estimate the uncollectible portion of these receivables on at least an annual basis. This would allow for the receivables to be recorded on an estimated net collection basis in accordance with generally accepted accounting principles.