City of Midland, Michigan
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2019

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December 18, 2019

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

The Comprehensive Annual Financial Report (CAFR) of the City of Midland, Michigan (the "City") as of and for the year ended June 30, 2019 is hereby submitted. As required by City Charter and state laws, the basic financial statements as identified in the table of contents were audited by Yeo & Yeo, Certified Public Accountants. Their unmodified opinion is located at the front of the financial section of this report. An unmodified opinion is the best opinion that an organization can receive on its financial statements. It indicates that the auditor's examination has disclosed no conditions that cause them to believe that the financial statements are not fairly presented in all material respects.

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

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

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

PROFILE OF THE CITY

The City of Midland was incorporated in 1887 and is located near the center of the eastern portion of Michigan's Lower Peninsula, approximately 120 miles northwest of Detroit. It encompasses approximately 36 square miles of land area and is home to a population of 41,800.

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

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

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

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

ECONOMIC CONDITION AND OUTLOOK

Residential and commercial taxable values have steadily increased over the past several years; however, industrial investment remains flat or slightly down. And with the elimination of personal property, the overall taxable value for Midland is 12% lower than it was in 2011. However, after several years of stagnation, the economic condition of the City of Midland is starting to show signs of promise for the future.

- Unemployment rate at year-end was 3.2%, compared to the state unemployment rate of 4.4%, and the national unemployment rate of 3.8%

- The City has maintained its credit ratings of AA with Standard and Poor's, and Aa2 with Moody's.

- Looking ahead to the 2019-20 fiscal year, the City's taxable value increased by 1.4%, which is the largest increase in the past five years.

The following major initiatives have significant impact on the Midland Economy and were ongoing during the year and will span into future years:

- Midland continues to aggressively invest in its road system, benefitting from two 1-mill county-wide road millages. The Michigan Department of Transportation recently completed replacing the M-20 Bridge, which is the main entrance to the City and Downtown area from the West. It is much more aesthetically pleasing and enhances visibility and safety for travelers entering or leaving the City.

- Midland's Downtown Main Street has undergone a complete streetscape makeover, creating a new downtown vibe for several new commercial investments, new mixed use buildings, a 32-unit apartment complex, and a new 71-unit Fairfield Inn & Suites hotel. In addition, Delta College has selected Midland's Downtown as the location for a new 30,000 square foot office and classroom facility and has recently broken ground on the project.

- Costco Wholesale Corporation selected the City of Midland to build a new 165,765 square foot warehouse store, tire center, and fuel station within the City limits.

- This past summer, Midland was the host location for the Dow Great Lakes Bay Invitational LPGA golf tournament. This brought thousands of people to Midland and served as

a catalyst for numerous other community events to occur. Midland will host this tournament for four more years.

- Corteva, Inc., which is one of three separate corporations created by the merger and subsequent split of the Dow Chemical Company and DuPont, recently approved a $145 million capital investment in the Midland manufacturing facility.

- Primrose Retirement Villages selected Midland for a newly constructed 89,000 square foot retirement facility.

- McLaren Health constructed a new 56,000 square foot medical building.

LONG-TERM FINANCIAL PLANNING

The City will continue to take a conservative approach to projecting changes to its tax roll. While it is anticipated that commercial and industrial investment in the community will pick up, the specific timing is not yet known. Accordingly, budgets and projections will continue to be built upon what is known. In the near term, only minimal growth to the tax revenue stream, based upon taxable values, will be expected.

The City complies with Public Act 20 and Public Act 367 of the State of Michigan in its cash management activities. After several years of slow growth, and nearly nonexistent returns, investment earnings on cash and cash equivalents are now exceeding 2%. Minimal substantive change will be anticipated.

RELEVANT FINANCIAL POLICIES

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

The City annually updates its long-range capital plan which helps serve as a planning tool for the City's infrastructure. All capital projects relating to infrastructure, as well as certain other capital needs, such as building improvements or parking lot improvements, are prioritized, scheduled and funded in accordance with the capital plan. This has enabled the City to coordinate the timing of construction for street, sewer, water, storm water, and sidewalk projects which reduces disruption to the City's traffic flow, as well as maximizes investment by eliminating separate but redundant projects occurring at different times.

BUDGET CONTROLS

The annual budget serves as the foundation for the City's financial planning and control. By the second Monday of April of each year, the City Manager presents a proposed budget to the City Council for review. The Council holds public hearings and the final budget is adopted no later than the fourth Monday in May. The Council approves appropriations on the functional

basis, which is the legal level of control. Department heads may transfer funds within their function at their discretion up to $6,000 before requiring City Manager approval. The City Manager can approve all budget transfers except those between different functions, and any transfer from a reserve for contingency account in excess of $25,000, which require City Council approval.

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

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

CERTIFICATE OF ACHIEVEMENT

For the 30th consecutive year, the Government Finance Officers Association (GFOA) has awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its June 30, 2018 comprehensive annual financial report. In order to be awarded this certificate, a government must publish an easily readable and efficiently organized comprehensive annual financial report, which satisfies both Generally Accepted Accounting Principles and applicable legal requirements.

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

ACKNOWLEDGEMENTS

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

Respectfully submitted,

C. Bradley Kaye, AICP
City Manager

David A. Keenan, CPA
Assistant City Manager

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Midland

Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morrill

Executive Director/CEO

City of Midland, Michigan
Organization Chart

City of Midland, Michigan
List of Principal Officials
June 30, 2019

City Council

Ward I	Pamela Hall
Ward II - Mayor	Maureen Donker
Ward III	Steve Arnosky
Ward IV	Diane Brown Wilhelm
Ward V - Mayor Pro Tem	Marty Wazbinski

Administrative Staff

City Manager	C. Bradley Kaye
Assistant City Manager	David A. Keenan
City Attorney	James O. Branson, III
Director of Human Resources and Labor Relations	Carol A. Stone
Director of Planning and Community Development	Grant R. Murschel
City Assessor	Kayla M. Ripley
City Clerk / Director of Community Affairs	Selina M. Tisdale
City Controller	Deeann L. Bragg Smerdon
City Engineer	Joshua N. Fredrickson
City Treasurer	Dana C. Strayer
Chief Building Inspector	Stephen K. Taglauer
Fire Chief	Chris A. Coughlin
Information Services Manager	Tadd H. Underhill
Library Director	Miriam M. Andrus
Police Chief	Clifford A. Block
Public Services Director	Karen A. Murphy
Director of Water Services	Vacant
Director of Wastewater Services	Patrick M. Frazee

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Independent Auditors' Report

Management and City Council
City of Midland, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Midland, Michigan as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise of the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Midland, Michigan as of June 30, 2019 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.

Prior Period Adjustment

As described in Note 21 to the financial statements, a prior period adjustment was made to transfer beginning net assets from the Renewable Energy Fund to the Sanitary Landfill Fund. Our opinion is not modified with respect to this matter.

Other Matters:

Required Supplementary Information

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

Other Supplementary Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2019 on our consideration of City of Midland, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of City of Midland, Michigan's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Midland, Michigan's internal control over financial reporting and compliance.

Yeo & Yeo, P.C.

December 18, 2019
Midland, Michigan

As management of the City of Midland (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction and additional information that we have furnished on our letter of transmittal, which can be found in the introductory section of this report.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $204.2 million (*net position*).

- The City's total revenues of $96.6 million were in excess of total expenses of $87.1 million resulting in an increase of net position of $9.5 million.

- The City's governmental activities incurred expenses of $56.4 million. These expenses, plus $1.5 in transfers to business-type activities were covered by program revenues of $25.2 million, and general revenues (*i.e., property taxes and state shared revenue*) of $41.3 million resulting in an increase in net position of $8.6 million.

- Governmental activities revenue increased by $3.2 million, due to increased personal property tax reimbursement, additional road funding received from the State, a new reimbursement from Midland County for providing school resource officers for both high schools and middle schools of Midland Public Schools, and approximately $2 million in outside contributions for street improvements.

- Governmental activities expenses increased by $8.8 million largely due to a $6.5 million GASB 68 pension adjustment increase over the prior year. Also, additional police staff costs exist in the current year due to the hiring of two additional school resource officers.

- The City's business-type activities incurred $30.7 million in expense. These expenses were paid by program revenues, primarily in the form of user charges, of $29.3 million, transfers in from governmental activities of $1.5 million, and general revenues of $764 thousand. This resulted in an increase in net position of $900 thousand, compared to a prior year increase of $2.1 million. Current year revenue was $1.4 million higher than prior year, while current year expenses were $2.6 million higher than prior year. The increase to both is mainly due to the activities of the Renewable Energy Fund that is now part of Sanitary Landfill operations, as discussed in the paragraph below.

- During the fiscal year, the City combined the Renewable Energy Fund (an internal service fund) into the Sanitary Landfill Fund (an enterprise fund). The Renewable Energy Fund never fulfilled the objective of why it was created and after several years of operation it was deemed to be more appropriately accounted for as an operation of the Sanitary Landfill Fund. The beginning Net Position of the Governmental Activities was reduced by $2.1 million, while the beginning net position of the Business-type Activities was increased by $2.1 million.

- During the prior fiscal year, the City implemented *GASB Statement Number 75, Accounting and Financial Reporting for Postemployment Benefits other than Pensions (OPEB).* Because the City sponsors a defined-benefit retiree healthcare plan for many of its current and former full time employees, it is required to account for the net OPEB liability within its accrual-based financial statements. The cumulative impact of this implementation for the year ending June 30, 2017 was reported as a prior-period adjustment on all accrual-based financial statements. The government-wide prior period adjustment was a $47.4 million reduction to net assets: $38.2 for governmental activities and $9.2 million for business-type activities.

- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of $49.7 million, $6.7 million more than the close of the prior fiscal year. The increase is primarily due to street projects that were funded during the fiscal year, but substantially incomplete at year-end. The weather was unusually uncooperative this year, causing many projects to get a late start.

- Unassigned fund balance of $11.8 million is available for spending at the City's discretion. This is approximately 27.4% of total general fund expenditures and transfers out.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private sector companies. The *statement of net position* includes all of the City's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. The *statement of activities* reports how the City's net position has changed and it includes all of the current year's revenue and expenses, regardless of when cash is received or paid. This change in net position is an indicator of whether the City's financial health is improving or deteriorating. In order to assess the overall health of the City, you need to consider additional non-financial factors such as changes in the City's property tax base and the condition of the City's roads and other infrastructure.

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

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

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

FUND FINANCIAL STATEMENTS

The fund financial statements begin on page 3-4 and provide more detailed information about the City's most significant funds, not the City as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives.

The City of Midland has three types of funds:

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

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

The City maintains 16 individual governmental funds. Separate information is presented for the General and Major Street Funds, both considered to be "major" funds. Data from the other 14 governmental funds, considered to be "nonmajor" funds, are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

- Enterprise funds and business-type activities are the same, but the fund statements provide more detail and additional information. Examples include the Water Fund and Wastewater Fund.

- Internal service funds are used to report activities for services provided to other City departments. Examples include the Equipment Revolving Fund and the Information Services Fund.

The proprietary fund financial statements provide separate information for the Water, Wastewater, Sanitary Landfill, and Civic Arena funds, which are considered to be major funds of the City. The remaining enterprise funds and the internal service funds are each combined into a single aggregated presentation in the proprietary fund financial statements. Individual fund data for the remaining enterprise funds and the internal service funds is provided in the form of combining statements elsewhere in this report.

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

Government-wide Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the City, net position was $204.2 million, at the close of the fiscal year.

The following table shows the comparison of assets, deferred outflows, liabilities, deferred inflows, and net position (in millions of dollars) in a condensed format as of June 30, 2019, to the prior year.

City of Midland Net Position
(in millions of dollars)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Assets						
Current	$ 64.8	$ 57.5	$ 48.3	$ 32.8	$ 113.1	$ 90.3
Noncurrent						
Restricted and other	-	0.8	3.7	17.9	3.7	18.7
Capital, net	114.4	116.1	126.3	120.4	240.7	236.5
Total assets	179.2	174.4	178.3	171.1	357.5	345.5
Deferred Outflows	11.3	6.6	4.3	1.7	15.6	8.3
Liabilities						
Current	4.2	3.1	1.6	1.8	5.8	4.9
Noncurrent	113.6	111.5	47.3	40.1	160.9	151.6
Total liabilities	117.8	114.6	48.9	41.9	166.7	156.5
Deferred Inflows	1.9	2.1	0.3	0.5	2.2	2.6
Net Position						
Net investment in capital assets	114.4	111.9	116.3	112.7	230.7	224.6
Restricted	16.6	14.7	-	-	16.6	14.7
Unrestricted	(60.2)	(62.3)	17.1	17.7	(43.1)	(44.6)
Total net position	$ 70.8	$ 64.3	$ 133.4	$ 130.4	$ 204.2	$ 194.7

A substantial portion of the City's net position, $230.7 million, reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens, consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, $16.6 million, represents resources that are subject to external restrictions on how they may be used. The remaining unrestricted $43.1 million deficit balance was a $44.6 million deficit last year. The decrease in the deficit was intended and is a planned result at year-end as the City's funds continue recover financially from the recent implementation of GASB 68 and GASB 75.

The City's net position increased by $9.5 million during the current fiscal year, as a result of current year activities.

Total governmental revenue is reported at $66.5 million, an increase of $3.2 million from the prior year. Larger personal property tax reimbursement, additional road funding received from the State, a new reimbursement from Midland County for providing school resource officers for both high schools and middle schools of Midland Public Schools, and approximately $2 million in outside contributions for street improvements account for this increase in revenue over the prior year.

Governmental activities expenses increased by $8.8 million largely due to a $6.5 million GASB 68 pension adjustment increase over the prior year. The large increase is a result of a pension benefit reduction that was contractually agreed upon in a prior year, grieved by the Fire Department, and reinstated by an arbitrator. Also, additional police staff costs exist in the current year due to the hiring of two additional school resource officers.

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

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues						
Program revenues:						
Charges for services	$ 3.8	$ 3.5	$ 28.3	$ 27.3	$ 32.1	$ 30.8
Operating grants and contributions	17.4	16.2	-	-	17.4	16.2
Capital grants and contributions	4.0	3.4	1.0	0.9	5.0	4.3
General revenues:						
Property taxes	35.8	35.2	-	-	35.8	35.2
Intergovernmental	3.8	3.7	-	-	3.8	3.7
Other revenue	1.7	1.3	0.8	0.5	2.5	1.8
Total revenue	66.5	63.3	30.1	28.7	96.6	92.0
Program Expenses						
General government	4.3	3.8	-	-	4.3	3.8
Public safety	23.1	15.6	-	-	23.1	15.6
Public works	11.3	10.6	-	-	11.3	10.6
Sanitation	3.7	3.7	-	-	3.7	3.7
Community development	0.9	0.8	-	-	0.9	0.8
Parks and recreation	5.8	5.6	-	-	5.8	5.6
Library / community television	4.6	4.6	-	-	4.6	4.6
Airport	0.4	0.4	-	-	0.4	0.4
Transportation	2.1	2.2	-	-	2.1	2.2
Other	0.2	0.3	-	-	0.2	0.3
Water	-	-	11.0	10.5	11.0	10.5
Wastewater	-	-	7.2	6.5	7.2	6.5
Landfill	-	-	5.7	4.2	5.7	4.2
Civic Arena	-	-	1.2	1.3	1.2	1.3
Senior housing	-	-	4.0	4.2	4.0	4.2
Golf course	-	-	1.4	1.2	1.4	1.2
Parking system	-	-	0.2	0.2	0.2	0.2
Total expenses	56.4	47.6	30.7	28.1	87.1	75.7
Change in net position before transfers	10.1	15.7	(0.6)	0.6	9.5	16.3
Transfers	(1.5)	(1.5)	1.5	1.5	-	-
Change in net position	8.6	14.2	0.9	2.1	9.5	16.3
Net position - beginning	64.3	88.3	130.4	137.5	194.7	225.8
Prior period adjustments	(2.1)	(38.2)	2.1	(9.2)	-	(47.4)
Net position - ending	$ 70.8	$ 64.3	$ 133.4	$ 130.4	$ 204.2	$ 194.7

Business-type revenue increased by $1.4 million to a balance of $30.1 million. The primary reason for the increase is electricity sales from the renewable energy operations that were formerly housed in an internal service fund but are now part of the Sanitary Landfill operations, as discussed previously.

Business-type expenses increased by $2.6 million from last year, mainly due to the renewable energy activities as discussed in the previous paragraph.

The City of Midland's Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $49.7 million, an increase of $6.7 million in comparison with the prior year. Of this amount, $11.8 million, (or 23.7%) constitute unassigned fund balance, which is available for spending at the City's discretion. The remainder of the fund balance is either non-spendable, restricted, committed, or assigned to indicate that it is 1) not in spendable form, 2) legally required to be maintained intact, 3) restricted for particular purposes, 4) committed for particular purposes, or 5) assigned for particular purposes.

The General Fund is the chief operating fund of the City. At the end of the current year the unassigned fund balance of the General Fund, $11.8 million, was an increase of $3.9 million from the prior year balance. The total General Fund fund balance increased by $3.4 million. As a measure of the General Fund's liquidity, it may be useful to compare both the unassigned fund balance and the total fund balance to total general fund expenditures and transfers out. Unassigned fund balance represents 27.4% of that total while total fund balance represents 53.7% of the same amount.

General Fund revenue was $46.4 million for the current year, an increase of $1.5 million as compared to the prior year, or about a 3% increase. The majority of the increase is a result of additional personal property tax reimbursements from the State.

General Fund expenditures were $43.0 million when including outgoing transfers, an increase of $1.6 million, or 4%, when compared to the prior year. Most of the expenditure increase is related to additional capital outlay.

The Major Street Fund ending fund balance increased by $1.7 million, which is about $6.2 million better than budgeted, with $5.9 million of that improvement being from unspent capital projects. The spring and summer weather was very uncooperative and caused many projects to be noticeably delayed. $5.5 million of the unspent project budget will be encumbered into next year for project completion.

The unrestricted net position of the Water Fund was $9.1 million at year-end, reflecting a decrease of $.9 million from the prior year. The net pension expense for the current year as a result of the GASB 75 calculation was $1 million greater than prior year. The Wastewater's unrestricted net position was a $2.4 million deficit, compared to a $2.1 deficit balance at prior year-end. Wastewater's net pension expense from the GASB 75 calculation was an $.8 million increase.

General Fund Budgetary Highlights

The General Fund adopted budget included using $3.5 million of available fund balance over the City Council's target balance of $6 million to prevent reductions in service delivery or an increase to the millage rate. Council also maintained a budget stabilization reserve of $4.5 million at year-end, created from excess personal property tax reimbursement funds. Council amended the General Fund budget in May of 2019 to reflect a utilization of $4.4 million of fund balance.

At year-end, actual income from all sources was $4.2 million over budget, nearly all resulting from additional personal property tax reimbursement, the full amount of which was not known until too late into the budget process; therefore, the additional reimbursement was left out of the budget. In August 2019, City Council amended the 2019-20 General Fund Budget to spend $2.7 million of this excess revenue on pension and stormwater obligations. Further, roughly $1.2 million will be used to increase the budget stabilization reserve. Actual expenditures and transfers out at year-end were $3.7 million less than budget. All categories were under budget with capital outlay being the most under by $1.7 million. Approximately $2 million of the total expenditure savings will be encumbered into 2019-20.

NOTES TO THE FINANCIAL STATEMENTS

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

CAPITAL ASSET AND DEBT ADMINISTRATION

At June 30, 2019, the City of Midland had $230.7 million invested in a broad range of capital assets including land, buildings, police and fire equipment, water and sewer lines, roads, sidewalks, and other infrastructure, net of debt. Last year this total was $224.6 million. Additional information about the City's capital assets is presented in Note 1 and Note 7 of the Notes to Financial Statements.

At June 30, 2019, the City of Midland's total bonded indebtedness was $16.2 million, all backed by the full faith and credit of the government. Additional information about the City's indebtedness is presented in Note 1 and Note 11 of the Notes to Financial Statements.

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

CURRENT ECONOMIC EVENTS

The following priorities were considered when preparing the City's budget for the 2019-20 fiscal year.

- Public services shall be maintained at the highest level possible.
- The millage rate shall be kept at the 2018-19 level of 15.14 mills.
- Approximately $994,515 of the General Fund Budget Stabilization Reserve will be used to balance the General Fund 2019-20 budget. These funds will be replenished with personal property tax reimbursement proceeds that will be in excess of budget.
- Maintain the General Fund's unreserved fund balance at $6 million.
- Provide an additional $500,000 over the 2018-19 budget for unfunded liabilities.
- Provide $250,000 of additional funding over 2018-19 funding level for stormwater activities.
- Taxable value for the City's residential and commercial properties will increase by 1.7% and 3.5%, respectively. Industrial taxable value will decrease by .8%.
- All required debt obligations, including funding beyond 100% of the annual required contributions for each of the City's three defined benefit plans will be included in the budget.
- Labor costs will be budgeted in accordance with the number of authorized positions and the collectively bargained labor and benefit rates. Full employment will be assumed.

- Capital expenditures will be budgeted in accordance with the engineering priorities plan, the City's capital and master plans, and departmental 5-year plans.

- Two-years of projections for the fiscal years 2020-21 and 2021-22 will be included in the budget.

REQUESTS FOR INFORMATION

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

City of Midland, Michigan
Statement of Net Position
June 30, 2019

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	$ 64,232,249	$ 22,315,957	$ 86,548,206
Investments	-	376,845	376,845
Receivables			
Taxes	8,620	-	8,620
Trust deeds	973,696	-	973,696
Customers	27,471	3,263,695	3,291,166
Special assessments	246,314	10,789	257,103
Accounts and contracts	890,029	31,909	921,938
Accrued interest	158,251	54,511	212,762
Due from other units of government	2,991,114	-	2,991,114
Internal balances	(7,297,222)	7,297,222	-
Inventories	822,754	791,776	1,614,530
Prepaid items	997,735	32,903	1,030,638
Restricted assets			
Cash and cash equivalents	-	3,736,929	3,736,929
Assets held for resale	225,000	-	225,000
Investment in joint venture	544,442	13,991,254	14,535,696
Capital assets not being depreciated	10,016,018	4,242,442	14,258,460
Capital assets, net of accumulated depreciation	104,383,094	122,105,882	226,488,976
Total assets	179,219,565	178,252,114	357,471,679
Deferred outflows of resources			
Deferred amount on debt refunding	360,446	211,808	572,254
Deferred amount relating to net pension liability - MERS	6,644,098	3,418,144	10,062,242
Deferred amount relating to net pension liability - police and fire	1,584,030	-	1,584,030
Deferred amount relating to net OPEB liability	2,755,194	680,639	3,435,833
Total deferred outflows of resources	11,343,768	4,310,591	15,654,359

See Accompanying Notes to the Financial Statements

City of Midland, Michigan
Statement of Net Position
June 30, 2019

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Liabilities			
Accounts payable	$ 3,752,934	$ 1,200,595	$ 4,953,529
Accrued and other liabilities	331,275	28,648	359,923
Due to other units of government	1,815	-	1,815
Guarantee and other deposits	71,434	258,463	329,897
Unearned revenue	77,906	83,949	161,855
Accrued interest	15,000	43,748	58,748
Noncurrent liabilities			
Debt due within one year	3,277,848	2,373,672	5,651,520
Due in more than one year			
Debt due in more than one year	6,425,852	13,285,785	19,711,637
Net pension liability - MERS	44,100,721	22,688,195	66,788,916
Net pension liability - police and fire	23,627,835	-	23,627,835
Net OPEB liability	36,146,784	8,929,639	45,076,423
Total liabilities	117,829,404	48,892,694	166,722,098
Deferred inflows of resources			
Deferred amount relating to net pension liability - police and fire	725,506	-	725,506
Deferred amount relating to net OPEB liability	1,179,086	291,279	1,470,365
Total deferred inflows of resources	1,904,592	291,279	2,195,871
Net position			
Net investment in capital assets	114,399,112	116,272,803	230,671,915
Restricted (expendable) for			
Major street	8,842,242	-	8,842,242
Local street	3,760,292	-	3,760,292
Smart Zone	203,721	-	203,721
Center city authority	45,705	-	45,705
Downtown development authority	43,180	-	43,180
Community development block grant	889,679	-	889,679
Midland housing	401,698	-	401,698
Special activities	71,080	-	71,080
Debt service	218,656	-	218,656
Cemetery permanent fund			
Expendable	32,011	-	32,011
Nonexpendable	2,066,649	-	2,066,649
Unrestricted (deficit)	(60,144,688)	17,105,929	(43,038,759)
Total net position	$ 70,829,337	$ 133,378,732	$ 204,208,069

See Accompanying Notes to the Financial Statements

City of Midland, Michigan
Statement of Activities
For the Year Ended June 30, 2019

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs							
Governmental activities							
General government	$ 4,339,267	$ -	$ 8,591,061	$ -	$ 4,251,794	$ -	$ 4,251,794
Public safety	23,093,632	413,043	68,103	76,841	(22,535,645)	-	(22,535,645)
Public works	11,272,708	1,280,292	6,132,982	3,190,860	(668,574)	-	(668,574)
Sanitation	3,604,803	51,940	-	-	(3,552,863)	-	(3,552,863)
Community and economic development	917,207	22,578	425,986	36	(468,607)	-	(468,607)
Parks and recreation	5,789,376	445,146	67,223	224,427	(5,052,580)	-	(5,052,580)
Library and community television	4,596,572	1,200,240	436,071	400,000	(2,560,261)	-	(2,560,261)
Airport	379,854	218,370	-	-	(161,484)	-	(161,484)
Transportation	2,149,192	129,443	1,431,866	145,425	(442,458)	-	(442,458)
Interest and fiscal charges on long-term debt	198,906	-	244,278	-	45,372	-	45,372
Total governmental activities	56,341,517	3,761,052	17,397,570	4,037,589	(31,145,306)	-	(31,145,306)
Business-type activities							
Water	10,991,553	11,491,162	-	584,700	-	1,084,309	1,084,309
Wastewater	7,250,043	6,640,986	-	308,000	-	(301,057)	(301,057)
Sanitary landfill	5,669,218	4,227,221	-	-	-	(1,441,997)	(1,441,997)
Civic arena	1,178,467	1,083,109	-	-	-	(95,358)	(95,358)
Senior housing	4,016,225	3,811,740	-	9,184	-	(195,301)	(195,301)
Currie municipal golf course	1,404,965	979,978	-	86,000	-	(338,987)	(338,987)
Parking	224,401	98,959	-	-	-	(125,442)	(125,442)
Total business-type activities	30,734,872	28,333,155	-	987,884	-	(1,413,833)	(1,413,833)
Total primary government	$ 87,076,389	$ 32,094,207	$ 17,397,570	$ 5,025,473	(31,145,306)	(1,413,833)	(32,559,139)
General revenues							
Property taxes, levied for general purposes					25,858,838	-	25,858,838
Property taxes, levied for library					2,084,870	-	2,084,870
Property taxes, levied for downtown development authority					583,456	-	583,456
Property taxes, levied for debt service					538,000	-	538,000
Property taxes, levied for pension savings					2,552,617	-	2,552,617
Other tax related revenue - county road millage					4,204,469	-	4,204,469
State shared revenue, unrestricted					3,838,969	-	3,838,969
Unrestricted investment earnings					905,355	436,760	1,342,115
Miscellaneous					776,895	327,702	1,104,597
Transfers					(1,549,748)	1,549,748	-
Total general revenues and transfers					39,793,721	2,314,210	42,107,931
Change in net position					8,648,415	900,377	9,548,792
Net position - beginning of year					64,220,568	130,438,709	194,659,277
Transfer					(2,039,646)	2,039,646	-
Net position - beginning of year (restated)					62,180,922	132,478,355	194,659,277
Net position - end of year					$ 70,829,337	$ 133,378,732	$ 204,208,069

See Accompanying Notes to the Financial Statements

City of Midland, Michigan
Governmental Funds
Balance Sheet
June 30, 2019

	General Fund	Major Street Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	$ 23,742,302	$ 11,639,724	$ 14,532,759	$ 49,914,785
Receivables - net of allowances				
Taxes	7,874	-	746	8,620
Trust deeds	22,725	-	950,971	973,696
Customers	-	-	27,471	27,471
Accounts and contracts	498,790	22,163	345,642	866,595
Accrued interest	70,604	24,068	34,744	129,416
Due from other units of government	1,571,362	851,413	568,339	2,991,114
Due from other funds	-	-	78,999	78,999
Inventories	56,270	-	25,009	81,279
Prepaid items	26,126	-	18,570	44,696
Assets held for resale	-	225,000	-	225,000
Total assets	$ 25,996,053	$ 12,762,368	$ 16,583,250	$ 55,341,671
Liabilities				
Accounts payable	$ 2,075,332	$ 235,299	$ 1,221,636	$ 3,532,267
Due to other funds	-	-	78,999	78,999
Due to other units of government	1,815	-	-	1,815
Deposits	35,926	-	34,008	69,934
Unearned revenue	1,296	-	76,610	77,906
Total liabilities	2,114,369	235,299	1,411,253	3,760,921
Deferred inflows of resources				
Grants and contributions	1,088	-	49,738	50,826
Trust deeds	-	-	950,971	950,971
State shared revenue	756,911	-	-	756,911
Other	-	-	148,207	148,207
Total deferred inflows of resources	757,999	-	1,148,916	1,906,915

See Accompanying Notes to the Financial Statements

City of Midland, Michigan
Governmental Funds
Balance Sheet
June 30, 2019

	General Fund	Major Street Fund	Nonmajor Governmental Funds	Total Governmental Funds
Fund balances				
Non-spendable				
Inventories	$ 56,270	$ -	$ 25,009	$ 81,279
Prepaid items	26,126	-	18,570	44,696
Trust deeds	22,725	-	-	22,725
Assets held for resale	-	225,000	-	225,000
Restricted for				
Major street	-	12,302,069	-	12,302,069
Local street	-	-	7,019,714	7,019,714
Smart zone	-	-	203,721	203,721
City center authority	-	-	45,705	45,705
Grace A. Dow memorial library	-	-	588,160	588,160
Downtown development authority	-	-	374,255	374,255
Community development block grant	-	-	69,000	69,000
Midland housing	-	-	228,482	228,482
Special activities	-	-	68,785	68,785
Debt service	-	-	233,656	233,656
Cemetery operations				
Expendable	-	-	32,011	32,011
Nonexpendable	-	-	2,066,649	2,066,649
Committed				
Future year expenditures	4,731,452	-	421,938	5,153,390
Budget stabilization	4,539,572	-	-	4,539,572
Assigned	1,968,215	-	2,634,885	4,603,100
Unassigned (deficit)	11,779,325	-	(7,459)	11,771,866
Total fund balances	23,123,685	12,527,069	14,023,081	49,673,835
Total liabilities, deferred inflows of resources and fund balances	$ 25,996,053	$ 12,762,368	$ 16,583,250	$ 55,341,671

See Accompanying Notes to the Financial Statements

City of Midland, Michigan
Governmental Funds
Reconciliation of Fund Balances of Governmental Funds to Net Position of Governmental Activities
June 30, 2019

Total fund balances for governmental funds	$	49,673,835
Total net position for governmental activities in the statement of net position is different because:		
Capital assets net of accumulated depreciation used in governmental activities are not financial resources and therefore are not reported in the funds.		94,819,362
Capital assets not being depreciated used in governmental activities are not financial resources and therefore are not reported in the funds.		9,961,018
Investment in joint ventures are not financial resources and therefore are not reported in the governmental funds.		544,442
Certain receivables are not available to pay for current period expenditures and therefore are deferred in the funds.		1,906,915
Certain liabilities are not due and payable in the current period and are not reported in the funds.		
Accrued interest		(15,000)
Deferred outflows (inflows) of resources.		
Deferred outflows of resources resulting from debt refunding		360,446
Deferred outflows of resources resulting from net pension liability - MERS		5,862,262
Deferred outflows of resources resulting from net pension liability - police and fire		1,584,030
Deferred outflows of resources resulting from net OPEB liability		2,591,305
Deferred inflows of resources resulting from net pension liability - police and fire		(725,506)
Deferred inflows of resources resulting from net OPEB liability		(1,108,950)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and therefore are not reported as fund liabilities.		
Net pension liability - MERS		(38,911,223)
Net pension liability - police and fire		(23,627,835)
Net OPEB liability		(33,996,638)
Bonds payable		(6,000,000)
Compensated absences		(3,451,290)
Internal service funds are included as part of governmental activities.		11,362,164
Net position of governmental activities	$	70,829,337

See Accompanying Notes to the Financial Statements

City of Midland, Michigan
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2019

	General Fund	Major Street Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Taxes	$ 28,386,949	$ 4,204,469	$ 3,230,832	$ 35,822,250
Licenses and permits	670,194	90,058	125,405	885,657
Federal grants	6,830	7,791	1,054,213	1,068,834
State revenue sharing	3,838,969	-	-	3,838,969
Other state grants	8,729,024	5,227,713	2,921,945	16,878,682
Local contributions	100,533	2,062,705	636,538	2,799,776
Charges for services	2,662,279	172,615	1,329,683	4,164,577
Use and admission charges	359,670	-	-	359,670
Interest income	528,970	146,218	230,167	905,355
Rental income	89,245	-	-	89,245
Other revenue	1,020,833	23,386	148,056	1,192,275
Total revenues	46,393,496	11,934,955	9,676,839	68,005,290
Expenditures				
Current				
General government	6,644,589	-	15,262	6,659,851
Public safety	18,403,169	-	1,481	18,404,650
Public works	2,126,401	1,863,198	2,253,189	6,242,788
Sanitation	3,817,907	-	-	3,817,907
Community and economic development	-	-	933,156	933,156
Parks and recreation	5,703,912	-	-	5,703,912
Library and community television	-	-	4,595,037	4,595,037
Airport	311,360	-	-	311,360
Transportation	-	-	2,082,808	2,082,808
Capital outlay	1,358,264	5,092,320	3,028,928	9,479,512
Debt service				
Principal retirement	-	-	1,450,000	1,450,000
Interest and fiscal charges	-	-	112,420	112,420
Total expenditures	38,365,602	6,955,518	14,472,281	59,793,401
Excess (deficiency) of revenues over (under) expenditures	8,027,894	4,979,437	(4,795,442)	8,211,889

See Accompanying Notes to the Financial Statements

City of Midland, Michigan
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2019

	General Fund	Major Street Fund	Nonmajor Governmental Funds	Total Governmental Funds
Other financing sources (uses)				
Proceeds from sale of capital assets	$ 6,771	$ -	$ 7,145	$ 13,916
Transfers in	40,161	-	7,476,116	7,516,277
Transfers out	(4,663,320)	(3,263,500)	(1,099,891)	(9,026,711)
Total other financing sources (uses)	(4,616,388)	(3,263,500)	6,383,370	(1,496,518)
Net change in fund balance	3,411,506	1,715,937	1,587,928	6,715,371
Fund balance - beginning of year	19,712,179	10,811,132	12,435,153	42,958,464
Fund balance - end of year	$ 23,123,685	$ 12,527,069	$ 14,023,081	$ 49,673,835

See Accompanying Notes to the Financial Statements

City of Midland, Michigan
Governmental Funds
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2019

Net change in fund balances - Total governmental funds	$	6,715,371
Total change in net position reported for governmental activities in the statement of activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Depreciation expense		(6,221,230)
Capital outlay		8,654,144
Donations of capital assets		1,194,996
Loss on disposal of capital assets		(63,030)
Investment in joint ventures are not financial resources and therefore are not shown in the fund financial statements.		(68,074)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the fund financial statements		
State shared revenue		108,729
Grants		(545,444)
Trust deeds		(53,386)
Other		(1,900)
Expenses are recorded when incurred in the statement of activities.		
Accrued interest		3,625
Compensated absences		(154,377)
The statement of net position reports the net pension and OPEB liabilities and deferred outflows of resources and deferred inflows related to the net pension and OPEB liability and pension and OPEB expense. However, the amount recorded on the governmental funds equals actual pension contributions.		
Net change in net pension liability - MERS		(3,519,377)
Net change in net pension liability - police and fire		(4,138,574)
Net change in net OPEB liability		98,191
Net change in the deferred inflows of resources related to the net pension liability - MERS		855,048
Net change in the deferred inflows of resources related to the net pension liability - police and fire		291,515
Net change in the deferred inflows of resources related to the net OPEB liability		(1,019,887)
Net change in the deferred outflows of resources related to the net pension liability - MERS		2,667,863
Net change in the deferred outflows of resources related to the net pension liability - police and fire		(936,772)
Net change in the deferred outflows of resources related to the net OPEB liability		2,570,355
Bond proceeds are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.		
Repayments of long-term debt		1,450,000
Amortization of premiums, discounts and similar items		(90,111)
Internal service funds are included as governmental activities.		850,740
Change in net position of governmental activities	$	8,648,415

See Accompanying Notes to the Financial Statements

City of Midland, Michigan
Proprietary Funds
Statement of Net Position
June 30, 2019

	Water Fund	Wastewater Fund	Sanitary Landfill Fund	Civic Arena Fund	Nonmajor Enterprise Funds	Total	Internal Service Funds
Assets							
Current assets							
Cash and cash equivalents	$ 6,546,278	$ 2,496,721	$ 9,053,121	$ 1,269,461	$ 2,950,376	$ 22,315,957	$ 14,317,464
Investments	-	-	-	-	376,845	376,845	-
Receivables - net of allowances							
Customers	1,621,505	1,077,536	533,454	12,895	18,305	3,263,695	-
Special assessments, current	3,328	7,461	-	-	-	10,789	54,809
Accounts and contracts	-	9,261	4,024	-	18,624	31,909	23,434
Accrued interest	14,813	10,059	20,450	3,063	6,126	54,511	28,835
Inventories	733,510	-	-	25,268	32,998	791,776	741,475
Prepaid items	-	-	-	595	32,308	32,903	953,039
Restricted assets							
Cash and cash equivalents	-	1,327,548	-	-	-	1,327,548	-
Total current assets	8,919,434	4,928,586	9,611,049	1,311,282	3,435,582	28,205,933	16,119,056
Noncurrent assets							
Restricted assets							
Cash and cash equivalents	92,620	-	2,316,761	-	-	2,409,381	-
Special assessments receivable	-	-	-	-	-	-	191,505
Capital assets not being depreciated	973,619	586,876	1,283,429	810	1,397,708	4,242,442	55,000
Capital assets, net of accumulated depreciation	44,423,759	40,030,566	13,768,857	6,274,641	17,608,059	122,105,882	9,563,732
Investment in joint venture	13,991,254	-	-	-	-	13,991,254	-
Total noncurrent assets	59,481,252	40,617,442	17,369,047	6,275,451	19,005,767	142,748,959	9,810,237
Total assets	68,400,686	45,546,028	26,980,096	7,586,733	22,441,349	170,954,892	25,929,293
Deferred outflows of resources							
Deferred amount of debt refunding	-	-	-	211,808	-	211,808	-
Deferred amount relating to net pension liability - MERS	1,548,579	863,340	595,685	84,523	326,017	3,418,144	781,836
Deferred amount relating to net OPEB liability	308,538	175,915	105,480	18,210	72,496	680,639	163,889
Total deferred outflows of resources	1,857,117	1,039,255	701,165	314,541	398,513	4,310,591	945,725

See Accompanying Notes to the Financial Statements

City of Midland, Michigan
Proprietary Funds
Statement of Net Position
June 30, 2019

	Water Fund	Wastewater Fund	Sanitary Landfill Fund	Civic Arena Fund	Nonmajor Enterprise Funds	Total	Internal Service Funds
Liabilities							
Current liabilities							
Accounts payable	$ 891,980	$ 44,608	$ 121,319	$ 30,467	$ 112,221	$ 1,200,595	$ 220,667
Accrued and other liabilities	-	-	-	-	28,648	28,648	-
Deposits	1,820	-	-	2,233	161,790	165,843	1,500
Unearned revenue	15,673	1,579	-	-	66,697	83,949	-
Accrued interest	-	7,548	24,688	11,512	-	43,748	-
Estimated healthcare claims	-	-	-	-	-	-	331,275
Total current liabilities	909,473	53,735	146,007	44,212	369,356	1,522,783	553,442
Noncurrent liabilities							
Current portion of noncurrent liabilities	186,377	1,445,992	390,325	272,154	78,824	2,373,672	113,895
Guarantee deposits	92,620	-	-	-	-	92,620	-
Long-term debt net of current portion	115,782	1,727,169	3,749,045	3,049,326	58,463	8,699,785	138,515
Net pension liability - MERS	10,278,814	5,730,489	3,953,904	561,027	2,163,961	22,688,195	5,189,498
Net OPEB liability	4,047,863	2,307,913	1,383,846	238,905	951,112	8,929,639	2,150,146
Accrued landfill closure and postclosure care costs	-	-	4,586,000	-	-	4,586,000	-
Total noncurrent liabilities	14,721,456	11,211,563	14,063,120	4,121,412	3,252,360	47,369,911	7,592,054
Total liabilities	15,630,929	11,265,298	14,209,127	4,165,624	3,621,716	48,892,694	8,145,496
Deferred inflows of resources							
Deferred amount relating to net OPEB liability	132,039	75,283	45,140	7,793	31,024	291,279	70,136
Net position							
Net investment in capital assets	45,397,378	37,653,379	11,102,286	3,182,259	18,937,501	116,272,803	9,618,732
Unrestricted (deficit)	9,097,457	(2,408,677)	2,324,708	545,598	249,621	9,808,707	9,040,654
Total net position	$ 54,494,835	$ 35,244,702	$ 13,426,994	$ 3,727,857	$ 19,187,122	126,081,510	$ 18,659,386
Some amounts reported for business-type activities in the statement of net position are different because certain internal service funds assets and liabilities are reported with business-type activities						7,297,222	
Net position of business-type activities						$ 133,378,732	

See Accompanying Notes to the Financial Statements

City of Midland, Michigan
Proprietary Funds
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2019

	Water Fund	Wastewater Fund	Sanitary Landfill Fund	Civic Arena Fund	Nonmajor Enterprise Funds	Total	Internal Service Funds
Operating revenue							
Customer fees	$ 10,927,441	$ 6,411,536	$ -	$ -	$ -	$ 17,338,977	$ -
Use and admission charges	-	-	4,222,927	1,083,109	1,073,342	6,379,378	-
Billings to other funds	-	-	-	-	-	-	11,970,757
Rental income	390,900	-	-	-	2,779,952	3,170,852	5,181,665
Fines and forfeits	90,559	90,595	4,294	-	-	185,448	-
Sale of meals	-	-	-	-	752,736	752,736	-
Other revenue	70,343	237,519	32,623	16,414	303,746	660,645	2,278,949
Total operating revenue	11,479,243	6,739,650	4,259,844	1,099,523	4,909,776	28,488,036	19,431,371
Operating expenses							
Operations	4,164,196	2,085,982	4,208,874	800,525	4,585,978	15,845,555	16,908,931
Administration	1,347,471	1,056,651	-	-	-	2,404,122	-
Maintenance	3,861,254	2,212,838	-	38,367	130,377	6,242,836	-
Other expenses	7,467	38,414	19,264	16,426	2,205	83,776	-
Depreciation and amortization	1,746,421	1,863,693	1,380,722	239,246	817,463	6,047,545	1,631,931
Total operating expenses	11,126,809	7,257,578	5,608,860	1,094,564	5,536,023	30,623,834	18,540,862
Operating income (loss)	352,434	(517,928)	(1,349,016)	4,959	(626,247)	(2,135,798)	890,509
Nonoperating revenue (expenses)							
Interest income	97,671	67,094	204,711	19,467	47,817	436,760	199,475
Contractual revenues	172,821	-	-	-	-	172,821	-
Gain (loss) on disposition of assets	-	-	(4,536)	-	-	(4,536)	26,214
Interest expense	-	(77,316)	(100,500)	(93,271)	(138,148)	(409,235)	-
Total nonoperating revenues (expenses)	270,492	(10,222)	99,675	(73,804)	(90,331)	195,810	225,689
Income (loss) before contributions and transfers	622,926	(528,150)	(1,249,341)	(68,845)	(716,578)	(1,939,988)	1,116,198

See Accompanying Notes to the Financial Statements

City of Midland, Michigan
Proprietary Funds
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2019

	Water Fund	Wastewater Fund	Sanitary Landfill Fund	Civic Arena Fund	Nonmajor Enterprise Funds	Total	Internal Service Funds
Capital contributions	$ 584,700	$ 308,000	$ -	$ -	$ 95,184	$ 987,884	$ 76,589
Transfers in	-	823,191	-	350,000	376,557	1,549,748	-
Transfers out	-	-	-	-	-	-	(39,314)
Change in net position	1,207,626	603,041	(1,249,341)	281,155	(244,837)	597,644	1,153,473
Net position - beginning of year	53,287,209	34,641,661	12,636,689	3,446,702	19,431,959	123,444,220	19,545,559
Transfer	-	-	2,039,646	-	-	2,039,646	(2,039,646)
Net position - beginning of year (restated)	53,287,209	34,641,661	14,676,335	3,446,702	19,431,959	125,483,866	17,505,913
Net position - end of year	$ 54,494,835	$ 35,244,702	$ 13,426,994	$ 3,727,857	$ 19,187,122	$ 126,081,510	$ 18,659,386
Some amounts reported for business-type activities in the statement of activities are different because the net revenue (expense) of certain internal service funds is reported with business-type activities						302,733	
Change in net position of business-type activities						$ 900,377	

See Accompanying Notes to the Financial Statements

City of Midland, Michigan
Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2019

	Water Fund	Wastewater Fund	Sanitary Landfill Fund	Civic Arena Fund	Nonmajor Enterprise Funds	Total	Internal Service Funds
Cash flows from operating activities							
Receipts from customers	$ 11,928,383	$ 6,898,211	$ 4,270,143	$ 1,093,700	$ 4,909,553	$ 29,099,990	$ 7,629,027
Receipts from other funds	-	-	-	-	-	-	11,969,657
Payments to other funds	-	-	(21,472)	-	-	(21,472)	-
Payments to suppliers	(3,765,782)	(1,655,062)	(1,140,503)	(667,872)	(2,864,368)	(10,093,587)	(14,350,938)
Payments to employees	(5,076,495)	(3,190,000)	(2,556,239)	(244,682)	(1,905,385)	(12,972,801)	(2,233,103)
Net cash provided by operating activities	3,086,106	2,053,149	551,929	181,146	139,800	6,012,130	3,014,643
Cash flows from noncapital financing activities							
Transfer from other funds	-	823,191	-	350,000	376,557	1,549,748	-
Transfers to other funds	-	-	-	-	-	-	(39,314)
Net cash provided (used) by noncapital financing activities	-	823,191	-	350,000	376,557	1,549,748	(39,314)
Cash flows from capital and related financing activities							
Capital contributions	-	-	-	-	95,184	95,184	76,589
Purchases/construction of capital assets	(3,302,554)	(1,148,853)	(180,599)	(810)	(160,692)	(4,793,508)	(2,886,276)
Principal and interest paid on long-term debt	-	(1,367,316)	(380,500)	(329,016)	(164,808)	(2,241,640)	-
Proceeds from sale of capital assets	-	-	24,109	-	-	24,109	228,625
Net cash used by capital and related financing activities	(3,302,554)	(2,516,169)	(536,990)	(329,826)	(230,316)	(6,915,855)	(2,581,062)
Cash flows from investing activities							
Interest received	97,671	67,094	204,711	19,467	183,170	572,113	199,475
Net change in cash and cash equivalents	(118,777)	427,265	219,650	220,787	469,211	1,218,136	593,742
Cash and cash equivalents - beginning of year	6,757,675	3,397,004	10,539,025	1,048,674	2,481,165	24,223,543	14,334,929
Transfer	-	-	611,207	-	-	611,207	(611,207)
Cash and cash equivalents - beginning of year (restated)	6,757,675	3,397,004	11,150,232	1,048,674	2,481,165	24,834,750	13,723,722
Cash and cash equivalents - end of year	$ 6,638,898	$ 3,824,269	$ 11,369,882	$ 1,269,461	$ 2,950,376	$ 26,052,886	$ 14,317,464

See Accompanying Notes to the Financial Statements

City of Midland, Michigan
Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2019

	Water Fund	Wastewater Fund	Sanitary Landfill Fund	Civic Arena Fund	Nonmajor Enterprise Funds	Total	Internal Service Funds
Cash and equivalents reported on Statement of Net Position as follows							
Cash and cash equivalents	$ 6,546,278	$ 2,496,721	$ 9,053,121	$ 1,269,461	$ 2,950,376	$ 22,315,957	$ 14,317,464
Cash and cash equivalents - restricted current	-	1,327,548	-	-	-	1,327,548	-
Cash and cash equivalents - restricted noncurrent	92,620	-	2,316,761	-	-	2,409,381	-
Net cash and equivalents	$ 6,638,898	$ 3,824,269	$ 11,369,882	$ 1,269,461	$ 2,950,376	$ 26,052,886	$ 14,317,464
Noncash investing activities - changes in fair value of investments	$ -	$ -	$ -	$ -	$ (135,353)	$ (135,353)	$ -
Reconciliation of operating income (loss) to net cash provided (used) by operating activities							
Operating income (loss)	$ 525,255	$ (517,928)	$ (1,349,016)	$ 4,959	$ (626,247)	$ (1,962,977)	$ 890,509
Adjustments to reconcile operating income to net cash from operating activities							
Depreciation and amortization expense	1,746,421	1,863,693	1,380,722	239,246	817,463	6,047,545	1,631,931
Noncash portion related to net pension liability - MERS	1,794,270	1,283,878	828,839	80,608	158,793	4,146,388	630,587
Noncash portion related to net OPEB liability	39,907	36,436	10,078	(55,798)	(32,742)	(2,119)	(162,137)
Loss on investment in joint venture	260,674	-	-	-	-	260,674	-
Changes in assets and liabilities							
Receivables (net)	276,319	13,064	(11,173)	(5,823)	(223)	272,164	167,313
Due from other units of government	-	145,497	-	-	-	145,497	-
Due from other funds	-	-	21,472	-	-	21,472	-
Inventories	(57,110)	-	-	2,906	797	(53,407)	(105,514)
Prepaid items	-	-	-	(595)	(18,939)	(19,534)	484,404
Deferred outflows relating to net pension liability - MERS	(855,232)	(509,461)	(341,033)	(46,327)	(161,163)	(1,913,216)	(410,457)
Deferred outflows relating to net OPEB liability	(306,075)	(174,519)	(104,636)	(18,028)	(71,891)	(675,149)	(162,470)
Accounts payable	(195,323)	(53,887)	(46,987)	(7,236)	27,674	(275,759)	102,362
Accrued and other liabilities	(47,041)	19,386	16,404	(6,359)	7,175	(10,435)	2,042
Deposits	-	-	-	(7)	58,785	58,778	-
Due to other funds	-	-	(21,472)	-	-	(21,472)	-
Accrued landfill closure costs	-	-	208,000	-	-	208,000	-
Unearned revenue	(155)	1,500	-	-	2,195	3,540	-
Deferred inflows relating to net pension liability - MERS	(217,373)	(123,859)	(80,821)	(13,423)	(50,330)	(485,806)	(118,024)
Deferred inflows relating to net OPEB liability	121,569	69,349	41,552	7,023	28,453	267,946	64,097
Net cash provided by operating activities	$ 3,086,106	$ 2,053,149	$ 551,929	$ 181,146	$ 139,800	$ 6,012,130	$ 3,014,643

See Accompanying Notes to the Financial Statements

City of Midland, Michigan
Fiduciary Funds
Statement of Net Position
June 30, 2019

	Police and Fire Retirement Trust Fund	Agency Funds
Assets		
Cash and cash equivalents	$ 2,273,679	$ 1,151,657
Investments		
Common stock	32,130,757	-
Preferred stock	711,323	-
Bonds	19,090,683	-
International funds	9,978,609	-
Alternative investments	3,545,162	-
Receivables - net of allowances		
Accounts and contracts	-	40,714
Accrued interest and other	77,340	238
Prepaids	-	103,700
Total assets	67,807,553	$ 1,296,309
Liabilities		
Accrued and other liabilities	-	$ 639,379
Due to foundations	-	203,540
Due to other units of government	-	453,390
Total liabilities	-	$ 1,296,309
Net position		
Net position restricted for pensions	$ 67,807,553	

See Accompanying Notes to the Financial Statements

City of Midland, Michigan
Fiduciary Funds
Statement of Changes in Net Position
For the Year Ended June 30, 2019

	Police and Fire Retirement Trust Fund
Additions	
Contributions	
Employer	$ 2,703,865
Plan members	625,929
Total contributions	3,329,794
Investment earnings	
Net gain on fair value of investments	2,603,160
Interest	420,429
Dividends	1,040,295
Total investment earnings	4,063,884
Less investment expense	(405,660)
Net investment earnings	3,658,224
Other expense	(187,594)
Total additions	6,800,424
Deductions	
Benefits paid	5,294,958
Change in net position	1,505,466
Net position restricted for pensions - beginning of year	66,302,087
Net positions restricted for pensions - end of year	$ 67,807,553

See Accompanying Notes to the Financial Statements

Note 1 - Summary of Significant Accounting Policies

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

Reporting Entity

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

Blended Component Unit

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

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

Joint Ventures

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

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

A summary of SMMWSC's financial information for the year ended June 30, 2019 follows:

Total assets and deferred outflows of resources	$ 37,650,826
Total liabilities and deferred inflows of resources	7,569,630
Equity - City of Midland	13,991,254
Equity - City of Saginaw	16,089,942
Total revenues	4,387,610
Total expenses	4,948,059
Net loss	(560,449)

At June 30, 2019, total outstanding bonded debt of the SMMWSC was $4,435,000. The City was obligated for $2,062,791 of this total.

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

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

Total net position per the JBA June 30, 2019 financial statements was $840,188. The City's equity of 64.80 percent of this total, resulted in $544,442 at June 30, 2019 which is recorded in the government-wide statements.

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

Government-Wide and Fund Financial Statements

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

The City reports the following major governmental funds:

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

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

The City reports the following major proprietary funds:

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

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

The Sanitary Landfill Fund accounts for the operation and maintenance of the City's trash and garbage disposal system.

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

The City reports the following nonmajor governmental funds:

Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

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

Debt Service Fund

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

Permanent Fund

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

The City reports the following nonmajor proprietary funds:

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

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

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

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

Additionally, the City reports the following internal service funds:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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

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

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

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

Receivables and payables – In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangement outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

Property tax receivables are shown as net of allowance for uncollectible amounts totaling $62,500. The property tax receivable allowance at June 30, 2019 equals 100 percent of outstanding property taxes over two years old, 50 percent of outstanding property taxes two years old, and 10 percent of outstanding property taxes one year old.

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

The 2018 taxable valuation of the City totaled $2,082,641,028 on which ad valorem taxes consisted of 12.6102 mills for the City's operating purposes, 1.0000 mills for Library services, 1.2677 for pension savings, and 0.2606 mills for debt levies. This resulted in $24,963,608 for operating expenses, $1,979,636 for the Library, $2,509,585 for pension savings, and $542,736 for debt service, exclusive of any Michigan Tax Tribunal or Board of Review adjustments.

Inventories and prepaid items – Inventories are valued at cost, on an average cost method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both the government-wide and fund financial statements.

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

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

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

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

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

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

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

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

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

All sick and vacation pay is accrued when incurred in the government-wide, and proprietary fund financial statements. A liability for the entire amount, current and long term is accrued in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

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

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

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees Retirement System (MERS) of Michigan and the Police and Fire Retirement System and additions to/deductions from MERS and the Police and Fire Retirement System's fiduciary net position have been determined on the same basis as they are reported to the systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

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

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

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

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

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

The governmental funds have committed fund balance as of June 30, 2019 for the following purposes:

General future expenditures	$	4,731,452
General budget stabilization		4,539,572
Center city authority		1,000
Stormwater management		364,106
Midland community television		56,832
Total	$	9,692,962

Each year as part of the annual budget process, City Council establishes a General Fund unreserved fund balance goal. In addition, Council has established a budget stabilization reserve within the General Fund to hold personal property tax refunds from the State of Michigan, that exceed the 100% expected reimbursement amount. This reserve was established by City Council, and can only be used with their permission. The intent of the reserve is to provide funding options for future-year General Fund budgets. The balance as of June 30, 2019 was $4,539,572.

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

The governmental funds have an assigned fund balance as of June 30, 2019 for the following purposes:

General fund encumbrances	$	1,968,215
Stormwater management		1,078,092
Midland community television		1,556,793
Total	$	4,603,100

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

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

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

Encumbrances
The following encumbrances are reported within assigned and restricted fund balance in the governmental funds:

General cash flow management	$	1,968,215
Major street		5,539,528
Nonmajor governmental		1,226,433

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

Adoption of New Accounting Standards
Statement No. 83, *Certain Asset Retirement Obligations* establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. The requirements of this Statement are effective for the fiscal year ending June 30, 2019.

Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* improves the information that is disclosed in notes to the financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities should be included when disclosing information related to debt. It requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. It will also require that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement are effective for the fiscal year ending June 30, 2019.

Upcoming Adoption of New Accounting Standards
Statement No. 84, *Fiduciary Activities* improves the guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The focus of the criteria includes the following: (1) is the government controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. The four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally will report fiduciary activities that are not held in a trust or similar arrangement that meets specific criteria. The requirements of this Statement are effective for the fiscal year ending June 30, 2020.

Statement No. 87, *Leases* increases the usefulness of the financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. A lessee will be required to recognize a lease liability and an intangible right-to-use a lease asset, and a lessor will be required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about leasing activities. The requirements of this Statement are effective for the fiscal year ending June 30, 2021.

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. It requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end

of a construction period will not be included in the historical cost of a capital asset reporting in a business-type activity or enterprise fund. Interest cost incurred before the end of a construction period should be recognized as an expenditure for financial statements prepared using the current financial resources measurement. The requirements of this Statement are effective for the fiscal year ending June 30, 2021.

Statement No. 90, *Majority Equity Interests* improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain components. This statement is effective for the year ending June 30, 2020.

Statement No. 91, *Conduit Debt Obligations* provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This statement is effective for the year ending June 30, 2022.

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

Note 2 - Stewardship, Compliance, and Accountability

State Construction Code Act

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

Shortfall at July 1, 2018		$ (1,094,640)
Current year building permit revenue		564,180
Related expenses:		
Direct costs	$ 577,562	
Estimated indirect costs	34,654	
Total construction code expenses		612,216
Cumulative shortfall at June 30, 2019		$ (1,142,676)

Excess of Expenditures Over Appropriations

The City did not have any significant expenditure budget variances.

Note 3 - Deposits and Investments

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

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

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

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

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

	Cash and Cash Equivalents	Investments	Restricted Cash and Cash Equivalents	Total
Governmental activities	$ 64,232,249	$ -	$ -	$ 64,232,249
Business-type activities	22,315,957	376,845	3,736,929	26,429,731
Total primary government	86,548,206	376,845	3,736,929	90,661,980
Fiduciary funds	3,425,336	65,456,534	-	68,881,870
Total	$ 89,973,542	$ 65,833,379	$ 3,736,929	$ 159,543,850

The break down between deposits and investments is as follows:

	Primary Government	Fiduciary Funds	Total
Bank deposits (checking and savings accounts, money markets and certificates of deposit)	$ 90,275,983	$ 3,425,336	$ 93,701,319
Investments in securities, mutual funds and similar vehicles	376,845	65,456,534	65,833,379
Petty cash and cash on hand	9,152	-	9,152
Total	$ 90,661,980	$ 68,881,870	$ 159,543,850

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

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

investments. The Ironwood Institutional Multi-Strategy Fund LLC alternative investment was 5.14% of total investments, respectively.

Custodial Credit Risk of Bank Deposits – Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At year end, the City had $74,110,162 of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. The City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the City evaluates each financial institution with which it deposits its funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

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

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

Investment	Fair Value	Weighted Average Maturity (Years)
Commercial paper	$ 11,362,923	0.12
Corporate bonds	9,875,683	5.53
FHLM	157,120	27.04
FNMA	2,075,651	27.56
Municipal obligation	2,016,643	2.62
U.S. Treasury notes	2,451,507	10.62

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

Investment	Fair Value	Rating	Organization
Commercial paper	$ 9,782,187	A1	S & P
Commercial paper	1,580,736	A2	S & P
Corporate bonds	1,168,325	A	S & P
Corporate bonds	1,102,714	A-	S & P
Corporate bonds	86,922	A+	S & P
Corporate bonds	115,008	AA+	S & P
Corporate bonds	738,599	AAA	S & P
Corporate bonds	1,809,863	BBB	S & P
Corporate bonds	965,356	BBB-	S & P
Corporate bonds	1,462,254	BBB+	S & P
Corporate bonds	1,902,531	N/A	N/A
Corporate bonds	120,354	B-	S & P
Corporate bonds	70,451	B+	S & P
Corporate bonds	204,315	BB+	S & P
Corporate bonds	128,991	BB-	S & P
Exchange traded and closed end	1,651,463	N/A	N/A
FHLM	157,120	AA+	S & P
FNMA	2,075,651	AA+	S & P
Money market funds	383,478	N/A	N/A
Municipal obligation	2,016,643	N/A	N/A
Mutual funds	4,757,686	N/A	N/A
Pooled funds	4,692,911	N/A	N/A

Endowments
The City has established endowment funds at the Midland Area Community Foundation (the "Foundation"). The Foundation has variance power over the funds transferred by the City to the endowment fund and could use those funds for other purposes. Assets held at the Foundation where the Foundation has variance power are not included in these financial statements and had a market value of $3,131,489 at June 30, 2019.

Alternative Investments
The City is invested in two alternative investments as of June 30, 2019. The City has approved an investment asset allocation by class that establishes minimum, maximum, and target allocations. Alternative investments are not to exceed 15% of the asset allocation per the strategy. The alternative investments held by the City are privately offered and invest in various third party private investment funds. The Ironwood Institutional Multi-Strategy Fund had a fair value of $3,381,727 at June 30, 2019. The Mesirow Institutional Multi-Strategy Fund LP had a fair value of $163,435 at June 30, 2019. The fair value of these funds is determined by the net asset value per share.

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

The Ironwood Institutional Multi-Strategy Fund may suspend or postpone a tender offer in limited circumstances and only by a vote of a majority of the Board, including a majority of the Independent Directors. These circumstances may include the following: (i) a period during which an emergency exists as a result of which it is not reasonably practicable for the Fund to dispose of securities it owns or to determine the value of the Fund's net assets; (ii) for any other periods that the SEC permits by order; or (iii) other unusual circumstances as the Board determines, in compliance with applicable laws, it is in the best interest of the Fund, the Feeder Fund, the Members or the members of the Feeder Fund to suspend or postpone such tender offer. There are no intentions to sell the funds as of June 30, 2019 and there were no unfunded commitments

For the Mesirow Institutional Multi-Strategy Fund LP, the City can make additional contributions on the first business day of each calendar quarter at the discretion of the general partner. The City may also withdraw capital at the end of any calendar quarter upon 95 days prior written notice to the general partner or at any time with the consent of the general partner. During the prior fiscal year, the City chose to redeem their investment in the fund. The 5% required holdback amount was still owed at year end and makes up the entire balance remaining in the fund. These funds are expected to be paid in full in approximately July 2019.

Note 4 - Fair Value

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

The City has the following recurring fair value measurements as of June 30, 2019:

	Balance at Year End	Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Unobservable Inputs (Level 3)
Common stock	$ 32,507,602	$ 32,507,602	$ -
Preferred stock	711,323	711,323	-
Bonds	19,090,683	19,090,683	-
International funds	9,978,609	9,978,609	-
Alternative investments	3,545,162	-	3,545,162
Total	$ 65,833,379	$ 62,288,217	$ 3,545,162

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

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

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

Beginning balance, July 1	$ 3,462,458
Unrealized gain	82,704
Ending balance, June 30	$ 3,545,162

Note 5 - Receivables

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

	Due After One Year
Special assessments	$ 191,505

The receivables are included in the Special Assessment Revolving Fund.

Note 6 - Unearned Revenue

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

Grants and contributions	$ 77,906
Utility overpayments	17,252
Other revenue	66,697
Total	$ 161,855

Note 7 - Capital Assets

Capital assets activity of the City for the year ended June 30, 2019 was as follows:

	Beginning Balance	Transfers	Increases	Decreases	Ending Balance
Governmental activities					
Capital assets not being depreciated					
Land	$ 6,336,058	$ -	$ 15,847	$ -	$ 6,351,905
Construction in progress	9,899,474	-	2,685,095	8,920,456	3,664,113
Total capital assets not being depreciated	16,235,532	-	2,700,942	8,920,456	10,016,018
Capital assets being depreciated					
Major and local streets	97,681,003	-	13,942,234	-	111,623,237
Sidewalks	6,148,932	-	144,179	-	6,293,111
Buildings	34,545,649	(4,214,692)	1,158,080	26,125	31,462,912
Land improvements	31,701,554	(937,285)	682,647	31,809	31,415,107
Library circulation materials	4,571,808	-	-	-	4,571,808
Equipment	16,720,107	(5,751,506)	349,693	777,792	10,540,502
Vehicles	18,653,460	-	2,693,971	2,124,712	19,222,719
Total capital assets being depreciated	210,022,513	(10,903,483)	18,970,804	2,960,438	215,129,396
Less accumulated depreciation for					
Major and local streets	50,501,347	-	4,054,643	-	54,555,990
Sidewalks	4,105,303	-	197,290	-	4,302,593
Buildings	16,871,753	(590,075)	792,707	12,328	17,062,057
Land improvements	10,575,916	(131,027)	777,514	7,939	11,214,464
Library circulation materials	4,571,808	-	-	-	4,571,808
Equipment	12,155,495	(3,862,429)	447,685	770,270	7,970,481
Vehicles	11,374,157	-	1,583,322	1,888,570	11,068,909
Total accumulated depreciation	110,155,779	(4,583,531)	7,853,161	2,679,107	110,746,302
Net capital assets being depreciated	99,866,734	(6,319,952)	11,117,643	281,331	104,383,094
Governmental activities capital assets, net	$ 116,102,266	$ (6,319,952)	$ 13,818,585	$ 9,201,787	$ 114,399,112

	Beginning Balance	Transfers	Increases	Decreases	Ending Balance
Business-type activities					
Capital assets not being depreciated					
Land	$ 2,777,794	$ -	$ -	$ -	$ 2,777,794
Construction in progress	4,820,130	-	1,418,977	4,774,459	1,464,648
Total capital assets not being depreciated	7,597,924	-	1,418,977	4,774,459	4,242,442
Capital assets being depreciated					
Water and sewer lines	104,851,313	206,284	3,823,415	-	108,881,012
Building and building improvements	88,531,768	4,008,408	4,363,728	-	96,903,904
Land improvements	9,647,906	939,455	78,474	-	10,665,835
Landfill improvements	13,693,436	-	-	-	13,693,436
Equipment	11,078,033	5,749,336	776,072	-	17,603,441
Vehicles	2,211,210	-	-	94,200	2,117,010
Total capital assets being depreciated	230,013,666	10,903,483	9,041,689	94,200	249,864,638
Less accumulated depreciation for					
Water and sewer lines	45,556,132	-	2,046,372	-	47,602,504
Building and building improvements	49,744,818	590,075	2,162,448	-	52,497,341
Land improvements	2,976,232	131,027	213,398	-	3,320,657
Landfill improvements	10,139,430	(4,701)	241,731	-	10,376,460
Equipment	7,215,552	3,867,130	1,255,830	-	12,338,512
Vehicles	1,561,089	-	127,766	65,573	1,623,282
Total accumulated depreciation	117,193,253	4,583,531	6,047,545	65,573	127,758,756
Net capital assets being depreciated	112,820,413	6,319,952	2,994,144	28,627	122,105,882
Business-type capital assets, net	$ 120,418,337	$ 6,319,952	$ 4,413,121	$ 4,803,086	$ 126,348,324

As disclosed in Note 21, the Renewable Energy Services internal service fund was merged with the Sanitary Landfill Fund as of July 1, 2018. As a result, capital assets from the Renewable Energy Services Fund were transferred to the Sanitary Landfill Fund.

Depreciation expense was charged to programs as follows:

Governmental activities:	
General government	$ 173,256
Public safety	522,687
Public works	5,564,808
Sanitation	304,337
Parks and recreation	697,031
Library	287,452
Airport	87,817
Transportation	206,736
Other functions	9,037
Total governmental activities	$ 7,853,161
Business-type activities:	
Civic Arena	$ 239,246
Landfill	1,380,722
Senior Housing	599,592
Golf course	180,991
Parking system	36,880
Wastewater	1,863,693
Water	1,746,421
Total business-type activities	$ 6,047,545

Note 8 - Construction Commitments

The City had active construction projects as of June 30, 2019. The projects included sidewalk, streets, storm, senior housing, wastewater, and water system projects.

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

	Spent to Date	Remaining Commitment
General construction projects	$ 659,344	$ 129,101
Street projects	8,656,124	1,753,938
Storm projects	552	71,829
Library projects	370	12,000
Civic arena projects	810	35,700
Currie golf projects	21,366	4,183
Wastewater projects	7,866	100,459
Water projects	919,860	490,574
Total	$ 10,266,292	$ 2,597,784

Note 9 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
Nonmajor governmental funds	Nonmajor governmental funds	$ 78,999

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

The detail for interfund transfers is as follows:

	General Fund	Major Street Fund	Local Street Fund	Community Development Block Grant Fund	Special Activities Fund	Downtown Development Authority Fund	Debt Service Fund	Special Assessment Revolving Fund	Total
Transfers In									
General Fund	$ -	$ -	$ -	$ -	$ 847	$ -	$ -	$ 39,314	$ 40,161
Local Street Fund	-	3,125,000	-	-	-	-	-	-	3,125,000
Stormwater Management Fund	670,000	138,500	164,296	-	-	-	-	-	972,796
Grace A. Dow Memorial Library Fund	1,100,399	-	-	-	-	-	-	-	1,100,399
Dial-a-Ride Transportation Fund	516,910	-	-	-	-	-	-	-	516,910
Downtown Development Authority Fund	10,000	-	-	-	-	-	-	-	10,000
Debt Service Fund	1,751,011	-	-	-	-	-	-	-	1,751,011
Civic Arena Fund	350,000	-	-	-	-	-	-	-	350,000
Washington Woods Fund	-	-	-	65,107	1,450	-	-	-	66,557
Currie Golf Course Fund	250,000	-	-	-	-	-	-	-	250,000
Parking Fund	15,000	-	-	-	-	45,000	-	-	60,000
Wastewater Fund	-	-	-	-	-	-	823,191	-	823,191
Total	$ 4,663,320	$ 3,263,500	$ 164,296	$ 65,107	$ 2,297	$ 45,000	$ 823,191	$ 39,314	$ 9,066,025

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

Note 10 - Leases

Operating Leases

The City leases its police facility under a non-cancelable operating lease. Total costs for the lease were $283,292 for the year ended June 30, 2019. According to the terms of its lease with the Midland City/County Joint Building Authority, the City's obligation for operating leases amounts to 64.8 percent of total operating expenses of the police facility.

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

Year ending June 30,	
2020	$ 297,375
2021	306,296
2022	315,485
2023	324,950
2024	334,699
2025-2029	1,830,269
Total	$ 3,409,074

Capital Leases

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

Year ending June 30,	
2020	$ 29,456
2021	30,698
2022	10,969
Total minimum lease payments	71,123
Less amount representing interest	2,857
Present value of minimum lease payments	$ 68,266

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

Asset	
Equipment	$ 136,074
Less accumulated depreciation	36,286
Total	$ 99,788

Note 11 - Long-Term Debt

Long-term obligation activity is summarized as follows:

	Amount of Issue	Maturity Date	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Transfers	Ending Balance	Due Within One Year
Governmental activities										
Bonds and notes payable										
General obligation bonds										
2010 Renewable Energy*	$ 6,000,000	October 2030	2.50%	$285,000 - $375,000	$ 4,230,000	$ -	$ -	$ (4,230,000)	$ -	$ -
2016 Judgment Refunding Bonds	7,725,000	May 2022	1.50%	$1,470,000 - $1,530,000	7,450,000	-	1,450,000	-	6,000,000	1,470,000
Total bonds payable					11,680,000	-	1,450,000	(4,230,000)	6,000,000	1,470,000
Compensated absences					3,553,677	1,904,865	1,754,842	-	3,703,700	1,807,848
Total governmental activities					$ 15,233,677	$ 1,904,865	$ 3,204,842	$ (4,230,000)	$ 9,703,700	$ 3,277,848
Business-type activities										
Bonds and notes payable										
General obligation bonds										
2001 Sewer Construction - State Revolving Fund	$ 5,130,000	May 2022	2.50%	$295,000 - $304,063	$ 1,184,063	$ -	$ 285,000	$ -	$ 899,063	$ 295,000
2017 Civic Arena Refunding Bonds	9,480,000	May 2021	2.09%	$265,000 - $335,000	3,560,000	-	255,000	-	3,305,000	265,000
2015 Sewer Refunding Bonds	5,965,000	May 2021	1.69%	$1,025,000 - $1,040,000	3,070,000	-	1,005,000	-	2,065,000	1,025,000
2010 Renewable Energy*	6,000,000	October 2030	2.50%	$285,000 - $375,000	-	-	280,000	4,230,000	3,950,000	285,000
Total bonds payable					7,814,063	-	1,825,000	4,230,000	10,219,063	1,870,000
Capital leases					94,927	-	26,661	-	68,266	27,575
Compensated absences					794,684	463,590	472,146	-	786,128	476,097
Landfill closure and postclosure					4,378,000	208,000	-	-	4,586,000	-
Total business-type activities					$ 13,081,674	$ 671,590	$ 2,323,807	$ 4,230,000	$ 15,659,457	$ 2,373,672

*As disclosed in Note 21, the Renewable Energy Services internal service fund was merged with the Sanitary Landfill Fund as of July 1, 2018. As a result, the 2010 Renewable Energy bonded debt maturing in October 2030, which was previously governmental activities, is now categorized as business-type activities as shown by the transfer.

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

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

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

On December 3, 2001, the City Council authorized issuance of general obligation limited tax bonds, series 2001, in the principal sum not to exceed $5,130,000. The purpose of this issuance was to fund the construction of a storm water retention basin at the wastewater treatment plant. User fees will fund 40 percent of the principal and interest on these bonds and the remaining 60 percent will be funded by a millage that the City has levied. The full faith and credit and the limited taxing power of the City are pledged for payment of the principal and interest thereon.

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

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

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

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

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

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

By statute, the City's general obligation debt is restricted to 10 percent of the equalized value of all property in the City. Certain obligations, such as water revenue refunding bonds, are not subject to this limitation. At June 30, 2019, the City's general obligation debt statutory and legal debt limit amounted to $223,140,000 and the indebtedness subject to the limitation aggregated $16,219,063.

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

Fiscal Year	Governmental Activities		Business-type Activities	
Ending June 30,	Principal	Interest	Principal	Interest
2020	$ 1,470,000	$ 90,000	$ 1,870,000	$ 221,637
2021	1,490,000	67,950	1,915,000	184,152
2022	1,510,000	45,600	884,063	145,786
2023	1,530,000	22,950	595,000	124,707
2024	-	-	610,000	110,939
2025 - 2029	-	-	3,270,000	335,597
2030 - 2034	-	-	1,075,000	25,627
	$ 6,000,000	$ 226,500	$ 10,219,063	$ 1,148,445

Deferred Amount of Debt Refunding

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

Deferred amount on refunding activity is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental activities				
2016 Judgment Refunding Bonds	$ 450,557	$ -	$ 90,111	$ 360,446
Business-type activities				
2017 Civic Arena Refunding Bonds	$ 231,064	$ -	$ 19,256	$ 211,808

Defeased Debt

In the current and prior years, the City defeased bonds issued by creating separate irrevocable trust funds. New debt was issued and the net proceeds of the refunding was placed in special escrow accounts and invested in securities of the U.S. Government and its agencies. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the refunded bonds are considered to be defeased. Accordingly, the trust account assets and liability for the defeased bonds are not included in the City's financial statements. At June 30, 2019, $5,825,000 of bonds outstanding are considered defeased.

Note 12 - Landfill Closure and Postclosure Care Cost

State and federal laws and regulations require the City to place a final cover on its sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and post closure care costs

will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and post closure care costs as operating expense in each period based on landfill capacity used as of each year end. The $4,586,000 reported as landfill closure and post closure care liability at June 30, 2019 represents the cumulative amount reported to date based on the use of 100 percent of the capacity of Area A (32 acres closed in 1993) and cells 1 through 13 (40.2 acres closed in 2005), cell 14 (12.6 acres), 97 percent of the estimated capacity of cell 15, and 50 percent of the estimated capacity of cell 16.

The City will recognize the remaining estimated cost of closure and post closure care of $1,659,113 as the remaining capacity of cells 15 and 16 are filled.

These amounts are based on what it would cost to perform all closure and postclosure care in current dollars. The City expects to reach 100 percent capacity in cell 15 during the fiscal year ending June 2020 and in cell 16 during the fiscal year ending June 30, 2023. The actual cost may be higher due to inflation, changes in technology, or changes in regulations.

The City is required by state and federal laws and regulations to make contributions to a Trust to finance closure and postclosure care. The City is in compliance with these requirements, and at June 30, 2019, cash and cash equivalents in the amount of $2,316,761 were held for these purposes, and reported as restricted assets on the statement of net position. The City expects that future inflation costs will be paid from interest earnings on these contributions. However, if interest earnings are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users or from future tax revenue.

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

Note 13 - Restricted Cash

Cash and cash equivalents are restricted within the Water and Wastewater Funds for future debt service obligations in the amounts of $92,620 and $1,327,548, respectively. Within each of these funds, an offsetting liability “payable from restricted assets” designates the separation of these assets from unreserved assets. In addition, the Landfill Fund has $2,316,761 of restricted assets that are for closure and postclosure costs.

Note 14 - Employee Retirement and Benefit Systems

Police and Fire Pension System

Plan Description – The Police and Fire Pension System is a single-employer defined benefit pension plan that is administered by the City of Midland Police and Fire Employees Retirement System. This plan covers all police and fire employees of the City. The system provides retirement, disability, and death benefits to plan members and their beneficiaries. The plan does not issue a separate financial report. At December 31, 2018, the date of the most recent actuarial valuation, membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	144
Inactive employees entitled to but not yet receiving benefits	2
Active employees	92
	238

Funding policy – The obligation to contribute to and maintain the system for these employees was established by negotiation with the City’s collective bargaining units and requires a contribution from the employees of 8 percent of gross wages from all employees. The City’s funding policy provides for biweekly employee contributions and monthly employer contributions at actuarially determined rates. Administrative costs of the plan are financed through investment

earnings. The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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

Accounting policy – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the System has been determined on the same basis as they are reported by the City. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net pension liability – The City's net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation dated December 31, 2018 using the following actuarial assumptions applied to all periods included in the measurement:

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

Mortality rates were based on the RP-2014 Fully Generational Mortality Tables, with a base year of 2006 and future mortality improvements assume each year using scale MP-2015. The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for a 5-year period ending December 31, 2015, issued August 4, 2016.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-term Projected Rate of Return
U.S. large cap equity	35.00%	5.90%
U.S. small cap	7.50%	5.65%
U.S. mid cap	7.50%	6.60%
International/EM equity	15.00%	5.40%
Cored fixed income	35.00%	2.00%

A single discount rate of 7.00 percent was used to measure the total pension liability. This single discount rate was based on an expected rate of return on pension plan investments of 7.00 percent and municipal bond rate of 3.13 percent. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate.

Changes in net pension liability:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Opening balances	$ 85,791,346	$ 66,302,085	$ 19,489,261
Changes for the year			
Service cost	1,832,656	-	1,832,656
Interest	5,877,567	-	5,877,567
Benefit changes	3,541,578	-	3,541,578
Difference between expected and actual experience	(122,894)	-	(122,894)
Employer contributions	-	2,703,865	(2,703,865)
Employee contributions	-	625,930	(625,930)
Net investment income	-	3,660,538	(3,660,538)
Benefit payments, including refunds of employee contributions	(5,484,865)	(5,484,865)	-
Net changes	5,644,042	1,505,468	4,138,574
Closing balances	$ 91,435,388	$ 67,807,553	$ 23,627,835

The City's annual money-weighted rate of return, net of investment expenses is 5.60%. The plan's net position as a percent of total pension liability is 74.16%

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

	1% Decrease 6.00%	Current Single Discount Rate Assumption 7.00%	1% Increase 8.00%
Total pension liability	$ 102,671,254	$ 91,435,388	$ 82,135,786
Plan fiduciary net position	67,807,553	67,807,553	67,807,553
Net pension liability	$ 34,863,701	$ 23,627,835	$ 14,328,233

Pension expense and deferred outflows and inflows of resources related to pensions – For the year ended June 30, 2019, the City recognized pension expense of $7,487,696. The City reported deferred outflows and deferred inflows related to pensions from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources	Total to Amortize
Difference between expected and actual experience	$ (97,628)	$ 689,076	$ 591,448
Assumption changes	-	894,954	894,954
Net difference between projected and actual earning on plan investments	(627,878)	-	(627,878)
Total	$ (725,506)	$ 1,584,030	$ 858,524

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

Year ending June 30,	
2020	$ 991,658
2021	(222,985)
2022	(69,356)
2023	159,207
Total	$ 858,524

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

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

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

Employees covered by benefit terms – At the December 31, 2018 valuation date, the following employees were covered by benefit terms:

Inactive employees or beneficiaries currently receiving benefits	345
Inactive employees entitled to but not yet receiving benefits	20
Active employees	144
	509

Contributions – The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees. Employer contributions range from 15.53% to 60.87% based on annual payroll for open divisions.

Net pension liability – The employer's net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of that date.

Actuarial assumptions – The total pension liability in the December 31, 2018 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement include: 1) Inflation 2.5%; 2) Salary increases of 3.00% in the long-term; 3) Investment rate of return of 7.35%, net of investment expense, including inflation.

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

Mortality rates used were based on the 2014 Group Annuity Mortality Table of a 50% male and 50% female blend. For disabled retirees, the regular mortality table is used with a 10-year set forward in ages to reflect the higher expected mortality rates of disabled members.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study prepared as of December 31, 2018.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global equity	55.5%	3.41%
Global fixed income	18.5%	0.23%
Real assets	13.5%	0.97%
Diversifying strategies	12.5%	0.63%
Total	100%	

Discount rate – The discount rate used to measure the total pension liability is 8.00%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plans fiduciary net positon 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.

Change in the net pension liability:

Total Pension Liability	
Service cost	$ 881,551
Interest on the total pension liability	10,934,490
Experience differences	898,384
Benefit changes	(7,043)
Benefit payments and refunds	(10,890,306)
Net change in total pension liability	1,817,076
Total pension liability - beginning	141,685,499
Total pension liability - ending (a)	$ 143,502,575
Plan Fiduciary Net Position	
Employer contributions	$ 7,596,133
Employee contributions	165,525
Pension plan net investment income	(3,190,805)
Benefit payments and refunds	(10,890,306)
Pension plan administrative expense	(159,823)
Net change in plan fiduciary net position	(6,479,276)
Plan fiduciary net position - beginning	83,192,935
Plan fiduciary net position - ending (b)	$ 76,713,659
Net pension liability (a-b)	$ 66,788,916
Plan fiduciary net position as a percentage of total pension liability	53.46%
Covered employee payroll	$ 8,713,000
Net pension liability as a percentage of covered employee payroll	766.54%

Sensitivity of the net pension liability to changes in the discount rate – The following presents the net pension liability of the City, calculated using the discount rate of 8.00%, as well as what the employer's net pension liability would be using a discount rate that is 1% point lower (7.00%) or 1% higher (9.00%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
Total pension liability	$ 157,501,060	$ 143,502,575	$ 131,506,199
Fiduciary net position	76,713,659	76,713,659	76,713,659
Net pension liability	$ 80,787,401	$ 66,788,916	$ 54,792,540

Pension expense and deferred outflows and inflows of resources related to pensions – For the year ended June 30, 2019, the City recognized pension expense of $8,333,740. The City reported deferred outflows and deferred inflows related to pensions from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources	Total to Amortize
Differences in experience	$ -	$ 955,110	$ 955,110
Net difference between projected and actual earning on plan investments	-	5,857,131	5,857,131
Contributions subsequent to the measurement date*	-	3,250,001	-
Total	$ -	$ 10,062,242	$ 6,812,241

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

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

Year ending June 30,		
2020	$	2,776,577
2021		951,217
2022		1,141,506
2023		1,942,941
Total	$	6,812,241

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

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

The City's total payroll during the current year was $25,836,874. The current year contribution was calculated based on covered payroll of $5,147,081, resulting in an employer contribution of $625,477. Employee contributions were $249,557.

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

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

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

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

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

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

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

The City's total payroll during the current year was $25,836,874. The current year contribution was calculated based on 84 participants and covered payroll of $3,293,211, resulting in an employer defined benefit contribution of $220,485, defined contribution of $250,301 and employee contributions of $196,161.

Note 15 - Postemployment Benefits

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

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

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

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

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

Year	Number of Retirees	Amount
2017	556	$ 6,143,293
2018	542	5,713,961
2019	584	5,750,825

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

The covered wages for the retiree health post employment for the fiscal year were $8,648,994.

Health Care Savings Program

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

The City's total payroll during the current year was $25,836,874. The current year contribution was calculated based on covered payroll of $8,914,351, resulting in an employer contribution of $178,287.

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

The current year contribution was calculated based on a covered payroll of $1,590,907, resulting in an employer contribution of $31,818 and employee contributions of $31,818.

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

compensation to the HSA. An employee contribution to the HSA will not be available effective July 1, 2013.

The current year contribution was calculated based on a covered payroll of $1,288,881 resulting in an employer contribution of $25,778 and employee contributions of $0.

Other Post Employment Benefits

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

Plan membership – At June 30, 2018, the plan membership consisted of the following:

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

The OPEB plan is closed to new members.

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

Contributions – The contribution requirements of Plan members and the City are established and may be amended by the City Council. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the City. For the year ended June 30, 2019, the City contributed $6,485,186 to the plan which was $958,594 more than the Actuarially Determined Contribution (ADC). Plan members are not required to contribute to the plan.

Investment policy – The Plans policy in regards to the allocation of invested assets is established and may be amended by the Employees Retirement System Board by a majority vote of its members. It is the policy of the Retirement System Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The Plans investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best-estimate of arithmetic real rates of return for each major class included in the target asset allocation as of June 30, 2019

are summarized below along with the Boards adopted asset allocation policy:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global equity	55.50%	3.41%
Global fixed income	18.50%	0.23%
Real assets	13.50%	0.97%
Diversifying strategies	12.50%	0.63%
Total	100%	

Rate of return – For the year ended June 30, 2019, the annual money-weighted rate of return on investments, net of investment expense, was 3.06%. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

Net OPEB liability – The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018.

Actuarial assumptions – The total OPEB liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement: 1) Actuarial cost method: entry-age normal; 2) Amortization method: level-dollar; 3) Remaining amortization period: 21 years, closed; 4) Asset valuation method: market value of assets; 5) Inflation 2.50%; 6) Salary increase for general of 3.5% to 16.5% including inflation and 3.5% to 7.4% including inflation; 7) investment rate of return 7.5% net of OPEB plan investment expense including inflation; 8) Retirement age for general and Act 345 based on experience-based table of rates that are specific to that type of eligibility condition; 9) Mortality for general based on RP-2000 Mortality Table projected 20 years with Scale BB and for Act 345 based on RP-2014 Fully Generational Mortality Tables, with base year of 2006 and future mortality improvements assumed each year using scale MP-2015; 10) Health care trend rates 9.0% trend, gradually decreasing to 3.5% in year 10; 11) Excise tax 1.0% load was applied in connection with “Cadillac” tax; 12) Aging factors based on the 2013 SOA Study “Health Care Cost – From Birth to Death”.

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

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

Changes in Net OPEB Liability

Total OPEB Liability	
Service cost	$ 460,810
Interest on the total OPEB liability	6,877,502
Experience differences	(2,791,338)
Changes in actuarial assumptions	2,986,377
Benefit payments and refunds	(6,150,959)
Net change in total OPEB liability	1,382,392
Total OPEB liability - beginning	94,545,105
Total OPEB liability - ending (a)	$ 95,927,497
Plan Fiduciary Net Position	
Employer contributions	$ 6,485,186
Net investment income	1,335,491
Benefit payments and refunds	(6,150,959)
Adminstrative expense	(24,880)
Net change in plan fiduciary net position	1,644,838
Plan fiduciary net position - beginning	49,206,236
Plan fiduciary net position - ending (b)	$ 50,851,074
Net OPEB liability (a-b)	$ 45,076,423
Plan fiduciary net position as a percentage of total OPEB liability	53.01%
Covered employee payroll	$ 8,648,994
Net OPEB liability as a percentage of covered employee payroll	521.18%

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

	1% Decrease 6.5%	Discount Rate 7.5%	1% Increase 8.5%
Net OPEB liability	$ 55,219,158	$ 45,076,423	$ 36,501,774

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates – The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if were calculated using healthcare cost trend rates that are 1% lower (8.0%) or 1% higher (10.0%) than the current healthcare cost trend rates:

	1% Decrease 8.0%	Current Healthcare Cost Trend Rate Assumption 9.0%	1% Increase 10.0%
Net OPEB liability	$ 35,754,182	$ 45,076,423	$ 55,970,165

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB – For the year ended June 30, 2019 the employer recognized OPEB expense of $4,166,696. The employer reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources	Total to Amortize
Difference between expected and actual experience	$ (1,470,365)	$ -	$ (1,470,365)
Assumption changes	-	1,521,677	1,521,677
Net difference between projected and actual earning on plan investments	-	1,914,156	1,914,156
Total	$ (1,470,365)	$ 3,435,833	$ 1,965,468

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

Year ending June 30,	
2020	$ 527,871
2021	484,001
2022	480,279
2023	473,317
Total	$ 1,965,468

Note 16 - Claims, Litigation, and Other Contingencies

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

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

Note 17 - Enterprise Fund Contractual Revenue

The City supplies large quantities of water to Dow Chemical Company and Dow Corning Corporation under contractual arrangements with each company. Under the Dow Chemical Supplemental Agreement dated March 1, 1979, and the Dow Corning Agreement dated July 15, 1985, the companies agree to pay for the variable cost of industrial grade water. In addition, the companies agree to pay a percentage of certain fixed costs, including the principal and interest costs on debt incurred by the City related to plant expansions necessary to meeting the companies' special requirements. These fixed cost payments are due in monthly installments until the bonds of the Saginaw-Midland Municipal Water Supply Corporation are paid in full.

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

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

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

Total payments received under these agreements during the fiscal year were $75,663, consisting of principal and interest of $71,070 and $4,593 respectively. These payments have been recorded as nonoperating revenue in the City's Enterprise Funds. Under the terms of these agreements, no equity accrues to either company.

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

Note 18 - Urban Cooperation Act Agreement

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

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

The City's obligation under provision 3 above shall cease if and when total cumulative payments there under reach $15,000,000. The amount of revenue sharing due to the Township by the City under this agreement during the year ended June 30, 2019 was $126,938. The total cumulative payments from the City through June 30, 2019 were $4,469,803.

Note 19 - Risk Management

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

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

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

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

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

	2019	2018
Unpaid claims - beginning of year	$ 324,879	$ 367,540
Incurred claims, including claims incurred but not reported	7,991,422	7,544,747
Claims paid	(7,985,026)	(7,587,408)
Unpaid claims - end of year	$ 331,275	$ 324,879

Note 20 - Tax Abatements

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

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

PA198 (Industrial Property Tax Abatement) allows abatements to encourage Michigan manufacturers to build new plans, expand existing plans, renovate aging plants, or add new machinery and equipment. High technology operations are also eligible for the abatement. Once approved the firm pays an Industrial Facilities Tax (IFT), instead of property taxes, which reflects the abatement savings. The exemption covers only the specific project that is the subject of the application. Any buildings and equipment that existed prior to the construction of a new facility are not exempt. Likewise, any structures or equipment added after completion of the project are fully taxable. The IFT on new plant and non-industrial personal property is computed at half the local property mileage rate, resulting in a reduction of property taxes of approximately 50%. For an obsolete plant or machinery that is being replaced or restored, the IFT is frozen at the assessed value of the plant prior to improvement, resulting in a 100% exemption from property tax on the value of the improvements. A speculative building would be eligible for a reduction in property taxes of approximately 50%. Commercial personal property will receive an automatic reduction of 12 mills for local school on their property tax bill.

As of June 30, 2019, the City of Midland provides tax abatements through five major categories, which are explained below.

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

manner, and meet the City's annual reporting requirement. The current ITFs within the City total approximately $76.6 million in taxable value, and $580,145 in abated City property taxes.

Brownfield Redevelopment Districts. Brownfield Redevelopment Districts are authorized under Public Act 381 of 1996 to encourage development in areas that are economically disadvantaged by conditions of blight or contamination. Conceptually, a developer performs redevelopment and environmental cleanup activities to a qualified site. The increase in taxable value caused by this developer investment is then captured through tax increment financing and the related property taxes are used to repay the developer for all qualified costs. The City makes no other commitments other than the repayment of eligible costs. Brownfield Redevelopment projects require approval by not only the local brownfield authority, but also the State of Michigan. For the year ended June 30, 2019, approximately $29.7 million in taxable value and $441,921 in City property taxes were abated by Brownfield Redevelopment Districts.

Payment In Lieu Of Taxes. Payment In Lieu Of Taxes, or PILOTs are offered to encourage the development of housing for citizens of low and moderate income. They must satisfy several local and State requirements. They are authorized by The Michigan State Housing Development Authority Act of 1966, as amended. Locally they are authorized by Section 202.60 of the City of Midland Code of Ordinances. If approved, a PILOT exemption recipient will be exempted from all property taxes. Instead the recipient will pay an annual fee based upon a fixed percentage of eligible rents for that year. Should any of these PILOTs fail to fulfill the agreed upon requirements, they will be placed back on the roll at full value, and the PILOT exemption will be forfeited. The value of the abated taxes represents the amount of taxes these PILOTs would have paid, less the PILOT fee actually paid. The City currently has 18 PILOT developments valued at approximately $12 million in taxable value, abating $148,886 in City property taxes.

New Personal Property Exemption. Michigan Public Act 328 of 1998, as amended, affords a 100% property tax exemption for specific businesses located within eligible distressed communities. The City may determine the number of years granted for the exemption, and may offer this abatement on new personal property within a certain geographical area in order to stimulate economic development that would not otherwise be sited in the City of Midland. Approval is required by the City Council and the State Treasurer. The City may recapture the taxes if the recipient defaults on any of the terms of the agreement. Approximately $55.7 million in taxable value and $843,167 in property taxes have been abated under this program.

Renaissance Zones. Renaissance Zones are provided for by the Michigan Renaissance Zone Act, or Act 376 of 1996. The City has entered into agreements with the applicants and the Michigan Economic Development Corporation to incentivize investment and job creation in Michigan. Projects that are designated as Renaissance Zones are exempt from all property taxes, except for debt millage. Abatements are for up to 15 years, and are phased out at 25% per year, during the final years of the abatement period. Renaissance Zones can be revoked by the State if the recipient fails to satisfy the terms of the developer agreement. As of June 30, 2019, the City has two Renaissance Zones that abate approximately $102 million in taxable value and $1,519,795 in City property taxes.

Note 21 - Fund Reclassification

On July 1, 2018, the City combined the Renewable Energy Fund with the Sanitary Landfill Fund. The Sanitary Landfill provides an environmentally responsible waste disposal site for Midland County residents and businesses. As part of the natural decomposition process, the solid waste within the Sanitary Landfill generates gas and a small concentration of other chemical compounds. The Sanitary Landfill was in need of a solution to collect and dispose of this gas and the idea of capturing it and burning it to create electricity was put into motion and the Renewable Energy Fund was created. At its inception, the Renewable Energy Fund was intended to create a

revenue stream through the sale of electricity in an amount adequate to not only break even, but to subsidize the electricity costs of the City's numerous departments. Therefore, because it was providing a service to the City departments, it was set up to be an Internal Service Fund. After a few years of operation, it became evident that Fund was barely generating adequate revenue to break even, and was not providing a service to any funds other than the Sanitary Landfill, by solving its gas collection and disposal problem. During the 2018 fiscal year, the City determined the Renewable Energy Fund should be combined with the Sanitary Landfill enterprise fund beginning with the 2019 fiscal year based on the established nature of the activity of the fund.

All activity was merged with Sanitary Landfill operations and will be managed by the Sanitary Landfill staff. Capital assets associated with the Renewable Energy fund were reclassified. Inter-fund loan activity between the Sanitary Landfill fund and the Renewable Energy fund was eliminated as of the combination date. Additionally, the 2010 Renewable Energy bonded debt maturing in October 2030, which was previously governmental activities, will now be categorized as business-type activities as of the merger date and for fiscal year ending June 30, 2019.

The transfer of the Renewable Energy Fund to the Sanitary Landfill Fund resulted in the following change in beginning net assets and net position:

	Beginning Net Position	Change	Restated Beginning Net Position
Sanitary Landfill Fund	$12,636,689	$ 2,039,646	$14,676,335
Renewable Energy Fund	2,039,646	(2,039,646)	-
Governmental Activities	64,220,568	(2,039,646)	62,180,922
Business-type Activities	130,438,709	2,039,646	132,478,355

City of Midland, Michigan
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2019

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
Revenues				
Taxes				
Property taxes	$ 27,385,745	$ 27,266,710	$ 27,269,460	$ 2,750
Other taxes	37,000	37,000	26,999	(10,001)
Penalties and interest	90,000	115,000	129,127	14,127
Administration fee	950,000	961,288	961,363	75
Licenses and permits	482,765	589,265	670,194	80,929
Federal grants	5,363	36,078	6,830	(29,248)
State revenue sharing	3,644,968	3,848,000	3,838,969	(9,031)
State grants	4,246,631	4,559,597	8,729,024	4,169,427
Local contributions	150,000	150,000	100,533	(49,467)
Charges for services	2,327,380	2,695,677	2,662,279	(33,398)
Use and admission charges	339,800	347,526	359,670	12,144
Interest income	175,000	450,000	528,970	78,970
Rental income	88,788	88,845	89,245	400
Other revenue	1,014,718	1,043,312	1,020,833	(22,479)
Total revenues	40,938,158	42,188,298	46,393,496	4,205,198

City of Midland, Michigan
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2019

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
Expenditures				
General government	$ 7,220,308	$ 6,925,748	$ 6,644,589	$ (281,159)
Public safety	18,886,221	18,904,083	18,403,169	(500,914)
Public works	2,126,407	2,376,871	2,126,401	(250,470)
Sanitation	3,773,613	3,900,014	3,817,907	(82,107)
Parks and recreation	5,899,472	6,148,631	5,703,912	(444,719)
Airport	325,780	331,826	311,360	(20,466)
Reserve for contingencies	438,000	140,000	-	(140,000)
Capital outlay	681,300	3,062,466	1,358,264	(1,704,202)
Total expenditures	39,351,101	41,789,639	38,365,602	(3,424,037)
Excess of revenues over expenditures	1,587,057	398,659	8,027,894	7,629,235
Other financing sources (uses)				
Proceeds from sale of capital assets	1,800	3,265	6,771	3,506
Transfer in	69,191	87,095	40,161	(46,934)
Transfers out	(5,145,037)	(4,930,178)	(4,663,320)	266,858
Total other financing sources (uses)	(5,074,046)	(4,839,818)	(4,616,388)	223,430
Net change in fund balance	(3,486,989)	(4,441,159)	3,411,506	7,852,665
Fund balance - beginning of year	19,712,179	19,712,179	19,712,179	-
Fund balance - end of year	$ 16,225,190	$ 15,271,020	$ 23,123,685	$ 7,852,665

City of Midland, Michigan
Required Supplementary Information
Budgetary Comparison Schedule
Major Street Fund
For the Year Ended June 30, 2019

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
Revenues				
Taxes	$ 4,166,116	$ 4,166,116	$ 4,204,469	$ 38,353
Licenses and permits	80,000	80,000	90,058	10,058
Federal grants	578,750	750	7,791	7,041
Other State grants	4,466,200	5,095,475	5,227,713	132,238
Local contributions	600,000	2,200,000	2,062,705	(137,295)
Charges for services	209,144	185,000	172,615	(12,385)
Interest income	33,000	112,000	146,218	34,218
Other revenue	9,000	21,000	23,386	2,386
Total revenues	10,142,210	11,860,341	11,934,955	74,614
Expenditures				
Public works				
Engineering	248,743	243,939	240,039	(3,900)
Right of way inspections	16,303	16,103	10,142	(5,961)
Roadway maintenance	179,289	219,304	221,978	2,674
Guardrail maintenance	8,384	11,234	7,193	(4,041)
Sweeping and flushing	194,237	171,177	148,758	(22,419)
Shoulder maintenance	7,273	5,607	2,107	(3,500)
Roadside drainage	125,903	135,921	134,759	(1,162)
Curb and gutter maintenance	68,441	73,558	74,375	817
Roadside cleanup	32,456	32,772	31,381	(1,391)
Capital outlay	3,916,000	10,998,014	5,092,320	(5,905,694)
Grass and weeds	9,420	7,428	1,356	(6,072)
Snow and ice control	541,283	600,590	543,384	(57,206)
Stormwater activities credit	(142,556)	(150,502)	(138,499)	12,003
Trunk line maintenance	209,144	217,259	140,392	(76,867)
Other charges	5,000	2,500	346	(2,154)
Reserve for contingencies	20,000	20,000	-	(20,000)
Traffic services	473,030	474,040	445,487	(28,553)
Total public works	5,912,350	13,078,944	6,955,518	(6,123,426)
Excess (deficiency) of revenues over (under) expenditures	4,229,860	(1,218,603)	4,979,437	6,198,040

City of Midland, Michigan
Required Supplementary Information
Budgetary Comparison Schedule
Major Street Fund
For the Year Ended June 30, 2019

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Other financing uses				
Transfers out	$ (3,233,806)	$ (3,275,502)	$ (3,263,500)	$ 12,002
Net change in fund balance	996,054	(4,494,105)	1,715,937	6,210,042
Fund balance - beginning of year	10,811,132	10,811,132	10,811,132	-
Fund balance - end of year	$ 11,807,186	$ 6,317,027	$ 12,527,069	$ 6,210,042

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

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

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

Methods and assumptions used to determine contribution rates:

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

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

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

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

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

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

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

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

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

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

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age actuarial cost method
Amortization method	Level percent of payroll
Amortization period (perpetual)	21 years, closed
Asset valuation method	4-year smoothed market
Inflation	2.50%
Salary increases	3.5% to 7.4%
Investment rate of return	7.0% (net of administrative expenses)
Retirement age	Experience-based table of rates that are specific to type of eligibility condition Last updated for the 2016 valuation pursuant to an experience study of the period 2011-2015.
Mortality	RP-2014 Fully Generational Mortality Tables, with a base year of 2006 and future mortality improvements assumed each year using scale MP-2015

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

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

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

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

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

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

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

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

Fiscal Year Ended June 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2010	$ 6,518,128	$ 6,518,128	$ -	Not available	Not available
2011	6,629,537	6,629,537	-	Not available	Not available
2012	5,747,843	5,747,843	-	14,457,139	39.76%
2013	5,800,533	5,800,533	-	13,502,768	42.96%
2014	5,103,471	5,103,471	-	12,317,631	41.43%
2015	5,097,424	5,097,424	-	11,949,634	42.66%
2016	5,069,409	5,069,409	-	12,059,463	42.04%
2017	5,055,234	5,276,990	(221,756)	10,473,580	50.38%
2018	5,541,680	5,783,315	(241,635)	9,383,944	61.63%
2019	5,526,592	6,485,186	(958,594)	8,648,994	74.98%

Notes to Schedule of Contributions

Valuation date:	June 30, 2018

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level-dollar
Remaining amortization period	21 years, closed
Asset valuation method	Market value of assets
Inflation	2.50%
Salary increases	General: 3.5% to 16.5%, including inflation Act 345: 3.5% to 7.4%, including inflation
Investment rate of return	7.5%, net of OPEB plan investment expense, including inflation
Retirement age	General: Experience-based table of rates that are specific to that type of eligibility condition. Act 345: Experience-based table of rates that are specific to that type of eligibility condition.
Mortality	General: The RP-2000 Mortality Table projected 20 years with Scale BB. Act 345: The RP-2014 Fully Generational Mortality Tables, with base year of 2006, and future mortality improvements assumed each year using scale MP-2015
Health care trend rates	Initial trend of 9.0% gradually decreasing to and ultimate trend of 3.5% in year 10
Excise tax	A 1.0% load was applied in connection with the "Cadillac" tax
Aging factors	Based on the 2013 SOA Study "Health Care Costs - From Birth to Death"

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

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

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

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

NOTE – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

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

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

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

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

City of Midland, Michigan
Other Supplementary Information
Nonmajor Governmental Funds
Fund Descriptions
Year Ended June 30, 2019

Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

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

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

Debt Service Fund

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

Permanent Fund

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

City of Midland, Michigan
Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2019

	Special Revenue Funds												Debt Service Fund	Permanent Fund	
	Local Street Fund	Smart Zone Fund	Center City Authority Fund	Stormwater Management Fund	Grace A. Dow Memorial Library Fund	Community Development Block Grant Fund	Homeland Security Grant Fund	Dial-A-Ride Transportation Fund	Downtown Development Authority Fund	Midland Community Television Fund	Special Activities Fund	Midland Housing Fund	Debt Service Fund	Cemetery Fund	Total Nonmajor Governmental Funds
Assets															
Cash and cash equivalents	$ 7,471,459	$ 179,215	$ 46,475	$ 1,443,977	$ 742,351	$ -	$ -	$ -	$ 392,726	$ 1,443,706	$ 101,208	$ 387,845	$ 231,867	$ 2,091,930	$ 14,532,759
Receivables - net of allowances															
Taxes	-	-	-	-	547	-	-	-	58	-	-	-	141	-	746
Trust deeds	-	-	-	-	-	950,971	-	-	-	-	-	-	-	-	950,971
Customers	-	24,506	-	-	-	-	-	-	-	-	2,965	-	-	-	27,471
Accounts and contracts	-	-	-	350	-	-	-	2,745	-	168,649	-	171,973	-	1,925	345,642
Accrued interest and other	16,098	-	230	3,172	3,566	-	-	-	972	3,292	91	870	1,648	4,805	34,744
Due from other units of government	216,381	-	-	-	-	142,970	7,459	201,529	-	-	-	-	-	-	568,339
Due from other funds	-	-	-	-	-	78,999	-	-	-	-	-	-	-	-	78,999
Inventories	-	-	-	-	-	-	-	-	-	-	-	25,009	-	-	25,009
Prepaid items	-	-	-	-	16,275	-	-	-	-	-	2,295	-	-	-	18,570
Total assets	$ 7,703,938	$ 203,721	$ 46,705	$ 1,447,499	$ 762,739	$ 1,172,940	$ 7,459	$ 204,274	$ 393,756	$ 1,615,647	$ 106,559	$ 585,697	$ 233,656	$ 2,098,660	$ 16,583,250
Liabilities															
Accounts payable	$ 684,224	$ -	$ -	$ 43	$ 155,474	$ 152,969	$ 7,459	$ 85,385	$ 19,501	$ 2,022	$ 9,559	$ 105,000	$ -	$ -	$ 1,221,636
Due to other funds	-	-	-	-	-	-	-	-	-	-	-	78,999	-	-	78,999
Deposits	-	-	-	5,258	2,830	-	-	-	-	-	25,920	-	-	-	34,008
Unearned revenue	-	-	-	-	-	-	-	76,610	-	-	-	-	-	-	76,610
Total liabilities	684,224	-	-	5,301	158,304	152,969	7,459	161,995	19,501	2,022	35,479	183,999	-	-	1,411,253
Deferred inflows of resources															
Grants	-	-	-	-	-	-	7,459	42,279	-	-	-	-	-	-	49,738
Trust deeds	-	-	-	-	-	950,971	-	-	-	-	-	-	-	-	950,971
Other	-	-	-	-	-	-	-	-	-	-	-	148,207	-	-	148,207
Total deferred inflows of resources	-	-	-	-	-	950,971	7,459	42,279	-	-	-	148,207	-	-	1,148,916
Fund balances															
Non-spendable															
Inventories	-	-	-	-	-	-	-	-	-	-	-	25,009	-	-	25,009
Prepaid items	-	-	-	-	16,275	-	-	-	-	-	2,295	-	-	-	18,570
Restricted for															
Local street	7,019,714	-	-	-	-	-	-	-	-	-	-	-	-	-	7,019,714
Smart Zone	-	203,721	-	-	-	-	-	-	-	-	-	-	-	-	203,721
Center city authority	-	-	45,705	-	-	-	-	-	-	-	-	-	-	-	45,705
Grace A. Dow Memorial Library	-	-	-	-	588,160	-	-	-	-	-	-	-	-	-	588,160
Downtown development authority	-	-	-	-	-	-	-	-	374,255	-	-	-	-	-	374,255
Community development block grant	-	-	-	-	-	69,000	-	-	-	-	-	-	-	-	69,000
Midland housing	-	-	-	-	-	-	-	-	-	-	-	228,482	-	-	228,482
Special activities	-	-	-	-	-	-	-	-	-	-	68,785	-	-	-	68,785
Debt service	-	-	-	-	-	-	-	-	-	-	-	-	233,656	-	233,656
Cemetery operations															
Expendable	-	-	-	-	-	-	-	-	-	-	-	-	-	32,011	32,011
Nonexpendable	-	-	-	-	-	-	-	-	-	-	-	-	-	2,066,649	2,066,649
Committed															
Future year expenditures	-	-	1,000	364,106	-	-	-	-	-	56,832	-	-	-	-	421,938
Assigned	-	-	-	1,078,092	-	-	-	-	-	1,556,793	-	-	-	-	2,634,885
Unassigned (deficit)	-	-	-	-	-	-	(7,459)	-	-	-	-	-	-	-	(7,459)
Total fund balances	7,019,714	203,721	46,705	1,442,198	604,435	69,000	(7,459)	-	374,255	1,613,625	71,080	253,491	233,656	2,098,660	14,023,081
Total liabilities, deferred inflows of resources and fund balances	$ 7,703,938	$ 203,721	$ 46,705	$ 1,447,499	$ 762,739	$ 1,172,940	$ 7,459	$ 204,274	$ 393,756	$ 1,615,647	$ 106,559	$ 585,697	$ 233,656	$ 2,098,660	$ 16,583,250

City of Midland, Michigan
Other Supplemental Information
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended June 30, 2019

	Special Revenue Funds												Debt Service Fund	Permanent Fund	
	Local Street Fund	Smart Zone Fund	Center City Authority Fund	Stormwater Management Fund	Grace A. Dow Memorial Library Fund	Community Development Block Grant Fund	Homeland Security Grant Fund	Dial-A-Ride Transportation Fund	Downtown Development Authority Fund	Midland Community Television Fund	Special Activities Fund	Midland Housing Fund	Debt Service Fund	Cemetery Fund	Total Nonmajor Governmental Funds
Revenues															
Taxes	$ -	$ 24,506	$ -	$ -	$ 2,084,870	$ -	$ -	$ -	$ 583,456	$ -	$ -	$ -	$ 538,000	$ -	$ 3,230,832
Licenses and permits	109,622	-	-	15,783	-	-	-	-	-	-	-	-	-	-	125,405
Federal grants	-	-	-	-	-	306,425	-	747,788	-	-	-	-	-	-	1,054,213
State grants	1,453,626	-	-	-	381,312	-	-	826,631	8,196	-	7,902	-	244,278	-	2,921,945
Local contributions	-	-	100,000	-	454,759	-	-	-	25,353	-	41,298	-	-	15,128	636,538
Charges for services	-	-	-	-	503,446	-	-	129,443	-	696,794	-	-	-	-	1,329,683
Interest income	105,592	-	1,126	20,390	24,749	-	-	-	5,962	21,547	749	5,670	12,371	32,011	230,167
Other revenue	49,009	-	-	330	1,815	57,330	-	317	1,938	1,002	34,415	1,900	-	-	148,056
Total revenues	1,717,849	24,506	101,126	36,503	3,450,951	363,755	-	1,704,179	624,905	719,343	84,364	7,570	794,649	47,139	9,676,839
Expenditures															
Current															
General government	-	-	-	-	-	-	-	-	-	-	15,262	-	-	-	15,262
Public safety	-	-	-	-	-	-	-	-	-	-	1,481	-	-	-	1,481
Public works	1,502,570	-	104,530	646,089	-	-	-	-	-	-	-	-	-	-	2,253,189
Community and economic development	-	-	-	-	-	299,008	7,459	-	574,936	-	51,715	38	-	-	933,156
Library and community television	-	-	-	-	4,048,145	-	-	-	-	546,892	-	-	-	-	4,595,037
Transportation	-	-	-	-	-	-	-	2,082,808	-	-	-	-	-	-	2,082,808
Capital outlay	2,615,520	-	-	92,090	175,892	-	-	145,426	-	-	-	-	-	-	3,028,928
Debt service															
Principal retirement	-	-	-	-	-	-	-	-	-	-	-	-	1,450,000	-	1,450,000
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-	-	112,420	-	112,420
Total expenditures	4,118,090	-	104,530	738,179	4,224,037	299,008	7,459	2,228,234	574,936	546,892	68,458	38	1,562,420	-	14,472,281
Excess (deficiency) of revenues over (under) expenditures	(2,400,241)	24,506	(3,404)	(701,676)	(773,086)	64,747	(7,459)	(524,055)	49,969	172,451	15,906	7,532	(767,771)	47,139	(4,795,442)
Other financing sources (uses)															
Proceeds from sale of capital assets	-	-	-	-	-	-	-	7,145	-	-	-	-	-	-	7,145
Transfers in	3,125,000	-	-	972,796	1,100,399	-	-	516,910	10,000	-	-	-	1,751,011	-	7,476,116
Transfers out	(164,296)	-	-	-	-	(65,107)	-	-	(45,000)	-	(2,297)	-	(823,191)	-	(1,099,891)
Total other financing sources and uses	2,960,704	-	-	972,796	1,100,399	(65,107)	-	524,055	(35,000)	-	(2,297)	-	927,820	-	6,383,370
Net change in fund balance	560,463	24,506	(3,404)	271,120	327,313	(360)	(7,459)	-	14,969	172,451	13,609	7,532	160,049	47,139	1,587,928
Fund balance - beginning of year	6,459,251	179,215	50,109	1,171,078	277,122	69,360	-	-	359,286	1,441,174	57,471	245,959	73,607	2,051,521	12,435,153
Fund balance - end of year	$ 7,019,714	$ 203,721	$ 46,705	$ 1,442,198	$ 604,435	$ 69,000	$ (7,459)	$ -	$ 374,255	$ 1,613,625	$ 71,080	$ 253,491	$ 233,656	$ 2,098,660	$ 14,023,081

City of Midland, Michigan
Other Supplementary Information
Budgetary Comparison Schedule
Local Street Fund
For the Year Ended June 30, 2019

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
Revenues				
Licenses and permits	$ 70,000	$ 70,000	$ 109,622	$ 39,622
Other State grants	1,174,400	1,426,400	1,453,626	27,226
Local contributions	50,000	50,000	-	(50,000)
Interest income	18,000	93,000	105,592	12,592
Other revenue	7,000	34,200	49,009	14,809
Total revenues	1,319,400	1,673,600	1,717,849	44,249
Expenditures				
Public works				
Engineering	152,699	164,185	212,779	48,594
Right of way inspections	9,693	9,144	12,345	3,201
Roadway maintenance	302,008	317,360	254,138	(63,222)
Guardrail maintenance	4,024	4,024	152	(3,872)
Sweeping and flushing	329,588	321,373	255,027	(66,346)
Shoulder maintenance	3,753	3,405	1,541	(1,864)
Roadside drainage	146,728	149,013	163,819	14,806
Curb and gutter maintenance	204,992	184,539	155,518	(29,021)
Roadside cleanup	25,261	29,332	24,923	(4,409)
Dust control	14,085	11,283	2,703	(8,580)
Grass and weeds	15,229	15,229	478	(14,751)
Snow and ice control	430,324	449,599	394,792	(54,807)
Stormwater activities credit	(146,728)	(148,923)	(164,296)	(15,373)
Traffic services	167,818	162,965	188,651	25,686
Reserve for contingencies	20,000	20,000	-	(20,000)
Total expenditures	1,679,474	1,692,528	1,502,570	(189,958)
Capital outlay	2,679,000	4,098,685	2,615,520	(1,483,165)
Total public works	4,358,474	5,791,213	4,118,090	(1,673,123)
Deficiency of revenues under expenditures	(3,039,074)	(4,117,613)	(2,400,241)	1,717,372
Other financing sources (uses)				
Transfers in	3,091,250	3,125,000	3,125,000	-
Transfers out	(146,728)	(149,013)	(164,296)	(15,283)
Total other financing sources and uses	2,944,522	2,975,987	2,960,704	(15,283)
Net change in fund balance	(94,552)	(1,141,626)	560,463	1,702,089
Fund balance - beginning of year	6,459,251	6,459,251	6,459,251	-
Fund balance - end of year	$ 6,364,699	$ 5,317,625	$ 7,019,714	$ 1,702,089

City of Midland, Michigan
Other Supplementary Information
Budgetary Comparison Schedule
Smart Zone Fund
For the Year Ended June 30, 2019

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
Revenues				
Taxes	$ 10,000	$ 24,500	$ 24,506	$ 6
Local contributions	15,000	15,000	-	(15,000)
Total revenues	25,000	39,500	24,506	(14,994)
Expenditures				
Public works				
Administration	50,000	50,000	-	(50,000)
Other	25,000	25,000	-	(25,000)
Total expenditures	75,000	75,000	-	(75,000)
Capital outlay	5,000	5,000	-	(5,000)
Total expenditures	80,000	80,000	-	(80,000)
Net change in fund balance	(55,000)	(40,500)	24,506	65,006
Fund balance - beginning of year	179,215	179,215	179,215	-
Fund balance - end of year	$ 124,215	$ 138,715	$ 203,721	$ 65,006

City of Midland, Michigan
Other Supplementary Information
Budgetary Comparison Schedule
Center City Authority Fund
For the Year Ended June 30, 2019

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
Revenues				
Taxes	$ 3,864	$ 3,864	$ -	$ (3,864)
Local contributions	-	200,000	100,000	(100,000)
Interest income	141	700	1,126	426
Total revenues	4,005	204,564	101,126	(103,438)
Expenditures				
Public works				
Other	3,814	225,700	104,530	(121,170)
Net change in fund balance	191	(21,136)	(3,404)	17,732
Fund balance - beginning of year	50,109	50,109	50,109	-
Fund balance - end of year	$ 50,300	$ 28,973	$ 46,705	$ 17,732

City of Midland, Michigan
Other Supplementary Information
Budgetary Comparison Schedule
Stormwater Management Fund
For the Year Ended June 30, 2019

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
Revenues				
Licenses and permits	$ 18,900	$ 18,545	$ 15,783	$ (2,762)
Interest income	6,000	17,480	20,390	2,910
Other revenue	-	330	330	-
Total revenues	24,900	36,355	36,503	148
Expenditures				
Public works				
Administration	16,721	16,721	16,721	-
Open drain maintenance	42,283	79,152	76,344	(2,808)
Storm sewer maintenance	280,208	260,428	167,838	(92,590)
Inspection expenses	21,222	22,000	46,527	24,527
Storm sewer repair	57,968	59,696	32,263	(27,433)
Purchased services	301,284	311,515	306,396	(5,119)
Reserve for contingencies	25,000	25,000	-	(25,000)
Total public works	744,686	774,512	646,089	(128,423)
Capital outlay	315,000	392,000	92,090	(299,910)
Total expenditures	1,059,686	1,166,512	738,179	(428,333)
Deficiency of revenues under expenditures	(1,034,786)	(1,130,157)	(701,676)	428,481
Other financing sources				
Transfers in	959,284	969,515	972,796	3,281
Net change in fund balance	(75,502)	(160,642)	271,120	431,762
Fund balance - beginning of year	1,171,078	1,171,078	1,171,078	-
Fund balance - end of year	$ 1,095,576	$ 1,010,436	$ 1,442,198	$ 431,762

City of Midland, Michigan
Other Supplementary Information
Budgetary Comparison Schedule
Grace A. Dow Memorial Library Fund
For the Year Ended June 30, 2019

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Revenues				
Taxes	$ 2,068,607	$ 2,084,672	$ 2,084,870	$ 198
State grants	368,001	377,787	381,312	3,525
Local contributions	55,000	455,000	454,759	(241)
Charges for services	463,869	497,503	503,446	5,943
Interest income	5,600	23,800	24,749	949
Other revenue	2,600	2,687	1,815	(872)
Total revenues	2,963,677	3,441,449	3,450,951	9,502
Expenditures				
Library and community television				
Personal services	3,099,054	2,995,184	2,940,607	(54,577)
Supplies	480,766	528,142	509,174	(18,968)
Other charges	734,302	678,732	598,364	(80,368)
Capital outlay	105,000	265,331	175,892	(89,439)
Total expenditures	4,419,122	4,467,389	4,224,037	(243,352)
Deficiency of revenues under expenditures	(1,455,445)	(1,025,940)	(773,086)	252,854
Other financing sources				
Transfers in	1,455,445	1,263,818	1,100,399	(163,419)
Net change in fund balance	-	237,878	327,313	89,435
Fund balance - beginning of year	277,122	277,122	277,122	-
Fund balance - end of year	$ 277,122	$ 515,000	$ 604,435	$ 89,435

City of Midland, Michigan
Other Supplementary Information
Budgetary Comparison Schedule
Community Development Block Grant Fund
For the Year Ended June 30, 2019

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
Revenues				
Federal grants	$ 355,758	$ 482,033	$ 306,425	$ (175,608)
Other revenue	15,000	45,008	57,330	12,322
Total revenues	370,758	527,041	363,755	(163,286)
Expenditures				
Community and economic development				
Administration	43,000	50,500	49,968	(532)
Residential home rehabs	102,950	170,800	98,073	(72,727)
Public facilities improvements	84,837	150,236	104,395	(45,841)
Public services project	27,497	27,497	27,493	(4)
Affordable housing	25,000	25,000	14,081	(10,919)
Removal of architectural barriers	5,000	5,000	4,998	(2)
Reserve for contingencies	10,000	10,000	-	(10,000)
Total expenditures	298,284	439,033	299,008	(140,025)
Excess of revenues over expenditures	72,474	88,008	64,747	(23,261)
Other financing uses				
Transfers out	(38,000)	(88,008)	(65,107)	22,901
Net change in fund balance	34,474	-	(360)	(360)
Fund balance - beginning of year	69,360	69,360	69,360	-
Fund balance - end of year	$ 103,834	$ 69,360	$ 69,000	$ (360)

City of Midland, Michigan
Other Supplementary Information
Budgetary Comparison Schedule
Homeland Security Grant Fund
For the Year Ended June 30, 2019

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
Revenues				
Federal grants	$ -	$ 323,003	$ -	$ (323,003)
Expenditures				
Community and economic development				
Personal services	-	10,325	-	(10,325)
Other services and charges	-	312,678	7,459	(305,219)
Total community and economic development	-	323,003	7,459	(315,544)
Net change in fund balance	-	-	(7,459)	(7,459)
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	$ -	$ -	$ (7,459)	$ (7,459)

City of Midland, Michigan
Other Supplementary Information
Budgetary Comparison Schedule
Dial-A-Ride Transportation Fund
For the Year Ended June 30, 2019

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
Revenues				
Federal grants	$ 723,242	$ 772,444	$ 747,788	$ (24,656)
Other State grants	881,286	842,726	826,631	(16,095)
Charges for services	127,744	130,744	129,443	(1,301)
Other revenue	-	-	317	317
Total revenues	1,732,272	1,745,914	1,704,179	(41,735)
Expenditures				
Transportation				
Operations	1,685,755	1,642,408	1,538,317	(104,091)
Administration	198,541	195,941	190,084	(5,857)
Dispatching	397,635	372,488	354,407	(18,081)
Reserve for contingencies	10,000	10,000	-	(10,000)
Total transportation	2,291,931	2,220,837	2,082,808	(138,029)
Capital outlay	83,922	145,426	145,426	-
Total expenditures	2,375,853	2,366,263	2,228,234	(138,029)
Deficiency of revenues under expenditures	(643,581)	(620,349)	(524,055)	96,294
Other financing sources				
Transfers in	643,581	620,349	516,910	(103,439)
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	$ -	$ -	$ -	$ -

City of Midland, Michigan
Other Supplementary Information
Budgetary Comparison Schedule
Downtown Development Authority Fund
For the Year Ended June 30, 2019

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
Revenues				
Taxes	$ 522,510	$ 585,761	$ 583,456	$ (2,305)
Other state grants	-	8,196	8,196	-
Local contributions	16,500	24,553	25,353	800
Interest income	1,300	4,350	5,962	1,612
Other revenue	5,000	3,000	1,938	(1,062)
Total revenues	545,310	625,860	624,905	(955)
Expenditures				
Community and economic development				
Personal services	196,264	195,360	209,397	14,037
Supplies	2,000	1,500	1,466	(34)
Other charges	313,091	388,162	364,073	(24,089)
Total expenditures	511,355	585,022	574,936	(10,086)
Excess of revenues over expenditures	33,955	40,838	49,969	9,131
Other financing sources (uses)				
Transfers in	10,000	10,000	10,000	-
Transfers out	(45,000)	(45,000)	(45,000)	-
Total other financing sources and uses	(35,000)	(35,000)	(35,000)	-
Net change in fund balance	(1,045)	5,838	14,969	9,131
Fund balance - beginning of year	359,286	359,286	359,286	-
Fund balance - end of year	$ 358,241	$ 365,124	$ 374,255	$ 9,131

City of Midland, Michigan
Other Supplementary Information
Budgetary Comparison Schedule
Midland Community Television Fund
For the Year Ended June 30, 2019

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
Revenues				
Local contributions	$ 1,000	$ 1,000	$ -	$ (1,000)
Charges for services	750,050	709,000	696,794	(12,206)
Interest income	6,600	18,900	21,547	2,647
Other revenue	-	1,003	1,002	(1)
Total revenues	757,650	729,903	719,343	(10,560)
Expenditures				
Library and community television				
Personal services	454,284	436,833	396,976	(39,857)
Supplies	14,600	14,600	14,342	(258)
Other charges	167,356	166,730	135,574	(31,156)
Reserve for contingencies	15,000	15,000	-	(15,000)
Total library and community television	651,240	633,163	546,892	(86,271)
Capital outlay	28,000	-	-	-
Total expenditures	679,240	633,163	546,892	(86,271)
Net change in fund balance	78,410	96,740	172,451	75,711
Fund balance - beginning of year	1,441,174	1,441,174	1,441,174	-
Fund balance - end of year	$ 1,519,584	$ 1,537,914	$ 1,613,625	$ 75,711

City of Midland, Michigan
Other Supplementary Information
Budgetary Comparison Schedule
Special Activities Fund
For the Year Ended June 30, 2019

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
Revenues				
Other state grants	$ 9,000	$ 9,000	$ 7,902	$ (1,098)
Local contributions	24,150	32,150	41,298	9,148
Interest income	50	600	749	149
Other revenue	47,000	43,000	34,415	(8,585)
Total revenues	80,200	84,750	84,364	(386)
Expenditures				
General government				
Supplies	31,000	40,000	4,455	(35,545)
Other charges	41,000	46,120	64,003	17,883
Total expenditures	72,000	86,120	68,458	(17,662)
Excess (deficiency) of revenues over (under) expenditures	8,200	(1,370)	15,906	17,276
Other financing uses				
Transfers out	(10,000)	(11,450)	(2,297)	9,153
Net change in fund balance	(1,800)	(12,820)	13,609	26,429
Fund balance - beginning of year	57,471	57,471	57,471	-
Fund balance - end of year	$ 55,671	$ 44,651	$ 71,080	$ 26,429

City of Midland, Michigan
Other Supplementary Information
Budgetary Comparison Schedule
Midland Housing Fund
For the Year Ended June 30, 2019

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
Revenues				
Interest income	$ 1,600	$ 4,900	$ 5,670	$ 770
Other revenue	-	1,200	1,900	700
Total revenues	1,600	6,100	7,570	1,470
Expenditures				
Community and economic development				
Warranty maintenance	12,750	6,100	38	(6,062)
Net change in fund balance	(11,150)	-	7,532	7,532
Fund balance - beginning of year	245,959	245,959	245,959	-
Fund balance - end of year	$ 234,809	$ 245,959	$ 253,491	$ 7,532

City of Midland, Michigan
Other Supplementary Information
Budgetary Comparison Schedule
Debt Service Fund
For the Year Ended June 30, 2019

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
Revenues				
Taxes	$ 539,080	$ 537,949	$ 538,000	$ 51
Other state grants	95,341	102,682	244,278	141,596
Interest income	3,600	8,000	12,371	4,371
Total revenues	638,021	648,631	794,649	146,018
Expenditures				
Debt service				
Principal retirement	1,450,000	1,450,000	1,450,000	-
Interest and fiscal charges	112,250	112,400	112,420	20
Total expenditures	1,562,250	1,562,400	1,562,420	20
Deficiency of revenues under expenditures	(924,229)	(913,769)	(767,771)	145,998
Other financing sources (uses)				
Transfers in	1,751,011	1,751,011	1,751,011	-
Transfers out	(823,191)	(823,191)	(823,191)	-
Total other financing sources and uses	927,820	927,820	927,820	-
Net change in fund balance	3,591	14,051	160,049	145,998
Fund balance - beginning of year	73,607	73,607	73,607	-
Fund balance - end of year	$ 77,198	$ 87,658	$ 233,656	$ 145,998

Enterprise Funds

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

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

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

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

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

City of Midland, Michigan
Other Supplementary Information
Nonmajor Proprietary Funds
Combining Statement of Net Position
June 30, 2019

	Enterprise Funds				
	Washington Woods Fund	Riverside Place Fund	Currie Municipal Golf Course Fund	Parking Fund	Total Nonmajor Proprietary Funds
Assets					
Current assets					
Cash and cash equivalents	$ 991,672	$ 1,718,460	$ 194,913	$ 45,331	$ 2,950,376
Investments	-	-	376,845	-	376,845
Receivables - net of allowances					
Customers	13,203	1,020	4,082	-	18,305
Accounts and contracts	-	-	-	18,624	18,624
Accrued interest	2,171	3,883	-	72	6,126
Inventories	-	-	32,998	-	32,998
Prepaid items	-	-	32,308	-	32,308
Total current assets	1,007,046	1,723,363	641,146	64,027	3,435,582
Noncurrent assets					
Capital assets, net of accumulated depreciation	6,209,729	6,153,363	4,370,121	874,846	17,608,059
Capital assets not being depreciated	13,765	538,000	309,720	536,223	1,397,708
Total noncurrent assets	6,223,494	6,691,363	4,679,841	1,411,069	19,005,767
Total assets	7,230,540	8,414,726	5,320,987	1,475,096	22,441,349
Deferred outflows of resources					
Deferred amount relating to net pension liability - MERS	141,878	178,102	-	6,037	326,017
Deferred amount relating to net OPEB liability	32,297	39,168	-	1,031	72,496
Total deferred outflows of resources	174,175	217,270	-	7,068	398,513

City of Midland, Michigan
Other Supplementary Information
Nonmajor Proprietary Funds
Combining Statement of Net Position
June 30, 2019

	Enterprise Funds				
	Washington Woods Fund	Riverside Place Fund	Currie Municipal Golf Course Fund	Parking Fund	Total Nonmajor Proprietary Funds
Liabilities					
Current liabilities					
Accounts payable	$ 8,880	$ 36,079	$ 66,612	$ 650	$ 112,221
Accrued and other liabilities	-	-	28,648	-	28,648
Deposits	41,667	34,201	85,922	-	161,790
Unearned revenue	-	-	66,697	-	66,697
Total current liabilities	50,547	70,280	247,879	650	369,356
Noncurrent liabilities					
Current portion of noncurrent liabilities	14,225	37,024	27,575	-	78,824
Long-term debt net of current portion	16,941	831	40,691	-	58,463
Net pension liability	941,724	1,182,164	-	40,073	2,163,961
Net OPEB liability	423,718	513,871	-	13,523	951,112
Total noncurrent liabilities	1,396,608	1,733,890	68,266	53,596	3,252,360
Total liabilities	1,447,155	1,804,170	316,145	54,246	3,621,716
Deferred Inflows of Resources					
Deferred amount relating to net OPEB liability	13,821	16,762	-	441	31,024
Net position					
Net investment in capital assets	6,223,494	6,691,363	4,611,575	1,411,069	18,937,501
Unrestricted (deficit)	(279,755)	119,701	393,267	16,408	249,621
Total net position	$ 5,943,739	$ 6,811,064	$ 5,004,842	$ 1,427,477	$ 19,187,122

City of Midland, Michigan
Other Supplementary Information
Nonmajor Proprietary Funds
Combining Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2019

	Enterprise Funds				
	Washington Woods Fund	Riverside Place Fund	Currie Municipal Golf Course Fund	Parking Fund	Total Nonmajor Proprietary Funds
Operating revenue					
Use and admission charges	$ -	$ -	$ 974,383	$ 98,959	$ 1,073,342
Rental income	1,312,532	1,467,420	-	-	2,779,952
Sale of meals	223,869	528,867	-	-	752,736
Other revenue	150,084	137,663	5,595	10,404	303,746
Total operating revenue	1,686,485	2,133,950	979,978	109,363	4,909,776
Operating expenses					
Operations	1,427,819	2,014,435	1,088,508	55,216	4,585,978
Maintenance	-	-	-	130,377	130,377
Other expenses	-	-	-	2,205	2,205
Depreciation	314,920	284,672	180,991	36,880	817,463
Total operating expenses	1,742,739	2,299,107	1,269,499	224,678	5,536,023
Operating loss	(56,254)	(165,157)	(289,521)	(115,315)	(626,247)
Nonoperating revenue (expense)					
Interest income	14,042	25,558	8,015	202	47,817
Interest expense	-	-	(138,148)	-	(138,148)
Total nonoperating revenues	14,042	25,558	(130,133)	202	(90,331)
Loss before contributions and transfers	(42,212)	(139,599)	(419,654)	(115,113)	(716,578)

City of Midland, Michigan
Other Supplementary Information
Nonmajor Proprietary Funds
Combining Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2019

	Enterprise Funds				
	Washington Woods Fund	Riverside Place Fund	Currie Municipal Golf Course Fund	Parking Fund	Total Nonmajor Proprietary Funds
Capital contributions	$ -	$ 9,184	$ 86,000	$ -	$ 95,184
Transfers in	66,557	-	250,000	60,000	376,557
Change in net position	24,345	(130,415)	(83,654)	(55,113)	(244,837)
Net position - beginning of year	5,919,394	6,941,479	5,088,496	1,482,590	19,431,959
Net position - end of year	$ 5,943,739	$ 6,811,064	$ 5,004,842	$ 1,427,477	$ 19,187,122

City of Midland, Michigan
Other Supplementary Information
Nonmajor Proprietary Funds
Combining Statement of Cash Flows
For the Year Ended June 30, 2019

	Enterprise Funds				
	Washington Woods Fund	Riverside Place Fund	Currie Municipal Golf Course Fund	Parking Fund	Total Nonmajor Proprietary Funds
Cash flows from operating activities					
Receipts from customers	$ 1,684,327	$ 2,132,113	$ 983,177	$ 109,936	$ 4,909,553
Payments to suppliers	(1,050,874)	(1,191,783)	(490,596)	(131,115)	(2,864,368)
Payments to employees	(511,370)	(775,096)	(568,557)	(50,362)	(1,905,385)
Net cash provided (used) by operating activities	122,083	165,234	(75,976)	(71,541)	139,800
Cash flows from noncapital financing activities					
Transfers from other funds	66,557	-	250,000	60,000	376,557
Cash flows from capital and related financing activities					
Capital contributions	-	9,184	86,000	-	95,184
Purchases/construction of capital assets	(61,041)	(44,912)	(54,739)	-	(160,692)
Principal and interest paid on long-term debt	-	-	(164,808)	-	(164,808)
Net cash provided (used) by capital and related financing activities	(61,041)	(35,728)	(133,547)	-	(230,316)
Cash flows from investing activities					
Interest received	14,042	25,558	143,368	202	183,170
Net change in cash and cash equivalents	141,641	155,064	183,845	(11,339)	469,211
Cash and cash equivalents - beginning of year	850,031	1,563,396	11,068	56,670	2,481,165
Cash and cash equivalents - end of year	$ 991,672	$ 1,718,460	$ 194,913	$ 45,331	$ 2,950,376
Noncash investing activities - changes in fair value of investments	$ -	$ -	$ (135,353)	$ -	$ (135,353)

City of Midland, Michigan
Other Supplementary Information
Nonmajor Proprietary Funds
Combining Statement of Cash Flows
For the Year Ended June 30, 2019

	Enterprise Funds				
	Washington Woods Fund	Riverside Place Fund	Currie Municipal Golf Course Fund	Parking Fund	Total Nonmajor Proprietary Funds
Reconciliation of operating income (loss) to net cash provided (used) by operating activities					
Operating loss	$ (56,254)	$ (165,157)	$ (289,521)	$ (115,315)	$ (626,247)
Adjustments to reconcile operating loss to net cash from operating activities					
Depreciation expense	314,920	284,672	180,991	36,880	817,463
Noncash portion related to net pension liability - MERS	(34,884)	182,850	-	10,827	158,793
Noncash portion related to net OPEB liability	(16,069)	(16,593)	-	(80)	(32,742)
Changes in assets and liabilities					
Receivables (net)	(2,158)	(1,837)	3,199	573	(223)
Inventories	-	-	797	-	797
Prepaid items	-	-	(18,939)	-	(18,939)
Deferred outflows relating to net pension liability - MERS	(59,910)	(97,625)	-	(3,628)	(161,163)
Deferred outflows relating to net OPEB liability	(32,027)	(38,842)	-	(1,022)	(71,891)
Accounts payable	1,900	17,714	7,512	548	27,674
Accrued and other liabilities	(166)	1,718	5,623	-	7,175
Deposits	16,817	9,801	32,167	-	58,785
Unearned revenue	-	-	2,195	-	2,195
Deferred inflows relating to net pension liability - MERS	(22,758)	(26,843)	-	(729)	(50,330)
Deferred inflows relating to net OPEB liability	12,672	15,376	-	405	28,453
Net cash provided (used) by operating activities	$ 122,083	$ 165,234	$ (75,976)	$ (71,541)	$ 139,800

Trust Fund

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

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

Agency Funds

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

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

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

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

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

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

City of Midland, Michigan
Other Supplementary Information
Fiduciary Funds - Pension and Other Employee Benefit Trust Funds
Statement of Plan Net Position
June 30, 2019

	Police and Fire Pension
Assets	
Cash and cash equivalents	$ 2,273,679
Investments	
Common stock	32,130,757
Preferred stock	711,323
Bonds	19,090,683
International funds	9,978,609
Alternative investments	3,545,162
Receivables	
Accrued interest and other	77,340
Total assets	67,807,553
Net position	
Net position restricted for pensions	$ 67,807,553

City of Midland, Michigan
Other Supplementary Information
Fiduciary Funds - Pension and Other Employee Benefit Trust Funds
Statement of Changes in Plan Net Position
For the Year Ended June 30, 2019

	Police and Fire Pension
Additions	
Contributions	
Employer	$ 2,703,865
Plan members	625,929
Total contributions	3,329,794
Investment earnings	
Net gain on fair value of assets	2,603,160
Interest	420,429
Dividends	1,040,295
Total investment earnings	4,063,884
Less investment expense	(405,660)
Net investment earnings	3,658,224
Other expense	(187,594)
Total additions	6,800,424
Deductions	
Benefits paid, including refunds of member contributions	5,294,958
Change in net position	1,505,466
Net positions restricted for pensions - beginning of year	66,302,087
Net positions restricted for pensions - end of year	$ 67,807,553

City of Midland, Michigan
Other Supplementary Information
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Year Ended June 30, 2019

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Payroll Fund				
Assets				
Cash and cash equivalents	$ 471,672	$ 48,278,916	$ 48,214,909	$ 535,679
Prepaids	101,433	103,700	101,433	103,700
Total assets	$ 573,105	$ 48,382,616	$ 48,316,342	$ 639,379
Liabilities				
Accrued payroll liabilities	$ 573,105	$ 49,455,551	$ 49,389,277	$ 639,379
Midland Downtown Business Association Fund				
Assets				
Cash and cash equivalents	$ 26,087	$ 65,267	$ 57,002	$ 34,352
Accrued interest and other	48	331	298	81
Total assets	$ 26,135	$ 65,598	$ 57,300	$ 34,433
Liabilities				
Accounts payable	$ -	$ 40,502	$ 40,502	$ -
Due to other units of government	26,135	34,433	26,135	34,433
Total liabilities	$ 26,135	$ 74,935	$ 66,637	$ 34,433
DDA Facade Improvement Fund				
Assets				
Cash and cash equivalents	$ 10,834	$ 81,710	$ 42,702	$ 49,842
Receivables				
Accounts and contracts	20,925	1,703	6,914	15,714
Accrued interest and other	18	291	200	109
Total assets	$ 31,777	$ 83,704	$ 49,816	$ 65,665
Liabilities				
Accounts payable	$ -	$ 40,998	$ 40,998	$ -
Due to foundations	31,777	65,665	31,777	65,665
Total liabilities	$ 31,777	$ 106,663	$ 72,775	$ 65,665

City of Midland, Michigan
Other Supplementary Information
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Year Ended June 30, 2019

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Tax Collection Fund				
Assets				
Cash and cash equivalents	$ 271,573	$ 97,206,193	$ 97,058,809	$ 418,957
Receivables				
Accounts and contracts	-	99,564,437	99,564,437	-
Total assets	$ 271,573	$ 196,770,630	$ 196,623,246	$ 418,957
Liabilities				
Due to other units of government	$ 271,573	$ 98,239,123	$ 98,091,739	$ 418,957
Center City Façade Improvements Fund				
Assets				
Cash and cash equivalents	$ 78,008	$ 106,622	$ 71,803	$ 112,827
Receivables				
Accounts and contracts	21,000	10,000	6,000	25,000
Accrued interest and other	133	337	422	48
Total assets	$ 99,141	$ 116,959	$ 78,225	$ 137,875
Liabilities				
Accounts payable	$ -	$ 71,803	$ 71,803	$ -
Due to foundations	99,141	137,875	99,141	137,875
Total liabilities	$ 99,141	$ 209,678	$ 170,944	$ 137,875
Total All Agency Funds				
Assets				
Cash and cash equivalents	$ 858,174	$ 145,738,708	$ 145,445,225	$ 1,151,657
Accounts and contracts	41,925	99,576,140	99,577,351	40,714
Accrued interest and other	199	959	920	238
Prepaids	101,433	103,700	101,433	103,700
Total assets	$ 1,001,731	$ 245,419,507	$ 245,124,929	$ 1,296,309
Liabilities				
Accounts payable	$ -	$ 153,303	$ 153,303	$ -
Accrued payroll liabilities	573,105	49,455,551	49,389,277	639,379
Due to foundations	130,918	203,540	130,918	203,540
Due to other units of government	297,708	98,273,556	98,117,874	453,390
Total liabilities	$ 1,001,731	$ 148,085,950	$ 147,791,372	$ 1,296,309

Internal Service Funds

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

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

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

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

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

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

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

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

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

City of Midland, Michigan
Other Supplementary Information
Internal Service Funds
Combining Statement of Net Position
June 30, 2019

	Information Services Fund	Store Revolving Fund	Equipment Revolving Fund	Municipal Service Center Fund	Renewable Energy Services Fund	Property and Liability Insurance Fund	Health Insurance Fund	Special Assessment Revolving Fund	Municipal Service Annex Fund	Total
Assets										
Current assets										
Cash and cash equivalents	$ 1,957,958	$ 119,703	$ 3,285,836	$ 1,179,657	$ -	$ 1,306,769	$ 4,209,585	$ 2,089,727	$ 168,229	$ 14,317,464
Receivables - net of allowances										
Special assessments, current	-	-	-	-	-	-	-	54,809	-	54,809
Accounts and contracts	811	-	21,179	-	-	1,444	-	-	-	23,434
Accrued interest	4,630	261	6,979	2,663	-	-	9,023	4,895	384	28,835
Inventories	-	470,615	270,860	-	-	-	-	-	-	741,475
Prepaid items	-	-	-	-	-	9,680	943,359	-	-	953,039
Total current assets	1,963,399	590,579	3,584,854	1,182,320	-	1,317,893	5,161,967	2,149,431	168,613	16,119,056
Noncurrent assets										
Special assessments receivable	-	-	-	-	-	-	-	191,505	-	191,505
Capital assets not being depreciated	-	-	-	55,000	-	-	-	-	-	55,000
Capital assets, net of accumulated depreciation	81,874	-	7,808,437	1,411,292	-	-	-	-	262,129	9,563,732
Total noncurrent assets	81,874	-	7,808,437	1,466,292	-	-	-	191,505	262,129	9,810,237
Total assets	2,045,273	590,579	11,393,291	2,648,612	-	1,317,893	5,161,967	2,340,936	430,742	25,929,293
Deferred outflows of resources										
Deferred amount relating to net pension liability - MERS	229,419	-	547,386	5,031	-	-	-	-	-	781,836
Deferred amount relating to net OPEB liability	47,414	-	115,444	1,031	-	-	-	-	-	163,889
Total deferred outflows of resources	276,833	-	662,830	6,062	-	-	-	-	-	945,725
Total assets and deferred outflows of resources	2,322,106	590,579	12,056,121	2,654,674	-	1,317,893	5,161,967	2,340,936	430,742	26,875,018
Liabilities										
Current liabilities										
Accounts payable	-	26,516	14,101	171,693	-	185	8,064	-	108	220,667
Deposits	-	-	-	-	-	-	1,500	-	-	1,500
Estimated healthcare claims	-	-	-	-	-	-	331,275	-	-	331,275
Total current liabilities	-	26,516	14,101	171,693	-	185	340,839	-	108	553,442

City of Midland, Michigan
Other Supplementary Information
Internal Service Funds
Combining Statement of Net Position
June 30, 2019

	Information Services Fund	Store Revolving Fund	Equipment Revolving Fund	Municipal Service Center Fund	Renewable Energy Services Fund	Property and Liability Insurance Fund	Health Insurance Fund	Special Assessment Revolving Fund	Municipal Service Annex Fund	Total
Noncurrent liabilities										
Current portion of noncurrent liabilities	$ 46,495	$ -	$ 67,400	$ -	$ -	$ -	$ -	$ -	$ -	$ 113,895
Long-term debt net of current portion	97,075	-	41,440	-	-	-	-	-	-	138,515
Net pension liability	1,522,787	-	3,633,317	33,394	-	-	-	-	-	5,189,498
Net OPEB liability	622,055	-	1,514,568	13,523	-	-	-	-	-	2,150,146
Total noncurrent liabilities	2,288,412	-	5,256,725	46,917	-	-	-	-	-	7,592,054
Total liabilities	2,288,412	26,516	5,270,826	218,610	-	185	340,839	-	108	8,145,496
Deferred inflows of resources										
Deferred amount relating to net OPEB liability	20,291	-	49,404	441	-	-	-	-	-	70,136
Total liabilities and deferred inflows of resources	2,308,703	26,516	5,320,230	219,051	-	185	340,839	-	108	8,215,632
Net position										
Net investment in capital assets	81,874	-	7,808,437	1,466,292	-	-	-	-	262,129	9,618,732
Unrestricted (deficit)	(68,471)	564,063	(1,072,546)	969,331	-	1,317,708	4,821,128	2,340,936	168,505	9,040,654
Total net position	$ 13,403	$ 564,063	$ 6,735,891	$ 2,435,623	$ -	$ 1,317,708	$ 4,821,128	$ 2,340,936	$ 430,634	$ 18,659,386

City of Midland, Michigan
Other Supplementary Information
Internal Service Funds
Combining Statement of Revenues, Expenses, and Change in Net Position
For the Year Ended June 30, 2019

	Information Services Fund	Store Revolving Fund	Equipment Revolving Fund	Municipal Service Center Fund	Renewable Energy Services Fund	Property and Liability Insurance Fund	Health Insurance Fund	Special Assessment Revolving Fund	Municipal Service Annex Fund	Total
Operating revenue										
Billings to other funds	$ 980,400	$ -	$ -	$ -	$ -	$ 533,291	$ 10,457,066	$ -	$ -	$ 11,970,757
Rental income	-	-	4,741,741	408,015	-	-	-	-	31,909	5,181,665
Other revenue	720	769,846	422,460	9,565	-	500,787	575,571	-	-	2,278,949
Total operating revenue	981,120	769,846	5,164,201	417,580	-	1,034,078	11,032,637	-	31,909	19,431,371
Operating expenses										
Operations	831,413	704,751	3,266,114	255,485	-	756,777	11,061,939	11,882	20,570	16,908,931
Depreciation	26,822	-	1,482,344	115,870	-	-	-	-	6,895	1,631,931
Total operating expenses	858,235	704,751	4,748,458	371,355	-	756,777	11,061,939	11,882	27,465	18,540,862
Operating income (loss)	122,885	65,095	415,743	46,225	-	277,301	(29,302)	(11,882)	4,444	890,509
Nonoperating revenue										
Interest income	31,735	2,151	46,682	17,708	-	-	59,357	39,313	2,529	199,475
Gain on disposition of assets	-	-	26,214	-	-	-	-	-	-	26,214
Total nonoperating revenues	31,735	2,151	72,896	17,708	-	-	59,357	39,313	2,529	225,689
Income before contributions and transfers	154,620	67,246	488,639	63,933	-	277,301	30,055	27,431	6,973	1,116,198
Capital contributions	-	-	76,589	-	-	-	-	-	-	76,589
Transfers out	-	-	-	-	-	-	-	(39,314)	-	(39,314)
Change in net position	154,620	67,246	565,228	63,933	-	277,301	30,055	(11,883)	6,973	1,153,473
Net position - beginning of year	(141,217)	496,817	6,170,663	2,371,690	2,039,646	1,040,407	4,791,073	2,352,819	423,661	19,545,559
Transfer	-	-	-	-	(2,039,646)	-	-	-	-	(2,039,646)
Net position - beginning of year (restated)	(141,217)	496,817	6,170,663	2,371,690	-	1,040,407	4,791,073	2,352,819	423,661	17,505,913
Net position - end of year	$ 13,403	$ 564,063	$ 6,735,891	$ 2,435,623	$ -	$ 1,317,708	$ 4,821,128	$ 2,340,936	$ 430,634	$ 18,659,386

City of Midland, Michigan
Other Supplementary Information
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended June 30, 2019

	Information Services Fund	Store Revolving Fund	Equipment Revolving Fund	Municipal Service Center Fund	Renewable Energy Services Fund	Property and Liability Insurance Fund	Health Insurance Fund	Special Assessment Revolving Fund	Municipal Service Annex Fund	Total
Cash flows from operating activities										
Receipts from customers	$ 720	$ 769,901	$ 5,171,957	$ 416,752	$ -	$ 600,735	$ 573,363	$ 63,797	$ 31,802	$ 7,629,027
Receipts from other funds	979,300	-	-	-	-	533,291	10,457,066	-	-	11,969,657
Payments to suppliers	(722,130)	(850,771)	(648,011)	(68,800)	-	(835,756)	(11,194,976)	(11,882)	(18,612)	(14,350,938)
Payments to employees	(397,506)	-	(1,818,295)	(15,348)	-	-	-	-	(1,954)	(2,233,103)
Net cash provided (used) by operating activities	(139,616)	(80,870)	2,705,651	332,604	-	298,270	(164,547)	51,915	11,236	3,014,643
Cash flows from noncapital financing activities										
Transfers to other funds	-	-	-	-	-	-	-	(39,314)	-	(39,314)
Cash flows from capital and related financing activities										
Capital contributions	-	-	76,589	-	-	-	-	-	-	76,589
Purchases/construction of capital assets	(63,149)	-	(2,562,730)	(249,928)	-	-	-	-	(10,469)	(2,886,276)
Proceeds from sale of capital assets	-	-	228,625	-	-	-	-	-	-	228,625
Net cash used by capital and related financing activities	(63,149)	-	(2,257,516)	(249,928)	-	-	-	-	(10,469)	(2,581,062)
Cash flows from investing activities										
Interest received	31,735	2,151	46,682	17,708	-	-	59,357	39,313	2,529	199,475
Net change in cash and cash equivalents	(171,030)	(78,719)	494,817	100,384	-	298,270	(105,190)	51,914	3,296	593,742
Cash and cash equivalents - beginning of year	2,128,988	198,422	2,791,019	1,079,273	611,207	1,008,499	4,314,775	2,037,813	164,933	14,334,929
Transfer	-	-	-	-	(611,207)	-	-	-	-	(611,207)
Cash and cash equivalents - beginning of year (restated)	2,128,988	198,422	2,791,019	1,079,273	-	1,008,499	4,314,775	2,037,813	164,933	13,723,722
Cash and cash equivalents - end of year	$ 1,957,958	$ 119,703	$ 3,285,836	$ 1,179,657	$ -	$ 1,306,769	$ 4,209,585	$ 2,089,727	$ 168,229	$ 14,317,464
Reconciliation of operating income (loss) to net cash provided (used) by operating activities										
Operating income (loss)	$ 122,885	$ 65,095	$ 415,743	$ 46,225	$ -	$ 277,301	$ (29,302)	$ (11,882)	$ 4,444	$ 890,509
Adjustments to reconcile operating income (loss) to net cash from operating activities										
Depreciation and amortization expense	26,822	-	1,482,344	115,870	-	-	-	-	6,895	1,631,931
Noncash portion related to net pension liability - MERS	(58,547)	-	684,986	4,148	-	-	-	-	-	630,587
Noncash portion related to net OPEB liability	(62,562)	-	(99,496)	(79)	-	-	-	-	-	(162,137)
Changes in assets and liabilities										
Receivables (net)	(1,100)	55	7,756	(828)	-	99,948	(2,208)	63,797	(107)	167,313
Inventories	-	(144,561)	39,047	-	-	-	-	-	-	(105,514)
Prepaid items	-	-	634,607	-	-	(3,096)	(147,107)	-	-	484,404
Deferred outflows relating to net pension liability - MERS	(97,030)	-	(310,805)	(2,622)	-	-	-	-	-	(410,457)
Deferred outflows relating to net OPEB liability	(46,994)	-	(114,453)	(1,023)	-	-	-	-	-	(162,470)
Accounts payable	(7,000)	(1,459)	7,788	171,238	-	(75,883)	7,674	-	4	102,362
Accrued and other liabilities	2,608	-	(6,962)	-	-	-	6,396	-	-	2,042
Deferred inflows relating to net pension liability - MERS	(37,201)	-	(80,093)	(730)	-	-	-	-	-	(118,024)
Deferred inflows relating to net OPEB liability	18,503	-	45,189	405	-	-	-	-	-	64,097
Net cash provided (used) by operating activities	$ (139,616)	$ (80,870)	$ 2,705,651	$ 332,604	$ -	$ 298,270	$ (164,547)	$ 51,915	$ 11,236	$ 3,014,643

Statistical Section

This is part of the Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplemental information says about the City's overall financial health.

The statistical section is organized into the following main categories:

- Financial trends
- Revenue capacity
- Debt capacity
- Demographic and economic information
- Operating information

Sources – Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

City of Midland, Michigan
Net Position by Component
Last Ten Fiscal Years

	As of June 30,										
	2010	2011	2012		2013	2014		2015	2016	2017	2018	2019
Governmental activities:												
Net investment in capital assets	$ 87,999,853	$ 87,613,288	$ 88,511,573		$ 86,664,194	$ 89,585,040		$ 93,387,248	$102,825,938	$ 105,476,160	$ 111,872,266	$ 114,399,112
Restricted	7,550,391	8,459,716	8,206,252	(1)	14,341,343	12,864,614		12,887,661	16,548,177	23,962,098	14,682,508	16,349,913
Unrestricted (deficit)	(6,248,653)	(3,785,796)	1,210,553		2,790,283	(39,825,932)	(2)	(39,810,693)	(43,957,581)	(41,138,285)	(62,334,206)	(59,919,688)
Total net position	89,301,591	92,287,208	97,928,378		103,795,820	62,623,722		66,464,216	75,416,534	88,299,973	64,220,568	70,829,337
Business-type activities:												
Net investment in capital assets	98,022,672	100,609,436	100,402,758		100,885,163	101,563,419		103,416,149	106,991,242	110,277,347	112,740,412	116,272,803
Restricted	25,000	25,000	3,263,589	(1)	3,397,088	3,455,307		-	2,300,000	1,000,000	-	-
Unrestricted	29,793,084	31,156,750	29,981,732		31,710,327	17,167,995	(2)	22,608,670	24,026,275	26,221,464	17,698,297	17,105,929
Total net position	127,840,756	131,791,186	133,648,079		135,992,578	122,186,721		126,024,819	133,317,517	137,498,811	130,438,709	133,378,732
Primary government in total:												
Net investment in capital assets	186,022,525	188,222,724	188,914,331		187,549,357	191,148,459		196,803,397	209,817,180	215,753,507	224,612,678	230,671,915
Restricted	7,575,391	8,484,716	11,469,841	(1)	17,738,431	16,319,921		12,887,661	18,848,177	24,962,098	14,682,508	16,349,913
Unrestricted (deficit)	23,544,431	27,370,954	31,192,285		34,500,610	(22,657,937)	(2)	(17,202,023)	(19,931,306)	(14,916,821)	(44,635,909)	(42,813,759)
Total net position	$ 217,142,347	$ 224,078,394	$231,576,457		$239,788,398	$184,810,443		$192,489,035	$208,734,051	$ 225,798,784	$ 194,659,277	$ 204,208,069

Source: City's Comprehensive Annual Financial Report
(1) 2012 was restated to incorporate 2013 prior period adjustment for a change in accounting principle, due to the implementation of GASB Standards 63 and 65.
(2) 2014 was restated to incorporate a prior-period adjustment for a change in accounting principle, due to the implementation of GASB Standard 68

City of Midland, Michigan
Changes in Governmental Net Position
Last Ten Years
(Accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
General government	$ 4,063,142	$ 3,738,504	$ 5,130,440	$ 4,952,386	$ 4,371,200	$ 4,203,419	$ 5,898,120	$ 5,018,299	$ 3,945,301	$ 4,339,267
Public safety	14,806,966	15,305,454	14,954,815	15,679,391	15,596,565	16,623,855	19,183,327	19,216,981	15,615,959	23,093,632
Public works	9,632,256	8,258,151	8,853,319	9,416,912	9,188,965	8,409,654	10,776,785	10,248,793	10,551,422	11,272,708
Sanitation	2,419,772	2,475,323	2,492,955	2,398,083	3,017,452	3,245,915	3,261,473	3,559,725	3,723,037	3,604,803
Community and economic development	1,070,986	578,321	1,116,838	567,424	991,057	1,083,657	1,169,189	721,798	786,020	917,207
Parks and recreation	4,063,153	4,466,591	5,029,397	5,126,073	4,715,868	5,196,202	6,634,939	6,070,849	5,593,907	5,789,376
Library and community television	4,515,161	4,414,619	4,374,397	4,471,374	4,860,097	4,887,711	5,196,160	4,981,722	4,622,205	4,596,572
Airport	473,735	378,055	257,459	418,304	421,280	361,345	369,144	338,803	395,820	379,854
Transportation	1,739,854	1,738,124	1,772,164	1,901,342	1,836,649	1,961,687	2,144,140	2,194,919	2,167,574	2,149,192
Interest on long-term debt	702,517	668,251	633,430	589,971	586,291	506,836	441,174	287,828	247,880	198,906
Total governmental activities	43,487,542	42,021,393	44,615,214	45,521,260	45,585,424	46,480,281	55,074,451	52,639,717	47,649,125	56,341,517
Program revenues										
Charges for services										
Public safety	55,158	56,364	74,391	102,133	118,052	86,745	92,027	78,332	81,089	413,043
Public works	721,551	1,196,193	968,728	1,049,135	1,041,080	996,278	1,129,663	1,102,087	1,376,864	1,280,292
Sanitation	217,317	35,935	34,295	34,756	33,345	38,274	38,893	41,009	51,978	51,940
Community and economic development	4,451	3,725	4,875	5,100	233,717	4,475	32,345	18,772	22,310	22,578
Parks and recreation	293,757	347,276	390,375	421,685	410,641	412,815	441,471	455,477	445,940	445,146
Library and community television	1,347,405	1,337,765	1,368,016	1,359,160	1,365,146	1,395,346	1,390,818	1,289,034	1,207,060	1,200,240
Airport	196,841	248,531	322,813	258,776	269,631	210,738	197,867	197,618	214,555	218,370
Transportation	135,949	129,788	123,280	118,839	144,588	108,435	114,230	120,657	127,408	129,443
Total charges for services	2,972,429	3,355,577	3,286,773	3,349,584	3,616,200	3,253,106	3,437,314	3,302,986	3,527,204	3,761,052
Operating grants and contributions	$ 4,766,634	$ 4,841,547	5,679,405	5,397,059	6,907,656	5,993,971	7,786,912	15,742,014	16,194,139	17,397,570
Capital grants and contributions	1,388,911	727,076	1,986,926	4,309,370	2,304,230	1,630,546	10,411,312	8,140,836	3,379,941	4,037,589
Total program revenue	9,127,974	8,924,200	10,953,104	13,056,013	12,828,086	10,877,623	21,635,538	27,185,836	23,101,284	25,196,211
Net (expense) revenue	(34,359,568)	(33,097,193)	(33,662,110)	(32,465,247)	(32,757,338)	(35,602,658)	(33,438,913)	(25,453,881)	(24,547,841)	(31,145,306)

City of Midland, Michigan
Changes in Governmental Net Position
Last Ten Years
(Accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General revenues:										
Property taxes	31,971,428	31,549,496	$ 33,846,512	$ 33,949,025	$ 35,309,085	$ 35,240,503	$ 35,222,815	$ 31,324,060	$ 31,403,680	$ 31,617,781
Other tax related revenue	2,072,970	2,117,699	2,108,016	2,012,014	2,289,586	2,197,581	4,411,948	4,311,906	3,792,616	4,204,469
Intergovernmental	2,918,791	2,918,791	3,187,163	3,262,543	3,343,960	3,399,564	3,396,505	3,579,913	3,670,447	3,838,969
Unrestricted investment earnings	106,025	72,980	59,313	44,690	48,014	42,812	87,527	146,017	345,483	905,355
Gain on sale of capital assets	344,211	12,416	303,677	-	271,934	258,664	407,713	-	-	-
Miscellaneous revenues	666,042	765,507	755,552	862,213	728,404	717,628	751,393	673,962	945,272	776,895
Transfers	(1,650,312)	(1,038,466)	(841,992)	(1,797,796)	(1,783,790)	(2,413,600)	(1,886,637)	(1,698,538)	(1,478,177)	(1,549,748)
Total general revenues and transfers	36,429,155	36,398,423	39,418,241	38,332,689	40,207,193	39,443,152	42,391,264	38,337,320	38,679,321	39,793,721
Change in governmental net position	$ 2,069,587	$ 3,301,230	$ 5,756,131	$ 5,867,442	$ 7,449,855	$ 3,840,494	$ 8,952,351	$ 12,883,439	$ 14,131,480	$ 8,648,415

Source: City's Comprehensive Annual Financial Report

City of Midland, Michigan

Changes in Business-type Net Position

Last Ten Fiscal Years

(Accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Operating revenue										
Water customer fees	$ 9,041,009	$ 9,383,395	$ 10,141,703	$ 10,223,565	$ 10,259,149	$ 10,590,971	$ 10,492,849	$ 10,762,236	$ 11,147,668	$ 10,927,441
Wastewater customer fees	5,244,636	5,488,692	5,470,243	5,659,485	5,741,780	5,825,591	5,965,747	6,199,304	6,348,383	6,411,536
Landfill use and admission charges	3,362,957	3,867,944	3,289,167	3,322,110	2,903,936	2,924,072	3,680,791	4,227,394	3,139,840	4,222,927
Civic Arena use and admission charges	1,077,498	1,061,241	962,949	1,000,933	1,089,540	1,099,398	1,175,430	1,082,087	1,107,240	1,083,109
Other use and admission charges	1,150,138	990,554	1,074,941	845,084	915,279	894,559	963,241	952,867	1,010,151	1,073,342
Rentals	2,882,931	2,912,059	2,906,171	2,902,606	2,937,966	3,064,928	3,054,138	2,947,509	2,950,242	3,170,852
Fines and forfeits	141,762	166,900	169,804	169,476	176,468	188,185	177,295	192,065	180,619	185,448
Other revenue	305,571	2,073,180	1,103,365	1,133,074	1,156,174	2,407,044	1,683,832	1,644,587	1,484,367	1,413,381
Total operating revenue	23,206,502	25,943,965	25,118,343	25,256,333	25,180,292	26,994,748	27,193,323	28,008,049	27,368,510	28,488,036
Operating expenses										
Water	3,750,511	3,800,821	3,945,792	4,117,868	3,987,108	4,035,899	3,965,772	3,319,710	3,482,423	4,164,196
Wastewater	1,396,730	1,363,214	1,309,094	1,265,702	1,269,146	1,310,491	1,332,227	1,455,021	1,260,607	2,085,982
Landfill	2,515,598	2,514,219	2,577,617	2,735,828	2,777,228	2,850,976	2,771,233	2,801,933	3,313,808	4,208,874
Civic Arena	967,769	958,301	812,943	811,745	831,961	836,794	872,428	824,965	854,251	800,525
Other operating	3,978,810	4,342,252	4,640,670	4,530,073	4,578,775	4,609,079	5,052,771	4,562,245	4,693,451	4,585,978
Administration	2,357,378	2,308,525	2,351,223	2,322,441	2,421,548	2,452,806	2,643,855	2,264,873	2,414,227	2,404,122
Maintenance	4,550,779	4,712,824	4,436,506	4,910,689	5,517,411	5,365,141	5,017,184	5,586,719	6,172,175	6,242,836
Other expenses	6,380	74,613	67,688	92,809	74,727	462,608	678,706	100,823	49,246	83,776
Depreciation	4,021,646	3,967,213	4,356,092	4,655,137	4,619,802	4,678,458	4,890,750	4,953,097	5,128,071	6,047,545
Total operating expenses	23,545,601	24,041,982	24,497,625	25,442,292	26,077,706	26,602,252	27,224,926	25,869,386	27,368,259	30,623,834
Operating income (loss)	(339,099)	1,901,983	620,718	(185,959)	(897,414)	392,496	(31,603)	2,138,663	251	(2,135,798)

City of Midland, Michigan
Changes in Business-type Net Position
Last Ten Fiscal Years
(Accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Nonoperating revenue (expenses)										
Federal grant	$ -	$ -	$ -	$ -	$ -	$ -	$ 18,708	$ -	$ -	$ -
State grant	-	-	-	-	-	-	3,118	-	160,217	-
Interest income (losses)	219,266	212,289	94,324	44,213	211,615	37,561	73,919	188,124	186,398	436,760
Contractual revenues	847,664	504,154	453,978	683,454	796,982	430,590	461,288	280,471	348,595	172,821
Gain(loss) on disposition of assets	12,195	(16,356)	(978)	62,766	(36,337)	(24,827)	(7,522)	23,750	61,715	(4,536)
Other revenue	623,984	-	7,335	304,625	122	-	10,106	-	570	-
Interest expense	(776,434)	(683,148)	(618,300)	(531,576)	(500,999)	(443,740)	(294,006)	(257,346)	(267,929)	(409,235)
Other expenses	(128,889)	-	-	-	-	-	-	-	-	-
Total non-operating revenues (expenses)	670,185	16,939	(63,641)	563,482	471,383	(416)	265,611	234,999	489,566	195,810
Income (loss) - before contributions and transfers	331,086	1,918,922	557,077	377,523	(426,031)	392,080	234,008	2,373,662	489,817	(1,939,988)
Capital contributions	452,000	813,196	858,000	386,559	1,459,632	526,929	5,662,030	425,874	652,035	987,884
Operating transfers in	1,661,116	1,160,466	1,440,432	1,949,796	1,949,647	2,523,600	1,993,609	1,806,730	1,538,177	1,549,748
Operating transfers out	(10,804)	(122,000)	(598,440)	(152,000)	(165,857)	(110,000)	(106,972)	(108,192)	(60,000)	-
Change in net position	2,433,398	3,770,584	2,257,069	2,561,878	2,817,391	3,332,609	7,782,675	4,498,074	2,620,029	597,644
Some amounts reported for business-type activities in the statement of activities are different because of net revenue (expense) of certain internal services is reported with business-type activities.	4,537,681	179,846	(324,263)	(217,379)	(88,776)	505,489	(489,977)	(316,780)	(488,852)	302,733
Change in net position of business-type activities	**$ 6,971,079**	**$ 3,950,430**	**$ 1,932,806**	**$ 2,344,499**	**$ 2,728,615**	**$ 3,838,098**	**$ 7,292,698**	**$ 4,181,294**	**$ 2,131,177**	**$ 900,377**
Total primary government changes in net position	**$ 9,040,666**	**$ 7,251,660**	**$ 7,688,937**	**$ 8,211,941**	**$ 10,178,470**	**$ 7,678,592**	**$ 16,245,049**	**$ 17,064,733**	**$ 16,262,657**	**$ 9,548,792**

Source: City's Comprehensive Annual Financial Report

City of Midland, Michigan
Fund Balances - Governmental Funds
Last Ten Fiscal Years
(Modified accrual basis of accounting)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund:										
Non-spendable	$ -	$ 136,717	$ 133,810	$ 112,293	$ 131,276	$ 112,689	$ 109,727	$ 69,925	$ 77,971	$ 105,121
Reserved/restricted	608,739	-	-	-	-	-	-	-	-	-
Committed	-	1,202,239	3,316,281	3,475,477	4,070,246	4,715,292	5,132,253	8,581,454	9,021,076	9,271,024
Assigned	-	570,175	441,498	724,234	1,587,549	2,521,867	1,811,616	1,975,527	2,686,787	1,968,215
Unreserved/unassigned	6,489,409	5,381,543	4,847,648	4,673,073	5,381,936	5,569,212	5,548,543	5,639,310	7,926,345	11,779,325
Total general fund	7,098,148	7,290,674	8,739,237	8,985,077	11,171,007	12,919,060	12,602,139	16,266,216	19,712,179	23,123,685
All other governmental funds:										
Non-spendable	-	544,266	260,964	262,318	263,948	377,847	233,492	3,592	14,748	268,579
Reserved/restricted	3,455,381	1,991,078	8,321,213	14,079,025	11,403,386	11,126,587	15,048,316	17,969,914	20,619,285	23,232,207
Committed	-	4,980,494	787,232	745,674	1,805,573	913,441	453,891	1,566,371	-	421,938
Assigned	-	2,280,930	2,474,649	1,505,368	1,529,650	2,185,102	2,209,352	2,207,475	2,612,252	2,634,885
Unreserved/unassigned	5,255,550	-	-	-	(295,629)	-	-	-	-	(7,459)
Total all governmental funds	$ 15,809,079	$ 17,087,442	$ 20,583,295	$ 25,577,462	$ 25,877,935	$ 27,522,037	$ 30,547,190	$ 38,013,568	$ 42,958,464	$ 49,673,835

Notes:

a. The City changed its accounting for trust deeds resulting in a restatement of the be

b. GASB #54 was adopted in fiscal year 2011 which changed fund balance classification to depict the relative strength of spending constraints. Previou

c. The City adopted GASB 63 and 65 during fiscal year 2012-13. Beginning fund balances were restated to reflect the implemer

Source: City's Comprehensive Annual Financial Report

City of Midland, Michigan

Changes in Fund Balances - Governmental Funds

Last Ten Fiscal Years

(Modified accrual basis of accounting)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenue										
Taxes	$ 32,958,572	$ 32,601,169	$ 34,821,993	$ 33,949,025	$ 35,309,085	$ 35,240,503	$ 35,222,815	$31,324,060	$31,403,680	$31,617,781
Other tax related revenue	1,085,826	1,066,026	1,132,535	2,012,014	2,289,586	2,197,581	4,411,948	4,311,906	3,792,616	4,204,469
Licenses and permits	589,383	826,957	697,201	687,480	705,846	615,087	780,344	760,582	826,676	885,657
Federal grants	720,821	639,710	768,916	583,218	512,378	1,790,873	1,506,675	812,980	762,963	1,068,834
Intergovernmental - other	6,999,278	7,172,217	9,285,967	8,980,832	8,082,919	8,440,204	9,796,443	17,491,895	19,085,743	20,717,651
Charges for services	3,955,473	3,903,492	3,895,197	3,738,361	3,781,899	3,934,671	3,959,152	3,918,037	4,115,727	4,164,577
Use and admission charges	202,759	256,399	266,000	282,393	304,482	289,388	320,406	340,977	359,536	359,670
Interest income	106,028	72,980	59,313	44,671	50,441	44,947	87,527	146,017	345,483	905,355
Contributions and other revenues	1,671,296	2,041,456	2,043,569	4,787,548	3,666,261	2,361,388	2,250,039	5,340,085	5,479,693	4,081,296
Total revenue	48,289,436	48,580,406	52,970,691	55,065,542	54,702,897	54,914,642	58,335,349	64,446,539	66,172,117	68,005,290
Expenditures										
Current:										
General government	6,416,283	6,361,299	6,965,868	6,712,848	6,129,936	6,456,864	6,974,805	6,921,098	6,387,388	6,659,851
Public safety	14,867,678	15,779,974	15,182,480	15,724,988	15,942,908	15,826,112	16,553,084	17,176,276	17,984,990	18,404,650
Public works	5,988,481	5,850,900	5,361,940	5,858,277	5,860,312	5,744,942	6,017,698	5,552,957	5,851,922	6,242,788
Sanitation	2,480,790	2,491,420	2,542,662	2,450,295	3,116,963	3,214,241	3,058,597	3,538,019	3,985,581	3,817,907
Community and economic development	1,077,207	579,551	1,116,817	566,585	987,265	1,072,069	1,146,158	714,613	799,143	933,156
Parks and recreation	3,971,848	4,262,675	4,773,512	4,888,990	4,625,415	4,832,184	5,313,123	5,669,618	5,717,471	5,703,912
Library and community television	4,270,662	4,161,210	4,132,462	4,079,055	4,465,518	4,185,644	4,257,415	4,497,794	4,599,276	4,595,037
Airport	285,333	326,472	429,792	362,084	357,187	313,461	288,406	272,336	311,268	311,360
Transportation	1,693,097	1,629,824	1,715,709	1,819,483	1,776,592	1,822,045	1,869,850	1,990,729	2,095,573	2,082,808
Other functions	1,216	-	-	-	-	-	-	-	-	-
Capital outlay	3,400,930	3,287,839	4,596,798	4,125,670	7,701,939	6,765,986	6,695,692	7,324,069	10,555,931	9,479,512
Debt service										
Principal retirement	930,000	965,000	1,000,000	1,040,000	1,085,000	1,130,000	1,175,000	1,365,000	1,400,000	1,450,000
Interest and fiscal charges	686,907	652,854	618,243	582,106	546,394	501,793	455,878	200,244	166,825	112,420
Bond issuance costs	-	-	-	-	-	-	62,413	-	-	-
Total expenditures	46,070,432	46,349,018	48,436,283	48,210,381	52,595,429	51,865,341	53,868,119	55,222,753	59,855,368	59,793,401
Excess of revenue over (under) expenditures	2,219,004	2,231,388	4,534,408	6,855,161	2,107,468	3,049,301	4,467,230	9,223,786	6,316,749	8,211,889

City of Midland, Michigan

Changes in Fund Balances - Governmental Funds

Last Ten Fiscal Years

(Modified accrual basis of accounting)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Proceeds from sale of capital assets	$ 373,270	$ 12,416	$ 303,677	$ -	$ 292,266	$ 275,233	$ 418,550	$ 24,076	$ 17,961	$ 13,916
Issuance of debt	-	-	-	-	-	-	7,725,000	-	-	-
Bond discount	-	-	-	-	-	-	(7,662,587)	-	-	-
Operating transfers in	6,112,146	5,475,599	5,365,648	5,775,177	5,447,117	5,950,157	6,821,336	8,009,720	7,484,854	7,516,277
Operating transfers out	(7,228,724)	(6,441,040)	(6,707,880)	(7,636,171)	(7,546,379)	(7,630,589)	(8,744,376)	(9,791,204)	(8,874,668)	(9,026,711)
Total other financing sources (uses)	(743,308)	(953,025)	(1,038,555)	(1,860,994)	(1,806,996)	(1,405,199)	(1,442,077)	(1,757,408)	(1,371,853)	(1,496,518)
Net change in fund balances	1,475,696	1,278,363	3,495,853	4,994,167	300,472	1,644,102	3,025,153	7,466,378	4,944,896	6,715,371
Fund balances - beginning of year	14,333,383	15,809,079	17,087,442	20,583,295	25,577,463	25,877,935	27,522,037	30,547,190	38,013,568	42,958,464
Fund Balances - end of year	$ 15,809,079	$ 17,087,442	$ 20,583,295	$ 25,577,462	$ 25,877,935	$ 27,522,037	$ 30,547,190	$38,013,568	$42,958,464	$49,673,835
Debt service as a percentage of noncapital expenditures	3.82%	3.85%	3.70%	3.70%	3.62%	3.73%	3.39%	3.24%	3.11%	3.06%

Notes:

a. The City changed ints accounting for trust deeds resulting in a restatement of the beginning fund balance for 2006-07

b. GASB #54 was adopted in fiscal year 2011 which changed fund balance classification to depict the relative strength of spending constraints. Previous years' fund balances were not restated to reflect the implementation.

c. The City adopted GASB 63 and 65 during fiscal year 2012-13. Beginning fund balances were restated to reflect the implementation. Information from prior years has not been restated on this schedule.

Source: City's Comprehensive Annual Financial Report

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

City of Midland, Michigan

Taxable Value and Assessed Value of Taxable Property

Last Ten Fiscal Years

	Taxable Value by Property Type:								
	Real property:								
Tax Year	Residential	Commercial	Industrial	Personal Property	IFT	Total Taxable	Tax Rate (mills)	Total Assessed Value	Taxable Value as a % of Assessed
2009	$ 979,020,097	$ 297,391,800	$ 437,612,915	$ 443,958,900	$ 186,616,300	$ 2,344,600,012	13.94	$ 2,390,601,500	98.08%
2010	951,562,970	316,006,033	611,162,938	424,376,400	215,828,097	2,518,936,438	13.94	2,563,694,950	98.25%
2011	952,144,178	327,111,317	638,919,909	444,685,633	210,469,800	2,573,330,837	14.79	2,619,321,633	98.24%
2012	958,884,435	330,886,336	257,136,486	654,870,458	201,655,272	2,403,432,987	14.79	2,441,872,370	98.43%
2013	959,609,754	333,110,965	274,004,530	758,978,000	193,860,700	2,519,563,949	15.08	2,558,592,000	98.47%
2014	969,556,079	349,087,802	279,241,087	734,932,000	182,995,100	2,515,812,068	15.04	2,561,941,100	98.20%
2015	979,134,599	373,540,395	277,562,138	728,568,800	181,073,100	2,539,879,032	15.00	2,588,238,100	98.13%
2016	986,448,372	394,200,841	241,364,884	486,355,000	116,558,800	2,224,927,897	15.00	2,278,525,829	97.65%
2017	993,851,626	402,148,186	240,503,879	437,558,340	98,127,863	2,172,189,894	15.14	2,250,258,916	96.53%
2018	1,000,018,559	414,494,926	237,728,629	425,873,600	76,644,966	2,154,760,680	15.14	2,231,400,003	96.57%

Note: Under Michigan law, the revenue base is taxable value

Taxes levied in a particular "tax year" become revenue of the subsequent fiscal year

Source: City Assessing Department

City of Midland, Michigan
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

	Millage Rates - Direct City Taxes			Overlapping Taxes														
Tax Year	General Operating (1)	Debt	Total Direct Taxes*	Midland County	Bay County	Delta College	State Education		Bay/Arenac Intermediate School District	Midland Intermediate School District	School: Homestead Midland	School: Non-homestead Midland	School: Commercial Property Midland		School: Homestead Bullock Creek	School: Non-homestead Bullock Creek	School: Commercial Property Bullock	
2009	13.6700	0.2700	13.9400	8.8355	10.8138	2.0427	6.0000	(3)	4.9233	2.6756	2.7890	18.5000	8.7890	(2)	7.0000	25.0000	13.0000	(2)
2010	13.6700	0.2700	13.9400	8.8355	10.7138	2.0427	6.0000	(3)	4.9233	2.6756	2.7091	18.5000	8.7091	(2)	7.0000	25.0000	13.0000	(2)
2011	14.5000	0.2900	14.7900	8.8355	10.8138	2.0427	6.0000	(3)	4.9233	2.6756	2.0909	18.5000	8.0909	(2)	7.0000	25.0000	13.0000	(2)
2012	14.5000	0.2900	14.7900	8.8355	11.4638	2.0427	6.0000	(3)	4.9233	2.6756	1.9499	18.0000	7.9499	(2)	7.0000	25.0000	13.0000	(2)
2013	14.8000	0.2800	15.0800	9.1355	11.4638	2.0427	6.0000	(3)	4.9233	2.6756	1.7914	18.0000	6.7914	(2)	7.0000	25.0000	13.0000	(2)
2014	14.7600	0.2800	15.0400	8.8880	11.4638	2.0427	6.0000	(3)	4.9233	2.6756	1.7400	18.0000	8.7400	(2)	7.0000	25.0000	13.0000	(2)
2015	14.7400	0.2600	15.0000	9.9605	11.4638	2.0427	6.0000	(3)	4.9233	2.6756	4.7266	20.9500	10.7266	(2)	7.0000	25.0000	13.0000	(2)
2016	14.7409	0.2591	15.0000	9.9855	11.6138	2.0427	6.0000	(3)	4.9233	2.6756	4.5614	20.8800	10.5614	(2)	7.0000	25.0000	13.0000	(2)
2017	14.8781	0.2604	15.1385	10.2355	11.2138	2.0427	6.0000	(3)	4.9233	2.6756	4.4300	20.7200	10.4300	(2)	7.0000	25.0000	13.0000	(2)
2018	14.8779	0.2606	15.1385	10.4355	11.2138	2.0427	6.0000	(3)	4.9233	2.6756	4.4014	20.7200	10.4014	(2)	7.0000	25.0000	13.0000	(2)

* includes voter approved debt millage

Note: Tax rates are applied upon each $1,000 of taxable value

(1) City Charter authorizes 18 mills, but the State of Michigan Constitution (Headlee Amendment) restricts the maximum millage that may be levied by the City without a vote of our residents to 17.87 mills for General Operating.

(2) Public Act 37 of 2007 amended MCL 380.1211 to exempt Commercial Personal Property from up to 12 mills of local school district operating millage.

(3) Public Act 38 of 2007 amended MCL 211.903, to exempt all property classified as Industrial Personal Property from payment of the State Education Tax (SET).
Public Act 37 of 2007 amended MCL 380.1211 to exempt Industrial Personal Property from up to 18 mills of school operating millage.

Source: City Assessing Department

City of Midland, Michigan
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

	Overlapping Taxes				Total Tax Rate																
Tax Year	School: Homestead Bay City	School: Non-homestead Bay City	School: Commercial Property Bay City		Homestead Midland	Non-homestead Midland	Non-homestead Commercial Midland		Non-homestead Industrial Midland		Homestead Bullock Creek	Non-homestead Bullock Creek	Non-homestead Commercial Bullock		Non-homestead Industrial Bullock		Homestead Bay City	Non-homestead Bay City	Non-homestead Commercial Bay City		Non-homestead Industrial Bay City	
2009	2.3500	20.3500	8.3500	(2)	36.2828	51.9938	42.2828	(2)	30.2828	(3)	40.4938	58.4938	46.4938	(2)	34.4938	(3)	40.0698	58.0698	46.0698	(2)	34.0698	(3)
2010	2.8000	20.8000	8.8000	(2)	36.2029	51.9938	42.2029	(2)	30.2029	(3)	40.4938	58.4938	46.4938	(2)	34.4938	(3)	40.4198	58.4198	46.4198	(2)	34.4198	(3)
2011	2.9900	20.9900	8.9900	(2)	36.4347	52.8438	42.4347	(2)	30.4347	(3)	41.3438	59.3438	47.3438	(2)	35.3438	(3)	41.5598	59.5598	47.5598	(2)	35.5598	(3)
2012	2.9900	20.9900	8.9900	(2)	36.2937	52.3438	42.2937	(2)	30.2937	(3)	41.3438	59.3438	47.3438	(2)	35.3438	(3)	42.2098	60.2098	48.2098	(2)	36.2098	(3)
2013	2.9900	20.9900	8.9900	(2)	36.7252	52.9338	41.7252	(2)	30.7252	(3)	41.9338	59.9338	47.9338	(2)	35.9338	(3)	42.4998	60.4998	48.4998	(2)	36.4998	(3)
2014	2.9900	20.9900	8.9900	(2)	36.3863	52.6463	43.3863	(2)	30.3863	(3)	41.6463	59.6463	47.6463	(2)	35.6463	(3)	42.4598	60.4598	48.4598	(2)	36.4598	(3)
2015	2.9900	20.9900	8.9900	(2)	40.4054	56.6288	46.4054	(2)	34.4054	(3)	42.6788	60.6788	48.6788	(2)	36.6788	(3)	42.4198	60.4198	48.4198	(2)	36.4198	(3)
2016	2.9900	20.9900	8.9900	(2)	40.2652	56.5838	46.2652	(2)	34.2652	(3)	42.7038	60.7038	48.7038	(2)	36.7038	(3)	42.5698	60.5698	48.5698	(2)	36.5698	(3)
2017	2.9900	20.9900	8.9900	(2)	40.5223	56.8123	46.5223	(2)	34.5223	(3)	43.0923	61.0923	49.0923	(2)	37.0923	(3)	42.3083	60.3083	48.3083	(2)	36.3083	(3)
2018	2.9900	20.9900	8.9900	(2)	40.6937	57.0123	46.6937	(2)	34.6937	(3)	43.2923	61.2923	49.2923	(2)	37.2923	(3)	42.3083	60.3083	48.3083	(2)	36.3083	(3)

* includes voter approved debt millage

Note: Tax rates are applied upon each $1,000 of taxable value

(2) Public Act 37 of 2007 amended MCL 380.1211 to exempt Commercial Personal Property from up to 12 mills of local school district operating millage.

(3) Public Act 38 of 2007 amended MCL 211.903, to exempt all property classified as Industrial Personal Property from payment of the State Education Tax (SET).

Public Act 37 of 2007 amended MCL 380.1211 to exempt Industrial Personal Property from up to 18 mills of school operating millage.

Source: City Assessing Department

City of Midland, Michigan
Principal Property Tax Payers

	Taxpayer	2019 Taxable Value	Percentage of total	2010 Taxable Value	Percentage of total	2010 rank
1	Dow/Dow Dupont	$ 259,441,550	12.34%	$ 500,687,164	21.74%	2
2	Midland Cogeneration Venture	201,885,200	9.60%	421,042,200	18.28%	1
3	Consumers Energy Company	32,655,464	1.55%	19,811,708	0.72%	4
4	Midland Downtown Partners LLC	19,523,918	0.93%	-	- %	-
5	DDP Specialty Electronic Materials	18,212,100	0.87%	-	- %	-
6	Tarbert Properties LLC	10,185,300	0.48%	-	- %	-
7	Cabot Corporation	10,119,771	0.48%	-	- %	-
8	Midland Country Club	9,949,900	0.47%	-	- %	-
9	Midland Mall Realty Holdings	9,365,300	0.45%	-	- %	-
10	H Hotel	9,244,984	0.44%	9,481,433	0.41%	6
	Total	$ 580,583,487	27.61%	$ 951,022,505	41.15%	

The individual values are for real and personal property owned by the designated taxpayer, but not including industrial facilities taxable amounts.

Source: City's Assessing Department

City of Midland, Michigan
Property Tax Levies and Collections

Fiscal Year Ended June 30	Taxes Levied for Fiscal Year (Original Levy)	Adjustments *	Total Adjusted Levy	Collected within the Fiscal Year of the Levy	Percentage of Original Levy Collected	Collections in Subsequent Years	Total Collections to Date	Percentage of Total Collections to Adjusted Tax Levy
2010	$ 30,629,774	$ (6,167)	$ 30,623,607	$ 30,623,319	99.98%	$ (824)	$ 30,622,495	100.00%
2011	32,973,831	(498)	32,973,333	30,314,659	91.94%	2,658,664	32,973,323	100.00%
2012	35,569,456	(2,844,831)	32,724,625	32,715,296	91.98%	(8,732)	32,706,564	99.94%
2013	32,972,444	(89,110)	32,883,334	32,761,640	99.36%	112,994	32,874,634	99.97%
2014	33,821,073	(67,171)	33,753,902	33,743,484	99.77%	1,870	33,745,354	99.97%
2015	33,813,675	(24,802)	33,788,873	33,737,447	99.77%	45,262	33,782,709	99.98%
2016	34,264,769	(229,172)	34,035,597	34,027,775	99.31%	1,855	34,029,630	99.98%
2017	30,664,023	(403,604)	30,260,419	30,252,846	98.66%	1,442	30,254,288	99.98%
2018	30,363,382	(35,822)	30,327,560	30,302,342	99.80%	10,595	30,312,937	99.95%
2019	30,630,015	(136,435)	30,493,580	30,478,555	99.51%	-	30,478,555	99.95%

* Adjustments represent changes to the levy that occur subsequent to the fiscal year; any adjustments made during the fiscal year are reflected in the original levy column.

Source: City Treasurer's Office

Debt Capacity

These schedules contain information to help the reader assess the affordability of the City's current levels of outstanding debt, and the City's ability to issue additional debt in the future.

City of Midland, Michigan
Ratios of Outstanding Debt

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
General obligation bonds	$ 15,754,036	$ 20,771,216	$ 19,559,396	$ 18,408,507	$ 17,092,657	$ 15,721,807	$ 14,980,000	$ 13,350,000	$ 11,680,000	$ 6,000,000
Capital leases	614,097	409,524	209,187	-	-	-	-	-	-	-
Total governmental activities	16,368,133	21,180,740	19,768,583	18,408,507	17,092,657	15,721,807	14,980,000	13,350,000	11,680,000	6,000,000
Business-type activities										
General obligation bonds	17,379,872	16,344,992	15,245,399	14,779,063	13,474,063	12,184,064	10,754,064	9,264,064	7,814,063	10,219,063
Revenue bonds	-	-	-	-	-	-	-	-	-	-
Capital leases	-	-	-	-	-	-	-	120,703	94,927	68,266
Total business-type activities	17,379,872	16,344,992	15,245,399	14,779,063	13,474,063	12,184,064	10,754,064	9,384,767	7,908,990	10,287,329
Total debt of the government	$ 33,748,005	$ 37,525,732	$ 35,013,982	$ 33,187,570	$ 30,566,720	$ 27,905,871	$ 25,734,064	$ 22,734,767	$ 19,588,990	$ 16,287,329
Total population (1)	40,807	41,863	41,863	42,020	42,202	42,181	42,200	42,096	41,950	41,800
Total debt per capita	$ 827	$ 896	$ 836	$ 790	$ 724	$ 662	$ 610	$ 540	$ 467	$ 390
Total per capita personal income (2)	$ 29,946	$ 30,803	$ 30,574	$ 32,185	$ 31,540	$ 31,627	$ 30,715	$ 31,343	$ 32,039	$ 34,147
Total debt per capita personal income	$ 1,153	$ 1,243	$ 1,145	$ 1,031	$ 969	$ 882	$ 838	$ 725	$ 611	$ 477
Total taxable value	$ 2,157,983,712	$ 2,303,108,341	$ 2,362,861,037	$2,201,777,715	$2,325,703,249	$2,332,816,968	$2,358,805,932	$ 2,108,369,097	$ 2,078,340,133	$ 2,082,641,028
Ratio of total debt to taxable value	1.56%	1.63%	1.48%	1.51%	1.31%	1.20%	1.09%	1.08%	0.94%	0.78%

(1) Estimates provided by City Planning Department
(2) US Bureau of Census

Source: City Annual Financial Statements: Population Data reported from demographics data

City of Midland, Michigan

Ratios of General Bonded Debt Outstanding

Fiscal Year	General Bonded Debt	Taxable Value	Debt as a Percentage of Taxable Value	Population		Business Type Debt	Net General Bonded and Business Type Debt	Debt Per Capita	Per Capita Personal Income		% of Personal Income
2010	$ 15,754,036	$ 2,157,983,712	0.730%	40,807	(1)	$ 17,379,872	$ 29,999,944	$ 735	$ 29,946	(2)	2.45%
2011	20,771,216	2,303,108,341	0.902%	41,863	(1)	16,344,992	33,883,116	809.38	30,803	(2)	2.63%
2012	19,559,396	2,362,861,037	0.828%	41,863	(1)	15,245,399	31,490,293	752.22	30,574	(2)	2.46%
2013	18,408,507	2,201,777,715	0.836%	42,020	(1)	14,779,063	29,815,482	709.55	32,185	(2)	2.20%
2014	17,092,657	2,325,703,249	0.735%	42,202	(1)	13,474,063	27,111,413	642.42	31,540	(2)	2.04%
2015	15,721,807	2,332,816,968	0.674%	42,181	(1)	12,184,064	24,391,315	578.25	31,627	(2)	1.83%
2016	14,980,000	2,358,805,932	0.635%	42,200	(1)	10,754,064	22,148,810	524.85	30,715	(2)	1.71%
2017	13,350,000	2,108,369,097	0.633%	42,096	(2)	9,264,064	19,012,116	451.64	31,343	(2)	1.44%
2018	11,680,000	2,078,340,133	0.562%	41,950	(2)	7,814,063	15,879,843	378.54	32,039	(2)	1.18%
2019	6,000,000	2,082,641,028	0.288%	41,800	(2)	10,219,063	12,482,134	298.62	34,147	(2)	0.87%

(1) Estimates provided by City Planning Department
(2) U.S. Bureau of the Census

Source: City's financial records

City of Midland, Michigan
Direct and Overlapping Debt

Governmental Unit	Debt Outstanding	Estimated % Applicable	Estimated Share of Overlapping Debt*
Direct debt - City of Midland	$ 6,000,000	100.00%	$ 6,000,000
Overlapping debt:			
Bay City School District	52,640,000	0.26%	136,864
Bullock Creek School District	11,180,000	3.99%	446,082
Midland School District	81,265,000	80.64%	65,532,096
Bay County	2,762,494	0.16%	4,420
Midland County	28,572,914	58.80%	16,800,873
Bay-Arenac Intermediate School District	1,845,000	0.14%	2,583
Total overlapping debt	178,265,408		82,922,918
Total	$ 184,265,408		$ 88,922,918

* Overlapping debt is calculated as the issuer's proportionate share of the debt of other local governmental units that overlap it (the issuer is located either wholly or partly within the geographic limits of the other units) or underlie it (the other units are located within the geographic limits of the issuer). The debit is generally apportioned based upon relative assessed property values.
--- Source http://emma.msrb.org/educationcenter/Glossary.aspx

City of Midland, Michigan
Legal Debt Margin

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt limit	$ 239,060,150	$ 256,369,495	$ 261,932,163	$ 244,187,237	$ 255,859,200	$ 256,194,110	$ 258,823,810	$ 227,852,583	$ 225,025,892	$ 223,140,000
Total net debt applicable to limit	33,133,908	37,116,208	34,804,795	33,187,570	30,566,720	27,905,871	25,734,064	22,614,064	19,494,063	16,219,063
Legal debt margin	$ 205,926,242	$ 219,253,287	$ 227,127,368	$ 210,999,667	$ 225,292,480	$ 228,288,239	$ 233,089,746	$ 205,238,519	$ 205,531,829	$ 206,920,937
Total net debt applicable to the limit as a percentage of debt limit	13.86%	14.48%	13.29%	13.59%	11.95%	10.89%	9.94%	9.92%	8.66%	7.27%

Legal Debt Margin Calculation for Fiscal Year 2019

Debt limit:	
2018 state equalized valuation	$ 2,231,400,003
Debt limit (10% of state equalized valuation) (1)	x 10.00%
Total debt limit	223,140,000
Debt applicable to debt limit:	
Total bonded debt	16,219,063
Less: deductions allowed by law:	-
Total amount of debt applicable to debt limit	16,219,063
Legal debt margin	$ 206,920,937

Limitations on borrowing

(1) Act 279, Public Acts of Michigan, 1909, as amended, and provisions of the City Charter state that net bonded indebtedness of the City shall not exceed 10 percent of the City's Assessed valuation.

Bonds which are not required to be included in this computation of net indebtedness, according to said Act 279, are:

A. Special Assessment Bonds
B. Mortgage Bonds
C. Motor Vehicle Highway Fund Bonds
D. Revenue Bonds
E. Bonds issued, or contracts or assessment obligation, incurred to comply with an order of the Water Resources Commission or a court of competent jurisdiction
F. Other obligations incurred for water supply, sewage, drainage or refuse disposal projects necessary to protect the public health by abating pollution.

City of Midland, Michigan
Pledged-Revenue Coverage

	Water Revenue Bonds						
		Operating		Debt service			
Fiscal Year	Gross Revenues	Expenses	Net Revenues	Principal	Interest	Total	Coverage
2010	$ 11,216,050	$ 8,017,287	$ 3,198,763	$ -	$ -	$ -	$ -
2011	11,499,995	8,180,881	3,319,114	-	-	-	-
2012	11,535,436	9,457,224	2,078,212	-	-	-	-
2013	11,723,866	9,915,667	1,808,199	-	-	-	-
2014	12,037,632	10,344,900	1,692,732	-	-	-	-
2015	11,824,433	10,386,152	1,438,281	-	-	-	-
2016	11,986,070	10,045,632	1,940,438	-	-	-	-
2017	12,018,253	9,774,005	2,244,248	-	-	-	-
2018	12,718,643	10,287,038	2,431,605	-	-	-	-
2019	12,334,435	11,118,303	1,216,132	-	-	-	-

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

City of Midland, Michigan

Demographic and Economic Statistics

Fiscal year	Population		Personal Income (in thousands)		Per Capita Personal Income (2)	Median Age (2)	Unemployment rate (4)
2010	40,807	(1)	25,723	(2)	29,946	36.5	7.5
2011	41,863	(1)	26,776	(2)	30,803	36.8	6.6
2012	41,863	(1)	26,446	(2)	30,574	36.5	5.7
2013	42,020	(1)	27,811	(2)	32,185	37.6	6.1
2014	42,202	(1)	27,575	(2)	31,540	37.4	5.0
2015	42,181	(1)	28,316	(2)	31,627	37.3	4.2
2016	42,200	(1)	29,749	(2)	30,715	37.4	3.4
2017	42,096	(2)	30,531	(2)	31,343	38.9	3.3
2018	41,950	(2)	29,732	(2)	32,039	38.6	3.4
2019	41,800	(2)	31,695	(2)	34,147	38.7	3.2

(1) Estimates provided by City Planning Department

(2) U.S. Bureau of the Census

City of Midland, Michigan
Principal Employers

	Taxpayer	2019 Employees (2)(3)	Percentage of Total	2010 Employees	Percentage of Total	2010 Rank
1	MidMichigan Health	4,406	20.78%	3,200	13.89%	2
2	Dow Inc.	4,000	18.87%	(1)	(1)	(1)
3	DuPont	1,200	5.66%	(1)	(1)	(1)
4	Midland Public School District	898	4.24%	1,100	4.77%	4
5	Corteva Agriscience	800	3.77%	(1)	(1)	(1)
6	Chemical Bank	550	2.59%	460	2.00%	5
7	City of Midland	492	2.32%	460	2.00%	6
8	Greater Midland	410	1.93%	(1)	(1)	(1)
9	Three Rivers Corporation	410	1.93%	(1)	(1)	(1)
10	County of Midland	350	1.65%	330	1.43%	8

(1) Information not available

(2) Source: Midland Tomorrow, 2019

(3) Full-time equivalents

City of Midland, Michigan
Full-time Government Employees
Last Ten Fiscal Years

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General government										
City Manager	4	3	4	2	2	2	2	2	2	2
City Clerk	4	4	4	4	4	4	4	4	4	4
City Treasurer	4	4	4	4	4	4	4	4	4	4
Assessing	5	4	4	4	4	4	4	4	4	4
City Attorney	3	3	3	3	3	3	3	2	2	2
Finance	8	8	8	8	8	8	8	9	8	8
Human Resources/Risk Management	4	4	4	4	4	4	4	4	4	4
Purchasing	1	1	1	1	1	1	1	-	-	-
Public safety:										
Police	51	50	50	50	50	50	50	50	50	50
Fire	46	46	46	46	46	46	46	46	46	46
Building inspection	6	6	6	6	6	6	6	6	6	6
Planning	4	4	4	4	4	4	4	4	4	4
Public works:										
Engineering	14	12	12	12	12	12	12	12	12	12
Public Works	34	33	31	30	30	29	27	29	29	29
Sanitation	5	5	5	5	5	7	7	5	5	5
Parks and recreation	29	25	26	26	26	24	26	25	25	25
Grace A. Dow Library	20	19	19	18	18	18	18	18	18	18
Downtown Development Authority	1	-	-	-	1	1	1	1	1	1
Dial-A-Ride	6	6	5	5	5	5	6	6	6	6
Civic Arena	2	2	2	2	2	2	2	2	2	2
Landfill	9	9	9	9	10	10	10	10	11	11
Senior Housing										
Washington Woods	6	6	6	6	6	6	6	6	6	5
Riverside Place	6	6	6	6	6	6	6	5	5	5
Currie Municipal Golf Course	4	7	7	7	7	-	-	-	-	-
Wastewater	20	20	20	20	20	20	20	20	20	20
Water	35	34	34	33	33	33	32	32	32	32
Midland Community Television	3	3	3	3	3	3	3	3	3	3
Equipment Revolving	15	15	15	15	13	13	13	13	13	13
Municipal Service Center	1	1	1	1	1	-	-	-	-	-
Information Services - Operations	6	6	6	5	5	5	5	5	5	5
Geographic Information Systems	2	1	1	-	-	-	-	-	-	-
Total	358	347	346	339	339	330	330	327	327	326

Source: City of Midland Annual Budget

Operating Information

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

City of Midland, Michigan
Operating Indicators
Last Ten Fiscal Years

Function/ Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General government										
Building permits issued	3,023	3,789	3,594	3,020	2,727	2,504	3,055	3,151	3,540	3,547
Building inspections conducted (1)	7,211	5,959	3,377	3,502	3,404	4,174	3,303	2,616	3,229	4,300
Public safety										
Police										
Physical arrests	1,069	1,425	1,182	1,018	1,524	1,240	1,236	1,127	924	726
Traffic violations	4,679	4,009	4,294	4,549	3,989	3,988	3,905	3,805	2,516	3,402
Investigations/complaints	13,883	13,833	13,840	13,683	13,915	13,436	14,294	14,087	12,968	12,229
Fire										
Fire runs	109	82	97	118	70	80	86	64	87	77
Rescue/medical	3,018	2,999	3,018	3,127	3,141	3,147	3,192	3,474	3,354	3,466
Hazardous	322	458	339	317	391	333	292	421	386	279
All other calls	1,002	1,165	1,299	1,359	1,361	1,376	1,320	1,441	1,478	1,415
Public works										
Street maintenance (millions of dollars)	$ 1.73	$ 1.93	$ 1.56	$ 1.65	$ 2.20	$ 1.94	$ 1.91	$ 2.21	$ 2.42	$ 2.56
Sidewalk maintenance (thousands of dollars)	$ 364.99	$ 218.50	$ 121.47	$ 117.48	$ 148.40	$ 143.06	$ 268.88	$ 169.70	$ 117.91	$ 137.68
Refuse collected (compacted cubic yards)	52,364	49,482	46,343	42,420	54,157	57,006	48,589	57,528	56,303	49,230
Brush and heavy item (cubic yards)	51,306	52,073	54,039	43,591	58,300	54,527	56,722	52,475	61,081	52,177
Fall leaf collection (cubic yards)(2)	17,970	15,421	17,616	16,956	16,050	16,728	15,598	18,650	15,025	21,600
Parks and recreation										
Softball teams supported	263	260	236	201	204	195	196	202	190	189
Picnic reservations (sheltered and open area)	603	621	626	543	550	546	613	684	605	615
Library										
Volumes in collection	262,065	257,203	256,631	253,104	249,169	248,849	242,440	238,196	241,313	211,072
Circulation (books borrowed)	860,380	846,487	814,529	789,851	745,669	721,496	710,047	669,424	591,957	658,694
Airport (take-offs and landings)	9,083	9,424	9,578	8,061	7,851	7,465	7,850	10,571	10,685	7,114
Landfill										
Vehicle traffic	31,235	31,947	28,817	28,201	28,863	29,349	32,294	34,987	36,732	34,534
Tons per day	483	699	556	615	526	489	742	917	477	503
Senior housing apartment complexes										
Washington Woods										
Occupancy	99.0%	96.0%	94.0%	98.0%	96.0%	95.9%	91.0%	83.0%	83.0%	91.0%
Percent turnover	15%	24%	29%	28%	28%	22%	11%	22%	19%	17%
Average age of residents	83	81	80	80	79	78	78	78	79	79
Riverside Place										
Occupancy	100%	100%	100%	100%	100%	99%	99%	98%	98%	98%
Percent turnover	21%	25%	24%	26%	26%	33%	33%	23%	15%	16%
Average age of residents	87	87	87	86	85	86	86	85	86	85

City of Midland, Michigan
Operating Indicators
Last Ten Fiscal Years

Function/ Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public transportation (passengers served)	129,491	126,846	129,674	113,893	107,181	103,306	103,610	112,274	110,848	109,350
Sewer										
Average daily sewage treatment (MGD)	6.58	7.23	6.14	7.41	6.72	6.27	7.98	8.19	7.65	8.35
Annual sewage treatment (MG)	2,393.76	2,640.53	2,419.16	2,703.48	2,450.27	2,287.28	2,921.85	2,990.56	2,790.31	3,047.14
Water										
Finished water pumped (MG)										
Domestic	3,375.07	3,445.52	3,479.23	3,348.42	3,261.59	3,100.10	3,246.75	3,286.57	3,352.63	3,175.00
Industrial	3,561.20	3,695.13	4,172.44	3,790.94	3,752.69	3,894.11	4,057.97	4,161.28	4,193.66	4,118.03
Total	6,936.27	7,140.65	7,651.67	7,139.36	7,014.28	6,994.21	7,304.72	7,447.85	7,546.29	7,293.03

NA - Information not available
MG - Million gallons
MGD - Million gallons/day

(1) 2011 and prior accounted for by individual inspection; 2012 and later accounted for by project
(2) 2015 in prior years, the quantity of leaves collected were multiplied by a compaction rate of 4. This computation has been revised and prior years have been restated.

Sources: City records, city departments, department annual reports, and city website - www.midland-mi.org

City of Midland, Michigan
Capital Asset Statistics
Last Ten Fiscal Years

Function/ Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	13	13	14	15	15	15	15	14	14	14
Detective vehicles	4	4	4	4	4	5	5	5	5	5
SWAT van	1	1	1	1	1	1	1	1	1	1
Administrative and warrant officer vehicle	4	2	3	3	3	3	3	3	3	3
Fire										
Stations	3	3	3	3	3	3	3	3	3	3
Fire response vehicles	6	6	6	6	6	6	6	6	6	6
Emergency response vehicles	1	1	1	1	1	1	1	1	1	1
Public works										
Major streets (miles)	77	82	82	82	82	82	86	86	87	87
Local streets (miles)	156	151	151	152	152	153	150	150	149	143
State highways (miles)	16	16	16	16	16	16	16	16	16	16
Sidewalks (miles)	355	355	356	357	357	357	358	359	359	359
Traffic signals (city owned)	72	74	74	76	76	77	77	71	72	73
Refuse collection trucks	13	13	15	14	14	14	13	16	15	15
Parks and recreation										
Acreage	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700
Regional park and recreation areas	8	8	8	8	8	8	8	8	8	8
Community parks	7	7	7	7	7	7	7	7	7	7
Block and district parks	55	55	55	55	55	55	55	55	55	55
Golf courses										
9-hole municipal par-3	1	1	1	1	1	1	1	1	1	1
18-hole municipal	2	2	2	2	2	2	2	2	2	2
Golf course clubhouse	2	2	2	2	2	2	2	2	2	2
Ice arena (a)	1	1	1	1	1	1	1	1	1	1
Swimming pool	1	1	1	1	1	1	1	1	1	1
Skateboard park	1	1	1	1	1	1	1	1	1	1
Spray ground facilities (h)	2	2	2	2	2	2	2	2	2	2
Library branches	1	1	1	1	1	1	1	1	1	1
Airport										
Runways	2	2	2	2	2	2	2	2	2	2
Terminal building (b)	1	1	1	1	1	1	1	1	1	1
City-owned hangars (leased)	14	14	14	14	14	14	14	15	15	15

City of Midland, Michigan
Capital Asset Statistics
Last Ten Fiscal Years

Function/ Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public transportation-Dial-A-Ride buses	14	14	14	14	14	14	14	14	14	14
Landfill										
Current airspace (compacted cubic yards) (c)(f)(g)	2,347,971	2,205,036	2,041,275	1,859,132	1,736,958	1,613,185	1,424,672	1,231,816	1,062,155	967,697
Total future airspace (compacted cubic yards) (d)	8,323,460	8,180,525	8,016,764	7,834,621	7,712,447	7,588,674	7,400,161	7,207,305	7,037,644	6,943,186
Senior housing apartment complexes										
Washington Woods (units)	214	214	214	214	214	214	214	214	214	214
Riverside Place (units)	150	150	150	150	150	150	150	150	150	150
Sewer										
Sanitary sewers (miles)	197	197	197	197	197	197	199	199	199	200
Storm sewers (miles)	174	174	174	175	175	175	176	176	176	175
Treatment capacity (million gallons/day)	18	18	18	18	18	18	18	18	18	18
Water (e)										
Water mains (miles)	360	384	385	398	400	402	405	399	402	405
Fire hydrants	3,205	3,240	3,254	3,273	3,309	3,336	3,402	3,412	3,445	3,448
Storage capacity (million gallons)	13.75	13.75	13.75	13.75	13.75	13.75	13.75	13.75	13.75	13.75
Treatment plant capacity (million gallons/day)										
Potable water	28.8	28.8	28.8	28.8	28.8	28.8	28.8	28.8	28.8	28.8
Industrial grade water	19.2	19.2	19.2	19.2	19.2	19.2	19.2	19.2	19.2	19.2
Total	48.0	48.0	48.0	48.0	48.0	48.0	48.0	48.0	48.0	48.0

NA - Information not available
(a) A new 3-sheet arena on Fast Ice Drive opened in September 2005 replacing the old 2-sheet arena on East Collins. In 2014 one sheet of ice arena was converted to turf.
(b) In FY05/06 a new 2,100 sq ft terminal building opened replacing a 1,200 sq ft terminal built in 1950.
(c) Current airspace = remaining airspace in currently constructed cells.
(d) Total future airspace = remaining airspace in currently constructed cells as well as cells to be constructed in the future.
(e) Raw water is pumped from Lake Huron by the Saginaw-Midland Municipal Water Supply Corporation, a facility owned jointly by the two cities.
The raw water is then pumped to the two communities for treatment at their individual treatment plants.
(f) FY07/08 Cell 16 added, roughly 1.8 million yards of additional airspace
(g) 2010 airspace remaining value is higher than 2009 for two reasons:
1. 2010 had an actual survey completed, while 2009 was a calculated estimate.
2. A minor modification to Cell 16 design increased the available airspace by 56,947 compacted cubic yards.
(h) 2015 Thrune Park renovation included the addition of a Splash Pad
Sources: City records, city departments, department annual reports, and city website - www.midland-mi.org