

CITY OF ROGERS CITY
PRESQUE ISLE COUNTY
STATE OF MICHIGAN

FINANCIAL REPORT
WITH SUPPLEMENTAL INFORMATION
FISCAL YEAR END JUNE 30, 2019

CITY OF ROGERS CITY

CITY OFFICIALS - As of June 30, 2019

Mayor	Scott McLennan
Mayor Pro Tem	Kenneth Bielas
Council Member	Richard Adair
Council Member	Larry Fuhrman
Council Member	Gary Nowak
Clerk/Treasurer	Terri Koss
City Manager	Joseph Hefele

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CERTIFIED PUBLIC ACCOUNTANTS

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Partners:
Timothy J. Quast, C.P.A.
David G. Gwizdala, C.P.A.

Members:
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INDEPENDENT AUDITORS' REPORT

To the City Council
The City of Rogers City
Presque Isle County
Rogers City, MI 49779

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Rogers City, State of Michigan as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise City of Roger City, State of Michigan'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 did not audit the financial statements of the Rogers City Housing Commission, a component unit of the City of Rogers City, which represents 56 percent, 54 percent, and 82 percent, respectively, of the assets, net position and revenue of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Rogers City Housing Commission, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Rogers City, State of 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.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Rogers City, State of Michigan’s basic financial statements. The nonmajor governmental combining balance sheet, the nonmajor governmental and general fund statements of revenues, expenditures and changes in fund balances, and the general fund detail of expenditures are presented for purposes of additional analysis and are not a required part of the basic financial statements.

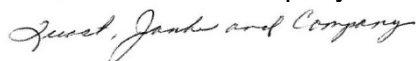
The nonmajor governmental combining balance sheet, the nonmajor governmental and general fund statements of revenues, expenditures and changes in fund balances, and the general fund detail of expenditures, are the responsibility of management and were derived from and relate directly to the underlying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

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2019, on our consideration of the City of Rogers City, State of 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 the City of Roger City, State of 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 the City of Rogers City, State of Michigan’s internal control over financial reporting and compliance.

Sincerely,

Quast, Janke and Company



Certified Public Accountants, P.C.

November 5, 2019



CERTIFIED PUBLIC ACCOUNTANTS

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

To the City Council
The City of Rogers City
Presque Isle County
Rogers City, Michigan 49779

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Rogers City, State of Michigan, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Rogers City, State of Michigan's basic financial statements, and have issued our report thereon dated November 5, 2019.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

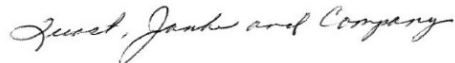
As part of obtaining reasonable assurance about whether the City of Rogers City, State of Michigan's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2019-001.

Purpose of this Report

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

Sincerely,

Quast, Janke and Company



Certified Public Accountants, P.C.

November 5, 2019

CITY OF ROGERS CITY
Presque Isle County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019

This section of the City of Rogers City's annual Financial Report presents the Management Discussion and Analysis (MD&A) of the City's financial activities during the fiscal year ended June 30, 2019. It is intended to be read as part of the City's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

The assets of the City of Rogers City exceeded liabilities at June 30, 2019, by \$ 6,280,659. Of this amount \$ (2,684,720) is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.

The City's net position increased by \$ 181,651 during the year. Of this amount the net position of our governmental activities increased \$ 406,086 and the net position of our business-type activities decreased by \$ 224,435.

USING THIS REPORT

The annual report consists of a series of financial statements as well as other requirements as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities.

Government-Wide Financial Statements consists of a Statement of Net Position and a Statement of Activities. These provide information about the activities of the City as a whole and represent an overall view of the City's finances.

Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund Financial Statements report the City's operations in more detail than the government-wide statements by providing information about the major funds.

CITY OF ROGERS CITY
Presque Isle County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019

Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information, other than MD&A, provides information about the required budgetary comparison information.

Other Additional Information provides detailed information about the General Fund expense in more detail and combining statements of the nonmajor funds.

REPORTING THE CITY AS A WHOLE

The Statement of Net Position, the Statement of Activities, and 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 and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

One of the most important questions asked about the City's finances is: Is the City as a whole better or worse off as a result of the year's activities? The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is very similar to the method of accounting used by most private sector companies. The two statements report the City's net position, which are the difference between assets and liabilities, as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. Additional factors such as changes in the City's property tax base and the condition of the City's infrastructure are also important in making this decision. The following paragraphs are intended to assist in making this overall assessment.

CITY OF ROGERS CITY
Presque Isle County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019

REPORTING THE CITY'S MAJOR ACTIVITIES

In the Statement of Net Position and the Statement of Activities, we have divided the City into two kinds of activities:

***Governmental Activities** - Most of the City's basic services are reported here, such as public safety, public works, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax and state and federal grants finance most of these activities.

***Business-Type Activities** - This activity includes the wastewater treatment, water, marina, and refuse funds. These activities are financed primarily by user charges.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

The fund financial statements provide detailed information about individual, significant funds, not the City as a whole. Some funds are required to be established by State law and by bond covenants. The City can establish other funds to control and manage money for particular purposes (such as construction or street projects) and to show that it is properly using certain revenues (such as tax increment financing revenues). The City has three kinds of funds: governmental, proprietary and fiduciary.

Governmental Funds

The Governmental Funds account for most of the City's basic services. They focus on how money flows into and out of those funds and the balances at year-end that are available for spending. Governmental funds include the General Fund; Special Revenue Funds such as Major Street, Local Street, and Nonmajor funds as detailed in the combining statements. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The government fund statements provide a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The financial statements required for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

CITY OF ROGERS CITY
Presque Isle County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019

Proprietary Funds

Proprietary Funds account for the City's enterprise funds. These funds report services for which the City charges customers for the service it provides. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. The major difference between the Proprietary Fund and the Business-Type Activities included in the Government-Wide Statement is the detail and additional information, such as cash flows, provided in the Proprietary Fund statements. The Proprietary Funds which include the Wastewater treatment, Water, Marina, and Refuse Funds, are considered to be major funds of the City. The City is responsible for ensuring that the assets reported in these funds are used only for their intended purposes. The financial statements required for Proprietary Funds include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Fund Net Position and a Statement of Cash Flows.

Fiduciary Funds

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support City programs. The reporting focus is on net position and changes in net position, and is reported using accounting principles similar to Proprietary Funds. The City's Fiduciary Funds are presented in the Fiduciary Fund financial statement by type, which is the Employee Separation Pay Fund. Because by definition these assets are being held for the benefit of a third party, pension participants and other local governments, and cannot be used to address activities or obligations of the government, these funds are not incorporated into the Government-Wide Statements.

CITY OF ROGERS CITY
Presque Isle County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. The following analysis shows the City's total net position at June 30, 2019 and 2018.

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
ASSETS						
Current and other assets	\$ 2,158,382	\$ 1,922,124	\$ 2,414,522	\$ 2,540,764	\$ 4,572,904	\$ 4,462,888
Capital assets net of accumulated depreciation	2,964,341	3,108,180	10,617,375	10,973,994	13,581,716	14,082,174
Total Assets	5,122,723	5,030,304	13,031,897	13,514,758	18,154,620	18,545,062
DEFERRED OUTFLOWS OF RESOURCES	552,636	509,322	191,084	169,774	743,720	679,096
LIABILITIES						
Current liabilities	71,654	183,422	163,914	291,114	235,568	474,536
Long-term liabilities	4,819,713	4,977,295	7,547,448	7,657,364	12,367,161	12,634,659
Total Liabilities	4,891,367	5,160,717	7,711,362	7,948,478	12,602,729	13,109,195
DEFERRED INFLOWS OF RESOURCES	14,952	15,955	0	0	14,952	15,955
NET POSITION						
Invested in capital assets net of related debt	2,856,003	3,020,746	4,565,375	4,781,994	7,421,378	7,802,740
Restricted	908,389	684,993	635,611	650,911	1,544,000	1,335,904
Unrestricted	(2,995,353)	(3,342,785)	310,633	303,149	(2,684,720)	(3,039,636)
Total Net Position	\$ 769,039	\$ 362,954	\$ 5,511,619	\$ 5,736,054	\$ 6,280,658	\$ 6,099,008

The largest portion of the City's net position is invested in capital assets (e.g., land, infrastructure, buildings, and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net position represents resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Total unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, legislation, or other legal requirements is \$ (2,684,720).

CITY OF ROGERS CITY
Presque Isle County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019

The following analysis provides the changes in the net position for the City's governmental and business-type activities:

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Program Revenues						
Charges for services	\$ 125,573	\$ 118,111	\$ 1,842,452	\$ 1,758,622	\$ 1,968,024	\$ 1,876,733
Operating grants and contributions	553,517	637,193	15,752	15,998	569,269	653,191
Capital grants and contributions	0	0	128,355	473,228	128,355	473,228
General Revenues						
Property taxes	1,185,483	1,474,213	0	0	1,185,483	1,474,213
State revenue sharing	467,832	314,992	0	0	467,832	314,992
Interest income	20,421	15,481	4,284	3,838	24,705	19,319
Other revenue	35,112	77,297	0	0	35,112	77,297
Total Revenues	2,387,938	2,637,287	1,990,843	2,251,686	4,378,780	4,888,973
Program Revenues						
General government	436,485	508,626	0	0	436,485	508,626
Public safety	516,190	569,725	0	0	516,190	569,725
Public works	703,014	925,664	0	0	703,014	925,664
Recreation and culture	204,554	185,643	0	0	204,554	185,643
Community and economic development	61,526	63,197	0	0	61,526	63,197
Other expenses	84,449	150,088	0	0	84,449	150,088
WWTP	0	0	884,985	1,020,389	884,985	1,020,389
Marina	0	0	506,126	448,930	506,126	448,930
Refuse	0	0	134,413	150,300	134,413	150,300
Water	0	0	674,880	604,803	674,880	604,803
Total Expenses	2,006,217	2,402,943	2,200,405	2,224,422	4,206,623	4,627,365
Changes in Net Position before transfers	381,720	234,344	(209,563)	27,264	172,158	261,608
Transfers	24,365	78,143	(8,000)	(32,957)	16,365	45,186
Changes in Net Position	406,085	312,487	(217,563)	(5,693)	188,523	306,794
Net Position - Beginning	362,954	50,467	5,736,054	5,741,747	6,099,008	5,792,214
Net Position - Ending	\$ 769,040	\$ 362,954	\$ 5,518,491	\$ 5,736,054	\$ 6,287,531	\$ 6,099,008

CITY OF ROGERS CITY
Presque Isle County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City of Rogers City completed its year, its governmental funds reported a total fund balance of \$ 1,981,209 which is more than the \$ 1,606,851 total fund balance at June 30, 2018.

- The General Fund, the operating fund for the City, ended fiscal year 2019 with a \$1,072,820 fund balance compared to the prior year ending fund balance of \$921,858.
- The Major Street Fund Balance increased by \$ 85,687.
- The Local Street Fund Balance increased by \$ 138,138.

INDIVIDUAL MAJOR BUSINESS-TYPE FUND ANALYSIS

As the City of Rogers City completed its year, its Business-Type Funds reported total net position of \$5,511,619 which is less than the \$ 5,736,054 net position at June 30, 2018.

- Wastewater Treatment Fund net position increased by \$46,309.
- Water Fund net position decreased by \$ 127,331.
- Marina Fund decreased by \$ 151,514.
- Refuse Fund net position increased by \$ 8,102.

BUDGETARY HIGHLIGHTS

During the year ended June 30, 2019, the City amended the budget several times. The amendments were done for line item changes and to cover some unexpected costs. General fund final actual expenditures were \$232,031 less than budgeted amounts.

CITY OF ROGERS CITY
Presque Isle County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019

CAPITAL ASSETS AND DEBT ADMINISTRATION

The City's investment in capital assets, including land, buildings and improvements, equipment, water systems, sewer systems, lighting systems, traffic signals and other infrastructure represents the value of the resources utilized to provide services to citizens. Capital assets for governmental activities totaled \$ 2,923,341 (net of accumulated depreciation) at June 30, 2019. Capital assets for business-type activities totaled 10,617,375 (net of accumulated depreciation) at June 30, 2019. The notes to the financial statements contain more detailed information about the City's capital assets.

Governmental activities had no capital outlays. For Equipment Fund, was one addition of used trackless equipment.

The following is a summary of the City's debt obligations:

	Maturity Date/ Interest Rate	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities						
Capital Improvement:						
2008 General Obligation	2018 2.9-4.2%	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
2010 G.O. Capital Improvement Bonds	2026 3.25%	42,000	0	(5,000)	37,000	5,000
2011 G.O Capital Improvement Bonds	2020 2.75%	45,000	0	(15,000)	30,000	15,000
Total Governmental Activities		<u>\$ 87,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 87,000</u>	<u>\$ 20,000</u>
Business-Type Activities						
Marina Fund Bonds 2011 General Obligation Refunding	2026 3.0%	\$ 176,000	\$ 0	\$ (20,000)	\$ 156,000	\$ 20,000
Water Fund Bonds 2010 Water Supply Revenue Bonds	2050 2.375%	2,714,000	0	(54,000)	2,660,000	56,000
Sewer Fund Bonds 2010 Sewer Disposal Revenue Bonds	2050 2.375%	3,302,000	0	(66,000)	3,236,000	68,000
Total Business-type Activities		<u>\$ 6,192,000</u>	<u>0</u>	<u>\$ (140,000)</u>	<u>\$ 6,052,000</u>	<u>\$ 144,000</u>

CITY OF ROGERS CITY
Presque Isle County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019

ECONOMIC FACTORS

Elected and appointed officials must consider many factors in the preparation and the adoption of the City's annual budget. One important factor affecting the City's budget is the State of Michigan's fiscal health, because a significant source of revenue for the City's General Fund is state shared revenue, a portion of which is subject to state legislative approval. Because of the State's recent and continuing budget problems, the City has seen a reduction in state shared revenue. The consequences of this revenue reduction is and will be in the future a reduction in services funded by the General Fund with public safety services at risk in the near future without additional state or local revenue to the General Fund.

COMPONENT UNIT – ROGERS CITY HOUSING COMMISSION

As detailed in the auditor's opinion, the Housing Commission was audited by a different auditor and the audit report and financial statements may be obtained directly from the Housing Commission.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to present citizens, taxpayers, customers, investors, creditors and other interested parties with a general overview of the City's finances and operating activities. If you have any questions or require additional information, please contact the City of Rogers City, 193 E. Michigan Ave., Rogers City, MI 49779.

CITY OF ROGERS CITY
Presque Isle County, Michigan

GOVERNMENT WIDE STATEMENT OF NET POSITION
June 30, 2019

	Primary Government			Component Units
	Governmental Activities	Business -Type Units	Total	
ASSETS:				
Cash	\$ 2,102,545.70	\$ 1,565,740.66	\$ 3,668,286.36	\$ 142,610.81
Receivables	105,076.85	193,878.27	298,955.12	7,341.00
Taxes receivable	76.11	0.00	76.11	0.00
Internal balances	(8,317.10)	8,317.10	0.00	0.00
Land held for sale	0.00	0.00	0.00	341,515.95
Inventory and prepaids	0.00	10,974.78	10,974.78	4,442.00
Restricted cash	0.00	635,611.19	635,611.19	0.00
Capital assets:				
Land	595,220.49	5,823,631.79	6,418,852.28	42,958.00
Buildings and improvements	1,354,458.45	4,722,924.33	6,077,382.78	1,772,422.00
Machinery and equipment	1,826,453.40	503,093.73	2,329,547.13	227,887.00
Infrastructure	4,758,284.68	0.00	4,758,284.68	0.00
Water and sewer systems	0.00	8,449,067.57	8,449,067.57	0.00
Other assets	0.00	0.00	0.00	0.00
Accumulated depreciation	(5,611,075.72)	(8,881,342.57)	(14,492,418.29)	(1,644,733.00)
Total Assets	5,122,722.86	13,031,896.85	18,154,619.71	894,443.76
DEFERRED OUTFLOWS OF RESOURCES	552,636.00	184,212.00	736,848.00	0.00
LIABILITIES:				
Accounts payable	12,780.26	19,688.12	32,468.38	14,176.25
Accrued expenses	38,535.40	56,225.54	94,760.94	6,224.00
Accrued interest	337.92	0.00	337.92	0.00
Unearned income	0.00	0.00	0.00	1,026.00
Compensated absences	76,759.48	0.00	76,759.48	3,724.00
Customer deposits	0.00	18,130.00	18,130.00	4,041.00
Other net postemployment obligation	0.00	0.00	0.00	0.00
Net pension liability	4,695,954.00	1,565,318.00	6,261,272.00	0.00
Notes and bonds payable				
Amount due within one year	20,000.00	144,000.00	164,000.00	2,651.00
Amount due more than one year	47,000.00	5,908,000.00	5,955,000.00	0.00
Total Liabilities	4,891,367.06	7,711,361.66	12,602,728.72	31,842.25
DEFERRED INFLOWS OF RESOURCES	14,951.51	0.00	14,951.51	0.00
NET POSITION:				
Investment in cap. assets net of debt	2,856,003.38	4,565,374.85	7,421,378.23	395,883.00
Restricted for streets	744,846.42	0.00	744,846.42	0.00
Restricted for other	163,543.45	635,611.19	799,154.64	0.00
Unrestricted	(2,995,352.96)	303,761.15	(2,691,591.81)	466,718.51
Total Net Position	\$ 769,040.29	\$ 5,504,747.19	\$ 6,273,787.48	\$ 862,601.51

The accompanying notes are an integral part of the financial statements.

CITY OF ROGERS CITY
Presque Isle County, Michigan

GOVERNMENT WIDE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Units
	Expenses	Charges for Services	Operating Grants/Contributions	Capital Grants/Contributions	Governmental Activities	Business-Type Activities	Total	
PRIMARY GOVERNMENT:								
GOVERNMENTAL ACTIVITIES:								
General government	\$ 395,968.21	\$ 52,694.54	\$ 27,784.60	\$ 0.00	\$ (315,489.07)	\$ 0.00	\$ (315,489.07)	\$ 0.00
Legislature	40,516.53	0.00	0.00	0.00	(40,516.53)	0.00	(40,516.53)	0.00
Public safety	516,189.53	72,063.00	5,191.95	0.00	(438,934.58)	0.00	(438,934.58)	0.00
Public works	703,013.97	815.02	520,540.23	0.00	(181,658.72)	0.00	(181,658.72)	0.00
Community and economic development	61,525.55	0.00	0.00	0.00	(61,525.55)	0.00	(61,525.55)	0.00
Recreational and cultural	204,554.37	0.00	0.00	0.00	(204,554.37)	0.00	(204,554.37)	0.00
Other	82,148.87	0.00	0.00	0.00	(82,148.87)	0.00	(82,148.87)	0.00
Interest on debt	2,300.42	0.00	0.00	0.00	(2,300.42)	0.00	(2,300.42)	0.00
Total Governmental Activities	2,006,217.45	125,572.56	553,516.78	0.00	(1,327,128.11)	0.00	(1,327,128.11)	0.00
BUSINESS-TYPE ACTIVITIES:								
Wastewater	884,985.41	822,572.81	9,177.78	123,355.23	0.00	70,120.41	70,120.41	0.00
Water	674,880.43	561,080.16	6,574.30	0.00	0.00	(107,225.97)	(107,225.97)	0.00
Marina	506,126.15	311,283.13	0.00	5,000.00	0.00	(189,843.02)	(189,843.02)	0.00
Refuse	134,413.42	147,515.41	0.00	0.00	0.00	13,101.99	13,101.99	0.00
Total Business-Type Activities	2,200,405.41	1,842,451.51	15,752.08	128,355.23	0.00	(213,846.59)	(213,846.59)	0.00
Total Primary Government	\$ 4,206,622.86	\$ 1,968,024.07	\$ 569,268.86	\$ 128,355.23	(1,327,128.11)	(213,846.59)	(1,540,974.70)	0.00
COMPONENT UNITS:								
Downtown development authority	26,096.07	12,861.74	0.00	0.00				(13,234.33)
Rogers City housing commission	306,696.00	164,035.00	81,748.00	0.00				(60,913.00)
Total component units	332,792.07	176,896.74	81,748.00	0.00				(74,147.33)
GENERAL PURPOSE REVENUES:								
Property taxes- operating					1,171,998.92	0.00	1,171,998.92	41,558.58
Property taxes - band					13,484.51	0.00	13,484.51	0.00
State shared revenues					467,832.43	0.00	467,832.43	0.00
Unrestricted investment income					20,421.41	4,283.84	24,705.25	2,765.00
Other miscellaneous revenues					35,111.81	0.00	35,111.81	0.00
Transfers					24,365.00	(8,000.00)	16,365.00	(16,365.00)
Total General Purpose Revenues and Transfers					1,733,214.08	(3,716.16)	1,729,497.92	27,958.58
Change in Net Position					406,085.97	(217,562.75)	188,523.22	(46,188.75)
Net Position - Beginning of Year					362,954.32	5,736,053.94	6,099,008.26	908,790.26
Net Position - End of Year					\$ 769,040.29	\$ 5,518,491.19	\$ 6,287,531.48	\$ 862,601.51

The accompanying notes are an integral part of the financial statements.

CITY OF ROGERS CITY
Presque Isle County, Michigan

GOVERNMENTAL FUNDS BALANCE SHEET
June 30, 2019

	MAJOR FUNDS				TOTAL
	GENERAL	MAJOR STREETS	LOCAL STREETS	NONMAJOR GOVERNMENTAL	
ASSETS:					
Cash and certificates of deposit	\$ 1,108,504.81	\$ 412,611.43	\$ 262,572.79	\$ 164,470.21	\$ 1,948,159.24
Restricted cash	0.00	0.00	0.00	0.00	0.00
Other receivables	18,491.24	0.00	14,951.51	0.00	33,442.75
Taxes receivable	0.00	0.00	0.00	76.11	76.11
Prepaid expenses	0.00	0.00	0.00	0.00	0.00
Due from other funds	1,002.87	0.00	0.00	0.00	1,002.87
Due from state	0.00	52,032.28	19,601.82	0.00	71,634.10
	<u>0.00</u>	<u>52,032.28</u>	<u>19,601.82</u>	<u>0.00</u>	<u>71,634.10</u>
TOTAL ASSETS	\$ 1,127,998.92	\$ 464,643.71	\$ 297,126.12	\$ 164,546.32	\$ 2,054,315.07
LIABILITIES:					
Accounts payable	\$ 10,177.39	\$ 809.49	\$ 383.64	\$ 0.00	\$ 11,370.52
Payroll withholdings	636.76	0.00	0.00	0.00	636.76
Accrued expenses	36,048.07	114.92	663.85	0.00	36,826.84
Due to other funds	8,317.10	0.00	0.00	1,002.87	9,319.97
	<u>8,317.10</u>	<u>0.00</u>	<u>0.00</u>	<u>1,002.87</u>	<u>9,319.97</u>
TOTAL LIABILITIES	55,179.32	924.41	1,047.49	1,002.87	58,154.09
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue from special assessment	0.00	0.00	14,951.51	0.00	14,951.51
FUND BALANCES:					
Nonspendable	0.00	0.00	0.00	0.00	0.00
Restricted for streets	0.00	463,719.30	281,127.12	0.00	744,846.42
Restricted for flags	0.00	0.00	0.00	0.00	0.00
Restricted for cemetery	0.00	0.00	0.00	144,299.86	144,299.86
Restricted for band	0.00	0.00	0.00	18,301.49	18,301.49
Restricted for justice training	0.00	0.00	0.00	942.10	942.10
Committed to	0.00	0.00	0.00	0.00	0.00
Assigned for	0.00	0.00	0.00	0.00	0.00
Unassigned	1,072,819.60	0.00	0.00	0.00	1,072,819.60
	<u>1,072,819.60</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>1,072,819.60</u>
Total Fund Balances	1,072,819.60	463,719.30	281,127.12	163,543.45	1,981,209.47
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,127,998.92	\$ 464,643.71	\$ 297,126.12	\$ 164,546.32	\$ 2,054,315.07

The accompanying notes are an integral part of the financial statements.

CITY OF ROGERS CITY
Presque Isle County, Michigan

GOVERNMENTAL FUNDS
RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS TO STATEMENT OF NET POSITION
June 30, 2019

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$	1,981,209.47
Amounts reported for governmental activities in the Statement of Net Position are different because -		
Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the Governmental Funds		
Capital assets at cost		7,069,560.66
Accumulated depreciation and amortization		(4,447,733.41)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the Governmental Funds		
Compensated absences		(76,759.48)
Bonds payable		(67,000.00)
Accrued interest		(337.92)
Net postemployment benefit obligation		-
Net pension liability		(4,695,954.00)
Deferred outflows(inflows) of resources		552,636.00
An internal service fund is used by management to charge the cost of equipment use to individual funds. The assets and liabilities of the internal service fund are included in the Governmental Activities in the Statement of Net Position		
Net position of internal service fund		<u>453,418.97</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	\$	<u><u>769,040.29</u></u>

The accompanying notes are an integral part of the financial statements.

CITY OF ROGERS CITY
Presque Isle County, Michigan

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
for the Year Ended June 30, 2019

	GENERAL	MAJOR STREETS	LOCAL STREETS	NONMAJOR GOVERNMENTAL	TOTAL
REVENUES:					
Property taxes	\$ 1,171,998.92	\$ 0.00	\$ 0.00	\$ 13,484.51	\$ 1,185,483.43
Licenses and permits	40,299.24	0.00	0.00	0.00	40,299.24
Federal grants	0.00	0.00	0.00	0.00	0.00
State grants	513,419.14	341,053.73	166,411.64	464.70	1,021,349.21
Contributions from other units	72,063.00	0.00	0.00	0.00	72,063.00
Charges for services	10,738.30	0.00	815.02	0.00	11,553.32
Fines and forfeits	1,657.00	0.00	0.00	0.00	1,657.00
Interest and rentals	19,582.91	201.09	0.00	637.41	20,421.41
Other revenue	35,111.81	0.00	0.00	0.00	35,111.81
Total Revenues	1,864,870.32	341,254.82	167,226.66	14,586.62	2,387,938.42
EXPENDITURES:					
Legislative	40,516.53	0.00	0.00	0.00	40,516.53
General government	501,332.70	0.00	0.00	0.00	501,332.70
Public safety	572,925.05	0.00	0.00	1,535.58	574,460.63
Public works	403,003.90	135,567.66	149,088.99	0.00	687,660.55
Community and economic development	20,620.04	0.00	0.00	0.00	20,620.04
Cultural and recreation	160,261.91	0.00	0.00	12,479.39	172,741.30
Other	82,148.87	0.00	0.00	0.00	82,148.87
Capital outlay	0.00	0.00	0.00	0.00	0.00
Debt service - principal	0.00	0.00	0.00	20,000.00	20,000.00
Debt service - interest	0.00	0.00	0.00	2,396.25	2,396.25
Total Expenditures	1,780,809.00	135,567.66	149,088.99	36,411.22	2,101,876.87
EXCESS OF REVENUES OVER EXPENDITURES	84,061.32	205,687.16	18,137.67	(21,824.60)	286,061.55
OTHER FINANCING SOURCES (USES):					
Separation pay transfer	87,200.46	0.00	0.00	0.00	87,200.46
Transfer from other funds	28,200.00	0.00	120,000.00	21,896.25	170,096.25
Transfer to other funds	(48,500.00)	(120,000.00)	0.00	(500.00)	(169,000.00)
Total Other Financing Sources (Uses)	66,900.46	(120,000.00)	120,000.00	21,396.25	88,296.71
NET CHANGE IN FUND BALANCES	150,961.78	85,687.16	138,137.67	(428.35)	374,358.26
FUND BALANCE - Beginning of year	921,857.82	378,032.14	142,989.45	163,971.80	1,606,851.21
FUND BALANCE - End of year	\$ 1,072,819.60	\$ 463,719.30	\$ 281,127.12	\$ 163,543.45	\$ 1,981,209.47

The accompanying notes are an integral part of the financial statements.

CITY OF ROGERS CITY
Presque Isle County, Michigan

GOVERNMENTAL FUNDS
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES TO STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$	374,358.26
<p>Amounts reported for Governmental Activities in the Statement of Activities are different because -</p>		
<p>Governmental funds report capital outlays as expenditures while in the Statement of Activities, these costs are allocated over their estimated lives as depreciation expense.</p>		
Capital outlay		0.00
Asset disposals net of depreciation		0.00
Depreciation expense		(215,804.59)
<p>Governmental funds report the proceeds of debt as a financial resource in the fund financial statements. The repayment of debt is an outlay of current fund resources. Neither transaction has any effect on net position in the government wide statements.</p>		
Decrease in accrued interest		95.83
Principal payments		20,000.00
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in fund statements.</p>		
Decrease in other post employment obligation		607,661.00
Change in compensated absences		17,441.33
Change in net pension liability and related deferred outflows		(444,207.00)
<p>An internal service fund is used by management to charge the net costs of equipment use to individual funds. The net cost of the internal service fund is reported in the governmental activities.</p>		
		46,541.14
CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES	\$	406,085.97

The accompanying notes are an integral part of the financial statements.

CITY OF ROGERS CITY
Presque Isle County, Michigan

PROPRIETARY FUNDS
STATEMENT OF NET POSITION
June 30, 2019

	Business-Type Activities					Governmental Activities Internal Service
	Major Enterprise Funds					
	Wastewater Treatment	Water Fund	Marina	Refuse Fund	Total	
ASSETS:						
Current Assets:						
Cash	\$ 814,278.31	\$ 496,972.90	\$ 211,762.08	\$ 42,727.37	\$ 1,565,740.66	\$ 154,386.46
Accounts receivable	79,430.63	49,496.96	36,276.20	11,593.27	176,797.06	0.00
Special assessment receivable	8,965.47	8,115.74	0.00	0.00	17,081.21	0.00
Inventory	-	4,500.00	6,474.78	0.00	10,974.78	0.00
Due from other funds	8,317.10	0.00	0.00	0.00	8,317.10	0.00
Total Current Assets	<u>910,991.51</u>	<u>559,085.60</u>	<u>254,513.06</u>	<u>54,320.64</u>	<u>1,778,910.81</u>	<u>154,386.46</u>
Noncurrent Assets:						
Cash - Bond reserve account	141,600.00	111,200.00	0.00	0.00	252,800.00	0.00
Cash - Bond repair account	195,511.19	187,300.00	0.00	0.00	382,811.19	0.00
Capital Assets:						
Land and improvements	-	19,610.06	5,804,021.73	-	5,823,631.79	19,931.69
Buildings and improvements	4,005,302.84	252,578.60	305,455.91	159,586.98	4,722,924.33	74,029.91
Equipment	102,909.51	126,244.66	246,549.30	27,390.26	503,093.73	1,370,894.76
Water and sewer systems	3,449,885.08	4,999,182.49	-	-	8,449,067.57	0.00
Accumulated depreciation	<u>(3,103,095.01)</u>	<u>(2,548,314.72)</u>	<u>(3,120,771.21)</u>	<u>(109,161.63)</u>	<u>(8,881,342.57)</u>	<u>(1,163,342.31)</u>
Total Noncurrent Assets	<u>4,792,113.61</u>	<u>3,147,801.09</u>	<u>3,235,255.73</u>	<u>77,815.61</u>	<u>11,252,986.04</u>	<u>301,514.05</u>
Total Assets	5,703,105.12	3,706,886.69	3,489,768.79	132,136.25	13,031,896.85	455,900.51
Deferred Outflow of Resources for Pension Liability	112,866.00	71,346.00	0.00	0.00	184,212.00	0.00
LIABILITIES:						
Current Liabilities:						
Accounts payable	1,381.96	1,921.62	7,488.14	8,896.40	19,688.12	1,409.74
Customer deposits	11,323.00	6,807.00	0.00	0.00	18,130.00	0.00
Due to other funds	0.00	0.00	0.00	0.00	0.00	0.00
Unearned revenue	0.00	0.00	0.00	0.00	0.00	0.00
Accrued expenses	27,317.04	20,594.03	7,796.95	517.52	56,225.54	1,071.80
Current portion - revenue bonds payable	<u>68,000.00</u>	<u>56,000.00</u>	<u>20,000.00</u>	<u>0.00</u>	<u>144,000.00</u>	<u>0.00</u>
Total Current Liabilities	<u>108,022.00</u>	<u>85,322.65</u>	<u>35,285.09</u>	<u>9,413.92</u>	<u>238,043.66</u>	<u>2,481.54</u>
Noncurrent Liabilities:						
Net OPEB liability	0.00	0.00	0.00	0.00	0.00	0.00
Net pension liability	1,017,457.00	547,861.00	0.00	0.00	1,565,318.00	0.00
Revenue bonds/note payable	<u>3,168,000.00</u>	<u>2,604,000.00</u>	<u>136,000.00</u>	<u>0.00</u>	<u>5,908,000.00</u>	<u>0.00</u>
Total Noncurrent Liabilities	<u>4,185,457.00</u>	<u>3,151,861.00</u>	<u>136,000.00</u>	<u>0.00</u>	<u>7,473,318.00</u>	<u>0.00</u>
Total Liabilities	4,293,479.00	3,237,183.65	171,285.09	9,413.92	7,711,361.66	2,481.54
Deferred Inflow of Resources for Pension Liability	0.00	0.00	0.00	0.00	0.00	0.00
NET POSITION:						
Invested in capital assets net of related debt	1,219,002.42	376,601.09	3,079,255.73	77,815.61	4,752,674.85	301,514.05
Restricted for debt	141,600.00	111,200.00	0.00	0.00	252,800.00	0.00
Committed for future assets	0.00	0.00	0.00	0.00	0.00	0.00
Unrestricted	<u>161,889.70</u>	<u>53,247.95</u>	<u>239,227.97</u>	<u>44,906.72</u>	<u>499,272.34</u>	<u>151,904.92</u>
Total Net Position	<u>\$ 1,522,492.12</u>	<u>\$ 541,049.04</u>	<u>\$ 3,318,483.70</u>	<u>\$ 122,722.33</u>	<u>\$ 5,504,747.19</u>	<u>\$ 453,418.97</u>

Reconciliation of Government Wide Statement of Net Position:

Net Position of Business-Type Activities

\$ 5,504,747.19

CITY OF ROGERS CITY
Presque Isle County, Michigan

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended June 30, 2019

	Business-Type Activities					Governmental
	Major Enterprise Funds					Activities
	Wastewater Treatment	Water Fund	Marina	Refuse Fund	Total	Internal Service
OPERATING REVENUES:						
Charges for services						
Water charges	0.00	\$ 511,035.32	0.00	0.00	\$ 511,035.32	0.00
Sewer charges	796,408.60	0.00	0.00	0.00	796,408.60	0.00
Water hydrant rental	0.00	10,000.00	0.00	0.00	10,000.00	0.00
Marina sales and fees	0.00	0.00	311,283.13	0.00	311,283.13	0.00
Refuse charges	0.00	0.00	0.00	146,384.52	146,384.52	0.00
Rental income	0.00	26,534.60	0.00	0.00	26,534.60	253,414.15
Late payment fees	5,609.09	7,382.17	0.00	1,130.89	14,122.15	0.00
Miscellaneous	20,555.12	6,128.07	0.00	0.00	26,683.19	0.00
Total Operating Revenues	822,572.81	561,080.16	311,283.13	147,515.41	1,842,451.51	253,414.15
OPERATING EXPENSES:						
Salaries	182,765.23	120,870.15	74,141.62	6,843.78	384,620.78	34,833.46
Payroll taxes	13,894.29	9,225.71	5,669.35	523.51	29,312.86	2,819.73
Chemicals	7,273.05	9,736.50	0.00	0.00	17,009.55	0.00
Marina cost of goods	0.00	0.00	177,800.47	0.00	177,800.47	0.00
Supplies	29,904.98	35,332.84	33,026.94	1,272.51	99,537.27	93,158.21
Contractual services	220,244.61	114,325.87	9,534.04	113,958.69	458,063.21	548.84
Insurance	0.00	0.00	0.00	0.00	0.00	0.00
Repairs and maintenance	1,700.44	0.00	0.00	0.00	1,700.44	0.00
Utilities	91,658.11	28,663.64	25,864.25	2,411.84	148,597.84	9,029.71
Fringe benefits	69,777.88	23,669.08	4,312.65	-	97,759.61	36,247.83
Equipment rental	6,556.20	8,061.54	2,815.65	0.00	17,433.39	0.00
Telephone	6,885.93	3,104.53	2,252.92	0.00	12,243.38	1,870.04
Permits	3,180.00	1,338.05	0.00	0.00	4,518.05	0.00
Other costs	4,971.06	11,165.43	5,698.26	3,472.33	25,307.08	100.00
Depreciation	167,359.25	245,250.22	159,830.00	5,930.76	578,370.23	51,533.94
Total Operating Expenses	806,171.03	610,743.56	500,946.15	134,413.42	2,052,274.16	230,141.76
Operating Income	16,401.78	(49,663.40)	(189,663.02)	13,101.99	(209,822.65)	23,272.39
NONOPERATING REVENUES(EXPENSES):						
Interest Income	3,560.52	394.56	328.76	0.00	4,283.84	0.00
Interest credit on Build America Bond	9,177.78	6,574.30	0.00	0.00	15,752.08	0.00
Grant	123,355.23	-	5,000.00	0.00	128,355.23	0.00
Interest expense	(78,814.38)	(64,136.87)	(5,180.00)	0.00	(148,131.25)	0.00
Total Nonoperating Revenues(Expenses)	57,279.15	(57,168.01)	148.76	0.00	259.90	0.00
Income Before Transfers	73,680.93	(106,831.41)	(189,514.26)	13,101.99	(209,562.75)	23,272.39
Transfers in	0.00	0.00	38,000.00	-	38,000.00	61,500.00
Transfers out	(20,500.00)	(20,500.00)	-	(5,000.00)	(46,000.00)	(38,231.25)
Change in Net Position	53,180.93	(127,331.41)	(151,514.26)	8,101.99	(217,562.75)	46,541.14
Net Position Beginning of Year	1,483,055.19	668,380.45	3,469,997.96	114,620.34	5,736,053.94	406,877.83
Net Position End of Year	\$ 1,536,236.12	\$ 541,049.04	\$ 3,318,483.70	\$ 122,722.33	\$ 5,518,491.19	\$ 453,418.97
Change in Net Position Government-Wide Business Activities					\$ (217,562.75)	

The accompanying notes are an integral part of the financial statements.

CITY OF ROGERS CITY
Presque Isle County, Michigan

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2019

	Business-Type Activities					Governmental Activities Internal Service
	Major Enterprise Funds					
	Wastewater Treatment	Water Fund	Marina	Refuse Fund	Total	
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash received from customers	\$ 824,506.47	\$ 526,201.60	\$ 290,450.95	\$ 147,067.78	\$ 1,788,226.80	\$ 0.00
Other operating cash receipts	26,164.21	36,534.60	0.00	0.00	62,698.81	253,414.15
Cash payments to suppliers for goods and services	(490,603.17)	(229,969.23)	(249,724.84)	(123,449.11)	(1,093,746.35)	(106,587.83)
Cash payments to employees for services and fringes	(230,015.73)	(154,789.81)	(84,123.62)	(6,852.82)	(475,781.98)	(73,901.02)
Net cash provided (used) by operating activities	<u>130,051.78</u>	<u>177,977.16</u>	<u>(43,397.51)</u>	<u>16,765.85</u>	<u>281,397.28</u>	<u>72,925.30</u>
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES:						
Transfer to/from other funds	(20,500.00)	(20,500.00)	38,000.00	(5,000.00)	(8,000.00)	23,268.75
Uses/funding of bond restricted cash	15,300.00	0.00	0.00	0.00	15,300.00	0.00
Net cash provided (used) by noncapital financing activities	<u>(5,200.00)</u>	<u>(20,500.00)</u>	<u>38,000.00</u>	<u>(5,000.00)</u>	<u>7,300.00</u>	<u>23,268.75</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Acquisition of capital assets	(196,800.00)	(24,951.36)	0.00	0.00	(221,751.36)	(82,500.00)
Capital grant	123,355.23	0.00	5,000.00	0.00	0.00	0.00
Interest credit on Build America bonds	9,177.78	6,574.30	0.00	0.00	15,752.08	0.00
Proceeds from sale of capital assets	0.00	0.00	0.00	0.00	0.00	0.00
Debt payments						
Interest paid on bonds	(78,814.38)	(64,136.87)	(5,180.00)	0.00	(148,131.25)	0.00
Principal payments on bonds	(66,000.00)	(54,000.00)	(20,000.00)	0.00	(140,000.00)	0.00
Net cash provided (used) by capital and related financing activities	<u>(209,081.37)</u>	<u>(136,513.93)</u>	<u>(20,180.00)</u>	<u>0.00</u>	<u>(365,775.30)</u>	<u>(82,500.00)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:						
Interest on investments	3,560.52	394.56	328.76	0.00	4,283.84	0.00
Net increase (decrease) in cash	(80,669.07)	21,357.79	(25,248.75)	11,765.85	(72,794.18)	13,694.05
Cash/ Restricted Cash beginning of year	<u>894,947.38</u>	<u>475,615.11</u>	<u>237,010.83</u>	<u>30,961.52</u>	<u>1,638,534.84</u>	<u>140,692.41</u>
Cash/Restricted Cash end of year	<u>\$ 814,278.31</u>	<u>\$ 496,972.90</u>	<u>\$ 211,762.08</u>	<u>\$ 42,727.37</u>	<u>\$ 1,565,740.66</u>	<u>\$ 154,386.46</u>
RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:						
Income (loss) from operations	\$ 16,401.78	\$ (49,663.40)	\$ (189,663.02)	\$ 13,101.99	\$ (209,822.65)	\$ 23,272.39
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:						
Depreciation	167,359.25	245,250.22	159,830.00	5,930.76	578,370.23	51,533.94
Change in assets and liabilities:						
(Increase) decrease in accounts receivable	28,097.87	1,656.04	(20,832.18)	(447.63)	8,474.10	0.00
Increase (decrease) in accounts payable	(31,641.45)	(3,304.83)	(20,183.61)	(1,828.31)	(56,958.20)	(933.36)
Decrease in pension due to change in liability and outflows	(50,776.00)	(17,452.00)	0.00	0.00	(68,228.00)	0.00
Increase (decrease) in accrued expenses	610.33	(1,024.87)	293.28	9.04	(112.22)	(947.67)
(Increase) decrease in inventory	0.00	2,516.00	27,158.02	0.00	29,674.02	0.00
Net Cash Provided (Used) in Operating Activities	<u>\$ 130,051.78</u>	<u>\$ 177,977.16</u>	<u>\$ (43,397.51)</u>	<u>\$ 16,765.85</u>	<u>\$ 281,397.28</u>	<u>\$ 72,925.30</u>

The accompanying notes are an integral part of the financial statements.

CITY OF ROGERS CITY
Presque Isle County, Michigan

EMPLOYEE BENEFIT TRUST - EMPLOYEE SEPARATION PAY
STATEMENT OF NET POSITION
June 30, 2019

		Employee Benefit Fund Type <u>Fringe Benefit Fund</u>
ASSETS:		
Cash and certificates of deposit	\$	0.00
Due from general fund		0.00
Due from water fund		<u>0.00</u>
Total Assets		0.00
LIABILITIES:		
Due to other funds		<u>0.00</u>
Total Liabilities		0.00
Net Position		
Held in trust for benefits	\$	<u><u>0.00</u></u>

The accompanying notes are an integral part of the financial statements.

CITY OF ROGERS CITY
Presque Isle County, Michigan

EMPLOYEE BENEFIT TRUST - SEPARATION PAY FUND
STATEMENT OF CHANGES IN NET POSITION
June 30, 2019

	<u>Employee Benefit Fund Type Separation Pay Fund</u>
ADDITIONS	
Increase in Available Benefits	\$ 0.00
Investment Income	
Interest	<u>1,022.37</u>
Total Additions	1,022.37
DEDUCTIONS	
Decrease in Available Employee Benefits	<u>87,200.46</u>
Change in Net Position	(86,178.09)
Net Position Beginning of Year	<u>86,178.09</u>
Net Position End of Year	<u>\$ 0.00</u>

The accompanying notes are an integral part of the financial statements.

CITY OF ROGERS CITY
Presque Isle County, Michigan

COMPONENT UNITS
STATEMENT OF NET POSITION
JUNE 30, 2019

	Downtown Development Authority	Housing Commission	Total
ASSETS:			
Cash and investments	\$ 52,580.81	\$ 90,030.00	\$ 142,610.81
Accounts receivable	0.00	7,341.00	7,341.00
Prepaid expenses	0.00	4,442.00	4,442.00
Capital assets net of depreciation	0.00	398,534.00	398,534.00
Land held for investment	341,515.95	0.00	341,515.95
Total Assets	394,096.76	500,347.00	894,443.76
LIABILITIES:			
Accounts payable	549.25	13,627.00	14,176.25
Accrued liabilities	42.00	6,182.00	6,224.00
Security deposits	0.00	4,041.00	4,041.00
Compensated absences	0.00	3,724.00	3,724.00
Unearned revenue	0.00	1,026.00	1,026.00
Installment loan	0.00	2,651.00	2,651.00
Total Liabilities	591.25	31,251.00	31,842.25
NET POSITION:			
Net Investment in capital assets	0.00	395,883.00	395,883.00
Unrestricted	393,505.51	73,213.00	466,718.51
Total Net Position	\$ 393,505.51	\$ 469,096.00	\$ 862,601.51

CITY OF ROGERS CITY
Presque Isle County, Michigan

COMPONENT UNITS
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019

<u>Functions/Programs</u>	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions	Downtown Development Authority	Rogers City Housing Commission	Total
DOWNTOWN DEVELOPMENT AUTHORITY							
Economic Development	\$ 26,096.07	\$ 12,861.74	\$ 0.00	\$ 0.00	\$ (13,234.33)	\$ 0.00	\$ (13,234.33)
ROGERS CITY HOUSING COMMISSION							
Health and Welfare	<u>306,696.00</u>	<u>164,035.00</u>	<u>81,748.00</u>	<u>0.00</u>	<u>0.00</u>	<u>(60,913.00)</u>	<u>(60,913.00)</u>
Total Component Units	<u>\$ 332,792.07</u>	<u>\$ 176,896.74</u>	<u>\$ 81,748.00</u>	<u>\$ 0.00</u>	(13,234.33)	(60,913.00)	(74,147.33)
GENERAL PURPOSE REVENUES:							
Property taxes					41,558.58	0.00	41,558.58
Unrestricted investment income					0.00	2,765.00	2,765.00
Proceeds from sale of capital assets					0.00	0.00	0.00
Transfers					<u>(16,365.00)</u>	<u>0.00</u>	<u>(16,365.00)</u>
Total General Purpose Revenues and Transfers					<u>25,193.58</u>	<u>2,765.00</u>	<u>27,958.58</u>
Change in Net Position					11,959.25	(58,148.00)	(46,188.75)
Net Position - Beginning of Year					<u>381,546.26</u>	<u>527,244.00</u>	<u>908,790.26</u>
Net Position - End of Year					<u>\$ 393,505.51</u>	<u>\$ 469,096.00</u>	<u>\$ 862,601.51</u>

The accompanying notes are an integral part of the financial statements.

CITY OF ROGERS CITY
Presque Isle County, Michigan

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A: DESCRIPTION OF REPORTING ENTITY:

The City of Rogers City is located in Presque Isle County and operates under an elected City Council (6 members) and an elected Mayor, and provides services to its residents in many areas. The financial statements of the City have been prepared in conformity with generally accepted accounting principles in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

B: REPORTING ENTITY:

Financial Reporting Entity

The City's basic financial statements include the accounts of all City operations. The criteria for including organizations as component units within the City's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the City holds the corporate powers of the organization
- the City appoints a voting majority of the organization's board
- the City is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the City
- there is fiscal dependency by the organization on the City

Discretely Presented Component Units

The Downtown Development Authority (the DDA) is reported in a separate column to emphasize that it is legally separate from the City. The members of the governing board of the DDA are appointed by the City Council. The budget and expenditures of the DDA must be approved by the City Council. The City also has the ability to significantly influence operations of the DDA.

CITY OF ROGERS CITY
Presque Isle County, Michigan

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

The Rogers City Housing Commission is reported in a separate column to emphasize it is legally separate from the City. The members of the governing board of the Commission are appointed by the City Council. The budget and expenditures of the Commission must be approved by the City Council. The City also has the ability to significantly influence operations of the Commission. A complete financial statement of the Commission can be obtained from Sally Goupell, Executive Director, Rogers City Housing Commission, 643 West Erie Street, Rogers City, Michigan 49712.

C: BASIS OF PRESENTATION:

Government-Wide Statements

The *government-wide financial statements* (the Statement of Net Position and the Statement of Changes in Net Position) report information on all of the nonfiduciary activities of the City. The effect of the interfund activity, within the Governmental and Business-Type Activities columns, has been removed from these statements. Governmental Activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Fund Financial Statements

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for Governmental Funds, Proprietary Funds, and Fiduciary Funds. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

CITY OF ROGERS CITY
Presque Isle County, Michigan

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

Major Governmental Funds

General Fund -

General Fund is the main operating fund of the City. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

Major Street Fund -

Major Street Fund is a legally mandated fund to account for specific proceeds of revenue from the Michigan Department of Transportation and to account for the legally restricted expenditures of those funds related to the maintenance and construction of major roads within the City.

Local Street Fund -

Local Street Fund is a legally mandated fund to account for specific proceeds of revenue from the Michigan Department of Transportation and to account for the legally restricted expenditures of those funds related to the maintenance and construction of local roads within the City.

Major Propriety Funds

Enterprise Funds -

Enterprise Funds are used to account for operations:

- a. that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or
- b. where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriated for capital maintenance, public policy, management control, accountability, or other purposes.

CITY OF ROGERS CITY
Presque Isle County, Michigan

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

Marina Fund -

The Marina Fund accounts for the activities of the marina system, financed primarily by a user charge for the provision of those services.

Water Fund -

Water Fund is used to account for the revenue and expenses for the operation of a water system for the residents of the City. Activities of the fund include administration, operation and maintenance of the water lines and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt. Costs are financed through charges to customers.

Wastewater Treatment Fund -

The Wastewater Treatment Fund accounts for the activities of the sewer collection system, financed primarily by user charges for the provision of those services.

Refuse Fund -

The Refuse Fund accounts for the activities of garbage collection and financed primarily by a user charge for the provision of those services.

Employee Separation Pay Benefit Fund -

This Fringe Benefit Fund was closed at year end. The funding of employee sick time and vacation benefits will be paid out of the fund which relates to the benefit in the future. The amounts do not involve the measurement of results of operations.

Revenue Recognition:

As a general rule, the effect of inter-fund activity has been eliminated from the Government-Wide Financial Statements. Exceptions to this general rule are charges between the City's water, sewer and refuse functions and various other functions of the City. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

CITY OF ROGERS CITY
Presque Isle County, Michigan

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

Amounts reported as program revenue 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 revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary Funds distinguish operating revenues and expenses from non-operating 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. Operating expenses for the Proprietary Funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

D: MEASUREMENT FOCUS/BASIS OF ACCOUNTING:

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The Government-Wide Statements and Fund Financial Statements for Proprietary Funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and sewer services which are accrued. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers property taxes as available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income and state shared governmental revenues. All other governmental fund revenues are recognized when received.

CITY OF ROGERS CITY
Presque Isle County, Michigan

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

E. CAPITAL ASSETS:

Capital assets, which include land, buildings, equipment, and vehicles, are reported in the applicable governmental activities column in the entity-wide financial statements. Capital assets are defined by the City as assets with an individual cost of more than \$2,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized.

Buildings, equipment, land improvements and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and additions	25-40 years
Infrastructure	20-40 years
Land Improvements	10-20 years
Vehicles	5-10 years
Furniture and other equipment	5-10 years

F: FUND EQUITY:

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of unrestricted fund balance represent tentative management plans that are subject to change.

G: PROPERTY TAXES:

The City's property taxes are levied and become a lien each July 1st, based on the taxable valuation of property located in the City as of the preceding December 31st. These taxes are due without penalty through September 14 or with the final collection date of March 1 before they are added to the County's delinquent tax rolls. The City's property tax revenues are recognized as revenues in the fiscal year levied to the extent they are measurable and available.

The taxable valuation of City properties totaled \$68,360,768 Ad Valorem taxes levied on this valuation consisted of 16.7780 mills for City operations and .2000 mills for band. DDA property taxes are derived by capturing the taxes assessed on the increase in taxable value of the property within the DDA district.

CITY OF ROGERS CITY
Presque Isle County, Michigan

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

H. COMPENSATED ABSENCES:

It is the City's policy to permit employees to accumulate earned but unused sick and vacation pay.

I. RESTRICTED CASH:

The City's sewage disposal and water system bonds require that the City maintain a bond reserve account and a repair and replacement account. The bond reserve account is designated for bond principal and interest payments and requires funds be deposited into separate accounts for future debt obligations. The repair and replacement account requires funds to be deposited into the repair and replacement. Monies in the repair and replacement account are restricted to be used only to pay for emergency maintenance of the system, extensions to systems facilities and replacement of system assets having useful lives ending prior to the final maturity of the bonds. As noted in the schedule of findings and responses, the City did not timely make a required deposit into the reserve accounts.

J. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES:

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

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

K. PENSIONS:

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

CITY OF ROGERS CITY
Presque Isle County, Michigan

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

A. BUDGETARY INFORMATION:

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- The City Manager submits to the City Council a proposed operating budget by fund for each year. The operating budget includes proposed expenditures and the means of financing them.
- A public hearing is conducted to obtain taxpayer comments.
- Prior to June 1, the budget is legally enacted by adoption of the City Council.
- The City Manager is authorized to transfer certain budgeted amounts between departments within any fund. Any revisions that alter the total expenditure of any fund must be approved by the City Council. The legal level of the control is at the activity level.
- Formal budgetary integration is employed as a management control device during the year for all funds.
- Budgets for the General and Special Revenue Funds are prepared on a modified accrual basis consistent with accounting principles generally accepted in the United States of America. A comparison of actual results of operations to the General Fund and major Special Revenue Funds budgets as originally adopted and amended by the City Council is included in the required supplemental information.
- All annual appropriations lapse at fiscal year-end.

B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETED FUNDS:

During the year, the City did not incur any expenditures that were in excess of the amounts budgeted.

Fund Deficits – The City had no accumulated fund balance deficits.

CITY OF ROGERS CITY
Presque Isle County, Michigan

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 3. LONG-TERM DEBT:

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

Bond and Contractual obligation activity can be summarized as follows:

	Maturity Date/ Interest Rate	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities						
Capital Improvement:						
2010 G.O. Capital Improvement Bonds	2016 3.25%	37,000	0	(5,000)	32,000	5,000
2011 G.O Capital Improvement Bonds	2020 2.75%	30,000	0	(15,000)	15,000	15,000
Total Governmental Activities		<u>\$ 67,000</u>	<u>\$ 0</u>	<u>\$ (20,000)</u>	<u>\$ 47,000</u>	<u>\$ 20,000</u>
Business-Type Activities:						
Marina Fund Bonds 2011 General Obligation Refunding	2026 3.0%	\$ 176,000	\$ 0	\$ (20,000)	\$ 156,000	\$ 20,000
Water Fund Bonds 2010 Water Supply Revenue Bonds	2050 2.375%	2,714,000	0	(54,000)	2,660,000	56,000
Sewer Fund Bonds 2010 Sewer Disposal Revenue Bonds	2050 2.375%	3,302,000	0	(66,000)	3,236,000	68,000
Total Business-type Activities		<u>\$ 6,192,000</u>	<u>0</u>	<u>\$ (140,000)</u>	<u>\$ 6,052,000</u>	<u>\$ 144,000</u>

CITY OF ROGERS CITY
Presque Isle County, Michigan

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

Schedule of Annual Principle Requirements

Years Ending June 30	Business-type Activities		Business-type Activities			Total Principle Requirements
	2010 Capital Improvement	2011 Capital Improvement	2011 GO Refunding	2010 Water Fund	2010 Sewer Fund	
2020	5,000	15,000	20,000	56,000	68,000	164,000
2021	5,000	0	21,000	57,000	70,000	153,000
2022	5,000	0	21,000	59,000	72,000	157,000
2023	5,000	0	22,000	60,000	74,000	161,000
2024	6,000	0	23,000	62,000	76,000	167,000
2025	6,000	0	24,000	64,000	78,000	172,000
2026	0	0	25,000	65,000	80,000	170,000
2027	0	0	0	67,000	82,000	149,000
2028 - 2032	0	0	0	365,000	447,000	812,000
2033 - 2037	0	0	0	417,000	506,000	923,000
2038 - 2042	0	0	0	479,000	576,000	1,055,000
2043 - 2047	0	0	0	546,000	660,000	1,206,000
2048 - 2052	0	0	0	363,000	447,000	810,000
Total	\$ 32,000	\$ 15,000	\$ 156,000	\$ 2,660,000	\$ 3,236,000	\$ 6,099,000

CITY OF ROGERS CITY
Presque Isle County, Michigan

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 4. CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
<i>Capital assets not being depreciated:</i>				
Land	\$ 559,220	\$ 0	\$ 0	\$ 559,220
 <i>Capital assets being depreciated:</i>				
Building and improvements	1,354,458	0	0	1,354,458
Furniture and equipment	1,743,953	82,500	0	1,826,453
Infrastructure	4,758,285	0	0	4,758,285
Subtotal	7,856,696	82,500	0	7,939,196
 <i>Less accumulated depreciation for:</i>				
Building and improvements	(1,034,228)	(40,451)	0	(1,074,679)
Furniture and equipment	(1,408,864)	(80,117)	0	(1,488,981)
Infrastructure	(2,900,645)	(146,771)	0	(3,047,416)
Subtotal	(5,343,737)	(267,339)	0	(5,611,076)
Net capital assets being depreciated	2,512,959	(184,839)	0	2,328,120
Governmental Activities Capital Assets- Net of Depreciation	\$ 3,108,179	\$ (184,839)	\$ 0	\$ 2,923,340

Governmental Activities

General government	\$ 15,091
Public safety	19,111
Public works	106,557
Recreation and culture	34,140
Equipment fund	51,534
Community development	40,906
Total Depreciation Expense - Governmental Activities	\$ 267,339

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June 30, 2019

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
<i>Capital assets not being depreciated:</i>				
Land	\$ 1,979,190	\$ 0	\$ 0	\$ 1,979,190
Construction in progress	0	0	0	0
Subtotal	1,979,190	0	0	1,979,190
 <i>Capital assets being depreciated:</i>				
Land and improvements	3,844,442			3,844,442
Building and improvements	4,722,924	0	0	4,722,924
Water and sewer distribution systems	8,252,268	196,800	0	8,449,068
Furniture and equipment	504,226	24,951	(26,084)	503,093
Subtotal	17,323,860	221,751	(26,084)	17,519,527
 <i>Less accumulated depreciation for:</i>				
Land and improvements	(2,617,175)	(139,031)	0	(2,756,206)
Building and improvements	(1,091,327)	(121,118)		(1,212,445)
Water and sewer distribution systems	(4,369,438)	(295,039)	0	(4,664,477)
Furniture and equipment	(251,116)	(23,182)	26,084	(248,214)
Subtotal	(8,329,056)	(578,370)	26,084	(8,881,342)
Net capital assets being depreciated	8,994,804	(356,619)	0	8,638,185
Business-type Activities Capital Assets- Net of Depreciation	\$ 10,973,994	\$ (356,619)	\$ 0	\$ 10,617,375

Business-type Activities

Wastewater treatment	\$ 167,359
Water	245,250
Marina	159,830
Refuse	5,931
Total Depreciation Expense - Business-type Activities	\$ 578,370

CITY OF ROGERS CITY
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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

Component Units	Beginning Balance	Increases	Decreases	Ending Balance
<i>Capital assets not being depreciated:</i>				
Land	\$ 42,958	\$ 0	\$ 0	\$ 42,958
Construction in progress	0	0	0	0
Subtotal	<u>42,958</u>	<u>0</u>	<u>0</u>	<u>42,958</u>
<i>Capital assets being depreciated:</i>				
Building and improvements	1,698,591	1,649		1,700,240
Furniture, equipment and machinery - administration	227,887	0	0	227,887
Leasehold improvements	72,182	0	0	72,182
Subtotal	<u>1,998,660</u>	<u>1,649</u>	<u>0</u>	<u>2,000,309</u>
<i>Less accumulated depreciation for</i>				
Building and improvements	(1,369,109)	(53,117)	0	(1,422,226)
Furniture, equipment and machinery - administration	(182,146)	(9,321)		(191,467)
Leasehold improvements	(26,481)	(4,559)	0	(31,040)
Subtotal	<u>(1,577,736)</u>	<u>(66,997)</u>	<u>0</u>	<u>(1,644,733)</u>
Net capital assets being depreciated:	<u>420,924</u>	<u>(65,348)</u>	<u>0</u>	<u>355,576</u>
Net Capital Assets	<u>\$ 463,882</u>	<u>\$ (63,699)</u>	<u>\$ 0</u>	<u>\$ 398,534</u>

CITY OF ROGERS CITY
Presque Isle County, Michigan

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 5. INTERFUND BALANCES AND TRANSFERS:

The composition of inter-fund transfers during the fiscal year ended June 30, 2019 is as follows:

Transfer In	Transfer Out	Amount	Purpose
Capital Improvement Debt Service	CDA	\$ 6,365	To cover debt service payments
Capital Improvement Debt Service	Equipment	\$ 16,031	To cover debt service payments
Equipment	Sewer	\$ 20,500	Payment of rental costs
Equipment	Water	\$ 20,500	Payment of rental costs
Marina	General	\$ 28,000	To cover deficit in Marina
Marina	CDA	\$ 10,000	To cover deficit in Marina
Equipment	General	\$ 20,500	Capital expenditures
General	Band Fund	\$ 500	Reimburse general fund for band expenditures
General	Equipment	\$ 22,200	Reimburse general fund for payment of equipment expenditures
Local Street	Major Street	\$ 120,000	Allowable state transfer in local street fund

NOTE 6. DEPOSIT WITH FINANCIAL INSTITUTIONS AND INVESTMENTS:

Michigan Compiled Laws, §129.91, authorizes local governmental units to deposit and invest in the accounts of federally insured banks, credit unions and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States, or any agency or instrumentality of the United States; repurchase agreements; banker's acceptance 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 subdivision which are rated 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 has designated four financial agencies for the deposit of local unit funds. The investment policy adopted by the City in accordance with *Public Act 196 of 1997* has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of State statutory authority as listed above. The City's deposits and investment policy are in accordance with statutory authority.

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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

The breakdown between deposits and investments for the City is as follows:

	Governmental Activities	Business-type Activities	Total Primary Government	Fiduciary Funds
Cash and cash equivalents	\$ 2,102,546	\$ 1,565,741	\$ 3,668,287	\$ 0
Investments	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$ 2,102,546</u>	<u>\$ 1,565,741</u>	<u>\$ 3,668,287</u>	<u>\$ 0</u>

Deposits and investments:

Bank deposits (checking, savings, and certificates of deposit)	\$ 3,667,078
Cash on hand	1,209
Investments (securities and stocks)	<u>0</u>
Total	<u>\$ 3,668,287</u>

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 the government. At June 30, 2019, the carrying value of deposits owned by the City was \$ 3,667,078. Approximately \$1,654,876 of the City's bank balance was covered by federal depository insurance. The remaining balance \$ 2,012,202 was exposed to custodial credit risk because it was uninsured and uncollateralized. The City evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositors.

Custodial Credit Risk of Investments:

Custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that investment securities be held in third-party safekeeping by a designated institution and that the safekeeping agent follow the procedure of deliver-versus-payment. At year-end, the City had no investments.

CITY OF ROGERS CITY
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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

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. To the extent possible, the City attempts to match its investments with anticipated cash flow requirements. Short-term funds matched to a specific cash flow requirement shall be invested in securities maturing not more than two (2) years from the date of purchase. Long-term funds (capital projects, debt service, etc.) matched to a specific cash flow requirement may be invested in securities maturing not more than five (5) years from the purchase date.

Credit Risk:

State law limits investments to specific governmental securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific identified in the list of authorized investments in the summary of significant accounting policies. Credit risk ratings, when applicable; have been identified above for the City's investments.

Concentration of Credit Risk:

The City diversifies its investment portfolio by specific dates, security types and institution so that potential losses of individual securities do not exceed income that would be generated by the remainder of the portfolio.

NOTE 7. RISK MANAGEMENT:

The City is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation) and certain medical benefits provided to employees.

The City has purchased commercial insurance for medical benefits and participates in the Michigan Municipal League risk pool program for workers' compensation, liability and property risk. This insurance provider is a public entity risk pool providing coverage to its members. The City pays an annual premium to this provider, subject to certain deductibles, occurrence-based casualty coverage for each incident and occurrence based on property coverage to its members by internally assuring certain risks and reinsuring risks through commercial companies. Various deductibles are maintained to place responsibility for small charges with the insured. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

CITY OF ROGERS CITY
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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 8. DEFINED BENEFIT PENSION PLAN:

Plan Description

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

Benefits Provided

Benefits provided include plans with multipliers of 2.50%. Vesting period is 10 years. Normal retirement age is 60 with early retirement at 55 with 15 years of service. Final average compensation is calculated based on 3 years. Member contributions are 5%.

Employees Covered by Benefit Terms

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

Inactive employees or beneficiaries currently receiving benefits	26
Inactive employees entitled to but not yet receiving benefits	10
Active Employees	<u>20</u>
Total	<u><u>56</u></u>

CITY OF ROGERS CITY
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NOTES TO THE FINANCIAL STATEMENTS
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Contributions

The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees.

Employer contributions range from 10.10% to 49.10% 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 period included in the measurement include: 1) Inflation 2.5%; 2) Salaries increases 3.75% in the long-term; 3) Investment rate of return 7.75%, net of investment expense, including inflation.

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

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

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

CITY OF ROGERS CITY
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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

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

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

Discount Rate

The discount rate used to measure the total pension liability is 8.00% for 2018. 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 employees. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF ROGERS CITY
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NOTES TO THE FINANCIAL STATEMENTS
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Changes in net pension liability during the measurement year were as follows:

		December 31, 2018
Total Pension Liability		
Service cost	\$	109,817
Interest on the total pension liability		857,579
Difference in expected and actual experience		(121,284)
Changes in assumptions		0
Other changes		0
Benefits payments and refunds		(743,533)
 Net change in total pension liability		 102,579
Total pension liability - beginning		11,036,597
 Total pension liability - ending (a)	 \$	 <u>11,139,176</u>
 Plan Fiduciary Net Position		
Employer contributions	\$	335,169
Employee contributions		73,417
Pension plan net investment income		(202,237)
Benefit payment and refunds		(743,533)
Pension plan administrative expense		(10,265)
 Net change in plan fiduciary net position		 (547,449)
 Plan fiduciary net position - beginning		 5,425,353
 Plan fiduciary net position - ending (b)		 4,877,904
 Net Pension liability (a-b)	 \$	 <u>6,261,272</u>

CITY OF ROGERS CITY
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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

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

The following presents the net pension liability of the employer, calculated using the discount rate of 8.0%, as well as what the employer's net pension liability would be using a discount rate that is 1 percentage point lower (7.0%) or 1 percentage point higher (9.0%) than the current rate.

	1% Decrease 7.0%	Current Discount Rate 8.0 %	1% Increase 9.0%
Change in Net Pension Liability	\$ 1,159,536	\$ 0	\$ (987,839)
Calculated Net Pension Liability	\$ 7,420,807	\$ 6,261,271	\$ 5,273,432

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

For the year ended June 30, 2019, the employer recognized pension expense of \$592,277. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in Experience	\$ (132,879)	\$ 0
Differences in Assumptions	0	0
Excess (Deficit) Investment Returns	691,993	0
Contributions Subsequent to the Measurement Date*	177,734	0
Total	\$ 736,848	\$ 0

*The amount reports as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending 2019.

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

<u>Year Ended</u>	
2019	153,677
2020	103,626
2021	177,320
2022	<u>124,491</u>
	559,114

NOTE 9. FUND BALANCE CLASSIFICATIONS:

Beginning with the year ended June 30, 2011, the City implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions". The Statement provided more clearly defined fund balance categories to make the nature and extent of the constraints placed upon a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which the resources can be used:

Non-spendable – The non-spendable fund balance category includes amounts that cannot be spent because they are not in spendable form, such as inventories, or are legally or contractually required to be maintained intact.

Restricted – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors, grantors, or laws or regulations of other governments or is imposed through constitutional provisions or enabling legislation.

Committed – The committed fund balance classification includes amounts that can be used only for the specific purpose imposed by formal City Council resolutions.

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

CITY OF ROGERS CITY
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Unassigned – Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from the overspending for specific purposes for which amounts have been restricted, committed or assigned.

Net Position Flow Assumption – Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumption - Sometime a government will fund outlays for a particular purpose from both restricted and unrestricted resources (including committed and assigned). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unapplied fund balance is applied last.

NOTE 10. MANAGEMENT REVIEW

Management has evaluated subsequent events and transactions for potential recognition and disclosure through November 5, 2019, the date the financial statements were available to be issued. Management feels the following item needs to be disclosed:

NOTE 11. SUBSEQUENT EVENT

Subsequent to year end the City received bonding to refinance the outstanding unfunded accrued pension liability. On September 18, 2019 the City used \$5,751,165 of bond proceeds to apply to outstanding pension liability. The net pension liability will decrease significantly and a new liability for the bond debt will be reflected in future years.

Supplementary Information

CITY OF ROGERS CITY
Presque Isle County, Michigan

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL
For the Year Ended June 30, 2019

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
REVENUES:				
Taxes	\$ 1,199,560.00	\$ 1,199,560.00	\$ 1,171,998.92	\$ (27,561.08)
Licenses and permits	37,800.00	37,800.00	40,299.24	2,499.24
State and local grants	706,960.00	706,960.00	513,419.14	(193,540.86)
Contributions from other units	71,000.00	71,000.00	72,063.00	1,063.00
Fines and fees	1,600.00	1,600.00	1,657.00	57.00
Charges for services	9,600.00	9,600.00	10,738.30	1,138.30
Interest	5,400.00	5,400.00	12,632.91	7,232.91
Rental	6,000.00	6,000.00	6,950.00	950.00
Other revenue	1,500.00	19,500.00	35,111.81	15,611.81
Total Revenues	2,039,420.00	2,057,420.00	1,864,870.32	(192,549.68)
EXPENDITURES:				
General Government -				
Legislative - council	24,390.00	43,390.00	40,516.53	2,873.47
City administration	427,690.00	427,690.00	412,636.00	15,054.00
Elections	8,920.00	8,920.00	6,253.52	2,666.48
Assessor	20,150.00	26,650.00	26,257.36	392.64
Attorney	19,000.00	19,000.00	18,628.00	372.00
Board of Review	2,830.00	2,830.00	2,295.71	534.29
Treasurer/Clerk	0.00	0.00	0.00	0.00
Information tech	0.00	0.00	0.00	0.00
City Hall	44,780.00	43,700.00	29,398.31	14,301.69
Accounting & auditing	0.00	0.00	0.00	0.00
Promotional	16,000.00	9,500.00	5,863.80	3,636.20
Public Safety -				
Fire	0.00	0.00	0.00	0.00
Police	478,980.00	498,980.00	491,586.08	7,393.92
Resource officer	84,500.00	84,500.00	81,338.97	3,161.03
Public Works -				
Landfill	0.00	0.00	0.00	0.00
Cemetery	82,740.00	82,740.00	77,149.21	5,590.79
Street lighting	42,000.00	62,000.00	60,642.08	1,357.92
Department of public works	430,050.00	425,450.00	265,212.61	160,237.39
Parks and Recreation -				
Parks and recreation	137,510.00	161,510.00	160,261.91	1,248.09
Community and Economic Development -				
Engineering	0.00	0.00	0.00	0.00
Planning and Zoning	29,360.00	29,360.00	20,620.04	8,739.96
Capital outlay	0.00	0.00	0.00	0.00
Other functions - workers comp	30,820.00	30,820.00	29,791.87	1,028.13
Other functions - insurance	50,800.00	55,800.00	52,357.00	3,443.00
Total Expenditures	1,930,520.00	2,012,840.00	1,780,809.00	232,031.00
OTHER FINANCING SOURCES (USES):				
Transfer from other funds	117,800.00	115,500.00	115,400.46	(99.54)
Transfer to other funds	(120,700.00)	(53,000.00)	(48,500.00)	4,500.00
Net Other Financing Sources (Uses)	(2,900.00)	62,500.00	66,900.46	4,400.46
NET CHANGE IN FUND BALANCE	106,000.00	107,080.00	150,961.78	43,881.78
FUND BALANCE - BEGINNING OF YEAR	713,607.00	688,973.20	921,857.82	232,884.62
FUND BALANCE - END OF YEAR	\$ 819,607.00	\$ 796,053.20	\$ 1,072,819.60	\$ 276,766.40

CITY OF ROGERS CITY
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MAJOR STREET FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL
For the Year Ended June 30, 2019

	Original Budget	Final Amended Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
REVENUES:				
State grants	\$ 330,000.00	\$ 339,000.00	\$ 341,053.73	\$ 2,053.73
Contribution from special assessments	0.00	0.00	0.00	0.00
Interest	110.00	150.00	201.09	51.09
Federal grant	0.00	0.00	0.00	0.00
State grants - other	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00
Total Revenues	330,110.00	339,150.00	341,254.82	2,104.82
EXPENDITURES:				
Public Works -				
Preservation	0.00	0.00	0.00	0.00
Bridge preservation	1,240.00	1,240.00	329.42	910.58
Nonmotorized	6,680.00	5,680.00	2,266.83	3,413.17
Truckline winter maintenance	44,920.00	58,920.00	20,635.99	38,284.01
Routine maintenance	155,380.00	78,680.00	58,715.91	19,964.09
Traffic signs and signals	0.00	0.00	0.00	0.00
Trunkline maintenance	27,730.00	25,560.00	18,258.21	7,301.79
Winter maintenance	32,480.00	35,840.00	35,361.30	478.70
Truckline signs and signals	0.00	0.00	0.00	0.00
Total Expenditures	268,430.00	205,920.00	135,567.66	70,352.34
EXCESS REVENUES OVER EXPENDITURES	61,680.00	133,230.00	205,687.16	72,457.16
OTHER FINANCING SOURCES (USES):				
Transfer from WWTP	0.00	0.00	0.00	0.00
Transfer to local street	(72,500.00)	(120,000.00)	(120,000.00)	0.00
Total Other Financing Sources	(72,500.00)	(120,000.00)	(120,000.00)	0.00
Excess (deficiency) of revenues over expenditures and other uses	(10,820.00)	13,230.00	85,687.16	72,457.16
FUND BALANCE - BEGINNING OF YEAR	344,455.00	334,793.05	378,032.14	43,239.09
FUND BALANCE - END OF YEAR	\$ 333,635.00	\$ 348,023.05	\$ 463,719.30	\$ 115,696.25

CITY OF ROGERS CITY
Presque Isle County, Michigan

LOCAL STREET FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL
For the Year Ended June 30, 2019

	Original Budget	Final Amended Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
REVENUES:				
State grants	\$ 112,120.00	\$ 112,120.00	\$ 120,484.20	\$ 8,364.20
Interest	0.00	0.00	0.00	0.00
Contribution from special assessments	0.00	0.00	815.02	815.02
Charge for services	0.00	0.00	0.00	0.00
State grants - Other	0.00	35,000.00	45,927.44	10,927.44
Other	0.00	0.00	0.00	0.00
	112,120.00	147,120.00	167,226.66	20,106.66
Total Revenues				
EXPENDITURES:				
Public Works -				
Administration	0.00	0.00	0.00	0.00
Street preservation	0.00	0.00	0.00	0.00
Nonmotorized	6,680.00	6,680.00	1,878.69	4,801.31
Routine maintenance	199,680.00	189,680.00	70,348.31	119,331.69
Traffic signs and signals	0.00	0.00	0.00	0.00
Winter maintenance	63,760.00	77,260.00	76,861.99	398.01
Other functions -insurance	0.00	0.00	0.00	0.00
	270,120.00	273,620.00	149,088.99	124,531.01
Total Expenditures				
EXCESS REVENUES OVER EXPENDITURES	(158,000.00)	(126,500.00)	18,137.67	144,637.67
OTHER FINANCING SOURCES (USES):				
Transfer from general	85,500.00	0.00	0.00	0.00
Transfer from other funds	0.00	0.00	0.00	0.00
Transfer from major street	72,500.00	120,000.00	120,000.00	0.00
	158,000.00	120,000.00	120,000.00	0.00
Total Transfers				
Excess (deficiency) of revenues over expenditures and other uses	0.00	(6,500.00)	138,137.67	144,637.67
FUND BALANCE - BEGINNING OF YEAR	143,205.00	140,958.15	142,989.45	2,031.30
FUND BALANCE - END OF YEAR	\$ 143,205.00	\$ 134,458.15	\$ 281,127.12	\$ 146,668.97

City of Rogers City
Presque Isle County, Michigan

Required Supplementary Information
Municipal Employees Retirement System of Michigan
Schedule of Changes in Net Pension Liability and Related Ratios
June 30, 2019

	2019	2018	2017	2016	2015
Total Pension Liability					
Service cost	\$ 109,817	\$ 104,590	\$ 108,708	\$ 144,826	\$ 139,818
Interest on the total pension liability	857,579	853,144	837,842	861,355	841,315
Changes in benefits	0	0	0	(877,540)	0
Differences between expected and actual experience	(121,284)	(152,834)	(4,178)	84,024	0
Changes in assumptions	0	0	0	580,016	0
Other changes	0	0	0	(1)	0
Benefits payments and refunds	(743,533)	(760,617)	(737,455)	(747,064)	(734,404)
Net change in total pension liability	102,579	44,283	204,917	45,616	246,729
Total pension liability - beginning	11,036,597	10,992,314	10,787,397	10,741,781	10,495,051
Total pension liability - ending (a)	<u>\$ 11,139,176</u>	<u>\$ 11,036,597</u>	<u>\$ 10,992,314</u>	<u>\$ 10,787,397</u>	<u>\$ 10,741,780</u>
Plan Fiduciary Net Position					
Employer contributions	\$ 335,169	\$ 296,901	\$ 301,987	\$ 328,346	\$ 342,634
Employee contributions	73,417	72,676	78,115	64,615	51,482
Pension plan net investment income	(202,237)	661,326	550,280	(77,726)	336,879
Benefit payment and refunds	(743,533)	(760,617)	(737,455)	(747,064)	(734,404)
Pension plan administrative expense	(10,265)	(10,509)	(10,881)	(11,590)	(12,302)
Net change in plan fiduciary net position	(547,449)	259,777	182,046	(443,419)	(15,711)
Plan fiduciary net position - beginning	5,425,353	5,165,576	4,983,530	5,426,945	5,442,656
Plan fiduciary net position - ending (b)	4,877,904	5,425,353	5,165,576	4,983,526	5,426,945
Net pension liability (a-b)	<u>\$ 6,261,272</u>	<u>\$ 5,611,244</u>	<u>\$ 5,826,738</u>	<u>\$ 5,803,871</u>	<u>\$ 5,314,835</u>
Plan fiduciary net position as a percentage of total pension liability	43.79%	49.16%	46.20%	46.20%	50.52%
Covered employee payroll	\$ 1,023,881	\$ 1,021,506	\$ 1,036,976	\$ 1,080,206	\$ 1,018,257
Net pension liability as a percentage of covered employee payroll	611.52%	541.12%	561.90%	537.29%	521.95%

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 Rogers City
Presque Isle County, Michigan

Required Supplementary Information
Municipal Employees Retirement Systems of Michigan
Schedule of Employer's Contributions

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarial Determined Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 335,169	\$ 296,901	\$ 301,987	\$ 328,345	\$ 342,634
Contributions in relation to the actuarially determined contribution		0	0	0	0	335,169	296,901	301,987	328,345	342,634
Contribution deficiency (excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Employee Payroll	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,023,881	\$ 1,021,506	\$ 1,036,976	\$ 1,080,206	\$ 1,018,257
Contributions as a percentage of covered employee payroll						33%	29%	29%	30%	34%

Notes to Schedule

This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Actuarially determined contribution rates are calculated as of December 31, each year, which is 6 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, open
Remaining amortization period	20 years
Asset valuation method	5 year smoothed
Inflation	2.5%
Salary Increases	3.0%
Investment rate of return	8.0%
Retirement age	60
Mortality	50% Female/50% Male 1994 Group Annuity Mortality Table

Above dates are based on actuarial measurement date.

Other Information

CITY OF ROGERS CITY
Presque Isle County, Michigan

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

June 30, 2019

	Special Revenue Funds		Debt Service	Permanent Fund	
	Band Fund	Justice Training Fund	Capital Projects Debt Service	Perpetual Care Fund	Total
<u>ASSETS:</u>					
Assets:					
Cash and certificate of deposit	\$ 18,225.38	\$ 942.10	\$ 0.00	\$ 145,302.73	\$ 164,470.21
Due from other funds	0.00	0.00	0.00	0.00	0.00
Other receivables	0.00	0.00	0.00	0.00	0.00
Taxes receivable	76.11	0.00	0.00	0.00	76.11
Total Assets	\$ 18,301.49	\$ 942.10	\$ 0.00	\$ 145,302.73	\$ 164,546.32
<u>LIABILITIES:</u>					
Liabilities:					
Due to other funds	0.00	0.00	0.00	1,002.87	1,002.87
Accounts payable	0.00	0.00	0.00	0.00	0.00
Total Liabilities	0.00	0.00	0.00	1,002.87	1,002.87
<u>FUND BALANCES:</u>					
Restricted for band	18,301.49	0.00	0.00	0.00	18,301.49
Restricted for justice training	0.00	942.10	0.00	0.00	942.10
Restricted for cemetery	0.00	0.00	0.00	144,299.86	144,299.86
Restricted for debt service	0.00	0.00	0.00	0.00	0.00
Total Fund Balances	18,301.49	942.10	0.00	144,299.86	163,543.45
Total Liabilities and Fund Balances	\$ 18,301.49	\$ 942.10	\$ 0.00	\$ 145,302.73	\$ 164,546.32

CITY OF ROGERS CITY
Presque Isle County, Michigan

COMBINING NONMAJOR GOVERNMENT FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Year Ended June 30, 2019

	Special Revenue Funds		Debt Service	Permanent Fund	Total Nonmajor Government Funds
	Band Fund	Justice Training Fund	Capital Projects Debt Service	Perpetual Care Fund	
REVENUES:					
Property taxes	\$ 13,484.51	\$ 0.00	\$ 0.00	\$ 0.00	\$ 13,484.51
State grants	0.00	464.70	0.00	0.00	464.70
Contributions from other units	0.00	0.00	0.00	0.00	0.00
Charges for services	0.00	0.00	0.00	0.00	0.00
Interest	0.00	0.00	0.00	637.41	637.41
Rental	0.00	0.00	0.00	0.00	0.00
Other revenue	0.00	0.00	0.00	0.00	0.00
Total Revenues	13,484.51	464.70	0.00	637.41	14,586.62
EXPENDITURES:					
General government	0.00	0.00	0.00	0.00	0.00
Public safety	0.00	1,535.58	0.00	0.00	1,535.58
Public works	0.00	0.00	0.00	0.00	0.00
Community and economic development	0.00	0.00	0.00	0.00	0.00
Recreation and culture	12,479.39	0.00	0.00	0.00	12,479.39
Capital outlay	0.00	0.00		0.00	0.00
Debt service:					
Principal	0.00	0.00	20,000.00	0.00	20,000.00
Interest	0.00	0.00	2,396.25	0.00	2,396.25
Total Expenditures	12,479.39	1,535.58	22,396.25	0.00	36,411.22
OTHER FINANCING SOURCES (USES):					
Transfer from equipment fund	0.00	0.00	16,031.25	(500.00)	15,531.25
Transfer to general	(500.00)	0.00	0.00	0.00	(500.00)
Transfer from CDA	0.00	0.00	6,365.00	0.00	6,365.00
Transfer from water fund	0.00	0.00	0.00	0.00	0.00
Net Other Financing Sources (Uses)	(500.00)	0.00	22,396.25	(500.00)	21,396.25
NET CHANGE IN FUND BALANCE	505.12	(1,070.88)	0.00	137.41	(428.35)
FUND BALANCE - BEGINNING OF YEAR	17,796.37	2,012.98	0.00	144,162.45	163,971.80
FUND BALANCE - END OF YEAR	\$ 18,301.49	\$ 942.10	\$ 0.00	\$ 144,299.86	\$ 163,543.45

CITY OF ROGERS CITY
Presque Isle County, Michigan

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Year Ended June 30, 2019

REVENUES:	
Taxes -	
Property taxes	\$ 1,124,661.56
Penalties and interest	5,140.26
Payment in lieu of taxes	10,831.76
Mobile home tax	354.00
Administration fees	<u>31,011.34</u>
Total Taxes	1,171,998.92
State and Local Grants -	
State revenue sharing	326,343.00
Personal property reimbursement	141,489.43
Other state grants	27,784.60
State metro act	13,074.86
Liquor license fees	<u>4,727.25</u>
Total State and Local Grants	513,419.14
Contributions from other units -	
School police officer	<u>72,063.00</u>
Total Other Unit Contributions	72,063.00
Licenses and permits -	
Business licenses	300.00
Franchise fees	30,648.22
Planning and zoning	2,120.00
Other	<u>7,231.02</u>
Total Licenses and Permits	40,299.24
Ordinance Fines and penalties	
	1,657.00
Charges for services -	
Other copies	47.00
Administrative services	304.30
Police/fire reports	587.00
Cemetery	9,800.00
Weed cutting	<u>0.00</u>
Total Charges for Services	10,738.30
Interest and Rentals -	
Interest	12,632.91
Rents	<u>6,950.00</u>
Total Interest and Rentals	19,582.91
Other Revenues -	
Donations	2,726.87
Sundry	32,384.94
Misc	<u>0.00</u>
Total Other Revenues	35,111.81
Total Revenues	<u>1,864,870.32</u>
Other sources and uses -	
Transfers out	(48,500.00)
Transfers in	<u>115,400.46</u>
Total Transfers	66,900.46
EXPENDITURES	<u>1,780,809.00</u>
NET CHANGE IN FUND BALANCE	150,961.78
FUND BALANCE - July 1, 2018	<u>921,857.82</u>
FUND BALANCE - June 30, 2019	<u>\$ 1,072,819.60</u>

CITY OF ROGERS CITY
Presque Isle County, Michigan

GENERAL FUND
DETAIL OF EXPENDITURES
Year Ended June 30, 2019

EXPENDITURES:

GENERAL GOVERNMENT:

Mayor and City Council -

Salaries	\$ 7,150.00
Fringes and taxes	546.96
Printing and publications	6,518.90
Contractual services	22,449.00
Supplies and other	<u>3,851.67</u>

Total Legislative 40,516.53

City Administration -

Wages	195,840.58
Fringes and taxes	174,861.40
Programming	13,236.00
Office Supplies	3,063.17
Contractual Services	3,050.14
Audit	4,864.15
Telephone	1,800.00
Equipment Lease	3,916.53
Supplies and other	<u>12,004.03</u>

Total Manager 412,636.00

Elections -

Salaries	5,100.68
Supplies and other	<u>1,152.84</u>

Total Elections 6,253.52

Attorney-

Contracted services	18,000.00
Other costs	<u>628.00</u>

Total Attorney 18,628.00

Assessor -

Contractual services	25,500.00
Printing and other costs	<u>757.36</u>

Total Assessor 26,257.36

Promotional

5,863.80

CITY OF ROGERS CITY
Presque Isle County, Michigan

GENERAL FUND
DETAIL OF EXPENDITURES
Year Ended June 30, 2019

EXPENDITURES (CONT.):
GENERAL GOVERNMENT (CONT.):

Clerk/Treasurer		
Salaries	\$	0.00
Fringes and taxes		0.00
Office supplies		0.00
Telephone		0.00
Supplies and other		0.00
		0.00
Total Treasurer		0.00
Board of Review		
Salaries		2,025.00
Other costs		270.71
		2,295.71
Total Board of Review		2,295.71
Accounting		
Salaries		0.00
Fringes and taxes		0.00
Programming		0.00
Other costs		0.00
Audit		0.00
		0.00
Total Accounting		0.00
Information Technology		
Contract service		0.00
City Hall and Grounds -		
Contractual		5,292.37
Supplies		4,465.87
Utilities		7,908.05
Repairs and maintenance		0.00
Telephone		11,732.02
Other costs		0.00
		29,398.31
Total City Hall and Grounds		29,398.31
Total General Government		541,849.23

CITY OF ROGERS CITY
Presque Isle County, Michigan

GENERAL FUND
DETAIL OF EXPENDITURES
Year Ended June 30, 2019

EXPENDITURES (CONT.):

PUBLIC SAFETY:

Public Safety - Police

Salaries	\$ 304,911.56
Fringes and taxes	149,247.58
Office and postage	
Minor equipment	6,877.42
Telephone	3,432.00
Repairs and maintenance	
Uniforms	1,663.57
Gas and oil	10,287.82
Other	15,166.13
	491,586.08

Public Safety - Police 491,586.08

Public Safety - Fire

Supplies and other	0.00
	0.00

Total Public Safety - Fire 0.00

School Resource Officer

Salaries	52,611.31
Fringes and taxes	27,406.96
Other costs	1,320.70
	81,338.97

Total School Resource Officer 81,338.97

Total Public Safety 572,925.05

PUBLIC WORKS:

Department of Public Works -

Salaries	111,350.00
Fringes and taxes	44,891.51
Supplies	9,977.55
Contractual services	33,861.63
Equipment rental	60,516.98
Uniforms	653.94
Other	3,961.00
	265,212.61

Total DPW 265,212.61

CITY OF ROGERS CITY
Presque Isle County, Michigan

GENERAL FUND
DETAIL OF EXPENDITURES
Year Ended June 30, 2019

EXPENDITURES (CONT.):
PUBLIC WORKS (CONT.):

Cemetery	
Wages	\$ 23,494.50
Fringes and taxes	38,045.50
Equipment rental	12,340.17
Supplies and other	<u>3,269.04</u>
Total Cemetery	77,149.21
Landfill	
Salaries and supplies	0.00
Street Lighting	<u>60,642.08</u>
Total Public Works	403,003.90

COMMUNITY AND ECONOMIC DEVELOPMENT:

Engineering	
Salaries	0.00
Fringes and taxes	0.00
Supplies and other	<u>0.00</u>
Total Engineering	0.00
Planning and zoning	
Salaries and supplies	<u>20,620.04</u>
Total Community and Economic Development	20,620.04

RECREATION AND CULTURAL:

Parks and Recreation-	
Wages	40,380.86
Fringes and taxes	39,322.30
Contractual services	9,768.34
Utilities	8,552.92
Equipment rental	35,510.63
Supplies and other	<u>26,726.86</u>
Total Parks and Recreation	160,261.91

CITY OF ROGERS CITY
Presque Isle County, Michigan

GENERAL FUND
DETAIL OF EXPENDITURES
Year Ended June 30, 2019

EXPENDITURES (CONT.):

RECREATION AND CULTURAL (CONT.):

Community Relations	
Civic betterment	\$ 0.00
Community schools	0.00
	<hr/>
Total Community Relations	0.00
	<hr/>
Total Recreation and Cultural	160,261.91
OTHER:	
Workers comp	29,791.87
Insurance	52,357.00
	<hr/>
Total Other	82,148.87
CAPITAL OUTLAY:	
General government	0.00
Police	0.00
	<hr/>
Total Capital Outlay	0.00
	<hr/>
Total Expenditures	\$ <u>1,780,809.00</u>

CITY OF ROGERS CITY
Presque Isle County, Michigan

SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2019

- FINDING 2019-001:** Noncompliance with deposit requirements for Bond Reserve and Repair and Replacement Accounts of the 2010 Water Supply System Revenue Bonds and Sewage Disposal System Revenue Bonds Series 2010.
- Condition:** As detailed in Note 1 Section i - restricted cash of the financial statements, the City is required to make annual deposits into separately maintained bank accounts as required as a condition of the Sewage Disposal Bond agreement and the Water Supply System Bond agreement.
- Criteria:** The City did not make the required deposit into the reserve and repair accounts as of June 30, 2019. However, prior to the end of our fieldwork, the omission was discovered by the city manager and the required deposit into the reserve and repair accounts were made.
- Cause:** Due to other fiscal year end closing activities and other responsibilities there was an oversight in not making the required June 30 transfer of funds into the appropriate reserve and repair accounts.
- Effect:** Noncompliance with provisions of the loan agreement with U.S. Department of Agriculture Rural Development could cause loans to be in default.
- Recommendation:** City should establish a checklist of compliance items to be monitored on a periodic basis.
- City's Response:** The reserve and replacement accounts are now properly funded and reminder checklist have been established to adequately fund